



Finnfund - Funding for private projects

Helena Arlander/Finnfund
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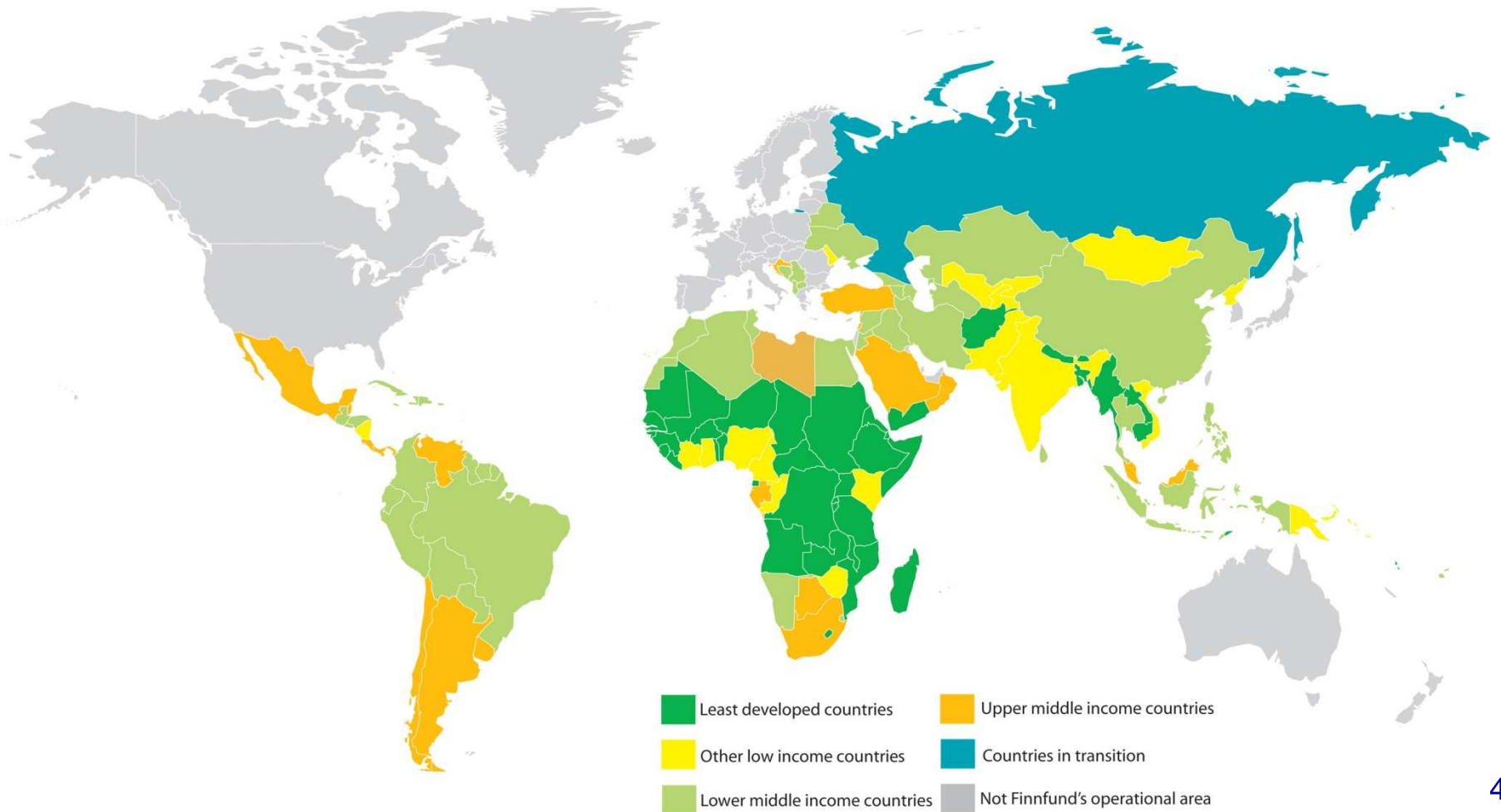
Finnfund in brief

- Finnish Fund for Industrial Cooperation Ltd. – development finance institution
- Owners: State of Finland (Ministry for Foreign Affairs) 79,9 %, Finnvera Plc (Export Credit Agency) 20 %, Confederation of Finnish Industries EK 0,1 %
- Founded in 1980
- Office in Helsinki, staff of 38 persons
- Instrument of Finnish development cooperation: main goal to promote social and economical development of developing countries
- Operator of Finnpartnership Programme

Finnfund in brief cont.

