



Finnpartnership

Finnish Business Partnership Programme -
Support for Projects in Developing Countries

20 September 2011

Finnpartnership - background and objective



- Financed by the Ministry for Foreign Affairs, managed by Development Finance Institution Finnfund
- The objective is to **promote business cooperation between companies in Finland and in developing countries** in order to increase long-term business partnerships
- Offers support for developing country projects:
 - **Business Partnership Support (de minimis)**
 - **Matchmaking service**
 - **Advice and guidance**
- In close collaboration with businesses and other public stakeholders

Finnpartnership - background and objective



- In close collaboration with businesses and other public stakeholders





Finnpartnership - Services throughout a Project's Lifespan

Preparatory phase

Information collection on target country, actors and markets



Business Associate / Partner identification



(Pre)Feasibility Study



Implementation phase

Employee Training



Capacity Building



Matchmaking

Support Facility

Note! **No** financing
for actual
operations
(agreements, devices,
HR, buildings, ...)

Business Partnership Support - in short



- A grant type of seed capital for projects aiming at long-term business partnerships in developing countries
- Can be used to cover expenses incurred in the preparatory phase and to cover training and business development
- Max 200 000 €/company
 - 30/50/70 % of approved expenses depending on the size of the applicant and development level of the target country
- Contributes to positive development impacts in developing countries and realization of sustainable, long-term business partnerships
- Grant **can not** be allocated to **support exports** from Finland to developing countries!

Business Partnership Support - Amount of grant



- Companies can receive a maximum of € 200 000* of public (de minimis) aid over the current and the two previous fiscal years.

	Applicant / Coverage Amount	
	Low Income Developing Countries	Other Developing Countries
SMEs and other small organisations	70 %	50 %
Other companies	50 %	30 %

- Exceptions in de minimis aid allocation:
fisheries and aquaculture max. 30 000 €,
primary production of agricultural products max. 7 500 €,
transport sector max. 100 000 €.
No support can be allocated for the coal industry.

Business Partnership Support - Types of Projects



- A grant type of seed capital for projects aiming at long-term business partnerships in developing countries:
 - establishing a joint venture or a subsidiary company in a developing country
 - other project including long-term partnerships and cooperation, such as long-term subcontracting-, maintenance-, franchise- or licensing contract
 - value-added importing from a developing country to Finland or to the EU
 - pilot projects related to Finnish environmental technology
- Grant **can not** be allocated to **support exports** from Finland to developing countries!

Business Partnership Support - Grant Coverage



- The grant covers a part of expenses incurred in the following **preparatory phases**:
 - Partner identification
 - Pre-feasibility and feasibility study
 - Business plan preparation
 - Social and Environmental Impact Assessment
 - Piloting Finnish environmental technology
- And in the following **implementation phases**:
 - Target country employee training
 - Utilizing experts in developing a specific business area of a project

Business Partnership Support - Approved Expenses



- In different project phases, approved expenses for the applicant's own personnel and external experts include:
 - travel costs when travelling to the target country
 - accommodation and daily allowance costs while working in the target county
 - applicant's internal labor expenses while working in the target country
 - experts' fees regardless of the place where the work is being conducted
- Services obtained from external experts can be, for example, services related to:
 - target country information and market surveys
 - legal advice on target country laws and regulations

Business Partnership Support - Application Process



- Grant can be applied for any time of the year
- Application forms are available online
- Registration date is provided when application with required attachments is submitted to Finnpartnership
- Expenses occurred after the registration date can be covered by the grant (i.e. project activities can be implemented with own risk)
- Application process takes approximately 2 - 4 months

Application period	Grant decision day
1.1.-28.2.	30.4.
1.3.-30.4.	30.6.
1.5.-30.6.	31.8.
1.7.-31.8.	31.10.
1.9.-31.10.	31.12.
1.11.-31.12.	28.2.

