

**STATE OF THE NATION ADDRESS  
BY  
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President of the Republic of Ghana



**To The 1<sup>ST</sup> Session of the 4<sup>TH</sup> Parliament  
of the 4<sup>TH</sup> Republic**

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**THE STATE OF THE NATION ADDRESS DELIVERED BY H. E.  
A. KUFUOR, PRESIDENT OF THE REPUBLIC OF GHANA,  
AT THE FIRST SESSION OF THE 4<sup>TH</sup> PARLIAMENT OF THE  
4<sup>TH</sup> REPUBLIC, ON THURSDAY, FEBRUARY 3<sup>RD</sup>, 2005.**

## **INTRODUCTION**

Mr. Speaker,

I have come before the House today, in compliance with the Constitutional Requirement that I deliver to Parliament a message on the State of the Nation, at the beginning of the session.

Before I launch into the business at hand, let me formally congratulate you, the Right Honourable Mr. Ebenezer Begyina Sekyi Hughes, on your election to the high office of Speaker of Parliament. I pray that God grants you wisdom to discharge the heavy responsibility that has been entrusted to you.

With your kind permission, Mr. Speaker, I also welcome the fresh intake of the hundred and eighteen new members in this House. I congratulate and wish them well. My congratulations also go to the continuing members on their re-election and I pray that they bring their experience to bear for the benefit of the House and the nation as a whole.

I look forward to, and indeed, the nation expects the highest quality of deliberations and debates from this House. We also expect a mature and fruitful relationship between the Legislature and the Executive, to accelerate the realization of government's vision of making Ghana a just, humane and prosperous nation.

## **CURRENT STATE OF AFFAIRS**

Mr. Speaker, the elections dominated everything last year; they were vigorously fought, and naturally some won, and others lost. That is how it should be. But now that a new term has started it is important that a period of peace ensues and the nation's energies are concentrated on building the happy and prosperous nation that we all desire.

Mr. Speaker, in implementing its "AGENDA FOR POSITIVE CHANGE", during its first term of office, the NPP government succeeded in laying a firm foundation for rapid economic growth. I am particularly proud that the average citizen now takes as normal, the general atmosphere of freedom and a vibrant media scene. This is helping in no small measure to develop the self confidence that is required to build a modern nation.

The five priority areas for development selected by government were dictated by the situation that confronted us in year 2001. They have served us well, the achievements are manifest, and they remain essentially, work in progress. It is on these priorities that the NPP government is basing the implementation of "POSITIVE CHANGE CHAPTER 2" which is for accelerated growth. Government is sharpening its focus more by adopting a three-pronged strategy; (1) Vigorous Human Resource Development, (2) Private Sector Development and (3) a continuing emphasis on Good Governance. These priorities will drive all programmes and accelerate the pace of their implementation. Additionally, government will promote the concept of "Ghana Incorporated" to inculcate a businesslike

approach to all spheres of activity and emphasize the interdependence and common destiny among all stakeholders of the polity. This will translate into direct and inter-active participation in governance, to generate a collective sense of ownership of policies, programmes and indeed, the entire development process. The resultant synergy from this collective effort should enable the nation to achieve the desired goal of a just, humane and prosperous society for all.

### **THE MACRO-ECONOMY**

But Mr. Speaker, visions, programmes and policies are pursued within an economy, and the stronger the economy, the better the chances for success. I am happy to be able to state with reasonable confidence that, even though Ghana's economy is not as yet in the league of the "Asian tigers", stability and growing confidence are now its hallmarks. It can therefore provide the needed support for our policies and programmes. Currently, there are positive economic indicators such as declining inflation of 11.8%, lowered lending interest rate of 26% and a stabilizing local currency.

Significantly, the GDP growth rate which was projected at 5.2% by the close of year 2004, has exceeded all expectation and achieved a rate of 5.8%. For the first time since the liberalization of the foreign exchange market in 1990, the country has registered the highest gross international reserve of four months import cover. These developments are of great interest to both local and foreign investors.

