Capital Finance International

cfi.co

AS WORLD ECONOMIES CONVERGE

Autumn 2017
GBP 9.95 // EUR 14.95 // USD 15.95

Kristalina Georgieva, CEO of the World Bank:

EMPOWERING COMMUNITIES

ALSO IN THIS ISSUE // WORLD BANK: FINANCIAL GLOBALISATION // NASDAQ: SUSTAINABLE DEVELOPMENT
ICC: GLOBAL TRADE FOR SMALL BUSINESS // WBG: INFRASTRUCTURE FINANCING OPTIONS FOR PRIVATE INVESTORS
UNCDF: INNOVATIVE FINANCING SOLUTIONS // E&Y: ARGENTINA'S GRADUAL TAX REFORM

60 YEARS OF ADVENTURE AND DISCOVERY


BREITLING
1884
AUTOMATIC
SuperOcean
200M/660FT
12
SuperOcean
HERITAGE
SINCE 1957
BREITLING
1884
INSTRUMENTS FOR PROFESSIONALS™

BENTLEY

For those who are driven.

The new Flying Spur V8.

Performance and determination have helped deliver you success. Now stay ahead with cutting edge technology in a handcrafted interior – all serenely positioned behind a 4.0 litre V8 engine that can carry you to 183 mph and propel you to 60 mph in less than five seconds.

Flying Spur V8 fuel consumption – EU Drive Cycle* in mpg (l/100 km): Urban 18.4 (15.4); Extra Urban 36.7 (7.7); Combined 26.8 (10.6).
CO_2 Emissions 246 g/km. EPA Drive Cycle* in USmpg: City driving 15.0; Highway driving 24.0; Combined 18.0.
For more information call +44 (0)845 689 1629 from UK, +1 (0)866 369 4450 from USA or +44 (0)117 244 1804 from elsewhere or visit www.bentleymotors.com. #FlyingSpurV8

*Fuel consumption figures subject to Type Approval and EPA Approval. Model shown: Flying Spur V8.

IWC

SCHAFFHAUSEN

Editor's Column

The Wrong Side of History

After Scotland, it is now Catalonia that flirts with independence. As the regional government in Barcelona finds its plans for a referendum on secession derailed by the central government in Madrid, the UK discovers that its decision to withdraw from the European Union causes Brussels to become quite uncooperative.

Italy (Padania), Belgium (Flanders), Poland (Upper Silesia), France (Corsica), and even Germany (Bavaria), and a host of other countries, have secessionist movements – some more quixotic than others. Small wonder that the EU and most of its member states refuse to engage with separatists – they all battle the same demons, albeit with differing intensities. Just as Scottish nationalists found little sympathy in Brussels, pro-independence Catalan politicians need not entertain the notion that the EU would welcome them once faced with a fait accompli.

The economic upswing currently underway across Europe has muted talk of other exits – Nexit, Frexit, Grexit, and other contorted compound expressions. The UK remains the sole one committed to take the plunge. The country is, however, reluctant to jump from the highest springboard and tries to lower the risk by offering to buy time – and less onerous conditions for access to what, even after its departure, will still be the world's largest single market.

A casual observer could conclude that globalism has peaked and is now in terminal decline. The proposed Transatlantic Trade and Investment Partnership (TTIP) between the EU and the United States has been iced. Its geographic flip-side, the Trans-Pacific Partnership (TPP) – meant to tie the US up with the buoyant economies along the Pacific Rim, was unceremoniously axed. Regional free trade initiatives in Africa and Latin America fail to prosper with the possible exception of the Pacific Alliance forged by Chile, Colombia, Peru, and Mexico which is almost stealthily consolidating, confirming the suspicion that close collaboration fares best in the absence of noise.

Invariably dismissed as a mercantilist project by its detractors, the European Union shows that it cherishes better than most the legacy left by Adam Smith and David Ricardo – the original advocates of free trade. The union already maintains around fifty free trade agreements (FTAs) around the world and is negotiating another forty or so.

The EU-Canada Comprehensive Trade Agreement (CETA), seven years in the making and lifting 98% of tariffs, came provisionally into force on September 21. In July, the EU and Japan revealed that full agreement was reached on the main elements of a future EU-Japan Economic Partnership Agreement. The economic case for the deal is strong: the EU exported some €58bn worth of goods to Japan in 2015, in addition to another €28bn in services. EU-based Japanese companies employ over half a million workers whilst the bloc's exports to the country are good for around 600,000 jobs.

The EU eyes unfettered access to Japan's domestic market as it expects sales of processed foods to jump by 180%. A similar deal signed five years ago with South Korea saved EU companies an estimated €2.8bn in customs duties and increased exports by 55%. The fear, expressed at the time, that Europe would be inundated by cars manufactured in South Korea proved entirely unfounded: though the import of vehicles from that country increased by 53%, EU car manufactures managed to triple (+206%) their exports to South Korea.

Once again, it is seen that Messrs Smith and Ricardo were on the money – free trade works. Globalism, free trade's bigger brother, works remarkably well too. There may be a good number of fiscal and regulatory issues left to be hammered out, the model nonetheless helps spur development in all countries that accept at least some of its tenets. Free trade and globalism are said to have reduced the world to a global village with the attendant diluting of national values. Whilst a valid concern, globalism and free trade also foster the exchange of ideas and promote mutual understanding. A retreat to the nation state as the preferred vehicle for the expression and containment of national ambitions is clearly a step back.

Already now enjoying a surprisingly large degree of autonomy with the wholesale devolution of powers to regions, both Scotland and Catalonia have the best of both worlds: a window on the world via national and supranational governments and entities, and full freedom to preserve distinguishing regional traits.

Notwithstanding all the chatter about a post-Brexit Global Britain, secession in whatever form implies a retreat – in the best of circumstances temporary – from the world stage. Separatism is, of course, an emotional response to a world changing beyond recognition – a last straw for those who feel discomfort with globalism and the apparent loss of control over one's destiny it seems to imply. As such, separatism represents the path of least resistance: whilst it seems impossible to resist the march of humanity towards globalisation, it remains feasible to fight perceived foes closer to home such as the powers that be in London, Madrid, and – indeed – Brussels.

The inimitable eighteenth century English lexicographer Samuel Johnson famously dismissed patriotism as the last refuge of scoundrels. He was perhaps more wrong than right. The concerns that motivate separatists, secessionists, and "exiters" are valid. Globalism and its inherent lack of control and democratic oversight do seem very scary. However, engagement rather than retreat is called for. Being caught on the wrong side of history brings its own set of inconveniences.

Wim Romeijn

Editor, CFI.co

Barcelona, Spain: Sagrada Família

> Letters to the Editor

Your article on Brazil and its archaic tax code hits a nerve. Notwithstanding the country's excellent record in tax collection, the hallmark of a mature economy, the rates applied discourage growth and ensure that only very large corporations can comply – and survive. Then again, what's the point of all these taxes if a significant part of the funds raised disappear into the pockets of a few powerful politicians?
IRINEU CARVALHO DE MELLO (Sorocaba, Brazil)

Quite courageous to question the premises of climate change. It would appear that on this topic no dissent is allowed even though scientists admit that their data is incomplete and subject to frequent revisions. Whilst stopping short of denying climate change outright, we may want to consider asking the doomsayers to keep calm and carry on.
JEFF DELAROUSSE (Singapore)

Thank you for a magnificent review of the life, times, and thoughts of Robert M Pirsig. Zen and the Art of Motorcycle Maintenance has allowed me insights into technology and philosophy that proved of great value throughout my life. Though Mr Pirsig will be missed, his legacy will remain with us for decades, if not centuries, to come.
PATRICIA SEVERYN (Trois Rivières, Canada)

The rise of China is greatly exaggerated. A country that fears free thought and seeks to limit its people's access to information – cowering as it does behind a firewall – is no match for those that do not suffer such insecurities. Unless Chinese leadership is willing to open up and lighten up, the country will not prosper. It may gather vast riches, but as a nation it will remain impoverished.
WILLIAM K (Vandenburgh, Leeds, UK)

Washington D.C.: US Capitol Building

Former Fed chairperson Ben Bernanke was quite right in pointing out that the current account deficit sustained by the United States since the mid-1970s is the merely the result of a highly attractive investment climate. The US sucks in the world's savings because it offers a safer have than most other countries. That is a quality rather than a deficiency.
MARJORIE DECKERS (New York, USA)

Regarding last issue's letter from the editor: I agree that a certain degree of mercantilism is called for when faced with competitive forces on a tilted playing field. As such, the European Union – concerned as it is with ESG and sustainability principles – would be well advised to shield its industry against takeovers by corporations who are a little less concerned over our planet's wellbeing and only have eyes for the next quarter's results. That is no way to run a business.
JOACHIM FRANZ (Cologne, Germany)

The insights and opinions by Philippe Le Houérou of the International Finance Corporation are fascinating. I cannot understand why he doesn't get a larger audience. Mr Le Houérou shows that there are a great many ways to mobilise private capital for development purposes. Poverty and underdevelopment simply need not be. It gets even better, getting rid of poverty is actually a highly lucrative pursuit.
FRANCINE LANE (London, UK)

Isn't it nice that Stephen Bannon has exited the White House? Sadly, his departure doesn't seem to have imbued the Trump Administration with reason. I remain quite concerned over the course taken by president trump, his maddening tweets, and his careless brinkmanship. Bannon may have left the house, others equally dangerous have held on to their share of power.
MARTIN FASSLANE (Wilmington (DE), USA)

Editor
Wim Romeijn

Assistant Editor
Sarah Worthington

Executive Editor
George Kingsley

Contributing Editor
Darren Parkin

Production Editor
Jackie Chapman

Editorial
Tony Lennox
Kate Stanton
Steve Dyson
Hal Williams
John Marinus
Ellen Langford
Naomi Majid

Columnists
Otaviano Canuto
Evan Harvey
Tor Svensson

Distribution Manager
Len Collingwood

Subscriptions
Maggie Arts

Commercial Director
William Adam

Director, Operations
Marten Mark

Publisher
Mark Harrison

Capital Finance International
Meridien House
69 - 71 Clarendon Road
Watford
Hertfordshire WD17 1DS
United Kingdom

T: +44 203 137 3679
F: +44 203 137 5872
E: info@cfi.co
W: www.cfi.co

Printed in the UK by
The Magazine Printing Company
using only paper from FSC/PEFC suppliers
www.magprint.co.uk

>

COVER STORIES

FULL CONTENTS

> Otaviano Canuto, World Bank:

The Metamorphosis of Financial Globalisation

After a strong rising tide starting in the 1990s, financial globalisation seems to have reached a plateau since the global financial crisis. However, that apparent stability has taken place along a deep reshaping of cross-border financial flows, featuring de-banking and an increasing weight of non-banking financial cross-border transactions. Sources of potential instability and long-term funding challenges have morphed accordingly.

Financial globalisation – as measured by the ratio of the stock of foreign assets to world GDP – seems to have reached a plateau since the Global Financial Crisis (GFC) (see figure 1). Post-2007 ratios seem to have been the apparent "peak" of a high wave of financial globalisation rising from the mid-1990s, which likewise saw external financial assets and liabilities soaring and degrees of financial openness reaching levels triple the ones of before World War II.

Along with the deceleration of the pace of rise of stocks relative to world GDP, a change of composition in flows has taken place, as also depicted in figure 1. Whilst total cross-border lending decreased as a proportion of GDP, the stable level of global ratios of foreign liabilities to GDP occurred because of increased flows of foreign direct investment (FDI), equity portfolio and debt securities. Such aggregate figures, however, gloss over some relevant features in detail.

FINANCIAL GLOBALISATION HAS MAINLY HAPPENED AMONGST ADVANCED ECONOMIES

Rising cross-border movements of financial assets from the mid-1990s has been remarkable among advanced economies (AEs). Levels of financial openness (the sum of foreign assets and liabilities as a proportion of GDP) relative to trade openness (the sum of exports and imports as a proportion of GDP) were similar on both groups of advanced and emerging market economies (EMEs) until mid-1980s but shifted upward in the former's case, rising rapidly particularly since mid-1990s (figure 2, left side). According to data presented in the latest annual report of the Bank for International Settlements (BIS), cross-border financial assets and liabilities went from 135% to above 570% of GDP since mid-1990s for AEs, whereas they moved from approximately 100% to 180% of GDP on the side of EMEs.

In general, two major processes lead to rising cross-border financial transactions. First, there is a mutually reinforcing association with increases in foreign trade and production. Even if foreign trade corresponds simply to movements of commodities and finished goods, basic international financial links – e.g. trade finance and cross-border payments - are pulled on. Such a connection only increases with the emergence of cross-border value chains and foreign investment of corporations abroad, which lead to acquisition of assets and liabilities and corresponding management of exposures.

> "The transformation of global finance has not suppressed the need for policies to monitor and cope with risks."

In addition to financial operations derived from trade and production relations, the active management of balance sheet positions may also lead to cross-border financial transactions as part of the processes of allocation and diversification of savings. As remarked by the BIS, such purely financial processes bring some "decoupling between real and financial openness".

Financial liberalisation and sophisticated banking and financial markets in AEs created conditions for a surge of foreign transactions of assets as illustrated in both figures 1 and 2 (left-side). Financial openness also rose faster than trade openness in EMEs, albeit at a much slower pace.

It is worth highlighting the changes in the composition of EMEs gross liabilities, with declines in foreign debt being more than compensated by portfolio equity and foreign direct investments – FDI (right-side, figure 2). The global rising share of non-lending financial transactions exhibited in figure 1 was particularly accentuated in the case of EMEs.

European banks have been at the core of both surge and pause of the wave of financial globalization since the 1990s.

Figure 3 (left-side) shows the substantial piling up of European banks' foreign claims in the run up to the GFC, followed by an also substantial retrenchment. The right side illustrates how some banks outside Europe have partially occupied the space left by their European counterparts.

Lending by European banks was behind two of the major contributing factors to the rising wave of financial globalisation. First, the inauguration of the euro, followed by markets initially converging their assessments of risk premiums across the zone downward toward German levels, boosted cross-border transactions. According to the BIS annual report released last July:

"Between 2001 and 2007, 23 percentage points of the increase of the ratio of advanced economies' external liabilities to GDP was due to intra-euro area financial transactions and another 14 percentage points to non-euro area countries' financial claims on the area."

Furthermore, European banks also played an active role in the asset bubble-blowing process in the U.S. financial system. As tackled in studies by Hyun Song Shin, Claudio Borio, and others, European banks used US wholesale funding markets to sustain exposures to US borrowers through the shadow banking system. Despite their small presence in the domestic US commercial banking sector, their weight on overall credit conditions was magnified through the shadow banking system in the United States that relies on capital market-based financial intermediaries which intermediate funds through securitisation of claims.

From the standpoint of the balance of payments between the US and Europe, those transactions netted out. Nonetheless, from an accounting

Figure 1: Stock of foreign investment liabilities (US$ trillion, annual nominal exchange rates)

Source: McKinsey Global Institute, The New Dynamics of Financial Globalization, August 2017

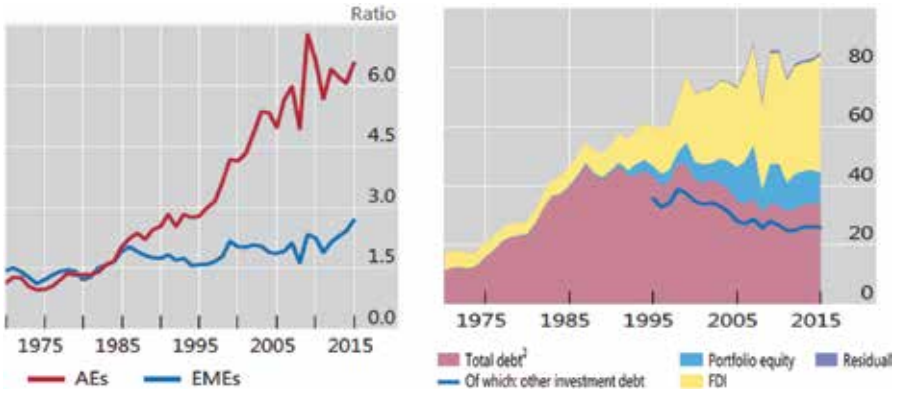


Figure 2: Emerging market economies vs. advanced economies. *Source: BIS 87th Annual Report, June 2017.*

Left: Ratio of financial openness to trade openness. **Right:** Gross external liabilities of emerging market economies (% of GDP).

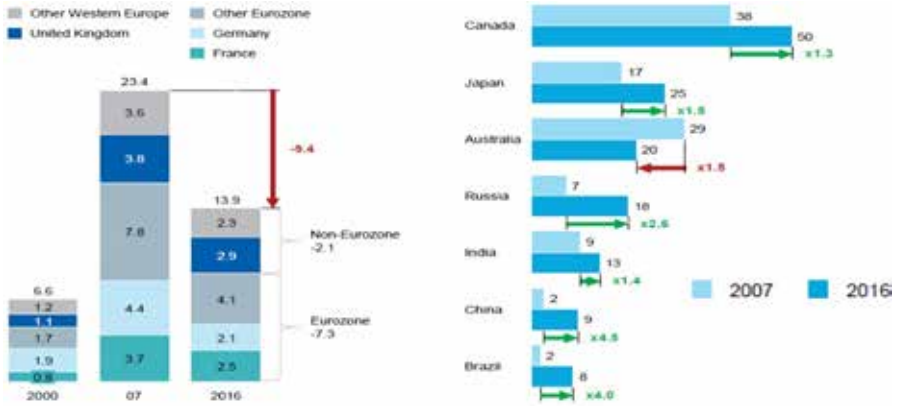


Figure 3: Changes in foreign claims: European vs. non-European banks.

Left: Foreign claims – US$ trillion (annual nominal exchange rates). **Right:** Share of foreign assets in total assets (%) – a sample of large banks outside Europe. *Source: McKinsey Global Institute, The New Dynamics of Financial Globalization, August 2017.*

sense they represented short-term borrowing combined with long-term lending by European banks, with a corresponding double counting as cross-border financial transactions.

The retrenchment of European banks' foreign claims followed both the US asset-bubble burst starting in 2007 and the Eurozone crisis 2009 onward. Besides business-driven reasons – losses, decisions to deleverage balance sheets – tighter banking regulation and the orientation toward domestic assets assumed by post-crisis unconventional monetary policies also weighed. These factors have also led to deleveraging, balance-sheet shrinking, and domestic reorientation by banks in the other crisis-affected AEs. Although some banks from outside the latter have expanded their foreign lending, levels of global financial openness have been maintained thanks to growing flows of non-lending instruments (debt securities, portfolio equity, and FDI).

The apparently higher stability of global finance may conceal other fragilities. As highlighted by a recent report from McKinsey Global Institute, some features of "the new dynamics of financial globalization" may embed in it higher stability. Higher capital buffers and minimum amounts of liquid assets have reduced the weight of bank lending and the intrinsic features of mismatch and volatility of banks' balance sheets. The higher share of equity and FDI, in turn, may carry longer-term return horizons and closer alignment of risks between asset purchasers and originators. The unwinding of debt-financed huge current-account imbalances characteristic of the global economy in the run-up to the GFC has also contributed to such a view of global finance entering a less unstable phase.

However, flows of FDI partially correspond to disguised debt flows and/or transfers motivated by tax arbitrage or regulatory evasion. Cross-border debt flows – including securities – in turn, are also sensitive to global factors, besides carrying a high sensitivity to and procyclicality with respect to monetary-financial conditions in either source and/or destination countries.

There are also "blind spots" left by de-banking hitherto not pre-empted by non-banking financial transactions. For instance, cross-border de-risking by global banks has entailed closure of correspondent banking relations in many countries in which the paucity of alternatives has led to negative consequences to the local financial dynamics. By the same token, the arms-length distance between asset holders and liability issuers intrinsic to debt securities and portfolio equity, in the absence of the project-finance role played in the past by international investment banks, often constrains the cross-border financing of greenfield investment projects to FDI possibilities.

It is also worth referring to the potential transformative impact – and corresponding need for regulatory adaptation – on cross-border finance brought by digital technologies. We may well be on the brink of an additional metamorphosis of global finance and the instability that may come with it.

BOTTOM LINE

The transformation of global finance has not suppressed the need for policies to monitor and cope with risks. On the side of recipients of net capital inflows, domestic agendas of institutional strengthening to reinforce alignment of risks between investors and countries, together with regulatory vigilance against excess financial euphoria or depression remain necessary. The bar in terms of domestic institutional quality – corporate governance standards, business environment – has been raised in the new phase of global finance. ❊

ABOUT THE AUTHOR

Otaviano Canuto is an executive director at the World Bank. *All opinions expressed here are his own and do not represent those of the World Bank or of those governments Mr Canuto represents at its board.*

> Evan Harvey, Nasdaq:

Stock Exchanges - An Engine for Sustainable Development

The modern stock exchange is a hybrid institution: listing venue, market steward, investment and regulatory liaison, product and service creator, and so on. To further complicate matters, many stock exchanges are now public companies themselves, listed on their own markets and beholden to their own investors. This complexity does, however, offer at least one intriguing benefit: of all economic institutions, exchanges are perhaps best positioned to drive inclusive, transparent, and sustainable practices.

Exchanges already exert a certain amount of regulatory authority over listed companies. Whether this authority is granted explicitly by the government or established by industry guidelines and operational codes, exchanges routinely require companies to report on certain aspects of their operation in order to qualify for the capital-raising opportunities afforded by the market. These reports are mostly focused on good governance, but trends lately have tended towards other indicators, such as climate risk and gender parity. Some exchanges (in Brazil, India, and Hong Kong, for example) have built these ESG disclosures into their listing rules; others have issued non-binding ESG reporting guidance to their listed companies.

The world's stock exchanges are also useful and scalable engagement platforms. Their position at the nexus of so many key players allows for enhanced and accelerated debate across the entire investment ecosystem. It is clear why the United Nations believes that exchanges might be excellent drivers for progress on Sustainable Development Goal (SDG) 17: "to strengthen the means of implementation and revitalise the global partnership for sustainable development." In the spirit of SDG 17, the UN is collaborating with the exchanges to move beyond ESG reporting and into the realm of lasting value creation.

The United Nations Conference on Trade and Development (UNCTAD) has collaborated with the World Federation of Exchanges (WFE) on a new report, titled The Role of Stock Exchanges in Fostering Economic Growth and Sustainable Development. The paper does exactly what its title implies, examining how stock exchanges can promote economic growth and sustainable development.

UNCTAD is an acknowledged thought leader on all kinds of global economic issues, covering trade, investment, and development for the UN General Assembly since 1964. UNCTAD has been a leading advocate not only for the SDGs, but also the 2015 Addis Ababa agenda for financing economic development. Partnering with the WFE on this project makes sense. The WFE represents over two hundred of the world's leading market infrastructure providers, including virtually all stock exchanges.

"The world's stock exchanges are also useful and scalable engagement platforms. Their position at the nexus of so many key players allows for enhanced and accelerated debate across the entire investment ecosystem."

Their joint report was launched at the recent WFE Annual Meeting in Bangkok, Thailand. Introductory matter covers how modern stock exchanges really operate, and why they offer essential solutions to long-term economic problems. A fair amount of space is devoted to a key concept: exploring the symbiotic relationship between financial development and economic development. In other words, does the development of financial systems and tools simply follow economic signals, or does it actually drive economic development on a grand scale?

"The link between the financial economy and the real economy," according to the report, "is that financial market development promotes economic development by facilitating the mobilisation of capital, and enabling risk sharing and risk transfer." In addition – or perhaps as a consequence – exchanges are keenly interested in driving better governance processes.

Some argue that the markets may not always serve as organic drivers of long-term economic development. A fair amount of blame for excessive short-termism and other potentially corrosive market impacts is laid at the feet of exchanges, where extra volume can mean extra revenues. Day trading, excessive speculation, and technology-assisted boom and bust trends "may create a disconnect between the real and the financial economies," according to the report, "resulting in a misallocation of capital and potentially destabilising economic consequences." But exchanges more than counterbalance this by increasing "the ability of entrepreneurs, as well as more established corporations with expansion plans, to access the capital they need to grow their businesses."

The WFE closely examines statistical and evidentiary signals in order to drive best practices. And given the industry's increased focus on sustainability over the last few years, this report shows that it is certainly responding to the needs of its members. But there is another, more practical implication: in terms of economics, the good simply outweighs the bad.

"While the academic literature is in agreement that there is a positive link between well-functioning financial markets and economic development," writes WFE CEO Nandini Sukumar in a preface to the report, "there is no blueprint to guide practitioners as to what combination of policies, incentives, and structures is required to produce a well-functioning market." Exchanges are clearly valuable – though often unheralded or underappreciated – economic actors. This report helps to establish a framework for their action.

The impact of exchange practices on small and medium-sized enterprises (SMEs) is an essential concern. SMEs drive most of the world's economic activity and job growth, but are also subject to the most difficult business restraints: low capital investment and no credit access. Exchanges are frequently preoccupied with SMEs because of the difficulty in bringing them to market. Many

exchanges have, in fact, developed SME-centric exchanges – Nasdaq Nordic has the First North Exchange, London Stock Exchange has AIM, among many others.

These markets generally offer lower listing fees, reduced entry criteria, and streamlined access to additional capital – but also less frequent (and less stringent) reporting requirements. Some of this clarifies sustainable economic development opportunities, specifically in emerging economies, and some might make sustainability performance measurement more opaque. The paper provides a robust overview of how SME-centric exchanges venues in Africa have navigated these concerns in that region. Again, the good seems to outweigh the bad.

When it comes to specific exchange practices, UNCTAD and WFE focus the discussion on three main leverage points: green bonds, green indexes, and sustainability disclosure. Of the first, little more needs to be said. With more than $200bn in issuances this year, this instrument has attracted investors of all kinds. Indeed, there's less debate over the market value of green (or climate) bonds than there is related to the proper definition of a green bond itself. Eleven exchanges have listed green bonds so far, with other likely to soon follow.

"By listing green bonds," the report says, "stock exchanges can play a leading role in the growth of this market by promoting standards for assurance and guidance for issuing green bonds, while opening new channels of finance for climate mitigation and adaptation projects."

Almost forty exchanges now offer some kind of ESG index product, in addition to established offerings from FTSE-Russell, MSCI, Standard & Poor's, Thomson Reuters, and others. These indexes attract investor attention and raise the business profile of ESG performance as a viable market differentiator. As a consequence, they also call attention to outperforming companies and drive better ESG disclosure.

The bond and index future seems particularly bright, but exchange-driven ESG disclosure still lingers in the shadows. Less than half of the world's exchanges (32) provide ESG reporting guidance of any kind to their issuers, and fewer still (12) incorporate it into their listing rules. While this represents a significant amount of improvement over the last few years, progress has been slow.

As the stock exchange industry steadily walks towards consensus on ESG reporting, the global reporting frameworks and standards-setting bodies have been racing there. Partnerships and collaborations between many of the leading organisations (GRI, CDP, SASB, UNGC) have been announced in 2017. Most of these organizations have already aligned their programmes with the UN SDGs. Last but not least, the final recommendations of the FSB Task Force for Climate-Related Financial Reporting were published in June. ❇

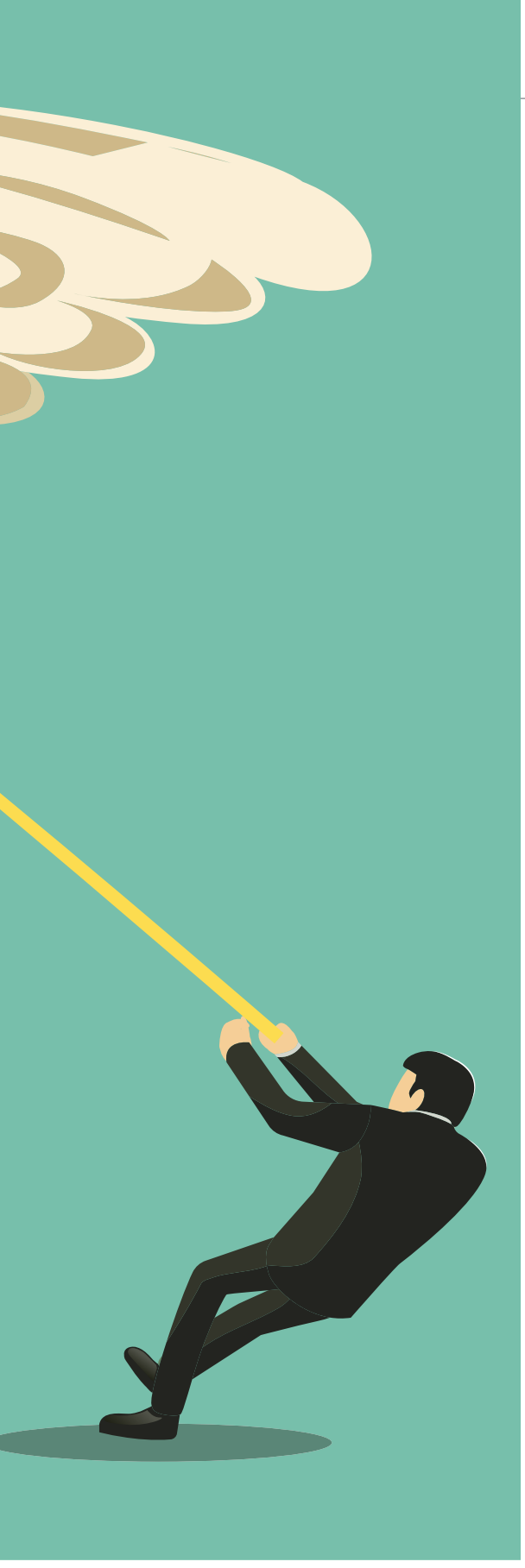
> Nouriel Roubini:

The Mystery of the Missing Inflation

Since the summer of 2016, the global economy has been in a period of moderate expansion, yet inflation has yet to pick up in the advanced economies. The question that inflation-targeting central banks must confront is straightforward: why?

Since the summer of 2016, the global economy has been in a period of moderate expansion, with the growth rate accelerating gradually. What has not picked up, at least in the advanced economies, is inflation. The question is why.

In the United States, Europe, Japan, and other developed economies, the recent growth acceleration has been driven by an increase in aggregate demand, a result of continued expansionary monetary and fiscal policies, as well as higher business and consumer confidence. That confidence has been driven by a decline in financial and economic risk, together with



"But Trump is not the only global risk. Chinedit-fuelled fixed investment to stabilise its growth rate."

the containment of geopolitical risks, which, as a result, have so far had little impact on economies and markets.

Because stronger demand means less slack in product and labour markets, the recent growth acceleration in the advanced economies would be expected to bring with it a pickup in inflation. Yet core inflation has fallen in the US this year and remains stubbornly low in Europe and Japan. This creates a dilemma for major central banks – beginning with the US Federal Reserve and the European Central Bank – attempting to phase out unconventional monetary policies: they have secured higher growth, but are still not hitting their target of a 2% annual inflation rate.

One possible explanation for the mysterious combination of stronger growth and low inflation is that, in addition to stronger aggregate demand, developed economies have been experiencing positive supply shocks.

Such shocks may come in many forms. Globalisation keeps cheap goods and services flowing from China and other emerging markets. Weaker unions and workers' reduced bargaining power have flattened out the Phillips curve, with low structural unemployment producing little wage inflation. Oil and commodity prices are low or declining. And technological innovations, starting with a new Internet revolution, are reducing the costs of goods and services.

Standard economic theory suggests that the correct monetary-policy response to such positive supply shocks depends on their persistence. If a shock is temporary, central banks should not react to it; they should normalize monetary policy, because eventually the shock will wear off naturally and, with tighter product and labour markets, inflation will rise. If, however, the shock is permanent, central banks should ease monetary conditions; otherwise, they will never be able to reach their inflation target.

This is not news to central banks. The Fed has justified its decision to start normalising rates, despite below-target core inflation, by arguing that the inflation-weakening supply-side shocks are temporary. Likewise, the ECB is preparing to taper its bond purchases in 2018, under the assumption that inflation will rise in due course.

If policymakers are incorrect in assuming that the positive supply shocks holding down inflation are temporary, policy normalisation may be the wrong approach, and unconventional policies should be sustained for longer. But it may also mean the opposite: if the shocks are permanent or more persistent than expected, normalisation must be pursued even more quickly, because we have already reached a "new normal" for inflation.

This is the view taken by the Bank for International Settlements, which argues that it is time to lower the inflation target from 2% to 0% – the rate that can now be expected, given permanent supply shocks. Trying to achieve 2% inflation in a context of such shocks, the BIS warns, would lead to excessively easy monetary policies, which would put upward pressure on prices of risk assets, and, ultimately, inflate dangerous bubbles. According to this logic, central banks should normalise policy sooner, and at a faster pace, to prevent another financial crisis.

Most advanced-country central banks don't agree with the BIS. They believe that, should asset-price inflation emerge, it can be contained with macroprudential credit policies, rather than monetary policy.

Of course, advanced-country central banks hope such asset inflation won't appear at all, because inflation is being suppressed by temporary supply shocks, and thus will increase as soon as product and labour markets tighten. But, faced with the possibility that today's low inflation may be caused by permanent supply shocks, they are also unwilling to ease more now.

So, even though central banks aren't willing to give up on their formal 2% inflation target, they are willing to prolong the timeline for achieving it, as they have already done time and again, effectively conceding that inflation may stay low for longer. Otherwise, they would need to sustain for much longer their unconventional monetary policies, including quantitative easing and negative policy rates – an approach with which most central banks (with the possible exception of the Bank of Japan) are not comfortable.

This central bank patience risks de-anchoring inflation expectations downward. But continuing for much longer with unconventional monetary policies also carries the risk of undesirable asset-price inflation, excessive credit growth, and bubbles. As long as uncertainty over the causes of low inflation remains, central banks will have to balance these competing risks. ❇

ABOUT THE AUTHOR

Nouriel Roubini, a professor at NYU's Stern School of Business and CEO of Roubini Macro Associates, was senior economist for International Affairs on the White House's Council of Economic Advisers during the Clinton Administration. He has worked for the International Monetary Fund, the US Federal Reserve, and the World Bank.

> Mohamed A El-Erian:

The Lost Lesson of the Financial Crisis

When the global financial crisis began ten years ago this month, policymakers in advanced economies treated it as a cyclical shock rather than an epochal event. Because they misdiagnosed the sickness, they administered the wrong medicine, and advanced economies have struggled to achieve strong, inclusive growth ever since.

Ten years ago this month, the French bank BNP Paribas decided to limit investors' access to the money they had deposited in three funds. It was the first loud signal of the financial stress that would, a year later, send the global economy into a tailspin. Yet, the massive economic and financial dislocations that would come to a boil in late 2008 and continue through early 2009 – which brought the world to the brink of a devastating multi-year depression – took policymakers in advanced economies completely by surprise. They had clearly not paid enough attention to the lessons of crises in the emerging world.

Anyone who has experienced or studied developing-country financial crises will be painfully aware of their defining features. For starters, as the late Rüdiger Dornbusch argued, financial crises can take a long time to develop, but once they erupt, they tend to spread rapidly, widely, violently, and (seemingly) indiscriminately.

In this process of cascading failures, overall financial conditions quickly flip from feast to famine. Private credit factories that seemed indestructible are brought to their knees, and central banks and governments are confronted with tough, inherently uncertain policy choices. Moreover, policymakers also have to account for the risk of a "sudden stop" to economic activity, which can devastate employment, trade, and investment.

Marshalling a sufficiently comprehensive response to extreme financial stress becomes even more difficult, if not enough was done during the good times to ensure sustainable and inclusive growth. It becomes harder still when

Paris: BNP Paribas building on Rue Bergere

politicians are actively playing the blame game. In the end, the socio-political and institutional effects of a crisis can far outlast the economic and financial ones.

All of these lessons would have been useful to advanced-economy policymakers ten years ago. When BNP Paribas froze $2.2 billion worth of funds on August 9, 2007, it should have been obvious that more financial stress would be forthcoming. But policymakers drew the wrong conclusions, primarily for two reasons.

First, it took some time for policymakers to come to grips with the extent of the financial system's latent instability, which had accumulated under their watch. Second, most policymakers in the advanced world were too dismissive of the idea that they had anything to learn from emerging countries' experiences.

Unfortunately, these problems are yet to be fully resolved. In fact, there is a growing risk that politicians – many of whom are distracted and sidestepping their economic-governance responsibilities – may be missing the biggest historical insight of all: the importance of an economy's underlying growth model.

Indeed, advanced-country politicians today still seem to be ignoring the limitations of an economic model that relies excessively on finance to create sustainable, inclusive growth. Though those limitations have been laid bare over the last ten years, policymakers did not strengthen adequately the growth model on which their economies depend. Instead, they often acted as if the crisis was merely a cyclical – albeit dramatic – shock, and assumed that the economy would bounce back in a V-like fashion, as it had typically done after a recession.

Because policymakers were initially captivated by cyclical thinking, they did not regard the financial crisis as a secular or epochal event. The result was that they purposely designed their policy responses to be "timely, targeted, and temporary." Eventually, it became clear that the problem required a much broader, longer-term structural solution. But by that time, the political window of opportunity for bold actions had essentially closed.

Consequently, advanced economies took too long returning to pre-crisis GDP levels, and were unable to unleash their considerable growth potential. Worse, the growth that they did achieve in the years after the crisis was not inclusive; instead, the excessively wide income, wealth, and opportunity gaps in many advanced economies endured.

The longer this pattern persisted, the more advanced economies' future growth prospects suffered. And what was previously unthinkable – both financially and politically – started to become possible, even likely.

A decade after the start of the crisis, advanced economies still have not decisively pivoted away from a growth model that is overly reliant on liquidity and leverage – first from private financial institutions, and then from central banks. They have yet to make sufficient investments in infrastructure, education, and human capital more generally. They have not addressed anti-growth distortions that undermine the efficacy of tax systems, financial intermediation, and trade. And they have failed to keep up with technology, taking advantage of the potential benefits of big data, machine learning, artificial intelligence, and new forms of mobility, while managing effectively the related risks.

Policymakers in the advanced world lagged in internalising the relevant insights from emerging economies. But they now have the evidence and analytical capability to do so. It is in their power to avert more disappointments, tap into sources of sustainable growth, and tackle today's alarming levels of inequality. The ball is in the political class's court. ❇

ABOUT THE AUTHOR

Mohamed A El-Erian is chief economic adviser at Allianz, and author of the book *The Only Game in Town: Central Banks, Instability, and Avoiding the Next Collapse.*

> Kenneth Rogoff:

Trump's 3% Growth for the 1%

US President Donald Trump has boasted that his policies will produce sustained 3-4% growth for many years to come. His prediction flies in the face of the judgment of many professional forecasters, including those on Wall Street and at the Federal Reserve, who expect that the US will be lucky to achieve even 2% growth.

But is there any chance that Trump might be right? And if he is, to what extent will his policies be responsible, and will faster growth entail grave long-term costs to the environment and income inequality? The stock market may care only about the growth rate, but most Americans should be very concerned about how growth is achieved.

Trump's forecast for the United States' overall economic-growth rate is hardly wild-eyed. A steady stream of economic data suggests that the annual rate has now accelerated to 2.5%, roughly splitting the difference between Trump and the experts. Moreover, employment gains have been robust during the first six months of Trump's presidency, with more than a million

"Trump's plans to increase protectionism and sharply reduce immigration, if realised, would both have significant adverse effects on growth."

jobs created, and stocks are soaring to new highs, both of which are fueling higher consumption.

Given this performance, getting to 3% annual growth would hardly be a miracle. And achieving Trump's target would be even more likely if his administration suddenly became more coherent (which could indeed require a miracle).

Of course, growth this year is in many ways a continuation of that achieved during Barack Obama's presidency. Altering the course of a giant ship – in this case, the US economy – takes a long time, and even if Trump ever does manage to get some of his economic agenda through the US Congress, the growth effects are not likely to be felt until well into 2018.

To be sure, Trump has eviscerated the Environmental Protection Agency (which has helped coal mining), softened financial oversight (great for bank stocks), and has shown little interest in anti-trust enforcement (a welcome development for tech monopolies like Amazon and Google). But his main policy initiatives for corporate tax reform and infrastructure spending remain on the drawing board.

Moreover, Trump's plans to increase protectionism and sharply reduce immigration, if realised, would both have significant adverse effects on growth (though, to be fair, the proposal to have the composition of immigration more closely match the economy's needs is what most countries, including Canada and Australia, already do).

Perhaps the single most important decision Trump will make on the economy will be his choice of who should replace Janet Yellen as chair of the Federal Reserve Board. In other appointments, Trump has preferred generals and businesspeople to technocrats. By and large, the most successful bankers in recent years have been exactly the types of experts Trump seems to avoid.

Whoever Trump appoints is likely to face major challenges immediately. Subdued wage growth in the face of a tightening labour market is unlikely to continue, and any big rise in wages will put strong upward pressure on prices (though this might not happen anytime soon, given the relentless downward pressure on wages coming from automation and globalisation).

How the Fed handles an eventual transition to higher wage growth will be critical. If policymakers raise interest rates too briskly, the result will be recession. If they raise rates too slowly, inflation could become uncomfortably high and ingrained.

So, yes, Trump just might get his growth number, especially if he finds a way to normalise economic policymaking (which is highly uncertain for a president who seems to prefer tweet storms to patient policy analysis). But even if the US hits the 3% target, it might not be the panacea the Trump hopes it will be.

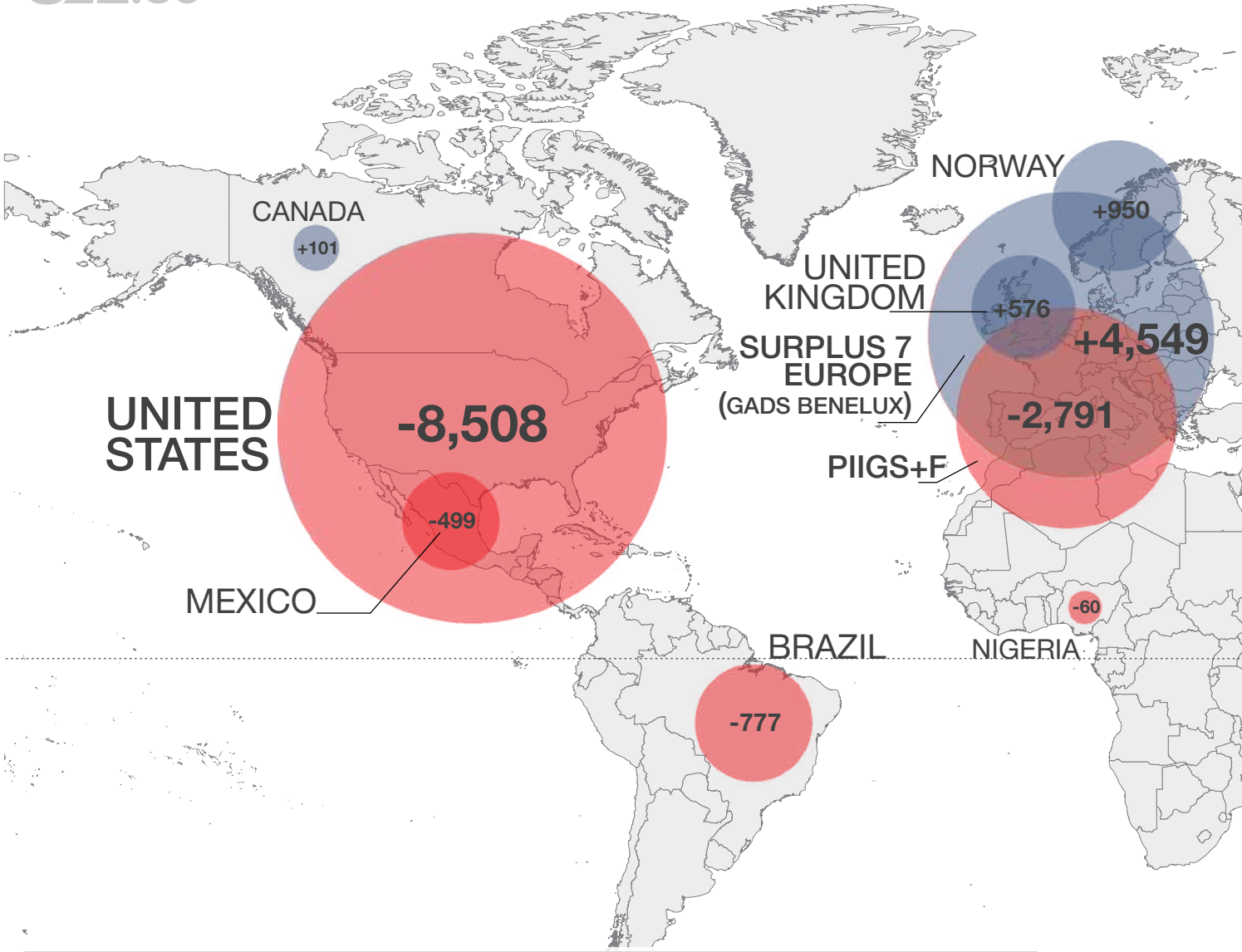
For starters, faster growth is unlikely to reverse the current trend toward inequality, and a few small, targeted presidential interventions into the actions of specific states or companies are hardly going to change that. On the contrary, there is no reason to presume that owners of capital will not continue to be the main beneficiaries. Eventually, that trend could reverse, but I wouldn't bet on it happening just yet.

If environmental degradation and rising inequality make economic growth such a mixed blessing, is the US government wrong to focus on it so much? Not entirely. Higher growth rates are particularly good for smaller businesses and startups, which in turn are a major contributor to economic mobility.

Recent low growth rates have made potential entrepreneurs far more reluctant to move across states or to change jobs, and have reduced economic mobility in general. And if the US economy were to weaken substantially for a prolonged period, it could bring forward considerably the day when the US no longer has significant military superiority over its rivals.

Those who, like Trump, want to reduce US military involvement overseas may argue that this is nothing to worry about, but they are wrong. Still, policies that produced more broadly shared and environmentally sustainable growth would be far better than policies that perpetuate current distributional trends and exacerbate many Americans' woes. Even if Trump hits his growth targets in 2018 and 2019 – and he just might – only the stock market may be cheering. ❇

ABOUT THE AUTHOR
Kenneth Rogoff, a former chief economist of the IMF, is professor of Economics and Public Policy at Harvard University.



> Tor Svensson:

Money Talks

The United States is the poorest country on earth whilst Japan is its richest nation. Come again?

Perhaps an explanation is called for. First some comparative data: the size of the US economy is roughly four times the $5tn Japanese GDP. In a similar vein, at 326 million, the US population is almost thrice as large as Japan's. The US landmass can absorb the Japanese islands 26 times over.

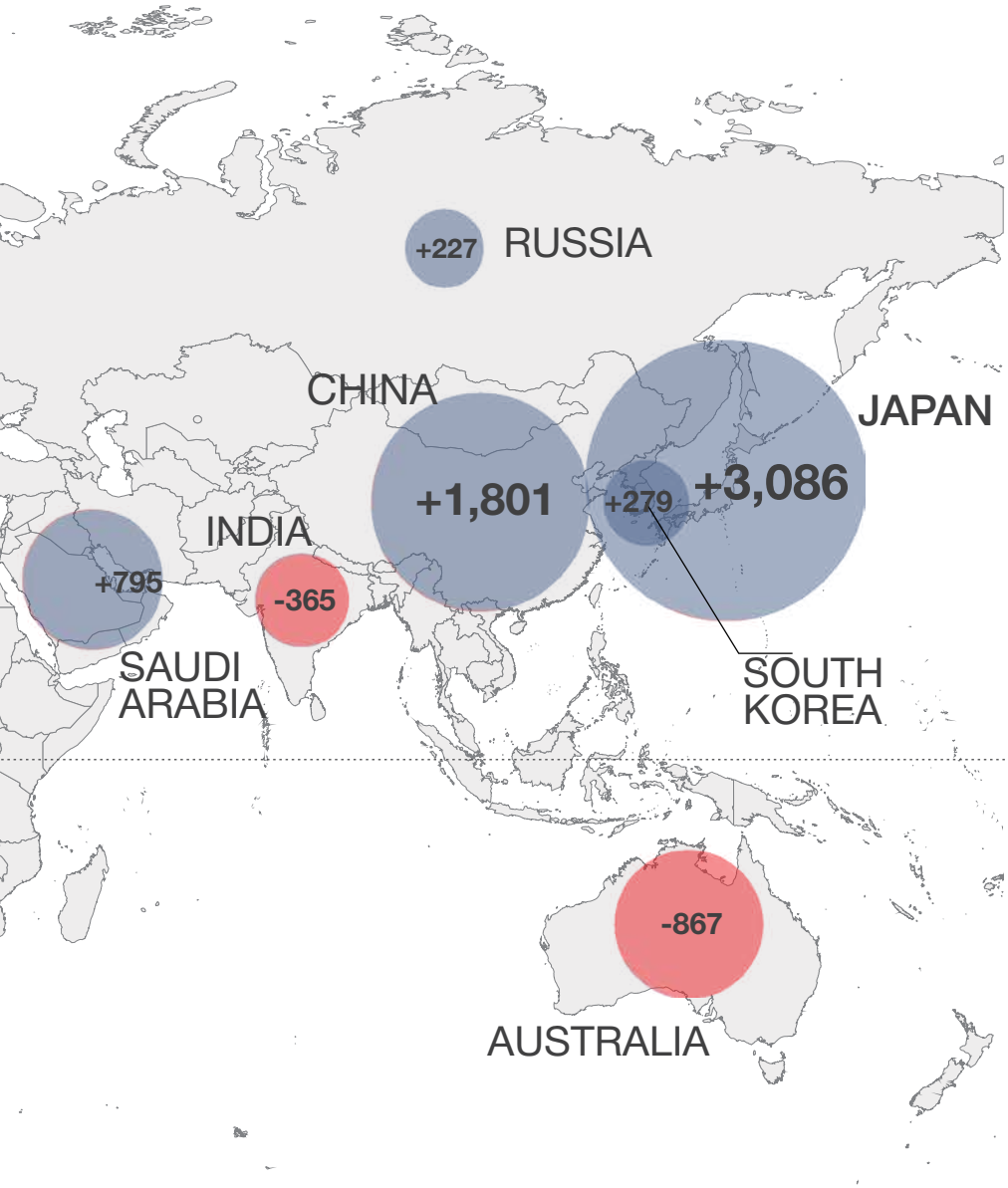
There are a great many approaches to determine a given nation's wealth. The map above disregards liquid assets such as mineral resources and less tangible ones like technological prowess. Nor does the map give any indication of military might. Russia possesses considerable firepower, and access to vast natural resources, yet remains a relative pygmy with a nominal GDP the size of South Korea and smaller than Italy's.

The wealth levels displayed on the map above offers an up-to-date snapshot of total financial assets minus liabilities – aka the Net International Investment Position (NIIP) – a surprisingly accurate measure of a nation's actual wealth. The NIIP includes external debt - both government and privately held debt – and the total of external assets.

By that measure, Japan (blue) is the world's largest creditor nation. Conversely, the United States (red) is the world's largest debtor nation with a negative net worth of approx. $8.5 trillion.

Over the long term, NIIP levels fluctuate for a number of reasons. To a rather large degree their movements are a reflection of a country's current account: maintain a prolonged deficit and the NIIP will deteriorate. The current account – c/a for short – is the sum of the balance of trade (in goods and services) and the net transfer to and from an economy. The capital account – aka financial account – registers the change in ownership of national assets, mostly via FDI (foreign direct investment) and the acquisition of securities.

In order to accumulate wealth, a nation wants to sustain a significant c/a surplus which means a deficit on the capital account – its flipside. That is one of the few desirable deficits to sustain for it simply means that the nation suffering it is acquiring foreign assets which will produce additional future inflows (returns on invested capital), adding to the c/a surplus. Use of the proper nomenclature is essential. The oft-cited



Global Wealth (New International Investment Position - NIIP). In USD Billion. *Source: IMF 2016, CFI.co*

balance of payments (BoP) is, essentially, a fairly meaningless indicator for its must be – per its very definition (current account + capital account) zero.

Large economies such as the United States and the United Kingdom have sustained large current account deficits since the late 1970s. Former Fed Chairman Ben Bernanke argued that such deficits did not denote any economic deficiency and were merely indicative of particularly welcoming investment climates that attracted funds from around the world. The trouble is, of course, that the funds thus attracted were not usually re-invested in lucrative undertakings, being used instead to finance consumption finding their way back to China, Japan, and Europe – partaking, as it were, in a financial merry-go-round that awarded c/a surplus countries an ever larger slice of the global asset pile.

Whilst its current account deficit has grown smaller over the past two years, the UK still loses about $100bn per year. The country's imminent departure from the European Union is not likely to improve matters any further. In order to sustain a c/a deficit, countries need to keep attracting capital. One way to that – particularly when the economy is stalling – is allowing one's currency to devalue, effectively offering investors a discount on their purchases. Such a move does, however, import inflation which, in due time, requires interest rates to rise. That, of course, negates the currency depreciation that anticipated the rate hike. There be no such things as a free lunch – or having and eating one's pie.

Japan and China are now well-established as veritable fountains of c/a surpluses. Few observers realise that it actually is Europe – and more particularly the countries at the core of the Eurozone – that manage vast masses of money – adding some $370bn annually to their already considerable overseas holdings – more than the surpluses of Japan and China combined.

The largest wealth accumulators in the world are found in a rather small region with Germany at its geographical centre. DACH (Germany, Austria, and Switzerland) + Benelux (Belgium, The Netherlands, and Luxembourg) + Denmark jointly underwrite the prolific spending ways of some of the world's largest – and most admired – economies. Often criticised for their social-democratic tendencies and even accused of socialism by a few rabid conservatives, the countries nevertheless manage to outperform both the UK and US in the "money-making" department – hence, they must be doing something right.

That "something" remarkably often relates to carefully minding productivity levels via fiscal stimuli (e.g. encourage innovation, automation, and/or the acquisition of capital goods) or internal devaluations, i.e. keeping domestic consumption in check to maintain or improve competitiveness. Another aspect pertains to infrastructure investments, i.e. the figurative conveyor belts that keep markets moving and business costs down.

The oft-repeated charge that the EU is engaged in a form of mercantilism-light misses the point: average import levies hover around 2% and quotas pertain almost exclusively to agricultural produce – attempts to ensure food security, preserve rural lifestyles, and enable privileged access to market for former colonies under the terms of the Lomé Convention. Quotas are also introduced to protect the domestic market against predatory dumping practices.

Finally, the moniker that Germany et al benefit from a weakened euro also crumbles at close examination: Germany, Belgium, and The Netherlands have sustained current account surpluses since the mid-1960s. Back then, the regular appreciation of the d-mark and the guilder had no discernible impact on their current account performance. In fact, the re-valuation was often used as a way to keep industries on their toes.

On to the US. A very rich nation, no doubt, though its streets are no longer paved with gold. Measured by its NIIP, the US is the sick man of the global economy. It is kept alive, largely thanks to the dollar – still the world's most important reserve currency – which it can print more or less at will. Take away that absolute advantage – something the euro is working at – and the US is likely to become a sovereign risk liability.

The important, if deceptively simplistic, bit to remember is this: money talks. ❇

ABOUT THE AUTHOR

Tor Svensson is the Chairman of Capital Finance International.

Kristalina Georgieva, CEO of the World Bank:

Empowering Communities

By Wim Romeijn

Worldwide, around 500 million people live in "fragile situations," mostly caused by armed conflict. Climate change threatens to add another hundred million or so people to that tally by 2030 – just thirteen years from now. And of the 800 million people living in extreme poverty, most live in middle income countries. World Bank CEO Kristalina Georgieva leads about 10,000 development professionals of the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) – the World Bank's arms for middle-income and poor countries that mobilise funds and find solutions to the world's most taxing and intractable challenges.

A passionate humanitarian who was responsible for the European Union's emergency aid budget between 2010-2014, Mrs Georgieva applies a holistic approach to development that is focused on people, environment, and institutions both at the global and local level. Immediately before returning to the World Bank at the beginning of this year, where she previously held a number of senior positions, she was in charge of the EU's □150 billion annual budget as a commission vice-president. Her top priority is helping the world's most marginalised and vulnerable people. IDA maintains nearly a thousand projects in 11,000 locations in 76 countries including many fragile states and small states for some $90bn. Just a few months ago, this fund saw its biggest replenishment in its 50-years history, with $75 billion to invest over the next three years.

> "Today's World Bank is a veritable laboratory of financing as we seek to fill the investment gap. Pushing innovation in development is perhaps not new to the World Bank."

"Those who have least access to the corridors of power are at risk of not having their voices heard. Yet, lasting success is only possible through the inclusion of all people, women and men, for ethical, moral, and economic reasons," she says. For example, excluding women from economic life shears off growth by up to 37% of the countries' GDPs. "Gender inequality stunts growth and causes billions to be forfeited – wealth that could have helped address housing, nutritional, and healthcare needs."

Development remains a complex, long, and multi-faceted process. "Ushering young girls into schools means that better-educated women will eventually enter the workforce. This, in turn, assures that these young women have a disposable income which they'll want to control through, for example, mobile banking. That promotes financial inclusion – a most important

stepping stone. This all adds significantly to a woman's dignity and sense of self-esteem. By controlling their own wages, quite a few women will seek to increase their income by investing in tools and starting micro businesses. Soon not just immediate family but entire communities benefit from their work and entrepreneurship."

It is easier to implement projects that produce visible results in the short term. It is harder to maintain long-term investments in areas such as education. "Yet ignoring these vital areas virtually assures that a country will keep struggling to gain a measure of prosperity." The bank builds a strong economic case for such interventions and backs them up by measuring the results. In Afghanistan, the number of children in school has increased eightfold from just a million over the last fifteen years. Most of them were boys but today 40% of all students are girls.

"Countries that fail to concentrate on their human capital are, simply put, setting themselves up as tomorrow's losers." The bank is working on the development of a Human Capital Index for countries and its 2018 World Development Report (WDR) Learning to Realize Education's Promise highlights education's crucial role in eradicating poverty.

The map of macro aspects of development issues that she is facing across emerging markets and developing economies is unnerving. "Think about just getting most children, boys and girls, into schools, and teaching them what is needed." Some 600 million young people will shortly be entering the workforce – around two-thirds of them in developing nations. The jobs they seek do not yet exist and at the same time disruptive technologies are changing the nature of work as we know it. "Building the necessary physical and digital infrastructure required to embrace the future requires investments at scale. On the other hand, you have trillions of dollars earning low returns and seeking greater profitability. How do we identify and remove the barriers to make what should be, but isn't, happening – shifting significant resources towards development? This includes working on the regulatory and investment environment, systematically going through obstacles to investments, and managing risks. And this is where IBRD, which has invested just under $700 billion in middle-income countries since its establishment, is shifting its focus." Mobilising resources at scale towards development is difficult, but particularly daunting when it needs to take place in countries torn apart by conflicts or plagued by weak institutions. This is when the concessional resources of IDA can be effective in crowding in private finance.

An important part of making investing in developing countries less risky is helping manage vulnerabilities to disasters and shocks. This goes beyond the bank's traditional role in helping countries maintain a strong macro-economic environment. It considers outbreaks of catastrophic infectious disease to be one of the greatest systemic risks facing the global community. Its first-ever pandemic bond was oversubscribed, raising $322m in two separate issues with a three-year maturity. The bank simultaneously issued $100m worth of swaps for added protection. The bond has regular coupons attached to compensate investors for a loss of value in case a pandemic breaks out. The issue forms part of a strategy to create an insurance market for pandemic risk and leverages the bank's capital market expertise and unparalleled understanding of public healthcare issues. Previously it has successfully launched $1.6bn worth of catastrophe bonds to respond to natural disasters and sustainable development bonds that promote ethical and impact investing. These contingency instruments proved their value during the recent wave of natural disasters which struck the Caribbean and Mexico.

CEO: Kristalina Georgieva

Mrs Georgieva is keen to leverage the World Bank's leadership role in financial engineering as a catalyst for development and sustainability. "Today's World Bank is a veritable laboratory of financing as we seek to fill the investment gap. Pushing innovation in development is perhaps not new to the World Bank. The scale and speed of the effort is, however, unprecedented and now matches global needs more closely." The bank is working intensively in areas like clean energy, climate-smart agriculture, sustainable urbanisation, and disaster risk management. It is committed to reaching the target of 28% climate-related programmes by 2020. It pioneered the introduction of green bonds, a market which has surpassed $100 billion, and is working with countries on the development of green bond markets, which led to the issuance of the world's first green sukuk (Islamic bond) by a Malaysian issuer earlier this year.

But the CEO is just as keen to give equal weight to the bank's effectiveness at the micro-level as she is on sharpening its impact at the macro-level. "People know what they need and have a keen sense of priority. We need to find the voices of citizens so they can define their own pathways for development." Mr Georgieva recalls a programme in Indonesia, implemented at the height of the financial crisis in Asia. Instead of allocating block grants the traditional way, it was decided to hand the available funds directly to local authorities – those in direct contact with the population. All it took to ensure that the funds reached the people for whom they were intended was a whiteboard. "We first asked the community what projects were most needed and how much money was required for their implementation. We then proceeded to write all relevant details – project description, cost, and the name of the official responsible – on a whiteboard placed in the centre of the community. That was all."

Learning experiences such as these have helped steer the World Bank towards a slightly different direction. Its staff is actively working in the field with people who need their help and listening to what they have to say. This boots-on-the-ground policy helps the World Bank expand its presence in under-served places so that it can build the conditions that help it engage and gain trust. This is particularly important for succeeding in countries that have the highest needs but the weakest capacity to deal with them.

Empowering communities to take charge of and invest in their own progress increases the effectiveness of projects by reducing the costs associated with monitoring. Mrs Georgieva's faith in people and her commitment to empowering them to fulfil their potential is her greatest motivation. "I strongly believe that communities know best how to meet the challenges they face. It is up to us to provide the resources, and up to them to achieve the best possible outcomes. ❇

If it can survive being ejected from a plane, it can survive near enough anything.

Should you treat your Bremont MB watch with respect?

Not really. We don't.

We freeze it, we bake it, and we shake it.

For hours on end.

Then we shoot it out of a plane. Just to make sure it's as tough as we claim it is.

What's more, it has been assembled and tested at our headquarters in Henley-on-Thames.

So don't worry about looking after a Bremont MB.

It can look after itself.

BREMONT

CHRONOMETERS

British Engineering.
Tested Beyond Endurance.

> Kristalina Georgieva

By Wim Romeijn

The little blue Audi TT with its stick shift had to be sacrificed to a small electric VW: "I need to go electric. We all have this responsibility." The commute may be slightly less exciting, World Bank CEO Kristalina Georgieva is at her desk at 7:30 am sharp to put in twelve hours or more. A workaholic, perhaps, Mrs Georgieva wouldn't have it any other way. Hers is a job that includes finding solutions to some of the world's most intractable challenges – how to lift millions out of poverty without destroying the global habitat in the process.

Mrs Georgieva arrived at the World Bank Group (WBG) from the European Commission where she managed a €161bn budget and an almost 30,000-strong staff as vice-president for Budget and Human Resources between 2014 and 2016. Prior to that, she led the EC commissariat for International Cooperation, Humanitarian Aid, and Crisis Response. Mrs Georgieva, who gained a solid reputation as an effective administrator, is not a stranger to the World Bank Group. Between 1993 and 2010, she held a number of jobs at the Washington-based institution, including director of Sustainable Development and vice president. In the latter role she served as a vital link between the bank's shareholder states, its board, and its senior management.

Though the CEO position is newly created, Mrs Georgieva effectively replaced World Bank Managing Director and Chief Operating Officer Sri Mulyani Indrawati who was appointed Indonesian finance minister in July 2016.

CEO: Kristalina Georgieva

Brought on board by WBG president Jim Yong Kim after an administrative shake-up that aimed to improve the bank's efficiency in fighting extreme poverty, Mrs Georgieva is to spearhead a concerted effort to increase the institution's effectiveness and agility – measuring actual project outcomes against a set of well-established benchmarks.

Born in Sofia, Bulgaria, Mrs Georgieva holds a PhD in Economic Science and an MA in Political Economy and Sociology from the University of National and World Economy. She was an associate professor at her alma mater between 1977 and 1991.

