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AS WORLD ECONOMIES CONVERGE

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REDEFINING DEVELOPMENT FINANCE

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Editor's Column

Fighting Takeovers

Creating a truly free market that spans a continent, or just a few countries, is a gargantuan task, not least because the concept represents an oxymoron: history and experience proof that free and market are contradictory terms. Markets differ only in the degree of regulation applied to them.

The European Union has advanced more than most in reducing cross-border regulation. People, capital, and goods may move about relatively unhindered. The fourth pillar of integration – services – still needs a bit of work, though progress has been made here too.

The 2005 EU cross-border mergers directive (2005/56/EC), a remarkably dry read, is a crucial piece of legislation that removed most hurdles private companies faced when on a buying spree. The directive sets out a number of fairly simple ground rules and supplants the patchwork of national laws and regulations which, more often than not, aimed to discourage takeovers.

Mergers and acquisitions are, of course, essential to a free market economy in as much as they allow better-managed companies to take over less efficient or profitable ones, improving returns for shareholders and increasing overall competitiveness. It makes for a dynamic economic environment that benefits society as a whole.

So far, so good. However, the cross-border mergers directive is now under assault – and that is not necessarily a bad thing. By its very nature, the directive applies to any company from any country eyeing a takeover in the EU – and that is a problem.

The world is not (yet) a level playing field; nations have different priorities and ways to organise their markets. In the United States, for example, corporate management has a fiduciary responsibility – firmly anchored in case law stretching all the way to the Supreme Court – to maximise returns for shareholders. It to management's only concern and explains the American's fascination with the next quarter's results. In China, large corporations are often told by the state how to develop their business and where to place their priorities.

Leveraging the not insignificant power of the EU cross-border mergers directive, US and Chinese corporations have eagerly snapped up European companies – the former looking for low-hanging fruit and the latter seeking access to technology.

French president Emmanuel Macron, just in office and backed by an exceptionally strong mandate, has, almost silently, unveiled a plan to exclude a large number of companies from EU takeover legislation. He plans to enlarge the loophole that allows national governments to shield companies deemed of "vital strategic interest" from being gobbled up by foreign corporations. German chancellor Angela Merkel and Italian prime minister Paolo Gentiloni have already voiced support for President Macron's plan to introduce a procedure – no doubt cumbersome – to screen proposed takeovers on national security grounds.

The Dutch, usually the first to object against any sign of protectionism however faint, have stolen a march on the French and already in 2013 invoked national security as a reason to block the €7.2bn takeover of Royal KPN, the country's largest telecom, by Mexican carrier América Móvil. More recently, The Netherland's government actively supported both paint maker AkzoNobel and consumer goods giant Unilever in their – ultimately successful attempts – to fight off hostile bids by US competitors.

However, this time national security was not at stake. Instead, the takeovers were deemed unwelcome for social and environmental reasons, no doubt esoteric to the American suitors and laying bare a few fundamental differences in the way business is conducted. The American raiders looked at the bottom line and saw a big pile of cash hidden in synergies, rationalisation, and short-term profit-taking. They proposed to streamline bloated conglomerates, ditch policies that do not produce instant profits, and divest from corporate sideshows.

AkzoNobel, in particular, looked most attractive. The company has pioneered the introduction of solid ESG (environmental, social, and governance) standards, pushes innovation through a sustained research and development effort, and maintains policies that prioritise its social impact and take into account all stakeholders – including employees and the wider community. Even so, it turned a billion dollar profit in 2016 and remains the world's second-largest maker of paints and coating.

Whilst Dutch shareholders were delighted with the offer made by Pittsburgh-based PPG Industries, management refused to engage and was backed by the unions, government, and public opinion. The PPG-AkzoNobel battle represented a clash of corporate and societal values. In the EU, businesses pursue profits but not necessarily at the expense of the environment and/or society. The next quarter is perhaps not as important as the long-term future. Though these lofty principles may not always work out, they do provide a framework for corporate behaviour.

Mr Macron's discrete initiative to either circumvent or amend the EU cross-border mergers directive aims to codify a practice gaining traction throughout the union. Takeovers are fine, and even necessary in some cases, but perhaps not so much when they undermine long-term prospects or seek to extract benefits from a playing field that – whilst fairly level inside the union – appears skewed when pitched on a global scale. By the way, the US unilaterally suspending adherence to the Paris Climate Accord does not help either.

Wim Romeijn

Editor, CFI.co

> Letters to the Editor

I shall avoid answering my own question, but what is the editor's view of the Trump presidency as we approach the half-year mark? According to Donald Trump: The Art of the Compromise (CFI.co spring issue) the administration was gaining in gravitas as it approached the hundred-day mark. The article goes on to say that the new team was probing the limits of executive action. No doubt that was the case but with what results? In contrast to your editor perhaps, I felt rather more nervous about the situation at the hundred-day mark than I did on election day. I feel no more comfortable now.
RAYMOND GLENN (Vermont, US)

Your columnist (Geopolitical Risk & Good Governance) tells us that wealth managers in the present economic environment must now factor into their equations a new parameter namely, geopolitical risk. I am not sure that geopolitical risk is a new phenomenon. It seems to me that there has been quite a lot of it floating around for a good long while.
EMILIA WRIGHT (Cambridge, UK)

The United Kingdom electorate has just given a kick in the pants to Theresa May. This was as much the result of concern over her personal style as anything else. May now hangs on to power courtesy of an arrangement with the Democratic Unionist Party (DUP) of Northern Ireland. She is forced to rely on a group of individuals that has views on abortion and the rights of gay people which will not sit well with the British people and do nothing to improve the image of the Conservative party. And what of the prospects for the Northern Irish talks given the closeness of May's party with the DUP? All of this makes no sense and another option should be sought which would involve a change of Conservative party leadership. This should happen sooner rather than later.
JAMES WESTON (London, UK)

In your last column, you say that students in the US and Europe 'have embraced progressive values to a degree that would put the bearded rebels of yesteryear to shame'. Really? I am not sure of the period under review but what of the street fighting in Paris in May 1968 which led to an extraordinarily successful social revolution in that country? The students did return to the mainstream very quickly but only because their job was so well done. I don't think your point about the progressive values of latter day students is valid but I do agree that the 'ready-packed and pre-approved opinion' that is demanded on certain campuses these days is very worrying – and for all the reasons you provide.
DAVID WONG (Singapore)

Hamburg: Town Hall

I enjoyed your article last month on Urban Sprawl in China: The Uses of Pop-Up Cities. McKinsey & Company got it right: mid-sized metropolises are likely to outperform the megacities. I recall happily that McKinsey was intent on protecting the bird habitat during the development of a small city on the outskirts of Shanghai and this sounds like the right kind of thinking too. I am not sure about what you describe as the abandonment of a 'rural idyll' - after all this is a country that not so long ago avowed to conquer and change nature and spent a good deal of energy trying to do so. And in recent history there hasn't been much evidence of China supporting idylls of any kind.

MOHAMMED OSMAN (Petaling Jaya, Malaysia)

I would suggest that the troubles in the Eurozone are not 'largely confined to the long-suffering Greece' (Final Thought in the spring Issue of CFI.co). A clue may be revealed when one considers how youth from the periphery of the EU are flooding into Germany and the United Kingdom to seek employment that their own countries are unable to provide. Of course, this is how it should be in a free labour market but the extent of the migration tells us that things are not at all well at home. The article goes on to talk about a 5.6 percent GDP gap between financial inflows and outflows in the United Kingdom. This may be true of one given period but it should be made clear that the GDP gap dropped from just under 10 percent at the time of the global financial crisis to 2.6% in the year 2016. Remember too that there is freedom of movement of goods within the EU but whereas the Germans and French tend to be more nationalistic consumers, people in the UK are not concerned about the source of their purchases - which partially explains the GDP gap.

SUSAN SHAW (Geneva, Switzerland)

Meryl Streep is my hero too and I am pleased to see that you have let your readers know about her generous support of women's rights. As you point out, she gave her fee for her part in the movie The Iron Lady to promote this cause and has also financed university scholarships. Two years ago, Meryl was cast as Emmeline Pankhurst in *Suffragette*. Speaking publicly at the time she pointed out that, "We are coming up from the bottom, but it's that upper echelon that we haven't broken through.". She also urged the audience to remember that "women's issues are men's problems". This is so true.

JUNE ANDREWS (Los Angeles, US)

Thank you for pointing out that there was never a chance that Geert Wilders (Barbarians at the Gate, spring issue) would emerge as prime minister following the Dutch parliamentary elections in March this year. (Other parties had announced in advance that they would not enter in a coalition with him and his campaign ended in defeat.) My worry is that although the tough words about immigrants from centre-right prime minister Mark Rutte may have stolen some of Wilders' thunder during the election, it may also lead to further intolerance in the country.

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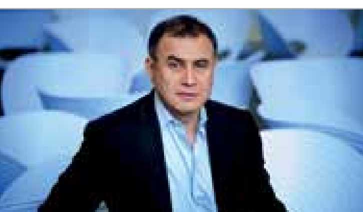

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> World Bank:

Matchmaking Finance and Infrastructure

By Otaviano Canuto and Aleksandra Liaplina

The world economy – and emerging market and developing economies in particular – display a gap between their infrastructure needs and the available finance. On the one hand, infrastructure investment has fallen far short from of what would be required to support potential growth. On the other, abundant financial resources in world markets have been facing very low and decreasing interest rates, whereas opportunities of higher return from potential infrastructure assets are missed. We approach here how a better match between private sector finance and infrastructure can be obtained if properly structured projects are developed, with risks and returns distributed in accordance with different incentives of stakeholders.

The world needs to invest an average $3.3 trillion, and emerging markets $1-1.5 trillion, annually just to meet currently expected rates of growth. The world currently spends about $2.5 trillion a year on infrastructure, and it is estimated that it needs to invest an average of $3.3 trillion annually just to support currently expected rates of growth (McKinsey, 2016) – with power requiring the largest amount (figure 1).

Current infrastructure investment, including IFIs, public investment, and PPPs, amounts around $1.7 trillion leaving a gap of more than $1 trillion. Institutional investors and other private sector players could increase allocations under appropriate conditions.

Operational commitments of major international financial institutions (IFIs) total around $80-90 billion annually – less than 10% of the infrastructure financing gap for emerging markets (World Economic Forum, 2016) – and they are declining. Annual public investment in infrastructure stands at about $1.5 trillion and is also decreasing due to fiscal deficits and increased public debt-to-GDP ratios. Public-Private Partnerships (PPPs) account for another $120 billion. Leveraging private sector investment, as well as institutional investor capital, are widely discussed as possibilities for addressing the needs going forward. Indeed, according to World Economic Forum (2016), institutional investors are currently managing assets exceeding $50 trillion in 2015, compared to $30 trillion in 2007. The same report also highlights that national savings in Asia alone were $1.36 trillion in 2011, and yet their investment in infrastructure currently represents a very small percentage of equity/debt assets.

However, as World Bank President Jim Yong Kim recently said: "In our conversations with investors, nearly all of them say they would consider investing in emerging markets if it were less risky." According to a survey of some 500 institutional investors conducted by the Global Asset Management Firm Natixis (2016), about one-third (34%) of institutions report that "they are planning to increase allocations to real assets, including real estate, infrastructure, and aircraft, in the next 12 months", and for 63% of them the primary goal for investing in real assets is earning higher returns. After all, long-term yields in safe and liquid assets have been declining for some time (figure 3).

> "The world needs to invest an average $3.3 trillion, and emerging markets $1-1.5 trillion, annually just to meet currently expected rates of growth."

So far, infrastructure has been mostly financed by bank loans. Institutional investors, like all other types of debt and equity investors, have their own incentives, constraints and, objectives when it comes to defining in which countries, types of projects (greenfield vs brownfield), and at what stage of the investment project cycle (development, construction, or operation) to invest. A quick snapshot of the global infrastructure finance shows that the main sources of infrastructure financing have been bank loans (figure 4). In the case of new

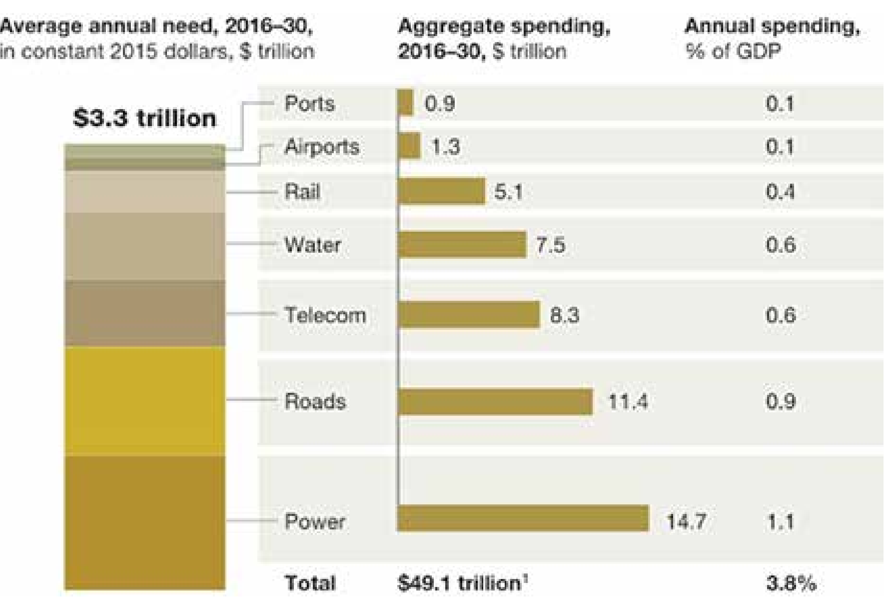

Figure 1: Estimated world infrastructure gap 2016-2030. *Source: McKinsey Global Institute (MGI), Bridging Global Infrastructure Gaps, 2016.*

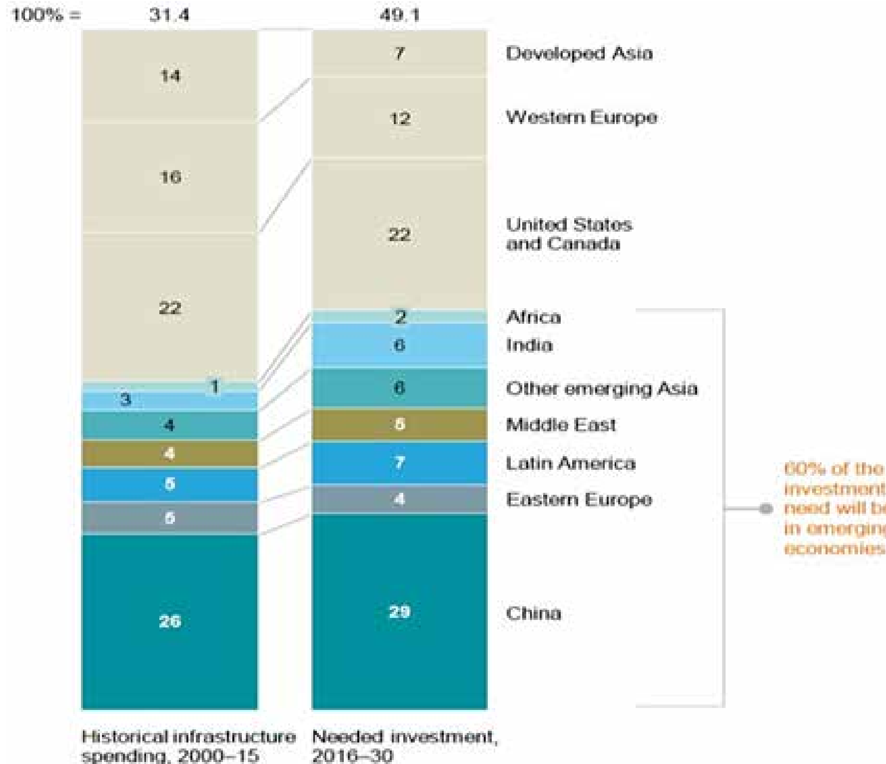

Figure 2: Investment needs. Economic infrastructure; %, $ trllion (at constant 2015 prices). Infrastructure investment will continue to shift to emerging markets. *Source: McKinsey Global Institute (MGI), Bridging Global Infrastructure Gaps, 2016.*

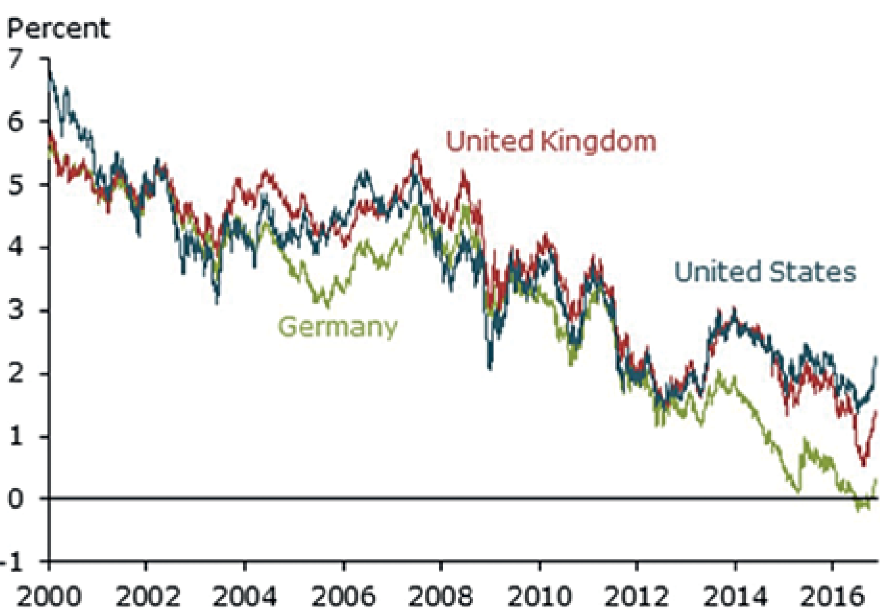

Figure 3: Ten-year sovereign bond yields. *Source: Federal Reserve Bank of San Francisco.*

infrastructure in emerging and developing economies, according to estimates of the Intergovernmental Group of 24 (G24) and the Global Green Growth Institute (GGGI), "around 20% is financed by loans, mostly by development banks and a share of the private investments), 56% is financed by budget, i.e. mainly by grants, and 24% is financed by equity and quasi-equity instruments coming from private investors."

Looking at infrastructure as an asset class – while comparing it to other asset classes such as government bonds, cash, equity markets, real estate, and others – can help identify and overcome mismatches between the demand for, and potential supply of, finance: an area where development financial institutions (DFIs) can step in.

Various reports indicate that, as of now, there is no systematic analysis of the type of risk instruments needed to unlock private investment in most infrastructure segments, yet inadequate coverage of risk is named as one of the reasons for projects not reaching financial close (World Economic Forum, 2016). Table 1 provides a summary of typical profiles of different stakeholders potentially participants in the value chain of financial services associated with infrastructure investments. Despite mismatches between their respective profiles and corresponding assets, pension funds, insurance companies, and private equity funds have invested in unlisted infrastructure equity. Percentages are still small, but could be increased under appropriate circumstances.

The unlisted infrastructure fund market represents a hope from this perspective as it allows to diversify risk. According to a survey of institutional investors conducted by Preqin, "three-quarters of respondents stated that the performance of their infrastructure and investments over 2015 had met or exceeded their expectations and 74% of fund managers are seeking greater appetite from investors." At the same time, the size of this market is very small compared to alternative asset classes, and transactions in more developed markets have taken prevalence.

Another trend has been a high concentration of capital among a very few infrastructure funds: 179 unlisted infrastructure funds in market targeting $120bn in institutional capital. Yet, very few of them are reaching final close each year. Also, limited availability of attractive investment opportunities is named as one of the reasons for the remaining 26% of investors who declared then to be planning to reduce the amount of their investments.

Defining the "attractive investment opportunities", and matching investors to these opportunities in a more systematic way is what might make a difference. Heterogeneity in the setup of projects is often named as one of the reasons why it is so difficult to push more allocations to infrastructure. Lack of data, different contractual structures, different regulatory environments – all these aspects are part of the puzzle and are being addressed by different players; but also, the breadth of products tailored specifically for different types of institutional investors with their respective risk and return profiles is where a higher effort may payoff.

Categorising institutional investors according to their profiles and tailoring infrastructure investments to their needs constitutes a first step. Matching fees – charged by funds – to returns in the context of opportunities offered by other asset classes is an example of such a consideration. As widely discussed in the literature, pension funds are looking for "high returns, low risk, liquidity, fair pricing, and reliable partners".

Based on the basic profiles listed on Table 1 and Table 2, one may notice that a scenario

Sources of capital/Stakeholders	Instruments used and asset allocations (financial and tangible)	Motivations and Conditions	Typical risks faced
National and Regional Development Banks and Development Financial Institutions (DFIs): OPIC, IFC, FMO, (IDB, AfDB, ADB)	Loans; Equity; Loan guarantees; Counter guarantees; Political Risk Insurance; Mezzanine finance	Development outcome oriented; Return of capital is a priority; Transaction sizes are generally large > $10 million	Invest in Greenfield at the construction stage; Can take subordinated role among creditors
State Owned Enterprises (SOEs)	Bonds; Equity	Social outcomes; Profit orientation depends on the type of an SOE	Invest in Greenfield at the construction stage
Private Financial Institutions: Commercial Banks, Investment Banks: Microfinance Institutions; Private Equity Funds; Impact Funds; Individuals	Loans; Debt structuring and placement; Leasing; Trust management; Trust guarantee holder	Profit oriented. Some have actual capital to invest, and others are intermediaries. At local level, may be key to small holder applicable financial instruments; Have short tenors. Local commercial banks might have limited capacity and expertise. May invest via diversified funds or directly in projects or programs	Are not likely to take performance and construction risks; Can take minority stakes of the infrastructure projects in which they invest
Export Credit Agencies	Loans (allow repayments in local currency)	Interested in materials and supplies coming from their home jurisdictions which might raise prices	Might invest at the construction stage,
Supply Chain Companies	Long term guaranteed purchase contracts used as collateral guarantee for loans	Various motivations, e.g. voluntary reductions in carbon footprint or industry mandates (e.g. airlines)	Might invest at the construction stage,
Pension funds	Corporate bonds, listed equities	Among motives are higher returns (63% name it as a primary goal for investing in real assets) and better diversification of investment risk. They are constrained by statutory guidelines on risk and diversification.	Invest at the operational stage; 62% name Illiquidity as a key barrier to investing in real assets (Natixis); Less likely to assume demand risk; Foreign currency risk.
Sovereign Wealth Funds	Equity, income and alternative investment strategies, such as hedge funds.	Do not carry fixed-income liabilities; Have long horizons; Look for high returns.	Invest at the operational stage.
Insurance companies	Bonds, common stocks, mortgages. Also, preferred stock, real estate, derivatives and contract loans.	Looking to diversity portfolios; Constrained by regulatory capital requirements; Long term nature of liabilities.	Concerned about political risks, uncertainty about pricing.

Table 1: Stakeholders and corresponding instruments, assets, motivations, and risks. *Source: authors, based on Natixis (2016), Ehlers, (2014), OECD (2015) and others.*

	Development	**Construction**	**Operational**
Stakeholders	Equity: construction, operation or maintenance companies, equipment suppliers or input suppliers; Off-takers of the project's products; Infrastructure Funds (Australia, Asia) or Pension Funds (Canada) may be involved; Debt: Banks; Export Credit Agencies Rating agencies; Credit insurers, Export Credit Insurers.	Equity sponsors in case risks materialize	Pension funds; Insurance companies, mutual funds, sovereign wealth funds, etc.)
Risks	Completion or commissioning risks: change of control, final approvals, permits.	Revenue during construction, change of law, cyber risks, construction partners, quality (performance risks, bankruptcy), delay in project completion, cost overruns; Interest rate risk	Offtake payment risk, public authority risk, refinancing risk, demand/user risk, commodity/input supply costs, local experience of service provider, early termination; Interest rate risk
	Other risks: Transfer/handover: change of standards, technology, contractual robustness and/or enforceability, terms/conditions, costs; Macroeconomic, political and regulatory: sub-sovereign, war & civil disturbance, expropriation, currency transfer & convertibility, discriminatory change in law, specific change in law, general change in law, foreign exchange, operating-phase interest rate, construction-phase interest rate, inflation.		

Table 2: Risks, stakeholders, and project phases. *Source: authors, based on Ehlers, (2014), World Economic Forum (2016) and others.*

for institutional investors to participate at the operational stage is typically favourable when refinancing is possible and the construction risk is addressed – particularly in those segments with lower risks (figure 5). Examples of these transactions include Canadian investments in Chile such as the Pension Plan Investment Board (CPPIB) paying $1.14 billion for stakes in five major toll roads; AIMCo buying a 50% interest in Autopista Central de Chile in late 2010 for $878 million; and Brookfield Asset Management buying six road projects in India, to name a few.

There are examples, however, of their participation at other stages of the cycle, including taking a construction risk. This tends to be the case when institutional investors participate in infrastructure projects in a search for higher yield – like sovereign wealth funds. This has been the case for 63% of surveyed investors by Natixis (2016).

So far, institutional investors have mostly invested in upper-middle income and high income countries. Examples include Asian pension funds such as the Accident Compensation Corporation investing in New Zealand roads (primary financing) or State Super NSW investing in Australia transport sector. But there are also some cases like Care Super investing in hospitals in India. In Africa, there is a growing pool of investors coming from, mostly, the US, but also UAE, China, and UK.

Currency risk is a major factor faced by international investors in the emerging markets (table 2). Export credit agencies can help with that challenge, although often at the expense of higher cost. Other challenges frequently named are the unavailability of financial instruments or their respective cost and complexity in terms of difficulty to use. Box 1 displays some regional differences in that regard as reported by World Bank, IMF, and OECD.

Fixed-income instruments such as bonds (in the context of infrastructure project: projects bonds, municipal, sub-sovereign bonds, green bonds, and sukuk) and loans (direct/co-investment lending to infrastructure project, syndicated project loans) are likely to be a better fit for the appetite of a broad range of institutional investors in emerging market economies: significant innovation is taking place in product design that can potentially change the risks that institutional investors are willing to take and expand their investment in these two strategic sectors".

DEVELOPMENT FINANCIAL INSTITUTIONS HAVE KEY ROLE

DFIs can offer a core financial additionality by playing a key role as a catalyst, drawing private capital into long-term projects in countries and sectors where significant development results can be expected, but the market perceives high risks. Those institutions contribute their own funding (loans, equity) and/or guarantees, providing partners with an improved creditor status. IFC, for example, has invested $270 million dollars of its own capital into the Queen Alia International Airport in Amman, Jordan. As a result, the project has been able to

Challenges associated with the use of financial instruments by region

- **Complexity:** in Africa medium to high; in MENA average complexity; in SA – instruments are not easy to use, but financial guarantees are more accessible; in SEA – medium to high complexity, relatively accessible; in ECA – higher than average, accessibility average; Central and South America-average complexity, not high accessibility.
- **Cost:** in Africa high cost; in MENA not excessively costly; in SA – high; SEA – appropriately to highly priced; in ECA – higher than average, especially for financial guarantees; Central and South America – towards being high.
- **Usage:** in Africa CEMS available but not used; in MENA CEMS are available but not used, while guarantees and insurances more available and used; in SA – not readily available, and if available not used, Insurance products are more available; in SEA – available but not used; ECA – available, but not with extensive usage; Central and South America – available but not used (with exception of insurance products).

In Asia the markets are not developed, contract performance risks are not defined. "Traditional project financing structures receive sub-investment grade ratings as the market is not sophisticated and contract performance risks are not appropriately defined. Additionally, the illiquidity of regional bond markets, lack of market making, lack of a reliable yield curve and related benchmarks, and mistrust in financial reporting by corporations keep institutional and retail investors away from corporate bonds that could finance developers' equity in projects".

Box 1. *Source: World Bank, IMF and OECD (2016).*

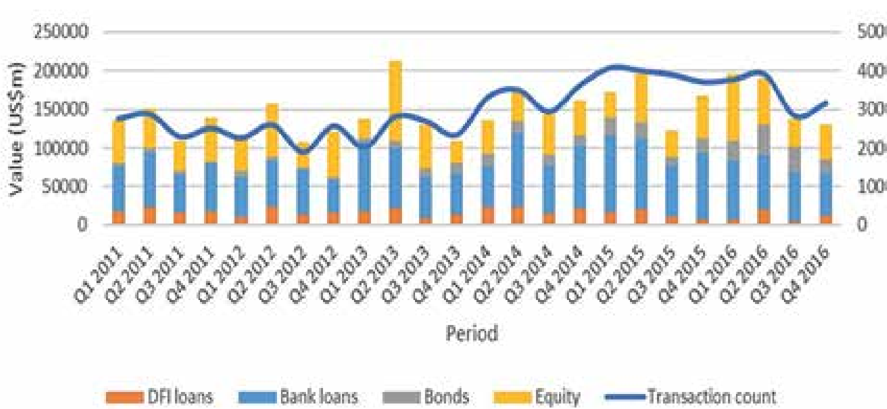

Figure 4: Global infrastructure finance (including corporate finance) value by source of funding, 2011-2016. Source: authors, based on data from IJ Global (2017).

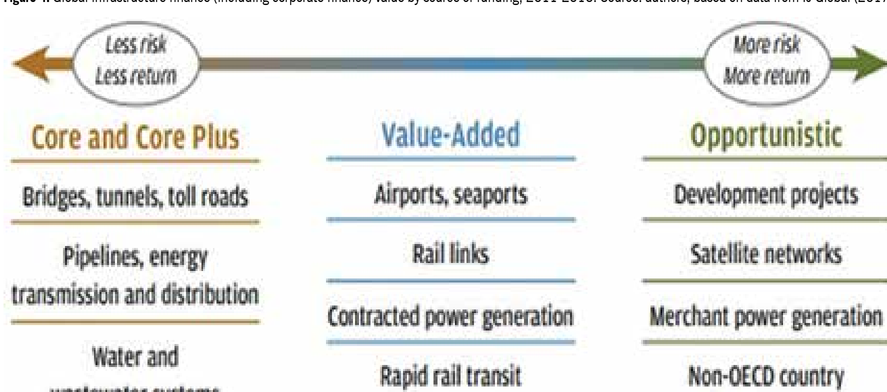

Figure 5: Infrastructure rists and returns. *Source: J.P.Morgan Asset Management.*

attract enough commercial financing to cover the rest. Over the last nine years, Jordan has received more than one billion dollars in revenue – and that without having to pay back any project loans. Bringing partners into specific deals through syndications also generates additional financing. Furthermore, they can support the development of pipelines of investable projects, the scarcity of which is also highlighted as an impediment to a higher commitment by non-banking financial institutions to infrastructure.

A whole set of mechanisms to assign part of risks to a third party through risk transfer and credit enhancement instruments is currently being piloted by development banks. These instruments include guarantees, insurance policies, or hedging mechanisms under which, for a fee, the provider will agree to compensate the concessionaire (or its lenders) in case of default and/or loss due to some specified circumstance.

The new $2.5 billion IDA Private Sector Window provides an example of such an instrument – it includes a risk mitigation facility to provide project-based guarantees without sovereign indemnity, and a local currency facility to mitigate currency risk when markets are not yet developed. Another example is a joint effort of IFC and Sida: a platform allowing institutional investors (including those with relatively conservative risk profile, e.g. insurer Allianz) to invest in developing countries by providing a first loss guarantee of 10%. According to estimates, such platforms can mobilize up to $10 of private money for every dollar of public money.

BOTTOM LINE

The contrast between the dearth of investments in infrastructure and the savings-liquidity glut that marks the contemporaneous global economy can be reduced. Low legal, regulatory, and policy risks are of the essence. Additionally, the availability of sophisticated, developed financial markets and instruments will help, as they facilitate partnerships among different financial agents to allow each one to carry risks that are closer to their will and capacity. The greater involvement of private investors and the design of economically rational financing structures can not only boost the funding of infrastructure investments but also thereby improve the efficiency and success of infrastructure projects. Development financial institutions may play an important role in such matchmaking. ❇

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All opinions expressed here are their own and do not represent those of the World Bank or of those governments Mr Canuto represents on its board. References in this article available upon request.

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> **Nouriel Roubini:**

The Global Recovery's Downside Risks

For the past two years, the global economy has been growing, but it has swung between periods of rapid expansion and deceleration. During this period, two episodes in particular, caused US and global equity prices to fall by about 10%. Is a pattern emerging or is a fitful global recovery set to stabilise?

The first episode came in August/September 2015 when many observers feared that China's economy could be headed for a hard landing. The second episode, in January/February 2016, also stemmed from concerns about China, but investors were also increasingly worried about stalling US growth, collapsing oil and commodity prices, rapid interest-rate hikes by the US Federal Reserve, and unconventional negative-rate monetary policies in Europe and Japan.

Each deceleration episode lasted for about two months, at which point the correction in equity prices began to reverse. Investors' fears were not borne out, and central banks began to ease their

"But Trump is not the only global risk. China has resorted to a fresh round of credit-fuelled fixed investment to stabilise its growth rate."

monetary policies, or, in the case of the Fed, put rate hikes on hold.

As a third example, one could cite the period following the United Kingdom's Brexit referendum in June 2016. However, that episode was more short-lived and did not cause a global slowdown, owing to the small size of the UK economy and monetary easing at the time. In fact, in the months before US President Donald Trump's election last November, the global economy actually entered a new period of expansion – albeit one in which advanced and emerging-market economies' potential growth remained low.

We may still be living in what the International Monetary Fund calls the "new mediocre" – or what the Chinese name the "new normal" – of low potential growth. And yet economic activity has started to pick up in the US, Europe and the Eurozone, Japan, and key emerging markets.

Owing to new stimulus measures, China's growth rate has stabilised. Emerging markets such as India, other Asian countries, and even Russia and Brazil – which experienced recessions between 2014 and 2016 – are all doing better. So, even before the US presidential election had inspired "Trump trades", a "reflation trade" had signalled a new phase of modest global expansion.

Recent economic data from around the world suggest that growth could now accelerate. And yet one cannot rule out the possibility that the current expansion will turn into another global slowdown – if not an outright stall – if some downside risks materialise.

For example, markets have clearly been too bullish on Trump. The US president will not be able to pass any of the radical growth policies he has proposed. Any policy changes that he does make will have a limited impact. Contrary to what the administration's budget projections claim, annual economic growth in the US has almost no chance of accelerating from 2% to 3%.

At the same time, markets have underestimated the risks of Trump's policy proposals. For example, the administration could still pursue protectionist measures that would precipitate a trade war, and it has already imposed migration restrictions that will likely reduce growth, by eroding the labour supply.

Moreover, President Trump might continue to engage in corporatist micromanagement, which would disrupt the private sector's investment, employment, production, and pricing decisions. His fiscal-policy proposals would provide excessive stimulus to an economy that is already close to full employment. This would force the Fed to raise interest rates even faster, which would derail the US' recovery, by increasing long-term borrowing costs and strengthening the dollar.

Indeed, Trump has introduced such profound fiscal uncertainty that the Fed could make a mistake in its own policymaking. If it does not increase rates fast enough, inflation might balloon out of control. The Fed would then have to hike rates rapidly to catch up at the risk of triggering a recession. A related risk is that increasing rates too slowly could lead to an asset-price bubble and all the dangers – frozen credit markets, soaring unemployment, plummeting consumption, and more – implied by its inevitable deflation.

The current Fed chairperson, Janet Yellen, is unlikely to make a mistake. But over the course of the next year, Trump will have the option of appointing five, and possibly six, new members to the Fed's seven-member Board of Governors. If he chooses poorly, the risk of serious policy errors will increase substantially.

Markets are also underestimating today's geopolitical risks, many of which stem from Trump's confused and risky foreign policies. Indeed, the global economy could be destabilised by any number of scenarios involving the US. A military confrontation between the US and North Korea now seems plausible. So, too, does a diplomatic or military conflict between the US and Iran that results in an oil-supply shock; or a trade war between the US and China that escalates into a larger geopolitical conflict.

But Trump is not the only global risk. China has resorted to a fresh round of credit-fuelled fixed investment to stabilise its growth rate. That means that it will have to deal with more toxic assets, debt, leverage, and overcapacity in the medium term. And because growth and economic stability will top the agenda at the Chinese Communist Party's National Congress later this year, discussions on how to rebalance growth and implement structural reforms will take a back seat. But if China does not jumpstarts structural reforms and contains its debt explosion by next year, the risk of a hard landing will return.

Elsewhere, the recent Dutch and French election results (and favourable expectations for the German election this September) have reduced the risk that populists will come to power in Europe. But the EU and Eurozone are still in an economic slough. Market fears of a disintegrating Eurozone will return if the euro-sceptic Five Star Movement comes to power in Italy's next election, which could be held early this fall.

Next year, a more robust and persistent global recovery will depend largely on whether policymakers avoid mistakes that could derail it. At least we know where those mistakes are most likely to be made. ❇

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> Robert J Shiller:

Understanding Today's Stagnation

Ever since the Great Recession of 2007-2009, the world's major central banks have kept short-term interest rates at near-zero levels. In the United States, even after the Federal Reserve's recent increases, short-term rates remain below 1%, and long-term interest rates on major government bonds are similarly low. Moreover, major central banks have supported markets at a record level by buying up huge amounts of debt and holding it.

Why is all this economic life support necessary, and why for so long?

It would be an oversimplification to say that the Great Recession caused this. Long-term real (inflation-adjusted) interest rates did not really reach low levels during the 2007-2009 period. If one looks at a plot of the US ten-year Treasury yield over the last 35 years, one sees a fairly steady downward trend, with nothing particularly unusual about the Great Recession. The yield rate was 3.5% in 2009, at the end of the recession. Now it is just over 2%.

Much the same is true of real interest rates. During the Great Recession, the ten-year Treasury Inflation-Protected Security yield reached almost 3% at one point, and was almost 2% at the recession's end. Since then, the ten-year TIPS yield has mostly declined and stayed low, at 0.5% in May 2017.

Chicago, USA: Federal Reserve Bank building

"A perennial swirl of good news after a crisis might instil a sort of bland optimism, without actually eliminating the fear of another crisis in the future."

The fact that people are willing to tie up their money for ten years at such low rates suggests that there has been a long trend toward pessimism, reflected in the recent popularity of the term "secular stagnation" to describe a perpetually weak economy. After former US Treasury Secretary Lawrence Summers used the term in a November 2013 speech at the International Monetary Fund, the New York Times columnist Paul Krugman picked it up, and it went viral from there.

Although secular stagnation became a meme five years after the 2008 financial crisis, the term itself is much older. It first appeared in Harvard University economist Alvin Hansen's presidential address to the American Economic Association, in December 1938, and in his book published the same year.

Hansen described the "essence of secular stagnation" as "sick recoveries which die in their infancy and depressions which feed on themselves and leave a hard and seemingly immovable core of unemployment." When Hansen delivered his speech, he expected the US' economic stagnation to persist indefinitely. The depression that had started with the stock market crash of 1929 was approaching its tenth year, and World War II had not yet arrived. Only after the war began, in 1939, did the stagnation end.

Hansen's Great Depression-era theory of secular stagnation was based on an observation about the US birth rate, which was unusually low in the 1930s, after having already declined dramatically by the late 1920s. Fewer births perpetuated the stagnation, Hansen surmised, because people did not need to spend as much on children, and felt less need to invest in the future. Indeed, according to World Bank statistics, the global average birth rate has also fallen since the 2008 financial crisis. But low fertility had nothing to do with that crisis in particular, given that birth rates have been steadily declining for the better part of a century.

Another explanation is that the 2008 crisis is lingering in our minds, in the form of heightened fear that rare but consequential "black swan" events could be imminent, despite moderately strong consumer-confidence measures and relatively low financial-market volatility (with some exceptions). A recent paper by New York University's Julian Kozlowski, Laura Veldkamp, and Venky Venkateswaran argues that it is rational to harbour such fears, because once a formerly unthinkable event actually occurs, one is justified in not forgetting it.

My own theory about today's stagnation focuses on growing angst about rapid advances in technologies that could eventually replace many or most of our jobs, possibly fuelling massive economic inequality. People might be increasingly reluctant to spend today because they have vague fears about their long-term employability – fears that may not be uppermost in their minds when they answer consumer-confidence surveys. If that is the case, they might increasingly need stimulus in the form of low interest rates to keep them spending.

A perennial swirl of good news after a crisis might instil a sort of bland optimism, without actually eliminating the fear of another crisis in the future. Politicians and the media then feed this optimism with rosy narratives that the general public is in no position to sort through or confirm.

Since around 2012, the equity and housing markets have been hitting new records. But the same sort of thing happened regularly in the Great Depression: the news media were constantly reporting record highs for one economic indicator or another. A Proquest "News and Newspapers" search for the 1930-1939 period finds 10,315 articles with the words "record high." Most of these stories are about economic variables. In 1933, at the very bottom of the depression, record highs were reported for oil production; wheat, gold, and commodity-exchange-seat prices; cigarette consumption; postal deposits; sales or profits of individual companies; and so forth.

Such rosy reports may give people some hope that things are improving overall, without allaying the fear that they could still suffer an economically catastrophic event. Barring exceptionally strong stimulus measures, this sense of foreboding will limit their spending. Narrative psychology has taught us that there is no contradiction: people can maintain parallel and conflicting narratives at the same time. When people are imagining disaster scenarios, policymakers must respond accordingly. ❇

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> **Anders Åslund:**

A Magic Wand for France?

Last month, Emmanuel Macron pulled the proverbial rabbit from the electoral hat. Against the odds, the independent centrist won the French presidency by a decisive margin, beating the far-right populist Marine Le Pen – and vanquishing the old guard of the French establishment along the way. Now, for his latest trick, Macron looks set to secure a huge majority in the French National Assembly.

But whether Macron, a political newcomer, is more than an electoral wizard will depend on the success, or failure, of the economic programme that his government enacts.

Friends of France, and of a united Europe, were no doubt relieved by Macron's victory. And in the early days of his presidency, the French public is behind him too; recent polling puts his approval rating at 62%. Yet goodwill can dissipate quickly, which is why Macron must move to capitalise on his early mandate by implementing reforms of fiscal policy, taxation, the labour market, and education, to name but a few areas where change is long overdue.

France's most immediate problems are anaemic growth and inadequate job creation. For the last twelve years, France's GDP has increased by barely 1% annually, less than the mediocre

Paris: National Assembly

"But France also needs more complex structural reforms, the most urgent one being liberalisation and simplification of the country's complex labour code, which makes it too difficult to hire and lay off workers."

uptick in the European Union as a whole, while unemployment currently hovers just above 10%. Only five EU countries – Croatia, Italy, Cyprus, Spain, and Greece – have higher unemployment rates.

During President Macron's first five-year term, therefore, he should focus on raising France's GDP growth to an average of at least 2% a year, and reducing unemployment to below 6%. The easiest way to achieve both goals would be to focus on where France is underperforming relative to other EU countries.

Part of the unemployment challenge is tied to hidden costs. France has some of the highest labour costs for hourly employees in the EU, and a natural consequence is tepid hiring. With inequality also growing, many French are rightly upset that labour is taxed much more than capital gains. Indeed, France's payroll taxes amount to 19% of GDP – far exceeding the EU average of 13%. This is a particularly pernicious tax, because only employers are affected by it. It should therefore be the first tax the Macron Administration moves to cut.

Likewise, government spending, at 57% of GDP, is the highest in the EU where the average is 47%. This burden is excessive, and significantly hinders economic growth. The government should work to reduce the expenditures (its bloated social-protection programs in particular) by at least one percentage point a year.

Corporate taxes are another area ripe for reform. With its rate of 33%, France has one of the highest profit taxes on corporations in Europe. But its revenues from these taxes, 2.6% of GDP, are in line with the EU average. France could afford to reduce its profit tax rate to 25%, as Mr Macron has proposed, without losing significant tax revenues.

On nearly every fiscal metric, France is an outlier (along with Finland and Belgium which have also underperformed in recent years). And given that France, it now seems clear, has not benefited from loose policy, President Macron should be able to forge a consensus on cutting taxes and expenditures. Indeed, reducing the fiscal burden on the economy will be the key to turning things around.

But France also needs more complex structural reforms, the most urgent one being liberalisation and simplification of the country's complex labour code, which makes it too difficult to hire and lay off workers. The most vulnerable are often those who are the least integrated into the economy, especially the young and immigrants. Most European countries suffer from this problem, but France's youth unemployment rate, at 26%, is significantly higher than the EU average of 19.6%. The simplification of the labour code should be negotiated with social partners to mitigate or even avoid strikes and protests.

Finally, France's education system needs major attention. The OECD rates French high school students as just about average among the world's developed economies. France, like many other European countries, has much room for improvement in preparing its young people for the job market.

The situation appears even worse for French universities. According to the Times Higher Education Supplement, which ranks universities worldwide, France's top university, the École Normale Supérieure, ranks just 66th in the world. Without reform of higher education, France cannot be remotely competitive with British and American institutions.

The French government can carry out all of these reforms unilaterally, without the EU. But the EU could help France's economy by promoting various markets. Free trade in services is one of the original four EU freedoms; today, however, the single market for services works poorly. France has much to gain from further liberalisation in its domestic services market. And the EU's digital market is a bonanza waiting be won, though France's participation is surprisingly limited. Improved access to venture capital, which liberalisation of financial services would facilitate, could help.

Mr Macron's victory – and the likely parliamentary landslide for his LREM party – has presented France with a great opportunity. But, given the scope and scale of the needed reforms, the president's political honeymoon will be short. He must deliver results quickly, or his magic will soon fail him – and French voters will make him disappear. ❄

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Anders Åslund is a senior fellow at the Atlantic Council in Washington. He is the author of Ukraine: What Went Wrong and How to Fix It and, most recently, Europe's Growth Challenge with Simeon Djankov.

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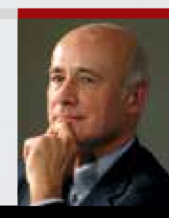
> **Joseph S Nye:**

Xi Jinping's Marco Polo Strategy



Last month, Chinese President Xi Jinping presided over a heavily orchestrated Belt and Road forum in Beijing. The two-day event attracted 29 heads of state, including Russia's Vladimir Putin, and 1,200 delegates from over 100 countries. Xi called China's Belt and Road Initiative (BRI) the "project of the century." The 65 countries involved comprise two-thirds of the world's land mass and include some four and a half billion people.

Originally announced in 2013, Xi's plan to integrate Eurasia through a trillion dollars of investment in infrastructure stretching from China to Europe, with extensions to Southeast Asia and East Africa, has been termed China's new Marshall Plan as well as its bid for a grand strategy. Some observers also saw the Forum as part of Xi's effort to fill the vacuum left by Donald Trump's abandonment of Barack Obama's Trans-Pacific Partnership trade agreement.

China's ambitious initiative would provide badly needed highways, rail lines, pipelines, ports, and power plants in poor countries. It would also encourage Chinese firms to increase their investments in European ports and railways. The "belt" would include a massive network of highways and rail links through Central Asia, and the "road" refers to a series of maritime routes and ports between Asia and Europe.

Marco Polo would be proud. And if China

Xi Jinping

> "Xi's vision is impressive, but will it succeed as a grand strategy?"

chooses to use its surplus financial reserves to create infrastructure that helps poor countries and enhances international trade, it will be providing what can be seen as a global public good.

Of course, China's motives are not purely benevolent. Reallocation of China's large foreign-exchange assets away from low-yield US Treasury bonds to higher-yield infrastructure investment makes sense, and creates alternative markets for Chinese goods. With Chinese steel and cement firms suffering from overcapacity, Chinese construction firms will profit from the new investment. And as Chinese manufacturing moves to less accessible provinces, improved infrastructure connections to international markets fits China's development needs.

But is the BRI more public relations smoke than investment fire? According to the Financial Times, investment in Xi's initiative declined last year, raising doubts about whether commercial enterprises are as committed as the government. Five trains full of cargo leave Chongqing for Germany every week, but only one full train returns.

Shipping goods overland from China to Europe is still twice as expensive as trade by sea. As the FT puts it, the BRI is "unfortunately less of a practical plan for investment than a broad political vision." Moreover, there is a danger of debt and unpaid loans from projects that turn out to be economic white elephants, and security conflicts could bedevil projects that cross so many sovereign borders. India is not happy to see a greater Chinese presence in the Indian Ocean, and Russia, Turkey, and Iran have their own agendas in Central Asia.

Xi's vision is impressive, but will it succeed as a grand strategy? China is betting on an old geopolitical proposition. A century ago, the British geopolitical theorist Halford Mackinder argued that whoever controlled the world island of Eurasia would control the world. American strategy, in contrast, has long favoured the geopolitical insights of the nineteenth-century admiral Alfred Mahan, who emphasized sea power and the rimlands.

At World War II's end, George F Kennan adapted Mahan's approach to develop his Cold War strategy of containment of the Soviet Union, arguing that if the US allied with the islands of Britain and Japan and the peninsula of Western Europe at the two ends of Eurasia, the US could create a balance of global power that would be favourable to American interests. The Pentagon and State Department are still organised along these lines, with scant attention paid to Central Asia.

Much has changed in the age of the Internet, but geography still matters, despite the alleged death of distance. In the nineteenth century, much of geopolitical rivalry revolved around the Eastern Question of who would control the area ruled by the crumbling Ottoman Empire. Infrastructure projects like the Berlin to Baghdad railway roused tensions among the Great Powers. Will those geopolitical struggles now be replaced by the Eurasian Question?

With the BRI, China is betting on Mackinder and Marco Polo. But the overland route through Central Asia will revive the nineteenth-century Great Game for influence that embroiled Britain and Russia, as well as former empires like Turkey and Iran. At the same time, the maritime road through the Indian Ocean accentuates China's already fraught rivalry with India, with tensions building over Chinese ports and roads through Pakistan.

The US is betting more on Mahan and Kennan. Asia has its own balance of power, and neither India nor Japan nor Vietnam want Chinese domination. They see America as part of the solution. American policy is not containment of China – witness the massive flows of trade and students between the countries. But as China, enthralled by a vision of national greatness, engages in territorial disputes with its maritime neighbours, it tends to drive them into America's arms.

Indeed, China's real problem is self-containment. Even in the age of the internet and social media, nationalism remains a most powerful force.

Overall, the United States should welcome China's BRI. As Robert Zoellick, a former US Trade Representative and World Bank president, has argued, if a rising China contributes to the provision of global public goods, the US should encourage the Chinese to become a responsible stakeholder. Moreover, there can be opportunities for American companies to benefit from BRI investments.

The US and China have much to gain from cooperation on a variety of transnational issues like monetary stability, climate change, cyber rules of the road, and anti-terrorism. And while the BRI will provide China with geopolitical gains as well as costs, it is unlikely to be as much of a game changer in grand strategy, as some analysts believe. A more difficult question is whether the US can live up to its part. ❇

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> Tor Svensson:

G20: A Match Made in Heaven

The G20 is a forum for heads of state and governments as well as their representatives and advisors, collectively known as Sherpas, to discuss cooperation on global financial and economic issues ranging from inclusive development to the banking system and women's economic empowerment – to name but a few. Other issues are also on the table: climate change, security arrangements, and the plight of refugees. The agenda even includes more exotic topics such as wildlife trafficking and antimicrobial resistance.

An explainer: A Sherpa economist is someone who makes money explaining why others are poor.

The capital G is well deserved: together the G20 member states are home to almost two-thirds of the world population and account for more than 80% of global GDP – currently estimated at – give or take a few billions – $80 trillion). These countries also represent about three-quarters of global trade. As usual, a few smaller yet important countries have been invited to attend the proceedings such as The Netherland (with the world's 17th largest GDP), Singapore, and Senegal.

Since last year, Germany holds the rotating presidency of the G20 and, as such, is hosting the group's July 7-8 summit in Hamburg. Participants are expected to deal with a number of global challenges. Some are of immediate concern, such as the refugee crisis, whilst others – climate change amongst them – call for long-term solutions.

Yet other topics are harder to pin down and plan for. Failures in the global financial system and the threat of cybercrime already provide plenty background clatter and require solutions as well. Now that the world economy is on the mend, if not buoyant, the need to provide jobs for young people no longer features at the top of the global agenda.

However, rising inequality – and its pernicious impact on growth – merit more attention, though no-one seriously expects the industrialised world to let go of its austerity policies. Also, the wholesale "printing" of electronic money to stimulate anaemic economic growth – a policy that inflates asset prices and thus adds to inequality – is not likely to end anytime soon.

An attempt at a joke: A Greek, an Irishman, and a Portuguese enter a bar and order drinks. Who picks up the tab? The German.

Now consider this: the concentration of wealth into

ever fewer hands, unemployment, high taxation, and austerity conspire against birth rates in Europe. Who can afford kids, right? As a result the average age of the population is getting on. This is especially true in Spain, Italy, and Germany where demographics are getting seriously skewed. The country stands in need of millions of additional workers to ensure a tax base for the elderly. Chancellor Angela Merkel will most likely not want to scale just yet this formidable mountain. It also puts a different twist on her decision to welcome almost a million, mostly young, refugees to the country. These are the people who will assemble your new Beemer a decade from now.

Why, though, would any European government make it so prohibitively expensive to start a family? One possible – but improbable – explanation may be that lower birth rates result in short-term savings. Then again, perhaps the baby boomers now moving into retirement insist on high levels of taxation in order to ensure their own immediate future.

Out-of-whack demographics have no short-term solutions. The very nature of the problem precludes quick fixes. Most of the refugees now clamouring to gain admittance to Europe – their promised land – fled from countries that battle the opposite problem: too many people. Whomever thinks that an obvious solution is at hand, should probably think again.

At the G20 summit, the Saudi Arabia is the sole representative from the Middle East. Hamburg is preparing to welcome King Salman bin Abdulaziz Al Saud and/or his son Mohammed bin Salmam. The son, anointed crown prince, has now been chosen to run the country.

During 2014-16, the revenues of Middle Eastern oil exporting countries dropped by more than a third. Previously healthy current account surpluses have evaporated and turned into substantial deficits. Saudi Arabia, in tandem with other Gulf countries, has already started to cut expenditures, issue bonds, and draw down reserves, including sovereign wealth funds. The low level that the oil price settled on, as well as its expensive war in Yemen, left no other choice but to raid the savings jar. Saudi Arabia now also faces increased youth unemployment.

There are many good reasons not to expect oil prices to return to their previous highs. The US is now the world's third-largest oil producer and no longer depends on oil imports. Instead, the US is gaining market share, at the expense of Saudi Arabia and Russia, flooding world markets with a steady supply pumped up thanks to fracking. New technologies are driving down the cost of shale oil production. Analysts at JP Morgan just slashed their price outlook for West Texas Intermediate crude by $11 (21%) to a 2018 average of just $42/bbl.

Back to demographics. Africa and the Middle East face a massive youth surge – a demographic dividend waiting to be cashed in with the right policy mix. In North Africa alone, more than hundred million people will surge onto the labour market between now and 2025. As it stands, the region's job market cannot possibly absorb all these new workers. Educational standards remain low and investment volumes are lagging if not negligible. Tourism, a great job creator, is down due to the threat of terrorism.

Idle hands make mischief. In a high-unemployment scenario, social unrest is never far away. The Gulf Region used to represent a most welcome safety valve, absorbing workers by the tens of thousands. However, with depressed oil prices, this no longer holds true. Also, the countries of the region are quickly moving up the value chain and need skilled workers to power their new knowledge-based economies.

Thus, lower oil prices may cause some hurt in the wealthy members states of the Gulf Cooperation Council, the real pain of cheap oil will be inflicted on North Africa and affect already highly-indebted countries such as Egypt, Algeria, and Tunisia, in addition to war-torn Libya.

A number of Gulf countries – Saudi Arabia and the UAE in particular – have successfully managed to diversify their economies by investing in education, innovation, and – crucially – infrastructure. They also supported the emergence of a strong domestic business environment.

Crown prince Mohammed bin Zayed, of Abu Dhabi and – according to some – effectively the ruler of the United Arab Emirates (UAE), has long been a proactive sponsor and advocate of policies promoting value-added services, innovation, good corporate governance, accountability, and transparency.

The G20 encourages sustainable development and works in close cooperation with African countries to improve the investment climate and pave the way for large-scale infrastructure projects. The G20 wants to ensure the swift implementation of the goals contained in the 2030 Agenda for Sustainable Development and in the Addis Ababa Action Agenda.

A new G20 Africa Partnership Initiative and the G20 Compact with Africa (CWA) were launched by the Germans with a view to creating conditions that enable private foreign direct investment (FDI) to be leveraged for accelerated development.

The CWA, alongside The IMF and the World Bank, tries to implement measures that reduce risk by suggesting the introduction of solid legal frameworks and policies that attract private investors. CWA's aim is to boost economic growth and create new jobs. Thus, it hopes to reduce migratory pressures and ensure social peace by raising living standards across the board – precisely as envisioned by the African Union's Agenda 2063. A number of countries have already signed up for the initiative: Ivory Coast, Ghana, Ethiopia, Morocco, Rwanda, Senegal, and Tunisia.

However, this is no laughing matter. Wealth creation and sustainable economic development are delivered via free markets.

The G20 leadership, and its following of Sherpas, is focused on deepening globalisation and ensuring that its untold benefits reach more people – not just a few. The good news is that it may end up being slightly easier than imagined: institutional investors have trillions in their portfolios, funds desperately looking for yield. The returns they crave for can be easily obtained in emerging markets. It's a match made in heaven. Now, just go and work out the details. ❇

ABOUT THE AUTHOR

Tor Svensson is the Chairman of Capital Finance International.

> Book Review -

The Financial Diaries: How American Families Cope in a World of Uncertainty

Notes from the Margin of Society

By Wim Romeijn

To many millions of workers in the United States and Europe, having a job and earning a living is now more like having a cake and eating it too – an impossible concept.

Take Dante, a 28-year-old taxi driver who gets his rides assigned via Uber, and zips around Los Angeles with a pillow and sleeping bag in the trunk of his car – his home on wheels. Though he regularly works 14-hour days, Mr Dante cannot afford a home and lives in his taxi instead. Classified as an independent contractor and subject to Uber's nearly-incomprehensible fare calculation algorithm, the young driver's daily take has been on a downward trajectory for the past two years. Yet, he cannot afford to quit driving because his vehicle was provided by Uber on a fixed-term lease. A modern-day indentured labourer, Mr Dante owes the company weekly payments and, as long as he does, cannot leave.

Uber is just one example, albeit a very large one since the company is valued at over $70bn, of a business that has ruthless exploitation build into its very model. As such, Uber is representative for the much larger gig economy which is disruptive only in as much as it replaces regular employment with incidental work delivered by nominally independent contractors who enjoy few rights, or even none at all.

The gig economy and zero hour contracts, its evil twin, are the preserve of mostly dead-end jobs. The notion that hard work gets rewarded and, in the fullness of time, leads to promotion and a bigger paycheque has become quaint and outdated. Gig workers are today's proles and may abandon all hope of improving their lot.

Whilst the past was far from idyllic with its rigid corporate rules, hierarchies, and collective bargaining, a workplace back then often served as a second home and offered a sense of belonging and identity. Few taxi drivers are proud to work for Uber; the company is notoriously uninterested in their plight as Travis Kalanick, the disgraced CEO who resigned on June 20, showed when he embarked on an embarrassing rant belittling a driver who had dared question his inability to earn a living wage.

"The notion that hard work gets rewarded and, in the fullness of time, leads to promotion and a bigger paycheque has become quaint and outdated."

Caught on camera, Mr Kalanick's outburst, the product of a mad man, went viral instantly and lost the company much of its credibility. Old school taxi drivers, working in a regulated environment and trying to keep Uber out of their territory, were vindicated. They had warned against Uber's business model and predatory practices, only to be dismissed as whiners foolishly trying to stop the inevitable march of progress. Then again, Uber makes no secret of its corporate ambition to do away with drivers altogether as soon as self-driving vehicles come of age.

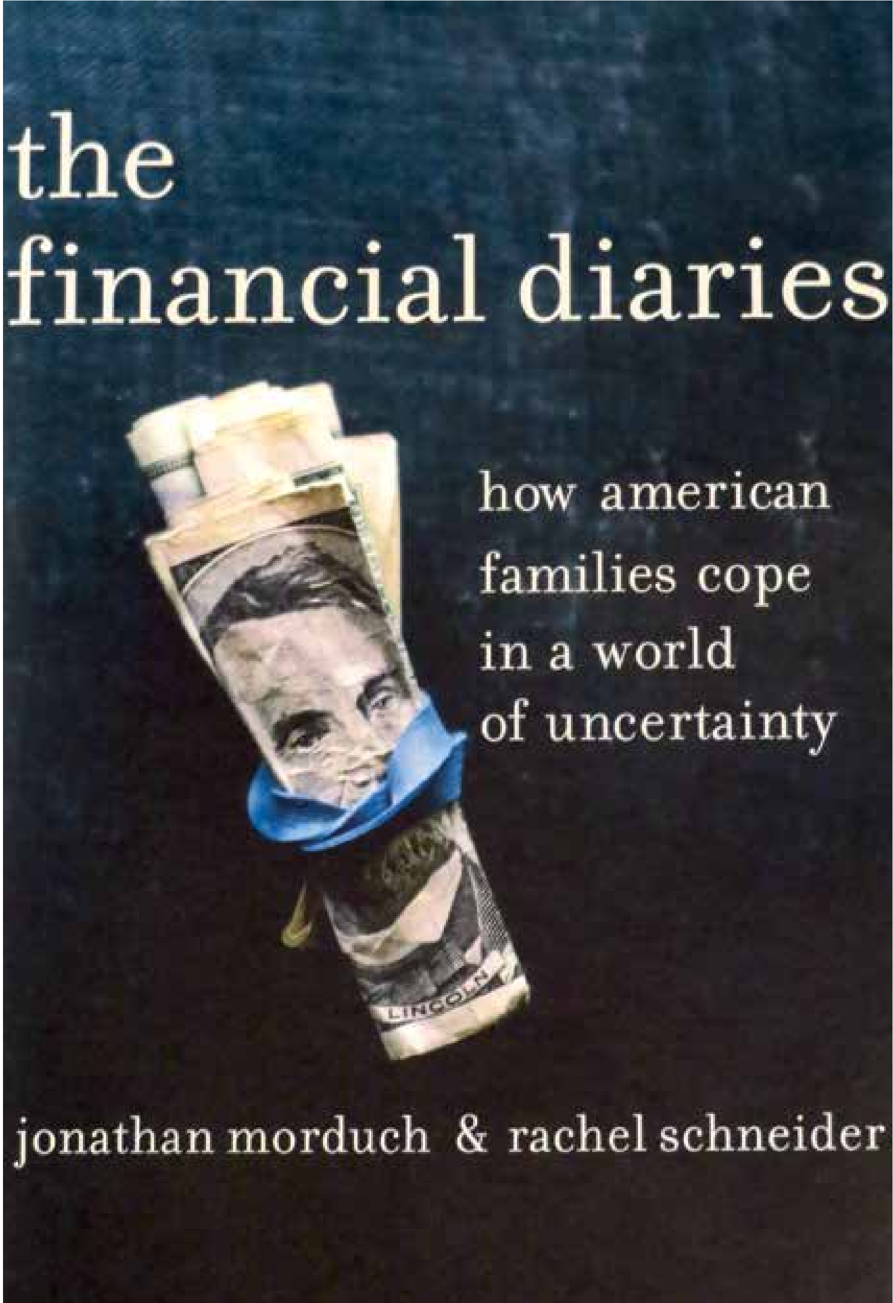
In *Financial Diaries: How American Families Cope in a World of Uncertainty*, Professor of Public Policy Jonathan Morduch of New York University examines the volatile cash flow of working Americans and the effects this has on their lives. Prof Morduch and co-author Rachel Schneider of the Center for Financial Services Innovation dispatched a team of researchers to monitor the income and expenditure patterns of 235 households. The authors wanted to discover how people deal with fluctuating incomes and gain a better understanding of the social consequences of the "great job shift" from regular secure work (and earnings) to unpredictable temp jobs.

According to the US Census Bureau's official poverty measure (OPM), about 43,1 million people, or 13.5% of the population, are considered poor – earning less than the $24,257 needed to sustain a family of four. Conceived in the early 1960s, the OPM fails to account for a number of expenses demanded by contemporary living. Since its introduction, the measure has not been updated. A broader, and presumably more precise, supplemental poverty measure (SPM), first published in 2011, puts an additional three million American under the poverty line. Both measures, however, do not tell anything meaningful about the increasing number of people whose incomes fluctuate wildly, zigzagging the poverty threshold repeatedly.

Morduch and Schneider found that over ninety million people, about a quarter of the population,

"Caught on camera, Mr Kalanick's outburst, the product of a mad man, went viral instantly and lost the company much of its credibility. Old school taxi drivers, working in a regulated environment and trying to keep Uber out of their territory, were vindicated."

> "Financial Diaries clearly shows that the United States no longer leads the world in upward social mobility – that crown now belongs to Denmark which, incidentally, is also home to the second happiest people in the world, out-smiled only by Norway."



regularly dip under the poverty line for two or more months out of the year. These "poverty spells" usually are a recurring phenomenon associated with the variable incomes prevalent in the gig economy. Adjusting to their new reality, the sometimes-poor have developed a number of ways to cope such as raiding their IRAs (individual retirement accounts) and joining savings clubs or sharing groups where members agree to help one another out in case of financial trouble. The authors found only a few cases of reckless spending leading to momentary or permanent poverty.

