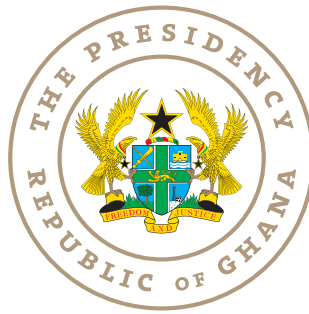




**OPENING ADDRESS BY H.E. JOHN DRAMANI MAHAMA, PRESIDENT OF THE
REPUBLIC OF GHANA, AT THE NATIONAL ECONOMIC FORUM
[SENCHI- AKOSOMBO TUESDAY, MAY 13TH, 2014]**

The Vice President of the Republic of Ghana
Her Ladyship the Chief Justice
H.E. former President Jerry John Rawlings
Secretary General of the TUC
Senior Citizen and renowned Economist Mr. Kwame Pianim
Paramount Chief of Akwamu and the Queenmother
Distinguished Guests
Ladies and Gentlemen

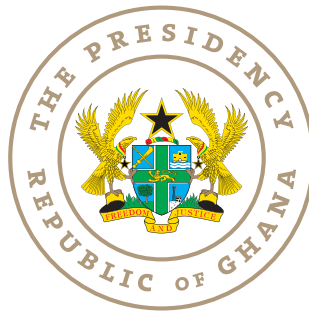
It is a pleasure for me to be here today, but it is an even greater pleasure for me to welcome you here, to this gathering. Your presence here is a positive indication of a collective desire to rise above the petty politics that so often leave us feeling divided so as to contribute to this national dialogue about ways to support the transformation of our economy.

Let me first start off by admitting that like so many good ideas, the idea for this forum is not a new one. It has been well tested, and it has, in its previous incarnations, proven itself to be a useful tool in planning and policy-making.

The organisation of this forum represents the continuation of a tradition. In 1997, the NDC held the first-ever national economic forum. In 2001, the NPP successfully replicated it in the form of a national economic dialogue. In fact, tomorrow, the 14th of May 2014, marks the 13th anniversary of that dialogue, for which Ghanaians from diverse backgrounds came together to deliberate on the issues around which we, as a Nation, must consider and find consensus in order to move forward.

I am proud to say that I participated in these earlier economic consultations, first as a Deputy Minister of Communications in the then-NDC Government; and then, again, as a Minority Member of Parliament during the then-NPP Administration.

I found those economic dialogues useful in the sense that they allowed a broad spectrum of expertise to be brought to bear on our economic policy formulation.



Those forums afforded us the opportunity to hear other voices. Those forums promoted understanding and though we did not miraculously find unanimity, we were able to forge a consensus behind critical economic policies such as the HIPC Initiative and the Poverty Reduction and Growth Strategies (PRGS) of the past decade.

As a government, we remain convinced that forums such as this are one of the surest ways to engage the public directly. Forums such as these are one of the surest ways for us, as a Nation, to chart a credible and lasting course for our collective development.

My Fellow Citizens,

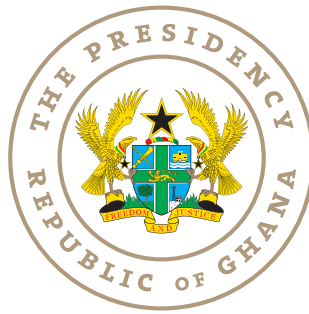
One of the most dangerous conditions that we as a Nation can allow to exist is cynicism. We need to speak in order to be heard. We cannot remain silent on issues that affect the Nation. We need to talk with one another, rather than at each other. And we need to listen, to be thoughtful in our consideration.

We will, of course, have divergent views. And even if we agree on ideas, we may differ in our opinions on how to implement them. But what we do share, what we will always have as our common ground is our intention- we all want to see Ghana succeed and to that end, we all want to find a solution that is practical, a solution that is sustainable.

It is in this spirit of inclusiveness that we have invited you here today, and that you have also graciously accepted. The circumstances under which this forum is being held make it markedly different than the previous two economic forums.

Firstly, Ghana is no longer just another developing country; we are classified as a middle-income country. Truly, we are currently at the lower end of the middle-income spectrum, but we are working hard to consolidate this new status. We are working hard so that soon enough, in the foreseeable future, we can attain upper-middle-income status and, shortly thereafter, graduate into a high-income status.

Secondly, we are in the midst of overcoming various challenges associated with this new national income status while at the same time striving to develop the institutions that would enable us grow and transform our economy at this time of great volatility and uncertainty in the global economy.



