

Third Freedom Power Lecture: Assessing Ghana's Democracy: What's Right, What's Wrong and the Future: FRANKLIN CUDJOE, 26/09/ 2012, COCONUT REGENCY HOTEL

Honourable Chairman, distinguished guests, good evening and thank you for making time for this evening's programme. I must admit that a topic of the nature I have to contend with leaves me with wide ranging powers to speak ad infinitum and in the process may not deal with the expectations of our wonderful audience gathered here tonight and those listening to us on JOY 99.7 fm and affiliate radio stations. Nonetheless I thank the Centre for Freedom and Accuracy for believing that I will not disappoint all of us.

Mr. Chairman, our democratic journey has been one with respectable landmarks and yawning gorges as well. Admittedly, the last two decades of the fourth republic seem easy prey for a titillating discussion as that period represents the most stable and successful expression of democracy in Ghana. Even then a deeper introspection is needed in order that the future may be more predictable.

When I advertised on my face book wall that I was going to speak about the future of democracy in Ghana, a very prominent traditional Chief and friend remarked. "If you were speaking about Ghana's Past in democratic practice you would have had to wait for another panel otherwise". On the contrary, I believe a historical recollection is in order to aid our understanding of the present. That way as Karl Marx said "history repeats itself first as tragedy, second as farce", we will be guided to make the right calls in the future.

Ladies and Gentlemen, please let me say ahead that unlike the normal academic discourse that typify such functions, I will significantly depart from the norm and deal more with the identifiable gains we all expect for surrendering our rights and privileges to governments in furtherance of the democratic agenda. In a democracy, ladies and gentlemen, the government does not conduct itself creditably because of its magnanimity. It does so to survive, which by definition cannot be considered praiseworthy. After all wasn't it an African jurist who asked, how can one be talking about democracy and the rule of law when the stomach is empty. However, I am not talking about filling our bellies with dinner after tonite's programme. I am dealing specifically with the dissonance of what is to be from what it has become. However before I indulge you, permit me to attempt a working definition of democracy.

Democracy can be defined in the "narrow" and "broad" sense, but complementarily, both give a deeper understanding of the concept. Narrowly, democracy is defined as majority rule, which is a system of governance where the people choose their leaders through electioneering. This is also known as electoral democracy and it shows how mandate or

power is derived. Ideally and broadly, a true democracy should encompass both electoral democracy and liberal democracy.

A Liberal democracy according to the online library, Wikipedia, is a form of government characterized by fair, free, and competitive elections between multiple distinct political parties, a separation of powers into different branches of government, the rule of law in everyday life as part of an open society, and the protection of human rights and civil liberties for all persons..

In Practice though, a liberal democracy is one that draws from a constitution either formally written or unwritten to delineate the powers of government in the quest to fulfill the social contract. It is the social contract that determines what ends the mandate to rule serves; whether the majoritarian wish list gets granted with scornful treatment of the minority, or otherwise; what outcomes are achieved for individual flourishing, and broad economic opportunity all in the pursuit of peace, freedom and prosperity and good neighbourliness? If this were not the case then democracy would be what Thomas Jefferson describes as *“nothing more than mob rule where 51% of the people may take away the rights of the other 49”*

Now ladies and gentlemen a historical account:

Dr. Kwame Nkrumah was no doubt a giant in Africa’s long march to freedom. He led with the bravado of a true patriot at great personal risks to himself and family to unshackle Ghana and Africa from the iron claws of colonialism. So, to the extent that many Nkrumahists strongly believe in the democratic centralist philosophy of his leadership, it requires some examination.

When Nkrumah’s “democratic” rule was abruptly terminated through a coup d’état, in 1966 a litany of reasons were given for the treacherous act. The most important chorus was the involvement of the western- backed intelligence agents and their precocious terror gang in the opposition who were working against the interest of a pan African union .However, there was enough evidence of widespread abuse of civil liberties at home that berthed the instigation and unfortunate revolt that led to Nkrumah’s overthrow.

However, the result of Nkrumah’s economic supervision was a pale shadow of his utopian vision of equalising access to welfare for all. By 1966, more than fifty state enterprises set up were badly managed, weighed down by inefficient bureaucracies and run at a huge loss.

Ghana's official external debt reached £184 million in 1963. A year later, it stood at £349 million. It was clear that Nkrumah's handling of the economy was frightening. He had within a relatively short time plunged Ghana, a beacon of hope to the rest of Africa and one of the most prosperous countries in the tropical world into bankruptcy.