Morduch and Schneider fear that President Donald Trump's first budget proposal, revealed in March, will deteriorate the plight of the poor considerably. In order to free up hundreds of billions for increased military spending, the Trump Administration aims to axe or scale back a number of important social programmes such as Medicaid and the Supplemental Nutrition Assistance Program – formerly known simply as food stamps.

Financial Diaries clearly shows that the United States no longer leads the world in upward social mobility – that crown now belongs to Denmark which, incidentally, is also home to the second happiest people in the world, out-smiled only by Norway. The authors draw attention to a 2014 study released by the Pew Research Center which found that 62% of Americans no longer believe their children will fare better than they do. About the same percentage of people think that the economy is rigged to favour the wealthy. These findings were confirmed by a poll commissioned by The Atlantic – the US' premier literary and cultural monthly – which found that over three-quarters of respondents no longer believe in the American Dream.

The authors agree that no single income level can define poverty: money alone cannot determine the level of access people enjoy to essential services such as education, healthcare, and the social network that often is indispensable for moving ahead in life. As gauges of poverty OPM and SPM are only crude indicators. Moreover, neither measure takes into account social inclusion data – widely used elsewhere to assess poverty levels – and place the threshold only at around 30% of the national median income whereas in Europe a baseline of 60% is the norm.

Financial Diaries is an opportune book that maps the gig economy's impact on contemporary life. The authors show that the US has become even more unequal than the standard statistical model tells. The new forms of economic growth brought about by disruptors such as Uber do not reduce poverty and may, in fact, only make matters worse. Add to that a federal administration determined to slash the few benefits Americans are entitled to, and the future of the country's working poor looks grim indeed. ❇

Philippe Le Houérou, CEO of IFC:

Redefining Development Finance

By Wim Romeijn

Complementing – and driving – World Bank President Jim Kim's vision to transform the multilateral financier into an "honest broker" charged with mobilising and directing private capital towards developing countries, CEO Philippe Le Houérou of the International Finance Corporation (IFC, part of the World Bank Group) aims to leverage his organisation's deep expertise and formidable reputation to significantly raise the volume of funds available to frontier markets and thus help kick-start their economies by creating markets where none existed before. The approach signals a strategic shift at the IFC which calls for a new operational framework to structure smaller deals with private sector parties that potentially carry additional risk but have a much greater development impact.

One year into his job, Mr Le Houérou explains his work thus: "I first wanted to place development impact at the heart of what the IFC does. For my second year, I want to place the IFC at the heart of development."

Traditionally run by bankers, who usually and not unreasonably put the pursuit of profits before the need for poverty reduction, Mr Le Houérou's new direction for the IFC has been warmly welcomed by development professionals. Abandoning the ivory tower – a penthouse office rather – that housed many of his illustrious predecessors and moving his desk a few floors down to be closer to the action, enables the chief exec to engage with individual members of staff, bridging hierarchies in order to discover, and adjust, the nuts and bolts that keep the vast organisation running smoothly.

> "I want the IFC to be more proactive in creating markets by decisively moving into fragile and poor countries, places where private capital dares not tread, and sniff out opportunities."

Mr Le Houérou believes in hands-on managing. Unassuming, at times taciturn, but quick to burst into laughter, the Frenchman brings a passion to his job not normally seen in the higher echelons of development finance. Coming to the IFC from the field, rather than switching one mahogany-panelled office for another, Mr Le Houérou also brought thirty years' worth of experience to the bank's head office on Washington's Pennsylvania

> "... consistent and dedicated approach to mobilising private capital."

Avenue – a street lined with power as no other. Here, he cuts a slightly different figure with his six foot tall frame usually draped in a slightly crumpled suit: this is a man who works rather than talks – a man, if you will, on a mission.

Mr Le Houérou's undertaking seems simple enough: to transform the IFC into a market maker: "Instead of waiting for projects to fall into our lap, I want the IFC to be more proactive in creating markets by decisively moving into fragile and poor countries, places where private capital dares not tread, and create opportunities."

The IFC 3.0 now being erected adopts a cascading approach to development finance. For any given project, the preferred funding source should be private financing and not add to public debt; that absent the IFC will, with World Bank colleagues, try to address market failures in order to attract private capital. Should that not have the desired effect, the organisation will seek to de-risk the project by providing matching capital and guarantees to private investors. Under this scheme, public and concessional finance options are used only as a last resort when everything else has proved fruitless.

"The idea is to unburden state and public budgets. Most governments of the countries we help are already struggling with high debts burdens. Their budgets usually have no room to accommodate extra expenditures. Besides, the limited means of these countries should ideally be destined for education, public healthcare, rural roads, sanitation, and similarly important tasks where there are no private solutions. We aim to keep big-ticket infrastructure projects that generate revenues off-budget by entrusting them to the market."

The new "cascade" approach is not just horizon to reach: it is already being piloted in nine countries with another 20 eager to sign on. The IFC and other entities belonging to the World Bank Group have dispatched country teams – each with between eight and ten professionals – to work with governments to identify and set up infrastructure projects that are "cascade-enabled".

"The idea is perhaps not new, but it is the first time that the World Bank Group has fully embraced the principle with a consistent and dedicated approach to mobilising private capital."

The IFC is perfectly willing – and able – to directly take on risk if that is what it takes to create markets. Essentially, the organisation

now aims to put its own capital on the line – and offer it as a sort of collateral – to private investors otherwise reluctant to embark on ventures in frontier markets. The IFC can, for example, offer to assume 10% of first loss, taking the bite out of disappointing results. Mr Le Houérou describes the IFC as a leveraging machine: "We are currently able to trigger an additional $4 in private capital for every single dollar we invest. The goal is to increase this leverage and by so doing make the leap from billions to trillions."

Such an order of magnitude is urgently called for. The least developed nations face a demographic bulge and other challenges that require jobs – tens of millions of them – to meet. "Whilst there is no single magic bullet that solves all problems – if there was, we'd have found it by now – we do know that sustainable development requires a thriving private sector. Only that can generate the jobs needed. Without employment there is no dignity for people, no alleviation of poverty – no hope for a better future."

"So, we need to focus on practical solutions and that, in turn, requires us to rethink the way we operate. The current level of development aid of about $130bn annually is simply not enough. However, if we work closely together and establish cooperation between multilateral development banks and national development agencies, we can use those funds to clear the way for private investors to move their trillions to the places where it is needed most. Billions is what we have available, but trillions is what we need."

To close the gap, Mr Le Houérou must tap into the vast pool of money currently idling on the side lines, suffering low returns in the current near-zero interest rate environment whilst unable to move due to restrictions placed on (pension) fund managers whose statutory mandates often preclude taking any position outside the rarefied sphere of the investment grade universe. Hence, the need to radically rethink development financing to accommodate this reality.

"This is precisely where the IFC can deploy its function as a catalyst and de-risk these opportunities, crowd-in investments, and scale up everything in the process. The question is how do we actually accomplish this. If we are serious about this agenda, I believe IFC should be a major driver of the redefinition of development finance."

Though the IFC seeks to triple its core investment portfolio to $30bn by 2030, that increase alone – whilst crucially important – will not be enough to address the shortfall in investment capital. Already now, the IFC has established close cooperation with the national development agencies of Sweden Japan, UK and France, amongst others, to further its reach.

The organisation also aims to alter the mix of its projects portfolio to mitigate overall exposure to risk and rebalance social and financial returns. "We will continue with more profitable deals in order to offset riskier propositions elsewhere whilst keeping an eye on the impact of our operations."

CEO: Philippe Le Houérou

"**Billions** is what we have available, but **trillions** is what we need."

In internal assessments the IFC now attaches greater weight to the economic, social, and environmental impact of its undertakings. A new ratings system is being deployed to gauge in a more systematic and objective manner the development outcome of projects under consideration. Thus, the development impact is to become a key driver of the decision-making process, alongside financial concerns. Starting in July, projects brought to the IFC's board for approval will include estimates on development impact. This represents a big change in the way the organisation operates. Before, impact was only assessed after a project's conclusion. "The new procedure will allow the IFC to set overall targets for development impact and benchmark outcomes against those targets. We can then easily assess how we are doing and how much headway we've made on development and poverty reduction."

Mr Le Houérou emphasises that the new IFC, though perhaps not entirely novel, is about creating markets: "We always have been quite good at structuring finance for investments, either FDI or local, bringing in technical assistance, and syndicating loans. We now need to go to more difficult places, including fragile and failed states, where we will no longer wait for deals to come our way – usually few and far in between – but proactively create markets in the knowledge that once conditions are right, private investment will follow.

"We also need to move a little bit away from merely analysing situations. It is one thing to point your finger at problems, but quite another to propose workable solutions that create the conditions for markets to emerge and prosper. Rather than de-risk at project level, the IFC will work closely with the World Bank to de-risk entire countries. To create markets is, essentially, to remove roadblocks."

And that is precisely what Mr Le Houérou has been doing at both the IFC and in the countries where his organisation is called upon to help facilitate and accelerate development. It is a new take on an existing approach, though one not just evolutionary in nature. Rather, Mr Le Houérou, aware of the urgency of his mission, is taking the proverbial bull by both horns, redirecting the entire development finance sector down a more pragmatic path: good intentions are swapped for tangible results – removing roadblocks in the process. ❇

Creating Markets, Creating Opportunities

> Jordan: The Sky Is the Limit

By Wim Romeijn

The hub for flag carrier Royal Jordanian Airlines, Queen Alia International Airport (QAIA), just south of Amman repeatedly takes top honours for convenience, efficiency, and overall traveller satisfaction. In a region known for its luxurious aviation hubs, the relatively compact airport with an annual passenger flow of around 7.5 million, QAIA frequently outperforms larger competitors. The Airport Service Quality (ASQ) Survey ranks the facility first in the Middle East across eighteen different categories.

Built by the Ministry of Transport in the early 1980s as a replacement for the Amman Civil Airport, and government-owned and -managed, QAIA was designed to handle a maximum of 3.5 million passengers per year. By the mid-2000s the airport had outgrown its original specifications. An upgrade and expansion were called for, not only to handle heavier traffic flows, but also to preserve QAIA's status as a niche transit hub for the region.

With limited resources and an economy still on the mend after suffering a steep downturn in the late 1980s, the Jordanian government in 1998 embarked on a large-scale privatisation drive, selling fourteen state-owned enterprises in an, ultimately successful, attempt to reduce debt and rebalance the books. From a high of 174% of GDP in 1989, government debt was slashed, in relative terms, by two-thirds in barely two decades. The gargantuan exercise, however, meant that no state funds could be earmarked for infrastructure development or renewal.

Mindful of the need not to delay the airport expansion, the Jordanian government in early 2006 appointed the IFC as lead advisor on the feasibility of a establishing a public-private partnership for the project. The IFC helped authorities organise, manage, and conclude a competitive tendering process based on a 25-year build-operate-transfer contract. In May 2007, the Airport International Group (AIG) – with participation, amongst others, of Aéroports de Paris Management, construction company Joannou & Paraskevaides, and regional investment companies – won the bid, offering the state a 54.% share of gross revenues and proposing to expand QAIA's capacity to twelve million passengers per year.

Appointed as senior lender and lead arranger, the IFC worked with AIG to arrange long-term financing to closely match the projected cash-flow profile. The umbrella provided by the IFC significantly reduced the project's political and commercial risk which, in turn, brought in $160m in loans from commercial banks to supplement the corporation's own $120m and the $100m parallel loan it helped raise from the Islamic Development Bank.

Philippe Le Houérou (right) in Jordan

The success of QAIA has led the Jordanian government to complete numerous other successful PPP projects in the power sector with the support of IFC.

During the construction of the new terminal, completed in 2013 after a number of design changes, Jordan' economy proved remarkably resilient to unsettling externalities such as the onset in the Great Recession in 2009, the Gaza War in that same year, and the Arab Spring. GDP growth remained robust throughout whilst passenger numbers at QAIA significantly outpaced projections to reach 7.4 million last year. Two successfully concluded financing rounds delivered a modern airport with plenty room for growth and helping the government's drive to attract more tourists to the country. Instead of representing a drain on scare public resources, QAIA actually adds to the state's revenue.

The largest private sector investment project to date, Queen Alia International Airport showcases the power of public-private partnerships and the value of participation by the IFC. Rather than merely providing funding, the IFC mobilised its portfolio management team to engage lenders and speed up processes. A conduit located at the centre of a triangle formed between government, concessionaire, and lenders, the IFC effectively got the project off the ground by – as the saying goes – making things happen. ❇

> Colombia:

Crowding-In Private Investment for Infrastructure Development

By Wim Romeijn

Colombia's transport network suffers from "monumental backwardness" and its condition constitutes the biggest obstacle to economic growth, says Juan Martín Caicedo Ferrer of the country's Infrastructure Chamber – a trade association that promotes development. The World Economic Forum agrees and places Colombia 103th out of 140 countries included in its Business Environment and Infrastructure Index.

It usually costs Colombian businesses more to haul their goods to the nearest port than it does to ship cargo halfway across the world. One of the better land corridors, the 410 kilometre Bogotá to Cali highway, takes truckers often fourteen hours or longer to navigate – crawling along at an average speed just shy of 30 km/hr. The World Bank's Trading across Borders ranking – part of the institution's Doing Business Project – confirms the poor experience and places Colombia 93rd out of 189.

Whilst the country's craggy topography poses formidable challenges to roadbuilders, political violence, and simple neglect also conspire to impose a heavy toll on trade, likened to a 10-15% tax by Luis Carlos Villegas of the National Association of Industry (ANDI).

Now that the guerrilla war is over and the economy is booming – GDP per capita doubled over the last decade to around $12,800 annually – the government has turned its attention to the removal of bottlenecks. The groundwork was laid in 2012 when congress enacted the Public-Private Partnership (PPP) Law which offers a framework for large undertakings. A year later, the Infrastructure Law was put in place to streamline and speed up procedures that concessionaires have to

follow and – more importantly – simplify land acquisition practises by shortening judicial arbitration and appeal processes. Both laws benefited from technical guidance provided by the World Bank.

The government has unveiled a $25bn plan to create a network of toll roads – part of the even more ambitious 4G Concessions Programme – that aims to add another 8,000km of asphalt to the national transport grid as well as 1,100km of railway track, 1,500km of navigable waterways, and two new airports. The 4G Concessions Programme represents about 3% of Colombia's GDP and is one of the largest PPP infrastructure agendas in the world.

Dovetailing its policies with the International Finance Corporation (IFC, part of the World Bank Group) – the Colombian government has asked the institution to help set up a National Development Finance (FDN – Financiera de Desarollo Nacional) agency to catalyse investment and address market failures that discourage private investors to partake.

The IFC invested $70m in FDN, taking a 35% stake jointly with the Development Bank of Latin America (Corporación Andina de Fomento – CAF), to leverage the new legal framework and help set up the country's first infrastructure debt fund – the Colombia Infrastructure Collective Debt Vehicle (Infra CDV) – to crowd in institutional investors. The fund has already raised $400m. "This approach results in a multiplying effect on infrastructure financing," says FDN President Clemente del Valle: "We are creating something innovative that will increase Colombia's economic competitiveness."

That something aims to capture a slice of the $61tn global pool of pension and insurance assets that need investing. According to the April 2016 edition of EM Compass, a periodic report on business in emerging markets (EMs) published by the IFC, less than 1% of global pension fund assets are invested in infrastructure. Conversely, EMs collectively need an estimated $1.5tn annually to bridge their infrastructure financing gap.

Colombia, now home to one of Latin America's best-performing economies, has moved decisively to address regulatory uncertainties, improve transparency, and mitigate risk in order to entice investors. FDN, now managed as an independent entity, no longer subject to the cumbersome procedures imposed on state-owned entities, is being transformed to play a key role in the upgrading and expansion of the country's infrastructure. It is slated to advise market actors and establish benchmarks in addition to offering its expertise in project structuring, financing, and advisory services to both financial institutions and national and local governments. Thus, FDN is to act primarily as a facilitator and enabler of public-private partnerships.

The first results are already in with the Pacifico 3 road project – a 146km-long highway with 26 bridges and 6 tunnels – reaching it financial close early last year with help of US investment bank Goldman Sachs. FDN committed $66m in credit enhancements, effectively mobilising $648m in private funds of which 59% was raised on international capital markets. Critically, the bonds issued were awarded a BBB- investment-grade rating, allowing pension funds and other institutional investors to allocate resources.

Whilst a pilot project for much larger undertakings to follow, Pacifico 3 demonstrates that it is possible to mobilise private financing for major infrastructure projects in emerging markets. Aligned to the new IFC approach of actively crowding in private sector investments into large infrastructure works, will help boosting an initial commitment almost tenfold. ❇

> Philippe Le Houérou: Catalyst of Development

Portrait by Wim Romeijn

It's not so much about banking as a trade as it is about putting money to work in ways that help alleviate poverty, foster growth, and bring joy to life. Instead of pursuing the highest monetary return, Philippe Le Houérou seeks the highest impact. Thus, it is all about leveraging the power of money to push the have-nots of the world a few rungs up the development ladder.

As bankers go, Mr Le Houérou is far removed from the stereotypical image cultivated by the finance trade. Rather unpretentious, given to listening, and not at all seduced by sharp suits that exude power, but driven by passion, the Frenchman commands a formidable presence that has colleagues perk up whenever he takes the word. Mr Le Houérou can be blunt as well – a handy trait to get things moving along. Staffers who have worked under Mr Le Houérou praise his integrity and clarity of purpose. He is, however, unforgiving of sloppy work, incomplete analysis, and – refreshingly – poor writing.

CEO of the International Finance Corporation (IFC, part of the World Bank Group) since March 2016, Mr Le Houérou is tasked with mobilising private capital for long-term deployment in developing nations. It is, of course, far from his only job as the head of the IFC, but certainly one that catches the eye of the outside world.

Whereas other World Bank organisations such as the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), provide cheap loans and grants to help cash-strapped governments put in place the essential building blocks of sustained development, the International Finance Corporation was set up in 1956 to underwrite private, for-profit investment projects that reduce poverty and boost economic growth.

Though the trend was already well underway when Mr Le Houérou took the top job at the IFC, he is pushing the organisation decisively away from the classic banking model and towards a much broader and proactive role as a facilitator and catalyst; bringing in outside funding, leveraging its Triple A credit rating, mitigating risk for private investors, setting up business frameworks, and providing technical expertise. The IFC 3.0 is in the business of creating markets where none existed before. No longer will the organisation shy away from undertakings in countries commercial parties refuse to touch with the proverbial barge pole, up to and including failed states. As a global development bank focused solely on the private sector, the IFC is able to spread its exposure to risk better than most – a fact now being deployed as yet another tool at its disposal.

> "Mr Le Houérou is convinced that deficient or absent free markets are the root cause of underdevelopment. However, he recognises better than most that political realities do not always encourage private business."

Perhaps less well known, but certainly no less important: the IFC has stepped up its advisory services. The organisation employs almost a thousand professionals who lend their expertise to private businesses on governance, managerial skill development, scalability, and corporate social responsibility, amongst many others. The organisation's business consultants are known for their adaptability, adjusting their advice to fit local conditions and working in tandem with other departments to create environments that allow markets to develop and prosper.

Mr Le Houérou is convinced that deficient or absent free markets are the root cause of underdevelopment. However, he recognises better than most that political realities do not always encourage private business. The trick, then, is to patiently work within the existing framework, expanding its boundaries slowly by showcasing what markets can actually accomplish. As such, the IFC CEO is also charged with assuaging fears, taking away doubts, and clarifying misconceptions. The work is less trying than it may seem for ultimately most governments do respond, if only haltingly, to a pragmatic approach.

That suits the IFC CEO just fine: Mr Le Houérou is not motivated by ideology, but by impact. "In earlier times, the IFC measured its success by financial returns rather than development impact," says Scott Morris, senior fellow at the Center for Global Development – an independent Washington-based think tank – and director of the US Development Policy Initiative. Mr Morris applauds Philippe Le Houérou's willingness to push the envelope: "Because he comes from a broader development perspective, Le Houérou is likely to allow for greater experimentation

> "Though the trend was already well underway when Mr Le Houérou took the top job at the IFC, he is pushing the organisation decisively away from the classic banking model and towards a much broader and proactive role as a facilitator and catalyst; bringing in outside funding, leveraging its Triple A credit rating, mitigating risk for private investors, setting up business frameworks, and providing technical expertise."

Klaus Schwab and Philippe Le Houérou

"Because he comes from a broader development perspective, Le Houérou is likely to allow for greater experimentation in achieving the broader private development mission as opposed to the project-by-project approach."

in achieving the broader private development mission as opposed to the project-by-project approach."

After a 30-year career at the World Bank, Mr Le Houérou knows his way around the institution. He is expected to help "break down the silos" that contain the bank group's five constituent parts though the perception that each pursues an own agenda is not entirely true: the IFC almost always works in close cooperation with IBRD, IDA, and MIGA.

Mr Le Houérou joined the World Bank Group in 1987, signing up to its Young Professionals Programme. He was promptly dispatched to all corners of the world: South and Central Asia, Latin America, Africa, and Eastern Europe. He also worked in the IFC's Corporate Services Department. In the 1990s, Mr Le Houérou spent time in Russia helping that country with its transition from a command economy toward a market economy – already then effectively in the business of creating markets. He went on to IDA, worked at the World Bank's Information Solutions Group, was vice-president for concessional finance, vice-president for Europe and Central Asia, and vice-president for South Asia. He also spent one year at the European Bank for Reconstruction and Development (EBRD) as vice-president for policy and partnership.

A citizen at home, it would seem, anywhere in the world, Philippe Houérou was born into a globe-trotting family, spending part of his childhood in Algeria, Tunisia, Morocco, Libya, and Ethiopia where his father Henri Noel – and doctor in Philosophy in Natural Sciences and co-winner of the 2007 Nobel Peace Prize for his work on desertification within the framework of the IPCC (Intergovernmental Panel on Climate Change) – conducted research for, amongst others, the UN Food and Agriculture Organization.

Living in Ethiopia at the time of the 1974 revolution which toppled the monarch, unseated Emperor Haile Selassie, and initiated a 16-year civil war which left an estimated 1.4 million dead, Philippe Le Houérou remembers the suffering and personal tragedies of friends, some of whom disappeared, all the while thinking about the root causes of the upheaval and of the violent changes upsetting a familiar world. Ethiopia inspired him to study politics, history, and economy in order to find answers. The experience also conditioned Mr Le Houérou to look for practical answers: he is not one to engage in daydreaming or abstract thought. Problems exist and need solutions taking into account fact and reality.

With its new can-do man at the top, the IFC feels reinvigorated – ready, and indeed eager, to tackle the task at hand: create markets and mobilise private capital to rid the world of want. Not so much a tall order as an inescapable necessity. ❇

> Hans Peter Lankes, IFC:

IFC's Development Impact, One Market at a Time

Having worked in the international financial institutions for much of my career, I'm a big believer in the power that development institutions have in building a bridge between the government and the private sector. That philosophy underpins the International Finance Corporation's (IFC) focus on creating markets and a private-sector-first approach to development.

Take, for example, Argentina's success in modernising its power sector, which shows what can be done with the help of development institutions.

Argentina is working hard to diversify its power grid. But easing the country's dependence on fossil fuels and cutting carbon emissions takes more than hard work. Argentina needs to attract a vast amount of investment to meet its goal of generating 20% of its electricity from renewable sources by 2025.

The IFC and other development institutions are helping ensure that goal is achievable – by creating a new market for private investment in renewable energy. We helped organise a renewable-energy auction and set up the process to attract international bidders. At the same time, the World Bank provided $480 million in guarantees to reduce investors' financial risks. As a result, the energy projects became bankable and meet international standards.

> "As markets mature, extending the reach of established models, supporting standards, and mobilizing finance at scale are paramount."

IFC is the largest development finance institution focused on the private sector, but our investments are small relative to the needs in emerging markets. At a time when developing countries need as much as $4 trillion every year to achieve the Sustainable Development Goals, simply investing on a project-by-project basis isn't good enough.

That's why my work is so heavily focused on creating markets, a strategy designed to crowd in far more private capital and overcome systemic barriers to economic growth – poor governance, limited access to finance, and inadequate infrastructure, to name a few. By responding to the challenges that keep private capital from being deployed at a scale required to address major development gaps, the creating markets

MEETING THE GOALS

OUR APPROACH PRIORITIZES PRIVATE SECTOR SOLUTIONS.

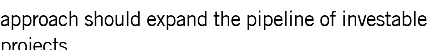
We ask ourselves a series of questions:

Can commercial solutions, without sovereign guarantees, be mobilized for sustainable investment?

2 If not, can regulatory reform unlock private investment?

3 If not, can we deploy new risk-reduction tools to spur private investment?

Public finance comes into play only when all other options have been exhausted.



approach should expand the pipeline of investable projects.

I believe the creating markets strategy can have an impact through a variety of channels. It can help focus our work to support the implementation of regulatory frameworks that allow markets to function. It can sharpen our approaches to promote competition that prompts other market players to up their game. It can help us scale the financing of demonstration effects and replication such as novel bond structures whose success with investors in one market opens the way for similar transactions elsewhere. Lastly, by deepening our work to build capacity and skills, it can help open new market opportunities.

Each of these channels takes us beyond the direct impact of IFC's investments by triggering activity that is not directly connected to our own investment. The approach recognises that markets evolve in a dynamic way, based on an interplay and linkages between private investment and public policy. For that reason, the type of work we take on will depend on a market's maturity and a country's economic and political situation.

For example, in a market's early stages, pioneering investments, new platforms, and innovative technologies may be necessary triggers. Take bKash in Bangladesh, a company that introduced a new mobile payment platform and now has 27 million registered customers in a country that has long struggled with access to financial services.

When markets begin to develop, market creation involves bolstering the market infrastructure so goods and services can be exchanged more efficiently. The World Bank Group's Scaling Solar Programme is one example. By simplifying government processes and lowering pricing, Scaling Solar allows governments to procure privately funded solar power stations quickly, transparently, and at the lowest tariffs possible.

As markets mature, extending the reach of established models, supporting standards, and mobilising finance at scale are paramount. The explosion of mobile telecommunications in Africa over the past two decades shows how regulation, competition, investment, and affordability can scale opportunities across many markets.

In this context, I'm convinced that development finance institutions need to embrace private-sector-first principles. It means we must always ask ourselves if private financing alone can pay for a proposed project. If it can't, we should move down a cascade of other options – from the enactment of regulatory reforms to public-private partnerships to blended finance. Only when all other options have been ruled out, should public or concessional financing be considered.

To operationalise this approach, we need to modernise our analytical tools to help assess where we can be most effective. That is why I have a mandate at the IFC to implement a new framework for development impact over the coming years to give us a firmer foundation for targeting and documenting our investments. The concept, measuring development impact, is not new, of course, but its vigorous application – including upstream to feed into investment decisions, to capture market creation effects, and through its alignment with incentive structures – will put IFC on a trajectory that will further deepen our commitment to the development mission we were established to advance over sixty years ago.

The challenges ahead of us are considerable. Investors face elevated uncertainty and are understandably cautious about investing in unfamiliar locations at times of geopolitical instability. It is clear to me that the private sector's capacity for scale and delivery and the public sector's ability to create the right conditions for development need to urgently come together to confront the world's development challenges. ❇

Author: Hans Peter Lankes

IFC Vice-President Economics and Private Sector Development

> Summer 2017 Special:

An Ode to the Suited Rebel

The ultimate rebel-in-a-suit was undoubtedly George Washington, commander of the Continental Army during the War of Independence and the first president of the United States. The great man, father to the nation, had a vision that encompassed so much more than just throwing off the colonial yoke: George Washington wished to show the entire world that "a freeman, contending for liberty on his own ground, is superior to any slavish mercenary on earth."

These words reverberated throughout the centuries that followed and inspired revolutionaries from Mao Zedong to Ho Chi Minh and even peacenik avant la lettre Ghandi.

Rebels have always stirred the public imagination. Who, after all, doesn't at times feel frustrated with the powers-that-be, their monumental tone deafness, and insistence on taking the wrong turn whenever one appears on the horizon.

Thankfully, most of today's rebels are suited, as opposed to uniformed, and pursue their ideals by peaceful means since taking to arms is so, well, last century. Sadly, truly visionary leaders – those personifying universally admired ideas such as collective liberty and individual freedom – are rare as white peacocks. Most of today's suited rebels, some of whom appear on the pages that follow, pursue ideas that many would describe as dangerous.

And therein lies the conundrum for, most assuredly, George Washington was considered a dangerous man, espousing heretic political ideas crafted to undermine the reigning establishment, and thus upset the proverbial apple cart.

Will, a few centuries hence, humanity admire today's advocates of deviant thought, or will they be confined to the dustbin of history? Beware the rebel, he or she may be motivated by the noblest of intentions but those get perilously close to the good intentions that, according to Mr Churchill and many others before him, pave the road to hell.

Still, to dismiss the suited rebels outright is to do them an injustice. A world without people intent to force change upon it, is a static universe. Thus it is that in Great Britain, David Davis works to untangle the country from the European Union whilst in the United States, Stephen Bannon tries to return his country to its isolationist roots.

Modern-day rebels seem to have rather limited horizons and mostly aim to retreat from the global village which they blame for the demise of the nation state and its sovereign attributes. They do not necessarily believe in the benevolence of supra-national entities and would rather exit the larger stage and inhabit one exclusively dedicated to the national narrative.

In Europe, Poland and Hungary struggle to find comfort in their intermediate station – not yet belonging to the EU's upper echelons in prosperity and governance, but already far removed from the union's laggards. Though not in suspended animation, but moving ahead rather swiftly and decisively, both are rediscovering the joys of a more nationalist approach. The lure, though not without danger, is quite understandable, given that for generations both Poland and Hungary have been dominated by outside forces and thus denied a celebration of national identity.

However, as exemplified by the current plight of the United Kingdom, blaming the European Union for one's ills and frustrations offers scant relief. In politics, as in economics, people with grand ideas may spin a good yarn – one harmonious to the ear and mentally easily digestible – but usually are lacking in originality. There is nothing new in Mr Bannon's fight against globalisation. Mr Davis' anti-EU rants are becoming quite tiresome as well. On the other end of the political spectrum, Jeremy Corbyn – man of the hour in the UK – proposes a return to the 1970s, hardly the stuff of brilliance.

The problem with these and other rebels-in-a-suit is that they are quite proficient in enumerating their dislikes, but often fail to offer viable well-thought out alternatives – their world is one with few colours and their thought processes do not stretch much beyond an us-versus-them reality made up of dubious claims, half-truths, and fake news. It is as if the seriously outdated concept of class war is being resuscitated.

Still, these rebels have their uses; without them we would all feel terribly smug and become rather passive while at it. Debate would soon degrade to self-congratulatory sessions between the like-minded – a most dreadful prospect, indeed.

So, let's celebrate these suited rebels, be happy that they talk and don't shoot, and thank them for livening up public debate. You need not like these people; it is enough to acknowledge their inalienable right to express an opinion. Better yet, engage and revel in the discussion that follows. ❇

> JEREMY CORBYN

Staying the Course

He stepped in, reluctantly, to promote "some causes", and did so only after others had declined the offer. In September 2015, Jeremy Corbyn (68) accepted an invitation from a small group of left wing MPs – the Campaign Group – to put in a bid for the leadership of the Labour Party. Against the odds, he won the internal election and promptly went on to wrestle a fair chunk of power from the Tory government, depriving Prime Minister Theresa May of an outright majority in parliament.

It all happened quite by accident. Mr Corbyn does not seem to have a grand plan, nor is he particularly keen to lead the country. Before this year's general election, which he turned into a serious contest, Jeremy Corbyn even refused to publicly entertain any thoughts on becoming prime minister. He has since grown more ambitious, though does not consider moderating his views in order to increase his appeal.

Mr Corbyn spent – or languished – most of his political life on the far left fringe of the Labour Party. An unreconstructed socialist, he has not noticeably changed his views over the last forty or so years – making no excuses for that obstinacy either. Before he emerged from the election as the unlikely saviour of Labour, he drove the more moderate bulk of the party to near-desperation with a message – it was feared – that would virtually assure Tory dominance for a generation or longer.

However, his many detractors – now metamorphosed into Corbyn devotees – forgot that in politics, a week is a long time. Mr Corbyn's anti-austerity message proved an instant hit with young voters who, for most of their lives, have heard successive governments preach nothing but the gospel of fiscal prudence. The merciless pounding the Labour leader received from the tabloids – with the Murdoch papers leading the assault – also backfired: surely a politician that much disliked by the establishment must be a fine gentleman.

Representing an odd mix of old socialists and young idealists, Mr Corbyn proposed a massive spending plan to pull the United Kingdom out of its lethargy. He pledged to raise £250bn for the upgrading of the country's deteriorated infrastructure and spend another £49bn annually on healthcare, education, and social services. His flagship proposal was to scrap university tuition fees, currently the highest in the European Union at £9,000 annually, enabling students to obtain a degree without the attendant debts.

Though fully-funded, Mr Corbyn's plans were derided as wishful thinking or worse by his conservative opponents, no matter that historically labour has proved a significantly more prudent minder of the exchequer than the Tories. Though met with stern denunciations by the orthodox, Labour's spending spree represented a welcome change from conservative austerity which, for all its painful expenditure cuts, has not succeeded in significantly denting the UK's fiscal deficit – estimated at a rather embarrassing 3.6% of GDP.

Mr Corbyn also differs from the mainstream in his approach to foreign policy and the fight against terrorism. He steadfastly refuses to engage in discussions about his willingness to deploy the UK's nuclear weapons, either in a first strike or retaliatory attack, considering any talk on the extermination of millions of people disgusting. Mr Corbyn also questions the effectiveness of a shoot-to-kill policy against terror suspects. Rather than the extreme pacifist as portrayed by the conservatives, younger voters saw in Jeremy Corbyn a man not likely to lose his cool under pressure.

Labour was, of course, much helped by the singularly inept Theresa May who bungled from one crisis to the next – reportedly weeping repeatedly in private but never showing a human face in public. By staying on message and refusing to be swayed by events, Mr Corbyn showed voters that not all politicians twist and turn to curry favour. That made him, again quite by accident, into the statesman he never set out to be.

> KELLYANNE CONWAY

Trump's Alter Ego

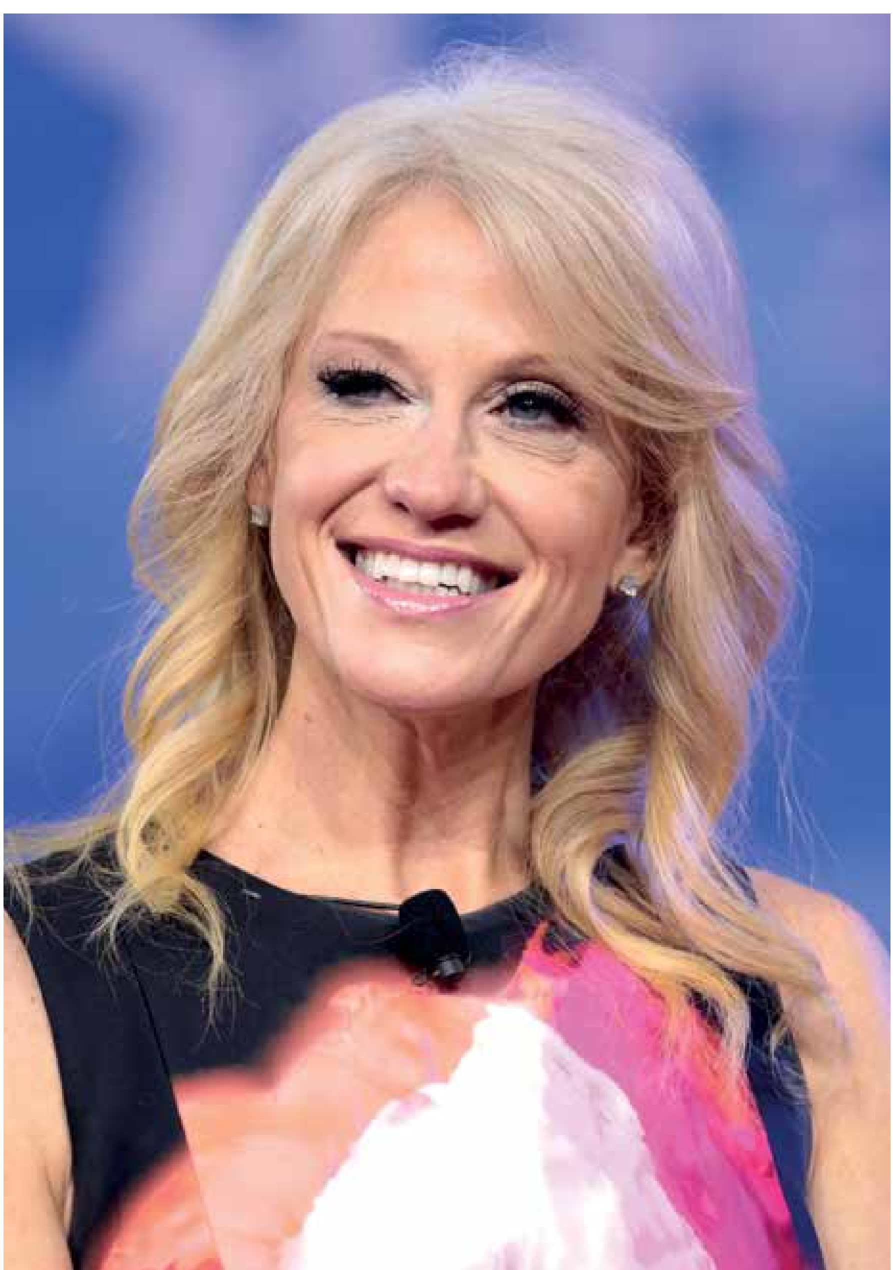
The uncrowned, yet undisputed, Queen of Alternative Fact, Kellyanne Conway (50) – now answering to "Blueberry", the handle giving to her by the Secret Service – has thoroughly enjoyed her breakout year. As Trump's highly quotable campaign manager during the final sprint of the election, Ms Conway became a fixture on the nightly news and daytime talk shows. In fact, she almost stole her boss' thunder, becoming a celebrity in her own right and – a badge of honour – more despised by the president's detractors than the man himself.

One of the few to enjoy walk-in privileges, a licence not have granted to Stephen Bannon, Ms Conway has the ear of the president – and controls his smartphone too. A reporter who asked the senior counsellor via a text message if it was true that Mr Trump had stopped following her Twitter feed was told to "hold on" only to see the president's "following" list jump from 42 to 43 a few seconds later as Ms Conway's name was duly added.

Much less sinister than some in the new US administration, Kellyanne Conway sailed into the White House without a grand plan to conquer the world. She is in it for the thrill – and it shows. Washington reporters hang on to her every word and gesture, and know she couldn't be more pleased than to see her utterances almost instantly splattered all over the internet.

Tripped by inexperience over the Flynn affair – she stated, three times, on national television that the hapless national security adviser had the full confidence of the president while he was already on his way out, Ms Conway survived the embarrassing episode to cement her role in the Trump Administration and become inseparable from, and indispensable to, the president. As his most loyal supporter, and blessed with the instinct and tenacity of a streetfighter, Ms Conway doesn't give an inch – and is shameless, perhaps even more so than the man she serves, in shaping the truth to fit the administration's reality or further its agenda.

Extremely bubbly and always ready to flash a smile, Ms Conway stands miles apart from Stephen Bannon – the nationalist – and Reince Priebus – the globalist, the White House chief of staff, and the lone representative of the Republican establishment in the Trump Administration. Ms Conway, has little time for ideological clashes; she's not really into that high-minded stuff. Her office displays no books other than the Art of the Deal – Mr Trump's claim to literary fame. Kellyanne Conway's agenda is also a simple one: support the president in all he does, protect him from enemies, and vigorously defend any policy initiative he chooses to take.



Critics find, often to their dismay, that in person it is actually almost impossible not to like Ms Conway. She does not lack charm, wit, or a sense of humour and displays a larger-than-life magnetic personality that propels her through a never-ending series of media appearances, parties, briefings, and a host of other events without ever letting go of her smile or depleting an apparently endless supply of energy.

Not one born with the proverbial silver spoon, Kellyanne Conway worked herself up in the world under her own power. She credits eight summers working at a New Jersey blueberry farm with giving her the work ethic needed for success. Her first taste of that came at age twenty when she claimed the world title in blueberry packing. She also obtained a law degree from George Washington University.

Confident, feisty, and combative if perhaps not always strictly adhering to fact, Ms Conway is – in fact – President Trump's blue collar alter ego. He could have done worse.

> BEATA SZYDŁO

Deemed Rather Ungrateful

She is perhaps not the most diplomatic of EU leaders, barging headlong into controversy with a misguided speech defending her government's get-tough attitude on immigration. It was not so much the speech itself as the venue chosen for its delivery that got Polish prime minister Beata Szydło in trouble – Auschwitz. During a memorial observance at the former Nazi death camp in June, Mrs Szydło said that the site holds a "great lesson" on the necessity to "protect the safety and life of one's citizen". The gasps these words provoked were audible, almost deafening.

Donald Tusk, a fellow Pole, president of the European Council, and Mrs Szydło's sworn enemy, expressed disbelief and noted that a Polish prime minister should never utter such shallow words at such a hallowed place: "Auschwitz must remind us of the need to defend human rights. It should not at all be an excuse for closing borders to refugees."

Taking office at the end of 2015 after her Law and Justice Party obtained an outright majority in parliament – a first in Poland since the return to democracy in 1989 – Mrs Szydło moved fast to consolidate her power, failing to observe a few political niceties in the process and needlessly causing offense, and consternation, in Brussels by having the EU flag removed from the chancellery. Tellingly, a clock in the hall used for cabinet meetings was replaced by a large cross. In one of her first acts as prime minister, Mrs Szydło unveiled her flagship 500+ Programme which delivers the princely sum of 500 zlotys (€117) to every second child under 18. The initiative aims to up the fertility rate and, thus, boost population growth.

Since the United Kingdom signalled its intention to exit the European Union by invoking the now almost infamous Article 50, Poland has taken over as the awkward one in the group. The country fears that without its long-time ally, the EU will tilt towards the German/French axis leaving it alone and isolated on the eastern edge of the bloc. It reacted rather clumsily to the development.

Instead of cementing new alliances and offering a contribution to the common project, Mrs Szydło's Poland has retreated to a perhaps untenable position that the EU is only fit for purpose as long as it offers outsized benefits to the country. With receipts in excess of €3bn, Poland is already the largest beneficiary of the Common Agricultural Policy (CAP). The country also receives more than €2,000 annually more per inhabitant than it spends on the EU for a total net inflow from Brussels of about €8.5bn. In fact, Poland receives almost a quarter of all EU funding, representing about 2.3% of the country's GDP.

Prime Minister Szydło frequently clashes with Europe as she tries to form a conservative eastern bloc within the union and runs roughshod over civil liberties that stand in her way. Late last year, she announced plans to set up a new Department of Civil Society to monitor, and when deemed necessary sanction, non-governmental organisations (NGOs), particularly those active in human rights and family planning. Mrs Szydło wants non-Polish NGOs to register as foreign agents, has moved to put the public broadcaster under state control, and limited journalists' access to parliamentary proceedings.

Some pundits explain Prime Minister Szydło's antics as inspired by fear, paradoxically brought on by Poland's remarkably strong economic performance. As prosperity levels increase and converge with the European median, the country stands to lose some of the EU's financial support. Poland is also not entirely sure of its position in Europe: whilst it lead the so-called Visegrád Group – the cultural and political alliance of four Central European EU member states: Poland, Hungary, Czech republic, and Slovakia – the country also seeks to admittance to the club of rich countries coalescing around Germany and even eyes replacing the United Kingdom as one of the EU's Big Five (Germany, France, Italy, Spain, UK).

Mrs Szydło's challenge is to engage with Europe rather than rebel against it – something about flies and the merits of honey versus vinegar. She must surely understand that other EU leaders hardly appreciate Poland's lack of solidarity on the refugee issue, and its puzzling insistence on limiting democratic and individual freedoms, when the country – after all – has little to complain about when it comes to Brussels.

> DAVID DAVIS

Preparing the Fireworks

Tipped as the frontrunner to replace Theresa May as head of the Conservative party, and possibly as Prime Minister too, David Davis (68) – the man who must extract the United Kingdom from Europe – is remembered in Brussels as Monsieur Non. When he served as minister of state for Europe under Prime Minister John Major in the mid-1990s, he objected, on principle, to almost every EU initiative that passed his desk.

Though a Eurosceptic of long standing, Mr Davis is, however, quite pliable as and when required. In 1993, he ruthlessly whipped his party into obedience when a growing number of conservative members of parliament objected to the ratification of the Maastricht Treaty – the bedrock on which the union in its present form was erected. Now bearing the rather cumbersome title secretary of state for exiting the European Union, Mr Davis is tasked with a mammoth undertaking.

He famously and repeatedly promised the "row of the summer" should the EU maintain its refusal to engage in talks about a post-Brexit relationship before the terms of the diverse are settled. As it happened, he capitulated almost instantly on the first day of talks in Brussels. However, as a well-trained spin doctor, Mr Davis emerged from the first meeting delighted that a sequence for the negotiations had been agreed upon.

Perhaps Mr Davis knows how to pick his battles. He has only a few card to play, compared with the stacked deck EU chief negotiator Michel Barnier holds, and must pounce precisely and effectively to ensure a moderately positive outcome for the United Kingdom. Though Mr Barnier is a formidable negotiator – experienced, patient, and completely unperturbed – Mr Davis cannot easily be dismissed as a lightweight. In fact, he has a somewhat fearsome reputation for knuckle-dusting his opponents into submission and emerging victorious against odds deemed hopeless.

Brought back from the political wilderness, aka the back benches, to make the best of a bad situation, Mr Davis enjoys playing hard ball. A libertarian in addition to a Eurosceptic, he sees no problem in pursuing legal action against the draconian surveillance laws, introduced by his present boss Theresa May when she was home secretary, in the European Court of Justice – the same judicial venue he now aims to bar from ruling over the United Kingdom.

Considered by some the Tories' secret weapon to cut into the workers' vote and thwart any and all attempts by Labour to reclaim its heritage, Mr Davis carries his working class origins with pride. Brought up in some of London's less elegant boroughs, he struggled to gain admittance to university but, once in, proved a highly capable student, obtaining a master's degree from London Business School and pursuing studies at Harvard University. After a career spanning seventeen years at Tate & Lyle, the multinational agribusiness, Mr Davis switched to politics and was elected to parliament in 1987.

Always keeping a slight distance from the conservative mainstream, he clashed frequently with Tory leadership, in 2008 resigning his seat over a counter-terrorism act which he considered an unwarranted infringement on personal liberties. In the (undisputed) by-election that followed, Mr Davis secured 72% of the vote, returning rather triumphantly to the House of Commons.

If anyone can pull the United Kingdom out of the European Union, it surely must be David Davis. However, he now faces an object that seems quite unmovable and is unlikely to be swayed by swagger, bravery, or emotional appeals. What Mr Davis now needs is a cunning plan. His best bet is, perhaps, to keep calm and refrain from misquoting Churchill. He may have lost the first round without putting up much of a fight; it is highly unlikely that David Davis has suddenly turned into a pussycat. Fireworks are sure to follow.

> VIKTOR ORBÁN

Opposing Brussels "Liberal Nihilists"

Europe's enemy within, Prime Minister Viktor Orbán (54) of Hungary likes to be portrayed as a bulwark against the rising tide of neo-Nazism in his country. Taking the wind out of the sails of the far-right Jobbik Party, the second largest group in Hungary's fragmented political landscape, Mr Orbán has adopted a nationalist agenda, with Christian undertones added for good measure, which ensures frequent clashes with the European Union.

Though he did drift away slightly from the like-minded Law and Justice ruling party in Poland – supporting the liberal Donald Tusk for a second term as president of the European Council, leaving Warsaw the only EU capital to oppose the Polish candidate – Mr Orbán still advocates for a "kulturkampf" against the leftist elites that he blames for destroying the continent's Christian identity. In particular, Prime Minister Orbán strongly objects to the welcoming of large numbers of refugees from Islamic countries whom he considers a threat at best and a fifth column for an Ottoman Reconquista at worst.

Mr Orbán sees the EU in Brussels as a den of "liberal nihilist" and hell-bent on destroying the union's cultural cohesion. Whilst lately toning down a bit to avoid potentially embarrassing reprimands – and cuts to the generous structural funds his country receives – at home, Mr Orbán turned up the heat a notch or two by plastering downtown Budapest with billboards urging the population to stop EU encroachment on Hungarian sovereignty. Recently, every household in the country received a leaflet proclaiming, rather preposterously, that the EU is out to punish Hungary with higher energy prices for its refusal to welcome immigrants.

Viktor Orbán leads the formerly liberal Fidesz (Alliance of Young Democrats) party, founded in 1988 by students who suffered persecution under communism. Not gaining much traction beyond 9% of the vote, the party switched from liberal to conservative in 1994 after yet another defeat at the polls. The change of tack proved a winner and brought the party to power, under Mr Orbán's leadership, four years later. The second-youngest prime minister in the country's history, Viktor Orbán promptly implemented a radical administrative reform programme that centralised power, limited the reach of parliament, and – as a result – polarised political life.

After completing his term in 2002, and narrowly losing a hard-fought and exceptionally heated election campaign, Mr Orbán and his party were ejected from power. However, the eight-year stint in opposition that followed did Fidesz the world of good. In 2010, Mr Orbán roared back to power, securing almost 53% of the popular vote and obtaining a – since lost – two-thirds super majority in parliament. The country, was – and remains – effectively his to govern as he sees fit.

Distrustful of Europe, and believing the state should build, organise, and guide a national community, Mr Orbán has repeatedly ignored warnings from Brussels and continued tinkering with the country's constitutional make-up, restricting freedom of speech, curbing other civil liberties, weakening the judiciary, and strengthening executive power.

Criticism on his rule is usually not appreciated as George Soros, the Hungarian-American billionaire investor and philanthropist, discovered when he questioned Mr Orbán's decision to build a wall in an attempt to keep refugees out. The Orbán government responded by threatening to close the Central European University (CEU), cofounded in 1991 by Mr Soros to help Eastern and Central Europe's transition to democracy. The country's highest ranking institution for higher education, CEU is increasingly seen by Viktor Orbán as a laboratory of dangerous ideas promoted by a mostly non-Hungarian academic body.

He has climbed down since, accepting the "suggestion" of the European Commission to halt his attacks on academic freedom. Rather late in the game, Prime Minister Orbán seems to realise that the EU is not quite the toothless tiger he held it to be. Annoyed at the distraction he caused from more important business – such as Brexit – the commission gave the Hungarian PM just thirty days to change his attitude and tune. Receiving more than €9.7 billion annually in support either through the EU budget or the European Investment Bank (EIB), Mr Orbán is in no position to keep up his defiance of European rules on political civility. Sometimes, being a suited rebel makes little sense. This is clearly one of those times.

> STEPHEN K BANNON

Looking for Problems to Fit the Solution

He has been on the receiving end of much unkindness. Frequently branded a bigot, anti-Semite, misogynist, crypto-fascist, and – the ultimate of horrifying epithets in US politics – a white nationalist, just a tiny notch up from white supremacist. Stephen K Bannon (63), chief strategist to president Donald Trump, seems not to care. A man in his position, especially one with convictions that are far removed from the political centre, must inevitably grow a thick skin.

A former investment banker at Goldman Sachs who made it to vice-president of the bank's mergers and acquisitions division – in other words: no small fry – Mr Bannon's impressive résumé paints a picture of a chameleon-like professional who has done it all; from serving in the US Navy as a surface war officer to shooting movies and documentaries in Hollywood as a producer. He also led a major environmental research in Arizona and cofounded the Government Accountability Institute which in 2007 helped launch the Breitbart New Network, the vehicle that propelled Mr Bannon into US politics on the back of the alt-right movement.

Mr Bannon derives his rather apocalyptical worldview in part from the Italian philosopher and esotericist – one who embraces concepts rejected by both scientific and religious authorities – Julius Evola (1898-1974) whose name is not usually mentioned in polite society. In a 2014 message delivered via Skype to a conference hosted at the Vatican by the Human Dignity Institute, an ultraconservative group that leads the opposition against Pope Francis, Mr Bannon revealed a traditionalist view that, amongst others, believes society should be run by members of a spiritually-superior caste.

Julius Evola, admired by Benito Mussolini and a personal friend of and mentor to Heinrich Himmler, could easily have inspired Margaret Atwood's 1985 dystopian novel The Handmaid's Tale, recently made into HBO television series. According to Julius Evola, women are to be fully submissive, silent, and marginalised. Mr Bannon, whilst generally mute on the plight of women, praised Aleksandr Dugin, the Kremlin's in-house philosopher, for adopting the traditionalist views of Julius Evola and putting up a spirited defence of the Judeo-Christian "world order" presumably under attack from liberalist forces.

The thought processes that motivate Mr Bannon are, indeed, as bizarre as they are scary. Mr Bannon seems first and foremost a nationalist, albeit one with corporatist leaning, blaming the succession of crises the world has suffered on the greed of capitalists – a particularly curious notion for a man who was instrumental in pushing a property tycoon into the White House.

Then again, logic and intellectual consistency are not amongst Steve Bannon's strong points; he leverages whatever argument he can find to sustain his worldview. As such, Mr Bannon is not above peddling in fake news and conspiracy theories in order to justify his preferred solutions to largely imagined problems.

Considering the world in general, and the United States in particular, as an "deconstructing administrative state" – with no ideological trappings to speak of – Mr Bannon argues that people stand in need of cultural guidance – a straight-forward storyline that explains their reasons for being, and those of the state. He now proposes to deploy Trumpism to provide a channel that transforms popular nostalgic lament into a programme for the overhaul of government – doing away with all entities that promote or support globalism, Mr Bannon's personal bugbear.

A self-styled intellectual and political newbie, Mr Bannon embraces grand theories, pulling together bits and random thoughts from different disciplines to produce an idiosyncratic reform programme that fits with nothing but includes all. As Alexander Pope, the 18th century English poet, noted in his 1709 An Essay of Criticism: a little learning is a dangerous thing. Not that Mr Bannon would take heed.

> Europe

The Nuclear Option

By Wim Romeijn

As US President Donald Trump declined the offer to reaffirm his country's commitment to the defence of Europe under the terms of NATO's Article 5, leaders on the continent seem decided to increase military cooperation and add a martial dimension to the edifice of the European Union. The imminent departure of the United Kingdom from the EU fold is expected clear the way towards a European Defence Union and has resuscitated an old and almost forgotten idea which, until weeks ago, held no currency – a nuclear Euro-deterrent.

The concept, though far from new, has been dusted off after Europe found itself suddenly hemmed in between an increasingly assertive Russia and a disinterested, if not openly hostile, US administration – one possibly compromised by secretive dealings with Moscow. With the UK divided and obsessed by plotting its own course towards sunny uplands and other mirages, Europe is slowly turning continental – seeking answers to existentialist questions and looking for ways to preserve its values and integrity.

There is nothing quite effective as an external threat – perceived or otherwise – to strengthen cohesion and bolster unity. After Dutch and French voters decisively rejected populist candidates who promised to take a cue from President Trump and Prime Minister May, the EU27 have put aside most differences to concentrate their collective efforts on boosting the union, in the process shifting the continent reluctantly away from the Atlanticism that shaped its post-war resurgence.

In her new capacity as leader of the free world, German Chancellor Angela Merkel answered the call to action and said, during an election rally in Bavaria, that Europe can no longer rely on others: "We Europeans truly have to take our fate into our own hands – naturally in friendship with the United States of America, in friendship with Great Britain, as good neighbours with whoever, also with Russia and other countries."

The comment followed days after President Trump managed to ruin two summit meetings in barely 48 hours. After lecturing NATO allies in Brussels on their many deficiencies, and demanding "massive amounts of money" for their past use of the US defence umbrella, President Trump went on to shove his way to the equally disastrous G7 summit in Taormina, Sicily, where he refused to endorse the Paris Accord on global warming and engaged in a prolonged power handshake with newly-elected French president Emmanuel Macron, who promptly beat the US president at his own game – conceivably setting the tone for a new era in which Europe will no longer play second fiddle to the US-UK concert masters.

This is where the notion of establishing a Euro-deterrent crops up – not as a way to force recalcitrant member states to toe the line of fiscal probity, but as a declaration of full independence. The idea is not new.

Throughout the second half of the 1950s, the governments of France, Italy, and Germany already discussed the joint development of "modern weapons" – diplomatic code for nuclear bombs and their delivery platforms. In 1957, a series of accords were agreed and German Minister of Defence Franz-Josef Strauss (1915-1988) was duly taken on a tour of French military installations and research centres, including the secretive rocket test facility near Colomb-Béchar in the Western Sahara.

> "There is nothing quite effective as an external threat – perceived or otherwise – to strengthen cohesion and bolster unity."

The initial tentative deal included Italy and considered German financial and technical assistance for the development, on French soil, of atomic bombs in return for the "right of recourse" to the output of the military research centre at Saint Louis in Alsace – still in existence today as a binational institute dedicated to the development of defence and security technology.

At the time, Minister Strauss indicated that any talk of joint nuclear weapons production was premature as Germany was not about to abandon its 1954 pledge to refrain from building atomic bombs. As Mr Strauss pointed out at the time, that promise did not preclude Germany from participating in nuclear weapon research. Though the nuclear part of project was immediately shelved by Charles de Gaulle, when the general in January 1959 moved into the Élysée Palace and founded the Fifth Republic, French-German military cooperation remained a cornerstone of European defence.

Now back in vogue, Euro-deterrence aims to repurpose France's Force de Dissuasion – with around three hundred warheads the third largest nuclear arsenal in the world – to protect the entire EU. The plan includes a common defence doctrine and shared funding. "I am rather astonished that we should be discussing this at all. Euro-deterrence has moved mainstream in response to the perceived American withdrawal from the continent's affairs," says Jana Puglierin of the German Council on Foreign Relations.

Mrs Puglierin joined Roderich Kiesewetter, foreign affairs spokesperson for the country's ruling party and a former colonel in the Bundeswehr, who called for significantly increased nuclear cooperation with France and the United Kingdom in order to build up European defence. Mr Kiesewetter has since acknowledged that the UK's decision to leave the EU probably precludes the country's participation in such an endeavour.

During a deposition in parliament, Mr Kiesewetter told lawmakers that a credible Euro-deterrence needs four ingredients: a French pledge to commit its nuclear force to a common European defence, German financing, a joint command structure, and the deployment of French warheads in other European countries to replace American ones currently stockpiled in Germany, Italy, Belgium, and The Netherlands. Under this plan, the total number of warheads would not increase: "It's not a question of numbers. The reassurance and deterrence stem from the existence of the weapons and the means to deploy them."

Whilst German public opinion remains vehemently opposed to anything nuclear, foreign affairs pundits in Berlin such as Thorsten Benner of the Global Public Policy Institute argue that the country should not discard the option out of hand: "Approaching Paris on an issue where Germany is needy would help put Franco-German relations on a more equal footing." Even Foreign Affairs Minister Sigmar Gabriel seems to agree, albeit indirectly, that the US security guarantee for Europe is an "outdated model" and needs a home-grown replacement.

Bruno Tertrais of the Paris-based Foundation for Strategic Research agrees that the calculus has changed since to election of Donald Trump to the US presidency: "For now, though, Euro-deterrence represents not more than a thought exercise. Words will only become action if there were a serious loss of trust in the US nuclear umbrella."

Mr Tertrais warns that France is unlikely to ever relinquish command over its nuclear force: "A more workable plan is to emulate US policy and preposition warheads in allied countries whilst retaining the final decision over their use."

Though most of its nuclear force is lodged on submarines, France retains a small number of tactical nuclear weapons – air-launched cruise missiles – which could be housed elsewhere on the continent. It is precisely the loss of these tactical weapons that Europe fears most since its defence doctrine is based on rapid escalation in case of an overwhelming attack by conventional forces.

Scholars of nuclear defence point to "insurance hedging", a well-studied phenomenon that sees nations dependent on others for nuclear defence scale-up their own capabilities to within a "screwdriver's turn" of completion in order to coax the protector to keep its commitments – and to prepare for a go-alone scenario.

As such, Euro-deterrence faces few technological hurdles. The main challenges are political in nature, as are the drivers of the discussion. However, don't expect much debate: exploratory talks and preparations will likely take place far from public view, if only to give the Trump Administration no additional excuses for withdrawing further – and to keep Russia in the dark. As continental Europe draws closer in the face of existentialist threats from east and west – and the south too – it is only logical that its leaders begin considering ways to deal with the new world order – and shape it to the continent's advantage. ❇

> CFI.co Meets the CEO and Founder of Kaiserwetter Energy Asset Management:

Hanno Schoklitsch

Renewable energy investors need service providers that are familiar with the investment landscape at local level, can adapt to the latest technologies, and have a clear vision of market evolution and regulation. Hanno Schoklitsch, CEO and founder of Kaiserwetter Energy Asset Management, reached this conclusion in 2012, when he founded the world's first ener-tech company. This nascent sector includes organisations that use new technology to find innovative solutions to increase the efficiency and optimisation of renewable energy portfolios based on an advanced asset management.

Hanno Schoklitsch is a civil engineer and holds a masters degree from the University of Graz (Austria) in Business Administration. As a civil engineer he is specialised in the construction of hydro power stations, which gives him a solid understanding of energy assets. Fifteen years ago, he started his career in real estate investment companies belonging to German banks such as WestLB, Landesbank Berlin, and DekaBank. By heading Germany's second largest real estate fund within DekaBank (with an investment volume of around €8.5 billion) Mr Schoklitsch explored new approaches to asset management by emphasising the correlation of data and its importance in achieving a positive economic impact on portfolios.

Mr Schoklitsch's professional experience, and career achievements, in real estate helped him understand the potential of digitising asset management. Using big data and the Internet of Things (IoT) to leverage the power of digitisation in the renewable energy sector. Since the creation of Kaiserwetter Energy Asset Management, Mr Schoklitsch and his team have worked tirelessly to offer renewable energy investors the necessary tools and services that enables them to develop new business models based on increasingly decentralised digital applications.

The launch of ARISTOTELES, the innovative digital tool to manage renewable energy portfolios, was the next step in transforming Kaiserwetter into a pioneering business. The solution is based on the Internet of Things (IoT) and allows business investors to manage their portfolios and assets from a global perspective through an independent, standardised digital database which is properly protected against tampering. This provides investors with the real-time tools they need in order to mitigate risk and maximise transparency and return on investment – both now and over the long term.

CEO and Founder: Hanno Schoklitsch

Headquartered in Hamburg, and with branches in Madrid and Copenhagen, the company has a team of over fifty professionals. Kaiserwetter is currently focused on international expansion, by setting up up offices in North America, Latin America, Africa, and Asia. ❇

> **Kaiserwetter:**

Digitalisation - The Inevitable Revolution for Renewable Energy Asset Management

We are living a crucial moment in the recent history of man. We have become aware of the consequences of climate change and the weight of responsibility to protect future generations falling on the shoulders of all relevant players (governments, business, civil society). In this context, the various parties involved in the energy industry are being forced to develop new ways to increase production and efficiency by limiting the use of fossil fuels and reducing prices throughout the value chain. Taking as a reference the commitments adopted by the international community following the Paris Agreement and endorsed in Marrakesh at COP22, the influence of the major market players has shifted and a firm commitment to increase investment in the sector is required. Today, large international institutions and increasingly international investors are actively participating in the renewable energy sector.

Environmental awareness and a commitment to combat climate change is not enough. A true paradigm shift is needed, by both new investors and the parties already involved in energy management, to revolutionise the renewable energy sector. The moment is now, and whilst energy transition has an important role for renewable energy to remain an attractive field for private investor groups, digitalisation is the axis on which the revolution in this sector revolves. The potential of digitalisation has been anticipated by Kaiserwetter, a German company dedicated to the technical and commercial management of wind and solar energy parks at an international level. In fact, Kaiserwetter has introduced the new concept of ener-tech, offering digital solutions to manage renewable energy portfolios.

Thus, Kaiserwetter has revolutionised the future of the energy sector by using the possibilities of Internet of Things (IoT) and big-data analytics. Along with a solid digital infrastructure, IoT

allows access to data almost anywhere in the world, and offers the ability to analyse data mitigating the risk of investments in energy assets and to maximise the performance of portfolios. Kaiserwetter's innovation will enable new private investors to enter the renewable market, attracted by the potential value and the sector's inevitable future growth.

It is becoming increasingly important for asset managers to be able to integrate and transparently manage the financial performance of their energy portfolios, especially to minimise the risk of their investors. The pressure of competition, lowering capital and operational expenditures, creates larger portfolios and higher volumes of investment, which sparks innovative ideas to improve processes and efficiency.

ARISTOTELES

As we have seen, the latest renewable energy transition has only been possible with the help of digitalisation, the Internet of things (IoT), and big-data analytics which make renewable energy an attractive cross-border investment. Kaiserwetter has shown the potential of digitalisation with the launch of ARISTOTELES during the 22nd UN Climate Conference (COP22) in November 2016. It is the first digital solution on the market that integrates the possibilities of Internet and Things (IoT), big data analytics, and digital infrastructure in the cloud.

