



REPUBLIC OF GHANA

**STATE OF THE NATION ADDRESS,
31ST JANUARY, 2006**

by

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Parliament House, Accra

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INTRODUCTION

Mr. Speaker,

As prescribed by the national Constitution of the Fourth Republic, the President must address this August House at least once a year, to give an account of the State of the Nation.

This is one obligation I am always happy to discharge because it affords the President the opportunity to stand before this August House as the overall representative of the entire constituency of Ghana, face to face with the representatives of the individual component constituencies. In other words, the whole and the parts thereof, are consciously made aware of their integral relevance to each other on this occasion.

Mr. Speaker, it is my pleasure and a source of great pride to be able to report to the House that the State of our nation is good and the general spirit is one of optimism.

On the lighter side, Mr. Speaker, I believe I am lucky that this function is taking place now rather than later in the day, when the whole nation's attention will be on our national team, the Black Stars. Having made us proud by taming the Teranga Lions of Senegal, the Stars are poised to thrash the Warriors of Zimbabwe. I expect most of the country to be glued to their television and radio sets, wishing our Stars on to victory. On behalf of the whole nation, I wish the team success not only in the on-going African Cup of Nations tournament, but also in the World Cup Tournament to be held in Germany later in the year.

Mr. Speaker, in previous years, this address was used to preview the budget. This time with the budget read, I wish to take this opportunity to focus on four themes.

1. What the Budget is calculated to do in moving the economy further,
2. The current stage of our socio-economic development,
3. Government's role in assuring rapid implementation of programmes and policies, and
4. The main challenge to the body politic in efforts to accelerate growth.

Mr. Speaker, last year, when I addressed this House, I recommended the inculcation of a more business-like attitude to work by the citizenry and a closer and more interactive relationship between the Public and Private Sectors of the economy in addressing the development needs of the country.

Working with that positive approach, the NPP government has set a historical precedent, the first since Independence, by reading the 2006 budget in November 2005, two clear months before the commencement of this financial year in January.

WHAT THE BUDGET IS CALCULATED TO DO IN MOVING THE ECONOMY FURTHER

Mr. Speaker, the aim of the budget is to enable government to move towards achieving its ultimate vision of middle income status for the country.

Currently, our economy is registering a 6% GDP growth rate. If our development goal is to be achieved, then we must achieve an 8% GDP growth on a sustained basis.

It is imperative therefore to enlarge the absorptive capacity of the economy so that the budget, loans and foreign direct inflows will work together to move the economy beyond the 8% growth rate.

The main growth strategy that is being adopted involves an improvement in the management of the governance system. The Ministry of Public Sector Reform which was established in May 2005, the first in the history of the country's administration, was an acknowledgement that implementation of fundamental public sector reform was critical in moving the economy, especially the Private Sector, to become the main engine of growth.

Another growth strategy involves diversification of the micro-economy. This entails diversification of agriculture and promotion of agro-processing, promotion of service industries like finance, tourism, transportation, and mining-related industries. In this case, let me cite the example of VALCO to illustrate its potential rippling effects on the overall economy.

The resuscitation of VALCO is the first step towards the establishment of an integrated aluminium industry whose raw materials include bauxite and limestone, both available in the country. The processing of caustic soda which is an important ingredient, requires large volumes of salt, which is also abundant locally. The potential of this single industry is so vast, in terms of revenue and employment generation; and if its types were replicated in other sectors of the economy, the combined impact will be phenomenal, and will rapidly move the economy towards the required growth.

Mr. Speaker, the budget has been read, and the appropriation bill passed. There is *absolutely no reason at all why implementation of government business should delay this year.*

I have therefore directed all Ministries, Departments and Agencies to discharge their obligations promptly to ensure that the public derives maximum benefit from the timely reading of the budget. I am seizing this opportunity to urge corporate Ghana, meaning the rest of the public and private sectors, to also take full advantage of this historic development.

CURRENT STATE OF SOCIO-ECONOMIC DEVELOPMENT

Mr. Speaker, this year's budget reflects the attainment of a certain level of economic stability which places the country in a position to press on for accelerated growth. Permit me to cite a few illustrations of interest.

