Your Excellency, Dr Mahamudu Bawumia, our Vice President of the Republic of Ghana,
Professor Yaw Twumasi, Chairman of the university council,
Professor Ebenezer Oduro Owusu, the Vice Chancellor of the University of Ghana,
Prof Michael Ayitey Tagoe,
Honourable members of parliament,
Your Excellencies,
Professor Francis Nkrumah and his delightful wife Margaret, and
My own delightful wife Giselle, good morning.

I am truly honoured and privileged for the invitation to speak at this year's New Year School and Conference.

It is my hope and prayer that at the end of the session we would have added to the reputation of the school as a forum for tackling urgent issues of national development. This year's theme -"Job Creation for Accelerated National Development: the role of the private sector", touches the core of the most critical challenge for our national development – the fierce urgency of creating jobs, particularly for the youth and the role of the private sector in this effort.

I have been asked to speak specifically on creating an enabling investment environment to attract the private sector.

Ladies and Gentlemen,

Various commentators including our esteemed Vice President, who is here with us today have reflected extensively on some of the challenges our economy currently faces. These include but not limited to; high levels of public debt, seemingly unsustainable budget deficit, and weaknesses in our financial services sectors, price instability and low tax mobilization

These challenges led us to the IMF a few years back resulting in the imposition of conditionalities the meeting of some of which may limit our options on the management of the economy.

Nevertheless, I note with satisfaction the governments declared intention to face up squarely to the task at hand, even as they pursue other strategies such as reduction in aid dependency, social intervention programs such as free SHS, one district one factory, one district one dam, to name a few.

I must make the observation that, as laudable as these initiatives are, if they are not prudently and realistically managed, more pressure will be put on the economy.

Ladies and Gentlemen,

About a fortnight ago, an incident at the El Wak stadium caught the attention of all of us; we saw on social media an endless queue of the youth waiting anxiously and desperately to interview for a few vacant job positions in the Immigration service of Ghana. That incident loudly andeloquently captured the crisis of joblessness in our country. It was a sad spectacle. This crisis calls for bold and urgent action.

Indeed the urgency of job creation becomes more obvious when we consider Ghana’s demographics. As we all may know, 60% of our population is under 35 years old. In this regard, I am sure you would agree with me that unemployment in general and youth unemployment in particular has become a critical national security issue.

Our history tells us that, past governments and in particular the Nkrumah government played a very active role in job creation. We now live in a different era. In today’s world, it is simply unrealistic to expect that governments by themselves can create jobs on a sustainable basis. It is now generally accepted that this is the role of the private sector, and if I may say so it would be unproductive for us to engage in idle debate over ideology. In the words of the late President of the Republic of China -Deng Xiaoping- “It does not matter whether the cat is black or white for as long as it can catch mice”. For the peace and stability of our dear country, jobs have to be created. And to do so requires capital.

Capital is flighty, it is nomadic and it is predatory. Its acquisition is highly competitive. Capital will go, stay or leave based on which environment promises the best return.

Ladies and Gentlemen,

Attracting capital is like a beauty contest and the rules are simply based on current competitiveness. Are you as attractive as other competitor destinations and will you remain as such?

When I was the CEO of Ashanti Goldfields, we invested in about 17 African countries and since my retirement, I have been advising a number of African Presidents on investment promotion. I have also been an investor in my own right in a number of African countries. In my various roles I have come to appreciate some of the factors which inform investment decision making and I would like to share them with you. These factors are by no means exhaustive nor stand alone in their impact. In fact, in some instances they may be minimum requirements.

Let me say from the very onset that, I do not pretend to speak on behalf of every business person but what I say will hopefully largely reflect the concerns and desires of a large body of the investor community.

Ladies and gentlemen the question is, what do I look for in deciding the choice of investment destination for my capital?

The first point is that I look for a safe, friendly and politically stable environment. Empirical data confirms that, our investment promotion efforts were less successful in attracting private investment during the period of political instability. As a matter of fact, Gross domestic investment in Ghana fell from 25% of GDP in 1960 to as low as 9% in 1983. No investment destination however is an island. Your relative attractiveness is affected by what is termed the “neighborhood effect”.