Consolidating a shift in culture, Mrs Georgieva has managed to make inroads into the WBG's stratified bureaucracy, halving the frequency of regular meetings, and insisting on a significantly reduced wordcount for policy paper and project documents whilst limiting the attached comment section. Instead, Mrs Georgieva wants to break down silos and see more collaboration between different parts of the group in order to make better use of the WBG's undeniably large reservoirs of knowhow. The effort, a gargantuan one, aims to make the World Bank more result-oriented and thus deliver – in plain English – a better bang for the development buck.

Responsible for the World Bank's two large lending entities, the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), Mrs Georgieva's job is to implement the strategy outlined in the Forward Look – A Vision for the World Bank Group to raise to incomes of the poorest 40% of the world population by 2030, reducing the incidence of extreme poverty to less than 5% (versus 14.5% in 2011).

With only thirteen years left to go, a flexible, highly responsible, and original approach is called for. Mrs Georgieva moved quickly to give her full support to the Agile Bank Programme, initiated just a few months before her arrival in Washington. The programme selects nine "agile fellows" from different parts of the World Bank Group to spend a year brainstorming on how to streamline the institution and make it more nimble, innovative, and responsive.

The agile fellows have already come up with a set of flexible lending guidelines to adjust funding levels as development projects take shape, dynamically responding to possible changes on the ground. Mrs Georgieva reported that the Agile Bank Programme was welcomed by WBG staff, almost going viral with staff questioning established procedure and embracing out-of-the-box thinking. And that is precisely what WBG CEO Kristalina Georgieva requires – a new and more effective approach to development finance and eradicating poverty. ❇

> Ethiopia: Empowering Local Governments

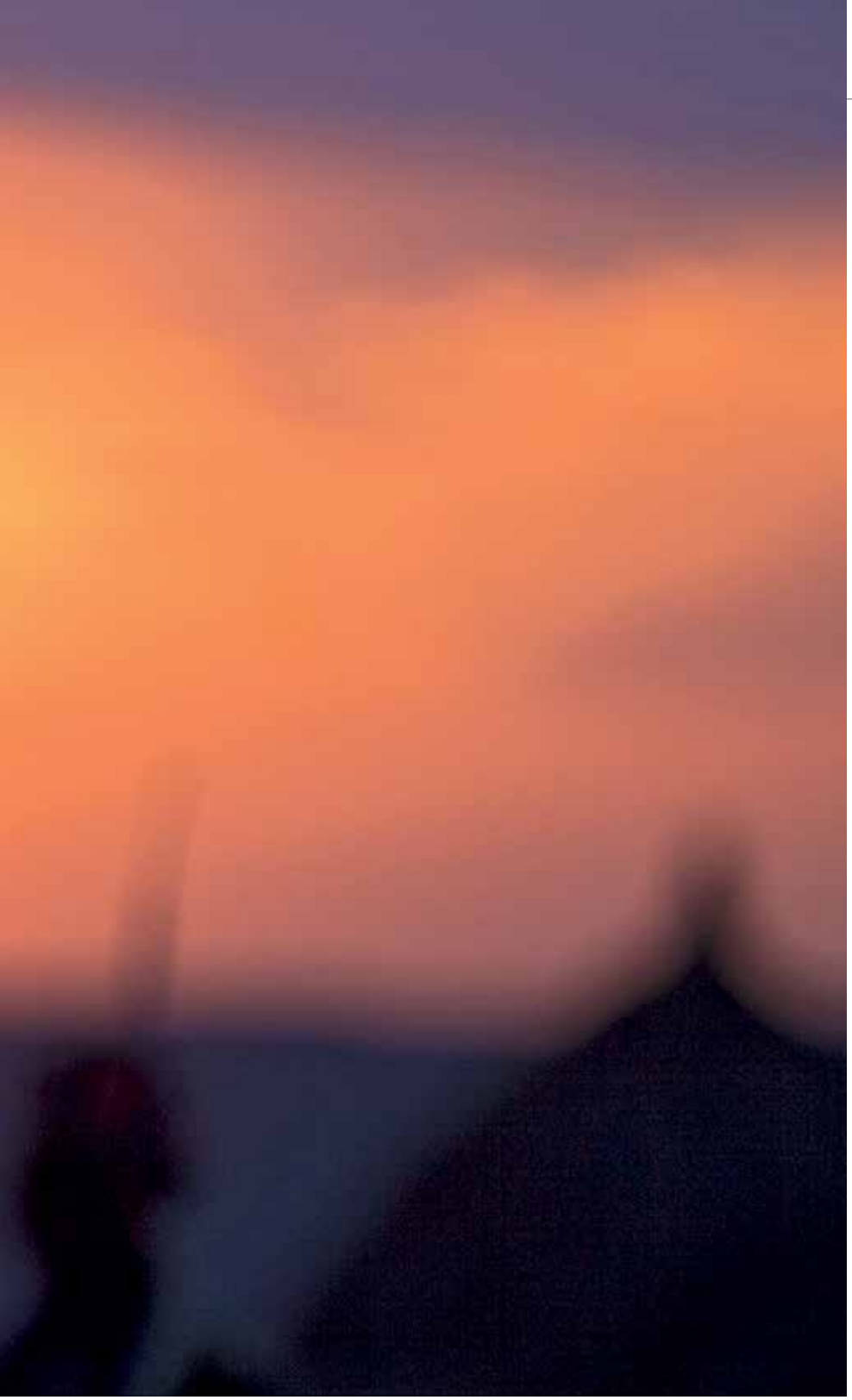
By Wim Romeijn

By 2050, the population of Africa will have doubled in size relative to 2008 numbers. Though birth rates are expected to decline from the current 4.7 per woman to 3.4 by 2045, the continent's age structure – fully 60% of its present population is aged under 25 – ensures an additional one billion births.

Whilst economists look for ways to cash in on Africa's demographic dividend, urban planners grapple with the implications of the population boom for the continent's cities and their already stressed infrastructures. Though Ethiopia – Africa's second-most populous nation – has managed to drive down the fertility rate significantly, its major urban centres swell at a rate of 5.4% annually, according to the World Bank Group's 2015 Urbanisation Review. By 2034, Ethiopian cities will have tripled in size.

The review notes that despite remarkable progress in building and strengthening institutional frameworks, investments in urban infrastructure, whilst considerable, have not kept pace – potentially undermining the economic opportunities of urbanisation. To avoid Ethiopian cities grinding to a halt, the World Bank and the German Society for International Cooperation (GIZ) set up the second Urban Local Government Development Project II (ULGDP II) in 44 participating cities. The project aims to unlock access to transparent and predictable funding on an ongoing basis – as long as performance criteria are observed and met. ULGDP II affects the lives of almost three million people who benefit from improved urban infrastructure such as streets, sewers, bridges, street lights, and markets.

ULDGP pioneered a different approach to project financing by introducing a fiscal transfer instrument that annually transfers funds from the



Jinka, Ethiopia: A Hamar man watches a bull jumoping ceremony.

national treasury directly to municipal authorities for their discretionary use. The grants are disbursed in time to fit planning and budget cycles and must be allocated to capital investments. Thus, the World Bank and its partners no longer need to identify priority projects in target cities, effectively decentralising the process. In order to qualify, cities are assessed annually on their performance by an independent team of experts.

The results of the novel approach are encouraging and, in fact exceed, initial expectations. In order to better monitor expenditures against results, all 44 participating cities moved from manual to computerised accounting systems. All municipalities submitted their account statements on time and not a single one registered an audit backlog. Cities also managed to put in place revenue enhancement plans with 34 municipal governments increasing their intake by more than 10% in 2015.

Asset management plans allow cities to improve the scheduling of new investment and allocate sufficient resources for operations and maintenance, thus ensuring the longevity of their assets. Transparency has also improved significantly with all participating cities publishing detailed information on the planning, execution, progress, and involved contractors on notice boards at city and ward levels.

Since its launch in July 2014, the programme has created almost 300,000 new jobs – including around 90,000 permanent positions – of which 44% were taken up by women. Over 700 kilometres of roads were built in 2.5 years, improving access and mobility, revitalising neighbourhoods, facilitating business and trade, and increasing property values with the attendant larger tax intake.

Both phases of the ULGDP initiative have shown that a decentralised approach to development assistance yields excellent results not only in tangible infrastructure assets but also – through the performance component – helps build institutional capacity which, in turn, assures that locally-generated resources are allocated more efficiently as well.

The World Bank and the German Society for International Cooperation (GIZ) have supported decentralised urban development in Ethiopia for over eight years. Whilst GIZ was successful in helping cities to improve governance and build capacity through a number of technical assistance initiatives. However, the persistent lack of funds discouraged local governments from applying the new skills, procedures, and systems. With the World Bank Group stepping in to supply the funds, the project was able to rapidly take shape and yield results.

An added benefit from ULGDP is that cities now have the institutional capacity to enter into public-private partnerships to underwrite ongoing investments in urban infrastructure, increasing the all-important sense of ownership, and allowing municipalities to contribute more than the minimum in matching funds – enabling the World Bank and its partners to gradually free up funds for other initiatives elsewhere. ❇

"Though birth rates are expected to decline from the current 4.7 per woman to 3.4 by 2045, the continent's age structure – fully 60% of its present population is aged under 25 – ensures an additional one billion births."

> Book Review

Homo Deus – A Brief History of Tomorrow

Harari Ex Machina

By John Marinus

NATURE (the art whereby God hath made and governs the world) is by the art of man, as in many other things, so in this also imitated, that it can make an artificial animal. For seeing life is but a motion of limbs, the beginning whereof is in some principal part within, why may we not say that all automata (engines that move themselves by springs and wheels as doth a watch) have an artificial life?

- Thomas Hobbes, Leviathan

Yuval Noah Harari doesn't know how an analogy works.

On page 137 of his latest book, Homo Deus, Yuval Noah Harari warns the reader that future generations may consider our current habit of comparing brains to computers just as naïve as nineteenth-century descriptions of the mind in terms of valves and pistons seem to us. Professor Harari does not seem to grasp the point of analogy. If you're a Viennese psychiatrist trying to explain the workings of the human psyche in mechanical terms according to your revolutionary theories, you are going to do so in the language of a mechanism with which your audience is familiar: a steam engine. Today most educated persons still can't interpret an EEG or MAG to save their life, but probably own several personal computer devices and have some familiarity with the mechanics of computing so the neuroscientist addresses her audience in those terms. Whether you're venting, dissipating heat away from your CPU, or just letting off steam; an analogy is necessarily imperfect or incomplete. This isn't naivety; an analogy that is exhaustively accurate is no longer an analogy.

This may be a rather petty gripe, but it does seem to reveal an odd prejudice for an author who made a name for himself writing a sweeping survey of human history and prehistory. Professor Harari, whose background is in medieval and military history, first made waves with his 2011 book Sapiens, quickly becoming a bestseller in Harari's native Israel before enjoying worldwide success (including recommendations from President Obama and Bill Gates) with the publication of an English language version in 2014 and twenty-four subsequent translations. Any book that encourages a longue durée perspective of history is generally a good thing, and Sapiens is as good as any. It gives a cool account of human history, presenting a couple of intriguing evolutionary biology explanations for the dominance of humans (reimaging the agricultural revolution not as humans bending species of flora and fauna to their will, rather as a coevolution of humans, crops, and livestock) and the emergence of political, economic, and cultural systems, though it does so as a shallow overview with many unsourced assertions which at times become very tedious.

> "Humanism never sought to replace God – at best it prescribes distraction and consolation."

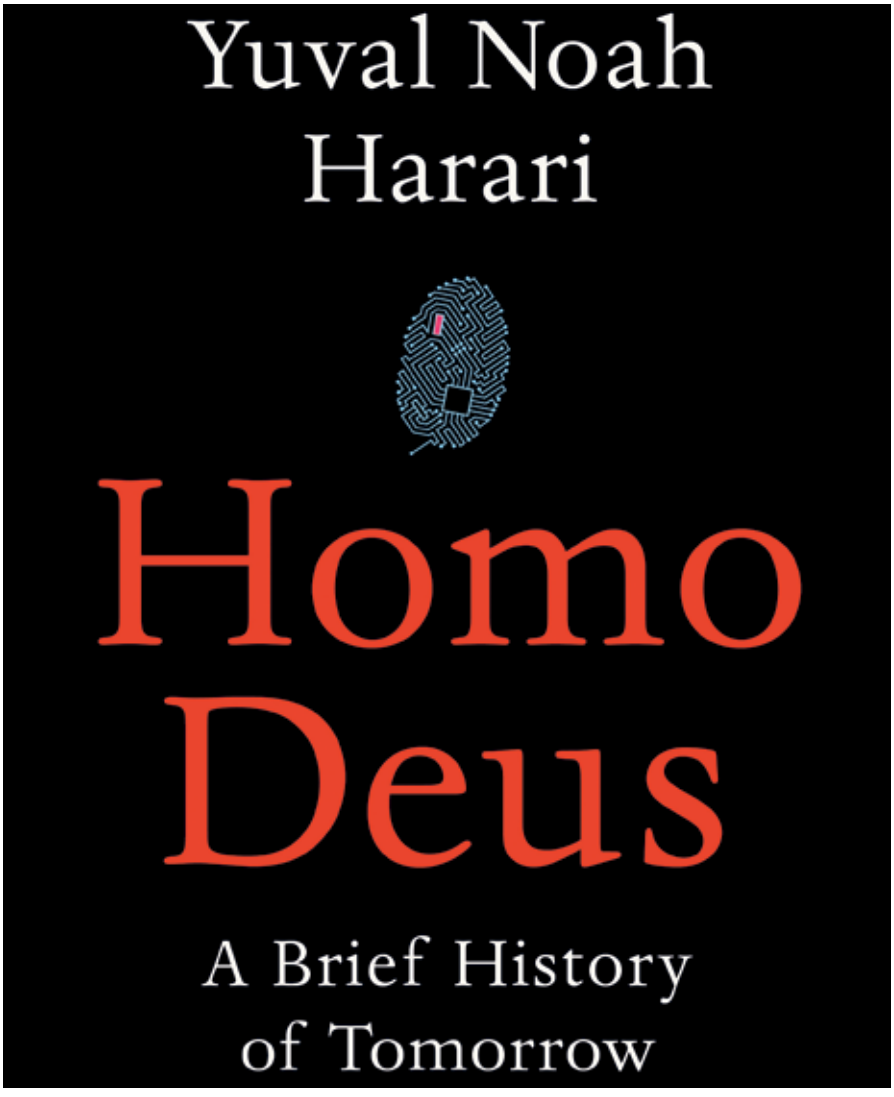
Homo Deus: A Brief History of Tomorrow (publishers really need to give this a brief history of X snowclone a rest) is very much a Sapiens Part Two. Whereas Sapiens reads like Harari got overexcited after getting to the end of Jared Diamond's *Guns, Germs, and Steel*; Homo Deus reads like Harari recently came across transhumanism and the singularity. Whereas most people deal with this by going through a phase of taking cyberpunk movies way too seriously and being insufferable at social gatherings, Harari wrote a book with a title that hugely oversells the content. The weird thing is that it isn't a matter of over ambition, and one could forgive the lack of rigour if it amounted to anything. Harari proves that there's a fine line between philosophy, social, and historical criticism, and stoner profundity.

The main argument of Sapiens is that humanity's distinctive and propitious feature is our cognitive capacity for shared fictions, and that these fictions govern our world. Homo Deus is for a large part a rehash of Sapiens if not an overzealous doubling down. Money and God are functionally the same (he really does labour the point of money being a fiction like it is some new-fangled notion with such fervour one half expects him to pass round the joint). Liberalism and socialism are both religions that worship the sacredness of human experience, a sacredness that science is undermining, and liberalism – like belief in God before it – will prove inadequate for the coming world run by algorithms and super humans and will be replaced by data religions.

It's a book that reads like it expects to arrive somewhere truly sagacious, identifying something that permeates the whole mess between the interplay of worldviews and structuring fictions, but sooner rather than later it becomes clear that we are supposed to get there through oversimplification, mischaracterisation, and histrionics, to the point that it is relief when the payoff is so meagre.

A quick run-through of things that found the reviewer shouting while reading the book:

> Did you get your understanding of liberalism by skinning Rousseau? Roughly, liberalism is a critical political philosophy which assumes no higher authority. No one can claim to know how things ought to be run; the only thing we know is that the state exists to reflect the will of its citizens; so, fallible as they all are, they ought to be treated as an end onto themselves and extended some amount of sovereignty and rights, and an equal say in the governing. It's not that the voter always knows best, nor are its ethics summed up if it feels right do it. Think for yourself: is a charge to think critically nothing else, and art is not whatever you say it is. Liberalism does work on the assumption of free will and accountability but that can easily function even if it were proven to be a fiction.
>
> The definition of humanism is a fluid one. It is not just replacing God with a sacredness of humanity.
>
> The interplay between political theory, economics, technology, and religion, is a complicated one. Simply stating that there was a certain point in the progress of science and technology before which belief in God governed our world and after which political/economic religions took over is useless. Apparently, theological movements can in fact be more politically/economically motivated, while apparently secular structures can still be theologically



informed even if merely residual. Even if God is dead, he has not been supplanted by reason and money, and the notion of the human paradigm being in turn supplanted by a data paradigm is slightly too neat.

No, political and economic ideologies are not religions. You may say that God, Money, and Human Rights are all useful intersubjective fictions, but there is a major difference between the former and the latter two. Money and Human rights still work when everyone acknowledges them as useful fictions, God supposedly is a source of meaning transcendent of humans, so when we all agree he is a useful fiction we've killed him.

So, you managed to comically mischaracterise liberal democracy but still propose that for now there is no viable alternative worldview to liberal democracy at least until the all-knowing algorithms take over? Harari, dude, you didn't need to invoke the singularity to be fashionably pessimistic about the prospects of liberalism. The rise of nationalism globally and the ascension of China as the super power shows that people and markets don't need liberal democracy to be sustainable.

Along the way, Hariri mentions interesting topics such as life extension technology, Silicon Valley ventures in AI and life sciences R&D, human obsolescence, the dividual self (should have said "just go read Daniel Kahneman's book), and artificial creativity, but he never really goes into any depth.

So, if the book is dodgy on the weighty concepts, and merely skims the ancillary topics, where does all this culminate? The future in which computers can outthink humans, know us better than we know ourselves, and very likely may not need us at all, brings the foundations of our worldview into question and this may not prove to be a bright future for us. Really, Harari? Has anyone informed Hollywood yet?

Harari lectures are very popular. He graces the stage of plenty of TEDx gatherings. In fact, this book is the type of literature that spontaneously emerges when enough self-congratulatory Ted talks are given and the slideshow projector is left running over the weekend. He is the toast of Silicon Valley, as he flatters them, and his spreadsheet approach to big history speaks to their sensibilities. In the early modern period, if you wanted your treatise or translation to fall in good graces you dedicated it to the pope, the local sovereign, or the emperor; today you name check Larry Page and Mark Zuckerberg.

Harari has all the ingredients laid out but never starts cooking. There is something fundamental that permeates through the ages but you miss it when you lump God, money, and the human soul together as useful fictions – meaning. In a personal God or a divine imminence, we can find an external source of meaning as along as we can bear to believe it. Once disillusioned we may look for meaning in each other and ourselves, but this already feels wonky. Most wouldn't be crass enough to suggest we find meaning in our economic and political function. Finding purpose in loved ones and offspring does seem to offer almost inevitable resolution, but now we also know we are programmed to do so.

Humanism never sought to replace God – at best it prescribes distraction and consolation. Self-actualisation: go travel, educate yourself, become interesting, find yourself, express yourself, create, find a cause, maybe if you get yourself worked up enough you'll find a revolution to martyr yourself to or some other hill to die on. The natural sciences already strongly suggest that one is just a temporary coalescence of matter in a rather complex structure programmed and moulded to respond to stimuli in a particular way. Although one cannot know this for certain, the suspicion arises that holding out for free will or a soul would require special pleading. Somewhat ironically, in the world to come, when the computer, dutifully noting all activities and preferences, knows the users better than him- or herself, and knows everything else besides, and is capable of, if not perfect reason, than certainly better reason than its user's who may achieve a certain Kantian freedom by relinquishing all decision making to the machine. Waking up one day to find out that whatever one can do, a machine can do better, can we then just go out and play? Communism and Star Trek both imagine that post scarcity humans would truly be able to find fulfilment. This reviewer is not entirely convinced, or maybe just lacking imagination. It is not about data. Data is the fuel, the currency of this world, not its God. In whatever way we structure our world we always need the fiction that at least something matters. What do we do when know that this isn't the case? How will the algorithms respond when we collectively, individually, and dividually scream, 'I have no purpose and I must matter'?

Homo Deus most recent translation *Homo Deus, Une Brève Histoire de l'Avenir* came out September 6th, it is also available in Spanish, Portuguese, Turkish, Chinese, German, Dutch, Croatian, Italian, Korean, and in its original Hebrew. ❇

> Autumn 2017 Special:

UK vs EU Round 1

Be careful what you wish for. The warning was utterly lost on Brexiteers of both the nostalgic and xenophobic persuasions when they triumphed – much to their own surprise – in last year's referendum on the UK's membership of the European Union. Braving the experts who cautioned against rash changes to the country's economic and diplomatic makeup, the Brexiteers voted to take back control over the country's borders, laws, trade, and spending. Waving union jacks, leavers strongly object to being ruled by "faceless unelected bureaucrats" and foreign judges issuing diktats from afar.

One year on, that declaration of independence seems to have lost some of its lustre – and bite. After shifting position numerous times whilst frantically attempting to square the BMB (Brexit Means Brexit) circle, Prime Minister Theresa May is now seen surrendering – bit by tiny bit – to reality.

Seeking pragmatic post-exit arrangements, Mrs May and her singularly inept chief negotiator David Davis are capitulating piecemeal by accepting EU standards, rules, and jurisdiction in a growing number of areas such as product regulations, rules of origin, and health and safety standards, amongst others.

Insisting on a three-to-five year-long transition phase during which the status quo is to be preserved, Prime Minister May is showing a surprising willingness to appease the flag waving masses by giving away her country's EU voting rights in return for absolutely nothing. In the future, the UK is likely to end up having to follow all rules cooked up in Brussels whilst having no say whatsoever in their elaboration.

The urgency of agreeing to transition deal that leaves everything unchanged may be related to the refusal of the Treasury to release its in-depth study on the economic effects of exiting the European Union. An earlier and brief first analysis of the impact concluded that a "hard" Brexit – defined as one whereby the UK just drops out of the EU – would shave off almost 6% of GDP over the first two years and see sterling potentially lose 14% or more of its value.

Translated into actual money, the drop in both GDP and the value of the pound is expected to cost the country about £1.5bn *per week* – in perpetuum: almost ten times the windfall Brexiteers said the UK would enjoy upon exiting the union. Hence, the importance of some sort of deal that keeps things as-is without offending the hardliners by revoking the Article 50 procedure and calling off the exit proceedings.

Prime Minister May – who likes to be known as a "bloody difficult woman" – managed to stoke the fires by appointing a chief negotiator with more brawn than brains and naming a whistling clown to the Foreign Office. The Davis/Johnson double act has revelled in ridiculing the EU from the get-go.

What transpires in Brussels is no less than a clash between lively party politics and staid pragmatism. In fact, the EU does not feel it needs to substantially engage with the recalcitrant British, adopting Mrs May's now muted war cry Brexit Means Brexit – "there is the door and we dare you to walk through it." For all his posturing, Mr Davis has so far declined to accept the invitation.

Adjusting its own response to the rather aggressive approach taken by the British government has allowed the EU to claim the moral high ground. However, Brussels must prepare to change its monotonous tune to one a bit more catchy as the UK slowly moves away from its uncompromising stance and refrains from asking for the moon (Mr Johnson's now infamous having your cake and eating it analogy) – accepting the EU's logic whilst pandering – pro forma – to the vociferous Brexiteer faction.

The following pages feature a few major and minor players in the ongoing Brexit saga, including a brief profile on a complex, yet fascinating, man who just could turn out to be the UK's secret weapon to be deployed once the "bloody difficult woman" has moved on and out, as she eventually must. ❊

> JACOB REES-MOGG

Tipped as the conservatives' answer to Jeremy Corbyn, the aristocratic Jacob Rees-Mogg (48) suddenly appears as one of a dwindling field of contenders for Prime Minister Theresa May's job. Whilst Mrs May has no intention to step down, her inconsistent performance and near-constant flip-flopping is likely to prove politically fatal before long.

It is quite difficult not to like Jacob Rees-Mogg. The perfect embodiment of all things quintessentially British, unfailingly polite and polished, it goes without saying that Mr Rees-Mogg would rather not see the UK continue its membership of the European Union. Now living his "moggmentum", Mr Rees-Moggis not seen to covet – much less chase – a position of power, proclaiming satisfaction in his role as Tory backbencher. Though his chances of succeeding Prime Minister May are considered slim – for now – he is touted as the Tory's secret weapon: the man who may yet be able to apply both style and backbone to the UK government as it tries to secure a moderately advantageous Brexit deal in Brussels – a gentleman's agreement.

Mr Rees-Mogg, the delightfully eccentric son of an editor of The Times, first entered the politics in the 1997 general election, trying – and failing – to secure the Central Fyfe constituency in Scotland – a seat traditionally held by Labour. He experienced some difficulty in deciphering the heavy local accent, was criticised for taking his nanny along whilst canvassing, and ridiculed for touring the area in a Bentley – a claim he denied, helpfully pointing out that it had been a Mercedes. Mr Rees-Mogg received barely 9% of the vote, ending in third place. Reflecting on the defeat, he concluded, dryly, that "whatever I happened to be speaking about, the number of voters in my favour dropped as soon as I opened my mouth." His peerless command of the King's English didn't help.

Succumbing to the charming Tory predilection for the employ of obscure words in public discourse, Mr Rees-Mogg in 2012 stunned fellow members of parliament with "floccinaucinihilipilification"* (the act or habit of describing or regarding something as unimportant) during a speech in the House of Commons on the alleged conflicts of interests at the European Court of Justice (ECJ).

Though the accusation was grave, its presentation proved priceless, instantly deflating any anger Europhiles may have experienced. The tongue twister, pronounced impeccably on the first try, earned Mr Rees-Mogg a place of note in the latest edition of Hansard, the official transcript of parliamentary debates for the longest word – at 29 letters – used during the legislative proceedings.

Whilst not given to social media, Rees-Mogg supporters have set up a number of accounts to create a certain momentum – taking a cue from the expertly run internet campaign that recently propelled Labour's Jeremy Corbyn to unexpected heights. A devout Catholic and opposed to abortion under any and all circumstances, Mr Rees-Mogg may, at first glance, appear the most unlikely of politicians to reconnect the Conservative Party to the young voters it lost with Brexit, ballooning tuition fees, and a host of other policies that accentuate and widen the generational divide.

Yet, his oddness and unwillingness to compromise on his many convictions carry a surprising appeal. "Moggism" includes a disapproval of same-sex marriages, support for zero-hours contracts, and a disinterest in climate change. Mr Rees-Mogg is also less than excited about immigration and would much like to see the Human Rights Act repealed.

Coming from any other politician, ideas such as these might easily be discarded as inconsequential, if not retrograde. Not so with Mr Rees-Mogg who wears them with considerable aplomb and – more importantly – a keen sense for the understated. Refreshingly old-fashioned, Mr Rees-Mogg is no longer the odd man out of a political landscape inhabited by mediocrity and assorted grey mice.

** Floccinaucinihilipilification: Floccus (a wisp) + naucum (a trifle) + nihilum (nothing) + pilus (a hair) + English - fication.*

> GUY VERHOFSTADT

He is the one European politician almost all Brits love to hate – and he knows it. Guy Verhofstadt, however, gives as good as he gets and visibly enjoys yanking the chains that tie Brexiteers to their grand project. Throwing insults back and forth across the English Channel / La Manche is probably not the best of ways for furthering mutual understanding – it constitutes, in fact, a rather childish pursuit – but that doesn't deter Europe's foremost federalist from speaking his mind. If it were up to the former Belgian prime minister, the United States of Europe would be a fact before the clock strikes midnight – in a non-metaphorical way.

Guy Verhofstadt (64), a member of the European Parliament since 2009 and now its point man on Brexit, believes in Europe with a passion and fervour not usually detected in politics. In 2008, as the global financial crisis unfolded, Mr Verhofstadt published a modest didactic tome – The Way Out of the Crisis: How Europe Can Rescue the World – containing a rather big idea: how the setting up of a fiscal transfer union, complete with Eurobonds and other trimmings, can transform a tired old continent into the antechamber of the future. Outside Flanders, the book was not a bestseller.

Guy Verhofstadt does not believe in testing the waters before jumping in – it is all or nothing. Likewise, his approach to the UK's imminent departure from the European Union is painted in primary colours – simple yet deceptive. Mr Verhofstadt misses no opportunity to remind the British of their "supreme folly" – implying they should best remain in – only to demand the country's immediate exit in the next breath, of course not before coughing up a hefty exit fee.

Though it is quite refreshing to see a politician so committed to the often uninspiring EU cause, as of late Mr Verhofstadt is not being very helpful by running far ahead of the troops. His frequent lambasting of those who do not fully agree with him convinces few on the need for speed when it comes to forging an ever closer union of the peoples of Europe.

Whilst most continentals fail to understand the British psyche – and are not particularly interested in finding out either – Mr Verhofstadt seems to take Brexit rather personally. Most of his colleagues in the European Parliament just shrug their shoulders – and perhaps roll their eyes – before moving on to matters deemed more pressing.

Not, Mr Verhofstadt however: he won't let go. That is a problem, of sorts, as the European Parliament must sanction whatever agreement is reached between the UK and the EU27. Without its benediction, no deal can be implemented. Contrary to popular belief, the parliament has considerable bite and no longer rubber stamps whatever the European Commission presents for its consideration.

Three-time prime minister of Belgium – a notoriously difficult country to lead due to its intractable language divisions – Guy Verhofstadt is a magnificently competent political operator: underestimate him at your peril. Whilst vehemently opposed to granting the UK government any sweeteners, Mr Verhofstadt did surprise many with his proposal to grant all UK citizens EU passports upon request to allow them to benefit from the union's freedom of movement even after their country's departure. He has repeatedly called on the European Commission to distinguish between the UK government and British citizens, insisting the latter be not deprived of their privilege to live, work, study, and retire anywhere in the union.

> DAVID DAVIS

He had promised "the battle of the summer", yet the argument-which-never-was ended seven minutes after it had started with a technical knockout. Before heading off to Brussels for the first round of Brexit talks, David Davis (68) had promised to make the European see reason and conduct parallel negotiations on both the UK's exit from the union and its future relationship with the bloc.

EU negotiator Michel Barnier was having none of this and doggedly stuck to his initial position – first agree on the terms of the divorce and only then talk about custody arrangements. A few hours after his arrival in Brussels, Mr David – secretary of state for Exiting the European Union – was already on his way back to London, leaving his reportedly inexperienced and ill-prepared team to fend for itself.

A hands-off kind of guy with the reputation of a streetfighter – not afraid to employ the political equivalents of knuckledusters and Birmingham-style peaky blinders – David Davis has grown into the job, toning down the rhetoric a few notches, embracing a modicum of reason, and doing his homework.

In the hectic days following his appointment, Mr Davis caused wide consternation by publicly failing to grasp the difference between common market and customs union. He also experienced difficulty in distinguishing the European Council from the European Commission. Mr Davis also didn't score any points when he stated, rather rashly, that he'd be touring European capitals to negotiate an advantageous deal for his country by negotiating with two individual member states – playing out one against the other – rather than sitting down with the commission – the bloc's executive organ.

Nothing of the sort came to pass and Mr Davis was quickly brought up to speed on all matters European. However, Mr Davis is still reluctant to stay in Brussels any longer than civility demands. He doesn't get on particularly well with EU Chief Negotiator Michel Barnier – the two have clashed frequently – driving the rather stiff and formal Frenchman repeatedly to despair over his ill-disguised disdain for detail and procedure. Though mostly unfolding behind closed doors, this friction has caused significant delays. Mr Barnier, visibly exasperated, accused his British counterpart of not being prepared to deal with the minutiae of the exit proceedings.

Saddled with the near-impossible, and certainly thankless, task of ushering the UK out of the European construct without sustaining too much damage, Mr Davis was brought back from retirement for a last hurray. A former home secretary and chairman of the Conservative Party, David Davis proved a natural fit to the forwards-thinking cabinet Prime Minister Theresa May tried to form as she moved into power last year.

Though that cabinet failed to materialise, Mr Davis has spent his entire political life in the slightly less conservative wing of the Tory party. A libertarian at heart, he vehemently opposed plans to introduce identity cards, though he did voice support for the reintroduction of the death penalty – a big no-no in the European Union which demands that its member states ban capital punishment, no exceptions allowed. More plausibly, Mr Davis has campaigned extensively on civil liberty issues, battling government overreach and praising the European Court of Justice for its hard line stance on the preservation of privacy vis-à-vis big data.

Mr Davis also repeatedly drew attention to the UK's complicity in the extraordinary renditions programme maintained by the US government at the height of its fight against faith-inspired terror – i.e. the outsourcing of torture – and attempts to silence its victims.

A thoroughly decent and frank politician, and now the UK's trouble shooter-in-chief, Mr Davis is slowly being side lined as negotiations in Brussels stall and Prime Minister May searches for ways to avoid a total breakdown. Mr Davis' present troubles are, paradoxically, of his own making – though he is not to blame: gaining a degree of appreciation for the EU and its uses he did not have before, Mr Davis shows signs of backing away from the head-on collision he advocated initially. That makes him a traitor to the increasingly vociferous grouping of hard core Brexit Tories who will not hesitate to pounce at the first sign of reasoned compromise. Displaying common sense does not increase David Davis' job security.

> MICHEL BARNIER

His job requires the patience of a saint – and an ability to repeat the message ad nauseam. Michel Barnier (66), the European Union's chief negotiator in charge of ushering the UK out of the bloc as per its own request, has the unenviable task of telling – and convincing – his British counterpart that the 27 remaining member states are in no mood to grant additional opt-outs or accommodate special requests.

Burdened by a strictly delineated mandate and not permitted to entertain even the tiniest of deviations, Mr Barnier has precious little wiggle room to offer David Davis, his UK counterpart. Appointed for his formidable skills and long experience in negotiating trade deals, Michel Barnier has so far managed to retain his dignity, only sporadically allowing his frustration to rise to the surface.

The former commissioner for Internal Market and Services (2010-2014) is well-versed in financial regulation. At the European Commission he helped introduce and implement more than forty European laws aimed at tightening up the regulatory framework that governs banks and financial markets in the wake of the 2007-2011 Great Recession. Mr Barnier advocated to cap banker bonuses and limit the short selling of shares.

Mr Barnier landed in Brussels after a career spanning almost three decades in French politics during which he held a number of ministerial posts – Environment, European Affairs, Foreign Affairs, and Agriculture. He reportedly possesses the most comprehensive rolodex of any EU top official with high-level contacts in all of Europe's 28 capital cities.

Mr Barnier is not universally liked, though – in France some of his opponents dubbed him "The Cretin of the Alps" for the single-mindedness unfailingly displayed when in pursuit of an objective. The dig refers to his Savoy roots and the brain damage suffered by the valley's inhabitants in the 18th century due to a prolonged iodine deficiency.

A self-described anglophile, Michel Barnier has repeatedly deplored the UK's decision to exit the European Union – an edifice London helped erect. Paradoxically, Mr Barnier's well-documented love of all things British causes him to severely dislike the Tory Eurosceptics who pushed the country towards Brexit peddling half-truths and outright lies.

Mr Barnier often lets go of his diplomatic skills when confronted with the pick-and-chose approach towards the EU favoured by some. During a 2013 visit to London, he accused the UK government of selectively implementing the new financial rules, issuing a warning that now sounds ominous: "Repatriating powers [from Brussels to the UK] over financial services would mean leaving the single market and de facto the EU."

Mr Barnier clashed repeatedly with then-Chancellor of the Exchequer George Osborne over EU-mandated caps on the bonuses paid to bankers, blaming their fast and loose attitude to financial rules for causing the Great Recession. A technocrat with a flair for politics, Mr Barnier knows how to score points by playing his audience.

Though a dealmaker at heart, Mr Barnier time and again insists that the European Union is not interested in pursuing any agreement that enables the UK to enjoy the full benefits of EU membership – unfettered access to its internal market – without also accepting aspects deemed less desirable such as the freedom of movement. Sticking to his guns, the French diplomat insists that the talks in Brussels progress according to the EU's schedule and remain limited to a few essential topics: the status of EU citizens in the UK, the border between Ireland (a member state) and Northern Ireland (part of the UK), and the financial settlement.

Though Team Britain keeps asking for the EU to deliver the moon, it does raise a valid point when complaining about Mr Barnier's rather unbendable attitude. What the UK has thus far failed to realise is that the negotiations in Brussels are not at all meant to produce a compromise. Mr Barnier is not looking for the middle ground; he is merely setting down the facts. There is only one Brexit and that sees the UK exiting the European Union and becoming a third country, albeit a friendly one.

> BORIS JOHNSON

Former mayor of London Boris Johnson (53), burning with ambition to seize the moment and make Britain great again, still has his eyes set on replacing Theresa May in Number 10. Jockeying for power in the chaotic days following last year's Brexit vote saw him openly betrayed by fellow conservative Michael Gove who launched his own bid for No 10 at the eleventh hour, adding to the confusion and clearing the way for Mrs May to grab the reins of government. Mr Johnson was given the Foreign and Commonwealth Office (FCO) as a consolation prize – a classic example of keeping your enemies closer.

That may have been the last politically astute move by Theresa May. Ever since, the going has been downhill for the prime minister who has proved singularly unable to quell infighting amongst cabinet members and produce a coherent policy for dealing with the referendum outcome other than repeating the hollow Brexit Means Brexit mantra.

Boris Johnson can, however, be counted on to regularly provide a lighter note. The man is many things, dull he is not. At the FCO and to the horror of its many seasoned diplomats, he set the tone of the debate by insisting that Great Britain can have its cake and eat it too, meaning that the country's policy objective is to exit the European Union without losing access to its good bits such as unfettered access to the single market. Understandably, Brussels was not impressed. Not one to take a hint or be stopped from barging across red lines, Mr Johnson then told the EU to "go whistle" as the bloc asked the UK to honour its financial commitments – a yet-to-be-determined sum anywhere between €30bn to €60bn.

Unsurprisingly, Mr Johnson was gently steered away from any direct dealings with the European Union, dispatched to faraway places where his wisecracks – it was hoped – would do less harm. Positively disliked on the continent, Mr Johnson remains quite popular at home. There is no denying his charisma and wit, misguided though the latter may often be. He is also a cunning politician and, as such, an opportunist at heart – forever ready to latch his wagon to the winning team. In the runup to the 2016 Brexit referendum, and sensing the leavers would have it, he kept the nation in suspense before, at the very last moment, coming out on the Brexit side of the debate.

Invariable described as a toff, clown, narcissist, and habitual liar by those whom he failed to charm, Mr Johnson does not fit any mould – he is a one-off and doesn't do stereotypes. Former Lib-Dem frontman Nick Clegg described him, rather aptly, as "Donald Trump with a thesaurus".

Writing in the Daily Telegraph, otherwise known as the Torygraph, columnist Daniel Hannan concluded that Mr Johnson's irrepressible cheerfulness was the single-most important cause of the severe dislike he inspires amongst continentals. Mr Hannan has a point: when Boris Johnson, with his larger-than-life persona and not known for pulling a sour face, excitedly talks and writes about the many joys Brexit will deliver the home front smiles whilst diplomats in Brussels turn blue with repressed anger.

Famous for promising a Brexit windfall of £350m per week, to be delivered to the National health Service, Boris Johnson cannot be bothered to check the facts – he flatly refuses to be bored by details. An early adopter of alt-truths, Mr Johnson in his previous guise as a journalist was sacked from The Times for pulling quotes out of thin air. Moving over to The Daily Telegraph, he was appointed the paper's correspondent in Brussels where he continued, rather merrily, to make up stories that discredited the EU, prompting The Guardian's John Palmer to brand him "thoroughly irresponsible journalist." However, readers couldn't get enough of it – and continue to do so notwithstanding the twisted truths and distorted realities presented.

Deeply unsatisfied with the government's pussyfooted approach to Brexit, Mr Johnson in mid-September again struck home, publishing a 4,200-word essay in The Daily Telegraph meant as an opening salvo of a renewed bit to weaken, if not oust, Prime Minister May. Setting himself up as the only viable alternative to Mrs May should she pawn the table silver to Brussels in an attempt to mollify the continentals, Mr Johnson and his "glorious Brexit" stand ready to deliver a remake of Great Britain's Finest Hour.

> JEAN-CLAUDE JUNCKER

Dismissed and ridiculed as a failed small-town administrator with a penchant for fine wines and cognacs, European Commission President Jean-Claude Juncker represents to some all that is wrong with the European Union: a faceless apparatchik given to bullying people and countries in the name of an ideal not sanctioned by the popular vote.

Laying bare his federalist vision for the post-Brexit era in his annual state of the union speech, Mr Juncker painted a detailed picture of a tightly integrated EU with a vastly expanded Eurozone and a reinvigorated Schengen travel free area. He called upon member states to seize the moment and broaden the reach of the European Union, ignoring nay-sayers. Mr Juncker also insisted Poland, Sweden, Hungary, and other holdouts join the Eurozone before 2025 as they are required to do under the terms of their EU accession.

Whilst the European Commission does not set policy, its president is required to present a coherent vision for the bloc. Besieged by grave problems for years on end – low economic growth, the arrival of immigrants by the millions, failing states, rising nationalism, and trouble along its eastern periphery – the EU seems to have shrugged off these troubling issues.

The union, Mr Juncker argues, has found its groove and is moving along nicely, outpacing the US for economic growth and producing massive surpluses on its trade balance and the wider current account. In fact, only two of its 28 members states – Poland and the UK – remain addicted to running outsized c/a deficits.

Dutch Prime Minister Mark Rutte, weary of handing additional powers to Brussels, called Mr Juncker "a romantic" and good-humouredly advised him to consult a medical professional for his visions. Mr Juncker's bold integralist proposals speech received a lukewarm welcome in most European capitals and caused almost universal surprise: the EC president has a formidable reputation for reading the political moment and changing tack accordingly.

Most disconcertingly, Mr Juncker suggested scrapping national vetoes on matters relating to foreign policy, taxation, and social policy. He also hinted at an institutional change, combining the presidencies of the council and commission into a single directly elected public office. Danish prime minister Lars Rasmussen immediately came out swinging, wiping the idea off the table. Former Italian prime minister Mario Monti was more charmed and praised Mr Juncker for steering the commission back to its original role as an engine of integration rather than an engine for dousing out assorted fires.

Something of a polyglot, Mr Juncker usually delivers his speeches switching between German, French, and English, sparing his audience a taste of his native Luxembourgish. He served eighteen years as prime minister of Luxemburg, becoming one of Europe's longest-lasting heads of government in the process. Mr Juncker is known for speaking his mind and not always observing political niceties. It has earned him more than his fair share of enemies.

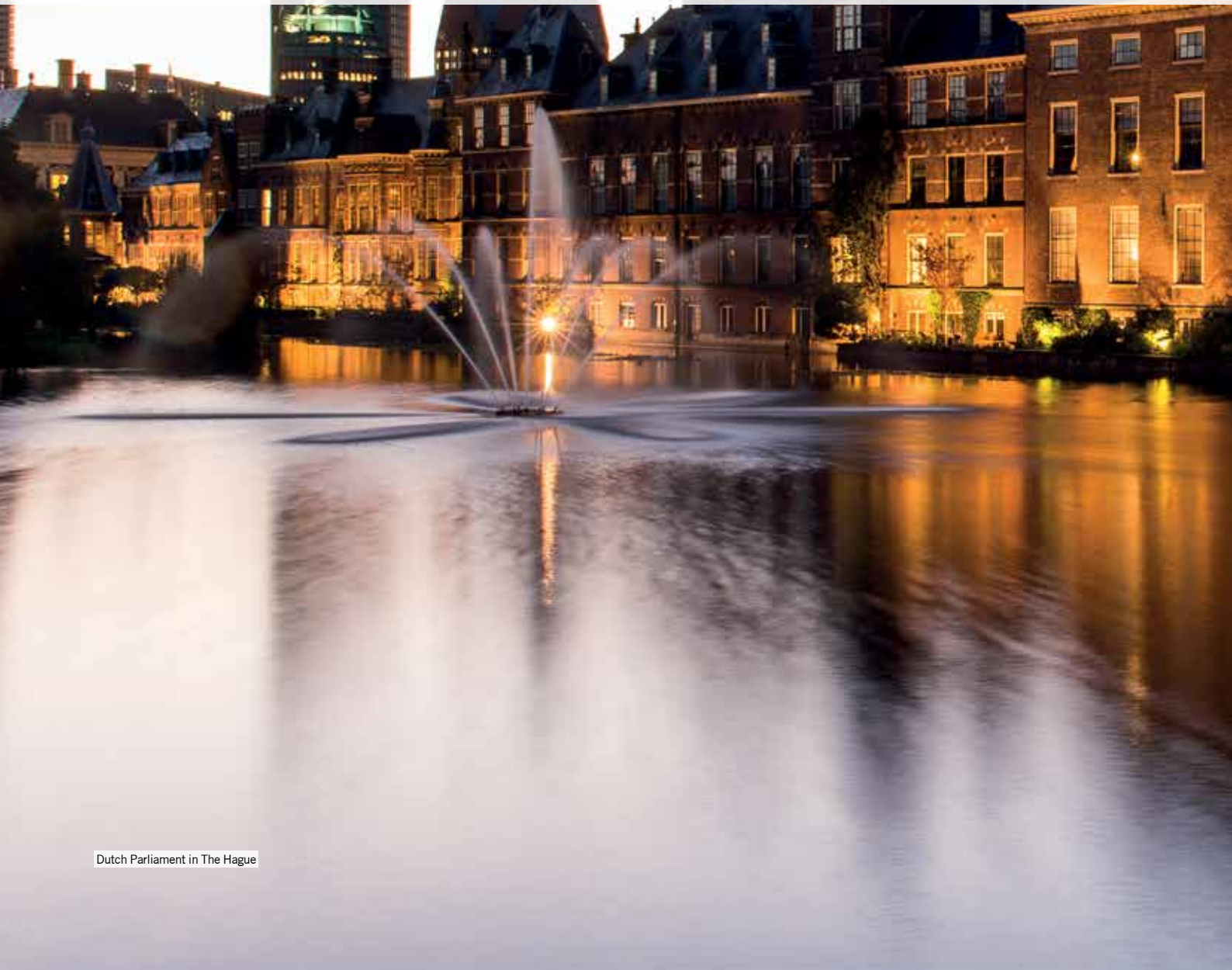
Unfolding his vision for a closely integrated Europe, Mr Juncker is enough of a realist to know that the EU moves slowly – torn as it is between opposites. His speech did, however, put the unfortunate plan for a multi-speed union to rest: the EU moves slowly together or it moves not at all. Accustomed to criticism for running ahead of the pack, Mr Juncker has grown a thick skin: though periodically hitting back at the eurosceptics, he usually prefers to ignore his detractors and press on cajoling rebels back in line and charming doubters to his side. Jovial and easy-going, the Luxembourger is an ardent believer in the European project – though perhaps not its most effective advocate.

> Europe

Pulling Up the Drawbridge

By Wim Romeijn

The managers of some of the world's largest investment funds have expressed their dismay at moves by the Dutch government to hinder takeover bids by foreign companies – a development now gaining traction elsewhere in Europe as well. In a letter addressed to Minister Henk Kamp of Economic Affairs, the asset managers call the proposals under consideration "unduly harsh" and "detrimental" to the interests of shareholders. They also warn that the plans would put the Dutch market in an "unfavourable light". The appeal was made on behalf of Fidelity International, Allianz Global Investors, Standard Life, Columbia Threadneedle, and Old Mutual Global Investors, amongst other large funds.



Dutch Parliament in The Hague

The proposed legislation introduces a one year time-out on hostile takeovers to give all stakeholders an opportunity to calmly assess and discuss their options. Moreover, shareholders will be subjected to a moratorium on extraordinary general meetings called for the ousting of board members or executives blocking the bid.

The Netherlands is not alone in discouraging foreign takeovers. France, Germany, and Italy have asked the European Commission to assume a larger role in shielding European companies, particularly when the buyer is acting on behalf of a foreign power seeking to further its political objectives.

Whilst the commission's draft policy paper painstakingly avoids mentioning names, it is clearly directed at China. The country is suspected of buying up US and European tech companies wholesale in order to leapfrog its own technological development. With US authorities imposing strict controls on foreign investment into the country's high-tech sector, Chinese companies have developed a marked penchant for European takeovers. According to UNCTAD numbers, Chinese FDI volumes in the EU are about twice those directed at the US.

A case in point is telecom equipment manufacturer Huawei which was repeatedly blocked on security grounds by the Committee on Foreign Investment (CFIUS) in its attempt to acquire a stake in US companies. Huawei did much better in Europe where it now enjoys a 22% market share in the mobile network infrastructure sector. In North America, the company managed to secure barely 3% of the spend.

Up to now, Chinese investors, state-backed or otherwise, have been able to play out European countries against each other, moving from less receptive markets to more welcoming ones in the knowledge that a toehold in just a single jurisdiction is needed to crack open access to all EU member states.

The view from Beijing is that Europe better complements its national development goals such as the Made in China (MIC) 2025 Programme which aims to vastly improve the quality and technological edge of locally manufactured goods. Whilst the US-China trade mainly revolves around agricultural products, mining and metals, and entertainment, Europe's strengths lie in high-end manufacturing which dovetails neatly with the programme.

MIC 2025, unveiled as President Xi Jinping waxed lyrical about free trade at the World Economic Forum earlier this year in Davos, targets an estimated 40% of Chinese industrial production – across ten sectors – and spells out a growth path divided into three stages: localise and indigenise,substitute imports, and capture global market share. MIC 2025 is all about capacity building via a short track approach that includes deploying China's dwindling, yet still significant, foreign exchange reserves to acquire the needed technology.

"The Netherlands is not alone in discouraging foreign takeovers. France, Germany, and Italy have asked the European Commission to assume a larger role in shielding European companies."

In a nod to its planned economy heritage, MIC 2025 sets out specific goals such as an 80% national market share for domestic manufacturers of vehicles powered by alternative energy sources. A similar percentage is mandated for mobile phone chips (which China currently does not produce), computer-controlled machine tools, and high-tech marine components.

Germany is concerned about the 70% market share envisioned for industrial robots. Late last year, Chinese home appliances maker Midea secured a 95% stake in Kuka, a German advanced robotics company, for □4.5bn in a deal that sparked controversy in the country's political establishment and led to renewed calls for a strengthening of safeguards against foreign takeovers of companies driving the leading-edge of technology. Earlier, ChemChina paid close to a billion euros for machine maker KraussMaffei.

China's takeover of Kuka is seen as a direct assault on Germany's own ambitious Industrie 4.0 programme which aims to establish a connection between the brick, mortar, and steel universe of factories and the virtual world. Though Kuka is best-known for the big industrial robots used for car manufacturing, the company is also working on more light-footed and delicate species that receive their instructions via the cloud and form part of the Internet-of-Things (IoT) – featuring the much-anticipated rise of the machines.

In a recent report on MIC 2025, the Mercator Institute for China Studies in Berlin concluded that China wishes to gain a hold on the most profitable segments of the global supply chain – its research and marketing components – moving away from low-tech manufacturing and assembly. The institute's analysts caution that, if successful, MIC 2025 could undermine the technological leadership enjoyed by western industrialised nations.

That may be a worrisome vision; China's ambitions are not necessarily evil or unjustified – the country can hardly be blamed for aspiring to economic greatness. However, issues arise when the playing field is tilted. The precise market share objectives detailed in MIC 2025 attest to the fact that the Chinese government has no plans to open up access to its domestic market. Absent bilateral investment and trade treaties, China feels no pressure to pursue non-discriminatory policies vis-á-vis foreign companies.

This is where the European Union comes in. The commission in Brussels is being asked to level the playing field by vetting investments from parties that may enjoy a degree of state influence. Later this year, commission president Jean-Claude Juncker is expected to propose a new mechanism to assess "the market compatibility" of any proposed takeover deal involving non-EU companies. The mechanism can be invoked by any member state at any time. Though member states will retain the ultimate say, they will have the legal means to block any acquisition deemed in violation of free market principles.

The commission will also examine reciprocity and may discourage deals involving parties – read: China – that do not grant European companies similar access to their own market. German Minister Brigitte Zypries of Economic Affairs asked the commission to draw up EU-wide FDI rules: "While the increased inflow of capital shows the attractiveness of Europe, one must also note that these investments are concentrated on high-tech companies that provide key technologies. This shows a clear connection to the China 2025 strategy pursued by the Chinese government."

Running ahead of the pack, The Netherlands – the most competitive economy of the EU and the fourth most competitive globally – will no longer remain passive as its industrial jewels are besieged by foreign buyers. Acting mostly behind the scenes, the government already thwarted the sale of paint and coatings maker AkzoNobel to its main US competitor and discouraged the acquisition of FMCG giant Unilever to Kraft Foods. Minister Kamp of Economic Affairs: "The Netherlands has an open economy and an attractive business climate in which foreign acquisitions play a role. They contribute to the competitiveness of companies. But at the same time, our open attitude does not mean we should be naive."

The Netherlands government is somewhat less concerned over China since it maintains an unspoken yet surprisingly effective policy of turning down takeover bids from companies based in emerging markets unfailingly citing security concerns.

Moving towards a more robust collective policy on fair trade, Europe tries to address the inequalities of free trade that currently offer ample fodder for anti-establishment politicians such as Marine Le Pen in France and Geert Wilders in The Netherlands. Though the EU is nowhere close to the isolationism of the Trump Administration in the US (declared but not yet practised), it does want to see stronger global rules for fair trade. Essentially, the EU Commission is looking for ways to re-establish political control over the forces of globalisation in order to curb downsides such as increased inequality. An expanded rule book is called for and the commission is set to release its first chapter later this year. ❇

> Heathrow Expansion:

Benefitting the UK Economy Now and for the Future

Heathrow

The upgrading of Great Britain's infrastructure is in full swing. With government backing for High Speed 2, Hinkley, and Heathrow expansion, Britain is taking vital steps to equip itself with the infrastructure it needs for the future, and which will help the country secure its place on the world stage as a strong and connected nation.

As the country's only hub airport, Heathrow is a cornerstone of the UK economy, connecting businesses of all sizes to global markets and supporting trade across the country. Nearly 76 million passengers travelled through Heathrow in 2016, and Heathrow handled over 30% of UK exports by value to markets outside the EU and Switzerland – British goods bound for foreign markets.

The government's decision to support expansion at Heathrow, Europe's largest privately funded infrastructure project, was a clear signal to investors around the world that Britain is open for business. It will allow the airport to double its cargo capacity, create dozens of new long-haul trading routes, and increase domestic connections, giving more businesses the opportunity to trade with the world. Expansion will also allow the airport to create a legacy of skills for future British infrastructure projects and deliver connectivity to new emerging economies, which is vital for business growth as the UK prepares to leave the EU.

Increased international connectivity, new domestic routes and the boost in trade means Heathrow expansion will drive growth to every corner of the UK. The independent Airports Commission found that expansion will create up to 180,000 jobs across the country, and deliver up to £211bn in economic benefits.

The airport has recently unveiled its ambitious new nine-point plan to improve the UK's connectivity to Heathrow, and through Heathrow, to growth markets around the world. The plan outlines how Heathrow will deliver more viable and sustainable air links for all of Britain, and how it is supporting the right mode for the right journey, with planned rail and road improvements to ensure that at least 50% of airport passenger journeys are made by public and sustainable transport by 2030.

In January, Heathrow announced a £10 passenger discount on domestic flights, to provide more affordable connections to passengers and businesses across Britain. Through its Route Development Fund, Heathrow has committed to providing £10 million worth of funding for airlines to help connect currently unserved cities with the world.

CEO: John Holland-Kaye (centre)

Furthermore, to support Britain as it leaves the EU, Heathrow has proposed how the airport could add up to 25,000 new flights a year from 2021 on the existing runways, whilst we get on with building the third runway. These Brexit boost flights could add new domestic and trading destinations enabling Britain to capitalise on crucial new market opportunities during the early years of Brexit.

The decision to expand Heathrow was a decision to support a national project that will drive growth, create jobs, and boost tourism across the UK. That's why it is supported by businesses, trade unions, over forty chambers of commerce and the UK government.

This important era for British infrastructure is a chance to strengthen the country's economy for the long-term. Heathrow is playing its part to make the benefits of expansion felt by people, communities, and businesses all over the UK. But the airport must act swiftly and boldly, in these crucial early years as Britain prepares to leave the European Union, to ensure a thriving, sustainable economy for future generations. That's why Heathrow is getting on with building Britain's new runway, increasing exports to the world and creating more secure jobs at home. ❊

> Herald Land:

UK Prime Real Estate

HERALD LAND
ENGLAND

Established in 2009, Herald Land Real Estate Brokers caters to clients in the Middle East and around the globe. The firms sets the benchmarks in its market for secure investments and UK portfolio diversification.

The company started as land brokers. Though the UK land market will always remain its core competence, Herald Land is constantly adding to its portfolio which contains something to offer everyone. Herald Land aims to provide a variety of lucrative investments that suit all tastes and fit all budgets. From picturesque landscapes, trendy urban apartments, and airport parking to low entry-level profitable residential buy-to-let opportunities and student accommodations, investors are sure to find an investment that fits their preferences.

The UK has long been one of the world's most stable and progressive property markets, and one of the world's most popular destinations for wealthy individuals and business owners. The country offers a unique mix of outstanding social and political stability, a highly attractive taxation regime for those born overseas, and an excellent environment for business. Therefore, buying land in the UK is the perfect opportunity for a profitable and rewarding investment.

It is impossible to understand the business of any company, without appreciating the talents behind its success. Herald Land is run by what may be some of the most highly qualified professionals in the world. Their passion is the main driver of its success and their relentless exploration of market ambiguities, powered by their skills and competence, grant them the ability to take the

right decisions at the right time, providing investors with the smartest solutions.

Herald Land considers human capital as the single most important ingredient bolstering its progress and the firm continues to celebrate its workforce diversity that comprises professionals from different parts of the world.

WHY CHOOSE THE UK?

The United Kingdom is the fifth largest economy in the world and the second largest in Europe with GDP of $2.6 trillion. It is a country rich in cultural identity, natural beauty, and a stable economic and political environment, all of which encourage many investors to invest in the UK.

The country welcomes tourists from all corners of the globe which presents a tremendous investment opportunity in real estate. The UK also boasts an excellent road and transport infrastructure that allows easy access to almost everywhere within the country.

Following the Brexit referendum in 2016, the depreciation of the British pound against the US dollar and the AED made property prices more attractive to international investors, especially investors living in the GCC region. For example, earlier this year a £1m property would have cost AED 5.33m whilst that same property could now be acquired for only AED 4.56m.

INNOVATION AND CULTURE

Herald Land believes in adding innovation and culture when it comes to developing new projects. The firm encourages its staff to bring to the light as many creative ideas as possible. Simple as it may seem, that usually drastically changes the way the company operates which eventually works to the advantage of its clients.

With different markets experiencing highs and lows – with deep plunges in some and frightening crashes in others – owning land or property in the UK will remain the most secure of all investments. The slump in formerly attractive markets has only served to increase the appeal of UK investments. For this reason, amongst many others, UK investments promise to offer a safe haven to the discerning investor.

A TIMELESS INVESTMENT POSSIBILITY

Herald Land does not just present investment possibilities: the firms aims to offer the seed for a lifetime opportunity – one that can drastically transform the way its clients invest. Herald Land raises the bar on exceptional on-point portfolio selections and keeps its clients spoilt for choice as the firm present prime locations, long-term development landscapes, areas well connected to excellent transportation networks, tourist hotspots, secure profitable properties, and much more – all of which are promising to constitute rare and unique opportunities to acquire and own prime assets.

Herald Land considers its UK land investment offerings as the firm's core competence and its absolute competitive advantage. Herald Land is the market leader in UK real estate – it is always going up in value and the demand is forever increasing. It is incredibly reassuring to witness how land increases in value over the years and never decreases, unlike other investments, and that is exactly what makes land investment the most timeless of all types of investments. ❇

"The UK has long been one of the world's most stable and progressive property markets, and one of the world's most popular destinations for wealthy individuals and business owners."

> CFI.co Meets the Managing Director of Herald Land:

Bob Clarke

With a long history in successful real estate, and a real passion for working with the Arab countries, Bob Clarke leads the expert team at Herald Land as managing director.

Mr Clarke is responsible for overseeing and planning the future direction and strategies for Herald Land.

Over the course of years, Mr Clarke has thrived in his field of expertise: he likes to think outside the box, find creative solutions, catch hold of opportunities, and develop his skill sets. He believes in working in an atmosphere that is rich in positivity and energy. Such an atmosphere is necessary for a business to develop.

Taking in account calculated risks and bringing into light new opportunities for the company are his strong pursuits. "I feel highly privileged to lead a team of multinational employees at Herald Land with a great skill set and ample experience in the field of real estate. As managing director of Herald Land, I believe the success of the company is all about teamwork. I put a great amount of effort in team building and management, and in meeting or exceeding corporate objectives. Herald Land consistently features high on the leading list of real estate market leads in the GCC. From our early beginnings as a 'land company' we have grown into one of the leading suppliers of UK property investment opportunities."

"The decision to concentrate purely on UK investments means all of our staff are professionally trained to the highest degree. We are proud to be the Middle East's number one provider of UK real estate investments. Herald Land only acquires projects that are best suited for its clients. The team focuses on providing maximum value and delivering quality services. We definitely are the market leaders in what we do and our loyal customer base proves that."

Established in 2009, Herald Land Real Estate Brokers is based in Dubai and grounded on several key values. Herald Land is the only British managed and British owned company (part owned) selling UK land in the GCC.

At Herald Land, all staff members are trained in the UK and are specialists in its property market and laws. The firm does not market and sell in other countries – it is a specialist in only in one. Herald Land only sells UK Investments and is, as such, the leading supplier of UK investment land in the GCC. Herald Land's main mission lies in making strategic investments around the UK available to individual investors allowing them to gain the rewards whether it is through the natural growth cycle of land in expanding areas or a boom in the hotspots of the UK residential or commercial property sector. ❊

Managing Director: Bob Clarke

"The decision to concentrate purely on UK investments means all of our staff are professionally trained to the highest degree. We are proud to be the Middle East's number one provider of UK real estate investments."

> Political Rallies are a Thing of the Past

By Yogesh Piuyish

In 2008 the first African-American president stepped into office. His charismatic personality didn't harm the presidential race, however, saying that it was the campaign's sole driver is rather blasphemous. Barack Obama and his entire campaign team used sophisticated big data technology, focused on demographics, to secure themselves the best possible route to the White House.

When Hillary Clinton attempted to run for the presidency she naturally fell to what worked so well for her friend in the past. Her disruptive opponent dismissed the usefulness of big data technology, calling it "overrated". Mr Trump was adamant that he could win on personality alone. However, behind the scene the candidate's son-in-law Jared Kushner had other ideas on how to capture votes.

Cambridge Analytica, a company set up in the United Kingdom to mine big data, in 2014 received a sizeable cash injection from Robert Mercer, a US computer scientist and, crucially, a diehard republican. The company uses a technology created by Cambridge psychoanalyst Michal Kosinski. The method focuses on Facebook profiles, mines data from millions of accounts, and looks at the likes and dislikes of users, amongst others. This way, an astonishingly accurate profile is compiled which, more often than not, surpasses in detail the intimate knowledge of close friends and family.

In 2012, Mr Kosinski published his findings and stated that with just 68 Facebook likes it was possible to determine the skin colour of the person, their sexual orientation, and political affiliation with very high accuracy (95%, 88%, and 85% respectively).

This level of accurate prediction can have – and has – major political implications. The Trump Campaign deployed this technology to persuade voters in swing states and encourage habitual non-voters to turn out on election day. They used the technology to narrow down what the voter is likely to believe in and what topics they are likely to be swung by. For example, if the person is believed to be a card-carrying member of the National Rifle Association (NRA), or a sympathiser of the pro-gun group, the campaign worker would call in to wax lyrical about Mr Trump's passionate defence of the constitutional right to own and carry firearms.

