

ADDRESS BY MR. KEITH KALYEGIRA - CHIEF EXECUTIVE OFFICER

CAPITAL MARKETS AUTHORITY

AT THE LAUNCH OF THE CAPITAL MARKETS DEVELOPMENT MASTER PLAN

15TH JUNE, 2017, KAMPALA, UGANDA

His Excellency the President, Ministers Present, Members of Parliament, Members of the Diplomatic corps, distinguished ladies and gentlemen, all protocol observed.

A very good morning to you all

I thank you your Excellency, and all dignitaries and invited guests, for taking time out to grace this occasion. We are indeed honored and privileged by your presence.

Your Excellency, as you mentioned in your 6th June and 8th June state of the nation address, and budget speech, your statement that the economy is on the right track, inspires confidence, which is critical to those seeking capital to expand their operations, and those seeking to invest in these companies. Indeed inflation over the past 20 years has been 7.4% on average and the Uganda Shilling has devalued by an annual average of 5.5% to the Dollar

over the past 25 years. This is further testimony of the importance of sound economic management and we would like to thank you for your leadership in ensuring sound macro-economic stability.

Ladies and Gentlemen, allow me to provide some background information to the thinking that led to the development of Uganda's capital markets master plan. Globally, there is a pool of savings totaling **US\$ 45 trillion** available in long term savings, seeking investments all over the world. Of this amount, **US\$ 9 trillion** is currently earning a negative return. This is an attractive prospect for capital markets such as Uganda and East Africa as a whole, which have over the years provided positive returns in spite of several bottlenecks. Domestically, pension savings have been growing at about 28% annually over the last 5 years, and are currently estimated at **Ush 8 trillion**, of which Ush 5 trillion is already invested in Government treasury bills and bonds. These savings will also need investable assets to provide meaningful returns to contributors and pensioners.

These long term savings who are the providers of capital, need to be confident about the safety of their funds, before investing. The standards the Capital Markets Authority have put in place (the regulations), which we periodically revise, and ensuring strict compliance with these standards, is

what gives financial investors' confidence to invest in Uganda and the region.

The 3 key pillars of this Master Plan are

- to increase access to alternative funding (domestic, regional and international long term savings) in order to reduce pressure on bank financing, particularly for medium to large companies adding value to natural resources, light manufacturing, agro processing.
- Secondly to increase the size of domestic savings
- Lastly to improve the efficiency and effectiveness of regulation, stock exchange operations, and the brokers and fund managers licensed operating in this market.

Ultimately we would like to see companies listed on the Uganda Securities Exchange attain the Morgan Stanley Capital International Frontier market classification in order for Uganda to be on the radar for large global institutional investors - this will require several reforms which are captured in the capital markets master plan and will include: encouraging the largest companies in Uganda to become publicly listed; having efficient trading, clearing and settlement infrastructure; building strong market

intermediaries with the prerequisite skills; developing an effective and facilitative regulatory framework etc.

Ladies and Gentlemen, this master plan is a collection of thoughts, recommendations and actions that we all need to take to improve the competitiveness of our capital market industry as a provider and source of patient capital. Working with the membership of bodies such as Uganda Manufacturers Association, Uganda Chamber of Mines and Petroleum, the Electricity Regulatory Authority, and the private sector foundation, are more than determined to ensure that the goals of this blue print are fully realized. Our industrial sector needs to appreciate the existence and benefits of this alternative form of funding, and what they need to do in order to access it.

Ladies and Gentlemen, in conclusion, I would like to thank the Ministry of Finance, my board, and my management for all their supporting us up till this important day in our calendar. I call upon all present to be ambassadors and advocates of the capital markets in demonstrating their relevance to this national goal. Reforming Uganda's capital markets to better provide capital is an imperative, as we seek to transform this country into a middle income country. God bless you all!

For God and My Country