In his book, *From Subsistence to Exchange*, the late Lord Peter Bauer asserted, "until the advent of Dr. Nkrumah, Ghana (the former Gold Coast) was a prosperous country as a result of cocoa exports to the West, with the cocoa farmers the most prosperous and the subsistence producers the poorest groups there"

It does appear that the infamous coup of 1966 was not largely the conception and execution of some white men in the middle, but from deep seated animosity for economic paralysis. But was a coup d'état the only way to have registered our disdain for untoward economic and abusive behaviour?

We may quibble over this narrative as I'm spotting some heads here shake in disbelief and utter awe, but it seems to me the matter can be settled with a story General Arnold Quainoo, Ghana's former Army Chief told me in August 2008 that "when you start quarrelling openly with your girl friend, that is when other men will start talking to her. He added, the fall of almost all ancient civilisations was domestic induced, not foreign hatched. Admittedly even agent provocateurs will always wait for the right call before plying their trade.

General I.K Acheampong said during his tenure as military head of state that "In the battle against inflation, one main weapon must be the control of government expenditure itself. Recourse to the Central Bank to support the Budget and the consequent very high level of monetary expansion in recent years must be halted" However, under his supervision, precisely between 1973 and 1978, the 1979 government budget statement admitted that "more than 70 per cent of every budget deficit has been financed by the Bank of Ghana, resulting in the injection of substantial amounts of new money into the economy". Inflation in 1977 was more than 100%.

The 1981-82 Revised Budget statement of the PNDC administration under its Chairman, Flt. Lt. Rawlings gave a litany of reasons for President Limann's overthrow.

Public corporations have been so grossly mismanaged that most of them have come to depend on government for outright subventions, subsidies and guarantees of loans from the banking system. ; indeed some of these institutions have not had any accounts published for as many as four years or even more. Even the central government accounts are in arrears by three years. In order to finance all these financial demands of the government, the previous Limann Administration resorted to the printing of more money.

It was clear that Rawlings' regime meant well. In 1983, Rawlings accepted to reform and maintain market discipline. Rawlings' embarked on privatisation of state assets, including over 243 state sponsored enterprises. Significant achievements were chalked. Meredith reports that "Cocoa production increased from 155,000 tons to 220,000 tons by 1986. Food production per capita also rose. The manufacturing sector expanded. Inflation fell from 123 per cent in 1983 to about 40 per cent in 1990. Between 1984 and 1989 annual economic growth reached on average six per cent. The World Bank and IMF were happy to present Ghana to the world as a "success story" and "role model for Africa".

A little over a decade later, the "World Bank admitted in its 1996 Country Assessment Report that declaring Ghana a "success story" was a mistake and not in the best interest of the nation." But a lot had been lost. Between 1983 and 1988 Ghana's debt had soared to \$3.3billion, growing to \$4billion at the end of 1996. In 2000, the debt stood at \$5.2 billion. By 1998, after fifteen years of economic reforms Ghana's Gross National Product was 16 per cent less than it was in 1970.

By the time Rawlings left power in 2001, Ghana's economy had the following features. Gross Domestic Product was 3.7%, an interest rate 50% with a 91-Day Treasury bill Rate at 40.5%. Ghana's Total Debt as a ratio of GDP was 189%. International Reserves stood at \$ 253 million, adequate for just three weeks of import cover. The daily minimum wage, a cost of living indicator was a paltry 29 Ghana pesewa (29 cents). Ghana's external debt stood at \$5.2 billion. The rate of poverty was pegged at 39% in 1999 and the per capita income was \$300.

In 2000, the New Patriotic Party (NPP) edged out Rawlings' National Democratic Congress party and Mr. John Kufour was elected President. Similar cries of a broken economy excited the donor community. Through yet another economic restructuring pill, Ghana was encouraged to join the Highly Indebted and Poor Country (HIPC) initiative. A state banquet was even organised to celebrate our qualification as a Highly Indebted and Poor Country. HIPC enabled external debt forgiveness of \$5 billion, reducing total debt service from 15.6 % in 2000 to 4.9% by the end of 2006. Two weeks after the 2005 G8 summit in Gleneagles, Scotland announced a debt relief package for us, our Minister of Finance was in parliament and amidst loud applause from all Parliamentarians, Majority and Minority inclusive, \$20,000 car loans and \$60 a day rent allowances were being shared, when the per capita income for everyone else was \$360. Kufour actually ended up awarding himself a gold medallion in the name of THE GRAND ORDER OF THE STAR AND EAGLES OF GHANA, something he thought would be a legacy but apart from him, his predecessor Rawlings did not accept it neither would Late President Mills Posthumously.