- The nation is rid of crushing foreign debts following 100% cancellation of various bi-lateral and multi-lateral debts of around US\$ 7 billion over the past two years.
- The VALCO Plant is back on stream, and on this point, I want the public to appreciate that, government did not close VALCO. The mother company in the US, Kaiser, became bankrupt and invited Ghana to buy VALCO which was the solvent part.
- Major world class companies are investing in the country including Fruitier, Anglogold-Ashanti and Newmont. MAERSK is here to build a container terminal, to be the biggest in Africa.

- A consortium of investors comprising mining companies, port operator and foreign nations, has expressed interest in joining the government in rehabilitating our railway system by mid year.
- Access to the Millennium Challenge Account of the USA will hopefully come on stream.
- Gas from the West Africa Gas Pipeline is expected to be available by December this year.
- And there has been phenomenal expansion of social infrastructure like roads, schools, hospitals, clinics and telecommunication as well as ports and harbours, in addition to the delivery of improved social services like health, water and electricity.

So, Mr. Speaker, the vision and policies are right, the structures are in place and a firm foundation has created the plateau to serve as the spring board for launching accelerated growth. The challenge now, Mr. Speaker, is launching this accelerated growth. In practical terms this Challenge translates into vigorous, purposeful and effective implementation and monitoring in the conduct of business in all sectors of society, both public and private.

Indeed, no organisation should be exempt from the Constitutional requirements for transparency and accountability, in governance. This, coupled with effective implementation, monitoring and continuous evaluation will help us meet the challenge.

GOVERNMENT'S ROLE IN ASSURING RAPID IMPLEMENTATION OF POLICIES AND PROGRAMMES

Mr. Speaker, I am determined to strengthen the Presidency and consequently Government to achieve the vigorous, purposeful and effective implementation of policies that government envisages.

As I speak, a restructuring of roles and responsibilities for streamlining the Presidency is being undertaken with the view to optimizing the performance of all Ministries, Departments and Agencies of government on time-action principle.

With all due respect to the concept of separation of powers, I recommend that other autonomous organs of State adopt this principle of self-assessment to improve their performance. Here I refer specifically to the Legislature and Judiciary, so Mr. Speaker, and my Lord Chief Justice, I invite you both, to join the crusade and initiate action towards this goal in your sectors.

INVESTING IN PEOPLE, INVESTING IN JOBS

Mr. Speaker, the sub-theme of the budget, "investing in people, investing in jobs," captures the very essence of this government's policies since its first day in office – which is to create a just, humane and prosperous society in which individuals as well as groups are empowered to pursue their legitimate goals to realise their full potential and make their contribution to the development of the nation.

It was in view of this vision and the positive outcome of our policies and programmes that government decided last year, to re-direct its 5 priorities with a sharper focus on the three-pronged

priorities of Human Resource Development, Private Sector Development and continued good governance.

Mr. Speaker, this year's "good news budget" is to put additional vigour into the implementation of these priorities

HUMAN RESOURCE DEVELOPMENT

Mr. Speaker, government has initiated a medium-to- long-term Human Resource Development programme which has started with the implementation of the Educational Reform Policy. The reform is paying particular attention to vocational, technical and agricultural education and training. Teacher education is central to the reform, so all 38 of the country's teacher training institutions are being upgraded while 15 are being equipped to pay special attention to maths and science which have not received adequate support over the years.

FCUBE AND CAPITATION GRANT

An important part of the Reform is the extension of the Policy of Free Compulsory Universal Basic Education (FCUBE) to Kindergarten. This we believe will equalise opportunities for all children from age 4.

As you are aware, as of the 2005/2006 academic year, government has effected payment of 95 billion cedis as capitation grant for all pupils in public basic schools. Reports from the field already indicate significant increases in enrolment.

TEACHERS

Mr. Speaker, I have had the occasion this year to address teachers and I have assured them of government's commitment to their welfare.

As part of this commitment, government will continue to grant study leave to teachers at the pre-tertiary level on a quota system. Government will also pay full tuition for those who enrol in the distance learning programme while remaining at post.

I wish to reiterate what I have already announced; that government is initiating action towards the establishment of a hire-purchase system to enable teachers to acquire their own means of transport. A special Home Ownership Scheme is also to be established for them through the banking system.

Mr. Speaker, huge sums are being invested in education and it is only appropriate that the nation derives good returns on the investment.

Let me therefore use this occasion to stress that government expects a high standard of education delivery and professional conduct of teachers.

In line with this, a re-introduction of the Inspectorate Division, independent of the Ghana Education Service, (GES) is contemplated to ensure that this expectation is met.