Mr. Speaker, confidence is steadily building up in our capital market as the Ghana Stock Exchange registers impressive performances. It continues to be among the highest performing Exchanges on the continent, with the GSE all-share index recording a growth of 91.3% at the close of last year.

Mr. Speaker, if proof was needed that the performance of the Stock Exchange had indeed reached a remarkable state, it was provided last week when a leading preacher of one of the charismatic churches was heard spiritedly advising his congregation to start investing on the Ghana Stock Exchange. On hearing this story, I said to myself, "there goes a smart Preacher", concerned not only about the spiritual development of his congregation, but also about their financial and material well-being.

Mr. Speaker, this is good advice that all of us can benefit from, especially in our quest for wealth-creation.

To sustain the macro-economic gains already achieved, government will continue to maintain strict financial discipline and the monetary policy, which aims at achieving single-digit inflation, to make the economy stronger and planning easier. More impetus will be put into revenue mobilization to be able to reduce government's domestic borrowing and make credit available to local investors. Government will also continue to ensure the stability of the Cedi to support commerce and investment in the economy.

## **HUMAN RESOURCE DEVELOPMENT**

Mr. Speaker, the first plank of the new strategy is Human Resource Development. The expertise, health and the progressive outlook of the human capital are what will move the economy and propel the country into a middle-income nation in the next ten years.

## **EDUCATION**

The obvious starting point to develop this resource must be the education system. Government has now published a White Paper detailing the structure of education that will prepare the nation's human resource adequately to meet national aspirations and respond to global challenges.

In line with this, government has taken some radical decisions in critical areas to address some of the key concerns.

### **First Cycle Education**

Formal education will now start at age four with two years of Kindergarten. This is aimed at ensuring that equal opportunities are provided for all Ghanaian children from an early age. The next nine years, made up of six years of Primary education and three years of Junior High School will lay the foundation for literacy and numeracy required for meaningful second cycle schooling. These eleven years will meet the constitutional requirement of Free Compulsory Universal Basic Education (FCUBE) for all Ghanaian children.

## Second Cycle Education

Mr. Speaker, the Senior High School will be of four years duration. The Second Cycle will be radically transformed to offer four different strands comprising technical, agricultural, vocational and grammar type education.

Those who do not make it to the Senior High School at age 15, will be catered for with a year's apprenticeship course, the cost of which will be borne by the state.

Mr. Speaker, a National Council for Technical and Vocational Education and Training will be established under the Ministry of Education and Sports to implement this new programme.

In line with current policy, private industry, commerce and services will be encouraged to participate with government in the running of these programmes and provision of the apprenticeship course.

I recommend both the Committee's Report and the Government White Paper for study by Honourable Members, and I sincerely hope that the measures will receive wide support to make their implementation easier. Government is certain that the new system will make our human capital better trained and better prepared for the challenges of the modern world.

The success of all these reforms will depend on the quality of our teachers and their contentment. Teacher education and skills training are therefore at the heart of all the proposed

reforms. It is planned that by 2015 all primary and second cycle schools will be staffed with professionally trained teachers. To ensure effective teaching, the current teacher incentive schemes will be reviewed and expanded to benefit more teachers.

Government accepts that these reforms will cost a lot of money, but are necessary. I therefore urge Parliament and the nation at large to give them their fullest support. And I must also at this stage express the gratitude of the nation to those among our development partners like DANIDA, DFID, JICA, the European Union and USAID who are helping us to make the education sector project a reality.

Government is very much conscious that this is a major policy decision with far-reaching implications; implementation is therefore being carried out very carefully and systematically.

### TERTIARY LEVEL EDUCATION

Mr. Speaker, tertiary level education has been witnessing rapid growth in the past few years and should continue to grow to meet the manpower requirements of the economy.

Government is engaged in the upgrading of the physical infrastructure at the public universities. A scheme has also been put in place for faculty development with the aim of attracting and retaining young people into the profession.

The truth however is that the economy cannot fully support the level of funding required to run the universities at the level we would all like. It is probably instructive to acknowledge that all



over the world, and even in stronger and more established economies, cost sharing has become the norm at tertiary level education.

