
Ghana's Economic Transformation: Progress and Challenges in Policy Implementation

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HE John Dramani Mahama

Ladies and Gentlemen:

It is a pleasure to be here and to once again be granted the opportunity to speak about the continued progress that Ghana is making.

It has been more than a half-century since the African continent began freeing itself from colonialism and Ghana led that movement toward liberation by becoming the first sub-Saharan nation to gain its independence. When the clock struck midnight and Great Britain's Gold Coast colony became Ghana, Dr Kwame Nkrumah, our first president, announced: 'At long last, the battle has ended. Ghana, your beloved country, is free forever.'

But our post-independence experiences taught us that sovereignty does not guarantee self-sufficiency, and the rejection of domination is not a one-time affair — especially if you're a poor nation that's rich in resources. Nevertheless, Ghana, and Africa as a whole, have made significant strides.

We have all but stopped the cycle of revolving-door dictatorships and placed our faith in the stability that democracy and the rule of law offer. We are steadily strengthening our institutions to ensure that development proceeds at an acceptable, if not rapid, pace. But the question remains: Is that really enough?

For a while, it seemed to be.

Toward the close of 2012, the International Monetary Fund (IMF) released a World Economic Outlook in which it forecasted the economic growth of 185 countries. Based on those estimates, 10 of the 25 countries with the highest projected compounded annual growth rate from 2013 to 2017 are in sub-Saharan Africa.

As soon as this was announced, the celebrations began. Business was booming! There were conferences, speeches, papers and articles devoted to the theme of 'Africa Rising'. The proverbial 'dark continent' had managed to find its way into the light again. But it soon became apparent that those glowing figures on paper were not translating into plain facts in the lives of African people.

Ghana, with a record-breaking GDP growth rate of 14 per cent in 2011, our first year of oil production, was one of those top-performing economies. This year, the estimated GDP growth rate is 7.4 per cent. Our growth is still impressive, and our long-term prospects still give us reason to be optimistic. Yet imagine if that the record-breaking level of growth had been sustainable, and if we had been able to utilize it to elevate more people out of poverty and enhance our over-burdened infrastructure.

Imagine we did. Then we began to question and investigate the reasons for the existence of the challenge with which we were confronted. Why, after 57 years of sovereignty, did the freedom that comes with self-sufficiency seem to still elude us?

This is how my government embarked upon the transformation agenda that we are currently pursuing for Ghana. The first and foremost aim of this agenda is to improve and stabilize the Ghanaian economy by transforming it from one that is heavily dependent on imports.

We intend to ensure the processing of the majority of raw materials produced in Ghana, to build an industrial base in Ghana to guarantee the manufacturing of products for which we have comparative

advantage, and to promote the export of these products to other countries as well as encourage the in-country consumption and patronage of Made in Ghana goods.

Presently, Ghana exports gold, cocoa, timber, minerals — and little else. These were our same primary exports at the time of independence. And, like most African nations, Ghana imports almost everything our population consumes, from televisions to toothpicks. We even import goods and products that we are more than capable of producing locally, like rice, sugar, wheat, poultry and flour. In 2013 alone, it cost us \$467.2m to import rice; \$217.2m to import sugar; \$234.4m to import vegetable oil.

Not surprisingly, the amount spent on imports exceeds the amount earned on exports. This means that our fate is at the mercy of forces not always within our control. And that's a precarious place to be. We discovered just how precarious during the global economic downturn which caused an instability in the commodity markets.

This, in turn, directly affected our budgets and our ability to finance our development. This unexpected and unfortunate situation revealed to us the weaknesses in our foundation and fuelled an impetus for change. In order to give real meaning and sustainability to this desire for change we initiated various measures and strategies, understanding that the more revenue we are able to recycle in our economy, the faster we will be able to realize our development goals, the stronger and more equal our global partnerships will be, and the more effectively we can attain self-sufficiency as a full-fledged middle-income nation.

To that end, Government has started providing support to various sectors with a view toward helping them improve their facilities and expand output to curb imports, reduce foreign exchange, create new employment opportunities and contribute to the realignment of the economy.