"In 2012, Mr Kosinski published his findings and stated that with just 68 Facebook likes it was possible to determine the skin colour of the person, their sexual orientation, and political affiliation with very high accuracy (95%, 88%, and 85% respectively)."

In 2016, the same happened, across the pond, when the UK voted to leave the European Union. The frontman of the campaign was UK Independence Party leader, and member of the European Parliament, Nigel Farage who is good friends with both the owner and a number of board members of Cambridge Analytica. Mr Farage counted amongst his friends a certain Steve Bannon, a former CA VP, who went on to become chief strategist at the Trump White House. By using CA data mining technology, the Leave.EU Campaign was able to tailor its message to suit the preferences of individual voters, thus optimising the campaign's powers of persuasion.

Traditional campaigning relies heavily on opinion polls and prediction software in order to determine the focus. In both the presidential vote and the Brexit referendum, opinion polls gravitated against the side that ultimately won, suggesting that they might be have become outdated.

The crucial thing to understand about the technology pioneered by Cambridge Analytica is that it does not assume voters' beliefs fit into a single camp or party. Mr Trump doesn't have to change his rhetoric or talking points to cater to different people. Rather, he just has to determine the one topic that most resonates with the voter or voters being addressed and convince the audience that he can deliver on his promises.

This could become the future of politics. Instead of broad strokes and vague all-encompassing statements, candidates can now take on controversial topics knowing that by doing so they are likely to convince the voters in front of them.

The Trump and Brexit campaigns, powered by Cambridge Analytica have raised some interesting questions and signal a change in the way political campaigns are conducted. By gaming the system, Cambridge Analytica has managed to create a new form of campaigning that can have a devastating impact. It most likely will change the way campaign advisors and candidates approach voters, present issues, and propose policies. Leveraging the power of big data, politicians can tailor their message precisely to voter preferences. It is the end of politics driven by ideas and ideologies and the beginning of a public discourse shaped by marketeers. ❊

"The crucial thing to understand about the technology pioneered by Cambridge Analytica is that it does not assume voters' beliefs fit into a single camp or party. Mr Trump doesn't have to change his rhetoric or talking points to cater to different people."

> FFA Private Bank: Trusted Partner

FFA Private Bank

FFA Private Bank's strategic vision is to remain the foremost private bank in the Middle East by offering a complete range of financial products and banking services to affluent individuals, their families, and their businesses as well as to corporations, banks, and financial institutions.

The term private bank reflects the commitment to a certain style of banking. Under this scheme, FFA Private Bank engages in an ongoing long-term relationship with its clients, ensuring that each one of them receives truly exceptional service and personalised attention. Through its headquarters in Beirut or its subsidiary in the Dubai International Financial Center (DIFC), the bank's services are delivered via distinct divisions, each with its own area of expertise but linked by the same values. The bank's core values serve as a frame of reference and are shared by people at every level of the company:

- **Integrity** – The bank practices the highest standard of personal and corporate ethics in all its interactions, continually strengthening its heritage of building long-lasting relationships through honesty, fairness, trust-worthiness, and reliability.
- **Performance and professionalism** – The bank recognises, rewards, and promotes outstanding performance. Its commitment to excellence lies in the constant improvement of its management practices and know-how. The bank conducts its business relationships with the highest level of professionalism.
- **Compliance** – The bank acknowledges the significance of all laws, regulations policies, and standards pertaining to its industry, both internal and external, and complies with them at all times.
- **Profitability** – The bank strives for sustained profitability, which in turn enables it to carry out its business initiatives, make long-term investments, ensure job security, and provide attractive returns for its shareholders.

Moreover, FFA Private Bank is committed to maintaining the highest standards of corporate governance and anti-money laundering (AML) compliance. FFA Private Bank offers private wealth management, asset management, capital markets services, corporate and investment banking services, and real estate services.

PRIVATE WEALTH MANAGEMENT

The Private Wealth Management Division is where clients – whether individuals, families, institutions, or trusts – receive highly customised financial advice and investment solutions for their substantial net worth. Protecting the client's assets while securing their long-term objectives is always the priority; the private banker's role vis-á-vis the client, is to maximise risk-adjusted returns.

> "FFA Private Bank is a relationship-focused bank. The bank's mission is to deliver exclusive, innovative and personalised solutions to high-net-worth individuals and families, their companies, and trusts."

Developing strong client relationships is an essential building block in reaching this goal. Capitalising on FFA Private Bank's internal capabilities and its premier access to institutional resources, the Private Wealth Management Division offers a wide scope of investment products and services as well as fiduciary current accounts, term deposits, local and international payment facilities, and a broad range of lending facilities. The numerous correspondent banking relationships that FFA Private Bank enjoys, enable its private bankers to feel unconstrained in terms of the various investment solutions and value they can offer to clients. By working on a true open architecture basis, the bank provides investors with access to any asset class or money manager on a global basis.

FFA Private Bank is a relationship-focused bank. The bank's mission is to deliver exclusive, innovative and personalised solutions to high-net-worth individuals and families, their companies, and trusts. Private wealth management bankers strive to anticipate client needs and provide the best possible service through the establishment of long lasting relationships based on transparency and trust.

Private wealth management bankers also guide the client through the various types of banking services provided: financial brokerage, asset management, real estate, deposits, loans, corporate and investment banking, credit cards, etc.

Through its Asset Management Department, FFA Private Bank provides professional investment services to its clients in a number of ways, tailored to the needs of individual clients and through funds and discretionary accounts mandates, by consistently keeping clients informed, focusing on risk-adjusted returns, and rapidly adjusting to tactical opportunities and risks.

AN INTEGRATED APPROACH AND GATEWAY

Over the last few decades, FFA Private Bank has emerged as a key player on the regional financial markets, building great relationships with private and institutional investors in the Middle East. The bank prides itself on its high level of service based on insightful recommendations, first rate execution, and performance-oriented back office.

Through a single capital markets platform, the bank provides its clients access to all financial markets – including the US, Europe, and the MENA region – allowing them to trade a wide array of instruments including OTC products, equities, fixed income, and derivatives.

Individual investors and professional traders can access the bank's FFA Direct Pro + platform and trade online stocks, futures, options, forex, CFDs, bonds and funds, via web, smartphone, or tablet.

The Corporate and Investment Banking Department, with its high calibre and experienced team, offers a range of services to local and regional companies with the aim to helping them increase their corporate value, expand, and unlock greater shareholder value.

"The versatile open platform, as well as thorough screening and due diligence process, allows the bank to get involved in deals that are geographically located across the globe."

FFA Private Bank's range of corporate and investment banking services include:

- Valuations,
- Mergers and acquisitions advisory and transactions,
- Financial restructuring,
- Raising equity and debt, and
- On balance sheet corporate lending.

The versatile open platform, as well as thorough screening and due diligence process, allows the bank to get involved in deals that are geographically located across the globe, thus providing access to regional and international opportunities that are both unique and diversified.

SUCCESSFUL AND RESILIENT IN REAL ESTATE

The bank's real estate division, FFA Real Estate, has established itself as a leading provider of real estate investment opportunities to the bank's client base through combining in-depth market knowledge with industry expertise to offer comprehensive solutions to clients and investors. Real estate advisory services include optimising current portfolios, carrying out due diligence services in order to structure transactions, raising equity, and providing the investors with access to attractive and carefully selected international opportunities.

With its signature customer-centric approach, FFA Real Estate continually works to strengthen relationships with tenants and investors while introducing new product concepts. Throughout every stage of development, from conception to long-term management, the focus is on energy efficiency, sourcing of sustainable materials, and the life cycle capital costs of buildings. While implementing this unrelenting approach to sustainability, FFA Real Estate maintains the emphasis on surpassing investment expectations.

Expertise in appraising opportunities takes FFA Real Estate beyond the region to offer a global perspective, pinpointing real estate markets in which investors can tap into such benefits, which include residency permits, citizenship, or favourable tax regimes.

FFA Real Estate, through its extensive knowledge of global citizenship programmes and its trusted experts, acts as a consultant to help the client choose the best programme that suits his or her needs. ❊

> JenLab:

Beyond Skin Deep

In 2016, JenLab received generous funding from the EU programme Horizon 2020 for a SME Instrument Phase 2 Project to boost the company's development. JenLab is amongst Germany's top 100 innovative businesses. Hospitals in major cities such as Los Angeles, Paris, London, Beijing, Brisbane, and Berlin are already using JenLab's equipment to detect black skin cancer and inflammation diseases. The tomograph has been employed during neurosurgery to define the exact borders of a brain tumour in-situ. The Lions Cornea Bank in Homburg uses it for quality checks of donated human eyes prior to transplantation.

JenLab CEO Dr Karsten König, professor in bio-optics and laser technology at Saarland University, is excited when it comes to the applications of his findings in space exploration: JenLab technology is used to monitor European astronauts for skin modifications during long-term space flights.

JenLab pioneered high-resolution skin imaging using certified femtosecond laser multiphoton tomographs. The technique allows for a view into the skin at microscopic level and does away with invasive biopsies. Thus, a painless label-free in vivo histology can be performed. The very early detection of the black skin cancer is possible as even single cancer cells can be monitored.

Multiphoton tomographs are also used to test anti-ageing products and to gain a better understanding of skin thinning phenomena observed in astronauts during long space flights.

Using compact femtosecond laser technology, JenLab accomplished the transition from lab microscopes to a clinical diagnostic tool for high-resolution optical in vivo biopsies. Label-free 3D optical biopsies from the skin provide information on morphology even at a subcellular level. The latest generation of JenLab's multiphoton tomographs (MPTflex-CARS) can also obtain chemical information such as the intra-tissue distribution of lipids and water. The first patients and volunteers have been investigated with this novel clinical multimodal tomograph at the Charité in Berlin – the largest hospital in the European Union and affiliated with both the Humboldt and Free Universities.

Optical multiphoton biopsies are based on one micrometre thick optical sections of the tissue showing fluorescent endogenous biomolecules such as NAD(P)H, flavins, melanin, keratin, and elastin. In addition, collagen is imaged using a nonlinear process called second harmonic generation (SHG). Water and lipids can now be imaged with coherent anti-stokes raman scattering (CARS). All these signals are generated with a single near infrared (NIR) tuneable femtosecond laser and detected simultaneously using four sensitive photon detectors. Staining is not required. One en-face or one vertical optical section takes less than six seconds. The high-resolution image is directly seen on the computer screen without the need for further image processing.

CEO: Dr Karsten König

Interestingly, JenLab's novel tomographs can determine a skin ageing index based on the ratio of collagen to elastin. Smokers and sunbathers will have a lower skin age value than the non-smokers at same biological age. This index is employed by leading cosmetic companies to test their anti-ageing products. JenLab's tomographs are also used within the Skin B Project of the European Space Agency (ESA) to evaluate skin alterations during long-term space flight.

Currently, various pharmaceutic companies are in the process of evaluating JenLab's tomographs for the retrieval of information on intra-tissue drug distribution and their influence on a cell's metabolism. This can provide faster and more accurate results and may help to significantly reduce the need to conduct studies on animals.

With the availability of more reliable, less expansive, and ultra-compact femtosecond lase sources, multiphoton tomography (MPT) may become a major diagnostic tool in biomedicine. ❇

> CFI.co Meets the CEO and Chairman of FFA Private Bank: Jean Riachi

HOW WOULD YOU DESCRIBE YOUR UPBRINGING AND CAREER PATH?

I was born and raised in Lebanon but I left the country during the civil war to study in Paris. In 1985, I graduated from HEC (Paris) with an MSc in Management (Major in Finance) and started my career with Vivendi (formerly known as CGE) in Paris as an assistant to the head of Treasury. Later, in 1988, I joined the Duménil-Leblé Bank as head of Money and Bond Markets. From 1990 to 1993, I was part of the small team who started La Banque du Louvre, a private bank eventually acquired by HSBC Group.

In 1993, going back to my home country became an obsession. Moreover, I always dreamed about being an entrepreneur; by founding FFA in Lebanon, I made both dreams come true. The company started with one million US dollars: my own money plus two of the three "Fs" – family and friends. Most people thought I was the third "F": the fool who had left behind a promising career for a crazy venture in an unstable country.

I founded FFA in 1994 as a brokerage firm and transformed it throughout the years from a financial institution into a leading specialised bank offering a full range of private banking and investment banking services in Lebanon.

HOW COULD A SMALL BROKERAGE IN LEBANON BECOME A LEADING REGIONAL PRIVATE BANK?

Since it was established, back in 1994, and in spite of years of very highly volatile political and economic environments, locally, regionally, and internationally, FFA Private Bank Group has witnessed continuous growth in its client base and activity. FFA has become a leader in private banking and corporate and investment banking in the MENA region, covering areas such as capital markets, asset management, real estate development management, corporate and investment banking, and online training in addition to a wide range of additional banking and advisory services to cater to all its clients' needs. All these developments and the bank's steady growth could not have occurred without strong standards and discipline. In a relatively short number of years, FFA Private Bank pursued a path in which it uses foresight to face challenges and seize opportunities at the right time and with the right skills and resources to ensure long term growth.

This could have been achieved only by investing in cutting edge technology and by recruiting the finest professionals who feel that their role contributes directly to the group's success. As the group's CEO, I insist on them sharing my desire to put the client first and realise that the bank's very reason for being is to serve clients intelligently and professionally. As such, skills and talents are not merely enough. FFA Private Bank is in continuous search for people who are committed to the highest standards, have an understanding of ethics, and a dedication for principles.

CEO and Chairman: Jean Riachi

WHAT IS YOUR APPROACH TO CORPORATE GOVERNANCE, RISK AND COMPLIANCE?

I am an entrepreneur but I believe that banking is first and foremost about managing all kind of risks. Operating from Dubai (DIFC) as well as from Beirut, FFA Private Bank has achieved this expansion without compromising the bank's conservative approach to management. As a certified director from INSEAD's IDP program, I believe in adequate corporate governance practices and that strict compliance with local and international rules and regulations have to be an integral part of the bank's culture. Moreover, our focus on risk management, control, and compliance gave the bank a cutting edge advantage over its peers, especially during the financial crisis years. They represent key pillars in safeguarding the bank's assets as well as the interests of its clients. ❇

> Delen Private Bank:

Perfectly Combining the Personal Touch with the Latest Digital Technology

DELEN
PRIVATE BANK

Delen Private Bank is a Belgian bank specialising in private wealth management. It has managed to combine what many other banks are finding impossible: keeping the personal touch with clients, while introducing the latest technology.

Aren't banks supposed to be closing down branches? And replacing staff with humanoid robots capable of answering basic customer queries?

If so, Delen Private Bank is certainly bucking the trend. This Belgian bank continues to put priority on the personal touch. To such an extent that the bank has opened new regional offices across Belgium in the past few years. In addition to Antwerp (headquarters), Brussels, Ghent, Hasselt, Liège, and Roeselare, the bank now has offices in Namur, the Kempen area, and Leuven as well.

"We are committed to keeping and even growing our local roots to ensure we keep a personal touch with our clients," says CEO Paul De Winter. "Being able to meet a client close to their home or office is a prerequisite, preferably without unnecessary traffic woes."

In addition to its Belgian base, Delen Private Bank's international network extends into Luxembourg, Switzerland, United Kingdom, and The Netherlands. The bank currently has 350 employees in Belgium.

However, don't think for a minute that Mr De Winter and his fellow board members are 21st century Luddites, averse to the introduction of new technology. Quite the contrary. Although it is true that in some regions, private banking has been slow to embrace the digital era, the opposite is true at Delen Private Bank. It has been recognised as a trailblazer in harnessing the power of IT to deliver a superior private banking product, with the attendant excellence in client services.

Delen Private Bank's front office, including its app for mobile devices, stands out from the generic platform most users have to contend with. Account holders enjoy real time access to their portfolio's performance data, as well as to the world's markets. The Delen app has been aptly described as a pocket-sized private banker, and won the CFI.co 2017 Best Digital Private Bank Belgium Award.

"Account holders enjoy real time access to their portfolio's performance data, as well as to the world's markets."

80 YEARS OF GROWTH

Established by André Delen in 1936, Delen Private Bank initially operated as an exchange office. The bank has grown steadily since then, acquiring various private banks and asset managers over the years. "Their teams are still part of the Delen Investments group today," adds Mr De Winter, "since continuity is key to the bank's growth strategy."

In 1975, the founder passed the management of the company on to his sons. Delen Private Bank is now part of the holding company Finaxis, which is mainly controlled by Ackermans & Van Haaren and Promofi. The Finaxis portfolio also comprises Bank J. Van Breda & Co., which caters mainly to entrepreneurs and professionals.

In 2011, Delen acquired a 74% (today 81%) majority stake in UK brokerage JM Finn & Co (Ltd). In July 2015, Delen Private Bank reached an agreement to acquire Oyens & Van Eeghen, a transaction which marked the company's debut on the Dutch market.

Delen Private Bank is a credit institution under the supervision of the NBB (National Bank of

Delen Private Bank: Interior

Thomas Pieters and Thomas Detry

"Delen Private Bank also has a great passion for golf, and is a proud partner of young Belgian golf talents Thomas Pieters and Thomas Detry."

THE SIX SUSTAINABLE VALUES OF DELEN PRIVATE BANK

- **Safety and prudence** means being a dynamic and prudent wealth manager, focusing on continuous risk management, investing in quality, having a long-term approach, and ring-fencing client assets.
- **Simplicity and transparency:** A flat organisational structure is backed up by a clear and competitive cost structure, open communication, and a clear overview of the composition of a client's investment portfolio.
- **A warm and family-like atmosphere** is promoted by cultivating friendly, open, and discreet contact in a home-like environment. The bank sees this personal approach as its trump card.
- The bank's mission of **continuity** is based on protecting the sustainable growth of a client's wealth through the years and generations, with a consistent policy and execution.
- **Efficiency** comes through centralised management and a high-performing in-house developed IT system.
- **Integrity:** All clients and personnel are treated equally and their privacy is deeply respected. Respect for society and the environment is visible in the bank's support for social and environmental causes.

Belgium) and the FSMA (Belgian Financial Services and Markets Authority). All but a few of the shares of Delen Private Bank are held by Delen Investments.

Delen Private Bank has no corporate finance, hardly any loans, a sound financial base, and a highly stable and healthy balance sheet. At the end of 2016 this was summarised as an equity capital of 621 million euros; excellent solvency thanks to a Tier 1 capital ratio of 30.9%; and a cost/income ratio of 46.3%.

TWO KEY SERVICES: DISCRETIONARY ASSET MANAGEMENT AND ESTATE PLANNING

Delen Private Bank prides itself on the simplicity of its overall approach, which covers discretionary asset management and estate planning, and enables client assets to grow in a balanced and sustainable manner.

Clients can leave the financial management of their portfolio (discretionary asset management) to a team of financial experts who follow markets closely. They act proactively, always from a long-term perspective. For the financial planning of clients' property (estate planning), the bank's lawyers and tax experts provide detailed and personal advice. They are experts in all matters concerning succession, donations and business transfer, and follow the current fiscal and legal affairs.

PARTNERSHIPS IN THE ARTS AND SPORTS

Art and interior design are amongst Delen Private Bank's passions. This is reflected in the selection and design of the bank's various offices, as well as in its partnership with artistic events. The bank partners with BRAFA, the Brussels Art Fair. Created in 1956, BRAFA has grown to become one of the world's most prestigious art fairs, famous for the high-quality fine art, antiques, modern and contemporary art and design it offers. In 2017, BRAFA and Delen Private Bank celebrated their eleventh year of intense cooperation.

Delen Private Bank also has a great passion for golf, and is a proud partner of young Belgian golf talents Thomas Pieters and Thomas Detry. "It's a partnership that fits snugly with the bank's long-term vision," explains Mr De Winter. "In golf, as in banking, integrity, fair play, and ethics are of paramount importance." ❇

> CFI.co Meets the CEO of Delen Private Bank:

Paul De Winter

Delen Private Bank is specialised in asset management for private clients. With over €29 billion in assets under management, the bank is one of the largest independent private banks in Belgium. Paul De Winter, who joined the bank in 1990, is CEO of Delen Private Bank since 2014.

Delen Private Bank has consistently proved its worth during difficult periods. The stability, caution, and the strong risk management measures put in place proved a major draw during the banking crisis. "Our policy of prudence and our long-term view provided our customers with security in turbulent periods, with great results," said Paul De Winter.

> "Every day our staff makes personal efforts on behalf of each client. They put our family values into practice."

The challenge today – in a more positive market – is to keep pace with market growth. The centralised management model guarantees that the influx of new clients can be accommodated smoothly; it also consistently delivers the best solution, tailor-made to suit the client's profile.

ADVANCED IT: FORMULA FOR SUCCESS

Enhancing the efficiency of processes has always been the main challenge for Paul De Winter and has been one of the keys to Delen Private Bank's success right from the outset. Performance through automation, in other words. "The IT system we developed in-house is our pride and joy," according to Paul De Winter: "A powerful system with strong content that can be easily accessed by clients and also enables real-time discussion of the portfolio during client contacts."

Transparency at the clients' fingertips. This advanced and fully integrated automation also enables Delen Private Bank to respond swiftly to changing regulations and fluctuating economic conditions. But by no means does it end there: the in-house IT team is hard at work to further expand the platform, with a view to broadening the services the bank provides and maximising security.

PROXIMITY FOSTERS GROWTH AND TRUST

"Delen Private Bank always puts the relationship with the client first, and so investing in the local offices is a strategic priority for us. We use renovation and innovative architecture to create stylish spaces in order to guarantee maximum proximity for all clients. Every regional office exudes that typical Delen feeling – a stylish sense of home. After all, it is our ambition to meet all our clients once a year in comfortable surroundings. Stepping inside Delen Private Bank should in no way be a threshold. We will listen to any question concerning asset management and offer an appropriate solution for every profile." states Paul De Winter.

CEO: Paul De Winter

CONTINUITY AND REJUVENATION

"For Delen Private Bank the future mainly means continuity and steady growth based on a healthy and balanced ambition. This growth will mainly come from the regional offices. The main challenge lies in training new staff and passing on our own family values. And so we are investing heavily in young people who can appreciate the Delen culture and are thus able to grow in the relationship of trust with our clients," says Paul De Winter. ❊

> CFI.co Meets the CEO of Raiffeisen Centrobank:

Wilhelm Celeda

Being part of Raiffeisen Centrobank (RCB) more than twenty years, Wilhelm Celeda knows best what his company stands for: "RCB offers best in class services for the entire spectrum of services and products around equities, derivatives, and equity capital transactions and has yielded an excellent reputation as pioneer and market leader in the field of structured products. In the frame of our high-end and comprehensive approach towards customer-servicing, we are striving towards a sustainable development of our business areas in our core markets Austria, CEE and Turkey."

Raiffeisen Centrobank is the largest Austrian issuer of certificates and an important player on the CEE markets. "Our Structured Products team holds a pioneering position and is reckoned as innovation leader in its business segment. In the past years we have received numerous awards which we see as acknowledgment but also as an assignment to maintain our high product quality."

With approximately 8,000 investment and leverage products, Raiffeisen Centrobank provides an interesting and comprehensive product range, with a focus on transparency and product clarity.

"Structured products offer very attractive investment possibilities – especially as the interest rates are currently at a very low level. Particularly guarantee products or bonus certificates can deliver higher yields while you can still benefit from a safety puffer in relation to direct investments," summarises Wilhelm Celeda: "These are key benefits for investors that are new to this product category."

Being a 100% subsidiary of Raiffeisen Bank International AG enables RCB to benefit from a banking network in fourteen countries that acts as a distribution partner for the structured products. It also offers an outstanding placing capability that is relevant for RCB's second main business area: RCB covers all services along the equity value chain.

CEO: Wilhelm Celeda

"Our customers are large caps, who we assist in financing their growth plans on the capital market, as well as midcaps who wish to take advantage of the opportunities available on the capital market." explains Mr Celeda.

RCB's linking function between corporates and potential Investors is manifested in roadshows throughout numerous countries. Mr Celeda knows that especially the regional focus within the CEE markets is appreciated by his clients: "Our employees have a strong relation to our core markets. We know the particularities of the individual markets, speak the local language, and benefit from the presence of our banking group in all relevant financial markets in emerging Europe."

Equally important to succeed in this business area is a high quality and experienced company research. A total of 25 analysts, both in Vienna and in other countries, cover over 135 stocks, with a particular focus being set on basic materials, banks, utilities, telecom, real estate, consumer goods, and industrials. "During the past years our research team expanded continuously its portfolio and shifted its focus from covering merely Austria to include the entire CEE region. Our analysts are from different nations and provide our customers with local expertise against an international backdrop. Attesting to this expertise, the team won several international awards." ❇

> Raiffeisen Centrobank:

Setting Footprints with Dedication

Raiffeisen CENTROBANK

As a pioneer in the field of structured products, Raiffeisen Centrobank AG (RCB) is one of the leading issuers of Certificates in Austria and Central and Eastern Europe. With more than 8,000 certificates, RCB provides a comprehensive and state-of-the-art product range, with a focus on risk optimisation, transparency and product clarity.

Already in 2006, RCB started its CEE expansion in terms of distributing and listing structured products in Central and Eastern Europe as well as rendering education initiatives for respective local retail and institutional investors. RCB was the first issuer to list structured products on the Polish, Czech, Hungarian, as well as Romanian stock exchange, whereby it specialised in offering leveraged and investment products with a permanent secondary market. Hence, for the very first time, local investors had the opportunity of a broad market access to international indices and commodities through certificates of RCB.

In eleven markets RCB cooperates with numerous distribution partners in the field of private and wealth management as well as retail banking. RCB truly believes in its core markets in Central and Eastern Europe and gives great attention to an ongoing cooperation with local players and cooperation partners.

"As a leading market maker, RCB has a great track record in ensuring permanent quotations and tradability for the products it issues."

RCB established close relationships with seven international exchanges to offer clients seamless access to the world's major markets. This commitment has been regularly recognised by several awards: In February 2017 RCB received the award Most Innovative Product Provider on the Romanian Capital Market by Bucharest Stock Exchange (BVB) and in March 2017 Warsaw Stock Exchange (WSE) awarded RCB for its outstanding commitment in the development of the Polish market for structured products in 2016.

STRUCTURED PRODUCTS OF RCB – ADDED VALUE IN ALL MARKET SITUATIONS

RCB has long experience in developing structured products which is noticeable by its offer of a full range of premier products and services that add real value in the form of innovation and convenience for the entire customer value chain. The tailor-made products allow investors to easily tap into exceptional investment opportunities. The majority of RCB's structured products offer built-in safety buffers that shield investors from downsides in the form of full or partial capital protection.

RCB's different investment instruments are explained in great detail via the website and via brochures in order that retail clients at all times understand the products. This transparency – especially the clear-cut pay-out profiles in combination with the attractive yield opportunities – is a key success factor in the retail-banking area and therefore an important service feature of RCB.

Structured Products Team

Head of Structured Products: Heike Arbter

Head of Structured Products Sales CEE: Stefan Neubauer

"The majority of RCB's structured products offer built-in safety buffers that shield investors from downsides in the form of full or partial capital protection."

RCB has ever since placed special emphasis on providing straight forward and comprehensive information in local languages. As its multiple-times awarded website is still playing a most important role in terms of providing real time information it was a clear goal in the past to make it available in many eastern European languages. RCB's website (www.rcb.at) is currently available in five languages.

PERMANENT QUOTATIONS – A REAL ASSET

As a leading market maker, RCB has a great track record in ensuring permanent quotations and tradability for the products it issues. Thus, a vital secondary market is guaranteed and the entire RCB certificates product range can be permanently traded. This service is certainly an essential asset for investors. "We see our local and sustainable presence as product provider and market maker as a service to investors. Moreover, our market maker function – providing a permanent tradability to our clients – is an integral part of our entire product chain," underlines Stefan Neubauer, head of Structured Products Sales CEE at RCB.

PARTIAL PROTECTION CERTIFICATES – A SAFER ALTERNATIVE TO DIRECT INVESTMENTS

Investors are currently facing an extremely challenging market environment, which is coined by low interest rates and stable stock markets, leading to a lack of investment opportunities. Partially protected certificates are capable to fill this gap and enable clients to generate reasonable yield and simultaneously reduce risk.

Bonus and Express Certificates are Partial Protection Certificates and, in addition to being subject to the issuer risk, they are exposed to market risk. This market risk is, however, cushioned by protective mechanisms (risk buffers), which is built into the certificates.

Already in autumn 2010, RCB launched the Bonus & Safety series, which is one of RCB's success factors. The Bonus & Safety certificates are bonus certificates with an extremely low barrier. Looking back clearly proves that regardless of the issuing date and underlying, investors have generated a positive yield with every single certificate from the Bonus & Safety series, which meanwhile covers over sixty issues.

CFI AWARD CONFIRMS RCB'S LEADING POSITION IN CEE

"The recent CFI award as Best Structured Product Bank in CEE is a special honour for RCB as it rewards our ongoing commitment and excellence in the field of structured products in our core region," says Heike Arbter, head of Structured Products at RCB.

The CFI award highlights RCB's dedication to the CEE region and its continuing effort to raise awareness about structured product across the region. It is also an acknowledgment for RCB's leading role in product quality, transparency, service, and education. ❇

CFI Award: Best Structured Products Bank CEE 2017

> Caisse de Refinancement de l'Habitat (CRH):

A Unique Model

Caisse de Refinancement de l'Habitat (CRH) was created in 1985, according to the provisions of a specific law, and fitted with a dedicated legal-specific framework, as part of the housing development policy of the French state.

Its sole objective is to provide long-term funding to help credit institutions extending cheap financing to individuals, thus contributing to the development of the housing sector and home ownership across the country.

CRH's legal mandate is restricted to borrow only with a view to exclusively refinance, on a collateralised basis, credit institutions that extend housing loans to individuals.

CRH cannot make loans to individuals, take deposits, nor enter into any other kind of financial transactions: it is a pure domestic single-purpose business.

CRH has an extremely simple balance sheet: back-to-back covered bonds and their related secured lending, plus equity invested in safe assets.

Paris: The Arc de Triomphe de l'Étoile

"CRH has an extremely simple balance sheet: back-to-back covered bonds and their related secured lending, plus equity invested in safe assets."

CRH is a pooling model, where all its members are both shareholders and borrowers of the company. Its membership is open to any loan originator in France, provided it becomes a shareholder with its associated regulatory commitments. Economically, CRH is therefore a kind of cooperative organisation.

CRH operations are extremely simple: it is pooling the funding request from its members, borrows accordingly, exclusively under the covered bond format, and lend them back the proceeds, by matching all the characteristics of the covered bonds issued: same amount, same currency, same rate, same maturity.

CRH does not create any leverage nor take any maturity-transformation risk. It does not take any pick-up on its operations as its revenues come from the safe investment of its equity. It is not therefore seeking profit.

CRH benefits from at least 125% of eligible residential loans as collateral, whose ownership is transferred to it in case of default. CRH covered bonds are benefitting, in turn, of an unchallengeable access to CRH's cash flows.

Of course CRH is monitoring constantly the quality of its collateral, by assigning 50% of its headcount to on-site and at distance controls.

A SUCCESSFUL MODEL

CRH is a marketplace vehicle, gathering loan originators representing ca. 78% of the market. On the investor side, the legal form as well as the credit quality of CRH made it a reference issuer, with two of the largest covered bonda ever issued (around €5bn each), and a proven capacity to keep the investors' confidence in the aftermath of the crisis, with €39bn issued between 2008 and 2012.

As such, it is an excellent instrument for both banks and regulators.

WORKING FOR THE COMMON GOOD

A model such as CRH's provides:

- End borrowers with access to cheap CRH financing thanks to the competitive market.
- Banks with the cheapest, diversified – and most importantly – resilient source of long-term financing.
- Regulators with an increased protection against credit risk (more capital contributed), more controls.

In a nutshell, CRH is an economically transparent vehicle, issuing for the account of its borrowing banks, under the strong format of the covered bond which is featuring a unique alignment of interest between shareholders, end-borrowers, and regulators, and whereby social goals can be achieved with the driving forces of the markets whilst contributing to overall financial stability. ❇

> Pyramidal Technologies: Empowering Forensics

PYRAMIDAL TECHNOLOGIES LTD.

In order to properly address the escalating nature of crime, to preserve life and plan for the kind of future we want for ourselves and coming generations, law enforcement agencies need a proactive approach to help create civil societies. All people have the right to conduct their lives in a just society where they can enjoy the safety and security they are entitled to as a human right.

Violent crime is a growing problem in much of the world. All nations are vulnerable to the collateral effects of such criminal activities. Meanwhile, global economies depend heavily on a variety of economic factors, including tourism as well as financial investment into primary, secondary, and tertiary sectors such as infrastructure, mining, agriculture, or hydro power.

Violent crime, especially well publicised violent crime, causes tourists to consider other options and destinations for their vacations and investors to consider other locations for their operations. With the aftereffects of the economic meltdown still overshadowing the global economy, the ability for countries to attract tourists and foreign investment has never been more critical.

Addressing violent firearms crime from a strictly forensic analysis perspective is only one element of identifying violent individuals and exposing them to the justice system of their country. The foundational pillars for a National Security Initiative as it relates to the examination of expended cartridge cases and fired bullets, specifically, will depend upon the ability to provide comprehensive services across, as well as between, the following domains:

1. Forensic Ballistics – the forensic process of examining the characteristics of firearms as well as any cartridges or bullets left behind at a crime scene,
2. Firearms Management – initiatives requiring individuals to formally record ownership of their firearms, usually with a state or federal agency, and
3. Criminal Intelligence – developing investigative leads for detectives by allowing law enforcement to mine and analyse their own forensic ballistics evidence.

This article will address the second domain of the aforementioned, i.e. firearms management, by documenting a real world case.

FIREARMS MANAGEMENT (REGISTRATION)

More and more countries are either considering or passing laws to support initiatives requiring individuals to formally record ownership of their firearms, usually with a state or federal agency.

> "Violent crime, especially well publicised violent crime, causes tourists to consider other options and destinations for their vacations and investors to consider other locations for their operations."

While some systems were proposed in order to create a registry of all restricted and prohibited firearms (e.g. the Canadian Firearms Programme of the Royal Canadian Mounted Police), others have been implemented under new laws to record ownership of all firearms by citizens of the nation (e.g. the Dominican Republic's Ballistic and Biometric Laboratory of the National Arms, or LABBS, programme under the Ministry of the Interior and Police).

Some of these initiatives were established because the specific country was a signatory to a pact and had to comply with certain agreements, such as the Convention of Palermo, the Central American Programme for the Control of Light and Small Arms (CASAC), being handled by the United Nations under the Central American Integration System (SICA) for the Caribbean Region.

Firearm registration laws allow for the creation of a centralised or national database containing comprehensive records of firearm ownership, including a thorough description of each firearm that identifies the owner. This may be for national citizens or residents wishing to legally own firearms, militia, private security, law enforcement, military, or otherwise. The resulting information is then at the service of government agencies in charge of public security.

Such firearms management programmes not only help create accountability for firearm owners, but also empower law enforcement officials to a degree that they may not have been prior to such an initiative.

Consider a situation, for example, where a police officer responding to a domestic abuse emergency call knows in advance that one or more firearms may be present at the residence. By querying the database through their police cruiser's computer, making a call to the state or federal registry or a dispatcher with authority, responding officers can be alerted to any firearms registered to occupants of the residence, including quantity and type.

In addition, crime scene investigators (CSI) recovering firearms from violent crime scenes can, using test fires from each firearm, use an ALIAS Forensic Ballistics (open architecture) system to query their country's firearms management database in order to determine whether a registered firearm was used in the commission of that crime. This can lead to swifter identification and prosecution of violent criminals.

By having a comprehensive view of the firearms within their jurisdiction, law enforcement officials will be empowered with information they did not previously have, allowing them to make more informed decisions. For example, re-registration of firearms after a specific time period (e.g. one to three years) will confirm whether the original owner is still in possession of that firearm, whether it was sold, inherited or transferred to another individual (who would, in any case, have to register it) or whether it was lost or stolen. This can lead to more reliable information being available at a crime scene while it is still hot, within the first crucial hours following the commission of that crime.

Furthermore, either during the original registration or through a following renewal process, the firearm possessor can be queried in order to determine whether s/he is still legally able to own a firearm. The individual may have become legally prohibited from possessing a firearm because of illegal substance abuse, intellectual disabilities, a criminal conviction, or other grounds for prohibition of ownership of a firearm. Each

contact point of registration with the registration body of that firearm will, therefore, allow law enforcement to remove illegal firearms in order to help create safer communities.

CASE STUDY (DOMINICAN REPUBLIC: LABBS)

A firearms registration/management initiative, such as the one in the Dominican Republic, empowers those agencies responsible for public security to effectively manage their civilian gun registration system, verify any existing gun dealer record keeping capability and properly manage any state-owned firearm records information. This not only helps to ensure that information in this regard is kept up to date, but also provides a useful means by which firearms can be tracked. Pyramidal Technologies is the only company that has deployed a comprehensive, successful and world-class firearms registration capability. This was done by presidential decree to support the mission of the Ministry of the Interior and Police in the Dominican Republic and announced in the Spring of 2011.

Further insight into this programme is provided in the book Narcoterrorism and Impunity in the Americas edited by John P Sullivan and Robert J Bunker:

"Although the Caribbean nations have been notably slow to take notice of and prepare to combat rising levels of cybercrime and technology exploitation for unconventional warfare, there has been an effort by the Dominican Republic to use technology to its advantage."

"The Dominican Republic's Ballistic and Biometric Laboratory (LABBS) was launched in 2013 as part of the national weapons system (SISNA) to help combat lethal legal firearms use within the Dominican Republic." According to Ximena Moretti, an estimated 80% of the homicides in the country are committed with legal firearms and this new system - cited as being the most advanced in the world – will increase investigative efficiency."

"This is achieved through the Automated Fingerprint Identification System (AFIS), Advanced Ballistics Analysis System (ALIAS), Firearms Management System, and interactive computer system."

"This national system demonstrates the Dominican Republic's investment in equipping itself with advanced technology to meet criminal demands within the state. This digital means of combatting crime shows commitment to adapt to modern circumstances and the potential to reclaim the upper hand in asymmetric conflict by equalising or exceeding cyber capability gained by criminals and armed groups over the years."

Whereas violent crime in much of the Caribbean and Latin America has been on the increase, both the government and independent NGO's have documented evidence that violent firearms crime has decreased, year upon year, since deployment of the LABBS programme, using ALIAS, in the Dominican Republic.

Notwithstanding the internal crimes that any nation will solve using this advanced technology, a number of violent inter-nation crimes can also be effectively addressed if bordering or neighbouring countries deploy open systems for addressing such violent crimes. The majority of inter-nation crimes go largely unchecked. This is due to a combination of factors, not the least of which is the current inability to identify, track, and apprehend transient violent criminals. ALIAS provides the needed mechanisms and the means to do so. Violent criminals today also tend to be associated with the illicit drug trade. This initiative offers a mechanism to reduce two significant regional and global crimes, both inflicting devastating social consequences and costs to the affected countries.

Each nation will be responsible for creating its own databases for a) forensic ballistics and b) firearms management, operated by different personnel responsible for public security as the former is within the criminal realm, while the latter is within the legal realm. The databases will consist of evidence bullets and cartridge cases recovered from crime scenes as well as test ammunition components fired in/from firearms that are recovered or seized by police or submitted to a state or federal agency responsible for firearms registration/management. One of the great benefits of this approach is that a correlation can be made against all items in either national database when a bullet or cartridge case, whether a test fire or evidence, is entered into Pyramidal Technologies' ALIAS infrastructure. This is a very significant advance in the ability of police to identify and eventually interdict violent criminals. ❇

> CFI.co Meets the Chief Commercial Officer of First Names Group:

Kevin O'Connell

A leading independent provider of trust, corporate, fund and real estate services, First Names Group is above all else a people business. Kevin O'Connell, the Group's chief commercial officer, says that "our belief in the value of our people-centric approach is evident not only in our name but also our vision statement – we believe our people focused Group will deliver superior client service."

It's a vision that arose out of the research conducted by a specialist agency prior to the business rebranding to First Names Group following an MBO in July 2012. The research was comprehensive and involved interviews with members of staff, clients, and advisers. The Group subsequently reframed its approach to service delivery around its key strength – people – and it has never looked back.

Five years on, First Names Group has grown from seven to fourteen jurisdictions and from over 250 people to over 800 "First Names". Along the way, it has expanded into new sectors, such as the fund administration space with its acquisition of Moore Management in 2013; grown its real estate expertise; and branched out into the alternative assets space with senior hires with expertise in superyachts, aviation, and classic cars. It has also garnered significant industry recognition with 36 awards, the latest being the CFI.co's Best Cross-Border Fiduciary Services Team Channel Islands 2017.

As Kevin explains, "we were delighted to receive the CFI.co award, especially as it recognises the multi-jurisdictional aspect of our service offering". He goes on to say, "we have a global client base so we ensure that our teams are similarly multi-jurisdictional in nature. We encourage our people to share their experience and pool their knowledge, drawing from an extensive, integrated platform of expertise and processes spread among fourteen key strategic locations. Moreover, our presence in and knowledge of the regulatory landscape in so many of the world's key financial jurisdictions mean we can respond to the varied and specific needs of our clients, either directly or via their trusted advisers."

This focus on its people means that the Group invests heavily in the professional and personal development of its First Names. It has always supported a blended learning programme of internal and external training, and in the last twelve months the Group has also introduced a bespoke development programme called Ascent 2020. This experiential programme encourages participants to guide their own development in an innovative, active way. "It's proved to be an excellent channel for bringing people together from across the Group and enhancing the cross jurisdictional communication that is a vital component in any business that truly offers services and solutions across multiple jurisdictions," states Kevin.

Chief Commercial Officer: Kevin O'Connell

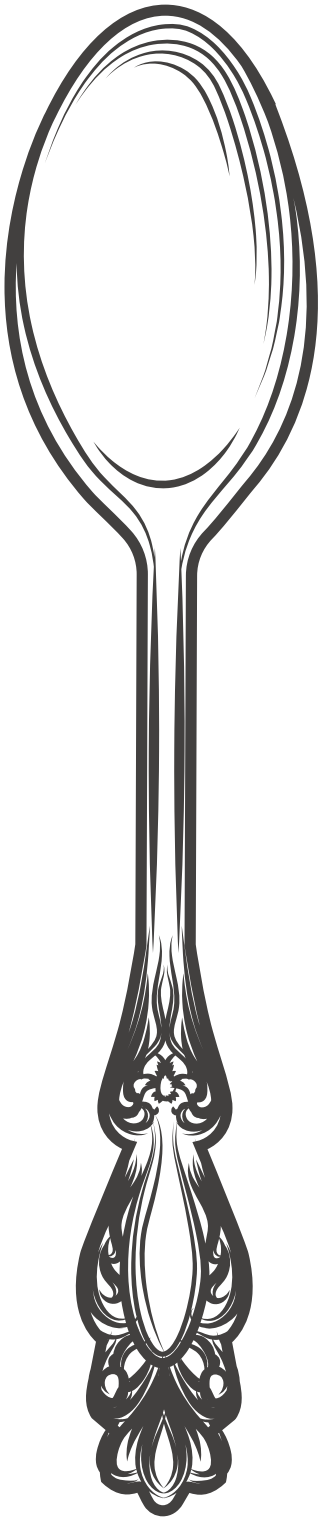
The Group's commitment to developing the skills of its people is also key to maintaining a director led approach to client relationships. True to its people focused culture, the Group recognises that the loyalty of its clients is retained primarily by the long term relationships that its experienced professionals forge with clients. According to Kevin, "we pride ourselves on building lasting relationships based on a deep understanding of our clients' priorities. Our director-led teams are structured around each client, matching expertise with requirements to ensure we're both responsive and efficient."

Having hit upon a winning formula, Kevin and his colleagues in the leadership team are in no doubt that the Group will stay true to its belief in the power of its people to propel the business to further success. "After all, when a client recently stated that 'you're not just First Names, you're first class', we're clearly doing something right," concludes Kevin. ❇

> Simon Bloom Consultancy:

Born Silver Spoon in Hand

SIMON BLOOM CONSULTANCY



When considering who is to blame for the shirtsleeves-to-shirtsleeves-in-three generations phenomenon, it seems logical to assume the buck stops with the third generation. If they were at the helm when the ship crashed into the rocks, who else can be responsible?

But as Simon Bloom explores in his book Passing the Buck: How to Avoid the Third Generation Wealth Trap, there are more factors involved in a family business' downfall. However, it is important to consider the experience of the third generation or G3 individual.

GRASS ROOTS

From birth, G3 individuals are privileged. To them, the trappings of wealth seem a birth right – an entitlement. Most actually start to believe they deserve such a lifestyle despite having done nothing to earn it.

Many of the third generation are what Mr Bloom describes as "demotivated and directionless without a natural sense of purpose." Mr Bloom argues that often G3's lack the innate desire to achieve something themselves since they already have everything. This lack of ambition coupled with a sense of entitlement is a very dangerous combination.

If an individual struggles to find his/her place in life and is not bound by the usual constraints of money or work, he/she will often become bored and frustrated. These toxic emotions combined with an endless supply of money can lead to substance abuse, which is used to fill the void.

INDULGENCE AND APATHY

The potential lack of motivation and ambition experienced by G3 may be made worse through their parents and grandparents indulgent lifestyles. Often G1s, who may have experienced tougher times before achieving success with their business, have a desire to give their children and grandchildren everything they never had.

For G2 parents who are witnessing an aimless child, the temptation is there to offer them a secure place in the business which may not only be a bad strategy for the firm, but provides even less incentive for the G3 to venture out on their own.

The realities of joining the world of work for the first time may also be demotivating for a G3 individual. If they have been afforded an allowance which outstrips any salary they can hope to be paid for an entry level job. And so attention returns to the family firm where the G3 individual may find a place without having to work too hard to get it.

> "Essentially, G3 individuals need space and support to develop their own sense of self and worth. Self-esteem is critical to building meaning in life."

There are many G3s who have been very successful in their own right and while they might not have chosen to continue the family business, they have contributed meaningfully to society. These individuals will likely have been taught the importance of hard work. They may also, from a young age, have been shown the huge disparities of wealth across the world and come to appreciate their own fortunate position.

Essentially, G3 individuals need space and support to develop their own sense of self and worth. Self-esteem is critical to building meaning in life.

G3s may be the final pair of hands on the wheel when the family business crashes, but they were not in the driver's seat for the entire journey. G1 and G2s need to take responsibility for their descendants by ensuring G3s are ready, willing, and able to take over the running of the business. ❇

ABOUT THE AUTHOR

Simon Bloom is an author, a family enterprise consultant and CEO and founder of Simon Bloom Consultancy. He works with family enterprises to help multi-generational families with the organisational, relational, and personal aspects of their lives. www.simonbloom-consultancy.com

> IBA Group:

Experts Passionate about Aviation

IBA AVIATION UNLOCKED

Approaching its thirtieth year in business, IBA is a leading independent aviation consultancy passionate about the sector. Combining a unique dataset, analytical excellence, and decades of expertise, it supports clients on investments, operations, and transitions. IBA works with investors, lessors, OEMs, and banks to enhance decision making around both opportunities and risk.

The aviation sector continues to grow. Air travel is forecast to double over the next fifteen years and, with leasing now accounting for over 40% of the global fleet, the dynamics of the industry have changed dramatically - leasing brings flexibility and accessibility. IBA is in a unique position to advise the industry being the only consultancy to provide valuations expertise, asset management, and advisory services on investments and operations.

From advising investors on which aircraft type or region to invest in or avoid, to warning lessors of shifting market dynamics or improving the management of reserves; appraising aircraft and engine values for banks, to conducting market analysis for OEMs – IBA's difference lies in its ability to be constantly abreast of the risks and opportunities faced by stakeholders in the aviation industry.

IBA is led by CEO Phil Seymour, an industry veteran with over thirty years' sector experience; Chief Commercial Officer Owen Geach, who has grown client relationships in the aviation, banking, and travel industries for more than forty years; and Chief Intelligence Officer Dr Stuart Hatcher, responsible for spearheading IBA's valuations, modelling, and data activity including IBA.iQ, IBA's unique data platform.

The advisory practice is led by Paul Lyons who, with a background in business intelligence, oversees research conducted around transactions, operators, counterparties, and risk. The team draws upon the varied backgrounds at IBA and combines its aviation experience with strategic analysis, business intelligence, and research expertise plus access to proprietary data. This enables IBA to drive creative answers to difficult questions.

> "IBA is in a unique position to advise the industry being the only consultancy to provide valuations expertise, asset management, and advisory services on investments and operations."

With seven ISTAT appraisers, and an unmatched breadth of qualitative and quantitative inputs, IBA is able to offer its clients unmatched breadth across data, technical, and industry experience. As such it is able to provide a range of advice and solutions in relation to complex and strategic aviation challenges and opportunities: be that selecting a fleet, reducing costs, or better understanding a market, an operator, or competitor. ❇

"With seven ISTAT appraisers, and an unmatched breadth of qualitative and quantitative inputs, IBA is able to offer its clients unmatched breadth across data, technical, and industry experience."

> CFI.co Meets the Founding CEO & MD of The Access Bank UK: Jamie Simmonds

Jamie Simmonds is the founding CEO and Managing Director of The Access Bank UK. He is an associate of the Chartered Institute of Bankers, a Certified Financial Adviser and a member of the Association of Foreign Banks. He is also an alumnus of Harvard Business School Executive Management Programme. Prior to joining The Access Bank UK Mr Simmonds held a series of Director roles for National Westminster, Coutts, Royal Bank of Scotland, Gerrards and Close Brothers.

The Access Bank UK Limited is a wholly-owned subsidiary of the Access Bank Plc, a Nigerian Stock Exchange listed company. The Bank provides Trade Finance, Commercial Banking and Asset Management services for clients of the Access Bank Group in their dealings with OECD markets and support companies exporting to African markets. Since the Bank's establishment it has broadened its operations into Dubai and achieved full branch status in 2016.

"The reputation of The Access Bank UK in the international marketplace is now well established and continues to strengthen. We are accepted to hold a Bank of England reserve account and we have adequate resources, both financial and non-financial, to respond positively to the requirements of our growing and loyal customer base" says Mr Simmonds.

"Our Trade Finance teams worked diligently through 2016 to support customers in a challenging trading environment. The different elements of our business each contributed to our diverse revenue base and we increased year-on-year trade revenues by 27% to £17.3m".

With regard to the Bank's core trade finance markets in Africa, Nigeria remains the key market. Whilst the decline in oil production volumes during the first half of 2016 combined with historically lower prices caused significant economic headwinds in Nigeria in 2016, reducing US Dollar based trade and creating uncertainty for the Naira, leading to a fall in GDP in the year, oil production volumes started to improve in the second half of 2016, together with some improvement in prices. The latest forecasts estimate that Nigeria GDP is expected to return to modest growth of circa 0.8% for 2017. The Bank will therefore continue to have a key role to play in facilitating the flow of trade to and from Nigeria, despite the current challenges being experienced.

Founding CEO & MD: Jamie Simmonds

"The depth and breadth of our Trade finance activities within the West African region in 2016 illustrate our strong customer relationships and knowledge of local markets which enhances our competiveness, keeps us close to our customers, and enables us to develop solutions that meet their needs". ❊

> The Access Bank UK:

Strong Relationships for Success

the access bank uk »»

The Access Bank UK is a wholly owned subsidiary of Access Bank Plc, a Nigerian Stock Exchange listed company. As a business, The Bank is founded on strong relationships, innovation and the delivery of high quality services and products. Through activities encompassing trade finance, commercial banking, asset management, private banking and treasury, we offer added value to our customers and to other Access Bank Group companies and their customers.

The Bank is licensed and regulated by the UK's Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) and is therefore in a strong position to support opportunities in the Organisation for Economic Co-operation and Development (OECD) markets for Access Bank Group customers. The Bank's role as Access Bank Group's OECD operational hub supports the flow of investment into markets in Nigeria, Sub-Saharan and West Africa. The Bank is also authorised by the Dubai Financial Services Authority (DFSA) and the Dubai International Financial Centre (DIFC) to run our Dubai operation, which enables us to assist with trade and investment requirements between UAE and Sub-Saharan Africa.

"As a business, The Bank is founded on strong relationships, innovation, and the delivery of high quality services and products."

The Access Bank UK has extensive experience of the market in Nigeria and over time has built up strong relationships with its customers across a diversified range of business sectors. In line with its relationship-based business model, the Bank's knowledge of local markets enhances its competitiveness and enables it to effectively tailor solutions to meet customers' needs.

The Bank has recently published its Report and Accounts for the year ended December 31, 2016. The report shows impressive growth indicators including The Bank's operating income which grew by 27% year-on-year to £25m and its pre-tax profit which also grew by 45% to £12.5m. The Trade Finance business had a strong year generating £17.3m, the Commercial banking business generated £5.4m and the Asset Management and Private Banking business grew revenues to £1.27m.

The Bank expanded its range of products by offering execution-only portfolios to expand the range of products and services for all Private Bank customers. The Bank also broadened its operations in Dubai/UAE by successfully achieving full branch status.

THE CEO EXPLAINS

Jamie Simmonds CEO and Managing Director of The Access Bank UK commented: "The Access Bank UK was founded to establish a credible, sustainable OECD (Organisation for Economic Co-operation and Development) hub for the Access Bank Group. This has been fully delivered and with an increasing number of correspondent banks now using our services we are a successful and profitable business on a stand-alone basis. Fundamental to the Bank's growth is our operational culture built upon strong customer relationships, the delivery of high quality services and a moderate appetite for risk".

"2016 presented many challenges to our customers and their businesses. Notably, there remained a degree of trading instability across parts of Sub-Saharan Africa, uncertainties around Brexit and the unsteadying effects of elections in Europe and the USA. Reflecting this, we delivered a range of new corporate and personal products to meet our customers' changing needs".

"The challenges that we and our customers faced in 2016 will inevitably continue influencing banking and business environments during 2017. We are however cautiously optimistic that we will see some improvement in Nigeria as global oil prices have strengthened combined with higher output levels.

"We believe wholeheartedly in our business model of strong customer relationships, excellent service and moderate appetite for risk. It has served us well to date and offers the mix of stability and flexibility we will require in the years ahead to enable continued development".

"It is our nature to remain cautious. Yet The Access Bank UK has established solid foundations and we anticipate delivering favourable performances as we move forward through 2017 and beyond". ❊

> EFG Asset Management:

Not Constrained by Benchmarks

new capital
funds by
EFG Asset Management

A boutique with backing: New Capital is the funds arm of EFG Asset Management (EFGAM), the investment division of global private banking group EFG International which has a total of CHF144.5bn in assets under management. Whilst New Capital enjoys the benefits of a strong parent, autonomy is crucial to its DNA.

EFGAM offers a diversified range of specialist strategies within the equity, fixed income, and multi-asset space. These strategies are specialist in the sense they do not conform to the standard industry approach of managing money in a benchmark driven way. The firm instead believes in making investment decisions based on the sound analysis of the available opportunities – not on whether a security is included in a benchmark index. This is reflected across its New Capital product range.

The firm does not just offer expertise in one segment of the market. Its strategies are spread across a broad range of geographies and asset classes. The investment culture is collegiate and follows a cross-asset approach without silos. Instead, there is a network of talented managers and analysts sharing proprietary ideas and research, striving for company-wide investment excellence.

New Capital also does not have an investment style bias. It employs a macro framework that sets guidelines for managers and helps them identify opportunities. However, managers have flexibility to seek alpha through stock selection. This is well demonstrated by Michael Leithead, the firm's head of Fixed Income and senior portfolio manager of the New Capital Global Value Credit Fund. In 2009, Mr Leithead helped launch the New Capital Wealthy Nations Bond Fund, the firm's flagship fixed income fund, and three years later set up the New Capital Asia Value Credit Fund.

Chief Investment Officer and Senior Portfolio Manager Moz Afzal emphasises New Capital's forte is in active management: "We adhere to a philosophy that is unique in the fixed income segment inasmuch as its thinking is centred on absolute returns. Credit and interest rate exposure are managed in a dynamic fashion. Credit selection uses a relative value approach."

Mr Moz Afzal is lead manager on the New Capital Strategic Portfolio UCITS fund. He has also headed up the original Cayman-domiciled product since its launch in 2009. Mr Afzal is chairman of the EFGAM Asset Allocation Committee and has overall responsibility for the firm's investment process.

Chief Investment Officer and Senior Portfolio Manager: Moz Afzal

Mr Afzal joined EFG Private Bank in 1994 and was appointed director and chief investment officer in March 2003, and director of asset management in January 2000. He previously ran fixed income funds and multi-asset portfolios, and has held supervisory roles in multimanager long-only and hedge fund investments. Prior to joining EFG, he was an investment analyst in the Macroeconomic Policy Division at HM Treasury.

"Active management is integral to everything we do and our managers are not constrained by benchmarks. Of course, we want to do well relative to peers and the market, but we are not obsessed with owning securities simply because they feature heavily in an index," explains Mr Afzal.

In a world where passive funds are taking a growing market share, New Capital feels investors are unwilling to pay active fees for closet tracker portfolios. The firm's funds offer genuine active management, therefore complimenting passive and more core benchmark-plus type offerings from other houses. Performance is also key to the New Capital ethos. The firm aims to have a high proportion of its funds in the top quartile at any one time.

The approach allows New Capital to create portfolios that benefit from rigorous analysis of global fundamentals and combine strategic thinking with active stock selection. New Capital is not looking to offer products in every category and will not launch funds just to satisfy the latest trend: the chosen approach is not that of mass distribution, rather the firm offers a focused portfolio of investment-led and relevant strategies.

In some cases, such as that of the New Capital Wealthy Nations Bond Fund, New Capital will cross traditional asset class borders to create a product it believes can offer strong, sustainable returns. New Capital will typically introduce funds in areas where it feels a long-term cycle is beginning, which often makes the firm appear contrarian relative to the wider industry. ❊

تحت رعاية كريمة من صاحب السمو الشيخ محمد بن راشد آل مكتوم نائب رئيس الدولة رئيس مجلس الوزراء حاكم دبي

Under the Patronage of H.H. Sheikh Mohammed Bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai

وزارة الاقتصاد
MINISTRY OF ECONOMY

AIM
ملتقى الاستثمار السنوي
Annual Investment Meeting

ملتقى الاستثمار السنوي
ANNUAL INVESTMENT MEETING

World's Leading FDI Platform

8th Edition

9 - 11 April 2018
DWTC, UAE

Linking Developed and Emerging Markets through FDI: Partnerships for Inclusive Growth and Sustainable Development

Be part of the largest global investment gathering

Recognized as the world's biggest and most prestigious gathering of the investment community, the Annual Investment Meeting offers a variety of features aimed at facilitating **foreign direct investment** and **strategic networking.**

The 3-day event brings together business leaders, investors, policy makers, world's leading FDI experts and investment promotion agencies from across the globe.

19,000+ Business Leaders & Investors

140 Countries

100 High-level Officials

500+ Exhibitors

AIM FEATURES 2018

- Conference
- Investors' Hub
- Investment Awards
- International Exhibition
- Country Presentations/ Investment Destinations
- AIM Startup
- Capacity Building Workshops
- Online / Onsite Business Matchmaking
- AIM Connect

Tel: +971 4 392 3232 **Mob:** +971 56 403 4064 **Email:** info@aimcongress.com

www.aimcongress.com

#AIM2018

> Ioannides Demetriou LLC:

Premier Legal Advice in Cyprus

ioannides demetriou LLC

Founded ten years ago by Pambos Ioannides and Andrew Demetriou, whose teams until then operated in separate firms, Ioannides Demetriou LLC represents an incredible success story. Ioannides Demetriou LLC has established itself as one of the preeminent full-service commercial law firms in Cyprus in a very short space of time. Its dynamic and stand-out teams are dedicated to offering legal services of the highest standard.

The firm has specialised litigation, corporate, commercial, banking, arbitration, public law, and IP departments employing experienced lawyers who are recognised as leaders in their respective fields.

Ioannides Demetriou LLC is member of a number of international legal networks and obtained ISO certification (CYS EN ISO 9001:2008 - Certificate No QS. 1.12.046 from the Cyprus Certification Company). This ensures that the firm provides its clients with the highest possible standard of legal services by giving sound, timely, and practical legal advice in a cost-effective manner and does so in strict accordance with the highest ethical standards of the profession.

Additionally, Ioannides Demetriou LLC has been accredited as an Investor In People (IIP). This achievement reflects the firm's commitment to continuously improving performance and achieving the highest standards via continuous investment in people.

The above standards are central to the provision of high quality, responsive, and client-focused services.

The firm's commitment to quality, and the dedication of its staff, yields results and recognition. According to a 2017 research report from Chambers and Partners Europe, clients highlight the firm's reliability, responsiveness, and professionalism, and singled out its cross-border capabilities: "the firm's performance has been very helpful in a number of complex international issues".

THE CORPORATE/COMMERCIAL DEPARTMENT

Ioannides Demetriou LLC is a general commercial practice firm with extensive experience in corporate transactions and mergers and acquisitions which constitute a substantial part of its operations. Its clientele mainly consists of domestic and international corporates of the highest prestige, including banks and business groups in a wide array of commercial fields. The

"The above standards are central to the provision of high quality, responsive, and client-focused services."

firm's client roster also includes major public sector entities. Ioannides Demetriou LLC has also been retained by foreign governments on matters related to the Cyprus jurisdiction.

Pambos Ioannides and Christina Ioannidou head the corporate/commercial department. They are supported by a team of senior associates: Katerina Hadjichristofi and Zoe Christou, and associates Savvas Yiordamlis, Christiana Konteati, and Edwina Hadjihanna.

Work undertaken in the commercial/corporate department constitutes some of the most preeminent legal matters conducted in Cyprus in recent years, including the financial and corporate restructuring of major enterprises in the country.

Ioannides Demetriou LLC represents the largest commercial enterprises in Cyprus including NKS Shacolas Group, the leading and most diversified private group in Cyprus; Hermes Airports, the concessionaires for the Cyprus airports; Louis Group, one of the leading European companies in the field of cruising and hotels; the Cyprus Hilton Hotel; MTN Group (Cyprus operations); Petrolina Holdings Public Co Ltd, the largest Cypriot oil trader/distributor; and major insurance companies such as CNP Cyprus Insurance Holdings, Eurosure Insurance Company, HD Insurance, international and local banking institutions.

Moreover, Ioannides Demetriou LLC represents major semi-governmental organisations of Cyprus such as the Electricity Authority of Cyprus, the incumbent energy producer of the country for which the firm is the sole and exclusive legal advisor; the Cyprus Stock Exchange; the University of Cyprus; and the Cyprus Agriculture Payments Organisation.

The energy practice of the firm, headed by the co-founder of the firm Andrew Demetriou, demonstrates high success and has been handling most of the major projects in the field promoted in the country.

The firm's corporate litigation practice has been handling major court and arbitration cases in all areas of the commercial practice. Pambos Ioannides and Andrew Demetriou have been acting as arbitrators or leading counsel in international and local arbitrations. Christos Frakalas, director, is actively involved in numerous corporate litigation cases.

The firm has been acting as leading counsel in this jurisdiction in many of the most important syndicated and other financing structures for projects in the country, and also in financing projects in many other countries (including predominantly Central and Eastern Europe) involving Cyprus corporate vehicles or otherwise related to Cyprus. The firm currently acts as the senior local law firm of major Cypriot and international banks, advising on all major corporate and banking transactions, buy-outs, and on all compliance and regulatory requirements. An indicative list of major banking institution clients of the firm includes Eurobank Cyprus, Hellenic Bank Public Co, State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank, Russia), Julius Baer (Switzerland), Byblos Bank SAL (Lebanon), The Bank of New York Mellon (London Branch), Deutsche Bank, and many others.

The firm also acts as legal advisors to numerous accounting firms and fiduciary service providers in Cyprus, advising on all areas of operations as well as assisting their clients with corporate legal advice, including due diligence, joint ventures, mergers, acquisitions, and financing needs.