In 2008, John Kufuor's NPP government boasted of a superior management of the economy growing the Ghanaian economy from a nominal GDP of \$3.9billion in 2000 to \$ 16.3 billion in 2008 and per capita income rose from \$350 to \$600, all translating into 28% poverty rate as of 2007.

However, much of the relative gains made by the NPP began faltering in the last two years of its administration, specifically in 2007 and 2008. The NPP lost political power to the National Democratic Congress (NDC) led by Prof. John Mills in 2009.

The transition team of the current NDC administration said in their notes;

The NPP government overshot its projected budget deficit by 697.1% in 2008 and this "means that it would be very difficult to implement the salary increases announced by President Kufuor on the eve of his departure as this would create severe challenges for the economy. Most of the "macro-economic stability" trumpeted by the NPP was due more to increased donor inflows, which gave us the dollars to support the cedi, rather than being the result of vigorous growth in the economy and in exports.

Predictably, the World Bank advanced nearly a \$1bn to the ruling government to as it were balance out the deficits in spite of the fact that our major commercial exports were doing well. We weren't really plugged into the global economy but the fact that we operated a liberalised foreign exchange account, foreign investors drew substantially from our vaults to solve domestic pressures. It has never been the vile propaganda that the foreign accounts with its gold deposits were depleted by local politicians. But then if we had managed the last two years of the Kufour administration well, our deficit situation would have been good. All Western donors need is gap in our finances for them to fill, irrespective of the cause of the gap.

Ladies and gentlemen, you will agree with me that the various economic management scenarios are not substantially different from one another. We may therefore ask of the present administration: What is the budget deficit situation now? What recently happened to our cedi against the dollar and other major currencies? What just happened to the numerous loans and many big ticket transformational projects that had unfortunately not seen the light of day? What is significantly responsible for the near 14% GDP growth? Isn't it oil? Can't we make rational equalisation arguments that aid it received replaced oil revenues and more aid than the previous regime? Hasn't the ruling NDC found more money 6bn cedis to pay single spine salaries in spite of the lamentation that it couldn't due to depletion of coffers by the predecessor? According to the Bank of Ghana, Ghana's national debt in 2008 stood at of GH¢8.9 billion (\$8.2 billion). It means, every Ghanaian owed GH¢376. It went up to GH¢13.7 billion in 2009, GH¢17.2 billion in 2010 and GH¢23.6 billion in 2011, to the current GH¢28.3 billion. If shared among the total population, every Ghanaian now owes GH¢1,132 up by 756 cedis from 2008. Of course the counter argument would be, that the loans are yet to mature in terms of project delivery. Yes, which is why Politicians must be cautious about reporting economic phenomena, even the Ghana Statistical Service must be of good behaviour here.

And yet the airwaves are filled with these two dominant political parties outdoing each other in the arena of the absurd and incompetence. Is anyone looking out for Paa Kwesi Nduom's PPP or my own Dr. Abu Sakara's CPP, by far the other two most serious contenders in the race for December 7?

Whose Fault?

In all of the above the one major question is and who caused this? After all don't we deserve the governments we vote for?

Well, what worries me most is the constitutional frame work that allows such wrecklessness to occur. With a powerful executive presidency, whimsical and capricious decisions are often aided by a largely moribund majority in parliament that toes the line even when red flags are on the high way.

The Ghana Centre for Democratic Development, a very respected think tank in Ghana reported in their 2010 democracy assistance assessment p that *"The constitution is fraught with design flaws: it grants vast appointment powers to the president, leading to extreme weaknesses in the system of checks and balances, including parliamentary oversight. An excessively powerful presidency has left the capture of the executive branch/presidency the overwhelmingly dominant objective of multiparty competition"*

A natural consequence of this is that we generally have weak institutions. With weaker institutions, citizens tend to lose confidence in the institutions of democracy to fight the ills in society let alone expect services from them. The latest results from the CDD's Afro barometer points to worrying scenarios. 58% of respondents perceive officials at the presidency as corrupt, and the same percentage perceive Members of Parliament as corrupt while a slightly lower percentage, 56% perceive the government as corrupt. Overwhelming majority of respondents, 96% perceive "most" or "all" tax officials (40%) and the Police 56% as corrupt. Nearly a tenth said they offered a bribe to procure water, sanitation, health service or a school placement for their wards.

