

ADDRESS TO THE NATION BY THE PRESIDENT OF THE REPUBLIC,
NANA ADDO DANKWA AKUFO-ADDO,
ON THE ECONOMY, ON SUNDAY, 30TH OCTOBER 2022.

Fellow Ghanaians, good evening.

Back in 2020, at the outbreak of the Corona virus pandemic, I started a regular conversation with you that came to be popularly known as Fellow Ghanaians.

It was a time of great fear of the unknown, and the entire world felt at risk. I came into your homes regularly to tell you what the experts were discovering about the virus, and what we should do.

Now that we have seen the worst of the COVID-19, I can tell you that there were moments during those times when I was distraught, there were moments when I was in despair about the apparent inadequacy of our health facilities, and there were moments when I wondered if the dire predictions made about dead bodies on our streets would truly happen.

But I knew that I owed it to all of us that, as your president, I had to hold my nerve, show leadership and take us out of the crisis. With your help and support, and the great mercies of the Almighty, we can say that we emerged from the ravages of the pandemic with one of the lowest mortality rates globally. In fact, Ghana's handling of the pandemic won universal acclaim.

We could all see in real time the devastation that was being wreaked on economies during the pandemic, but I doubt that anyone imagined the extent of the damage. Our economy, here in Ghana, like many, many others around the globe, was thrown into turmoil.

When I said, at the height of the COVID pandemic, that we knew what to do to bring the economy back to life, but not how to bring people back to life, it was not said in jest. We had done it before, and we were on course to doing it again. Ghana's economy grew by a remarkable 5.4% in 2021, signifying a strong recovery from the 0.5% growth recorded the previous year due to the COVID-19 pandemic. In fact, in the last quarter of 2021, our economy grew at seven percent (7%), only for the Russian invasion of

Ukraine in the first quarter of this year to aggravate the effects of COVID-19, and plunge the global economy into even greater turmoil from which it has not yet recovered.

The whole world has been taken aback by the speed with which inflation has eaten away people's incomes. Economies, big and small, have experienced, over this year alone, the highest rise in cost of living over a generation; the highest rise in government borrowing in over fifty (50) years; the highest rise in inflation for forty (40) years; the steepest depreciation in their currencies to the US dollar over the last thirty (30) years; the fastest peak in interest rates for over twenty (20) years; and the greatest threat of unemployment in peace time; with over a hundred million people being pushed into extreme poverty.

Between the end of 2019 and now, inflation in Ghana has increased by five-fold, in Togo by sixteen-fold, by eleven-fold in Senegal, and by seven-fold in Cote d'Ivoire. In truth, however, the fact that there are petrol queues in France does not make it more tolerable that the trotro price from Kasoa to Circle has doubled in the past one year, nor does it make it any more tolerable that the price of cooking oil goes up every other week.

It is important to state that mentioning the increases in prices worldwide is not meant to belittle the scope of suffering here, but simply to help us put things into some perspective, and, hopefully, learn some useful lessons about how other people are coping.

Fellow Ghanaians, this is why I am back in your homes this evening to ask for your support, as we work together to get our economy back into good shape.

In April, after the Cabinet retreat of the first quarter, and recognising the deteriorating macroeconomy, my government announced a thirty percent (30%) cut in budgetted discretionary expenditures, and a thirty percent (30%) cut in salaries of the President, Vice President, Ministers, Deputy Ministers, MMDCEs and political office holders, amongst other measures.

And, since July, when the Government took the difficult decision to go to the IMF to seek support, I have been speaking publicly at different fora on the

subject of the economic difficulties we face, especially during my recent tours, so far, of nine (9) regions, and interacting directly with you, the Ghanaian people. It is also true that many of you have felt the need for me to come back to the Fellow Ghanaians format, that brings us all together.

For us, in Ghana, our reality is that our economy is in great difficulty. The budget drawn for the 2022 fiscal year has been thrown out of gear, disrupting our balance of payments and debt sustainability, and further exposing the structural weaknesses of our economy.