Number of Business Partnership Support (BPS) applications



- Applications in years 2007 - 2010:
 - Received on average 108/year
 - Approved on average 84/year
 - Rejected on average 22/year

	2006*	2007	2008	2009	2010	T1 2011	T2 2011
Received	43	107	93	118	115	50	33
Approved	22	79	68	77	110	46	38
Rejected	4	12	31	19	27	4	4
Cancelled	1	1	0	0	0	0	0

*) Year 2006 was not a full operational year

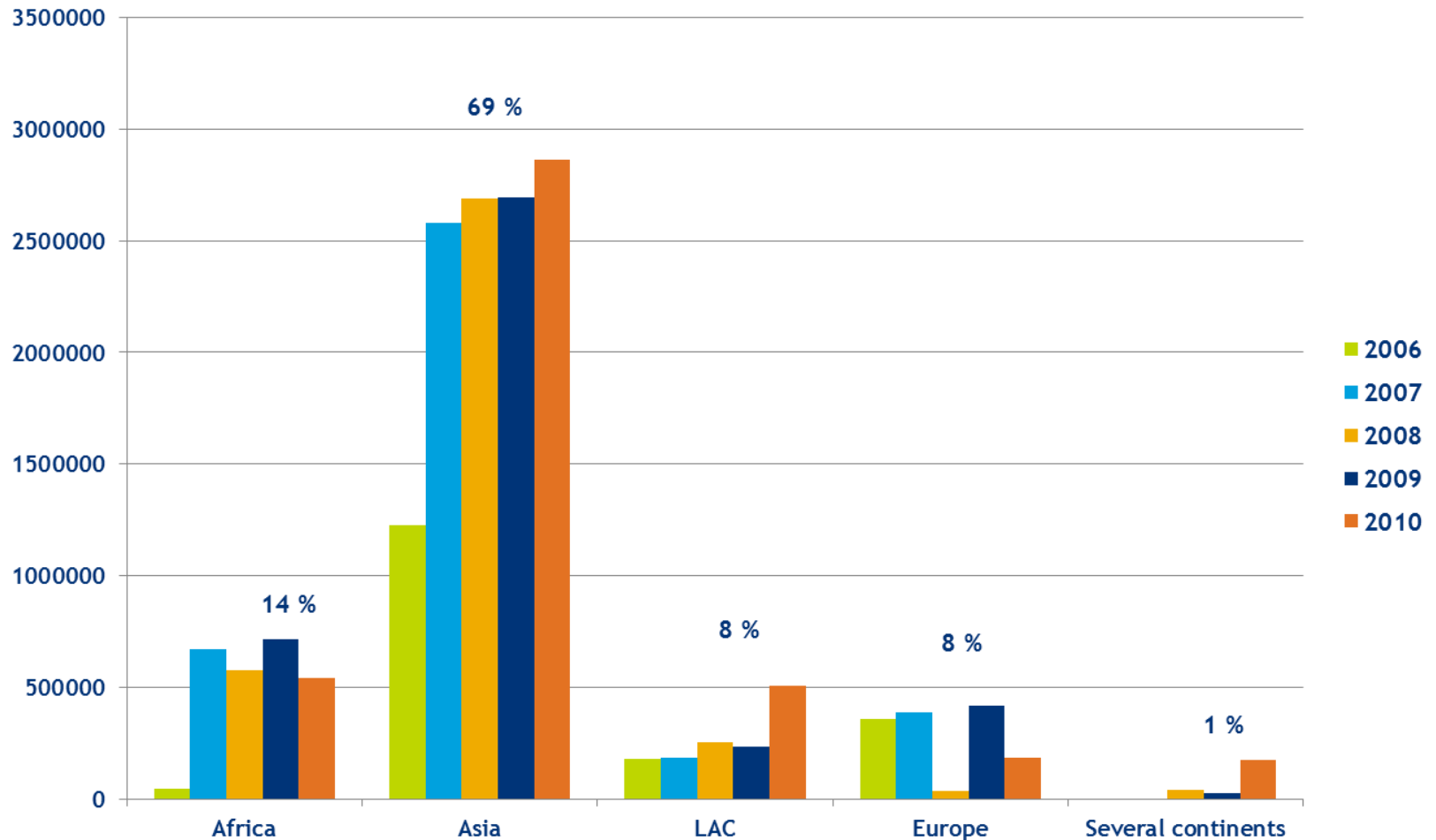
Number of BPS applications, popular countries in 2006 - T2 2011