And yet, how have we been fighting corruption, that giant elephant in the room that has a debilitating effect on the economy?. My lawyer and good friend Mr. Kojo Anan **Ankomah**, who is also the Managing Partner of Bentsi-Enchill, Letsa & **Ankomah** recently tasked lawmakers to make the punishment for offences of corruption, extortion, and bribery sufficiently painful. A limited section of the media that got the rare chance to hear him correctly reported that he identifies that the current provisions in the law, treat corruption and extortion as misdemeanours which carry a maximum sentence of three years. "What this means is that if a public official is tried and sentenced for extorting say, US\$1million, he might only receive a maximum sentence of three years, keep the money, serve his sentence, and come back to enjoy the ill-gotten wealth." Mr. Ankomah identifies the provisions of a virtually forgotten law, the Government Contracts (Protection) Act, 1979 (AFRCD 58), and recommended its provisions as the way forward. He said that law forbids the falsification of certificates relating to government contracts, and provides for civil liability, and criminal liability of a fine of up to three times the amount of money of the improper payment or to imprisonment of up to 10 years, or to both, for persons who knowingly falsify certificates for government contacts.

According to him, that law also provides that “where it is proved that the falsification also involved bribery or corrupt practice, then the ‘briber’ and the ‘bribed’, and any other person who knowingly participated in it, commits an offence and is liable to imprisonment (between 5 and 15 years), and a penalty equal to three times the amount of money of the improper payment.”

WHAT is MORE EGREGIOUS is to hear from the Auditor-General THAT Ghana lost nearly \$1.1bn three years ago to pay roll fraud, Ghost names, and this figure is almost equal to the amount we receive in donor aid. Yet the Public Accounts Committee sits every year and with its powers of a high court can only make recommendations to the attorney general and then hope that the AG s department sufficiently prepares not to enter a case of mischaracterization of the charge sheets or prefer wrong and wonderful chargers the town crier in my village will spend days decoding before he plies his trade. These atrocious sums can build toilets for 50% of our public schools that have poor sanitation. Today’s back page story of the Daily Graphic says 5 million Ghanaians defecate openly leading to a \$240m annual loss in inadequate labour and productivity as a result of poor sanitation and hygiene services. Think of these things, my friends.

If we cannot properly name our streets and houses for easy recognition, can’t we figure out how to identify people too with a single harmonized identity recognition system? Even though we all applauded the need to go biometric in this election, every objective observer was worried that we have already collected biometric details of citizens for the following purposes: national passports, the eZwich payments platform, and a National Identification System. It has been proposed that we do the same for: voters’ ID cards, drivers’ licenses and NHIS cards.

Presently, we have a dilapidated manual fingerprints system at the Police Criminal Investigations Department Headquarters that is due for automation anytime soon – eventually a computerised biometric register would naturally be proposed. A harmonised IT system means you may even be able to use one card for multiple systems. At the hospital, when the nurse types in your ID code into the NHIS front-end system, the right sets and indices of pages related to your NHIS data are loaded up and displayed on the screen. If the same is done at the police station, your criminal records pops up if indeed the person pulling up the data is authorised to access such data, and if, and only if, the computer system they are using has been credentialed to access the central system and can pass the authentication challenge.

Calculating the cost burden of the present, frankly chaotic, multiple ID systems is straightforward. Even ignoring the inconveniences and inefficiencies, the monetary costs of deploying parallel infrastructure is no small matter.

Let's assume the cost of the EC system is the benchmark. A crude estimate of the total cost is a whopping \$400 million. We believe we can cut \$250 million off this figure through harmonisation. That shall be sufficient in clearing as many as 24,000 schools under trees in less than 16 months. Think of these things my friends.

Pensions:

If the voices of ordinary Ghanaians can't be heard loudly on these grave matters, how could they be respected when it comes to proceeds of their own toil? Two days ago, Graphic Business reported that the new Pensions Scheme is under threat, not because of a virus or a menacing plague, but purely due to administrative inertia.

After three years of reforming Pensions in Ghana the National Pensions Regulatory Authority(NPRA) is yet to lift a finger and sign up /license occupational pension schemes that are ready to work directly with contributors. Sadly even though the NPRA appears to be under resourced, it is adamant in casting in itself in the mould of the powerful executive presidency. With no clear guidelines as to which ministry it must report to, it is in the NPRA's interest to be resourceful by releasing contributors' funds that must duly go to private and state schemes now so ordinary back-breaking workers can determine how to invest their money for old age. Otherwise these are the possible scenarios:

Workers who retire anytime now risk not getting their lump sum benefits. In fact people who have retired since 2011 but have made the 5% Tier 2 contributions still cannot access their lump sum benefits based on the contributions made since January 2010. This is a potential crisis.

