
The Business of **CARING**

Banker Audette Exel returns to Bermuda with a plan for the Third World



Audette Exel makes friends with children in the isolated Himalayan district of Humla, Nepal during a visit paving the way for aid projects

THE LUWERO DISTRICT IN CENTRAL UGANDA IS PROBABLY as far from Bermuda in geographic terms as it is on the scale of human poverty, a region devastated by civil war, rife with AIDS and other diseases, and lacking even basic amenities like schools and hospitals. But it was here, on a spring 1998 scouting mission, that Audette Exel experienced an epiphany of sorts.

"There was a mission hospital which had been offered a big tract of land, but they didn't know what to do with it," she remembers. "They could actually have joint-ventured out that land with

somebody who could have produced a cash crop like coffee or sugar. But they were too busy, and didn't realise the possibilities.

"I thought, 'I could do that! I could negotiate that joint venture for them and then they could have a crop and take a percentage of the cash to fund the ongoing hospital expenses.' It could have solved several problems at once."

Such cross-fertilisation of fields as disparate as Third World aid and capital restructuring is bringing Bermuda a little closer to developing countries under an ambitious new venture launched by the indefatigable Exel and three Hamilton-based partners. ➔

By Rosemary Jones



AUDETTE EXEL

Children are sorely in need of better nutrition and medical care in rural Luwero, Uganda

The 35-year-old former managing director of Bermuda Commercial Bank, who left the Island for Australia in December 1996, returned this spring with a double-barrelled brainchild she believes will not only tap her financial talents, but also spawn creative ways to quite literally improve the world.

The plan consists of two entities, both called ISIS, though one is a charitable trust and the other a Bermuda limited liability company. ISIS Limited (the company) will administer the ISIS Foundation (the charity) and cover its administration costs by generating profit as a risk-management and finance consultation firm, headed by Exel. The foundation, thus relieved of the often-crippling burden of operating costs facing so many non-government agencies, will target needy areas of the world and solicit donations—largely from US philanthropic trusts—to fund long-term development projects.

"It has always been our dream to combine business with development," explains New Zealander Exel, who's currently working out of borrowed Washington Mall offices with partner Charles Swart, 34, a South African emergency room physician who spent two years at King Edward VII Memorial Hospital, and now heads the foundation.

"We believe that business has enormous contributory effects and now we're trying to prove it—that through business, you can actually achieve good. If there's anywhere in the world you can do it, it's Bermuda."

The group's other two partners are

Sharon Beesley, 42, head of banking at law firm Mello, Hollis, Jones & Martin, and Dominique Smith, 48, a chartered financial analyst who formerly headed BCB's treasury

department and now is executive director of the Council of Alcohol & Drug Abuse (CADA). Both are working behind the scenes with the fledgling ISIS, while Exel and Swart set the grand scheme in motion.

"We're all great friends and we all spent a lot of time talking about what to do," says Exel, whose contagious enthusiasm and intellectual drive won her respect in the generally staid, male-dominated echelons of international banking. "I was very keen to do something in the medical field, something in the charity world. And this kind of evolved. We wanted to create a charitable foundation and we wanted to create it in a sustainable fashion. We're very happy with the structure we've come up with."

Exel and Swart have spent the past six months focusing on the development side of their plan, travelling through Uganda and Nepal—two areas chosen for the first 10-year-long aid projects the foundation



Dr. Charles Swart

will fund. Once an estimated \$3.9 million has been raised, Swart will head overseas to manage the projects, while Exel dives back into her forte—brokering innovative, profit-driven deals to suit Bermuda's creative marketplace.

ON THE CORPORATE SIDE, Exel's vision for ISIS Limited hopes to capitalise on the fusion of the insurance industry and capital markets. The company, registered as an insurance intermediary, will act as a specialised broker for financial services in Bermuda, particularly for the insurance sector.