This is why government appreciates the role of the private universities and they must be helped to expand to provide access to the many that cannot otherwise find places.

Mr. Speaker, I must also place on record here, government's commitment to the Polytechnics. That is the place to train the hands-on technical personnel the nation needs to move the economy. Government will continue to invest in the Polytechnics and help them to grow in self-confidence.

## **ICT**

In today's world, there cannot be human resource development without the integration of Information and Communication Technology at all levels of training. This, Mr. Speaker, provides the cutting-edge.

Coincidentally, Ghana is currently hosting the Africa Region Preparatory Conference on the World Summit on the Information Society. The theme is how to make the deployment of ICT accessible to all to promote national development.

Already, the Ghana ICT for Accelerated Development Policy Document has been prepared, and a revised National Telecommunication Policy has been published determining the overall guiding vision, which defines the market structure, institutional roles and development strategies.

Plans are far advanced to rapidly improve the telecom infrastructure, and establish a first class backbone to inter-connect the entire country and beyond.

In this regard, I am happy to observe that a variety of telecommunication services are currently available to more than 50% of towns with Senior Secondary Schools and/or Training Colleges, which is already making the Distance Learning Programme possible.

In furtherance of this policy, the Ghana Investment Fund for Telecommunication (GIFTEL) is being established to extend the telecommunication infrastructure to cover both the public and private sectors.

## **SPORTS**

Mr. Speaker, Government is convinced that sports appropriately belongs within the ambit of Education, not only as a practical demonstration of the ancient wise saying of a healthy mind in a healthy body, but also because, if we are to make headway in the international competitive sporting field, we have to catch our athletes young. The school infrastructure and environment are best suited to discovering and developing sporting talent. Playing fields will be developed for all schools, and sports will be an integral part of school activities.

To attract funding to improve on Sports infrastructure, Ghana will host the Africa Cup of Nations in 2008. In pursuit of this, work will commence this year on the construction of two new

stadia in Tamale and Sekondi. The stadia in Accra and Kumasi will also be renovated and upgraded for the competition.

In the same vein, government will pursue vigorously its plan to upgrade Community parks and other stadia in the Regions and districts through collaboration with the Regional Administrations and the District Assemblies. I am sure members will be delighted to know that, a NATIONAL SPORTS HALL OF FAME has been established to recognize our past and current sporting heroes.

## **YOUTH**

Mr. Speaker, you would recall that during my inaugural address a few weeks ago, I made a special call on the youth of the nation to take advantage of the opportunities that are emerging in our country. Let me reiterate this call. The future belongs to the youth. Government is putting in place all the necessary measures to enable young people prepare themselves for the future. Let me remind them that the most important part of any training is mental and attitudinal. A disciplined life will ensure success in whatever field of endeavour one chooses. A proper work ethic has been sorely missing in our work places, and government will make sure that the training programmes being put in place will emphasize discipline and good citizenship.

In this regard, the Skills Training and Employment Placement Programme (STEP) will continue. Additionally, an amount of ₵4.5 billion has been released to improve and expand the facilities at the Youth Leadership and Skills Institute at Afienyaa.

Other Youth Institutes such as those in Nalerigu, Ajumako, Afranse and Wassa Akropong are all receiving attention.

## **HEALTH**

Mr. Speaker, one of the most difficult problems that has faced this nation is how to make health delivery easily accessible and humane. I believe that the National Health Insurance Scheme that has been launched offers the solution to this age-old problem.

Government will continue to focus on the full implementation of the Scheme, including the in-built protection for the poor and the vulnerable.

Meanwhile, the National Ambulance Service which was introduced in Accra last year, will be extended to the other regions. Accident and Emergency Centres in health institutions will also be established in all regions.