Ladies and Gentlemen,

With all the negative stereotypes against Africa, I’m afraid there is a severe head wind in our efforts to attract investment capital to the continent. In 1994, I was in New York to address fund managers who had expressed interest in investing in Ashanti Goldfields. As I was about to leave for the meeting I noticed CNN was reporting with graphic footage the Rwandan genocide. I knew it will be a herculean task to get the audience to focus on the subject at hand - the Ashanti Goldfields story. Trust me, the entire meeting was about the genocide. No effort to educate the audience that Ghana was nowhere near Rwanda was successful.

Africa was and still is one country in the minds of many investors. Not too long ago the Economist Magazine on its cover page described Africa as a “hopeless continent”. Also, over the last few days, a prominent world leader has been even more colorful and vulgar in describing our continent. Africa as seen through the lenses of the international media, isn’t pretty and sadly that makes investment promotion even more challenging

The next factor I consider is good governance. How do public institutions conduct public affairs and manage government resources? During President Obama's visit to Accra, he made an observation, that what Africa needed was strong institutions and not strong men. Do our public officials exhibit the right attitude and discipline? I agree with him. Are our institutions independent, accountable and fair? Are they transparent enough and do they engender trust?

Ladies and Gentlemen,

Nothing undermines investment promotion than corruption. Corruption is corrosive and adds to the cost of the business. To discourage investors from corrupt practices, the UK Bribery Act and the US Foreign Corrupt Practices Act have placed serious and onerous responsibility on investors. Evidence of corruption by investors or their agents attracts unlimited fines and imprisonment. Clearly, in this day and age no credible investor will willingly choose to invest in a country of widespread corruption. Let me also emphasize that this issue is beyond the presence of anticorruption laws and institutions. As one observer noted with respect to Africa, "the issue of corruption is not the absence of laws but the certainty of punishment!"

In 2017 Ghana dropped one place on the Mo Ibrahim Index of African governance to place 8th out of 54 countries. Although that position is not comparatively bad, the judgement call that "the country showed signs of detoriating governance over the past 5 years must be a cause for concern". Indeed, investors make reference to publications such as the Corruption Perception Index for guidance when making decisions. The 2016 index ranks Ghana 70th out of 176 countries, dropping 4 points from 47 to 43, our lowest since 2012. In this regard, recent allegations of corruption in the legislature and judiciary were most unhelpful.

The presence of a fair, efficient, reliable and independent judicial system is absolutely critical. Every investor wants the assurance that in the event of disputes over contracts, they would have a fair hearing, and justice expeditiously administered. Our justice system is fraught with unending litigation, legal gymnastics, avoidable cost, red tape, etc.

Ladies and Gentlemen,

Land plays a crucial role in all investments. Our land administration system has been in a state of confusion for years. It is one of the agencies that still defies the digital age. I'm told that at least three World Bank-funded efforts to modernize and digitize land records and administration have made little impact to date.

Ladies and Gentlemen,

Macro-economic stability is a most desirable factor for investment decision making. Investors need to be able to model the present and future values of their investment with some degree of confidence and predictability. A prudent management of key macroeconomic parameters particularly prices (interest rates, inflation, exchange rates, etc.) is vital.

Currently, in the advanced and emerging knowledge based economies, jobs are being created in the tech, R&D, artificial intelligence, engineering and agricultural science sectors. In this regard, we must ask whether there is a match between industry demands and output of our educational system here Ghana? Are we producing knowledge workers or is the system producing chronically unemployable graduates? Has our curricula been adjusted to current needs? Is there an obsession for the acquisition of degrees and credentials at the expense of relevant technical skills? Is there a danger of the system producing too many “Know hows” and not enough “Do hows”? Over the last three years, enrolment at the Kwame Nkrumah University of Science and Technology makes interesting reading (note the name of the University) … Enrolment into social science courses is higher than the combined enrolment of engineering and science students. Our polytechnics, for reasons I cannot understand have been turned into universities and they are now offering social science courses.