We are in a crisis, I do not exaggerate when I say so. I cannot find an example in history when so many malevolent forces have come together at the same time. But, as we have shown in other circumstances, we shall turn this crisis into an opportunity to resolve not just the short-term, urgent problems, but the long-term structural problems that have bedeviled our economy.

I urge us all to see the decision to go to the International Monetary Fund in this light. We have gone to the Fund to repair, in the short term, our public finances, and restore our balance of payments, whilst we continue to work on the medium to long-term structural changes that are at the heart of our goal of constructing a resilient, robust Ghanaian economy, and building a Ghana Beyond Aid.

I am able to report to you, my fellow Ghanaians, that the negotiations to secure a strong IMF Programme, which will support the implementation of our Post COVID-19 Programme for Economic Growth and additional funding to support the 2023 Budget and development programme, are at advanced stages, and are going well.

We are determined to secure these arrangements quickly to bring back confidence and relief to Ghanaians. We are working towards reaching a deal with the IMF by the end of the year. This will give further credence to the measures Government is taking to stabilize and grow the economy, as well as shore up our currency.

I know that the increasing cost of living is the number one concern for all of us. It is driven by fast escalating fuel prices at the pumps, which is caused

by high crude oil prices on the world market and our depreciated currency. I know that this is putting intolerable pressure on families and businesses. I know that people are being driven to make choices they should not have to make, and I know that it has led to the devaluation of capital of traders and painfully accumulated savings. Furthermore, Government is working to secure reliable and regular sources of affordable petroleum products for the Ghanaian market. It is expected that this arrangement, when successful, coupled with a stable currency will halt the escalation of fuel prices and bring relief to us all.

I hear from the market queens also that another factor fueling the high prices is the high margins that some traders are slapping on goods, for fear of future higher costs. I say to our traders, we are all in this together. Please let us be measured in the margins we seek. I have great respect and admiration for the ingenuity and hard work of our traders, especially those that take on the distribution of foodstuffs around the country, and I would hesitate to join in calling them names. I do make a heartfelt appeal that we all keep an eye out for the greater good, and not try to make the utmost profits out of the current difficulties.

In language that every market woman and, indeed, every trader in our country understands, let me say that the basic problem we face is that we are not making as much money as we need to spend, and what little money we do make is going to pay for the debts we have contracted to fund the development projects we must have. Not enough of us are paying our taxes, not enough of us are producing to generate the revenues that we need.

Nevertheless, my ambitions for Ghana remain high. All our children should be educated and trained with skills that will enable us be competitive in the world. We need to close rapidly the infrastructure gap, we need to build a world-class healthcare system, and we need to build confidence in ourselves to make ours the happy and prosperous place it deserves to be.

I believe we can and we will find the means to achieve these goals, even if the immediate measures we have to take are painful.

At the just ended Cabinet Retreat at Peduase Lodge, my government agreed on the framework for the Post COVID-19 Programme for Economic Growth

and the IMF support for its implementation, as well as the work being done by the Ministry of Finance in preparation for the 2023 budget. At the Cabinet Retreat, we took some firm decisions that should put us on the path that will take our nation out of the current economic difficulties. Let me try and give you an outline of the main decisions without getting into the technical language that baffles many of us.

To restore and sustain debt sustainability, we plan to reduce our total public debt to GDP ratio to some fifty-five percent (55%) in present value terms by 2028, with the servicing of our external debt pegged at not more than eighteen percent (18%) of our annual revenue also by 2028.

We are committed to improving the revenue collection effort, from the current tax-revenue to GDP ratio of thirteen (13%) to between eighteen and twenty percent (18-20%), to be competitive with our peers in the West Africa Region. The GRA is rolling out an extensive set of measures to support this enhanced revenue mobilisation. All of us must do our patriotic duty, and support the GRA in this exercise.