ARISTOTELES has been designed as a tool to support the executive level of investment companies by carrying out their decision making process. It is the only end-to-end solution currently on the market to include all energy production and financial data from energy parks within one platform, allowing investors to take advantage of the added value of digitalisation. It provides investors with the real-time tools they need in order to mitigate risk and maximise transparency and return on investment, both now and in the long run without any regional restrictions.

Furthermore ARISTOTELES allows companies to simplify their business structures, replacing almost all functions of the controlling departments and implement lean organisational set-ups. In addition, the system also includes a cloud-based enterprise resource planning (ERP), which can be adapted to local accounting standards, meaning Kaiserwetter is prepared to perform accounting services in almost all countries around the globe. This gives investors the certainty on the financial performance of investments in different countries.

The digitalisation of power production, the management of energy assets, the use of IoT and big-data analytics, has the potential to drive the future of the renewable energy sector.

In summary, ARISTOTELES is the answer to force capital investments in renewable energy on a global basis by maximising returns and minimising risk. All under the light of using the possibilities of capital fighting against climate change. For Kaiserwetter it is clear that, in the words of Aristoteles, "We cannot change the wind, but we can adjust our sails".

KAISERWETTER: A YOUNG, PIONEERING AND INNOVATIVE COMPANY

Innovation is one of the principal characteristics of Kaiserwetter. The company offers its specialised services to owners of wind farms and solar power parks, such as investment funds, asset managers, and multinational utility companies. The objective is to maximise the intrinsic value of the facilities, lower operation costs and risks, and optimise sustainable benefits in accordance with regulations. With these services, Kaiserwetter has become a pioneering business in the emerging ener-tech sector.

Headquarted in Hamburg, and with branches in Madrid and Copenhagen, the company has a team of over 50 people. Founded in 2012, the company currently manages 498 MW of wind and solar energy from energy parks in Germany, Spain, France, and Poland. Kaiserwetter's next steps will be to expand internationally with the opening of a new headquarters in New York. This is a strategic development for the future of the company, and the energy sector itself, due to the importance of the US investor market. ❇

> FxPro: Meeting the Needs of the Modern Trader

FxPro was founded in 2006 with a vision to deliver an enhanced trading experience to retail investors worldwide. By following a client-centric approach and remaining committed to transparency and ethical trading practices, the broker provides traders with a professional environment in which to trade.

In over ten years of operation, FxPro has built a reputation as a trusted and reliable broker, able to adapt to an ever-changing market, through substantial and continuous investments in technology. This dedication to innovation has helped the company grow into an industry leader that stands apart from competitors and attracts investors who are consistently looking for better trading conditions.

At FxPro, clients' needs are placed at the centre of all company operations. The broker is committed to the expansion of its range of products and platforms, and continues to provide traders with new ways to invest in the financial markets.

Clients of FxPro can now trade contracts for difference (CFDs) on 280+ instruments across forex, shares, futures, spot indices, spot metals, and spot energies. FxPro also provides a range of trading platforms, including web and mobile versions, to ensure their clients can access the markets from anywhere, at any time.

FxPro has experienced substantial growth in recent years and has now expanded to offer its services in more than 150 countries. The broker also provides multilingual customer support in nineteen languages.

The broker leverages its innovative trading technology to offer investors fast execution with no dealing desk intervention (subject to the FxPro Order Execution Policy), deep liquidity, and competitive pricing. The company's dedication to the continued improvement of trading conditions has earned FxPro recognition from the industry. To date, the broker has received over forty UK and international awards for the quality of its products and services, including, most recently, the award for Best FX Execution Global at the 2017 CFI.co Exchange and Brokers Awards. This was, in fact, the third time FxPro has received this award after previous successes in 2016 and 2014.

As a regulated broker, FxPro abides by regulatory requirements, including the segregation of client funds which are kept apart from the company's own in major banks, and the provision for negative balance protection (subject to the FxPro Order Execution Policy) to ensure clients never lose more than their initial deposits.

FxPro Financial Services Ltd received its Cyprus Securities and Exchange Commission (CySEC) licence in 2007 and its South Africa Financial Services Board (FSB) authorisation in 2015. FxPro UK Ltd was granted authorisation by the Financial Conduct Authority (FCA) in 2010.

As the financial services industry continues to grow – and new changes in regulatory requirements make it more important than ever for investors to trade with a regulated, reliable, and trustworthy broker – FxPro continues to expand its product offering and improve the quality of its services to meet the ever-changing needs of the modern trader.

> CFI.co Meets the CEO of MDS Group & Brokerslink:

José Manuel Dias da Fonseca

José Manuel Dias da Fonseca has more than 30 years' experience in insurance and risk management and is chief executive officer of the MDS Group and Brokerslink.

Mr Da Fonseca is a member of the board of directors of London-based Ed Broking (an independent wholesale and reinsurance broker) and the US-based Council of Insurance Agents & Brokers (CIAB). He is president of APOGERIS, the Portuguese Association of Risk Managers – following his role as vice president of FERMA, the European Federation of Risk Managers.

A music lover, he was president of the Casa da Música (House of Music) from 2006 to 2014. Mr Fonseca is also passionate about Arts and Architecture and sits on the board of directors of Árvore, an Artistic Activities Cooperative. He is also president of the House of Architecture. Mr Fonseca was honoured by the French Government as Officier de l'Ordre des Arts et des Lettres de la République Française.

THE ROUTE TO MDS

Mr Fonseca has an Economics degree from the University of Porto, class of 1981. He then joined the Northern Region Coordination Commission and in 1983 completed a Management Publique postgraduate degree at the Institut International de l'Administration Publique in Paris (now École Nationale d'Administration).

That same year Mr Fonseca joined Banco Português do Atlântico (BPA) as a planning specialist. He later moved to research and marketing, taking responsibility for insurance and financial innovation. This led to the launch of Bancassurance in Portugal (in collaboration with insurance company Tranquilidade).

Mr Fonseca also served internships with Crédit Agricole and BRED in Paris and led the creation of the pension funds management company PRAEMIUM. In 1987, he was appointed PRAEMIUM chief executive.

Three years later, José was appointed director of Socifa Investimento (later Norcrédito, Sociedade de Investimento) and during his tenure, led a business mission to Namibia with the South African delegation of the ICEP (Portuguese Foreign Commerce Institute).

From 1991 to 1994, Mr Fonseca was president of insurers REAL Seguros and REAL Vida Seguros and lectured for a master's programme at Portugal's Instituto de Estudos Financeiros e Fiscais (IESF). In December 1993, he became deputy mayor of the City Council of Matosinhos and in 1997 was appointed director of the ICEP in Porto, the Portuguese Foreign Trade Office, where he served until December 1999.

CEO: José Manuel Dias da Fonseca

JOINING AND EXPANDING MDS

In 2000, Mr Fonseca joined the Sonae Group with responsibility for insurance and risk management and was appointed chief executive officer of MDS. Under his leadership, MDS became the number one broker in the Portuguese market (2005) – a position it continues to hold today.

In 2009, the holding company MDS SGPS was founded – a joint-venture between Sonae and the Brazilian Group Suzano. MDS SGPS manages all group shares held in the global risk management and insurance services companies such as MDS Auto, Herco, and HighDome PCC. In 2011, MDS expanded into Africa, partnering with local groups in Angola and more recently Mozambique, and in 2016 was present in the Iberian Peninsula via the creation of Filhet-Allard MDS (in partnership with French broker Filhet-Allard).

Mr Fonseca founded the global broking company Brokerslink in 2004 (the MDS Group is its largest shareholder) and since 2007, has been its CEO. ❇

MDS

Global
Insurance & Risk
Consultants

> MDS:
Striving for Excellence

Founded in 1984, MDS is Portugal's leading insurance broker and risk management specialist, providing solutions for clients at home and across the globe. What started with a small team has today grown into a multi-specialist, international team of over 600 employees, spanning ten nationalities, three continents, and operating directly in eight countries.

In Portugal, MDS teams work alongside international specialists and a network of over 200 agents. MDS is among the top five brokers in Brazil (employing more than 400 people in 12 offices), is a sector leader in Lusophone countries such as Angola and Mozambique, a growing influence in Spain and the Iberian Peninsula, and a relevant player in the UK, Switzerland, and Malta.

MDS is founder of Brokerslink – a global broking company. Launched in 2004, Brokerslink is owned by 55 shareholders in 40 countries, has an active presence in 100 countries, and is represented by over 10,000 professionals. This global broking company harnesses the strength of independent insurance brokers, their cross-border partnerships, and offers access to highly-specialised insurance products and services.

MDS is jointly-owned by Sonae, one of Portugal's largest business conglomerates, and the Brazilian Suzano Group which has interests in the paper and renewable energy sectors.

MDS is the company of choice for over 1.2 million private and corporate clients; people who trust the firm to provide insurance broking, reinsurance and risk consulting solutions. Put simply, MDS is considered to be a safe pair of hands.

WHAT MDS DOES

MDS is unrivalled in its provision of insurance and risk management solutions for clients around the world. The global reach of MDS enables the firm to create and manage

"MDS is unrivalled in its provision of insurance and risk management solutions for clients around the world."

national and international insurance and risk management programmes for clients, no matter what their size, sector, or where they operate.

Its multi-specialist teams do more than support all lines of business with tailored solutions; they build partnerships, share knowledge and develop international programmes, operate in major insurance, reinsurance, and risk consulting markets, and work closely with insurers, global organisations, and companies in the financial services sector.

MDS appreciates the world is constantly changing and so anticipates and reacts to market trends, adapting and developing products and services that recognise emerging risks. This approach ensures the most advanced protection is available, whether for traditional or emerging risks, such as cyber and geopolitical. MDS provides a wide range of services; from international and affinity programmes, credit and surety, engineering & construction to alternative risk transfer & captives.

Its connections with Brokerslink places MDS ahead of its peers when responding to, and managing the needs of, multinational companies seeking global and integrated insurance programmes. A global reach and local presence means insurance and risk management solutions can be developed on a worldwide platform while using the expertise of local specialists who have a thorough understanding of the products, the market, and the business.

Herco, MDS's risk management arm, is a company specialising in risk consulting and enterprise risk management. It aims to help organisations better understand the impact of the risks they face and what they need to put in place in order to identify, analyse, mitigate, and finance those risks. Services include: risk management programmes, risk inspection / project risk analysis, security audits / assessment of protection and security systems, safety at work, study and classification of hazardous areas classification, loss control programmes, business continuity plans, and technology solutions for risk monitoring.

MDS specialises in the transfer of risk placement through MDS RE – a subsidiary operating in Portugal, Africa, and Brazil. MDS RE offers bespoke advisory and reinsurance placement services for traditional and emerging risks, designs and places risk transfer programmes, and works with leading global players in the settlement of claims. MDS RE also conducts technical due diligence and other insurance advisory services for financial entities involved with mergers and acquisitions, project finance, and similar financing operations.

The MDS Group is a primary shareholder of Ed (formerly Cooper Gay Swett & Crawford), a leading independent broker in the London reinsurance market. This ensures privileged access to the world's leading reinsurance markets.

Through HighDome, a protected cell company (PCC) in Malta, MDS is able to offer alternative risk transfer solutions to the traditional insurance markets. Using the PCC model, smaller businesses can access sophisticated solutions and create their own captive insurance and/or reinsurance solutions in a way and at a cost appropriate for their company size.

HOW MDS WORKS

MDS's reputation for being a trusted advisor and a global leader is due to its expertise, service, client support, and innovation. Multi-specialised and international teams are supported with new and evolving solutions, products, tools, and state-of-the-art technology.

Technology includes a SAP-based financial management system, cloud-based operational software, and a digital transformation tool that supports the MDS client portal. Simple online access and a user-friendly interface ensures corporate clients can manage their insurance portfolios, anytime and anywhere with a guarantee of maximum security and permanent availability.

FlexBen is an innovative online solution enabling clients to manage their flexible benefits programmes. It provides detailed information on each company's benefit plan and allows users to customise modules using a simple and intuitive process. This gives employees full autonomy in the management of individual insurance and other benefit solutions.

Knowledge sharing is within the DNA of MDS. It is encouraged and facilitated at every level and shared globally via a unique market publication FULLCOVER. Published since 2009, FULLCOVER presents a global panorama of the insurance and risk consulting industry, sharing insights of renowned international experts and worldwide thought leaders.

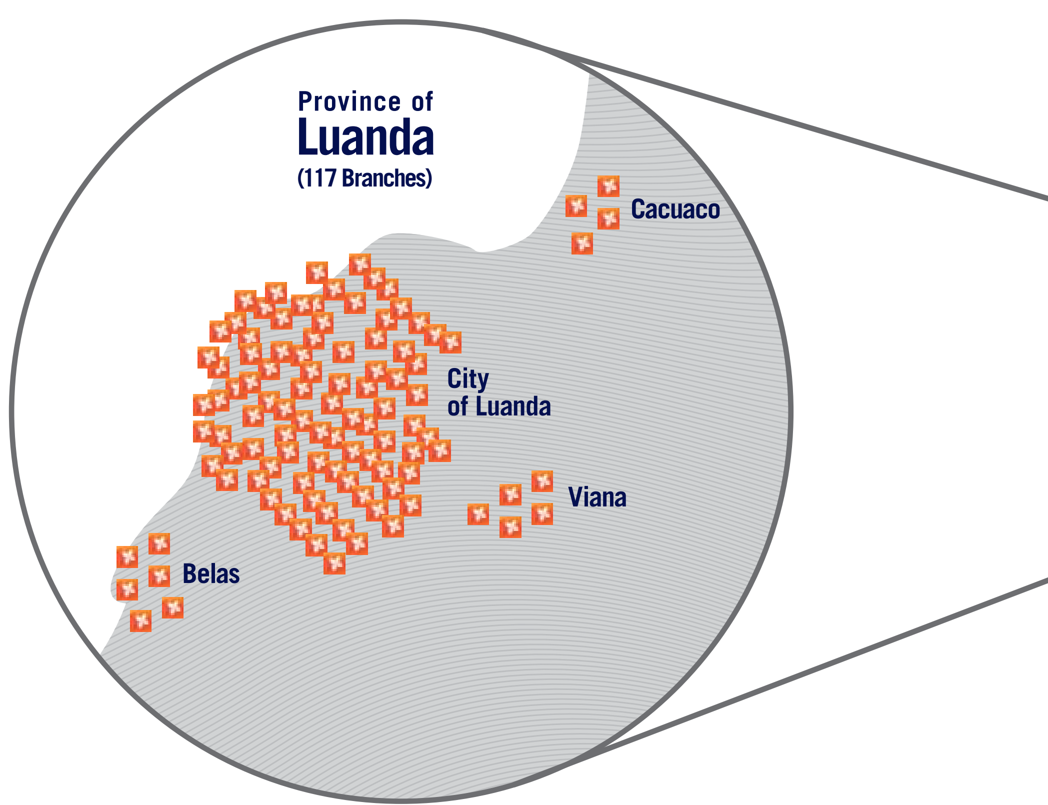
There are three key pillars to the MDS success story:

- Unparalleled professionalism and knowledge-sharing provided by multi-specialist teams with in-depth expertise and access to international experts
- Building relationships and trust with key sector players which facilitates privileged access to local and international markets
- Innovation and technology ensures sophisticated solutions that enhance operational and information management processes, saving time and costs.

As noted by the CFI judging panel, MDS remains dedicated to serving its clients efficiently and always with a personal touch. Excellence comprises many dimensions – all amply covered by MDS. ❇

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.

Cabinda
(7 Branches)

Soyo

Uíge
(2 Branches)

Negage

Dundo

N'zage

Caxito

Lucapa

Province
of Luanda

N'dalatando

Catete

Dondo

Cacuso

Saurimo
(2 Branches)

Calulo

Malanje

Porto Amboim

Gabela

Sumbe

Waku-Kungo

Luena

Bailundo

Kuito

Lobito
(11 Branches)

Catumbela

Huambo
(4 Branches)

Benguela
(6 Branches)

Ganda

Caála

Cubal

Caconda

Lubango
(8 Branches)

Namibe

Matala

Menongue

Chibia

Tômbua

Ondjiva

Santa Clara
(2 Branches)

N

> Auka: The Changing Concepts of Banking

AUKA

By this time next year, the second payment services directive, PSD2, will have been in effect for six months. Currently, most banks are primarily focused on one central topic: how to develop a sticky, revenue driving mobile offering which seeks to win new customers for the bank – both consumers and businesses? Right now, the solutions provided are typical bank solutions: that is, they don't focus on solving real problems for real people and thus the lack in popularity.

The underpinning of this topic centres on the bigger organisational goal of reinforcing the positioning of the bank in the wider financial services sector. This is now a priority as new, disruptive solutions have the freedom to come to – and take – market share. These solutions are not just coming from unheard of fin-tech start-ups, either. The likes of Apple and Facebook have been very active (in the last few months, particularly) in dipping their toes into this space. They're no longer just helping to facilitate payments, they're most definitely on track to taking on the future of banking role.

Merchants – retailers, small stall-holders, mobile businesses, clubs and organisations – are (still) underserved. New technology enables a myriad of problem solving opportunities for these businesses. For example, being able to receive payments using only a phone – no add on device necessary – enables merchants to sell with confidence from anywhere.

Enabling super simple ways to sell more creates a really powerful connection between businesses and a bank. Small and micro-businesses are not typically best-served by banks in terms of small business credit and lending.

The cost and risk of servicing small merchants both in terms of payments services and providing credit to them is unmanageable with legacy IT. The lack of up to date and accurate credit risk data is also a huge problem.

For a bank, when small merchants rely on their mobile payments solution to accept payments everywhere, a meaningful new relationship is developed – one in which the bank also controls the merchant's cash flow. Through the cash flow alone, a simple credit offering can be calculated for the small merchant. This can be paid out immediately – enabling the merchant to upgrade and grow his/her business.

"Enabling super simple ways to sell more creates a really powerful connection between businesses and a bank."

It's clear to see how this then enables the bank to tap into a huge new revenue opportunity – the small to medium enterprise (SME) lending space. The best part is that it's low risk. We've established that the bank controls the cash flow and can also immediately see the revenue fluctuations as a result of the business investments.

The bank now has complete transparency and knows whether or not the loan paid off (no pun intended) and by exactly how much – this information being just the tip of the iceberg when it comes to the level of detail the bank now has access to.

P2P must be open as E2E – everyone-to-everyone – with phone numbers as the destination address for payments and requests – just like we see working so fantastically well with apps we use every day – such as WhatsApp – and also calling, sending text messages, etc.

As PSD2 cracks open bank accounts for third parties, consumers and merchants will enjoy services from anyone rendered on top of their account. Within any bank, a good app and a popular interface deployed today can connect to any account tomorrow and thus saturate the market now, before others try to take the customer's attention (and indeed, custom) away from the bank. ❇

> CFI.co Meets LBBW:

Hard Work, Excellent Results

Head of Financial Institutions and Markets: Dirk Kipp

Head of ALM: Patrick Steeg

Head of Primary Markets: Patrick Seifert

Since the financial crisis, few markets have experienced more changes than debt capital markets. It all started with struggling government bonds in select countries. Subsequent measures of the ECB like the APP have brought about an additional dimension to market dynamics. A source of stability and additional demand, the ECB has also impacted the market in unprecedented ways. Negative spreads and yields have consequently led to the crowding out of traditional investors. And while buying financial issuers time to get ready for the future, there clearly remains a risk of overreliance on central bank policies.

Given the slow pace of consolidation in the market, it is no surprise that uncertainty frightens the market particularly whenever a potential end of ECB policies is being expected. Adding to all this the ongoing changes on bail-in regulation across Europe and understanding the respective implications across different formats and currencies, gives a taste of what a successful debt capital markets set-up needs to deliver.

LBBW's Dirk Kipp, head of Financial Institutions and Markets, feels this environment has helped his people to establish themselves as a partner of choice for issuers looking to explore the full potential of the German investors base. This applies to LBBW's vast corporate client base as much as to FIG and SSA issuers targeting the EUR market.

As LBBW is itself a regular issuer, its debt capital market set-up serves both direct corporate objectives and those of LBBW's partners in Europe and abroad: a winning combination in the eyes of everyone at LBBW where the cooperation in funding-related matters is extremely close.

Ever since, German investors have appreciated LBBW as a very solid credit. Streamlining its successful business model and getting prepared for future challenges early, however, has set the bank further apart in the last couple of years. This has spurred interest from international investors and allowed the bank to embrace issuance in additional formats and currencies beyond its traditional strength for covered bonds. Under Patrick Steeg, its new head of ALM who came from its debt capital markets team, LBBW has issued the tightest senior un-preferred benchmark from Germany in the last ten years – an impressive evidence of how quality pays off in capital markets.

And as the leading Landesbank, LBBW is constantly evaluating options in the market and looking at new opportunities such as sustainable funding to develop its underlying green business. It makes sure to be ahead of the curve on capitalisation and to be well-prepared for periods of increased market volatility – a strategy which has been rewarded by stronger investor confidence.

With a strong focus on distribution, LBBW's head of Primary Markets Patrick Seifert believes this strong in-house cooperation puts the LBBW in a unique position to deliver quality debt capital markets advice to other clients as well. Its stable and committed set-up proves highly complementary to the more traditional investment banks in the market.

A former Head of Treasury himself, Dirk Kipp knows the importance of flawless execution of funding operations. Delivering quality funding has become more of a stretch lately. Issuers are busy with strategic considerations like business models, digital disruption, regulation and cost-cutting. The least treasurers want to worry about is getting their funding done and they simply expect their respective partners to be on top of things – whatever the market conditions.

In 2016/2017, LBBW has lead-managed transactions from 2Y to 25Y for amounts from €50m to €5bn. After all, no size fits all. Same message on the issuer side: beyond household names like Daimler, Rabobank, Nordea Bank, KfW and EIB, LBBW has been entrusted by many first-time issuers like Polish PKO Bank Hipoteczny and BRFkredit from Denmark.

Repeatedly living up to these expectations is what LBBW's debt capital markets team takes pride in. And making sure that every issuer gets the best possible deal – regardless of size, markets and name recognition. And because it is not necessarily the best credit which gets the best issue placed in the market, LBBW's dedicated deal teams keep providing the comfort corporate, FIG and SSA issuers are looking for – after all, Germans have a reputation for hard work. ❇

> **Vallstein:**

FinTech & Bank Relationship Management

Vallstein founder and CEO Hugo van Wijk talks about his company's flagship product:

WHAT IS WALLETSIZING® ABOUT?

It provides transparency on the relationships between a corporate banking client and its banks, and vice versa. This reduces costs and risk. This benefit can be shared between client and bank. Many CFO's still shop around between banks, comparing quotes or pricings per product, e.g. when negotiating credit facilities, cash management, or treasury products. That usually results in fragmentation and inefficiency. Comparing individual pricings per product also doesn't say much, contrary to what sometimes is still believed. What matters is total size of the relationship in terms of annual revenues generated for the bank, and the associated profitability. Once you understand that dimension, you'll be able to make an informed decision on allocating business to individual banks with a fair Share of Wallet, and fair return. On the other side, many banks have too many clients. In many cases in commercial banking you see situations where 20-30% of the clients provide 70-80% of revenues. That is a costly imbalance in the business, a waste of human resources, and a suboptimal allocation of regulatory capital.

WHY IS VALLSTEIN UNIQUE?

We were founded seventeen years ago, bringing together ex-bankers and IT-specialists. We

"One can convincingly argue that the banking sector, expressed as a percentage of GDP has grown too big. Paul Krugman once said that when banking was safe and boring, banking accounted for about 4% of GDP."

dedicated ourselves to one thing: optimisation of bank relationships through WalletSizing methodology and technology. We look broader than just treasury or corporate finance because we provide a 360° view on all banking products and services that a client procures from its banks. Secondly, we don't just look at product pricings or fees paid, but provide a deeper analysis on the annual banking revenues generated from such relationship and the associated return for the bank, taking into account the Basel regulatory capital requirements. And thirdly, we use technology, not spreadsheets. This allows for more speed in our work, more sophistication, powerful data mining, cross-referencing and integrating company-external data, and more accuracy. This combination sets us apart from treasury consulting firms or treasury management systems. In fact, we're complementary to them as our partnerships with e.g. Accenture, KPMG, Bellin, and others illustrate. Through these partnerships we can also serve clients anywhere.

PLEASE TELL US MORE ABOUT THE TECHNOLOGY.

Already in 2000 we developed our own systems at our technology centre in Portugal. We've just moved to our 9th generation WalletSizing system in 2017. This technology has allowed us to perform thousands of detailed analyses of Wallets over the years and to develop a valuable benchmarking database that feeds into the WalletSizing system. You need scalable, robust but flexible technology that can accommodate detailed country and product data, we currently have data from over hundred countries worldwide, but that is also able to convert such data into information that is meaningful in an analytical context and provides actionable business intelligence that creates value added for a client. You need to be able to switch between "zoom in" for relevant fine-tuning and "zoom out" to a helicopter view to make sure you don't get lost in meaningless detail, but also achieve holistic insights and correct conclusions. You need technology to do that well, and to do that in a cost-efficient way. You can't get there with just spreadsheets. The market is gradually acknowledging this too, hence all the focus on fin-tech these days.

SO WHAT'S YOUR VIEW ON FIN-TECH?

Fin-tech is a buzzword for a lot things. It comprises everything from PSP's, FX platforms, online lending, robo-advisory and trading, digital banking, business intelligence, and more. Two key questions in our view are: what does a solution provide in terms of value added for the end client and how does the earnings model work? Keeping that in mind I think one should look for fin-tech innovations that reduce total cost and/or increase financial inclusion.

Incumbent airlines did not invent low-cost carriers. Some existing carriers adapted to the new competition well, others disappeared, and importantly, this development tapped

Founder and CEO: Hugo van Wijk

an enormous new demand. The new entrants focus on efficiency, cost cutting, and cutting out as many individual suppliers in the chain as possible. This creates, as far as possible, an integrated provider, and it enables the client to do as much as possible himself. So a combination of cost cutting and technology, which in turn also helps tapping new demand.

In that respect, some have argued banks will disappear altogether with the rise of new fin-tech solutions that will cherry pick individual banking products and disrupt the business model of traditional banks. With some exaggeration their reasoning goes something like: "banks have had their chance, burnt it, and nobody trusts them any longer. New technologies such as block chains will revolutionise traditional products such as payments and lending, everything will move on to the cloud and online, and therefore nobody will need physical banks."

But the reality is more nuanced, we believe. Bankers will come and go. Banks will come and go. But unless we go back to barter trade, banking will stay with its core functions of storing, converting, and transferring value, in terms of amounts, location, tenor, and risk.

One can argue that fin-tech in itself is not new: as long as there has been money around, tools have been developed to manage it. The first fin-tech in debt collection was probably a bat. The fundamental value-added that banking provides to clients has been the same throughout the centuries: we call it FORM – Funding Intermediation, Operational (transfers), Risk Management.

But it is evident that the current scale and possibilities provided by computer technology in fin-tech are shaking up the banking industry. By some estimates new fin-tech providers may capture 20% of the industry (which still is massive). Others say that banks merely outsource innovation, e.g. in payments, as this is ultimately a volume game in a homogeneous product.

Overall, just like with supermarkets, when selling homogeneous products, volume and cross-sell matter, and that's why in the end the client is still best served by a one-stop shop. So big payment service providers that come out as winners in the volume game may be bought by winning banks or may develop into banks themselves offering other products such as loans as well.

But either way, compliance with regulation will apply. Because with banking comes supervision, and with rules come the calculations, the value added of transparency and the need to understand the black box.

For Vallstein, the key question both at the beginning and the end is what provides the most value for the client. Our view is that most banking is essentially homogeneous in terms of products. So cost-competitiveness is a key success factor. That indeed favours a supermarket model over single delis for each individual banking product. And that in turn underpins the value of WalletSizing as this helps to minimise those banking costs, and motivates banks to become efficient low-cost providers through optimising resource allocation against the identified target market clients. Some banks clearly get this right. Others will not.

SO WALLETSIZING MAY ALSO HELP BANKS?

Certainly so. And, in our view, it certainly helps banking in general. Remember, the Basel framework rests on three pillars: minimum capital requirements, supervision, and market discipline. WalletSizing helps market discipline.

One can convincingly argue that the banking sector, expressed as a percentage of GDP has grown too big. Paul Krugman once said that when banking was safe and boring, banking accounted for about 4% of GDP.

We did extensive research a few years ago and found that banking sector, expressed as % of world GDP, had risen to well in excess fo 8%. Both the BIS and IMF also produced at that time reports questioning the link between size of the banking sector and economic growth. You'll remember that Adair Turner spoke about banks being involved in "socially useless activity". Andrew Haldane, of the Bank of England, researched the length of financial contract design and found that through re-securitisation and almost endless repackaging and redistribution of debt, the final holder of a financial claim at the end of the chain would have to read about a billion pages of documentation to find out who had taken the loan against the physical asset in the real economy that was supposed to repaid.

That was only a few years ago. Much has been done in making banks safer with the introduction of Basel 3. But, in our view, the question is not just how much regulatory capital you demand, but also what you actually use it for? Banking is financial services and supposed to be of service to the real economy. Now, in WalletSizing, we look at the total amount of banking revenues a given client generates for its banks per annum. In that context we analyse the Vallstein Benchmark, looking at size of Wallet compared to company size and profile. If you then take an aggregated view, and consider both retail and commercial/corporate banking, you quickly find that Paul Krugman was right. And the powerful thing is: once you have established, as client, your own Vallstein Benchmark, you have the perfect indicator to steer your bank negotiations, reduce your Wallet, and enforce further market discipline on the banking sector. ❇

> Moldova Agroindbank: Moldova's Leading Financial Services Provider

With 26 years of experience, Moldova Agroindbank (MAIB) keeps its strong leadership position in Moldova's financial sector. Due to its staunch respect for experience and dedication to innovation, open-mindedness, vigilance, reliability, and safety, MAIB has become a key strategic and highly trusted partner to its clients, including domestic and foreign businesses and entities.

Moldova Agroindbank is an innovative bank providing hi-tech financial services to all customer segments, individuals and legal entities, operating in most sectors of the country's economy. The bank provides the widest range of financial services and products in Moldova.

Moldova Agroindbank conducts its business in line with corporate responsibility principles, ensuring its impact on the community is responsibly managed and the interests of all stakeholders are taken into account.

For MAIB, corporate social responsibility is a new business approach used to build relations with stakeholders. The bank is highly responsive and maintains high transparency standards in order to meet the goals and expectations of clients, staff, and the wider community.

Amongst others, MAIB aims to:

- Improve access to premier quality banking services that help customers realise their plans and improve living standards;
- Offer career development opportunities for its employees;
- Maintain a sustainable and profitable business with a view to obtaining long-term returns for shareholders;
- Pursue development opportunities and higher living standards at national level.

In 2016, Moldova Agroindbank was actively involved in a number of corporate social responsibility projects to help improve living standards in Moldova. The bank's sizable budget plan for charity and sponsorship initiatives, added two additional social programmes to its roster: the nationwide Letter to My Mother contest and the Petrocub sports club from the Hancesti District.

Moldova Agroindbank is well known for backing some of the longest-lasting partnership projects, such as the Maria Biesu International Festival, Merit Scholarships projects, and Santa's Mail.

Chairman of the Management Board: Serghei Cebotari

The bank also granted support to the Hospice Angelus Foundation, Clipa Siderala Foundation, and to the National Olympic and Sport Committee which backs professional sports.

As education is considered essential to secure Moldova's economic progress, the bank and its employees have been working as a team to accomplish an important social mission and bring a positive change to Moldovan society. They do so, amongst others by inspiring young people to reach their true potential and thus help create a better community. In this context, Moldova Agroindbank provides financial support, in partnership with the National Association of Young Managers, for the organisation of the National Contest of Business Plans. The bank also offers consultancy services to participants.

MAIB awarded merit scholarships to fifty of the best students from ten of the country's institutes for higher education. Thirty students from socially-vulnerable families were granted a place in the Scholarships for Your Future programme.

MAIB is also successful in building mechanisms to keep its employees motivated and actively involved in solidarity drives. ❇

> **KGH Border Services:**

Creating Operational Excellence in Cross-Border Trade Management

An independent consultancy company within KGH Customs Services, KGH Border Services assists government agencies all over the world with strategies, tactical planning, reform and modernisation projects, education and training, human development, and the implementation of modernised border management. Operating with an extensive global network of partners and international associated experts gives KGH Border Services a unique opportunity to offer state-of-the-art customs solutions based on international standards and experience.

KGH Border Services experts combine the latest technology, international standards, and best global practices with its extensive experience of working in state and international development projects. Always focused on implementation and results, the consultants know what works and have a strong track record of leading and participating in successful customs development projects on all continents.

Leading experts on border management, risk management, single windows and the global market leader on authorised economic operator concepts, KGH Border Services has developed, delivered and operated models and systems all over the world. KGH Border Services also has solid in-house expertise and experience in areas such as ICT & technology, security, trade facilitation, one-stop-shop and paperless processes, leadership, management development, transit & trade corridors, customs union, and organisational development. In addition, the company conducts independent ICT diagnosis, offers result based management and performance management solutions, and customs education – all based on international standards and global best practices.

KGH Border Services works with governments, customs administrations, and other offices within the public sector in countries all around the world. The company also works with international organisations such as the United Nations, European Union/European Commission, World Bank, IMF, OECD and the Swedish International Development and Cooperation Agency (SIDA).

Together with clients, KGH Border Services is ready to build the future by helping improve operational excellence.

President: Lars Karlsson

President of KGH Border Services, Lars Karlsson explains: "We live in a world of globalisation. Trade drives development and growth in all nations. At the same time, international crime and terrorism recognise no borders and today present a great threat to us all. At KGH Border Services, we are helping build the future by providing efficient solutions for safe and secure trade. We are proud of contributing to the development of a better and richer world through smart and efficient border solutions enabling people and goods to move across borders in the best possible way." ❇

> CFI.co Meets the CEO of Touch Bank:

Andrei Kozliar

As CEO of Touch Bank, Andrei Kozliar serves as a chief strategist and visionary-in-residence of Russia's digital-only retail bank established to meet growing customer demand for simple, honest, and instant banking. Mr Kozliar is a seasoned banker with over seventeen years of experience in classic retail banking and product and risk management. He has a clear vision on the future of the banking industry and the role technology plays in the contemporary struggle for change.

Mr Kozliar started his career at Royal Bank of Scotland in London as risk manager and within several years became the deputy head of risk at Cetelem (UK). For the past decade he held several executive positions at GE Money Bank, Commercial Renaissance Credit Bank in Ukraine, and Svyaznoi Bank in Russia, where he contributed to the establishment and development of a market-driven banking model. Mr Kozliar also served on the board of directors of VisualDNA, a British developer of unique business support technologies. In October 2013, OTP Group's board of directors invited Mr Kozliar to take charge of its business line in Russia. One year later, Touch Bank was launched.

Set up by the OTP Group, a leader of the financial services industry in Central and Eastern Europe, Touch Bank is an all-digital retail bank and a fin-tech project rolled-out in Russia in 2014. The company operates under the banking license of OTP Bank in Russia, though it functions as a fully independent business with its own IT, strategy, and management teams and a separate financial and legal infrastructure.

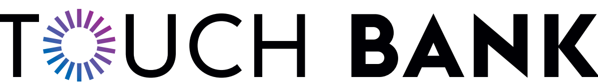
"The vision behind creation of Touch Bank was to build a simple, honest, and customer-oriented bank that offers instant access to the full range of financial products and services people need in their everyday life. The bank that gives you an unlimited freedom to manage your personal finances by a few mouse clicks and shape classic banking products, such as credit, in a personalised way that precisely matches needs. Our core value proposition is simplicity. Upon opening an account with Touch Bank, the client receives a single banking card that unlocks a comprehensive suite of self-help products – no visits to the branch office, no additional paper work, and no need to explain why and when you need a loan," explains Mr Kozliar.

Touch Bank does not have a high street presence with branches or ATMs. The only channels of interaction between the bank and its customers are digital, starting with the online card application process, and continuing to a complete Internet-based banking solution, including a cross-platform mobile application. Thus, Touch Bank customers gain immediate access to all personal-use banking products such as current and deposit accounts, credit card and personal cash loans, POS-purchase redirection to debit/credit cards issued by other banks, and a generous cash-back loyalty programme.

CEO: Andrei Kozliar

"In just a single year our team managed to build and roll-out a fully operational complex banking product and digital solution that captures the attention of millions and won the hearts of almost two hundred thousand clients now using Touch Bank on daily basis. The success may be attributed to the solid support and technical assistance provided by parent company OTP Group and the devotion of all managements teams, developers, and others at Touch Bank. Their brilliant ideas and hard work shape the future of banking, and not just in Russia. We have big plans." ❇

> Touch Bank: Delivering a Better Choice



Touch Bank is a digital-only retail bank in Russia. Launched in 2014 as a local fin-tech start-up by OTP Group, a European financial group and one of the leading banks in Central and Eastern Europe, the challenger bank currently serves over 120,000 customers, has a credit portfolio of over €50 million, and proves that excellence in the delivery of services is not the exclusive domain of traditional bricks and mortar banks.

It all started from a vision to build a bank available 24/7 with no queues, no paperwork, no inconvenient visits to branch offices and no time consuming decision making processes. A vision of a bank created in today's world of technology, social networks, and gadgets; a bank where the customer decides what he/she needs and when to take delivery. Touch Bank meets all these requirements: no offices or queues, but instead an online-banking and mobile app available 24/7 from anywhere in the world; no paperwork – applications are made online and clients meet the manager just once to get their brand new banking card, delivered whenever and wherever it is most convenient for the client. What the Touch Bank customer receives is a single banking card which unlocks access to a rich suite of products and services: current accounts, deposit accounts, and a lifelong credit line.

"Technology is just a tool. A game changing innovation is in the product," says Touch Bank CEO Andrei Kozliar: "The core value proposition and innovation lies in the products and services, not in the new technology. The centre of the product is the customer and his/her needs and lifestyle. All financial services offered by the bank are delivered via a single debit/credit card and this includes convenient top-ups and cash withdrawal options, management of deposit and current accounts in multiple currencies, money transfers, payments, and other tools driving efficient personal finance management in real-time."

THE PRODUCT

"What we are doing for the customer is quite different from traditional and even digital banking. Imagine that right now all you need from a bank is a deposit account to make savings. We could follow the footsteps of any other bank and provide you just a deposit account, but that's not what you get at Touch Bank. We appreciate your choice and time, the quality time you can spend with your family not visiting a bank if you need a loan or current account. Touch Bank provides you with a package solution from the beginning. We

"Technology is just a tool. A game changing innovation is in the product."

pre-empt various needs and life events, and offer our customer a full suite of banking products from current and deposit accounts to credit card and personal cash loans. The customer gets it all just applying for Touch Bank's card. When, why, and for how long you will open a deposit or make a withdrawal is up to you, we'll pay your interest every single day."

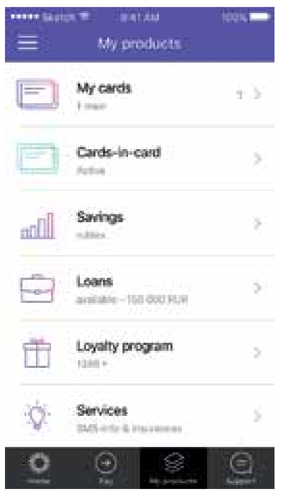
The same works for loans – no additional card, paperwork, and days waiting for a decision to be handed down. What a customer gets within one card is a lifelong credit line managed personally. Say you need a limited amount to use as a credit card – set it as big as you need – and the rest can be used as a cash loan in times of emergency or not used at all. The bank offers flexible charges and separate conditions for both – commission-free cash loan withdrawals and up to 61 days of grace period on credit card.

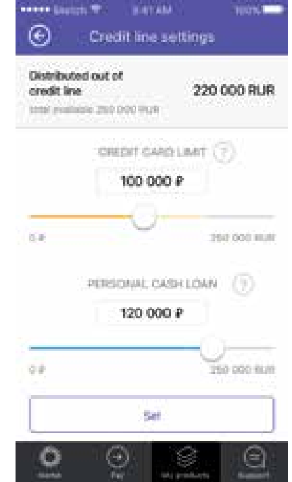
"Product innovation doesn't end there. We created a unique cards-in-card service allowing clients to attach up to five credit or debit cards of the other banks to the Touch Bank card. It works with both Visa and MasterCard payment systems and allows the customer to assign different categories of POS-transactions to another card. Cards-in-card gets rid of the pile of plastic in your wallet, not to mention the fact that you'll never run out of money or forget the PIN of a card."

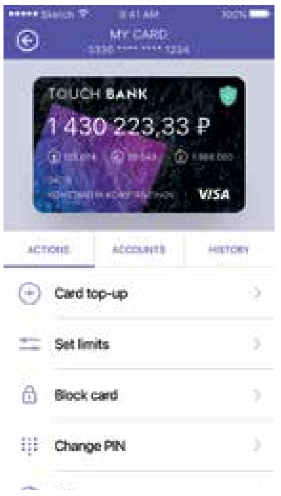
THE TECH

It is one of the first questions Touch Bank executives are usually asked at company presentations – How did you manage to build a successful digital story in just a year being a part of a large international banking group?

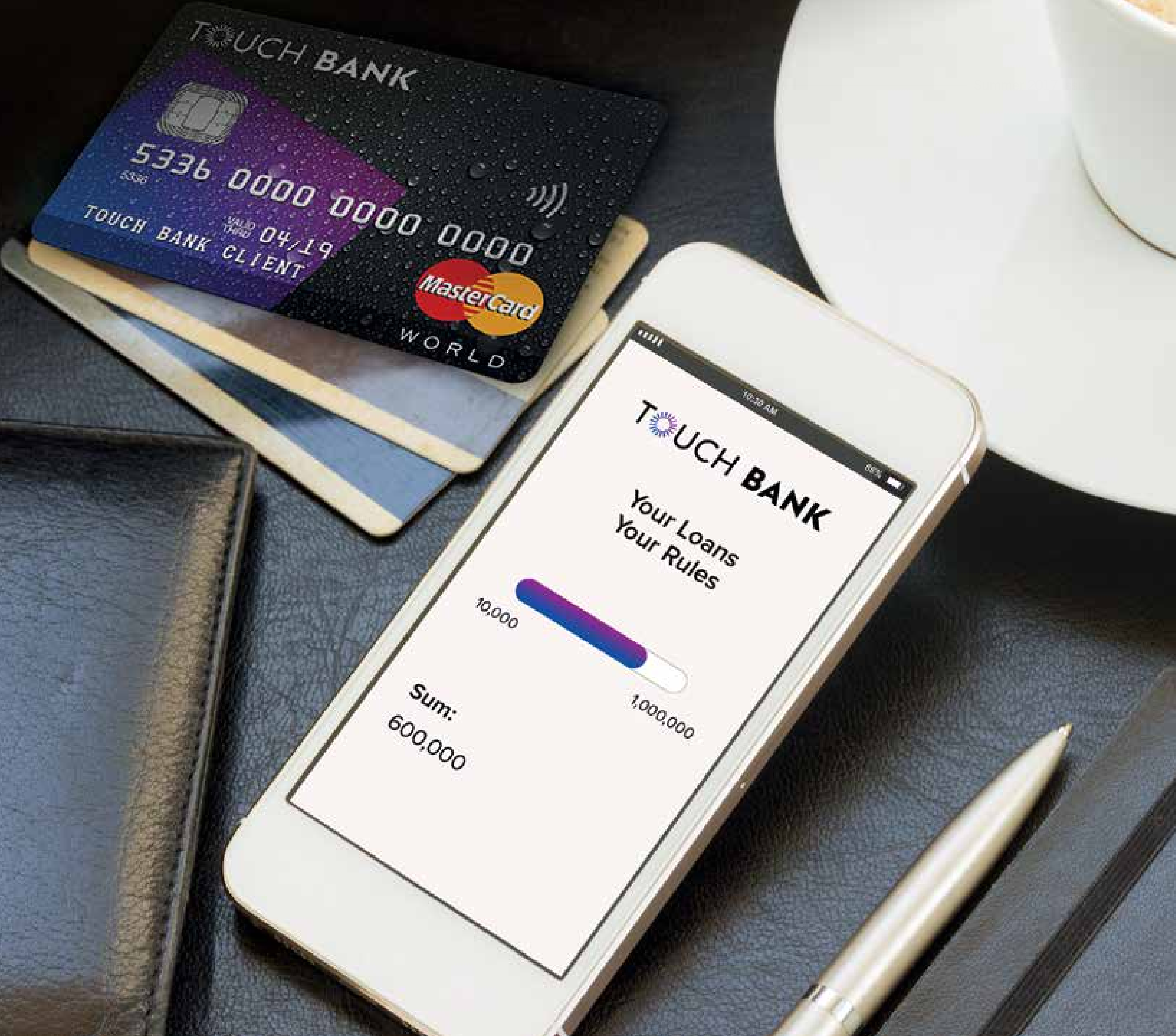
Mr Kozliar credits Touch Bank's operational autonomy: "Different from other fin-tech start-ups and challenger-banks, we managed to build a totally independent project. This includes independent IT processes, management team, separate business strategy, and products and services. It's a big challenge and a terrific







Mobile interface



opportunity that makes us more agile and flexible, and gives Touch Bank the necessary freedom of movement." Touch Bank is operating under the banking license of OTP Bank in Russia and works in close synergy and cooperation with its parent company. "Conventional banking is not going anywhere, but in 2017 you ought to bet on digital and personalised offers."

Touch Bank aims to be available on any device convenient for its customers, whether it is a smartphone, desktop computer, or a notebook. The company has been working on both online-banking solution for browsers and mobile apps from the very beginning. While there has been a lot of industry talk about mobile-only and mobile-first, Touch Bank numbers show that there is a tendency for mobile-first: three out of five virtual entrances to the bank are made from mobile devices. However the share of customers, who prefer a web application, remains at a significantly high 47%.

THE BANK

It is hard to sum-up the story of a bank, which just started. Touch Bank has been in existence for only two years. It took a year to shape and launch the project and another year for full roll-out. Over this period of time, Touch Bank showed an extensive growth both of its customer base, and geographical coverage and product development. Currently the bank serves over 120,000 clients nationwide, delivering its all-in-one card services to over hundred cities in Russia. It attracted over €100 million in deposits and distributed around €50 million of its credit portfolio. Over 60% of the customer base uses the bank card at POS, making over fifteen purchases per month with an average spent of over €500. That sets Touch Bank on a steady path to claiming the top share of customers' wallet.

"All of that was made possible by a great team of professionals and true fin-tech pioneers. We have a terrific team of developers, engineers, risk managers, finance professionals, and marketers who believe in making personal banking solutions available by a single touch," says Mr Kozliar.

ABOUT OTP GROUP

Established in 1949 in Budapest, Hungary, OTP Bank has been a key player in the region for the past decades. Besides Hungary, OTP Group operates in eight countries of Central and Eastern Europe via its subsidiaries: DSK Bank (Bulgaria), OTP Banka Hrvatska (Croatia), OTP Bank Romania, OTP Banka Srbija (Serbia), OTP Banka Slovensko (Slovenia), CJSC OTP Bank (Ukraine), Crnogorska komercijalna banka (Montenegro), and OAO OTP Bank (Russia).

OTP Group provides high quality financial solutions to meet the needs of nearly thirteen million customers through almost 1,300 branches, agents, and the state-of-the-art electronic channels. ❇

> **Qafis Biometrics:**

Security Beyond Gadgets

Improving security health is not a matter of buying another gadget. As long as a cybercriminal has obtained a user ID, the less secure bit of the login details, that individual is halfway towards impersonating his intended victim. Today's controlled-access computer systems have no way of knowing who is actually logging in. Security is derived only from the correct login details.

Dutch IT security firm Qafis aims to change that by adding a biometric layer to security routines. By storing login credentials and biometric data on separate servers, hackers now need to force entry into two systems and, even then, must still find ways to replicate the uniquely personal biometrics of their victim. Qafis security systems incorporate any number of biometrical markers such as eye, iris, retina, facial, 3D face, finger, finger vein, brain, and behavioural data. The firm can also deliver biometric smartcards that only function when used by their legitimate holder.

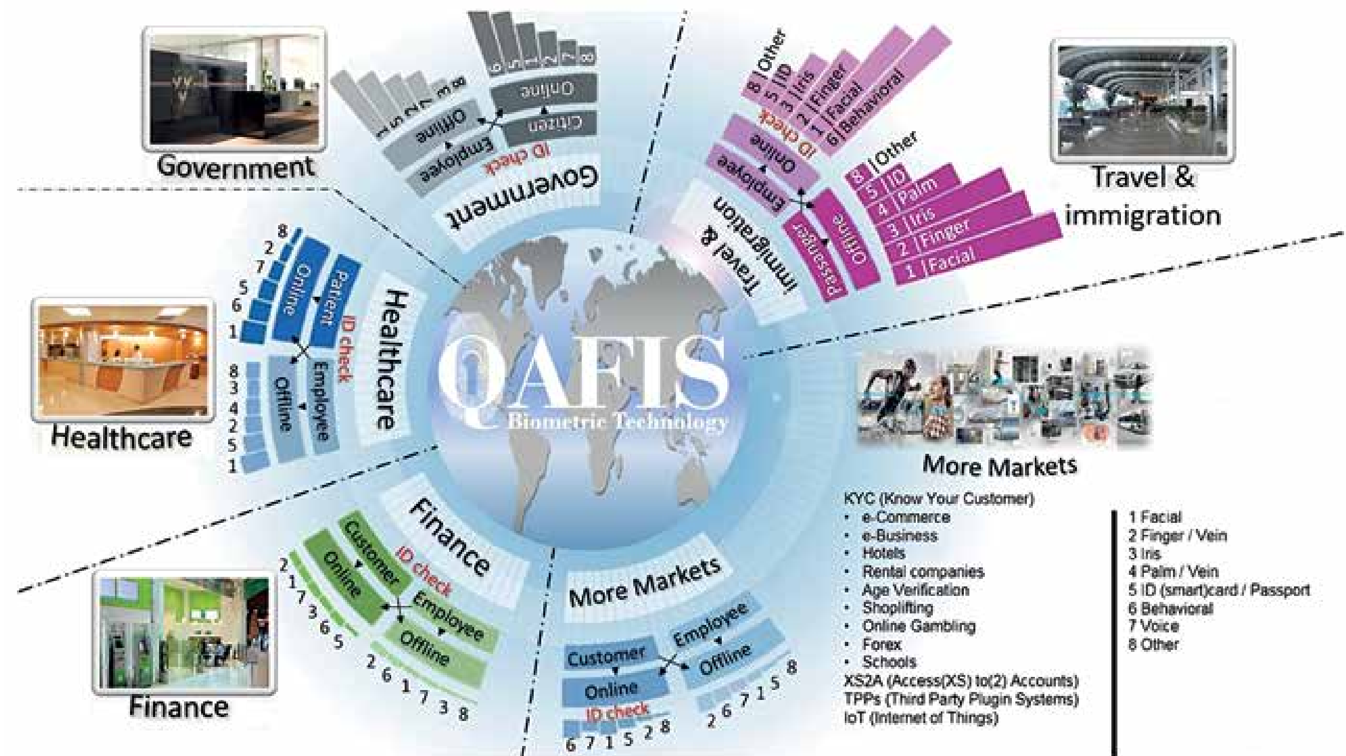
Qafis has opted to radically depart from the convention prevalent in the cybersecurity industry. By applying out-of-the-box thinking, the firm has produced a comprehensive suite of solutions applicable to any transaction or setting calling for positive identification. Qafis solutions such as Omni Channel are also applicable to businesses desiring to keep in touch with customers for feedback purposes and to offer personalised services.

> "The company's range of biometric solutions is designed to make collaboration inside and outside of your organisation easy and hassle free, without compromising the security of the biometric solutions."

Hardware companies want to sell what makes them the most profit, but that doesn't mean it is the right solution. A room full of hardware, a stack of compliance reports, or spending money without truly knowing what you need, is not security.

How much does a new firewall measurably improve your cyber health? Which firewall is best for you and why? Where is the best starting point to improve your cyber health?

The first step is to comprehensively assess the cyber risk facing your enterprise. One size does not fit all.



The purpose of the assessment should be to improve the visibility into the precise problems dragging down your cyber health. Your organisation's cyber health needs to be measured in such a way that improvements can be evaluated over time. And, because regulatory and compliance reports are required, wouldn't it be nice to get all your regulatory and compliance reports in one place?

Some 80% of successful cyber-attacks exploit known vulnerabilities in the software. KPMG says, "no one can fill these holes." The Qafis team of experts can address the remediation for you in real time, through deep software scanner that detects the known vulnerabilities lurking in your software and provides information on how to cover everyhole.

Before even evaluating new equipment purchases or the latest product solution – are you sure that the attacks you face are not coming through the holes in the software in your system? The deep scanning software solves this problem so that your hardware purchases address real needs, and not just enrich the hardware providers.

Without answers to the most critical cybersecurity questions, many organisations have been conditioned to buy the next new thing. Quite often this approach is about a solution looking for a problem, instead of Qafis approach of providing solutions to problems.

As network intrusions and data breaches continue to escalate globally, hackers often use software vulnerabilities, stolen user IDs and passwords for unauthorised entry into sensitive computer systems as well as into physical environments such as airports and buildings. Passports and other paper-based forms of identification can be forged or misread. Qafis' biometric technologies – including facial, iris, retina, voice, brain, and fingerprint recognition – have emerged as the preferred new methods of security verification by governments, law enforcement, business, and industry.

Reinforcing Qafis' biometrics with the code scanning and organisational assessment, the newly combined technologies offer public and private sector organisations a top-to-bottom, face-to-code enforcement of best physical and cybersecurity practices.

There are so many "alerts of a possible attack" from devices on the networks of major institutions that a new genre of tool has been developed to distil truth from fiction before the consequences occur.

Hardly a day goes by without news of someone being hacked. In addition, the hacks – with ransomware, data theft and data manipulation – are, incontrovertibly, on the rise. In fact, the loss history attributed to cyber-attacks is about $500 billion per year.

How can we safely shop online? How can we secure our online bank transactions? The true losses of online shopping, banking and the future risk are overwhelming.

In addition, do we just trust the name brand of the provider? Major banks have been hacked—from PNC to JP Morgan to the Central Bank of Bangladesh. The entire digital platform economy is under siege.

How can we invest in a new technology without knowing whether it is likely to be hacked?

We cannot!

Software vulnerabilities embedded in operating systems and applications provide the principal attack vectors used daily by bad actors to reach across international boundaries to steal, compromise, manipulate, forge, spoof, and ransom data without regard to consequences.

Qafis is organised to take the hacker's tools out of their toolbox, to confound those who would use the fruits of the digital age for theft, manipulation, and other destructive purposes. Qafis remains focused on biometrical and data protection, software and total system risk identification, risk mitigation, proactive cybersecurity measures, and bringing an end to the cyber threats facing governments, businesses, and individuals globally, using the biometric BSSL (biometric secure socket layer) technology.

Biometric technologies are a necessary component of the digital security platform. Clients in international law enforcement, European governmental organisations, critical infrastructure sites, border control and security, and voting administration will benefit from the Qafis approach.

The company's range of biometric solutions is designed to make collaboration inside and outside of your organisation easy and hassle free, without compromising the security of the biometric solutions. Biometric systems involve three primary modes of operation depending on the application: enrolment, verification, and identification modes.

Qafis continues its global strategic plan to integrate the highest quality digital age technologies to provide a solid and comprehensive digital security platform.

SUMMARY

Qafis is a biometric technology firm with expertise in biometric identification and authentication, building the solutions of tomorrow with the biometric technology available today for a secure world.

Qafis created a biometric system that secure the assets of the provider and their customers in a multifactor way.

The company supports its clients in all phases of a project: implementing, enrolment, identification, authentication, training, and 24/7 support.

Qafis has always been focused on how to improve the quality of security with biometric solutions implementation, creating a layered defence and make it more difficult for an unauthorised person to access a target such as a physical location, computing device, network, or database.

SPECIALISATION

Qafis biometric technology was created to support enterprises, companies, and institutions searching for secure biometric solution.

Qafis biometric technology developed its products, services, and solutions in house. The company is specialised in the secure storage of biometric features, separated from the data credentials.

Unavoidable misuse and abuse of data information is the reason that Qafis separates the biometrics from the data credentials.

Qafis integrates its biometrical authentication technology into IAM (identity and access management) and cyber security solutions.

- Qafis technology is the first line of defence in recognising an attacker, and triggering a response. Biometrics should be mandatory in any UTMS (unified threat management system), insider threat, threat migration, asset management – all terms that fit in Qafis technology.
- These triggers are easily integrated into partner products, and enable immediate policy enforcement such as step up authentication, real-time notifications, activation of in-depth monitoring, or isolation of compromised hosts from the network.
- The end customers gain better protection and tools for combating insider threats, password sharing, and account take-overs.

EDWIN NICOLAAS

Edwin Nicolaas is the founder, chairman, and CEO of Qafis Biometrics which he founded in 2012. Mr Nicolaas is responsible for setting the overall direction and product strategy for the company. He leads the development of its core technology and infrastructure.

Mr Nicolaas studied at a Dutch university and sat on the board of directors of several private companies before he developed Qafis Biometrics.

In an era of increased privacy concerns and data breaches, Qafis Biometrics has built a stealth solution to keep biometric and digital security safe. Mr Nicolaas explains: "We see all tech giants claiming they have the safest and stealthiest systems but those same companies are regularly suffering major data breaches." The recent "wannacry" ransomware incident is one example of such a breach.

"Clients are unaware of the security breaches that occur. A major issue is that many applications still store data locally unsecured or unencrypted." Qafis has a system that uses biometric characteristics to authenticate identity for secured online access. The biometric data and the actual sensitive data are stored on two separate servers which are accessed through VPN with SSL encryption. Links between the two are only formed when a user accesses the data. Without this link, the servers are just a collection of hashes without any pattern, making the data useless in case of a breach. Should a bank using the Qafis system get hacked, then customer biometrics would still be safe on another server. This is of vital importance, says Mr Nicolaas, as biometrics is something you cannot change as you can passwords.

The Qafis system has endless applications where increased security is needed, for example in banking, government, and healthcare. Also, the new internet of things market is one of Qafis' targets. As more and more devices are connected to the internet, the more prone they become to cyberattacks. While someone hacking into your internet-connected fridge could only do minor damage, it becomes riskier if hackers target internet connected cars, power generators, insulin pumps, or pacemakers.

Qafis is running several projects. In one, the company uses its solutions to increase airport security by adding an extra biometric identification layer to ID cards used by personnel to access restricted areas. With this addition, a so called biometric smartcard, access can only be granted to areas when the ID card matches the biometric information. In case of theft of the ID card the thief cannot use it as the biometrics won't match. Since biometric data is stored on an SSL server, instead of locally, no personal data can be stolen either.

This is just one of the many fields in which the Qafis solution can increase security. In the coming months and years, the company wants to run more projects in its main areas of interest. Nevertheless, Qafis is open to everything because as Mr Nicolaas puts it: "We have a solution for everyone." ❇

Founder, Chairman, and CEO: Edwin Nicolaas

The sea will not always be calm.
But we shall always be there to light the way to safer shores.

The NBG Group, with its longstanding presence in the Greek banking market, is committed to meeting the ever-changing needs of its customers. Against strong headwinds, NBG has managed to provide substantial support to the Greek economy, demonstrating the resilience and credibility of its business model. NBG is successfully rising to the challenges of the times, in an effort to place the Greek economy on more productive, technologically innovative and export-oriented foundations.

NBG in Greece

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- **1.6 million internet banking users**
- **486 branches & 1,441 ATMs**
- **67% digital / traditional banking transactions**
- **28.8% market share in deposits**

www.nbg.gr

> Societe Generale Bank – Cyprus:

Thirty Years of Operational and Service Excellence

Societe Generale Bank – Cyprus operates as a universal bank, providing to resident and non-resident corporate clientele a full range of financial services, such as corporate banking, private banking, and customised financial products.

Societe Generale Bank - Cyprus has the expertise to serve its clients not only on a local but also on an international level, providing consultancy and financial services to corporate customers having project in Cyprus and abroad.

The bank's strength is mainly supported by the large experience of Societe Generale Group whose presence in 76 countries gives it access to the international group's platform, a definite added value for customers.

Societe Generale also supervises the bank's internal audit and compliance functions thus giving Societe Generale Bank – Cyprus a cutting-edge approach to risk mitigation following the risk policy of the group.

Due to a prudent credit policy and the strict assessment of risk, the bank did not face any significant impact on its loan portfolio. The balance sheet and fundamental ratios are healthy, as they reflect rigorous business practices.

Societe Generale Bank – Cyprus plans to keep up its good performance today and in the future and maintains a sound operational and financial structure and is prepared to face any major factors with well-considered policies and management initiatives.

The bank's outright strategy is greatly appreciated by its clients as they take comfort in dealing with a an institution with an international background, great expertise, and a track record of prudent banking behaviour.

The circumstances of each business are unique and Societe Generale Bank - Cyprus is committed to helping clients achieve their growth ambitions. The bank provides high standard banking services to meet the needs of its clientele. Moreover, the bank is determined to develop and broaden its presence in the current market, be pro-active, and contribute further in the development of the Cypriot economy.

"The bank's outright strategy is greatly appreciated by its clients as they take comfort in dealing with a an institution with an international background, great expertise, and a track record of prudent banking behaviour."

Cyprus has much suffered from global and European crises and the bank believes it should always play a significant role as a consultant and guide clients to continue their normal path of activity.

Societe Generale Bank – Cyprus is confident that the Cypriot economy still offers major advantages and significant attractiveness to foreign investors and local businesses. SGBCy's location at the cross- roads of Europe, the Middle East, and North Africa, allows a for a wealth of business prospects.

Societe Generale Bank - Cyprus can and will always be the main bank of trust for all customers and investors thanks to its peerless performance, enduring successes, and international brand name backed up by a presence in Cyprus spanning three decades.

MANAGEMENT

Khalil Letayf, a French national and chief executive officer (CEO) of Societe Generale – Cyprus holds an engineering degree from the École Centrale Paris. He held various positions in the banking sector in France and Lebanon. He joined SGBL Group in 2008 and SGBCy in 2014. ❇

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> Yapı Kredi:

Heading for a Decade of Leadership in the Turkish Leasing Sector

Established in 1987, Yapı Kredi Leasing has retained its leadership position for the last nine years. With the power of its shareholders Koc Holding and UniCredit, Yapı Kredi Leasing aims to enlarge the leasing market in Turkey by introducing leasing to companies not familiar with the concept through an integrated network with widespread branch coverage, innovative alternative delivery channels, and and experienced workforce.

Possessing market share of around 20%, the company plays a leading role in manufacturing, construction machinery, and the renewable energy sector. As a result of reinforcements to investors, investments in solar and wind energy have risen and demand for energy leasing has recently ticked up significantly as well.

Foreseeing this demand, Yapı Kredi Leasing established a solid collaboration with international funding resources such as EBRD, IFC, Green Growth Fund, and CEB to allocate funds to companies that wish to undertake major renewable energy projects. Yapı Kredi Leasing already provided funds totalling over $250m to companies. Completing more transactions in energy leasing than any other lessor, Yapı Kredi Leasing continues to evaluate companies and set targets to further increase its market share.

The company recently obtained a $25 million loan from the European Fund for Southeast Europe (EFSE) to support micro and small sized enterprises in Turkey (MSME). The loan will be earmarked for deployment in regions marked for accelerated growth in Turkey, thus facilitating the economic development in the country's as yet underserved areas.

"Possessing market share of around 20%, the company plays a leading role in manufacturing, construction machinery, and the renewable energy sector."

Market leader in the Turkish leasing sector with assets reaching TL 9 billion by the end of 2016, Yapı Kredi Leasing now focuses on renewing its digital channels. Already now, its website provides the best solution to customers in search of leasing possibilities. As an active player in the Association of Financial Institutions in Turkey, and a major financial partner to all kinds of companies for investment, Yapi Kredi aims to extend its leadership to a full decade by the end of 2017. ❇

"Market leader in the Turkish leasing sector with assets reaching TL 9 billion by the end of 2016, Yapı Kredi Leasing now focuses on renewing its digital channels."

> Luxury Living

Alfa Romeo: Saved from Oblivion

By Wim Romeijn

Should Jeremy Clarkson actually like a car that is not a Volkswagen Golf, most readers would express disbelief. After all, the enfant terrible of automotive journalism is notoriously dismissive of most manufacturers' effort at progress. Don't get him started on French cars. The Germans, Mr Clarkson often contends, are very good at building battle tanks whilst the Italians; well, the least said, the better.

Thus, it was quite the surprise – to deploy the fearsome power of the British understatement – that Mr Clarkson appeared quite pleased with the Alfa Romeo Stelvio – the struggling Italian car manufacturer's first foray into the SUV segment. Mr Clarkson normally dislikes SUVs with a passion – or a vengeance: they are deemed bland, unstable, and too unwieldy and slow. The Stelvio, however, ticked all the right boxes, save perhaps for its engine – a 2.2L turbodiesel putting out a modest 208bhp. Mr Clarkson suggested Alfa Romeo engineers shoehorn a slightly beefier power plant into the car. A 500+ bhp petrol engine would surely give the Stelvio some added pizzazz.