The German economy withstood all the challenges of the global downturn precisely because of the reliance on their polytechnics to produce highly skilled artisans and other technical professionals. The Germans have been so successful that the current US administration has asked for German assistance in training five million artisans. We need to emphasize science and technology in our educational system. In a 2015 global report titled “creating the future”, it was reported that 80% of children in India expressed an interest in pursuing careers in engineering. To enhance our competitiveness, we must produce more knowledge workers for agricultural sciences, engineering, manufacturing, IT, creative arts etc.
Still on education, I believe we should ask ourselves as a nation whether the cancellation of the GCE O and A levels and introduction of the West Africa Senior Secondary Certificate of Examination (WASSCE) has brought a positive change.

From where I sit, I do not think so. Isn’t it a shame that parents who attended our public secondary schools are not eager to send their wards to those same schools. Many, who can afford, prefer sending their children to private schools just to be able to take GCE O and A levels as well as the international baccalaureate (IB) and some similar international programs. No wonder there's been an explosion of private schools. This development cannot be good for social cohesion. What happened to the saying, "if it aint broke don't fix it"?

In the past, products of our public schools could gain admission to top universities worldwide. Regrettably today, Oxford University and other top UK universities have boldly spelt out on their websites that, the WASSCE does not entitle our students to make competent applications to study there. These points are critical given the fact that the theme for this year's school is on job creation especially for the youth.

Specific to the Ghana context, the sector which has the highest potential for job creation in the short to medium terms is agriculture. We have already mentioned the need for a restructuring of the land administration system. Our agricultural system is largely peasant. It isn’t out of choice, it is precisely because of the lack of access to capital and technology. Capital is required to acquire land, plant and machinery, agro chemicals and other essential inputs. The farmer in my village has to rely on loan sharks to enable them clear the land for planting; hence serious limitation on size and expansion, and yet, almost every farmer who owns his or her house which is properly titled can use it as a security to obtain loans to invest in their farms. The Agricultural Development Bank which was set up to assist and promote agriculture lost its way and lazily found it easier and convenient to deal in government securities. The rural bank idea has not lived up to its promise. These are all missed opportunities for transforming our agriculture and creating jobs. Agriculture still remains at a subsistence level whilst rural youth move in droves to the cities in search of employment.

Additionally, a key factor is the state of infrastructure including; health care provision, cost of energy, availability of water, and the state of our roads. These are important determinants in the cost of investments. Investors often seek guidance from the World Bank Ease of doing business ranking. In the latest edition of the report (2017), Ghana dropped 12 places from 108 to 120 out of 190. That must be a great cause of concern and worry to all of us. Within the sub-region however, Ghana ranked top and 12th out of 47 countries in Africa behind countries like Mauritania, Rwanda, Kenya, Botswana and Zambia. The report assesses areas such as starting a business, dealing with contracts, getting electricity, registration of property, payment of taxes, trading across borders, getting credit, protecting minority investments, enforcement of contracts and resolving insolvency. They are mirrored in the issues I discussed at the beginning of this presentation.

Ladies and Gentlemen,

As I said earlier, all investors regardless of nationality will share these concerns. I'm afraid that our past efforts at investment promotion have focused largely on attracting Foreign Direct Investment (FDI). As desirable as Foreign Direct Investment is, in and off itself, FDI cannot be depended upon to transform in a meaningful and sustainable way the Ghanaian economy. Sixty years since our independence, the Ghanaian equity ownership of the economy is insignificant.

The key drivers of Ghana's recent economic growth has been the services sector, mining and oil sectors. It will be instructive to look at the local equity in these sectors. There are now five service providers in the telecoms industry namely; Vodafone, MTN, Expresso, GLO Ghana and Airtel/Tigo. Apart from the minimal Ghana government equity interest in Vodafone (which came from its diversification of interest in Ghana telecom) there is hardly any Ghanaian equity interest in any of the other companies. Nigeria with its population of over 150 million, the second largest provider GLO is 100% Nigerian owned and all other telecoms providers - including MTN - have significant Nigerian equity shareholding.