TERTIARY EDUCATION

Mr. Speaker, government's commitment to infrastructural development and expansion of the various tertiary institutions as well as welfare of students and staff remains unflinching as has

been indicated in the budget. For example government has provided vehicles, including buses, to various public and private institutions.

The long-awaited Students' Loan Trust has also been established this year, with disbursement to commence from the beginning of the 2006/2007 academic year.

Let me remind students, parents and guardians and indeed the entire nation that, sustainability of the Trust will depend on the level of repayment by beneficiaries. All beneficiaries should see it not only as a legal but also a moral obligation to repay their loans.

PRIVATE SECTOR

Mr. Speaker, on the private sector development priority, government has already explained to the nation that because of the inherent capacity of the private sector to be the main generator of employment, it is receiving all the encouragement to become the main engine to drive the economy.

The country is familiar with many on-going strategies to solve nagging problems in the sector. In my address last year, I identified one such problem as lack of identification of operators in the informal part of the sector.

I am happy to inform the House that the ground work has been completed and the contract for the national identification programme is about to be awarded, after an international competitive bidding.

Mr. Speaker, another nagging problem has been the unavailability of long-term finance for business. Here too I am proud to inform

the House that:

- The Venture Capital Fund has been operationalised.
- The Export Development Fund continues to offer support to businesses.
- The micro loan scheme is in place throughout the country. Now an apex body has been set up with regional offices coming up. Hopefully, by mid-year, an international financial Services Centre (off-shore), to be the first west of the Atlantic, will be established as a joint venture between government and Barclays.
- The time for registering a business has been significantly curtailed. A one-stop registration centre is the ultimate aim of government.

Mr. Speaker, let me stress that, government's declared policy to stay out of business, does not preclude intervention or even direct involvement when this will best serve the national interest. For example Government's involvement in resuscitating VALCO is leveraging partnerships with world-class businesses to come to Ghana. The same objective is leading government to intervene in Ghana Telecom and Juapong Textiles limited to safeguard the national interest.

In due course, as the economy strengthens, government will cut back through flotation on the stock-exchange to enable the citizens acquire shares.

EMPLOYMENT GENERATION

Mr. Speaker, let me turn my attention to various strategies to prepare people for employment. These include skills and entrepreneurship training and development, establishment of new small and medium enterprises, financial and technical support for start-up and expansion of business. In addition, economic diversification, through Presidential Special Initiatives, are being pursued. Further, all districts are being encouraged to establish community-based industries and commercial enterprises as a way of generating high levels of employment.

Government is also enhancing an export promotion drive through the Ghana Investment Promotion Council and the Export Processing Zones. Promotion of made in Ghana goods is proceeding with vigour as a way of expanding opportunities for local business.

Mr. Speaker, the 2006 budget focuses on the provision of jobs. Indeed, this has been a campaign promise of the NPP, and I am pleased to inform you that in a conservative estimate, over 250,000 jobs have been generated over the past two years. These have been created by programmes of the Ministry of Trade, the National Board for Small Scale Industries, the Free Zones Programme, which alone employed over 9000 full time workers, and the Ministry of Road Transport which has given work to over 83,000 Ghanaians among others. The Ministry of Manpower, Youth and Employment is embarking on a comprehensive youth employment programme in all districts of the country which will generate over 170,000 more jobs by the end of this year.

These figures reflect direct jobs created by the public sector, but the multiplier effect makes the actual numbers even higher.

Currently, the expansion and diversification of agriculture, especially the mass spraying of cocoa, storage of agricultural produce, agro-processing and marketing all constitute important sources of employment generation; so does the fisheries sector where both marine and inland fisheries development are receiving a boost.

The strategic industries and infrastructure like Valco, the oil-refineries, the West Africa gas pipe line, railways, the mines and the airlines, as well as ICT are all enhancing employment opportunities within the country.

THE MAIN CHALLENGE TO THE BODY POLITIC IN EFFORTS TO ACCELERATE GROWTH

GOLDEN JUBILEE ANNIVERSARY

Next year, Ghana will celebrate her golden jubilee anniversary. Mr. Speaker, 50 years is a long time in the life of a nation. On this birthday, we must view the positive adjustment of our attitudes as mandatory. We must break from past lethargies and refocus for the future as one nation, with one destiny.

This anniversary also provides a unique opportunity to exploit the nation's tourism potential to the maximum.