There may be no accountability as to what the contributions have used for. The longer the status quo remains, the direr the accountability question becomes.

Since the NPRA is not a Fund Manager, they have neither the resources nor the skill to be investing the contributions they have received since January 2010, in order to maximize returns for workers contributions. The Ghanaian worker ultimately suffers.

Tax incentives on the Voluntary Tier 3 cannot be enjoyed because the NPRA has not licensed Schemes for Scheme Members to enjoy those tax relieves. The tax relief granted by the pension reform is the main incentive that encourages people to participate in the Voluntary Tier 3. Participating in Voluntary Tier 3 enhances the retirement incomes of workers.

From a an economic perspectives, very important source of revenue needed for national and private sector development is still being held by the NPRA because all they can do is to invest the funds in Government treasures. This is assuming that the funds have been

invested at all. What's the proof that the funds are available anyway? Potentially, income from pension contributions is more sustainable than even oil. For as long as people continue to work, there will continue to be pension contributions whereas oil reserves can actually run out. Scheme trustees can invest funds in the private sector, real estate, listed equities (to develop our stock market), government treasuries (to sponsor government projects), etc.

Considering all the above, it is clearly a win-win for everyone. Why the NPRA has not approved schemes, almost three years into a transition designed to last for year, should be a worry for all Ghanaian workers. A crisis may be looming. Apart from the immediate licensing of Pension Schemes, there should be an immediate audit into the operations of the NPRA vis-à-vis how contributions made since January 2010 have been handled.

I say this with the full backing of my father whose pension was badly manhandled; I almost through the state scheme was a ponzi scheme. My father rose through the ranks of the civil service to become a principal personnel officer and fatter working and contributing to the pension scheme for 30 years received a miserly Ghc90 am month for nearly three years until it was discovered this year that his pension had been miscalculated. Even then he managed an advanced miserly Ghc200. What about the thousands if not millions whose pensions have fallen through the cracks.

Health:

The Health Insurance Scheme is a laudable social protection tool. However, we must focus on its natural growth and ensure that we do not saddle it unnecessarily with populist rhetoric's. Hon. Alban Bagbin, Minister of Health, said a couple of days ago that "since 2010, the NHIS has ran deficits", and also said "the stability of the scheme is of great concern to government." How could a Health Insurance Scheme that is 70 percent funded from tax but only serves 34 percent of Ghanaians able to survive on a single premium regime? How could a scheme that was intended to cushion the vulnerable and provide social protection, not include cheap contraceptives yet boast of a single term payment? How could a scheme that is yet to see government's pledge to benefit from increase funding of the health sector to at least 15 percent of the national budget by 2015, as well as ensuring that 95 percent of pregnant women are reached with comprehensive preventing mother-to-child transmission of HIV tickle itself into believing it can champion single term premium payment? Crucially how could a health scheme that has not seen any pilot study to gauge the economic burden of diseases it serves so as to adopt preventive measures be capable of running on a single small engine? Sometimes we have to respect the name

propaganda a bit as not all of it must be absurd or unscientific. Yes, a sheep may turn into a cow magically, but a sheep cannot swallow a cow even if you resurrected and employed 14th century alchemists to aid the process.

Dissent

A minister may have a view about say the creation of 1.6 million jobs ostensibly from his bedroom and later have the sector minister of employment pleaded ignorance of the figure and yet there is no shame and regrets? Yet an ordinary citizen expresses a view about the way wardens of a government deal and the same sector ministry of information will assemble an array of sharp communicators apparently fed by our taxes to decimate the persona of such persons?

Former Senegalese President Abdoulaye Wade said his best advisors are the opposition news papers and critical civil society actors. In other well exposed jurisdictions your critique is taken in good stead and if you are lucky may feed into legislation. I was pleasantly surprised when a figure I had come up with on a BBC World TV discussion, to counter the claim by aid activists that a child died every 3 seconds in Africa due to malnutrition, hunger an poverty, was cited in a British House of Commons debate on June 16, 2006 on the theme “key mechanisms of accountability: constitutional structures, parliaments and political processes”.

Down here pastors with a view about the state of affairs are either false prophets or told to concentrate on reading the bible, academics are called greedy elites and in my classier case, “IMANI is a one-bedroom container leaking think tank”. Incidentally it turns out the leaking tank deploys its very limited resources and points to major pitfalls that are stubbornly ignored and have a whole governmental machinery disgraced as it runs into a ditch.

