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REPUBLIC OF GHANA

**MINISTRY OF FINANCE &
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PRESS RELEASE

FOR IMMEDIATE RELEASE

JOINT PRESS RELEASE ON MAKING FINANCE WORK FOR AFRICA CONFERENCE, JUNE 17- 18, 2008 AND MAKING FINANCE WORK FOR GHANA, JUNE 16, 2008 ACCRA, GHANA

Accra, Ghana June 10, 2007— More than 250 senior-level financial sector champions from over 30 countries will meet at the Partnership Forum for Making Finance Work for Africa in Accra, Ghana, from June 17-18.

“Financial sector development is a priority for African policy makers. A growing economy needs strong private investment driven by strong, innovative financial institutions” says Mr. Kwadwo Baah-Wiredu, Minister of Finance and Economic Planning, Ghana who is hosting the event *“We will be able to achieve results if Government, the private sector and our development partners work together in Partnership across the continent”*.

At the Partnership Forum, leaders of African and international financial institutions, government officials, central bankers, prominent researchers and international experts will discuss the priorities for developing African financial sectors.

Ralf Schroeder, Director in the German Federal Ministry of Economic Cooperation and Development which champions the Partnership for Making Finance Work for Africa emphasizes that *“financial sector development is a strategic driver of growth and employment in Africa. Access and cost of finance are a bigger problem for firms in Africa than in any other region of the World”*.

Only 20% of adults in Sub-Saharan African hold a bank account at a formal or semi-formal institution. *“Poor people need access to financial services to invest in economic activities, in health, in education and to reduce their vulnerability to household emergencies”* illustrates Zeinab al Bakri, Vice President at the African Development Bank.

Architects of the effort emphasized that African financial institutions enjoy considerable liquidity. Thus, strategies to strengthen the financial sector should help to unleash the current potential of African banks and other financial institutions. Currently, total credit for enterprises and households is about 14% of the collective Gross Domestic Product (GDP) in Africa, insufficient to ignite accelerated growth and poverty reduction. An increase to 25% of GDP — a level achieved by many other low-income countries — would translate to more than \$70 billion of additional investment resources for households and firms.

Vincenzo La Via, Managing Director at the World Bank, adds that: *“Improving the operating environment for African banks could save African borrowers more than US\$ 3 billion in interest every year. Lack of credit information, weak property rights and small markets increase the average interest rate spread in Africa to 8%, much higher than the world average of 4.8%.”*

The Partnership Forum reflects the broad range of financial sector opportunities in African economies. New initiatives to leverage the use of technology like mobile phones or biometrics, new instruments to boost private finance for infrastructure, housing or small and medium enterprises as well as other important themes like financial literacy, corporate social responsibility and regional financial sector integration will take center stage.

“The Partnership for Making Finance Work for Africa will support African Governments and the private sector in implementing and developing innovative solutions to boost financial sector development. The Forum is an opportunity to exchange new ideas, define the priorities for future action and identify new opportunities for working together” pledges Gabriel Negatu Director at the African Development Bank, on behalf of the various agencies supporting the initiative.

The Partnership Secretariat hosted by the African Development Bank is tasked with coordinating the different stakeholders, facilitating the exchange of knowledge and ideas and promoting the implementation of actions agreed at the Partnership Forum.

The Partnership for Making Finance Work for Africa is supported by a broad range of development partners and financial sector stakeholders and was welcomed by the G8 in the 2007 Heiligendamm Declaration.

Making Finance Work for Ghana

The Government of Ghana, together with the Ghana Microfinance Institutions Network (GHAMFIN), will also hold a one-day Conference ‘Making Finance Work for Ghana’ (MFW4G) on June 16, 2006 as a prelude to the Partnership Forum.

Over 150 Ghanaian and international financial sector champions from the public sector and the private sector as well as representatives from academia, non-governmental organizations and development partners will discuss “The road to the second phase of the Financial Sector Strategic Plan (FINSSIP II) and beyond”.

Through the ambitious first round of reforms, Ghana’s financial sector has already made great progress. For example, credit to the private sector as a percentage of GDP has increased from 16.4% in 2003 to 25.8% in 2006. According to the Bank of Ghana improvements are largely attributable to determined regulation, significant technological advances, and more forceful risk management. However, *“The key challenge going forward, which cannot be stressed enough, is the importance of inclusiveness, access to affordable finance for the poor, medium term funds for SMEs, especially small entrepreneurs, as well as or in particular for agricultural business”* says J.B. Siriboe, Chief Director at the Ministry of Finance and Economic Planning, Ghana.

To respond to these challenges, key questions to be addressed at the event include: how to develop the Ghanaian microfinance and microinsurance sector, reduce lending risks and develop effective consumer education on financial literacy.

Both events, the Making Finance Work for Africa Partnership Forum and the Conference Making Finance Work for Ghana will challenge participating Government officials, development partners and the private sector to move beyond business as usual to strengthen African financial sectors, increase access to financial services by all and ultimately generate growth and employment.

END

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