



REPUBLIC OF GHANA

**STATE OF THE NATION
ADDRESS, 2002**

by

H.E. MR. JOHN AGYEKUM KUFUOR
(President of the Republic of Ghana)

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**at the Parliament House
on Thursday, 31st January 2002**

STATE OF THE NATION ADDRESS, 2002

Mr. Speaker,

I have come before you and the great House this morning as required by our Constitution to give an account of the state of our Nation.

I am with the House and all Honorable members here on this day, and I am with the Black Lives on their way to the White House. The people had a long time off but in my heart I know they are here. They are here with a business meeting. Our best wish is to the team and we look forward to working with the House and the Senate to bring about the best of our Nation.

STATE OF THE NATION ADDRESS, 2002

The people's demands are in their own hearts. The people want to know that the economy is in a state of transition under which the majority of our people have been marginalized.

The second part of the message was that the people are entitled to the responsibility of a government that is to be a better, fairer and more.

And the third part of the message was that the people of Ghana should be proud of the progress of the nation.

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OFFICE OF PARLIAMENTS

Mr. Speaker, the House and the Senate are the two main branches of the Legislature and together they are responsible for the people's interests and the welfare of the Nation.

I am proud to be here with you and the great House on this day. I am proud to be here with the Black Lives on their way to the White House. The people had a long time off but in my heart I know they are here. They are here with a business meeting. Our best wish is to the team and we look forward to working with the House and the Senate to bring about the best of our Nation.

STATE OF THE NATION ADDRESS, 2002

Mr. Speaker,

I have come before you and this august House this morning, as required by our Constitution, to give an account of the State of our Nation.

I am sure the House and all Honourable members join me in congratulating the Black Stars on their performance yesterday. The experts had written them off but in true resilient Ghanaian style, they never gave up and won a famous victory. Our best wishes go to the team and we look forward to welcoming them back with the Nations Cup in Ghana where it belongs.

Mr. Speaker, a year and a bit ago, the people of Ghana voted for positive change.

A year ago, I came here to ask all of you to help in reconstructing our country to achieve the change that the people demanded.

The People's demand came in three clear messages.

The first clear message was that the economic and social conditions, under which the majority of our people lived, were unacceptable.

The second clear message was that those of us entrusted with the responsibility to govern, should do so with some humility and honesty.

And the third clear message was that the people of Ghana cherished their freedom as proclaimed by the national Constitution.

Mr. Speaker, these are timeless messages for ensuring Good Governance. And so I have come again today to ask that all of us Members of the Executive and Legislature continue to listen to the people in our individual and collective efforts to serve the nation.

I must recall here two harrowing events that shook our nation in the course of the past year. On the 9th of May, a football match ended in tragedy as 126 people died at the Accra Stadium. And in July, a downpour in Accra also led to the loss of many lives. These incidents tested us as a people in many

ways. But it falls to me as your President to state that tragic though these events were, they brought out a strong sense of humanity in Ghanaians as all of us rallied to help the victims. It is fitting that we remember those who lost their lives so cruelly and resolve as a people to learn the lessons from those events: the need for discipline and concern for others.

May the souls of all those who lost their lives in those sad moments rest in peace.

Mr. Speaker, after a difficult but eventful year's stewardship, I am happy to report, with all humility and without any trace of complacency, that our nation is in a good state, certainly better than what it was at this time last year.

Our democracy is deepening, the economy is stabilizing, tensions from social intolerance and violent criminality are lessening and government, is certainly listening more and more to the people.

Our elders say that unless you know where you are coming from, it is difficult, if not impossible, to know where you are going. Guided by this adage, I determined last year, that it was important for my government to have a clear understanding of the facts and figures of the state of the nation that had been entrusted to us to govern.

For 20 years, previous governments had, divided society and victimized perceived rich people under the pretext of seeking to improve the lot of so-called "mobrowa", in other words, the suffering masses.

The predictable result was the explosion in the number of desperately poor families and an even bigger increase in the gap between the few really rich and the many poor. The budding Private Sector, which was even then being touted as the 'engine of growth' became stunted, and could not grow.

For at least three decades, successive governments produced budgets that bore no resemblance to the realities on the ground.

The result has been huge budget deficits, with unpluggable holes.

Mr. Speaker permit me to borrow a cynical witticism, that captured the falsehood of the then economy: "governments and employers pretended to pay workers who in turn, pretended to work".

The result has been an unproductive economy that merely spread poverty in the face of a rapidly increasing population.

And for decades, the rule of law was flouted by the very authorities, which screamed about the rights of citizens, even as they abused basic human rights.

Again the result has been widespread cynicism and indiscipline in our society.

TAKING HIPC

Mr. Speaker, this was the mess we inherited.

In pursuit of some honest budget numbers, my government and I took the decision that we should take advantage of the HIPC initiative.

It was not difficult to come to the conclusion that Ghana was a highly indebted poor country; because, on the books and in reality, it was. Nobody can dispute that.

Our debts were suffocating us. They are mostly unproductive debts and we were spending more than half our revenue to simply pay the interest on them, leaving us with very little for urgently needed development.