The banking sector is no different. Out of 35 registered banks in Ghana, only 21% (8) are Ghanaian owned. This percentage does not reflect the true state of Ghanaian ownership once we look at the capitalization. Contrast that with the top 10 Banks in Nigeria, all being Nigerian owned many of whom are now prominent in our economy and have gone international.

The mining sector is even more depressing. I can assure you that, the Ghanaian private equity interest in all mines put together will not be 1% and because of the lack of integration with the local economy, the related service sector for mining is also significantly foreign. The situation is no different from our emerging oil and gas sector. Even with our Stock Exchange, surprisingly a large percentage of the equity is foreign and we all know that such capital can leave without notice with negative consequences for the economy.

Mr. Chairman,

For as long as we do not actively encourage greater Ghanaian equity participation in the economy, real economic growth will be illusive. I am not advocating a truncation of FDI. Neither am I advocating a total local bias to the exclusion of foreign participation. That would be suicidal!

Within the framework of international treaties and agreements to which we are party, government must make a conscious effort to promote enhanced local participation and equity in the economy. My point is that, if greater efforts go into the empowerment of Ghanaians to become significant equity holders of the economy, at a minimum, that capital would be more stable as dividends and profits will be retained in the country. We should not be shy and apologetic in our efforts to encourage and protect Ghanaian businesses. Prof. Ha-Joon Chang in his book “the Bad Samaritans” stated that his rigorous research indicated that almost all the rich countries today protected their local companies until they were of “age”. Ladies and gentlemen in the 70s we used to have thriving industries in poultry, textiles and road construction. Now almost all our poultry is imported, more than 60% of our tilapia comes from China and of course the construction industry is now predominantly foreign. We even got a foreign construction company to dig up the graves at Asomdwe park. Our experience tells us that foreign investors are given preferential treatment over Ghanaian investors. There are many examples of foreigners enjoying far better incentives than their Ghanaian counterparts in similar investments. In empowering Ghanaians, we must be guided by an observation made so eloquently by my friend Dr. Ken Kwaku , the former head of MIGA in Africa; “Don’t do for the foreigner what you won’t do for the local”.

Ghana has never been short of entrepreneurs. We have had our, Siaw, Boakye Mattress, Swedru Contractors, Appiah Menkah, to name a few. We have not created our Dangote’s and other champions for two key reasons; Business has been demonized and politicized. Ghanaian owned businesses have been at the mercy of political cycles. The perception is that governments undermine businesses whose owners are considered politically unfriendly. Ghanaian entrepreneurs are on tenterhooks and walk on egg shells at every election because depending on where you stand your expectation is either patronage or retribution. This is mainly because of the level of government influence in the economy.

Business is often demonized and, all entrepreneurs are perceived to be crooks. In the 1970's (second republic) sixth form students of Achimota School were asked what their career plans were. All of them mentioned professions like doctors, lawyers, accounts, musicians, footballers and the like. When they were further asked why they did not mention business, they said business people were "thieves" whose only aim was to rob the state. The combined effect of all of these factors is that the growth of Ghanaian businesses as compared to Nigeria has been stifled.

A reversal of this unsatisfactory and unhealthy situation would require a complete mindset change at all levels of society. A new approach under which we generate local interest and ownership of private business must be grounded on a conscious promotion of national capitalism! Economic empowerment doesn't just happen, it is a deliberate and direct consequence of government policies and actions. Malaysia, Singapore, South Africa, South Korea and our sister nation Nigeria have done better than us because they have made it possible for nationals to play a

major role in economic activity. We can and must learn from the empowerment experience of these countries. We must not repeat their mistakes. As an example, we must avoid creating seasonal local entrepreneurs through political patronage. Tribal and ethnocentric considerations, family affiliation and friendships must not be the only route to gain business opportunities. Crony capitalism comes with too high a price. This is a key lesson we must learn from Malaysia in their two decades promotion of "bumiputra" (Malay sons of the soil policies).The consequences were massive corruption, cronyism and Malays fronting for local Chinese and foreigners, the so called "Ali Babas!"
Similarly, the unintended consequences of the Black Empowerment policies of South Africa must not be lost on us.

