

UWI refinances debt

...saves \$120 million per year

■ JAMAICA

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THE University of the West Indies, Mona, has successfully refinanced its high-cost debt, saving roughly \$120 million in debt servicing costs annually, and is now turning its sight on investing in new revenue-generating projects and infrastructure development. The university's debt refinancing programme aimed to address its high-cost debt denominated in US dollars with double-digit interest rates, which posed a challenge to its cash flow.

Pro-vice chancellor and principal of The University of the West Indies, Mona Densil Williams said the campus was honouring debt-servicing costs of \$460 million per year for that portion of the university's debt.

To address this challenge, the university put together a programme to restructure its debt and find Jamaican-dollar equivalent debt with lower interest rates. Six investment houses were invited to make presentations, and Sygnus was chosen to represent the university as its financial advisor and arranger.

A \$3-billion bond was structured, denominated in Jamaican dollars with a single-digit interest rate. There is an option to increase this amount by an additional \$2 billion, which Williams said will be done in the future.

However, of the \$3-billion raised, about \$2 billion of the amount was used to pay down the US dollar-denominated debt, equivalent to about 40% of The UWI Mona's debt load. This refinancing will save the university roughly \$120 million in debt-servicing costs annually.

Williams noted that the savings from the refinancing will be used to invest in other areas, such as revenue-generating projects and infrastructure development.

'This now gives us a breathing space so we can now have some resources to invest in other areas now that can help to improve revenue generation for the campus.'

He said those revenue-generating projects include Global Health, and UWI Star, to boost its financing.

'We're going to train more persons in their health profession, like nurses, doctors, etc,' said Williams, highlighting the project's potential to attract more students and generate revenue.

UWI Star, he said, is a shortcourse programme. These projects aim to generate more revenue and provide short-term credentials to the marketplace.

In addition, the university plans to invest in infrastructure development, including a campus centre, an expanded library, and a new campus in Western Jamaica. A brand-new school of engineering is also being built.

'What we're going to do, this now gives us a breathing space so we can properly strategise as to how we're raising the financing to do these kinds of things as well,' Williams said.

The university plans to invest in these projects over the next five to seven years.

Some of the money also went to paying out small creditors who had done work for the university and had to wait 'for a long time' to get paid.

'There are a lot of creditors that we owed to the tune of about \$500 million... small creditors, people who would have done work on halls of residence...that we owe for a long time. We're using part of that money to also pay them out so that we can actually now have our vendors in good stead and then we manage our vendor relationship going forward,' Williams said.

The university's financial situation has become increasingly complex in recent years, with Government funding decreasing from 80% to 45% of the budget. To compensate, the university has had to rely more heavily on commercial operations, which now account for 40% of its spending.

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INVESTING IN NEW REVENUE: Densil Williams