Because of their eminence in the field of energy law, the firm had been selected, and has acted, as the legal advisor to the government of Cyprus in both hydrocarbon exploration and extraction bid rounds resulting in the signature of 5 PSC's with international oil companies. Moreover, Ioannides Demetriou LLC was selected by the government of Cyprus as the legal advisor in the oil/gas exploration/drilling tenders and has already successfully negotiated and concluded the first contract between the government Cyprus and an American oil company for offshore exploration and drilling. Moreover, the firm was selected by the government to act as legal advisor during the first and second licensing and bidding rounds for hydrocarbon deposits in Cypriot territorial waters. In addition to the above, Ioannides Demetriou LLC has advised on a number of renewable energy projects in Cyprus, such as the 15MW solar thermal power plant at Larnaca International Airport and another such facility generating 50MW in Akrotiri, Cyprus.

As from the beginning of 2015 Ioannides Demetriou LLC acted, in co-operation with the international firm Pinsent Masons of UK, as legal advisors to the Ministry of Communications and Works on the privatisation of the Limassol Port - the largest in the country. The privatisation has been promoted in line with a relevant scheme agreed upon by Cyprus under its financing arrangements with the European Commission, the European Central Bank, and the International Monetary Fund. This was one of the largest privatisation projects promoted in the context of the aforesaid scheme. The privatisation was completed in 2016.

Ioannides Demetriou LLC has been engaged by the Central Bank of Cyprus to draft a law on securitisation in line with European law, as well as the relevant guidelines of the European Banking Authority and the Basel Securitisation Framework.

Ioannides Demetriou LLC has acted as the leading legal advisor to the Cyprus Stock Exchange (CSE) during the reorganisation of the Bank of Cyprus - a public company - with a view to listing a new parent company on both the CSE and the London Stock Exchange to replace the shares listed on the CSE and Athens Stock Exchange and register Depository Interests in the Central Depository and Central Registry of the CSE. Ioannides Demetriou LLC drafted regulatory instruments and related documentation for the listing of the new shares on the CSE and the registration of the depository/interests with the Central Registry and advised the CSE throughout the process. ❇

> CFI.co Meets the Co-Founding Partner and MD of Ioannides Demetriou LLC:

Pambos Ioannides

Pambos Ioannides is a co-founding partner and managing director of Ioannides Demetriou LLC. Mr Ioannides has wide experience in all fields of commercial law, offering his expertise to major corporate clients, both local and international. He acts as legal advisor to semi-governmental organisations, banks, the Cyprus Stock Exchange, and construction and engineering companies. Mr Ioannides has also assisted insurance, oil, and shipping companies in addition to businesses in the hospitality sector, trading houses, amongst others.

Mr Ioannides acts as leading counsel in major local and international commercial transactions, as well as in major court and arbitration cases. He also acts as an arbitrator in international and local disputes. Furthermore, he advises international corporations and investors in the use of Cyprus corporate vehicles and investment opportunities.

Mr Ioannides' expertise includes the drafting of a wide range of documents, e.g. statutory instruments pertaining to the structuring, administration, and operation of semi-governmental organisations such as the Cyprus Stock Exchange, the Cyprus Agricultural Payments Organisation, the Cyprus Ports Authority, and the Central Bank of Cyprus. He is also recognized for his expertise in drawing up contract documentation in international transactions; tender and contract documents and studies for major infrastructure projects, including, inter alia, the ports and airports of Cyprus, tourist and development projects, shopping centres; and mergers and takeovers of banking, insurance, tourism, and other businesses. Mr Ioannides boasts considerable experience in the design and execution of the legal underpinnings of joint ventures at national and cross-border levels; syndicated loans and other banking, financing, and securities documentation; listings on the stock exchange; and assorted corporate documentation.

Mr Ioannides is a member of the board of directors of public and private companies. He is also the author of a number of publications on Cyprus corporate and business law, such as Cyprus Corporate and Trust Law, Partnership Law of Cyprus, Directors Liabilities in Respect of Prospectus, and Cyprus Enterprises. He has given many lectures in seminars, both in Cyprus and abroad, on public law and corporate and business law. He is an examiner for the Association of Chartered Certified Accountants (corporate and business law). ❇

Co-Founding Partner and MD: Pambos Ioannides

ANNOUNCING

cfi.co AWARDS 2017

AUTUMN HIGHLIGHTS

Once again CFI.co brings you reports of individuals and organisations that our readers and the judging panel consider worthy of special recognition. We hope you find our short profiles interesting and informative.

All the winners announced below were nominated by CFI.co audiences and then shortlisted for further consideration by the panel. Our research team gathered additional information to help reach a final decision. In many cases, senior members of nominee management teams provided the judges with a personal view of what sets their companies and institutions apart from the competition.

As world economies converge we are coming across many inspirational individuals and organisations from developing as well as developed markets - and everyone can learn something from them. If you have been particularly impressed by an individual or organisation's performance please visit our award pages at www.cfi.co and nominate.

STATE BANK OF INDIA (SBI): BEST BANK GOVERNANCE INDIA 2017

Building on a legacy spanning 211 years, State Bank of India (SBI) serves more than 500 million customers. That is fully half a billion clients who conduct well over 700 million transactions every week. State Bank of India is a collection of superlatives from its network of over 24,000 branch offices – staffed by no less than 209,000 employees – and some 59,000 ATMs to the 100,000 or so new accounts opened every business day.

SBI is 61% government-owned with the remainder of the shares in the hands of private investors. The bank is listed on both the Bombay and National stock exchanges. The bank's GDRs (global depository receipts) are listed on the London Stock Exchange.

As befits its size, SBI maintains a comprehensive sustainability programme and a sound governance framework to ensure the bank meets and exceeds the expectations of both its owners and the wider market. Moreover, SBI boasts a global presence with nearly 200 branches in 36 countries.

Committed to excellence, also in its nation-building mission, State Bank of India operates a green banking channel aimed at addressing environmental concerns. The bank's sustainability programmes, including corporate social responsibility initiatives, ensure that SBI remains firmly rooted in Indian society and keeps close proximity with its clients.

The CFI.co judging panel agrees that SBI has set the benchmark for governance in India. The judges congratulate State Bank of India with its win of the 2017 Best Bank Governance India Award.

HEATHROW AIRPORT HOLDINGS: BEST AVIATION HUB GOVERNANCE GLOBAL 2017

A people business first and foremost, Heathrow Airport Holdings keeps more than 75 million travellers on the move annually through Europe's largest aviation hub. The airport, a favourite of the public since before the dawn of the jet age, has managed to maintain its leading position by focusing on the continuous improvement of passenger experience.

Over the past few years, Heathrow Airport Holdings has invested well over $13bn in the facility. Amongst others, restaurant and shopping concourses were expanded and luggage handling systems upgraded. The airport's new Terminal 2, opened in 2014 and replacing the original one of 1955, welcomed Star Alliance operators and other carriers, and the airport is now set for further expansion to accommodate the expected increase in the number of travellers as the facility prepares for a third runway.

The airport's connectivity is also set to improve significantly when the Elizabeth Line – the central portion of the Crossrail Project – becomes operational late next year, directly linking Heathrow and Canary Wharf for the first time with journeys of less than 40 minutes.

As a people-focussed company, Heathrow understands that in order to keep its mega-hub position in Europe, attention to detail is crucial. The airport is determined to be the best in a highly competitive business. The company invests considerable resources in its around 6,500-strong staff, offering numerous skills development opportunities and clear career paths.

The CFI.co judging panel is pleased to declare Heathrow Airport Holdings winner of the 2017 Best Aviation Hub Governance Global Award.

> PINEWOOD STUDIOS: OUTSTANDING CONTRIBUTION TO BRITISH FILM PRODUCTION 2017

It is where stars are born and legacies made. Pinewood Studios has been a hallmark of the British film industry since the 1930s, bringing phantasy to life on the silver screen. A pioneer of innovation, Pinewood Studios introduced the unit system to Great Britain, allowing multiple films to be shot simultaneously. Soon, the facility attained an output not matched by any other studio in the world. Today, Pinewood Studios boasts the only underwater stage in the world measuring over 1,600m^2 and set in a huge water tank. It was used, amongst others, in the filming of the 2011 blockbuster On Stranger Tides of the Pirates of the Caribbean series.

Pinewood Studios' annals constitute a veritable treasure trove of British film history with timeless productions that marked their era such as From Russia with Love, Goldfinger, and The Battle of Britain in the 1960s and The Spy Who Loved Me, Alien, and Full Metal Jacket in the decades that followed.

During the lean years of the 1970s, the studio was saved from receivership by none other than Superman. The franchise gave the sprawling facility in Buckinghamshire a new lease on life. Since then, the company has grown into a global business opening studios in the US, Canada, Ireland, Malaysia, China and the Dominican Republic where it built an eight acre water effects facility – the largest of its kind in the world.

The British film industry owes a significant part of its legacy to Pinewood Studios which built and maintained a reputation for excellence. The CFI.co judging panel unanimously grants Pinewood Studios the 2017 Outstanding Contribution to British Film Production Award.

> FIDEICOMISO HIPOTECARIO: BEST SOCIAL IMPACT MORTGAGE PROVIDER MEXICO 2017

Mexico's first mortgage-oriented real estate investment trust (MREIT), Fideicomiso Hipotecario – FHipo for short – is the first vehicle that allows the general public to invest in residential mortgage portfolios in Mexico, contributing to the development of the housing sector and helping improve the mortgage sector's liquidity by enabling the participation of local and international investors, thus enhancing the availability of capital whilst offering stable and predictable returns.

Listed on the Mexican Stock Exchange, FHipo offers the mortgage industry access to additional sources of funding. FHipo acquires, originates, co-participates, manages and operates well-diversified mortgage portfolios throughout Mexico.

FHipo has an outsized impact on Mexico's housing market, which has long suffered from under-funding from the private sector. Historically, commercial banks have not attended certain income levels within the mortgage sector, offering a limited amount of mortgages to such segments and focusing primarily on clients with higher income.

FHipo displays a flexibility that is unmatched locally and enables the firm to offer its clients premium investment opportunities. The latter, given their highly developed mortgage platform, financially sophisticated management team and deeply qualified risk assessment technologies that helps FHipo stay ahead of its competition.

FHipo with a young and entrepreneurial management team including the youngest CEO and CFO in the Mexican Stock Exchange, have created a business model that includes a pronounced social element: with the resources obtained through the capital markets, FHipo has created greater competitiveness within the industry and thus contributed to the improvement of terms and conditions of the entire mortgage industry.

The firm allows home buyers, regularly unattended by commercial banks, to access the housing sector at significantly lower interest rates through origination programs with Infonavit and FOVISSSTE. The firm participates in housing projects that directly impact the quality of life of Mexican workers, by offering borrowers increased security and proximity to job opportunities, reducing daily commutes, thus increasing quality of life and providing one of the most important assets for a family, its house.

The CFI.co judging panel notes that FHipo has established a solid reputation which allows them to easily source funding both domestically and from overseas sources. The judges feel confident that Fideicomiso Hipotecario makes a significant difference and declare the firm winner of the 2017 Best Social Impact Mortgage Provider Mexico Award.

> EUROPCAR GROUP: BEST AUTO-MOBILITY SERVICES OPERATOR EUROPE 2017

Joining to the United Nations Global Compact in 2005, Europcar Group has gained wide recognition for its adherence to sustainable business principles. The group fully complies with the communication and monitoring requirements laid down by the Global Compact.

Europcar Group has implemented a comprehensive ecological approach through a global CSR programme based on four strong commitments: promoting mobility for all, being a responsible employer, fighting against climate change, and create shared value.

Conscious of its environmental footprint, the group wishes to be an actor in the environmental preservation and the fight against climate change with a focus on environmental management and air emissions. To this end, a low carbon strategy has been defined in collaboration with Carbone 4, a French consultancy. Three main implementation areas have been defined: reduce the GHG emissions, develop new and more efficient mobility offerings, and promote innovation and share best environmental practices.

Europcar Group, founded and headquartered in France, maintains a global footprint with operations in over 130 countries and territories. In 2014, the company acquired start-up Ubeeqo to gain a presence in the corporate car-sharing market.

The CFI.co judges note that Europcar has made considerable progress in reducing the environmental impact of its operations. Franchisees are expected to follow its example. Solid monitoring processes have been put in place to ensure compliance. Additionally, corporate environmental standards are regularly updated. The judges are pleased to offer Europcar the 2017 Best Auto-Mobility Services Operator Europe Award.

> DELEN PRIVATE BANK: BEST DIGITAL PRIVATE BANK BELGIUM 2017

Some private banks have been slow to embrace the digital era. Not so at Belgium's Delen Private Bank, recognised as a trailblazer in harnessing the power of IT to deliver a superior private banking product, with the attendant excellence in client services. Recently celebrating its 80th year in business, Delen Private Bank believes it can do things better – and clients agree. The bank boasts an IT backbone developed – and updated – in-house by a dedicated staff of professionals.

Likewise, Delen Private Bank's front office, including its app for mobile devices, is a far cry from the generic platform most users have to contend with. Delen Private Bank account holders enjoy real time access to their portfolio's performance data. The Delen app also allows access to the world's markets. The platform has been aptly described as a pocket-sized private banker.

However, while Delen Private Bank drives technological innovation, the bank maintains an eminently human touch. Whilst 75% of its clients access their accounts via digital platforms, the bank offers instant access to highly trained and experienced professionals.

In addition to its domestic network, Delen Private Bank has branches in Luxembourg, Switzerland, The Netherlands, and the UK where it acquired a majority stake in JM Finn and Co in 2011.

The CFI.co judging panel agrees that private banking need not be limited to oak-panelled offices. The judges congratulate the Belgian bank on adding a superior digital dimension to its operations and declare Delen Private Bank winner of the 2017 Best Digital Private Bank Belgium Award.

> DP WORLD: BEST LONG-TERM COMMUNITY ENGAGEMENT STRATEGY GLOBAL 2017

Registering double-digit growth global trade enabler DP World saw its container traffic jump 10.7% in Q2 with market share gains in both Europe and the Americas.

A solid set of first half results for 2017 with attributable earnings of $606 million, and like-for-like earnings growth of 15.8% came on the back of a pick-up in global trade combined with the ramp up in recent investments in Turkey, the UK, the Netherlands and India delivering ahead-of-market volume growth.

The Dubai-based multi-national operates close to eighty marine and inland terminals across forty countries in six continents.

The company recently added the Port of Berbera in Somaliland to its portfolio. DP World is set to invest $422m in a complete overhaul of the port with a view to creating a regional trade hub.

The result of a 2005 merger between Dubai Ports Authority and Dubai Ports International, DP World has established a formidable reputation for operational excellence. A significant part of its success is down to embracing sustainability principles which safeguard the interests of all stakeholders including those of surrounding communities.

With over 36,000 employees, DP World understands that corporate policies directly affect entire communities and can help improve lives. The company is committed to minimising its impact on the environment through the pursuit of efficiencies in the management of natural resources and emissions.

The company maintains a people-first policy that promotes personal development and creates a safe working environment. Innovative in its approach to sustainability, it aims to grow alongside the communities it operates, adding value to economies. The CFI.co judging panel applauds DP World for its hands-on approach to sustainability. The company proves that caring for the future equals caring for the bottom line and helps the business to develop operations in diverse markets the judges are pleased to name DP World winner of the 2017 Best Long-Term Community Engagement Strategy Global Award.

> CARNIVAL CORPORATION: BEST CRUISE EXPERIENCE GLOBAL 2017

The world's largest travel and leisure company – home to instantly recognisable brands such as Cunard Line, P&O Cruises, and Holland America Line amongst others – Carnival Corporation last year welcomed over twelve million guests to its more than one hundred ships. The company, listed on both the New York and London stock exchanges, owes its considerable corporate success to pushing the boundaries of technology, offering travellers an unequalled highly-personalised experience.

Earlier this year, Carnival upped the ante with the introduction of Ocean Medallion – a tiny high-tech wearable first starred on the Regal Princess, the company's 144,000 tonne quarter-mile-long flagship. The kit interacts with over 7,000 shipboard sensors speckled around the vessel's eighteen decks. Using AI, the Ocean Medallion anticipates needs and suggests treats. For example, it will switch on the stateroom's lights and air conditioning as soon as its occupant approaches.

The device opens doors and allows guests to easily and seamlessly navigate the countless features and marvels of their chosen vessel. Ocean Medallion technology was designed to complement and never become intrusive.

With its ten cruise brands, Carnival ships literally ply the seven seas, visiting well over 700 ports. In many regions, the company and its guests represent a significant slice of the local GDP. Moreover, the company has invested significant resources in the reduction of its carbon footprint and has embraced corporate sustainability principles.

The CFI.co judging panel is pleased to offer Carnival Corporation the 2017 Best cruise Experience Global Award.

> TALGO: MOST INNOVATIVE RAIL TECHNOLOGY GLOBAL 2017

Considered the next frontier in rail travel, high-speed commuter services pose severe challenges for manufacturers and operators alike, calling for the development of complex rolling stock capable of safely navigating sections of legacy track using multiple signalling systems. Whilst a number of companies have successfully produced high-speed long-distance trains, only a few have managed to integrate the often contradictory requirements of high-speed commuter services into a single design.

The dual voltage, dual power Talgo 250, made by the eponymous Spanish train manufacturer long known and respected for its innovative engineering solutions, is one of the only trains on the market able to sustain high-speed commuter services. It currently serves on various lines in and around Madrid.

Since 1964, Talgo manufactures trains with variable gauge axles that seamlessly bridge the divide between Spain's broad gauge and French standard gauge track. Talgo has also developed a high-speed diesel-powered train – the Talgo XXI – intended for use on non-electrified track in the United States. On a test run, the Talgo XXI reached 256km/h, setting a world-speed record for diesel trains. The company is now testing the latest addition to its catalogue, the Talgo AVRIL – a next-generation train slated to reach speeds in excess of 380km/h.

The CFI.co judging panel notes that from its corporate beginnings in 1942, Talgo has produced unique designs. The Talgo I built in Valladolid not only set speed records but incorporated novel technologies that significantly improved passenger comfort. That heritage of excellence has been preserved and expanded upon in the decades that followed. Talgo is named winner of the 2017 Most Innovative Rail Technology Global Award.

> EFG ASSET MANAGEMENT: BEST FIXED INCOME FUND MANAGER UNITED KINGDOM 2017

EFG Asset Management takes a hands-on approach to private banking with a can-do mentality that mirrors its corporate philosophy and fits neatly with today's highly dynamic markets. At EFG, an entrepreneurial spirit coupled to refreshing pragmatism translate into a unique experience for investors. The firm caters to private investors, asset and wealth managers, financial advisers, and institutional investors with tailored and time-honoured yet adaptable formulas that consistently ensure optimum performance.

The EFG Group of companies is headquartered in Zürich, Switzerland, and maintains a large presence in London in addition to a network of branches and private banks spanning three continents and reaching all of the world's major financial markets.

Founded in 1995 by two veteran private bankers, EFG has grown from a promising start-up to a worldwide banking group. The company is listed on SIX Swiss Exchange since 2005 and last year acquired BSI, the oldest bank in Switzerland.

EFG Asset Management, a division of EFG Private Bank in London, serves the investment needs of the entire group and boasts a global team of experienced professionals around the globe. The division has approximately $20bn in assets under management on behalf of clients. EFG Asset Management is recognised for fostering a corporate culture of independent thinking within a highly disciplined framework.

The CFI.co judging panel appreciates the value of EFG Asset Management's proactive straightforward approach. The judges are pleased to offer EFG Asset management the 2017 Best Fixed Income Fund Manager United Kingdom Award.

> LatAm LOGISTIC PROPERTIES: BEST INDUSTRIAL REAL ESTATE DEVELOPER CENTRAL AND SOUTH AMERICA 2017

Tapping into the accelerated growth experienced in many parts of Latin America, LatAm Logistic Properties buys, develops, and operates industrial real estate throughout the region. The company, set up in 2013 and based in San José, Costa Rica, aims to meet the strong demand for high quality warehouse facilities in major population centres and along important regional trade corridors. LatAm Logistic Properties initially focuses on opportunities in Colombia, Peru, Panama, and Costa Rica, though expansion further afield is also considered.

Compared to other emerging markets, Latin America still lacks modern warehouse facilities. LatAm Logistic Properties pursues a demand-driven corporate strategy that allows the company to be a first mover in this promising nascent market. LatAm Logistic Properties operates as a fully-integrated platform: the company identifies its target markets, formulates tailored development strategies, underwrites specific opportunities, and operates its portfolio for maximum customer retention and shareholder value.

LatAm Logistic Properties is actively on the lookout to expand its holdings, including new land acquisitions, sale/leasebacks and existing warehousing facilities for redevelopment and/or repositioning. To fully meet the needs of individual clients, the company builds to suit and spec.

The CFI.co judging panel agrees that modern Class A warehousing enables companies to move their products faster and cheaper to market, improves overall operational efficiency, and allows for scalability. The judges applaud the company's foresight and are pleased to offer LatAm Logistic Properties the 2017 Best industrial Real Estate Developer Central and South America Award.

> CAISSE DE REFINANCEMENT DE L'HABITAT (CRH): BEST SOCIAL IMPACT FINANCE FRANCE 2017

Set up in 1985 to refinance mortgages issued by commercial banks, the Caisse de Refinancement de l'Habitat (CRH) has become one of the largest issuers of bonds in Europe. CRH is wholly-owned by its participating banks and is charged with the monitoring and controlling of mortgage debt servicing. Bonds placed by the Caisse enjoy significant specific legal privileges on the CRH's secured loans to private banks.

Since the volume of outstanding mortgage-backed bonds issued by CRH precisely matches the entity's loans (promissory notes) to commercial banks, the balance sheet duration equals zero. CRH effectively acts as a pass-through adding both resilience and efficiency to the financial system. CRH bonds comply with the Capital Directive 2 and are eligible for open-market operations of the European Central Bank.

Due to its unique nature and set-up, CRH never experienced any loss write-downs or other difficulties since its creation and proved exceptionally resilient even at the height of the most recent financial crisis. In the event of a borrowing bank's default, CRH automatically becomes the sole owner of that bank's mortgage portfolio.

The CFI.co judging panel agrees that mortgage refinancing mechanisms are essential to the health of the financial system. The judges are pleased to declare Caisse de Refinancement de l'Habitat winner of the 2017 Best Social Impact Finance France Award.

> FFA PRIVATE BANK: BEST PRIVATE BANK MIDDLE EAST 2017

Consistently adding tangible value to client needs and objectives, Lebanon's FFA Private Bank adheres to the country's long-standing tradition of superior banking services pursuing synergies across disciplines whilst offering a veritable wealth of services. The bank, founded in 1994 and with dual headquarters in Beirut and Dubai, is recognised as a trendsetter amongst private banks and a leader in specialised financial services.

FFA Private Bank's unique business model is centred on combining seven core services into a single platform for wealth creation and preservation. This framework takes into account all interactions between the corporate and private assets of clients. FFA Private Bank serves high-net-worth individuals, family offices, private companies, and financial services providers, amongst others. The bank is focused on establishing long-term relationships in order to truly understand its clients' needs and objectives.

FFA Private Bank has invested significant resources in the formation of a highly-skilled professional team. Eight out of every ten staff members possess a university degree. In order to assure exceptional long-term performance, FFA Private Bank emphasises compliance and adheres to well-established international best practices. The bank maintains a flexible organisational structure that allows each department to optimise its contribution to the shared effort – delivering strong results for clients.

The CFI.co judging notes that FFA Private Bank is an entrepreneurial bank serving entrepreneurs: a bank that provides concrete best-in-class solutions. The judges are pleased to offer FFA Private Bank the 2017 Best Private Bank Middle East Award.

> MARITIME BANK: OUTSTANDING CONTRIBUTION TO SMES AND INNOVATION VIETNAM 2017

Its mission is deceptively simple: to be the full-service bank everyone wants to join and no one wants to leave. Vietnam's Maritime Bank is well on its way to reach this goal. In line with its mission, Maritime Bank relentlessly pursues a corporate culture that fosters transparency, high performance, and excellence in customer service. Leveraging the strength of this three-pronged approach, Maritime Bank consistently delivers optimised results for all stakeholders, including customers, shareholders, staff members, and surrounding communities. The bank is considered a pioneer in the promotion of financial inclusion.

Adhering to its fine-tuned operational approach, Maritime Bank has registered sustained growth for over a quarter century. The bank was set up in 1991 in Haiphong City. It later moved the head office to Hanoi in order to allow for faster business development. In 2015, Maritime Bank merged with Mekong Development Bank to become one of Vietnam's five largest publicly-owned financial services providers.

The bank maintains a national presence with a network of close to 300 branches and around 500 ATMs. Maritime Bank has gained a solid reputation for anticipating, and responding to, its clients' needs. The bank's range of services include tailored products to suit the needs of private accountholders, SMEs, and large corporations. Maritime Bank is recognised for its up-to-date IT backbone which ensures operational efficiency and an optimised customer experience.

The CFI.co judging panel congratulates the bank on its significant achievements and offers Maritime Bank the 2017 Outstanding Contribution to SMEs and Innovation Vietnam Award.

DUBAI CREATIVE CLUSTER AUTHORITY: OUTSTANDING CONTRIBUTION TO ECONOMIC DEVELOPMENT MIDDLE EAST 2017

سلطـــة دبـــي للمجمعـــات الإبـــداعيـــة
DUBAI CREATIVE CLUSTERS AUTHORITY

In support of the National Innovation Strategy unveiled in 2014, Dubai Creative Clusters Authority (DCCA) seeks to create an enabling environment for entrepreneurs, industry leaders, and talented individuals from across the globe. Over 4,500 companies, from dynamic start-ups to corporate behemoths, are currently located in Dubai Creative Clusters, a diverse Free Zone catering to Dubai's creative and other knowledge-based sectors.

Offering unparalleled ease of doing business thanks to its flexible and transparent regulatory environment, companies in the free zone benefit from 100% foreign ownership, guaranteed 50-year exemption from corporate taxes, and full repatriation of profits and capital. DCCA's focus on development-friendly regulations and policies ensures the delivery of world-class infrastructure and vibrant communities.

With its one-stop-shop approach, DCCA demonstrates how collaboration between the private sector and local government can facilitate cross-sector growth, enabling global companies to establish a base in the Middle East whilst also supporting the emergence of entrepreneurs and small businesses.

The nine clusters under DCCA's jurisdiction include Dubai Internet City, Dubai Media City, Dubai International Academic City, Dubai Studio City and Dubai Design District, amongst others. These clusters host diverse ecosystems tailored to ICT, media and entertainment, higher education, energy and environment, outsourcing and design, and related areas.

The CFI.co judging panel notes that DCCA has been set up to facilitate the work of creative businesses. As such, it provides an environment that invites and inspires. The judges are pleased to offer Dubai Creative Clusters Authority the 2017 Outstanding Contribution to Economic Development Middle East Award.

IOANNIDES DEMETRIOU: BEST COMMERCIAL & CORPORATE LEGAL TEAM CYPRUS 2017

ioannides demetriou LLC

A legal heavyweight not just in Cyprus but throughout Europe, the Ioannides Demetriou LLC law firm has established a formidable reputation for consistently producing excellence in deliverables and establishing jurisprudence. As a result, the firm's client roster includes a host of top tier global corporations, multilaterals, state entities, and high-net-worth individuals.

The Ioannides Demetriou legal team comprises experienced professionals across a number of highly-specialised legal fields. By working in close harmony these experts offer holistic solutions that, literally, add up to satisfied clients. The firm covers all areas of commercial law and frequently offers guidance and mediation in disputes involving multiple jurisdictions. Ioannides Demetriou also helps investors with major undertakings in order to reduce their exposure to risk.

The Cypriot law firm regularly offers assistance and guidance to foreign law offices in commercial affairs. It has also pleaded cases in international fora such as the ICC. Recently, Ioannides Demetriou helped major global companies implement restructuring and relocation plans.

The law firm maintains offices in Nicosia and Limassol and is active in all key sectors of the legal profession. Ioannides Demetriou is recognised for its adherence to skills development programmes, such as the Investors in People Standard (IIP).

The CFI.co judging panel has no doubt that Ioannides Demetriou LLC is the go-to legal firm in Cyprus for both corporates and individuals. The judges are pleased to offer Ioannides Demetriou the 2017 Best Commercial & Corporate Legal Team Cyprus Award.

> BAO VIET HOLDINGS: BEST FINANCIAL GROUP GOVERNANCE 2017

Founded in 1965 as Vietnam Insurance Company, Bao Viet has blossomed into a financial services conglomerate that includes banking, asset management, and insurance, amongst others. Last year, Bao Viet became the first Vietnamese insurance company to surpass the $1bn revenue mark. Bao Viet operates the largest financial services network in the country with over 180 branch offices in 63 cities.

The company has now upgraded its corporate IT backbone to allow for streamlined internal processes, improved front office operations, and enhanced customer experience – and satisfaction. Bao Viet is recognised as one of the strongest brand names in Vietnam thanks to the company's relentless dedication to operational efficiency and excellence in customer service.

By exploring – and exploiting – synergies between its six constituent business components – Insurance, Life, Securities, Fund, Bank, and Invest – Bao Viet ensures not only optimum corporate performance but also the sustainability of the company. Baoviet employs over 5,500 people and works with around 40,000 agents, dispersed throughout the country, to market its products and services, and ensure proximity to the client.

Since its earliest days, Bao Viet has promoted and implemented sound governance practices. This includes the adoption of international best practices and a code of conduct that clarifies duties and responsibilities, and creates a solid framework for decision-making processes.

The CFI.co judging panel commends the company on its proactive approach to the pursuit of excellence in corporate governance – and the impressive results attained. The judges declare Bao Viet winner of the 2017 Best Financial Group Governance Award.

> BANCO DE CORRIENTES: BEST COMMERCIAL BANK ARGENTINA 2017

When the going gets tough, well yes, the tough get going. A cliché, perhaps, but such it is with Banco de Corrientes in Argentina – a full-service commercial bank that not just managed to weather successive storms, but grow and prosper at the same time. Today Argentina's top bank in number of clients and with a branch network that spans the country, Banco de Corrientes has established an unparalleled reputation for operational excellence and customer service.

Founded in 1950 as the main bank for Corrientes Province, sandwiched between Brazil and Paraguay, Banco de Corrientes soon expanded its geographical footprint to become one of Argentina's leading commercial banks. From its earliest days, Banco de Corrientes – BanCo for short – has put considerable effort into furthering financial inclusion. It continues to do so with mobile offices that allow the bank to reach clients in isolated rural settlements.

BanCo maintains a number of initiatives to help small and medium-sized enterprises prosper. Offering credit lines for working capital and underwriting corporate expansion has transformed the bank into a driver of growth. True to the agricultural roots of its home province, the bank is particularly prominent in supporting farmers and ranchers throughout the country with products and services tailored to the needs of the sector.

The CFI.co judging panel notes the bank's remarkable growth trajectory and recognises its solid fundamentals. The judges are pleased to declare Banco de Corrientes winner of the 2017 Best Commercial Bank Argentina Award.

> SOHAR PORT AND FREEZONE: BEST REGIONAL LOGISTICS HUB MIDDLE EAST 2017

As one of the world's fastest-growing logistical hubs, SOHAR Port and Freezone, in the Sultanate of Oman, midway between Dubai and Muscat, is welcoming international investors to its 6,500-hectare (65km²) development. Investments in excess of US$26 billion have already been committed and are transforming the port and its adjacent free trade zone into a major logistics and manufacturing centre for the region. The Port has existing clusters for Metals, Petrochemicals and Logistics, and is now adding a new Food Zone, as the region's first dedicated agro-bulk terminal together with food manufacturing, packaging and logistics industries.

SOHAR Port and Freezone is a 50-50 joint venture between the Sultanate of Oman, represented through ASYAD, and the Port of Rotterdam – the largest seaport in Europe, which employs 180,000 people and handles over 40,000 ships annually. SOHAR Port and Freezone is located just outside the congested Strait of Hormuz, but within easy reach of the major Middle East markets of Iran, Saudi Arabia and the United Arab Emirates. SOHAR sits at the crossroads of historic east-west trading routes, allowing businesses easy access by land, sea, and air to over 3.5 billion customers across the Middle East, eastern Africa, south and east Asia.

In order to optimise efficiency and set operational benchmarks at the highest international standards, SOHAR leverages the experience of leading port management companies to operate its terminals, such as Hutchison for containers; Oiltanking for liquid bulk; and C. Steinweg for project and general cargo. The first 500-hectare phase of the planned 4,500-hectare Freezone is almost fully leased out, ahead of schedule. This is an endorsement of a successful formula which includes an abundant supply of energy, a large pool of skilled labour, bonded connections to the adjacent Port for feedstock and maritime logistics, and excellent connectivity across the region with many new and uncongested highways.

The CFI.co judging panel notes that SOHAR Freezone is already home to over 25 industries, including ferrochrome smelters, vehicle assembly plants, and one of the world's largest rare earth metal processing facilities. The judges congratulate SOHAR Port and Freezone on winning the 2017 Best Regional Logistics Hub Middle East Award.

> MINERVA FOODS: BEST ESG PROCESSING PLANT INVESTMENT PARTNERS LATIN AMERICA 2017

One of Brazil's leading meatpackers, Minerva Foods is an early adapter of corporate sustainability principles and leveraged their power to drive the company's expansion. Minerva Foods currently operates 26 processing plants in Brazil (11), Paraguay (6), Argentina (5), Uruguay (3), and Colombia (1). The Brazilian company also maintains a continent-wide network of shipping and distribution centres from where its meat is sent to more than one hundred countries across the world.

Minerva Foods pursues excellence. Inserting ESG (environmental, social, and governance) standards into its corporate DNA, has enabled Minerva Foods to significantly increase operational efficiency whilst lowering costs and risk. It also allowed the company to secure advantageous deals and partnerships with multilateral financial institutions, receiving a valuable stamp of approval in the process, as an example of International Finance Corporation equity investment. By establishing strategic partnerships with non-bank financial entities, Minerva Foods has been able to source the funds that drive its growth.

Through a series of strategic acquisitions and the opportune timing of new ventures, Minerva Foods managed to expand operations and increase revenues regardless of domestic and regional market conditions.

Founded in 1992, Minerva Foods has gained global recognition for the consistently high quality of its products.

The CFI.co judging panel notes that Minerva Foods continues to dedicate significant resources to field and market research. These efforts pay off in superior products – and increased market share. The judges are pleased to declare Minerva Foods winner of the 2017 Best ESG Processing Plant Investment Partners Latin America Award.

> KOIN: BEST PAYMENT SOLUTIONS PROVIDER BRAZIL 2017

No card, no problem. Users of Koin can embark on an online shopping spree not having to worry about the charges and security risks usually associated with credit cards. Those without plastic are able to secure the best online deals – and are no longer ignored by merchants.

Koin is a post-pay app and internet service that assigns its users a credit rating and level that is based on prior transactions. Buyers are rated dynamically as they settle their bills on time via deposits at ATMs. Merchants are able to tap into a much expanded demographic, generating sales and moving away from the model thus far used of registering an online sale, issuing a bill, and waiting for it to be paid before shipping the goods.

The waiting is not always fruitful. In fact, four out of every five transactions eventually get cancelled. Still, sellers have to set aside merchandise, immobilising stock. When the process needs to be reversed, additional costs are generated.

This cumbersome process has now been short-circuited by Koin. Associated online retailers – over fifty as of last count – are able to ship their products immediately, and get paid promptly: Koin manages the entire money trail, up to and including collecting from buyers.

The CFI.co judging panel notes that the service has boosted online sales in Brazil. In barely two years, Koin quadrupled its user base to almost one million. The judges are always pleased to recognise innovation and offer Koin the 2017 Best Payment Solutions Provider Brazil Award.

> FIRST NAMES GROUP: BEST CROSS-BORDER FIDUCIARY SERVICES TEAM CHANNEL ISLANDS 2017

A people business first and foremost, First Names Group is a leading independent provider of trust, corporate, fund, and real estate services. Headquartered in Jersey, the Group operates across 14 strategic locations providing tailored solutions to international clients, including ultra-high-net-worth individuals and families, entrepreneurs, institutional investors and multinational corporations.

With a corporate DNA uniquely centred on the core competencies of its people, First Names Group has developed a comprehensive offering that dovetails with client needs and is easily adaptable to fit specific requirements and the ever changing regulatory and legislative landscape.

The Group's firm commitment to its clients' continued success achieved through a high touch, director led, people focused approach to service delivery is a clear differentiator in the market. It is also a key driver of business growth, particularly when combined with the Group's investment in its people. The recruitment programme and range of professional and personal development initiatives available across the Group ensure that there is strength and depth among its teams. These expert, experienced professionals are adept at structuring highly complex deals and transactions covering multiple jurisdictions while maintaining long term relationships with clients and their advisers.

The CFI.co judging panel was impressed by the Group's commitment to ensuring the ongoing technical competence of its people and its ability to deliver a seamless multijurisdictional offering to its clients – both essential elements for the success of any cross-border venture or undertaking. The judges accordingly declared First Names Group the winner of the 2017 Best Cross-Border Fiduciary Services Team Channel Islands Award.

> BIOMATRIX WATER: BEST ECOLOGICAL WATER SOLUTIONS LEADERSHIP UNITED KINGDOM 2017

Water – its value only becomes priceless when the tap runs dry. A finite commodity, yet often mistreated, water requires careful management. The demand for ecologically sound water technology is on the rise as stakeholders such as city councils, river basin authorities, conservationists, environmental engineers, and many others demand sustainable and functional solutions in waterway restoration and wastewater treatment.

In Forres, Scotland, Biomatrix Water has developed a full suite of innovative approaches to water management. The firm's floating islands, carrying native plant species, help improve water quality and provide food and shelter to fish. Floating riverbanks expand on this concept and encourage biodiversity whilst embellishing the landscape. Riverbank modules contain sub-surface biofilm carrier media that grow microbes in their billions to improve water quality. Moreover, the floating plants absorb ten to twenty times more pollutants from the water than shore-based flora.

Biomatrix Water works on projects across the globe and has installed its solutions as far afield as India, Hong Kong, China, and the Philippines, as well as their many projects in the UK and USA. The company believes in a holistic approach to water management; its projects often involve entire communities to ensure success over the long term.

The CFI.co judging panel agrees that the ecological engineering for the recovery of biologically degraded environments pioneered by Biomatrix Water constitutes a unique – and effective – approach to water management – using low to no energy solutions to deliver clean water, and thriving aquatic ecosystems with multiple benefits. The judges are pleased to offer Biomatrix Water the 2017 Best Ecological Water Solutions Leadership United Kingdom Award.

> CAPITAL FIRST: OUTSTANDING CONTRIBUTION TO FINANCIAL INCLUSION INDIA 2017

Supporting financial inclusion and serving the country's expanding middle class, India's Capital First has provided credit to over four million customers via its nationwide branch network. The company serves the vast universe of fifty million or so micro, small, and medium-sized enterprises (MSMEs) and India's vast consumer base using a differentiated credit-scoring model that leverages the power of deep analytics – the mining from multiple sources of large data sets, coupled with some traditional checks.

Thanks to its innovative approach, Capital First is able to create an institution ground up within a short time and reach customers ignored by traditional financial services providers – people and businesses previously deemed un-bankable. The company now has a vibrant loan portfolio of more than $3bn. This performance is all the more remarkable taking into consideration the net NPA (non-performing asset) ratio consistently below 1.0% – a number most banks can only dream of.

Listed on India's two main stock exchanges, Capital First was founded in 2012 via a management buyout (MBO) which shifted the company's focus from asset management, broking, and real-estate financing to consumer and business finance. The company became one of India's remarkable success stories. Capital First saw its market cap increase near 10 fold from $120 million before the MBO in March 2012 to over $1.17 bn in March 2017.

Capital First offers solid proof that reaching out to those at the margins of regular markets need not entail risk or dampen profitability.

The CFI.co judging panel agrees that the company, now one of India's largest non-bank financial institutions, enjoys privileged exposure to India's vast economic upside. The judges declare Capital First winner of the 2017 Outstanding Contribution to Financial inclusion India Award.

> COMMERCIAL BANK OF CEYLON (CBC): MOST RESPONSIBLE BANK SRI LANKA 2017

One of Sri Lanka's largest financial services providers, the Commercial Bank of Ceylon (CBC) has embarked on a large scale programme, backed by multilateral finance providers, to improve access to green financing such as renewable energy projects. The bank noted that Sri Lanka boasts an exceptionally promising green energy potential. The programme also covers investments in tourism, healthcare, and infrastructure projects.

Tracing its origins to the 1920s, Commercial Bank of Ceylon has a long history of firsts and is widely recognised for its dedication to innovation and operational excellence. With its 2004 takeover of the Bangladesh branch network of Crédit Agricole Indosuez, CBC became the first Sri Lankan bank to establish a presence outside the country. The bank has since also branched out to the Maldives with a full-service office in Male.

Building on its solid technological backbone, CBC is now well-poised to further expand its geographical footprint. The bank justifiably prides itself on adhering to the highest standards in corporate governance and corporate social responsibility, pioneering a business model that serves the interests of all stakeholders. CBC is an early signatory to the United Nations Global Compact, an initiative that promotes sustainable and socially-responsible business practices.

The CFI.co judging panel commends CBC on its robust approach to responsible banking and recognises the company's pioneering role. The judges are delighted to offer Commercial Bank of Ceylon the 2017 Most Responsible Bank Sri Lanka Award.

> BANK OF MAURITIUS: BEST CENTRAL BANK GOVERNANCE INDIAN OCEAN 2017

Driving technological innovation and underpinning sustainable development, the Bank of Mauritius (BOM) – the island nation's central bank – is poised to stay ahead of developments and ensure the country's financial services industry – a mainstay of the local economy – remains an attractive and competitive jurisdiction.

The Bank of Mauritius has gained recognition for its focus on good governance and transparency as well as for the efficacy of its monetary policies, keeping the rupee exchange rate closely matched to macroeconomic fundamentals. The Bank of Mauritius has also significantly strengthened the regulatory framework in order to keep up with evolving international standards and further improve the domestic financial markets infrastructure. The initiatives taken by the Bank of Mauritius to modernise the payment system infrastructure clearly paves the way for a rapid digitisation of the economy.

The Bank of Mauritius also upgraded and expanded its supervisory framework with a view to ensuring adherence to the highest standards of corporate governance throughout the industry. The bank sought, and obtained, reinforced regulatory powers and adopted a series of revised guidelines to enhance its capabilities.

The CFI.co judging panel commends the BOM on its forward-looking approach to both innovation and supervision. The judges are pleased to offer Bank of Mauritius the 2017 Best Central Bank Governance Indian Ocean Award.

> IBA GROUP: BEST AVIATION ADVISORY FIRM UNITED KINGDOM 2017

If it flies, IBA handles it. The British firm supports the aviation market by advising on strategic investments, management of assets, aircraft appraisals, risk and freighter conversions. IBA possesses a vast proprietary fleet and valuable databases – IBA.iQ – allowing it to benchmark any deal, strategic investment, or policy against current and historic data.

Headquartered in the UK, IBA has been hired by the world's leading banks, lessors, investors, airlines, and aircraft and engine manufacturers to help improve efficiency, and support strategic decisions.

The company has established a solid reputation and earned the trust of the industry's major players thanks to its seasoned team of aviation professionals. As an independent full-service consultancy, IBA is able to offer its clients the combined benefits of sector expertise, a unique data platform, and hands-on management of aircraft. IBA advises the leasing community on all matters relating to aviation and currently has over one hundred aircraft under service management contract.

By allowing customers direct access to its vast pool of industry data and technical expertise, IBA is able to consistently deliver intelligence that adds value and promotes the sustainability of operations across the industry.

The CFI.co judging panel agrees that with Boeing and Airbus predicting a global skyline navigated by some ten thousand airlines, the need for independent data-based consultancy services is set to increase significantly. IBA is well poised to benefit from this surge in demand. The judges are pleased to offer IBA the 2017 Best Aviation Advisory Firm United Kingdom Award.

> AVERDA: MOST INNOVATIVE WASTE MANAGEMENT SERVICES MIDDLE EAST 2017

Somebody's got to do it – and do it really well. Perhaps not the most eye-catching of businesses, waste management is crucial to city life; without it no modern metropolis can function. Working towards a cleaner world since 1964, Dubai-based Averda operates three distinct business lines: municipal waste projects, technical waste solutions, and commercial collection services.

The company starts from a simple premise: clean cities improve the quality of life. Averda keeps the customer at the core of all its operations, anticipating needs, exceeding expectations, and welcoming suggestions. A pioneer in the digitisation of waste management, Averda also proactively investigates new solutions and approaches to its business.

The company's projects include the sorting and recycling of waste and the proper management of landfills for matter that cannot be composted and incinerated. Averda maintains operations in fourteen countries from Ireland, where it collects and recycles household and commercial waste to Angola where it helped clean up Luanda. Whilst headquartered in Dubai, Averda maintains regional operations centres in Abu Dhabi, Johannesburg, and Casablanca. The company serves tens of millions of people 24/7 and is recognised globally for tailoring its processes and procedures to local needs and requirements.

The CFI.co judging panel commends Averda on its innovative approach to the waste management business such as liaising with Dubai's burgeoning tech community for the disposal of e-waste. The judges are pleased to offer Averda the 2017 Most Innovative Waste Management Services Middle East Award.

UNIONBANK OF THE PHILIPPINES: BEST UNIVERSAL BANK PHILIPPINES 2017

It is a bank that proactively hunts the best and brightest to preserve and expand its leading edge. UnionBank of the Philippines recognises the value of a highly trained and experienced workforce, in particular IT professionals who are able to not just think outside the proverbial box, but shatter it. To that end, the bank took the unusual step of inviting white-hat hackers – those without criminal intent – to breach its defences during U-Hack events organised throughout the country. The happenings are wildly popular and draw in the Philippines' most resourceful geeks. The bank subsequently identified the most talented hackers and invited them to join its workforce and help perfect security systems and roll out additional online services.

UnionBank of the Philippines is a financial services provider known and respected for its can-do attitude to the business. It is one of the country's leading full-service banks. UnionBank was founded in 1968 and obtained a listing on the Philippine Stock Exchange in 1992. In keeping with its pioneering corporate spirit, UnionBank was the first in the country to launch a website and introduced online banking to the Philippines. Since then it has launched an electronic savings account and a debit card linked to the bearer's PayPal account.

The CFI.co judging panel notes that UnionBank also maintains a vast recruitment programme directed at finding – and hiring – the best math and sciences majors at universities. The judges are pleased to recognise UnionBank of the Philippines as winner of the 2017 Best Universal Bank Philippines Award.

CENTRAL DIRECTORATE OF NATIONAL SAVINGS: OUTSTANDING CONTRIBUTION TO FINANCIAL INCLUSION PAKISTAN 2017

Administering the savings of over seven million individuals, Pakistan's Central Directorate of National Savings (CDNS) is the country's largest financial institution in terms of deposits with a balance in excess of $32bn. CDNS maintains a nationwide presence through a network of 376 branch offices.

National Savings – as the directorate is known – traces its history back to 1873 with the enactment of Government Savings Bank Act. Today, National Savings offers an exceptionally comprehensive array of products from saving accounts and certificates to prize bonds, with maturities ranging from three months to ten years. CDNS serves anyone from young savers and students to senior citizens and from individuals to employee contributory funds. CDNS also offers a number of special purpose products that cater to the specific needs of senior citizens, widows, pensioners, amongst others.

The directorate adheres strictly to its long-time mission to further financial inclusion and strengthen social security by promoting thrift and mobilising the resulting savings for the common good. Almost half of CDNS clients are women, whereas in commercial banks, women represent barely 4% of depositors. National Savings emphasises the institution's role in empowerment of women. CDNS also aims to help reduce the number of people outside the financial system.

The CFI.co judging panel commends National Savings on its proactive approach to its mission. The judges are pleased to offer the Central Directorate of National Savings the 2017 Outstanding Contribution to Financial Inclusion Pakistan Award.

> UNITY: BEST SUSTAINABLE INSURANCE SOLUTIONS TEAM CENTRAL AMERICA 2017

The only regional insurance brokerage offering coverage across Central America, Unity offers a full range of risk management products and services to individual clients, groups, and businesses. The company is recognised for its unequalled experience in the region, joining different cultures and corporate environments under a single roof.

Founded in 1991 as LR Ducruet and Sons, the company quickly earned the trust of the market and expanded from its base in Panama to reach far into Central America, meeting a pent-up demand for premier insurance services. Via close collaboration, and eventual mergers, with insurance brokers elsewhere in the region, Unity managed to forge a truly Central American company. Today, Unity maintains a presence in Costa Rica, Nicaragua, El Salvador, Honduras, and Guatemala. The firm is the only one in the region that offers corporate risk management products adjusted to the specific needs of the jurisdictions it serves – using a single and tightly integrated IT backbone that ensures operational efficiency and excellence in the delivery of customer services.

Now eyeing expansion further afield, Unity seeks to apply its experience and corporate formula to new markets. The brokerage employs over 500 professionals throughout Central America and offers insurance advice to well over 5,000 companies. Unity processes more than 80,000 claims annually and boasts around 300,000 clients.

The CFI.co judging panel has monitored the progress of Unity for a number of years and congratulates the company on its sustained growth. The judges wish to again recognise Unity's achievements and declare the company winner of the 2017 Best Sustainable Insurance Solutions Team Central America Award.

> EFiS EDI Finance Service: BEST PAYMENT TRANSACTION SOLUTIONS EUROPE 2017

Taking the sting out of payment processing, EFiS implements tailored end-to-end solutions powered by a state-of-the-art IT backbone. The family-owned business declines to outsource any of its operations, preferring to keep all processes in-house. This allows EFiS to guarantee perfect 100% performance at all times.

Payment processing is no longer the simple linear task it used to be decades ago. Today's transactions call for transparency, traceability, compliance, and involve risk and liquidity management as well. Add to all that the need for speed and the complexity of the task becomes clear.

EFiS has developed proprietary software to run its own wholly owned data centres and thus ensure self-sufficiency and, most importantly, perfect security. The company, headquartered near Frankfurt, serves customers globally and maintains offices in six European countries. Its solutions are mainly used by financial services providers and businesses of all sizes from global players to small and medium-sized enterprises. Amongst its customers are ten DAX30 companies in Germany.

With its continuous process monitoring facility, EFiS allows customers to gain instant access to all relevant payment data. The company also developed a cross-platform app for instant payments, which is based upon their instant payment framework (IPF). EFiS is justifiably proud to offer fast time-to-market solutions – another benefit of its in-house sourcing of solutions.

The CFI.co judging panel notes that the company dedicates significant resources to staff training and skills development. The judges agree to name EFiS EDI Finance Service AG winner of the 2017 Best Payment Transaction Solutions Europe Award.

> fair-finance: MOST SOCIALLY-RESPONSIBLE PENSION FUND CENTRAL EUROPE 2017

Austria's provident funds – "Vorsorgekassen" – are quickly becoming institutional investors of note. The funds, legislated into existence in 2003, manage the mandatory employer contributions towards their workers' severance pay packages. As contributions accumulate over time, the Vorsorgekassen have become sizeable institutional investors, none more so than fair-finance – the youngest amongst the country's provident funds.

With its growing portfolio of investments – mostly, though not exclusively, held-to-maturity bonds – fair-finance consistently manages to outperform its peers by adhering to green economy and sustainability principles. The fund has recently decided to move up to 10% of its portfolio into real estate – the maximum allowed by law. fair-finance will mainly invest in multi-tenant properties in and around Vienna. The fund aims to have its entire portfolio analysed and certified by the country's environmental watchdog – Österreichisches Umweltzeichen, set up in 1990 to determine the ecological footprint of products and services.

All investments considered by fair-finance are also subjected to the strict standards set and maintained by ÖGUT – an independent platform for the environment and technology.

With its vast experience in managing responsible investments, fair-finance helps others such as international corporations and multilateral entities attain similar standards. The fund also pioneers studies and supports educational programmes aimed at greening financial markets and the broader society.

The CFI.co judging panel is pleased to note the fund's continued progress and its full embrace of sustainability principles. A repeat winner, fair-finance is offered the 2017 Most Socially-Responsible Pension Fund Central Europe Award.

> GOL LINHAS AÉREAS INTELIGENTES: BEST VALUE CREATION LEADERSHIP BRAZIL 2017

One of the world's fastest-growing airlines, GOL Linhas Aéreas Inteligentes is one of Latin America's largest low-cost best-fare carriers. The company, founded in 2001, revolutionised air travel in Brazil by ushering millions of new travellers into the jet age. Operating almost 700 flights every day with its standardised fleet of 116 Boeing 737s, GOL employs well over 15,000 people and is the leading company in terms of comfort, on-time performance, and number of passengers carried in the domestic market, both in its leisure and corporate segments.

To serve its international and long-haul domestic routes, the company has ordered sixty Boeing 737 MAX airplanes– the largest order from a single airline in the history of Latin American aviation. The new state-of-the-art airliners allow for significant fuel savings and reduce the company's carbon footprint by another 10-14%. The company, a favourite with Wall Street investors, is expected to strengthen its Latin American network and add new routes to North America.

Delta Air Lines and Air France/KLM are strategic partners, and have enabled GOL to improve business and increase operations with connecting flights from Brazil to North America and Europe. The company also maintains twelve codeshares and over seventy interline agreements for added convenience and to facilitate connections to any of the destinations served by these alliances.

The CFI.co judging panel acknowledges the innovative approach GOL has pioneered, combining best-fare travel with perks such as inflight connectivity, premier entertainment system, and a comprehensive menu of buy-on-board products and free snacks. The judges are pleased to offer GOL Linhas Aéreas Inteligentes the 2017 Best Value Creation Leadership Brazil Award.

> KRUNGTHAI BANK (KTB): BEST SOCIAL IMPACT BANK THAILAND 2017

The first bank to boast a nationwide network, Thailand's Krungthai Bank (KTB) is a globally recognised pioneer in the promotion of financial inclusion. The partially state-owned bank is also considered one of the main drivers of the country's sustained economic progress, helping the government implement development initiatives and supporting a number of programmes such as the issuance to state employees of up to five million Medical service welfare cards.

Krungthai Bank is also assisting the government with the streamlining of its services. The bank recently launched a pilot e-tax project aimed at businesses – from large corporations to small and medium-sized enterprises (SMEs). The initiative hopes to simplify tax reporting and payment procedures. KTB offers low-income earners an opportunity to register for the government's welfare scheme and has disbursed a number of welfare payments.

Krungthai Bank, unique for its hybrid ownership structure, is determined to leverage its position and size to the benefit of the entire Thai population – in particular for those on lower incomes. The bank is in the process of issuing millions of welfare cards that allow for the free use of public transportation and offer discounts on utility bills.

The CFI.co judging panel commends Krungthai Bank on its proactive approach to social impact banking. The judges name Krungthai Bank winner of the 2017 Best Social Impact Bank Thailand Award.

> ABC BANKING CORPORATION: BEST INTERNATIONAL BANK INDIAN OCEAN 2017

Listed on the Stock Exchange of Mauritius since early 2016, ABC Banking Corporation has seen its share price almost double. The bank's solid fundamentals and strict adherence to international best practices inspire confidence. ABC Banking Corporation has embarked on a path of accelerated growth, propelled in part by its dedication to operational efficiency and excellence in the delivery of client services.

ABC Banking Corporation maintains four business lines: retail, business, private, and international banking. Earlier this year, the bank opened a representative office in Hong Kong and thus became the first Mauritius-based financial services provider with a presence in China.

The move is part of a wider strategy aimed at unlocking Chinese investment in Mauritius and in the wider East African Region. Thanks to its expertise in navigating the region's dynamic markets, ABC Banking Corporation is particularly well-positioned to assist Chinese investors as they seek to expand their horizons.

The bank offers an exceptionally comprehensive array of products and services optimised to dovetail with Mauritius' unique financial environment. The formula pioneered by ABC Banking Corporation – based on passion, professionalism, and innovation amongst others – is derived from well over eighty years of accumulated business acumen.

The CFI.co judging panel has followed the corporate trajectory of the Mauritius bank for a number of years and applauds the bank's overseas expansion drive. The judges are pleased to declare ABC Banking Corporation winner of the 2017 Best International Bank Indian Ocean Award.

THE ACCESS BANK UK – BEST AFRICA TRADE FINANCE BANK 2017

Deploying the power of technological innovation to attain and maintain both operational and customer service excellence has allowed The Access Bank UK to build up a commanding lead in trade finance.

Though acting on a global scale, the bank enjoys a particular edge in supporting business activities focused on Sub-Saharan Africa. The Access Bank UK is a wholly-owned subsidiary of Access Bank, one of Nigeria's leading financial services providers and a confirming bank for the Global Trade Finance Programme set up by the International Finance Corporation (IFC, part of the World Bank Group). The Access Bank UK is also the first Nigerian bank to be appointed London correspondent to the Central Bank of Nigeria. The bank has sustained high growth rates whilst adhering to solid fundamentals.

The Access Bank UK maintains a full suite of trade finance and ancillary services delivered by a staff of seasoned professionals. The bank is recognised for its extensive knowledge of the Sub-Saharan business environment and is able to offer specialised technical support and guidance to importers and exporters at both ends of trade corridors. Its relationship-based model ensures short lines of communication with customers and allows the bank to quickly respond to market dynamics.

The CFI.co judging panel has followed the bank's growth trajectory for a number of years. The judges feel confident that The Access Bank UK merits recognition as winner of the 2017 Best Africa Trade Finance Bank Award.

INTIGRAL: MOST INNOVATIVE DIGITAL DELIVERY SOLUTIONS MENA 2017

Using the power of its state-of-the-art cloud-based storage and delivery platform, Intigral has become the leading provider of streamed and on-demand video services in the Middle East and North Africa (MENA). The company offers its clients a collection of application interfaces (APIs) that allows for seamless integration with existing platforms, adding payment, social media, tracking, and analytical modules as required.

Intigral also offers clients a comprehensive set of services such as business planning and consultancy – including technical development, content acquisition, marketing, and after-sales support – that ensure operational efficiency and enhance profitability. Intigral was founded in 2009 to provide end-to-end digital entertainment and sports solutions that leverage the region's quickly expanding broadband infrastructure.

Telecoms, in particular, are able to drive sales by turning to Intigral for content solutions such as Invision IPTV, and about to launch a next-generation OTT pay TV platform that moves beyond mere streaming and includes multiple levels of interactivity to engage viewers. Intigral provides telecoms with turnkey systems tailored to specific needs and comprising the full value chain. Thus, telecoms can offer their broadband clients a superior entertainment experience which, in turn, drives the uptake in broadband connections.

The CFI.co judging panel notes that Intigral also developed Dawri Plus, an innovative digital sports platform with live match streaming and numerous fan engagement facilities. The judges agree that Intigral excels in delivering performance to both its clients and their customers. Intigral is declared winner of the 2017 Most Innovative Digital Delivery Solutions MENA Award.

> ASTAD: BEST INFRASTRUCTURE PROJECT MANAGEMENT TEAM GCC 2017

Turning visions into reality. A fountain of expertise in construction, engineering, project management, and sustainability, Astad is closely involved with a number of large-scale developments in Qatar. The company is currently putting the finishing touches to the National Museum of Qatar, a landmark-in-waiting shaped in the form of a desert rose and built around the palace of the former ruler of the country. Astad provides project and construction management services to the builders of the museum.

Astad's bulging portfolio contains iconic projects such as the construction of Qatar's new Petroleum District – a cluster of nine high-rise office towers and a luxury hotel. Astad is also helping erect the Qatar Foundation Stadium – home to the 2022 FIFA World Cup and the first large-scale open sports arena that employs advanced cooling techniques.

Astad has developed an approach to project management that engages all stakeholders and ensures short lines of communication that facilitate and encourage collaboration, pooling ideas and ensuring that the client's vision is turned into reality.

The firm adheres to a strict code of ethics and is committed to maintain the highest standard of services. Astad also adopts international best practices in the management of quality, risk, and health and safety.

The CFI.co judging panel commends the firm on its achievements. Noting Astad's sustained progress, the judges are pleased to offer the company the 2017 Best Infrastructure Project Management Team GCC Award – the second time Astad is recognised for its operational excellence.

> MACK INTERNATIONAL: BEST INVESTMENT MANAGER EXECUTIVE SEARCH FIRM UNITED STATES 2017

Providing experienced executive investment talent to family offices and family investment firms for over fifteen years, Mack International is a boutique consultancy that not only matches investment executives to investors but looks for a seamless cultural fit in order to ensure superior long-term performance.

The US-based firm has established a long, successful track record in finding the right candidate through a combination of creativity and commitment to get it right the first time, every time. Mack International specialises in helping family offices and family enterprises hire executive talent that can and will meet key business objectives. The firm takes great care in matching both professional qualifications and cultural requirements, understanding that the aims of family offices and family investment firms often include goals that reach beyond mere financial considerations.

Offering highly personalised services while pursuing long-term partnerships with its clients, Mack International spans generations, assisting first generation wealth creators through multi-generational families. The firm also serves foundations and philanthropic entities as well as private banks, trust companies, and other select advisory firms who serve family office clients.

In order to find the right candidate, Mack International maintains an extensive, proprietary network of contacts and referral sources in the family office and wealth/investment management universe. Renowned for its reputation for excellence, unique specialisation, and utmost discretion and confidentiality, the firm's name carries considerable weight. As such, Mack International enjoys unparalleled trust and distinctive access when sourcing the most talented professionals.

The CFI.co judging panel congratulates Mack International on its impressive achievements. The judges note that the firm's client portfolio includes a large number of globally well-known names. A repeat winner, Mack International is granted the 2017 Best Investment Manager Executive Search Team United States Award.

> BANCO DE FOMENTO ANGOLA (BFA): BEST BRANCH NETWORK ANGOLA 2017

Considered the local benchmark of excellence and innovation, Banco de Fomento Angola (BFA) maintains a network of around two hundred full-service branch offices that afford the bank a nationwide presence. Founded in 1990 as the country's principal trade finance bank, BFA has successfully grown into an all-round commercial bank offering a full suite of products and services to private clients, entrepreneurs, and corporates.

The bank has received international recognition for its excellence in payment processing with over 99% of transactions requiring no human intervention. One of Angola's famed "super brands", BFA management is dedicated to further enhancing the bank's already formidable reputation. To that end, BFA maintains an inclusive corporate strategy which positions the bank as one of the main drivers of the country's development.

BFA serves more than 1.5 million clients through multiple channels. The bank's BFA Net Service includes dedicated YouTube and LinkedIn webpages and a proprietary cross-platform app that allows account holders to access their financial data on-the-go.

With Angola's economy now on the mend, BFA is exceptionally well positioned to benefit from a resumption of the rapid-growth trajectory. Over the past few years, BFA has upgraded its IT backbone, expanded staff training programmes, and strengthened the bottom line.

The CFI.co judging panel has followed BFA for a number of years and recognised its stellar performance with wins in the same category. The judges are pleased to offer Banco de Fomento Angola the 2017 Best Branch Network Angola Award.

> PPS PORTFOLIO PERFORMANCE: BEST INVESTMENT SERVICES FOR PENSION FUNDS BRAZIL 2017

PPS Portfolio Performance (PPS) provides clarity to institutional investors in the form of bias-free technical assessments. PPS helps streamline decision-making processes by providing portfolio managers with the most advanced service on fund and portfolio manager selection and performance monitoring in the Brazilian market.

The firm, in business since 1996, has developed the proprietary Portfolio Performance System. It is a unique software tool that gauges the performance of investment portfolios using a vast set of metrics and weighing return against risk.

PPS continuously upgrades its software to include new features that enhance the system's analytical power and improve their advisory activity. It is now on its eighth version of this software.

The firm was set up as an independent business in order to provide objective data and analysis of market conditions and trends. PPS avoids working for banks, asset management companies, and any other kind of organisation that could lead to situations of conflicts of interests. As a consultant, the focus of PPS is to work exclusively for final investors.

In 2001, PPS pioneered the development of the first Brazilian ALM model based on stochastic optimisation. Since then, the firm has helped dozens of local pension funds determine the optimal allocation for their portfolios.

The CFI.co judging panel agrees that quality of service is of paramount importance to institutional investors. The judges note that PPS has implemented a novel yet solid approach to optimising portfolio performance and grant the firm the 2017 Best Investment Services for Pension Funds Brazil Award.

UMG: OUTSTANDING CONTRIBUTION TO SOCIO-ECONOMIC DEVELOPMENT MYANMAR 2017

Established in 1998 to help Myanmar implement large-scale projects aimed at accelerating growth and fast-tracking national development, the UMG group of companies pursues excellence across its numerous business lines. A diversified conglomerate with its head office in Yangon, UMG is active in nine sectors: financial services, education, healthcare, logistics, food, entertainment, property and infrastructure development, mining, and telecommunications and IT.