So, a majority of civil society actors seem to have been cowed into making passive commentary lest they are attacked for not criticizing the opposition parties too.

But then we all know that The parties in parliamentary minority do not control the levers of state power, the public purse, the distribution of privileges and other largesse, nor are they, in fact, actually enjoined by the constitution to “really do” anything. This is the blatant truth. A well-governed country is one in which the government fears the people and not vice versa. Ours is a centralized system of government in which the government of the day

retains vast powers of appointment, finance, preventive, assignment and allocation. It must therefore also accept the overwhelming burden of responsibility and obligation.

In the finest tradition of civil society activism, the right philosophy is to be critical of government, in all its forms.

In liberal democracies, like Ghana has gradually become, the government pays enough people to sing its praises that civil groups who spend their time flattering the incumbent administration would very quickly become redundant.

Evidence-based criticism is a niche that groups like IMANI have been rushing to fill ever since our democracy matured in the late 90s. Even where government has been manifestly successful, we rarely see the need to offer praise, since it is the moral duty of a government to do right by its citizens. When they fall short of the glory of the constitution, however, it is important that we are loud in our reproach. For, it amounts to a breach of great oaths, which they have voluntarily taken. Our culture, at least, frowns on breakers of oath.

Perhaps, this is the more reason why Politicians will tell you when they win elections they must take all, everything in terms of privileges and kick backs. Which is why we cannot kid ourselves with the thinking that the mentality of winner takes all will be cured by handshakes, photo opportunities with the President whilst drinking tea and munching tea bread embedded with with salad and sardine. If we want to adequately spread the gains and losses from democracy we must by all means deepen the decentralization of power and resources. We can make people less disgruntled only when we deepen the decentralization concept, when locals begin to rely less on the patronizing centre and enjoy what they create. I have failed to understand why this country has water bodies in all ten regions, yet we all have to rely on the centre to provide us good drinking water, which is at most erratic in supply. The same could be said of the establishment of development authorities. Development does not come about by erecting bureaucracies. They come about when people's aspirations are respected, when their properties, even shacks are identified by the economy, are free to speak trade and buy their own health care.

Social Interventions:

In place of full decentralization, we have succeeded in employing social interventions such as school feeding subsidies for fuel, gas, premix and electricity to equalize access to welfare. Understandably in piloting a liberal democracy plane, there are others who must not be left behind. But then how do we ensure that they are not treated like random statistics? Why

don't we give poor pupils vouchers to purchase food from any private vendor the school gives a clean bill of health to sell food? Why should government be seen actively participating in cooking and serving kids? The result will be what we saw under the Kufour administration, maggot infested rice and plain mirror-like soups with the heads of herrings (Amani) dancing. We have been spending an average of \$700m on fuel subsidies annually. Of the \$110 million spent annually on LPG subsidies, current use patterns suggest that \$80 million of that amount goes to urban and peri-urban dwellers that have less use for it than many of their more unfortunate counterparts in rural Ghana. This is inevitable as our current subsidy administration system cannot target the genuinely vulnerable. People are "rational economic beings". The history of such interventions is replete with unintended consequences. As was seen with Premix fuel, cabals grow and racketeer in the product. In the case of gas, a simple resort to the principles of economics should point to the most effective response, which in our view is one of 2 options: 1. Increase supply or 2. Totally remove the subsidy for all users.

Local Content

I certainly can understand the President's frustration about the slow pace in realising the benefits of the Local Content bill, which requires Oil companies to draw extensively from a certain skill pool in Ghana. First off, it is simply unrealistic to expect 99% local content with any multinational supplier. Perhaps given the fact that oil is a finite resource, and typically that the west African region has a 20-25 year oil life span, what other African countries DO is to focus on taxing the resource well, so proceeds would be used to reduce for instance Ghana's estimated \$10bn infrastructure deficit . But then Sadly, it is not foreigners who are preventing Ghanaians in accessing local content opportunities, it is Ghanaians; for instance the Petroleum Commission has been demanding atrocious fees, in some instances \$30,000 from locals before issuing licenses. This is a phenomenon that permeates both local and multinational set ups. Some Ghanaian board members of some multinational companies will do all they can to prevent locals from getting contract offers under the guise of risking politicizing the engagement or if you are a civil society organization, the charge is you are fond of criticizing public institutions and government so we want to keep you at arms length. That route is sadly retrogressive and emboldens civil society to vigorously banish the mundane from our society.

