

A COMMENTARY ON GHANA'S STATE OF THE NATION ADDRESS (SONA) HELD ON 27TH FEBRUARY 2024

Introduction

The President of the Republic of Ghana, H.E Nana Addo Dankwa Akufo-Addo, presented the State of the Nation Address (SONA) to Parliament on 27th February 2024 in fulfillment of Article 67 of the 1992 Constitution. This article mandates the President to deliver a message on the state of the nation at the beginning of each session of Parliament and before its dissolution. The SONA serves as a crucial platform to inform the nation of the government's current economic, political, and social initiatives. Additionally, it provides an opportunity for the President to highlight the achievements and outline the future plans of his administration for the remaining period of his term in office.

The Research Team of GIPC, the government agency mandated to encourage, promote and facilitate investments into Ghana provides a commentary on the SONA, analyzing it in relation to government's initiatives on investment and how these initiatives impact Ghana's investment climate.

Summary of Investment related Initiatives contained in the SONA

In the latest State of the Nation Address for 2024, the focus on investments in Ghana was paramount. The address highlighted various initiatives and projects across different sectors, showcasing the government's commitment to progress and development.

One notable initiative is the Digitalization of the economy which has been a significant focus, with various public services now accessible online, placing Ghana at the forefront of e-governance in Africa. The implementation of drone technology for medical deliveries further demonstrates Ghana's embrace of technological advancements to improve healthcare accessibility.

The address emphasized the completion of priority projects within the fiscal budget, ensuring critical infrastructure like airports, hospitals, and transportation networks are finalized. Additionally, alternative funding sources have been secured for projects like the La Hospital, reflecting the government's dedication to completing vital initiatives efficiently.

Education received considerable attention, with initiatives like the Ghana Educational Outcome Project (GEOP) aiming to provide educational support to 72,000 out-of-school children. The focus on STEM infrastructure and the construction of modern schools, underscores Ghana's commitment to quality education and preparing youth for the future.

Efforts towards universal access to electricity, renewable energy projects, and railway development showcase Ghana's ambition for sustainable growth and infrastructure improvement. Agriculture, mining, automotive development, and trade initiatives all contribute to Ghana's economic diversification and growth.

The initiative expected to consolidate all investments and spearheaded by Vice President Dr. Mahamudu Bawumia, is the Performance Tracker. This innovative tool aims to provide citizens with easy access to information about ongoing government projects, promoting transparency and accountability. By making details about infrastructural projects readily available, including roads, hospitals, and educational facilities, the government aims to enhance public engagement and ensure efficient project management.

Overall, the State of the Nation Address for 2024 reflects Ghana's ambitious agenda for progress, emphasizing investment in key sectors to drive economic growth, improve infrastructure, strengthen the business climate and enhance the well-being of its citizens.

The Relevance of these Initiatives to the improvement of the Business Climate

Government has over the past few years put in place initiatives and policies geared towards improving the business climate and supporting the drive to attract investors into the Ghanaian economy. The relevance of these initiatives which include the digitization drive and the improvement in infrastructure is in consonance with the GIPC Investor Perception and Sentiments Survey conducted in April 2023. This survey

sought to measure the perceptions of business owners to Ghana's business environment and reflected what businesses expected from government to retain their investments in the country.

When respondents were asked about their reasons for doing business in Ghana, the majority (55%) prioritized market access over other factors. As evidenced on the European continent between 1990 and 2012, market access for economies is enhanced by government's improvement of transportation infrastructure such as railways, airports, and seaports (OECD Regional Development Paper, 2020). The government of Ghana has improved infrastructure with the completion of the Ho airport, the transformation of the Kumasi airport into an international airport, and the expansion of the Tema port. These developments are expected to boost trade between Ghana and the rest of the world.

Additionally, 36% of respondents from the survey emphasized the ease of doing business as a crucial factor to retaining their investments in Ghana. This is being supported by the government's efforts to digitize many business processes across the economy, including obtaining licenses, making payments, and accessing services. This is yielding positive results such as reducing bureaucracy and associated costs of doing business as well as contributing to revenue generation for government. For instance, in 2017 the passport office processed 16,232 applications, generating a revenue of GHC1.1 million. By 2021, the number of online passport applications had surged to 498,963, with total revenue reaching GHC56.7 million, highlighting the influence of digitizing processes (*Vice President Dr. Mahamudu Bawumia, 2022*).

Furthermore, 23% of respondents valued the availability of highly skilled personnel and this is aligned with the government's Free Senior High School Programme which was introduced in 2017, and has since benefited over 5 million students. The government has also focused on STEM education to develop a workforce capable of driving the nation's future industrialization agenda. The goal of the STEM education according to the President is to broaden the pool of talent available for selecting engineers, aiming to boost the number of engineering graduates, encompassing First degree and Higher National Diploma holders, from the current 6,500 to 30,000 by 2030. This pool of trained engineers will be available to both government and industry (investor community) and will serve to industrialize and transform the economy. This is especially vital for Ghana's participation in trading under the AfCFTA.

About 22% of respondents highlighted the importance of physical infrastructure for their establishment and operations in Ghana and this ties in with government's efforts of improving infrastructure across the length and breadth of the country. For instance, government has increased electricity coverage to about 88% of the population, built hospitals (75 CHPS compounds completed, 16 polyclinics completed, 111 hospitals under construction) and schools (526 basic school projects and 5 STEM schools completed), and improved transport infrastructure (11,974km of roads constructed and rehabilitated & 141km of railway completed) to better serve people and businesses alike. A country with well developed transport infrastructure, healthcare system and quality schools producing well trained personnel stands a better chance of attracting quality and sustainable investments.

Conclusion

The government has over the years made strides towards improving the business climate, however, more needs to be done. Business entities have particularly been concerned about the depreciation of the cedi, increasing taxes and the somewhat high inflation rates as revealed in the Centre's interactions with businesses. At the GIPC, we continue to play our pivotal role in Ghana's business and investment landscape, offering facilitation services especially through our aftercare services and advocacy role and believe that together with other major government ministries and agencies who deal directly with the business environment, we will be able to lessen the burden on these businesses and their operations in Ghana.