The company has become a depository of expertise and experience. Thanks to its stellar reputation, UMG attracts the brightest graduates from Myanmar's universities who seek to embark not only on a promising career, but also to gain access to corporate knowledge. As such, UMG is also recognised as a fertile breeding ground of successful managers and entrepreneurs. UMG dedicates considerable resources to continuous skills development.

Growing from a start-up with six people selling generators, UMG managed to attain critical corporate mass in under a decade with an unequalled growth trajectory. The company is now recognised as one of Myanmar's top companies and employs well over 2,500 people.

The CFI.co judging panel commends UMG on its achievements and agrees that investing in people – either employees or other stakeholders via corporate social responsibility initiatives – is an essential part of any corporate success formula. The company helps shape the Myanmar brand which is set to become the latest addition to a string of South East Asian success stories.

The judges are pleased to offer UMG the 2017 Outstanding Contribution to Socio-Economic Development Myanmar Award.

RAIFFEISEN CENTROBANK: BEST STRUCTURED PRODUCTS BANK CEE 2017

Austria's leading provider of structured products is focusing on the buoyant markets of Central and Eastern Europe, deploying its expertise to offer clients a full, yet decluttered and integrated, range of premier products and services that add real value in the form of innovation and convenience.

Raiffeisen Centrobank, in business since 1973, introduced its first structured products in CEE about a decade ago and has pioneered a simple yet effective approach to marketing centred on full transparency, solid technology, and robust security. The bank's different investment options and instruments are explained in great detail in order that retail clients at all times understand what it is they are buying.

Raiffeisen Centrobank has established close relationships with seven international exchanges to offer clients seamless access to the world's major markets. The bank offers a large number of certificates that allow investors to easily tap into exceptional investment opportunities. The majority of RCB's structured products offers clear-cut built-in guaranties that shield investors from downsides in the form of partial capital protection. Via these products investors may participate in specific sectors not normally open to retail clients.

The CFI.co judging panel notes that Raiffeisen Centrobank has gained wide recognition for its excellences in delivering servicing and addressing queries from clients. The bank also maintains a well-respected research department staffed by experienced analysists who regularly publish updates of their findings. The judges are pleased to offer Raiffeisen Centrobank the 2017 Best Structured Products Bank Central and Eastern Europe Award.

TAWUNIYA AWARDED AS BEST CORPORATE INSURANCE SOLUTION PROVIDER IN 2017

THE COMPANY FOR COOPERATIVE INSURANCE "TAWUNIYA" HAS BEEN AWARDED THE BEST CORPORATE INSURANCE SOLUTION PROVIDER IN SAUDI ARABIA IN 2017, ACCORDING TO CAPITAL FINANCE INTERNATIONAL (CFI) MAGAZINE'S ANNOUNCEMENT.

The CFI judging panel commends Tawuniya on its dedication to excellence and the outstanding results during its evaluation towards the award criteria, which named the company as the 2017 best corporate insurance solution provider in Saudi Arabia.

Majed Al-Bahiti, Tawuniya's GM-Marketing is pleased with this achievement and stated that "Tawuniya has made a lot of efforts in developing its products to reach all segments in Saudi Arabia and enhancing its performance in the Saudi insurance market. In 2017, Tawuniya also launched the 360° Insurance Program which is dedicated to Small & Medium Enterprises as the first program providing all insurance classes which are catered to the different SME sizes and industries, all in one place.

Tawuniya's excellent performance in 2017 and the past years, reflects the company's dedication towards providing the best products and services that meet our customers' needs and aspirations. This comes in line with the company's strategy of having our customers at the core of our business, supported by our strong technological infrastructure, latest and innovative solutions, comprehensive insurance coverage through more than 60 products, the most extensive network of service providers and offices spread throughout the kingdom, as well as our well experienced and talented employees, all of which contribute to facilitating our customers' life."

Al-Bahiti added: "Tawuniya carried out many planned activities in 2017, which included various programs and initiatives to improve the environment, support various operating segments, further develop skills and expand the use of technology which led to the launch of the SMART insurance concept as a first in the industry here. These achievements have also encouraged creativity and innovation to provide efficient and effective services which have contributed to enhancing our service levels and customer experience, gaining us more trust from our customers at all levels."

Tawuniya has gained several recognitions during the past years, with an outstanding 6 regional and global awards and rankings in 2016 alone. This latest award reemphasizes Tawuniya's leadership and pioneering position within the Saudi insurance market for over 30 years. These achievements come in parallel with the financial results approved by Tawuniya's Board of Directors which reveal that the company's total written premiums exceeded 8 billion Saudi Riyals in 2016 as the highest market share in the Saudi insurance industry.

The prestigious awards and rankings Tawuniya had received from regional and global organizations in 2016 include 'The Highest Rated Saudi Insurance Company' by S & P, the number one insurance company as listed in Al Eqtisadiah newspaper's 'Top 100 Saudi, 'The Most Innovative Insurance Company' award by the International Finance Magazine, listed as one of the 'Top 100 Arab Companies' by Forbes Magazine's , the award for 'The Best Insurance Company' for 2016 by Arabian Business magazine as well as the selection of Tawuniya's CEO among the 'Top 100 CEOs in the Arab World', according to TRENDS magazine.

920007699
tawuniya
SME@tawuniya.com.sa

Tawuniya التعاونية

> Africa

Kenya's Raila Odinga: Fifth Time Lucky

By Wim Romeijn

In a stunning defeat for rogue leaders, Kenya's Chief Justice David Maraga annulled the outcome of the August 8 presidential election that awarded the incumbent Uhuru Kenyatta (55) a second term in office. The country's six-member Supreme Court concluded that vote tallying forms had been tampered with, and computers hacked, and ordered a new election to take place within sixty days.

Whilst the country remained calm and even supporters of Mr Kenyatta celebrated the court's decision as a victory for democratic integrity, the incumbent was slightly less magnanimous calling the judges "thugs" and accusing them to be in the pay of foreigners. However, after his outburst relieved, the emotional pressure Mr Kenyatta's anger subsided. He accepted the ruling and – most commendably – refrained from appealing to his followers and/or the army to help him impose his will.

It is now Raila Odingo (72) who objects to a re-run election. The opposition leader argues that the country's electoral commission (IEBC – Independent Electoral and Boundaries Commission) must draw lessons from the mishaps and put in place guarantees that prevent a repeat performance. The problem is that whilst the Supreme Court gave its ruling, the judges have so far not released their detailed findings, promising to do so only by late September.

Meanwhile, Mr Odinga, a former prime minister and son of the country's first vice-president, now threatens to boycott the upcoming vote. Mr Odinga leads the NASA (National Super Alliance) coalition of moderately progressive parties, successor to the Coalition for Reforms and Democracy which lost the 2013 presidential vote – also contested in the Supreme Court but, allowed to stand. Mr Odinga believes that he was also robbed of an election victory in 2007 when the political violence that erupted after the polls closed is estimated to have claimed over 1,200 lives. Protest was muted following the August 8 vote – only 24 were killed during clashes between gangs supporting the opposition and the ruling Jubilee Alliance of President Kenyatta.

The Supreme Court ruling was almost immediately hailed as proof of the judiciary's independence from the government. In a country ranking 145th out of 176 on Transparency International's 2016 Corruption Perceptions Index, a truly autonomous judiciary is priceless – and a sign of maturity.

The ruling also shines a light on the role of outside election observers, some 400 of whom descended on the country to monitor the proceedings. Former US Secretary of State John Kerry spoke for many of them when he said the Kenyan elections had been "free, fair, and credible." Mr Odinga has now called for a re-examination of the role awarded to such international observers, concluding – not without reason – that their findings seem at odds with realities on the ground. In all likelihood, the observers hastily sanctioned the election result in a misguided attempt to avoid a repeat of 2007 violence.

However, long before the presidential election took place, there were already signs of irregularities – or disconcerting coincidences. Kenyan newspapers reported extensively on the link between president Kenyatta's inner circle and the Dubai publishing house Ghurair which

"Mr Odinga, a former prime minister and son of the country's first vice-president, now threatens to boycott the upcoming vote."

was given the contract for the printing of the ballot papers.

The electoral commission ignored a court order to procure the ballots elsewhere, citing time pressures. Almost simultaneously, accounting firm KPMG found that the commission's registry could contain the names of as many as one million deceased voters. Not illogically, the opposition wondered if Ghurair was printing ballots for these ghost voters as well. John Kerry – simplicity personified – dryly stated that he had observed no zombies at the polling stations he inspected.

Then there is the case of Chris Msando, the IEBC's IT manager, whose corpse – with signs of torture – was found outside the capital just ten days before the vote. The crime scene also included a dead owoman, suggesting a love triangle gone awry. Most Kenyans didn't buy that explanation. Mr Msando was in charge of the computer systems that transmits the election results from all over the country to the EIBC office in Nairobi. Before he was murdered he had repeatedly received death threats and reported these to the police. Whilst promising a thorough investigation into the circumstances of Mr Msando's death, the Kenyan police refused offers of technical assistance from UK and US law enforcement agencies.

A week before the vote, authorities arrested all members of a team of US and Canadian IT specialists that had been called in by Mr Odinga's NASA coalition to help set up a parallel counting system to verify the vote. The Americans and Canadians were immediately taken to the airport and deported on the first plane out. Staff of Cambridge Analytica were not carted off at gunpoint when they were called in – for a reported $6m fee – to help the Kenyatta Campaign mine and analyse big data, and adjust its tune to national and regional preferences. The company and its corporate parent Strategic Communications (aka Spin Doctors Inc.) previously – and controversially – helped sway the outcomes of the last US presidential election and, before that, the Brexit referendum in the UK.

After losing two elections (2007 and 2013) clearly rigged against him, Mr Odinga is no longer willing to take his loss in stride or accede to US demands that he refrain from rocking the ship of state. Successive US administrations have only half-disguised their preference for political continuity in Kenya, seen as a valuable buffer to a volatile region. The ongoing civil war in South Sudan and forever-turbulent Somalia, plus regional meddling by the US-backed regimes of Uganda and Ethiopia, make for a powder keg.

President Uruhu Kenyatta, son of the country's first president Jomo Kenyatta, is supported by a large network of business tycoons and political cronies, mostly belonging to the Kikuyu ethnicity, who he allows to plunder the country almost unhindered in return for propping up his government. Raila Odinga has his own network within the Luo community to back him up. One oft cited reason for blocking Mr Odinga's ascend to power is that he fans ethnic strife. Whilst there are no indications to sustain the charge, Raila Odinga is far from Mr Clean.

After co-plotting a failed coup against President Moi in 1982, Mr Odinga spent six years in prison. Though charged with treason, he was never put on trial. Barely six months after being released, Mr Odinga was again imprisoned openly protesting – "agitating" – against the introduction of a one-party state and continued violations of human rights under the now despotic Moi-regime. He regained his freedom in June 1989 only to be re-incarcerated a year later – again for objecting to authoritarian rule. After another spell behind bars, Mr Odinga was released in June 1991. He fled to Norway. He travelled home in 1992 and for the next few years hopped between parties – multi-party politics had now returned to Kenya – entering his first presidential bid in 1997. He lost to President Moi.

In a post-election move that surprised friend and foe, Raila Odinga merged his own National Development Party with the ruling KANU (Kenya African National Union) of his former arch-enemy Daniel Arap Moi. However, after the president endorsed Uruhu Kenyatta as his successor, Mr Odinga and others split from KANU to form the National Rainbow Coalition which went on to obtain a landslide victory in the 2002 election. Mr Odinga, however, soon fell out with the movement he had helped create after not landing a job in the new government.

A self-styled social democrat Raila Odinga is the driving force behind the attempts to devolve power to the country's regions in recognition of the failures produced by the centralised government – abuse of power foremost amongst them. Mr Odinga is often considered the best president Kenya never had. A veteran campaigner and political operative, he lacks however, administrative experience, having been consistently outflanked for the top job by others.

After four bids for the presidency, Mr Odinga is now nearing the end of his political career. Backed up, possibly to his own surprise, by the Supreme Court, he is expected to try a fifth time in the upcoming election re-run, notwithstanding talk of boycotting the vote. After all, he has never been so close. ❇

> Mineworkers Provident Fund:

Commitment to Excellence

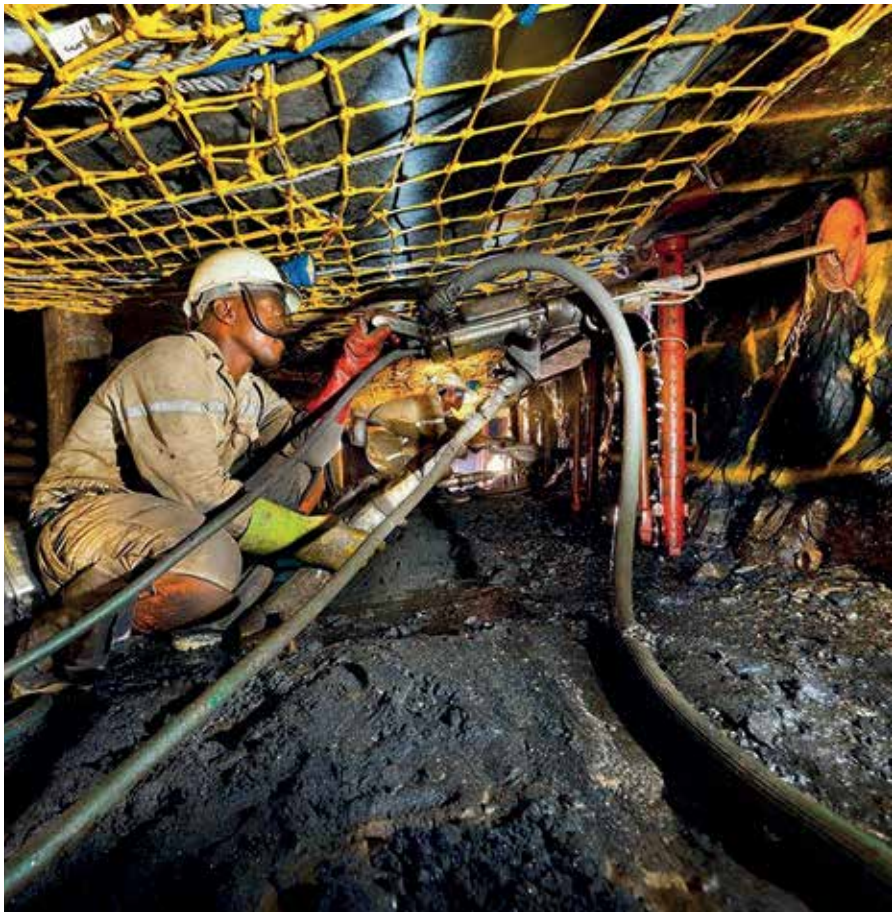
Mineworkers Provident Fund (MWPF) was formed in 1989, 28 years ago, with a clearly defined vision and strategic objectives which include being the retirement fund of choice in the mining industry and, most importantly, providing retirement benefits to the most vulnerable workers of our society – the mineworkers.

MWPF's core values as a fund are respect, dignity, and legacy where the fund is driven by its desire to leave something of value for the next generations. This is based on the notion that just like other workers, mineworkers have the right to retire with dignity thus accounting for all the years of hard labour they put in.

"Our aim has been and will always be to provide retirement fund benefits of a high standard to our mineworkers ensuring that they too leave behind a lasting legacy for their families and loved ones," explains Mkuseli Mbomvu, Mineworkers CEO.

Throughout the years, MWPF has focused its efforts on ensuring that the fund remains true to its founding principles of treating members with respect and restoring their dignity. With a commitment to excellence, MWPF's mission is to:

- Provide superior services to its members and their beneficiaries;
- Provide sustainable and competitive retirement and auxiliary benefits to members, dependants/beneficiaries;
- Provide a standard-setting corporate



"Our aim has been and will always be to provide retirement fund benefits of a high standard to our mineworkers ensuring that they too leave behind a lasting legacy for their families and loved ones."

governance structure;

- Deliver superior market-related performance and efficient administration services; and
- Provide dynamic and effective communication to members and stakeholders.

In 2011, the fund moved key services in-house and in 2012 new leadership came on board, improving administrative processes and establishing effective corporate governance. The fund is now one of the few financial services companies that truly understands the needs of mineworkers.

To date MWPF has approximately 100,000 active members and operates servicing centres throughout South Africa and satellite offices in the Eastern Cape and Mozambique to better serve members. The fun has assets in excess of R28bn, and has never delivered a negative return to its members since inception. Through tailored solutions and member-centred product development MWPF has consistently outperformed both target benchmarks as well as a number of well-established balanced portfolios with a similar risk profile.

MWPF's success can be attributed to its investment approach. The fund offers members a single default portfolio that seeks to deliver a real return of 4.5% above inflation (CPI+4.5%) over any consecutive five-year period at a minimum level of risk.

ACHIEVEMENTS

MWPF is one of South Africa's oldest black retirement fund within the financial services arena and is amongst the Top 10 largest funds in the country. Furthermore, MWPF is the proud recipients of the following awards:

2015 BEST PRACTICE AWARDS

- IRF Merit Certificate Large Fund Category – Incubator Policy for Black Economic Empowered (BEE) Asset Managers
- IRF Merit Certificate Large Fund Category – Implementation of a Comprehensive Strategy within a Commendable Cost to Members

2017 BEST PRACTICE AWARDS

- 2017 CFI Best Pension Fund Transparency South Africa Award
- 2017 IRF Gold Standard Large Funds Member Communication
- 2017 IRF Best Practice Winner Large Funds Investment Practice

THE FUTURE

MWPF has only scratched the surface and has a lot of work ahead. The fund believes that as long as it continues to place members at the core of activities and operations, it will always have the drive and passion to do better. The fund continues to seek innovative and cost-effective ways of serving its members. The fund remains focused on creating the retirement fund of choice and sustainable returns and benefits. ❇

معرض العقارات الدولي
INTERNATIONAL PROPERTY SHOW

INTERNATIONAL PROPERTY SHOW

9 - 11 APRIL 2018 | DWTC, UAE

THE BEST PLACE FOR REAL ESTATE DEALS SINCE 2001

JOIN THE WORLD'S FINEST PROPERTY PORTFOLIO

19129 Attendees

177 Exhibitors

141 Participating countries

138 Media Partners

BOOK YOUR SPACE NOW

#IPS2018

Co-located events

AIM Annual Investment Meeting ملتقى الاستثمار السنوي

AIM Startup

معرض دبي للإنجازات الحكومية
Dubai International Government Achievements Exhibition

معرض مدن المستقبل
FUTURE CITIES SHOW
SUSTAINABILITY | INNOVATION | HAPPINESS

MAIN SUPPORTERS

دائرة الأراضي والأملاك
Land Department

RERA
مؤسسة التنظيم العقاري
The Real Estate Regulatory Agency

تشجيع وإدارة الإستثمار العقاري
REAL ESTAT INVESTMENT MANAGEMENT & PROMOTION

معهد دبي العقاري
DUBAI Real Estate Institute

OFFICIAL MAGAZINE PARTNER
Gulf Property

OFFICIAL CHINESE MEDIA
中阿卫视 CATV

OFFICIAL ONLINE TRADESHOW CHANNEL
ExhibitorsTV

OFFICIAL CIC COUNTRIES MEDIA
GPG GLOBAL PROMOTION GROUP

info@internationalpropertyshow.ae 971 4 392 3232 internationalpropertyshow.ae

> CFI.co Meets the Governor of the Central Bank of Mauritius:

Rameswurlall Basant Roi

At the helm of Bank of Mauritius, winner of CFI.co's 2017 Best Central Bank Governance Indian Ocean Award, Rameswurlall Basant Roi is the one of the country's most seasoned central bankers. Mr Basant Roi (GCSK – Grand Commander of the Order of the Star and Key of the Indian Ocean) was appointed governor of the central bank of Mauritius for a second mandate with effect from 30 December 2014. He served in the same position for eight years from November 1998 to December 2006.

Governor Basant Roi has spent more than three decades in the central banking arena. He is currently chairman of the board of directors of the central bank and of its Monetary Policy Committee. He is also a member of the Financial Stability Committee chaired by the Minister of Finance and Economic Development.

Mr Basant Roi joined the Research Department of Bank of Mauritius as research officer in 1976 and was appointed assistant director of the department in 1984. He became the department's director in 1987. Since the mid-1980s Mr Basant Roi has been closely associated with the development of the financial sector of Mauritius which has evolved into one of the country's most important economic pillars.

He was directly involved with the liberalisation of Mauritius' financial industry and with the establishment of the offshore banking sector. His relations with many international institutions – including the International Monetary Fund, the World Bank, and the Bank for International Settlements – as well as with players from various sectors of the domestic economy throughout his career has earned Mr Basant Roi wide-ranging experience and international recognition. In 2004, he was awarded the highest distinction of the Republic of Mauritius – the GCSK – for his contribution to the financial services industry of the country.

Governor: Rameswurlall Basant Roi

In January 2017, Governor Basant Roi was elected the 2017 Central Bank Governor of the Year for Africa by The Banker magazine. In February 2017, he was presented with the Personality of the Year Award 2016 (Finance) by the UK-based African Leadership Magazine. Three months later, Mr Basant Roi received the Central Bank Governor of the Year Award by the African Banker magazine endorsed by the African Development Bank Group. On 20 July 2017, the Bank of Mauritius won the Best Central Bank Governance Indian Ocean 2017 Award conferred by Capital Finance International (CFI.co), underlining the governor's focus on strengthening and modernising the banking industry.

Under the stewardship of Governor Basant Roi the Bank of Mauritius is propelling the banking and financial sector to higher levels. The relentless endeavours to reinforce Mauritius' competitiveness and attractiveness as an international financial centre continues to draw the spotlight on the Bank of Mauritius.

One of the governor's strategic decisions in early 2015 was to revamp the organisational structure of the Bank of Mauritius in order to enhance its functional and operational efficiency. This strategic move decisively set the base for effective execution of policy decisions and projects. The awards conferred upon the governor and the Bank of Mauritius confirm, as Governor Basant Roi has put it: "The diligence and commitment with which all stakeholders within the Bank of Mauritius, from the board directors to the newest recruit, have been discharging their responsibilities to fulfil the mandates of the central bank. The CFI.co award also translates the efficacy of the policies of the Bank of Mauritius and the quality of the dialogue it has established with all its stakeholders." ❇

> Bank of Mauritius:

Taking the Financial System to a Higher Level

The financial sector in Mauritius, a pillar of the nation's economy, continues to expand steadily in a well-regulated environment. The banking sector – consisting of locally-owned banks as well as subsidiaries and branches of large and highly reputable international banking groups – remains well capitalised and enjoys a comfortable liquidity position.

The Bank of Mauritius' path in respect of its endeavours since early 2015 has to be considered in light of the substantial domestic and global economic challenges that posed risks to macroeconomic and financial stability. The three-pronged strategy initiated by Rameswurlall Basant Roi (GCSK), governor of the Bank of Mauritius, to address these risks comprise the modernisation of the financial markets infrastructure, strengthening the regulatory and supervisory regime, and improving the efficacy of monetary policy.

New challenges emerged in 2016 from the potential fallouts of Brexit and from the revisions to the Double Taxation Avoidance Agreement (DTAA) with India. While the United Kingdom is historically an important market for Mauritius, the impact of Brexit on the economy is yet to be fully felt. Consequent to the DTAA revision, there has been no capital flight so far, predominantly due to the efforts of banks and other operators in the financial sector to diversify their activities and to tap new opportunities.

INVESTING IN HUMAN CAPITAL

One of the first strategic decisions taken by the governor of the central bank in early 2015 was the overhauling of the organisational structure of the bank to enhance its functional and operational efficiency. This strategic move decisively set the base for the effective execution of policy decisions and projects. The new structure facilitates the flow of information across the central bank, leading to and fostering better decision making, accountability, and efficiency. Capacity building has since been given a prime consideration in the overall approach of upgrading the quality of the central bank's contribution to the economy. The bank has been recruiting staff with various qualifications and competencies.

MODERNISING THE FINANCIAL MARKETS INFRASTRUCTURE

The central bank has made important strides in modernising the financial markets infrastructure. Amongst other projects, the National Payment Switch presently being executed will provide a strong impetus to digital banking and e-commerce, while providing opportunities for other players to compete in the retail payment area. The national switch will also enable the government to align its processes to offer better and faster services via the e-government platform. The bank is envisaging the use of blockchain technology in some areas of its activities.

"One of the first strategic decisions taken by the governor of the central bank in early 2015 was the overhauling of the organisational structure of the bank to enhance its functional and operational efficiency."

BOOSTING FINANCIAL SECTOR RESILIENCE

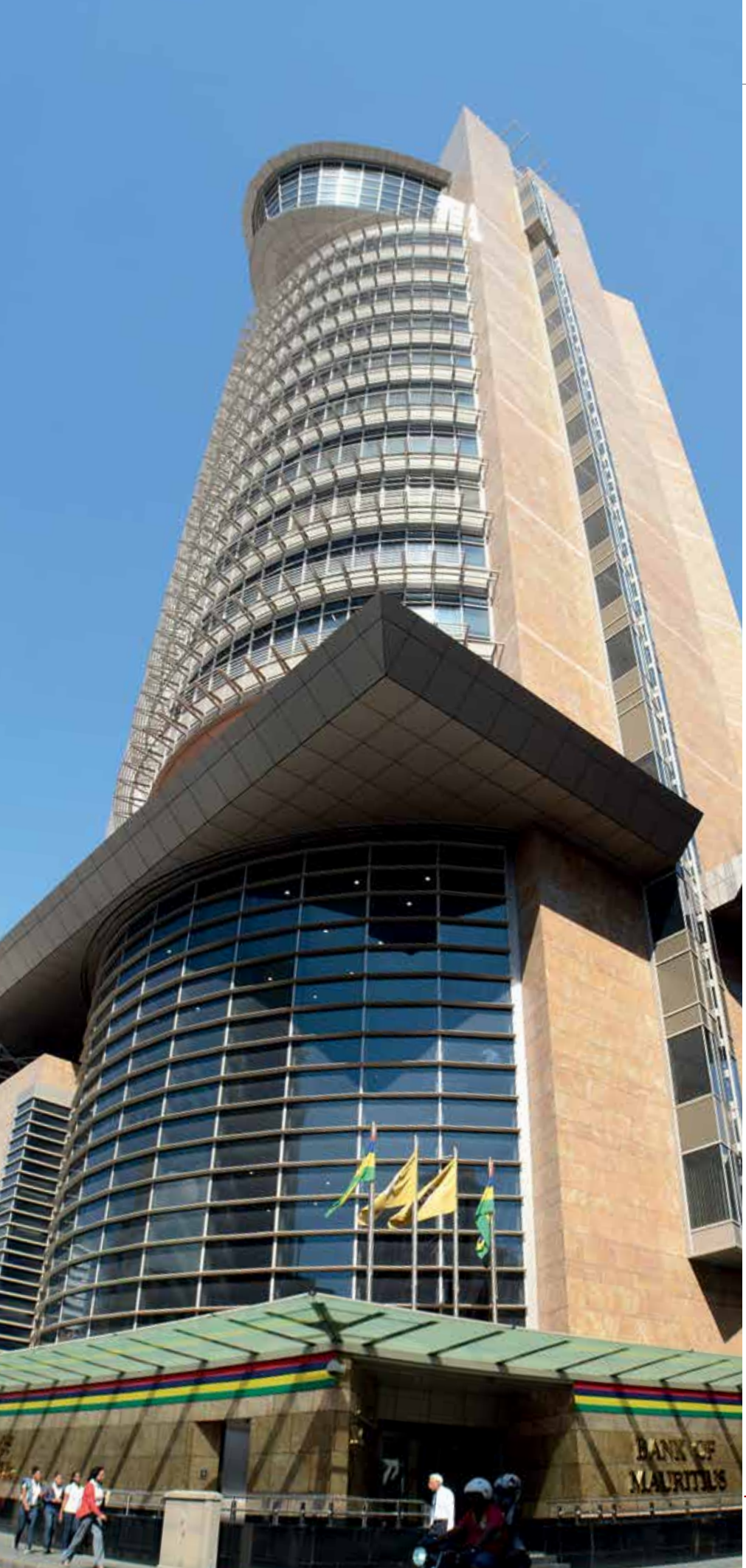
Reforms of the banking sector have reached an advanced stage, with the central bank determined in its endeavour to upgrade its regulatory regime and boost its supervisory capabilities. The set of existing prudential guidelines have been upgraded in line with international best practices and the banking legislation is currently being overhauled. While the regime for regulatory capital has been aligned with the Basel III requirements since 2014, prudential liquidity requirements will be upgraded in accordance with the Basel Accords before this year is over.

The demise of a large conglomerate in 2015, which also saw the collapse of the group's flagship bank, raised the importance of introducing risk-based considerations in the supervisory framework, in on-boarding a comprehensive consolidated approach to supervision and integrating a comprehensive crisis management and resolution framework into the banking legislation. The bank has been empowered to conduct consolidated supervision and conglomerate supervision which are crucial developments to mitigate the recurrence of the 2015 episode.

Also high on the central bank's agenda is the on-going phasing in by banks of the IFRS9 accounting standard. Further, the micro- and macro-based stress testing framework, developed in-house, is helping to identify key vulnerabilities in the banking system and initiate corrective measures. Another landmark development in the area of off-site surveillance of the banking sector is the ongoing implementation of a robust risk-based supervisory framework. Risk assessments will subsequently be fed into supervisory processes for enhanced decision-making and control capabilities.

As part of its endeavours to reinforce financial sector resilience, the bank has proposed to the government a Deposit Insurance Scheme legislation and a full-fledged national payment system legislation which are awaiting enactment. The payment system legislation will empower the central bank to regulate and oversee all payment practices, including those evolving from the exigencies of a digital economy. The establishment of an Asset Management Company, on which the bank is presently working, aims to resolve non-performing loans of banks and fortify the balance sheet of banks and restore their propensity to lend across sectors.

Mindful of technology-driven innovations in the finance world, the bank has set up a working group on disruptive technologies and fin-tech with the participation of banks to deliberate on the potential uses of these technologies. The forum will also enable the bank to assess the implications and challenges posed by



"The economic and financial policies have continued to attract capital inflows, contributing to raise the level of the foreign exchange reserves to $5.3 billion at the end of June 2017."

ground-breaking technology on financial sector functions – such as financial intermediation, clearing, and settlement being taken up by non-financial entities – and how to adapt the regulatory framework.

SUPPORTIVE MONETARY POLICY

The bank has been pursuing an accommodative monetary policy stance to support the economy, as the real economic growth rate has persistently hovered below its pre-global financial crisis trend. With its resolute focus on improving the impact of monetary policy on the economy, the bank is currently elaborating a new monetary policy framework. Its roll out is expected to ensure that monetary policy signals produce the desired effects on macroeconomic fundamentals. The economic and financial policies have continued to attract capital inflows, contributing to raise the level of the foreign exchange reserves to $5.3 billion at the end of June 2017.

TRANSPARENT AND COLLABORATIVE JURISDICTION

Mauritius is a transparent and collaborative international financial centre. It is the first country in the Africa to have signed the Intergovernmental Agreement with the United States for the implementation of the Foreign Accounts Tax Compliance Act. Mauritius is also a member of the Early Adopters Group committed to the early implementation of the Common Reporting Standard on the automatic exchange of financial account information, developed by the OECD. The jurisdiction is equally committed to implement the minimum standards of the Base Erosion Profit Shifting (BEPS) package as well as other BEPS recommendations. The bank has also entered into memoranda of understanding (MoU) on cross-border supervision and information sharing with sixteen regional counterparts. The MoUs set up a framework for mutual assistance, cooperation, and exchange of information in the fulfilment of supervisory responsibilities.

For the Bank of Mauritius, the CFI.co accolade Best Central Bank Governance Indian Ocean 2017 bears ample testimony to the commitment of the central bank in fulfilling its mandate and gearing up to address challenges in the best interest of the Mauritian economy. ❇

> John Danilovich, ICC:

Making Global Trade Work for Small Business

International Chamber of Commerce
The world business organization

The unprecedented pace of international economic integration over past decades has made it is easy to forget that the backbone of the global economy remains micro-, small- and medium-sized enterprises (MSMEs). These small players together represent a whopping 95% of companies, the vast majority of which are micro enterprises with fewer than ten employees.

Moreover, the collective contribution that MSMEs make to employment is massive. In a majority of emerging and developing countries, MSMEs represent more than two-thirds of formal non-agricultural employment. In advanced economies, MSMEs account for 63% of private sector jobs, according to the Organisation for Economic Cooperation and Development (OECD).

While many may hold an image of multinational corporations steam-rolling smaller players as companies internationalise their operations, the irony is that globalisation has actually solidified the crucial role of MSMEs in the world economy, enabling them to compete on a new global level. In the 19th and 20th centuries, size was of critical importance to a firms' ability to engage in international trade. Companies needed considerable financial and human resources to establish distribution networks, deal with paperwork and cover high transport and border costs.

Today, all of this has changed. Lower trade costs stemming from successful rounds of multilateral negotiations at the World Trade Organisation (WTO) and bilateral agreements have and bilateral agreements have helped open up markets to smaller firms. As the WTO notes in a recent report, so-called "micro-multinationals" are succeeding in global markets that were once overwhelmingly dominated by multinationals. As research by economist Peter Jungen has shown, a large part of what has driven Germany's remarkable export success is the dominance of the country's MSMEs in specific global engineering and technology niches.

"Platforms such as eBay and Alibaba that directly connect buyers and sellers on different sides of the world have allowed firms to bypass traditional middlemen in reaching new markets."

Much of this evolution is also thanks to the internet. Platforms such as eBay and Alibaba that directly connect buyers and sellers on different sides of the world have allowed firms to bypass traditional middlemen in reaching new markets. An eBay study showed that half the countries in its data set had 100% export rates, meaning that every MSME on eBay in these nine countries exported. The data concludes that export rates of MSMEs participating in technology-enabled platform commerce are at least five times more likely to export than those in the traditional economy.

For the past year, ICC has been speaking with MSMEs to better understand their experiences with global trade. (A series of graphics summarising their responses can be found on the TradeMatters website.) A Nepalese data analytics company shared how being able to sell internationally has allowed them to bring in more revenue than if they focused on a single market.

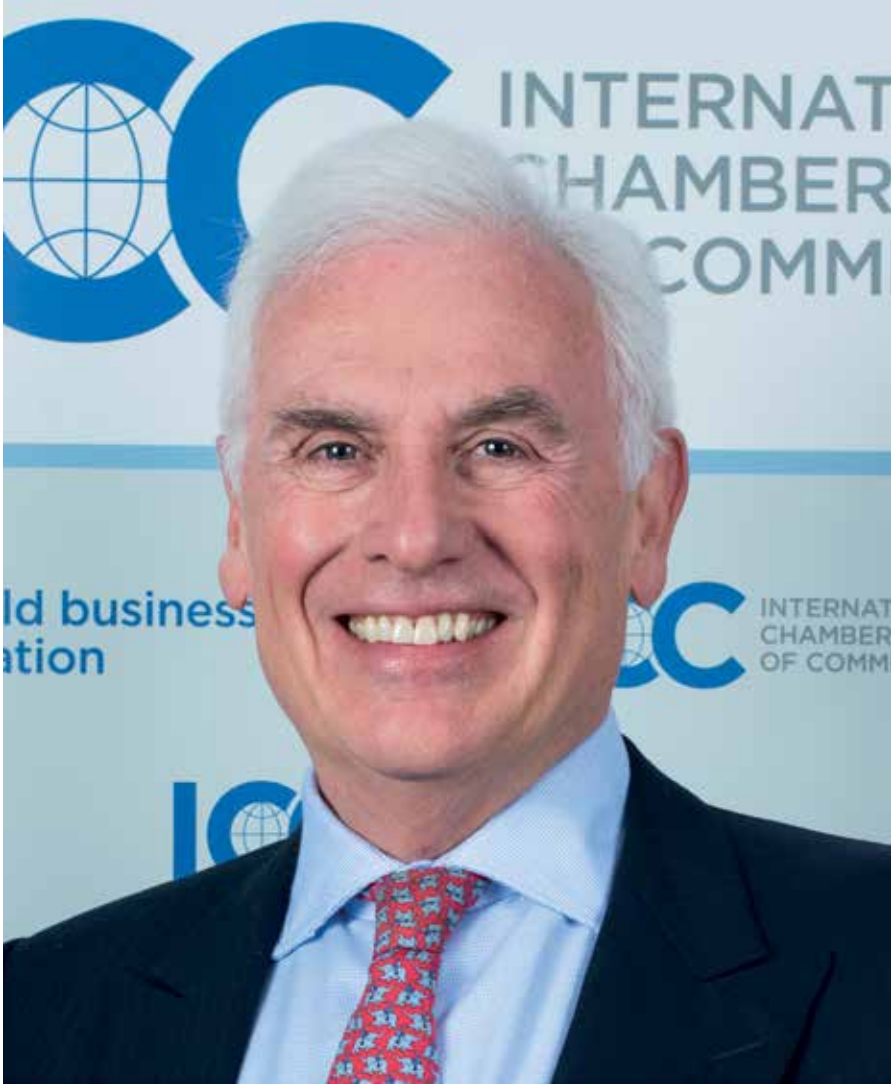
A Swiss sustainable fashion start-up said that facilitated access to small-scale farmers in India enabled them to source organic fair trade cotton while contributing to poverty reduction and environmental sustainability. A family-owned Italian footwear business began selling its products online during a downturn and turned the company around, online sales now accounting for 80% of its bottom line.

What was made abundantly clear through our many discussions with MSMEs across the world is that trade matters for small business. Far from being a threat to MSMEs, reaching outwards to global markets can help small local players thrive in the 21st century economy.

Nevertheless, the benefits of global trade for MSMEs don't mean that trading is easy. An equally clear takeaway from the MSMEs we talked to was that international trade still seems impenetrable or burdensome to far too many small businesses. Whereas large companies employ individuals who are expertly versed in different countries' trade requirements and can afford to spend time and money on compliance, MSMEs need trade to be as accessible as possible. A World Economic Forum study found that making customs processes simpler and more transparent could increase cross-border MSME sales by 60-80% in some economies.

Financing their international operations is another area where MSMEs are at a disadvantage. Recent ICC research shows that over half of trade finance requests by MSMEs are rejected, compared to just 7% for multinational companies. A simple lack of awareness of international opportunities also stops many MSMEs from fulfilling their potential to grow.

"Nevertheless, the benefits of global trade for MSMEs don't mean that trading is easy. An equally clear takeaway from the MSMEs we talked to was that international trade still seems impenetrable or burdensome to far too many small businesses."



Secretary General: John Danilovich

Much progress towards making trade more inclusive has taken place on the international level, culminating in the entry into force of the WTO Trade Facilitation Agreement which makes trade easier for MSMEs by simplifying customs and border processes. ICC consistently works to encourage governments to adopt trade facilitation measures that overwhelmingly benefit MSMEs—and has mobilised public and private sector stakeholders at the United Nations around the 'trade finance gap' that negatively affects smaller companies and certain regions of the world. Nevertheless, importing and exporting goods still requires time and resources that many MSMEs struggle to find.

Indeed, there is much that governments can do to help and encourage MSMEs to trade, from ensuring that the relevant information on importing and exporting processes is intelligibly laid out and available online to more substantive policy reforms such as increasing the de minimis value level—the amount under which companies need not pay duties or taxes on international shipments.

However, in an age where scepticism around trade in advanced economies has made progress in multilateral negotiations and even domestic reforms far from certain, ICC has joined forces with the WTO to propose a new kind of solution: the Small Business Champions initiative. The initiative calls on the private sector to step up and offer its own proposals for to make trade more inclusive, rather than simply waiting for governments' next steps. The basic idea is that many simple and practical steps can immediately be taken to encourage and help MSMEs trade and that business—with its vast reserves of creativity and expertise—is well placed to deliver such solutions.

The Small Business Champions initiative – launched in mid-August this year – kicked off with an open call for proposals from any private sector organisation on ways to make it easier for MSMEs to do business across borders. The aim is to raise awareness of the barriers these small businesses face, highlight experiences and success stories of those already trading, facilitate access to critical trade information and raise skills among MSMEs to help them diversify their export markets. Proposals will be considered jointly by ICC and the WTO and announced as they are accepted.

"Contrary to much of the negative discourse currently circulating regarding globalization, there is no reason to see economic integration as a threat to small business."

Contrary to much of the negative discourse currently circulating regarding globalization, there is no reason to see economic integration as a threat to small business. If anything, a more open and international marketplace will allow MSMEs to gain a new competitive edge across many emerging sectors. Helping MSMEs go global both makes business sense and will undoubtedly have positive knock-on effects in local communities around the world. It is time for global business to seize this opportunity to become Small Business Champions and help the smallest among us succeed in today's global economy. ❇

ABOUT THE AUTHOR

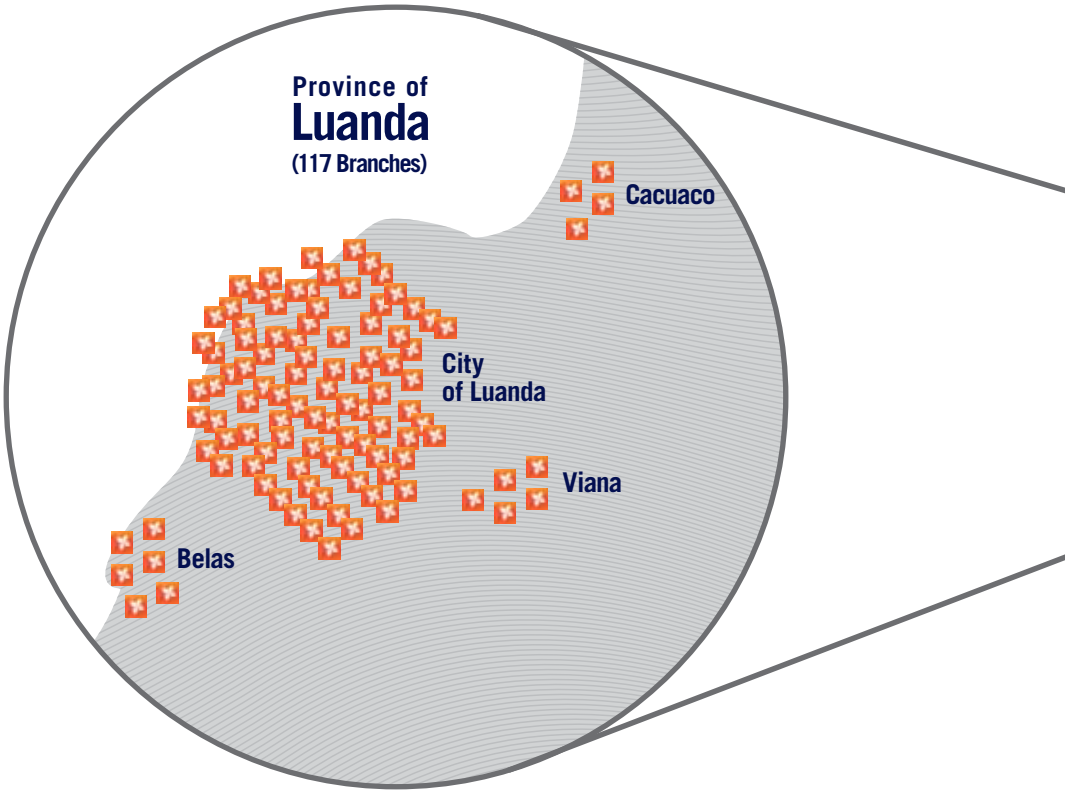
John Danilovich was appointed secretary general of the International Chamber of Commerce (ICC) in June 2014. He previously served as the US Ambassador to Brazil and to Costa Rica, and from 2005-2009 was the chief executive officer of the Millennium Challenge Corporation – an innovative and successful foreign aid programme. In a business career spanning several decades, Mr Danilovich also held a range of senior roles in the international maritime industry. As secretary general of ICC, Mr Danilovich represents the global business community in major international policy processes and forums – including the G20 and the World Trade Organisation. Under his leadership, ICC was granted observer status at the United Nations General Assembly in December 2016 – a landmark decision providing business with a direct voice at the UN for the first time.

ABOUT ICC

The International Chamber of Commerce (ICC) is the world's largest business organisation with a network of over six million members in more than one hundred countries. ICC works to promote international trade, responsible business conduct, and a global approach to regulation through a unique mix of advocacy and standard setting activities – together with market-leading dispute resolution services. Members include many of the world's largest companies, SMEs, business associations, and local chambers of commerce. *www.iccwbo.org*

Your Bank

- **More than 190 Branches**
- **More than 1,5 million Clients**



BFA is growing with Angola. With 16 Corporate Centres, 9 Investment Centres and 166 Agencies across the country, it now serves more than 1,5 million Clients. With a competitive and wide range of financial services available and a commercial network that reaches almost every part of the country, BFA is growing to meet all its Clients' needs wherever they are and wherever they need to be.

For further information on how to start or strengthen your business relations with Angola, visit any BFA Agency, Corporate Centre, Investment Centre or go to www.bfa.ao

in Angola.

BFA

MENA: A Tale of Two Property Markets

By Wim Romeijn

Whilst Dubai's overall property market has been on a downwards trend since 2014, registering a 10% decline in average values and a 30% slump in sales volumes, the "lower" end of the market has shown remarkable resilience. In Dubai, affordable housing is usually understood to include properties that sell from around half a million to a million dollars.

UAE: Dubai

Emaar Properties, one of the emirates' principal developers, saw the price of its Mira Estate apartments – sold off-plan for $350K – balloon to well over $500K in three years, bucking the trend. The Town Square project, the flagship development of Nshama – a new entrant to the Dubai housing market – rewarded investors with a 20% gain on their property, originally priced $330K off-plan.

Investors have taken note and are earmarking more funds for the so far relatively underserved affordable housing segment. Developers have also begun to entice buyers with attractive payment plans.

Overall, sales have remained sluggish. However, analysts agree that a recovery is about to get underway. The buoyancy reported at the lower end of the market is considered a precursor to an upswing across the board. Commercial property also managed to limit the damage. Rents for office space in Dubai's famed International Financial Centre are touching all-time highs with occupancy rates running at almost 100%.

Dubai real estate needs a robust boost to absorb the increased supply of residential units expected to hit the market over the next few years. Development of Dubai South – home to the Expo 2020 – is nearing completion, whilst the Dubai Creek Harbour project – site of an eponymous future tower that will poke the clouds at 928m – is already being marketed.

However, towers seem to have lost some of their lustre with residential units at the Burj Khalifa – the world's tallest building – losing about a quarter of their value over the last twelve months, outpacing the market's overall correction.

The latest market correction bears no relation to the one that rocked Dubai in the wake of the 2008 financial crisis when the emirate's property boom came to an abrupt end and values dropped by an average of around 40% in three months' time as owners who had bought multiple properties with only the tiniest of down payments were unable to meet their mortgage obligations and fled the country in the hundreds, if not thousands. Most just abandoned the properties, fearing imprisonment for failing to honour their financial obligations.

At the time, Nakheel – part of the government-owned Dubai World investment vehicle – was forced to delay repayment on part of its $59bn debt pile, triggering fears of a sovereign debt default larger than the one caused by Argentina in 2001. Happily, this doom scenario was averted at the last moment.

The recent downturn, much less dramatic in scope, was much more benign by comparison. Mortgage lenders have introduced much more stringent application procedures, requiring a minimum 25% deposit – more for second and third homes. Banking regulations have tightened as well, providing the industry with a stiffer backbone and expelling most speculators from the market.

According to a recent survey by property research firm Knight Frank, Dubai remains a top choice for moneyed real estate investors willing to commit $30m or more to the market. As Dubai slowly moves from emerging market to mature market status, its real estate sector is expected to settle down, become more predictable, and offer steady appreciation without the boom-and-bust cycles experienced thus far. The emirate has adapted remarkably well to the lower oil prices. Though cheap oil deflated the luxury market and affected the financial sector, overall Dubai adjusted well to the new regional normal thanks to its government's sustained push for economic diversity.

EGYPT

Egypt's normal is a buoyant property market. Despite price pressures, following the floatation of the Egyptian pound in November 2016 and the subsequent jump in inflation, buyers are not about to exit the market: real estate is considered an essential hedge against portfolio depreciation. UAE investment bank Arqaam Capital reported a significant increase of property acquisitions by Egyptian expats who saw their dollar earning double their local purchasing power. "The devaluation of the pound has triggered an increase in second-home buyers among Egyptians living in the Gulf Cooperation Council countries," says Mohammad Kamal, real estate analyst at the bank.

Developers have been slow to meet the strong demand for higher-end residential property, adding to the price surge. Developers churns out a paltry 20,000 or so newly built units annually. Extrapolating from the around one million marriages celebrated each year, Arqaam Capital places demand from middle class and more affluent young families around the 80,000 per year mark. Severely compressed profit margins depress new housing starts with a number of developers slowing down construction as costs spiral out of control and the expense of borrowing becomes prohibitive. Overnight lending rates now hover around 20%, after the central bank raised its benchmark rate by seven percentage points in a belated bid to tame inflation.

Though strong demand has caused a price bubble at the higher end of the property market, analysts do not expect the market to crash due to the peculiarities of Egypt's real estate sector which is dominated by cash buyers who usually hold on to their properties for a long time in the realisation that in the long run bricks and mortar beat any other asset class. ❇

DO NOT WORRY ABOUT IT..
FOCUS ON YOUR BUSINESS

- SME 360° A COMPREHENSIVE INSURANCE PROGRAM
- ALL YOUR INSURANCE NEEDS IN ONE PLACE

920007699

tawuniya

SME@tawuniya.com.sa

Tawuniya التعاونية

معرض مدن المستقبل

FUTURE CITIES SHOW

SUSTAINABILITY | INNOVATION | HAPPINESS

2nd Edition

9 - 11 April 2018

DWTC, UAE

Achieving **Sustainability** through **Innovation**: Showcasing the **Cities of the Future**

FEATURES

- Sessions & Panel Discussions
- Company & City Presentations
- Sustainability Tour
- Smart Cities Report
- Launch Revolutionary Products
- MoU Signing Stand
- Gala Dinner

Witness the latest and most innovative technologies that will change the future

The Future Cities Show is based on the 17 Sustainable Development Goals set by the United Nations and the Dubai 10X initiatives, which were set by H.H. Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai.

A three-day event where you will network, find investors and share knowledge for a smart sustainable future that will gather the following:

- Environmentalists
- Sustainability leaders
- Livability experts
- Solution providers
- Healthcare practitioners
- Security vendors
- Energy consultants
- Communication Technology
- Smart City Mayors
- Green Builders
- Urban developers
- Architectures
- Investors
- Mobility Innovators
- Big data Specialists
- Students

BOOK YOUR SPACE

Future Cities Show 2018

#FCS2018

info@futurecitiesshow.com www.futurecitiesshow.com +971 4 39 23232

> Averda: High-Tech Waste Collection

Averda's approach to waste management services is highly customer-led and value driven. The company provides tailor-made integrated waste management services that are fully aligned with its clients' needs.

Averda takes great pride in its cutting-edge technology. For example, in Dubai the company's Smart Recycling Centres – the first of their kind in the GCC – consist of a number of receptacles for the disposal of various recyclables. The roof incorporates an array of solar-panels, to power the sensors that inform our operational team when the container is nearing full capacity.

In Abu Dhabi, Averda was the first waste management company to invest in the recycling of used cooking oil. In partnership with Masdar, this used oil, once refined, is used to fuel company trucks.

In Dubai, to ensure that e-waste disposal is handled correctly, Averda installed twelve collection centres. Averda warrants that the final disposal of e-waste is carried out in full compliance with the provisions of the law, and in line with European best practices.

On other projects in Dubai and Abu Dhabi, to improve the recycling rates in these cities and further enhance the collection efficiency, Averda equipped the collection bins for its commercial customers with RFID sensors, and the vehicles with bin weighing equipment, that allows the tracking of the quantity and type of refuse collected.

Last year, Averda registered significant growth. The company expanded its services in Oman and UAE, while increasing the number of clients in Qatar. In the Sultanate of Oman, Averda is the operator of Al Multaqa and Liwa Medical Waste Treatment Plants, collecting and treating in excess of 4000 tons of hazardous medical waste per year.

Present in Qatar since 2009, and operating across the entire country, Averda's activities have demonstrated the full-embedding of its corporate values – deliver, engage, inspire – by launching an automated paperless system that is used by 99% of the company's Qatari SME portfolio and, also, by a significant number of its larger clients in Qatar.

In October 2016, the residents, schools, universities, and public hospitals of the Al Mizhar, Al Muhaisnah, and Nadd Al Hamar districts in Dubai have seen Averda's "men in blue" at work as part of a new waste management contract. Two of the most important services to be provided by Averda under the new contract are represented by the door-to-door waste and recyclables collection, providing the 31,000 residents, 100 public schools, a public university, and three healthcare centres in these districts with an immediate and readily available opportunity to recycle the waste generated.

Market intelligence research showed that sustainability is key to organisational and technological innovations that would allow Averda to yield both bottom-line and top-line returns not just for the company, as a private business, but for its clients too.

Evidence of Averda's innovation are the recycling centres, the e-waste collection points, and the partnerships entered with other private organisations such as UBER or international think-tanks such as the Ellen MacArthur Foundation and the World Economic Forum.

Moreover, Averda's app for its private and public clients can be used by anyone to send a real-time picture to Averda's Customer Care Centre to ensure that the waste related caption is appropriately dealt with. The app is available to all Averda's countries and international users and, to streamline its functionality, it has been provided with a built-in geo-locator to inform the waste trucks/workforce in the area where the picture was taken on the actions they need to undertake.

The live data collected from Averda recycling and waste bins, corroborated with that generated by the e-waste collection points and recycling centres allows the company to have an exact picture of the waste profiles of the areas it operates in UAE. ❇

> ASTAD:
Fully Integrated Project Management

ASTAD was established to meet the growing needs of the construction industry in Qatar and the region. Whilst the firm was officially formed in 2008, its journey began when a team of talented engineers were tasked to provide services for the development of Education City.

Having grown into one of the leading project management consultancies in Qatar, ASTAD is also a prominent project and asset management firm, serving clients in several countries and multiple sectors.

As a trusted partner to its clients, ASTAD delivers fully integrated project and asset management services. Working together with businesses, organisations and governments, ASTAD turns vision into reality by providing consultancy from project conception through to completion and ongoing management.

SOLUTIONS FOR ANY PROJECT

Providing consultancy in project management, ASTAD covers the design and construction of building and infrastructure projects.

Giving oversight throughout the entire process, the firm manages all aspects of project development, assuring clients that their vision will be delivered.

With a focus on innovation, ASTAD positions itself to adapt easily to the client's changing needs, remaining committed to continue delivering bespoke services that exceed expectations.

Providing services from project conception through to completion and ongoing management, ASTAD is always ready to develop solutions that ensure excellent project outcomes

AS GOOD AS OUR PEOPLE

ASTAD delivers innovative, cost-effective and efficient solutions thus leveraging the vast expertise of its experienced professionals – a global network of experts determined to succeed through collaboration and the consistent production of sustainable outcomes.

Their multicultural team enables ASTAD to provide truly comprehensive services. Team members define, plan, implement and integrate every aspect of a project to ensure that all client goals are met.

Committed to being open, honest and transparent, the ASTAD team's problem-solving attitudes have enabled the successful delivery of some of the region's most iconic landmarks. As CEO Ali Al-Khalifa points out, these achievements have further supported ASTAD's journey towards the fulfilment of the Qatar National Vision 2030 ❊

Qatar National Convention Centre

Museum of Islamic Art

Qatar Science and Technology Park

GTDW

MAJOR GLOBAL EDITION 2017 UAE

GTDW
Global Trade Development Week

30th October - 1st November 2017
Intercontinental Festival City, Dubai, UAE

GTDW Global Trade Development, Trade Technologies & Trade Services Exhibition

GTDW Global Ministers & Trade Leaders Summit 2017

GTDW Customs, Compliance & Trade Facilitation Summit

GTDW Financing Global Trade Summit

Navigating Global Trade & Reviving Global Growth
Implementing TFA and enhancing capacity across the public & private sector

SPECIAL 20% DISCOUNT FOR READERS

REGISTER WITH CODE GTDWUAE 2017-20

www.kwglobaltrade.com

Contact: jackp@kwconfex.com | Twitter: @GTDWNews

Under Patronage of Ministry of Economy UAE

UNITED ARAB EMIRATES
MINISTRY OF ECONOMY

الإمارات العربية المتحدة
وزارة الاقتصاد

Lead Partner Federal Customs Authority UAE

الهيئة الاتحادية للجمارك
Federal Customs Authority

Organized By:

KW GROUP
www.kwconfex.com

> Lord Waverley:

The Shackles That (Still) Bind International Trade

THE 'PROBLÉMATIQUE'

Notwithstanding the continued march of globalism, cross-border global trade remains plagued by multiple barriers. These impede economic development, particularly in emerging market (EM) economies, and for small and medium-sized enterprises (SMEs).

EMs account for over 85% of the global population, almost 60% of global GDP, yet only 40% of world exports. And they are an economic driving force: since the 2007 to 2009 global financial crisis they have been responsible for fully four-fifths of global growth.

Even more fundamentally, SMEs are the backbone of all economies, and the driving force of much innovation, job creation, and growth. In the OECD for example, SMEs account for more than 90% of all enterprises, between 60% and 70% of all employment, and between 30 and 70% of the total value added. Their role in exporting, however, is much smaller than that of larger enterprises. Depending on the country, SMEs contribute between 15 and 50 % of exports, whilst between 20 and 80% of SMEs are active exporters. Overall, it is estimated that SMEs contribute between 25 and 35% of world manufactured direct exports. Where information exists, it points to these exports being concentrated around relatively few larger SMEs.

Thus, collectively small and mediums-sized firms are extremely important in their home economies, but take part disproportionally little in world trade.

And this matters. If, for example, SMEs were to have the same share in international trade as larger entities, it would bring many benefits, including more efficient global supply chains, enhanced competition and technology transfer, higher productivity, wages, and employment, and reduced EM dependency on aid.

Clearly one or more factors are inhibiting, or preventing, SMEs from exporting.

INHIBITING FACTORS

The factors inhibiting would-be international suppliers of goods and services are many, various, and multi-level. They range from lack of information and transparency; to problems of language and culture; to differing regulations and standards; and constraints on access to finance, insurance, and ultimate payment. International tendering and contracting in particular is simply too painful and too costly to undertake.

The result is that for many, exporting is simply too difficult, with such little practical support as is available being woefully inadequate.

THE RESOURCE CONSTRAINT

Companies in emerging markets generally have fewer resources with which to promote their exports than do their counterparts in the

developed world; and the help available too tends to be less resolute.

SMEs for their part tend to be particularly resource constrained, in all countries, relative to their bigger corporate cousins; and in emerging market countries many face particularly severe constraints, with little internal capacity to identify, let alone follow up, potential opportunities.

Governments can help; but what they can offer is limited. In any case, governments should attempt to do only what only they can do – which is basically to provide a supportive macro environment, including a robust, fit-for-purpose institutional framework within which the private sector can thrive. Depending on their political philosophy, some governments will accept more, and some less, social and other responsibilities than others. But whatever the help provided by government, in all countries a major part of the challenge rests with the private sector. The playing field is far from level.

A further issue is that most governmental policies are intrinsically either national or at most region-wide: comparatively few efforts are made to approach these issues at the global level. A greater understanding is emerging of how best to assist companies globally in entering new cross-border markets; and the new technologies offer considerable scope for putting them into practice.

SOME IMPORTANT OVERARCHING PRINCIPLES

A number of overarching principles that ought to be regarded as central to any programme aimed at increasing cross-border trade include:

- Taking both a truly top-down, global, and holistic approach.
- Ensuring clear alignment of business, national, and international objectives.
- Targeting policy especially towards SMEs and emerging markets.
- Constructing policies in consultation with key stakeholders.
- Growing an export culture and raising international ambition, including through government briefings, school education, improved teaching of modern languages, and advisory services.
- Examining the range of existing policies, and best practice from around the world.
- Setting up working groups that are government-backed.
- Regulating to facilitate, rather than to control.
- Seeking to eliminate inadvertent constraints, to put competition on an even footing internationally.

KEY AREAS OF FOCUS

Some areas that are central to any programme aimed at increasing cross-border trade include:

- **Language and culture.** Cross-border trade is reliant on overcoming language barriers and understanding cultural differences.
- **Legal and regulatory** factors, including labelling, branding, patents, copyright and trademarks, rights of distributors/sales agents abroad, and compliance with local health and safety are cited by SMEs in particular as being a major obstacle to exporting. Harmonisation wherever possible is always of benefit.
- **Finance and insurance.** Most firms are heavily reliant on (only a few) banks. Capital constraints often lead to trade finance and insurance options being restricted. Better and more financing options are needed.
- **New technology.** Advances in technology continually change the game. Recently-developed software now enables lenders to interface with, and thereby monitor and analyse, key company data along supply chains, including all-important accounts-receivable information. As a result insurance companies are more willing to offer guaranteed fixed-term insurance; banks are more willing to lend to such companies, sooner, more cheaply, and in greater volume. It has also facilitated early payment to suppliers.
- **Awareness.** Firms need to know about the support that is available otherwise take-up remains low.
- **A one-stop information hub.** A true 'one-stop shop' that brings together all that is needed, including importantly the brining together of suppliers and buyers, in a user-friendly centralised information hub will perforce need to be at the heart of it all.

Steps are being made in the right direction. Supplyfinder is a new multi-language "industry matchmaker" platform providing organisations around the world with a comprehensive range of practical services, to help them deepen exiting markets, open up new opportunities; and to advance international trade and investment across 195 countries. ❊

ABOUT THE AUTHOR

Lord Waverley (JD) (Member, House of Lords, London) is the founder & CEO of SupplyFinder.com.
Contact: jd@supplyfinder.com

> THE EDITOR'S HEROES

The Right Stuff

Heroes are, perforce, remarkable people; they were moulded out of the right stuff. However, not all are firefighters entering a towering inferno to rescue the helpless. Most heroes are, again perforce, rather more mundane in their presence and outlook; it's just that they live extraordinary lives and manage to make the world an even better place – eliciting a smile, preserving a heritage, or imparting knowledge.

As far as is known, none of the six heroes profiled on the following pages has saved human lives or stopped a disaster from claiming victims. Yet, take Sallie Krawcheck, one of the most powerful women on Wall Street. Twice in a row, she managed to return large failing banking divisions to profitability – in record time. That's not all: Mrs Krawcheck was not afraid to speak her mind when the powers that be literally told her to sit down and shut up. She didn't and insisted her employer do the right and honourable thing – which, of course, was not going to happen. Though Mrs Krawcheck lost that job, the street took notice: here is a lady that calls things by their proper name and knows right from wrong. It is a sad thought that such behaviour should be considered exceptional and news worthy – yet such it is.

How about record collecting for a heroic pursuit? One Brazilian entrepreneur has carried his hobby to the extreme and now declares he wants to collect all record ever produced anywhere in the world. This endeavour of Googlesque proportions is already well underway as Zero Freitas' stack of vinyl records recently passed the 8-million mark.

The number, however impressive, applied to the scale of a mathematician is but a rounding error. Marcus du Sautoy, another of the issue's heroes, deal in theorems that can be proved only with calculations so immeasurably vast that they would take the lifetime of the universe to complete. In fact, Professor Du Sautoy dwells on the ragged edge of human knowledge, probing the limits of human brainpower and applying that same organ to his quest to find out what lays beyond. It is, of course, an impossible undertaking to explore that what humans cannot conceive – yet, few pursuits are more tempting.

Meanwhile, art critic and historian Waldemar Januszczak wonders why Michelangelo consistently loses out to diminutive Amazonian frogs and like critters when it comes to television ratings. Nature programmes, an art raised to sublime perfection by the BBC, invariably draw millions of viewers whilst art shows languish in the margins. Mr Januszczak has a simple solution: find the David Attenborough of the art world and ratings will follow. He, of course, is not entirely unwilling to take on the role. And a good candidate he is too: knowledgeable and, even more importantly, fun to watch and able to breathe life into even the most obscure painter of some long forgotten school and era.