Unemployment and the Price of Labor.

CDD's Afro barometer survey reports that Ghanaians have a low confidence in the ability of governments to create and sustain employment. This mainly due to a not so forward looking understanding of the dynamics of creating employment. That forward looking attitude is in the place of the private sector. Incidentally with successive Government's attempt to quadruple salaries of public sector workers through the single spine salary scheme there has been a drawback to strengthening the private sector as innovator talent is lost to the largely unproductive public sector. The single spine salary scheme may appear to be enjoying relative peace on the labour front for now but for how long? That salary structure although looks like a bonanza may come back to haunt us even now and in the future. Simply, "single spine" is a diversionary tactic embraced by the state of Ghana, actually first by the NPP and implemented by the NDC to side-step the critical issues that have faced it since the unfinished business of structural adjustment –that reform mess – was stacked up onto the unwilling in-trays of the despondent post-military inheritors of our 4th Republican political reality. It is a mishmash of incoherent reforms pretending to be serious government business. I will not mince any words, friends: "single spine" is here to misdirect our economy.

The fundamental logic of single spine is crooked. Wage harmonisation in the public sector betrays an arrogance of central planning rarely encountered in our tepid age of policymaking.

The fact that it is riskier to clear virgin forest and more backbreaking to till the tired earth with hoes and cutlasses, plant corn, and harvest a depressing couple of sacks of maize, does not in any way prepare the ground for a demand to be paid at the same level as the favourite radio presenters of Accra's swankier stations.

Yes, hear a protest: terrible analogy! In the public service, they all have the same employer – the State. This is callous, IMANI, you say. But you are wrong. It is in fact a very similar principle at work. There is no credible science that can, without descending into farce, establish equivalences between different job roles in different settings outside of the universally dominant pricing system for everything, including labour. The "price signal mechanism" is the greatest processor of information related to financial motivation and reward known to man, and the state of Ghana aint gonna invent a superior method anytime soon.

A price mechanism for labour, in the specific context of this matter, allows for different

ministries, departments and agencies to be evaluated on the basis of their differing contributions to government program, which is then reflected in their budgetary allocations and staff strength, and ultimately in the wage packets of their employees.

Education.

We have sat by and watched Politicians and the willing participation of the Ghana Education Service in particular help in derailing our educational efforts. The Ghana Education Service – Despite its reputation for managerial weaknesses in transparency, governance, employee oversight, and planning, the organisation’s disastrous handling of the computerized school selection last year and placement fiasco shocked even jaded observers of this tired institution in need of total overhaul at the administrative level. Yet how many of you are aware that next year, there would be two streams of SHS graduates, one from the Kufour-era 4 SHS and the one under the current three year by the NDC. That the GES looked on for this to happen was worrying. And we want to be in the leagues of the industrialized?

With all these starring in our faces as the dividends of democracy, need we add more to the plate of an over stretched bureaucracy? Why are we for instance suggesting that the NDPC be elevated to a near politburo making decisions for all of us? Do not get me wrong, With the support of the Chairman of the Commission, the NDPC management has worked consistently to enhance the relevance of the NDPC to the search for answers to Ghana’s most intractable problems.

Through a creative engagement with stakeholders from across the political and intellectual spectrum, it is patiently succeeding in building a community and a network of advocates to push the patriotic agenda forward. And that is where it must leave it. We should not attempt to impose the NDPC as a central planning authority on us. In an era of competitive partisan politics let the party with the best ideas and evidence of budgeting as well as showing alternative sources of financing win. The NDPC can become a strategy sounding board...they can actualize what the directive principles of state policy suggest in article 35 of our constitution by calling on the parties in power and say we need to fix water, gutter s street lights and roads, not dream up visions and draw plans for the state to experiment. Let us do the obvious!

The above notwithstanding, sometimes, praise can be utilized for critical purposes. By highlighting good behaviour on the part of specific institutions and individual actors, the spotlight necessarily turns afterwards to the failing conduct of other institutions and actors. That is to say, it is possible to highlight in order to contrast.

