

Interview: Singaporean Finance Minister, Indraneel Rajah

Baron Lauder milk

15/03/2017

Singapore plans on becoming Asia's primary hub for financing and structuring infrastructure projects, including transport, power, and renewables.

Senior Minister of State for Finance and Law Indraneel Rajah told *IJGlobal* in an exclusive interview that Singapore has the capabilities, skills and financing expertise to ensure that Singapore becomes Asia's center for financing large-scale infrastructure projects.

"There is so much demand and need for infrastructure in Asia which Singapore can help provide". She says that banks across Singapore will play a vital role in structuring and financing deals across the region.

"You have Singapore-based banks, and many of them have experienced project finance teams, and they are able to provide financing out of Singapore to all over the region. The key is how to connect them? What we are trying to do is bring all those different elements together, see how they can work together to provide the financing for these large-scale projects," said Rajah.

Singapore indeed already is a leader in project financing in Asia. According to data from The Monetary Authority of Singapore, 60% of project finance transactions in Southwest Asia are lead-managed by Singapore-based banks. Singapore's status as a financial hub allows developers to choose from a range of foreign exchange and interest rate hedging solutions to meet multiple project demands.

An issue that Rajah discussed was the bankability of projects in Asia, and how Singapore can help alleviate these problems.

"The infrastructure gap is huge in Asia, and one of the reasons for this is bankability – the ability to get project finance or financing for the particular project. The difficulty is there isn't enough experience to help structure the project. Banks put in a lot of investment but they want out quickly, private equity and commercial interests are also looking for returns. So the key is good project finance structure. Let's say you have a particular project, it probably needs a combination of public sector and private sector expertise. Where do you get that? Hopefully Singapore – the go-to place to get this expertise." said Rajah.

Rajah noted that Singapore's private and public sector institutions are able to share their experience building up Singapore's infrastructure over the past 50 years, and they are looking to package their expertise and experience to export to other countries. Rajah believes that Singapore can do more to build capabilities.

"We want to build a pipeline of infrastructure talent by starting with internships in universities, and looking at multidisciplinary courses," said Rajah.

Rajah believes that people can learn by doing, by actually working on deals, and acquiring depth of expertise and skill needed to work on projects across Asia.

Finally Rajah said that China's One Belt, One Road (OBOR) is a good initiative to help increase infrastructure in Asia, as there is a lot of demand. Asia has a \$1 trillion dollar financing gap for infrastructure projects, according to The Asian Development Bank.

"Coming back to what I said about bankability, Singapore certainly hopes to play a role to facilitate OBOR," said Rajah.

Thank you for printing this article from IJGlobal.

As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.

If you have been given this article by a subscriber, you can contact us through www.ijglobal.com/sign-in, or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.