

UBA TO FACILITATE INFRASTRUCTURE FINANCING IN AFRICA

As exemplified by several deals on which the bank is acting as Financial Adviser, Lead Arranger and Lender on the continent, UBA is positioned to play a catalytic role in facilitating infrastructure projects across Africa.

This is was made known by the Director, Infrastructure Finance at UBA Capital, Mr. Wale Shonibare, at the recently concluded Public Private Partnership Africa conference organised by Ametrade in collaboration with the African Development Bank (AfDB) and sponsored by UBA, in Tunis, Tunisia.

Mr. Shonibare, who is a senior executive of the bank's investment banking and capital markets subsidiary, said UBA Capital has been working with public and private sector partners in structuring long-term funding solutions across key productive sectors like road and rail transportation, aviation, power, oil and gas, real estate, mining, telecoms and IT.

Speaking on how to encourage investment in infrastructure with particular reference to transportation Mr. Shonibare said funding can be obtained from local and international sources to bridge the current deficit that is prevalent in the continent. According to him there exists a direct correlation between increase in infrastructure development and economic growth as has been seen in countries like China and India.

He therefore advised African countries to match and sustain a high level of investment in order to achieve the desired level of economic growth to lift millions out of poverty. "A significant amount of this investment will come from the private sector through Public Private Partnerships (PPPs). However, more remains to be done to create the environment conducive for private sector capital to play an active role" he stated.

On the public sector side he urged African governments to take the following steps to providing that enabling environment for PPPs to flourish; develop comprehensive National Infrastructure Development Plans to meet their overall development goals;

accelerate the pace of policy reform including privatization and deregulation in order to create a pipeline of opportunities for private sector participation.

Other measures suggested by the UBA Director include sustaining appropriate macro/micro economic conditions by instituting policies that encourage - stable exchange rates; low inflation; low interest rates; extension of the yield curve; pensions reform; sanctity of contracts and capital markets reforms in addition to improving procurement processes by adopting an approach that gives confidence to the private sector that governments are serious in their desire to attract private sector financing and expertise.

The two day conference was a melting point for the PPP community across the continent and had representation from development agencies and institutions globally. It provided a definitive platform for senior industry representative, ministerial advisors, legal advisors, financial sponsors, and other professionals interested in initiating PPP projects with governments, and opportunity to examine the underlying principals needed to establish legal, political and economic framework to implement such initiatives.

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