We are aiming to restore and sustain macroeconomic stability within the next three (3) to six (6) years, with a focus on ensuring debt sustainability to promote durable and inclusive growth while protecting the poor.

We have decided to review the reforms in the energy sector, capping of statutory funds, implementation of the exemptions Act and a new property rate regime. We have decided also to continue with the policy of thirty percent (30%) cut in the salaries of political office holders including the President, Vice President, Ministers, Deputy Ministers, MMDCEs, and SOE appointees in 2023, just as we will continue with the thirty percent (30%) cut in discretionary expenditures of Ministries, Departments and Agencies.

My fellow Ghanaians, the success of our efforts at diversifying the structure of the Ghanaian economy from an import-based one to a value-added exporting one is what will, in the long term, help strengthen our economy. We are making some progress with the 1D1F but our current situation requires that we take some more stringent measures to discourage the importation of goods that we can and do produce here.

To this end, we will review the standards required for imports into the country, prioritise the imports, as well as review the management of our foreign exchange reserves, in relation to imports of products such as rice, poultry, vegetable oil, tooth picks, pasta, fruit juice, bottled water and ceramic tiles, and others which, with intensified government support and that of the banking sector, can be manufactured and produced in sufficient quantities in Ghana. Government will, in May 2023, that is six (6) months from now, review the situation. We must, as a matter of urgent national security, reduce our dependence on imported goods, and enhance our self-reliance, as demanded by our overarching goal of creating a Ghana Beyond Aid.

Much as we believe in free trade, we must work to ensure that the majority of goods in our shops and market places are those we produce and grow here in Ghana. That is why we have to support our farmers and domestic industries, including those created under the 1-District-1-Factory initiative, to help reduce our dependence on imports, and allow us the opportunity to export more and more of our products, and guarantee a stable currency that will present a high level of predictability for citizens and the business community. Exports, not imports, must be our mantra! Accra, after all, hosts the headquarters of the Secretariat of the African Continental Free Trade Area.

Fellow Ghanaians, as the French would say, ***l'argent n'aime pas le bruit***, to wit, ***money does not like noise, sika mpɛ dede***. Where there is chaos, where there is noise, where there is unrest, you will not find money. If you talk down your money, it will go down. If you allow some unidentifiable person to talk down your money, it will go down.

The recent turbulence on the financial markets was caused by low inflows of foreign exchange, and was made worse in the last two to three weeks, in particular, by the activities of speculators and the Black Market. An anonymous two-minute audio message on a WhatsApp platform predicting a so-called haircut on Government bonds sent all of us into banks and forex bureaus to dump our cedis, and, before we knew it, the cedi had depreciated further. All of us can play a part in helping to strengthen the cedi by having confidence in the currency, and avoiding speculation. Let us keep our cedi as the good store of value it is. To those who make it a habit of publishing

falsehoods, which result in panic in the system, I say to them that the relevant state agencies will act against such persons.

Indeed, some steps have been taken to restore order in the forex markets and we are already beginning to see some calm returning. We will not relent until order is completely restored. The following actions have been taken thus far:

- 1) enhanced supervisory action by the Bank of Ghana in the forex bureau markets and the black market to flush out illegal operators, as well as ensuring that those permitted to operate legally abide by the market rules. Already some forex bureaus have had their licenses revoked, and this exercise will continue until complete order is restored in the sector;
- 2) Fresh inflows of dollars are providing liquidity to the foreign exchange market, and addressing the pipeline demand;
- 3) the Bank of Ghana has given its full commitment to the commercial banks to provide liquidity to ensure the wheels of the economy continue to run in a stabilized manner, till the IMF Programme kicks in and the financing assurances expected from other partners also come in;
- 4) Government is working with the Bank of Ghana and the oil producing and mining companies to introduce a new legal and regulatory framework to ensure that all foreign exchange earned from operations in Ghana are, initially, paid to banks domiciled in Ghana to help boost the domestic foreign exchange market; and
- 5) the Bank of Ghana will enhance its gold purchase programme.