"It's our view that the finance markets and the insurance markets are starting to converge and there aren't that many people who have actually had experience working in both those disciplines," Exel says. "The traditional brokerage network which has done brilliantly for Bermuda in terms of bringing product to the market is in a position where it has found it difficult to focus resources on developing large finance-based insurance transactions for this market."

In the process of completing their first deal, in which ISIS together with a large Bermuda-based insurance company, developed a complex financial product which released a large UK company from "balance-sheet problems," Exel is confident she can fill a vital niche by developing financial-based insurance products, especially given the market's soft turn.

"The brokerage network currently distributes a wide range of products rather than focusing on custom-made, solutions-driven finance product," she says. "That's where we believe we can fit into the picture because we have finance backgrounds and a lot of contacts in the institutional world. We're a little shop, so we think we can afford to spend the time on larger, perhaps more complicated, transactions and work with the Bermuda insurance companies to put those products together and bring them to this market."

ISIS Limited is also working with political risk insurer Sovereign Risk, launched in 1997 by insurers ACE and EXEL and Risk Capital Re. "Sovereign have a fantastic team, excellent product and first-class shareholders," Exel says. "Political risk product is predominantly bank-driven, and that is an area where ISIS can add extra value. We will be working with Sovereign to develop products that meet the needs of the banking and project finance markets in these ➔

changing market conditions.

A lawyer by training, Exel worked in Australia and Hong Kong before moving to Bermuda back in 1992. She led a turn-around management team at BCB, which managed to boost the bank's profits by an average 75 percent per year during her tenure. She also oversaw a successful rights offering and the formation of a joint venture corporation with Merrill Lynch Asset Management, as well as chairing the Bermuda Stock Exchange. With that varied and multi-jurisdictional background, she is now eager to test Bermuda's international business waters as an entrepreneur.

"The Bermuda insurance market is absolutely world-class," she enthuses. "But because the companies are in a position where they rely on the brokerage network to bring in business, maybe the creativity of the market hasn't been sold to the international community in quite the way it could be. Since that's what we've all been doing in and around Bermuda for years, we want to do more of the same.

"We're not trying to take anyone else's market share. We simply want to build this with our personal philosophy. We intend to do a few focused, customised transactions and be an introducer of good business to the Bermuda market, to generate enough revenue to keep the ISIS Foundation going. We'd like to work with all the players in Bermuda and hopefully enhance the products that are being brought here, not compete with traditional lines of business."

"CHARLES IS TEACHING ME MEDICINE and I'm teaching him what financial lines reinsurance is," laughs Exel as she and Swart prepare to mail out a stack of hot-off-the-press proposals—detailed volumes soliciting project costs for the two aid plans in Nepal and Uganda.

"We've got good complementary skills," she says. The duo met after Swart stitched Exel's head after she fell off her bike in Bermuda a few years ago.

When she quit her job and left the Island in 1996 to spend time with her ailing father—who has since recovered from cancer—Exel toyed with the idea of pursuing a long-held ambition to take up medicine.

"I did the study for pre-med exams in Australia," she says. "Sitting on a beach realising how stupid I was at chemistry and physics, I realised I could put a thousand pairs of doctors' hands on the ground rather than just my own if I did this



Dr. Charles Swart treats a sick infant in Humla, Nepal during a 1998 trip to the area

instead. It became obvious that the best use of my skills in terms of contribution was to do something like ISIS rather than to do medicine."

Swart, a Cape Town native, trained in Africa. His first love has always been primary healthcare in the Third World, particularly paediatrics. He sees the ISIS venture as a win-win scenario that ties in to the recent trend fuelling aid-providing non-governmental organisations (NGOs)—that of charities seeking venture capital and other complex financial transactions to fund international aid projects.

"The move in the US now is that charities are moving toward joint ventureships or venture capital," he says. "So you can actually get to the stage where it's a profit-making vehicle and the money just falls over into an endowment fund to run the foundation and provide sustainability.