Government will continue to lay emphasis on managing the six preventable diseases as well as intensifying the fight against tuberculosis, malaria, buruli ulcer and guinea-worm. Even though in the fight against the HIV/AIDS pandemic, public awareness has increased significantly, the expected result of lowered infection rates has not materialized. We must renew the campaign for actual changes in our behaviour, because Aids is real and can negate all our efforts. The AIDS Commission is obviously doing its best but will need the help and cooperation of the entire society if we are to defeat this danger.

Mr. Speaker, Health, Education and Sports combine under Human Resource Development, but given the rapidly changing trends in the world around us, this sector should be characterized by continual training and retraining, particularly in the areas of Human Psychology, to build a versatile, adaptable and forward-looking human resource base for our socio-economic development.

### **PRIVATE SECTOR DEVELOPMENT**

Mr. Speaker, the development of the private sector is the second priority. This sector is made up of large, medium and small enterprises. Whereas the large and medium are within the formal sector of the economy many of the small enterprises which constitute by far the majority of the private sector, operate outside the purview of the State. They are unregulated and have come to be described as informal.

The problems bedeviling this informal sector are manifold. Individuals and enterprises are unable to keep pace with modernity. They do not keep proper books and largely operate on a subsistence level.

It is therefore necessary for the State to fashion out a plan to discover and incorporate this part of the private sector into the formal economy.

This plan should entail provision of a basic programme aimed at awakening individuals and enterprises of the sector to the potential benefits of submitting themselves to such basic

disciplines, as book-keeping, banking, and other entrepreneurship skills.

This process should involve the provision of some basic courses targeted at the sector by the State. The success of this programme will largely depend on the confidence building which should command the attention of a special department, within the Private Sector Development Ministry.

The work of this department will be facilitated by the National Identification Exercise which government is determined to launch in the course of this year.

Mr. Speaker, the importance of this informal sector is in the fact that it encompasses a host of activities including agriculture, commerce, manufacturing, construction, music and entertainment. By far the majority of our national population is captured in this sector. It will therefore be appreciated that the successful reform of the Sector should have a major and far reaching impact on the development of our society and economy. Indeed, Mr. Speaker, this is the level where the turn-around of the economy must be pursued.

## **FUNDING**

Mr. Speaker, now to the formal private sector of large, medium and small enterprises. Funding has been the major problem of the entire private sector. Government is determined that through continuous efficient management of the macro-economy, it will facilitate access to credit for the sector with the lowering of

interest rates, stable currency and also purpose – fashioned guarantee – Schemes.

The finance sector will be encouraged to introduce innovative financial instruments to ensure that this section of the private sector is empowered to grow and expand. In furtherance of this, the Long Term Savings Law and the Venture Capital Fund Law have been passed. And here I would like to acknowledge some of our development partners, like the USAID, JICA, DANIDA, DFID, EU and Italy who are also assisting the private sector with funds.

Government has set up micro-financing schemes with affordable terms for the small to medium scale enterprises to promote their development.

The administration of these schemes will be decentralized to all the regions of the country to give fair access to our farmers, artisans, small scale transporters, construction companies, market women, practitioners of various vocations and other self-employed persons. To sustain these facilities their management must be very professional to ensure a high degree of recovery of loans for re-lending. Further, beneficiaries will be assisted with entrepreneurial training and skills.

Over the past two years government has relied on the advice of the Ghana Investors' Advisory Council in which the Ghana Investment Promotion Centre plays a central role. Regular interaction has been promoted among the various stakeholders, including the Private Enterprises Foundation, Association of

Ghana Industries, the Ghana Chamber of Commerce, the Employers Association and organized Labour to operationalize the concept of Ghana Incorporated, and development of the sector.

Within the sector, agriculture which is the largest employer of labour, and the backbone of our economy will be modernized through mechanization. Agriculture will also be assisted with irrigation, improved planting materials, credit, land reform as well as capacity building and the inculcation of best business practices. This is to improve productivity and profitability, reduce the drudgery and attract the youth into the sector. It is appropriate to acknowledge here that many of our universities are rising to the challenge by offering various courses in agriculture and entrepreneurial skills.

