

Leaders to launch investor insurance scheme

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KAMPALA: Nine African presidents are to launch an agency that will insure businesses against political risk to help lure investment to the world's poorest continent, according to officials.

The African Trade Insurance Agency (ATIA) aims to reassure investors scared away by the threat of war or unrest by providing adequate cover against non-commercial hazards backed by US\$105mil of World Bank funds.

"The ATIA is aimed at establishing confidence among international investors that business in Africa is feasible," ATIA Uganda spokesman Odrek Rwabogo said.

Ugandan officials said Malaysian Prime Minister Datuk Seri Dr Mahathir Mohamad, whose country had employed a similar scheme, was expected to attend the launch.

"The presidents of South Africa, Mozambique, Malawi, Botswana, Sudan, Tanzania, Kenya, Rwanda and the Prime Minister of Swaziland are expected to attend," said James Baba, director of regional cooperation in Uganda's Foreign Ministry.

Economists said that Africa desperately needed to coax more foreign capital to fund development in a region which had 12% of the world's population, but attracted less than 2% of the global direct investment flows.

The agency said that earlier in August it could increase trade in east Africa by US\$5bil over the next decade, providing private sector investment seen as vital to kick-starting economic growth and alleviating poverty.

The fund is due to begin operations on Aug 20, providing insurance that will initially be open to importers and exporters in Burundi, Kenya, Malawi, Rwanda, Tanzania, Uganda and Zambia.

"To settle claims on the fund, trust accounts for each of the seven countries will be opened using a total of US\$105mil of World Bank credit," Rwabogo said.

The scheme, founded by the common market for eastern and southern Africa (COMESA), will cover export and import trade transactions into, within and from Africa and will be open to countries across the continent. — Reuters