

Funding development

By **KENRICK COCKERILL**

CHIEF EXECUTIVE OFFICER, STANBIC BANK (TANZANIA)



KENRICK COCKERILL became Chief Executive of Stanbic Bank (Tanzania) Limited in September 2013. Prior to that he spent almost ten years developing Standard Bank's franchise in Mozambique focusing primarily on corporate and investment banking. He holds a Bachelor's of Commerce from the University of KwaZulu-Natal in South Africa.

For the last two decades, Stanbic Bank Tanzania has steadily contributed toward the country's development by working closely with successive reform-oriented governments to help find financing to fund key infrastructure projects.

Stanbic's activities are in line with the Tanzanian government's strategy to move toward middle-income economy status, which has recently seen it adapt Malaysia's Big Fast Results initiative, calling it Big Results Now (BRN), which will focus on six priority areas of the economy: agriculture; water; education; transport; mobilising resources; and energy. East Africa's second largest economy—one of Africa's biggest per capita aid recipients—has steadily increased infrastructure spending over the last five years. The economy has grown by around 6.5 per cent annually over the same period.

Stanbic's Corporate & Investment Banking team (CIB) uses its in-depth understanding of local market conditions and drivers and the experience in emerging markets of its parent company Standard Bank to develop customised client-focused solutions.

Last year, for example, Stanbic's CIB team closed a historic US\$600 million amortization private placement on behalf of the government. This was the first benchmark-sized private placement deal by a sub-Saharan country, allowing the Tanzanian government to raise money from the global capital markets to be used for infrastructure projects in Tanzania.

The money has funded infrastructure development projects across various sectors of the economy, including roads, railway equipment, and energy, while the deal represents a milestone in Stanbic's ability to advise the government on how to access funding from the capital markets. It is also vital to note that these investments in key infrastructure projects, will, over the course of their economic lives, unlock benefits that will significantly enhance Tanzania's GDP. The placement follows an agreement to borrow US\$250 million from a consortium of banks led by Stanbic in 2011 to finance infrastructure projects.

Tanzania did not put up any form of security for the loan, which shows the level of confidence investors have in the economy. The US\$250 million concession loan was offered at an interest rate of 5.2 per cent per annum.

"This is a unique loan agreement being signed today, without sovereign guarantee. The conditions of the loan are even more competitive than the loans we receive from the IFC, which is a World Bank institution," said Finance Minister Mustafa Mkulo, at the time, adding that the loan reflects investor confidence in the continued good performance of Tanzania's economy over the coming years.

The successful implementation of the US\$250 million loan to the government led to Stanbic Bank Tanzania winning the EMEA Finance Award for Best Investment Bank in Tanzania 2011. Stanbic's experience in Investment Banking and local knowledge of the Tanzanian market allows it to successfully execute highly structured transactions. Being part of one of the largest banking group in Africa Standard Bank, also gives it an edge in the market because Standard Bank has a large geographical footprint, giving Stanbic access to funds as well as international expertise.

In 2011, Stanbic led a syndicate of banks that secured a US\$85m syndicated loan for Helios Towers Tanzania to finance the next phase of its network of telecommunications towers across Tanzania. The financing attracted strong and broad-based interest from several local and international financial institutions. The lending syndicate demonstrated the ability of African banks to finance large and cross-border transactions.

Tanzania, with more than 21 million mobile subscribers, is a top ten mobile market in Africa and one of the continent's fastest growing wireless markets; its current subscriber penetration is estimated to be 46 per cent and is expected to grow to 66 per cent by 2015. Tower sharing is a fast growing subset of the mobile telecommunications sector in Africa, bringing significant capital expenditure and operating cost savings for mobile operators that can be passed onto consumers who benefit from improved network quality and enhanced coverage. The Helios Towers operation was recognized by The Banker magazine as "Deal of the Year".

In 2012, Stanbic secured syndicated financing worth US\$3 billion for the Mchuchuma Iron Ore and Liganga Coal mining project in Ludewa District, Tanzania. The two projects are the single largest investment venture in East Africa. Implementation

of the Mchuchuma project, among other things, aims at improving power output in the country. The financing is a joint effort between Stanbic Bank Tanzania and International Commercial Bank of China (ICBC), the largest bank in the world.

Energy is one of Stanbic's CIB priority sectors for 2014. The Powering Africa conference held in Dar es Salaam earlier this year focused on increasing generation and supply in the power sector by diversifying into renewables. The government's aim is also to increase access to electricity from 18 per cent of the population to 30 per cent by 2015 through rural electrification, goals that CIB can supply expertise on. Stanbic is already working with international and local agencies such as the World Bank and the Rural Energy Agency to execute power projects in remote areas of Tanzania that will benefit more than six communities with a combined population of more than 30,000 people.

Stanbic Bank Tanzania Ltd is a full commercial service bank with a well-defined emphasis on providing facilities and services to the public and private sector corporations, airlines, diplomatic missions, pension funds and non-governmental organizations. Since its establishment in Tanzania in 1994 after buying out Meridian BIAO Bank, Stanbic Bank (T) has been at the forefront in the development of the country's financial markets. The Bank currently boasts nine branches in all of the country's important economic zones namely Dar-Es-Salaam (five branches), Arusha, Mwanza, Mbeya and Moshi with

a total staff complement of more than 300 employees. Standard Bank Group is the largest African bank by assets and earnings.

Stanbic Bank Tanzania is a subsidiary of the Standard Bank Group, Africa's largest bank by assets. Stanbic Tanzania is a full service bank providing financial services through its CIB division as well as retail banking, finance, treasury, transactional business, investment, risk management and advisory services.

Last year, Stanbic was named the best Investment Bank in Tanzania in EMEA Finance's 2013 Africa Banking awards. EMEA Finance is a leading bimonthly global industry publication that reports on all major financial transactions and activities in Europe, the Middle East, and Africa (the EMEA region).

In the same awards, EMEA Finance also named Standard Bank Group, Africa's largest lender by assets, the continent's Best Investment Bank for the sixth consecutive year.

Standard Bank was also awarded ten other awards in the EMEA Finance 2013 Africa Banking awards, recognising its investment banking capabilities across several of the 18 African markets in which it operates.

Last year, Stanbic topped KPMG's Africa Banking Industry Customer's Satisfaction Survey as the most customer-focused bank in Tanzania. Apart from clinching the overall winner as the most customer-focused bank among banks operating in Tanzania, the bank also led in the aspects of Transaction Methods and Systems, Products and services.

Stanbic was named the best Investment Bank in Tanzania in EMEA Finance's 2013 Africa Banking awards



Photo: BG Group

Stanbic is working to be a key partner in financing the fast growing oil and gas sector