

**KEYNOTE ADDRESS BY H.E. J.A. KUFUOR, PRESIDENT OF THE
REPUBLIC OF THE GHANA AT THE LAUNCH OF 50TH ANNIVERSARY
CELEBRATIONS OF THE BANK OF GHANA, 31ST JULY, 2007.**

**The Chairman and Members of the Board of Directors,
Members of the Council of State,
Hon. Ministers, Hon. Members of Parliament,
Your Excellencies Members of the Diplomatic Corps,
The Governor of the Bank of Ghana,
Our Esteemed Traditional Rulers,
Distinguished Ladies and Gentlemen,**

It is indeed a great pleasure and honour for me to address you at this special ceremony launching the 50th Anniversary of the Bank of Ghana. This event is part of the celebration of Ghana's Golden Jubilee of Independence which commenced at the beginning of the year.

I congratulate the Bank of Ghana for having come this far. Indeed, the entire nation salutes all those who have contributed in various ways to enable the Central Bank to play its expected role within the economy over the last half century.

I should also welcome our distinguished invited guests who have come to share this special moment with us.

Mr. Chairman, one of the critical actions preceding Ghana's Independence was the passage of the Bank of Ghana Ordinance No. 34 by the British Parliament on 4th March 1957, tow days before Ghana's independence.

This brought into being Ghana's Central Bank to take over the functions of the West African Currency Board which had until then supervised the issuance and redemption of West African currencies in use in the Gambia, Sierra-Leone, Nigeria and our own country Ghana, then Gold Coast.

In due course, the Bank's objects were expanded to include critical roles for the development of the economy for the young country. These changes were influenced by major global developments, new approaches to Central Banking and events within the financial sector to arrive at a redefined relationship between government and the Central Bank as partners.

It is the light of this partnership that I appreciate the theme for the celebration, which is "Fifty Years of Central Banking and the Millennium Development Goals". It demonstrates a deep understanding, on the part of the Bank of the partnership and co-operation that must exist between it and Government in pursuing their respective mandates to the benefit of Ghana.

This relationship has been capped by the Bank of Ghana Act 612, (2002), which vests the Bank with operational independence, in accordance with the 1992 Constitution of Ghana. The new Act enshrines price stability as a primary policy goal. Alongside other traditional roles which it incorporates it refocused the Bank on the major task of inflation control.

Today, in line with global trends, the Bank of Ghana is a fully autonomous institution responsible for the country's monetary policy and is, thus, the regulator of the country's financial system.

Ladies and Gentlemen, the discharge of the Bank's mandate calls for a close partnership with government not in a subservient role but rather as a complementor to set the framework for accelerated development.

It is in this direction of partnership and co-operation that over the past six years, the economy has been positioned on a stable platform, ready for an accelerated growth.

The positive direction is evidenced by a trajectory which shows a steadily increasing real GDP growth from 4.2% in 2001 to 6.2% in 2006, in spite of challenges in the energy sector. Moreover, recent statistics show a significant decrease in poverty, with the headcount falling from 51.07 percent in 1991-92 to 28.5 percent in 2006.

Clearly, this strong performance in growth and poverty reduction stems from improvements in the policy environment and investment climate, thanks also to capital inflows from increasing exports and continuing from development partners.

It is significant that whereas in 2001, the nation's reserves could cover only three weeks of imports, in the past six years, this has been built up to provide cover for over three months of imports, currently.

Again. In the direction of this partnership and the resulting financial discipline there has been a dramatic cut back in domestic borrowing by the government. Indeed this led to the early attainment of the HIPC completion point which resulted in debt forgiveness and increased Multi-lateral Debt Relief Initiative. This trend has, in turn, brought in tow consistent lowering of interest rates from over 50% in 2001 to current rates which range between 18% and 21.4% while the Central Bank's prime rate stands at 12.5%.

With these impressive achievements, it is a bit odd that there is still a cry of people not feeling the improvements in their pockets. To address this perceived concern, the Bank should do some introspection. In this regard, Mr. Chairman, may I offer some suggestions. Perhaps hitherto, the Central Bank has been too cautious in urging the commercial banks to lower their interest rates to reflect the improvements in the financial sector. The Central Bank should be more venturesome in this respect and urge the commercial banks and other non-banking financial institutions to follow its example, balanced social and economic sense of purpose.

So far, the picture we have of the banks one of riding on the backs of high interest lending to government and corporate organizations. There are hardly any services provided to the ordinary citizen.

The inevitable result is one of a widening gap between the small section of the population that has so far enjoyed access to bank's credit and by far the larger section that remains outside the formal Banking sector. Indeed, the huge informal sector has remained virtually un-serviced.

Mr. Chairman, the Bank of Ghana should be the cornerstone of the Golden Age of Business. On the strength of its own strong leadership of the financial sector and exemplary management of the monetary policy which has resulted in the highly acclaimed macro-economic stability, it must cooperate with government in targeting the average citizen to benefit from the improved economy, in terms of accessing employment and financial services.

The Bank of Ghana should also set the pace for modernization of banking and the financial escort of the economy and also lead in educating the

society about the sector's services so that the people can exploit them. For instance, in partnership with Barclays Bank, the country is on the verge of establishing an International Financial Services Centre, or Offshore Banking as it is popularly called, but not much is known about this within the society. The launch of such an education programme will ginger banking, legal, accounting and ICT professionals and companies to position themselves for business that will emerge.

Again, the Central Bank must demonstrate a heightened sense of social responsibility. As a regulator, it must prevail on the banks to charge conscionable interest rates, complete on fair terms and reach out to all localities. It should support good causes in education, health-care and general sanitation. Additionally, it should exploit its autonomy and authority to let its impact be felt in innovative ways. For instance, with the country's economy being mainly agricultural, it must, in conjunction with government, use imaginative methods like discriminatory interests regime to get banks to support agriculture as well as small and medium enterprises development.

Mr. Chairman, government is determined to move this country into a middle-income status by the next decade. In this endeavour, it looks up to all state institutions, especially the Bank of Ghana, for cooperation to drive and realize this objective.

With confidence, the entire nation should build on the gains that have been made in order to achieve even higher rates of growth and poverty reduction in line with in the Millennium Development Goals. Surely it is not for nothing that the Bank has chosen for its theme for the celebration,

“Fifty Years of Central Banking and The Millennium Development Goals”.

At this point, ladies and gentlemen, let us all extend our congratulations and good wishes to the Bank of Ghana and all those who have served to nurture it to this day.

In wishing the Bank well, let me reiterate that in calling for close cooperation, Government does not envisage a subservient status for the Bank, only that the Bank must see itself as part of the nation’s economic leadership. It should seek to work in tandem with the Government for the welfare of the people which is the *raison d’etre* of Government and all its institutions.

Once again, Mr. Chairman, I am happy to be part of the Golden Jubilee celebrations of the Bank of Ghana, and it is my singular honour and pleasure to launch the book published for the occasion, “Bank of Ghana: Commemoration of the Golden Jubilee”.

Whatever is to be said about the book is between its covers and I am recommending to all of you and the general public to avail yourselves of copies of the book which is a repository of invaluable information about this critical organization.

Ladies and Gentlemen, I believe I speak for the entire nation when I wish the Bank of Ghana Happy Golden Jubilee Celebration.

Thank you and may God bless us all.