Modern art, not always fully appreciate, also has its heroes – artists who shine in the background and do not necessarily thrive in the limelight. Catherine Abel closed her studio in Los Angeles and relocated to the most unlikely of places – a tiny village in Australia where she opened a gallery and produces work that savvy art buyers snap up almost before the paint has dried. The consensus is that Ms Abel's paintings are an excellent investment. She's considered as talented as the Polish art deco great Tamara de Lempicka – if not more so. De Lempicka's work – a bold melange of art deco, art nouveau, and cubist elements – comes up regularly for auction at Christie's fetching prices of up to $6m.

Such sums of money do not impress the people Michael Lewis writes about. They often handle billions, making them appear and disappear seemingly at will and as if by magic. Exposing Wall Street's Big Short and Flash Boys, the US author now digs deeper to unearth the subconscious and little-understood processes that drive decision-making. Not just decisions about tonight's supper, but decisions that drive markets and ultimately determine the fate of millions. Unsurprisingly, there is room for improvement. Read all about it in the pages that follow. ❇

Florence: David by Michelangelo

> CATHERINE ABEL

Stretching the Canvas of Art Deco

A young lady from the Australian outback, determined to become part of the famed Paris art scene, Catherine Abel has managed to shape her world into a refined cubist and neoclassical image reminiscent of Polish-born painter Tamara de Lempicka (1898-1980) whose immediately recognisable work invokes the daring spirit of the 1920s when flappers and swells scandalised civil society and the established order.

In early 2000, Catherine Abel settled in the French capital and promptly became a regular at The Louvre, absorbing its masterworks by day and retreating – inspired and all – to her apartment to paint the night away. Exceptionally talented and largely self-taught, in Paris Ms Abel retraced the footsteps – and relived the life - of her childhood heroine Tamara de Lempicka who arrived in the French capital a refugee of the Russian Revolution.

Just like Matisse and Picasso before her, Tamara de Lempicka became an assiduous visitor of The Louvre – a fountain of inspiration. She enrolled at the Académie de la Grande Chaumière in Montparnasse and prided herself on being the first woman to produce clear paintings – a technique that sets precisely depicted figures against a likewise sharp background containing cubist traces.

Just as De Lempicka's work, stripped of banality, is instantly recognisable, so is Catherine Abel's expanding oeuvre of sensuous art deco portraits and still lifes. Ms Abel has pushed the boundaries of her predecessor's work. She has not, however, adopted a similarly hedonistic lifestyle. Where Tamara de Lempicka, driven to success and determined to make her own fortune, revelled in upsetting convention and causing scandal, Ms Abel pursued artistic perfection.

The dedication paid off, although not instantly. The owner of a California art gallery convinced her to leave Paris for the West Coast where, it turned out, money was as tight as the living arrangements – a tiny one bedroom condo that barely offered enough room for a bed and an easel. Yet, the trying conditions – and the fainted pastels of the local art deco environment – brought about a burst of creativity. Not able to afford proper canvas and frames, Catherine Abel used wooden boxes, cardboard scraps, and walls instead.

It was thus that she produced one of her now most admired pieces – Cubist Lilies, finished in 2002. Sadly, the black cotton that supports the painting proved an unstable surface, prompting Catherine Abel to redo and recover her signatory work fourteen years after the original came to life. Gilding the Lily has now been completed adding new depth and sensuality with higher definition and warmer tones, thus documenting the evolution of its artist.

Back in Australia, Catherine Abel divested herself from gallery representation after an unfortunate brush with Sydney art dealers who insisted the artist go light on the cubist element, deemed detrimental to sales. Ms Abel opened her own gallery-annex-studio in Trentham, a small village on the edge of the Wombat Forest, 700 metres up in Victoria's Central Highlands. A hideout for artists, Trentham welcomed its "living cubist" who now lives above her gallery/studio and sells her work worldwide via the internet. Demand is high and a number of art critics concluded that Ms Abel has managed to improve on Tamara de Lempicka, a conclusion she modestly, but resolutely, rejects.

Noting a markedly increased interest in realistic figurative painting, not quite unlike the New Objectivity that blossomed in the Weimar Republic between 1919 and 1933, Ms Abel is at the leading edge of a nascent art movement that aims to rescue – or resuscitate – the core values of art deco / art nouveau and expand the boundaries of realism.

Visiting the Florence Academy of Art for a six week course last year, Ms Abel a hauntingly beautiful series of still lifes working with natural light only and using the techniques of past masters to transpose nature in a way that is artistically pleasing whilst rigorously maintaining anatomical accuracy. The true master captures the essence and beauty of simplicity to produce an image that, in turn, locks in the viewer. Catherine Abel is such a master.

"The true master captures the essence and beauty of simplicity to produce an image that, in turn, locks in the viewer. Catherine Abel is such a master."

> MARCUS DU SAUTOY

What We'll Never Know

He poses questions that may never be answered and argues that the field of human knowledge is finite – confined by seven edges beyond which the truly incomprehensible resides: the nature of time, the source of human consciousness, and other phenomena destined to remain shrouded in mystery.

Mathematics professor Marcus du Sautoy of Oxford University is not reluctant to display his own apprehension and confusion in the face of pressing questions. Is here a multiverse? Is an infinite row of odd numbers smaller than one that also includes even numbers? Can a lepton be subdivided into an even smaller particle?

Probing the limits of knowledge often brings Professor Du Sautoy into the realm of philosophy where certainty is usually considered contextual – a conclusion based on the acceptance of common knowledge with the possibility of error – yet necessary for human survival. Doubting every piece of data would (undoubtedly) result in paralysis. "Sitting on the fence is not an option. A belief in an answer one way or the other will have an impact on how we lead our lives," says Prof Du Sautoy.

It also helps to appreciate and hold on to the "knowns" already unearthed and celebrate the progress made – from the sequencing of the human genome to the unravelling of Fermat's Last Theorem.

Writing in What We Cannot Know: Explorations at the Edge of Knowledge, the professor argues that the limitations of language, brainpower, and reasoning may hamper humanity's quest for knowledge. Stuck within a system, mankind cannot conceive of what is outside. Drawing a neat circle, Prof Du Sautoy rather depressingly concludes the obvious: we probably cannot know for sure what it is we cannot know.

Then there is the apparent randomness of the universe as pointed out by quantum physics. As it happens, the gods do play dice. Danish physicist Niels Bohr (1885-1962), given to philosophy, pointedly remarked: "If quantum physics hasn't profoundly shocked you, you haven't understood it."

Mathematics, Prof Du Sautoy's own field and long deemed a bastion of unshakable certainties, turns out to be not that different. Mathematicians have shown that some theorems can be proved but only by calculations that would take the lifetime of the universe to complete. That would constitute a waste of energy since it has also been shown – by Austrian logician Kurt Gödel in the 1930s – that any mathematical system is incomplete. Gödel's own Incompleteness Theorem ended efforts to find a single set of statement (axioms) to describe all of mathematics – including Isaac Newton's Principia Mathematica.

Approaching the uncertainties of the unknowable with precision and panache allows Prof Du Sautoy to show that, also in science, the journey matters as much as the ultimate destination – and is much more interesting besides. Since his election to the Simonyi Professorship for the Public Understanding of Science in 2008 – successor to Richard Dawkins, the evolutionary biologist and militant atheist – Prof Du Sautoy has been a regular guest on television shows detailing the intricacies of mathematics – putting the fun in math – in a way that keeps even lifelong numberphiles enthralled.

Prof Du Sautoy distils deep meaning from every number. In Bhutan he was asked to dissect the number 108 which in Buddhism represents the number of sense categories. The professor promptly pulled the number apart into its prime divisors (2x2x3x3x3) which, as it happens, dovetails nicely with the sensory experience: five primary senses plus conscience which may be good, bad, or indifferent and can play out in the past, the present, or the future – you do the math.

He also tackled the number 42, central in The Hitchhiker's Guide to the Galaxy as the answer to the "ultimate question of life, the universe, and everything" calculated by Deep Thought, a planet-sized supercomputer, over the course of 7.5 million years – eons during which the ultimate question was sadly forgotten, rendering the answer irrelevant. No so for Prof Du Sautoy who promptly linked 42 to the Riemann zeta function which is used in advanced statistics and the analysis of dynamical systems.

A true optimist, Prof Du Sautoy is not easily defeated by the unknowable. He keeps searching for patterns in prime numbers. None has been observed yet and, indeed, none may exist. That fact, which the professor hopes to disprove, for now remains the foundational stone of encryption which derives its strength from a failure to understand the nature of prime numbers. A scientist turns hacker.

"Approaching the uncertainties of the unknowable with precision and panache allows Prof Du Sautoy to show that, also in science, the journey matters as much as the ultimate destination – and is much more interesting besides."

> MICHAEL LEWIS

Explaining Human Foibles

Few writers can match Michael Lewis' uncanny sense for capturing, and explaining, the zeitgeist. After detailing the inner workings of capital markets and showing how they appear rigged for failure, the US author has turned his attention to behavioural economics – a pursuit as much science as art that rarely grabs headlines yet shapes our world.

The Undoing Project, published late last year to almost universal acclaim, tells the story of the Israeli academic double act Amos Tversky and Daniel Kahneman, two psychologists who worked on heuristics – the simple standardised processes people use to reach decisions and make judgments. Amos Tversky, who passed way in 1996, put it much more succinctly: "We study natural stupidity, not artificial intelligence."

Obeying the Law of Small Numbers, most people routinely extrapolate conclusions from occurrences that are merely incidental. In its most basic form, this judgmental bias for example assumes that after three successive heads, a coin is most likely to come up tails the next time it is flipped.

Unable and unwilling to live with uncertainty, people since the dawn of time have looked for patterns in random events, trying to detect trends and projecting these into the future. Tversky and Kahneman point out that most of the rules people live by are based on limited experience – the sample pool used is too small to justify firm conclusions. As a result, personal rules often ignore logic and probability. Decisions are then made on the basis of emotions; not a carefully weighed analysis of data. Or, as Daniel Kahneman surmised: "People need a story to reach a decision, not a reason."

Applied to economics, behavioural psychology offers a welcome explanation for the baffling ups and downs of markets and the apparently counterintuitive actions of its players. Michael Lewis (57) vividly describes Tversky and Kahneman's most important finding: under conditions of uncertainty, people's behaviour consistently contradicts the Utility Theory – a fundamental assumption in economics which simply states that decision-makers are motivated to act in their own self-interest.

This seemingly trivial observation constitutes the story behind the story of how markets actually fail and will keep doing so in boom and bust cycles triggered by emotion rather than fact. Michael Lewis shows that whilst the market itself bears little blame, its participants do so all the more.

The Undoing Project complements, and expands on, Freakonomics – the 2005 bestseller by University of Chicago Economics Professor Steven Levitt and New York Times writer Stephen Dubner that demystifies economic and social theory by exposing in an often hilarious way the misuse of statistics and chance. Scientists may scoff at the reductionist approach, but is it indeed mere coincidence that US crime levels dropped sharply precisely seventeen years after abortion was legalised?

What makes Michael Lewis unique amongst economics writers is his ability to distil highly complex issues to their bare essentials, in the process separating fact from spin and uncovering true intent. As the financial universe that underpins modern life becomes ever more complex – and somehow declines to draw lessons from past mistakes – its goings on need constant exposure if "the rest of us" is to understand what "they" – the bankers et al – are up to.

Or, is this all perhaps a self-defeating pursuit, an exercise in futility, since humans seem genetically hard-wired to reject – albeit subconsciously – logic and reason as guiding principles. Financiers may be disliked for causing a crisis every now and again, in the main they perform rather well. It's just that bankers, much like everyone else, suffer from emotions and judgmental bias which clouds their vision and distorts their decision-making processes. Bankers are human after all.

Algorithms have of course no such qualms and quirks. Then again, machine trading as pioneered by Mr Lewis' Flash Boys hardly seems the answer, introducing a new set of deplorable ills. Maybe it's best to learn and live with it – humanity's inescapable foibles. Why rebel against inevitability.

"What makes Michael Lewis unique amongst economics writers is his ability to distil highly complex issues to their bare essentials, in the process separating fact from spin and uncovering true intent."

> SALLIE KRAWCHECK

The Power of Networking

She has been called The Last Honest Analyst and suffered years of sexual harassment before gaining recognition as one of Wall Street brightest operators. Sallie Krawcheck has paid her dues and shattered a succession of glass ceilings to become one of the most admired thought leaders of the financial world.

Starting her career at Sanford C Bernstein, a sell-side research firm in New York, Mrs Krawcheck moved up the corporate ladder at Citigroup where she was put in charge of the severely troubled private banking division.

Though Mrs Krawcheck managed to restore the division's tainted corporate culture to acceptable standards of fiduciary decency, she clashed with group CEO Vikram Pandit over the bank's responsibility to clients for the miss-selling of dubious investments. Whereas Mrs Krawcheck wanted to see duped clients reimbursed for their losses, Mr Pandit argued that Citigroup had no legal obligation to do so. He won.

Hired by Bank of America a few months after her departure from Citigroup, Mrs Krawcheck was again asked to troubleshoot a failing department.

Bank of America's takeover of Merrill Lynch in 2009 – at the height of the banking crisis – proved a less than fortunate affair. Just as Bank of America CEO Ken Lewis had suspected as he tried – and failed – to stop the acquisition from going through, Merrill Lynch appeared in far worse financial condition than previously known. Its wealth management arm in particular was hampered by poor performance. It took Mrs Krawcheck just two years to turn things around and produce a $3.1bn profit.

However, life can be cruel even to the brightest. A major corporate restructuring exercise – street talk for a round of cutbacks – suddenly left Sallie Krawcheck without a position. She did get a $6m severance package just before being shown the exit.

As one door closed, another one opened. In 2013, Mrs Krawcheck set up Ellevate Network, a community of professional women and a platform that encourages its members to reach out invest in career development beyond the now stale diversity agenda. Ellevate also advises private businesses that want to close the gender achievement gap by offering employees access to an enabling community.

Mrs Krawcheck also founded the Ellevest investment platform for women that factors in a range of distinct gender parameters such as longer lifespans, career breaks, pay gaps, and risk adversity. The fight for gender parity does not imply a unisex approach to investing.

Noting that 86% of investment advisors are men, Ellevest argues that the industry is tilted towards serving the best interests of male salaries, career development, life objectives, and investments horizons. Though initially small, the differences add up to significant amounts once a three to five year longer lifespan has been factored in.

Interestingly, Ellevest does not try and beat the overall market; rather, it seeks to attain a pre-set goal regardless of market conditions. This approach may dampen returns during boom times but, thanks to build-in resiliency, performs well in bear markets.

Mrs Krawcheck is a passionate advocate for gender-specific investing and has become a regular contributor to online news sites such as The Huffington Post. News and opinion website The Daily Beast gave her the ultimate accolade – "a rare honest voice on Wall Street". She is frequently invited to dispense thoughts on CNBC and was named a Young Global leader by the World Economic Forum which she still attends almost every year in order to network – the single most powerful tool for career development.

"Interestingly, Ellevest does not try and beat the overall market; rather, it seeks to attain a pre-set goal regardless of market conditions."

> WALDEMAR JANUSZCZAK

Art for the Millions

The BBC needs a David Attenborough of the arts and Waldemar Januszczak (63) may answer the call. Arguably Britain's best loved art critic, Mr Januszczak managed to illuminate the Dark Ages without causing viewers to zap elsewhere – a considerable tour de force by any standard. Mr Januszczak is not at all best pleased that television viewers tune in by the millions to gawk at the reproductive antics of some miniscule frog in the depths of the Amazon rainforest while they could be admiring the unsurpassed grandeur of High Renaissance painters and architects. Frog or Florence shouldn't be a contest.

Mr Januszczak equates watching BBC arts programmes to "homework": a rather disagreeably dry and mostly uninspiring pursuit: "The Beeb has a lot to answer for. They've created this image that art is a kind of homework, that needs to do you good." Mr Januszczak get quite upset over the low ratings achieved by arts programmes: "It is not that hard to spice things up just a little without detracting from overall quality."

His Renaissance Unchained series that aired last year proved his point by arguing that its reading by established history is flawed and possibly misleading. Though an epoch of fabulous splendour, Mr Januszczak showed the Renaissance not as a rebirth of something lost to the rigours of the Dark Ages, but as an era of innovation and experimentation, bordering on madness. He also sought to correct conventional wisdom by placing its epicentre in the Low Countries and Germany rather than Italy. "As I see it, the Renaissance has nothing to do with a return to classical values. It was much more a time of over-the-top religious passions and human emotions."

The son of a milkmaid and a janitor, Waldemar Januszczak is a passionate advocate for excellence in public services and education in particular – it allowed him to become an art historian and critic. He publicly deplored the recent decision by the AQA exam board to drop art history from it's a-level syllabus – the last one to do so in the UK. The board justified its decision by stating it had been unable to find "sufficiently experienced" examiners. Feeling generous in his assessment, Mr Januszczak considered the explanation baloney: "Ha! There are enough experienced art historians living within a couple of miles of me in North London to mark the nation's art history papers ten times over. I probably have enough of them on speed dial."

Mr Januszczak suspects the real reason for axing art history from the curriculum has more to do with "a ghastly mindset" prevalent amongst educators who consider the subject a mere distraction from more worthwhile (read: lucrative) academic pursuits. "Only toffs go for art history. It is seen as a dead-end career and may not even lead to a job."

In Mr Januszczak case, a job was secured upon graduation from the University of Manchester with The Guardian from where he moved in 1990 to Channel 4 television as head of arts. Two years later, he became an art critic for The Times, a position he holds to this day. No stranger to courting controversy – Mr Januszczak famously defended the figurative paintings of London-based artist Stella Vine when she was ruthlessly decimated by most critics – he insists on ushering art out of the rarefied atmosphere of the well-heeled and into everyday life. "Art saved my life, if you must know. Art history lifted me out of a dark immigrant's existence. I was eight months old when my father was run over by a train in Basingstoke. I never knew him. I couldn't speak any English till I was six. But I could look at paintings, at sculpture, at books full of pictures of beautiful things, at all the glorious art-historical evidence that survives from the story of humanity, and I could enjoy it and learn from it."

"Art saved my life, if you must know. Art history lifted me out of a dark immigrant's existence."

> ZERO FREITAS

All Yesterday's Parties

Gravity, scientists explain, is a function of mass. The more massive an object, the greater the pull it exerts. The same applies to collections: once a certain volume has been attained, their mass increases almost exponentially. Libraries take over entire homes and record collections balloon until they fill acres of warehouses.

Infected with the vinyl-bug, an unassuming Brazilian businessman is quietly buying up all the world's records – or at least a fair-sized chunk of them. Waving stacks of dollars, his agents buy up the inventories of iconic music stores, mostly bankrupted by MP3s and online streaming.

The three million or so LPs and 45s amassed by Paul Mawhinney, founder of Pittsburgh's now defunct Record-Rama music emporium, changed hands and departed for Brazil. It took no less than eight semitrailers to dispatch the haul.

The inventories of Colony Records, a New York landmark for 64 years, and Music Man Murray of Los Angeles also ended up in Brazil with José Roberto "Zero" Alves Freitas (1955). The Brazilian doesn't quite understand what drives him to buy any record that crosses his path. Even four decades of therapy has failed to unearth an explanation.

A successful entrepreneur, Zero Freitas is happy to indulge. He did lose track of the exact number of records he now owns. A conservative guesstimate runs to eight million. Apart from the around 100,000 LPs he keeps at home, a number originally calculated to fall safely within the wife acceptance factor (WAF – a hard upper limit), the records are kept at a 2,500m^2 warehouse in São Paulo where a crew of seventeen workers, mostly interns, processes on average 500 LPs per day – inspecting, cleaning, cataloguing each one, never able to catch up.

Mr Freitas's frenetic record-buying is hard to keep up with, especially since he divorced his first wife in 1997, just as his bus company took off making him a rich man. As two-metre-high jumbo bins covered by tarps and filled with LPs accumulate at his warehouse, the businessman shows no signs of slowing down. He maintains a network of buying agents across the world who scour faraway markets. Mr Freitas' Man in Havana recently scored a deal comprising some 110,000 records while his US agent managed to buy the unique collection built by Bob Hope (1903-2003) from the comedian's daughter.

Prodded by a visiting American music archivist to find a use for his collection, Zero Freitas decided to house his records in a purpose-built facility that will be open to the public and boast an online presence. He is now working with the Archive of Contemporary Music in the US, supported by Columbia University and recording artists such as Keith Richards, donating duplicate copies of records and receiving technical archiving assistance in return. Zero Freitas has also started to digitise part of his record collection in order to preserve – and disseminate – rare music.

Angling for an explanation of Mr Freitas' compulsive record-buying, the best friends and associates can come up with is the loss to flooding of the almost 200 albums that graced and livened-up his childhood home. As an adult, Zero Freitas replaced each one of them, including more than a hundred copies of the first LP he bought in 1964 – Canta para a Juventude by Roberto Carlos, Brazil's most-loved crooner. It's an album that can still bring a tear to his eye. Which, of course, explains the need to keep a few extra copies.

THE RECORD-RAMA COLLECTION

Though Mr Mawhinney's collection was valued at close to $50m in 2008, he couldn't find a buyer for it. The Library of Congress showed interest but was unable to justify the spending of tax dollars on such a large acquisition. An attempt to sell the records on eBay fell through after a buyer from Ireland failed to honour his $3m winning bid. In the end, a quick call in response to a Records Wanted ad in Billboard Magazine was all it took. The advertiser promised top dollar for any size record collection, any style of music. A deal was quickly sealed and the semis turned up.

"Zero Freitas has also started to digitise part of his record collection in order to preserve – and disseminate – rare music."

> Latin America

Brazil: How Lula Became "One of Them"

By Wim Romeijn

In Brazil, it still pays to dispense and receive bribes. Following in the footsteps of Fernando Collor de Mello, the president who in December 1992 resigned from office just hours before the senate was to impeach him, Luis Inácio da Silva – better known as Lula – does apparently not consider a nine years and six months prison sentence for corruption and money laundering an impediment to a return to power. Touring the country to address large crowds, the former two-term president is flexing his political muscle to strengthen his claim to innocence and enhance his credibility.

A champion of Brazil's poor, Lula fulminates almost daily against the politicians who impeached President Dilma Rousseff, his hand-picked successor, pointing out that they too face corruption charges as does Michel Temer, the current president. Mr Temer is charged with taking a $5m payment from meatpacker JBS in return for clearing the company's tax arrears and helping it obtain a loan.

With a 2% approval rating Mr Temer is making history as the least popular president in the country's chequered history. Even the Brazil's military rulers of the 1960s and 1970s enjoyed higher popularity ratings. According to a recent poll, over 80% of those queried favour, the president's indictment. However, the chamber of deputies, the lower house of the federal parliament, in August declined to refer the charges to the supreme court, effectively shielding the president from prosecution.

Compared to the scope of Mr Temer's alleged financial antics – he was even filmed in flagrante delicto arranging for bribes to be paid – Lula's transgressions appear minor: he has been condemned over the $1.2m renovation and refurbishment of a seaside duplex by a large construction company that was later awarded lucrative government contracts. Lula denies owning the property and has appealed the sentence which, if confirmed, would see the former president barred from holding public office for nineteen years – twice the length of his prison term.

With justice only rarely done, and never quite seen to be done, Brazil remains a haven for politicians not overly trying to keep up appearances. In the 2014 legislative elections, São Paulo voters returned former state governor Paulo Maluf to the federal parliament for a third consecutive term with over 250,000 preferential votes. Mr Maluf faces an outstanding international arrest warrant, issued at the request of a New York public prosecutor, for money laundering. He is suspected of having moved some $446m over foreign bank accounts held in his name. The origin of the funds cannot be ascertained.

Meanwhile, the financial authorities of Jersey have reportedly blocked over $200m in deposits belonging to Mr Maluf and members of his family. Brazil's fifth-richest politician also features prominently in The Grand Corruption Cases Database Project – a joint World Bank / United Nations initiative to map illegal financial transfers of a million dollars or more. Earlier this year, the Brazilian Supreme Court condemned Mr Maluf to a seven years and nine months prison sentence for money laundering. The verdict now awaits confirmation by the chamber of deputies which is, however, not likely to act in great haste against one of its own. By a recent estimate, almost 40% of the 513 deputies in the lower house are presently under criminal investigation.

"With a 2% approval rating Mr Temer is making history as the least popular president in the country's chequered history. Even the Brazil's military rulers of the 1960s and 1970s enjoyed higher popularity ratings."

Clutching any straw he can find, no matter how thin, President Michel Temer tries to convince the nation that his administration can and will deliver the economic growth that has proved elusive over the past six years. Thus, the president – perhaps a bit prematurely – celebrated the end of the country's worst recession in its history when second quarter growth came in at an anaemic 0.2%. Though politically weakened by numerous bribery allegations, the Brazilian president embarked on an ambitious reform programme that includes updates to the country's archaic labour and fiscal laws. President Temer also unveiled a large-scale privatisation drive to strengthen government finances and add a measure of dynamism to the economy.

Battling a federal budget deficit equal to 8.1% of GDP, President Temer also cut back on social spending, dismantling or downsizing a number of programmes set up under the previous Workers Party (Partido dos Trabalhadores) administrations of Lula and the impeached Dilma Rousseff. This explains, in part, his exceptionally poor popularity rating – and the enduring appeal of Lula who is widely credited with lifting tens of millions of Brazilians out of poverty and into the middle class.

Leading the polls for next year's presidential election by a comfortable margin, Lula's tune – that he is the victim of reactionary forces that have hijacked the courts – reverberates throughout the country. At the time the undisputed darling of the markets, Lula now rallies against the imposition of austerity on a nation still blighted by extreme poverty. Pointing to sustained deficit spending in large developed countries such as the United States and Great Britain, Lula wants Brazil to spend its way to prosperity.

His recipe is tantalisingly straightforward: increase the purchasing power at the bottom and buy as many productive assets on credit as possible. "When GDP starts to grow, the debt just melts away." In power from 2003 to 2010, the Lula Administration managed to expand the economy rapidly. In 2010, Lula's last year in office, GDP ballooned by 7.5%. However, since then Brazil's GDP lost almost $1tn, contracting by an accumulated 31% between 2011 and 2016.

More disconcertingly, the prolonged crisis and the apparent moral decline of the nation also allowed politicians from the hard right to slip into the mainstream. Second behind Lula in the polls for next year's election, former military officer Jair Messias Bolsonaro promises to make a clean sweep; doing away with violent crime, corruption, and pork barrel politics by imposing discipline and order. Mr Bolsonaro makes Philippine strongman Rodrigo Duterte look like the embodiment of tolerance and reason by comparison.

Mr Bolsonaro, a member of parliament, shocked and awed the nation when he dedicated his vote to impeach President Dilma Rousseff, a former guerrilla fighter, to Colonel Brilhante Ustra – the man who led the counterinsurgency squad that arrested her and tortured their prisoner to within an inch of her life. Brazil-based US journalist Glenn Greenwald, who helped uncover the global surveillance programmes run by the US and UK for The Guardian, called Mr Bolsonaro "the perhaps most misogynistic, hateful elected official in the democratic world."

As the Estadão newspaper noted in a recent editorial, Brazilians have few illusions remaining. The country's political universe seems devoid of valid choices. Even Judge Sérgio Moro who doggedly pursues corruption cases against politicians previously deemed untouchable, is no longer universally considered a hero. It is as if the nation gave up on the public cause. Lula may remain popular; he lost his innocence too, and has become a mere peddler in hopes and dreams. As such, he is no different than Paulo Maluf, his one-time political nemesis, who was always praised for his hard work and efficiency as a public administrator, even though all in São Paulo knew full well that these qualities came with a price.

The truly sad bit is that Lula and his Workers Party gained power in 2003 precisely because they were considered scrupulously honest. Voters were willing to take a chance on a party burdened, and in part guided, by a strong Trotskyite wing, precisely because all the others pursuing powers had failed on moral grounds. Though leading two hugely successful administrations, that same party, once in power, succumbed – almost instantly – to the lure of free money, liberally dispensed by those seeking favours. Plain and simple, the Workers Party was bought lock, stock, and barrel by the very forces it promised to fight. Lula, popular or not amongst those who hope for additional handouts, has thus become "one of them" – a member of a club no one should want to join. ❇

> CFI.co Meets the VP of Banco de Corrientes:

Alejandro Enrique Abraham

VP: Alejandro Enrique Abraham

Alejandro Enrique Abraham was born in Corrientes on October 13, 1951, to Alexander Abraham and Maria Raisa Jasid. Together with his parents and his three brothers, he formed a family that progressed in the region thanks to the constant efforts of each of them.

The example set by his father left its mark. It was his father who founded one of the first insurance companies in the area. An experienced entrepreneur, he became vice president of the historic Bank of Commerce.

Mr Abraham was raised in a family with good values and grew up surrounded by examples of effort, sacrifice, and an irrepressible drive to progress. These early influences shaped Mr Abraham's personal and professional life.

It was at that time that he understood the importance of private commercial activity – the engine that drives employment, energises society, and helps it develop. Mr Abraham married Graciela del Carmen Zaimakis and the couple were blessed with five children – Alejandro, María Raisa, Victoria, Marcos, and Juan Francisco. Family values, firmly rooted and handed down the generations, constitute a central pillar of their lives.

Mr Abraham completed high school in 1968 in Argentina. A year later, now in the United States on the AFS exchange programme, he received another high school degree. He had the opportunity to pursue an academic career and graduated as a lawyer at the prestigious National University of the Northeast, the foremost academic institution of northern Argentina.

Mr Abraham complemented his academic studies at the emblematic Harvard University in Boston with numerous specialist courses such as negotiation, business administration, and corporate management. He had the opportunity to occupy a number of posts in the public sector but dedicated most of his life to private business activity. During his career he has initiated and developed important businesses in different areas.

Recognised for producing excellent results as a manager, Mr Abraham was asked by the shareholders of Bank of Corrientes to shape and lead the recovery process of the institution in 2009. The invitation involved a huge challenge. To meet that challenge, Mr Abraham assembled an extraordinary management team that included successful entrepreneurs and recognised experts in various areas. This allowed for different points of view which in turn facilitated the corporate recovery of the bank.

His experiences in both the public and private sector have allowed Mr Abraham to adapt quickly to changing situations and environments. He believes in building bridges between the government and the private sector. Much of what has been accomplished since Mr Abraham's arrival at the bank may be ascribed to his understanding of permanently regenerating markets and his innovative approach to development – one that involves not just the company but the surrounding society as well and leverages the strength of private initiative. ❇

> Banco de Corrientes:

Much More Than a Bank

One of Argentina's leading financial services providers, Banco de Corrientes acknowledges that its role goes far beyond what is expected of a mere bank. The current management of Banco de Corrientes considers that its objective is not only to obtain a good level of profitability; the bank also pursues non-financial goals such as social inclusion and the support of small businesses.

This explains why Banco de Corrientes is considered a valuable tool for sustainable development in its home province of Corrientes and the wider north eastern region of Argentina. The bank's business ethos – and its thorough understanding of the crucial role financial institutions can play, has allowed Banco de Corrientes to formulate and implements concrete policies that result in tangible added value to the social environment it operates in.

The big challenge that has been tackled concerned the design of a corporate strategy that encourages private sector businesses to participate, and assume a leading role, in the capitalisation of the regional economy and thus help boost development and achieve sustainable growth.

The efforts have paid off. The bank has achieved excellent margins of profitability by streamlining operations at each of its core business lines, increasing efficiency in the process. The results achieved confirm that the bank is now not only solid and growing, but has managed to initiate different programmes such as the modernisation of its branch network and the introduction of multiple channels for the delivery of products and services. Additionally, a long-term project

was launched to extent the branch network into far flung underserved districts. Shareholders have signed off on the ambitious expansion project and are fully supportive of Banco de Corrientes's mission.

The present management team of the bank has put considerable effort in the promotion of financial inclusion, reaching out to the yet unbanked demographic in order to offer a range of services tailored to the needs of those less privileged. The idea is to implement a model that enables customers to access greater social benefits that improve their purchasing power to the benefit of the entire economy.

Promoting the use and acceptance of alternative means of payment requires an advanced technological backbone capable of supporting the exponential growth of this financial ecosystem. It also calls for a new business model that helps build the soacial foundations necessary for financial inclusion to positively impact the regional economy.

In view of the above, the bank provides mobile offices that allow Banco de Corrientes to welcome new customers who were previously beyond its corporate reach – primarily those in rural settlements far away from the larger urban agglomerations.

Another milestone was reached with the launch of tailored credit lines for different sectors of the regional economy. Banco de Corrientes has long sought to address the typical problems generated by inclement meteorological phenomena, which unfortunately are very common the area, such as heavy rainfall and the subsequent overflowing rivers. These occurrences cause enormous difficulties for farmers and ranchers.

Significant efforts have been made to provide direct assistance with emergency loans at zero percent interest and with a one year grace period. These credit facilities have offered solace to producers whose operations often sustain significant damage from extreme weather.

In addition, the bank maintains a corporate social responsibility (CSR) programme that has allowed it to collaborate with many institutions throughout the province and placed Banco de Corrientes in an exceptionally privileged position within the community it serves.

Its consistent profitability, multiple CSR initiatives, and its tangible contribution to regional development has earned the bank wide recognition. Banco de Corrientes was entrusted with the vice-presidency of ABBAPPRA, the prestigious Association of Argentine Provincial Banks. This nomination recognises Banco de Corrientes' solid fundamentals and its pioneering role as a full-service regional bank – a concept now being introduced elsewhere in the country as well.

The bank's management has also been invited to accompany the president of the republic on international missions as a representative of regional business interests. Banco de Corrientes' management model, and the excellent results attained, have made the bank's approach into a blueprint for other regional banks in Argentina and beyond. The Corrientes provincial government has requested the bank's participation in visits to detail its policies at Harvard University and the Inter-American Development Bank, accompanying national authorities such as minister of National Affairs Rogelio Frigerio. The bank has also participated in official missions to India and the United States.

Banco de Corrientes continues to invest in the development of new products to offer customers premier services that allow them to boost their purchasing power. The bank also continues to improve its offerings to private businesses with a view to maximising their potential. The bank is aware that only private initiatives, enjoying the full support of government and other intermediate entities, is able to generate the real economic growth that enables citizens to improve their standard of living. ❇

UNITY

THE ONLY
REGIONAL INSURANCE BROKER IN CENTRAL AMERICA

We are Unity?

Unity is the only regional insurance broker of Central America, focused on providing the best service to our customers offering standardized processes and the possibility of proposing better negotiations for your insurance programs. We have operations in Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

Calling on our past experience and success in local markets of each country, we have been able to create a unified group with a clear vision for the future.

We have integrated different cultures with a common mission to offer exceptional service in insurance brokerage in the region, ensuring the satisfaction of our clients, through standarized processes, achieving sustainable growth and profitability.

A regional consolidated structure provides added value to our products and quality service in every country where Unity operates.

What distinguishes us?

-We are Leaders for the most important insurance companies in every country where we operate in.
-Access to the Global Insurance Markets.
-We manage more than 400 multinational clients.
-Experience in handling large claims.
-Creation and administration of regional programs.
-Standardized service through our techno logical platform which allows our clients to obtain the same information from various countries.
-Socially responsible company.
-Design of a unique methodology.
-More than 600 employees in the region.
-More than 145,000 annual claims.
-More than 7,800 insured companies.

PRO
PERSONALIZED RISK OVERVIEW

Unity's unique methodology allows us to design precise insurances programs, through our exclusive Personalized Risk Overview based in the ERM concept.

With this program we know thoroughly the risks of your business to determine conditions of policies and costs of the coverages most appropriate to insure and to protect your assets and your human capital.

Corporate Clients

More than 7,800 insured companies

The corporate department is the unit specialized in consulting, administration and placement of insurance policies covering risks such as property, liability, cargo insurance, construction, vehicle and surety bonds, amongst others.

Our goal is to optimally develop the best insurance solutions for your company.

Employee Benefits

*More than **1,700** life and health groups*

Our broad knowledge of group life and health insurance allows us to assist you in the creation of plans that benefit your coworkers and their families.

Consulto Seguro: Specialized customer service center where clients and family members may direct their inquiries, present claims and request other services related to their policies through our call center.

Personal Lines

*More than **92,000** individual customers*

The Personal Line Insurance Department provides all insurance needs for the family. We will assist you in obtaining the best auto, life, health or any other insurance coverage; easily, timely and without complications, led by the hands of our experts in the different areas.

Corporate Social Responsibility
Aware of today's importance of Corporate Social Responsibility (CSR), we have a culture that aims to be a socially responsible corporation, directly commited with the economic, social and environmental development of the country.

COSTA RICA
+506 2582-2020

EL SALVADOR
+503 2528-0500

GUATEMALA
+502 2386-3700

HONDURAS
+504 2290-0900

NICARAGUA
+505 2277-1115

PANAMÁ
+507 322-1000

> CFI.co Meets the CEO of Minerva Foods:

Fernando Galletti de Queiroz

Chief executive officer of Minerva Foods since 2007, Fernando Galletti de Queiroz joined the business in 1992 serving as its chief commercial officer and in a number of other key positions. Before joining the company, he worked at Cargill Agrícola and Cotia Trading. Mr Galleti holds a Bachelor's degree in Business Administration from the Escola de Administração de Empresas de São Paulo of that Fundação Getúlio Vargas (FGV). He details his management styles and views on sustainability.

"Minerva Foods' business is strategically driven, based on three pillars: focus, discipline, and consistency. This concept allows the company to achieve positive results over the years, with operational and financial indicators that attest to the increasing efficiency of operations. In the global market, for example, we recently consolidated our global structures and our international offices, with greater commercial focus and started to generate more volume of third-party products, through their own trading in Uruguay and Australia, as well as working to develop efficient distribution channels."

"In the international meat market, our business strategy also allows the company to seize opportunities, such as the slowdown in Australian exports, which help to expand South America's access to new markets – an effect that should contribute to new trade openings by South American countries and increase the region's participation in the global market."

CEO: Fernando Galletti de Queiroz

How do ESG parameters and sustainability principles affect the way your processing plants are run?

"Sustainability and supply chain management are core strategies for Minerva Foods, especially when dealing with cattle raising in sensible biomes. Minerva Foods is a signatory on public commitments to develop sustainable livestock farming, adopting strict criteria from the start to the end of the production chain, starting with the purchase of cattle. All acquisitions are only made after checking the cattle's origin, in compliance with the requirements stipulated under the social, environmental and labour aspects."

"Therefore, Minerva products are associated neither with child/forced labour practices and embargoed areas nor with illegally deforested areas in the Amazon biome and encroachment on indigenous lands, conservations units, and environmental protection areas in Brazil."

"Recently, Minerva is pioneering geospatial monitoring on the Chaco biome, for its operations in Paraguay. Guided by International Finance Corporation performance standards, Minerva started classifying its suppliers in the Chaco Region according to environmental criteria."

"Moreover, all company operations – processing, packaging, storage, distribution, publicity, product labelling, and food safety standards – are subject to extensive regulation and supervision by local and foreign authorities. Environmental KPIs are also constantly monitored seeking better usage performance on critical industrial supplies, such as water.

What are the mid to long-term challenges faced by your business?

"The main challenge of our business is to meet the demands of the global population by providing high quality food. In the beef market, the challenge is to provide high quality animal protein to people around the world, produced in a sustainable way and with respect to the demands of consumers in terms of taste and food safety."

"This challenge is further evidenced by population growth and increasing purchasing power of people in various regions of the world, which increases the demand for beef compared to other animal proteins. And the Minerva is already prepared for this scenario by the adoption of a strategy of geographical diversification of production in South America, a region that has many natural advantages to produce agricultural commodities and that has been growing in terms of production and efficiency, with the potential to grow even more."

What is the single most important requirement to become a global business?

"An important requirement to act globally is the ability to meet the demands of the entire supply chain. In the beef market, supply chain involves important steps, ranging from the purchase to attend market requirements, to supplying high quality, sustainably produced and food-safe beef to consumers in more than one hundred countries. In all these stages, the company must be able to meet the demands of all its stakeholders with the maximum operational and commercial efficiencies." ❇

> CFI.co Meets the Management Team:

Fideicomiso Hipotecario

Fideicomiso Hipotecario – FHipo for short – is a mortgage REIT created for the sole purpose of acquiring, originating, co-participating, servicing, and managing mortgage loan portfolios in Mexico. FHipo was formed on late 2014 by Concentradora Hipotecaria (CH), advisor and manager of this special and most innovative REIT in the country.

FHipo, after three years of operation, continues to be the first vehicle that allows the general public to invest in residential mortgage portfolios in Mexico, whilst at the same time, contributing to the development of the housing sector and providing liquid resources for the two biggest mortgage originators in Mexico – Infonavit and Fovissste whose social mandate is driving change in their borrowers' life.

As of today, FHipo is the only mortgage REIT (MREIT) listed on the Mexican Stock Exchange (BMV). FHipo initiated its operations with the main objective of creating a unique opportunity for national and international investors to invest in mortgage portfolios, expanding their investment horizon and, at the same time, creating an attractive dividend play based on the performance of payroll deducted mortgages that represent an optimal risk reward opportunity.

CEO Daniel Braatz (right) and **CFO** Ignacio Gutierrez

FHipo has delivered on all goals and objectives established since its IPO: i) equity deployment, having invested 100% of the resources attained through its equity issuance in less than a year, ii) mortgage diversification, managing to participate in three mortgage origination programs through Infonavit and Fovissste, iii) profitability, creating the highest dividend play in the local industry, iv) credit quality, maintaining a low and stable non-current portfolio, and v) an efficient leverage strategy, having achieved leverage financing through different types of leverage structures, such as securitisations, short term bonds, warehousing line facilities, and the first covered bond issued within the local market, showing the management's capacity to innovate and create new asset classes in the Mexican market.

FHipo has been fully operational for approximately three years. During this time, FHipo has achieved significant growth, its portfolio worth more than MXN $25,000m (approx. $1,5bn), which translates into more than 80,000 loans granted throughout the entire country.

As a result of FHipo's success and achievements, institutional investors through the capital markets continue to reward FHipo, by demanding its bond issuances at competitive rates and healthy conditions, facilitating FHipo's funding capabilities.

This success is mostly owed to FHipo's experienced and sophisticated team. FHipo continues to thrive with the same young and entrepreneurial management. The same executives that started this project in 2014 – a team characterised by diversity, knowledge, and experience – continue to direct such efforts.

FHipo's management team, which has consolidated its business plan within a couple of years of its IPO, continues to demonstrate its ability and professionalism within the Mexican mortgage industry. A team lead by Daniel Braatz (33) and Ignacio Gutierrez (29), the youngest CEO and CFO in the Mexican Stock Exchange, combined with Jesus Gomez, FHipo's COO, considered one of the most experienced and sophisticated mortgage bankers, jointly have created a business that is both profitable and has a pronounced social element.

With the resources obtained through the capital markets, FHipo has created greater competitiveness within the industry and contributed to the improvement of terms and conditions for the entire mortgage industry. The firm allows home buyers, regularly unattended by commercial banks, to access the housing sector at significantly lower interest rates through origination programmes with Infonavit and Fovissste. The firm participates in housing projects that directly impact the quality of life of Mexican workers, by offering borrowers increased security and proximity to job opportunities, reducing daily commutes, thus increasing the quality of life of its borrowers and providing one of the most important assets for a family, its house.

Furthermore, it is important to comprehend that Mexican pension funds (AFORES) are FHipo's main investors, holding the largest portion of its outstanding shares. FHipo, as a public vehicle and 100% floated in the capital market, contributes to the generation of value for both Mexican savers and workers: i) Mexican workers, through the AFOREs participate in FHipo; ii) FHipo then provides residential mortgage loans to Mexican formal workers through Infonavit and Fovissste; iii) as a result, workers have greater opportunities and facilities to acquire a house, and finally; iv) FHipo distributes its profits, benefiting investors (AFORES), which represent the workers savings. ❇

> FHipo:

Broadening the Mexican Mortgage Market

Fideicomiso Hipotecario – FHipo for short – is a trust created for the purpose of acquiring, originating, co-participating, servicing, and managing mortgage loan portfolios in Mexico. FHipo was formed late 2014 by Concentradora Hipotecaria.

CH is formed by professionals with extensive experience and knowledge of various aspects of the Mexican mortgage industry. CH's executives collectively have over fifty years of experience in the financing sector, including the mortgage sector.

On November 2014, FHipo successfully concluded its initial public offering (IPO) on the Mexican Stock Exchange (BMV). The global offering consisted of 345 million shares and amounted to MXN $8,625m, 40% of which was placed amongst Mexican investors and the remaining 60% amongst international investors.

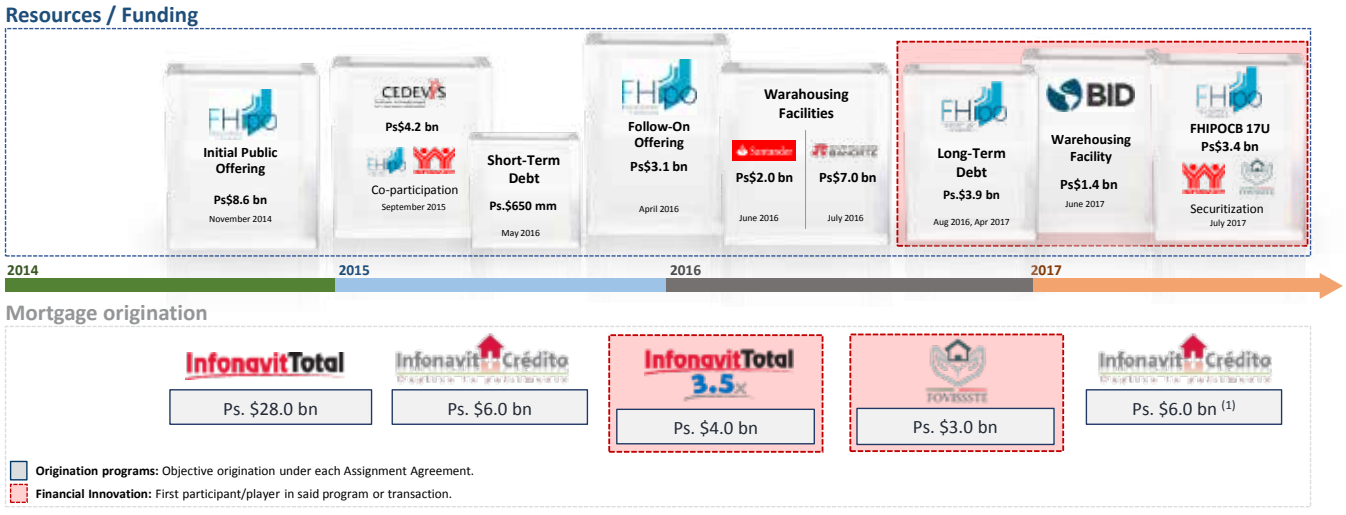
As a result of its successful IPO, FHipo executed several agreements with Infonavit, through different origination programmes, in order to establish acquisition guidelines, origination criteria, and operational methods for the management of mortgages in which the firm co-participates from time to time.

"FHipo continues to originate loans by closing additional funding through different leverage strategies, such as securitisations, short and long term bonds, warehousing line facilities, and covered bonds."

Infonavit, a social service agency of the Mexican government dedicated to mortgage financing, is the leading mortgage underwriter in Mexico and one of the largest mortgage providers in Latin America, with a balance of more than eight million mortgage loans. Infonavit's operations are primarily financed from interest and principal payments on their mortgage loans. Employers deduct interest and principal from their workers payroll and remit payments to Infonavit.

Thanks to the accomplishments of the management team and a strong start in 2015, FHipo invested 100% of its IPO proceeds through the Infonavit programmes. Given its successfully business plan, FHipo initiated its leverage strategy during the second semester of 2015, in which, together with Infonavit, created its first securitisation (RMBS) amounting to MXN $2,602m, looking to enhance the company's

Management Team



Financial innovation that attracts private capital, developing the Mexican mortgage sector

"If FHipo's business continues to develop according to plan, the company should continue to provide liquidity to mortgage originators in Mexico, increasing the number of mortgages granted in the country and benefiting a greater number of Mexican families."

returns and solidify its balance sheet. FHipo, in addition to its RMBS, continued to develop its leverage strategy during 2015, investing the proceeds attained from the securitisation and additional financing reached with Banorte and Santander's warehousing facilities for up to MXN $7,000m and MXN $2,000 m, respectively.

FHipo, by the beginning of 2016, had invested all its equity and achieved relevant leverage levels, thus looked to settle a follow-on equity offer for strategic reasons. On April 2016, FHipo successfully issued a follow-on equity offering, which amounted to MXN $3,113m. The offering was reached with the main purpose of pursuing the diversification of FHipo's mortgage portfolio, and after a long period of negotiation, FHipo achieved a strategic alliance with Housing Fund for State Employees or FOVISSSTE. Through this alliance, FHipo acquired a portfolio of 7,144 mortgage loans from FOVISSSTE worth MXN $3,000 m, establishing a long-term relationship with the fund, which continues to strengthen, leading to higher mortgage supply in Mexico and greater mortgage origination for the vehicle.

FOVISSSTE is a social service agency dedicated, amongst other activities, to mortgage financing and is currently the second largest mortgage originator with collection through payroll deduction mechanisms in Mexico, subsequent to Infonavit. FOVISSSTE's operations are mainly financed by payments of interest and principal on granted mortgage loans to workers at the service of state or government dependencies, with direct discount form the workers payroll, which in turn the government dependency must remit to FOVISSSTE through the federal treasury, including the mandatory contributions that the state dependencies must entail to the Fund.

Succeeding the follow-on offering, FHipo's equity increase to MXN$11,738m and through the strategic acquisition of the FOVISSSTE portfolio, the company rapidly returned to attractive debt to equity ratio within a couple of days of the offering. Afterwards, during the third and fourth quarters of 2016 and throughout 2017, FHipo continued to grow steadily, originating mortgage loans mainly through the Infonavit Total and the Infonavit Más Crédito programmes.

After two and a half years of operations, FHipo's mortgage portfolio is comprised of approximately MXN$25,000 million worth of loans, conserving more than 80,000 mortgage and a debt to equity ratio of approx. 1.3.

FHipo continues to originate loans by closing additional funding through different leverage strategies, such as securitisations, short and long term bonds, warehousing line facilities, and covered bonds. Recently, FHipo managed to secure its first credit facility with the Inter-American Development Bank (IDB) for MXN$1,397m, providing a positive signal to the market as it was concluded under favourable terms and conditions, reiterating the vehicles business plan.

Furthermore, FHipo carried out its first securitisation (MBS), as sole participant, through certificates issued under ticker symbol FHIPOCB 17U and amounted to MXN$3,363m. The issuance corresponds to the first securitisation of its type, by incorporating portfolios both Infonavit and FOVISSSTE. The latter places FHipo issuance as a new asset class in the local market, once again a financial innovator within the local market.

As of today and for the coming future, FHipo expects to continue originating mortgages loans through Infonavit and FOVISSSTE, and looks to stabilise its portfolio growth once achieving a 2.5 debt to equity ratio.

If FHipo's business continues to develop according to plan, the company should continue to provide liquidity to mortgage originators in Mexico, increasing the number of mortgages granted in the country and benefiting a greater number of Mexican families. FHipo is committed to further strengthen the range of investment options with social impact through the capital markets and thus channel additional resources from institutional investors to the Mexican mortgage market. ❊

> BIM: Managing Impact Investments

BIM Asset Management

BIM is an impact investment manager operating in Latin America and the Caribbean. The company is part of Grupo Panamerican, a Bolivian conglomerate focused on capital markets, fund management, renewable energy, and software development.

BIM has more than twenty years of experience in the design and management of investment funds and specialised vehicles, seeking developmental and social impact beyond financial returns.

With operations in fourteen countries across Latin America and the Caribbean, BIM has invested more than $200 million in microfinance institutions and companies from different sectors of the economy and has reached more than 180,000 micro-entrepreneurs who have received resources financed by BIM-managed vehicles.

Currently, the company serves 12% of the microfinance institutions (MFI) in Latin America and the Caribbean. BIM's market share, as a percentage of total assets under management to finance MFI, is currently 1% globally and 4% in Latin America. Its competitors are microfinance investment vehicles managed mainly from Europe and the United States.

With the support and funding of the Inter-American Development Bank, and several European Development Financial Institutions, BIM created Locfund in 2007. Locfund has marked a milestone in the financial inclusion area operating in ten local currencies and investing a total of $70 million. In 2013, Locfund II doubled the size of its predecessor aiming to invest more than $180 million in the region.

Prospero Microfinanzas, a $23 million fund created in 2010, invested in equity and quasi-equity in nine microfinance institutions in five Latin American countries. This year, three of Prospero's investees (Edpyme Acceso, Fundenuse, and Sembrar) have received the highest (platinum) rating from GIIRS Fund Rating for their customer, governance, and community impact business models.

"With operations in fourteen countries across Latin America and the Caribbean, BIM has invested more than $200 million in microfinance institutions and companies from different sectors of the economy and has reached more than 180,000 micro-entrepreneurs who have received resources financed by BIM-managed vehicles."

BIM also manages the GIF Project which aims to support good corporate governance and financial inclusion in more than fifty microfinance institutions in Latin America.

In 2017, BIM launched Microfinanzas Latinoamerica LP, a facility designed for private investors willing to invest in selected microfinance institutions at a regional level.

BIM counts on a specialised team of more than twenty professionals, being an innovation exporter for Latin America. In 2016 the firm obtained the Bizz Award for Business Excellence granted by the World Confederation of Businesses (WORLDCOB) and the Best Impact Investment Management Team Award-Latin America 2017, awarded by Capital Finance International. ❇

For more infomation, please visit:
www.biminvestments.com

> KOIN:

A Welcome Boost to e-Commerce in Brazil

Three out of every four Brazilians has never made an online purchase, even though fully half of the country's 207 million inhabitants enjoys access to the internet at home or on mobile phones whilst another forty million or so people regularly navigate the web via publicly available connections. According to the statistics aggregator Statista, Brazil is the Latin America's leading internet market and has the potential to become the world's fourth largest online market within a decade. Moreover, once connected, Brazilians are heavy users spending an average of 25.7 hours per month online in 2016 – well above the Latin American average of 18.6 hours. An estimated 90% of Brazilians access the internet at least once every day to check up on their social media accounts or read the news.

The one thing Brazilians don't do is to make online purchases. According to the numbers from Itaú Unibanco, one of the country's biggest commercial banks, more than 44% of the adult population remains marginalised from the financial system and is restricted to cash-only transactions. Mobile banking has so far remained the exclusive preserve of those with a sufficiently high income and credit rating to merit a bank account. The great strides made in Africa and elsewhere to reach the unbanked via simple and streamlined apps that run on semi-smart mobile phones, have not been replicated in Brazil. As a result, the unbanked are confined to the informal side of the economy – unable to transact online business.

Brazilian payment processor and facilitator Koin has now stepped into this massive breach with a mission to meet this pent-up demand and

help usher Brazil into the e-commerce age. The company offers both buyers and sellers a comprehensive suite of products and services that, together, aim to facilitate online transactions by removing the most common obstacles – bad credit or no credit, fear of fraud, and cumbersome payment processing procedures.

So far, online shoppers without a valid credit card could avail themselves of "boletos" (invoices) – a peculiar and rather clumsy system whereby the seller issues a paper bill that the buyer must then pay at a bank branch or ATM. Once the payment has been processed, a usually time-consuming affair, the seller ships the product. Unsurprisingly given the unwieldy nature of the system, more than half of boletos issued is never paid, resulting in cancelled orders. This poor conversion rate is costly to merchants who need to set aside stock that may, or may not, have been sold, adding significantly to inventory costs.

Koin aims to short-circuit this model with an alternative model. Working in conjunction with its retail partners, the firm takes over payment processing. Using its proprietary credit analysis tools, Koin evaluates both purchase and buyer in real-time and – upon approval – immediately assumes all commercial risk. The seller is assured payment and may now proceed to dispatch the good bought. Koin keeps track of the shipping data submitted by the merchants and makes sure the buyer only receives the invoice after the product has arrived – usually twelve days after the purchase was made. With KOIN bearing the risk, sellers receive their money no later than thirty days after the goods were shipped, regardless of the customer's payment status.

For added convenience, buyers may opt to pay in up to six monthly instalments. An added benefit of KOIN's takeover of the financial settlement process is that buyers are fully protected against fraud. Market research has repeatedly shown that many Brazilians are reluctant to buy only for fear of not receiving the goods. Many prospective internet shoppers are also uncomfortable giving out personal information such as credit card details and fiscal ID numbers to merchants.

Whilst the deferred payment option – KOIN Instalment – implies that sellers receive their credits piecemeal, they may discount their receivables via a system akin to factoring, ensuring prompt payment in full. Another benefit to merchants is KOIN's implementation of a fully transparent white label model which allows seller to impart their own brand on the service.

KOIN's post-paid solutions have been shown to dramatically decrease the abandonment of virtual shopping carts and the loss of sales through rejected credit and debit card transactions. Currently, about one in every five online sales is cancelled due to declined payments. Virtual carts are abandoned at approximately the same rate.

KOIN's entry into the budding Brazilian e-commerce sector has already reinvigorated the sector by pulling in first-time buyers and ensuring these become repeat customers thanks to the seamless processing of purchases. As such, KOIN has developed and implemented a unique business model that is able to grow the market and, in fact, multiply its volume. By using its own credit risk assessment tools and algorithms – and foregoing traditional consumer credit rating agencies, KOIN manages to keep its costs down and speed up payment processing.

The approach works: associated merchants – more than fifty as of last count, including nearly all of the country's major retail chains – report a marked increase in online sales volumes, a reduction in their inventory costs, and significantly less incomplete and/or cancelled transactions.

For the millions of unbanked yet internet-savvy Brazilians, no plastic no longer means no sale. At the same time the country's merchants can now tap into a vast demographic previously out of bounds. As such KOIN offers a win-win. Add to that a third win as the firm consolidates its business model and corners the market. ❇

> GOL Linhas Aéreas Inteligentes:

New Gol, New Times Up in the Sky

Throughout its 16 years, GOL Linhas Aéreas Inteligentes has helped to build lasting bonds, bringing people closer and shrinking distances safely and intelligently. The company was instrumental in raising the profile of the airline industry in Brazil, helping about 18 million people fly for the first time in their lives, becoming the largest low-cost carrier in Latin America. GOL has been a pioneer since 2001, when the company was launched with a standardised fleet and an innovative online ticket selling system which has offered the best rates thus far.

By keeping safety a priority and sticking to the low-cost business model, GOL continues to innovate, increase its efficiency, and provide the best prices, adding value to customers and shareholders alike. GOL relies on a team of over 15,000 people dedicated to reach the best operating and financial results year after year.

In 2017, aiming to provide the best in-flight experience with exclusive services offered to travellers, GOL implemented its exclusive Selfie Check-In Tool on the carrier's mobile app. The tool allows travellers to check in by using a simple photo and face recognition feature. New and modern airplanes with seats made of ecologic leather and on-board Wi-Fi have increased the number of flights available in the main markets and enabled the launch of a system of integrated routes for national and international trips.

Nowadays, GOL has the highest number of passengers in national flights, in both the leisure and corporate segments, according to Abracorp (Brazilian Association of Corporate Travel), Infraero (the airport authority), and OAG (Official Airline Guide). GOL also scored high for timely departures and arrivals.

The company offers the most A-seats set by ANAC (civil aviation authority), adding extra comfort to its 700 daily flights to and from 63 national and international – South America and Caribbean – destinations.

GOL maintains strategic partnerships with two great global players: Delta Air Lines and Air France/KLM. It also offers travellers the benefit of twelve codeshare (flight sharing) and over seventy interline agreements which bring more convenience and makes for seamless connections to any destination served by the partnering airlines.

GOL is also the airline with the highest number of flights between Brazil and Argentina. The company operates 152 flights every week to Buenos Aires (Aeroparque and Ezeiza), Cordoba, Rosário, and Mendoza, departing from São Paulo, Rio de Janeiro, Florianópolis, Belo Horizonte, and Manaus. In addition, GOL flies from the Argentinean capital to seven different cities in the Northeast of Brazil – João Pessoa, Recife, Salvador, Fortaleza, Natal, Porto Seguro, and Maceió.

SMILES, the company's loyalty programme, allows travellers to accumulate airmiles and obtain reward tickets to over 160 countries and more than 800 destinations across the world. Furthermore, Gollog handles and distributes cargo and shipments to and from approximately 2,500 Brazilian towns and cities in addition to ten cities outside Brazil.

#NOVAGOL CAMPAIGN

The #NOVAGOL campaign, launched in July 2017, signalled the start of a new corporate cycle embracing growth, vigour, and modernity. The company is ready to move forward in expanding safe and efficient services, allowing its customers to have a more comfortable and human travel experience. In order for that to happen, GOL has invested considerable resources in advanced technologies, not only for its aircraft, but in all aspects of its client-facings services. Proof of that is offered by GOL Online, a system which is operational in two-thirds of the fleet's aircraft and offers satellite internet access and a fully-featured free entertainment platform which soon will be expanded to include streaming TV.

On the ground, the user experience has also been enhanced with GOL Premium Lounges at the São Paulo and Rio de Janeiro airports in both the domestic and international concourses. Here, travellerts can rest, enjoy a meal, take a shower, sip a drink, or get some work done. The VIP lounges are equipped with complimentary high-speed internet.

OPERATIONS

This year, the company's fleet already reached the size planned for 2011 – 120 Boeing 737 aircraft. The standardised fleet of Boeing 737s – 93 of them in the 800 NG version and 28 in the 700 version – is crucial to remain successful and profitable as a low-cost carrier as this streamlined fleet configuration allows for efficient crew and maintenance procedures and maximum operational flexibility. GOL is the main client of the Boeing 737 family in Latin America, and one of the top five in the world.

GOL's absolute cost leadership has been key to the company's value proposal, which continuously offers the best rates, products, and services available in the market. The company has deftly managed to maintain its leading position despite the challenges faced by the industry and the current economic scenario. ❇

> Ernst & Young:

Argentina's Gradual Tax Reform

By Sergio Caveggia, Flavia Cimalando and Vanina Manteiga

Since December 2015, the new Argentine administration has reevaluated different public policies. One of its main concerns is fiscal, labour, and social security reform. To date, the government has not filed any concrete proposals.

M It is expected that congress will take its time to discuss the reforms, once presented. Argentina has a complex tax system comprised of federal, payroll, and local taxes plus a cumbersome system of federal and local withholding regimes.

Argentina's tax burden stands at around 32% of GDP, exceeding the average in Latin America and the Caribbean (22.8%). The government plans to implement gradual reform over the next five years. It aims to (i) reducing tax exemptions and distortions, (ii) combat tax evasion, (iii) support the formal economy, (iv) review inefficient taxes, and (v) promote local and foreign investment.

The high fiscal deficit and social imbalances make it difficult to implement drastic adjustment measures. Consequently, the administration is considering a neutral and gradual reform. The government has already enacted rules which establish the abrogation of the minimum presumed income tax for fiscal as of 2019, and the reduction of the personal assets tax rate.

"Argentina's tax burden stands at around 32% of GDP, exceeding the average in Latin America and the Caribbean (22.8%)."

Some of the measures being considered include:

A tax on bank account transactions: This tax has been in place for many years and yields significant revenue. The government is evaluating the conversion of this tax to a fully creditable tax against corporate and individual income tax.

The recognition of inflation: The Argentine economy has been suffering inflation since 2002. However, tax rules do not allow for any adjustment for its impact. This erodes the competitiveness of the tax system. Taxpayers end up taxing nominal profits which do not consider the effects of the currency's erosion.

A corporate income tax rate reduction: Companies are currently subject to a 35% corporate income tax rate – the highest rates in the Americas. The government wishes to encourage the reinvestment of profits by companies via a reduction of the corporate rate.

Portfolio income: Currently Argentine individuals are not subject to income tax on portfolio income from fixed term deposits, treasury and government bonds, certain public debt, etc. The new administration is contemplating the taxation of portfolio income as a way to neutralise the impact of the measures described above.

A Turnover tax: This is a local tax imposed by Argentine provinces on gross revenues. This is probably the tax that most disrupts the competitiveness of the economy because of its cascade effect through the value chain.