As of October 2014, a total of \$19m has been approved for granting to three pharmaceutical manufacturing companies, with another GHC28.9m request pending before the Board of the Export Trade, Agricultural and Industrial Development Fund (EDAIF). The beneficiaries are building new factories and expanding existing factories to meet WHO Good Manufacturing Practice (GMP) standards, while another of the beneficiaries will be completing its production facility for anti-retroviral drugs.

Government has also launched a broiler project under which it intends to foster the capacity of poultry farms needed to reach the production amounts necessary to meet the requirements of the Ghanaian public and thereby reduce the importation of poultry. \$15m has already been granted to support a number of individual poultry farmers as well as the Ghana Poultry Farmers Association. Various agricultural and agro-processing companies have also received a total of about \$3.2m.

Recently, as the result of a joint partnership between private corporations and the Defence Industries Holding Company (DIHOC) Limited, a footwear manufacturing plant was revamped and opened. In order to support the success of this venture, and to assist with the acquisition of additional equipment, GHC10m was granted.

Work has also commenced on the construction of a new sugar processing plant in Komenda in the Central Region of Ghana, one of two such plants envisaged to help reduce the importation of sugar. In addition, a Shea nut processing plant was also completed and has commenced operations in Buiepe, which is close to Tamale, the Northern Regional Capital.

These are a few examples of the projects that fall under the Transformation Agenda and the expectations we have of them.

Within the next month, we are hoping to conclude negotiations with the IMF that will lead to the signing by the end of this year of an agreement for a three year programme. We anticipate that this programme will help our fiscal consolidation efforts and that in partnership with other multinational institutions, like the World Bank and the African Development Bank, we will be able to further advance our Agenda of Transformation.

With this programme and these partnerships, Ghana hopes to set an example of how, with foresight and proper planning, such assistance can propel African nations off of the aid platform, as opposed to allowing them to linger there. And given the momentum we have established and the reassuring circumstances in which we currently find ourselves, this hope seems entirely realistic.

Out of the 54 nations in Africa, Ghana is currently the ninth largest economy, and within the West African sub-region it is the second largest economy. In the World Bank's 2014 *Ease of Doing Business* report, an index that assesses government regulations affecting businesses, Ghana was ranked number five in sub-Saharan Africa, and number one in the West African sub-region.

All of these achievements and recognition have contributed to a rise in investor confidence. Foreign Direct Investments are a key component of Ghana's growth agenda.

The Ghana Investment Promotion Centre, the agency that is tasked with overseeing and encouraging the inflow of FDIs has made critical strides over the past few years as the country has seen major investments in the areas of infrastructure, energy and agriculture.

Provisional figures from the Ghana Investment Promotion Centre indicate that FDIs into the economy for the first half of the year stood close to \$500m, with the bulk of that amount primarily going toward the energy, agriculture, real estate and services sectors.

I would like to conclude with the introduction of two ideas that I believe are worthy of discussion at this roundtable. Both are geared toward providing greater incentive for the increase of FDI to Ghana. The first is for the formation of a lobby of foreign governments in the countries to which investors repatriate their monies to institute, in the spirit of partnership with Ghana, a tax credit or waiver to those companies and individuals on those sums. The second idea is within a similar vein, with foreign governments instituting a tax credit or waiver for companies that source their requisite products and tools of business locally, from Ghanaian manufacturers. Such a programme would directly benefit Ghana's Transformation Agenda by promoting the consumption and patronage of 'made in Ghana' goods.

Fifty-seven years ago, at the time of our independence, Dr Kwame Nkrumah said that, 'the best way of learning to be an independent sovereign state is to be an independent sovereign state.' Since then, much of the global agenda of Africa has been set by those outside of Africa, sometimes to the continent's benefit and other times to its detriment.

This has created and sustained a perception — or, I should say, a misperception — that self-sufficiency is a goal that is beyond attainment for Africa. Overcoming this misperception and the limitations that it imposes on the discovery of new forms of partnership and the pursuit of creative, non-traditional agendas and programmes may, indeed, prove to be one of the more formidable challenges that African nations such as Ghana face as we attempt to transform our societies and economies.

I thank you for the invitation to once again address this august house, and I thank you for your kind attention.