That is why IMANI-Ghana has within the past of three years identified the following public sector leaders as the most inspirational, meaning they have shown a level of independence, effectively communicated their work and general pointed to some ability to transform our society. These institutions and individuals in no order of merit are The then Governor of the Bank of Ghana, Keri Bekoe Amissah-Arthur who in 2010 impressed us with his conduct of the affairs of the Monetary Policy Committee in particular, Diplomatically, he rebuked his own government to pay contractors and stop dithering, since this has an effect on non-performing loans in the system, and by extension lending rates. Alfred Oko Vanderpuije, Chief Executive of the Accra Metropolitan Assembly who after a number of false starts, quickly settled into the hot seat of managing the affairs of the country's most politically sensitive city. The results are yet to change the fortunes of the city, but we were inspired by his energy and commitment. Akwasi Osei, Chief Psychiatrist, Accra Psychiatric Hospital For many years, the Chief Psychiatrist was almost a lone crusader for mental health policy reforms in this country. he Commissioners of the Commission for Human Rights & Administrative Justice in 2010 navigated political controversy and militant cynicism, and come out with their reputation intact. They have been vocal in urging greater speed in prisons reforms, and even louder in their denunciation of the mob mentality that still dogs nominally liberal-democratic Ghana. They have firmly planted the issue of disability rights in the labour reform agenda of Ghana. When "decongestion" became a lazy excuse for haphazard demolition activities, CHRAJ descended upon municipal authorities, giving much impetus to public interest activists who took to the Law Courts to redress the excesses of these so-called "urban planning" programs

The GHANA Civil Aviation Authority (GCAA) and the Ghana Airports Company Limited (GACL GCAA and the GACL together work to ensure smooth operations of airport activity. The GACL was decoupled from the GCAA and since 2007 both entities have worked seamlessly together. Mrs. Doreen Owusu Fianko and Air Cdre Kwame Mamphey have both excelled in managing a complex renovation exercise during which capacity utilization had to be maintained and actually expanded throughout the transformation cycle, still ongoing.

The Honourable Members of the Parliamentary Public Accounts Committee. Thanks God for the Parliamentary Public Accounts Committee, which, its tardiness notwithstanding, has often managed to achieve just such bipartisanship in pursuit of public accountability. The Committee has also been very effective in placing the spotlight on corruption in the public and civil service, highlighting the undue overconcentration of attention on politicians to the neglect of other, sometimes even more pernicious, perpetrators. Finally, Lieutenant General Peter Augustine Blay

-Chief of Defense Staff, Ghana Armed Forces- For maintaining the overall esprit de corps and sense of professionalism within the Armed Forces, especially against the backdrop of weakening confidence in the general security establishment, increasingly perceived to be wracked by factionalism, more committed to the survival of the government of the day than to the security of the state, and unable to stay out of cheap scandal.

What else have we done right? Yes. We have averted a potential war in Ghana on the eve of the fourth republic . We may have to be grateful for small mercies. I recall the tense atmosphere that engulfed the courts when a member of the public challenged the citizenship of then candidate Jerry Rawlings to contest the 1992 elections. The Courts in Ghana upheld that JJ was a Ghanaian on the basis that he had at least risen to the high office of head of state prior to the 1992 constitution. When a similar scenario confronted our neighbours in Cote DiVoire, their constitutional court declared Tuatara a non-citizen and they got a war. The rest is what obtains today with many alleged armed insurrections within Cote D'I voire. So in Ghana we still have some real choice. We are fortunate, but we must use it well.

We also managed a transition on the passing of our late President Mills without incidents and to the loud applause of the world.

The Global Competitiveness Report has Ghana performing quite well; this year, Ghana moved up 11 places from its previous position. This means investor confidence is not waning although we have seen a few dips. All in all, Ghana tends to protect its investors well

The fourth is that Ghana was ranked 71 out of 141 on the Fraser Institute's Economic freedom of the world report. Crucially Over the past decade, Ghana has moved from 101st to 53rd. There is more work to be done in that department. This last ranking is the most powerful indicator for Ghana's democratic future.

We should dream big, and as Mr. Tony Oteng Gyasi former President of the AGI will put it, let us start focusing on the micro side of managing the economy and stop managing the macro side of the economy as that rarely takes any serious efforts apart of praying that our major export commodities do well in international markets. Perhaps we should dream bigger than our late Uncle Dan Lartey , the only Ghanaian politician to have promised to Mobilize internal resources to the tune of \$840 billion annually and on a comparative basis, this means Ghana's GDP during the tenure of the GCPP would be ~\$2 trillion, making the country the 5th wealthiest in the world – richer than the UK and France. Sadly, Dan passed with no one ready to take up his project. But we can get there hopefully. First

we must continue to push our leaders to reduce economic intervention, decentralize the management of power and resources, free financial markets, remove bureaucratic obstacles to setting up businesses, establish property rights and enforce contract law. These are the forces that release entrepreneurial energy and ultimately buy insurance against poverty, disease ignorance and despair.

Thank you!