- Support has been allocated for projects in 77 different countries, of which most support has been allocated for projects (no. in brackets*) in
 - China (82+4),
 - India (59+7) and
 - Vietnam (45+8).
- Other popular countries are:
Thailand (20+4), Ukraine (20), Kenya (14+5),
Bangladesh (17), Brazil (11+6), Peru (14+2), Tanzania (9+6) and the Philippines (7+6)

*) first number represents the number of projects in which the country is a primary target country, the second number is the number of projects in which it is secondary.

Approved BPS by continent in 2006 - 2010



Number of BPS applications, popular sectors in 2006 - 2010

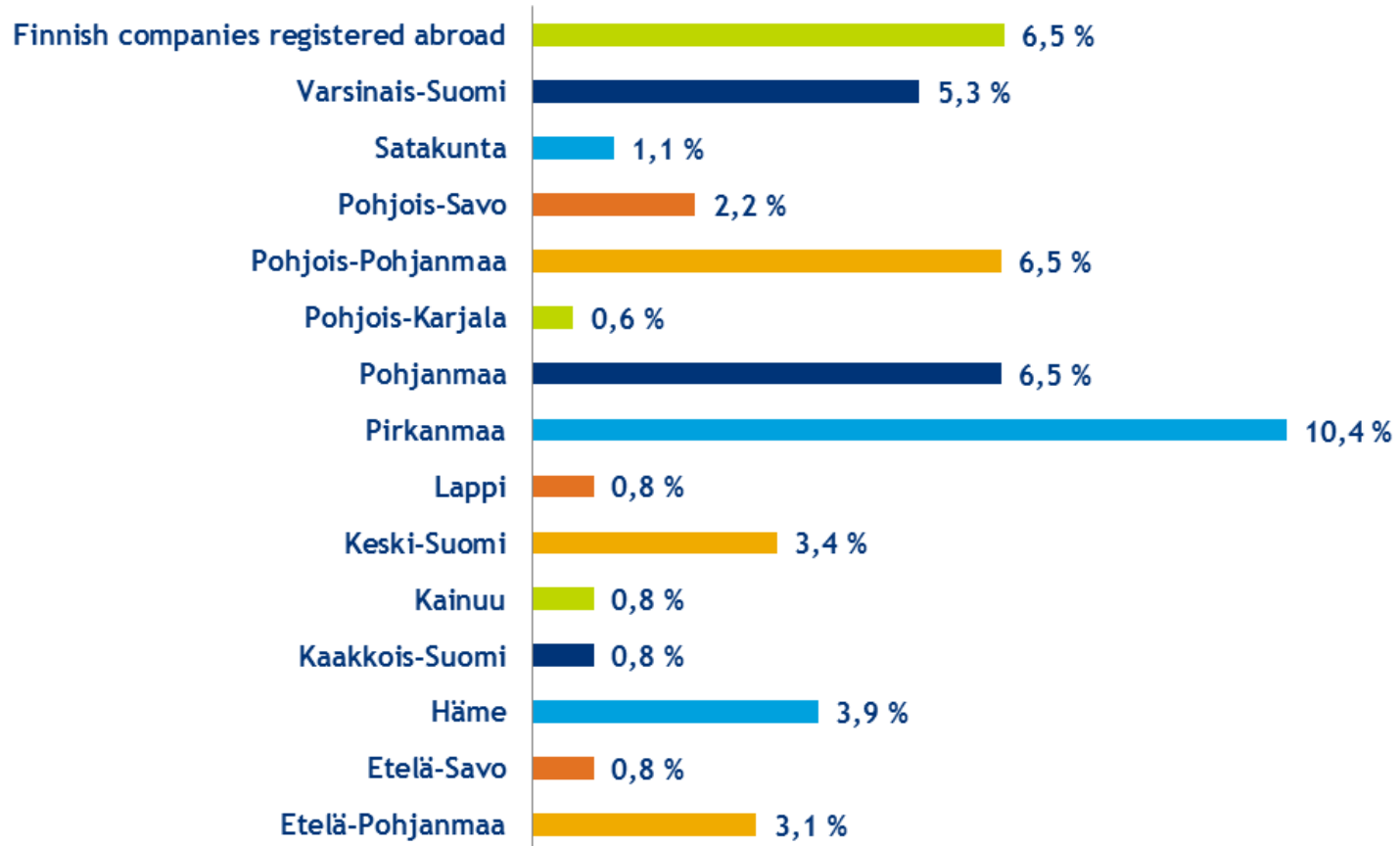


- Support allocated mostly for:
 - ICT (15 %)
 - Manufacturing, engineering and machinery (13 %)
 - Energy (10 %)
 - Agriculture and food processing (8 %)
 - Environment (8 %)
 - Construction (7 %)
 - Services (6 %).

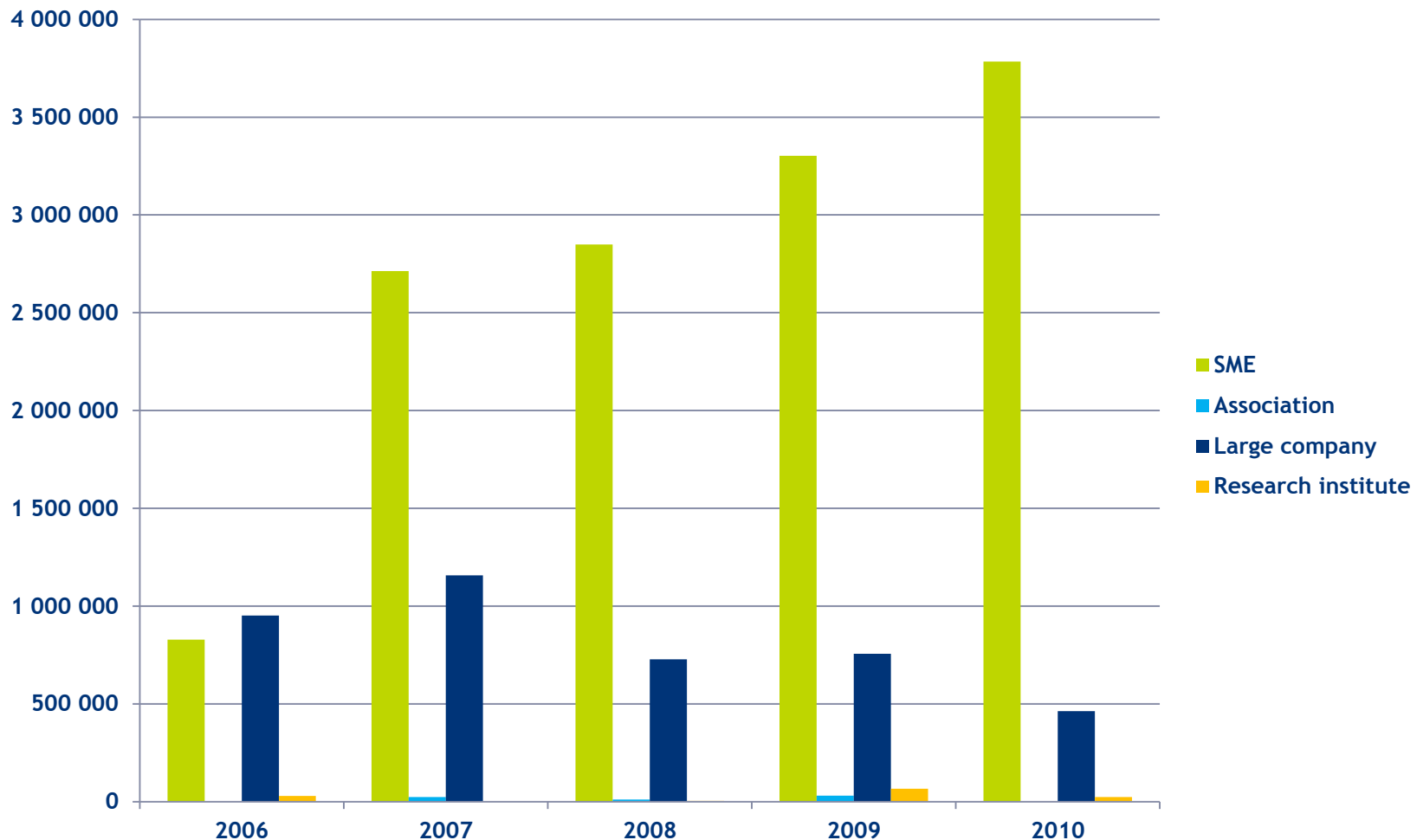
Approved BPS / origin of applicant in 2006 - 2010