Three aspects of these challenges to which I've referred have remained particularly persistent over time. These are:

- a) the rising debt levels, as well as the associated burden of servicing them;
- b) the disproportionate amount of government revenue that goes into the payment of salaries and benefits of public sector workers and pensioners; and
- c) the resultant high budget deficits.

Every government that Ghana has had over the course of the last decade has had to confront some of these challenges. This alone implies that they are of a complex origin, that they are structural problems that have taken years, in some cases decades, to manifest. It implies that they will require the sort of solutions that we have gathered here today to create- solutions that have been subjected to the scrutiny of many; solutions that have been shaped by the voices, the hands and the vision of many.

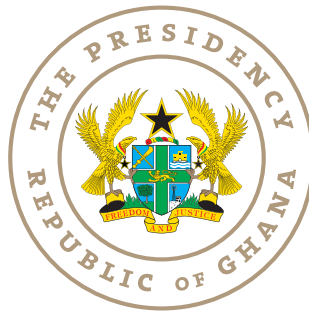
My Fellow Ghanaians,

As you approach your discussions, I want you to bear in mind that despite these challenges, we have managed to steer the economy to some of its highest growth rates on record. In 2013, growth was a respectable 7.1%. That same year, the growth rate for the world economy was 3.0%; the growth rate for emerging economies was 4.7%; the growth rate for sub-Saharan Africa average was 4.9%, and the growth rate for the advanced economies averagely was 1.3%. In the medium to long term, we expect to raise this to an average annual growth rate that is above 8.0%.

2013 growth of 7.1% is impressive against a backdrop of reduced commodity prices for our major exports gold and cocoa and an energy crisis triggered by disruption of gas supplies from the West African Gas Pipeline.

As a government, we have done—and will continue to do—our best to deal with the aforementioned challenges. Some of the measures that we adopted have imposed unintended hardships—but these hardships are temporary and will not last beyond the short term. Already the positive results are beginning to show in the form of a slowdown in the growth of the wage bill, and other indicators against the background of a relatively strong economic growth.

The wage bill (excluding arrears), as a share of total tax revenue, declined steadily from 65% at the end of 2012 to 57% at the end of 2013. We are however still far from



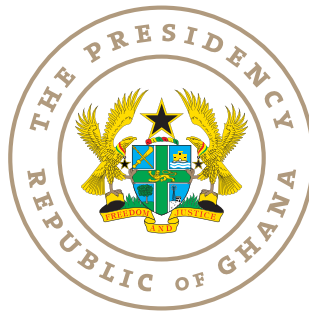
achieving the target spelt out in the West African Monetary Union convergence criteria of 35%.

In August of 2013, government hosted a forum of all key stakeholders in Ho in the Volta Region to deliberate on strategies for sanitising the wage bill in order to free resources for other critical investments, such as education, health and infrastructure. That forum concluded with a communiqué of 18 very important recommendations.

Among those recommendations were the following:

- That to ensure the sustainability of the single spine pay policy, expenditure on personal emoluments should be subject to the overall budgetary constraints of Government. (This requires that Government and organised labour should meet periodically to review the single spine pay policy and its implications for the short-, medium-, and long-term condition of government's finances).
- That there is the need to remove wastage and seepage in public pay administration, including having a human capital database linked to the payroll as a way of ensuring that all ghost names are permanently removed from the system. And, as I announced on May Day, we are about to embark on a vigorous exercise to discover and remove ghost names and to severely sanction any persons responsible for the insertion of such names.
- That pay should be linked to work and productivity in the public sector based on target setting and performance.
- That the relevant agencies should develop a national productivity policy with indicators to guide public sector/service pay administration, and
- That subvented agencies that have the capability to exist on their own should be identified and gradually weaned off Government subvention without delay.

Not long after that forum, the Minister of Employment and Labour Relations put together an advisory committee for the purpose of implementation. I am happy to announce that the committee has completed the first phase of its work and submitted its report to the Economic Management Team, which is currently reviewing the report prior to its submission to Cabinet for further consideration.



We have also put in place a new strategy to effectively manage our debt. The goal is to bring the total debt stock and the associated servicing to more manageable levels. A key element of this strategy is to separate loans that could be commercially self-financing from those that must be financed from general government revenue.

The Ghana Infrastructure and Investment Fund is one of the many tools we are using to pursue this strategy. Cabinet has already given its blessing to the Fund, and it will soon be presented to Parliament for their review and endorsement when parliament reconvenes from recess.