The government needs to institute measures to rachet up local investor confidence. We can draw lessons from the Business Environment Strengthening for Tanzania (BEST) Program, the Targeted Intervention Program for Empowerment & Economic Growth (TIPEEG) in Namibia which focuses on mining (diamond) and fishing and the

Black Economic Empowerment in South Africa and the Broad Based Black Economic Empowerment in that same country which lifted many of their citizens out of their economic doldrums.

Contracting and procurement provides government the opportunity to assist local SMEs and ventures with supply contracts. Government is a "Big Spender" so it must create the opportunity for small local businesses to feed into most of these large infrastructural and industrialization projects. Procurement contracts must not be priced out of the reach of Ghanaian SMEs. Such contracts should be divided into smaller lots for many local businesses to partake in.

The Local Content Bills ought to be fully operationalized. We need to plan today for the health of our economy tomorrow through critical human resource development in all our strategic sectors.

We must make a conscious effort to tap into the Ghanaian diasporian pool of talent and capital. The experience of India in developing its ICT sector is based on Indian Diasporan capital and talent. Software Engineers from Silicon Valley were provided with tax incentives, dual citizenship among others to fast track investment in India. Today India is a world leader in the software industry. A good start has been made with the establishment of a diasporan desk at the Presidency.

There should be a deliberate effort to change local minds about local products through policy. In South Korea during the 1960s, the government through the educational system succeeded in making people believe that consuming foreign goods (especially if they were made in the country) was unpatriotic. Merely smoking a foreign-made cigarette could get you reported to the authorities. What currently pertains in Ghana and indeed many African countries is not conducive to developing indigenous capital. There is little faith in things made in Ghana. We have an inordinate taste for foreign goods whether food items, clothing electronics, footwear not to forget toothpick and toilet paper. This mindset issue manifests itself even at official levels. Recently, the rehabilitated

GIHOC shoe factory in Kumasi had cause to publicly complain about the continuous importation of boots for the security services to the neglect of their brand of boots.

It is also not very necessary to reinvent the wheel in terms of policies aimed at building indigenous or national capital especially where there are best modules that address our situation in Ghana. These BEST, BBBEE, TIPEEG and Singaporean examples I have already cited could be adopted and adapted to suit our circumstances.

We must consciously strive to create Business Champions just as Nigeria has done with Dangote, UBA, Zenith Bank, First Bank, Glo, GT Bank, just to name a few.

Let us begin with value addition to cocoa, our precious metals and the massive opportunities in ICT to develop software entrepreneurs. Government must move away from the age-old provider of all things to a facilitator of all things.

We must strategically transform ourselves from agriculture to agribusiness and from mining to mining beneficiation. We must move away from being mere planters of cocoa beans to manufacturers of world-class chocolate products. We must allow our nationals to participate in these sectors as investors and shareholders.

Shining examples like Kasapreko Company Limited must not be left to their own strengths to prod along. They must become national reference points to the world by both private and national promotional efforts.

In a recently held conference in Abuja, when the name Dangote was mentioned, it was made very clear by Nigerians officials present that;

"Dangote is a national institution….

This is the spirit and attitude we should have when it comes to providing support to Ghanaian businesses.

Our officials from relevant sector ministries and institutions should emulate such laudable examples of supporting their own.

Ladies and gentlemen,

To create jobs we need investment and to attract private investors we need to ensure that the environment is and remains competitively attractive. Further, I have illustrated with examples from countries which were once our peers at independence and other African countries, how national capitalism can be promoted. I therefore believe that, given the opportunity with strong government support in creating the requisite environment for national capitalism, the Ghana entrepreneur can deliver growth with jobs that will lead to sustainable development for our motherland. It is my conviction that for some time now, this is the best opportunity to take these ideas to action. We must avoid what the Malaysians call TONA (Talk Only No Action).

Mr. Chairman, Your Excellency, Ladies and Gentlemen,

We are either serious about national capitalism or we are not at all. If we are then we better get it right and do it right! We must implement the ideas that we all know with the fierce urgency of now.

Thank you for your kind attention!