

COMMUNICATION FROM SWITZERLAND

Finance and Development: The Case of the Swiss Investment Fund for Emerging Markets

The following communication, dated 23 September 2011, from the delegation of Switzerland, is being circulated to the Members of the Committee on Trade in Financial Services.

Switzerland would like to present to the Committee on Trade in Financial Services a concrete case of activities by foreign financial institutions that are considered relevant and conducive to promoting economic growth and social development in developing countries. Switzerland hopes to contribute to discussions on "Trade in Financial Services and Development".

I. THE INSTITUTION AND ITS MAIN OBJECTIVE

1. The *Swiss Investment Fund for Emerging Markets* (SIFEM) is a joint-stock company owned by the Swiss Confederation and managed by a private investment advisory group called Obviam. As an independent financial institution it is supervised by the Swiss financial market supervisory authority.

2. SIFEM provides long-term finance to private equity funds and financial institutions in developing countries. Its main objective is to promote sustainable private sector-led growth in these countries with a view to reducing poverty and contributing to increase living standards.

II. SIFEM'S ACTIVITIES

3. SIFEM primary invests in local and regional private equity funds which in turn participate in small and medium-sized enterprises (SMEs). SIFEM may also directly invest in financial institutions which have an SMEs or microfinance lending focus.

4. SIFEM's capital is granted on a commercial basis to SMEs that are most likely to be economically viable and hence sustainable. SIFEM seeks to drive entrepreneurship, create jobs as well as to deepen and strengthen financial sectors.

5. Besides its investment activities, SIFEM provides technical assistance to the private equity funds and SMEs it directly or indirectly invests in, covering areas such as corporate governance, accounting, reporting, quality control, marketing and business strategy.

III. CONCLUSION

6. SIFEM's investment approach is guided by the belief that investing in commercially viable SMEs in developing countries can provide investors with risk adjusted returns while contributing to sustainable development in local communities.
 7. For this reason it would be most useful to examine further such an example.
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