- Finnfund finances investments of private companies (or privatization projects) to be established or already operating in developing countries
- Financing is on market terms
- Financing provided only to economically viable projects with a Finnish interest and positive social and environmental impacts
- Member of the European Development Finance Institutions (EDFI). In co-operation with other EDFI members we are able to finance also large projects

Finnfund's operational area (DAC classification including countries in transition)



Special features of Finnfund's financing

- Financing directly to the project company
- Also local security accepted
- No strict limits on sectors or project sizes
- Focus sectors: renewable energy (incl. biofuels) cleantech and wood based industries (incl. pulp and paper)
- Finnfund's maximum participation is 10 million USD and not more than 1/3 of total project cost

Financial instruments

- Equity
 - risk sharing, max 1/3 of equity
 - requirement of a financially and professionally strong sponsor
 - exit agreed in advance
- Mezzanine
 - subordinated (unsecured) and convertible loans, preferred shares etc.
- Loans
 - investment loans with tenor 5-10 years
 - grace period possible, up to 3 years
 - market based interest
 - currency USD or euro

Finnish interest

- Finnish partner
- Long-term partnership with a Finnish company (management-, licence-, purchasing or operating agreement or corresponding)
- Technology transfer from Finland to target country
- Significant positive environmental impact
- Major partners for Finnish development cooperation (Ethiopia, Kenya, Mozambique, Namibia, Zambia, Tanzania, Egypt, Nepal, Vietnam, Nicaragua and Peru)



Finnfund's investments in Peru

In portfolio

- Indirect investments through Microfinance Funds (LA-CIF, Solidus, Accion), investments in 10 microfinance banks, total of USD 23 million
- Financing for infrastructure projects through CIFI (Corporation Interamericana para el Financimiento de Infraestructura) based in Costa Rica, total of USD 12,3 million

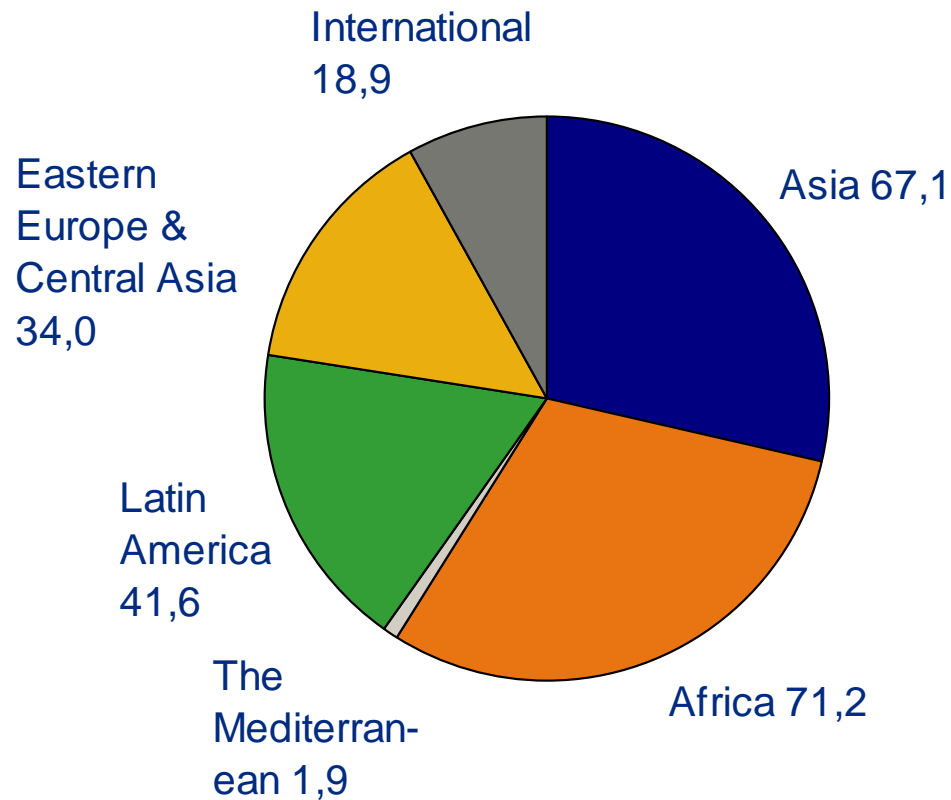
Investment decision

- SEAF LATAM Growth Fund, investing in Peru and Columbia
- No agreement in place yet