Mr. Speaker, Ghana has been a mono-crop economy for a long time and it is time we diversified. One of the strategies that have been adopted for this purpose is the Presidential Special Initiative (PSI). It is to assist farmers, introduce new crops, and add value to them. Further, it is to generate mass employment and develop the rural areas. The PSI is a good example of government facilitating the development of the Private Sector by creating the enabling environment for it to flourish.

Some PSIs have already taken off in agriculture and manufacturing and are making an impact.

For example, it may interest the House to know that the ASCO factory has projected to export 10,000 tons of industrial starch



with an estimated value of US\$2.8million this year. Two new similar starch companies will be established in other regions this year. The PSI is also encouraging the development of nuclear and satellite enterprises in both agriculture and manufacturing.

The development of sorghum and maize for industrial use by the breweries is a PSI in its pilot stage. A PSI in oil palm has already taken off while another is targeted at the development of cotton.

### **EXPORT PROCESSING ZONE**

Mr. Speaker, the other PSI is in textiles and garments and many companies in this area are already locating in the export processing zone. Some high performing garment companies are doing very well in the zone and there are several success stories.

Mr. Speaker, there are very promising developments within the sector which are attracting world leaders like AngloGold-Ashanti, Newmont Company and now ALCOA, the world's leading aluminium producer. The mere presence of these great companies here is making an important statement to the world. If Ghana stays this course the nation will see a great industrial take off within the next five years.

### **TOURISM**

Mr. Speaker, if the private sector is to come into its own, it is crucial that the nation looks beyond the obvious, and tourism is one such area.

Government's policy is to develop the country's tourism potential and make Ghana the preferred tourist destination in the ECOWAS sub-region. We must exploit our historical relics and the high reputation the nation enjoys internationally for hospitality, peace and stability. Ghana's potential in eco-tourism for example remains largely unexplored. Government intends to partner the private sector to fully take advantage of this untapped gold mine.

## **HOUSING**

Mr. Speaker, housing remains one of the most urgent problems facing the country and government is collaborating with the private sector to find a proper solution.

A reviewed Housing Policy Document in connection with low cost housing programmes will be placed before parliament in the course of the year.

To prosecute this agenda, government will use various instruments including the issuance of bonds and the encouragement of private sector companies to support development of the housing sector.

Government will also support banks and other Mortgage institutions to provide more lending portfolios to individuals and real estate developers to provide housing to low and medium income workers in the country.

Mr. Speaker, meanwhile, there is a private – sector initiative for the construction of an initial 10,000 units of houses nationwide- and this is expected to commence this year.

A SSNIT/Malaysian Housing Programme to provide some 100,000 units countrywide is also coming on stream.

### **INFRASTRUCTURAL SUPPORT**

Mr. Speaker, I wish to assure this House that there are aggressive on-going infrastructural developments to support our development of both the Private Sector and our Human Resource Base. Road construction projects in both rural and urban areas are in progress. Mass transportation, including rail transport is being steadily developed. Expansion programs are underway at all our ports to increase patronage and to make them more investor-friendly.

Mr. Speaker, Government has wound up the affairs of Ghana Airways, and a new Airline, Ghana International Airline has been incorporated.

Requisite measures have also been taken to ensure that energy requirements of the nation will be met. The West Africa Gas Pipeline Project, and West Africa Power Pool Protocol are both coming on stream. The electricity sub-sector is also being improved to provide better quality service.

The water supply problem is being tackled systematically with the help of donors. Again, Private Sector operators are being encouraged to participate in the sector. Mr. Speaker,

government will introduce a Water Policy bill in parliament this year.

## **PETROLEUM**

Mr. Speaker, this year government will take a decision on the deregulation of the petroleum sector. The continued handling by government of the sector makes it difficult to respond appropriately to market forces when necessary. At the moment the unrealistic pricing makes our petroleum products the cheapest within our immediate neighbourhood and prone to smuggling. Mr. Speaker, the general laws of economic reality apply to Ghana and we cannot continue to pretend otherwise. Deregulation will free government budgetary resources allowing it to cut down on borrowing and to increase allocations to vital social services. It will also allow the private sector to assume the role of a service provider within a well regulated environment.