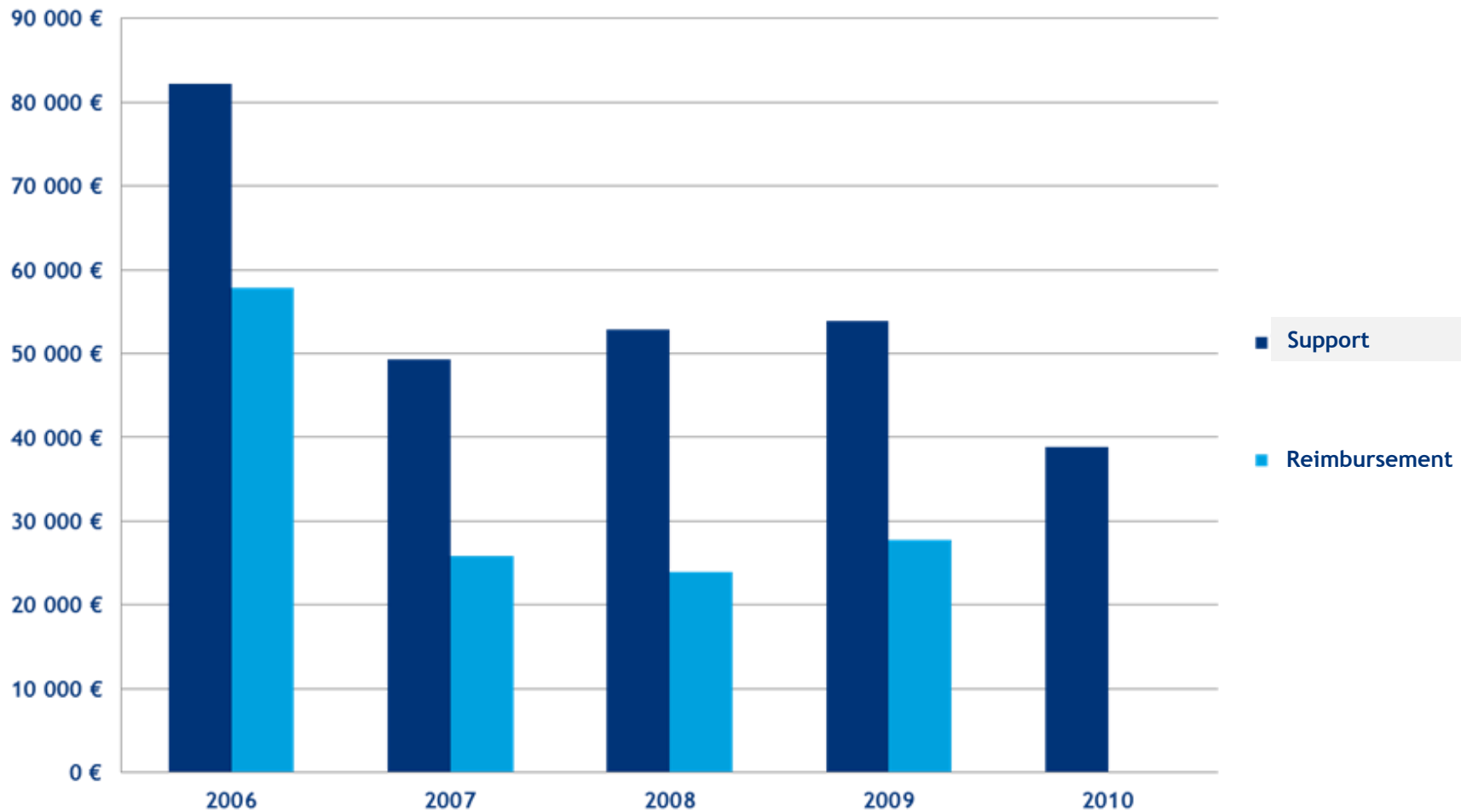
- Most BPS (50 %) has been allocated to companies that are registered in the Helsinki region (Uusimaa).