But it was a very difficult admission to make all the same. We are, after all, a proud people and a potentially rich country. However, I had sworn to be honest with the people of Ghana. And so, I told it as I saw it.

And that, Mr. Speaker, is how a new word, HIPC entered our rich language. The shock of this decision was quickly absorbed by Ghanaians in their usual resilient manner by adapting a humorous aspect to the word.

I am told a watchman who works in Ablekpe, one of the Accra suburbs, tried to explain his lateness to work the other day by claiming that it was because of "the HIPC".

Mr. Speaker, now that we all know the new vocabulary, I am glad to tell you that in the next few weeks, we should reach what is called, the "decision point".

Simply put, it means our creditors, having been convinced that Ghana truly deserves a respite, would tell us on that date, how much relief they would grant us on our indebtedness. The indications from the G8 member countries, the world's richest nations, who are our main creditors, are that we can expect a total write-off from most of them.

But Mr. Speaker, even before we reach that point, because we opted for the initiative, our creditors suspended transfers of about 200 million US dollars, which would have gone into paying interest on debts this past year.

POVERTY REDUCTION STRATEGY

The main conditionality that IPC demands of us is that whatever the sum of relief is that will eventually accrue from the initiative, it will be transparently channelled into poverty reduction activities, as outlined in the Ghana Poverty Reduction Strategy paper, which the government has produced.

Mr. Speaker, we cannot, and we were not hoping to base our economic recovery programme on HIPC. Nor indeed, on the GPRS alone. As I have said on previous occasions, opting for the HIPC initiative, is only meant to give us some breathing space while we reorganize our affairs properly. My government's avowed determination and economic programme was, is, and always will be to create wealth in this country and thereby combat poverty.

REVERSING ECONOMIC IMBALANCES

We have therefore set about reversing the imbalances in the economy that we inherited: high inflation, sharp depreciation of the cedi against all convertible currencies, high interest rates, huge domestic and external debts and a demoralized private sector.

Last year, we began to put our house in order.

We used honest budget numbers. We tackled the budget deficit that was driving us toward bankruptcy. We reined in government profligacy. We refused to spend money we did not have. We took the hard, but right decisions.

Of course, there were, as there always are in politics, naysayers who said this would not work. They said Ghanaians would not tolerate full cost recovery of petroleum products or utilities. But Mr. Speaker, the experience is proving somewhat different. We now know that Ghanaians want the truth and would sacrifice for it.

On December 28, 2000, Ghanaians had demanded that we changed positively. And I want to thank every one of you in

this honourable House who helped us to take the hard decisions. You played your part by passing the Budget and the other difficult legislation we put before you here. And I want to thank all Ghanaians for keeping faith with us in taking the hard decisions.

We are now paying realistic prices for petroleum products and have started on the road to getting to terms with realistic prices for the utilities as well. We believe the government and the people will find mutually acceptable formula for the more difficult problem of, tariffs on utilities.

The first budget of my government, initiated some bitter but needed fiscal and monetary measures. These, coupled with prudent management, have produced some remarkable achievements.

MACRO ECONOMIC ACHIEVEMENTS

Inflation, which raged at 40.5 per cent in December 2000, has now come down to 21.3 per cent and is still falling.

The cedi also stabilized against the major currencies and recorded a marginal annual depreciation of only 3.6 per cent as compared to an annual depreciation of 91.5 per cent in the year 2000.

The containment of inflation and the relative stability of the cedi have also resulted in a reduction of the Treasury Bill rate. This is forcing all of us, including even the Banks, to think twice about seeking easy money in Treasury Bills, instead of setting our money to work to generate wealth.

Now, the banks have responded by lowering their base rates to an average of about 35 per cent from an average of about 50 per cent at the beginning of the year. We hope the banks will be more responsive to the improvements by a more aggressive, and competitive lowering of their lending rates.

There has been a significant growth in savings and time deposits, indicating lower inflationary expectations, and increased confidence in the holding of domestic assets.

That, Mr. Speaker, is the answer to those who say lower inflation rates and a stable cedi do not mean anything to the poor. Positive Change is being felt everywhere, and I dare say even in the pockets: This is because now that prices are stable, people can plan on their emoluments, however meager. The biggest enemy of the poor in economic terms is high inflation.

PUBLIC SECTOR ARREARS CLEARED

And, Mr. Speaker, we have not achieved these targets by contracting the economy, or, as some people would have us believe, just by cutting government expenditure.

On the contrary, our promise to clear all public sector arrears is on track. All the arrears on the District Assemblies Fund and the Ghana Education Trust Fund, which we inherited, have been cleared.

And, of the 234 billion cedis of arrears we inherited in the road sector, we have paid 214 billion cedis. This means contractors can continue to stay in business. And indeed, all Ministries and government departments are under strict instructions to meet their obligations as and when they fall due.

This is to ensure government adopts proper methods in dealing with the business community and keeps its accounts in order at all times.

REVENUE GENERATION AND COLLECTION

For a long time now, external resource inflows have constituted a major component of our development programmes. That, Mr. Speaker, is a fanciful way of admitting that we are dependent on the generosity of our donor friends to be able to build roads, schools hospitals or even to get clean water to drink.