Mr. Speaker, initially, this policy is bound to cause some shock to the system. In the short term, it is likely to result in a rise in inflation. However, several studies have been made and we believe that with goodwill and sound management, whatever problems will be encountered within the short term will be surmounted, and that the economy will be the healthier for this policy.

## **GOOD GOVERNANCE**

Mr. Speaker, This government's third priority in its second term, is continued Good Governance, and I am sure that no member of this House is surprised about that. Good Governance is the

guiding principle which has underpinned all policies of this government. The peace and security we are enjoying now is due to the practice of good governance. The agents of government, and civil society are all playing their roles within the confines of the constitution. Good governance reflects in good macro economic management as well as efficient and effective implementation of policies across the entire spectrum of national life.

Government has put the necessary legislative and administrative instruments in place to create the proper environment for the entrenchment of good governance.

In addition to legislations recently enacted, the Right to Information Bill which guarantees the citizens' right to relevant public information and the Whistle Blowers Bill will bring the fight against corruption and graft to a new level. The passage of these bills will be a major priority this year, and it is hoped that as individuals enjoy the constitutionally enshrined freedoms of association and expression, they should also exercise a sense of responsibility.

Mr. Speaker, it is recalled that, last year, 28 New District Assemblies were created. This decentralization process is to carry democracy to the doorsteps of the people, and deepen good governance by involving the citizenry at all levels of decision-making.

Mr. Speaker, the National Policy on Gender and Children was also launched last year to ensure the mainstreaming of gender concerns in national development.

Constitutional agencies like CHRAJ, NCCE and the Media Commission will receive increased budgetary support as the economy improves to enable them become more efficient in their assignments.

All these measures, Mr. Speaker, have created an environment which provides the backdrop for an evolving and self confident society. A society within which the policies of Chapter Two can be implemented.

Mr. Speaker, Ghanaians are proud of the peace and quiet in this country, and rightly so. They all have contributed in various ways in maintaining this peaceful environment. But we must also remember that a major deterrent to misrule and social misbehaviour is effective Law enforcement. Government will therefore continue the policies which have empowered the law enforcement agencies to work effectively to keep the current peace and security of the nation. In this regard, the equipment and logistic strength of the police service will be enhanced steadily, in addition to the training and re-training of police personnel. Early warning systems on internal conflicts are being developed; at the same time, co-ordination among the security agencies is being improved to promote optimal utilization of available resources.

## **FOREIGN POLICY**

Mr. Speaker, for the past four years, the nation has pursued a foreign policy of good neighbourliness in the ECOWAS sub-region and Africa. With the rest of the world, the policy has been strategic geopolitics to the mutual advantage of the nation and its partners. This policy has earned Ghana a good international image and opened up significant investment opportunities.

Government will maintain this policy, maintaining its special commitment to ECOWAS, the African Union and its NEPAD programme as well as international bodies like the UN and the Commonwealth. This will help to capitalize on the resultant good will in order to attract even greater foreign investment for economic growth and poverty reduction. Mr. Speaker, most sincere and observant Ghanaians will confirm that Positive Change Chapter 1 has been a success. For the next four years, this nation will develop rapidly, driven by the three-prong strategy of Human Resource Development, Private Sector Development and Good Governance in "Positive Change Chapter 2". Our success, Mr. Speaker, will result in the creation of a just, humane and prosperous nation.

Government will count on the continued goodwill of development partners in this endeavour and the commitment of every Ghanaian. Mr. Speaker, I trust that even as this House discharges its constitutional obligation, each honourable member will keep the vision in sight, and play his or her role towards the realization of our collective vision.

## **CONCLUSION**

Mr. Speaker, as I have said on another occasion, this is a good time to be a Ghanaian. These are exciting times, we have a clear vision about where we should go as a nation and how we get there. Lets work together to make this nation the just, humane and prosperous one it can be. Together, we can and we will.

I thank you. God bless us all, and God bless Ghana.