Alfa Romeo can use some help. Mr Clarkson's review must have brought a degree of euphoria to Milan where the luxury carmaker, part of the Fiat Chrysler stable, has been battling declining sales and mounting losses since the early 2000s. It seems, however, that the parent company has now decided to relaunch the brand as part of an upmarket line-up that also includes Maserati.

The recently introduced Alfa Romeo Stelvio is part of a two-pronged attack, aimed primarily though not exclusively, at the North American market. The other column is propelled by the redesigned Giulia which, according to Alfa's marketing department is meant to change the way people think about cars – no less – and nibble away at the long dominance of German carmakers in the higher echelons of the market where Mercedes Benz and BMW dominate.

"You haven't had a whole lot of new players over the last decade or so. What Alfa Romeo and Maserati bring to the table is something new and different. The pie can only be sliced into so many pieces, but they don't have to expand the market and just have to take sales away from other automakers," says Michael Harley, executive analyst for Kelley Blue Book, a California-based automotive research company.

Alfa Romeo has been largely absent from the US market since the mid-1990s and until recently only exported a single model to North America, the iconic 4C sportster which sells rather poorly since its introduction in 2014, not least because of reliability issues. The relaunched Giulia is, however, moving in larger quantities and has the makings of a moderate sales success. At the higher end of the scale, the limited-edition Giulia Quadrifoglio, equipped with a 2.9L V6 petrol engine producing – indeed – in excess of 500bhp, had Mr Clarkson waxing lyrical, concluding that the car can be steered by mere thought alone.

Going head-to-head with the well-established BMW M3, Alfa Romeo Giulia drivers may appreciate the German's stocky appearance mostly through their rear-view mirror – it is that fast and smooth. Calling on the expertise of Ferrari engineers, and instructing them to lop a pair of cylinders off a F154 engine, was a stroke of genius. The result is a car that drives and handles precisely as expected of the mid-sized four-door sedan Ferrari never made.

Alfa Romeo's marketing department, not normally known as a fountain of creativity, this time sprang a brilliant concept: market the Giulia to the golf course set that craves for a distinctive status badge, away from the obligatory Audis, BMWs, and MBs. With its sensuous lines painting a silky-smooth ensemble, the Giulia stands out from the snobbish crowd, making its peers (almost) look like boxcars.

Alfa Romeo has, of course, always been more about design than technology – or durability. The brand suffered a much-deteriorated reputation for churning out rust buckets on wheels – buckets that often failed to reach their destination. That, the carmaker assures all and sundry, belongs to a distant past best not remembered.

The Giulia and Stelvio are the first members of a full line-up expected to be completed by 2020. Fiat Chrysler has committed in excess of $6bn to design up to eight new Alfa Romeo models and increase worldwide sales to 400,000 by late next year.

The major cash injection is meant to save the brand from the scrap heap. In Europe, Alfa Romeo last year sold barely 70,000 cars, down from a peak of over 210,000 in 2001. Its reputation never recovered from the hit it received in the early 1980s when the company strong-armed Dutch, German, and Swiss importers into accepting a batch of excess cars manufactured at Alfa Romeo's Brazilian plant. Around 600 sedans were shipped but proved unsellable in Europe due to their deplorable build quality, most languishing for years on lots, exposed to the elements. Most of these lemons were eventually offloaded at scrap metal prices or cannibalised by aficionados for parts to keep their Italian-built Alfa Romeo 1900s classics running.

That sorry low did not do justice to the company that sells "engineered emotion" (la meccanica delle emozioni). Founded in 1910, Alfa Romeo has a long history of technological firsts such as the use of double overhead camshafts in the 4.5L straight-four engine of its 1914 Grand Prix race car. Alfa Romeo was the first to use DOHC engines in a road car with the 1928 6C 1500 Sport – a statement of elegance on wheels – which went on to win that year's Mille Miglia. The company also was one of the first to embrace variable valve timing and already in 1940 fitted an electronic injection system to its engines.

With Alfa's new cars receiving rave reviews, the company has a unique chance to rescue the brand's exceptionally rich heritage. Though competition from mainly German carmakers is stiff in the mid-luxury segment the Italian company now targets, it has the advantage of being in a market that is driven more by emotion than specs. Sumptuously-styled cars such as the Giulia and Stelvio represent Italian flair – and that may include, as part of the deal, a few buttons coming loose and the odd flashing warning light. In that sense, Alfa Romeo is not unlike that other most endearing of brands, the Land Rover – bits and pieces may fall off, but you just cannot beat it on style and spirit. ❇

> Werner Hoyer - President of the EIB:

Our Home Away from Home

Why Investing Outside Our Borders Makes Sense

During my last stay in Tallinn, some weeks ago for a meeting in advance of Estonia taking on the rotating presidency of the EU Council of Ministers in July, I was told that the Estonians have a saying that goes like this: you cannot cook a thicker soup around one edge of the pot. This is a wise reference to cooperation and shared resources: if you contribute, you contribute for all, and your share will be proportional to the contributions of everyone involved.

In the current inward-focused political climate, it is tempting to view external activity by the European Union, and consequently by the EU Bank, through one of two lenses: a zero-sum game or charity. Both are wrong: they distort the reality of why countries do well to invest beyond their borders.

CHALLENGES ARE GLOBAL

The European Investment Bank is the largest supranational borrower and lender in the world. The EIB Group, which includes the European Investment Fund, delivers annually over €8 billion in financing outside the EU – with €9 billion expected in 2017. The bank has been increasing its external activity in line with evolving EU global priorities and contributes to a number of sustainable development goals, notably in the areas of climate action, migration and mobility, sustainable growth and jobs, trade, and economic prosperity.

The soup metaphor is a helpful image when you think about climate action, for example. Climate change does not stop at country borders – no wall will contain it. In order to limit global warming to the two degrees agreed in the UN accord at the Paris meeting in 2015 we need to reduce the CO2 released all over the world. When it comes to climate change, one cannot boil a thicker soup, say, in Pittsburgh than is being enjoyed in Pyongyang, or Paris, for example – although one could water down the meal for everyone on the planet.

This is not just about positioning the EU as the global leader in the fight against climate change. A nice example of what the EIB is doing can be found on the Maldives Islands. Their entire territory is less than five metres above sea level, so they are extremely vulnerable to sea-level rising as a result of climate change.

"The European Investment Bank is the largest supranational borrower and lender in the world. The EIB Group, which includes the European Investment Fund, delivers annually over €8 billion in financing outside the EU – with €9 billion expected in 2017."

In the past, the islands have been reliant on oil being shipped over great distances. This made electricity extremely expensive, with a result that 35% of GDP was spent on it. The EIB is helping finance a €175 million project to install solar photovoltaic plants there, on strong structures high above the ground so as not to be affected by sudden storms and flooding. In this way, the project contributes to the resilience of the Maldives' energy supply, helps the country adapt to climate change and to mitigate some of its effects, lessens emissions by increasing the use of green energy, and – last but not least – makes huge economic sense.

Another similar example comes from the South Pacific island republic Vanuatu, where the EIB financed an innovative wind farm whose turbines can be folded over and secured to the ground. After cyclone Pam, which blew over the islands at 320 km/hr, had passed, the turbines were cranked back up without significant damage. Again, adaptation, climate change mitigation, and sensible economics working together.

INVESTMENTS WITHOUT BORDERS

But the soup thickens. The wind farm at Devil's Point in Vanuatu is operated by a subsidiary of France's Engie. Today, trade and investment are as global as the problem of climate change. Naturally, where the entities receiving funding are incorporated makes a difference, but growth can, and mostly does, overcome borders. By supporting foreign direct investment to tap new markets and by lending to a large network of European clients globally, the EIB Group bolsters Europe's competitiveness and, at the same time, brings substantial economic interest to partner countries.

Fostering economic development around the world also contributes to global trade, creating new opportunities for European firms to import and export. We also spur innovation "back home" – allowing for the exchange of novel practices, ideas and know-how with far-flung corners of the world and encouraging the best talent to emerge and contribute to solutions for our global future challenges. Even when we invest in space technology, and things do not get much more external than that, we recognise it having a direct impact in our own back yard. This is the case with our recent □30 million investment with a small, family-owned, innovative space technology company There is no doubt that that investment will have an immediate impact inside the EU in terms of growth, jobs, and competitiveness; but in the longer term, research, development, and innovation are bound to have impact across the world.

But coming back down to earth: in the neighbouring countries of the EU, EIB investments bring about even more specific, and mutually beneficial, effects. Financing transport and energy connections supports the security of supply of energy on both sides of the border – and creates the physical prerequisites for trade. These economic ties facilitate exchange and cooperation just as much as competition. They are not measured by tallying points for which country wins or loses. They are not part of a zero-sum game.

In those countries preparing for EU accession, such as those in the Western Balkans, EIB investment contributes to the implementation of the EU's enlargement policy and accelerates the economic development of these countries by supporting their transition to fully functioning market economies, capable of coping with competition and market forces. In addition to opening new markets for EU companies worldwide, EIB investments in this region play an important part in the actual enlargement of the internal market itself. Investing in the infrastructure of the enlargement countries, including through the hallmark EIB expertise, also helps them meet and adopt EU standards in every area of the economy.

Given the magnitude of the financing gap, the recent paradigm shift from the exclusive use of budget resources for grants to their partial deployment as guarantees for loans is a smart way of using and leveraging the scarce public resources available for development. It also illustrates why investment should not be seen as charity. For nearly sixty years, EU budget funds for external policies have been complemented by long-term investment from the EIB in local private sector development, infrastructure and climate action. With the adoption of the Agenda 2030 and the revised European Consensus on Development, there is increasing recognition that adding loans and financial instruments to traditional aid and grants can make the economy more credible and competitive for additional investors, helping catalyse more funds. Our goal should be to attract private sector investment and remove obstacles for additional financiers to join in. The success of the Investment Plan for Europe – the so-called Juncker Plan – has encouraged the EU, including the EIB Group, to extend the concept of using budget resources as guarantees outside the Union, including through the envisaged External Investment Plan. Loans can be successfully combined with grants or, for example, first-loss pieces to funds investing in what private sector investors view as riskier combinations of geographies and sectors. This can help focus investment where it is needed most and where it is most likely to deliver a positive impact.

BEYOND FINANCIAL RETURNS

The impact of our investment goes beyond economic benefits. The economic relations established with the bank's financing and technical assistance help strengthen the EU's shared values such as gender equality, for example. We strongly believe advancing equality is an imperative because it increases individual freedom. However, it can also contribute to faster economic growth. Investment can also help further the rule of law, security, mutual accountability, and increased exchange and understanding among all parties involved.

Investment outside our borders can be a proactive measure to alleviate the risk of social and political unrest in the countries where it takes place. Resilient economies where growth is robust and inclusive – especially in terms of providing equal employment opportunities – are less likely to experience social unrest, conflict, and massive migration.

The EIB is now stepping up its activities on this front, as it is already implementing the Economic Resilience Initiative (ERI) on the ground to improve the ability to absorb and respond to shocks and crises in the Western Balkans and the EU's Southern Neighbourhood countries. An example of such shocks could be the effects of adverse weather circumstances arising from climate change, but also large inflows of refugees from war-torn areas that suddenly exert major pressure on the public services of these countries.

By way of example, the EIB has provided a loan which was combined with EU investment grants in favour of the Wadi Al Arab Water System II project in Jordan aimed at addressing a water scarcity in the country that is further exacerbated by the dramatic influx of Syrian refugees. The system will provide an additional thirty million cubic metres of drinkable water per year in areas estimated to have an urban non-refugee population of around 1.47 million people, and housing around 163,000 refugees.

All in all, through the ERI we expect to deliver €15 billion of investment in these regions over the next four years. While money cannot stop war and violence, this initiative will help mitigate involuntary migration due not just to war but also to untenable living conditions.

TANGIBLE RESULTS IN PEOPLE'S LIVES

The EIB Group has already invested in some 130 countries around the world, contributing to the achievement of the UN Sustainable Development Goals, in the process. According to our analysis, EIB-supported operations in the last year alone will deliver:

- Safer water and better sanitation for 6.7 million people
- 1.2 million households connected to electricity networks
- Powering 250,000 households from renewable sources
- 1.2 million passengers with improved transportation
- 700,000 jobs sustained via small business financing
- Coverage of 4G cellular data networks extended to a population of 7.4 million.

Prosperity for all, not charity or a race for dominance, is the way we should think about investment. Investments in economically sound, socially valuable, and environmentally helpful projects benefit all, irrespective of geographical borders. The EIB's engagement outside the EU propagates the Union's values and inspires others – in the private sector, but also other countries around the world – to follow suit. ❇

Author: Werner Hoyer

ANNOUNCING

cfi.co AWARDS 2017

SUMMER 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.

> BRIDGESTONE FIRESTONE: BEST CSR MANUFACTURER ASIA PACIFIC 2017

Corporate social responsibility is at the heart of the Bridgestone ethos and the company sets its corporate sights according to the slogan coined by its founder: "serving society with superior quality." Shojiro Ishibashi established a business that two years ago was recognised as the world's largest tyre manufacturer.

Highly focused corporate activity relating to CSR is complemented by generosity at the employee level. Bridgestone's major initiatives concern mobility and the elimination of congestion problems. There have been impressed success stories in the Asia Pacific region. Keen to support the environment, Bridgestone is championing a recycling-oriented society and a waste-free tyre industry. The company has promised – as part of its Tyres4ward programme – to re-purpose an out-of-use tyre for each new tyre sold by Bridgestone in the United States. This worthy project was established in 2012.

The company has three key environmental objectives. The first is to be in harmony with nature and accordingly supports biodiversity protection. This involves an educational and research role which is highly commendable. Keen to identify opportunities for reducing waste in the manufacturing process and reducing the amount of natural resources consumed by its operations, Bridgestone shows that it takes its responsibilities very seriously. The company is working towards ambitious goals for the reduction of CO2 and other emissions not only in respect of its own footprint but also within the lifecycle of the products it produces.

The CFI.co judging panel commends Bridgestone Firestone as a second consecutive year winner of this award and are please to confirm the company as Best CSR Manufacturer Asia Pacific 2017.

> STOCK EXCHANGE OF THAILAND: BEST SUSTAINABLE SECURITIES EXCHANGE SOUTHEAST ASIA EMERGING MARKETS 2017

With the highest liquidity of any bourse in Southeast Asia, the Stock Exchange of Thailand (SET) is ready to broaden its appeal to institutional investors. The exchange already boasts an exceptionally large base of retail investors – responsible for bringing liquidity to the trading floor. These dynamics have convinced the SET executive board that the timing is right to introduce a new over-the-counter market geared towards start-ups seeking angel investors.

Registering on the new platform will not come with minimum capital requirements. SET has database of around 600 start-ups, some of them are expected to apply for a new platform during the initial phase of the new market. Trading will at first be restricted to accredited investors such as high-net-worth individuals and institutional investors. Thus, SET's new platform is meant to diversify the bourse's client base by attracting new funds. Currently, retail investors represent 53% of trading taking place at SET.

Last year, SET registered trading value in excess of $360bn, a 20% increase over 2015. The bourse has maintained a leadership position in Southeast Asia since 2013 when it overtook the Singapore exchange in size. Set to double its market capitalisation by 2020, SET proves that excellence in corporate governance and adherence to strict ESG standards pays off. SET is a member of the UN's Sustainable Stock Exchanges Initiative.

The CFI.co judging panel is pleased to offer the Stock Exchange of Thailand the 2017 Best Sustainable Securities Exchange Southeast Asia Emerging Markets Award.

> ANANDRATHI: BEST WEALTH MANAGER INDIA 2017

ANANDRATHI
Private Wealth Management. uncomplicated

Canvassing India with a network of over 1,200 branch offices, sub-brokers, and representatives, AnandRathi employs more than 2,500 professionals helping clients nurture and grow wealth. As one of the country's principal investment banks and securities brokers, AnandRathi boasts a stellar track record grounded in its dedication to research, due diligence, and risk mitigation strategies.

Partnering with Citigroup Venture Capital International, which owns a sizeable stake in the firm, allows AnandRathi to offer seamless access to the world's main financial markets. The company also maintains an office in Dubai to gain privileged access and exposure to the region's buoyant markets.

AnandRathi is a fully-accredited member of the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), as well as the newer Multi Commodity Exchange (MCX), amongst others. This way, AnandRathi is able to offer clients direct access to all of the country's major trading venues.

By emphasising the excellence of its research and customer care, the company has been able to maintain steady growth and successfully fend off competition from inferior low-cost brokers. With its client-centric approach to investment services, AnandRathi – in business since 1994 – is recognised for consistently outperforming the overall market.

The CFI.co judging panel has followed AnandRathi for a number of years. In 2015 and 2016, the judges found the company to be peerless in wealth management. This year, the judges feel AnandRathi is again entitled to receive recognition and declare the company winner of the 2017 Best Wealth Manager India Award.

> BFX (BARON FX): BEST FOREX CONSULTANCY NORTH AFRICA 2017

An education provider as much as an investment portal, Baron Forex Education & Consulting was set up in 2011 to offer clients the knowledge and tools needed to manage and grow their money. The company functions as a twin to Alpha Capital Markets in London which provides a comprehensive suite of financial services such as trading in forex, bullion, and commodities.

BFX was founded to meet the growing demand for trading-related services in the Middle East and North Africa (MENA). The company offers beginning, intermediate, and advanced investors pathways to success via its all-inclusive courses that take in strategies and tactics, on-the-fly market analysis, and trading room practices, amongst others. Clients can sign up for ongoing learning modules that build on experience already accumulated and expand market insight.

BFX uses an array of modern educational tools and techniques to ensure clients are comfortable using advanced trading tools. Learners are able to progress at their own pace all the way from newbie trader to forex instructor. BFX also offers one-on-one guidance to investors aspiring to gain an additional edge.

The company's mission is to help form traders who are able to consistently turn a profit under any market condition.

The CFI.co judging panel commends BFX on its thorough approach. The judges recognise the importance of education when it comes to navigating and trading world markets. The panel declares BFX (Baron FX) winner of the 2017 Best Forex Consultancy North Africa Award.

> GHAZANFAR BANK: BEST SHARIA-COMPLIANT COMMERCIAL BANK AFGHANISTAN 2017

The financial services arm of one of Afghanistan's leading business conglomerates, Ghazanfar Bank was set up in 2009 to help underwrite the country's corporate sector. As such, the bank has established deep roots in a number of key industries.

Ghazanfar Bank offers both conventional and Sharia-compliant financial services via its own network of branches which now covers most provinces of the country. The bank is particularly keen to help fledging Afghan businesses to succeed and offers entrepreneurs a number of programmes aimed at skills development and financial literacy.

The bank has also put in place a highly experienced management team with multidisciplinary professionals providing the oversight and risk management necessary to ensure sustained growth and profitability. Ghazanfar Bank boasts a full suite of commercial banking services, including foreign exchange, investment handling, cross-border trade, and corporate and retail banking.

In order to ensure compliance with Islamic Law, Ghazanfar Bank maintains a Sharia Committee comprised of well-known scholars and academics who offer their expert advice on internal and external processes. Ghazanfar Bank is widely recognised as a pioneer in Sharia-compliant banking and in corporate social responsibility. The bank initiated a number of out-reach programmes in support of charitable institutions.

The CFI.co judging panel is pleased to note that Ghazanfar Bank awards career opportunities to young Afghan professionals. Fully 98% of the bank's growing workforce is recruited locally. The judges wish to offer Ghazanfar Bank the 2017 Best Sharia-Compliant Commercial Bank Afghanistan Award.

> ROTHSCHILD & CIE GESTION: BEST INSTITUTIONAL ASSET MANAGER EUROPE 2017

Rothschild & Cie Gestion continues to build on its existing success. Masters of not changing for changes sake Rothschild & Cie Gestion continues to build upon its foundations through measured continual improvement.

Finely attuned to the demands of ever-changing times, Rothschild & Cie Gestion already in 2011 signed on to the United Nations-supported Principles of Responsible Investment (UNPRI) – a codified set of six guidelines that help investors incorporate environmental, social, and governance (ESG) concerns – and other non-financial parameters – into their decision-making processes.

Serving institutional investors, fund distributors, and financial intermediaries around the world with asset management services and advice from offices in Paris, London, Zurich, and New York, Rothschild & Cie Gestion is widely recognised – and praised – for its conviction-based approach to the preservation and growth of capital. Thus, value is created through the strategic allocation of assets.

The firm is particularly well-equipped to consistently extract above-market returns from stocks that perform well regardless of market sentiment while maintaining an optimised risk profile. Rothschild & Cie Gestion concentrates its efforts primarily on European equities – a segment that allows the firm to leverage its considerable expertise to maximise benefits for investors.

Rothschild & Cie Gestion also offers an exceptionally comprehensive universe of open architecture investment solutions that cross asset classes and are tailored to meet the exact requirements of clients. Based in London, the firm's Risk Based Investment Solutions Ltd provides investors an innovative way to maximise risk diversification and avoid excessive turnover and portfolio concentration.

The CFI.co judging panel agrees that Rothschild & Cie Gestion has found a way to stay true to its heritage while remaining at the leading edge of innovation in asset management – effectively combining the best of both worlds to produce a palette of investment solutions that unswervingly delivers optimised results. Following their success in 2016 the judges declare Rothschild & Cie Gestion the winner of the 2017 Best Institutional Asset Manager Europe Award.

> FXPRO FINANCIAL SERVICES: BEST FX EXECUTION GLOBAL 2017

Staying on top of its game, FxPro Financial Services continues to serve its clients with a trading platform that ensures the fast and faultless execution of orders, enabling investors worldwide to gain from minute changes in market conditions. The firm, founded in 2006, has welcomed 100,000s traders from over 150 countries.

FxPro's success is owed to its ability to stay ahead of technological developments, offering investors access to the latest trading tools and platform configurations that cater to the needs of all classes of traders from novice to expert. The firm also serves the needs of large institutional investors looking for ways to grow their assets in a near zero interest universe.

FxPro maintains offices in both the United Kingdom and Cyprus. Recognised for its transparency and commitment to operational excellence, FxPro has invested heavily in a solid and secure IT backbone that couples speed to dependability and thus ensures a level playing field for all investors, irrespective of their portfolio's size. FxPro also adheres to a comprehensive code of ethics that guides day-to-day operations and offers traders the certainty that their broker of choice remains at their side, available to offer guidance and assistance as required.

The CFI.co judging panel has followed developments at FxPro for a number of years and commends the firm on its peerless executorial prowess and continued dedication to operational excellence. The judges declare FxPro Financial Services winner of the 2017 Best FX Execution Global Award.

> INTELLIGENT VOICE: BEST INTELLIGENT VOICE SOLUTIONS UNITED KINGDOM 2017

Intelligent Voice has developed the world's fastest speech to text engine for call search and analysis. Their team has tested the technology continuously and very rigorously over the past eight years and – having mastered a rather steep learning curve – are now to be congratulated on bringing a superb product to market. The prevalent attitude at the company is one of refusing to accept that anything is impossible. And they have been proved right more than once.

This award by CFI.co reflects the judging panel's confidence in the cutting-edge technology that places Intelligent Voice way ahead of its competition. Satisfied users of the software include the Department of Justice in Washington DC.

The technology has obvious application in the financial community. Banks have incredible amounts of sensitive voice data that need to be processed. For reasons of confidentiality this cannot be sent directly to the Cloud. The beauty of what has been achieved by Intelligent Voice is that users can process as accurately on small devices as anything that goes on in the Cloud.

Supported by Innovate UK, the company has developed Privacy Preserved Processing so that users can harness the storage advantage of the Cloud but in doing so use encrypted data. Partnering with O2, Intelligent Voice's Ivy Note picks out and emails key points from transcripts too. Critically, the company has identified how best to integrate with existing work flows and products thus offering highly advanced voice technology without the need for the user to start from scratch.

Without hesitation, the CFI.co judging panel confirms Intelligent Voice as recipient of the award Best Intelligent Voice Solutions United Kingdom 2017.

> JenLab: MOST INNOVATIVE MEDICAL DIAGNOSTICS SYSTEMS EUROPE 2017

Switch off the ultrasound and stow away the microscope: femtosecond laser technology has arrived. Developed by German health-tech company JenLab, femtosecond laser offers, amongst others, a non-invasive way to detect skin cancer. The ground-breaking technology provides optical biopsies to a previously unthinkable resolution and can highlight details as small as a single cancer cell.

The technology has now also found use as a tool for the testing of anti-aging drugs. Femtosecond laser can be focused on elastin and collagen and gauge the skin's condition. Some of the world's foremost cosmetics companies such as Chanel, L'Oréal, and Shiseido now employ JenLab's technology in their research labs.

At hospitals, surgeons employ femtosecond lasers for the precise mapping of brain tumours which allows them to only remove cancerous cells, thus minimising damage to adjacent healthy cells.

JenLab is working on a new generation of femtosecond laser devices that will have a significantly smaller footprint whilst maintaining the high resolution. The new version is also expected to be cheaper, allowing smaller hospitals access to the technology. Partnering with medical professionals, JenLab is continuously discovering new uses for the femtosecond laser.

The CFI.co judging panel acknowledges that JenLab has accomplished the rarest of feats: to introduce a new and versatile technology that not only pushes the boundary but also finds new applications as professionals in the field explore the possibilities. The judges are honoured to offer JenLab the 2017 Most Innovative Medical Diagnostics Systems Europe Award.

> SREI INFRASTRUCTURE FINANCE: BEST INFRASTRUCTURE INVESTMENT PARTNER INDIA 2017

Srei Infrastructure Finance (SIFL) as a conglomerate has been one of the catalysts towards transforming India's infrastructure, rather than merely being a beneficiary of accelerated growth. SIFL is an entity which has always aimed to address India's two most pertaining problems in the infrastructure space i.e. India's deficient economic infrastructure and lack of financing options.

SIFL, founded 28 years ago, provides finance to many infrastructure projects in addition to a comprehensive range of other services to companies & entrepreneurs engaged in public works projects throughout the country. With well over 100,000 clients, SIFL empowers and enables entrepreneurs by providing financial and non-financial services in the infrastructure space to help the country in tackling the obstacles towards sustained economic growth.

A persistent infrastructure deficit restricted India's development for decades which has now changed significantly. SIFL, present at all links in the infrastructure sector's value chain, is one of the first Indian nonbanking financial companies (NBFC) to tap into the world's major markets to fund infrastructure projects. SIFL has partnered with many multilateral entities across the globe such as International Finance Corporation (IFC, part of the World Bank Group) and Dutch Development Bank FMO to help finance various infrastructure projects in the country.

The CFI.co judging panel recognises that SIFL has contributed immensely to kick start crucial infrastructure projects off the ground with ease. The jury is honoured and proud to declare Srei Infrastructure Finance as winner of the 2017 Best Infrastructure Investment Partner Award.

> TOUCH BANK: MOST INNOVATIVE RETAIL DIGITAL BANK RUSSIA 2017

TOUCH BANK

With a full palette of innovative products and services, just a few mouse clicks away, Touch Bank has moved to the leading edge of Russia's financial services industry – challenging tradition, promoting inclusion, and pushing the entire sector towards service model that slashes costs whilst improving both operational efficiency and client experience.

Touch Bank proves that excellence in the delivery of services is not the exclusive domain of brick and mortar banks. Though clients interact with the bank via the internet, their experience is not devoid of human warmth: as its name implies, Touch Bank emphasises a human touch – applied to all its front office operations with a view to gaining a deeper understanding of account holders' needs and establishing long-term mutually beneficial relationships.

Touch Bank is part of the Hungarian OTP Group, one of the largest financial services providers in Central and Eastern Europe with operations in nine countries and well over 36,000 employees serving around 13 million clients.

In Russia, Touch Bank is operating under the license of OTP Bank. As part of a larger and well-established group, Touch Bank offers its clients convenient access to a wide range of financial products and PFM-services delivered via multiple channels.

The CFI.co judging panel recognises Touch Bank for its innovative and client-centric approach to banking, and its promotion of financial inclusion. The judges agree to name Touch Bank winner of the 2017 Most Innovative Retail Digital Bank Russia Award.

> INNOVIA SECURITY: MOST INNOVATIVE BANKNOTE TECHNOLOGY GLOBAL 2017

Cash is king and Innovia Security continues its long history of market disruption and leading-edge innovation.

The "home" of plastic money since banknotes were first printed on a polymer substrate in 1988 – Innovia Security remains the purveyor of choice of secure currency having issued more than 55 Billion polymer bills by the end of 2017.

Innovia Security – recently renamed CCL Secure after their acquisition by market behemoth CCL Industries – is trusted by some of the world's most influential and respected central banks who have objectively assessed the benefits of polymer banknotes and selected Guardian™ polymer banknote substrate for the latest in fraud-resistant technology and proven durability.

Originally a joint-venture between Innovia Films and the Reserve Bank of Australia (RBA) to provide counterfeit-proof banknotes, Innovia Security was formed after the RBA exited the business in 2013 having succeeded in its goal to push the envelope of banknote technology.

Enjoying a head start, and determined to keep its edge, Innovia Security managed to stave off heavyweight competitors that repeatedly tried to enter its domain. While having 4% market share of the total banknote market, Guardian™ dominates the global plastic money market with use in excess of 99%. With the company widely recognised for its peerless technology and ability to deliver large volumes of high quality high-tech notes to some of the world's largest banknote markets, the growth potential for this technology are eye-watering. Innovia Security is the first and only company to date to have presented a viable – and superior – alternative to paper-based money that at first shocked the 300 year-old industry but in recent years has transformed it by attracting others into the alternative-substrate banknote market.

By being an open platform for third party security features from across the banknote industry, Guardian™ polymer substrate has been a catalyst for innovation across the industry. Notably, a series of ground-breaking new banknote designs have been released on to the world market in the last 12 months from New Zealand, Australia, and the United Kingdom that are redefining banknote aesthetics and is the source of some serious national pride.

The recently released Fiver from the Bank of England is a case in point. In its paper days, the fiver was known as a 'tatty' note. The Bank put paid to that reputation by delivering a smaller, smarter more user-friendly note that offers greater security, durability and cleanliness.

The CFI.co judging panel agrees that with the cashless society but a distant mirage, plastic money is clearly a winner with Guardian™ poised for significant expansion worldwide. With that in mind, the judges are pleased to offer Innovia Security the 2017 Most Innovative Banknote Technology Award.

> ASSUPOL: BEST LIFE ASSURER SOUTHERN AFRICA 2017

Over a century in business and offering funeral, life, savings, and retirement annuity policies, Assupol Life has become a fixture in the South African insurance sector. The company originally offered its products to government employees only, but – responding to consumer demand – is now open to the general public.

Assupol maintains a 27% share of the market in the government sector. The company is determined to replicate its success in the broader market, taking on much larger competitors by focusing on customer care and its signatory no-nonsense processing of claims. Assupol consistently processes claims in under 24 hours – in fact, the company is a trendsetter in speeding up processing times. To help less financially resilient policyholders, Assupol pioneered a model that offers near-instant cash advances on claims.

Assupol also leverages its network of branches and agents to put a human face – and apply a human touch – to its services. Policyholders do not need to navigate labyrinthine phone routines and can address their concerns at local offices. Maintaining close proximity with clients – and keeping policyholders abreast of developments – are key to Assupol's enduring success. To that end, the company deployed four mobile offices to travel the country and offer assistance in areas not yet fully covered by its network of more than seventy branches.

The CFI.co judging panel is familiar with Assupol's progress and has recognised the company on a number of previous occasions. The judges agree that Assupol's continued dedication to operational excellence again merits a win and offer the company the 2017 Best Life Assurer Southern Africa Award.

> XM: BEST TRADING SUPPORT EUROPE 2017

XM, the official trading partner of the fastest man in the world, Usain Bolt has worked its way up to the Fintech premier league with over one million clients registered to date (in no less than 196 countries executing some 150 million trades annually). Founded in 2009 and headquartered in Cyprus, XM has gained an enviable reputation for the faultless execution of trades and has invested heavily in a superb team that delivers a truly client-centric operations model.

The firm offers its clients 24/7 support and guidance in thirty languages. A team of around 300 dedicated and experienced professionals ensures that the broker stays ahead of the curve by adapting the latest trading tools and instruments. It is this technologically advanced trading that ensures a competitive advantage for the company.

XM is devoted to ensuring optimum trading conditions that comply with its strict ethics code. The firm does not distinguish between clients based on the size of their portfolio and consistently delivers a level playing field. Up to 99.35% of all trades are executed in under a second. XM recognises that in forex trading, speed is of the essence.

The CFI.co judging panel is pleased to note that XM offers traders not only world class services, but also guidance and protection such as a negative balance protection and access to the Investor Compensation Fund. The judges are pleased to name XM winner of the 2017 Best Trading Support Europe Award.

> THE BILLIONAIRES' LEAGUE: BEST PORTFOLIO MANAGEMENT APP CARIBBEAN 2017

Why reinvent the wheel time and again if you can just as easily enjoy a smooth ride in tracks laid down by the world's best financial artisans? Investors could do worse than to follow a few strokes of genius such as those of the billionaires who made their fortunes trading stocks.

The Billionaires' League app allows investors to piggyback on the trades of the world's most successful asset managers such as Warren Buffet and funds such as Blackrock. Whilst a tracker strategy does not ensure consistent profits or offer ironclad guarantees, it probably beats the hunch-inspired market bets placed by less knowledgeable investors – i.e. everyone who has not yet made their first billion on Wall Street.

The Billionaires' League app allows for the building and growing of investment portfolios of any size. The app enables investors to replicate the market moves of the big guys – in real time. The app offers easy access to a vast universe of tracking options. The behaviour of the global market's movers and shakers – billionaires, asset managers, and pension funds (fifteen of each) – is analysed and presented in detail. The app's subscribers can easily track their moves.

The CFI.co judging panel is always happy to recognise true innovation. The Billionaires' League app is indeed novel – and very useful as well – as it saves investors time and possibly money. The judges are pleased to offers The Billionaires' League the 2017 Best Portfolio Management App Caribbean 2017.

> NOSTRUM OIL & GAS: BEST VALUE CREATION STRATEGY CENTRAL ASIA 2017

Nostrum Oil & Gas keeps it simple: the company explores, develops, and exploits hydrocarbon resources in the Pre-Caspian Basin, west of Kazakhstan's Mugodzhary mountain range. Operating four fields, the publically-traded company has established a stellar reputation for efficiency and for consistently attaining its corporate objectives.

Listed on the London Stock Exchange, and a constituent of the broader FTSE 250 Index, Nostrum Oil & Gas (NOG) maintains offices in London, Brussels, and St Petersburg. It is headquartered in Amsterdam. Founded in 1997, to pursue drilling opportunities in Kazakhstan, the company started production in 2000, acquiring additional fields soon after. It debuted on the stock exchange in 2014.

NOG has become one of the largest oil and gas producers in Kazakhstan and boasts a sizeable investment programme to further improve its infrastructure. Thanks to the company's sustained research efforts, NOG offers investors long-term value creation. The company is expected to shortly complete its drilling programme in the Chinarevskoye field which should significantly boost production to around 70,000 BOE (barrels of oil equivalent) per day – up from the 2017 target of 44,000. Recently, NOG also finished a third gas treatment facility.

The CFI.co judging panel applauds the company's no-nonsense approach to oil and gas production. By keeping its operations streamlined, NOG has tapped into a formula for sustained growth. The judges are pleased to offer Nostrum Oil & Gas the 2017 Best Value Creation Strategy Central Asia Award.

> ABANA ENTERPRISES GROUP COMPANY: BEST CASH HANDLING SOLUTIONS MIDDLE EAST 2017

With three complementary business units providing a comprehensive array of integrated payment and cash handling solutions, Abana Enterprises Group Company provides the backbone to Saudi Arabia's financial services and telecom industries, amongst others, supplying innovative high-tech and fully-automated resource management systems. The company, set up in 1977, is recognised for its state-of-the-art products that push the technological envelope.

Abana Enterprises Group maintains a kingdom-wide network of 21 service centres and fields over 700 highly-trained engineers, developers, and support staff to keep systems running smoothly. Partnering with leading tech companies in Europe and North America has allowed Abana to remain at the leading edge of the fast-moving fin-tech world, offering its clients access to world-class solutions. The company is particularly proud of its ability to implement its services with unmatched speed, enabling clients to swiftly respond to new market trends.

Abana Enterprises Group comprises three business units covering banking, telecom, and cash management services. Together, Abana's three-pronged approach offers holistic solutions that meet the demands of banks, telecoms, government entities, retailers, and others.

The CFI.co judging panel agrees that effective payment and cash handling solutions applicable across multiple platforms have become crucial to the success of business. With increased complexity, the demand for specialised services, such as those provided by Abana, has also grown exponentially. The judges commend the company on meeting the challenge and declare Abana Enterprises Group Company winner of the 2017 Best Cash Handling Solutions Middle East Award.

> TRUSTBOND MORTGAGE BANK: OUTSTANDING CONTRIBUTION TO HOME OWNERSHIP NIGERIA 2017

The promotion of home ownership is considered a shortcut to attaining sustainable economic growth, giving people a tangible stake in their country's development and adding to overall societal stability. The emergence of a solid mortgage industry is, thus, a precursor of improved living standards and an indicator of a market's ability to focus on the long-term.

In Nigeria, TrustBond Mortgage Bank is a pioneer in the development of home loan products that further financial inclusion. The bank has introduced a number of innovative mortgage and real estate finance solutions that unlock access to long-term capital. In particular, TrustBond developed innovative products that address specific financial and mortgage needs such as those of bereaved families facing eviction and the millennials – the future generation of Nigerians that accounts for over 70% of the country's population. With collaborations and partnerships, this would go a long way in contributing to the achievement of the UN's Sustainable Development Goals in Nigeria – the most populous country and largest economy in Africa.

The bank maintains an array of corporate social responsibility initiatives with a view to helping people gain stability through home ownership. TrustBond also supports the government in designing policies that help solidify the mortgage industry.

Thanks to its adherence to strict standards of corporate governance, the bank has been able to tap into long-term funds at reduced interest rates, driving down the price of its products. With a national housing deficit of over 17 million, TrustBond has ample room for growth.

The CFI.co judging panel agrees that accessible mortgage products are of crucial importance in countries such as Nigeria that have embarked on an accelerated development drive. The judges are pleased to offer TrustBond Mortgage Bank the 2017 Outstanding Contribution to Home Ownership Nigeria Award.

> FIDUCIARIA DE OCCIDENTE: BEST ASSET MANAGEMENT TEAM COLOMBIA 2017

Thanks to a premier service model, a proprietary investment algorithm, and a well-balanced risk mitigation strategy, Fiduciaria de Occidente – Fiduoccidente – has claimed a spot amongst Colombia's best-performing asset managers. The firm, founded in 1991, is part of Grupo Aval – one of the country's largest financial services providers – and maintains its own nationwide branch network to ensure close proximity to investors.

Fiduciaria de Occidente focuses on four distinct markets: Persons, Enterprise sector, Financial institutions and Government. The firm manages a number of mutual funds, private equity and venture capital funds, and real estate investment trusts that offer clients a comprehensive array of vehicles to preserve and grow capital. Fiduciaria de Occidente also includes a wealth management division to design bespoke investment solutions that dovetail with individual risk profiles.

The firm has made significant investments in the upgrading of its technological backbone and now boasts one of Colombia's most up-to-date IT platforms that ensures transactions are carried out swiftly and comply with relevant regulation. The firm is home to an experienced team of investment managers and analysts and has recently upgraded its financial management structure.

In order to assist novice investors, Fiduciaria de Occidente has developed training programmes and outreach initiatives to improve financial literacy and help clients reach smart investment decisions that bring their personal goals and ambitions closer to realisation.

The CFI.co judging panel recognises the value of sound investment advice. Fiduciaria de Occidente shows that a prudent approach usually pays off over the long term. The judges commend the firm on its corporate philosophy and agree to declare Fiduciaria de Occidente winner of the 2017 Best Asset Management Team Colombia Award.

> GroFin: BEST SME SOCIAL IMPACT FINANCE AFRICA 2017

Mauritius-based SME finance company GroFin has raised well over US$500 million in funding and invested in some 600 small and medium-sized enterprises in Africa and the Middle East. The company provides both patient risk capital and business support to SMEs. Indeed, every GroFin investee has access to an international team of experts who provide a blend of financial and value adding business support.

As a trusted partner of more than 30 international development finance institutions, development organisations and other private funders, GroFin has been able to deliver its patient risk capital and specialised business support to SMEs across a wide spectrum of activities within 15 countries in Africa and the Middle East. More importantly, GroFin helps entrepreneurs improve their chances of success by providing access to business knowledge. The company brings over fifteen years of experience to the table and boasts a long track record of successful engagements.

Partnering with small and medium-sized businesses allows GroFin to stress the importance of regulatory compliance, adherence to ESG (environmental, social, and governance) standards, and proper accounting practices. These are considered key to attain sustainable growth and superior competitiveness. Taking such a long-term view has allowed GroFin to nurture businesses towards entrepreneurial success. Shying away from quick-fix financial solutions, GroFin helps entrepreneurs gain insights into markets, explore opportunities, and design strategic plans to sustain growth.

The CFI.co judging panel agrees with GroFin that SMEs are the engines of economic growth and, as such, contribute significantly towards improved living conditions in low and middle-income countries. The judges are unanimous in their decision to declare GroFin winner of the 2017 Best SME Social Impact Finance Africa Award.

> CCRIF SPC: BEST SUSTAINABLE INSURANCE LEADERSHIP LATIN AMERICA & CARIBBEAN 2017

Ten years in from its foundation, CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility) helps countries in the Caribbean and Central America pool their resources for a much more effective management of risks associated with natural phenomena such as hurricanes and earthquakes.

CCRIF SPC was set up in response to Hurricane Ivan which in 2004 caused damages in excess of $6 billion as it raged over nine countries. Losses in Grenada and the Cayman Islands equalled close to 200% of those countries' GDP.

Since its inception, pay-outs to member governments have totalled close to $70 million, providing a welcome degree of financial succour in the immediate aftermath of catastrophic weather events. The multi-country risk pool – the first of its kind in the world and since emulated in Africa and elsewhere – adds a layer of resilience to its seventeen member states. Participating countries enjoy significantly broader insurance coverage, at lower premiums, than policies available from commercial parties. They also benefit from easier access to the reinsurance market.

CCRIF's parametric insurance products dovetail with national disaster risk management strategies and economic development policies. Pay-outs are quickly disbursed, within two weeks, as the amounts are calculated based on the event's intensity using a pre-agreed model to calculate losses due to that event. This approach dispenses with on-the-ground damage and loss assessments after the event.

In recognition of the supreme importance of pooled risk facilities, the judges agree to declare CCRIF SPC winner of the 2017 Best Sustainable Insurance Leadership Latin America & Caribbean Award.

> PETROLEUM DEVELOPMENT OMAN (PDO): OUTSTANDING CONTRIBUTION TO MANAGEMENT EXCELLENCE MIDDLE EAST 2017

With a concession area covering almost a third of the sultanate, Petroleum Development Oman (PDO) is the country's main producer of oil and natural gas. The company maintains 178 oil fields with around 10,000 active wellheads which account for around 70% of Oman's total oil production. PDO also produces nearly all of the sultanate's natural gas.

PDO, majority-owned by the government, works closely with many local companies as well as international partners in the efficient and safe exploration of Oman's hydrocarbon reserves. The company's history dates back to 1937 and since then Petroleum Development Oman has worked towards transforming the country into a net exporter of oil and natural gas. It boasts an enviable track record in locating and developing fields in complex geological formations. PDO has been instrumental in boosting Omani oil production towards the million barrels per day mark.

Recognised globally for driving down the cost of enhanced oil recovery (EOR) techniques, adopting lean continuous business improvements and furthering research into the development of sustainable exploitation practices, PDO invests heavily in education and training programmes aimed at developing skillsets and providing opportunities to all levels from school leavers through to PhD graduates. The company is currently working with its partner GlassPoint on constructing the 1GWth (gigawatt thermal heat) Miraah solar facility, slated to start production later this year and the largest of its kind in the world. The plant will produce the steam – 6,000 tonnes per day – needed for thermal EOR at the Amal field in southern Oman.

PDO is committed to the highest standards of corporate governance. Management has consistently kept the company streamlined and agile in order to ensure optimum returns from the country's natural resources. The CFI.co judging panel commends PDO – a repeat winner – on its corporate performance. The judges are pleased to offer PDO the 2017 Outstanding Contribution to Management Excellence Middle East Award.

> ICHOR SYSTEMS: BEST ENGINEERING IPO UNITED STATES 2016

Ichor Systems has market analysts raving – something that doesn't always come natural to these professionals. The company went public in December 2016 with a listing on the tech-heavy NASDAQ. Investors snapped up shares in the fluid delivery company and saw their stakes double in value within weeks. Ichor Systems shares (ICHR) have since held their value.

Ichor Systems manufactures fluid delivery subsystems which are employed in the production of advanced semiconductors. The company's gas delivery products are used in capital equipment which etches the microscopic trenches and deposits into these metallic conductors on a semiconductor wafer. Ichor System's high precision chemical delivery products are also used in chemical mechanical planarisation, a critical step in preparing the wafer for subsequent rounds of etching and deposition to produce the chips used in so many electrical devices today. Thus, the company's expertise helps their customers develop better control and quality in the manufacture of semiconductor devices. Ichor System's customers use their valuable engineering capability for clients seeking turnkey solutions.

The company's proprietary knowledge of complex fluid delivery systems also finds numerous applications in other non-semiconductor industries like medical, research, oil and gas and energy. Ichor Systems, headquartered in California and with production facilities in California, Oregon, Texas, the UK, and Southeast Asia, is recognised for its sustained investment in product research and development. The company is a long-time partner to the semiconductor industry – evolving its product line in tandem with the advancement of technology.

The CFI.co judging panel is not surprised that Ichor Systems' IPO delivered strong results – both to the company and to its investors. The judges declare Ichor Systems winner of the 2016 Best Engineering IPO United States Award.

> MSHEIREB PROPERTIES: BEST URBAN SUSTAINABILITY QATAR 2017

A subsidiary of the Qatar Foundation for education, science, and community development, Msheireb Properties was set up to find and implement innovative solutions for urban living that improve the quality of life and enable sustainable growth. Through avant-garde design, the company aims to support Qatar's 2030 Vision. Msheireb Properties' much-lauded redevelopment of downtown Doha encourages social interaction, promotes cultural expression, and incorporates sustainable living.

Syncing time-honoured building methods with modern technology has allowed Msheireb Properties to deliver a city core that is inviting to visitors and residents alike whilst maintaining a distinctively Qatari touch. The company has deftly managed to employ an architectural language that builds on the local heritage and transposes tradition to the 21st century, ensuring that all requirements demanded by modern living are met. The signature Msheireb Downtown Doha project provides a blueprint for urban renewal that pushes the boundaries of sustainable development.

Msheireb Properties, a commercial venture, takes great care in ensuring that Qatari entrepreneurs, including small business owners, are able to maximise their exposure to the opportunities arising from Qatar 2030 – the national development programme launched in 2008 that seeks to create the conditions for sustainable economic and societal growth.

The CFI.co judging panel notes that Qatar National Vision 2030 is already well underway and commends Msheireb Properties on its significant contribution towards the realisation of a sustainable development model. The judges are pleased to declare Msheireb Properties winner of the 2017 Best Urban Sustainability Qatar Award.

> FIBRIA: BEST ESG FORESTRY MANAGEMENT SOUTH AMERICA 2017

World leader in the production of eucalyptus cellulose, Brazilian forestry company Fibria is dedicated to providing superior-quality products, manufactured in a sustainable fashion and in accordance to the strictest ESG (environmental, social, and governance) norms. The company maintains four wood pulp processing plants that are exclusively operated with renewable resources.

Spread over six different Brazilian states, Fibria possesses almost a million hectares (some 10,000km^2) in forestry plantations. More than a third of the acreage is set aside for nature conservancy.

Partnering with a Japanese/Brazilian pulp producer has allowed Fibria to build and operate Portocel, Brazil's only port dedicated to the shipment of cellulose, allowing for economies of scale and the attendant savings.

Fibria has now embarked, with a Canadian company, on a venture in the energy sector to produce fuel from wood and biomass. This is seen as a natural extension to the company's operations, complementing a solid portfolio of renewable products.

Fibria is determined to push the envelope on sustainable forestry and energy production. Though founded in 2009, Fibria can trace its origins to 1967. In that year the company's predecessor started the first eucalyptus plantations in Espirito Santo State.

The CFI.co judging panel acknowledges that, thanks to its long experience in the sector, Fibria is exceptionally well-equipped to prosper in an environmentally-aware marketplace. In fact, the company is recognised as an ESG pioneer. The judges are therefore pleased to offer Fibria the 2017 Best ESG Forestry Management South America Award.

> LBBW (LANDESBANK BADEN-WÜRTTEMBERG): BEST DEBT CAPITAL MARKETS TEAM GERMANY 2017

With a reach extending far beyond its home turf, Landesbank Baden-Württemberg (LBBW) has established a formidable reputation for offering superior access into the EUR fixed income markets.

LBBW being itself a regular issuer, its DCM set-up today serves FIG, SSA and corporate issuers alike. Based on broad distribution capabilities and an in-depth understanding of investor needs, trademark issuers like EIB, KfW, Rabobank, Nordea Bank, and Daimler have repeatedly entrusted LBBW with their benchmark business. The bank remains equally dedicated to developing the market further.

Numerous first-time issuers have relied on LBBW for their successful market entry or product innovations like sustainable bonds. And its leading corporate SSD business provides the essential link between LBBW's corporate client base and Germany's largest investor base.

More than anything else, LBBW has been recognised for providing reliable advice and distribution in often challenging market conditions. This has allowed the bank to steadily grow its market share and become a partner of choice for quality credits.

The CFI.co judging panel recognises the debt capital market expertise available at LBBW which represents real value to issuers. The judges are pleased to offer LBBW the 2017 Best Debt Capital Markets Team Germany Award.

> RESIDENCES DAR SAADA: BEST REAL ESTATE DEVELOPER MOROCCO 2017

Convinced that social housing and build quality should go hand in hand, Moroccan real estate developer Residences Dar Saada (RDS) – owner of the Espaces Saada brand – boasts no less than forty years of experience in the property market. RDS corporate footprint covers the entire country with projects delivered to all major cities – totalling over 32,000 homes, representing a 12% of the social housing market.

The company has pioneered a number of innovations such as the community-within-a-city design concept that forms the foundation of new undertakings and prioritises social cohesion, ensuring that the Espaces Saada formula dovetails with local requirements and custom.

RDS has caught the eye of investors who eagerly subscribe to the company's bonds. In 2011, two international funds looking for long-term profitability, and three big local investors, entrusted the company with $90m to boost its ability to seize opportunities resulting from the country's solid economic performance. Going public in 2014, RDS' highly anticipated IPO was 3.5 times oversubscribed and raised over $100m in cash.

Run by a young, energetic, and highly capable management team, RDS has made a name for its corporate dynamics which are rooted in a solid business case. Determined to innovate the real estate sector, and deliver projects that meet environmental, social, and governance (ESG) standards, RDS underpins its enduring success by embracing sustainability principles. The CFI.co judging panel is pleased to name Residences Dar Saada winner of the 2017 Best Real Estate Developer Morocco Award.

> FBS: BEST FX IB PROGRAMME GLOBAL 2017 & BEST FX BROKER INDONESIA 2017

Excellence in order execution and customer service has allowed online forex broker FBS to firmly establish itself as the preferred go-to place for investors looking to trade global markets. The company was founded in 2009 with a view to offering superior services, delivered via a single state-of-the-art platform, to novice and experienced traders alike. FBS adheres to a strict code of ethics to ensure full transparency. The firm also developed a network of partners to offer its products and services to clients across the globe. The FBS partnership programme is recognised for its generous terms and superior support.

Build on the back of client loyalty, FBS registered solid growth in its first years, signing up 100,000 traders by 2011. The firm has since expanded its worldwide client base to include over three million traders and 130,000 partners in 120 countries. In order to maintain in close touch with clients and partners, FBS organises, and participates in, numerous seminars and other events to showcase new trading technologies and discuss industry trends.

FBS offers clients a wide choice of account options, each tailored to meet the requirements of specific segments.

The CFI.co judging panel has followed the progress of FBS for well over three years and commends the firm on its achievements. The judges are pleased to offer FBS a twin win: the 2017 Best FX IB Programme Global Award and the 2017 Best FX Broker Indonesia Award.

> KAISERWETTER ENERGY ASSET MANAGEMENT: BEST RENEWABLE ENERGY ASSET MANAGERS GERMANY 2017

Small is beautiful. When it comes to renewable energy – and contributing towards the fight against climate change – it pays not to overlook the smaller projects that often carry the biggest impact. In order to meet the goals set out during the COP 21 summit, significant funds need to be mobilised for, and directed towards, renewable energy.

Based in Germany, Kaiserwetter Energy Asset Management leverages the Internet-of-Things to offer investors and operators unparalleled insight into the performance of their wind and solar power plants. The company generates, compiles, and disseminates vast amounts of data to produce a transparent picture that can underpin the streamlined and adaptable organisational structures required for optimum efficiency.

Kaiserwetter's fourth dimensional approach to asset management also serves to mitigate risk which allows investors to broach markets not otherwise considered. Built around big data analytics, Kaiserwetter applies its formula to 28 wind parks and 23 solar power facilities – with a combined 470MW output – in Germany, Poland, France, and Spain. The company is currently expanding into North America and wants to establish a presence in South America and Asia as well.

The CFI.co judging panel is convinced that cloud-based big data is key to the development of the comprehensive management techniques that investors require to underwrite the global push towards a renewable energy future. The judges are happy to recognise the achievements of Kaiserwetter Energy Asset Management with the 2017 Best Renewable Energy Asset Managers Germany Award.

> CEDRUS INVEST BANK: BEST BANK GOVERNANCE LEBANON 2017

Excellence in corporate governance is key to sustained profitability. Whilst this is true in any industry, the financial services sector in particular benefits from transparency, communication, and adherence to the highest standards of governance. Taking the interests of all stakeholder into account helps create confidence which, in turn, establishes trust and builds long-term relationships that strengthen the bottom line.

Cedrus Invest Bank, successor to the commercial and retail operations of Standard & Chartered in Lebanon, has adopted a comprehensive corporate governance framework that is considered the new benchmark in the country. The bank's governance code comprises a number of pillars: corporate discipline, independence, and social responsibility amongst others.

Founded in 2011 and the largest niche bank in Lebanon, Cedrus Invest Bank counts on the expertise of two seasoned and well-known Lebanese bankers who set out to create a financial services provider that is global in scope whilst serving the needs of regional clients. Their vision, now implemented, was to create a full-service bank offering clients an experience that stands out in quality and ethics.

Cedrus Invest Bank has become a premier boutique bank specialised in helping high-net-worth individuals, family offices, and corporates preserve and grow their capital. The bank offers one-stop access to global equity markets, and wealth management and investment banking services throughout the Middle East and North Africa.

Clients looking for a bank with an entrepreneurial spirit similar to their own will find in Cedrus Invest Bank a dependable and highly capable partner. The CFI.co judging panel is pleased to offer Cedrus Invest Bank the 2017 Best Bank Governance Lebanon Award.

> AUKA: BEST MOBILE PAYMENT PLATFORM EUROPE 2017

AUKA

The proposition is as simple as it is profitable: the Norwegian fintech company offers banks and other financial services providers a turnkey white-label mobile payment platform that can be implemented almost instantaneously at minimal cost. The cloud-based platform offers those implementing it a competitive edge with a clear potential to increase market share.

Don't take Auka's word for it either: the company's tried and trusted technology stack has already been deployed by 17 banks and over 4,500 merchants to excellent results. Auka's mobile payment platform is used by more banks in Scandinavia than any other.

Auka provides the integrated backbone, the apps, and – crucially – the knowhow. Clients, in turn, are left to do what they do best: conduct their business and enjoy technology that adds value instead of complexity. Auka's stack is entirely built on the Google Cloud Platform. The Norwegian firm is the only one to offer a fully-regulated and compliant cloud-based financial solution using Google's state-of-the-art cloud platform. The US tech giant actively supports Auka's use of its technology and works in tandem with the firm to ensure performance excellence.

The CFI.co judging panel recognises Auka as a true fintech pioneer, driving innovation and simplifying life for both service providers and their clients. The judges declare Auka winner of the 2017 Best Mobile Payment Platform Europe Award.

> EQUITATIVA GROUP: BEST DIVERSIFIED REIT GLOBAL 2017

Tapping into the almost insatiable demand for premier real estate investment vehicles, Equitativa Group has established a number of funds (REITs) that allow investors to latch on to the dynamic property market in the Middle East and elsewhere. With a sharp upturn predicted for 2017 and beyond, the Dubai real estate market is poised for solid growth.

Equitativa Group has teamed up with a number of select developers to launch a residential trust fund that will comprise around 500 homes in Dubai and Ras Al Khaimah (RAK). The firm noted that residential yields in particular have crept up and maintain considerable upside. Floated successfully in 2014 after attaining a $270m value, Equitativa Group has consistently delivered above-average returns. The firm is well-exposed to the commercial real estate sector and also boasts sizeable holding in the educational and retail sectors.

Incorporated in 2010, Equitativa Group's portfolio represents a net asset value of almost $500m with a total portfolio value in excess of $740m. Income from property was up 18% in Q3 2016 thanks to increased occupancy rates. A financing deal with Noor Bank allows Equitativa Group to consider additional acquisitions.

The CFI.co judging panel has monitored the sustained progress made by Equitativa Group for a number of years and commends the company on its dedication to both operational and governance excellence. The judges wish to again recognise the achievements of Equitativa Group and declare the firm winner of the 2017 Best Diversified REIT Global Award.

> TAWUNIYA: BEST CORPORATE INSURANCE SOLUTIONS PROVIDER KSA 2017

Offering over forty insurance products in three distinct market segments – medical, motor, and property and casualty – Tawuniya boasts the largest range of insurance programmes available in Saudi Arabia. The publicly-traded company, founded in 1986 and now the kingdom's premier insurer, maintains an exceptionally strong financial position with ample liquidity and the attendant top credit rating – sustained for over a decade.

Recognised for its technical expertise and prompt claims processing, Tawuniya preserves a leading edge over the competition thanks to its comprehensive training programmes that keep staff abreast of new developments and product innovations. Tawuniya, one of Saudi Arabia's most admired brands, offers its products and services through a network of branches and claims centres that reaches all corners of the kingdom.

Tawuniya's investment portfolio has been brought in line with the principles anchored in Sharia Law since 2014. Leveraging the power of a customer-centric approach, the company organises a number of special programmes that offer both corporate and individual user easy access to valuable information.

Tawuniya also offers insurance products tailored to the needs of small and medium-sized enterprises (SMEs). Businessmen benefit from access to the company's vast reservoir of risk mitigating strategies, policies, and initiatives.

The CFI.co judging panel commends Tawuniya on its dedication to excellence. A winner in 2015, the company has sustained its corporate performance. The judges agree that Tawuniya again merits recognition and declare the company winner of the 2017 Best Corporate Insurance Solutions Provider KSA Award.

> QAFIS: BEST DIGITAL SECURITY SOLUTIONS EUROPE 2017

As long as a cybercriminal has obtained a user ID, the less secure bit of the login details, that individual is halfway towards impersonating his intended victim. Today's controlled-access computer systems have no way of knowing who is actually logging in. Security is derived only from the correct login details.

Dutch IT security firm QAFIS aims to change that by adding a biometric layer to security routines. By storing login credentials and biometric data on separate servers, hackers now need to force entry into two systems and, even then, must still find ways to replicate the uniquely personal biometrics of their victim. QAFIS security systems incorporate any number of biometrical markers such as eye, iris, retina, facial, 3D face, finger, finger vein, and behavioural data. The firm has also developed biometric smartcards that only function when used by their legitimate holder.

QAFIS has opted to radically depart from the convention prevalent in the cybersecurity industry. By applying out-of-the-box thinking, the firm has produced a comprehensive suite of solutions applicable to any transaction or setting calling for positive identification. QAFIS solutions such as Omni Channel are also applicable to businesses desiring to keep in touch with customers for feedback purposes and to offer personalised services.

The CFI.co judging panel agrees that individualised positive identification can help keep tabs on potential terrorists, support policing efforts, and increase overall security. The judges are pleased to offer QAFIS the 2017 Best Digital Security Solutions Europe Award.

> AYA BANK: BEST REGIONAL BANKING PARTNER SOUTHEAST ASIA 2017

A solid brand that inspires trust, AYA Bank has claimed a top spot amongst financial services providers in Myanmar with an approach that promotes financial inclusion, pushes technological boundaries, and rewards excellence. Founded only six years ago, AYA Bank has proved an almost instant hit with depositors. Last year, the bank saw its balance sheet balloon by over 50%. AYA Bank doubled its capital over the past two years and expects growth to continue unabated, or even accelerated. Management is determined to triple the bank's capital base over the next three years.

This remarkable growth trajectory is rooted in AYA Bank's dedication to people – both its own staff and clients. The bank invested heavily in human resources, forging a tight and gender-balanced team (women represent a solid 60% of staff) in recognition of the truism that a bank is only as good as its staff. Taking on board young, talented, and tech-savvy staff has allowed AYA Bank to create a dynamic professional environment that encourages innovation.

AYA Bank is also mindful of its corporate social responsibility and adheres to ESG standards. It was the first Myanmar bank to voluntarily order a human rights audit of its operations. AYA Bank welcomes clients from across the country's rich demographic spectrum.

The CFI.co judging panel congratulates the bank on its many achievements. The judges are pleased to recognise AYA Bank as winner of the 2017 Best Regional Banking Partner Southeast Asia Award.

> KGH BORDER SERVICES: BEST BORDER MANAGEMENT CONSULTANCY PARTNER GLOBAL 2017

Whilst free trade reigns supreme, governments do wish to maintain control of their borders without obstructing the flow of goods. That, however, is easier said than done. Offering custom solutions to public sector clients around the world, Swedish KGH Border Services – part of KGH Customs Services specialised in customs and trade management – delivers operational excellence in even the most challenging environments.

The company is regularly called upon by the UN, European Union, World Bank, and other multilaterals to apply its knowledge in countries desirous of improving their border management system. KGH Border Services functions as a one-stop shop, offering end-to-end solutions that include not just border management, but risk assessment, single-window, paperless processing, and IT services as well. In fact, the company covers the entire field of cross border trade management up to and including the development of custom unions, transit and trade corridor setups, and educational programmes to help implement global best practices. KGH is also the global market leader in delivering AEO programmes for compliance management, a vital part of the WTO Trade Facilitation Agreement.

KGH Border Services bridges the divide between the public and private spheres working with all stakeholders to design and implement frameworks that deliver quick results, adding value to the entire process.

The CFI.co judging panel agrees that the desired smooth flow of trade may at times offer room for improvement. The judges applaud KGH Border Services for its sustained and successful efforts at streamlining border procedures and offer the company their 2017 Best Border Management Consultancy Partner Global Award.

> ABU DHABI COMMERCIAL PROPERTIES (ADCP): BEST PROPERTY MANAGEMENT TEAM UAE 2017

Professional real estate management services aim to remove the hassle of property ownership – saving time and money. The professionals of Abu Dhabi Commercial Properties (ADCP) ensure owners and investors need not worry about the day-to-day management of their real estate. Working to the highest standards, ADCP's experts analyse each property entrusted to the firm in order to determine its optimum use and maximise long-term returns.

ADCP proactively engages with both owners and (prospective) tenants to identify areas for improvement. The company deploys its experience to extract superior performance from property portfolios. ADCP is a wholly-owned subsidiary of Abu Dhabi Commercial Bank which was charged by the government with the management of the Commercial Buildings Finance Scheme – formerly the Department of Commercial Buildings and Social Services. The bank created ADCP to handle this responsibility.

ADCP offers both construction and property management. The company currently maintains over 750 construction projects and manages in excess of five million square metres of real estate, including retail outlets, apartments, villas, offices, and industrial estates. In 2007, ADCP leveraged the branch network of its parent bank to deliver its services as part of an holistic approach to property management.

The CFI.co judging panel notes that ADCP enjoys a stellar reputation: tenants and landlords alike appreciate the company's proactive approach and dedication to excellence. The judges agree that ADCP, a repeat winner, is a worthy recipient of the 2017 Best Property Management Team UAE Award.

> ARAB FINANCIAL SERVICES COMPANY: BEST PAYMENT INNOVATION OF THE YEAR MIDDLE EAST 2017

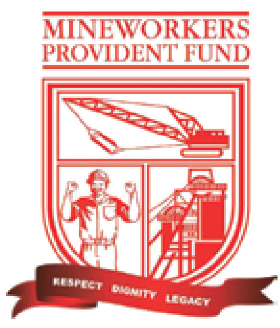
For well over three decades, Arab Financial Services Company (AFS) has been the leading provider of payment solutions throughout the MENA Region. The company, headquartered in Bahrain, is jointly owned by forty banks and other financial services providers and offers a full suite of end-to-end payment processing products backed up by two state-of-the-art data centres.

