



Press release

Positive operating result for SIFEM in 2021 – and new investment cooperation with SDC

Bern, 4 May 2022. In 2021, the Swiss Investment Fund for Emerging Markets (SIFEM) committed a total of USD 84 million to seven new investments and concluded the year with a positive operating result of CHF 40.3 million. Also, 2021 marked the beginning of a new type of cooperation between SIFEM and the Swiss Agency for Development and Cooperation (SDC). The two partners have jointly elaborated a “blended finance” instrument which was first used in the context of a SIFEM loan to a Nepalese commercial bank.

At the end of 2021, SIFEM, the development finance institution (DFI) of the Swiss Confederation, posted a positive operating result of CHF 40.3 million. This positive result is due to the rebound of market valuations and also reflects a number of successful exits from investments that were postponed from 2020 to 2021. This turnaround also reflects the high quality and resilience of the SIFEM portfolio to date. However, these results do not denote the end of the crisis in emerging markets and developing countries. In most of the markets in which SIFEM is active, employment has not returned to pre-pandemic levels, and economic conditions remain fragile.

SIFEM’s Chairman, Jörg Frieden, highlighted the present climate of uncertainty: “The world is going through multiple crises and one of the main question marks at this stage is to what extent they will have negative and lasting consequences on growth, income inequality and the labour markets of the developing world. The trend towards more social and economic sustainability could be substantially weakened.”

Seven new investments

In the context of the COVID-19 crisis, SIFEM’s counter-cyclical role has been significant. In 2021, SIFEM committed a total of USD 84 million in seven new investments. The new commitments include three investments in private equity funds, one investment in a mezzanine fund, one investment in a debt fund, and two loans to financial institutions. The private equity funds will undertake investments in India, Africa, and Southeast Asia, the mezzanine fund will invest in Africa, and the debt fund around fifty-fifty across Africa and Asia. A loan was extended to a microfinance institution in Tajikistan and another loan aimed at supporting local SMEs to a commercial bank in Nepal.

First financial cooperation between SIFEM and SDC

SIFEM’s first transaction in Nepal was also a pilot project for a new type of cooperation between SIFEM and the SDC, whereby the latter provides first loss guarantees for impactful but particularly risky transactions, thereby covering potential losses up to a maximum of 50% of the transaction value. The guarantee provided by SDC will enable SIFEM to invest more in Least Developed Countries (LDCs) such as Nepal, in line with the new strategic objectives defined by the Federal Council for the period 2021–24.

At the SIFEM Annual General Meeting on 4 May 2022, the Business and Financial Report 2021 and the audited Financial Accounts 2021 were approved.

The Business and Financial Report 2021 can be consulted [here](#).

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Swiss Investment Fund for Emerging Markets (SIFEM) – www.sifem.ch

SIFEM, the development finance institution (DFI) of the Swiss Confederation, was established in its current form in 2011. SIFEM is wholly owned by the Swiss Government. The shareholder rights are exercised by the Federal Council, whilst the State Secretariat for Economic Affairs (SECO) remains in close contact with the SIFEM Board of Directors and Obviam, the Fund Manager. SIFEM is an important instrument for fostering private sector development in emerging and developing markets, complementary to other measures of economic development cooperation by the Swiss Government.

By the end of 2021, SIFEM had made commitments totalling USD 1.217 billion. As of mid-2021, SIFEM had invested directly and indirectly in 550 companies in over 80 countries. As an impact investor, SIFEM provides financial support to commercially viable small and medium-sized enterprises (SMEs) and fast-growing local companies, which in turn helps to create jobs and reduce poverty. SIFEM also targets investments that contribute to climate change mitigation and to fostering women's economic empowerment. Around 40 per cent of employees in SIFEM portfolio companies are women and SIFEM is an active member of the "2X Challenge: Financing for Women Initiative". SIFEM's portfolio companies are supported in complying with and exceeding the requirements of internationally recognised environmental, social and governance standards (ESG).