

LISTING OF THE EUROBOND BOND ON THE GHANA STOCK EXCHANGE

Remarks by

Hon. Seth Terkper, Minister of Finance

28TH August, 2013

Ghana Stock Exchange, Accra

Chairman of the GSE,

MD of GSE and your fellow executives,

Ladies and Gentlemen of the Press,

Distinguished Ladies and Gentlemen,

- 1.** It is a great pleasure to be here today as we launch the first ever listing of Eurobonds by any African country on its local stock exchange. Since its inception in November 1990, the Ghana Stock Exchange (GSE) has chalked a number of successes and today marks another milestone in the operations of the exchange.
- 2.** Over the past two decades, the GSE has provided a platform for companies to raise capital and also the investor community both domestic and foreign to invest in equities and bonds including the three year, five years and the recent seven year bonds issued by Government. The high level of confidence investors have in the exchange is underscored by its accolade as one of the best performing markets in Africa in terms of returns to investors. I applaud the GSE management for their hard work.
- 3.** As many of you may recall, the Ghana Eurobond was officially issued on 7 August 2013. The final Eurobond size was \$1 billion issued at a coupon rate of 7.875%. Currently, the bond is trading at 8.17% on the Irish Stock Exchange in Dublin, The

Republic of Ireland and today, we will launch the second leg of the Eurobond trading on the Ghana Stock market.

- 4.** This is significant in many ways. Although we already have the Ghana 2017 Eurobond trading in global financial markets, this recent issue for the first time offered local investors the opportunity to purchase the Eurobond. I was particularly happy to observe participation by some Ghanaian institutional investors at the issue and local investors now hold some \$16.5 million of the Ghana 2023 Eurobond. With this listing; these investors as well as prospective ones can trade them on the secondary market here in Ghana.
- 5.** Mr. Chairman, the need to develop the capital market in Ghana cannot be overemphasized. More especially, the wide infrastructural gaps which constraints our developments efforts as a country can only be closed when we tap into long-term financing options such as the capital markets, both domestic and foreign. Furthermore, as we consolidate our middle income status, it will be prudent to finance the capital component of the budget with long term bonds. One lesson worth learning by peer groups in the frontier and emerging markets regarding the 2007 financial crisis and its adverse impact on private capital flows to our countries, is the need to develop local bond markets to bridge the prevailing long term financing gaps.
- 6.** According to the African Development Bank's Financial Markets Initiative, Africa as a whole requires about US\$ 20 billion in infrastructure investment per year which can only be sustainably financed through long-term bonds. In Ghana alone, our estimation

is that the required financing gap is about US\$ 1.2 billion a year. A well-developed local bond market will therefore be critical in Government's ability to mobilize the necessary funds to support capital expenditures. In addition, such markets are necessary for enhanced financial stability and better integration in the global financial landscape.

7. Indeed, Government has already taken a lead in widening the scope of financing opportunities through substantive measures such as this Eurobond listing and the recent issuance of the 7-year domestic bond. Other ongoing measures include the National Bond Market Committee which has been established by the Ministry of Finance to advise Government on accelerating the development of a corporate bond market in Ghana. Already, a number of the recommendations of the Bond Market Committee have been fully implemented. These include the regular publication of an issuance calendar and extension of the yield curve. We use this opportunity to encourage the private sector firms to follow the government's lead to diversify their sources of capital by tapping the local capital market.

8. Beyond working to improve the availability of bonds as options to raise capital, it is important to note that there is a ready market for such opportunities by institutional investors. For instance, the recent pension reforms and subsequent introduction of private pension funds has led to the accumulation of pension funds that have to be invested prudently in various financial instruments including the local bond market, to protect future incomes of pensioners. May I encourage the managers of pension, provident and welfare funds to make greater use of the opportunities offered by the local bond market.

9. Looking ahead, we anticipate that deepening the local bond market would contribute significantly to the development of our financial markets. As noted earlier, this is the very first time an African country is co-listing a Eurobond on its domestic stock exchange. I applaud the team from the Ministry of Finance, the Bank of Ghana, the Ghana Stock Exchange, the Securities and Exchange Commission as well as ECOBANK and Strategic African Securities, the co-Managers and our lead managers, Citi Group and Barclays, who have worked tirelessly to see to the successful issuance and listing.

May I also acknowledge Standard Chartered Bank for the excellent role they played as our ratings and investor relations advisors.

10. **Distinguished Guests, Ladies and Gentlemen,** I now have the singular honour to declare the Ghana Eurobond formally listed on the Ghana Stock Exchange.

Thank You.