AFS clients enjoy access to payment processing solutions that drive down costs whilst boosting revenues through improved and faster customer service. More than just a service provider, AFS partners with businesses in order to offer scalable products that dovetail with client needs. As such, AFS is a partner to its clients' success, driving growth and optimising profitability.

AFS maintains a highly trained staff of seasoned professionals that allows the company to produce innovative solutions and keep its leading edge. AFS has put in place a sophisticated fraud detection system – Risknet – that mitigates risk by allowing clients to constantly monitor offline and online transactions and easily spot suspicious patterns. The company also offers a loyalty management system, advanced data analytics, SMS services, and charge back schemes, amongst others.

The CFI.co judging panel notes that AFS is a driver of mobile payment systems as well and a pioneer in the design and delivery of m-commerce services, allowing for on-the-go transactions. The judges are pleased to name Arab Financial Services Company winner of the 2017 Best Payment Innovation of the Year Middle East Award.

> MINEWORKERS PROVIDENT FUND: BEST PENSION FUND TRANSPARENCY SOUTH AFRICA 2017



Established in 1989 and with over 100,000 members and assets in excess of R26bn, the Mineworkers Provident Fund (MWPF) is one of South Africa's oldest black retirement funds. With a committee established in each of the regions where it has members, the MWPF is steered by a number of bodies that complement its board of trustees and include both members and representatives of participating employers.

Regional advisory committees keep members abreast of developments within the fund and the environment in which it operates. Regular meetings are organised by each of the nine regional committees to explain decisions, provide context, offer explanations, and answer questions from members.

Placing its members central in all operations has allowed the MWPF to increase efficiency and lower overheads. In addition to mandatory statutory audits, the fund also regularly commissions independent reviews in order to gauge performance, determine adherence to its stated mission, and benchmark results against industry peers. MWPF consistently outperforms similar funds in South Africa.

Whilst most MWPF members belong to the National Union of Mineworkers, the fund is open to all workers of the sector whose employers participate in the scheme. Others may join after obtaining approval from the board of trustees.

The CFI.co judging panel commends MWPF on its dedication to operational excellence and adherence to the highest standards of governance. The judges are pleased to offer the Mineworkers Provident Fund the 2017 Best Pension Fund Transparency South Africa Award.

> NATIONAL BANK OF GREECE: BEST CORPORATE GOVERNANCE GREECE 2017

National Bank of Greece (NBG) is a global financial services provider established back in 1841, with a 176-years history. NBG leads one of the largest Greek financial groups, with international presence including activities in Southeastern Europe and elsewhere. With a branch network covering entire Greece and subsidiaries in Greece and abroad, NBG has a global presence and offers a broad range of financial products and services.

NBG is justifiably proud of its corporate governance record. Attaching great importance to transparency of both its operations and plans, NBG has established an approach that ensures enduring success. Throughout the years, NBG has consistently rose to challenges and proved the inestimable value of solid corporate governance.

NBG Group has sound and efficient corporate governance arrangements incorporating international best practices, and centered around ensuring transparency, probity and focus on sustainable success over the longer term. A set of rules and procedures are followed, like the Corporate Governance Code and a number of Charters and Policies, incorporating Directive 2013/36/EU (CRD IV) and principles and best practices the Group applies, like Basel Committee on Banking Supervision Corporate governance principles for banks and the G20/OECD Principles of Corporate Governance.

NBG corporate governance arrangements are mirrored, inter alia, in the pioneering process the Bank followed during 2016 by publicly advertising positions both in Greece and abroad seeking candidates at the level of its Board of Directors thus enforcing an open and transparent recruitment process. Further indicative actions in applying best practices include annual evaluations of the Board of Directors and its Committees including collective performance and evaluation of performance of individual Board members and their contribution to the efficient operation of the BoD.

Further, NBG has been traditionally oriented towards contributing to society and the economy and accordingly it has taken a number of initiatives, while it has in place certain measures enhancing its Socially Responsible role and its contribution. In this context, NBG, among others, participates in a number of Associations, Unions, Organizations and Indices, it supports initiatives towards sustainable development, offers products and services targeted to the protection of the environment, proceeds in donations, while it has received a number of awards for its Corporate Social Responsibility depicting a wider acknowledgement of the Bank's initiatives in this respect.

The CFI.co judging panel has followed NBG for a number of years. The judges agree that National Bank of Greece again merits recognition for its dedication to excellence in governance. NBG is hereby declared winner of the 2017 Best Corporate Governance Greece Award.

> MOLDOVA AGROINDBANK: BEST SOCIAL IMPACT BANK MOLDOVA 2017

Moldova Agroindbank, as a joint stock company, began its activity in 1991 – a period marked by radical restructuring of the society in general and of the economy in particular. Changes occurred in the society caused the bank to adopt new and clearly defined strategies that could meet the emerging market requirements. MAIB is now Moldova's largest commercial bank. It maintains a network of over 180 points of sales that covers the entire nation.

Moldova Agroindbank conducts its business in line with corporate responsibility principles, making sure its impact on the community is managed with high responsibility. To MAIB, corporate social responsibility is a new business approach used to build relations with stakeholders.

Since 1994, MAIB partners with the European Bank for Reconstruction and Development (EBRD) to initiate and sustain programmes geared towards the capitalisation of small and medium-sized enterprises (SMEs) in recognition of their crucial contribution to the economy.

MAIB builds Moldova from the bottom up. The bank enjoys a peerless reputation for underpinning national development drives and channelling funds to sectors and entities that most effectively combat poverty and want. In particular, MAIB has invested in education and public healthcare facilities. The bank also maintains a large corporate social responsibility programme focused on skills development and the creation of opportunities for young people. This way, MAIB hopes to help reduce the number of Moldovans who emigrate. MAIB wishes them to find a better future at home.

MAIB has pioneered a number of corporate best practices – including adherence to strict ESG (environmental, social, and governance) standards. The bank also helps spread awareness in the business community on sustainability principles in order to promote corporate excellence and increase competitiveness.

The CFI.co judging panel applauds the bank for its proactive approach and recognises its outsized impact on Moldovan development. The judges declare Moldova Agroindbank winner of the 2017 Best Social Impact Bank Moldova Award.

> ROTANA HOTEL MANAGEMENT CORPORATION: BEST HOTEL MANAGER GLOBAL EMERGING MARKETS 2017

Excellence always shines through and ensures success – sometimes almost immediately. Such it is that Rotana Hotel Management Corporation, just now celebrating its first quarter century in business, managed to claim a top spot amongst the world's premier hospitality and leisure brands. The company debuted with the Beach Rotana Abu Dhabi, opened in 1993, and is now well underway to attain its corporate goal of reaching the one hundred properties milestone by 2020.

Though rooted in the Middle East and representative of the region's hospitality heritage, Rotana is expanding its footprint to include premier hotels and resorts in Africa, South Asia, and Eastern Europe. With a highly experienced management team in place and a corporate philosophy that embraces excellence to the smallest of details, Rotana has consistently registered solid growth across its diverse property lines. Apart from Rotana Hotels & Resorts, the company maintains a suite of top brands including Rayhaan, Arjaan, Centro, and The Residences catering to different segments of the travel market.

The Rayhaan Hotel & Resorts provide oases of both elegance and luxury in an alcohol-free environment – veritable havens of tranquillity. In contrast, Centro Hotels aim to provide comfort and convenience to the always-on-the-go executive.

Offering its guests a superior experience has allowed Rotana to expand rapidly without diluting the brand's dedication to quality. The CFI.co judging panel is pleased to declare Rotana Hotel Management Corporation winner of the 2017 Best Hotel Manager Global Emerging Markets Award.

> ALUMINIUM BAHRAIN: MOST INNOVATIVE ALUMINIUM SOLUTIONS GCC 2017

One of the largest industrial complexes in the Middle East and amongst the world's top 10 smelters, Aluminium Bahrain B.S.C. (Alba) is set to increase its production by 540,000 metric tonnes (mt) upon the completion of its Line 6 Expansion Project, thus bringing the Company's total production capacity to 1.5 million mt per year by 2019. Line 6 Expansion Project, upon its full ramp-up, will make Alba the world's largest single-site aluminium smelter.

Established as a Greenfield smelter - the first in the region - with 120,000 mt per annum in 1971, Alba ranks number 2 in GCC in terms of metal production with more than 971,000 million mt as of December 2016. Today, Alba product portfolio includes molten aluminium, standard and T-ingots, extrusion billets, rolling slabs and propertzi ingots. Close to 50 per cent of aluminium output is supplied to Bahrain's downstream cluster while the rest is exported to regional and international clientele in the Middle East, Europe, Far East, South East Asia, Africa and North America.

From its corporate beginnings, the Company is renowned for its premium grade aluminium products, technological strength and innovative policies, strict environmental guidelines and prominent track record for safety. The Company has consistently implemented strict Environmental, Health and Safety standards and maintains a number of large-scale corporate social responsibility initiatives across the Kingdom.

One of the blue-chip assets in the Kingdom, Alba is part of Bahrain's efforts to diversify its economy away from hydrocarbons and offer its nationals employment opportunities as well as large number of training programmes aimed to empower local youth. Known for being the Employer of Choice, close to 87% of its almost 2,700-strong workforce comprises Bahraini nationals.

The CFI.co judging panel recognises that Alba adheres to the highest ESG standards and has pioneered innovative ways to service and support a thriving downstream aluminium industry, both locally and overseas. The judges agree to declare Aluminium Bahrain winner of the 2017 Most Innovative Aluminium Solutions GCC Award.

> GE CAPITAL AVIATION SERVICES (GECAS): BEST AVIATION LEASING SOLUTIONS NORTH AMERICA 2017

GECAS, part of GE Capital, with offices in 25 cities around the world, boasts an outstanding team of aviation industry professionals ready to support the needs of some 270 airline clients based in 75 countries. The GECAS fleet comprises around two thousand aircraft and the company has 45 years of industry experience. This is without doubt the most prestigious commercial airline and helicopter leasing company in the world and has been granted this CFI.co award for the second consecutive year.

The company has close relationships with manufacturers such as Boeing and Airbus and client airlines include such names as Air Canada, Virgin and Air China. Fleet size and a comprehensive range of finance and consultancy services allows GE to help optimise client cash flow and deliver the most flexible aircraft management solutions. It should also be pointed out that the GECAS consultancy division AviaSolutions provides most effective advisory services to address client requirements.

GECAS is a pioneer in the development of purchase leaseback arrangements that can help clients to significantly improve their operational flexibility. Leases are individually tailored thus helping to preserve their clients' working capital.

The CFI.co judging panel have been impressed by the vast array of solutions available at GECAS in respect of the aircraft on offer and the team itself. Without hesitation, CFI.co confirms the award to GE Capital Aviation Services (GECAS) of Best Aviation Leasing Solutions North America 2017.

> SOCIETE GENERALE BANK – CYPRUS: BEST INTERNATIONAL COMMERCIAL BANK CYPRUS 2017

A full-service bank, Societe Generale Bank – Cyprus (SGBCy) caters to residents and non-residents alike with a comprehensive suite of products designed to simplify life, maximise returns, and empower both private and corporate clients.

Making full use of Cyprus' privileged position at the crossroads of Europe, North Africa, and the Middle East, the bank has proved instrumental in bringing international corporates to establish a presence in the island nation, helping to transform the country into the premier regional business hub. The SGBCy International Business Unit – one of the bank's core departments alongside the Corporate Unit and Private Banking – works with other Societe Generale entities across the world to offer clients access to a wealth of global financial services and markets. The bank's professionals are exceptionally knowledgeable in leveraging Cyprus' welcoming corporate climate to cross border operations and ventures, building synergies and optimising efficiency.

A subsidiary of Société Générale de Banque au Liban, SGBCy draws on thirty years of accumulated experience in global banking. The bank pursues long-term relationships with its clients in order to better understand – and meet – their needs. The SGBCy branch network covers the most important cities on the island – Nicosia, Limassol, Larnaca, and Paphos.

The CFI.co judging panel notes the holistic approach to banking implemented by SGBCy. The bank's business units work in harmony to design best-in-class solutions. The judges are pleased to offer Societe Generale Bank – Cyprus the 2017 Best International Commercial Bank Cyprus Award.

> DOHA BANK: BEST BANK GOVERNANCE QATAR 2017

Corporate governance entails more than adherence to guidelines and codes; it requires the embrace of a full set of values, placed at the core of operations, that provides a solid and well-defined platform from which business is conducted in the interest of all stakeholders – owners, employees, clients, and people in surrounding communities.

For Doha Bank, founded in 1979 and now one of the leading financial services providers in Qatar, good governance underpins the company's corporate success. Fielding its participative leadership philosophy, Doha Bank prides itself on an all-inclusive approach to business that meets the demands and requirements of all stakeholders. It also ensures Doha Bank is able to offer its clients consistently superior services.

Pursuing long-term value creation has allowed Doha Bank to avoid corporate pitfalls and stay clear of market fads. Instead, the bank, now operating in sixteen countries, focuses on the sustainability of its operations, gauging corporate performance against environmental, social, and governance (ESG) benchmarks.

Doha Bank has been recognised and praised for the transparency of its business dealings. This openness is also a key component of the bank's drive towards innovation – Doha Bank aims to offer its clients a banking experience second to none in convenience.

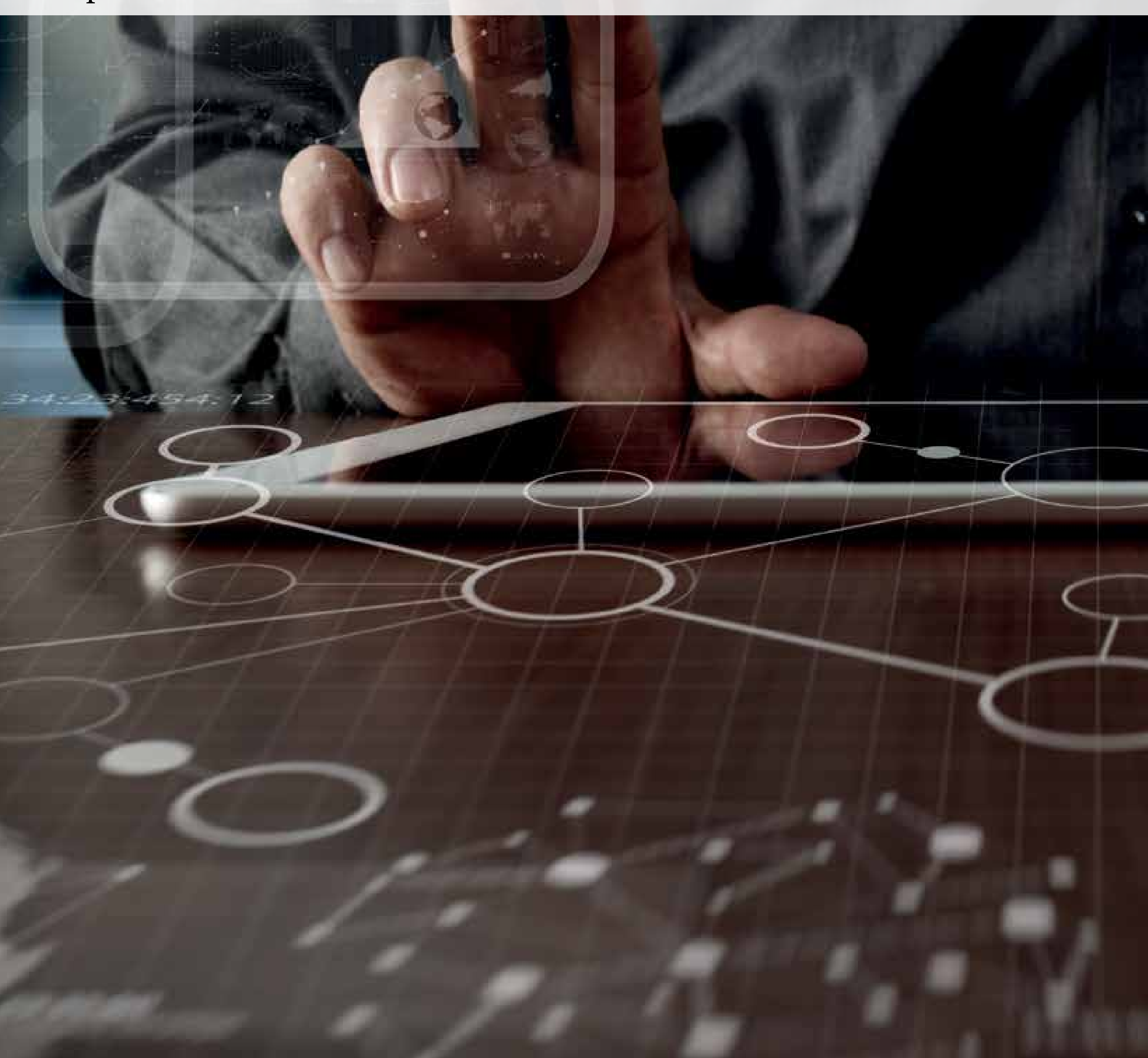
The bank maintains a number of social outreach programmes and initiatives that promote, amongst others, financial inclusion and global citizenship. The CFI.co judging panel congratulates the bank on its achievements. The judges wish to offer Doha Bank the 2017 Best Bank Governance Award.

> Africa

Tech-Savvy Millennials Shaping the Future

By Wim Romeijn

They do not need well-connected patrons – godfathers in local parlance – to succeed. In fact, they very much aim to break the present business model that depends to a large extent on knowing – and paying – friends in high places.



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
Innovation
Branding
Solution
Marketing
Analysis
Ideas
Success
Management

Afua Osei and Yasmin Belo-Osagie, cofounders of SheLeadsAfrica (SLA), want to rally millennials to take possession of their own future and use the power of technology – mobile or otherwise – to carve out a better future for themselves, and for the continent. SLA, both an online community and events organiser in Nigeria, offers practical advice on how to successfully start, run, and grow a business.

Ms Osei explains that SLA aims to offer women entrepreneurs a platform for growth: "We want to promote, uplift, and empower local talent and do that by delivering online content focused on career and business development. Moreover, SLA provides inspiration by publishing stories from all over Africa of women who succeeded in business or the corporate world, often against seemingly insurmountable odds."

From Silicon Lagoon in Lagos to Silicon Savannah in Nairobi and Silicon Cape in Cape Town, Africa is on the move, propelled by a vibrant start-up scene that – even more than elsewhere in the world – disrupts business practices and traces tech bypasses to skirt around the obstacles that have proved the undoing of classic approaches to accelerated development. Simply put: Africa's tech-savvy millennials are not willing to conform to standards that virtually ensure their countries' continued dependence on the kindness of strangers.

Africa's tech ascendancy started twelve years ago when Mark Shuttleworth founded Thawte Consulting to provide digital certificates and internet security services. Four years later, he sold his company for over half a billion dollars to VeriSign. Mr Shuttleworth used part of the money to have himself blasted off into space atop a Russian Soyuz rocket for an eight-day visit to the International Space Station, becoming the first citizen from an African country to travel to space and only the second-ever space tourist. While aloft, he had a chat with Nelson Mandela and Michelle Foster, a fourteen-year old terminally-ill South African girl who promptly asked for his hand in marriage.

Mr Shuttleworth used the lion's share of the sales' proceeds to found and fund HBD Venture Capital (Here Be Dragons) to support start-ups and, together with a number of partners, help underwrite the KINGS (Kenya, Ivory Coast, Nigeria, Ghana, and South Africa) tech wave. What sets the five KINGS countries apart, and provides a foundation for their IT prowess, is a strong or strengthening telecom sector, tightly connected to the global internet backbone via multiple submarine cables and boasting state-of-the-art mobile networks ensuring broadband availability nearly everywhere. In these countries, the telecom sector suffers only light-touch regulation and is highly

> "From Silicon Lagoon in Lagos to Silicon Savannah in Nairobi and Silicon Cape in Cape Town, Africa is on the move, propelled by a vibrant start-up scene that – even more than elsewhere in the world – disrupts business practices and traces tech bypasses to skirt around the obstacles that have proved the undoing of classic approaches to accelerated development."

competitive with a large number of operators competing for business, driving down prices in the process.

The transformation has been transformative in nature. In 2000, less than 1% of Africans owned a mobile phone; today more than 74% of the continent's around 1.2 billion people sport a mobile. Nigeria alone has close to 100 million internet users and 140 million mobile phone subscribers. This vast new universe of connected people, the first truly Pan-African market for entrepreneurs to tap into, offers a wealth of opportunity: "Venture capitalists are only now waking up to the fact that Africa nascent tech industry has virtually no downside – the only way is, effectively, up," says Kinyanjui Njonde, head of business development at event marketing platform Gigwapi in Kenya.

According to Mr Njonde, African entrepreneurs have so far noticed little of the slowdown in funding for tech start-ups elsewhere in the world. Research firm CB Insights detected a 30% drop in commitments by venture capital providers in 2016. However, African start-ups bucked the global trend and raised close to $400m last year. Though just a sliver of the $23.7bn in VC funds made available worldwide, the fact that volumes are still growing signals that the prospects for business remain excellent. Dean Sparrow, CEO of South African VC firm Capital Eye, agrees: "The outlook is positive, if not positively staggering." Capital Eye has just launched the Crossfin Fund to focus on fin-tech start-ups and with a view to complement the three businesses the firm already helped incubate.

Managing partner at Nest, a Hong Kong-based VC fund, Aaron Fu predicts that the outside world will shortly move in on the action: "Already now we can see large private equity firms setting up a presence in Kenya, Nigeria, and elsewhere to test the waters, so to say." In Kenya, Nest is incubating a start-up that sources non-traditional data to compile alternative financial assessments which can help credit providers expand their business into demographic strata not currently served. Helios Investment Partners, a $3bn UK-based private equity firm with offices in Nairobi and Lagos, recently announced its intention to build up its stake in African tech start-ups.

While Kenya enjoyed a head start thanks to its pioneering fin-tech community which spawned, among others, the M-Pesa mobile payments platform now used by more than nineteen million people, the tech wave has spread the continent. According to World Bank figures, Africa is now home to no less than 173 tech hubs. Venture capital funding is expected to rise to $600m next year with West Africa catching up fast. Nigerian e-commerce giant Jumia recently became the continent's first unicorn – a start-up valued at over $1bn. Africa Internet Group, the accelerator behind Jumia, secured funds from, amongst others, US investment bank Goldman Sachs and German incubator Rocket Internet – both financial heavyweights.

"In time, Nigeria's influence will be felt beyond Africa. The country is set to become a tech superpower in the same way China and India are today," says Jorn Lyseggen, CEO of software development company Meltwater which maintains MEST (Meltwater Entrepreneurial School of Technology) – an incubator in Accra, Ghana, which recently opened an office in Lagos. In West Africa, fin-tech in particular offers plentiful opportunities as almost 37 million Nigerians, some 40% of the country's adult population, do not yet have bank accounts. Access to high-speed internet and a reliable electricity supply hold the sector back – for now.

Rather than see a deficient infrastructure as an impediment to growth – which it effectively is – Nigerian start-ups consider such roadblocks challenges that can be used to hone their skills, improve resourcefulness, and encourage creative approaches. As nothing is handed them on the proverbial silver platter, African tech start-ups are by definition lean and mean, and agile – even more so than their counterparts in Silicon Valley.

Whilst big returns are to be expected from any investment that improves the IT infrastructure in countries such as Nigeria and Ghana – the big money is to be sourced from entrepreneurs who know how to leverage these long-in-coming advances. When in 2010, Kenya put in an almost 5,000km long fibre optic cable to multiply the bandwidth of the country's access to the global internet backbone, the profits were not merely derived from increased traffic, but came in the form of a tech revolution that created hundreds, if not thousands, new companies and offered millennials a chance at shaping their own future. ❇

> CFI.co Meets the CEO of Assupol Life:

Bridget Mokwena-Halala

In South Africa's busy life insurance market, that sees at least 52 providers vie for business, Assupol stands out not least because it boasts well over a century's worth of experience. The company is widely recognized as a trend setter, periodically shaking up the industry with new products and, most importantly, novel ways of helping clients deal with bereavement and a number of other life events such as retirement.

The company started life in 1913 as a burial society for law enforcement officers. Now open to the general public, Assupol has remained true to its corporate leitmotiv - serving those who serve - denoting the company's continued dedication to operational excellence. This entails much more than offering standard products at set rates: We insist on maintaining the closest possible proximity to our clients, 'explains," Bridget Mokwena-Halala, CEO of Assupol Life.

"Knowing your market, and your clients, is of paramount importance as our products need to dovetail precisely with demand. Also, an insurance company must at all times have a thorough understanding of the challenges both present and future, faced by the people its aims to serve. At Assupol we take our services to the people either via our large network of branches and agents or by dispatching mobile offices to underserviced communities. In emerging markets such as South Africa, most people dislike dealing with distant companies over the phone or by email; they'd much rather have a face-to-face meeting with a knowledgeable company representative to ask questions, dispel doubts, and discover how a given product can help them cope better with their specific circumstance. Call centres have their uses, but in our experience, majority of our clients and prospective ones much prefer face-to face interaction. We however, have a strategy to service those clients who prefer other methods of interaction; technology and the call centre.

Assupol's dedication to service excellence finds its origins in South Africa's highly competitive and fairly saturated insurance market: the penetration of funeral coverage presently borders 55% - 7.6 million policies distributed over a universe of around 14.5 million households. This means that only those insurers that excel are likely to gain market share. Assupol has long been aware of the need to keep a leading edge. To that end, the company introduced an efficient way of processing claims - funeral and savings claims are finalised within three hours from the moment of submission, payment is thereafter done within a few hours.

CEO: Bridget Mokwena-Halala

The streamline system, supported by a new and powerful IT backbone, revolutionised the industry and took competitors by surprise: 'As an insurer, you make a promise to your client. We want to honour that promise instantly because each time a claim is received our hard- fought credibility is, essentially, on the line. It is only logical for us to speed up the entire process not only because Assupol wants to honour its word, but also because we recognise that the claimant is facing a difficult time, and faces immediate expenses, and cannot reasonably be expected to deal with all sorts of bureaucratic minutiae. That claimant just wants us to offer help in a time of need. It is what we are there for and what we aim to do."

Mrs. Mokwena-Halala reports that the company's agents provide an encouraging volume of positive feedback. "Assupol gets it right. That's the feedback from independent brokers with whom we contracted with. Independent brokers compare our services with that of our competitors they have contracts with; their feedback is valuable. It also explains why Assupol has managed to extend its reach to other markets. This is relatively a new demographic for the company, but it moved in our direction because we deliver value for money services.

In fact, it was thanks to Assupol's excellent offerings and service that Mrs. Mokwena- Halala moved from a career in Government to pursue one in the insurance industry. While serving as the area head of human resources in the South African Police Services, she constantly turned to Assupol for help when her staff members who were Assupol policyholders had financial difficulties or bereavement. In 1995, her relationship with Assupol was formalised and she was appointed as a part-time advisor. In 1999, Mrs. Mokwena-Halala was offered a full time position to join the Assupol management team and she quickly rose through the ranks. 'The secret of success is not that secret: it just requires dedication, attention to details, eagerness to learn, being a team player and plenty of hard work. Assupol differs from other insurers in that the company proactively reaches out to smaller rural communities in order to offer direct access to its clients. We help people save, plan for retirement, and obtain funeral and other risk insurance. We take the time to explain our products and how they can contribute towards personal growth and stability. The face-to-face interaction provides a platform for our advisors to educate the clients on personal finance planning and management. That way, Assupol contribute towards increasing South Africa's domestic savings rate and help families plan the future." ❇

> **Assupol:**

Sustaining Momentum

Assupol is a leading authorised financial services provider offering funeral, life, savings, and retirement annuity products, primarily to the emerging sector of the economy.

Established in 1913 as a burial society for members of the South African Police Service, Assupol has grown into one of the leading providers of life insurance products to the broader market, focusing on "serving those who serve". Today, after 104 years of serving the South African communities, Assupol has become a household name synonymous with unparalleled service and affordable, relevant products to our chosen markets.

Assupol has been recognised for the third year running by Capital Finance International (CFI.co) as the Best Life Assurer Southern Africa. Capital Finance International is a leading finance publication based in London which focuses on news, analysis, and commentary relating to business, economics and finance worldwide. Assupol is proud to have been awarded this prestigious award.

Assupol's effective and professional sales team is accessible through an extensive branch network countrywide.

VALUE PROPOSITION

Since 1913, Assupol has grown to become trusted leader in its selected markets. The company prides itself in knowing what the emerging market needs. Assupol pays valid funeral claims within 48 hours or sooner, offers affordable, innovative, and relevant products, and is transparent in its selling process and fair in its dealings with clients. In addition, Assupol is accessible through its extensive nationwide branch network.

THE GROUP AT A GLANCE

Assupol Holdings is the holding company of the Assupol Group of Companies. The group operates through two wholly owned subsidiaries, namely Assupol Life and Assupol Investment Holdings (Pty).

Assupol Life is a life insurance company registered in terms of the Long-Term Insurance Act. It provides affordable funeral, life, savings, and retirement products primarily to the emerging segment of the South African market.

Assupol Investment Holdings (Pty) is the investment holding company. It holds the group's strategic investments.

> "Highlights over the last financial year for Assupol Life included increasing individual sales by 37% and positive book growth of 16.8%."

Cornerstone Brokers Corporate (Pty) was established in 1995. It offers affordable funeral cover primarily to pensioners who receive a social grant from government.

A WORD FROM THE CEO

Despite another year beset by challenges at both local and global level, including economic weaknesses, distressed financial markets, increased competition, and pressure on consumers' disposable income, Assupol is pleased to announce that Assupol Life has continued with its positive trend of excellent results for the 2016 financial year.

The continued success can be directly attributed to the growth strategy set in motion during 2014, centring on three operational pillars: sales, efficiencies, and ratings. Focus on these areas with the support of a high-quality support team, as well as strong products and services, have cemented the company's establishment as a well-known and sought-after brand.

THE YEAR IN REVIEW

Building on the consistently strong performance of the traditional field distribution channel, and the successful implementation of a revised strategy around the direct distribution channel, has paid dividends, increasing sales by a staggering 257% when compared to the 2015 financial year, and contributing 20% towards total sales for the first time in history. Jointly, the field distribution and direct channel increased sales by 37% for the current financial year.

The alternative distribution channel's performance seems to be on track, and the company looks forward to seeing its positive contribution moving up.

Due to regulatory-related concerns, the group schemes business remains challenging, with the exception of the Cornerstone Scheme, which continues to add significant value to the business.

Assupol Life maintains its market diversification efforts, both within and outside the public sector. A significant milestone last year was the realisation of the corporate goal of owning 25% of the government market. Assupol can confirm that this position has been further improved upon into the 2016 financial year. Not only did the government payroll headcount increase over the year, but the company also managed to increase its market penetration to 26%.

Moreover, the non-government salary stop order (including private companies, parastatals and debit order business) increased by 368% and 110% respectively albeit from a low base. And while the lapse issue related to government employee resignations remains, the trend seems to be stabilising with the increase in lapses during the year under review increasing by 12%, significantly lower than the 2014 and 2015 financial years, and the in-force book growing by 16.8% over 2016.

Driving operational efficiencies has enabled Assupol to remain competitive in an aggressive environment, not only by reducing costs but also by enhancing its customers' experience.

As a proudly customer-centric company, Assupol Life's policy is to settle valid funeral claims in record time to alleviate pressure and concern from the family. The company is pleased to announce that, over the period under review, it paid R1.102 billion in benefits, an 11% increase on the previous financial year. Of the valid funeral claims submitted, 87% were paid within 24 hours.

HIGHLIGHTS OF THE 2016 FINANCIAL YEAR

Highlights over the last financial year for Assupol Life included increasing individual

Headquarters: Assupol

sales by 37%, a positive book growth of 16.8%, and reducing renewal costs from R307 to R298 per policy, which in particular demonstrates greater efficiencies.

Furthermore, as a result of the unique On-Call Plus product, Assupol has been selected as one of the three finalists in the Accenture Innovation Index competition, while also increasing the number of lives insured adding the On-Call Plus benefit by 167% to just under 312,000 as of 30 June 2016.

An externally managed customer satisfaction survey undertaken during the year under review revealed that customers are generally satisfied with Assupol's services and offerings, with sales process scoring 85% and the overall score reaching 79%.

CONTINUED INTERNAL FOCUS

Assupol Life recognises the critical role that its staff and representatives play in the success of the business.

In line with this, an external service provider, PureSurvey, was commissioned during 2016 to conduct a staff engagement survey. The overall score achieved was 76%, firmly placing Assupol within the "top company" category as an employer of choice.

MOVING FORWARD

While market conditions are not likely to improve during the 2017 financial year, Assupol Life embraces the challenges of the new year head-on, with all of the correct elements in place to maintain its excellent results.

Business retention will continue to be a core focus of the organisation, as well as the emphasis on improving efficiencies and customer experience. Part of this will be identifying the use of technology as an enabler. The company is currently in the process of running a number of projects to achieve this.

As from 1 October 2016, a revised strategy for group business was implemented. This new approach will see the company exit from the funeral parlour business, with the retention of only a few selected funeral parlours administered by intermediaries that meet our stringent profit, customer services, and compliance standards.

In addition, the company is pleased to note that the board has approved the establishment of an Innovation Hub to support the corporate growth strategy. Amongst other benefits, the Innovation Hub will consider distribution opportunities to alleviate pressure from the existing channels.

As a financial services company, Assupol Life operates within an environment that is governed by an ever-evolving regulatory framework. The latest changes, which include a new Long-Term Insurance Act that will be promulgated during 2017, are carefully monitored for possible new opportunities.

Assupol looks forward to embracing the next financial period with renewed enthusiasm and confidence. ❇

> Concord International Investments Group: Bullish on Egypt

Since the Arab Spring uprising of 2011, Egypt has been going through a reform programme that targets the floating of the EGP/USD exchange rate and a reduction of subsidies. This was definitely a brave move that challenged deep-rooted social barriers that have been in place for decades. Since then, total inflows into the Egyptian banking system have reached $9bn. Remittances from expatriate Egyptians rose 11.8% in Q4 2016. Total remittances for that quarter amounted to $4.6bn, up from $4.1bn for the same period of 2015.

Around 72% – or $3.3bn – of Q4 remittances were sent after the float. In addition, Egypt has cleared the backlog of investors seeking to repatriate funds – a further indication that the shortage of hard currency which crippled the economy is easing. Foreign holdings of Egyptian treasury bills have grown since the pound was floated, whilst renewed trust in the currency has sent billions of dollars into local banks.

Foreigners held EGP 10.2bn ($540m) worth of T-bills in December, citing central bank data and without specifying how much of that sum came from new inflows. In addition, the $4bn tranche of Egypt's Eurobond, which was 1.6 times the initial targeted size of the $2.5bn tranche, has been more than three times oversubscribed, with total subscriptions in excess of $15bn, confirming the confidence in the Egyptian economy. Net international reserves reached $28.6bn in May 2017 compared to $24.3bn at the end of December 2016.

This reflects the investors' confidence in the actions taken to restructure the Egyptian economy. The message must be spreading. In 2016, Egypt was included amongst the top 10 emerging markets. Recent trading shows the clear return of foreign funds to the market, with Egypt's index climbing over Q1 2017. Egypt is a country that offers diversified investment opportunities both in terms of sectors and size of investments (from small undertakings to mega projects) which makes it an attractive target for all different types of private equity funds.

Egypt has been spending highly in the last six years. Demand exceeded the domestic production over the period 2011-2016, leading to high inflation levels. Accordingly, the government programme aimed to reduce the budget deficit that had widened in the last few years, which went hand in hand with unshackling the exchange rate. Accordingly, the EGP floatation had an impact on local consumption, purchasing power, and spending patterns.

Class A was not really affected, which was clear in sectors such as real estate, where sales increased post floatation and prices were lifted by 25-30%. Large ticket items such as housing witnessed a growth of 10-15%. On the other hand, small ticket items such as food witnessed volume declines. There was the initial shock phase and and a later one: price hikes were duly absorbed and volumes started to pick up, but did not reach their normal levels. This means that consumption patterns started to change to represent the actual needs.

With a population of 93.4 million, 300,000 marriages per year, and 28.8% of the population below the age of 30 years, there is a strong demand most of the sectors, and shortage in others. This will fuel the growth in local consumption for the few coming years as the 93.4 miilion need housing, healthcare, education, consumption, roads, infrastructure, etc.

Various deals have been taking place in the private equity sector. Additionally, the stock exchange celebrated a number of attractive IPOs. These deals support Mr Younes' assertion that Egypt has the opportunities and the cash available for a thriving private equity scene. The Concord International CEO explains: "The Egyptian economy is very strong, despite everything reported by international media."

After the floatation, in 1Q 2017 companies' earnings underscored the fact that the Egyptian economy is solid and offers ample room for growth: "It was surprising how companies managed to pass on the increase in production cost and still realise solid and lucrative margins."

Foreign investors are discovering what Egypt has to offer. Mr Younes noted that the Egypt Stock Exchange now sees about 30% of its transactions come from outside the country, both from individuals and institutions.

With a particular strength in Egyptian securities, Concord International works with a number of key institutional players investing in Egypt, and has noted a considerable uptick in activity. The firm's New York office has seen an increased interest in Egypt-based investment options with its Cairo office providing the research critical to supporting major investment opportunities. For mid-range and individual investors, Concord has launched mutual funds – a relatively new offering in the market that will open up untapped investment opportunities.

Concord International remains committed to Egypt because there is a strong demand in almost all sectors as the 2011 uprising created additional pent-up demand. The firm views Egypt as a market that still harbours a number of attractive investment opportunities. ❇

"Foreign investors are discovering what Egypt has to offer. Mr Younes noted that the Egypt Stock Exchange now sees about 30% of its transactions come for outside the country, both from individuals and institutions."

> CFI.co Meets the Director General of Senelec:

Mouhamadou Makhtar Cissé

Director General: Mouhamadou Makhtar Cissé

Mouhamadou Makhtar Cissé has served as director general of Senegalese power company Senelec since June 2015. Mr Cissé previously served for five years as the director general of Customs of Senegal, during which time he also served for a time as minister of Budget. He previously spent eight years with the Inspectorate General of State (IGS), and as chief of staff to the president of Senegal.

Before joining the IGS, Mr Cissé filled several roles at the directorate general of customs including acting chief of the Office of Legal Affairs and Litigation and assistant to the general administrator in the Directorate of Intelligence and Fraud Prevention. Mr Cissé also worked as regional customs auditor and customs inspector. For over a decade he taught, part-time, the economics of customs duties and techniques of international trade. Mr Cissé also served as chief of staff to the minister of Fisheries.

Mr Cissé attended the national École Nationale d'Administration before he began his career practicing law in Dakar. Mr Cissé holds a Masters of Law in Business Law from the University Cheikh Anta Diop in Dakar and a Masters in Political Science, Finance, and Public Management. He is a member of the Dakar Bar Association. Mr Cissé is also a graduate of the National School of Administration and the academy Prytanée Militaire de Saint-Louis.

His distinctions include the Knight of the National Order of Merit and the Knight of the National Order of the Lion, the Medal of Honour of French Customs and the Medal of Honour of Senegalese Customs, and a Certificate of Merit of the World Customs Organization. In 2012 under his leadership, the customs office received the United Nations Award for Public Service with respect to the GIE GAINDE 2000 automated trade clearing system. Most recently, the Mouvement des Entreprises du Sénégal business association named Mr Cissé Best Male Manager of 2016. ❇

> Baron Forex (BFX):
Forex Pioneer in MENA Region

Baron Forex (BFX) was created to address the increasing demand in Tunisia and the wider MENA Region for education in currency and futures trading from both professional and retail investors. BFX management, and the firm's analysts and professional educators, identified the need to properly prepare the first generation of forex traders as Tunisia prepares the opening of its financial system and enters the global foreign exchange market.

BFX has gained the confidence of the market room chiefs of all major Tunisian banks, and of their traders and heads of risk departments. The firm introduced a new forex advisory service and launched an innovative professional forex advisory tool.

The competence and market experience of the BFX team of analysts, headed by CEO and senior forex trader Mokhtar Darmoul allowed the firm to consistently raise the performance benchmark for returns on its forex investment portfolio. BFX not only provides timely and detailed market analysis, but also signals its clients when trading opportunities arise.

Whilst BFX is focused on meeting the needs and requirements of large institutional investors, the firm also offers its suite of services to retail clients. BFX helps financial institutions with their settlement, netting, and clearing needs. The firm also facilitates margin trading with proprietary best order techniques and algorithms in order to optimise portfolio performance.

Over the years, BFX has aimed to empower forex money managers and cross border financial services providers by offering superior forex advisory services and delivering optimised returns – meeting or exceeding targets – and broadening the firm's client base in the process.

BFX was set up in 2011 with a view to help Tunisian traders gain a deeper understanding of global market dynamics and expand their skill set. The firm has been engaged by local banks to help their professionals obtain a deeper understanding of market trends. BFX also helps traders from across the Middle East and North Africa hone their skills and has welcomed traders from Asia and Europe as well.

The firm's forex advisory tool, the BFX Market Positions Tool, enabled investors to boost their performance to record levels in 2016 and 2017 with some FX assets reaching 90% of winning orders thanks to continuous intra-day work.

CEO and Senior Forex Trader: Mokhtar Darmoul

BFX is in the process of expanding its highly specialised training programme in order to reach out to financial institutions and clients outside Tunisia. The firm's mission is to become a top global forex services provider with a global reach. The upcoming legalisation of Tunisia's forex market, which will result in the convertibility of the Tunisian dinar, open up a wealth of new opportunities, including the launch of a trading and clearing house and the provision of credit lines to local banks under the supervision of the country's central bank. ❇

> TrustBond Mortgage Bank:

Providing Real Estate Finance Solutions

A dilemma sometimes occurs in real estate development that affects developers and potential homeowners. It concerns deferred balance payments made by the potential homeowners having provisional allocation at the risk of developers' inability to continuously fund the completion of housing units.

In Nigeria, TrustBond Mortgage Bank provided a way out of the dilemma with its I Val Mortgage.

I Val is one of the innovative mortgage and real estate finance solutions developed by TrustBond. This special product seeks to address the payment of outstanding balances from subscribers through a convenient repayment plan at an affordable mortgage interest rate agreed between developers and TrustBond over an agreed period of time. The end result is a convenient payment approach for potential homeowners and collection strategy for developers alike.

As a national mortgage bank offering mortgage, real estate finance, and financial advisory services, TrustBond supports people in their struggle to gain stability through home ownership, making it possible for them to have a tangible stake in the country's development.

SERVICES

TrustBond constantly challenges itself with customer-centric standards of quality service delivery and a relentless dedication to offering innovative mortgage and real estate finance solutions.

The bank's strategic alliance and collaboration with key players in the mortgage subsector has made it the go-to mortgage bank in Nigeria thanks to its consistent involvement in various housing pilot programmes in both the public and private sectors.

> "TrustBond is in the forefront of market development initiatives to improve the mortgage landscape and home ownership rates."

TrustBond makes housing finance easy through:

- Real estate construction finance
- Housing estate improvement
- Property refinancing
- Employee mortgage facility
- Home ownership scheme
- Home improvement
- Rent loan
- Endowment savings
- Target investment

WHY TRUSTBOND

Resilience is its forte – against all odds, TrustBond breaks barriers. The company has over 100 years combined management experience in providing real estate finance solutions with seasoned professionals. The bank's commitment to best practices in enterprise risk management and corporate governance standards enhanced the rating awarded by external rating agencies and earned it a good reputation among key stakeholders.

TrustBond is in the forefront of market development initiatives to improve the mortgage landscape and home ownership rates. Besides its strong capital base, TrustBond has capacity to refinance large portfolio of mortgages with the Nigeria Mortgage Refinance Company, the premier mortgage refinance company of the country. The bank is highly committed to excellence in customer service and displays tenacity to deliver on promises as it proudly tells its customers "… we've done your homework."

HISTORY

Established in 2003 as Partnership Savings and Loans, a subsidiary of Gateway Bank, TrustBond has a long history. Intercontinental Homes Savings and Loans emerged in the wake of the recapitalisation of Nigerian banks in 2005 on the acquisition of the parent bank by Intercontinental Bank. Thereafter, the mortgage bank was converted to a public limited liability company in 2007 after a successful private placement offer. Again in 2011, the erstwhile parent bank was acquired by Access Bank.

In compliance with the directive of the Central Bank of Nigeria on commercial banking licenses, Access bank divested from the mortgage bank in 2013. This divestment led to the transformation of the mortgage bank to TrustBond Mortgage Bank Plc. On recapitalisation, the bank, in line with new regulatory requirements, consolidated on its operating license to emerge as a national player. ❇

> "As a national mortgage bank offering mortgage, real estate finance, and financial advisory services, TrustBond supports people in their struggle to gain stability through home ownership, making it possible for them to have a tangible stake in the country's development."

> CFI.co Meets the CEO of Mineworkers Provident Fund:

Mkuseli Mbomvu

Since 2012, Mkuseli Mbomvu is the chief executive officer (CEO) of Mineworkers Provident Fund (MWPF). Before that, he held various senior leadership positions between Old Mutual and Sanlam and has been in the industry for the past twenty years. Mr Mbomvu is a proud member of, and active contributor to, industry bodies such as ABSIP and BMF. He is also a board member of the Fairheads Beneficiary Fund and chairman of MCTF. Mr Mbomvu holds a BBA-UNISA, SMDP-USB, and a Channel Leadership Degree from INSEAD.

"MWPF remains the backbone of the South African economy."

MWPF is one of South Africa's oldest black retirement funds within the financial services industry and is counted amongst the top ten largest funds in the country. The fund's focus has been on improving investment returns, streamlining administrative processes, and establishing effective corporate governance. The fund is now one of the few financial services companies that truly understands the needs of the working class.

MWPF remains the backbone of the South African economy. The fund was created as a vehicle that would ensure that its members retirement benefits are of the highest standards. This commitment to excellence is embedded in the fund's ethos and values, and permeates through all its strategic objectives. Throughout the years, MWPF has focused its efforts on ensuring that the fund remains true to its founding principles of treating members with respect, restoring their dignity, and creating a lasting legacy.

Mr Mbomvu is currently spearheading the transformation agenda through empowering emerging black asset managers. He is focused on creating innovative and conscious investment products aimed at improving the lives of members in a sustainable way. ❇

CEO: Mkuseli Mbomvu

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> CFI.co Meets the Chairman of Résidences Dar Saada:

Hicham Berrada Sounni

Chairman: Hicham Berrada Sounni

Hicham Berrada Sounni, 44, is a Moroccan business executive. He currently serves as the chairman of Résidences Dar Saada and the first vice-president of B Group (formerly Palmeraie Holding) which comprises various successful ventures operating in manufacturing, distribution, hotels and luxury real estate, and social and economic housing such as Groupe Palmeraie Développement, Résidences Dar Saada, Uni Confort Maroc Dolidol, Layalits, Palmeraie Hotels & Resorts, amongst others.

B Group was founded by Mr Berrada Sounni's father, Abdelali Berrada Sounni, who launched his first entrepreneurial undertaking as early as 1962, operating in the shoes and leather goods industry. Ten years later, operations grew to span the bedding and polyurethane foam businesses until 1980, when the group reached a clear strategic milestone with the launch of its real estate activities.

Indeed, the B Group pioneered residential complexes in Morocco. Its most famous project is located in Marrakech and delivered in 1988 – Les jardins de la Palmeraie. In the 1990s, the group became one of the established leaders in the tourist real estate market with Palmeraie Hotel which boasts a private golf course – a first in Morocco. In 2001, the family group launched its social and economic housing subsidiary, Résidences Dar Saada which soon became one of the most successful ventures of the group and attracted local and foreign institutional investors. The company went public in 2014.

Mr Berrada Sounni, after attending University of California, Los Angeles, where he earned a bachelors' degree, started his career in 1991 at Groupe Palmeraie Développement where he contributed to the rise of the manufacturing segment and to the creation of company's high-end real estate segment. He was also instrumental in the launch of the social and economic housing division. As of today, Palmeraie Développement generates more than MAD 4 billion (approx.. $400 million) in revenue and employs over 2,000 people.

Mr Berrada Sounni has deployed his expertise to draw up a mid- and long-term strategy for the company and contributes actively in screening, finding, and closing land acquisition deals. He also made innovative choices and set high standards of governance by assembling young and highly qualified teams and inviting minority shareholders and independent experts to join the company's board. ❇

> **Résidences Dar Saada:**

Unparalleled Experience in Social Housing

Résidences Dar Saada is the social and intermediate housing arm of Palmeraie Développement, launched in 2001 and owned by B Group. In order to design successful social and intermediate housing projects, B Group management leverages more than forty years of real estate experience which offers the firm a significant competitive advantage across the value chain – from land acquisition to delivery.

In 2011, B Group decided to open the capital of the firm to local and foreign institutional investors through a private placement. The group went public in 2014 in an effort to foster openness and transparency. With the IPO the firm was able to raise MAD 1.1 billion by way of a 20% capital increase.

Résidences Dar Saada operates primarily in the social housing sector. A myriad of housing policies has been implemented since the Moroccan independence to upgrade informal settlements and address substandard housing issues. In particular, the impetus provided by the national programme Cities without Slums has stimulated creative thinking regarding housing finance.

As a matter of fact, the Moroccan government has put in place numerous incentives to spur the production of social housing in Morocco. In 2010, the budget bill provided a favourable fiscal environment for both developers and buyers of social housing. Today, a social housing unit has a variable price that cannot exceed MAD 250,000 ($25,000) for a total surface of 50-60m².

Government waves VAT for the buyer provided he/she does not own another dwelling and commits to use the unit as a primary residence for at least four years. Government waives taxes and administrative costs for developers as well as, provided they have an agreement with the state to build at least 500 social housing units in a five-year period.

Résidences Dar Saada managed to increase its deliveries seven-fold in seven years, growing from 896 units in 2009 to becoming the second largest operator in the Moroccan social and intermediate housing market with deliveries totalling 6,761 units in 2016. The young developer has leveraged the experience curve of the sector by concentrating projects in the high-demand regions, and adopting sound risk management strategies for all of operational, commercial, and financial practices. Indeed, Résidences Dar Saada finances its undertaking using project finance debt which ensures proper risk management of the underlying project. It is worth noting that the company has pioneered this practice in the sector.

The operator also enjoys high visibility thanks to a large number of pre-sales. Indeed, the firm pre-sold more than 10,000 units in 2016, securing around 1.5 years of revenue. Regarding the projects currently under development, these are mostly located in the Casablanca-Rabat corridor – the region where the employment landscape creates a sizable pool of demand. It is worth noting that obtaining access to land in this area can represent a truly gargantuan task for developers. Nonetheless, the firm has a clear competitive advantage thanks to its long experience in land acquisition.

Furthermore, the product design of Résidences Dar Saada has proved very appealing. In fact, projects are built like small cities favouring community life. This has become important in a context where demand is new much more selective than a few years ago. Last but not least, the operator's projects boast an eco-friendly design and include, amongst others, the planting of a tree for every dwelling delivered.

Today, Résidences Dar Saada has delivered more than 26,000 units with a satisfaction level reaching almost 90% and enjoys a very strong brand image, as well as excellent relationships with its contractors. The success achieved in Morocco is to be replicated in the country's intermediate housing segment as well as elsewhere in Sub-Saharan Africa where the Moroccan social housing model is highly regarded.

Investors have been most appreciative of the keenness of management to build trust and maintain proximity with shareholders and the market via frequently updated operational and financial reports. As a result, Résidences Dar Saada today enjoys an excellent track record. ❇

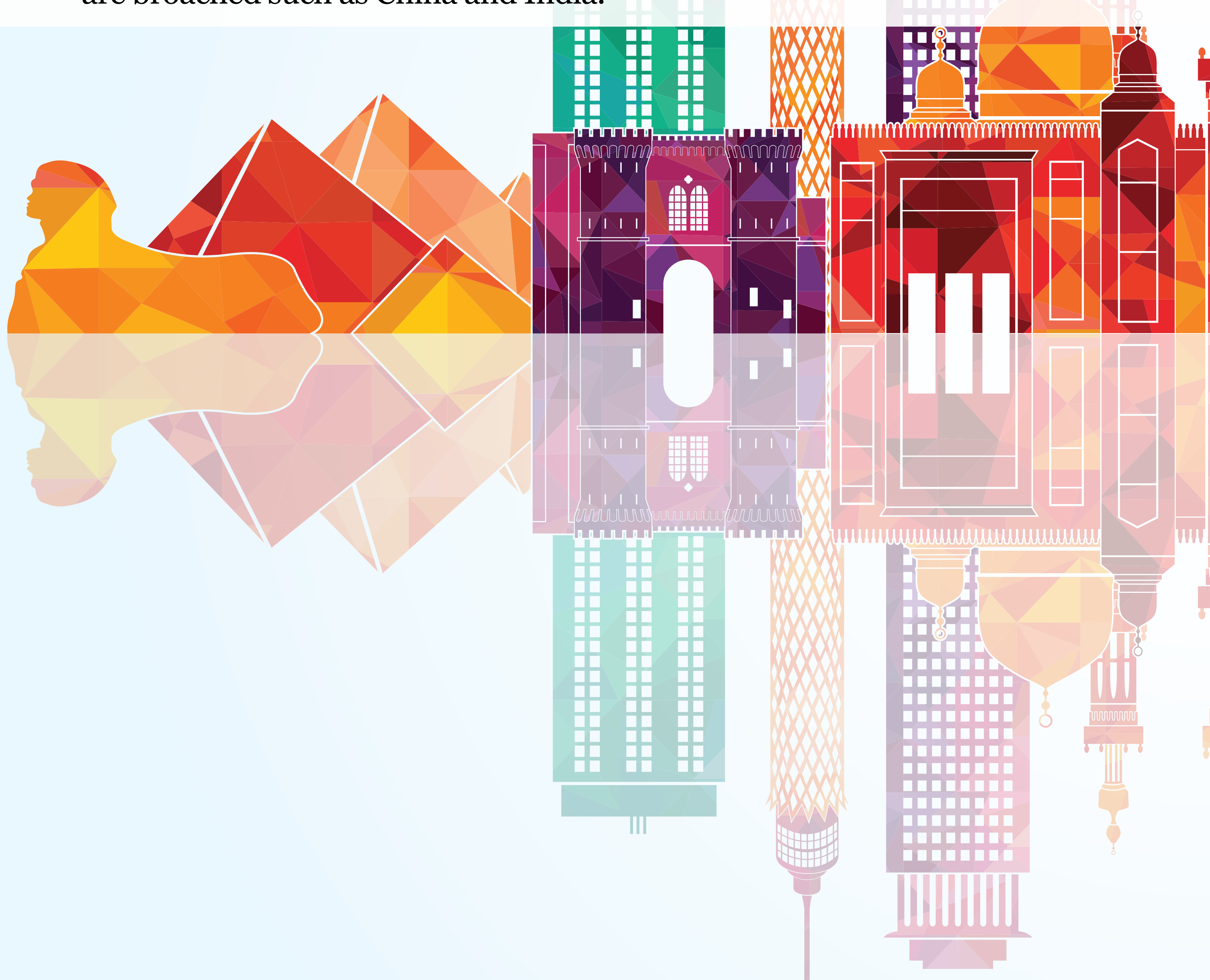
"Today, Résidences Dar Saada has delivered more than 26,000 units with a satisfaction level reaching almost 90%."

> Middle East

Egypt: Proving Opportunistic Investors Wrong

By Wim Romeijn

From a high of nearly fifteen million in 2010, the number of tourists visiting Egypt has dropped to barely five million last year. The hospitality sector used to account for up to 13% of GDP and was a key generator of jobs. However, tourism minister Yehia Rashed expects visitor numbers to go up as Russian airlines resume service to the country – curtailed in the wake of the 2015 downing of a charter plane over the northern Sinai - and new markets are broached such as China and India.



This year was off to an excellent start as arrivals registered a double-digit increase (+46% in March 2017 over the same month last year) and tourism receipts bounced back, passing the $1bn mark earlier this year as visitor cautiously return to the Red Sea resorts – enticed, perhaps, by deals too good to ignore.

The threat of terrorism – never far away – and the continuing political unease – simmering just below the surface – have not only kept tourists away in 2015 and 2016, but investors as well. Notwithstanding pledges made during a series of conferences and expos that showcased the many opportunities the country has in store, FDI volumes last year shrank to $6.8bn, down from a peak of $13.2bn in 2008.

However, investors are now also returning to snap up a few excellent deals. So far, they poured an extra $1.2bn in Egyptian treasury bills. "Given the size of Egypt, its demographics, the level of education, and the low-hanging fruit of reforms: in terms of long-term opportunity, the country is one of the big ones," says Andrew Brudenell, a frontier markets analyst in London.

The watered-down but nevertheless promising reform package the Al-Sisi Administration managed to push through the country's recalcitrant parliament have prodded the economy back to life with GDP growth jumping to a healthy 4.3% annualised clip. A $12bn three-year credit facility offered by the International Monetary Fund (IMF) has also helped put the Egypt on the road of recovery. The current account deficit narrowed to just shy of $5bn as exports picked up in the wake of the central bank's decision, early November, to end the currency peg of EGP8.8 to the dollar and scrap the $100,000 limit on currency transfers. Since the float, the Egyptian pound lost around half its value, revitalising the debt market, boosting the stock exchange, and pulling in remittances from the country's large diaspora.

Minister of Planning Hala El-Said is optimistic and convinced that a corner has now been turned: "There are positive signs of economic recovery, including the improvement of the trade balance, increasing FDI, lower inflation rate, positive growth rates for manufacturing, extraction industries, and ICT." Mrs El-Said assured that the government is well on track with its Egypt 2030 Vision and aims to prioritise human development, targeting unemployment, currently standing at 12%, in particular.

Renewed investor appetite may, however, be merely opportunistic in character and not necessarily indicate confidence in the country's ability to push through economic and administrative reforms. Though the package now sanctioned by parliament contains all the right ingredients, its full implementation is not a done deal and requires a regulatory framework that may still be years in the making.

"Egypt's new investment law aims to cut the Kafkaesque amounts of red tape investors have cut through, often involving upwards of fifty government agencies and departments – each with its own, jealously guarded, prerogatives and procedures."

Egypt's new investment law aims to cut the Kafkaesque amounts of red tape investors have cut through, often involving upwards of fifty government agencies and departments – each with its own, jealously guarded, prerogatives and procedures. This Byzantine maize inhabited by pencil pushers and rubberstamp men is to be replaced by a streamlined one-stop investor desk which has just sixty days to process an application after which the necessary permits are automatically granted. Companies venturing into underdeveloped areas such as the Upper Nile Valley enjoy a 30% to 70% discount on their tax liabilities during the first seven years. Additionally, the law enables free zones to be set up that are exempt from both taxes and import duties.

President Al-Sisi's recent crackdown on activists and his determination in quelling dissent is seen by most investors a sign of the government's commitment to its reform agenda. "In the past year or two, Egypt has pushed through some very bold reforms and I think President Al-Sisi deserves credit for what he is trying to do," says Thomas Vester of the frontier markets team of BMO Global Asset Management which has significantly increased its exposure to Egypt.

Other analysts are more bearish and see little reason to believe that the current upswing can be sustained, ignoring what some see as Egypt's trump card: its as yet uncashed demographic dividend. With over 88 million people, the country's population is expected to reach 140 million by 2050, according to UN estimates. Whilst the high fertility rate horrifies planners, investors find plenty scope for business. "Demographics are the most powerful source for growth," says Akhilesh Baveda, MENA portfolio advisor at Charlemagne Capital: "As a nation, Egypt has a long, strong identity. The future may not be perfect, but demographics will bring things back."

Meanwhile, President Abdel Al-Sisi travelled to Germany in early June to take part in the G20 Africa Partnership conference – a prelude to the G20 summit scheduled for July 7-8 in Hamburg – to highlight Egypt's resolve in awarding outside investors the red carpet treatment as evidenced by the new investment law. German economy minister Brigitte Zypries welcomed the initiative but emphasised that the country needs to strengthen the rule of law and allow for greater religious freedom if it wants to be on the receiving end of a steady and significant investment flow: "We believe that stability and growth must be connected with an open society, with open dialogue, with the rule of law, and religious pluralism."

In Germany, Chancellor Angela Merkel welcomed dozens of African leaders to Berlin for the conference and questioned, in her opening address, the industrial states' current top-down approach to development: "In the future we must not talk about Africa, but with Africa." Instead of aid projects, the chancellor spoke of "exporting" capital, prompting the self-described liberal-cosmopolitan Die Welt newspaper to suggest in a leading article that Mrs Merkel envisions Africa as the new China.

In order for the export of capital to take off, administrative reforms are needed to improve standards of governance. To that end, Germany entered into "reform partnerships"' with Ghana, Tunisia, and Ivory Coast. Foreign Minister Sigmar Gabriel said that Germany will try to fill any spaces vacated by the United States as that country, now under new management, retreats from Africa.

The German-Egyptian Economic Forum, which ran in parallel to the Berlin conference, allowed President Al-Sisi to detail the vast range of large-scale development projects currently being implemented such as the Suez Canal Area Development Project which aims to create a trading and industrial hub along the waterway. The grand scheme includes the digging of a new canal, running parallel to the present one, enabling simultaneous maritime traffic in both directions. The project aims to ease the demographic pressure on Cairo, kick-start economic development, and triple the annual revenues from the Suez Canal to $12bn.

German investors were invited to participate and while a number of smaller deal were announced, including a □203m agreement to underwrite green energy projects, their reaction was mostly muted.

Whilst President Al-Sisi has deftly managed to reinvigorate the economy, his administration must now speak through actions – showing, amongst others, that the new investment law has teeth; that the rule of law has meaning; and that Egypt is able to take charge of its own future by harvesting, and monetising, the plentiful low-hanging fruit – in the process proving opportunistic investors wrong. ❇

> **Petroleum Development Oman:**

Celebrating the Past, Building a Sustainable Future

By PDO Managing Director Raoul Restucci

2017 is a landmark year for Petroleum Development Oman in that it marks the 50th anniversary of the first oil export from the sultanate and the 80th anniversary of the foundation of the company.

The milestone reminds us once again of the longevity of PDO and its centrality to the development of the nation under His Majesty's wise leadership.

Throughout this year, we are staging a number of special events and activities to celebrate these two important anniversaries.

PDO has a proud history and an exciting future ahead, something we must always remember in what is another tough and transformative year as we continue to adapt to the challenging economic conditions, reduce our reliance on government funding, and stay the course on our major strategic initiatives.

Those who preceded us also faced significant challenges but managed to overcome them and help make PDO the success it is today. We are determined to stay true to that tradition and build on our many outstanding successes.

Throughout the decades, PDO has made its name as the key engine of the Omani economy, as a technological innovator as well as a community champion.

That is even more so today as we respond dynamically to low global oil prices, maturing and ever more complex fields, and increased public expectations to invest in Omani businesses, communities and people.

PDO is committed to stay the course on its key strategic priorities and programmes, not least our determination to continue to create 14,000 job, training, and redeployment opportunities for Omanis by the end of the year – part of an ambitious target to generate 50,000 such opportunities by the end of 2019.

To support the sultanate's need to diversify its economy, we have also moved beyond our natural boundaries to launch job creation projects in sectors other than oil and gas, such as hospitality, aviation, fashion, and digital media.

At the same time, we are continuing to help the communities in which we operate to succeed with

Managing Director: Raoul Restucci

The world-leading Miraah solar project

targeted social investment in vital infrastructure, amenities, and training programmes.

The tough macroeconomic environment has challenged us to find new ways of doing more for less, and our staff have responded magnificently, embracing Lean continuous improvement to streamline operations and strip out unnecessary practices and waste.

Technology is another key enabler, as we strive to produce more safely, efficiently and responsibly to sustain Oman's development. Underlinig this focus, we had a total of 66 new technologies at different stages of maturation in the first quarter of 2017.

PDO remains a global pioneer in enhanced oil recovery and we expect our landmark Miraah solar energy project, currently being developed with our partners GlassPoint Solar, to produce its first steam this year for use in thermal EOR.

This is a significant stepping stone on our journey to become a fully-fledged energy company, with a greater emphasis on renewable resources and water management.

So, yes we celebrate the past and rejoice in the present but we also continue to build for a prosperous future, both for the company and the country.

> Aluminium Bahrain:

Line 6 Expansion Project Underway

Aluminium Bahrain (Alba), the Bahrain-based international aluminium smelter, is one of the largest industrial companies in the Middle East.

One of the top aluminium producers in the world, Alba is renowned for its premium grade aluminium products, technological strength, innovative policies, strict environmental guidelines, and prominent track record for safety. The company is widely regarded as one of the top ten performers on a global scale.

From a 120,000 tonnes per annum smelter in 1971, Alba today produces more than 971,000 metric tonnes per annum including standard and T-ingots, extrusion billets, rolling slab, propertzi ingots, and molten metal. Around 50% of aluminium output is supplied to Bahrain's downstream cluster while the rest is exported to regional and international customers in the Middle East, Europe, Far East, South East Asia, Africa, and North America.

