

Press release: International Development Secretary: “Financial markets open the door to a future free from aid dependency”

International Development Secretary Penny Mordaunt will join President Kenyatta of Kenya to open trading at the London Stock Exchange today (17 April 2018) where she will praise the critical role financial markets play in supporting prosperity and growth across the Commonwealth – and welcome a new partnership between the London Stock Exchange and the Nairobi Securities Exchange.

Ms Mordaunt will unveil a partnership package between the Bank of England and central banks in Sierra Leone, Ghana and South Africa to share expertise, improve regulation and reduce the risk of bank failures. Expert Bank of England staff will help central banks develop sustainable financial systems that power local and regional growth, job creation and investment opportunities.

She will also announce UK funding to help developing countries raise investment from global capital markets in their own currencies, promoting investment and job creation.

International Development Secretary Penny Mordaunt said:

Healthy financial markets create opportunities for new investment, trade and jobs, playing a critical role in delivering the global prosperity that benefits us all.

What’s more, financial markets open the door to a future free from aid dependency. By building partnerships, sharing knowledge and opening up markets across the Commonwealth, we can defeat poverty, boost trade and investment, and deliver on the ambitions of countries that want to stand on their own two feet.

Dr Ernest Addison, Governor of the Bank of Ghana, said:

The Bank of Ghana is happy to be part of this technical cooperation programme with the Bank of England. We envisage benefitting from the Bank of England’s experience in dealing with financial stability and macroprudential regulation, to assess the full implications of macro issues on the financial system.

Joanna Place, Chief Operating Officer at the Bank of England said:

The Bank of England is excited to be embarking on this new partnership with the Bank of Ghana, the Bank of Sierra Leone and the South African Reserve Bank. In our increasingly interconnected global financial system, cooperation between central banks is critical to providing the financial stability on which all our citizens rely.

We look forward to supporting our counterparts in delivering their priorities in building this essential foundation for growth.

Ms Mordaunt will also welcome the launch of the Commonwealth Digital Finance Champions Group. By sharing expertise and knowledge, the Group will drive innovation to improve financial access for the most vulnerable and underbanked people in societies – for example, exploring ways to reduce the cost of sending remittances. The UK, Kenya, Ghana, Jamaica and Rwanda have all confirmed they will be founding members of the group.

Joe Mucheru, EGH, Cabinet Secretary for the Ministry of Information, Communications and Technology of Kenya said:

Kenya is hailed globally for its early and successful adoption of mobile money. The recent launch of mobile money interoperability in the country will contribute towards bridging the remaining margin to achieve total financial inclusion for all Kenyans.

I encourage the Commonwealth community to explore the potentials of applying cutting edge technologies such as blockchain for distributed ledgers and artificial intelligence as this can enhance public service delivery and boost economic growth, particularly for developing economies such as Kenya.

The event marks the second day of the Commonwealth Heads of Government Meetings – bringing together business, civic society and government leaders from across the 52 Commonwealth nations in London for a week of events, forums and discussions.

Notes to Editors

Central Bank Partnership announcement

- The Bank of England will establish technical assistance partnerships with central banks – initially in three Commonwealth countries at different stages of development: Sierra Leone, Ghana, and South Africa.
- The UK will provide up to £2 million for tailored technical assistance, provided by expert Bank of England staff, across a range of central bank functions. In South Africa, focus will be given to the important financial hub role played by the country across southern Africa.
- These partnerships will share expertise across the Commonwealth, improving the regulation and supervision of financial sectors and mitigating the risk and severity of economic recessions due to bank

failures and crises.

Local Currency Bonds announcement

- Access to finance is fundamental to driving growth in developing countries, but when companies seek finance abroad it is most often in foreign currencies – meaning companies take on the risks associated with potential negative currency movements. This leads to underinvestment, hampers job creation, and can lead to volatile prices for consumers.
- Today's £5 million announcement to support and work with developing countries will help them raise local currency finance through the London market. This will include technical assistance to help address regulatory barriers to issuing local currency bonds in London and other global financial centres.
- The demand-driven support package will help countries such as Nigeria, Pakistan and Ghana to benefit from increased access to international finance, by:
 - Identifying key regulatory and political barriers to accessing local currency bonds;
 - Identifying and building commitment of key public authorities;
 - And providing advice on regulatory reform.

Digital Finance Champions Group announcement

*The UK is partnering with Commonwealth countries with ambition around digital finance, to share knowledge and expertise on how to transition to a digital economy in an inclusive and sustainable way. The inaugural meeting of the Group will take place in Q3 of 2018, where the founding members – including the UK, Ghana, Kenya, Jamaica and Rwanda – will agree on priorities and identify where support is needed. * Possible areas of collaboration and support include: * Implementing initiatives to bring down the cost of remittances – at an average of 8.4%, the cost of sending remittances in Commonwealth corridors is higher than the Global Goal target of 3%; * Reducing costs and cutting down on corruption by digitising government payment systems; * Implementing the new Guidelines for Investing in Responsible Digital Finance, which have been developed by CDC, the IFC and Goodwill.

Partnership between London Stock Exchange and Nairobi Securities Exchange

- Today the London and Nairobi Exchanges have signed a Letter of Understanding with FSD Africa, a DFID-funded NGO based in Nairobi focused on financial sector development in Africa.
- With support from FSD Africa, the two exchanges aim to bring the 'Elite' SME development programme, to East Africa.
- More info on FSD Africa is available at: www.fsdafrica.org, and on the Elite programme at: www.lseg.com/elite.

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