Mr. Speaker, as grateful as we are to all our development partners who have stood by us all these years, the truth we must face is that we cannot build our country on charity—definitely not at the rate necessary to make the dramatic changes being demanded by the people.

There must be a robust generation of revenues from domestic sources to be able to grow our economy. This year therefore, the main thrust of my government's fiscal policy will be the implementation of various revenue enhancing measures to be outlined in the 2002 Budget Statement.

NEED FOR FISCAL DISCIPLINE

Now that we are getting the macroeconomics right, it is absolutely crucial that we do not lapse into the bad habits that

put us into our current difficulties. This year, we must again make the hard choices to live within our means.

Last year, I said government aimed at having a balanced Budget by the end of my first term of office; Mr. Speaker, I can report that we are on course. Government has restructured the domestic debt to make for its effective management.

Government is determined to hold the line on the public debt, lower inflation and lower interest rates.

But Mr. Speaker, we recognize that it is not enough to stabilize the economy; indeed, we are even more determined to harness the opportunity stabilization offers, to push for accelerated and higher economic growth. The Private Sector must be poised to take advantage of the affordable credit regime that will ensure, and this is where growth takes off.

DEVELOPMENT PRIORITIES

Faced with the enormity of the problems that we have, and the paucity of the resources at our disposal, government has decided on a precise set of priorities that must be pursued within the medium-term-framework.

And these, Mr. Speaker, are the priorities:

1. Vigorous Infrastructural Development,
2. Modernized Agriculture centered on Rural Development,
3. Enhanced Social Services with special emphasis on Education and Health,
4. Good Governance and
5. Private Sector Development.

1. INFRASTRUCTURE

Our infrastructure is underdeveloped.

We cannot talk of growing the economy unless and until we develop our infrastructure. Anything else is simply tinkering with the problem.

The most dynamic private entrepreneur will be frustrated in his or her efforts, unless and until we develop our infrastructure. Therefore, under infrastructure, we shall start with the roads mass transportation, ports, air travel, telecommunication and energy.

(a) ROADS

Government is resolved to tackle the three strategic roads leading out of the nation's capital. Accra-Yamoransa; Accra-Aflao, and Accra-Kumasi, which have been on the drawing board for a long time. Work will begin on them this year.

Their current state is a danger and a disgrace to us all. The terrible toll they exact on the economy and in loss of life is notorious.

Additionally, government will select one major road in every region, for rehabilitation or development. Funding has been secured for these works.

(b) MASS TRANSPORTATION

My government has started on its pledge to restore mass public transportation; Parliament has approved a loan for the importation of one hundred high occupancy buses for private sector operators. These buses will arrive this year and should make an immediate improvement in the public transport system.

The Ghana Railway Company has resurrected its suburban railway shuttle services between Accra and Nsawam. This has so far proved popular and successful and it is intended to extend the services to other communities within the Accra Metropolis and the Tema Municipality.

(c) PORTS

On the ports, Mr. Speaker, government is taking steps to streamline operations and combat the corruption that has frustrated business for so long.

Government is also improving the physical state of the ports through private sector participation to make them competitive for global trade. This past year, work was completed on the dredging of berths at the Tema port to allow bigger vessels to dock. The positive news here is that, our neighbouring inland countries of Burkina Faso and Niger have opted to use the Port of Tema for their international trade.

Negotiations are also afoot to engage major international container operators to locate at our two ports for their operations in the sub-region.

(d) AIR TRAVEL

Air travel should be easier with the completion of works on the extension of the runway at the Kotoka International Airport to allow wide bodied air crafts, with full load, to take off and land. This will enhance our desire to be the aviation hub in the sub-region.

But Mr. Speaker, I must refer here to the parlous state of our national carrier, Ghana Airways. Years of reckless mismanagement have left the airline in a most precarious state. Any time a Ghana Airways plane flies, even when fully booked, it makes losses and runs the risk of the plane being seized by one or other of its many creditors. Nevertheless, Ghana Airways remains a national asset with great potential for success, and, indeed, is a source of pride for many of us. Government therefore is reviewing the situation and will soon take a decision that will protect and enhance the national interest.

(e) TELECOMMUNICATIONS

The next and even quicker way of opening up the country is in the telecommunications sector. Government will therefore renegotiate the existing telecommunications agreements to introduce more competition and accelerate access to telephones, Internet and Information Technology throughout the country.

This year, the project to connect as many second cycle educational institutions as possible will begin. In the meantime, government is putting in effect, plans to ensure computer literacy in our schools.

Mr. Speaker, my government intends to pursue the completion of the fibre optic ring around the country to facilitate the computerization of the whole country.

The policy is for Ghana to become the IT hub of the sub-region. IT holds out a promise of enabling our economy to leap frog into accelerated growth. Recognition for our progress so far, has come from the United States, with an American company called ACS, establishing a branch here in Accra to process data for U.S. companies.

(f) ENERGY

The critical role of energy for social and economic development cannot be over emphasized.