"That's a whole new concept to aid work; in the past, NGOs have always been living day by day, fund raise, fund raise. The business principle is big now. And that's the niche we have to bring to this project. By paying the foundation's administration fees out of the profitable leg of our partnership (ISIS Limited), our accountability is 100 percent."

"We don't want to be in a position where we have to be fundraising on an ongoing basis," adds Exel. "Once we raise the project capital, hopefully that's going to be it for a very long time. What we hope with ISIS and its structure is that it will succeed us; there will always be this

little business that will be funding this little foundation even after we're gone. We have also given the foundation shares in the business so that the foundation will also profit on an ongoing basis."

The trustee for the ISIS Foundation is BCB's wholly-owned trust company, the International Trust Company of Bermuda Ltd. The foundation is also a Bermuda registered charity, and able to take tax-deductible donations from US donors.

"THE ONE THING WE LEARNED IN the last six months is that there's more need in the world than you could possibly imagine," says Exel. "Ultimately, you have to pick somewhere and focus on it. When ISIS becomes successful, it would be nice to help others replicate what we're trying to do."

The two projects ISIS designed for Nepal and Uganda aim to set such an example, with an emphasis on long-term commitments to the people of both impoverished regions. Forging partnerships with local communities is perhaps the biggest key to each project's success; Swart and Exel agree aid programmes seen as First World handouts are rarely long-lasting.

In Nepal alone, there are 33,000 charities, 90 percent of which are estimated to be fronts for tax purposes, Exel says. "Just being a charity gives immediate rise to suspicion. But we are working at the grassroots level, getting involved in communities, and we've met incredibly hard working people in these communities who really want to work with us to get our projects off the ground and improve the lives of their own people."

Such improvements are sorely needed in areas like the isolated Himalayan region of Humla, in northwestern Nepal, for which the foundation plans to raise \$1.7 million. The money would provide a doctor and essential medicines to the mainly ethnic Tibetan community for at least eight months a year for a decade; train healthcare workers, improve healthcare services, build a children's home and rebuild a government school. Approximately 18 percent of all children in Humla die before they reach age five; more than half the population does not eat twice a day.

"Over 10 years, we'll be putting a doctor in there full-time in a region where there's no medical support; we'll be re-

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building a school for 250 kids; we'll be building a boarding home for the kids to stay in so they can go to school; we'll be starting a vaccinations programme...it's a massive programme," says Exel.

In Luwero, Uganda, north of Kampala, similarly depressing statistics prompted ISIS to propose funding for a \$2.2-million community-based healthcare programme promoting nutrition, maternal care, immunisations, clean water and essential drugs. Swart will travel there to set the project in motion within the next few months. He will work with Kiwoko Hospital, once a local clinic and today the region's only functioning hospital, with 149 beds for a population of 500,000 people. Among

'I knew there was nowhere else in the world I could do this other than Bermuda'

other goals, Swart will oversee expansion of the hospital's paediatric ward; expansion of an AIDS care programme; purchase of a four-wheel drive vehicle for use as a mobile clinic; and baseline studies of the local population—with help from Harvard Medical School and the School of Public Health at Boston University.

"Out of all of us, Charles has the hardest job because running a bank or a law practice is a snap compared to running a development project. But we will not begin projects unless we're sure we can carry them through to completion," promises Exel, who expects to raise funding for at least one, perhaps both, of the two projects within the next six months. "We're hoping to receive sufficient capital commitment from donors to give us the comfort to be able to start long-term projects."

The foundation is appealing to large US grant-making institutions and philanthropic trusts for funding, not Bermuda-based business sources. "If people here ask me how they can help, I say 'do business with us,'" says Exel of her twin projects. "Hopefully, we'll be doing some good business and on top of that, we're going to bring healthcare to tens of thousands of people in appallingly neglected areas who would normally never get any kind of assistance.

"That's why I came back—because I knew there was nowhere else in the world where I could do it other than Bermuda." BB