Alba is all set to change the aluminium landscape in the region with its mega Line 6 Expansion Project. Upon completion, the Line 6 Expansion Project will make Alba the world's largest single-site aluminium smelter and boost the company's per-annum production by 540,000 metric tonnes, bringing its total production capacity to 1.5 million metric tonnes per year by 2019.

A brownfield expansion, the Line 6 Expansion Project involves the construction of a sixth pot line, a 1,792 MW power station, and other industrial facilities – at an approximate capital expenditure of $3 billion.

Bechtel is the EPCM contractor for the Line 6 Expansion Project smelter. For Power Station 5 (PS 5), GE and GAMA Consortium was awarded the EPC contract, while Siemens is the Power Distribution System contractor. JP Morgan, Gulf International Bank (GIB), and National Bank of Bahrain (NBB) are the financial advisors for this project.

Alba successfully closed a $1.5 billion syndicated term-loan facility in October 2016, comprising two tranches: a conventional facility and an Islamic facility. Alba also secured commitments of around $700 million from Export Credit Agency (ECA) supported facilities in April 2017. The front end engineering design (FEED) study for the project was completed in the first quarter of 2017 while the construction site-works have started in the second quarter of 2017 and will be completed by September 2017.

Line 6

The Line 6 Expansion Project will make Alba the world's largest single-site aluminium smelter and be a significant economic boost for the Kingdom of Bahrain due to the many co-investment opportunities through local and foreign aluminium investments. ❇

> CFI.co Meets the CEO of Aluminium Bahrain:

Tim Murray

From a numbers guy of an automotive company to the CEO of one of the world's largest aluminium smelters, Tim Murray has travelled a very interesting journey.

As a certified public accountant from Susquehanna University in Pennsylvania, Mr Murray worked hard crunching numbers at his job with a family-owned furniture retailer in Washington DC. Eventually, he landed a job with ARC Automotive, where he met John Skladan, the man who became his mentor and introduced him to the businesses of marketing, engineering, and production. In due course, Mr Murray was made CFO of the company and was integral to ARC Automotive's global expansion.

In March 2006, Tim Murray responded to an advert seeking an executive in Bahrain. "I didn't know anything about the Middle East. I looked up Bahrain online and saw that it was next to Saudi Arabia." Next thing, he was offered the position of Alba's General Manager of Finance in February 2007.

"I went to Bahrain with an open mind. The culture of the country was very progressive and the people were warm and friendly. Also, English was widely spoken and understood."

In 2009, Mr Murray was named as chief financial officer. He successfully led Alba's IPO in 2010 as well as the company's dual listing on the London Stock Exchange and the Bahrain Bourse.

In October 2012, Mr Murray was made Alba's CEO. In his new job, the first thing he focused on was improving the safety culture at Alba: "Safety was my biggest concern and also my biggest challenge since I was from a financial background with no knowledge of safety. But, I was clear on one account: if you cannot work safety, you cannot work here."

Mr Murray implemented a strong safety culture at Alba, imposed top-down and focused on the establishment of a zero-accident work environment as its guiding principle. His relentless efforts coupled with the strong support from Alba's board and management soon made the company an industrial safety champion and an example in the region.

Mr Murray also gave a new dimension to Alba. He believed that in order to be successful, Alba had to look at aluminium production as a business. He argued that the company's employees, or human capital, was its biggest asset, and with the right education and training, these employees will ensure Alba lasting success.

CEO: Tim Murray

Mr Murray also boosted the culture of learning at Alba and focused on training programmes and development initiatives to prepare future corporate leaders: "There is nothing more valuable than education. A strong learning culture helps build a productive workforce and develops communication skills. It also strengthens the ability for strategic thinking which significantly enhances productivity."

Mr Murray is currently in charge of one of the most crucial and biggest industrial projects in the Kingdom of Bahrain – the Line 6 Expansion Project. "We have been preparing many years for this mega project and see it as a great opportunity to leverage our expertise to grow the company."

In 2017, Mr Murray was recognised as a CEO Who Gets It by the US National Safety Council for his contributions on Safety, Health, and Environment: "I believe in doing more than necessary. Our aim is not just to accomplish our targets, but to achieve excellence and beyond. This becomes even more critical as Alba goes down the path of becoming the largest single-site smelter in the world upon the commissioning of the Line 6 Expansion Project." ❇

> Doha Bank:

Recognised for Excellence

Doha Bank is one of the largest commercial banks in Qatar and has been consistently registering strong growth during the last decade, powered by a participative leadership philosophy. Inaugurated in 1979, Doha Bank provides domestic and international banking services for individuals, commercial, corporate, and institutional clients through four business groups – Wholesale Banking, Retail Banking, International Banking, and Treasury & Investments.

Doha Bank has established overseas branches in Kuwait, Dubai (UAE), Abu Dhabi (UAE), Mumbai, and Kochi (India), and maintains representative offices in the United Kingdom, Japan, China, Singapore, Hong Kong, South Africa, South Korea, Australia, Turkey, Canada, Germany, Bangladesh, and Sharjah (UAE).

Doha Bank has received numerous awards in recognition of its achievements. Doha Bank recently received the Best Regional Commercial Bank - 2017 Award at the Banker Middle East Industry awards ceremony for the fifth time in a row. Earlier, Doha Bank was awarded as Best Commercial Bank Qatar by International Finance Magazine, Most innovative Bank in the Middle East - 2017 by EMEA Finance, Best Trade Finance Bank in Qatar at Global Finance Awards, Bank of the Year - Qatar Domestic Trade Finance by Asian Banking & Finance.

Additionally, Doha Bank has in the past claimed various other awards such as, Bank of the Year (The Banker), Best Commercial Bank in the Middle East (Global Banking & Finance), Bank of the Year (ITP Group), Best Bank in Qatar (IAIR Award), and Best Bank in Qatar (EMEA Finance).

In testament to being committed to innovation and partnership with industry leaders, Doha Bank became the first bank in Qatar to launch several innovative products and services such as the Doha Bank My Book Qatar application, a mobile banking app with biometric authentication, an Apple Watch application, Al Asriya (ladies banking package), online money transfers via credit card, mobile e-remittance for payroll card holders, etc.

In recognition of being one of the most active advocates for corporate social responsibility (CSR) initiatives such as the ECO-School Programme, Al Dana Green Run, and beach cleaning and tree planting drives, etc., Doha Bank has won the Golden Peacock Global Award for Corporate Social Responsibility from the Institute of Directors, the Environmental Award from the Arab Organization for Social Responsibility in addition to the Golden Peacock Global Award for Sustainability and the Golden Peacock Global Award for Excellence in Corporate Governance – both from the Institute of Directors.

Doha Bank tower

Doha Bank is rated A+ by Fitch, A2 by Moody's, and A- by Standard & Poor's for its long-term local and foreign currency. For more information, please visit www.dohabank.com. ❇

> CFI.co Meets the CEO and Partner of ABANA Enterprises Group Co:

Abdullah M Ben Jebreen

CEO and Partner: Abdullah M Ben Jebreen

Abdullah M Ben Jebreen is the CEO and Partner of ABANA Enterprises Group Co. Mr Jebreen holds a Master in Business Administration degree from Whitworth University, USA.

Mr Jebreen is one of the founding members of ABANA and has almost forty years of experience in business management. He has engineered ABANA's success from a simple contracting company four decades ago to a full-fledged end-to-end managed services provider in the Kingdom of Saudi Arabia. His vision for ABANA is to be the most trusted and dependable business partner for organisations in the Kingdom. He has anchored ABANA's business model around providing total solutions to address clients requirements.

CFI.co met with Mr Jebreen and asked to share some of his business insights.

WHAT EXCITES YOU ABOUT THE BUSINESS YOU NOW LEAD?

The banking sector is one of the most prominent sectors of the economy. It requires continuous adaptation to new technologies and is being managed by some of the top professionals in the industry. It is exciting to work with a sector that is open and adaptable to change, and being able to provide solutions and services for banks branches and alternative delivery channels.

WHAT IS SPECIAL ABOUT THE MANAGEMENT STYLE AT YOUR ORGANISATION?

We are focused, customer-driven, flexible, and open to changes in business requirements. We value the quality of our services.

HOW WOULD YOU CHARACTERISE SHORT TO MID-TERM PROSPECTS FOR YOUR COMPANY?

The short-term outlook for our business is stable with a potential for good growth due to the adaptation of businesses and organisations to the Kingdom's 2030 Vision. The banking sector will always be quick to react to any opportunity for growth and to changes in the economy. This, in turn, opens business opportunities for us.

WHAT ARE YOUR PERSONAL AND BUSINESS STRENGTHS?

I'd like to think that other see me as a strategist who pursues a clear vision with an approach that is adjusted as the economic scenery changes over time. We work closely with our clients with a win-win approach all the time and are committed to maintain quality management processes. As an employer, ABANA aims to empower people to reach their full potential.

WHAT TO YOUR MIND MAKES FOR GOOD CORPORATE LEADERSHIP IN YOUR PARTICULAR INDUSTRY?

A strong commitment to produce, time and again, the deliverables as agreed with clients. Quality is very important as are devising strategies, establishing clear KPIs, and ensuring that it all translates to satisfactory results.

WHAT ARE YOUR GOALS FOR THE SHORT-TERM FOR YOUR BUSINESS AND THE INDUSTRY AS A WHOLE?

We hope that the regulators will apply similar quality standards to all service providers in the Kingdom and that there will be a systematic way of ensuring everyone's compliance. ❇

> ABANA Enterprises Group: Premier Cash Management

ABANA is a 100% Saudi owned company which provides end-to-end solutions by combining innovative and relevant products and software with fast and reliable services. ABANA delivers its solutions through three business units: banking solutions, telecom technology, and cash management services. ABANA's products and services are delivered to a wide array of clients in the banking, telecom, and retail sectors in addition to other private organisations and government institutions throughout the Kingdom. The company is capable of providing E2E technical services to mission-critical operations and a quick time-to-market using its network of 21 service centres and more than 1,700 field engineers, technicians, and support staff strategically located around the Kingdom of

Saudi Arabia along with automated services and resource management systems, a dedicated project management office (PMO), and an in-house helpdesk and software development team.

ABANA is an ISO 9001 certified organisation since 2007 attesting its commitment to the delivery of continuous improvement and provision of services that meet customer requirements.

ABANA has partnered with industry-leading companies from Asia, Europe, the United States, and elsewhere to deliver world-class solutions to its customers. The company's partnerships are based on shared business principles aimed at delivering the best-in-quality solutions to customers.

ABANA's group of companies is guided by a set of core values to deliver on its promises; being passionate, responsive, innovative, dependable, and empathetic is ABANA's backbone to becoming the pillar of innovative solutions and service excellence in Saudi Arabia. The ABANA Enterprises Group dedicates itself to thoroughly understanding and meeting customers' needs and expectations through timely delivery of assured quality & cost-effective products and efficient services.

ABANA CASH MANAGEMENT SERVICE (CMS)

ABANA established its Cash Management Services Division in 2015 with a first-of-its-kind approach to manage the cash cycle in Saudi Arabia by reengineering the overall channels and processes used. The ABANA CMS team of industry experts and professionals is driven by a set of targets for raising industry standards, improving efficiency, improving service levels, reducing risk, and introducing cost benefits to clients – all of which is aimed at earning customers' trust and satisfaction.

The company built its own state-of-the-art multi-bank cash centre (MBCC) which is the first private MBCC licensed by the central bank. ABANA's cash centre is operating in a highly-automated process environment using high-speed sorters and a highly-secured cash management software. The company invested in the most advanced security infrastructure in the Kingdom of Saudi Arabia, covering its premises and fleet, fully compliant with the specifications set by the regulator, to ensure the maintenance of the highest industry standards. Using its in-house training professionals and facilities, the company has improved how the industry's human resources are recruited, trained, and managed in order to address the shortcomings that plagued this sensitive industry.

ABANA is currently driving the industry towards robust and reliable E2E outsourcing solutions aimed at resolving chronic industry-level security, operational, and business challenges. ABANA's E2E solutions cover a wide range activities including cash centre management and services, cash logistics, ATM replenishment, and related services including first line maintenance (FLM), second line Maintenance (SLM), ATM monitoring, GL balancing and reconciliation, consumable managements, ATM cassette management, site cleaning and maintenance, and security equipment installation and maintenance. Building upon its success, ABANA CMS division has successfully rolled out its services in seven regions during 2016/2017 and will continue its expansion to cover the entire Saudi market with a vision of being the most trusted and dependable business partner in the industry. ❇

> "The company built its own state-of-the-art MBCC which is the first private MBCC licensed by the central bank."

> Arab Investment Company (AIC):

Financial Design Excellence

With a holistic approach to investing, and a strong focus on creating long-term value for all stakeholders, the Kuwait-based Arab Investment Company (AIC) was established in 2006 to meet investor demand for an independent, knowledge-driven, and result-oriented asset manager and financial advisor. Quickly moving beyond the boundaries of its initial niche, AIC soon gained recognition – both locally and regionally – following a string of successful corporate finance transactions – both in equity and debt markets, and world class asset management performance, constantly over performing benchmarks and hurdles and setting a new benchmark for executory precision.

Now working alongside prestigious partners in Europe, Asia, and the Americas, AIC has a truly global reach – expanding the firm's operational horizon and leveraging its experience and expertise to capitalise on market opportunities. In particular, AIC combines hard market realities with innovative strategies – painstakingly developed in-house, to dovetail with differing investor risk-return profiles and trade-offs – to consistently deliver optimum performance, regardless of overall market conditions.

As a full-fledged investment company licensed

and regulated by both Kuwait's Capital Markets Authority and the strict Central Bank of Kuwait, AIC operates across all security activities, in addition to balance sheet lending.

Anchored at the core of its business, corporate finance is an AIC mainstay: the firm has established a solid track record in mergers and acquisitions as well as equity and debt capital market transactions, in addition to restructuring and fairness of opinion. Since established AIC has to date advised and concluded M & A and corporate finance transactions north of USD $2.5 billion across multiple sectors including insurance, banking, lodging, manufacturing, food & beverage, real estate, logistics and others.

As an asset manager, AIC provides investment advisory services and portfolio management in the form of discretionary, non-discretionary and custody management, managing assets in total well above USD $500m . The firm proactively seeks to augment the positive economic impact of its work whilst pursuing sustainability in order to create long-term value for stakeholders.

The AIC team of professionals is widely recognised for its dedication to excellence. Comprised of experts across a broad range of fields and with a collective experience of management of circa 160 years AIC staff form a closely integrated unit noted for sharing and cross developing in-house knowledge and expertise, with the aim of translating such knowledge consolidation into customer service excellence.

One of Kuwait's flagship financial services providers, AIC aims to help underwrite the country's buoyant economy by encouraging corporate growth and entrepreneurial renaissance. The firm assists, and partners with, corporates of different sizes – including ambitious start-ups – to tap into capital markets and access the wherewithal needed to sustain accelerated growth.

Helping Kuwaiti corporates gain, maintain or expand a competitive edge and strengthen their operations and outcomes, AIC stands ready to offer unbiased opinion and streamlined paths to financial restructuring, with its ever growing corporate finance practice.

Additionally, AIC has decisively moved beyond its domestic market, and participated, and drove, deals in the world's major markets. AIC continues its drive internationally, with the aim to establish itself as a niche investor in key European and North American cities and markets. Incrementally building on earlier achievements, AIC has managed and continues to strengthen its position thanks to the firm's emphasis in finding innovative and effective solutions to sound and solid investing. ❇

"One of Kuwait's flagship financial services providers, AIC aims to help underwrite the country's buoyant economy by encouraging corporate growth and entrepreneurial renaissance."

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> CFI.co Meets the Chairman and General Manager of Cedrus Invest Bank: Fadi Assali

Fadi Assali, Chairman and General Manager of Cedrus Invest bank and Cedrus Bank, is a seasoned banker who has held senior-level positions at local and international banks. He co-founded Cedrus Invest Bank in 2011 and turned it into the largest Specialised Private/ Investment Bank in Lebanon in terms of capitalisation.

In March 2015, Cedrus Invest Bank SAL expanded to commercial and retail banking through the acquisition of the Lebanese operations of Standard Chartered Bank SAL.

Cedrus Group, composed of Cedrus Invest Bank (the investment/private banking arm) and Cedrus Bank (the commercial/retail banking arm), has emerged as one of the most dynamic and fastest growing banks in Lebanon.

As a former director at Barclays bank, Mr Assali led a team of private bankers covering the MENA and Gulf region, managing a sizeable financial portfolio on advisory and discretionary basis.

Prior to Barclays, Mr Assali spent more than twelve years at Bank Audi. He was last a regional manager at Audi Private Bank where he was also a member of the latter's management and investment committees. In this position, he covered Lebanon, the Levant, UAE, and Saudi Arabia, and worked on integrating Audi Private Bank with other entities of the group after the Audi/Saradar merger.

During his time at Bank Audi, he was also assigned to Audi Saudi Arabia, co-heading the Wealth Management and Brokerage Units. He played a key role in preparing and following-up on the application for a financial institution license with the Capital Markets Authority.

Mr Assali also held a senior manager role at Banque Audi Suisse – the private banking arm of Audi Group at the time where he played a key role in establishing and developing its Beirut representative office.

He started his financial career as a fixed income trader at Audi Capital Markets in Beirut.

Mr Assali is a chartered financial analyst (CFA) and holds a BA in Economics from the American University of Beirut and an MBA from the Lebanese American University. ❇

CEO: Fadi Assali

> Cedrus Invest Bank:

Holistic Approach to Banking

Founded in Beirut in 2011, Cedrus Invest Bank is the largest Specialised Bank in Lebanon in terms of capitalisation, with a shareholder's equity of 300 million and an off-balance sheet business of around $1 billion.

Cedrus Invest Bank was established by two Lebanese bankers with longstanding global and regional experience: Fadi Assali and Raed Khoury, who decided to move back to Beirut and build an institution that would bridge the gap between what regional clients need and what global banks are offering.

On the 1st of March 2015, Cedrus Invest Bank completed the acquisition of Standard Chartered SAL from Standard Chartered Bank, and subsequently Cedrus Bank was born.As a result, Cedrus Group (Cedrus Invest Bank and Cedrus Bank) offers diversified banking services ranging from Commercial and Retail to Private and Investment Banking. It is currently the fastest growing banking group in Lebanon with the highest level of capitalization as translated by Cedrus Invest Bank exceptionally high Capital Adequacy Ratio.

Cedrus Invest Bank is a dynamic one-stop banking boutique offering high-end financial services, catering thoroughly to the needs of today's investors, especially post 2008 financial crisis.

It offers best-of-class services in wealth management, capital markets, and investment banking, addressing high-net-worth individuals, family offices, and corporate entities in the Middle East and North Africa (MENA) region.

Cedrus Invest Bank is regulated by the Central Bank of Lebanon and the Capital Market Authority, and supervised by the Lebanese Banking Control Commission.

APPROACH AND BUSINESS MODEL

In a fast-growing region where entrepreneurship is eclipsing traditional sources of wealth, people are looking for a bank that is just as entrepreneurial as they are.

"Cedrus Invest Bank proactively seeks out investment opportunities for its clients. And because banking begins with trust, the bank is keen on pursuing generous discussions with its clients."

Cedrus Invest Bank proactively seeks out investment opportunities for its clients. And because banking begins with trust, the bank is keen on pursuing generous discussions with its clients. This helps the bank familiarise itself with the client's way of thinking and get a full understanding of their business and investment objectives or constraints, their sources of wealth, as well as personal lifestyles and retirement plans.

Cedrus Invest Bank aims to build a cross-generational relationship with its clients, anchored in the fact that it is protecting their wealth as if it were its own, and doing everything to multiply it.

Cedrus Invest Bank does not look at MENA as a potential region – MENA is its only region. Accordingly, the bank's business model is inspired by the region's cultural uniqueness, most notably the grey area that exists between personal and corporate wealth.

Hence, the bank has been built around a core business – wealth management – and a product proposition that includes multi-family office services, capital markets, investment banking, private equity, and real estate.

The bank's offerings are backed by a highly efficient internal structure, run by Tier 1 investment specialists covering each client's various needs.

Cedrus bankers' holistic expertise allows them to devise multiplatform investment plans that accommodate individuals and corporations alike; plans that are continuously refreshed to keep serving the clients' best interest within changing market conditions.

GOVERNANCE

Good governance practices produce better operational performance through healthier allocation of resources and improved management. It can lead to better relationships with all stakeholders, and thus create sound reputation by creating confidence, establishing goodwill, and building investor trust. Since its early days, the bank has developed a corporate governance framework in line with the Basel Committees' guidance on the subject for banking organisations.

The main pillars of the Cedrus Invest Bank's corporate governance approach include:

Corporate Discipline - The bank is committed to adhere to behaviour that is universally recognised and accepted to be correct and proper. This encompasses the awareness of, and commitment to, the underlying principles of good governance, particularly at senior management level.

Transparency - Necessary information related to the bank's actions. Financial and non-financial aspects pertinent to its businesses are made available to the stakeholders in a candid, accurate, and timely manner – not only the audit data but also general reports and press releases. This reflects the fact that investors shall obtain a true picture of what is happening inside the bank.

Independence - The decisions made by the bank, as well as internal processes established, are objective and do not allow for undue influences. The bank seeks to put in place appropriate mechanisms to minimise or avoid potential conflicts of interest that may exist. These mechanisms range from the composition of the board, to appointments to committees of the board, and of external parties such as the auditors.

Accountability - Decision makers at the bank are accountable for their decisions and actions. Effective tools are set to allow for accountability. These provide investors with the means to query and assess the actions of the board and its committees.

Responsibility - With regard to management, responsibility pertains to behaviour that allows for corrective action and for penalising mismanagement. Management at the bank is eager to put in place all that it would take to set the bank on the right path.

Succession Planning - The chairman and general management at the bank are responsible for providing an effective succession plan that identifies at least one potential successor for every managerial position at the bank.

Fairness - The systems that exist within the bank are balanced in taking into account all those that have an interest in the bank and its future, acknowledgement of, respect for and balance between the rights and interests of the bank's various stakeholders.

Disclosure - It is the bank's policy to present its financial statements and associated disclosures in accordance with international financial reporting standards (IFRS). As a matter of good corporate governance, it is the responsibility of the bank's board of directors and audit committee to show diligence in meeting the demanding oversight requirements of the bank's stakeholders by ensuring that the financial statements are as transparent as possible.

Social Responsibility - The bank is committed to ethical standards and appreciation of the social, environmental, and economic impact of its activities on the communities in which it operates. ❇

> THE EDITOR'S HEROES

Making the World Great Again

Playing by the rules of convention, unquestioningly accepting whatever thoughts or actions are deemed normal, does not a hero make. In fact, our quarterly cohort of heroes shares but a single common denominator: they push boundaries.

Take Alexei Navalny, just sentenced to another thirty days behind bars for organising a protest in Russia. Whilst people took to the streets in all of the country's eleven time zones to express their anger over corruption, the protest movement led by Mr Navalny has so far remained relatively small. Even so, on June 12 Russia Day, the government brought down its heavy hand and arrested over 1,500 protesters most of whom were released after a few hours. Not so Mr Navalny who is considered the most effective opposition leader as he plays the long game, building his movement from the ground up and steering well clear of more pliable opposition politicians. As such, Mr Navalny refuses to conform to the unwritten rules of Russian politics – don't rock Vladimir Putin's boat and receive a piece of the action in return.

Time Cook, the CEO of Apple and another one of the heroes featured in this issue, is not a boat rocker. In fact, he values – almost Zen-like – tranquillity and good manners. Often wrongly dismissed as yet another corporate stiff, Mr Cook is not any less gifted than his predecessor, the late Steve Jobs, who of course could do nothing wrong. Mr Cook's genius is of a different kind. A highly competent business administrator, he not only rescued Apple from financial ruin but made the company into the world's largest corporation. One for the history books, he still has plenty room for growth. The largest corporation to have ever existed – the Dutch East India Company – enjoyed an annual revenue almost five times the $256bn Apple raked in last year.

That is Lucy Worsley's cue to appear on stage. The likeable BBC presenter has single-handedly put the fun back into history. Dressing up in period costumes and re-enacting the foibles of queens and dames, Ms Worsley is clearly having a good time explaining the inner workings of royal courts whilst spinning a fascinating yarn. The establishment raises both eyebrows (...) and objections at Ms Worsley's light-hearted, if not frivolous, approach to history. She is, however, no fluke and boasts well-established academic credentials. Anyone who piques popular interest in history is to be applauded if only because the past is bound to repeat itself. Thus, we have been forewarned.

Jean-Claude Juncker, president of the European Commission, is acutely aware of the dangers that ignorance of history breeds. In fact, the entire European Union is merely an exercise, albeit a very large one, to stop the continent from recycling its chequered past. The EU, often vilified and blamed for matters it does not (yet) control, constitutes one of mankind's largest experiments in nation building. It aims, no less, to do away with petty patriotism – in the celebrated words of British lexicographer Samuel Johnson (1709-1784) "the last refuge of the scoundrel" – and create lasting peace and prosperity. The EU has managed to do just that for about six decades, a veritable eon in Europe's restless history. Mr Juncker – moody, boisterous, a little vindictive, and very smart – has deftly managed to keep the union together in the face of multiple threats to its existence: the UK's imminent departure, the flood of refugees seeking shelter from war, pestilence, and famine, and openly hostile governments in both Russia and the United States.

US billionaire Thomas Kaplan tries to defuse tension through art. In just fifteen years, Mr Kaplan assembled the largest privately-owned collection of Dutch masters, including eleven Rembrandts, a Vermeer (the only one remaining outside museums), and hundreds of other major works. The fijnschilders of the Dutch Golden Age mostly – though not exclusively; they still had to make a living – depict common people going about their daily business, such as Paulus Potter's The Young Bull which shows a caring farmer with his prize possession in an otherwise quite unremarkable setting. This was a revolutionary concept at a time when artists painted mostly saints, heavenly scenes, and royalty striking pompous poses. Rembrandt and his generation broadened the concept of art. Mr Kaplan, in turn, hopes that his paintings can build bridges and create mutual understanding, by drawing attention to commonalities as opposed to stressing differences. Mr Kaplan has dispatched his marvellous collection on a world tour, starting at the Louvre in Paris.

Tennis megastar Serena Williams, now expecting her first child, is another advocate for unity. Though she thankfully refrains from lecturing the world – are you reading this, Bono? – her entire attitude represents a statement. Needing to work perhaps twice as hard as her contemporaries to overcome prejudices, Ms Williams became one of the best tennis players ever to grace the courts. And the grace is hers, including outburst of joy, anger, and frustration. Ms Williams shows that even the truly great are just as human as the rest of us – or, better yet, that greatness resides in every individual –precisely the point Rembrandt tried to make in the 17th century. ❇

> SERENA WILLIAMS

Writing Her Own Script for Success

She is the only woman to rank amongst the world's highest paid athletes, claiming a spot nearly dead centre on the annual list compiled by Fortune Magazine. In 2016, Serena Williams cashed in almost $27m in prize money and endorsement deals with a variety of brands such as Nike and JP Morgan Chase. The bonanza took the athlete's career earnings up to $84m, almost triple the amount claimed by any other tennis player. Serena Williams is not just a sports phenomenon – she has become a brand and a statement.

An exuberant winner – with signature leaps of joy, fist pumping, and other festive expressions – Serena Williams break the mould: she not only outshines her opponents on and off the court, she also inspires a generation of African-American girls who may revel, without a shred of shame, in excellence. Ms Williams resolutely shattered the notion that great accomplishments must remain devoid of swagger: she is good – the best – and makes no excuses for it.

With no less than 23 grand slam titles to her name, Serena Williams has been likened to a tennis machine, albeit a most charming one. Chris Evert, who reigned supreme during the 1980s, called her "a once-in-a-century phenomenon" whilst John McEnroe thinks she is the greatest tennis player of all time.

In a class all her own, Ms Williams doesn't stick to the pre-arranged script and displays zero tolerance for anything even remotely resembling racism. In fact, she can be quite outspoken. In Wimbledon, playing Heather Watson in 2015, she menacingly wagged her finger at the stand after the crowd had become a bit too boisterous in its support for the home favourite: "don't try me." She went on to dispatch Ms Watson 6-2, 4-7, and 7-5. Always graceful, and magnanimous in victory, she congratulated her opponent afterwards on "the toughest match yet". Wimbledon was not the first incident. In 2009, during the US Open, Ms Williams verbally doused a linewoman in four-letter worded abuse after repeated dubious calls. She won't hold back and shows joy, humour, and rage in almost equal measure.

Up to recently perceived as a predominantly "white" sport, tennis has not always been kind to Serena Williams. During a 2001 match against Kim Clijsters at Indian Wells, California, the crowd booed, jeered, and racially abused the then 20-year old, cheering her every unforced error in a vituperative outburst; unashamedly – and very loudly – cheering for the Belgian player over the American one. Raising a clinched fist reminiscent of John Carlos and Tommie Smith's iconic Black Power salute at the 1968 in Mexico City, an already-then combative Serena Williams managed to defeat the talented Kim Clijsters before refusing play Indian Wells.

Image: Bryan Bedder / Getty

Ms Williams ended her unspoken boycott of the venue in 2015, returning to donate her prize money to the Equal Justice Initiative and drawing attention to the mass incarceration the characterises the US justice system. Whilst the tennis press gleefully celebrated Ms Williams "maturity" – implying that she was childish in standing up to racism – they utterly missed her sense of candour, class, and largesse – and her courage too. She will make an appearance at her own convenience in recognition that Indian Wells needs her more than she needs the venue. The California facility near Palm Springs boasts the second-largest outdoor tennis stadium in the world and is now home to the BNP Paribas Open – the fifth-largest tournament globally. In 2009, the 29-court venue was saved from bankruptcy by Oracle CEO and co-founder Larry Ellison.

Hardened against racism by her father Richard, and long-time French coach Patrick Mouratoglou, and now primed for enduring success, Ms Williams, expecting her first child, emphasises that she is playing to win – not winning to promote any cause. Should anyone entertain other thoughts, she will not remain quiet.

Having cruised past Steffi Graf's 22 Grand Slam singles titles, Serena Williams has scaled to a historic height. Ms Williams is, however, not done yet but from now on will write her own script – in her own time.

> "In a class all her own, Ms Williams doesn't stick to the pre-arranged script and displays zero tolerance for anything even remotely resembling racism."

> ALEXEI NAVALNY

Unwilling to Play Along

He is the man Vladimir Putin is said to fear the most. Alexei Navalny (41), a lawyer by trade and an activist by choice, wants to unseat and replace the Russian president. However, a five-year suspended sentence for embezzlement, squashed by the Supreme Court late last year but reinstated after a review by the Leninsky district court of Kirov, can prevent Mr Navalny from running in next year's presidential election.

Mr Navalny denies the charge – relating to the alleged theft of state-owned timber – and called the case brought against him "a politically motivated farce". The European Court of Human Rights agreed that Mr Navalny had not received a fair trial and ordered the Russian state to award €56,000 in compensation and damages. Though the 2013 verdict was duly annulled, a retrial in Kirov, an industrial city and trading hub some 800km east of Moscow, again found Mr Navalny guilty and reimposed the suspended sentence.

Mr Navalny has seen the insides of numerous Russian courtrooms. He has also been arrested repeatedly and spent time in jail on charges related to political protests. In March, a Moscow court again slapped a fifteen-day prison sentence on Mr Navalny for resisting arrest during a rally against the endemic corruption amongst the governing elite.

During his trial, the defendant expressed surprise at the high turnout of mainly young people. Earlier, pundits had dismissed Mr Navalny's protest movement as only a minor irritant, arguing that the Russian public remained politically apathetic. The protests scaled up significantly after Mr Navalny released a 50-minute documentary detailing the complex web of dubious charitable institutions that was reportedly set up by oligarchs to funnel bribes to Prime Minister Dmitri Medvedev and his extended clan. After its online release, the video attracted more than thirteen million viewers.

Fearful of turning the crusader into a martyr, prosecutors have so far refrained from demanding longer prison sentences for the recalcitrant lawyer, handing out fifteen-day stints instead. During one of his previous stays in jail, Amnesty International recognised Mr Navalny as a prisoner of conscience.

Despite repeated attempts, Mr Navalny has been unable to create a political party to bundle opposition forces and provide a platform for his 2018 presidential bid. Regulatory obstacles, bureaucratic non-cooperation, and an unhelpful judiciary have stopped Mr Navalny's Peoples' Alliance, later renamed Progress Party, from obtaining official recognition. That party has now joined other fledging opposition groups coalescing around the RPR-PARNAS party which is fully accredited. RPR-PARNAS traditionally favours a "European choice" not dissimilar from what inspired the 2014 Euromaidan protesters in Kiev. Barely one year after the Ukrainian Revolution, RPR-PARNAS co-chair Boris Nemtsov was shot dead on a Moscow street.

Opposing the government of Vladimir Putin is both dangerous and, perhaps, futile. On April 27, unknown assailants sprayed Brilliant Green, a toxic dye used for the colouring of silk and wool, in Mr Navalny's face causing him to lose 80% of vision in his right eye. Brilliant Green, possibly mixed with other substances, has been used in a number of splash-attacks on politicians and journalists critical of the Putin Administration. Mr Navalny received permission from the Kirov court to travel to Spain for medical treatment.

Upon his return, Mr Navalny intends to resume the fight to secure a place on the 2018 ballot. Kremlin observers generally agree that the suspended sentence is unlikely to prove an impediment, if for no other reason than that Mr Putin's United Russia – a catch-all party which claims to represent indigenous conservatism – could use some serious opposition.

The swift annexation of Crimea in March 2014 boosted the president's popularity rating which since has remained remarkably high. As the power party of choice, almost any candidate nominated by United Russia is likely to win the vote. President Putin is constitutionally barred from seeking a second consecutive six-year term in office.

It takes plenty courage, and a fair bit of gumption, to challenge Russia's powers-that-be. Mr Navalny possesses both required qualities. He has also shown an impressive ability to rally young professionals to his anti-corruption cause – people who in their lives have known no other leader than President Putin. Between the lines, Mr Navalny is being asked legitimise the political status quo by offering a token threat – one with clearly outlined boundaries. Pushing the envelope by galvanising opposition forces carries with it great peril. However, Mr Navalny seems unimpressed and unwilling to play along.

"It takes plenty courage, and a fair bit of gumption, to challenge Russia's powers-that-be."

> JEAN-CLAUDE JUNCKER

Gives as Good as He Gets

He is the man eurosceptics, and quite a few others, love to hate – the embodiment of all that is wrong with the European Union and the face of the "faceless bureaucrats" who rule from Brussels. Jean-Claude Juncker (62), a former prime minister of Luxembourg and in public office since 1984, is known – and much feared – as a shrewd political operator; it is how he got the top job at the European Commission which effectively runs the EU as its executive branch.

For a man sitting on such a lofty perch, Mr Juncker is unusually blunt and rarely holds back when describing the inner workings of the union, his take on politics, or any other pursuit. At the height of the Greek banking crisis, Mr Juncker flatly denied that the long-suffering country was about to get kicked out of the Eurozone for misbehaviour. When it transpired that European finance ministers had entertained precisely that scenario in his presence, he memorably explained: "When it becomes serious, you have to lie."

Equally unforgettable was Mr Juncker's comment on the 2005 referendum in France over the proposed EU constitution, which was ultimately rejected: "If it's a yes, we will say, 'on we go', and if it's a no, we will say, 'let's continue'."

Perhaps a bit disconcerting, Mr Juncker just loves to taunt the British – since long the union's most reluctant member and now the first one to flirt with departure. Last May in Florence, he delivered a speech in French, coyly explaining – to roaring applause – that English is "slowly and surely" losing its importance on the continent. A gratuitous, and untrue, comment made only to pique the British.

Such antics have provided British tabloids with ample fodder to attack the man they singled out as their main enemy. However, Mr Juncker gives like for like, is not easily intimidated, and has a famously thick skin. Even so, he does find the criticism levelled at the EU increasingly tiresome, arguing, not without reason, that the union has become the preferred scapegoat for failing domestic policies, not just in the UK but elsewhere too.

Calling the upcoming Brexit both a failure and a tragedy, Mr Juncker is passionate in his defence of the union: "It is the UK that wants to leave the union, not the other way around. The failure resides in the fact that British voters have not been properly informed and were handed lies and half-truths instead."

At times acerbic and always on the verge of losing his patience, though never quite getting there, Mr Juncker has managed to hold Europe together, doing a much better job than his often rather hapless predecessors in explaining the achievements of Europe and pointing out the importance of keeping the fractured continent together in an increasingly hostile world dominated by large blocs.

Mr Juncker understands that in order to create internal cohesion, the EU needs to better explain the outside forces that conspire against the project – quite possibly the largest peaceful nation-building exercise in history. Though perhaps not particularly brilliant at geopolitics, Mr Juncker does grasp the importance of turning a threat into an opportunity. The increased hostility towards a united Europe as expressed in the Anglophone world represents a belated clash of worldviews – laissez faire vs social democracy (or the Chicago vs the Freiburg schools of economic thought) – which can be used to create a sharper distinction that adds to a sense of European identity – the holy grail of the European Union.

Condemned for his reportedly excessive fondness for cognac and cigars, Mr Juncker remains quite unapologetic of his Burgundian lifestyle, dismissing critics as puritans who adhere to a misplaced sense of gravitas. If anything, Mr Juncker prefers a bit of swagger, kissing a diminutive Belgian prime minister on his bald head, patting another Belgian minister on his rotund tummy, and jovially welcoming Premier Viktor Orbán of Hungary with a vigorous handshake and a slap on the cheek, introducing the notoriously sour leader as "the apprentice dictator from Budapest", all the while keeping a broad smile.

Not above mischief, Jean-Claude Juncker is nonetheless a force to be reckoned with: he is a passionate advocate for European unity, strongly believes in cross border cooperation, and embraces humanistic values. A pragmatist above all, Mr Juncker knows that principled inflexibility is of no practical value in a multilateral setting such as the European Union. A politician who honed his now formidable skills in one of the EU's smallest member states, he realises that wheeling and dealing is part of the game. Now wielding considerable power a president of the European Commission, Mr Juncker deploys his almost peerless dexterity in deal-making to forge an ever closer union of the peoples of Europe – as per the 1957 Treaty of Rome on which the entire EU edifice was erected. Ignore him at your peril – he dispatches self-described "tough" prime ministers for breakfast. With a shot of cognac on the side.

"Not above mischief, Jean-Claude Juncker is nonetheless a force to be reckoned with: he is a passionate advocate for European unity, strongly believes in cross border cooperation, and embraces humanistic values."

> LUCY WORSLEY

Bringing the Past to Life

Books are the carriers of civilisation. Without them, history is silent, literature dumb, and science crippled. That certainty has changed, quite a bit, since US historian and author Barbara Tuchman (1912-1989) celebrated books as vessels of – and portals to – knowledge. Perhaps more fleeting in nature, and lacking depth, television has nibbled away at, if not supplanted, the book's dominance in the dissemination of history.

Sometime in the mid-1990s, large media conglomerates discovered a market for popular history – one they had largely ignored up to then. Seemingly overnight, multiple television channels popped up to explore past worlds. Not to be left behind, publishers churned out new magazines charting humanity's progress throughout the ages.

Academia, instead of rejoicing in the interest for their arcane pursuits, mostly deplored the invasion of its ivory towers by the curious masses which tended to dispense with nuance and clamoured for the clarity offered by primary colours. Aghast at the demand for superficiality, the dons who diligently and jealously keep watch over academic propriety, accuse popular historians of dumbing down past events, steamrolling over dissenting viewpoints, and adorning the wheels of progress with unbecoming bells and whistles to create extravaganzas that never quite were.

Thus it was that Lucy Worsley (43), chief curator at Historic Royal Palaces and armed with impeccable Oxford credentials, got caught in the crossfire when she was invited to produce and present popular history programmes for the BBC. Considered by some to single-handedly sustain the BBC Four channel, Ms Worsley revels in dusting off history to unlock the past to millions of viewers. Quirky, puckish, and often downright funny, Lucy Worsley's trademark style has brought history mainstream and boosted the usually rather dismal ratings of the highbrow channel.

Ms Worsley's popularity is now such that her take on the six wives of Henry VIII debuted on the flagship BBC One network in December 2016. Fellow historian David Starkey is having none of it and wondered – out loud – why his female colleagues appearing on television are "usually quite pretty". However, Mr Starkey, a constitutional historian and known for an acerbic tongue that earned him the sobriquet "rudest man in Britain", may have been munching sour grapes. His own television series on the charismatic Tudor king and his multiple wives, broadcast in 2001, proved slightly less memorable.

A few historians lost it altogether with the notoriously subversive Terry Deary of Horrible Histories fame calling Ms Worsley spiteful, criticising her "posh little voice and play-acting". The bête noir amongst British historians, Mr Deary, who penned over 200 history books for children and is one of the country's best-selling authors, dismissed Ms Worsley's day job as a waste of time: "Royal palaces do not need curators; they are best left to rot away."

Ms Worsley remains unfazed. She called Mr Starkey "an old owl" and wisely refused to engage with Mr Deary: "I admit to being an entry-level historian and don't mean to have the last word on anything or put across an authoritative view that is not to be challenged. I try to show that history can, in fact, be fun. While doing so, I may step on a few toes."

Away from the cameras, Mrs Worsley is much less flamboyant, admitting to a penchant for frugality and a minimalist lifestyle. According to friends, she is also quite reserved. The Guardian called her that rarest of beings: an introverted show-off. Ms Worsley, an accomplished author, last month stormed the best seller lists with Jane Austen at Home, a 400-page tome that sheds new light on the most famous of chroniclers of Victorian domestic life.

Much anticipated, the book promptly set off a storm in a teacup – now dubbed Pride and Plagiarism – over liberties taken with a 2013 biography of Jane Austen by Paula Byrne. The issue revolves mostly around Mrs Byrne's discovery that the desk at which Jane Austen wrote most of her oeuvre afforded a sea view as depicted in an until recently ignored portrait of the author. This setting, it is argued in both books, linked Jane Austen's Hampshire home to the world beyond.

Though hardly an issue to disturb most readers, it testifies to Ms Worsley's enhanced status that her every word is weighed and measured against known fact and established academic convention. So far, no-one has inveighed against Ms Worsley's credentials as a historian of note. With her television programmes and books she provides a welcome bridge between unassailable academia and the easily-digestible histrionics proffered by less scrupulous merchandisers of the past.

"Royal palaces do not need curators; they are best left to rot away."

Building Bridges with Art

He has more Rembrandts – eleven paintings and two drawings – than any other private art collector. Billionaire investor, philanthropist, and art lover Thomas Kaplan made a veritable killing trading in precious metals and went on to further monetise his keen sense of opportunity as chairman and chief investment officer at The Electrum Group. He is, however, not your average 10-figure moneybags. Mr Kaplan read history at Oxford University where he obtained in rapid succession his bachelor's, master's, and doctoral degrees.

Early on, Thomas Kaplan developed an interest in the commodity drivers of geopolitics. His doctoral dissertation on the Malayan Emergency (1948-1960) and the post-independence counterinsurgency investigated the influence of natural resources on conflict. The research convinced him that commodities can be deployed as hedges against the predictable foolishness of governments. Mr Kaplan has been an avid, and exceptionally successful, trader of commodities ever since.

Now worth an estimated $1.5bn, Mr Kaplan uses the power of art – particularly that produced during the Dutch Golden Age – to build bridges, forge alliances, and create goodwill. Earlier this year, he loaned 68 works from his massive private collection to the Louvre in Paris where they are on display since February – a selection of paintings from Mr Kaplan's celebrated Masterpieces of the Leiden Collection, named after Rembrandt's birthplace and containing not just the master's canvasses but also those of his pupils – fijnschilders (fine manner painters) such as Gerrit Dou, Gabriël Metsu, and Ferdinand Bol – and of his teacher Pieter Lastman and studio assistant Jan Lievens.

The exhibition features the first Rembrandt Mr Kaplan bought – "portrait of a lady aged 62 perhaps Aeltje Pietersdr. Uylenburgh" – and aims to present a comprehensive overview of the Dutch Golden Age that span just five generations but resonated for centuries afterwards and influenced the work of Goya, Picasso, Francis Bacon, and many others. Usually reluctant to deal with private collectors, the Louvre instantly let go of its airs when Mr Kaplan offered the museum an opportunity to showcase parts of his 250-paintings strong collection. However, he kept his lone Vermeer – "a young woman seated at the virginals" – in New York. The work, not to be confused with a similar one from the same painter owned by the National gallery in London, is the only confirmed privately-owned Vermeer.

Mr Kaplan's love for Rembrandt, his coterie of fijnschilders, and Dutch Baroque came at an early age and was kindled at the Amsterdam Rijksmuseum, home to the world's largest collection of Dutch seventeenth-century paintings, where his parents took him repeatedly. "Even as a little kid, I was floored by the beauty of the old masters and the richness of inner life that they were able to capture." Tomas Kaplan first visited the Rijksmuseum aged eight and has returned many times since.

True to his investor roots, Mr Kaplan started buying up Dutch masters only about fifteen years ago after receiving a tip from British art historian and independent curator Sir Norman Rosenthal, at the time exhibitions secretary at the Royal Academy in London. Sir Rosenthal revealed that the old masters had fallen on hard times and were quite unfashionable – and cheap. So, the investor went on a buying spree, at one time snapping up almost three quarters of the fijnschilder paintings that came on the market. Most he indeed managed to acquire for a song and a dance, but when faced with stiff competition, Mr Kaplan went straight into war mode, outbidding any comers.

His greatest coup came when he landed The Goldfinch by Carel Fabritius, widely considered Rembrandt's most gifted pupil, who left only thirteen paintings. Aged 32, Carel Fabritius lost his life in 1654 when a gunpowder magazine in Delft exploded, levelling a quarter of the city including the artist's studio where most of his work was kept. Only thirteen Fabritius paintings survived the blast and Mr Kaplan managed to get the only one privately owned – thus claiming the holy grail any well-heeled private art collector craved for. When approached on Mr Kaplan's behalf by a dealer, the painting's owner, a Viennese count, only asked a single question: "Will your client pay a Rembrandt price?" Mr Kaplan did.

After the Louvre, The Masterpieces of the Leiden Collection is set to embark on a world tour with exhibitions scheduled in Shanghai, Beijing, Moscow, St Petersburg, and Abu Dhabi. It is Thomas Kaplan's way of question otherwise depressing political realities: "Rather than silently acquiescing to the building of walls or the burning of bridges, my wife and I are using the most powerful tools we have, Rembrandt and our passion, to build the connections that bind people together rather than tear us apart."

"Even as a little kid, I was floored by the beauty of the old masters and the richness of inner life that they were able to capture."

> TIM COOK

Taking Care of Business

He wants to be remembered as a good and decent man. Not that he's going anywhere, anytime soon: Apple CEO Tim Cook (56) is determined to take proper care of the legacy left by the company's visionary founder Steve Jobs (1955-2011) who is the closest thing the IT universe has to a deity. Mr Cook, in contrast, does not at all aspire to immortality: he merely wishes to perpetuate the ethos of his predecessor – attention to detail, beauty in simplicity, and a relentless dedication to perfection.

It is by no means easy to walk in the great man's shoes. Apple-diehards – a breed contemptuous of anything not graced by a half-eaten fruit – have accused Mr Cook of blandness and a lack of originality, two great sins. However, Tim Cook is perhaps best explained as a loving and caring father who coaches a contrarian and slightly rebellious adolescent to maturity.

No longer the exclusive domain of the self-anointed über hip, Tim Cook's Apple has grown up and can now be depended upon to consistently deliver quality. Though the company is no longer at the absolute cutting edge of technology, ceding ground to relative newcomers and even to – horror of horrors – old-school tech giants such as Microsoft, Apple can still be relied upon to push holistic processes that bring together a host of devices which, until quite recently, were largely unaware of each other's existence.

Unveiling a new and slightly improved product line in early June at Apple's annual developer conference in San José, California, Mr Cook received considerable flak in the press for underwhelming the assembled crowd. The company's only truly new product, the HomePod loudspeaker scheduled for launch just before this year's festive season, seems to fall in the me-too category, streaming music and giving the company's AI incarnation Siri a presence in the living room where she will compete against Amazon's already fairly well-established Alexa who takes orders, and provides answers, through Echo – the online retailer's speaker pod.

What most of the specialist press fails to pick up on is that Tim Cook doesn't like to boast or talk about projects under development – preferring instead to keep things under wraps until the technology has matured and is ready for market. The tip of the veil is occasionally lifted to show investors that Apple has not fallen asleep at the proverbial wheel such as when the company confirmed speculation that it is working on a self-driving automobile which may be manufactured in-house. Detroit has been warned.

With a leadership style that remains firmly focused on people, strategy, and execution, Mr Cook leaves it largely to the company's engineers to come up with new products. He is not necessarily looking to replicate the original success of the iPhone – though that would be nice – but prefers to find ways to tightly integrate Apple's current products – opting for evolution rather than revolution.

Under Mr Cook, the company has become an oasis of peace with a zero-tolerance policy towards people with disagreeable personalities and larger-than-life egos. A number of Apple-watchers – yes it is a thing – have remarked that Steve Jobs usually kept troublemakers aboard, recognising that their contributions to the company often outweighed their abrasive personalities. Tension and disagreement may have helped Apple scale great heights, it is not the way by which Mr Cook wants to further the company. That is not to say Tim Cook can't be curt and dismissive of others: shareholders who objected to Apple's views on climate change and sustainability were told to "get out of the stock" if they did not share those concerns.

As an excellent corporate administrator, Mr Cook helped the company survive its near-fatal downturn during the latter half of the 1990s when revenues plummeted and the company was saved from bankruptcy by a $150m cash injection from none other than Microsoft. Under Mr Cook's guidance Apple shot back, seeing its revenues multiply from a low of barely $6bn in 1998 – pocket change by today's standards – to a whopping $215bn in 2016. Whilst others in the company were tinkering with the next-biggest-thing in computing, Tim Cook was working the spreadsheets – taking care of business.

"Under Mr Cook, the company has become an oasis of peace with a zero-tolerance policy towards people with disagreeable personalities and larger-than-life egos."

> Latin America

Brazil: Nothing New Under the Sun

By Wim Romeijn

The Brazilian tax service is a formidable and insatiable beast. Thanks to its Public System of Digital Bookkeeping, the Federal Revenue Service can track almost every transaction taking place in the country. Supercomputers are deployed to ensure full compliance by both businesses and individuals. Whilst the tax service may be efficient, the country's tax code is anything but streamlined. A 2014 report compiled by PricewaterhouseCoopers (PwC) with input from the World Bank and the International Finance Corporation (IFC) concludes that Brazil leads the world in tax compliance costs.

Taking an average company, the report's authors compared compliance costs and tax rates in 189 countries. Professional tax advisors were asked to prepare the necessary returns for the company. The average global corporate tax rate amounts to 43.1%. It requires 268 hours of work to prepare the paperwork. However, in Brazil companies face a total tax burden equal to 68.3% of their profits and must dedicate well over 2,600 hours to file returns. Nowhere else in the world is more work required to meet corporate fiscal requirements.

High taxes and compliance costs go a long way towards explaining why Brazil became one of the world's most expensive countries for residents and corporates alike. The Economist's Big Mac Index places Brazil on par with Sweden, and just shy of Norway and Switzerland, at the bottom in the global hamburger affordability league. More than just a light-hearted exercise in statistics, the Big Mac Index also charts the relationship between the world's currencies and spots anomalies.

Based on the purchasing power parity (PPP) theory – which holds that exchange rates over time move towards one that would equalise the price of identical goods and services – the adjusted index also considers the relationship between the price of a Big Mac and per capita GDP. Thus, an ideal price is calculated for each country and then compared to what patrons pay at the till. The discrepancy determines a given currency's under- or over-valuation. Using this methodology, Brazil again takes first prize with a currency overvalued by no less than 67.6% over the US baseline.

All this adds up to the infamous Custo Brasil (Brazil Cost), the premium paid by foreign corporations for doing business in the country. Custo Brasil includes high taxes (36% of GDP against an average of 21% for upper-middle-income countries), excessive import duties, an over-valued currency, and interest rates that approach extortionate levels. Also included, a deficient education system that consistently delivers a workforce without the skills demanded by business. According to US-based human resources consulting firm Manpower Group, only Japan with its ageing population fares worse on this count. Add arcane labour laws to the mix, and a crumbling infrastructure, and Brazil's faltering economy adds up.

A study by Boston Consulting Group found that the economic progress the country registered in the golden decade up to 2008 was powered mostly by Brazil's demographic dividend. Gains in productivity only accounted for about a quarter of GDP expansion during this period.

In its annual Report on Doing Business, the World Bank suggests Brazil can boost the economy by increasing the domestic savings rate, simplifying business start-up and wind-down procedures, and cutting corporate taxes and streamlining the country's bloated tax code. Whilst the government remains a big part of the problem, the corporate sector is not entirely without blame.

First introduced by President Getúlio Vargas in the early 1930s as a way to fast-track the industrial development of the country, corporatism has made an indelible impression on the Brazilian psyche; in fact, to this day the state remains little more than a servant of big interest groups – big in the amount of cash they can bring to the table – or shove under it.

Largely forgotten by history, Getúlio Vargas is in many ways the founding father of modern Brazil. He ended the era known as "café com leite" in which power alternated between the rural elites of the coffee-producing state of São Paulo (café/coffee) and agricultural powerhouse Minas Gerais (leite/milk). At the time, Brazil's landed bourgeoisie showed scant interest in moving away from the plantation-based economic model that had served it well since colonial days. A populist and a contemporary of like-minded strongmen such as Juan Domingo Perón in Argentina and Lázaro Cárdenas in Mexico, Getúlio Vargas imposed a development model that shielded the economy from foreign competition and influences whilst establishing state monopolies in sectors deemed of strategic importance: oil, mining, and steelmaking amongst others.

> "Bringing down the Custo Brasil is a task that requires an uncommon dose of liberalism and a determination to part with the remnants of the Estado Novo."

Architect of the Estado Novo (New State), shaped as a hybrid between Salazar's Portugal and Mussolini's Italy, Getúlio Vargas in 1937 did away with elections and imposed a new constitution in order to quell a largely imagined communist uprising – the fictitious Cohen Plan, a plot hatched in the corridors of power to help the president solidify and perpetuate his grip on the country.

Politics aside, the Vargas Era did succeed in driving top-down economic development guided by a strong state. Growth was delivered by shutting out competition and keeping a safe distance from world markets. After his death in 1954, the policies initiated by Getúlio Vargas continued to provide the framework for the country's economic development. The military dictatorship that came to power in 1964 expanded on the heritage by decreeing a comprehensive import substitution programme that was to transform Brazil into an autarky – economically independent from the wider world.

Though most, but not all, state monopolies have now been done away with, the Brazilian mind set remains curiously anti-liberal. Competition and free trade do not come natural to the country. Vested interests and the associated illicit flows of cash conspire against an opening-up of the economy. Brazilian corporates know that courting the government turns out to be far more lucrative than the pursuit of operational excellence. The Custo Brasil may be terribly high, but those who know how to play the rigged game can still come out ahead.

Also, nothing is quite as it seems in Brazil.

The Clean Company Act of 2014, Law No. 12,846, has been hailed as the toughest in the world on fighting corruption with penalties ranging up to 20% of a company's gross revenue. Offending corporates even risk suspension or dissolution. Moreover, companies are not allowed to argue in court that they had no criminal intent as evidenced by the implementation of adequate internal procedures to prevent corrupt acts.

This, however, did not prevent meatpacker JBS, the world's largest beef exporter, to buy up politicians wholesale to help secure loans on advantageous terms from national development bank BNDES. The Batista brothers, owners of JBS, bankrolled almost 1,900 politicians and helped elect a third of the deputies currently sitting in the national congress.

Facing a host of charges, the brothers decided to throw in their lot with the public prosecutor investigating their shenanigans in order to escape long prison sentences. In return for near-total immunity, they offered to provide evidence of wrongdoing by leading political figures, including President Michel Temer. Duly wired-up, Joesley Batista meets the president who promptly endorses – on tape – the payment of hush money to a politician behind bars for his role in the Lava Jato affair surrounding state oil company Petrobras.

Once again, the stage seems set for an impeachment procedure – the second in barely twelve months – to remove a misbehaving president from office. This time, however, the scandal may end with a twist. Considering the vast amounts of illicit campaign funding dispensed by big business, Brazil's Federal Electoral Tribunal mulls an annulment of the results of the 2014 presidential election, paving the way for an interim administration to replace the discredited Michel Temer who, of course, maintains his innocence.

Whilst it is indeed encouraging to see Brazilian judges assert both their power and independence, taking politicians and their corporate sponsors to task, the seemingly never-ending stream of major corruption affairs that undermines the country's progress is but the outcome of an corporatist economic model that has evolved little since the days of Getúlio Vargas. Government and business cosying up to divide the loot of a closed economy has been the default state of affairs from the early 1930s. It is not only part of the Custo Brasil – it is hard-coded into the country's very DNA. To change that requires a mentality such as the one displayed by Brazil's judiciary – and in particular by its newest generation of judges. It is a start and comes as no surprise that both politics and business require some time to catch up.

Bringing down the Custo Brasil is a task that requires an uncommon dose of liberalism and a determination to part with the remnants of the Estado Novo. For now, there is no politician in sight who is willing and able to answer that call. Whilst presidents fall into and out of office, it is business as usual – or, nothing new under the sun. ❇

> CFI.co Meets the CEO of The Billionaires' League:

Sheldon Orlando Powell

Sheldon Orlando Powell was destined for success from an early age. Sheldon's mother passed away while he was at the age of two. He was raised in Kingston, Jamaica, with other family members. By age fifteen, Sheldon had already started working at his cousin's garage washing cars and, a bit later, as a mechanic. From there he moved on to become a filing clerk at one of the largest printing companies in Jamaica.

Being the favourite, Mr Powell was encouraged by his adoptive mother and others to enter the Caribbean Stock Wizard Competition. Out of a field sporting over 1,100 participants, Mr Powell secured tenth place – enough to pique the interest of MTI, one of the world's most trusted investment education companies. He was hired on the spot and by age nineteen moved to Trinidad & Tobago to head the company's local division.

Mr Powell realised that in order to secure a better life and attain his personal goals, he had to find a role model that achieved success in a similar situation and thus offered proof adversities are clad with opportunities. A belief in one's own powers was key: operating from a positive mental framework and having a clear vision – and act on it. Enjoying an optimistic outlook and an ability to persevere in adversities was the starting point to Mr Powell's success. Surrounding himself with experts in the investment field and a dedicated team at BM allowed him to maximise his potential. He studied Michael Lee Chin, a Jamaican billionaire, and made the decision to accept and adapt to change while stepping outside his comfort zone in order to venture into uncertainty – but always moving towards his goals.

Father of Isabella and Demetryus Powell, Mr Powell's two children provide all the motivation and inspiration needed. He set his goals high: to become great, make a difference, and impact the lives of millions of people worldwide by using his talents and creativity and, also, to leave a legacy for the next generation. Mr Powell founded Billionaires Mobile.

After a number of ups and downs, Mr Powell deployed the meagre savings that remained, and some funds entrusted by friends, in the stock and forex markets. When Forbes Magazine released its 2015 top-earning billionaires list, he realised his mistakes and identified five common traits shared by billionaires:

- The wealthy invest differently and have an entrepreneurial mind set;
- They have access to the right information which proves to be sound and they act on the data;
- Billionaires see the big picture and manage risk prudently;
- They are influential and have a large network of qualified professionals; and
- They own companies that they understand.

CEO: Sheldon Orlando Powell

Mr Powell was determined to complete his research and to invent a global disruptive solution based upon these principles and allow for consistent wealth creation. This resulted in The Billionaires' League – his eureka moment.

"No one in the fin-tech universe had developed a best practice investment approach and user-friendly application, that can help investors avoid common pitfalls by replicating the methods employed by today's most successful billionaires, investment bankers, and portfolio managers – all in real time and on a mobile application."

"I I strongly believe that embolden people make the right choices via access to the right information will enhance their success. It allows people to invest smarter. Hence, giving the community at large, especially young investors, the ability to profit from their investments and, in doing so, pay it forward."

Billionaires Mobile (BM) was conceptualised in 2015 and incorporated a year later as a Caribbean finch-tech company that uses algorithms extracted from large publicly datasets such as filing to the US Securities and Exchange Commission to identify life cycle changes in global markets and insights into the strategies of billionaires and large financial institutions. BM was envisioned by Mr Powell with the aim to develop a mobile application that allows the average person access to the right data and mimic the investment moves of billionaires in real time. This unorthodox approach, fractional investing, allows users to copy the top eleven stocks owned by these billionaires and hitch a ride on their coattails.

The Billionaires' League is a revolutionary wealth creation tool at your fingertips.

Vision - To empower novice and middle-income investors worldwide.

Mission - To promote market interest and growth via investment trading to an entirely untapped demographic.

Objectives - To develop a fully-functional mobile application allowing users to trade investment options while tracking the investment strategies of leading billionaires and firms and to make the mobile application and its data affordable and user friendly. ❇

> Pan American Energy: Powering Argentina

Pan American Energy (PAE), with stakeholders BP and Bridas, is the largest private hydrocarbon exploration and production company in Argentina. Founded in 1997, PAE contributes 20% of the oil and gas produced in the country, and has had the highest production growth rate and the best reserve replacement ratio in Argentina over the last ten years. Between 2001 and 2016, PAE invested $14 billion and, during that same period, the company increased its oil production by 27% and its gas production by 76%. PAE is also present in Bolivia and has recently started operating in the Gulf of Mexico through Hokchi Energy. It is currently surveying the Hokchi offshore area and it plans to drill in shallow waters.

PAE IN ARGENTINA

In Argentina, PAE employs more than 12,000 people, either directly or indirectly, and operates conventional and unconventional oil and gas fields. The company operates in the four main hydrocarbon production basins in Argentina: Golfo San Jorge, through Cerro Dragón, the largest oilfield in the country; Neuquina, the largest gas basin and the hub for the future development of unconventional reservoirs; and the Noroeste (Salta Province) and Austral basins (located offshore Tierra del Fuego), with significant production of gas – the country's main source of energy.

In all its operations, PAE prioritises the safety of its employees and contractors and the care for the environment. In this respect, its environmental management system has been certified with international standard ISO 14001 since 2002; the company also complies with an operations policy based on the requirements established in OSHAS 18000.

> "Amongst the initiatives implemented are more than seventy corporate social responsibility programmes which – in 2016 alone – reached more than 300,000 people throughout the country."

In addition, the company actively supports the development of those communities where it maintains a presence. Amongst the initiatives implemented are more than seventy corporate social responsibility programmes which – in 2016 alone – reached more than 300,000 people throughout the country. Another noteworthy initiative is the small and medium-sized enterprise (PAE SMEs) programme that the company has been implementing for twelve years and which seeks to strengthen more than 500 regional companies with a view to promoting their development, irrespective of whether they are PAE suppliers.

CERRO DRAGÓN

In the Golfo San Jorge basin, PAE operates Cerro Dragón, which is today the largest oilfield

in Argentina. The oilfield started operating in 1958 and covers an area of more than 3,500 km^2 (865,000 acres), or around seventeen times the footprint of Buenos Aires, the country's capital. Here, PAE operates approximately 3,800 production wells which together produce almost 20% of the oil supply in Argentina. Around 70% of production goes to the domestic market and the remaining 30% is exported, mainly to Europe and the United States.

The flow of investment in this basin has been reinforced over the last decade via the application of new secondary recovery techniques, always in search of new development opportunities, exploring gas production prospects and conducting drilling campaigns of 150 to 200 wells annually.

Planning has been, of course, another key component: facilities have been powered and more than 90% have been automated, thus optimising operations.

PAE´s solid investment commitment and the work performed by the company´s teams have positioned Cerro Dragón as the largest and most important oilfield in Argentina and, at the same time, have consolidated Chubut as the main oil production province of the country.

OPERATIONS IN UNCONVENTIONAL FIELDS AND OFFSHORE

For more than forty years, Pan American Energy has been operating in the Neuquina Basin (Neuquén Province), conducting exploration activities and producing gas for Argentina.

Over the last years, PAE – in its capacity as operator – and its partner YPF have successfully deployed a project in the Lindero Atravesado Field, the largest development of tight gas in the basin. Thanks to sustained investment – more than a billion dollars over the last four years – the company multiplied production in its reservoirs, which reach a depth of 4,500 metres in the Grupo Cuyo formation. In this block, explored in its entirety using 3D seismic, the company is developing a programme encompassing 104 wells.

PAE is also planning to produce in the Vaca Muerta formation, where the company operates different blocks for the development of shale oil and shale gas reservoirs.

In terms of offshore operations, for more than three decades PAE has partnered with companies Total (operator) and Wintershall in the only offshore production project in Argentina, which produces approximately 20% of the gas in the country. With an investment exceeding $1 billion over the last three years, the consortium has managed to start up production with a new platform and to drill new wells.