I am confident that these immediate measures designed to change the structure of our balance of payment flows, sanitise the foreign exchange market to ensure that the banks and forex bureaus operate along international best practices, together with strengthened supervision, will go

a long way to sanitize our foreign exchange market, and make it more resilient against external vulnerabilities going forward.

Over the course of this week, I have held several fruitful engagements with the Trades Union Congress and Organised Labour, the Ghana Employers' Association, the Association of Ghana Industries, the Ghana Association of Banks, the Private Enterprise Federation, the Association of Forex Bureau Operators, the Association of Market Queens and Women, all of whom represent important stakeholders of the Ghanaian economy. They expressed their concerns and proposed solutions on how best to solve our problems. I have been encouraged by the enthusiasm of these interest groups to help Government address these challenges, and I intend to continue these engagements with other groups.

I also want to assure all Ghanaians that no individual or institutional investor, including pension funds, in Government treasury bills or instruments will lose their money, as a result of our ongoing IMF negotiations. There will be no "haircuts", so I urge all of you to ignore the false rumours, just as, in the banking sector clean-up, Government ensured that the 4.6 million depositors affected by the exercise did not lose their deposits.

Anuanom, benim sεε asetenamu ayε din. Nanso, ma obiaa empa aba, monkoso enya gyidie εwε mabam mu. Nhyehyε yε aa εtumi maa Free SHS εni 1-District-1-Factory εbaa mu nu; nhyehyε yε aa εboaa ma yetumi pam corona yarie no efri oman ni mu; saa εnso na maban ε toto niemayie saa mereyi ama ahotε aba oman nimu, efri sεε mewε gyidie sεε εko no yε Awurade Nyankopεn ni ko.

Anyεmimεi, mile akε nibii ewa, shi nyε ka shia gbeye. Nyε yaanε ni nyε naa hemε kε yeli akε gbεjianεto ni hani free SHS ba min, gbεjia nεto ni hani 1-District-1-Factory ba min, gbεjianεto ni hani wε nyε wε shwe Corona hela kεshi wε man nε min; nakai nε ni mi amlalo ba to gbεjianε koni hejεle aba maa min, ejaakε, miyε hemε kε yeli ak3, ta, Nyεnmε ta le ni.

My government has always been cognisant of the importance of implementing policies and social interventions to relieve Ghanaians of hardships. It is for this reason that over the first five (5) years in office government reduced electricity tariffs cumulatively by 10.9%, we provided

free water and electricity as well as reduced tariffs for the entire population during a whole year of the COVID-19 pandemic; we increased the share of the District Assemblies Common Fund to persons with disabilities by 50%; we exempted Kayayei from market tolls; we expanded the LEAP by one hundred and fifty thousand (150,000) beneficiaries; we expanded School Feeding from 1.6 million children to 2.1 million children; we restored teacher and nursing training allowances; we absorbed the cost of BECE and WASSCE exam registrations for parents; no guarantor is now required to obtain student loans. The Ghanacard is sufficient; and we have implemented free TVET as well as free senior high school education.

It is obvious, fellow Ghanaians, that you have a government that cares. We are determined to restore stability to the economy, and provide relief. We are all in this together, and I am asking for your support to rescue Ghana from the throes of this economic crisis.

I have total confidence in our ability to work our way out of our current difficulties. We are not afraid of hard work. We will triumph, as we have triumphed many times before. Let us unite, and rally around our Republic, its institutions and its democratic values, and insist that, under God, we will emerge victorious from our current difficulties. For this too shall pass, as the Battle is the Lord's.

I will be coming regularly to keep you updated about the measures your government is making to move our country forward, and tackle our economic challenges.

God bless us all and our homeland Ghana, and make her great and strong.

I thank you for your attention, and have a good evening.