

**SPEECH BY THE MINISTER OF FINANCE AND ECONOMIC PLANNING,
MR. KWADWO BAAH WIREDU AT THE PRESS LAUNCH OF THE FIRST
SECURITIES WEEK IN THE BRITISH COUNCIL AUDITORIUM ON
TUESDAY, 10TH OCTOBER, 2006.**

Mr. Chairman, Honorable Ministers of State, Commissioners of the Securities and Exchange Commission, Ladies and Gentlemen of the press, Distinguished Guests, Ladies and Gentlemen:

It is with great pleasure to be invited here this morning, to take part in the press launch of this long awaited ‘securities week event’. The theme for this maiden event, “The Capital Market: The Missing Key To Ghana’s Economic Development And Growth” is so apt and relevant to this government’s quest and policy to move this country to a middle income economy within the shortest possible time.

Mr. Chairman:

Government has declared ‘ a golden age of business’ and the private sector as an engine of growth. However, difficulties faced by the private sector in accessing cheaper sources of funds poses serious challenges to the realization of these policy objectives. Lending rates by the banks are still high despite reductions in Bank of Ghana prime rate and the abolition of the secondary reserve requirements. Government will continue to use moral suasion to encourage the banks to narrow their spread.

The private sector is also encouraged to use the capital market as alternative source of medium to long- term finance since it is through this means that the Deposit Money Banks (DMB’s) will be faced with real competition that is likely to compel them to reduce their spread, lower interest rates and deliver better and competitive services and products for the overall benefit of the private sector.

Government knows that the capital market is indeed an invaluable key to Ghana’s economic development and growth. One of the essential pillars recognized by government, for the development of the securities or capital market is stable political and macro-economic environment. For this reason, government over the years has consistently nurtured such environments to foster effective functioning of the financial sector for efficient mobilization and allocation of resources.

With the help from our development partners, Government has through the Financial Sector Reforms of the Economic Management Capacity Building (EMCB) Project initiated a number of policies to improve the capital market. Various reforms are going to be undertaken under the aegis of the **Securities and Exchange Commission**, the apex

regulator of the capital market. For this reason, **the Commission** will be resourced to upgrade its regulatory and supervisory capacity of the market. Government is also working hard to see to the automation of trading on the Ghana Stock Exchange. The Long Term Savings Act is also being amended to address tax and other regulatory issues in order to augment the institutional investor base of the capital market. The development and effective regulation of the unlisted (OTC) securities market, review of the mergers and takeover code have also been initiated by the **Securities and Exchange Commission**. These are but few of the many on-going capital market reforms that have been initiated by the Commission and government.

Mr. Chairman,

Deepening the capital market particularly the stock market is also of great concern to government. In this regard, government has accepted in principle, recommendations by the **Securities and Exchange Commission** and that of the Technical Committee set up to advise government on divestiture, to privatize viable State Owned Enterprises (SOE's) through the Ghana Stock Exchange (GSE). The preparation of GOIL and SIC for divestiture through the GSE is a clear testimony of government's commitment on this policy issue. This policy initiative is expected to improve liquidity on the GSE and broaden public share ownership and participation on the stock market.

I have the pleasure to inform you also that the government is working to position Ghana as the financial hub in the sub-region. To this end, developing a viable bond or debt market is seen to be key to this laudable project. Viable government agencies will be encouraged to also source part if not all their financing needs on the local bond or debt market in Ghana and floated on the GSE to enable Ghanaians to participate in it and create wealth for themselves. Ghana Cocoa Board which recently raised over US\$800 million dollars from the international financial market through a syndicated loan facility is one such government agency with a high international credit rating grade to be encouraged to do so.

Government is also looking at reviewing the existing local government law to encourage viable municipal authorities in the country to borrow from the capital market by issuing municipal bonds. This will reduce the over-dependency of local government authorities on government budget which is already over-stretched, thereby promoting financial independence among viable local government units.

Listing of central government's debt instruments for trading on the GSE are all part of government's contribution towards the development of the bond market in Ghana and the capital market as a whole.

Mr. Chairman,

It is indeed very true that while so many of us are educated, so few are literate in the functions, mechanisms and benefits that can be derived from the capital market. This has

created a false perception that the capital market is limited only to a few rich elites. This is never true. I therefore congratulate the **Securities and Exchange Commission**, the **Ghana Stock Exchange** and the **Ghana Securities Industry Association** for initiating **the securities week** to bring the capital market to the very door steps of the ordinary Ghanaian and particularly the private sector which is in dire need of cheaper and alternative source of funding.

I am informed that after this launch, there will be a series of educational and public awareness creation activities before the main event in November. This is meant to conscientize Ghanaians and stakeholders to take the capital market seriously. These include an outreach programme targeted at university students, the investing public and firms. There will also be a specially designed radio programme dubbed “ Investors and Entrepreneurs hour” on radio which will be transmitted across the country. It will among other things educate Ghanaians on how and where to invest. The programme will also be useful for entrepreneurs who are in need of cheaper source of funding.

I therefore urge the media to give the organizers every support to take the message of the capital market to the public and all stakeholders including policy makers and those in government. November is not too far away. The media and organizers are urged to maintain the momentum for public education and sensitization of all target audience about the importance of the coming securities week and the capital market to wealth creation and the development and growth of the economy and prosperity of the country.

Mr. Chairman, Fellow Honorable Ministers of State, Gentlemen and Ladies of the press, Distinguished Guests, Ladies and Gentlemen:

On behalf of myself, the Ministry of Finance and Economic Planning and the Government of Ghana, I have the pleasure to declare the securities week scheduled for November 13th to 18th 2006, duly launched.

THANK YOU.