TEAMWORK

The company's strategy over the last fifteen years has been to prioritise exploration, the development of reserves, and the responsible and efficient production of conventional and unconventional hydrocarbon reservoirs. Thanks to the work performed by its teams of experts, it has been exceptionally successful. To achieve this objective, PAE always focuses its efforts on working, investing, and producing on the basis of a shared philosophy – teamwork. ❇

> Fiduciaria de Occidente S.A.:
Aiming for the Top

Fiduciaria de Occidente S.A., Fiduoccidente, is a financial services provider with over 25 years of experience in the Colombian financial services industry and nationwide representation. It is a subsidiary of Banco de Occidente and part of Grupo Aval (NYSE: AVAL), the largest financial conglomerate in Colombia. Since 1991, Fiduoccidente has been authorised to function as a trust and fiduciary company in Colombia. The company has decided to specialise in investment funds management and other trust and fiduciary services such as pension liabilities management in standalone trusts, individual portfolio management, and complimentary trust management services.

Fiduoccidente has the best credit rating for all of its investment funds issued by Fitch Ratings Colombia and is rated in the best tier as a portfolio management company. The trust company is certified ISO 9001:2008 for the provision of trust and fiduciary services, including portfolio management. Said certificate is internationally backed by iQNet.

ASSETS UNDER MANAGEMENT

As of April 30, 2017, Fiduoccidente had $11.2 billion in assets under management. Of that total, $881.9 million corresponds to traditional investment funds, $110.7 to private equity funds, $5.4 billion to pension resources, and the remaining $4.8 billion to investment portfolios from private and government-owned companies. A prudent approach to client on-boarding, asset management, and the design and launch of new products has resulted in Fiduoccidente consistently claiming a spot in the top 5 of trust and fiduciary companies in Colombia.

To date, Fiduciaria de Occidente manages over thirty mandates which represent different investment strategies, policies, and criteria, leading to the design of adaptable procedures in order to cater to the different demands made by its clients.

INVESTMENT FUNDS

Currently, AUM in this asset class consolidate

Investments Team

in five investment funds differentiated by type, term, and investment duration. One of these five funds was the first local investment fund launched in Colombia with an international portfolio manager and an international custodian agency – two milestones for the Colombian industry and regulation.

Additionally, Fiduciaria de Occidente manages five private equity funds amounting to $110.7 million at the end of April. This investment niche is based on a variety of economic sectors ranging from real estate to start-ups, biotechnology, and buyouts. As a result of a selective process of top-tier general partners, private equity assets are expected to reach $204 million by the end of 2017.

CLIENT RELATIONS: INVESTORS AND STRATEGIC ALLIES

Fiduoccidente maintains its own nationwide branch network to ensure close proximity to investors, one of the key elements of our client relations policy, supported by a corporate structure that sees offices in other cities report to four regional divisions which have staff in charge of administrative, operative and sales activities.

Fiduoccidente's in-house distribution entails two national sales departments and four regional offices. The company has over 35 sales managers, distributed over the country's main cities: Bogotá, Medellín, Cali, Barranquilla, Cartagena, Pereira, Bucaramanga, and Montería. Sale managers are certified to industry standards and specialise in specific client profiles: corporate, business, and small and medium enterprises, and individuals.

Furthermore, Fiduoccidente has established strategic alliances with other entities of Grupo Aval through distribution agreements and sales synergy plans to boost fundraising for individual, enterprise, corporate, and government banking.

STRICT CORPORATE GOVERNANCE STANDARDS

Fiduciaria de Occidente, part of Grupo Aval, maintains the strictest corporate governance standards given that Grupo Aval is listed in the New York Stock Market (NYSE: AVAL). This steers the company to comply with strict international regulations such as SOX and FCPA: a valuable asset to pursue long-term sustainable business in a strictly regulated market.

Fiduoccidente's board of directors establishes and defines corporate policies and guidelines in terms of risk management. Segregation of duties is of major importance to Fiduoccidente. The board of directors comprises ten members – of whom three are independent – and establishes and ensures the implementation of independent and clearly delimited functions assigned to front, middle, and back offices.

TECHNOLOGY

Fiduoccidente has made significant investments to upgrade its technological infrastructure in order to provide prompt service to its clients and support the organisation, whilst meeting availability, reliability, and scalability criteria. The use of an up-to-date integrated and secure platform ensures adherence to local regulation and minimises operative and human risk events.

THE THREE-PILLAR THREE-YEAR PLAN

For the next three years, Fiduoccidente's growth strategy will be based on three main pillars: market approach, assets under management, and a consolidated distribution model.

The trust company has traditionally been product-based. However, as of the first quarter of 2017 Fiduoccidente will transform its sales and management strategy into an investor-based one focused on four markets: institutions, companies, government, and individuals.

The ultimate goal is to become the largest asset manager of the fiduciary sector by increasing the number of clients and AUM of Fiduoccidente-managed investment funds – both traditional and alternative investments.

Finally, Fiduoccidente seeks to specialise in asset management and have a consolidated distribution model powered by strategic and close-knit partnerships with other financial service providers in the Colombia. ❇

Investments Team

> CFI.co Meets the Fiduciaria de Occidente Management Team:

An Effective and Practical Approach

CEO: Mario Andrés Estupiñan Alvarado

VP Sales: Adriana Chavarro Callejas

Chief Investment Officer: Jorge Enrique Cortés Rojas

MARIO ANDRÉS ESTUPIÑAN ALVARADO - CEO

Mr Estupiñan assumed his current position as CEO of Fiduciaria de Occidente in February 2015. As CEO, he establishes the trust company's strategic management in the short, medium, and long term and the establishment of strategic partnerships to ensure its positioning in current and potential markets.

Furthermore, his role is to ensure expected returns to shareholders and ensure compliance with an effective and practical approach to a dynamic legal framework. Mr Estupiñan has led the company to be recognised as one of Colombia's most notable brands in 2016. Throughout his time at Fiduoccidente, Mr Estupiñan has led Fiduoccidente to be an active member in the Colombian fiduciary, private equity, infrastructure, and real estate gilds. Thus, he has pioneered the implementation of international standards of practice.

Mr Estupiñañ holds a Bachelor's Degree in Economics from Universidad de los Andes, with post graduate studies in Economics, Financial Legislation, Risk and Information Economy, and Senior Management and Strategic Leadership.

Mr Estupiñan has more than nineteen years of experience in Colombia's financial sector and has also worked in the United States and Peru. He has held top-level positions leading successful innovation, internationalisation, and sales expansion processes. He has ample fiduciary knowledge in the sales, legal, financial, tax, accounting, and operating fields.

ADRIANA CHAVARRO CALLEJAS – VP SALES

Mrs Chavarro's avant-garde approach to markets over the last years has guided Fiduoccidente to be one of the most innovative financial services providers in Colombia by leading and implementing an interdisciplinary approach to innovation for the trust company.

As vice-president of sales, she establishes the sales targets, tactics, and objectives for Fiduoccidente's different types of businesses. Additionally, she manages relations with stakeholders and strategic professional groups that result in the positioning of the brand and long-term relations with clients.

Mrs Chavarro Callejas holds a Bachelor's Degree in Industrial Engineering from Universidad de los Andes with executive training in marketing and areas related to the structuring and formation of financial vehicles and project management.

She has nineteen years of experience in the trust sector, holding senior positions at different companies. This has given her extensive knowledge of the market and trust products and has allowed her to successfully lead the design and implementation of business, sales, innovation and marketing strategies.

JORGE ENRIQUE CORTÉS ROJAS – CHIEF INVESTMENT OFFICER

Mr Cortés is currently in charge of the Investment Department, where assets of over $11 billion are managed, including third party, pension, and investment fund resources. He has ample knowledge of portfolio management in Colombia and abroad, and in accounting, finance, statistics, economics, liquid asset risk, and portfolio management.

Mr Cortés holds a Bachelor's Degree in Business from Pontificia Universidad Javeriana in Colombia and did post-graduate studies in Corporate Finance. With over 25 years of experience in the Colombian financial sector, he has occupied top-level positions in front, middle, and back offices, leading processes for innovating, updating, and modernising the liquid assets of Fiduciaria de Occidente.

As chief investment officer, Mr Cortés is responsible for strategic investment management in the short, medium, and long term to keep positioning Fiduciaria de Occidente with the highest standards in asset management. ❇

> CFI.co Meets the CEO of Radix:

Luiz Eduardo Rubião

CEO: Luiz Eduardo Rubião

Radix CEO Luiz Eduardo Rubião thinks innovation. In 2010, along with seven partners, he founded Radix, a company founded on the conviction that it is possible to develop technology in Brazil, while adding expertise in engineering, automation, and software development to deliver a customised solution precisely tailored to individual client needs and requirements.

In 2013, as the company responded to needs of clients with global operations, Mr Rubião took the first step towards reaching an international market by opening an office in Houston, Texas. "Our diversified portfolio and the breadth of the framework represented are a few of Radix's differentiators. After all, combining engineering with software isn't very common in the American market. US companies are often specialised in either engineering or software. What makes the Radix solution unique, is combining the two while adding expertise in automation," explains the CEO.

The decision to open an office in the United States has proven right and timely for the company. Radix has seen good results stemming from the move. As the company expands globally, Mr Rubião is also taking the first steps towards consolidating an office in Canada. Another very real possibility is the opening of one or more offices in Europe. "These ideas are being analysed, and we see that, as business grows, there are plenty opportunities beyond the oil and gas industry."

When asked about Radix's differential for global growth, the answer was straightforward: a diverse portfolio. For Mr Rubião, the moment to believe and invest in digital revolution is now. "Since its foundation, Radix has been assisting companies from all sectors of the economy, analysing each case individually, understanding each customer's specific needs and developing projects ranging from traditional engineering to the development of software that optimises processes and allows access to real-time information for speeding up decision-making processes."

In addition to managing the business, Mr Rubião has succeeded in creating a good place to work. Radix has received a number of accolades from the Great Place to Work Institute (GPTW). The company has placed in the Best Company to Work for in Rio de Janeiro, Brazil, and Latin America. The survey is conducted by the company's own 500+ employees. During his career, the CEO has managed organisations that claimed a grand total of 31 titles such as best companies to work for – where 35% of those were first place, and 77% were in the top 3.

The company has always displayed a commitment to ethical business practices. In 2016, Radix was placed in the Pro-Ethics list, a recognition presented by the government agency (Ministry of Transparency and Supervision in Brazil). "At Radix we always practice compliance, but it 2015 we decided to create a compliance programme and put into practice what was already the norm. We have always had policies to raise employee awareness about compliance in minor, every day actions. These eventually reflect in major decisions and negotiations," said the CEO. ❇

> Radix:

Boosting Technology & Innovation Across Industry

Engenharia e Software

The need for process optimisation, cost reduction, energy efficient methods, and cybersecurity are become more apparent in businesses more and more every day. Radix is an engineering and software company that provides consulting and design services in the areas of traditional engineering, automation and industry IT, and software development.

Radix helps its customers use Industry 4.0, cybersecurity, chemical leasing, IoT (Internet of Things), big data, machine learning, and digital assets technologies to collect and organise data from their processes and assets. The services and solutions Radix provides fall into four major categories: engineering, industrial IT, software development, and development of technologies – always maintaining a pro-environment stance.

The company, founded in April 2010, assembled a team of over 500 employees in offices in the US and Brazil, with a wide berth of experience across several industries. Radix employees are focused on best practices to optimise processes and reduce cost. In one such case, during a planned oil platform shutdown for testing and maintenance, the Radix team managed to complete the assignment in half the allotted time. This represented a cost savings of 60,000 barrels of oil to the client.

However, Radix also uses cybersecurity technology for monitoring large areas and long distances. The engineering and software company invests in cybersecurity using Industry 4.0 and IoT technologies to equip customers with the needed tools and infrastructure for cryptographic data transmission, such as critical messages in the financial industry.

As Radix is constantly investing in innovation,

the company created its first Data Engineering Team in 2016. After all, tracking information generated while browsing the internet is an important tool, and it is becoming a priority for many companies in various sectors. Radix's team of data engineers aims to develop and implement solutions for distilling useful information from big data.

In 2013, as the company reached global markets, Radix opened an office in Houston, Texas. The company is now growing in Canada as well, and there is a possibility of an office in Europe to better respond to the needs of customers that operate on a global scale.

STRATEGIC PARTNERS

Currently, Radix is strongly tied to many different solution providers, such as Microsoft, SAP, Honeywell, Aveva, and OSISoft. The company builds connections, integrating its own expertise with the main tools developed by its partners. Therefore, Radix focuses on meeting each individual client demands for solutions in need of a digital revolution.

CERTIFICATIONS

Radix has the following certifications: ISO 9001, 14001 and OSHA 18001, CMMI 5, Crea-RJ (Regional Council of Engineering and Agronomy) Level 3, Defence Strategy Company, and Great Place to Work (Best Companies to Work for in Rio de Janeiro, Brazil, and Latin America).

In the first year since its foundation, Radix managed to obtain ISO 9001, ISO 14001 and OSHA 18001, all of which represent quality, work safety, and environmental requirements. As the company is ISO and OSHA certified, the quality of the services provided is guaranteed to follow strict international standards.

Another highlight for the company came in 2015 when Radix obtained the highest CMMi – level 5. This achievement proves the high level of maturity and optimisation of the software development processes. Only a very few selected group of companies have been recognised for this level of certification. Radix is one of seven Brazilian companies that has achieved this.

At a time when Brazil faces a difficult political and financial crisis, ethics is a major concern. In 2016, the Radix compliance programme reached a number of milestones such as becoming one of only 25 organisations in Brazil to make it to the Pro-Ethics List. This recognition is presented by the Ministry of Transparency, Supervision, and Control and the Ethos Institute. The 91 out of 100 points Radix obtained under the judging criteria demonstrates not only how quickly the company's compliance programme has grown, but also how deeply ethics is ingrained in its culture.

To affirm a strong partnership with OSIsoft, while maintaining a competitive advantage, Radix boasts more certified PI system infrastructure specialists than any other company in the world.

At the Ministry of Defence, Radix is classified as a Strategic Defence Company (EED). Being a part of this select group means the company has an opportunity to develop technologies that better meet requirements for cybersecurity, a real and constant need as evidenced by recent developments. ❇

"Radix helps its customers use Industry 4.0, cybersecurity, chemical leasing, IoT (Internet of Things), big data, machine learning, and digital assets technologies to collect and organise data from their processes and assets."

> **CCRIF SPC:**

Celebrating 10 Years of Innovation in Catastrophe Insurance in the Caribbean and Central America

In 2007, the Caribbean Catastrophe Risk Insurance Facility was formed as the first multi-country risk pool in the world, and was the first insurance instrument to successfully develop parametric policies backed by both traditional and capital markets. It was designed as a regional catastrophe fund for Caribbean governments to limit the financial impact of devastating hurricanes and earthquakes by quickly providing financial liquidity when a policy is triggered.

In 2014, the facility was restructured into a segregated portfolio company (SPC) to facilitate offering new products and expanding into other geographic areas: as a result the name was changed to CCRIF SPC. The new structure, in which products are offered through a number of segregated portfolios, allows for the total segregation of risk.

Following the restructuring of CCRIF, the facility expanded to Central America. CCRIF and COSEFIN (Council of Ministers of Finance of Central America, Panama, and the Dominican Republic) signed a memorandum of understanding to provide catastrophe insurance to Central American countries. At the time, Nicaragua signed a participation agreement, becoming the first CCRIF member from Central America. CCRIF now has seventeen members, including Nicaragua.

CCRIF currently offers earthquake, tropical cyclone and – since 2013 – excess rainfall policies to Caribbean and Central American governments. The facility is working on providing products for drought, agriculture, and fisheries as well.

CCRIF helps to mitigate the short-term cash flow problems small developing economies suffer after major natural disasters. CCRIF's parametric insurance mechanism allows it to provide rapid pay-outs to help members finance their initial

disaster response and maintain basic government functions after a catastrophic event. By providing short-term liquidity, CCRIF is able to ensure that governments do not have to divert from their budgets or from already disbursed development loans to finance post-disaster expenses, or rely on new loans and donations from the international community which, in many instances, creates higher levels of debt and tends to negatively impact macroeconomic targets. Most importantly, CCRIF provides peace of mind to member governments, which are reassured that they would be covered for future catastrophic events.

Since the inception of CCRIF in 2007, the facility has made 22 pay-outs for hurricanes, earthquakes, and excess rainfall totalling over $69 million to ten member governments. All pay-outs were transferred to the respective governments within a fortnight (and in some cases within a week) after the event.

CCRIF continues to be cited as an internationally recognised example of a risk transfer mechanism that should be seen as a key and indispensable component of countries' strategies for economic development, disaster risk management, and climate resilience as they seek to achieve higher levels of growth, reduce poverty, and become internationally competitive.

CCRIF owes its success to many development partners. The facility was developed under the technical leadership of the World Bank and with a grant from the government of Japan. It was capitalised through contributions to a Multi-Donor Trust Fund (MDTF) by the governments of Canada, United Kingdom, France, Ireland, and Bermuda and the European Union, World Bank, and the Caribbean Development Bank in addition to membership fees paid by participating governments. The Central America SP is capitalised by contributions to a special MDTF by the World Bank, European Commission, and the governments of Canada and the United States.

ISAAC ANTHONY

Isaac Anthony is currently the chief executive officer of CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility), the world's first multi-country risk pool providing parametric insurance. He has over twenty-five years of senior management experience spanning the areas of public finance, financial sector supervision, and economic planning having held key positions with the government of Saint Lucia including permanent secretary for Finance, Economic Affairs & National Development.

Mr Anthony led the most far-reaching reforms in public financial management in Saint Lucia and is a strong advocate for sound public finance in the Caribbean having been instrumental in the establishment of the Caribbean Public Finance Association and serving as its first chairman. He is now using his vast experience in macroeconomic management and disaster risk financing to promote catastrophe insurance as a strategy to support fiscal and climate resilience.

Mr Anthony served on several boards, including those of the Caribbean Development Bank and the Eastern Caribbean Central Bank. He graduated from the University of the West Indies with a Bachelor of Science degree in Economics & Accounting and a Master's in Business Administration. ❇

CEO: Isaac Anthony

> Billionaires Mobile:

Replicating Success

Billionaires Mobile is an innovative fintech company in the based in Trinidad & Tobago that uses algorithms extracted from large publicly datasets such as filings to the US Securities and Exchange Commission to identify lifecycle changes in global markets and insights into the strategies of billionaires and large financial institutions.

Envisioned by founder and CEO Sheldon Orlando Powell with a view to offer users across the world mobile application software to allow the average person access to the right data on how to invest smarter. The app enables users to track and use the investment practices of the world's billionaires, in the knowledge that:

The wealthy invest differently and have an entrepreneurial mind set;

- They have access to the right information which proves to be sound and they act on that data;
- Billionaires see the big picture and manage risk prudently with long term growth;
- They are influential and have a large network of qualified professionals; and
- They own and invest in companies that they understand.

DIRECTORS, EXECUTIVE TEAM, AND ADVISORY BOARD

Billionaires Mobile's board of directors includes Jacqueline Mailliard, Katrina Geetooah (director of Marketing), Christopher Lumkin (chief financial officer), and Jack Cassiel Ramoutarsingh (chief operating officer). The advisory board comprises four members: Eric Bogers (chairman of the advisory board), Winston Powell, Courtney Jackman, and Terrence Clarke (former general manager of the Securities Exchange & Commission in Trinidad & Tobago).

The user-friendly mobile technology is aimed to empower investors and traders worldwide with critical information and strategies from some of the most respected business tycoons, such as Warren Buffett, Bill Gates, Charles Schwab, and Abigail P Johnson. User can employ the app replicate their financial moves in real time.

"Op to now, no-one in the fin-tech universe had developed a best practices investment approach and user-friendly application that can help investors avoid common pitfalls by replicating the methods employed by today's most successful billionaires, investment bankers, and portfolio managers – all in real time and on a mobile application," says Mr Sheldon.

In the ever-changing world of finance and technology it is difficult to understand complicated financial reports and their jargon which limit access to reliable information. The knowledge of millennials with respect to money management, and their confidence in investing, is often limited. Researched has shown that the new generation of investors focuses on short-term gains. Many find it intimidating to invest and have a natural fear of losing their money. This makes it difficult to reach sound investment decisions.

According to MarketWatch, Scottrade conducted a survey of investors and found that the younger the investor, the less likely he/she is to trust investment advisers. Scottrade surveyed 1,030 adults who had at least $2,500 in investments. The study concluded that 80% of people in the millennial generation wish they had "access to trustworthy retirement investment guidance," with those numbers falling to 72% for Generation X, 49% for baby boomers, and 30% for seniors.

Amongst millennials, 67% of respondents think their adviser sometimes recommends products and solutions that are in his/her own best interest. That percentages declines to 64% for Generation X, 22% for baby boomers, and 15% for seniors.

Indeed, 70% of wealthy families lose their wealth by the second generation, and a stunning 90% by the third, according to the Williams Group wealth consultancy. US Trust recently surveyed high-net-worth individuals with more than $3 million in investable assets to find out how they are preparing the next generation for handling significant wealth. "Around 78% feel the next generation is not financially responsible enough to handle inheritance," says Chris Heilmann, US Trust's chief fiduciary executive. Mr Heilmann also revealed that 64% admit they have disclosed little to nothing about their wealth to their children.

The average rate of return enjoyed by the super-rich since 2009 is 11% per year. According to OXFAM, eight billionaires alone have as much money as the 3.6 billion people who make up the poorest half of the world's population. The world expects to welcome its first trillionaire in the next decade or so with Bill Gates most likely to claim the title.

SOLUTION & COMPETITIVE ADVANTAGE

The Billionaires League makes investing along with the world's smartest people easier than ever, allowing investors to mimic their investing moves in real time. This unorthodox approach allows for fractional investing where users copy the top eleven stocks owned by these billionaires.

Billionaire Mobile strives to grow its business network and user base globally through partnerships and strategic alliances with broker dealers, investment banks, insurance companies. Presently, the firm has secured a partnership with US broker Drivewealth and data providers such as Forbes to provide up to date news on the billionaires.

The concept used includes a correlation approach: since the billionaires' portfolios consist of private and public holdings, data is sourced directly from the various SEC data set forms. The investment software and data is made affordable through the use of unique algorithms which allow the user a better perspective and offer the ability to invest confidently. Billionaire Mobile aims to exceed user expectations in terms of functionality. A social media engagement strategy will be employed to encourage user interest. ❇

> Simon Bloom, Family Office Consultant:

The Other Side of the Coin

The children of self-made millionaires have much to live up to. Finding their own path to fulfilment means second generation individuals must navigate parental expectations and face the dangers of self-doubt. But achieving self-worth is possible and need not be fraught with intergenerational conflict.

The season finale of Sky Atlantic series Billions offered a profound insight into the complexities of familial relationships amongst the super-rich. For those unfamiliar with the series, it focuses on the combative relationship between fictitious hedge fund billionaire Bobby 'Axe' Axelrod and US Attorney General Chuck Rhoades. Both characters are exemplary in their respective fields but – driven by an overwhelming urge to be the best and to triumph over their adversary – are flawed and often lapse into illegal and immoral behaviour.

Billions treats its audience to a glimpse of the trappings of a lavish lifestyle but also reveals the myriad challenges ultra-wealth brings. In particular, we see the intricacies of Chuck's relationship with his father, self-made millionaire Charles Rhoades Sr.

Charles Sr exhibits the classic characteristics associated with a generation-one individual. He is driven, successful, and often myopic in his approach to life. He lives vicariously through Chuck, imposing his own unfulfilled dreams of becoming governor on his son.

Charles believes that every effort he makes, every calculated strategy – notably to bring down Chuck's nemesis Axe – is entirely in his son's interest. Yet seen through the eyes of Chuck, this father-son relationship is anything but symbiotic. Chuck feels manipulated by his father; that his own interests, goals, and lifestyle choices are dismissed.

Chuck is an archetypal generation-two individual. He desperately wants to please his father, yet wants to meet his own ambitions in life as well, and while the two share a common goal of achieving the role of governor for Chuck, the ways in which they want to get there are at odds.

Ultimately, these differences cause what is essentially, a loving relationship to break down as the two fail to understand the other's desires, perceptions, and experiences. Finally, after one run in too many, Charles Sr disowns his son.

The brutality with which Charles terminates the relationship is shocking and is made all the worse for the fact that father and son could have established a meaningful and sustainable relationship. A lack of communication, mutual understanding and respect led to the irretrievable differences.

> "For many generation-one individuals their genetic makeup, psychological, and neurological development make it incredibly difficult to empathise with their children or accept a differing view point."

Unfortunately, this is all too common in wealthy families.

THE CHALLENGE

Moving to a non-Hollywood example, the Jones family – an illustrative but fictitious family of established manufacturers and owners of Widgets Ltd in the UK for 35 years – found itself facing similar familial discord.

Mother Rosie, aged 72, has been running the company since her husband and father of her three children died twenty years ago. Her eldest son James, 39 and heir apparent to the business, is keen to take over the reins and relieve his mother of her day-to-day responsibilities.

James has built up a long history of relevant experience. He obtained a finishing school degree and went on to complete his MBA before working at McKinsey for the next decade. He then came to work for Widgets Ltd, starting in junior management before working his way up to director level.

James' younger sister also works for the business as a marketing associate, whilst his younger artist brother is based in Paris and has no direct connection to the family firm. James's frustration lies in his mother's reluctance to relinquish control of the business. The problem is exacerbated by James' father's dying wish that the business grow into an international enterprise. Rosie, however, is keen to play it safe, keep the business contained, and limit investments and expansion.

James fears he may not be given access to the business until he is well into his fifties by which point the opportunity to expand the enterprise will have been lost taking with it his relationship with his mother. At the same time as disregarding James's expansion plans, Rosie repeatedly reiterates how her efforts are all for her children and is equally frustrated that her son fails to appreciate her point of view.

Rosie feels she is responsible for the extremely comfortable lifestyle that her children have enjoyed, yet James feels this material attention is of little value while his mother fails to recognise his skills, talents, and ambition.

For many generation-one individuals their genetic makeup, psychological, and neurological development make it incredibly difficult to empathise with their children or accept a differing view point. It is often said that having great success often feeds our narcissistic sense of self.

This is by no means always the case, but for Rosie – and our fictitious example of Charles Rhoades senior – a sense of self-righteousness prohibits them from seeing their children's side. Meanwhile generation-two are either so overwhelmed by their parents' success that they acquiesce and capitulate to generation-one's dominance and fail to make themselves heard.

At the other end of spectrum, generation-two is so frustrated by their parents' dogmatism that they rebel and abandon the family business completely. This creates a challenging environment in which James needs a cadre of skills that he does not really possess.

INTEGRAL CONSULTING

James must be flexible, but in a skilful way. He will need to accept that his mother will unlikely relax her position. Instead, he needs to validate Rosie's positive input by praising his mother for the work she has done in creating a stable and secure environment. After all, it is thanks to her that he has fulfilling employment and lifelong opportunities in the successful family business.

James must make clear how much he appreciates his mother and reinforce her sense of self-worth and achievement. Only then is Rosie more likely to hear James' side.

It is at this point that James can put forward his plans for the business, but this must be done in such a way as to not threaten Rosie's need for stability as she approaches retirement. James could suggest taking a portion of the non-core

Widget business and using that to build an international operation. Once he is successful in his endeavours, and Rosie no longer feels threatened, James will have a greater opportunity to take over more control.

The idea, based on Ken Wilber's Theory of Everything and explored in more detail in my book Passing the Buck: How to Avoid the Third Generational Wealth Gap, sees our reality divided into four interrelated quadrants.

The upper left quadrant covers how individuals feel and the upper right is how they express those feelings. The bottom quadrants tackle the collective – in this case the family business. The lower left quadrant refers to the group's collective culture and goals, while the lower right comprises how the group's health and ability to grow and adapt.

SBC built a model of successful wealth management based on the All Quadrants, All Levels (AQAL) model which says the internal and external individual positions must be aligned with the external and internal collective experience.

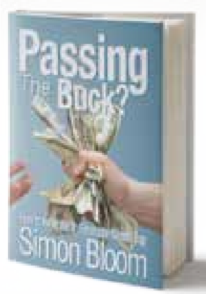
In the Widget Ltd solution, the AQAL theory is put in practise since James' and Rosie's individual behaviours and experiences are eventually correlated with that of the collective to allow the business and the family to achieve their goals and targets.

Not all parents and children in wealthy families are destined to face such conflicts and, in many cases, where these do arise, the two sides will be able to communicate effectively to resolve their differences.

However, it may be that an impartial third party is needed to bring objectivity and perspective when conflict arises and ensure family relationships, and the business itself, survive, and thrive long into the future. ❇

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



> North America

The Accidental Statesman or How Trump May Yet Invigorate Scientific Debate

By Wim Romeijn

In the summer of 2013, sightings of a rare bird drew hundreds of ecstatic twitchers to the Outer Hebrides, hoping to catch a glimpse of the white-throated needletail – normally confined to Central Asia and not seen in Britain since 1991. The bird, an oversized swift, is ranked just below the peregrine falcon and golden eagle as the world's third-fastest animal, reportedly clocking speeds of up to 170 km/hr. Just as the birdwatchers – some of whom had arrived on chartered planes – finished setting up their equipment they caught the bird flying straight into the rotating blades of a 42-metre high wind turbine. The bird-of-the-century did not survive the encounter. Its body was handed to local conservationists.

"Birds know how to cope with climate change. They have been dealing with it for millions of years," says Professor of Physics William Happer of Princeton University: "However, birds have no experience in dealing with large windmills. Prof Happer is both a rarity and an oddity in today's climate change-obsessed world – he likens the belief that mankind's mere existence upsets the balance of nature to a religion; one that peddles in half-truths and banishes heretics to the looney fringe. He maintains, nonetheless, that only "a small fraction" of the one degree centigrade warming recorded over the past two centuries can be traced to anthropogenic sources; most of the warming may be ascribed to natural causes.

Prof Happer has been shortlisted by the Trump Administration as a candidate for the job of science advisor. Predictably, Prof Happer's views have been roundly condemned by the establishment. Michael Oppenheimer, also of Princeton University and lead author of the fourth assessment report (AR4) of the Intergovernmental Panel on Climate Change (IPCC), called his colleague's analysis "simply not true" and insisted that the evidence indeed points towards human causes for global warming.

Prof Oppenheimer does admit that some IPCC scientists have shown a "lapse in judgment" when they requested – in emails leaked to the public on the eve of the 2009 Copenhagen Climate Change Conference – that data not conforming to the established view be excluded from the AR4. However, Prof Oppenheimer maintains that no such data was suppressed and that he included the full findings of the panel in the interim report.

For all the criticism he was subjected to, Prof Happer is not a fluke. Nor is he alone in questioning established wisdom. A contemporary of Albert Einstein working at the Princeton Institute for Advanced Study on advanced bombsights during World War II, British American physicist and mathematician Freeman Dyson (93) is a well-known – and respected – contrarian. Neurologist Oliver Sacks (1933-2015) once branded Prof Dyson a subversive: "He feels it's rather important not to be orthodox. He has been that way all his life." Theoretical physicist and Nobel laureate (1979) Steven Weinberg agrees: "I have the sense that when consensus is forming like ice hardening on a lake, Dyson will do his best to chip at the ice."

Perhaps unsurprisingly, Prof Dyson doesn't buy into climate change. He was already working on the world's climate system at Oak Ridge National Laboratory a quarter century ago – long before the wider scientific community had discovered the topic. More recently, he provided the introduction to a 2015 report on the effects of carbon dioxide on the planet by Indur Goklany who represented the US government on the IPCC and in that capacity helped draw up the 1992 UN Framework Convention on Climate Change.

> "According to Prof Dyson, research into climate change is to a large extent driven by a pre-set agenda which does not allow for dissent."

Prof Dyson insists that humanity is far removed from an existentialist crisis and argues, as Mr Goklany did in his report, that CO2 is not all bad: "Over the last decade as analytical tools have become more sophisticated, discrepancies between what is observed and measured, and what is being predicted have become much stronger. Our climate models don't seem to work – they are simply wrong. Ten years ago, we had no way of knowing this. Perhaps that will change for the better in the future. As observations improve, the models used are becoming more verifiable."

According to Prof Dyson, research into climate change is to a large extent driven by a pre-set agenda which does not allow for dissent. Debate has been turned into a monologue. This does not help to further our collective understanding of the changes that the planet is being subjected to. When Prof Brian Cox [the likeable BBC in-house physicist] declares that he is under no obligation to engage with dissenting colleagues something has gone terribly wrong."

The growing-league of dissenters, led by scientists of impeccable standing, argue that greenhouse gases also have positive effects such as the greening of the planet which allows for significantly increased crop yields that, in turn, provide farmers with annual windfalls in excess of $140bn. "Unlike the claims of future global warming disasters, these benefits are firmly established and are being felt now. Yet despite this, the media overlooks the good news and the public remains in the dark," says Dr Goklany.

Prof Dyson agrees: "A whole generation of scientific experts is blind to obvious facts whilst the thinking of politicians and scientists about controversial issues remains tribal." Out of the box thinking coupled to a healthy measure of scepticism rooted in verifiable fact has brought Prof Dyson to challenge the conventional view on climate change: "We need to revisit the computer models currently favoured by IPCC scientists and remove the many fudge factors – unknown quantities – they contain. One such fudge factor concerns the role of clouds. Their role is oversimplified and does not at all relates to their actual behaviour."

Far removed from the community of peevish right-wing climate change deniers and a self-described social democrat, Prof Dyson nonetheless maintains that all the fuss about climate change is greatly exaggerated. Writing in the left-leaning New York Review of Books – a publication that is to gravitas what the Beagle was to Darwin (in the words of the New York Times) – Prof Dyson likened climate change to a global obsession – "the primary article of faith for a worldwide secular religion".

Prof Dyson agrees that rising levels of greenhouse gases are caused by human activity: "This may be a striking yet ultimately benign occurrence in a relatively cool period in the earth's history. The warming is not global but local, making cold places warmer rather than making hot places hotter." The professor suspects that carbon dioxide may well prove salubrious: "It acts as an ideal fertiliser promoting forest growth and crop yields. Most of the evolution of life occurred on a planet substantially warmer than it is now and substantially richer in carbon dioxide."

Science is, of course, not a matter of personal opinion; rather, it is driven by hard data. Prof Dyson's beef does not concern climate change as such, but is with scientists who seriously argue that there is no time to gather more data-based evidence, and wait for improved de-fudged computer models, because it is already too late and the world must act now – committing untold trillions to fight a threat not yet well understood. "Using the same imperfect data now available, it is entirely possible to make a hard case that the global warming – a trend by the way not observed since 2000 – currently underway may signal the onset of an ice age. The thing is, we just don't know."

This is, perhaps, what convinced President Donald Trump – a man who thinks he know it all and thus represents the flipside of wisdom – pulled his country out of the Paris Agreement on climate change which aims to limit the rise in global temperature to 1.5 degrees centigrade and fully phase out carbon dioxide emissions by, at the latest, 2055. Whilst the move by the Trump Administration was inspired by politics rather than science, it could conceivably reignite a more dignified discussion about climate change – how to quantify it and how to tackle it.

What Dyson et al propose is a more humanistic approach – one firmly grounded in reason and the principles of The Enlightenment – to whatever phenomenon seems to upset the balance of nature. Scientist simply have no business catering to human fears and moralistic and/or existentialist doubts, encouraging panicky reactions, and nurturing a nascent secular religion as the last word on the subject. ❇

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> Ichor Systems:

Growing with Customers

Ichor Systems provides fluid delivery solutions to customers in the semiconductor manufacturing industry. The company has gone through significant changes since its beginnings in the 1980s as Kinetics and in the early 2000s as Celerity.

The name changed to Ichor Systems after the company was acquired by Francisco Partners in 2009. It is a public company since December of 2016.

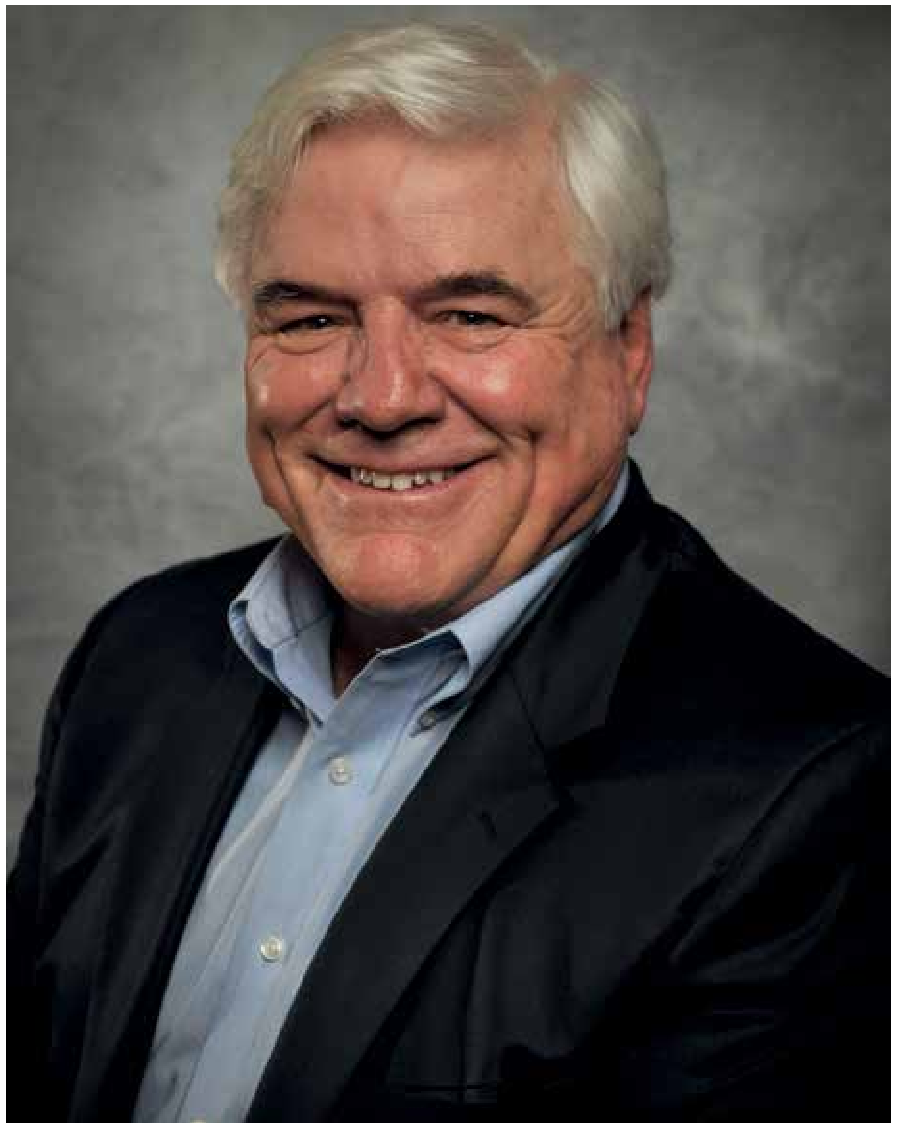
From its early days, Ichor Systems served its customers by performing mechanical contracting services. This eventually evolved into providing more and more capabilities to provide complete solutions to customers including weldments, gas panel assembly, and chemical modules. In the early 2000s, the company began expanding its manufacturing footprint into Malaysia and Singapore to support the growing global presence of customers. By the late 2000s, Ichor Systems had begun supporting the global LED business and once again expanded its corporate footprint in North America.

As the company began to grow significantly alongside its customers, new management was brought in to help scale-up in order to meet the new and increased demand in the global semiconductor industry. Most recently, Ichor Systems acquired a plastics machining company to support the growing chemical delivery needs of one of its customers. The acquisition will allow the company to support other key customers as well as help it gain entry into new markets.

Considering its future, Ichor Systems has identified a number of opportunities to sustain its growth. The company also envisions further growth with existing customers by offering new platforms and adding more and more capabilities to deliver complete solutions. The company also continues to explore improvements through R&D and acquisition of disruptive technologies that continue to give it a distinct competitive advantage.

The continued expansion of capabilities in South East Asia better aligns production facilities with the customers' supply chain strategies. This further enables Ichor Systems to expand into new products and markets.

Ichor Systems is headquartered in Fremont, California, with manufacturing locations in Oregon, Texas, Singapore, Malaysia, and the UK. Its sales and engineering office is strategically located in Silicon Valley, California.



Executive Chairman & Director: Thomas M Rohrs

MANAGEMENT

Thomas M Rohrs has served as executive chairman and director of Ichor Systems since February 2012 and as chief executive officer since September 2014. Prior to serving at Ichor, Mr Rohrs worked as CEO and chairman of Skyline Solar from 2010 to 2012 and at Electroglas from 2006 to 2009. Mr Rohrs also served as senior vice president of global operations and member of the executive committee for Applied Materials from 1997 to 2002 and as vice president of worldwide operations for Silicon Graphics from 1992 to 1997. Mr Rohrs currently serves on the board of directors of Advanced Energy and Intevac. He previously sat on the board of directors of Magma Design Automation, Ultra Clean Technologies, and Vignani Technologies. Mr Rohrs holds a B.Sc. in Mechanical Engineering from the University of Notre Dame and a MBA from the Harvard Business School. ❇

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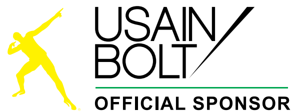

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> **Obituary:**

Robert M Pirsig

By John Marinus

Occasionally a culture strains noticeably under the weight of epoch. This usually coincides with a falling out of generations; when a counterculture has reached a critical mass, when static patterns give way to dynamism. They are times when icons and gurus find their followings, as – amidst the creaks and buckles – critics and their cohorts alike go slightly hysterical, eager for something momentous, epitomic, canon worthy.

Hints of this hysteria are detected when reading the reviews that immediately followed the release of Robert M Pirsig's novel Zen and the Art of Motorcycle Maintenance (1974). There are plenty of works that were hailed for having captured the spirit of the counterculture (you may have already have come up with a few titles yourself) which in retrospect have quietly been relegated from important work of literature to the less illustrious cult classic. However, Robert Pirsig didn't set out to create a great piece of literature; it's far more tragic than that.

Zen and the Art of Motorcycle Maintenance (also mercifully abbreviated to ZAMM) is the fictionalised account of a motorcycle trip through the Midwestern United States to the Pacific Ocean which Pirsig made with his eleven-year-old son Chris in the mid-sixties. The story is told in the first person and this narrator, presumed to be Pirsig himself, has in mind for this journey what he calls a Chautauqua – originally a travelling lecture and educational movement popular in the US in the late 19th and early 20th centuries, an examination of philosophical questions usually in the form an intellectual autobiography interspersed in the main story.

This examination of philosophical questions starts off as a cool reflection on how people relate to technology but soon divides the world into two groups, the classical and the romantic. The narrator endeavours to resolve this dichotomy which – as his Chautauqua proceeds – he correlates with other fundamental dichotomies: analytic vs holistic, subjective vs objective, groovy vs square, Aristotelian vs Platonic – all to be resolved in his philosophical programme of the Metaphysics of Quality.

It quickly becomes apparent that Pirsig's philosophical journey has one pivotal juncture: his schizophrenic breakdown and commitment. In the book's flashbacks to times before the breakdown, Pirsig gives himself the alter ego of Phaedrus. Indeed, it is made clear that the narrator and Phaedrus are two distinct personalities. Phaedrus starts off as a gifted teenager taking chemistry classes at the University of Minnesota but becomes disillusioned with science when reaching the conclusion that the number of rational hypothesis that explained his observations was infinite. With that he had stumbled independently upon the fundamental question of the philosophy of science, but as often happens with the precocious, this block proved insurmountable and he ended up flunking out of study altogether.

> *"But he who, having no touch of the Muses' madness in his soul, comes to the door and thinks that he will get into the temple by the help of art – he, I say, and his poetry are not admitted; the sane man disappears and is nowhere when he enters into rivalry with the madman."*
> -Plato, the Phaedrus

In 1946, he enlisted and went to Korea where he first encountered eastern philosophy. Pirsig visited Japan and returned home to earn a philosophy degree at Minnesota. He studied for a year in India at the Banaras Hindu University, returning home once again to study journalism and take writing courses with the poet Allen Tate. He met his first wife Nancy Ann James in 1954 and together they had two sons. Pirsig supported his family by doing odd jobs and writing technical manuals.

It is in 1959 when Pirsig's philosophical thinking first takes shape. While teaching English composition at Montana State College in Bozeman, he gives the topic of quality as an essay assignment for his class. A year later he goes to Chicago for a postgraduate course in philosophy at the University of Chicago, but immediately feuds with the department head, a leading Aristotelian, over his search for "quality". He taught rhetoric at the University of Illinois-Chicago, but his behaviour at home became increasingly erratic and threatening. On Christmas Day 1961 he was taken to hospital in a catatonic state.

It's a highly engaging book and does at times feel rather profound. Pirsig's Chautauqua, searching for some epistemological footing, starts off cautiously and thoughtful, so when Phaedrus seems to come to some realisation the reader goes along with it. It's all very exciting, agitating even. The nature of quality is a focus of Phaedrus' epiphany. At Bozeman he becomes dissatisfied with the idea of teaching writing by the rules of composition. Reducing a discipline to its component techniques seems absurd, hollow. The same hollowness that some feel when their world is reduced to physical, biological, and psychological processes – or the hollowness felt by Pirsig's motorcycle companions when the totality of their craft of freedom and speed is reduced to cold mechanics. It is the poverty the groovy attribute to the square. But not only is analysis the only way we know how to teach, it seems fundamental to how we understand the world around us. What was it that was lost in analysis? That which we all know but can't break down with language. Quality, which resists definition, is prior to perception, resides neither in the subject nor object, but subsumes them both. The Dharma.

The Chautauqua acquires an increased sense of urgency; it is intertwined with the swelling of the narrative which lends it a rhythm and even dynamism provoking the reader to read faster and faster. The narrator himself gets caught up in it; he has let the ghost of Phaedrus back in and it is consuming him as he becomes more and distant from his young son on the back of his motorcycle. Phaedrus becomes possessed, uncovering a grand conspiracy going right back to Aristotle and Socrates, a church of reason, antithetical to value and truth, dividing the world into substance and property, obscuring the nature of quality. In the part of book where the more sympathetic reader might be able to feel the low vibrations of the motorcycle engine complete with the occasional sputter now comes the cool pressure as the electrodes are placed above the temples and the straps are tightened.

Phaedrus left Bozeman for Chicago on a mission to tear down the church from within. In the book his encounters with the faculty take on an adversarial tone, until finally he faces off with Richard McKeon (referred in the book only as the chairman) in a class discussion about Plato's dialogue The Phaedrus (of which Pirsig incorrectly states that the name comes from the Greek for wolf – one of a handful of puzzling errors in his work). For a topic which is presented as central to this tome, the discussion of the dialogue never really gets into the meat of it, but that's because at this point Phaedrus has well and truly lost the plot. He ends up sitting and staring at a wall for days on end, ignoring his family, and allowing cigarettes to burn to his fingers. Later Pirsig would suggest this to be the zen interpretation of "hard" enlightenment. The psychiatrists politely insist on the more conventional diagnosis of catatonic schizophrenia.

And yet in the madness of Phaedrus, one recognises something irresistible: the experience that comes deep in restless contemplation when,

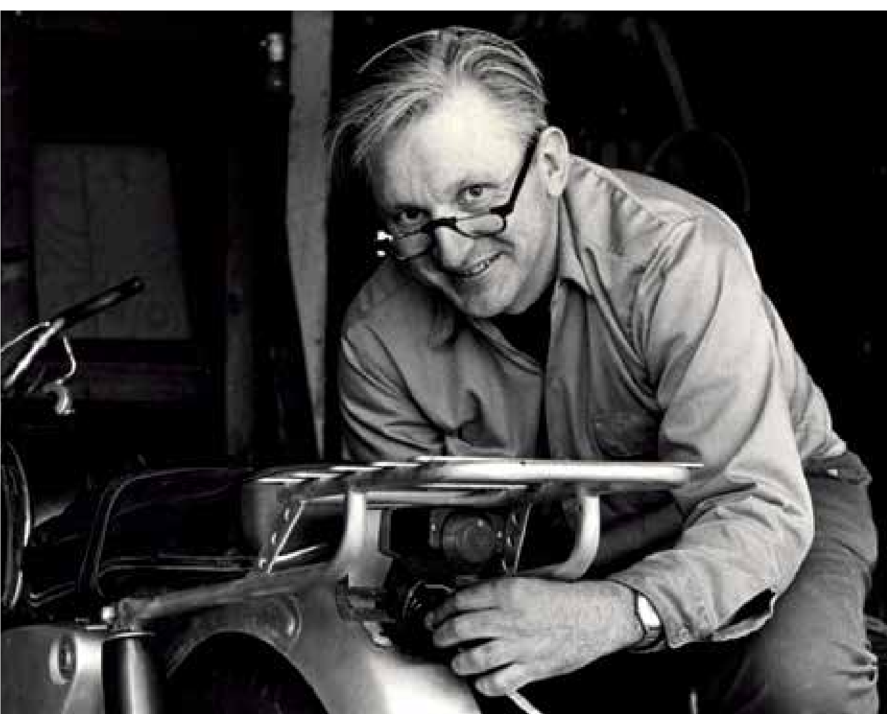
for a moment, all our thoughts slot neatly into place. Our world crystallises with us in it, and the feeling is that so long as we stay perfectly still, the workings of the universe seem to balance themselves in our head: complete insight. In that moment, shadows do indeed seem tedious and the light beckons. But we look away, and it all vanishes at the sight of a blank page.

The style of writing is terse and intimate which make his occasional pearls of wisdom seem all the more profound. These pearls, meditations on the aesthetics of mechanics, procedure, and outlook illustrated by the example of motorcycle maintenance and writing, informed by Zen thought and practice but applicable to any task, make up a third thread in the book. This would seem to be the real soul of the book, or at least the remnants of the book he set out to write in the first place. In one of the handful of interviews he gave, Pirsig admitted that ZAMM was meant to be a selection of essays, a sort of pastiche of Eugen Herrigel's Zen in the Art of Archery. Only once Phaedrus hijacked the project to write his "great book" did Pirsig complement the already awkward title with the subtitle: An inquiry into Quality.

This is where the question of authorial intent comes into play when assessing the legacy of Robert M Pirsig. The book ends with Pirsig and Chris running out of roads west when they arrive at the Pacific coast. Chris doesn't recognise the man who was discharged from the mental hospital (the narrator) as his father. The matter is resolved when Pirsig admits that he is still Phaedrus inside; the person declared sane and who had been telling the story of Phaedrus was a mask. So that's resolution: the author wasn't cleverly allowing the reader to get swept up with Phaedrus' mania only to set them straight at the end; the reader has been following the madman throughout the entire book. Invariably this leaves the reader's jaw slack – either in dumbfounded anti-climax, or incredulous devotion.

Pirsig was a reclusive writer/philosopher but not reclusive enough as to be enigmatic. Zen and the Art of Motorcycle Maintenance was a surprise bestseller. Having been rejected by a hundred and twenty-two publishers, Pirsig's manuscript was saved by chief editor JD Landis at William Morrow and Company who wrote back to Pirsig saying that he felt compelled to publish the work but then cautioned the author not to expect much beyond his three thousand dollar advance. They went on to sell millions of copies worldwide. Pirsig only gave a couple of interviews, but in those he made it perfectly clear: he was Phaedrus, and the Metaphysics of Quality is his grand philosophical programme. He wrote only to get that out and for it to be taken seriously by philosophers.

In 1974, Pirsig was awarded a Guggenheim Fellowship to allow him to write a follow-up, Lila: An Inquiry into Morals (1991). Lila is clearly a continuation of ZAMM, and though it takes roughly the same form (boat trip from the Great Lakes down to the eastern seaboard rather than the highway heading west, just switch out your



Robert Pirsig. *William Morrow/AP*

Aristotelian elements), and is transparently an exposition of his philosophy, with far more fictional components than ZAMM. And again, there's plenty of interest: Metaphysics of Quality gets a historicistic dimension, a dialectical monism consisting of static and dynamic patterns of quality as a means of explaining the interplay of the inorganic, organic, social, and intellectual – with this interplay underlining social development. This also has implications for his thoughts on anthropology, exploring the contributions of the native cultures to the American character, and the cultural relativism of sanity, which towards the end ventures into conspiratorial territory, again not entirely without stimulating thought, but the man clearly has an axe to grind, albeit it possibly for understandable reasons.

It is telling that Pirsig, when bringing up William James Sidis in a 1992 NPR interview, considered him as someone with whom he could relate. He also dreaded that he might share Sidis' fate. Sidis was another child prodigy, and Pirsig made a point of giving his IQ as being around 300. Pirsig's own is often cited as amounting to 170. Sidis, who was celebrated at age eleven as the youngest-ever student admitted to Harvard, was later dismissed as eccentric and his work ignored.

There are very few references to Pirsig in academic literature and the most are not related to philosophy. This is the true tragedy of Robert M Pirsig, the celebrated author who gained a cultish following, as was fashionable of the age, possibly still having merit as a pop philosophy author, who only ever wanted to be a profound philosopher and just wasn't. ZAMM and Lila are the only books Pirsig ever published; there are no nonfiction philosophical works, no articles, nothing. Fine maybe for a maverick autodidact with a cult following, but hardly the bibliography of a serious thinker seeking engagement.

This is not to say that there is nothing at all to the Metaphysics of Quality. It's not wholly an incoherent conspiratorial manifesto posted on poorly presented webpages which give an inconstant wordart and clipart, though his followers certainly do deliver, still advertising MoQ conferences dating back to 2005. It's not wholly naïve philosophy: Pirsig is just sloppy or neglectful of the works of others. Or maybe he went into philosophy with his programme already in place and didn't come to learn but to burn it all down. Parts of his works are reminiscent of various philosophers of the canon, and plenty of contemporary figures could have helped Pirsig resolve his quandaries or at least offer them some structure. Pirsig anticipates his predecessors, the hallmark of the amateur philosopher. And Pirsig was our King.

After the publication of Lila, Pirsig lived a quiet life in South Berwick, Maine. On December 15, 2012, Montana State University bestowed upon him an honorary doctorate and held a Chautauqua celebrating his work.

Robert Maynard Pirsig died on April 24 of this year. He was 88 years old and is survived by his wife Wendy Kimball, their daughter Nell, and by a son, Ted, from his first marriage. Son Chris, who figured prominently in Zen and the Art of Motorcycle Maintenance, was fatally stabbed in a mugging outside the San Francisco Zen Centre, at the age of 22. ❇

ABOUT THE AUTHOR

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> Asia Pacific

China: Easternisation Postponed

By Wim Romeijn

Now that the economy is showing signs of slowing down, the Communist Party of China fears its legitimacy, which no longer rests on ideology, may come under fire – possibly undermining the country's forward march in global affairs. The worries add to China's already fragile sense of security as the party's leadership suspects Western powers may eventually seek to foment revolution, or at least covertly back expressions of popular unease, as they did in Ukraine, Iran, Georgia, and elsewhere.

Aware of the need to nip protests in the bud and, more importantly, remove the causes of unrest, President Xi Jinping, in office since March 2013, has move swiftly and decisively to stamp out corruption – a mammoth undertaking that reportedly saw more than one hundred thousand people arrested. Amongst those locked up are many whose loyalty to the president was questionable – an added benefit to the rulers.

China may be home to the world's largest economy, overtaking the US sometime in 2014 (in PPP terms), its national edifice is far from stable. Besides corruption, the country is plagued by environmental pollution on an epic, if not apocalyptical, scale. Air pollution kills an estimated million to a million and a half people each year.

It dampens economic growth as well, and though the government mandates cutbacks in harmful emissions, inspectors of the Ministry of Environmental protection earlier this year found that in the Jing-Jin-Ji (Beijing, Tianjin, and Hebei) metropolitan area, home to around 80 million people and responsible for 10% of China's GDP, fully 70% of companies ignore the limits set by authorities. Chinese Prime Minister Li Keqiang may want to "make the skies blue again", his vigorous attempts at sanctioning heavy polluters have so far only displayed the limits of his power.

Another one of the many uncertainties facing China concerns the nearing depletion of the country's demographic dividend. With an ageing population and a shrinking workforce, the nation will have to deal with the expensive after-effects of its, now scrapped, one-child policy. Expenditure on healthcare and pensions are set to balloon just as the economy decelerates.

Notwithstanding its newfound military prowess and global swagger, China has so far been largely unable to effectively challenge the West's dominance in world affairs. Thus, the expected easternisation – the long-anticipated tilting of geopolitical reality towards Asia – has not materialised and is unlikely to happen before the countries of the region gain a better understanding of the true drivers of power. Though wealth and a strong military are prerequisites, open government (democracy), strong institutions (rule of law), and cooperation (free trade and mutual security arrangements) are just as important to ensure hegemony.

With close to 4.4 billion people it is only logical that Asia claims its rightful place at the top of world affairs. However, the focus has thus far been exclusively on China and the meteoric growth of its economy – largely fuelled by strong Western demand for cheap consumer goods. Though its statistics are notoriously unreliable, in 2000 China's already-then booming economy represented about 13% of US GDP. By 2011, this had risen to 50% in absolute terms and much higher still when measured to purchasing power parity (PPP). Yet, democracy at national level is absent and the rule of law subjected to limits, whilst trade and security frameworks mostly aim to secure a greater role for China, possibly at the expense of its junior partners. If doubtful of that assertion, look at the proposed land bridge – Silk Road 2.0 – which twists its tortuous way around Russia, bizarrely cutting through Iran instead, and avoiding next-door India altogether, thus bypassing the only two regional powers that can counterbalance China.

> "As the Fourth Industrial Revolution gets underway and the physical, biological, and digital universes slowly merge into one, power will increasingly grow out of a brain – not a barrel."

The "aggrieved nationalism" that haunts the Chinese leadership, borne out of centuries of foreign humiliation, also explains – in part – the country's increasing military assertiveness. President Trump's ill-advised pre-inauguration overtures to Taiwan, in the end magnanimously dismissed by Beijing as an honest beginner's mistake, caused the Chinese to instantly freeze all communication with Washington in a reflex reaction that said more about insecurities at one end than it did about inexperience at the other.

Building up shoals and rocky outcroppings in the South China Sea, and adorning them with airstrips, harbours, and satellite dishes that serve no discernible purpose other than to taunt lesser regional powers, is a sign of weakness as well. When US president Theodore Roosevelt in 1900 adopted a West African proverb to provide a foreign policy framework for the up-and-coming world power – speak softly, and carry a big stick – his did not imply said stick should be menacingly wielded at anyone pulling a face.

No-one disputes that China should build up its military capabilities in order to project its power further afield. However, as long as the country fails to control it rogue puppet in North Korea, it cannot reasonably expect to be granted the global role its physical size and economic success merit. Again, the failure to keep Kim Jong-Un in check derives from the country's no longer rational fear of seeing a strong and prosperous unified Korea emerge on its eastern flank.

Easternisation is further hampered by a remarkable dearth of ideas and innovation. Surely, almost 1.4 billion Chinese, many of whom are well-educated, must be able to astound the world with something more than copycat gadgets. Thanks to a predisposed mistrust of, and even open hostility to, open borders, China still cowers behind its Great Wall – now in the shape of a virtual barrier closing off the internet – hoping, against better judgment, that the perfidious liberal ideas peddled by the West just go away.

The close-mindedness imposed from above aims to keep the Chinese ignorant of world affairs and views different from those advanced by the country's leadership. So far, the government has managed to maintain the intellectual straightjacket tightened up, but as the country's economic ascendency progresses, and its low-cost labour advantage shrinks, China will need to come up with a new model – one not based on being a sweatshop to the world. As manufacturing processes incorporate AI, advanced robotics, and the Internet-of-Things (IoT), the cost of labour will no longer be a determining factor. Already now, large companies are re-evaluating their presence in China. Even more worryingly, the country also lacks a thriving start-up scene of brilliant young people doing amazing things by thinking outside the box and challenging convention. Young Chinese are, in fact, actively discouraged from leaving their box.

Gideon Rachman, chief foreign affairs columnist of the Financial Times, argues that China's long-term goal is nothing less than to "overturn" the United States' global role. In Easternisation: Asia's Rise and America's Decline from Obama to Trump and Beyond (Other Press, 2017), Mr Rachman posits in essence that the world has now become too small to accommodate two superpowers. He concludes that the force of demographics will ultimately land China the role it seeks.

Regrettably, perhaps, Mr Rachman overlooks the power, and pull, of ideas. Yes, the West may be in decline, but reports of its death have been greatly exaggerated. Beset by existentialist threats – demagoguery, political polarisation, and sluggish economies – the West certainly has its issues. It also has many ways to deal with them. The West is also the place where new ideas are born, freely discussed, tinkered with, and embraced; where the technologies are made that shape the future; and where the boundaries of cultural expression and societal organisation are being pushed into new territory.

As the Fourth Industrial Revolution gets underway and the physical, biological, and digital universes slowly merge into one, power will increasingly grow out of a brain – not a barrel. In order to prosper, knowledge needs the freedom to explore. By its very nature, it cannot be guided from above as The Enlightenment has shown. Ultimately then, any nation that insists on limiting freedom of expression and the free flow of information is doomed to consume – and pay for – the ideas of others. In the case of China, it makes for a poor world power – one devoid of originality. ❇

> CFI.co Meets the President of The Stock Exchange of Thailand:

Kesara Manchusree

Kesara Manchusree became president of the Stock Exchange of Thailand in June 2014. She gave herself the task of developing the exchange on all fronts, especially in terms of boosting sustainability for the benefit of all stakeholders. Her belief is that a strong capital market will contribute to a strong national economy, resulting in the well-being of the entire nation.

Over the past three years, Ms Manchusree has been devoted to introducing and creating efficient new asset classes through a variety of products and services for the Stock Exchange of Thailand, Thailand Futures Exchange PCL (TFEX), and Thailand Clearing House Co (TCH), whilst incorporating technology and innovation to improve work operations and services. She has also placed emphasis on world-class infrastructure to facilitate stakeholders, including the T+2 clearing and settlement cycle that will be adopted in March 2018.

Ms Manchusree has also set her sights on further harnessing new technology to render IT stability for all stakeholders and building awareness on environmental, social, and governance (ESG) standards amongst listed companies, with the goal of increasing inclusion in the Dow Jones Sustainability Indices (DJSI) and firmly establishing sustainable development in Thai society. Eventually, these achievements will raise SET's attractiveness, allowing it to become the most appealing fund-raising destination in the region and maintain its position as the most liquid exchange.

Ms Manchusree is driven and motivated by her enthusiasm for development and betterment. During a 30-year-long career, her work has covered practically all sectors of the financial services industry. Prior to becoming SET president, she was in charge of marketing, derivatives, and market development at the exchange. Her achievements have included the setting up of TFEX (Thailand Futures Exchange), which today ranks second in the ASEAN region, and developing the Thai bond market. Ms Manchusree's visionary and analytical abilities have enabled her to create many financial products and instruments for SET, including the social impact platform for social enterprises and the start-ups platform.

Ms Manchusree's leading role in creating something new in both the Thai capital market and the wider society has been widely acknowledged. Her enthusiasm has gone beyond the capital market arena: she has been actively involved in SET activities to promote financial literacy and a nationwide savings campaign. She has also helped extend knowledge on business development and management to more than 1,500 start-ups and SMEs across Thailand. Her continued support for various universities has been widely lauded. In 2016, she was made honorary member of Thammasat University Council Committee and director of the university's Faculty of Economics.

President: Kesara Manchusree

On the regional and international fronts, SET has continued to be an integral part in supporting the development of ASEAN exchanges and in strengthening the sustainability of Thailand's capital market and member exchanges.

"The achievements reflect the strength of the Thai capital market, paving the way for future sustainable growth. A strong capital market contributes to a strong national economy, resulting in the well-being of the entire nation. We aim to grow together under the vision of making capital markets 'work' for everyone," Ms Manchusree said.

Ms Manchusree won the Outstanding Women Award 2016 from the National Council of Women of Thailand under the Royal Patronage of Her Majesty the Queen, and an Outstanding Women Leaders for Green Growth Awards 2016 from the Federation of Business and Professional Women Under the Royal Patronage of Her Majesty the Queen in recognition of her leadership and achievements in developing SET at regional and international levels.

In 2016, the SET president was, for the first time, elected to the board of directors of the World Federation of Exchanges (WFE) of which SET has been a member since 1990. ❇

> Stock Exchange of Thailand: Making the Capital Market "Work" for Everyone

The Stock Exchange of Thailand (SET) is the most liquid exchange in the ASEAN region and is ranked 23rd globally in terms of market capitalisation. Apart from its financial achievements, SET also strives to contribute to sustainable socio-economic and environmental progress, with the exchange believing that good business growth will increase national strength and eventually result in the betterment of society. This will, in turn, create a solid foundation to deal with domestic and global challenges over the long run.

Hence, SET deploys its resources in line with its vision to Make the Capital Market 'Work' for Everyone – serving all stakeholders is an integral tool for economic growth and should not just be kept for the privileged few. Driving this strategy is the awareness that SET cannot grow sustainably if parts of society are left out. In order to grow stronger with stability, SET and the Thai capital market have to focus on quality development in order to build a solid foundation for the future amidst the opposing forces of today's world.

In order to achieve that goal, SET has set out five clear missions: cultivating financial platform development, creating innovative product development, ensuring inclusive growth, fostering people development, and furthering knowledge management. Several such initiatives have been launched in a move to strengthen the exchange as well as society.