At the moment, the energy sector faces major challenges: electricity supply capacity is nowhere near enough for the growing demand. The Akosombo Dam is overstretched by excessive demand, and the levels of the lake are falling dangerously.

Government is tackling the problem along these lines:

1. Cabinet has approved the West Africa Gas Pipeline Project and is awaiting the execution of the Agreement with the Partners hopefully soon.
2. The Efaso Thermal barge, built three years ago and left in Italian Waters is being brought to Ghana within the next 2 months to augment the energy output.
3. Government is in talks with the CMS Company of Michigan U.S.A. to raise the necessary resources to complete the second phase of the Aboaze Thermal Plant, which is expected to reduce its production cost by a third.
4. A committee is reviewing the Bui Dam Project proposals to expand it for multi purpose uses.

All these should diversify and increase the nation's energy requirement.

The search for oil and gas will continue, with shifting attention to deep-sea areas of our exclusive economic zone. The success of our neighbours in their search gives us good reason to be hopeful.

And government is also encouraging the increasing use of solar power.

The rural electrification project is continuing.

2. RURAL DEVELOPMENT /AGRICULTURE

Government has decided to step up on its rural development policy and aggressively support and modernize agriculture.

Land acquisition is the critical factor in the policy. The land tenure systems need pragmatic reform.

It is fortunate the current Minister of Lands and Forestry is a foremost authority on land management. Government has tasked him to initiate the moves for reform. The proposals will

be put in the public domain this year and government will count on the fullest participation and co-operation of the traditional authorities, farmers groups and other stakeholders in this sector.

Whilst we tackle the land reforms practical support for farmers has already started.

The building and maintenance of feeder roads in the food production areas is being pursued vigorously. Leasing companies will be encouraged to rent out tractors and other farming implements to take out the back-breaking drudgery of traditional farming.

We shall restore and enhance assistance in the form of extension services. Irrigation will receive high priority. Credit will be given on reasonable terms.

We aim to achieve self-sufficiency in our staples, such as rice, maize, tubers and yams.

This past year we have made a good start with our objective to reduce the importation of rice by 30% by the year 2004: Support has been given to small-holder farmers to increase their acreage, improved seeds have been introduced to them. Irrigation projects have been rehabilitated and new ones started.

The marketing, storage and distribution of foodstuffs will no longer be left to chance and the ingenuity of a few enterprising women. The Private Sector Ministry will work with the Ministry of Agriculture to encourage businesses to get into this sector. Increase activities should thereby minimize post harvest losses as well.

Diversification of agriculture will move a pace as government increases support services for farmers in the production of oil palm, cashew, cotton, pineapple and banana. Cocoa farmers will continue to enjoy the pride of place in government's attention.

My objective of making Ghana an agri-business country by the year 2010 is on course.

A major problem here, Mr. Speaker, the latest Census figures show a dramatic shift in the rural/urban distribution of our population.

It is obvious that most young people are voting with their feet, and we should listen to them.

We are convinced Mr. Speaker that the youth will stay in the rural areas if there is electricity, water, telephone, and good health delivery and if farming becomes profitable and worthwhile so this priority has the added value of staunching and controlling the rural urban population drift.

3. SOCIAL SERVICES

(a) EDUCATION

Mr. Speaker, education is at the heart of all we seek to do.

As I have gone around the country, I have been accosted by people in all walks of life and everywhere with long lists of demand. Demands for improved education ranks tops with demands for roads. The demands are about the physical state of the schools, the quality of the education that is available and the conditions of service of the teachers.

There is a general sense of dissatisfaction with the state of education in our country.

I have appointed a Committee to review the state of education in the country and have charged it to give me its report within the next four months.

Specifically, government has tasked the Committee to examine the feasibility of improving the educational system to ensure that there is uninterrupted education for all Ghanaians from pre-school to age 16 or 17. This will ensure equality of opportunity, especially, for children from illiterate homes.

Mr. Speaker, the dropout rate between JSS and SSS is very high. Over two hundred thousand (200,000) children drop-out of school at this level every year when they are at their most vulnerable age. The consequences are an increase in many social problems; like teen-age pregnancy, child labour and the phenomenon of street children.

The other side of the problem is the alarming and ever increasing gap that there exists between the standard of education in the rural and urban areas.

Mr. Speaker, two weeks ago, a 14 year old boy who is normal in every respect, was brought from the Krobo area to live with one of my friends in Accra. The young boy, Johannes, had come from Primary 6 in the village. In Accra, after a full morning of testing, the teachers decided the boy could not be admitted to Class 6, and that his real standard was in Primary 3.

This story exemplifies the chasm between schools in the rural and urban areas.

Too many of the teachers in the rural areas are untrained; too many of them are dispirited because of the ill-equipped and poor conditions of the schools there. This makes them to feel that teaching in the rural areas mean punishment for them and the end of their ambitions.

Government has set about trying to remedy this sad state of affairs.

My Party's manifesto pledges to upgrade at least one Senior Secondary School in each of the 110 districts of the country. The idea is to provide quality education, comparable to that offered in any of the well-endowed secondary schools. This pledge is being implemented this year and the beneficiary schools have already been earmarked.