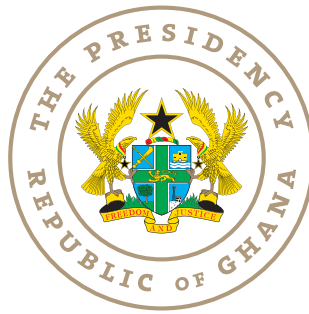
Another strategy is to implement effective prioritization in the selection of activities or projects to be financed through loans or other forms of credit. Selected projects must be determined to be of prime importance to our Nation's advancement and progress.

Fellow countrymen and women,

Since 2013, we have undertaken several measures to restore macro-economic stability and achieve fiscal consolidation. These measures were scattered in many policy directives including the budgets of 2013 and 2014. There were some measures also included in the mid-year review of last year's budget, 2013. We realized that in view of the scattered nature of these policies and measures, they did not promote a fair understanding of what we wanted to achieve.

In early April therefore, we decided to aggregate all these measures and initiatives into a single document and presented it to the people of Ghana through their representatives of the people of Ghana in Parliament. A more detailed version of the document that was read in Parliament was later presented to the IMF as part our Article IV consultations that it undertakes with all of its member states.

I wish to take this opportunity to state, with great emphasis, that as President I have not taken any decision to enter our country into an IMF programme. What we are concentrating on is the preparation of a homegrown strategy of fiscal consolidation. It is our expectation that both our domestic and our international partners will join us in the implementation of this strategy. The briefs that were presented to Parliament and then later to the IMF under our Article IV consultation represent work in progress and would be finalised through broad consultations, such as the forum we



are holding today. Later today, Minister of Finance Tekper will make a presentation in which, in which I am sure he will highlight some of these initiatives.

It is a tragedy of our very polluted and extremely partisan political environment that such a simple misunderstanding of the relevance of this innocuous document should become the basis for a major political player to stay away from this all-important national exercise.

Those of you who have shared your views under the umbrella of hash tag Bring Back The Cedi (#BringBackTheCedi), you will be pleased to hear that the Bank of Ghana initiated a number of measures to stabilise the cedi and foster the overall stability of the financial sector, including controlling inflation and the exchange rate.

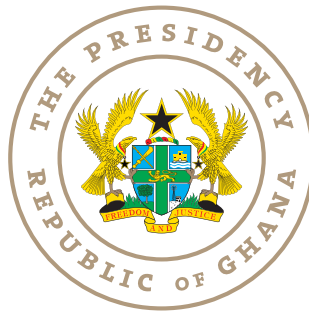
My Fellow Ghanaians,

I want you to know that as President it is with great interest and an open mind that I always listen to your views. I am aware of the concerns raised in various quarters of the population about the effects of these measures by the Central Bank. As a government we believe that the actions taken were in the best medium-to-long-term interests of the country.

Still, as promised, a review of those measures was scheduled to take place after three months of implementation, and we await the results of that review from the Bank. It is our hope that the review addresses the unintended implementation flaws and allays whatever fears or anxieties the public in general and the investor community in particular have expressed out the measures in order to foster the broad macroeconomic stability that we all so very much desire.

In this year's State of the Nation Address, I spoke of the fundamental flaws that we have in the structure of the economy and I announced some strategies that we will implement immediately to rectify them. Since then, I have established a unit in my office to track the implementation of these measures and I fully expect to be able to report positively on them in my next State of the Nation Address to Parliament.

Right now, we turn our attention to you, those whom we serve, the Ghanaian public, to also hear what you have to say and to explore how that can help advance our collective economic progress.- the voices of those present represent businesses, non-



governmental organisations, professional associations, academia, traditional leaders, and many other segments of our total population.

Over the course of the next four days, we expect to tackle some of the challenges that have defied successive governments over the past decade, be they NDC or NPP.

Every government, for example, has succeeded to various degrees in attaining macroeconomic stability but as of now, none has been successful in finding a way to sustain it. Indeed, almost every government leaves office with a less-than-desirable macroeconomic situation, and the government that will succeed it then spends the next 1 to 2 years bringing the economy back from the brink. It is a vicious cycle that we must break. It is clear that we know how to attain this, but now, we must learn how to sustain it.

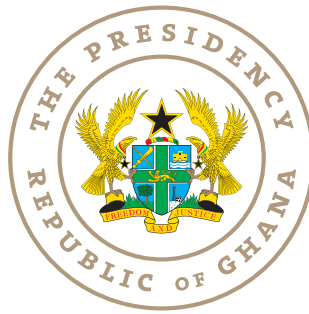
We hope that this forum would help us do precisely that.

But as important as the macroeconomy is, we must also look at the bigger economic picture and devote a fair amount of time to the other side of the economy too, namely the micro, or productive sector. [That is where the action is.]