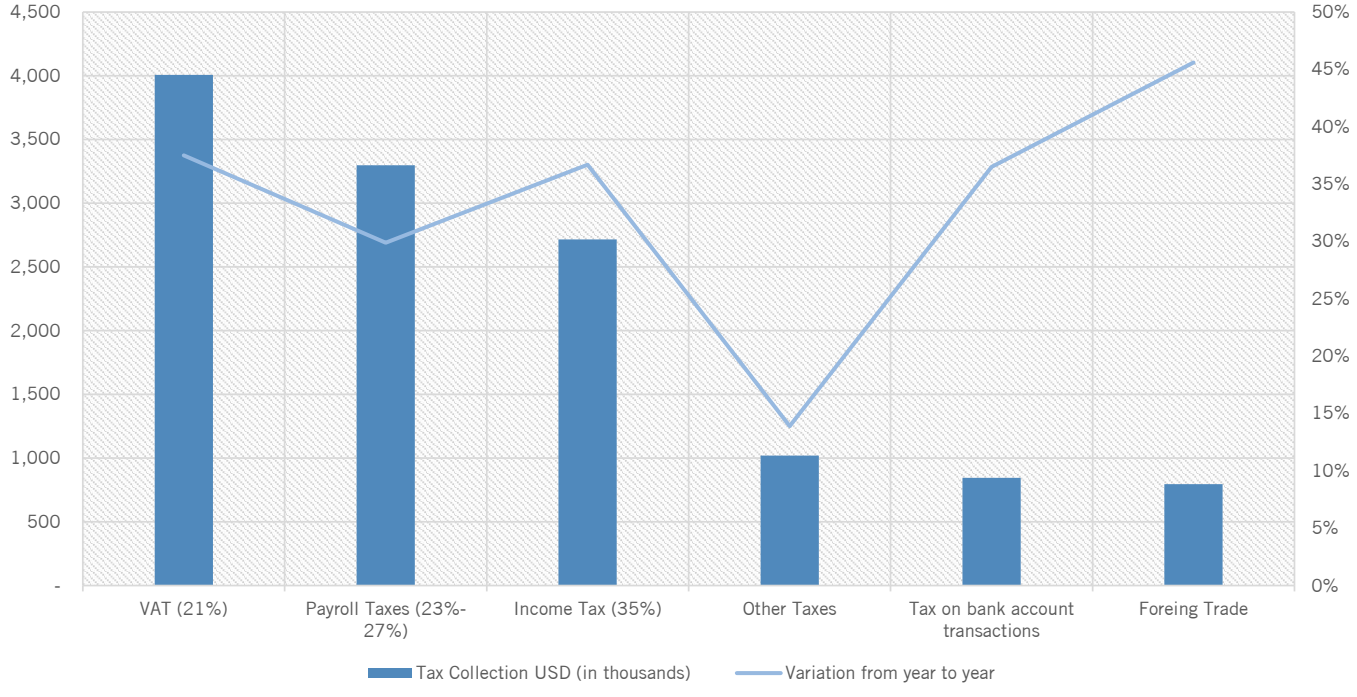


Figure 1: Federal taxes collection as of August 2017. *Source: AFIP website: www.afip.gob.ar/estudios.*

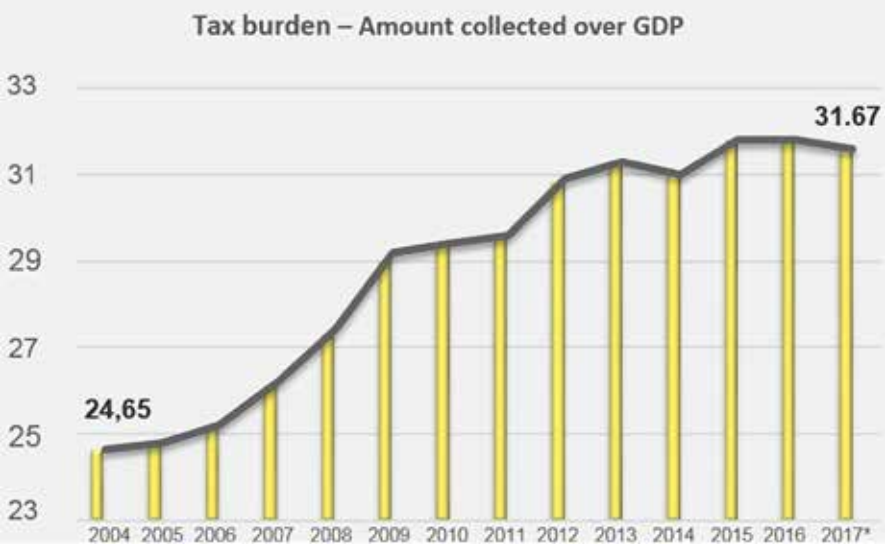


Figure 2. *Source: Department of Economy and Finance. (*) Estimate. Stated as percentage of 2017 budget.*

"The high fiscal deficit and social imbalances make it difficult to implement drastic adjustment measures. Consequently, the administration is considering a neutral and gradual reform."

Labour: Finally a labour reform package is being drafted. The plan is aimed at reducing the labour costs, stimulating formal employment, creating new jobs, and reducing the number of employment lawsuits.

The government opened dialogue with the different social sectors to deal with the issues. The key measures that are being drafted are:

- Labor Voluntary Disclosure seeks to register about 300,000 undeclared workers annually. The initiative redefines the items that make up workers' salary by breaking down wage and non-wage items. This is essential for companies, since labour courts have been ruling in favour of considering benefits such as cell phones, cars, and healthcare insurance as wage items, including them in severance pay calculations.
- Decrease in Labour Costs
  - Decreasing or eliminating fines payable by companies to workers in case of unregistered or partially registered employment.
  - Subsidising or decreasing current employer contribution rates.
  - Reducing the rates paid by employers to workers' compensation insurance companies.
  - First Job Promotion System Bill comprises exemptions for employer contributions, which may reach 100%, and additional economic incentives granted to employers for hiring first-job employees or employees who have worked less than 36 months.
  - Reducing contributions paid to labour unions and business chambers.

It should be pointed out that the labour reform being drafted by the government will be different from the employment reform recently enacted in Brazil. The Argentine government firmly believes that the current tax system and high number of employment lawsuits steer towards informal employment.

Gradual tax, labour, and social security reform will improve the long term investment in the country. Taxpayers will need to consider the impact while bills are being discussed in congress in order to speed up any investment decisions. ❇

ABOUT THE AUTHORS

Sergio Caveggia is a tax partner in charge of the Transaction Tax Area in Argentina. He joined EY Argentina in 1994 and has developed strong expertise over 23 years in international taxation and mergers and acquisition. He is highly experienced in acquisition structures for inbound and outbound investments, buy side, sell side, and restructuring services.

Flavia Cimalando is a senior manager of the Transaction Tax Area. She joined EY Argentina in 2000. Flavia has developed strong expertise over seventeen years in tax advisory services, tax planning, and due diligence for local and international companies. She specialises in international and local business acquisitions and M&A consulting.

Vanina Manteiga is a manager within the Transaction Tax Area of EY Argentina. She joined EY in 2010. Mrs Manteiga has thirteen years' experience in labour, human resources, and social security issues. As social security manager, she has performed several due diligence processes in connection with business transactions. She actively participates in social security audits for large number of companies in several industries.

"Gradual tax, labour, and social security reform will improve the long term investment in the country. Taxpayers will need to consider the impact while bills are being discussed in congress in order to speed up any investment decisions."

Author: Sergio Caveggia

Author: Flavia Cimalando

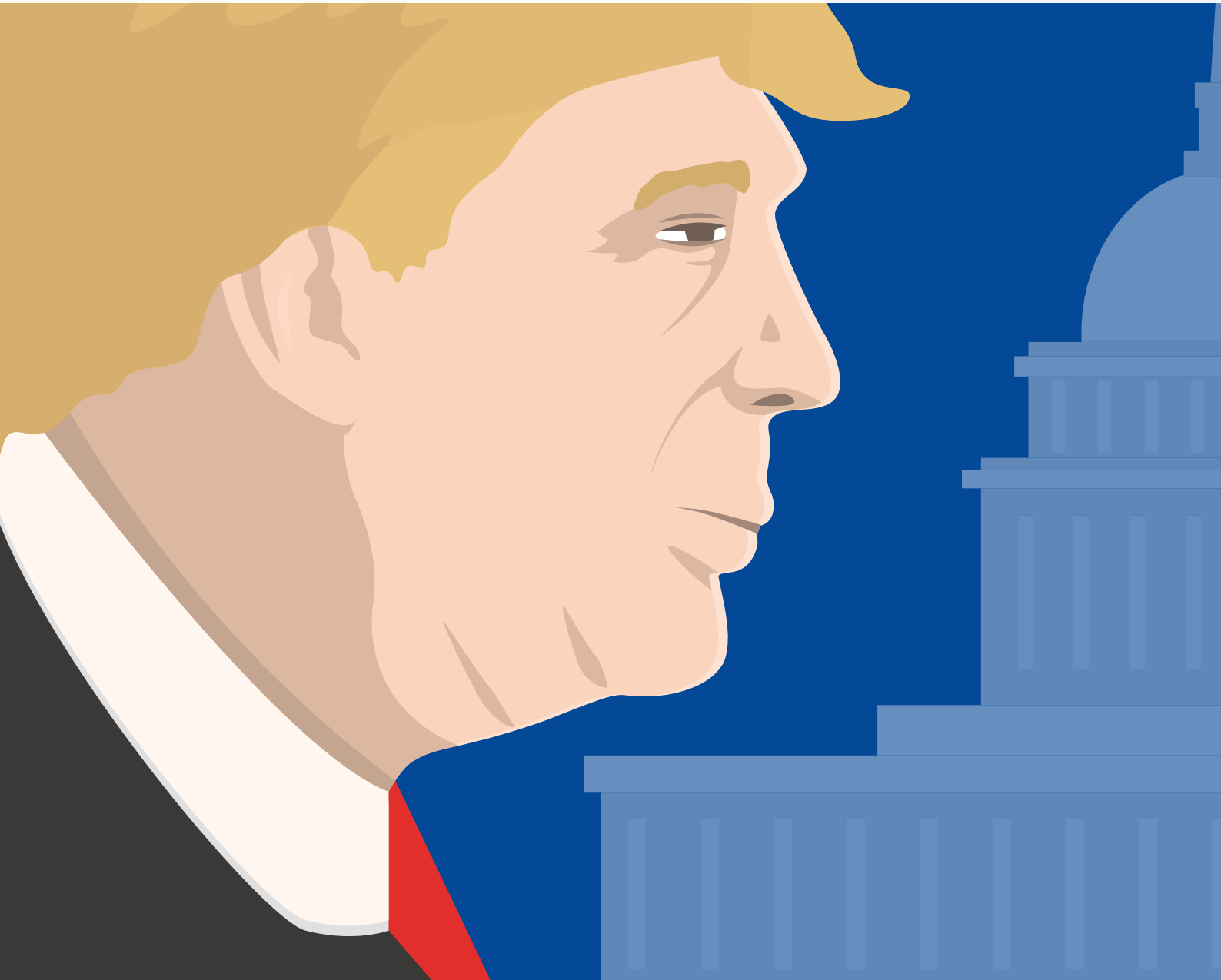
Author: Vanina Manteiga

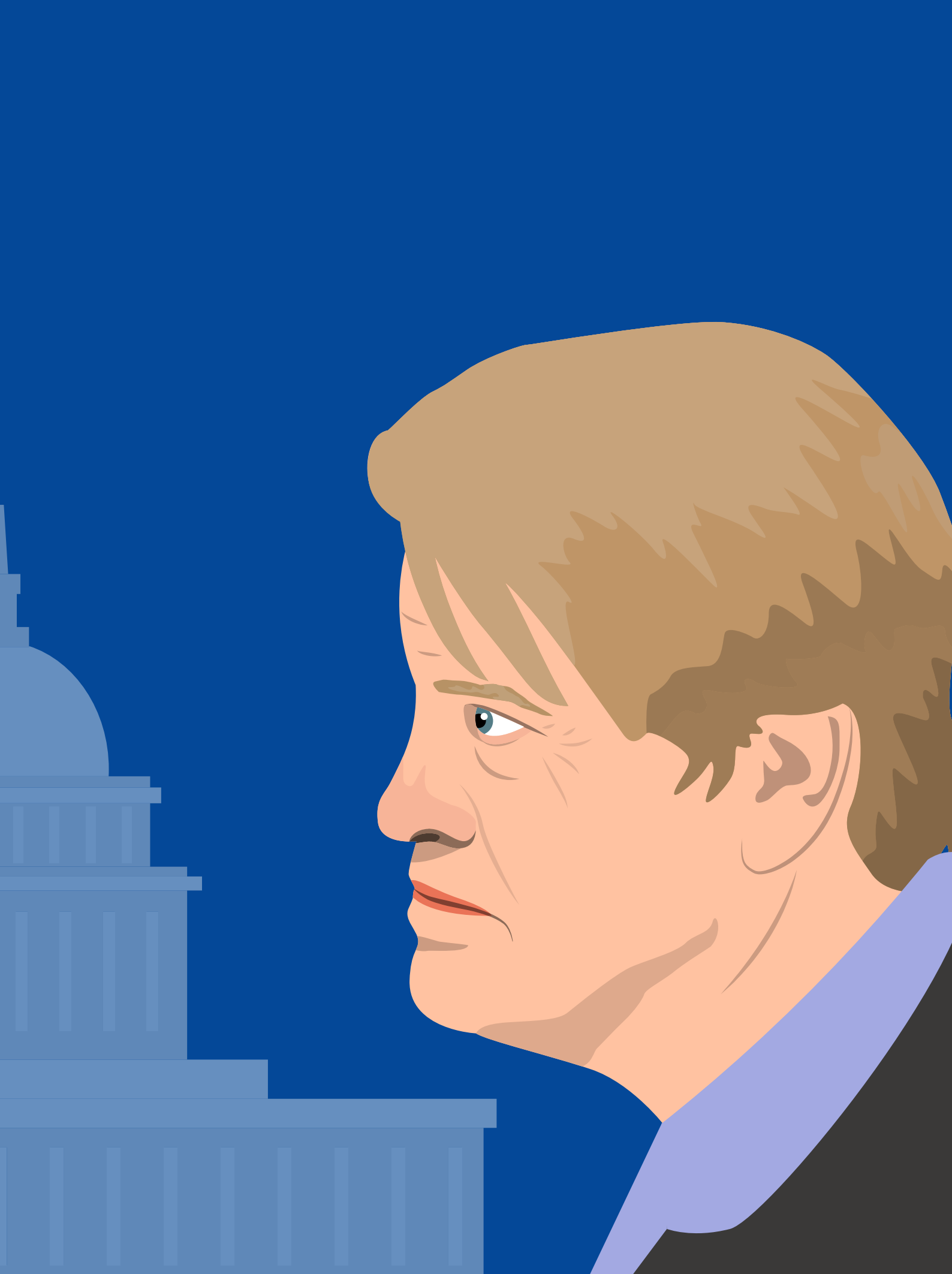
> North America

Steve Bannon: Moving and Shaking from the Outside

By Wim Romeijn

Love or hate him, Steve Bannon leaves no one unmoved. Thus, the ultimate mover and shaker and peddler of lies disguised as alternative truths, President Trump's former chief political strategist is a rebel with a cause – and has the smarts to make it happen. Branded a paleoconservative by his opponents, Mr Bannon prefers economic nationalist as a more fitting epithet: he severely dislikes free trade, immigration, big government, and any talk about climate change – an elaborate hoax in his view.





Steve Bannon has a few saving graces as well; he is opposed to US involvement in distant wars and suspicious of the military-industrial complex. Mr Bannon would rather spend big money on infrastructure. He also argues against government support for troubled industries and likens the 2008 bank bailout – a $1.7 trillion exercise – to socialism for the wealthy.

Though Mr Bannon distrusts billionaires, he experienced no apparent qualms when hitching his fortune to the Trump bandwagon from which he now has been ejected. Since moving into the White House, Steve Bannon has single-mindedly fought to implement what he considered to be Trump's agenda: a border wall, a ban on Muslim visitors, and a protectionist trade regime.

Implementing his to-do list, Mr Bannon failed to account for the president's own mercurial and narcissistic approach to setting policy – Trump is not about ideology; if anything the administration's course is determined by the last person departing in the Oval Office. Lacking any personal convictions of note, President Trump is easily swayed, zigzagging effortlessly between extremes and thinking everything and everybody "great".

Without directions from the top, the White House almost instantly became a battlefield on which isolationists and globalists clashed almost daily. The warring factions – Steve Bannon leading the nativists and first son-in-law Jared Kushner rallying the pragmatists – undermined each other's policy initiatives with the result that not a single one was implemented. In the end, both factions lost and a general was called in to impose some semblance of order.

The enfant terrible of US politics is, however, not done yet. He retreated to Breitbart News, the website set up in 2007 as an online platform for far-right news, views, and commentary – home to the now infamous alt-right movement. Not one given to subtleties or discretion, Mr Bannon happily admits that Breitbart News' main mission is to expose and explode the donation-driven Republican establishment. He considers the party hijacked by moneyed interests and alienated from its base and aims to change that.

Washington pundits agree that Mr Bannon lasted much longer in the White House – over six months – than he had been expected to. He faced down a formidable coalition of mainstream Republicans, Wall Street bankers, Trump family members, and military top brass. Though none of his radical policy initiatives survived the trial phase, Mr Bannon's departure from the White House does not necessarily imply the end of the storm.

It is no coincidence that, freed from his political strategist's restraint, and mesmerised by the sight of crisply ironed uniforms, President Trump quickly decreed a large troop surge to check the advance of the Taliban in Afghanistan. Mr Bannon also injected a welcome degree of realism into the official rhetoric on North Korea, conceding just days before his dismissal that the nuclear standoff with Pyongyang has no military solution – "forget it".

"The suits had great difficulty pigeonholing Mr Bannon – a one-time investment banker – after he pressed the president to go after the über-rich by introducing a higher marginal income tax rate (44%) for those earning $5m or more annually."

Steve Bannon's push to confront China on its mercantilist ways may be sorely missed as well. Running a widening current account deficit now equal to 2.5% of GDP, the US economy is nearing a point of inflection – the country can no longer afford to leave its lopsided trade relations unaltered. What Steve Bannon realised perhaps more than others is that President Trump's fearsome reputation for irrational tweet-powered outbursts could well unsettle the Chinese, making them more willing to compromise by opening up their domestic market in return for continued easy access to US consumers. Less inclined to rabble-rousing, the Goldman Sachs boys at the Treasury Department declined to go along, kicking the proverbial can down the road.

The suits had great difficulty pigeonholing Mr Bannon – a one-time investment banker – after he pressed the president to go after the über-rich by introducing a higher marginal income tax rate (44%) for those earning $5m or more annually. With former Goldman Sachs executives Steven Mnuchin in charge of the Treasury Department and Gary Cohn presiding the National Economic Council, the Bannon tax hike never amounted to anything more than a flight of fancy.

The man who ultimately forced Steve Bannon out of office had himself barely arrived at the White House. Newly-appointed Chief of Staff John Kelly, a tough marine general charged with putting a stop to the feuding, had apparently made Mr Bannon's immediate exit a rider to his employment contract. Purging the White House of its more incendiary elements – the president, of course, excepted – General Kelly aims to rescue whatever is left of the Trump Administration after most, if not all, of its policy initiatives foundered.

Back at Breitbart News, Steve Bannon is not done fighting – not by a long shot. Moments after leaving the White House, he declared war – literally – on the Washington seat of power which he now considers, at least functionally, a Democratic bastion: was President Trump not briefly a Democrat before seeing the Republican light? According to insiders, Steve Bannon's first order of business is to convince former chief of staff Reince Priebus, sacked after six months on the job and now cultivating a collection of grudges, to share his insights on the firing of FBI chief James Comey with special prosecutor Robert Mueller. That should keep some at the White House awake at night.

As loose cannon go, Steve Bannon is a particularly volatile one: Breitbart News editors have indicated that the website will no longer shield the administration from the evolving Russia scandal, still slowly gathering traction, and stand ready to help Speaker of the House Paul Ryan rally the votes needed to start an impeachment procedure, should it come to that.

In a sign of things to come, the news site declined to endorse the administration's new take on Afghanistan, arguing that the country is engaged in "an endless war that lacks a definition of victory". Breitbart News also flip-flopped on national security advisor General HR McMaster who tumbled from brilliant military strategist and fearless warrior to supporter of "Quran kissing apology ceremonies" almost overnight. The general was also called a globalist – an even worse offense in the eyes of the alt-right.

As the rage level increases, voices of reason abandon ship. Two presidential advisory councils were shuttered after a mass exodus of members – a veritable who's who of the US corporate world – in protest against President Trump's dithering response to the racial violence in Charlottesville, VA, and his outright refusal to unequivocally condemn the actions of white supremacists. The episode left the Trump Administration's industrial policy – at the core of his campaign pledges – in tatters.

Catering to the ever restless masses – disoriented now that the Trump Administration is not seen delivering on any of its promises – Steve Bannon can chose his targets at leisure – and shoot at will. Though largely an unknown quantity elsewhere in the world, Breitbart News carries considerable weight in the US and helps set the tone of a debate that largely takes place outside the purview of legacy media and outside the scope of traditional journalism. Though after all his policy failures he just had to be bumped from his White House perch, Steve Bannon – streetfighter par excellence – has it in him to become one of the Trump Administration's fiercest critics. The man who was instrumental in shaping President Trump's political persona has no doubt that he can disassemble his creation as well. ❇

> Mack International:
Preserving Family Wealth

Identifying and recruiting exceptional investment executives for families in their family offices and investment firms requires profound expertise. Recognized as the most specialised boutique firm in recruiting C-suite executives for family offices, Mack International, based in the U.S., has earned a distinct reputation for finding key executive leadership. President, Linda Mack, recently celebrated the firm's 15th anniversary. *"My objective when the company was founded was to provide the quintessential executive search and consulting firm in the business - getting it right the first time, every time. And we continue to do that."*

Looking for the needle in the proverbial haystack, Mack International, in business since 2002, has established an exceptionally solid track record in the crucial C-suite arena. An executive search firm serving family offices, family enterprises and family investment firms, the U.S. based firm is specialised in finding investment executives on an international basis. To that end, Mack International maintains a vast global network of contacts via which it sources promising candidates. Their consultative approach doesn't stop there. "Every family is different," says Ms. Mack. "Our consulting engagements can include everything from strategic planning to governance, succession, and executive compensation, depending upon the need."

Founder and President: Linda Mack

"Essentially, our business is helping families and their enterprises successfully sustain themselves into future generations. Each search assignment starts with mapping the client's primary requirements and, after that, detailing the required personal characteristics and attributes. The challenge is to identify and define these qualities." Mack International uses a proprietary 360 assessment process which becomes the basis for defining the ideal candidate. "Our clients are looking for individuals who will help lead their family enterprise for 15 years or longer…a generation. So there must be a strong probability that an intimate bond based on alignment of values and objectives can be established between them. The ideal CIO not only enables the family to achieve their investment objectives, but must be in harmony with the overall philosophy and values of the family as well."

Ms. Mack explains that, as a rule, providing a precise cultural fit takes precedence over other considerations. While finding exceptionally talented investment executives is very important, it is only the first step; the ultimate success depends on finding that one individual who is also the right culture fit. "In fact, finding the candidate with the requisite skills and experience to do the job is just the first cut; 95% of our search is insuring the right culture fit. No matter how professionally competent, an executive who is not a good fit can negatively impact the family's sustainability. This is why, at Mack International, we focus on delivering an aligned cultural fit. Each family office or family investment firm is built according to the vision and values of its founders and his or her successors. It is the key to the enduring success of the enterprise."

Mack International has built a well-earned reputation for doing business with the utmost discretion. "Discretion is an important foundation of our business." explains Linda. "We are known for conducting our engagements with absolute confidentiality. People trust us and that enables us to access candidates no one else can."

Firmly established in a small but crucial niche of the executive search market, Mack International attracts clients internationally. The firm's founder is a highly sought after speaker at family office and family investment conferences on a global basis and is recognised as a thought leader in her field. "We value being at the forefront of our field and continuously do fresh research on our own, sharing our insights and perspectives with families. We all gain from one another's experiences."

Ms. Mack has built her career serving family offices, family investment firms and family enterprises: "I love working with families and believe family businesses are the backbone of this country. The prosperity of the U.S. has been built on the vision of enterprising families. Our clients range from first generation wealth creators to multi-generational families of six or more generations. We bring the value of this experience to each assignment. We help families sustain their wealth into future generations by finding Chief Investment Officers and senior investment managers who will enable them to achieve their objectives. The market needs an independent firm like Mack International that is genuinely dedicated to help families in finding the right leadership for these critical roles." ❊

> Ichor Systems:

The Power Behind Semiconductor Manufacturing

ichor systems

Ichor Systems is a leader in the design, engineering, and manufacturing of critical fluid delivery subsystems for semiconductor capital equipment. The company's primary offerings include gas and chemical delivery subsystems, collectively known as fluid delivery subsystems, which are key elements of the process tools used in the manufacturing of semiconductor devices. Its gas delivery subsystems deliver, monitor, and control precise quantities of the specialised gases used in semiconductor manufacturing processes such as etch and deposition.

Ichor System's chemical delivery subsystems precisely blend and dispense the reactive liquid chemistries used in semiconductor manufacturing processes such as chemical-mechanical planarization (CMP), electroplating, and cleaning. The company also manufactures certain components for internal use in fluid delivery systems and for direct sales to customers. This vertically integrated portion of the business is primarily focused on metal and plastic parts that are used in gas and chemical systems, respectively.

Fluid delivery subsystems ensure accurate measurement and uniform delivery of specialty gases and chemicals at critical steps in the semiconductor manufacturing processes. Any malfunction or material degradation in fluid delivery reduces yields and increases the likelihood of manufacturing defects in these processes. Historically, semiconductor original equipment manufacturers, or OEMs, internally designed and manufactured the fluid delivery subsystems used in their process tools.

Currently, most OEMs outsource the design, engineering, and manufacturing of their gas delivery subsystems to a few specialised suppliers, including Ichor Systems. Additionally, many OEMs are also increasingly outsourcing the design, engineering, and manufacturing of their chemical delivery subsystems due to the increased fluid expertise required to manufacture these subsystems.

Outsourcing these subsystems has allowed OEMs to leverage the suppliers' highly specialised engineering, design, and production skills while focusing their internal resources on their own value-added processes. Ichor Systems believes that this outsourcing trend has enabled OEMs to reduce their fixed costs and development time, as well as provided significant growth opportunities for specialised subsystems suppliers.

"The broad technical expertise of the Ichor Systems engineering team, coupled with the company's early customer engagement approach, enables it to offer innovative and reliable solutions to complex fluid delivery challenges."

The goal of Ichor Systems is to be the premier supplier of outsourced fluid delivery subsystems to OEMs engaged in manufacturing capital equipment to produce semiconductors and to leverage its technology into new markets. To achieve this goal, the company engages with its customers early in their design and development processes and uses its deep engineering resources and operating expertise to jointly create innovative and advanced solutions that meet the current and future needs of customers.

These collaborations frequently involve Ichor Systems engineers working at customers' sites and serving as an extension of their product design teams. The company employs this approach with two of the largest manufacturers of semiconductor capital equipment in the world and believes this approach enables it to design subsystems that meet the precise specifications customers demand and allows it to often be the sole supplier of these subsystems during the initial production ramp. The company is thus positioned to be the preferred supplier for the full five to ten-year lifespan of the process tool.

The broad technical expertise of the Ichor Systems engineering team, coupled with the company's early customer engagement approach, enables it to offer innovative and reliable solutions to complex fluid delivery challenges. With two decades of experience developing complex fluid delivery subsystems and meeting the constantly changing production requirements of leading semiconductor OEMs, Ichor Systems has developed expertise in fluid delivery that it offer to OEMs. In addition, the company's capital efficient model and the integration of its business systems with those of its customers provides Ichor Systems the flexibility to fulfil increased demand and meet changing customer requirements with minimum additional capital outlay. With an aim to superior customer service, Ichor Systems has a global footprint with many facilities strategically located in close proximity to customers. The company has established long standing relationships with top tier OEM customers, including Lam Research and Applied Materials - the two largest customers by sales in 2016.

COMPETITIVE STRENGTHS

Deep Fluids Engineering Expertise

Ichor Systems believes that its engineering team – comprised of chemical engineers, mechanical engineers, and software and systems engineers – has positioned the company to expand the scope of its solutions, provide innovative subsystems, and strengthen the incumbent position at OEM customers. Many of the company's engineers are industry veterans and have spent a significant portion of their careers at customers' facilities, bringing first-hand expertise and a heightened understanding of customer needs. The engineering team acts as an extension of the customers' product development teams, providing them with technical expertise that is outside of their core competencies.

Early Engagement with Customers on Product Development

Ichor Systems seeks to engage with its customers and potential customers very early in their process for new product development. The company believes that this approach enables it to collaborate on product design, qualification, manufacturing, and testing in order to provide a comprehensive, customised solution. Through early engagement during the complex design stages, the engineering team gains early insight into the customers' technology roadmaps which enables Ichor Systems

to pioneer innovative and advanced solutions. In many cases the early customer engagement enables the company to be the sole source supplier when the product is initially introduced.

Long History and Strong Relationships with Top Tier Customers

Ichor Systems has established deep relationships with top tier OEMs such as Lam Research and Applied Materials. Most customers are global leaders by sales and are considered consolidators in the increasingly concentrated semiconductor capital equipment industry. Ichor Systems' existing customer relationships have enabled the company to effectively compete for new fluid delivery subsystems for next generation products in development. Ichor Systems leverages its deep rooted existing customer relationships with these market leaders to penetrate new business opportunities created through industry consolidation. Close collaboration has contributed to the company's established market position and several key supplier awards.

Operational Excellence with Scale to Support the Largest Customers

Over its 17 year history of designing and building gas delivery systems, Ichor Systems has developed deep capabilities in operations. The company has strategically located its Austin, Texas, and Tualatin, Oregon, manufacturing facilities near customers' locations in order to provide fast and efficient responses to new product introductions, and accommodate configuration or design changes late in the manufacturing process. Ichor Systems has also built significant capacity in Singapore to support high volume products. In addition to providing high quality and reliable fluid delivery subsystems, one of the principal focuses is delivering short lead times to allow customers the maximum flexibility in their production processes. This was accomplished by investing in manufacturing systems and developing an efficient supply chain. The focus on operational efficiency and flexibility allows Ichor Systems to respond quickly to customer requests by frequently shipping products to customers less than three weeks after receiving the order.

Capital Efficient and Scalable Business Model

In general, Ichor Systems' business is not capital intensive and the company is able to grow sales with a low investment in property, plant, and equipment and low levels of working capital. In 2016 and 2015, total capital expenditures were $4.3 million and $1.4 million, respectively. In particular, close supplier relationships also enable Ichor Systems to scale production quickly without maintaining significant inventory on hand. The semiconductor capital equipment market has historically been cyclical. The company has structured its business to minimise fixed manufacturing overhead and operating expenses to enable us to grow net income at a higher rate than sales during periods of growth. Conversely, the low fixed cost approach allows the company to minimise the impact of cyclical downturns on net income, but results in a smaller increase in gross margin as a percentage of sales in times of increased demand. ❇

> World Bank: Infrastructure Financing Options - Bankable Projects for Private Investors

By Håvard Halland

Strategic investment funds have emerged as a way of addressing gaps in the infrastructure investment lifecycle. These funds are wholly or partially owned by governments or other public institutions, and are designed to mobilise private investment to key economic sectors.

Governments the world over are struggling to finance essential infrastructure, including projects for clean energy and other green developments. For emerging markets, estimates of the infrastructure financing gap over the next decade range from $500bn to more than $1tn a year. At the same time, institutional investors, operating in a low-yield environment after the financial crisis, are looking to invest in real assets but struggle to find attractive projects.

Private investment in infrastructure last year hit a record $413bn – 14% higher than the previous year. However, the number of deals has remained steady at between 1,700 and 1,800 a year since 2013, according to the data-provider Prequin. The lack of growth suggests that many projects are abandoned somewhere between early-stage project planning, generally undertaken by governments, and the de-risked, operational stage considered bankable for institutional investors. Amongst institutional investors, interest in infrastructure assets has been focused almost entirely on projects in developed economies that are already delivering a steady income stream. The costly project development and construction phases tend to be characterised by a dearth of investment capital.

"Amongst institutional investors, interest in infrastructure assets has been focused almost entirely on projects in developed economies that are already delivering a steady income stream."

MOBILISING PRIVATE INVESTMENT

In this context, a new type of public-private investor – the category of strategic investment funds – has emerged as one of the mechanisms to address gaps in the infrastructure investment lifecycle. SIFs are special-purpose investment funds that are wholly or partially owned by governments, or by government-owned global or regional financial institutions. They act as commercial investors while also seeking to achieve defined policy goals, and are designed to mobilise private investment to key economic sectors.

Currently, thirty SIFs have been established, in countries as diverse as France, India, Ireland, Italy, Mexico, Morocco, the Philippines, and several Gulf states, as well as Nigeria and Senegal. Most have emerged over the past ten years, and another twelve are being planned. Several, particularly those in emerging markets and developing economies, concentrate on infrastructure. Some, including several multinational SIFs that focus on green infrastructure, as well as national funds such as Senegal's Fonds Souverain d'Investissements Stratégiques, have taken on the role of infrastructure venture funds. They lead the financial structuring of new projects and take cornerstone equity stakes to reduce early-stage risk for private investors.

At their best, SIFs are professional financial intermediaries, operating at arm's length from government, and well placed to take advantage of their strategic position between the state and the market.

SIFS AS VEHICLES FOR GREEN INVESTMENT

Institutional investors generally have a low allocation to infrastructure, including green projects. This is illustrated by the limited role in green finance of sovereign wealth funds. According to preliminary estimates by the World Bank Group, based on data from the Sovereign Wealth Fund Institute, between 2006-16 green investments represented 0.7% of the value of all reported sovereign wealth fund deals and 3.6% of infrastructure, energy, and utility investments. The figures for 2016 are higher at 3.5% and 13.4%. However, this rise is driven by a small number of large deals and could be just temporary. Overall, sovereign wealth funds' involvement in green finance remains low.

Institutional investors are significant sources of capital. The global amount of assets under management for pension funds stands at around $26tn; for sovereign wealth funds, it is around

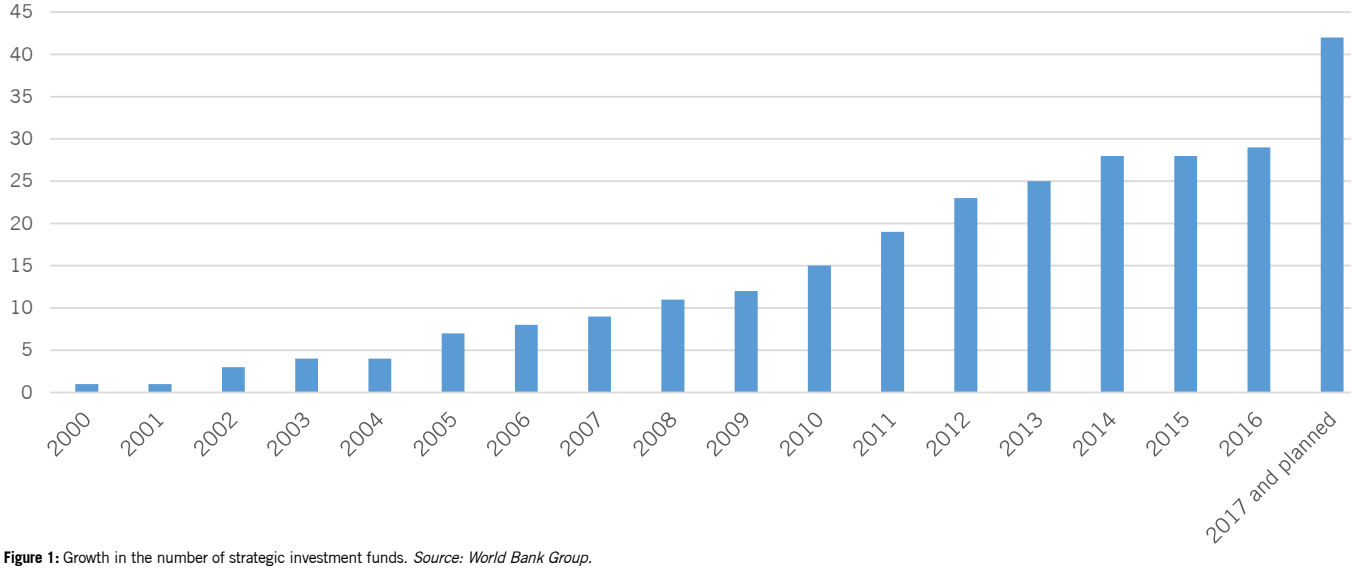


Figure 1: Growth in the number of strategic investment funds. *Source: World Bank Group.*

$7.5tn. Infrastructure, with predictable long-term cash flows and with a low correlation to other assets, is generally considered to be a good fit for institutional investors. This is reflected in their competition for operational infrastructure assets. In combination with the reduced cost of leverage resulting from low interest rates, and the limited supply of investable projects, this competition has exerted upward pressure on valuations.

Green energy projects last year represented 42% of infrastructure deal volume, an increase from 39% in 2015 and 37% in 2013, according to data compiled by Prequin. Increased allocation to infrastructure by institutional investors can be expected to imply a greening of their portfolios.

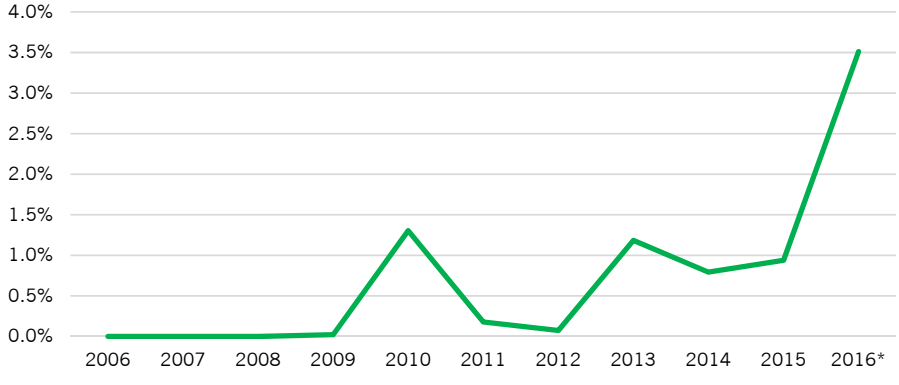
Taking on Risks too High for Private Investors

In a market where infrastructure assets have become more valuable relative to other assets, but where supply remains insufficient, there is a case for intermediation to solve market failures. SIFs aim to provide such intermediation by taking on risks that are marginally too high for private investors. Well-managed SIFs seek to identify and target weak points and bottlenecks in the infrastructure investment lifecycle. SIFs that operate as infrastructure venture funds can seek returns on commercial terms by retaining stakes in completed projects or by divesting these stakes when de-risked, operational projects are sold.

Well-performing SIFs have been successful in crowding in additional private capital for investment in clean energy and other infrastructure sectors, while providing positive financial returns. There are, however, a number of challenges that need to be taken into account by governments and other public sponsors of SIFs, as well as by their private-sector partners, when establishing operations. These are: securing the right staff, attracting private sector investment, sourcing investable projects, and balancing commercial and policy objectives. Successful SIFs have built investment teams by recruiting experienced professionals from global financial centres. They have been able to attract private sector investment by operating as independent organisations, with clear financial targets, within their policy-defined mandate.

These SIFs have managed to become credible investment partners by asserting their operational independence from political interference, through their mandate, structure, governance, investment policy and operational framework. In that capacity, SIFs are likely to continue asserting their role in bringing projects to market in a format appropriate for institutional investors. ❇

This article first appeard in GPI.



Graph 2: Green investments by SWFs (as a percentage of total investment).

*Source: Sovereign Wealth Fund Institute Transaction Database; internal World Bank Group analysis. *Preliminary estimate.*

ABOUT THE AUTHOR

Håvard Halland is a senior economist at the World Bank's Finance & Markets Global Practice, Investment Funds Group. His research and advisory work focus on sovereign wealth funds and strategic investment funds. His main interests include fund mandates, governance and operational frameworks, as well as the economic and policy implications of sovereign funds' domestic investment. Recently, he has worked on the role of strategic investment funds in mobilizing private capital for green finance. He is an editor, lead author, or joint author of several books published by the World Bank; has published academic and policy research papers, book chapters, magazine articles and blogs; and regularly presents at international conferences and seminars. He earned a PhD in Economics from the University of Cambridge.

> Asia Pacific

North Korea: Petrol Head Supremo Keeps Economy Humming – Or So It Seems

By Wim Romeijn

Pyongyang, a city of some three million, boasts no less than three billboards. They all advertise the vehicles of Pyeonghwa Motor Corporation (PMC), North Korea's sole car manufacturer, founded in 1999 by the Unification Church of the late Sun Myung Moon. Though fiercely opposed to communism, Mr Moon thought his joint-venture with state-owned export corporation Ryonbong might foster peace and understanding between the two Koreas. That didn't quite work out as planned. After years of poor sales and disappointing results, the Moonies transferred their share in the carmaker to the state in 2013.

Mansu Hill Grand Monument, Pyongyang, North Korea: Kim Il-sung and Kim Jong-il statue

PMC builds only a few hundred cars annually, mostly tiny vans and mini trucks. It also knocks together the Junma luxury sedan for the local elite; those just shy of top brass level. The truly powerful, the careerists scribbling away in little notebooks, prefer a more stately Mercedes. They are the only ones allowed access to the fast lanes of Pyongyang's wide boulevards and thoroughfares. Here the top speed is 70 km/h, ten more than mere mortals are allowed.

The PMC Junma – just a rebadged SsangYong Chairman, itself a copy of the older Mercedes Benz E-Class – is assembled at a $55m plant in Nampo. Though the facility was designed to produce up to 10,000 vehicles annually, its output never exceeded 10% of capacity. After paying the Chinese for using their designs – themselves copycats of German, South Korean, and Japanese originals – PMC posted a meagre $200,000 profit in 2015.

Before Pyeonghwa Motor Corporation cornered the market, North Korea sporadically bought vehicles overseas. In 1974, the country's government placed an order for, and received, one thousand Volvo 144 four-door sedans. Though the cars can still be seen in and around the capital, North Korea never bothered to ship the copper and zinc it promised as payment. Volvo, now owned by Chinese Geely Auto, continues to send regular past due notices to Pyongyang. With interest, the arrears have ballooned to $393m.

In the late 1980s and with financial help from the Soviet Union, North Korea reverse engineered the Mercedes Benz 190E – the famous Baby Benz, widely hailed as the last of the indestructible Mercs – from a few imported originals. The Kaengsaeng 88 was reportedly briefly produced at the Pyongsang Auto Works which normally only churns out trucks and all-terrain vehicles. Equipped with a four-cylinder petrol engine sourced in the (then) Soviet Union, the Kaengsaeng 88 looks a perfect copy of the original from the outside but lacked some amenities on the inside such as heating and a radio. An ashtray was, however, provided.

Ordinary North Koreans do not usually buy cars. Motor vehicle ownership is limited to about two per one thousand inhabitants. With salaries averaging around $50 per month for privileged factory workers in the Pyongyang metropolitan area, cars are, of course, outside the purview of most citizens' purchasing power. Besides, there are few places to go since the country's road network stretches less than 30,000 kilometres, of which barely 1,500 are paved.

Only since last year has it become legal for private citizens to buy, sell, register, bequeath, and inherit cars. Pictures taken by tourists show a marginal increase in the number of passenger cars plying Pyongyang's avenues, keeping the city's iconic traffic controllers busier than usual. From some yet not fully understood reason, red cities produce memorable traffic regulators: Pyongyang's young female traffic controllers have almost become as famous and popular as East Berlin's Ampelmännchen (little traffic light men) guarding the drab city's pedestrian crossings.

"The truly powerful, the careerists scribbling away in little notebooks, prefer a more stately Mercedes. They are the only ones allowed access to the fast lanes of Pyongyang's wide boulevards and thoroughfares. Here the top speed is 70 km/h, ten more than mere mortals are allowed."

Kim Jong-un has apparently taken a personal interest in reviving his country's fledging car industry, instructing his loyal minions to take on the might of Mercedes and BMW with a full range of locally manufactured luxury vehicles. PMC took the hint and has published a few snapshots of an SUV that looks suspiciously similar to the Mercedes GL. The company said its soon-to-be-released model will retail for around $22,000 at the single dealership the company maintains in Pyongyang. PMC is also said to be working on a sedan along the lines of the BMW 3-Series.

Supreme Leader Kim Jong-un is well-known as a petrol head who – according to the official history – learned to drive at the age of three and was already winning races a few years later. The leader is also determined to improve road safety. He recently outlawed high-intensity discharge (HID) headlights after being blinded by them during an evening trip around the capital. Happily, there have been no sightings of US-made cars in North Korea which is just as well at a time of worsening relations between Pyongyang and Washington. In 2007, Supreme Leader Kim Jong-Il – father to the present despot – reportedly had all Japanese-manufactured cars taken off the road and confiscated after a dip in relations with Tokyo.

After Kim Jong-un's dalliance with nuclear weaponry caused sanctions to be tightened yet again, the country's budding love of the private automobile is coming to an early end. Dwindling oil supplies from China has pushed up petrol prices significantly. The latest round of UN-approved sanctions aims to curtail North Korea's export earnings by an additional 25-30%.

Oil is considered China's stranglehold on Pyongyang and the US government has exerted enormous pressure on Beijing to cut off or limit supplies. Though it is not precisely known how much oil is supplied by China, the country is not likely to completely deprive its recalcitrant ally of fuel – if only to ensure a measure of stability and keep its leverage over Kim Jong-un. North Korea's oil consumption is estimated at less than 20,000 barrels per day. From Vladivostok, Russia also sends small amounts of oil south. However, volumes have been minimal since Russian exporters demand upfront cash payment.

All sanctions notwithstanding, North Korea's economy seems to be doing rather well. Though official statistics and numbers are inexistent, the Bank of Korea – the central bank of South Korea – estimates that the DPRK economy last year expanded by a little under 4%. Cross-border trade amounted to $6.5bn in 2016 – an increase of almost 5% over the previous year. Only 7% of North Korea's international trade is conducted with partners other than China.

Though Beijing agreed to halt coal imports from North Korea – an estimated $100m per month lifeline for Pyongyang – DPRK bulk carriers are still seen unloading their cargoes in the harbours of Longkou, Penglai, and Weihai, often switching off their anti-collision satellite tracking systems as they approach coal-handling ports on the Chinese side of the Yellow Sea.

Traders in Dadong, the gateway to DPRK on the northern bank of the Yalu River through which around three quarters of North Korea's international trade flows, report business as usual with the exception of seafood imports – halted by the Chinese in accordance with UN sanctions that now also target lead, iron, and their ores.

Meanwhile in Pyongyang, North Koreans can easily be fooled into believing that the sanctions do not bite. Just a few weeks ago, the capital saw its first Western-style department store open for business. Though formally denying any links, Japanese/Chinese discount home goods and fashion retailer Miniso has descended in Pyongyang with a large store that seeks to develop the local retail market. The store offers a remarkable wide choice of Western goods such as French perfumes, Japanese electronics, and top-brand apparel. In response, authorities have slightly relaxed the strict dress code imposed on women who were until recently forbidden from wearing Western-style clothing – leggings and other body-hugging attire, however, remain verboten. Some things, it would seem, are not meant to change in the self-styled hermit kingdom. ❊

> State Bank of India:

Rich Heritage at Cutting Edge of Banking

State Bank of India (SBI) is one of the oldest financial institutions of India with a sterling legacy of over 200 years. SBI is now serving more than 420 million customers across the globe. The origins of SBI date back to 1806, when the Bank of Calcutta was established. In 1921, the Bank of Bengal and two other Presidency Banks (Bank of Madras and Bank of Bombay) were amalgamated to form the Imperial Bank of India. In 1955, the Reserve Bank of India acquired controlling interests of the Imperial Bank of India and SBI was created by an act of parliament to take over the functions of the Imperial Bank of India.

SBI is the largest commercial bank in India in terms of assets, deposits, profits, branches, and employee strength. As on April 1, 2017 and after the merger of five associate banks and Bharatiya Mahila Bank, SBI commands a market share of around 23% in the banking industry of India. As on Q1 FY18, its deposit base is $402 billion and loan book of $292 billion. According to The Banker magazine, as on 31st March 2017, the bank ranks 54th among global banks in terms of assets. With 23,400 plus branches, it has the largest branch network in the country, providing a wide gamut of financial services to its more than 420 million customers through its staff numbering 273,181. The bank has 206 foreign offices in 35 countries spanning all time zones.

The SBI subsidiaries, both domestic and foreign, complement the bank's business model and render excellent banking services across various geographies. The non-banking subsidiaries specialise in extensive services across the financial industry including life insurance, general insurance, merchant banking, mutual funds, credit cards, factoring services, security trading and primary dealership in the money market, amongst others. It represents 210 years of trust and is a perpetual support to Indian economy. The group also enjoys the distinction of managing the largest ATM network in the world with over 59,000 ATMs. SBI's ATM network transacts 38% of India's total ATM transactions. SBI also has one of the largest point of sale (PoS) networks in the country with 509,000 PoS machines.

SBI has long history of industry first initiatives. Contrary to popular belief that public sector lacks the capacity of innovation, SBI has been pioneer in many financial innovations. SBI was one of the first to adopt technology in 1990s and the only Indian bank in the Fortune 500 list.

Chairman: Arundhati Bhattacharya

SBI has been at the forefront of Financial Inclusion initiatives in India. The Bank is the pioneer in the business correspondent (BC) model, an alternative mode for providing banking services to cater to both urban and rural customers, a segment which is still characterised by small value transactions. The policy of the bank on financial inclusion is geared towards promoting financial education and making credit available to productive sectors of the economy, including the rural and MSME sectors. This is being done at the most affordable rates and it is ensured that the benefits of all government-run schemes reach the target population in full, without any leakages. The bank has successfully leveraged technology for propagating financial inclusion by introducing internet based kiosk banking, card-based and mobile phone messaging channels.

SBI was the first public sector bank in the country to publish its sustainability report in 2016 and taking the initiative forwards, the second report, for FY2017, has been drawn up in accordance with international guidelines set by the Global Reporting Initiative (GRI). SBI reiterates its commitment to act responsively towards the environment and the country as various activities are undertaken to ensure the prosperity of the customers and the nation. Thus, the traditions of its glorious past continue to be upheld even this day while meeting the emerging challenges of the current century. SBI's rich heritage and extensive contribution to the society at large, both business-linked and non-business related has earned it a place in the heart of every citizen of India.

MANAGEMENT TEAM

Arundhati Bhattacharya - Chairman

Arundhati Bhattacharya has 39 years of experience in India's financial sector working across varied roles and diverse national and international locations. Taking over as the first-ever woman chairperson of State Bank of India, a Fortune 500 company, she has stamped her imprint on the financial world not just in India but globally as well.

Mrs Bhattacharya has expertise and deep understanding of all aspects of banking spanning credit, forex, treasury, retail operations, mergers and acquisitions besides the capital & bond markets.

Before taking charge as managing director, she was MD & CEO of SBI's investment banking arm, SBI Capital Markets. Earlier, as deputy managing director at SBI, she headed the largest human resources department of the banking industry consisting of a work force of over 200,000 employees, including 65,000 officers.

In her extensive service for the bank, she has had the opportunity of working in metro, urban, and rural areas across the length and breadth of the country. She has handled forex, treasury, retail operations, HR and investment banking portfolios and large corporate credit. As chief general manager New Businesses, Mrs Bhattacharya was involved in setting up several new companies / initiatives of the bank including SBI General Insurance, SBI Macquarie Infrastructure Fund, SBI SG Securities, amongst other, as well as the launch of new IT platforms such as mobile banking and financial planning in the bank. As chief general manager Bengaluru Circle, she took keen interest in promoting financial inclusion and financing of self-help groups. She also had a stint at the bank's New York office where she was in charge of monitoring branch performance, overseeing external audit and correspondent relations.

Under her leadership, Global Finance Magazine of USA has adjudged State Bank of India as (i) Best Bank in India, (ii) Best Trade Finance Providers in India and (iii) Best Sub-Custodian. The same magazine has adjudged State Bank of India as Best Bank in India (Emerging Economy) Asia-Pacific. Forbes magazine has ranked her 25th in their list of Most Powerful Women in the World and 5th in The Most Powerful Women in Finance category in 2016. She has also been featured in the Fortune List of Top 50 globally most powerful women in business and ranked among the top 5 in the Asia-Pacific region.

Her interests include reading and travel. She is also associated with various initiatives and institutions for empowering the challenged and differently abled with the aim of integrating them in society.

B Sriram – Managing Director (Corporate Banking Group)

B Sriram joined State Bank of India as a probationary officer in 1981 and has held various important assignments in the bank. He is a post graduate in Physics from St. Stephen's College, New Delhi, and has a AIMA diploma in Management.

Mr Sriram has assumed charge of managing director Corporate Banking Group, State Bank of India on November 02, 2015. Prior to this, he was managing director National Banking Group since July 17, 2014. He was also managing director of the erstwhile subsidiary of SBI State Bank of Bikaner & Jaipur. He served as chief general manager of Delhi Circle, one of the largest circles of the bank and chief general manager Global Markets. As CGM Global Market, he was looking after the bank's investment portfolio, money market and forex operations.

Mr Sriram has held the key positions of general manager Global Markets, Corporate Centre, Mumbai from March 2008 to December 2010; deputy general manager, Zonal Office, Mumbai from October 2005 to March 2008; and deputy general manager, Zonal Office, Dehradun from December 2003 to October 2005. He was also posted in the bank's foreign office at Singapore and was on deputation to SBI Capital Markets during his earlier tenure.

Rajnish Kumar - Managing Director (National Banking Group)

Rajnish Kumar assumed charge as managing director National Banking Group early November, 2015. Prior to this, he was holding charge as managing director Compliance & Risk of State Bank of India (SBI) from late May, 2015. Mr Kumar was heading SBI Capital Markets – the merchant banking arm of State Bank of India – as managing director and chief executive officer, prior to becoming managing director in SBI.

Mr Kumar has been with the State Bank of India for over three decades, having joined the bank as a probationary officer in 1980. An MSc in Physics, apart from CAIIB, Mr Kumar has held several key assignments across various business verticals, including two overseas assignments in Canada and the UK. He has vast experience in handling large credit, project finance, foreign exchange, and retail banking.

Mr Kumar has held such important positions as deputy general manager Pune Zone; general manager (NW-II) Mumbai; regional head SBI(UK); chief general manager North East Circle; and chief general manager Project Finance. Mr Kumar is an avid traveller and has visited several countries. He loves sports and is a good player of badminton.

SBI: Corporate Centre Building

Praveen Kumar Gupta – Managing Director (Compliance and Risk)

Praveen Kumar Gupta was appointed by the government of India as managing director of the State Bank of India in November 2015. He looks after the areas of Compliance & Risk in the bank. Prior to this, Mr Gupta was the managing director and chief executive officer of SBI Capital Markets – the investment banking subsidiary of the State Bank of India.

Mr Gupta joined State Bank of India in 1982. He has held a number of very important assignments both in India and abroad, such as:

- Deputy managing director and chief financial officer of SBI.
- Chief general manager Global Markets responsible for the entire treasury function of the Bank. Mr Gupta has extensively handled treasury operations in the bank, both in India and abroad.
- Chief general manager Bhubaneswar Circle looking after the bank's business in the state of Odisha.
- General manager Network 1 Guwahati responsible for the bank's business in the states of Assam and Arunachal Pradesh.
- Deputy chief executive officer of the SBI Macquarie Infrastructure Fund, a private equity fund promoted by State Bank of India along with Macquarie Bank of Australia, and IFC with a corpus of $1.2bn.
- Chief executive officer of the Bahrain Offshore Banking Unit and the regional head for the Middle East and North Africa regions. Mr Gupta was earlier posted at Bank's London office.

Mr Gupta is a former chairman of Forex Exchange Dealers Association of India (FEDAI). He is also a member of Technical Advisory Committee of RBI on Money Markets.

Dinesh Kumar Khara – Managing Director (Associates & Subsidiaries)

Dinesh Kumar Khara, managing director Associates & Subsidiaries, holds a board level position, supervising the businesses of non-banking subsidiaries of the bank. The subsidiaries are engaged in diverse financial activities such as asset management, life insurance, general insurance, custodial services, primary dealership, investment banking, broking, credit cards, pension funds, and factoring. In addition, he is entrusted with the role of supervision of 18 Regional rural banks (sponsored by SBI) having more than 5,500 branches, serving more than 55 million customers.

Mr Khara holds an MBA in Business Administration from Faculty of Management Studies, New Delhi. Mr Khara joined SBI as probationary officer in 1984 and has over 32 years of experience in all facets of banking such as retail credit, SME/corporate credit, deposit mobilisation, international banking, branch management, etc.

Mr Khara successfully accomplished the merger process of SBI with its five associate banks and Bhartiya Mahila Bank. Prior to being appointed as managing director A&S, Mr Khara was the MD & CEO of SBI Funds Management (SBIMF). Mr Khara also held various important positions in the bank which include chief general manager Bhopal Circle, general manager Associates and Subsidiaries, amongst others.

He was also posted to the bank's Chicago office and was associated with the overseas acquisition of Indian Ocean International Bank Mauritius (now SBI Mauritius) during his stint in Overseas Expansion wing of International Banking Group. ❇

> Krungthai Bank:

Pioneer in Sustainable Business Development

Krungthai Bank (KTB) opened for business on March 14, 1966, as a commercial bank. KTB adheres to its corporate vision of Growing Together. Business growth is encouraged by opening venues for the personal development of staff. This, in turn, enables KTB customers to enjoy premier services; delivers sustainable returns to shareholders; and supports the development of the country's society, environment, and economy. As both a state owned enterprise and a publically listed company, Krungthai Bank painstakingly fulfils its duties to all stakeholders.

The Government Statement of Direction mandates KTB to provide solid and inclusive financial services, help reduce income inequality especially amongst low-income earners, develop effective payment systems, and support the management of social welfare programmes. In the FY 2015-16, KTB initiatives included:

- **Purchase-book lottery tickets project** – KTB, together with the Government Lottery Office, has offered the direct sale of lottery tickets to retail sellers via the bank's multiple delivery channels (nationwide branch network, ATMs, and KTB netbank). Approximately 150,000 retail sellers have registered to buy and reserve lottery tickets.
- **Government welfare programmes 2016** – KTB offered low-income earners an opportunity to register for the government's welfare scheme and disbursed a number of welfare payments such as the Child Support Grant for new-born infants and subsidies for low-income earners. Implementing the government's schemes has allowed the bank to become a premier channel for social welfare disbursements to targeted people and to support government in its desire to help people based on their needs.
- **KTB e-LBD Project** – KTB cooperated with Kaset Thai International Sugar Corporation to provide a local electronic bill discounting service to facilitate sugar plant operators and the approximately 10,000 sugar cane growers. The service replaced the cheques previously used. KTB is the first bank to provide such service and plans to replicate the experience with rubber and cassava cultivators in the future.
- **Boonterm Cash Transfer Service** – Together with Forth Corporation, KTB expanded its cash transfer channels for customers in remote areas by providing cash transfer service from Boonterm machines (around 92,000 machines as of 2016) to KTB accounts or accounts at other banks.

> "With its nationwide branch network KTB is able to help communities and maintain a vast array of corporate social responsibility projects."

Key KTB financial inclusions initiatives expected to be launched in Q4/2017-2018 include:

- **Low-income earners welfare card** – Calling for the registration of around 14.1 million persons. The initial functions of card include social welfare discounts to utility bills, public transportation fares, and Blue Flag Shops.
- **Common ticket** – KTB will issue contactless cards for use in the mass transit system starting with BMTA bus services and later including rail travel, tolls, and port fees.
- **New services of national e-payment** – KTB expects to provide request-to-pay and cross-bank bill payment services.
- **Medical service welfare card for government officers (around five million cards)** – Introduced to prevent fraud and offers more effective control of the disbursement of medical expenses.

These and other KTB initiatives help to promote financial inclusion and enhance the quality of life enjoyed by Thai people. They also reduce the income gap and help establish Thailand's cashless society.

In addition, KTB has maintained a number of corporate social responsibility projects to continuously promote and support sustainability standards for both the society and the environment. KTB has also linked and

Krung Thai Bank Head Office

integrated various projects in accordance with its corporate objectives and builds networks of alliances covering all social segments including government, private sector, and the general public to jointly drive the projects forward and achieve all set objectives.

KTB gives first priority to building sustainability through the empowerment of communities across the country in areas such as education, business development, and the environment, leading to sustainable long-term growth. There are several educational projects organised by the bank such as:

Krungthai Young Enterprise Project – KTB realises the necessity of boosting business competencies in order to improve Thailand's economic competitiveness. As a leading financial institution playing an important role in driving Thailand's economy, Krungthai Bank acknowledges that in order to increase the country's capacities, it is necessary to empower young business people. Thus, KTB provides young entrepreneurs with business knowledge, thoughts, and concepts. This initiative ties in with government policies aimed at supporting SMEs and start-ups. The bank promotes the ethics of operating a business to young people via the Krungthai Young Enterprise Project, established in 2002. This project has awarded opportunities to students in high schools and vocational training programmes and allows them to run pilot business projects and, by doing so, gain an understanding of the principles of operating a successful business. To support the government's policy on the digital economy, KTB has adapted the project in order to support Thai start-up companies. KTB is expected to relaunch this project this year.

Krungthai Business Ethics Initiative (White Seedlings) Project – The bank initiated the Krungthai Business Ethics Initiative (White Seedlings) Project to emphasise the importance of transparent management practices and adherence to the compliance and information disclosure obligations prescribed by corporate governance principles. High school students across the country will have an opportunity to complete their business plans based on the late King Bhumipol Adulyadej's Sufficiency Economy Philosophy and to conduct actual field work. Students will present their research and activity outcomes to qualified committees. The bank has run this project since 2007. Presently, a total of 213 teams across the country joined the project.

The Krungthai Weaving Dream Schools, Good School near Home Project – Regarding the values of communities located around the bank's branches – an important part, and stakeholder, of the bank's sustainability initiatives – the Krungthai Weaving Dream Schools Project, set up in 2005, provides and supports good local schools. The bank provides funding to renovate school buildings, classrooms, and practical rooms, and school equipment.

President and CEO: Mr Payong Srivanich

Training programmes on a variety of subjects are organised to allow teachers to develop skills for 21st century learning. Presently, 94 nationwide school networks are participating in the project. All have been certified as the Dream School or model schools by the Basic Education Commission. This project is considered crucial to elevating the nation's educational standards. By offering educational excellence in local communities, migratory pressures are decreased. As more students remain in their hometowns, the overall society will strengthen and grow in a sustainable fashion.

Krungthai University Graduates Project – The bank has maintained Krungthai University Graduates Project since 2009 with a view to enhance the outcome of the Krungthai Weaving Dream Schools, Good School near Home Project. The Graduates Project is aimed at encouraging students who display a determination to pursue university-level courses. They may apply for scholarships offered by the bank. Weaving Dream School students able to successfully take an entrance exam at leading state universities may apply for a financial support. The scholarships enable students to obtain a bachelor degree. The bank has granted a total of 572 scholarships for a total amount of ninety million baht.

With its nationwide branch network KTB is able to help communities and maintain a vast array of corporate social responsibility projects. The bank is widely recognised as a pioneer of sustainable business practices in Thailand, building a future that includes the interests of all stakeholders. ❇

> WeInvest: Unlocking Priceless Investment Data

WeInvest is Asia's first digital wealth as-a-service provider. WeInvest was founded with the vision to help everyone take control of their finances, make better investment decisions, and gain access to simpler, smarter, and transparent investing. The WeInvest solution encompasses aggregation of assets and planning for future investments.

ANOTHER FINTECH DISRUPTOR?

"Disruptor can be a misnomer sometimes. Our platform is here to enable financial institutions to increase operational efficiencies and offer a high standard of service to their customers," says Bhaskar Prabhakara, CEO at WeInvest.