FINANCIAL PLATFORM DEVELOPMENT

SET has become a leading regional capital market, offering a full range of financial products and services supported by a world-class trading infrastructure. Its state-of-the-art platform has been developed with the aim of being innovative as well as easily accessible to customers locally, regionally, and globally.

The result, so far, has been satisfactory, with average daily trading value rising to $1.52 billion, the highest in ASEAN for five consecutive years.

The Thai capital market has become the top IPO fundraising venue over the past years, boosting total market capitalisation to $430.65 billion, which exceeds the size of Thailand's economy. SET is ranked 23rd globally in terms of market capitalisation and was upgraded to advanced emerging market status by FTSE in 2012.

Work on turning SET into a digital exchange has continued unabated. Apart from having a fully computerised trading system to ensure market infrastructure efficiency, it also employs the best technology throughout all operations and services and particularly in regards to the dissemination of information. The latest development was the launch of FundConnext, a platform for trading mutual funds, in 2017.

> "SET has become a leading regional capital market, offering a full range of financial products and services supported by a world-class trading infrastructure."

PRODUCT DEVELOPMENT

New products that are not only relevant to present market needs, but also resonate with future growth, are being continuously launched. The recently introduced SET Index highlights more listed companies for investors, keeping pace with index development in the global market. Apart from the equity market, the Thai derivatives market is also growing rapidly, expanding its multi-asset-class investment capability. The Thailand Futures Exchange PCL (TFEX) and the Agricultural Futures Trading Commission (AFET) have been successfully merged in order to enhance operational efficiency and reduce transaction costs, whilst TFEX has initiated new products such as TFEX Gold-D, an electronic gold futures trading platform with physical delivery, to be launched in 2017.

INCLUSIVE GROWTH

As many as fourteen Thai listed companies have been included in the Dow Jones Sustainability Indices (DJSI) – the highest number of any country in the ASEAN region. Meanwhile, 30 Thai listed firms have been included in the FTSE4Good ASEAN 5 Index, the highest among the ASEAN 5.

These developments echo SET's moves in strengthening listed companies' financial growth with a focus on ESG issues and impacts. SET has been encouraging listed firms to recognise the importance of corporate governance (CG) and to instil a CG culture. It has been providing consultation, and introduced CSR and Sustainability Reporting Guidelines as well. The exchange also launched the Thailand Sustainability Investment (THSI) list, initially covering 51 sustainability-oriented companies.

At the regional level, Thai companies scored high in the ASEAN CG Scorecard 2015-2016, which marked a crucial step towards gaining global confidence and recognition. In 2016, 13% of listed companies disclosed their ESG information in the sustainability report in line with the Global Reporting Initiative (GRI).

More significantly, SET was ASEAN's first exchange and only the 13th in the world to join the United Nations Sustainable Stock Exchanges (SSE) initiative, becoming publicly committed to working with stakeholders to promote long-term sustainability. The Thai capital market's development runs in line with the UN SDGs by creating market value chains to drive overall economic growth – such as providing employment opportunities and contributing more than 186 billion baht in tax revenue in 2016.

PEOPLE DEVELOPMENT

To ensure that our people are equipped with business competencies and cherish professional integrity, SET has had to change within itself, making sustainability one of the five core values of the SET's DNA, along with proactive proficient leadership and partnership. SET will continue to adopt a transparent, efficient, sustainable, and stakeholder-oriented governance structure, while its CG policy will be in line with the standards set by the Organisation for Economic Cooperation and Development (OECD) for governors, management, and staff.

KNOWLEDGE MANAGEMENT

SET has launched several initiatives to improve financial literacy, such as a planning project which helps people prepare for their retirement. This scheme reached more 3.3 million people between 2013 and 2016. SET implemented the Young Financial Star Competition (YFS) in 2003. Over 70,000 students have taken part in the competition during the past fifteen years. The exchange also created an investment discovery museum – called INVESTORY – which provides finance and investment learning resources and reaches more than 40,000 students. In addition to this, there is Maruey digital library which serves approximately 250,000 visitors per year.

As it moves towards its fifth decade in business, the SET's work on enhancing the quality of the capital market from all aspects, as well as building a stronger foundation, will continue. The aim of the exchange is to maintain its current high position in the region and ultimately drive sustainable economic and social growth.

In its quest to support all sectors and give stakeholders access so they can use the capital market effectively, SET also supports listed companies' progress on the international stage. It has launched a funding platform to support start-ups, which are expected to become a crucial force for Thailand's economy in the future.

The exchange also promotes a culture of sustainable investment amongst 1.4 million retail investors, developing savings channels, and promoting investment knowledge so investors can generate sustainable returns from the capital market.

The SET Social Impact Project will forge ahead, using capital market mechanisms to contribute to increased social impact in a quest to improve the quality of life for Thais. An online platform is already up and running, connecting corporations and individuals keen to help and share financial and non-financial resources with social enterprises.

The vision to Make the Capital Market "Work" for Everyone will soon be materialised and can lay a firm foundation for the country's sustainable socio-economic and environmental development. ❇

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> CFI.co Meets the CEO of AnandRathi Private Wealth Management: Rakesh Rawal

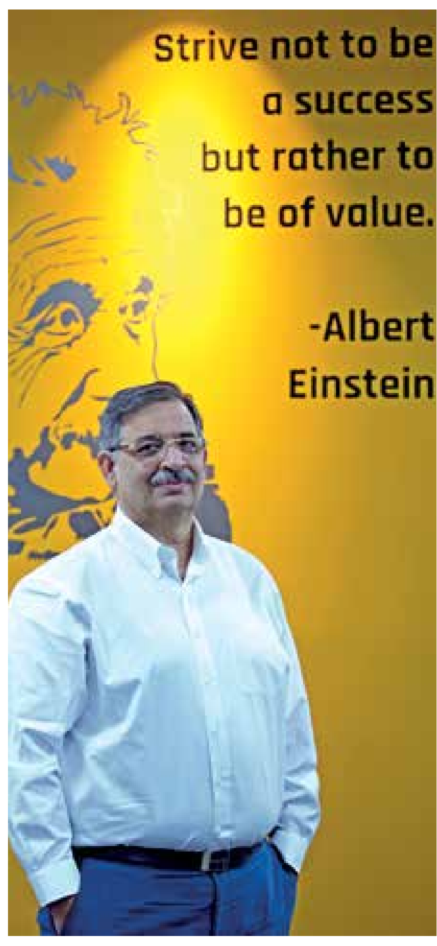
CONGRATULATIONS ON WINNING CFI.CO'S AWARD FOR BEST WEALTH MANAGER INDIA, THREE TIMES IN A ROW. HOW DO YOU FEEL ABOUT YOUR CONSECUTIVE WINNING STREAK?

As always, I am proud of our team's achievement. This is the outcome of their hard work and dedication. This series of awards reminds us that as we move to achieve greater heights, we must always remain grounded. It motivates us to maintain the high standards we have come to be recognised and appreciated for, and to always keep our fundamentals solid. We are grateful for our clients' appreciation of our approach based on fearless, data-backed, and uncomplicated advisory. Einstein once said, "strive not to be a success, but rather to be of value". I believe that as long as our clients find value in our proposition, success will follow.

RECENTLY, ANANDRATHI HAS BEEN CERTIFIED AS A GREAT PLACE TO WORK. HOW DID THIS COME ABOUT, AND WHAT DOES IT MEAN FOR YOUR COMPANY?

We are, of course, honoured to have been recognised as a company with a high-trust, high-performance culture in 2017. This began with a thought that a happy, satisfied team member will be more likely to generate positive outcomes for the company. So, we partnered with the Great Place to Work Institute India to audit our policies to gauge the happiness of our team while ensuring that we also meet our business objectives. Accordingly, we started looking at how professional happiness is created. It is important to create value for our financial strategists and to up their ante, which in turn, would create value for their clients by way of our differentiated strategic advisory, making both sets of stakeholders happy.

We have in place a process of incessantly imparting relevant knowledge to our financial strategists through regularly scheduled trainings. Joint meetings with senior personnel also help create additional value, resulting in employee and client happiness. Furthermore, the compensation structure in our company is formula-driven and completely objective, eliminating any chance of bias or preferential treatment. One of the most important things we do for our employees is that we support them through times of adversity, sensitively, with a human touch. There are several other policies and practices in this vein, but the bottom-line is this: our objective, at AnandRathi, has been to create happiness within our workforce, as happy employees tend to create fantastic results, generating hugely positive results for the company.



CEO: Rakesh Rawal

HOW HAVE THINGS BEEN SO FAR FOR ANANDRATHI THIS YEAR?

Our AuM (assets under management) and financial strategist count have both grown 40% in the last fiscal year. Now, with our acquisition of Religare's wealth management business, our team is 160 members strong, across India and with a presence in Dubai as well. Through this, we have also been able to strengthen our footprint across two key metropolitan cities in India – the National Capital Region (NCR) to the North, and Kolkata to the East.

Our attrition rate remains exceptionally low – less than 1% over the last 36 months, despite our numbers growing. This has, in turn, benefited our clients by providing them with a sense of security and stability with respect to the relationships we have built with them. Having achieved certain targets that we'd set for ourselves, we are decisively progressing towards newer ones.

WITH REGARD TO WEALTH MANAGEMENT, WHAT IS YOUR KEY MESSAGE TO HNI (HIGH NET WORTH INDIVIDUAL) INVESTORS?

It is important for HNI investors to opt for objective-led wealth management as against the more common product-led approach. The rationale behind this is that as an investor, if one's objectives are met, it will cause lasting happiness. On the other hand, even if two of, say, ten products that an investor has purchased go wrong or fail, the outcome will be nothing short of an extended period of turmoil, which will turn into a long-lasting sore point. It has always been our experience that in order to manage wealth effectively, one must begin by setting an objective and follow it up by preparing a strategy designed to meet that objective. To put it simply, why let the journey decide your destination when it is your destination that should decide the journey? ❇

> "Our AuM (assets under management) and financial strategist count have both grown 40% in the last fiscal year. Now, with our acquisition of Religare's wealth management business, our team is 160 members strong, across India and with a presence in Dubai as well."

> AnandRathi:

Straight Talk on Wealth Management

ANANDRATHI

PRIVATE WEALTH MANAGEMENT. uncomplicated.

These days, within the wealth management industry, one of the most common investment tendencies is to seek good products that deliver good returns. Accordingly, investors purchase multiple products from salespersons and, one way or another, these would end up determining the fate of their wealth.

What this means is, if one has happened to purchase the right products, the portfolio might radiate success. However, there is also the possibility that one will be stuck with stocks one knows much about, insurance policies one doesn't really need, real estate that is next to impossible to sell, and debt instruments that don't stand a chance to beat inflation.

Such an approach, is unfortunately still quite rampant amongst investors and tends to leave their portfolio at the mercy of inferior products. This is like departing on a journey and only deciding on the destination whilst underway. It should, of course, be the other way around. This is not how wealth management should be approached.

DESIGNING WEALTH MANAGEMENT

When it comes to wealth management, the very first – and critical – step is to set an objective. This will help investors decide where they want to go, long before they can find a way to get there. Any successful businessperson would set defined goals, painstakingly evaluate risks, allocate resources appropriately, and carefully monitor progress. Wealth management is just as intricate a process, but investors rarely manage their wealth with such a degree of seriousness and dedication. In fact, most investors are not even aware of what the returns (IRR) of their portfolios are. This would hardly qualify as proper management.

How, then, does wealth management really work? In the designing of a wealth strategy for a client, the first step AnandRathi takes is to help set an objective. Even when setting objectives, it should be noted that clarity is a determining factor.

> "If wealth is considered deferred expenditure, it stands to reason that it should be able to provide for one's requirements as and when they arise, over time."

Many studies suggest that setting clearly-defined goals increases the chance of success.

A good example of this is a study conducted in 1979, at Harvard. Respondents were first queried on whether they had set clear well-defined goals for their future, and later, on whether they had made any plans to achieve them. The results of the study are fascinating: 84% said they had no goals, 13% did have goals, but hadn't written them down, and a mere 3% had actually recorded their goals and plans in a meticulous fashion.

A decade later, the respondents were interviewed once again, with the researchers uncovering startling numbers – the 13% who had set goals were making twice as much income as their fellow-alumni with no goals. The clincher, however, was that the 3% who had carefully written down their goals and plans went on to earn ten times as much as the remaining 97% of the class, taken together.

This illustrates the point that in the context of wealth, when one has an objective, a roadmap can be drawn, and just by having a strategy, one can significantly raise the probability of attaining one's objective. However, prior to setting objectives for wealth, it is imperative to first understand what wealth actually is.

AnandRathi explains wealth as deferred expenditure. This essentially means that it is the sum total of money that has accumulated to be spent by oneself or one's family, in the future. If one's wealth is unable to meet such a requirement in a timely manner, the very purpose of wealth management is defeated. Not having wealth available when one needs it the most is similar to finding one's doctor's phone switched off when one is suffering a heart attack.

If wealth is considered deferred expenditure, it stands to reason that it should be able to provide for one's requirements as and when they arise, over time. The question that arises, then, is what should the objectives of wealth management be?

OBJECTIVES OF WEALTH MANAGEMENT

India, investors will be aware, is a country with high-inflation. The government does publish its estimate of inflation which is shown to be between four to five percent. While this may hold true for India's average middle-class population, AnandRathi notes that these figures are a very unrealistic indication of inflation as experienced by affluent investors. This is premised on the firm's innate understanding of how HNI expenditure is different. AnandRathi's CEO, Rakesh Rawal: "The Indian government, when it calculates inflation, estimates 50% of one's income to be spent on food. This is categorically not accurate as far as HNI expenditure is concerned. We understand that a large part of HNI income would be spent, rather,

> "The end result is that AnandRathi's objective-oriented approach to wealth management has consistently been receiving buy-ins from clients over time."

on best-in-class healthcare, education, luxury vehicles, holidays, banquets, and other lifestyle requisites."

Since the Indian government doesn't publish inflation estimates for HNIs, Mr Rawal chose to engage in independent research, arriving at an astonishing figure of inflation for HNIs as standing at 12%. After all, growing one's wealth doesn't mean very much if it is unable to account for inflation over a period of time.

Consequently, AnandRathi looks to set an objective of 15%, with the intention of beating this HNI inflation. As a firm, it devises a strategy to get a client's current wealth of, say, $1 million to $4 million in a span of ten years, making the proposition an attractive one, indeed. This is par for the course with regard to the firm's logical approach – after all, only when an objective is attractive does one put in the time and energy to achieve it. As Mr Rawal puts it: "In the Indian context, 15% is a reasonable, sensible target." Thus, achieving sensible returns is the very first objective.

The second objective is to ensure that wealth is available, whenever one needs it the most. This is achieved by creating a non-encumberable safety net. Most investors in their professional lives, currently or in the future, could be subject to liabilities that come their way. Given that they would most likely hold positions of responsibility in one way or another, there exists the possibility of damages that can come to them in varying degrees. While it is good to hope that nothing of this sort may happen, should such a liability arise, it has the potential to drain one's personal wealth. So, AnandRathi helps with ring-fencing a portion of the investor's wealth, so their family's lifestyle and requirements are not compromised by such unforeseen circumstances.

The third – and final – objective of wealth management is that there should be zero transmission loss while wealth gets bequeathed and transferred to legal heirs. This is achieved through good estate planning.

The end result is that AnandRathi's objective-oriented approach to wealth management has consistently been receiving buy-ins from clients over time. Since the firm's approach is logical and aligned to the client's wealth goal, it substantially increases the probability of success in achieving that goal. What also helps build and maintain trust among clients is the unique take on not just what advice is to be given, but also on how it is given. Rakesh Rawal sums it up perfectly: "AnandRathi's advisory is based on three non-negotiable tenets. First, that it should be fearless – telling the clients what we believe they need to hear, instead of what they might want to hear. Secondly, it should be backed by robust data, which helps create conviction among clients to act upon the advisory we offer. Finally, it should be uncomplicated – free of jargon and simple without being simplistic." ❇

> Srei Infrastructure Finance:

A Journey of Forward Momentum

Srei Infrastructure Finance started its journey nearly three decades ago with a dream to build up the country's infrastructure. In the late 1980s, better roads, more ports, uninterrupted power supply, and rural development were critical for India's economic growth and for the welfare of its citizens. The need for private investment in the infrastructure sector was more severe than ever.

The journey began in 1989 amidst a very challenging environment. India was still a closed-economy and quality investments in infrastructure projects were rare. But under the guidance of Hari Prasad Kanoria and the leadership of his sons – Hemant and Sunil – Srei undertook the daunting task of creating infrastructure in the country.

Srei demonstrated its strength surviving through economic slowdowns and multiple market cycles. The company is now present in almost all segments of the infrastructure sector and is one of India's largest private sector integrated infrastructure institutions.

Srei's innovative ideas offer simple solutions to complex problems. This is reflected in the show of confidence by investors. In 1992, the company launched its initial public offering (IPO) and was listed on all major stock exchanges. In 1997, IFC, FMO, and DEG invested in the company as strategic equity partners. In 2005, Srei became the first Indian nonbanking finance institution (NBFI) to get listed on the London Stock Exchange.

Being an innovator in nation building, Srei quickly became the preferred partner in infrastructure financing. Both global and local corporations, exploring opportunities in infrastructure development in India, wanted to partner Srei. One of Europe's large banks – BNP Paribas Lease Group (BPLG) – formed a 50:50 joint venture

“The company is now present in almost all segments of infrastructure sector and is one of India’s largest private sector integrated infrastructure institutions.”

with Srei in 2008, and created Srei Equipment Finance (SEFL), in the business of leasing and financing construction equipment. In 2015, Srei announced a share swap deal with BPLG, consolidating its 100% shareholding in the joint venture. Today, SEFL finances every third construction and mining equipment sold in the country.

In 2009, Srei’s initiative Quippo, joined hands with Tata Teleservices to create Viom Networks – the largest independent telecommunications infrastructure company in India, accounting for 11% of all the telecom towers in India. In 2016, Srei completed the sale of Viom Networks (Viom) to American Tower Corporation (ATC) in one of the largest foreign direct investments in the Indian telecommunications sector.

Launched in 2006, Bharat Road Network (BRNL) is another startling Srei initiative. It is one of India’s leading infrastructure companies in the BOT sector with an execution experience of fourteen road projects worth Rs 12,750 crore across 5,400 lane kilometres. BRNL is currently managing a well-diversified BOT asset portfolio of close to 2,450 lane kilometres of highways with a total capital cost of over Rs 7,900 crore which are completed or under implementation in consortium with reputed domestic and acclaimed international partners under the public private partnership (PPP) framework.

Amongst the other noteworthy deals, Srei was one of the few lenders to recover loans from Kingfisher Airlines.

Srei has also partnered Veolia, a global leader in water treatment, through its initiative Swach Environment Private. Swach was incorporated in 2011 to undertake domestic and international business in the field of environment management. It offers a complete range of services in the field of: [a] water, [b] waste water, [c] solid waste management, and [d] recycling sectors.

Also, Srei has not been content with building infrastructure only and has been making constant efforts to ensure that the development is not restricted to urban centres alone. Sahaj-e-Village (an initiative of Srei) has bridged the digital divide between urban and rural India. It has created the country’s largest integrated rural network of common services centres, and expanded its footprint to 23 states and union territories. Sahaj has over 65,185 technology backed centres in villages where the population is less than 10,000. The initiative underscores Srei’s belief in being the driving force for entrepreneurs. The Sahaj common service centres have helped many entrepreneurs come up at the village level.

Srei’s bouquet of services and value proposition towards its customers and partners is much beyond finance. The company now acts as a catalyst for national transformation, instead of just being a beneficiary of economic growth. With a customer base of more than 77,000 and over Rs 37,683 crore of consolidated assets under management, Srei is one of the most powerful players in the infrastructure segment.

Srei has an edge over others in the infrastructure sector as it is the only institution that offers all possible infrastructure related services under one roof. The company aims to consolidate its leadership position and keep on introducing new products that suit the Indian infrastructure market.

For Srei, it is all about moving ever forward. ❇

> CFI.co Meets the CEO of Srei Infrastructure Finance:

Sameer Sawhney

Sameer Sawhney is CEO of Srei Infrastructure Finance – a Kanoria Foundation entity and one of India's largest holistic infrastructure financial institutions. At Srei, Mr Sawhney leads a team of more than a hundred professionals and oversees $5.5 billion of consolidated assets under management. He is responsible for expanding Srei's businesses profitably both in India and overseas, developing strong customer relationships and bringing in operational excellence in functioning.

Prior to joining Srei, Mr Sawhney was regional CEO and managing director for South East Asia and India at ANZ, responsible for driving the business, customer, and country strategy across the bank's key markets of Singapore, India, Indonesia, Philippines, and Malaysia.

Mr Sawhney has over two decades of experience in the banking industry and has held senior leadership roles in global banks across corporate & investment banking, transaction banking, global markets and private banking businesses. Having worked in several countries across Asia, Australia, the Middle East and Europe, and the Americas, Mr Sawhney has gained a deep understanding of both emerging and developed markets.

Mr Sawhney's extensive cross functional leadership experience in client coverage, risk management, and product development and sales, has allowed him to develop strong relationships, at c-suite level, with some of the largest corporates, financial institutions, regulators, and thought leaders across the region. In a variety of roles that Mr Sawhney has held, he has managed significant global businesses with revenue responsibility in excess of $2.5 billion and teams of up to 700 people. He is recognised for his strong leadership and commercial acumen and displays an ability to identify drivers of value and build scalable, sustainable, and profitable businesses.

Mr Sawhney joined ANZ in 2008 and held a number of senior executive roles. Before becoming regional CEO, he was head of global banking which included managing ANZ's Top 400 global corporate relationships and the financial institution's business. Mr Sawhney was also global head of transaction banking, where he was responsible for transaction banking products, channels, and sales for all ANZ customer segments globally.

Mr Sawhney was a member of many leadership groups within the bank and was also sponsor for quite a few initiatives, including digital strategy and has also served the bank's Diversity Committee, which was chaired by CEO of ANZ Group.

CEO: Sameer Sawhney

Prior to ANZ, Mr Sawhney worked for Standard Chartered Bank for twelve years in various leadership roles within the wholesale banking (institutional) division, including relationship management, transaction banking, and global markets in the Asia-Pacific Region and the Middle East.

Mr Sawhney started his banking career with ANZ Grindlays Bank in India and is a chartered accountant by profession. He is married and has two children. He enjoys golf and reading.

> CFI.co Meets the Vice President and Managing Director of CCL Secure: Bernhard Imbach

More than 50 billion banknotes have been issued on Guardian™ polymer substrate

Bernhard Imbach has experienced almost every aspect of the banknote industry throughout his successful career over the last 35 years. Starting on the shop floor and working up to senior management; designing banknotes by hand to using computer-based technology; and printing on paper to printing on polymer substrate – just some of the journeys on which Mr Imbach has embarked.

Now, he leads the team at CCL Secure that manufactures the world's most sophisticated banknote substrate: Guardian™. It is currently issued on 80 denominations in 24 countries and impressively outperforms paper-cotton and coated-paper banknotes in security, durability, cleanliness, and eco-friendliness.

Mr Imbach started his career on the floor at Swiss banknote printer Orell Füssli. As a young man, he was at first overwhelmed by the millions of Swiss Francs' worth of notes that he saw every day, however, he quickly transitioned from seeing it as money to a product that had to be delivered efficiently and to a high standard of quality.

"Back in 1982, everything was based on your manual skill set. Computer-driven printing equipment simply did not exist; banknotes were produced by hand drawings. Whereas today, almost everything is done with technology."

"These developments have brought many new advantages and opportunities to the industry, though I am grateful for having experienced both worlds. It has given me a deep understanding of how we've gotten to where we are today, as well as a platform for where we can go tomorrow," said Mr Imbach.

He spent 25 years at Orell Füssli which included

Vice President and Managing Director: Bernhard Imbach

holding the positions of chief operations manager and a member of the executive team. He saw the company go from printing banknotes solely on paper, to introducing polymer in 2003 to expand the company's capability and market.

While he understands and champions the advantages of new technology, he places the highest value on people.

Mr Imbach worked at Note Printing Australia from 2007 to 2014 as CEO. One of his greatest takeaways that he brought to CCL Secure from this time was the notion that a company's greatest assets are its employees.

"Without dedicated and passionate employees, I believe it is impossible to be successful. With this philosophy, I was able to build Note Printing Australia into a world-class quality printer. At CCL Secure, we have a workforce culture that is collaborative, accountable, and committed to innovation, and our people are the reason we've had continued success," he said.

CCL Secure is able to provide its central bank and printer customers with effective end-to-end solutions thanks to its many staff members, like Mr Imbach, that have worked in those companies themselves.

Knowing what he knows now, Mr Imbach said the advice he would give to his apprentice self is to "remain focused on quality, continue to develop your passion and always push the boundaries."

Fitting advice given that pushing boundaries is what CCL Secure was founded on almost thirty years ago when it introduced the world's first polymer banknote in Australia. Ever since, CCL Secure has been a partner to many of the world's leading central banks that have adopted Guardian™ and provided them with support, advice and solutions taken from the experience of more than fifty billion banknotes issued on Guardian™ substrate.

While Mr Imbach did not divulge the intricate details of CCL Secure's future plans, he did reveal there will be some very exciting and innovative upcoming features that will revolutionise the world of banknotes once more. ❇

Bernhard Imbach is vice-president and managing-director of CCL Secure, the manufacturer of the world's most sophisticated banknote substrate Guardian™. With more than three decades of industry experience, Mr Imbach was previously CEO of Note Printing Australia and held senior roles at Orell Füssli Security Printing.

> CCL Secure:
How Guardian™ Polymer Became the World's Most Sophisticated Banknote Substrate

Australians experienced a historic moment in the evolution of currency in 1988 with the introduction of the first polymer banknote – aka plastic money. Having launched almost thrity years ago, Australian millennials have never known paper banknotes.

Most people use polymer banknotes in their everyday lives without much thought about their momentous history.

The first polymer commemorative ten dollar note marked the nation's bicentenary. It was a result of twenty years' research into how to "build a better banknote" in order to fight the counterfeiting that was experienced following the introduction of the new Australian decimal system of currency.

The note featured the world's first transparent window and hologram, making it the most secure banknote of its time.

What now seems normal to the more than twenty countries using banknotes issued on Guardian™ polymer substrate, the security features and enhanced durability seen on the first polymer note set an unprecedented paradigm in banknote design and manufacture.

More series issued on Guardian™ polymer were quick to follow the new $10 note throughout the 1990s, including the full family of Australian, New Zealand, and Romanian denominations, a number of series in Brunei, Thailand, and Indonesia, as well as numerous commemorative series all around the world.

> "Fast forward to 2017 and CCL Secure's Guardian™ is currently issued on 80 denominations in 24 countries. More than fifty billion Guardian™ banknotes have been produced to date."

Fast forward to 2017 and CCL Secure's Guardian™ is currently issued on 80 denominations in 24 countries. More than fifty billion Guardian™ banknotes have been produced to date.

The uptake of polymer has continued to rise since its introduction with an average of more than five new denomination designs on Guardian™ each year – which is no surprise given the significant benefits over cotton-paper and coated-paper banknotes.

Published data from banks and bank-commissioned studies have found that Guardian™ polymer banknote substrate is more secure, durable, clean, and eco-friendly.

The proprietary Clarity™C base film, along with the embedded and printed market-leading security and design features, make Guardian™ the most sophisticated banknote substrate in the world.

The rates of counterfeiting are significantly lower across every market in which Guardian™ has been introduced, often by at least 80 to 90%, presenting major challenges for would-be counterfeiters.

Durability is another compelling advantage. Guardian™ lasts three to five times longer in the same circulating conditions, which provides major cost savings for central banks. The polymer

CCL Secure Australia

notes are also completely waterproof – whether in saltwater, fresh water, or the washing machine.

Guardian™ is 75% cleaner as it carries less bacteria and can be wiped clean, making it a more hygienic and long-lasting option.

There are also green benefits as it is proved to be up to 60% more eco-friendly across all nine internationally-accepted measures of environmental impact. As the notes are recyclable and have improved longevity, Guardian™ contributes to a significant reduction in a central bank's carbon footprint; an increasingly important factor to the way organisations operate now and into the future.

The Nicaraguan 200 córdobas note benefits from the advantages of Guardian™, and demonstrates how CCL Secure partners with central banks to provide end-to-end solutions and support in issuing a new series.

The C$200 note printed on Guardian™ substrate integrates expressions of Nicaraguan culture with some of the most advanced banknote security features available today.
CCL Secure offers a suite of advisory services to prepare central banks for the transition to plastic banknotes as part of its PolyTeQ central bank and print services division. PolyTeQ acted as a trusted consultant to the Central Bank of Nicaragua and offered advice and assistance to make the transition simpler.

Guardian™ polymer banknotes are 100% recyclable

The central bank intended to implement a recycling function with its new series to avoid incinerating worn-out currency as it did with its paper banknotes – and the award-winning Guardian™ Global Recycling Program with the collaboration of PolyTeQ and local recyclers turned this vision into reality.

The recycling programme has experienced rapid adoption by customers around the world with more than 50% of the central banks that issue Guardian™ actively recycling 100% of their used polymer notes, and more than 60% of security printers also actively recycling.

Following the new polymer series: the C$200 won the 2016 Regional Banknote of the Year Award; CCL Secure won the 2017 Consultancy and Advisory Services Provider of the Year (Bespoke) Award; and the Guardian™ Global Recycling Program won the 2017 Best Banknote Processing Innovation Award.

A long way from the very first Australian $10 polymer banknote, CCL Secure continues to be at the forefront of innovation in the industry. The polymer banknote has exciting new developments in store for its future.

In the coming years, Guardian™ polymer will be used for the new UK ten and twenty pound notes as well as the new full family of Australian denominations with the next-generation top-to-bottom window feature.

Nicaraguan C$200, winner of the 2016 Regional Banknote of the Year

The increasing use of big data will allow central banks to improve their processes relating to implementing policy and managing supply and demand. Big data provides a better understanding of cash demand, resulting in the ability to manage supply more efficiently as well as cost effectively, and analyse a banknote's durability and security during its lifecycle.

CCL Secure will continue to collaborate with other industry experts to harness this opportunity and support central banks in their journeys.

Vice President and Managing Director, Bernhard Imbach said "I'm always impressed by the outstanding milestones CCL Secure achieves in innovation, design, and service, still after decades in the industry. I think we've been so successful throughout this time because we've always stayed true to our initial reason for being; to provide the best possible solutions for central banks."

"As a company, we really are unmatched. CCL Secure is a leader in terms of market use, staff culture, product quality, and most importantly, mind-set. We helped create the polymer banknote substrate technology all those years ago and we'll continue to develop it long into the future. We're ready to revolutionise the banknote industry once more," concluded Mr Imbach. ❇

> Hildegunn Kyvik Nordås, OECD:

India - The Next Growth Miracle?

India is the fastest growing major economy in the world. With an average annual growth rate above 7% since 2000, India is currently the fastest growing of the G20 economies. Driven by domestic demand and exports of services rather than a rapid industrialisation, India's development path to date is unique. Figure 1 shows that India's services exports has more than tripled since 2005, reaching $160bn in 2016. The most spectacular growth performance has been in the ICT services sector where India became the largest exporter in the world on the mid-2000s, only overtaken by Ireland since 2012.

Figure 1 illustrates both the success and the challenges facing India. After a period of rapid growth, India's share of global ICT services exports peaked at 12% in 2011 and has since levelled off. Bearing in mind that India accounts for only 1.5% of global GDP, this is a huge success, but it appears that historical growth rates may be difficult to sustain going forward. There are several reasons for this. First, other countries are catching up. Second, some business process outsourcing services in which India has excelled are being automated. Finally, moving into faster growing ICT services markets such as digital engineering and R&D services requires skills and broadband telecommunications connectivity. Weaknesses on both these fronts may slow down the pace of export expansion.

The ICT services industry employs about 3.86 million people in India, a tiny share of the total workforce. To create employment opportunities also for the less skilled, and to diversify exports, India introduced the Make in India initiative in September 2014. The program aims at attracting FDI and stimulating investment in a broad range of focus industries, supported by infrastructure development both in the bricks and mortar and the digital economy. As illustrated by Figure 2, many of the most important focus industries are mainly servicing the local market, in sharp contrast to export oriented business services.

India's exports in the five manufacturing sectors depicted in figure 2 are highly diversified both geographically and in terms of product range. Thus, India exports to more than 200 countries and it exports more than 60% of all possible Harmonised System (HS) 6-digit products encompassed by these five sectors to the US. Having a highly diversified manufacturing export base is a policy objective that many countries strive for. However, a closer look reveals that Indian exports are thinly distributed across a large number of products and markets and that the average export volume for each product-destination pair is small. For comparison, China exports about 70% of HS categories in the same sectors to the US, but its export value is about ten times larger, allowing for both diversification and scale economies. Finally, Indian exporters obtain prices between 6% and 15% below the average for all exporters for the same product categories to the same countries, suggesting that exporters are targeting low-end and standardised products.

> "Telecommunications play a key role in connecting manufacturers to services and markets, but India lags behind in telecommunications infrastructure."

Given India's highly diversified but shallow export base, the main challenge for meeting the Make in India objectives is strengthening and scaling up existing trade linkages beyond the relatively small niches currently characterising Indian manufacturing exports. The supporting infrastructure developments envisaged in the Make in India initiative is important for reducing the cost of transport and logistics, which currently constitute a significant drag on the price competitiveness of Indian manufacturing exports.

There is ample evidence that a range of business services are essential inputs in manufacturing during the course of product and process innovation, when adopting a new technology, preparing for entering a new market, or complying with new or unfamiliar regulations. Facing changing market conditions, managers and staff of manufacturing firms may lack the capacity to identify the opportunities available to them and the means to reap the benefits on their own even when they have access to on-line information. Therefore, the ambitious Make in India goals of transforming manufacturing towards so-called Industry 4.0, requires better access to high capacity telecommunications, R&D, computer and information services, and other business services.

As noted from figures 1 and 2, Indian firms have provided business services to help manufacturers around the globe innovate and compete and they are in a good position to support local manufacturers in the same manner should local demand for business services pick up. However, as illustrated by figure 3, the Indian manufacturing sector lags behind a number of emerging as well as developed countries in their use of R&D and business services. A possible explanation is that it takes considerable skills and capacity also on the user side to take full advantage of business services. The manufacturer must be able to work with the business services provider to formulate a strategy in a concise manner, operationalise it and implement suggested solutions. It is for instance well documented in the literature that the take-up of business services is much smaller in SMEs than larger companies, presumably because of lack of capacity to make use of the service. SMEs account for around 40% of industrial output in India, which could have contributed to the relatively low business services intensity of Indian manufacturing.

The co-existence of a significant gap between Indian manufacturers' use of business services and an export-oriented, competitive Indian business services sector experiencing a slowdown in export growth could represent a fresh opportunity for both sectors. Growing local demand could prevent a further slow-down as local manufacturers catch up with foreign competitors in the use of business services for innovation, marketing, and supply chain management. In the process, Indian business services could become an important vehicle for technology transfer. There are of course a number of challenges and obstacles to setting such a virtuous cycle in motion, including inadequate infrastructure, skills shortages, and regulatory hurdles. Indian manufacturers would also need access to foreign business services to enter foreign markets.

Telecommunications play a key role in connecting manufacturers to services and markets, but India lags behind in telecommunications infrastructure.

As indicated in table 1, India is lagging behind the global average in all telecommunications network segments. The mobile market has been privatised and liberalised resulting in rapid growth and very competitive prices, but coverage still lags behind. Mobile connectivity has vastly benefited consumers and businesses, and for SMEs the services available over mobile networks could go a long way towards satisfying their communication and access to information needs.

Larger and more advanced manufacturing industries in contrast, rely on access to broadband internet services and secure servers to use, process, and store the information they need to compete in modern, largely digitised international markets and to integrate into

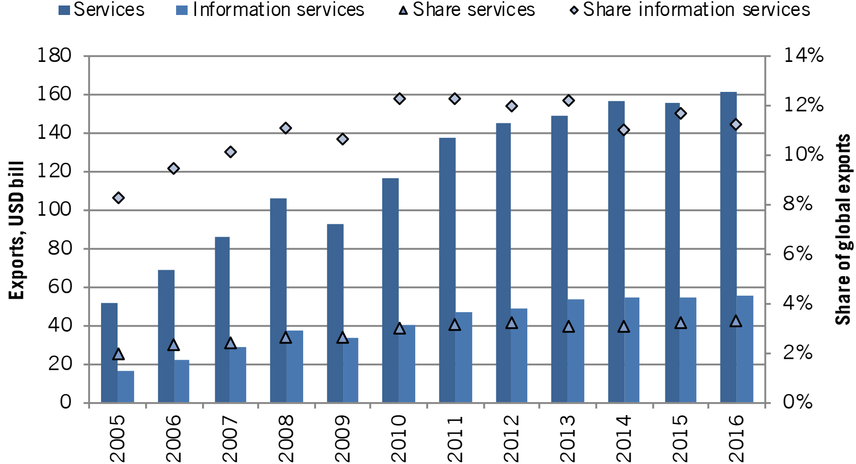


Figure 1: India's services exports, USD billions and share of global services exports. *Source: WTO.*

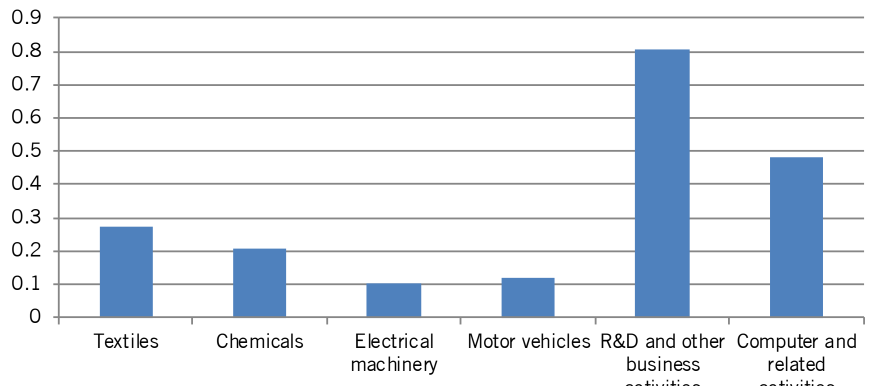


Figure 2: Exports as share of gross output, selected industries, 2011. *Source: OECD input-output database.*

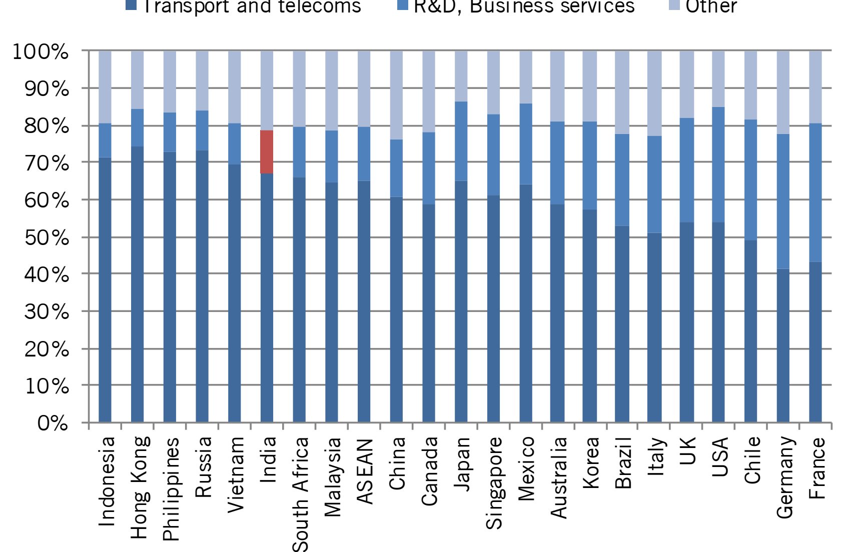


Figure 3: Services inputs in manufacturing by services sector, 2011. *Source: OECD/WTO TiVA database.*

Mobile density	250	106.2	7.05	324	78.8
Fixed broadband density	246	12.6	0.0	47.5	1.34
Secure internet servers per 1 million people	253	417.4	0.04	10200	6.82

Table 1: India's telecommunications networks, in global comparison, 2015. *Source: World Bank, WDI.*

international supply chains. India has well-serviced hubs of broadband connectivity in some of the main cities, but for the country as a whole broadband and secure server density is thin and far behind the global mean.

Also broadband networks and services have been liberalised, but this market need help from pro-competitive regulation by independent well-resourced regulators to function properly. Unless regulators mandate access to essential facilities at non-discriminatory conditions and enforce the regulations vigorously, suppliers may not enter, invest, and expand the network as demand surges. OECD policy simulations for India suggest that if the country brought its regulatory performance in telecommunications into line with the average of OECD and large emerging markets, broadband penetration could increase by 50% compared to a no reform scenario.

OECD analysis shows that access to broadband supports manufacturers' trade expansion into new markets as well as expansion of export volume in existing markets. The effect is particularly strong for exports of apparel, electrical machinery, and motor vehicles. Thus, bringing telecommunications regulation in line with the average referred to above could over time result in an export expansion of 30% for these products compared a no reform scenario. For apparel and electrical machinery, better access to broadband also helps shift exports towards the higher end of the market. Our estimates suggest that telecommunications policy reform could support 15% higher export prices for these products due to quality improvement and better matching to consumer demand. The channels through which this works are better supply chain management, access to online business services, engaging with customers on social networks, and many more. But on-line supply of business services must be complemented by face to face interaction to be effective. Both India and its trading partners need to make the movement of business travellers across borders easier and less costly.

SMEs benefit from better telecommunications connectivity, for instance by selling their goods over platforms. However, many lack the capacity to engage in e-commerce on their own. Modern retailers can be an important channel through which SMEs and farmers reach the vast Indian market beyond their village and sometimes also the international market. Retailers typically demand reliable delivery of the right quality at the right time, but they also help suppliers meet the standards. India has a number of regulations that prevents the entry of multi-channel, multi-brand retailers from entering. Lifting some of these would bring benefits both to consumers and SMEs.

Recent successes and reforms have instilled optimism and a sense of can do in India. Much remains to be done, but the prospects for sustained growth over the next decade and beyond are good. ❇

> UNCTAD:

FDI Recovery On Track If Policy Continuity Prevails

By James Zhan, Astrit Sulstarova and Mathabo le Roux

FDI is still in the doldrums, but the momentum is swinging. Stronger demand, higher commodity prices and upbeat stock markets are likely to prop up global growth and trade, and therefore also investment. The prognosis is for a modest recovery over the next two years – that is, if policy moves and political developments do not throw a spanner in the works. James Zhan of UNCTAD looks at the latest investment trends and also uncovers an interesting phenomenon — State-owned multinationals that punch above their weight in the global economy.

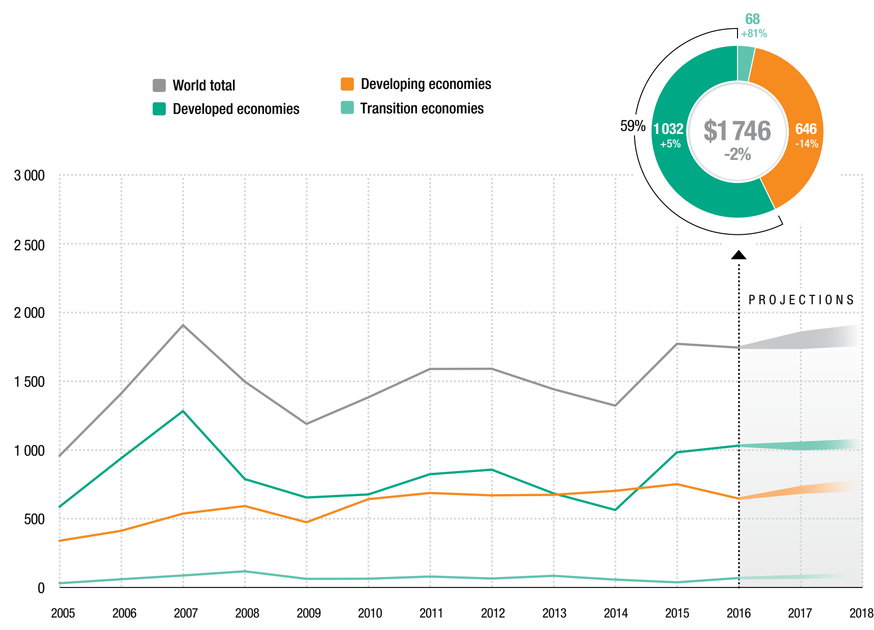
In an environment of lacklustre economic growth and persistently weak trade flows, it was a slim hope that foreign direct investment (FDI) would diverge from the path, now so familiarly trodden. The year before last sprung a welcome deviation when FDI flows surged by 36% – the first robust growth in seven years since the 2008 crisis. Yet that positive figure masked the more sober reality: most of the growth was attributable to mergers & acquisitions (M&As) or corporate inversions to gain better tax treatment – neither activity of which is associated with broadening productive capacity or creating employment.

Therefore, 2016's 2% drop in FDI, to an estimated $1.75 trillion, came hardly as a surprise. What added gloom, however, was the divergent trend between regions. Developed countries as a whole actually saw flows swell (+5% to $1 trillion), with declines in flows to Europe offset by a rise in flows to North America and other developed countries. Transition economies enjoyed a welcome surge of investment into transition economies (81% to $58 billion), which helped compensate for the net outflows over the previous two years.

> "FDI outflows also declined from all major regions."

However, developing countries, where development needs are greatest, were at the receiving end of the bulk of the decline in FDI flows (-14% to $646 billion – a level last seen in 2010). Flows to Asia shrunk by a sizeable 15%, although this followed a record rise in flows in the previous year. Latin America, whose flows contracted by 14%, saw the decline in FDI to its shores accelerating on the back of weak commodity prices and currency volatility. Flows to Africa were largely stable (-3% to $59 billion). On the positive side, the value of announced greenfield projects in developing countries rose by 12% to $516 billion, however, this rise was attributable to a few mega-projects spread slimly over only a handful of countries, while most other countries saw a decline in greenfield investment.

Figure I.1. FDI inflows, global and by group of economies, 2005–2016, and projections, 2017–2018 (Billions of dollars and per cent)



FDI outflows also declined from all major regions. Flows from developed economies (-11% to $1 trillion) still comprised some 70% of total outflows. Flows from developing economies were flat (at $383 billion). Investment by European MNEs, which had surged in 2015, fell by 23% to $515 billion, led by sharp reductions in flows from Ireland, Switzerland, and Germany. Investment by North American MNEs was roughly steady in 2016, despite a significant reduction in the value of their cross-border M&A purchases. The United States remained the world's largest investor at $299 billion.

PROSPECTS

The tide is expected to turn, however, and UNCTAD sees a moderate recovery in investment flows in 2017 and 2018, even as they are seen to remain well off the pre-crisis peak. Stronger global demand, improved corporate profits, and upbeat stock markets should boost business confidence, which would whet investors' appetite to invest again. Add to this fiscal stimulus in the United States, which should boost growth in developed countries while stronger commodity prices should underpin a recovery in developing countries. This strengthened economic activity will prop up global trade, which, in turn, should embolden investment activity and global flows can be expected to increase by some 10% per cent this year.

IT AND SERVICES MOST PROMISING FOR FDI

A business survey conducted by UNCTAD earlier this year echoes the renewed optimism about investment. Unlike in 2015, most executives polled – especially those in developed economies – are confident that the economic upturn will strengthen, prompting increased investment in the coming years (see figure below). A significant change in sentiment from last year is evident among corporations active in the primary sector. Having endured a hard downturn in the past two years, natural-resource-based MNEs seem to have turned the corner, and most executives now expect increased investment over the next two years. On a sectoral basis, IT and professional services are seen as the most promising sectors to attract investment this year, according to Investment Promotion Agencies polled by UNCTAD. Their developing-country peers picked agribusiness and the information and communication sector, which includes telecoms, data processing and software programming.

Figure 8. | SO-MNEs: Distribution by major home economy, 2017 (Number of companies)

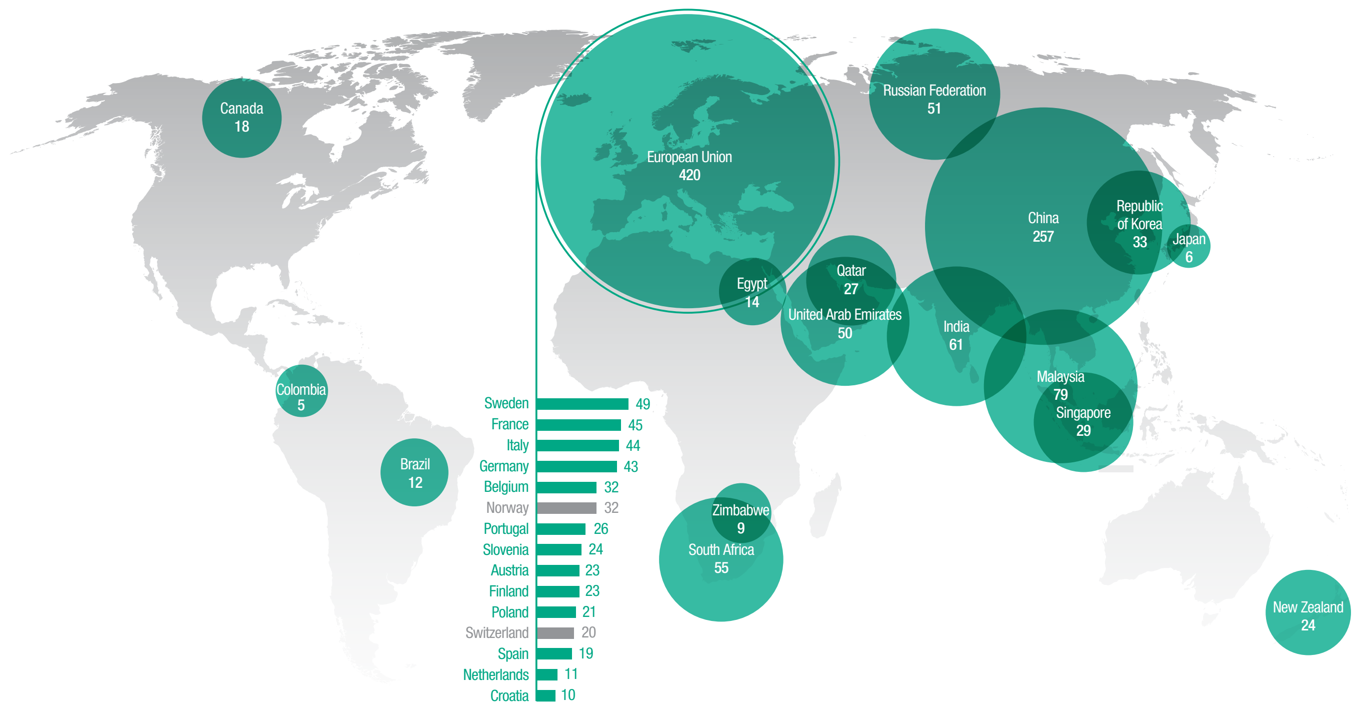
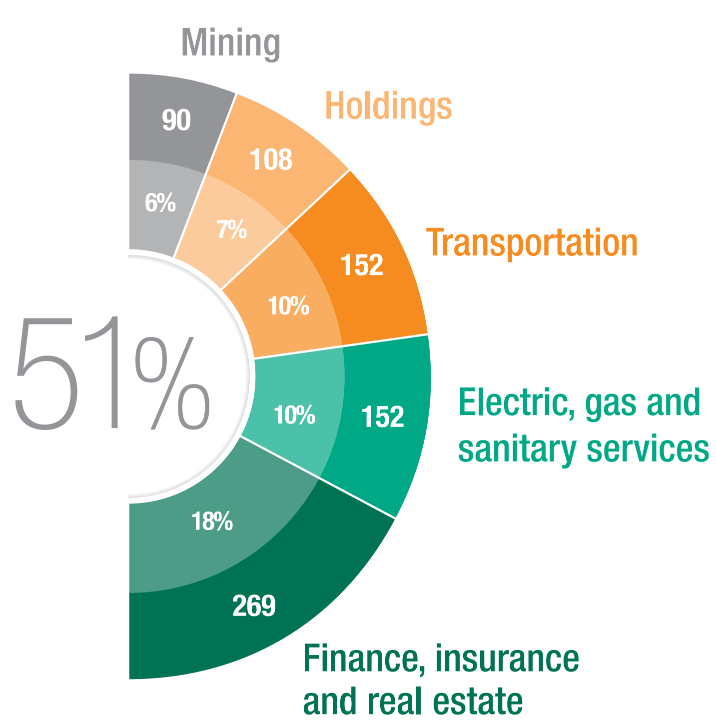
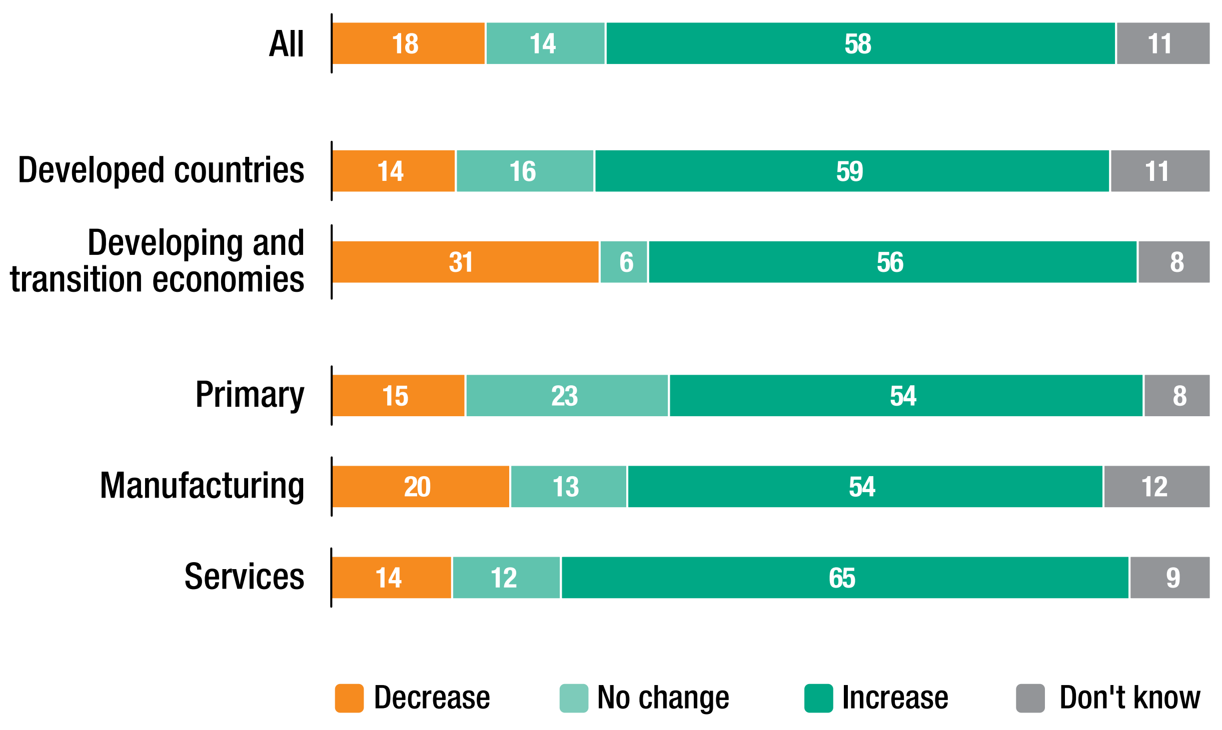


Figure 9. | SO-MNEs: Distribution by major sector or industry, 2017 (Number of countries and per cent)





Nevertheless, uncertainty about the shape of future economic policy developments could affect the scale of a recovery. Monetary policy developments in the United States could result in a significant shift in the composition of capital flows, especially for developing economies. Near-term policy uncertainty, especially in developed economies, may also dampen investment. Political developments such as the impending Brexit, uncertainty about the future of existing trade agreements involving the United States, as well as recent and upcoming elections in Europe have all heightened uncertainty.

STATE-OWNED MULTINATIONALS' GROWING ROLE

In this year's World Investment Report, information contained in UNCTAD's new data base on state-owned multinational enterprises (SOE-MNEs) was released, which shows cross-border investors held by states punching way above their weight in the world economy.

SO-MNEs are defined here as separate legal entities established or acquired by governments to engage in commercial activities, including FDI operations, by way of having affiliates abroad or engaging in non-equity modes. An additional criterion was that a government entity should either own at least 10% of the capital, be the largest shareholder or benefit from a golden share – the type of share that gives special voting rights and the ability to block key strategic decisions, especially takeovers by other shareholders.

In 2015, we identified some 1,500 SOE-MNEs, with more than 86,000 foreign affiliates operating worldwide. These SOE-MNEs represent a mere 1.5% of the total universe of MNEs but they own almost 10% of all affiliates. What is more, we found that 15 of the global top 100 non-financial MNEs, and 41 of the top 100 from developing and transition economies, are state-owned.

The headquarters of these state-owned MNEs are widely dispersed geographically: more than half of state-owned MNEs are headquartered in developing economies, while the EU is home to almost a third of them. Some countries are home to a particularly large number of state-owned MNEs. China is home to the most SO-MNEs (18%), where they are instrumental in the country's outward FDI expansion strategy. China is followed by Malaysia (5%), India (4%), South Africa (4%), and the Russian Federation (3%). These SO-MNEs are typically large and play major roles in key economic activities in their home countries.

Split by sector, SO-MNEs are heavily weighted towards natural resources and financial services, which is largely explained by the nationalisation of distressed assets during the 2008 crisis. Measured by the main economic activity of corporate headquarters, over half of SO-MNEs are concentrated in five industries: finance, insurance and real estate; electric, gas and sanitary services; transportation; diversified holdings; and mining (see figure below). The bulk of SO-MNEs, however – more than 1,000 firms, or close to 70% of the total – operate in the services sector (although the inclusion of holdings may cause this to be overestimated). Some 330 SO-MNEs (23%) are in manufacturing, and 110 (8%) in the primary sector.

A particularly interesting phenomenon is the fact that SO-MNEs are far more inclined to engage in greenfield projects than private MNEs. Over the period 2010–2016, the total value of their announced projects reached $514 billion, well over 9% of the world total. This share is more than six times higher than the share of state-owned firms among MNEs.

The value of these announcements fluctuated between 2010 and 2014 but increased significantly in 2015 and 2016 with the value reaching $91 billion last year, or 11% of the world total, up from 8% in 2010. These projects announced the creation of the equivalent of more than 100,000 jobs per year, with a record of 120,000 last year. In other words, the projects announced by SO-MNEs tended to be particularly big and important for host countries. These projects targeted a wide range of countries: last year alone, more than 500 projects were announced in 64 developing, 28 developed, and 9 transition economies.

ABOUT THE AUTHORS

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DO NOT WORRY ABOUT IT.. FOCUS ON YOUR BUSINESS

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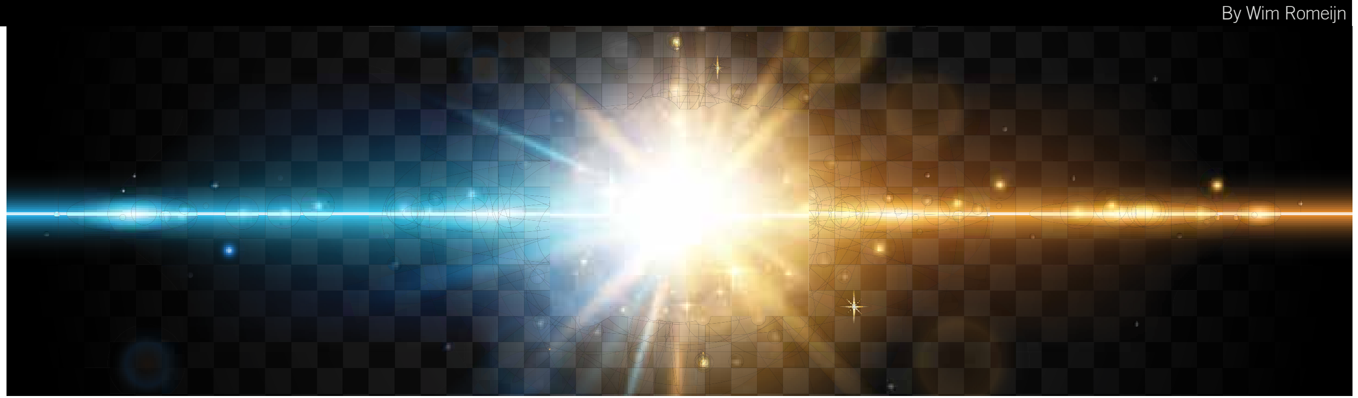
A Clash of Models

By Wim Romeijn



In May 2009, when the world was still dealing with the aftershocks of the financial meltdown caused by the collapse of Lehman Brothers, Charles Dumas of Lombard Street Research crooned triumphantly from London: "German economic policy is bankrupt". Mr Dumas derived his wisdom from the 3.8% contraction suffered by Germany's GDP over the first quarter of that horrible year. By comparison, the UK's economy had shed only about 2%, showing the resilience, if not superiority, of the dynamic Anglo-Saxon business model vis-à-vis the sluggish Rhineland one.

Even after his faux pas, monumental by any standard, Mr Dumas was duly promoted to the lofty twin positions of chief economist and chairman, touted on his firm's website as one of the world's leading macroeconomic forecasters. Mr Dumas' career trajectory instantly lays bare the most fundamental difference between the two economic models: words speak louder than actions.

More of a dark art than a scientific pursuit, economic forecasting suffers from the same deficiencies that plague weather and climate forecasters: a lack of hard data coupled to a poor understanding of causes and effects. The stars of the business derive their fame mostly from adhering to a mantra. Predict a downturn or stock market crash long enough and one is sure to happen – eventually.

With Brexit about to take shape, the much-maligned Rhineland model has sparked renewed interest across the EU27. Even in The Netherlands, an early adopter of the free-wheeling Anglo-Saxon model, the state is quietly changing its tune, providing behind-the-scenes support for large corporates in their attempts to fight off foreign – read: US – predators.

The change of heart came after US semiconductor and telecom giant Qualcomm acquired Dutch chipmaker NXP – one of the country's high-tech crown jewels – for €43bn in October 2016. With, mostly, moral support from the government in

"As a result of a policy initiated well over half a century ago, and with a little help from a pliable euro, Germany now churns out a massive current account surplus equal to 8.1% of its GDP."

The Hague, consumer goods company Unilever, one of the world's oldest multinationals and owner of no less than 400 brands, managed to keep its much smaller US competitor Kraft Heinz at bay, blocking a €110bn takeover attempt in February.

AkzoNobel, the world's third-largest paint maker, is now doggedly resisting a takeover by its US competitor PPG. Grown into a full-blown corporate saga, the acquisition showcases the differing attitudes towards business. PPG argues that the management of AkzoNobel, by steadfastly refusing to entertain the generous offer, fails in its fiduciary responsibility towards shareholders – to maximise the return on their investment. AkzoNobel rejects the charge and points to the company's broader corporate responsibilities owed to its multiple stakeholders – workers, clients, and communities.

AkzoNobel's arguments hark back to a bygone, though not necessarily all-bad, era when large monolithic corporates set the tone and drove economic progress. Undoubtedly anathema to Mr Dumas and corporate raiders the world over, German experience proves that the Rhineland economic model, now perhaps unwittingly embraced by AkzoNobel's management, is far from dead. Rather than "bankrupting" the country, the model has produced some of the world's most competitive economies which produce the excess cash that currently underwrites the large deficits produced in the Anglo-Saxon world.

Instead of selling off or closing down its manufacturing base, Germany managed to keep its assembly lines humming by moving upmarket. Largely ignoring the next quarter's results – a fetish particular to most of the English-speaking world – German industry takes a long view in pursuit of organic growth rather than claiming market share via acquisitions. As such, management may fail in its short-term fiduciary responsibilities. Shareholders, however, play but a minor part in corporate affairs as the necessary cash, if not readily on hand, is mostly raised via banks – not equity markets.

As a result of a policy initiated well over half a century ago, and with a little help from a pliable euro, Germany now churns out a massive current account surplus equal to 8.1% of its GDP. The Netherlands, though not quite as stern and until recently more reluctant to protect its industrial base, outshines the Germans and consistently registers a current account surplus amounting to around 9% of GDP.

Mr Dumas and other advocates for the Anglo-Saxon model usually counter argue that large c/a surpluses are indicative of sluggish low-growth economies. Facts, however, fail to bear this out: The Netherlands still remains world record holder of the longest stretch of continuous economic growth in modern history (1982-2008) and during that time never once saw its current account dip into negative territory.

The secret, it turns out, is a unique blend of the Rhineland and Anglo-Saxon economic models which absorbs the best of both worlds whilst discarding the inconvenient bits: the ruthless practices imposed by the diktats of the market in the Anglo-Saxon model, and the often sclerotic behaviour of large and uninspired corporates dwelling in the Rhineland and environs. Thankfully, there is a word for this approach – pragmatism, the polar opposite of the dogmatic thinking along ideological lines as taught (propagated) at most US business schools. A bit more pragmatism would go a long way indeed towards the rebalancing of priorities. After all, man shall not live on bread alone. ❇

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