We are especially interested in how best the private sector can play its role not just in profit making but in its contribution to the overall national and human development through job creation and decent work. We need to work with the private sector as partners.

Recently, I held a series of dialogues with representatives of the private sector with a view to understanding how government can assist them to grow their businesses. I have received the minutes of those meetings and have requested that they be sent for validation and commentary by those who were present so that together we can fashion the next steps forward. But even before the completion of this exercise government has activated support to the pharmaceutical, poultry, rice and aquaculture sub-sectors.

Preparations are also well advanced for the launch of a major campaign to promote the consumption of products made in Ghana



We cannot talk about the private sector without addressing the issue of credit – both in terms of access and of affordability, especially among SMEs. Although these SMEs account for over two-thirds of employment in our country, their further expansion and further job creation remains constrained by access to affordable finance, limited markets and of course, infrastructure bottlenecks, among other things.

As a government, we have put in place a number of interventions, but we will require more than specific interventions, whose effects tend to be limited. What we require is a broadly sound and predictable environment that will allow new businesses to rise and existing ones to thrive.

Beyond credit, I would like for you to consider less-explored issues such as the logistics sub-sector, which is critical to our agenda of socio-economic transformation. Logistics, including transportation and storage, form a core part of supply chain development, which in turn is critical to value chain development. How all these elements come together to create a sound and efficient framework for economic growth and social development is something we are very much interested in having explored during the course of this dialogue.

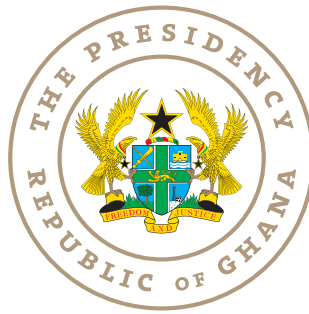
The days of sole proprietorships and sole director companies are over. In this first decade and a half of the 21st century, we are witnessing how the playing field is being taken over by the creative and innovative, and how it is being redefined by cross-fertilization through joint ventures, mergers, takeovers, public listings and the such. The Ghanaian private sector must be bold and adventurous.

Now is the time.

We must enter into partnerships, if need be, to raise the capital and acquire whatever expertise we do not possess in order to grow our businesses. We must be willing to take risks. We must be willing to explore options other than those with which we are familiar.

My Fellow Ghanaians,

We look to you to work with us, in the spirit of nationalism and patriotism, to collectively identify some of these options. We look to you, in carrying out your deliberations, to take a critical and deeper look at the statistics with which we have become increasingly familiar because at first glance they may sometimes only tell a small portion of a more complex story.



Allow me to share with you an example of this. In recent times, thanks to the tireless efforts of our farmers, we have been fortunate enough to have cocoa production rise steadily to record levels, averaging at least 850,000 tonnes per year.

This is nearly 40% higher than the 581,000 tonnes we produced in 1965, which at the time was a record. However, in per capita terms, cocoa output in recent times amounts to only 33 kilos per capita per Ghanaian, compared to 75 kilos per capita per Ghanaian in 1965.

If you therefore concentrated on the statistics only with respect to the tonnage, you will see a dramatic increase in production, but if you look at the per capita, our production per capita is lower because of the increased population. Indeed, since 1984, real cocoa prices on the world market have been declining by an average of over 1.0% per year. If ever there were a case for us to diversify our economy and add more value to our primary commodities, this would be it.

But let me state clearly – and to assure our farmers, in particular – that diversification does not mean that we will leave them and others behind. In fact, diversification and industrialisation offer a unique opportunity for us to make optimal use of primary commodities like cocoa.

This will not only raise the incomes of farmers, but it will also create employment and by so doing help raise national income and therefore reduce poverty. But in order to attain –and sustain– these goals, we need a road map.

My Fellow Citizens,

Your presence here today will enable us to work together towards the creation of such a map. As I have already noted, we have begun a lot of work in this regard, but we believe that it is time for us to create a platform that is non-partisan; it is time for us, as a government, to create a specific space within which the people of Ghana can address us, and each other. It is a space, a platform, for you to share your views, experiences and aspirations on the direction of economic policy.

The time is now for us to come together, it is a time for us to work together.



These are challenging times, but we have gone through times that were even more challenging than these and we have survived. These are also promising times, and I have every faith that together we will emerge from these challenges more victorious. We will emerge from these challenges stronger and better. We will attain the success that we seek---and in so doing, we will find the ways and means to sustain it and I believe that Ghana will be a more prosperous nation.

My Fellow Citizens,

I thank you again for your presence and participation. I wish you fruitful deliberations and I look forward to meeting you again at the end of this conference.

May God bless you.

And may God bless our homeland Ghana.