Details of this programme, to be funded through the GETFund will be submitted to Parliament under the Fund's Disbursement Formula for consideration and approval.

Incentives by way of radio cassette players, cooking utensils bicycles and motorbikes are being made available for teachers in the rural areas. Government will continue construction of houses for teachers in the rural areas.

Perhaps the most critical factor in the educational system is the Teacher training institutions. They are being equipped accordingly to help the training and re-training of adequate numbers of teachers to enable them keep pace with the modern world, and satisfy an acceptable teacher-pupil ratio.

Mr. Speaker, we acknowledge that much of the adult illiterate population requires basic education. The concept of Adult Education has been with us even before Independence and it is an honourable one. However, the recent practice, whereby, good teachers were lured out of the classroom on the pretext of teaching in a so-called non-formal sector, thus leaving the regular schools without teachers is unacceptable. Government is therefore reorganizing Adult Education so that it does not interfere unduly with the education of the nation's youth.

While that is being done, opportunities now exist, for adults and school dropouts to get an education without having to be in classrooms.

These opportunities are manifest in the recent government initiative for Distance Learning. A committee has been set up to work out the modalities, the scheduling and the curriculum for teaching by radio and television. The programme will in due course be extended to primary schools, JSS and senior secondary schools as well.

Private sector participation in education is welcome and commended; especially at the tertiary level. This will leave Government to concentrate on reviewing the capacity of its own tertiary institutions, for cost effectiveness and sustained quality output.

The inspection and monitoring of standards within the entire education system will be given the highest attention.

(b) HEALTH

Mr. Speaker, our health as a people still leaves much to be desired. This government, accepts its responsibility for the health delivery needs of the people. We campaigned on the promise to abolish the Cash and Carry system within our first term of office, and we shall.

Already, the necessary studies have been completed. A number of health insurance schemes have been initiated on pilot basis. And soon, a systematized approach to fulfilling the policy will be announced by government. The good thing about the current process is that communities, Missionary institutions and some private companies have declared their interest to participate in the scheme. Government is evolving the necessary regulatory measures to ensure the conscionable management of the scheme as it matures.

The physical state of some of our hospitals and clinics leave a lot to be desired and government is committed to rehabilitating and modernizing them; the building and refurbishment programmes will continue.

The real problems, however, remain the unsustainable rate at which our doctors and nurses are leaving the service for greener pastures.

As the economy as a whole improves, and the pay structures become more realistic, job satisfaction will hopefully improve to halt this drain. In the meantime, my government will do its best to improve the conditions of service for doctors, nurses and para-medical staff.

We are happy to announce the establishment of the National Postgraduate Medical College, which will go some way to meet some of the needs of the doctors.

But Mr. Speaker, It is time we paid greater attention to preventive medicine and public health. I am told that more than 60 per cent of the problems that send us to hospitals are preventable diseases; problems caused by bad sanitation, lack of hygiene, bad housing and environmental degradation.

These are preventable things.

It is cheaper to keep our gutters clean and not breed mosquitoes than to build hospitals where we shall be treated for malaria.

It is cheaper to practise safe sex than to be reckless and have to seek treatment for Sexually transmitted diseases such as gonorrhoea, syphilis and HIV/AIDS.

(c) WOMEN AND CHILDREN

My government is proud to have established the Ministry of Women and Children Affairs to champion and advocate the peculiar needs of women and children, at the very heart of government.

The enterprising nature of Ghanaian women is legendary. The Women's Development Fund that I launched recently and other micro credit schemes are therefore meant to provide financial assistance to women engaged in commercial activities and protect them from "Shylock" moneylenders. My government believes that an economically empowered woman is good for the economy and the nation at large.

4. GOOD GOVERNANCE

Mr. Speaker, the justification for Government is to protect and enhance the well being of the individual citizen. That is why the guiding principle of the state should be good governance and the rule of law.

All three arms of government, the Executive, Legislature and Judiciary have to be strengthened to be able to work in harmony even as they serve as checks and balances on each other. All three arms must remain responsive to the people.

Yet all three arms face serious infrastructural difficulties that affect the effectiveness of their work.

As far as the executive is concerned the Castle, the seat of government is shedding its gloomy image, literally and figuratively and is increasingly being seen as a friendly place where the President lives and works.

(a) SECURITY

Mr. Speaker, the security of the nation and of the individual is paramount. That, I believe is what the people expect and demand of the government above everything else.

The government has a duty to reassure the people that they can go about their lives without fear for as long as they operate within the law. In this regard, government is supporting the specialized agencies of security—Police, Armed Forces, Prisons and other security agencies, to enhance their competence.

(b) POLICE

Therefore attention must be drawn to the unacceptably low number of the police, the quality of the training they receive and their lack of equipment and poor living conditions.

Mr. Speaker, my government has started tackling these problems and this year, a major recruitment drive has commenced to raise the numbers in the Police Service dramatically, and will continue until the ratio between police and population rises to an adequate level. The equipping of the police is also on course and this year about 400 vehicles and communication equipment will arrive to enable the service perform better. The quality of training is also being improved to restore discipline and loyalty in the profession.