The Robo-Advisory Platform is used by banks to service emerging-affluent or mass affluent customers who typically feel under served. RM Assisted Advisory – RM Workbench is a unique app that provides relationship managers with a holistic overview of his/her clients and equips him/her to precision-service each client.

With a suite of three core products – Robo-Advisory, RM Assisted Advisory, and Aggregation Services – WeInvest has partnered with banks and financial Institutions across Asia and the Middle East to provide a digital wealth platform with a regional flavour in each country. As a business partner, WeInvest doesn't just provide a standard robo-advisory platform, the company understands every institution's needs, current system and infrastructure, and financial regulations – only then it offers a customised investments solution that sets them ahead of competition. As it partners in a true sense, WeInvest transfers every technological advancement to the platform at no additional cost.

WHO IS IT FOR?

"We are a B2B2C company. While providing efficient modular platforms for banks, we always remain focused to ensure that the end investor journey remains simple, low cost, and transparent. What's different about WeInvest is that it is not just another platform that helps you to invest but rather a platform used to aggregate existing assets and even expenses and then assess investment needs and ideas."

> "Our platform is here to enable financial institutions to increase operational efficiencies and offer a high standard of service to their customers."

While the investor is interacting only with a bank or a relationship manager, WeInvest is working behind the scenes to enhance his/her experience. One of the key initiatives by WeInvest in this respect was to make available 'Investment Strategies accessed by private bank customers' to common investor at low costs. Investors can deploy even $5,000 in an investment plan that was earlier available only at a minimum investment of $100,000. The investment process and products are approved by MAS in Singapore and regulatory authorities in other countries. WeInvest is currently working with OCBC, CIMB Securitie, and LightHouse Canton in Singapore.

FOUNDING MEMBERS OF WEINVEST

Bhaskar Prabhalara, CEO and cofounder at WeInvest, has over the last twelve years consulted with various banks, brokerages, and asset management firms across India, Middle East, US, and UK.

Aananth Soliyappan, CTO and cofounder, leads the technology and product development teams at WeInvest. Before helping to strat WeInvest Mr Soliyappen was CTO and cofounder of welab.co, a Hong Kong and China-based mobile lending unicorn.

Rajesh Jai Singh, COO and cofounder, specialises in business planning, operations, managing cross-domain teams, and running complex processes across multiple time zones. Mr Jai Singh has over a decade of experience running product platforms, business units, and delivering high-value professional services across the financial services and advertising technology domains.

GLOBAL PRESENCE

WeInvest is present in Singapore, Malaysia, Indonesia, Thailand, Taiwan, Hong Kong, and The UAE. Its current clients include OCBC, CIMB Securities, and LightHouse Canton in Singapore. ❇

"While the investor is interacting only with a bank or a relationship manager, WeInvest is working behind the scenes to enhance his/her experience. One of the key initiatives by WeInvest in this respect was to make available 'Investment Strategies accessed by private bank customers' to common investor at low costs."

> Capital First:

Claiming and Greatly Expanding Niche Financing in India

Capital First Ltd is a leading Indian financial institution specialised in providing debt financing to MSMEs and consumers in India and listed on NSE and BSE. The company underwent a unique transformation from being a niche player in wholesale financing ($150m in 2010) to becoming a large retail financing institution ($3bn in 2017) within seven years, aided by a management buyout in 2012.

Between 2008 to 2010, the company was in the business of financing real estate developers, offering corporate credit, and managing private equity assets. Through joint ventures, the company also comprised a foreign exchange business, a retail brokerage, and a wealth management arm.

Between 2010-2012, Mr Vaidyanathan exited these multiple businesses and developed a unique model for financing consumers and entrepreneurs. In 2012, he secured equity support from Warburg Pincus for a management buyout of the company. As part of this MBO, shareholders received an open offer which was accepted. As a result, the company's ownership and shareholder structures changed, new business lines were launched, and the board reconstituted – thus a new brand and entity came into being: Capital First.

The corporate vision of Capital First is to offer financing to India's fifty million MSMEs and the country's emerging middle class, using a differentiated model based on new technologies. This provided a large, almost once-in-a-lifetime, opportunity.

Unlike traditional models of financing, Capital First has successfully created new models for extending credit to small entrepreneurs, MSMEs, and consumers in unbanked and underserved demographics. Capital First manages to do so by using a differentiated model based on new technologies and deep analytics. Depending on ticket size, the company uses either new age analytical scorecards, or cash flow check methods.

Capital First provides small ticket financing to micro and small entrepreneurs such as small traders, suppliers, and shopkeepers. Capital First also provides loans for purchase of two wheelers, durable goods such as air conditioners, washing machines, refrigerators, television sets, laptops, tablets, mobile phones, furniture, and such. For larger loans, the company performs a cash flow analysis, studies prior credit behaviour, and makes other due diligence checks to assess the customer's repayment capabilities. Loans are granted either with or without collateral.

> "Capital First enjoys the highest long-term credit rating and is one of only a select few institutions in India to achieve this distinction."

Thanks to this differentiated approach, Capital First managed in no more than seven years to assume an important role in the furthering of financial inclusion. The company has financed more than four million customers and built a loan portfolio of almost $3.3bn as of Q2 2017. Capital First has constructed a large network of service point and now provides financing in 228 locations across the length and breadth of the country. The market cap of the institution has increased from $120m on 31 March 2012, before the management buyout, to $1.2bn today.

Compared to the industry's average, the loan book of the company is of high quality with a gross NPA of 1.72% (1.04% net) at the close of Q2 2017 on 90 DPD NPA recognition basis. The company successfully leverages technology and the power of analytics in all areas of operations including portfolio monitoring and collections. It does so in an efficient manner.

A number of premier domestic and international financial institutions have backed Capital First through primary equity capital or through market purchases over the last five years. These include GIC (Singapore), Goldman Sachs Asset Management, Jupiter Asset Management, Government Pension Fund Global, Birla Asset Management, HDFC Mutual Fund, HDFC Standard Life, Nomura Asset Management, DNB Asset Management, CREF, Ashburton, and Ashmore, amongst others.

Capital First enjoys the highest long-term credit rating (AAA) and is one of only a select few institutions in India to achieve this distinction. Capital First is focused on building an institution on strong pillars of ethics, values, and excellence in corporate governance. The company is well capitalised with an overall capital adequacy ratio of 20.10% against the 15.0% mandated by the RBI (Reserve Bank of India). The company's profit after tax has ballooned from $10m in 2013 to $18m in 2015, $26m in 2016, and $37m in 2017. The company has also increased its dividends each year since 2013, going up from 18%, per Rs 10 share in 2013 to 26% this year.

From FY13 to FY17, the volume of assets under management has grown from $1.1bn to $3.05 bn, representing a five year CAGR of 27%. The five year CAGR of income and profit after tax has grown 46% and 40% respectively.

Over the last five years, Capital First has received a number of prestigious awards and accolades in recognition of its achievements. In March 2017, Capital First received the Asia Innovator of the Year award, part of the CNBC-India Business Leader Awards, from Indian Finance Minister Arun Jaitley. This year, Capital First also featured in India's Top 500 Companies & Corporates as compiled by Dun and Bradstreet and was ranked 341 based on total income. In December 2016, Capital First received India's Most Trusted Financial Brands Award by World Consulting & Research Corporation in Mumbai. In November 2016, the company debuted in Economic Times' 500 India's Future-Ready Companies - ranked 466. The company was also awarded the Giants of Tomorrow distinction by Fortune Magazine in August 2016.

The company's flagship CSR program involves providing financial assistance to students who, on their own merits, have been able to secure admission to selected management programmes, but happen to belong to the economically weaker sections of Indian society and are therefore unable to afford the educational programmes. Such students are awarded scholarships under the Capital First Scholarship Programme. The company also runs healthcare, women empowerment, and vocational training programmes. ❊

> GVK Biosciences: Pushing the Envelope

GVK BIO

GVK Biosciences is one of the largest India-based discovery, development, and manufacturing solutions provider to the biopharma industry. Established in 2001, GVK Biosciences has over fifteen years of experience across the research, development and manufacturing value chain with a focus on speed and quality. The team of over 2,000 highly-qualified scientists – backed by well-defined and scalable processes, modern facilities, and a strong customer-centric partnering approach – focus on bringing customers' products faster to market. GVK Biosciences partners with reputed global academic institutions and research laboratories to find efficient, cost-effective, and innovative solutions to their research, development, and manufacturing challenges.

Headquartered at Hyderabad, GVK Biosciences has over 2500 people working in the drug discovery, development & manufacturing space with business development teams spread across USA, Europe and the Asia Pacific Region. The company offers a continuum of drug discovery solutions from pre-hit to candidate selection and has expertise that spans across numerous therapeutic areas with a focus on oncology, pain/inflammation, and metabolic diseases. The company leverages its expertise in chemistry, biology, CADD, ADMET/PK, and animal disease models to provide customised and integrated models for drug discovery leading to pre-clinical candidates. GVK Biosciences has been successful in establishing a proven track record offering cost-effective, innovative, and highly efficient solutions towards delivering clinical candidates for its collaborators.

With an inherent work culture that thrives on ensuring Safety and Compliance, and a resolute Customer First approach, the company is working towards a new positioning to stamp its authority and leadership as a contract research and development organisation (CRDO).

The early stage drug discovery is a typical four to five-year process and involves enormous intellectual bandwidth that calls for companies such as GVK Biosciences – which dips into its research and development pool of around 2,000 high quality scientists with over 200 PhDs who work in this stage of the value chain. With nearly 70% invention happening in small & medium-sized firms, GVK Biosciences has kept a keen eye on this customer community.

The pharmaceuticals and life science sector has traditionally been knowledge-intensive with a focus on research and development. GVK Biosciences actively propagates the idea of partnering research with its over 400 global customers. The company has the following service lines:

> "GVK Biosciences actively propagates the idea of partnering research with its over 400 global customers."

- **Discovery solutions**
  - *Small Molecule*
    - Discovery Chemistry solutions
    - Discovery Biology solutions
  - *Large Molecule discovery solutions*
- **Chemical development solutions**
- **Formulation & analytical solutions**
- **Contract manufacturing solutions**

INDUSTRY PERSPECTIVES

The drug discovery CRO industry is witnessing major consolidation. Many Asia-based firms are enhancing their foothold in Europe and North America, and are tapping growing business opportunities. GVK Biosciences has established sales teams in both these geographies and is exploring this business with small and medium-sized pharma and biotech firms besides working with large companies.

Over the last two decades, the pharmaceutical industry has seen some radical changes. The unprecedented downsizing of the internal discovery of the big pharmaceuticals, patent expiration, and the shift towards biologics has led to a major externalisation and outsourcing of the drug discovery business globally. With the global pharmaceutical and life science industries seeking new sources of discovery and innovation with limited resources and countering Wall Street pressures, there is a growing preference to externalisation and embracing the concept of outsourcing of drug discovery.

Global R&D spend in the biopharmaceutical industry is estimated to be around $190 billion in 2016 and according to industry estimates, nearly 75-80% of the expenses can be outsourced. With a current penetration of around 58%, there is an opportunity for contract research organisations to tap this outsourcing trend in the drug discovery market. The global outsourcing market is estimated at $115.7 billion in 2016 of which 49% is accounted for through CROs. Among the $55.7 billion CRO market, 31.2% accounts for discovery-based service i.e. $17.4 billion in 2016 and the balance, 68.8%, accounts for pre-clinical and clinical services.

GVK BIO DISCOVERY SOLUTIONS - SMALL MOLECULE

Discovery Chemistry

The company offers fully-integrated and stand-alone chemistry solutions from hit identification, hit to lead, lead optimisation, and development for pharmaceutical, biotechnology industries, and academic institutions. It also supports the research needs of fine chemicals and material science industries.

The key solutions offered under Discovery Chemistry include:

- Medicinal chemistry
- Synthetic chemistry
- Peptide chemistry
- Speciality chemistry
- Library synthesis
- Computational chemistry
- Analytical chemistry

Discovery Biology

The company has wide-ranging capabilities in biology and offers very high-quality, seamless, and cost-effective solutions across the pharma and biotech value chains. Biological assessment of new molecular entities (NMEs) play a crucial role in ascertaining structure activity relationships, potency, selectivity, druggability, *In Vitro*, and *In Vivo* efficacy evaluation.

Capabilities range from reagent generation, high-throughput screening, assay development, bio-market validation, radiometric assays, DMPK, animal pharmacology (disease models) to exploratory toxicology for small molecules and biologics.

The animal facility at GVK Biosciences is accredited by AAALAC and CPCSEA (India) for the ethical treatment of animals. All the animal experiments are conducted in accordance with IAEC approved protocols. The rodent facility is also certified by OHSAS for complete compliance for health and safety of all employees.

Discovery Solutions - Large Molecule

Aragen Biosciences Inc., a wholly-owned subsidiary of GVK Biosciences, recognised for its scientific quality and flexibility is bringing over 150 years of combined industry experience. With scientists from reputed institutions, Aragen Biosciences performs complex projects in the following areas:

- Antibody discovery

- Protein production
- *In Vitro* testing
- Animal models
- Stable expression
- Bench scale process development
- Formulation and stability testing

The company is based in Morgan Hills, California, and over the last ten years has been actively working with customers in US and other markets.

CHEMICAL DEVELOPMENT SOLUTIONS

Inogent Laboratories, another wholly-owned subsidiary of GVK Biosciences, delivers a seamless and innovative transition of services from lab to pilot plant to bulk manufacturing. The ability to resolve complex scientific problems with a systematic approach in a time-bound manner is a competency built over time with a resolute customer first approach. Customers include pharmaceuticals and producers of speciality chemicals, agrochemicals, polymers, oligonucleotides, animal health, and consumer products. The facilities have been inspected and accredited by global regulatory authorities and major pharma clients. The solutions offered include the following:

- Route scouting
- Process R&D
- Bio and chemo catalysis
- Carbohydrate chemistry
- Eco-friendly synthetic route
- Analytical method development and validation
- Complete impurity profiling
- Stability studies
- CMC support

CONTRACT MANUFACTURING SOLUTIONS

GVK Biosciences offers long-term contract manufacturing solutions in development, validations, DMF filing, manufacturing of new chemical entities (NCEs), key starting materials (KSMs), active pharmaceutical ingredients (APIs), and intermediates. With GMP production facilities, reactors with capacities ranging from 20 litres to 6,000 litres, support for process validation and DMF filing, expertise in handling hazardous reactions like cyanation, chlorination, high pressure reactions and a zero liquid discharge facility, GVK Biosciences offers a comprehensive suite of solutions to our large pharma customers.

Typically, the company follows three business models to support its customer needs:

- Process optimisation, technology transfer, validations and DMF filing followed by manufacturing upon commercialisation;
- Technology absorption, validations, DMF filing support and commercial manufacturing; and
- Technology absorption and commercial manufacturing.

The manufacturing facility at Hyderabad has received approvals from worldwide regulatory authorities that include USFDA, EQDM, PMDA, KFDA, and WHO. These accreditations facilitate faster and easier approvals of DMFs/dossiers for business partners. The process development, technology transfer, and commercial execution teams collaborate seamlessly to provide concept to commercialisation timelines. The new facility at Visakhapatnam, Andhra Pradesh, India is going to be commissioned shortly.

FORMULATION AND ANALYTICAL SOLUTIONS

GVK Biosciences' solutions include pre-formulation studies, formulation development, and analytical R&D, reformulation, and stability studies. It can also support clinical supplies and the manufacturing of exhibit batches in collaboration with partners and offer standalone analytical solutions for third party formulations products. In addition, the company offers regulatory and IP services through collaboration with third party consultants.

GVK Biosciences' expertise lies in overcoming the challenges faced during development in terms of identifying risks and mitigating these timely, biopharmaceutical evaluation, solubility/dissolution improvement, stability indicating method development and impurity profiling, bioavailability enhancement, and achieving bioequivalence.

The capabilities of formulation and analytical solution include the following:

- Pre-formulation studies
- Salt, cocrystal, and polymorph selection
- Preclinical formulation development
- Clinical formulation development
- Generic formulation development
- Analytical method development and validation
- Quality control and release
- Impurity profiling and trace metal analysis
- Stability and photostability testing
- Extractable and leachable studies

Manni Kantipudi has been leading GVK Biosciences over the last ten years and passionately drives a customer first approach while ensuring "Safety & Compliance Always!" as a fundamental part of the company DNA. Along with the promoters of GVK Biosciences – DS Brar (former managing director of Ranbaxy, India's largest pharmaceutical firm) and Sanjay Reddy (of GVK Group, India's infrastructure giant) – he shares a dream of creating a $1 billion Indian firm in life sciences.

In his leadership role over the past decade, Mr Kantipudi has maintained a very healthy mix of customers across three regions – USA, Europe, and Asia-Pacific. GVK Biosciences conducts significant business with small and medium-sized pharma and biotech companies that are heavily engaged in innovation and the research and development of new molecules. The company also works closely with large pharmaceutical firms particularly for development and manufacturing.

GVK Biosciences has established practices, a strong leadership team, and also completed two acquisitions to build scale and expand the company's services in the life science sector. ❇

> CFI.co Meets the CEO of GVK Biosciences:

Manni Kantipudi

Manni Kantipudi has been leading GVK Biosciences for the last 10 years, one of the largest India-based discovery, development & manufacturing solutions provider to the biopharma industry. With over a quarter century worth of experience in life sciences and the broader technology sector, Mr Kantipudi brings an innate sense of innovation, customer focus, and discipline to the management of the company.

Mr Kantipudi has been a member of the Young Professional Organization (YPO), a global platform for chief executives to engage, learn, and grow for the last fifteen years. The YPO has more than 24,000 members in over 130 countries. Mr Kantipudi has served the YPO in various local and regional roles and was the chairperson of the organisation's Hyderabad Chapter in 2016 and 2017. For the last decade, he has also been a member of the Confederation of Indian Industries (CII), the country's premier trade and industry association.

JOURNEY TO GVK BIOSCIENCES

Manni pursued a bachelor's degree in Computer Engineering at the University of Mumbai and a master's degree in Computer Science at Arizona State University. He chose to drop-out of his PhD programme in Artificial Intelligence to deliver real-world value in the industry. Mr Kantipudi started his professional life at Intel – a dream job for every computer science graduate keen to work with a fast growing and ground breaking company.

In his sixteen years at Intel, Manni handled senior management roles in manufacturing, sales and marketing, and product development, amongst others. Intel employees jokingly claim to have blue blood running through their veins in reference to their allegiance to the company's blue logo. Working on artificial intelligence software for the manufacturing plants in the early 1990s taught him to work in a highly structured environment. The work also highlighted the importance of systems and processes for the scaling of business.

Mr Kantipudi moved to sales and marketing. At the time, the department was rather unstructured and struggling to meet customer needs in the novel internet environment. He learned the value of maintaining customer focus and the need to adapt to new technologies that were emerging thick and fast in late 1990s.

Mr Kantipudi visited India to look for and hire bright engineers. Manoeuvring the Indian corporate, political, and social world proved a tough challenge. Even so, he set up the India

CEO: Manni Kantipudi

Intel R&D Center and scaled the facility up to around one thousand employees in three years' time. He also took on the responsibility for running Intel's e-business for the Asia-Pacific Region, including Japan, and was CIO of Intel for the region. In these roles, Mr Kantipudi managed employees in nine countries and learned to work with various teams of different sizes, priorities, cultures, and backgrounds. He recognises the importance of building trust, working with integrity, and understanding that people around the world have a common value system.

Mr Kantipudi moved back to the US to lead a core product development team for Intel dedicated to delivering Wi-Fi solutions. With professionals collaborating across four countries and six sites, the team delivered the software for the highly-successful line of Centrino network adapters. Manni learned the importance of managing teams globally, staying focussed on delivering great products to the market.

Starting as a software engineer working on AI for manufacturing processes, he progressed to become director of the Intel India Development Center, director of e-business for the APAC Region, and software director for the wireless network division. Mr Kantipudi managed large teams, profit and loss accounts, sales and marketing, and software development with finesse and panache. His key findings include building scale, the importance of systems and processes, the management of change, learning on the job, and building teams – all guiding principles that drive his current work at GVK Biosciences.

A DECADE AT GVK BIOSCIENCES

In 2006, Mr Kantipudi decided to return to India, encouraged to do so by his father, a senior career bureaucrat with patriotic fervour.

GVK Biosciences is the brainchild of DS Brar, a former managing director of Ranbaxy (India's largest pharmaceutical company), and Sanjay Reddy of GVK Group (a fast-growing infrastructure company) who shared a dream of creating a $1 billion firm in life sciences and tapped Mr Kantipudi to achieve this goal. Joining GVK Biosciences as President in 2007, his immediate tasks were to design systems and processes, fix deliveries, win customers, and create a new business culture at the company.

Over the past ten years including five as CEO, Manni has been instrumental in steering the company into new business verticals and establishing a strong work ethic.

The journey has had its share of opportunities and challenges but that didn't sway Mr Kantipudi's in his steely resolve to stay on course to building the $1 billion life sciences company. Headquartered in Hyderabad, GVK Biosciences employs over 2,500 people engaged in drug discovery, development, and manufacturing in the US, Europe, and the APAC Region.

GVK Biosciences now has established practices, a strong leadership team, and completed two acquisitions in order to build scale and expand the company's services in the life sciences sector. With around 2000 scientists including over 200 PhDs, Manni leverages India's R&D strengths to partner with customers to bring their products to market faster. "Accelerating Research", the company's tagline, definitely stands out while his quest for ensuring "Safety & Compliance Always" and maintaining a "Customer First" approach are now part of the company's DNA.

A fitness enthusiast and avid traveller, Mr Kantipudi tries to visit the gym every day for a workout. He has travelled to over seventy countries. He is also a passionate dog owner who de-stresses by playing with his animals after a long day at work. Mr Kantipudi is a manager who loves to lead from the frontline. After ten years, he continues the quest of building GVK Biosciences into a $1 billion life sciences company. ❇

> CFI.co Meets the CEO of UMG:
Kiwi Aliwarga

"Limitations should not stop people from trying."

That is what Kiwi Aliwarga was taking into consideration during the early stages of UMG – founded in 1998. He struggled with limited capital in a country still closed to investments. Kiwi Aliwarga and cofounder Marlar Win took the initiative to open up a distribution company for spare parts of heavy machinery and power generators.

"We were not expecting UMG to stand out when we started the company; we just wanted to establish a presence in Myanmar. We neither had any business plans to be successful. We made the plan along the way when the opportunity arose," says Kiwi.

UMG has today become one of Myanmar's leading companies with nine different business units: distribution, education, media and leisure, financial services, food and beverages, property and infrastructure development, resources and mining, health care, and information and communication technology.

Kiwi Aliwarga, CEO of UMG, was born in Jakarta, Indonesia. He received his education as an industrial engineer at the Institute of Technology of Indonesia and holds a master degree in civil engineering from the Asia Institute of Technology in Thailand. Now, he is pursuing his doctorate at Gadjamada University, Indonesia, in agriculture. He began his career in the business development division of one of Indonesia's largest trading companies – Astra International.

When Kiwi and Marlar started UMG in 1998, Myanmar was experiencing the effects of Asia's financial crisis: "At that time, Myanmar was facing the crisis' impact. Fortunately we arrived at the right time as we could build trust amongst our customers and partners. We were growing fast and soon became the preferred choice of our Myanmar machinery partners. We obtained a market share in excess of 50%. However, the ups and downs of the machinery business made us realise that we needed to stabilise our business by expanding overseas or investing in other businesses."

CEO: Kiwi Aliwarga

Now, the CEO is assisted by seven board members for the day-to-day running of the business: Daw Thet Nwe (CEO assistant), Daw Mar Mar Kyi Maung (CFO and CTO), Putri Yanthi (Director of Food and Beverage and Leisure), Raymond G Wolff (Director of Retail Distribution and Media), Isshiki Hiroaki (Director of Capital Goods), U Thien Naing (Director of Mining and Construction), and U Aye Min Htoon (Director of Corporate Human Learning and Education).

When entering a new line of business, UMG always takes into consideration market conditions and behaviour, the advancement of technology, emerging market trends, and current resources. Kiwi Aliwarga: "We do not know exactly what UMG will become twenty to thirty years from now as many new technologies will arise that can change peoples' behaviour and affect the way we conduct business. However, we have full confidence in UMG's resilience and longevity. The company will remain true to its mission of encouraging people to be their best for the betterment of society and the nation." ❇

BOD: Raymond G Wolff, Putri Yanthi, Daw Thet Nwe, U Aye Min Htoon, Kiwi Aliwarga, Daw Mar Lar Win, Daw Mar Mar Kyi Maung, Isshiki Hiroaki

> UMG:

Relentless Pursuit of Excellence

Founded in 1998 by Kiwi Aliwarga and Marlar Win, UMG started as a family business focused on selling parts and power generators. With limited capital, and being in a country that was once closed off by the military, UMG has grown from a six-employee company into a respected machinery corporation, a business which once held more than 50% of the market in Myanmar.

Being new to the business world of Myanmar, the company grew from learning – experiencing mistakes and finding solutions to develop into the successful business it is today. From 1998 to 2012, UMG developed its core business in machinery and started to venture into other countries (Cambodia, Laos, Sri Lanka, Vietnam, and Indonesia) in 2009 due to sanctions imposed by the military government at the time. These sanctions came as a blessing in disguise: it was marked as one of the most difficult times in UMG's corporate history yet it also supported the success behind the operations in other countries.

Only after the sanctions were lifted in 2012, was UMG able to expand in Myanmar once again. The expansion of offices did not derive from the idea of selling more products but rather to develop relationships around the country for the betterment of the nation. Regardless of all the limitations, 1998 offered the opportunity to establish the UMG Group of Companies in Myanmar.

UMG identified the space to initiate a business which could have a big impact on the nation. There were only a few entrepreneurs, but Myanmar had already been longing for pre-development. There, Kiwi Aliwarga, CEO of UMG, implemented his vision of building a valuable business in Myanmar by distributing generators and spare parts.

With a determination to become an excellent corporation aimed at delivering a smile through quality, reliability, and speed, UMG also aimed to provide benefits to customers by delivering quality products and services. Moreover, the company invested heavily in employee skill development to achieve superior performance and create mutually beneficial relationships with stakeholders – and to help the nation prosper.

"UMG value is simple: relentless in every action, excellence in every results."

With its headquarters in Yangon, UMG is making a significant contribution to the development of the nation through its leadership in distribution, property and infrastructure development, resources and mining, food and beverages, education, media and leisure, healthcare, financial services, and telecommunications and information technology. UMG's ambitious goal is to become a billion-dollar company by 2020.

UMG believes that having loyal and satisfied customers is only possible with loyal and satisfied employees. Success will be rooted not only in the application of modern management methods but also in developing leaders who understand and live the corporation's principles and values. The engine of systemic and sustainable change is driven by UMG's people – UMGians – led by top-notch leaders adhering to a strategy for moving from good to best while staying true to the corporate identity and values.

Providing the fastest and most pleasant customer service will continue to remain the number one priority. Hence, UMG key factors are people, leadership and the relentless pursuit of excellence.

Today, UMG is the leading privately-owned business in Myanmar, making a tangible and positive contribution to the society. Thanks to the focused determination and the trust of all UMG employees, the company has become stronger and more successful. In 2009, UMG started to expand its business in other Asian countries as a first step to becoming a global corporation. Now, the company has stepped further into Cambodia, Laos, Indonesia, Vietnam, Sri Lanka, Singapore, and China.

In 2012, UMG grew into a bigger company active in nine business sectors. The company now has over fifty branches and more than forty business units throughout Myanmar, providing jobs for some 3,000 people.

UMG is making a concerted effort to develop capable and skillful future leaders by providing training for employees to develop their personal and technical skills and knowledge in their particular career field. The Human Resources and Learning divisions of UMG regularly offers training courses in, for example, mechanical engineering for heavy machinery service personnel; personal development training for employees; and internships for graduates.

"UMG believes that having loyal and satisfied customers is only possible with loyal and satisfied employees."

UMG Business Sectors

"Mr Aliwarga strongly believes in the power of education. He founded UMG Myanmar College in 2013 to offer local students access to a curriculum based on global best practices."

These initiatives are rooted in UMG's corporate conviction that Myanmar needs a generation of strong and capable leaders who are able to improve the economic condition of the nation.

This year, UMG is celebrating its 19th anniversary. The key to UMG's continuous success is to deliver excellent services to every individual customer across its different businesses. Kiwi Aliwarga: "What really differentiates us is a corporate culture that is derived from a clear leadership vision and the staff's dedication to customer care and their relentless pursuit of excellence."

In Myanmar, agriculture is the lifeblood of country's economy, representing 60 % of GDP and employing 65% of the local workforce. Hence, UMG maintains a large presence in the sector by manufacturing Matador agricultural machinery and Gromaxx fertilisers – hoping that these products will offer a solution to local farmers who aim to increase their productivity. On the other hand, most of the local farmers do not have enough money to properly equip their farm with integrated agricultural machines. Win Finance, a subsidiary of UMG, offers hire purchase option to farmers wishing to optimise their resources. The resulting gain in efficiency will in turn help increase the income of nation. The company also manufactures a range of food products with a view to promoting healthy nutritional practices.

One of the UMG's biggest achievements was the launching of Yangon Waterboom – the first and biggest water theme park in Myanmar. The park aims to attract tourists and locals whilst promoting the tourism industry of the country.

Kiwi Aliwarga strongly believes in the power of education. He founded UMG Myanmar College in 2013 to offer local students access to a curriculum based on global best practices.

UMG aims to play a significant role in the upcoming Fourth Industrial Revolution by developing and deploying innovative technologies via UMG IdeaLab Co. – a newly established business unit. UMG also helps its employees take charge of their future by establishing businesses. Seed funding for start-ups is available as well as legal aid, branding and marketing assistance, access to networks, and three months management training.

As Myanmar's public health system is still being built up and struggles with a knowledge deficit, a digital health care platform – mydoctor.com – was developed by UMG Idealab in 2016. The web portal allows visitors to freely access thousands of articles on diseases, medication, and other health-related topics. It allows for live conversations and participation in interactive forums to discuss health issues with online physicians.

In conclusion, the UMG Group of Companies is proactively taking part in the development of Myanmar. In the hope of contributing ever more towards Myanmar's development via its businesses, UMG aims to build strong, competent, and capable young leaders who will become the backbone of the nation in the near future. ❇

> ABC Banking Corporation: Continuing Its Star Performance

ABC BANKING CORPORATION
count on us

Founded in 2010 as a full-fledged commercial bank, ABC Banking Corporation today stands stable, pro-active, and optimistic, as one of the star performers of the ABC Group, a well-diversified Mauritian conglomerate featuring among the Top 100 business organisations of the Indian Ocean.

The bank, known for its attractive broad palette of traditional and innovative products and services, and its excellent rapport with customers, has become a hallmark of quality and effectiveness in the very competitive financial sector of Mauritius.

Directed and supervised by a prudential board fully-focused on its mission and objectives, and managed and operated by a highly motivated, committed, and effective team of experienced professionals and competent staff, the bank is organised around four main pillars:

- Domestic banking,
- Private banking,
- International banking, and
- Treasury.

As a result of its rapid growth and development, and successful performance and steady progress, ABC Banking Corporation has received prestigious trophies during the past years. In 2014, the bank obtained the Best Private Bank in Mauritius award in the category of offshore services for the second consecutive year from Euromoney Magazine.

In 2014 and 2015, it was also recognised as the Best Bank for International Banking Services Mauritius by Global Banking & Finance Review. Three distinctions came successively in 2015, 2016 and 2017 from Capital Finance International, recognising the bank as one of Africa's top performing financial services providers with the award of Best International Bank Indian Ocean. ABC Banking also won the trophy of Fastest Growing Banking Brand, Mauritius for 2016 bestowed by the Global Brands Magazine.

A major milestone was achieved in January 2016 when ABC Banking Corporation opened its shareholding to the public and was listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius (SEM).

EXPANDING AND CONSOLIDATING

With a view to meeting the fast growing space requirements for its current and future developmental needs, the bank recently acquired Plantation House and the Merven Building situated next to its existing headquarters – Weal House. The two buildings served for many years as the headquarters of the Sugar Industry and of the Mauritius Chamber of Commerce and Industry. The acquisition will facilitate the expansion of the bank's operations, in particular the provision of an exclusive modern lounge for its private banking customers, whilst at the same time further improving the architectural renovation of this historical site in the financial centre of the capital.

ABC Banking Corporation Representative Office
Room 1608, 16/F, Enterprise Square Three
39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong

"As a result of its rapid growth and development, and successful performance and steady progress, ABC Banking Corporation has received prestigious trophies during the past years."

FIRST TO LAUNCH THE UNIONPAY INTERNATIONAL DIAMOND CARD IN AFRICA

Thanks to its partnership with UnionPay International, ABC Banking Corporation launched, in March 2017, the UnionPay Diamond Card, underlining its commitment of offering the top-class card to its high net-worth clients. It is the first banking institution in Africa to launch this unique card which gives access to unsurpassed privileges and benefits.

Due to its global acceptance advantage, the UnionPay Diamond card gives customers access to their cash in local currency at ATMs displaying the UnionPay logo in over 140 countries. The card also guarantees a world-class security system to holders travelling abroad or those purchasing online from around the world.

Amongst the various bespoke privileges are:

- Access to over 900 airport lounges,
- Free travel and accident and emergency medical insurance, and
- Exclusive local and international discounts and offers via UnionPay's U Collection.

ABC BANKING CORPORATION SETS FOOT IN CHINA

Earlier this year, ABC Banking Corporation made a significant step forward in its worthy ambition of connecting Africa to Asia by becoming the first Mauritian bank to open a representative office in China following approval from the Hong Kong Monetary Authority (HKMA).

Through this new presence, experienced staff of the Hong Kong office are meeting clients face to face to collect the information and data required for the account opening process in Mauritius. In this respect, the bank's website, brochures, and application forms are made available and communicated to customers in either English or the Chinese language.

The bank wishes to accelerate the further development of its international banking activities and aims to play an important role in making Mauritius into an attractive financial platform between Africa and Asia and thereby reviving the country's valuable strategic position on the 21st Century Maritime Silk Road. ❊

> CFI.co Meets the Director General of National Savings, Pakistan: Zafar Masud

Director General: Zafar Masud

Zafar Masud, director general of Pakistan's Central Directorate of National Savings, is a career banker and finance expert who served in top positions at major international banks in both Pakistan and abroad. Mr Masud has established a solid track record in corporate banking with an emphasis on cash management and investment banking. He has a keen interest in raising capital for sustainable development via innovative instruments such as sukuks. He initiated and coordinated the launch of two listed sukuks in Pakistan. One of these sukuks made history as the first ever private sector triple A rated sukuk placed in the country. The sukuk aims to encourage non-traditional investors to enter the market.

Mr Masud has worked extensively with multilateral institutions of large investors. He also boasts significant experience in working directly with governments and state entities. This allows Mr Masud to appreciate and navigate the complexities of large governmental organisations and find solutions that fit seamlessly with their particular needs.

Mr Masud was a founding partner of Burj Capital, a firm specialised in Shariah-compliant financing and corporate restructuring. As a regional managing director of Barclays Bank, he was responsible for operations in Southern Africa. In that role, Mr Masud provided leadership to an organisation with around 4,000 employees and a balance sheet in excess of $3bn. Whilst in Southern Africa, Mr Masud converted the standard commercial bank he managed into one of the region's leading consumer and investment banks. He upped the bank's performance significantly by focusing on corporate and treasury management – improving the business' ratings in the process.

Prior to being sent to Africa, Mr Masud was employed by Dubai Islamic Bank – a globally recognised pioneer in Shariah-compliant financial services.

Currently, Mr Masud helps the Pakistan government attract foreign investors to the country. He was instrumental in securing a number of large deals such as $375m for a large port expansion project, $150m for a palm oil processing facility, and $100m for upgrades in the financial sector. Mr Masud has helped a number of global companies establish a presence in the country such as a FMCG corporation and a leading cosmetics company.

At Citibank, Mr Masud had a seat on the country management committee and was entrusted with handling the bank's government and public sector business. Between 1999 and 2005, he was involved in a number of large deals such as the placement of the government's first-ever sukuk for $600m. He also brokered a $350m deal between the US EXIM Bank and Pakistan International Airlines (PIA).

Between 2013 and 2016, Mr Masud sat on the board of directors of the State Bank of Pakistan. He also served on the Constitutional Independent Monetary Policy Committee. Additionally, Mr Masud is an active member of the board of directors of Oil and Gas Development Company where he leads the risk management sub-committee. ❊

> National Savings, Pakistan:

Furthering Financial Inclusion

The Central Directorate of National Savings (CDNS) is an attached Department of the Finance Division, Government of Pakistan, charged with "promoting and inculcating the value of thrift for the mobilisation of savings." Its mission is "to be the preferred institution for small savers to facilitate financial inclusion and extend the social security net to deserving sections of the society."

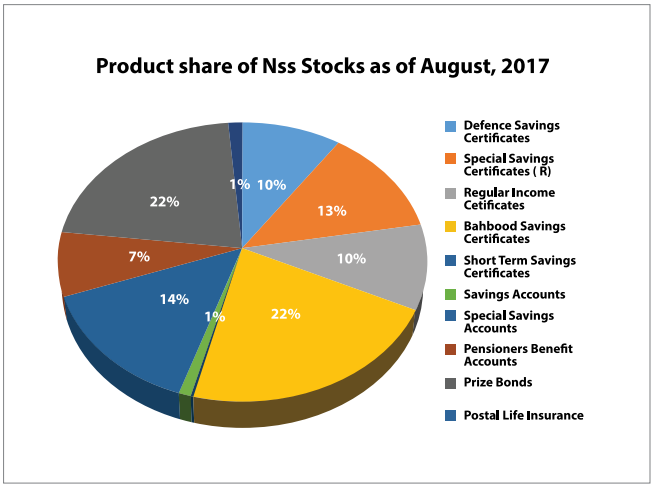
CDNS offers its services to smaller individual savers through a diversified product mix including retail government securities and savings products (known as National Savings Schemes). The directorate has around 3,300 employees and over 7.7 million customer accounts served via a Pakistan-wide network of 376 branch offices. The total investment portfolio is in excess of $32bn which corresponds to almost 30% of the Pakistan's total bank deposits. The directorate's products have maturities that range from three months to ten years and includes a variety of accounts covering all demographic segments from youth and students to senior citizens, individuals, and pension funds.

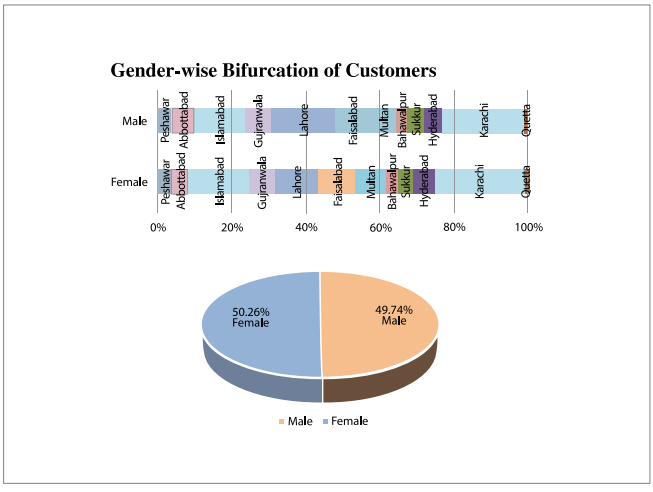
Over the last decade, National Savings transformed itself from a retail debt raising arm and a source of infrastructure funding for the government into a formidable vehicle for financial inclusion and a provider of social security to the most vulnerable sections of the society – thus delivering on its vision and mission. CDNS has not only been recognised locally but also internationally. National Savings has excelled in different fields, showing considerable prowess in digital innovation.

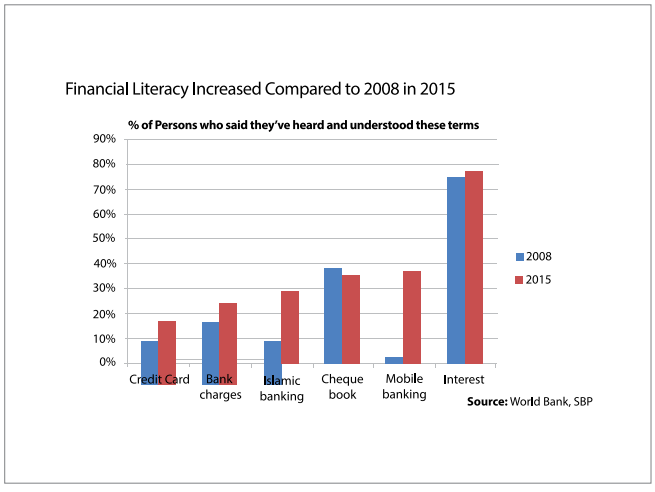
> "National Savings aims to help reduce the number of people left outside the financial system, emphasising its role in the empowerment of women, the poor, and other vulnerable sections of society."

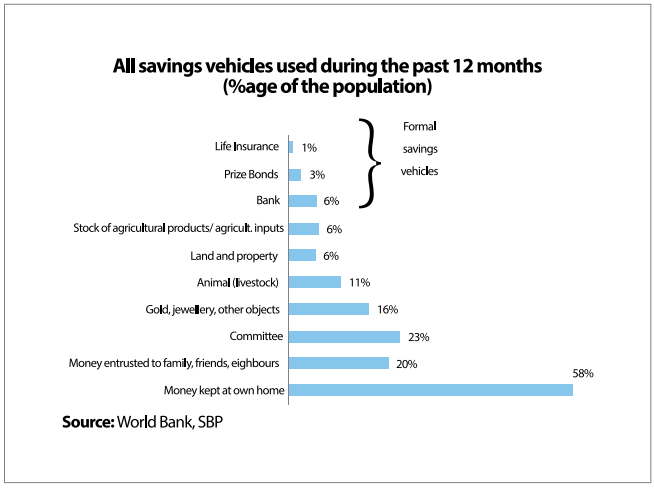
National Savings remains the most effective vehicle to support financial inclusion of women. More than 50% its investors are women versus less than 4% in the commercial banking sector and the South Asian average of 25% – offering a clear and unambiguous testament of true financial inclusion and women empowerment. It is an undeniable fact that technology plays a vital role in promoting women financial inclusion. Special emphasis is put on offering of mobile wallet accounts through the upgrading of the IT backbone and rolling out multiple delivery channels.

One of National Savings' most recent and important initiatives has been to secure membership of the banking clearing house NIFT. This was accomplished in January 2017 and allows CDNS investors to deposit coupons and submit withdrawal-slips at any bank, anywhere in Pakistan, and receive their money in the most efficient way. The funds are deposited in the investors' bank accounts within one to three days, as opposed to the five to seven days of processing trajectory required before. This not only implements best-in-class customer service but also leads to better









"National Savings remains the most effective vehicle to support financial inclusion of women."

controls, improved security arrangements, and increased authenticity and trust. National Savings is the only non-banking member of the clearing house.

To further the agenda of financial inclusion, National Savings has recently secured support from multilateral entities such as the World Bank, Karandaaz (DIFD and Bill & Melinda Gates Foundation), and USAid.

USAid has offered to extend technical assistance on legal, human resources, and product development in order to achieve a smooth transition as the organisation becomes a full-fledged corporation. Both the World Bank and Karandaaz support a series of technological upgrades. During the last twelve months, significant progress has been made in automation with 222 branches connected. The upgrades will take the existing IT systems to the next level, offering ATM cards and internet and mobile banking products and services. Under the initiative funded by the World Bank, a centralised IT backbone with a modern ERP system will be put in place to enable double entry/accrual based accounting. The new system also includes the establishment of a data centre/warehouse and a disaster recovery centre in addition to a business intelligence framework. This setup will be the cornerstone of all CDNS efforts to attain its financial inclusion targets.

For the first time in the history of Pakistan, National Savings launched Rs 40,000 Premium Prize Bonds (registered) on March 10, 2017. These instruments offer both six-monthly profit coupons and prize money. This is a major step towards the documentation of the national economy and also furthers financial inclusion.

As National Savings has enhanced its distribution network, there is now an opportunity to sell other products such as third-party health and life insurance policies (already part of the package with various NSS). The broadened network also allows tying up with international remittance companies such as Western Union and others to deliver the convenience of sending and receiving money and settle utility bills. The idea is to eventually convert the National Saving Centres (NSCs) into community centres to better serve customers and investors.

New products for 2017-18 include the extension of Star Welfare for widows, Bahbood Savings Certificates for the elderly and disabled people, and the launch of Shuhadas' Family Welfare Accounts. These innovative products are being introduced in order to increase financial inclusion amongst small savers and unbanked people, and to contribute towards the social safety net of deserving segments of the society.

Overseas Pakistanis Certificates, an exclusive scheme available to non-resident Pakistanis, are also under active consideration. Shariah-compliant products are taking firm root in Pakistani society. National Savings is cognizant of this fact and working to meet the strong demand for Shariah-compliant saving products.

National Savings aims to help reduce the number of people left outside the financial system, emphasising its role in the empowerment of women, the poor, and other vulnerable sections of society. ❇

> Union Bank of the Philippines:

Universal Banking in the Digital Age

UNIONBANK has always been quick to embrace innovation. Throughout its existence, it has been leveraging technology and innovation in making strides to empower its customers.

With technology embedded in its way-of-doing-business, UnionBank is clearly a leader in Philippine digital banking. Most notably, the bank was the first amongst its peers to launch a website and online banking platform in the country. It also launched the Philippines' first electronic savings account.

For the past decade, the bank has centralised most of its operations, including majority of its accounting processes.

When he assumed his position as UnionBank president and COO in 2016, Edwin R Bautista said: "We are highly digitised in each of the products like credit cards. The only thing that is not automated is the physical handling of cash but even that we want to move to deposit taking machines."

One of the bank's immediate goals is to have a seamless operation in all points of its transaction, so that customers can do everything on the phone. "We are not creating new branches, unless we are building branches on the phones," says Mr Bautista.

Equally dedicated to the vision of reshaping the bank into a "technology company with banking utilities" is chairman and CEO Justo A Ortiz who believes that this is the most revolutionary and gigantic step that the bank has taken towards enabling its customers via digital transformation.

"In the spirit of Ubuntu, which means community building, the bank wants to complete its journey towards digital transformation without anyone being left behind."

Chairman and CEO: Dr Justo A Ortiz

President and COO: Mr Edwin R Bautista

"The series of international awards received in previous years has affirmed the bank's leadership in the industry."

Coupled with Mr Bautista's mission to transform the bank for the digital economy, UnionBank is well on its way to pursuing its thrust of maintaining leadership in smart banking particularly in areas of innovation, customer delight, and value-for-money through the creative application of expertise and dedication.

Currently, the bank is embarking on its digital transformation following a three-year timeline with three components: (1) digitisation of the bank; (2) launching of the digital bank; and (3) partnering with fin-tech companies.

One centrepiece of this transformation is the opening-up of the bank's application programme interface (API) which will enable practically all Philippine businesses to more easily participate in the ongoing financial technology (fin-tech) revolution. Using UnionBank's open API, fin-tech companies can effectively connect with the bank and use it as the operational backroom as they grow their businesses.

In the spirit of Ubuntu, which means community building, the bank wants to complete its journey towards digital transformation without anyone being left behind. This includes changing UnionBankers' mindsets and abilities in order to ensure that they will be able to adapt to the digital organisation that UnionBank will become. To date, there have been several employee-engagement processes that include coding courses for both top executives and branch employees, internal employee hackathons and digital marketing certification for top executives. There is also the Leaders Learning Circles (LLC) wherein speakers from some of the world's most successful companies such Google, Amazon, and Facebook are invited to share their thoughts about the digital world.

In early 2017, the bank launched the new digital banking platform EON, which is an enhanced version of the country's first electronic savings account in 2001. Building on the inroads paved by the EON Cyber Account, UnionBank pulled out all stops and strategically niched EON as a truly digital bank. Importantly, the new EON was the first-in-Asia to use facial recognition to perform KYC (know-your-customer) amongst its users, instead of the usual passwords which are easily compromised. For this, the bank has been granted the right to use selfie banking and made EON known as the first selfie bank in Asia.

The series of international awards received in previous years, including Best Commercial Bank of the Year Philippines and Best Innovation in Retail Banking Philippines 2016 from the International Banker, as well as Best Company to Work for 2016 from the Asia Corporate Excellence & Sustainability Awards (ACES), has affirmed the bank's leadership in the industry. ❇

> UNCDF:

Innovative Financing Solutions for 'Last Mile' Development in Least Developed Countries

By Anders Berlin, Chiara Pace, and Xiaojun Zhang

In September 2015, 193 countries adopted the Sustainable Development Goals (SDGs), an ambitious fifteen-year plan that aims to eradicate extreme poverty, protect the planet, and ensure peaceful and prosperous societies everywhere. If fully implemented, the commitments of the so called 2030 Agenda present a once-in-a-generation chance to transform the Least Developed Countries (LDCs), the world's poorest 47 nations. Meeting the seventeen global goals will require unprecedented investments, as well as effective and unprecedented coordination between multiple sources of finance. Current levels of private sector financing, even combined with Official Development Assistance, will not be enough to help the world's poorest countries achieve the SDGs. How can we address this critical gap?

We know that a wide range of finance will be needed to achieve the SDGs, and official development assistance (ODA) will continue to play a critical role, especially for the poorest countries. ODA reached a new peak of $142.6 billion in 2016. This marks an increase of 8.9% from 2015, after adjusting for exchange rates and inflation. A rise in aid spent on refugees in donor countries boosted the total; but even stripping out refugee costs, aid allocations still rose 7.1%.

Despite this progress, 2016 data show that bilateral (country to country) aid to the Least Developed Countries fell by 3.9% in real terms from 2015 and aid to Africa fell 0.5%, as some DAC members backtracked on a commitment to reverse past declines in flows to the poorest countries.

International public finance – such as ODA – remains central to achieving the SDGs, particularly for those countries where needs are greatest and the capacity to raise resources is weakest, such as in LDCs. But it is clear that ODA alone will not be sufficient to fund the large-scale investments needed to achieve the SDGs. ODA will have to be used strategically to be a catalyst to leverage other public and private resources for development. As seen in figure 1 FDI, remittances and private debt and portfolio equity are all individually larger than ODA in the low and middle income countries together.

Even if there has been an increase in total capital flows to low and middle income countries, it is not benefitting all countries equally. A subset of the above grouping is the LDCs, and they are receiving far less in remittances, foreign direct investment, and private debt and equity than the rest of the developing countries. LDCs are also far more dependent of foreign aid (see figure 2).

> "At UNCDF, we show how small amounts of ODA can help LDCs leverage public and private resources for maximum development impact."

The flows of private debt and portfolio equity have been stagnant to the LDCs and is almost non-existent until 2012, after which it grew slightly, but still the smallest contribution to total capital flows by far. Fund managers raised a combined total of $44 billion for all developing countries in 2016, for LDCs very few private equity investments can be identified. Some examples include Madagascar (two transactions), Togo (one), Burkina Faso (two), Rwanda (three) and Ethiopia (two). The Democratic Republic of Congo had one private credit transaction in 2016. Data on transaction size is available for Rwanda ($27 million in aggregate for three transactions) and Burkina Faso ($1 million in aggregate for two).

To meet the SDGs with their emphasis on "leaving no one behind", the poorest countries need unprecedented investments and multiple sources of finance to work together effectively. We need private investors to take more risk and move into areas they are not fully comfortable with, and for this to happen we need be innovative and create an appetizing risk and reward ratio for investors.

Some LDCs have made, and continue to make, impressive progress towards achieving their development ambitions, often with limited resources and capacities and in the face of an uncertain external environment.

At the same time, LDCs are confronting severe structural impediments to sustainable development. They have some of the highest rates of poverty, highest degrees of vulnerability to economic and environmental shocks, and a number of them are also affected by conflict or crises. Many LDCs also find it difficult to mobilise the resources needed to meet the SDGs and pursue low-carbon pathways.

Although private flows to LDCs have grown significantly over the past decade, only a small proportion of these flows target SDG financing needs. In 2014, the SDG investments in LDCs amounted to around $40 billion, among which only $16 billion was contributed by private sector. The total annual need for SDG investments in LDCs in 2030 is estimated to be $240 billion, and given the prospect of modest increases in public spending for aid it will be important to incentivize the private sector to invest more.

Blended finance, or the use of public funds to de-risk and leverage private investments in development, has the potential to provide part of the solution to the funding gap facing the SDGs. Through blended finance, public funds can target a risk that the private sector is unwilling or unable to take. Blended finance can also be used to improve the risk-return profile of an investment to reach a level acceptable for the private sector.

In this context, the United Nations Capital Development Fund (UNCDF) is expanding the frontiers of where finance flows by proving the business case for operating where few others do.

UNCDF is a small and focused organisation with a clear mission. With a capital mandate unique in the UN development system, the organisation has been tasked to issue loans and guarantees and work with the private sector to develop the economies of the world's poorest countries. UNCDF helps LDCs get finance flowing to the people, local governments and small enterprises that are underserved by and excluded from other financing mechanisms.

At UNCDF, we show how small amounts of ODA can help LDCs leverage public and private resources for maximum development impact.

UNCDF's financing models work through two channels: financial inclusion that expands the opportunities for individuals, households, and small businesses to participate in the local economy, providing them with the tools they need to climb out of poverty and manage their financial lives; and localised investments that show how fiscal decentralisation, innovative municipal finance, and structured project

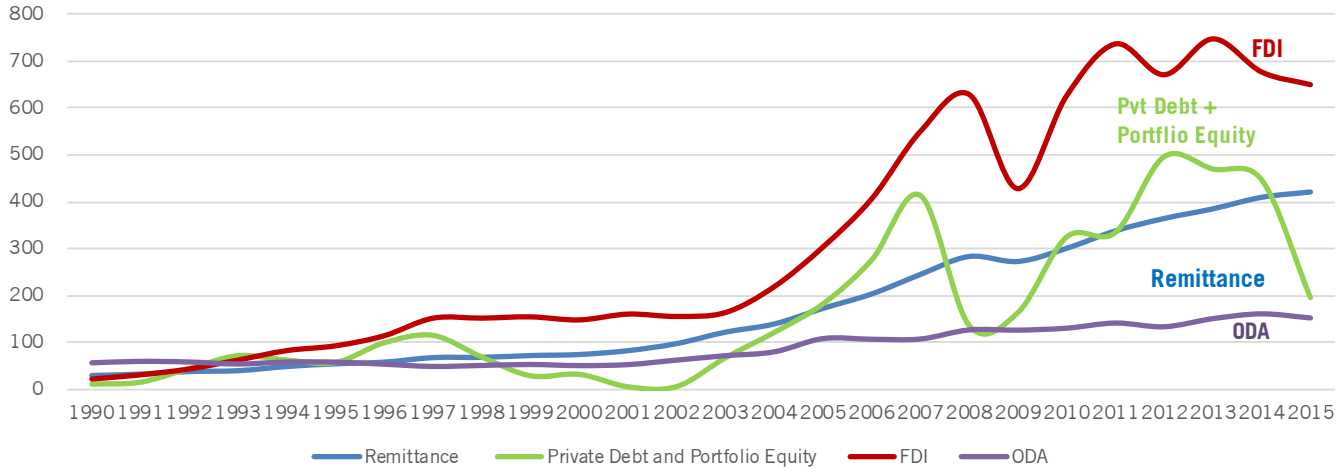


Figure 1: Capital Flow to the Low and Middle Income Countries 1990-2015 (in US$ billion). *Source: World Development Indicators, International Debt Statistics, World Bank 2015. Last Updated: 06/01/2017.*

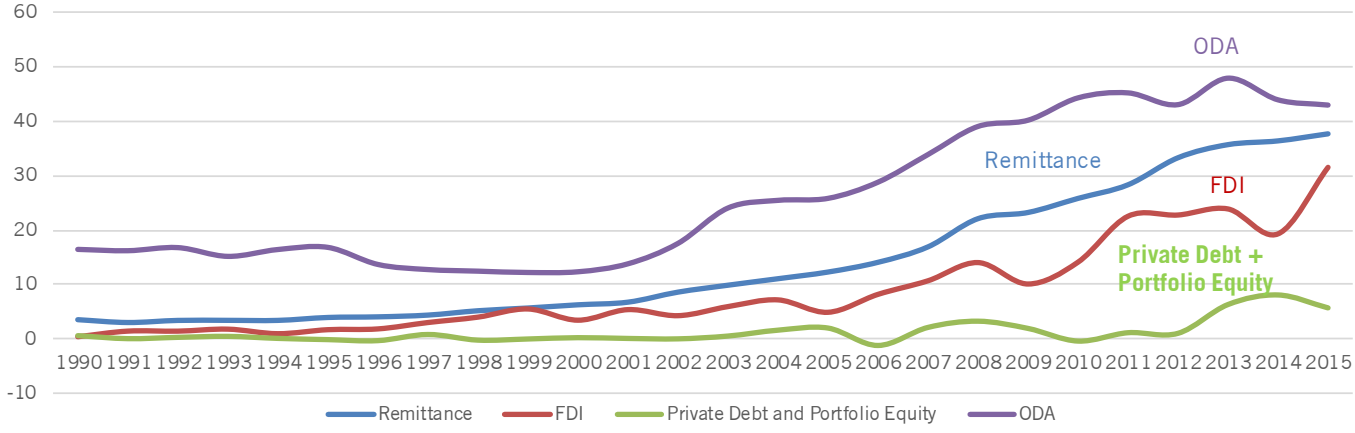


Figure 2: Capital Flow to the Least Developed Countries 1990-2015 (in US$ billion). *Source: World Development Indicators, International Debt Statistics, World Bank 2015. Last Updated: 02/01/2017.*

finance can attract increased public and private funding that underpins local economic expansion and sustainable development.

UNCDF's models are specifically designed to extend the reach of financial mechanisms, systems and markets where they would not go without the incentives and demonstration value provided by UNCDF. This is essential to provide solutions for the structural impediments holding back sustainable development and for ensuring that no one is left behind.

UNCDF has a number of characteristics that are appealing to investors: it has a long experience in both the areas of financial inclusion and local development finance; it has broad networks of excellent contacts in both the private sector and governments; it has a country presence in thirty LDCs; it operates on a small scale, making investments that are too risky or expensive for many investors; and it has a tool box that can blend grants, loans, and guarantees to create more attractive risk/reward ratios.

Many development finance institutions offer concessional finance to private sector initiatives in developing countries, but few are in the poorest and most fragile countries. Furthermore, their average transaction size is much larger than many initiatives can absorb. In 2016, the International Finance Corporation (IFC) invested $18.85 billion in 344 projects; the average size of each project was $54 million. Development finance institutions such as Proparco, KFW, and Swedfund have an average transaction size of $5 to $10 million. There are very few international investors providing capital to the many smaller private initiatives in the world's poorest countries, and for a reason: smaller investment funds of $10 million, or transactions of $100,000 to $200,000 each will simply be too costly. However, this is the gap we are trying to fill.

To unlock the potential of blended finance to fill the SDG funding gap, UNCDF is currently creating an investment fund for LDCs to blend different sources of finance, both public and private, into promising LDC markets.

This fund will help to overcome investor barriers and increase the supply of private capital to key sectors and countries by shifting the investment risk-return profile with flexible capital and favourable terms; sharing local market knowledge and experience; building local capacity; and guiding policy and regulatory reform.

The investment fund for LDCs will mix traditional support mechanisms with financial innovation, including technical assistance, to supplement the capacity of investees and mitigate risk; and risk underwriting, to partially absorb some of the commercial risk and achieve an adequate risk/reward ratio for commercial investors. The fund will also use mechanisms such as, subordinated loans or first loss tranches, to make investments more attractive to private sector actors.

The LDC investment fund aims to direct more private debt and portfolio equity to flow into the LDCs, it also targets transaction sizes that are below the radar of many of the investors active in the market today.

Expanding financing to the LDCs will be critical if we are to remain true to the SDG promise to "leave no one behind". If we can make multiple sources of finance will work together effectively in new ways, we can help translate the global development agenda into concrete benefits for the people, governments and institutions most at risk. We can build a fairer, more inclusive and more prosperous world. ❇

ABOUT THE AUTHOR

Anders Berlin is senior adviser of UNCDF. **Chiara Pace** is a UNCDF partnerships and communications specialist. **Xiaojun Zhang** is a UNCDF research assistant.

Suffer the Liberal

By Wim Romeijn

A small but vociferous segment of the public is upset by the use of language deemed exclusive and offensive. At the same time, voters elect ever more brutish politicians into high office. These two distinct phenomena are symbiotically related: as the former advances, the latter appeals to leaders promising to make things great again – an acknowledgement that, right now, things are far from great.

Travellers on the London Underground will no longer be collectively addressed as "ladies and gentlemen". Instead, the public address system will emit more jovial soundbites such as "good morning, everyone". This way, it is hoped, travellers not wishing to be identified as belonging to either sex will feel welcome. A spokesperson for the London Underground explained that the public transport system wishes to be fully inclusive and reflect the great diversity of the metropolis.

The group was not alone in its rejection of the new phraseology. Professor Emeritus of Sociology Frank Furedi of Kent University warned of Orwellian creep and detected a cultural malaise: "The fact that this has happened is symptomatic of the emptying out of traditional culture. The language policing is part of a morally illiterate form of social engineering."

Suffer the true liberal who can no longer call a spade by its proper name for fear of being branded a reactionary. The alter ego of the political correct is the blunt message spouted by the alt-right, underpinned by fake news and alternative truths. The middle ground, the natural habitat of the liberal, has shrunk and is no longer relevant.

Nowhere is this trend more pronounced than in the UK where the Liberal-Democrats have become a fringe party as Labour and Conservatives drift to the political extremes. This is of course an imported development. In the United States, the centre ground has all but disappeared with Democrats and Republicans unable to stand each other.

"The question now is how to bring the mainstream voter back to the centre. The answer seems obvious: stop catering to special interest groups, be those of overly sensitive people or – just as importantly – those with deep pockets."

Rather than blame the right – alt or otherwise – for this deplorable state of affairs, it would be useful to revisit the source of the current political predicament – the advent, in the 1970s, of the multicultural society. There is nothing wrong – and much good – in doing away with societal tunnel vision; if anything, it is the logical answer to a world shrunk by instant communication and cheap travel.

The multicultural society replaced the melting pot. Instead of newcomers adapting to their surroundings, they were encouraged to cherish their traditions and beliefs. The need to conform to the mores of the receiving society was summarily done away with. Thus, it came to be that students now object to the presence of a statue of Cecil Rhodes, builder of empires, on the façade of Oriel College in Oxford.

Even recipients of the prestigious Rhodes Scholarships, established in 1902 and funded by the mining magnate's legacy, joined the Rhodes Must Fall campaign. Whilst the scholarships by no means aim to censor recipients, students are free to reject the grants and finance their university course by other non-tainted means.

These same students also insist on the establishment of "safe zones" where their tender minds will not be challenged in any way. They wish to receive prior warnings regarding the content of lectures as well, in case these should contain viewpoints contrary to their own.

Faced with supercharged political correctness, what is everyone else to do? Go the other way of course: Donald Trump in the United States and Brexit in the United Kingdom. Both phenomena are part of a push back – the revenge of the common man that almost engulfed France, Austria, and Italy as well.

The common man again stands in need of a fanfare. He may not be aware of dangers lurking in reductionism – the breaking down of complex events into more understandable bits – but does note a marked deterioration in the quality of life that nobody seems to address – low pay, unaffordable housing, worsening public services, etc.

Though these developments bear no relation whatsoever to angry insecure students, changed PA messages on the London Underground and whatever else is deemed to undermine yesterday's familiar world, a culprit still needs to be found. Centrist politicians and their subtly weighed messages are seen as kowtowing to modernity and, as such, clearly won't do. Hence, the search for answers moves towards the fringes.

The question now is how to bring the mainstream voter back to the centre. The answer seems obvious: stop catering to special interest groups, be those of overly sensitive people or – just as importantly – those with deep pockets. Everybody belongs in a democracy and minorities are entitled to respect – however they don't always get to set the agenda. Simplistic? Absolutely! It does not need to be complicated at all.

The Traditional Britain Group, a rather quaint though surprisingly combative collective of nostalgics, considers the change tantamount to "a very subtle but sinister form of authoritarianism", calling it an attempt to control language by a vocal but small minority: "This is a flight from basic biological reality. ❇

You have the power to create

Vodafone
Power to you