Support (€) by size/type of company in 2006 - 2010



Average of support reimbursements in 2006 - 2010



Identifying Business Partnerships - Matchmaking in short



- Finnpartnership channels business partnership initiatives and opportunities from companies in developing countries to Finnish companies and vice versa
- Opportunities are added to the Matchmaking database (www) where they can be explored
- Partnership initiatives can also be forwarded directly to interested parties
- **Focus sectors:** ICT, environment, energy, agriculture
- **Focus countries:** Kazakhstan, Peru, Tanzania, VietNam
- Currently around 100 companies are looking for business partners in the service

Advice and guidance



- General advisory services in the planning phase of business projects
- Information on Finnish and international Development Finance Institutions and commercial banks operating in developing countries
- **Country pages:** Information for Finnish companies on actors and business environment of target developing countries
- **Monthly newsletter:** information on business opportunities and events related to business partnerships and business opportunities
- **Consultant database:** contacts of Finnish and international experts

Guidance and knowledge: Expert databases



- **Asiantuntijahaku.fi** -service is a free search service on experts and consultants
- In this service, experts can market their developing country knowledge and companies can find a suitable expert for their project
- Searches for experts can be done on the basis of e.g. industry, special knowledge, experience or geographical location
- Registering for the service requires Finnish internet banking access codes
- Experts/consultants that do not have Finnish access codes are listed in Finnpartnership's own database

Finnpartnership - Finnish Business Partnership Programme



- Grants the Business Partnership Support financed by the Ministry for Foreign Affairs
- Channels business partnership initiatives and opportunities from companies in developing countries to Finnish companies
- Provides wide-ranging advisory services for Finnish companies for their projects in developing countries
- Contact Finnpartnership when you are planning business activities in a developing country!

Finnish Fund for Industrial Cooperation Ltd. (Finnfund) in brief

- State-owned development finance institution
- **Risk capital** for profitable **private projects in developing countries and Russia** since 1980
- From small and medium-sized companies to large companies in different sectors, both green-field and expansion projects
- Long-term financial investor with minority stake, EUR 1-10 million - loans, mezzanine financing or equity
- Market-based interest rate – compensation for the risk-taking
- Investment criteria include profitability, social and environmental responsibility, development impacts and Finnish interest
- Co-financing with other European development financing institutions and commercial banks.



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