(c) ARMED FORCES

Mr. Speaker, this year government has sought to restore our Armed Forces to their traditional role. All quasi-political organizations have been banned from the forces and our soldiers are concentrating on being soldiers.

There has been a marked improvement in relations between the military and civil society. The Open Day ceremonies obviously helped in promoting a better atmosphere between the forces and their civilian compatriots, and they will become a permanent feature.

The military have also been involved in helping during national disasters: the floods in Accra and the Stadium disaster. A National Emergency Relief Ambulance Service has been established by the Military, which now provides ambulance cover for the Capital of the nation.

They also continue to keep up their enviable peace-keeping record in trouble spots around the world. Government is resolved to modernize and equip the Forces for more efficient service in the safeguarding and upholding of national sovereignty on land, sea and in the air.

(d) PRISONS SERVICE

Mr. Speaker, the state of our Prisons is deplorable. They are overcrowded and most of them are not fit for human habitation. I will soon inaugurate a new Prisons Council, which will be tasked with reviewing the state of affairs to quickly come up with a programme of reforms. We aim to redirect our attitude towards offenders from an emphasis on punishment to reform and rehabilitation.

(e) PUBLIC SERVICES

Mr. Speaker, the nation needs an efficient and dedicated Public Service to enable us govern well. Ghana used to have a Civil Service that was known for its efficiency and dedication. Alas we cannot claim the same today. The Service has become so politicized and left to its own devices for so long that radical restructuring and refocusing of its purpose are a necessity. And government is determined to do this. Government inherited a big programme of reform and renewal of the public services. A lot of money has already been used in the exercise. Unfortunately, the programme does not seem to have made the requisite impact. Unless the programme is revisited, it might become yet another layer of bureaucracy.

My government intends to redirect the focus of the programme and ensure that it does not lose its purpose.

(f) LOCAL GOVERNMENT

The decentralization process that has been in place for more than a decade still has many failings. The District Assemblies do not seem to appreciate the full scope of their powers and seem either incapable or unwilling to demand accountability from the officials who serve at the local level.

The Assemblies will do well to improve their revenue raising powers. They should demand accountability from the *Ex-officio* members assigned from the central ministries and make them work to the District Chief Executives.

The Ministry of Local Government will step up its monitoring and supervisory authority over the assemblies, especially, in their management and use of the Common Fund. The District Assemblies will be tasked to discharge their obligations for enforcing regulations for effective Town and Country planning. To enhance an orderly and foresighted development of the nation's towns and villages.

Mr. Speaker, let me focus on the subject of sanitation, which comes under the authority of Local Government and the District Assemblies.

Our towns and cities are being choked with filth.

The gutters are choked with rubbish and plastic bags and the walkways are littered with every imaginable rubbish.

It is the responsibility of the Ministry of Environment and the Councils and District Assemblies to keep our towns and cities clean, and I have instructed the Minister of Local Government to get from the District Assemblies a comprehensive plan that will resolve this problem once and for all.

In the meantime, I appeal to all citizens to have some community spirit and not degrade our environment. We can as a people stop each other from littering.

A new Local Government Bill to replace Act 462 will be laid before the House this session to accelerate and deepen the workings of Local Government. And Mr. Speaker, I might remind all of us that elections to the District Assembly are scheduled for July this year. I hope that those who will offer themselves to be elected will be competent, strong and dedicated to justify the investments being made.

(g) JUDICIARY AND LEGAL SERVICES

Strengthening the rule of law, and the capacity of our legal system to protect the rights and liberties of our people, are matters of the greatest priority for this Government.

I believe that, over this first year of my government, the nation has begun to see the signs of a significant improvement in the culture of legality and due process.

With the co-operation of Parliament, government has repealed the criminal libel laws. And the nation now enjoys a healthier atmosphere for the freedom of expression in the country.

I know that some anxieties have been expressed about excesses on the part of the Press that would seem to infringe the rights of individuals. Responsibility for nursing our democracy rests on all of us citizens, both within and outside the media. We must discharge this responsibility with due circumspection.

Government inherited a legal sector reform programme initiated as far back as 1994 and is committed to continue the revision and updating of laws, upgrading the human resources of the legal sector and providing equipment and facilities for better service delivery.

Three fast track High Courts were established last year in Accra and two in Kumasi. Six more will be established in Accra this year and two in Tema. The plan is to have a fast track court in each region, and ultimately to mechanise the entire court system.

An improvement in the efficiency of the legal sector requires improvement in the conditions of service of its personnel. A systematic effort is therefore being made to improve the conditions of service for lawyers in the Attorney-General's Department so that the right caliber of people can be recruited and retained.

(h) LEGISLATURE

Mr. Speaker, like the other arms of government, the Legislature has its problems. It is a matter of deep regret that Honourable Members of this august House still do not have offices to work in. I know your frustrations because I was twice a member here. Work on the refurbishment of Job 600 is progressing steadily and my government is committed to its completion as soon as practicable to enhance the effectiveness of honourable Members in their work. Hon. Members can count on the support and understanding of my government

The spirit of cordiality that has characterized the working relations between the Executive and Legislature so far, has been good for the country and I pray that we continue in the same spirit this year.