Already, government has initiated measures to brand Ghana as the preferred tourists' destination in the sub-region and the African continent.

In pursuit of this objective, government has surveyed the entire coastline of the country and other local tourist attractions, in order to make land available for investments in the sector. Government has further structured new incentive packages designed to attract

industry leaders to invest in Ghana. The celebration of the Golden Jubilee will demand infrastructural support, especially, in the hospitality sector. I am happy to confirm to Ghanaians that government has awarded the contract for the construction of a new modern hotel on the site of the old Ambassador Hotel. Simultaneously, the City Hotel in Kumasi is also being restored. These prestigious hotels have been allowed to deteriorate, in some cases, beyond any recognition, and Ghanaians must be pleased that the restoration process has commenced.

The Ministry of Tourism and Modernisation of the Capital City has already embarked on capacity building in anticipation of the demands of the Jubilee Year. This capacity building is to become a permanent feature of Ghana's hospitality industry.

Mr. Speaker, the anniversary year should see the nation with an improved outlook. To achieve this, government will sustain the implementation of programmes with particular attention to social services delivery.

HOUSING

Mr. Speaker, at long last the housing sector is coming into its own. Affordable residential accommodation projects have commenced this year in Kpone and Kumasi. These are not limited to the urban areas but are to be replicated throughout the country.

HEALTH

Similar attention will also be paid to the health sector to promote wider coverage for the National Health Insurance Scheme. Government is fine-tuning the management of the Scheme, and I urge members of this honourable House to support the registration drive across the length and breadth of the nation.

ICT

Mr. Speaker, ICT is now the acknowledged major player in global business and national development. Ghana is making great strides in this area and is now seeking to extend the fibre optic backbone to cover the entire nation. This will enable the citizenry to access affordable broadband connectivity. The regulatory environment is simultaneously being fine-tuned.

Mr. Speaker, you would observe that to a very large extent, the nation has enjoyed peace and stability. The nation has been able to achieve this tranquillity through this government's strict adherence to good governance and the rule of law. On this, I should urge all sections of our community to cooperate with government to entrench and sustain the peace and stability which has made our country the envy of the continent. The benefits accruing will be manifold, and will be felt even on the economic front.

AFRICAN PEER REVIEW MECHANISM

Mr. Speaker, it was in pursuit of good governance that this government acceded to the African Peer Review Mechanism (APRM). Let me use this opportunity to emphatically clear the misperception that the Report's main purpose is to indict. Rather, it is an attempt to evaluate for commendation or correcting a country's various processes. In Ghana's particular case, the Report avails us a comprehensive, bird's-eye view survey of our constitutional, socio-economic and corporate governance approach to development. Our strong and weak points are at once exposed. We are thereby enabled to emphasise or de-emphasise these points as and where necessary, to achieve overall efficiency in our development efforts.

Mr. Speaker, the mechanism additionally underscores the new political will to serve the well-being of our people. It demonstrates our commitment to democracy and good governance as prerequisites for development. And it brings to the fore, the challenges and opportunities that could be unleashed by a true partnership, first and foremost among us the nations of Africa to create the critical mass for socio-economic development of the continent, and then, with the rest of the world to secure a truly functioning and dignified participation in the global market.

REGIONAL GROUPING

Mr. Speaker, the whole world is converging in various regional and sub-regional groupings not just for collective security but also, to exploit economies of scale in the face of the aggressive competition on the global market. Africa and Ghana cannot be different.

Indeed, Ghana is currently a partner with Benin and Togo in constructing the West Africa Gas Pipe Line to access natural gas from Nigeria. It is also a member of the West Africa Power Pool and the ECOWAS Bank. Ghana is actively involved in the search for a common currency for the West Africa Monetary Zone for Anglophone West Africa, as a first step towards the ECOWAS monetary integration.

In the mean time, Ghanaian soldiers continue to participate and distinguish themselves in peacekeeping in the sub-region and beyond.

Mr. Speaker, by acceding to the APRM, Ghana has earned great respect from fellow African nations and indeed the larger international community who see Ghana as a haven of peace

within the ECOWAS sub-region and Africa. It is therefore not surprising that Ghana was elected to serve as a non-permanent member of the UN Security Council.