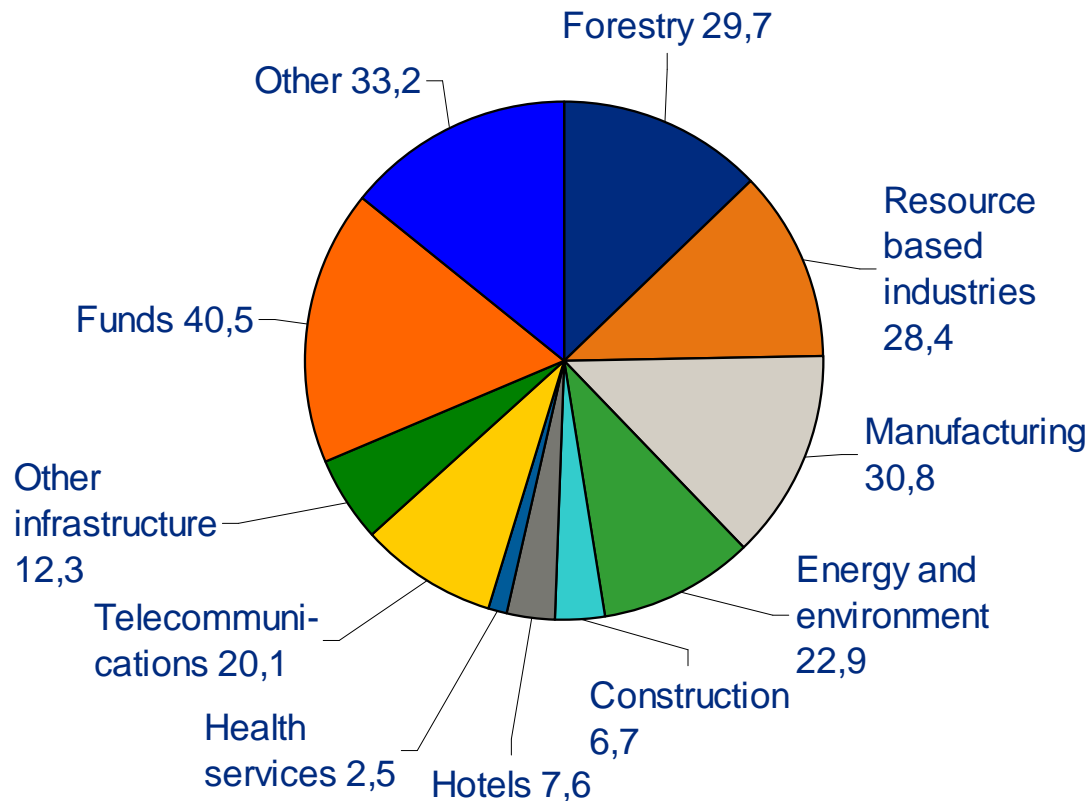
Portfolio and commitments - geographical distribution, 30 June 2007

- Total number of projects 91
 - Asia 32
 - Africa 22
 - Latin America 13 – investments in Peru indirect, so no investments in Peru included in this figure
 - The Mediterranean 2
 - Eastern Europe & Central Asia 17
 - International 5
- Total EUR 235 million

Portfolio and commitments - geographical distribution (total EUR 235 million), 30 June 2007



Portfolio and commitments by sector (total EUR 235 million), 30 June 2007



Finnfund's relationship with Finnpartnership

Finnfund and Finnpartnership are not directly connected, i.e:

- Finnfund will not automatically finance projects that have received support from Finnpartnership – but it is possible and desired!
- To start discussions on potential projects, please contact Finnfund's Investment Managers – there are no contact forms on the web page

Contacts

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