Mr. Speaker, permit me to say a few words here about the National Reconciliation Commission. It was a matter of deep regret to me that there was such acrimony during the debates. Let me state here clearly that there is no hidden agenda on my part in the matter of this law.

Government seeks only to provide an opportunity for those who have been aggrieved to air their grievances and for the State to intervene to secure the appropriate redress so the nation will be reconciled to move forward in unity and harmony. It never intended, nor does it intend to target any particular person or group for persecution.

The independence of the Commission in its work will be totally respected by government, so as to ensure that it will command trust and co-operation across the board. This is the only way its objective of helping to reconcile the nation can be secured.

I urge the House, and indeed, the entire nation to co-operate with the Commission to discharge its cathartic function for the good of all the people of the country.

5. PRIVATE SECTOR DEVELOPMENT

Mr. Speaker, there has always been a private sector in our economy. Indeed, from time immemorial it is the private sector that has been the most productive part of the economy. In recent years, the private sector has not been energized and enabled to do what it does best, that is, and yet we have the example of our cocoa farmers to show us the effectiveness of the private sector.

Today, this government is determined to energize the private sector and to make it truly, the Engine of Growth. The new Ministry of Private Sector Development is designed to be the champion and advocate for business and will work with all other Ministries to remove the bottlenecks and frustrations that businessmen face.

This should improve business confidence and serve to introduce and convert much of the informal sector, which is often the part of the economy that booms against all odds, into the formal sector. In short, government is using this Ministry to ensure there is an advocate for the entrepreneur at the heart of government and to promote private sector business activity for the good of the economy at large.

In this regard, it is worth noting the Presidential Special Initiatives on Textiles and Cassava starch, both of which have been designed to take advantage of the African Growth and Opportunity Act AGOA of the United States.

This month, Ghana will receive its VISA System under (AGOA) to enable Ghanaian business to sell in the US market.

Export diversification activities are being pursued by the Export Promotion Council to meet the market requirement of the European Union, the United States, Far East and elsewhere in the global market. The Private Sector Ministry is working with the Export Promotion Council to prepare our businessmen to meet the standards and challenges of the competitive global market.

Mr. Speaker, for business to flourish and be competitive, government has embarked on training a critical mass of skilled personnel. The policy is to run apprenticeship schemes with vocational and technical training within the educational system.

It is in pursuit of this that government recently undertook a national registration exercise of the unemployed and under-employed. One Million persons were registered. For the first time in our history, we have some idea of the scope of the problem that we face. The results are being analyzed to determine pre employment skills and the placement in jobs and skills development training.

But Mr. Speaker, we cannot talk business without talking about labour. Indeed, for our country to be established in the global market, a strategic partnership must flourish between government, labour and entrepreneurs.

Together, this partnership makes a corporate entity of our country in the market place. It is the combined strength of this partnership that will be the most critical of the Ghanaian venture in the global market.

Even as we increase the efficiency of government machinery and the venturist, it is imperative that the competence of labour is also enhanced. Education, training and retraining of labour is therefore indispensable.

The partnership should share a common vision of the necessity of profitability of business. It is from profitability that government will increase its tax revenue and labour negotiate fairer wages and improved conditions of service and the venturists get greater returns.

We have in the past year, enjoyed greater industrial peace, largely due to better co-operation between Employers, Government and Labour. Man-days lost due to industrial strife have been reduced by half as compared to the year 2000. This is good for the economy and sends out the right message to the business community both local and international.

RECAP OF PRIORTIES

Mr. Speaker to recap, these are my five priority areas.

- Infrastructure development
- Modernized Agriculture based on Rural Development
- Enhanced Social Services with emphasis on Health/Education
- Good Governance and
- Private Sector Development

As you might have noticed, they are linked with all sectors of the economy and, will pull along with them, other special interest areas and Ministries. I have every confidence that we are embarking on a programme of accelerated growth, and we should see clear results in my medium-term goal of three to four years.

But of course this does not mean that other sectors are being ignored or forgotten. For example how can the mining sector which is the leading contributor to the budget be ignored. Government will continue to ensure there is a conducive environment for the private entrepreneurs that are mostly engaged in the business.

There is room for growth in this sector, particularly in diversifying into the exploitation of other mineral resources, like bauxite and salt.

The mining companies are being encouraged to be more sensitive to the consequences of their activities on the environment and on local communities. Their obligations for reclamation and re-forestation at mining sites will now be strictly and intensely enforced.

The other important sector is Tourism, currently a healthy fourth revenue earner for the economy, with a lot of potential yet to be exploited. We must take advantage of the new and increasing interest in eco-tourism by identifying and preserving as many of our environmentally significant sites as possible.

More and more people will be encouraged to go into business providing small and budget price accommodation to suit tourists that might not necessarily be looking for 5-star hotels.

The rate of development of this sector will depend critically on the keeping of our surroundings clean.

LANDS AND FORESTRY

The government attaches the greatest importance to our heritage of lands and forest. We have lost and are losing on a daily basis, much of our forest cover through fires, irresponsible utilization and the pressure of population.