GHANA - 10TH HAPPIEST COUNTRY IN THE WORLD

Mr. Speaker, this brings my mind to the findings of a study posted on the web which said Ghana is the 10th happiest country in the world coming ahead of both the United States of America and the United Kingdom. For whatever it is worth, we should take pride in being so perceived.

Mr. Speaker, pride and love for one's country are what is expected of its citizens. As Ghanaians, our destinies are inextricably linked with that of the country which bestows on us sovereign rights of citizenship. We also know from our recent history that we cannot take our rights for granted. This is precisely why we must not cynically denigrate the country, or the government and the institutions that strive to uphold those rights. Indeed, rights must always be exercised with responsibility.

NEGATIVE PUBLICITY OF GHANA ON WEBSITES

In this regard, let me refer to certain websites which continue to post very uncomplimentary stories about this country on the internet. Deliberately or inadvertently, such stories tend to undermine the integrity and image of the country and its institutions. Mr. Speaker, the whole world is in competition for investment capital, and this act which drives away potential investors is unfortunate.

We must realise that, the strength and beauty of democracy lie in the power of choice. We must be careful not to let people who do

not subscribe to the tenets of democracy take advantage of the freedoms guaranteed thereunder to subvert democracy.

Mr. Speaker, there is a matter of topical interest. It was in the President's Sessional Address of 1996 to consider ways of extending the ballot to our nationals abroad. Ten years down the road, interactions conducted across the country have unearthed both difficulties and fresh insights. Government has deemed it timely to move ahead with the Bill. It is up to Parliament to debate and approve or not to approve the Bill. For any person or group of persons to threaten mayhem is unacceptable.

The implementation of the Bill, once passed, is in the ambit of the Electoral Commission, not government, and it need not be implemented at once, as indeed there are laws on the Statute Books which are yet to be implemented. In any case, why is there so much nervousness about something initiated a decade ago by some of those now protesting? There must be an unwholesome motive to the protest, to which the country should be alerted.

CORRUPTION

Mr. Speaker, I am not about to forget the subject of corruption and the perception that government is not doing enough to fight it.

Let me reiterate what government has been doing. Budgetary allocations to the state institutions with responsibility to investigate and prosecute corruption here quadrupled since 2001.

As President, I was willing to appear before CHRAJ on the charge that I had applied state funds to effect adjustments to my private residence. My attorneys worked on my behalf to respond to the

charge. Somehow, the person who laid the charge, an Honourable Member of this House, just failed to prosecute the case and yet charges of that kind continue to be made. Where does it happen in these parts that a sitting President so readily submits to investigation?

There is no denying the media's rights to publish stories of corruption. This government is always ready to cooperate with the media, and recognises their watchdog role over society. But it is only fair that when there is an allegation of corruption made against people in government, media people should go directly to the Police, not the President. Those who feel they must come to the President may address their concerns to the office of Accountability which can be trusted to act independent of government.

PRIORITISING THE PRESIDENCY

I am pleased to take this opportunity to inform the public of another important bit of good news.

For so many years, we have surprisingly, indulged ourselves in a destructive culture of non-maintenance. This government is determined to reverse this trend, and restore the country's prestigious properties appropriately. With this in mind, the refurbishment of Peduase Lodge has already begun. This Government is also ensuring that Ghana has a fitting Presidency. Some have queried whether these are indeed of priority. Anybody who visited Peduase Lodge or the Flagstaff House over the last few years would have walked away ashamed and embarrassed at the decay and deterioration.

We should ask ourselves why we have since Independence held Christiansburg Castle as a token Presidency. None of our

Presidents have really lived in the Presidential apartments at the Castle. It is simply not built for families. It is high time Ghana had a befitting Presidency and this Government will, God willing leave that legacy.

This government recognises the need to ensure balance at all times. This is why money is not being taken from the budget to fund this project. Provision for all other priorities remain are on course. To execute this project, a concessionary loan from the Government of India has been sourced. The loan has a 5 year moratorium and a 20 year repayment period, and attracts 1.75% interest, with a 40% grant component. This is the capital that will be used to execute this project; I assure Ghanaians that the returns would be a hundred-fold.

CONCLUSION

Mr. Speaker, let me conclude my address by thanking you, the honourable members of this August House, and the other arms of state, especially the judiciary, for your attention.

The checks and balances principle, is not designed for the purposes of adversity. Rather, it is for the pursuit of the common interest of the nation in a responsible and harmonious manner.

Thank you, and may God bless us all.