Government last year launched a programme of reforestation. The exercise is aimed at reclaiming a sizeable portion of the six million hectares of forest we have lost and, to restore the eco balance and biodiversity of our land. The first programme I launched in Brong-Ahafo to plant 20,000 hectares is expected to generate 80,000 well-paid jobs in the rural areas.

A major problem associated with our forests that has bedevilled communities, has been the indiscriminate felling of timber by chain-saw operators. Government has instituted a programme to mobilise the estimated 50,000 chain-saw operators in the country for alternative livelihood projects. They will be engaged to undertake useful and gainful work such as forest-plantation-thinning, forest-boundary-demarcation and clearing and other related businesses.

The other vexed problem is bushfires. I would like at this stage to make a special appeal to our chiefs and traditional leaders to help in this endeavour. If they take an interest in the preservation of our lands, we shall achieve positive results. If our chiefs take an interest in the control of bush fires, we shall save the fertility of the land for future generations.

YOUTH AND SPORTS

Mr. Speaker, it is our young people who face the biggest challenges in the modern world.

The wonders of the Internet and fast communications mean that young people are bombarded with all types of information without adequate protection or guidance.

The new Minister of Youth and Sports is bringing up for public discussion soon, a comprehensive Youth Policy which will be integrated in our education policy. Apprenticeship and training for life skills will be promoted for youth outside institutions.

Mr. Speaker let me say a few words here about the state of sports in our country. A lot of talent for all kinds of sports abound. Our history shows that quite clearly. But it seems all our conquests have been in the past. We are of course expecting the Black Stars to correct this unfortunate trend in our recent history during their current campaign in Mali. Government is resolved to turn round our fortunes by embarking upon a vigorous promotion of schools sports.

As the economy improves, better facilities will be provided in the communities to enable budding talents to have the opportunity to blossom. We shall certainly open up sports to be more inclusive and give room for more games to be developed and promoted in addition to football in the country.

INTERNATIONAL RELATIONS

Mr. Speaker, I said last year that I intended to make good on my promise to establish good relations with all our neighbours, to ensure that the peace we enjoy inside the country will not be disturbed from the outside.

In pursuit of this, I have undertaken quite a number of journeys. I am happy to be able to tell you that Ghana is at peace with all her neighbours. The mutual suspicion that used to characterize the relations with some of our immediate neighbours has been dramatically abated.

Ghana has assumed her historic role as a major player on the African continent and I believe this is a good opportunity for me to formally congratulate the honourable member of this House who has recently been elected as the Executive Secretary of ECOWAS. I have no doubt Hon. Ibn Chambas will do the job well and bring credit to Ghana.

Another son of Ghana, Kofi Annan also brought even more glory to Ghana this past year. He was re-elected as Secretary General and he and the organization he leads, the United Nations were awarded the Nobel Peace Prize. I was privileged to have been invited to the awards ceremony in Oslo.

We must, Mr. Speaker, recall at this juncture the events of September 11 when the whole world watched in horror as unspeakable terror was unleashed on innocent people in the United States. Ghana was among the large number of nations whose citizens perished in that murderous attack.

Ghana has condemned this act of terror, and indeed, condemns all forms of terrorism wherever they occur and will play its part in the international effort to rid the world of this menace.

This past year also saw relations between Ghana and the rich industrial nations reaching new heights of friendship and co-operation. I received invitations from practically each and every one of the leaders of these nations and was able to visit only just a number.

Wherever I went though, be it Washington D.C., London, Ottawa, Paris or Madrid, the interaction was the same. The rich nations asked us the same question. What did Africa want them to do to support development on the continent? I found this refreshing, and thought it must surely mark an epochal shift in the relations between Africa and the rich nations, and the element of consultation should inform future North-South relations.

I must also mention the good relations and the enthusiastic support that Ghana has enjoyed this past year from United Nations, its agencies, the Breton Woods institutions and other multilateral agencies. We are grateful for their support especially in the difficult decision to opt for the HIPC initiative.

Wherever I went last year, I tried to meet with the Ghanaian communities. They retain an intense interest in their homeland. I am convinced that the Ghanaians in the Diaspora constitute a great source of intellectual property and financial investment.

Our diplomatic Missions have been instructed to be more friendly and helpful to Ghanaians abroad and I am certain we shall get even greater inputs from them when the Dual Citizenship becomes fully operational from March.

Mr. Speaker, we live in challenging times.

The sky is no longer the limit for human aspirations.

The moon has become a tourist destination.

What was at the other end of the world yesterday is in our living rooms today, thanks to the IT revolution.

We have a historic opportunity to make a difference to our country. All of us. NDC, PNC, CPP and NPP alike.

We have a wealth of talent in our country, from Axim to Lawra. From Kpetoe to Dormaa and from Accra to Bawku.

The world is urging us on.

I believe in the Ghanaian. Our dreams for **POSITIVE CHANGE** are within our reach. There is nothing to stop us. So let us together go for it.

Mr. Speaker, thank you very much for your attention. May God Bless Us All.

