



The Gateway to West Africa

An Interview with His Excellency
John Agyekum Kufuor, President, Republic of Ghana

EDITORS' NOTE *Ghana is now one of the brightest spots in sub-Saharan Africa, with accelerating growth, a stable political climate, and doors open to business. For the last several years its economy has been growing at more than 5 percent, and much of the credit for this expansion may be given to John Kufuor, Ghana's president. As this issue of LEADERS Magazine went to press, all predictions were for his January reelection to another four years in office. An Oxford-educated lawyer, Kufuor's political career spans 30 years. He is the founder of the New Patriotic Party.*

How will the Republic of Ghana look five years from now?

I took office in 2000 telling the world that I would usher in a golden age of business. As part of that, I planned a radical uplift of society by improving living conditions. When I became president almost four years ago, per-capita income was \$263. Now it is approaching \$400. Government stability has created a new confidence among Ghana's people. I see this trend continuing.

In continuing your reforms, where do you plan to place the most emphasis?

The emphasis will be on holding microeconomic stability in place. This involves encouraging not just overall growth, but also, very specifically, private-sector growth. We are in the process of establishing the private sector as the true engine of economic growth.

Have you been able to attract foreign investment into Ghana?

I can never be satisfied with the level of investment we attract. However, within the context of West Africa, I believe we are doing reasonably well. To the extent that we can quantify that, the credit agencies have given us a generous rating of B+. Previously, we were not rated.

At the beginning of my term, the inflation rate was about 40 percent. Now it's about 12 percent. When we borrowed money from international financial institutions, we paid interest of about 50 percent. In 2000, our currency, the cedi, depreciated more than 100 percent against the dollar. As we speak, lending rates are at 26

percent – half of what they were four years ago. Currency has depreciated only around 2 to 3 percent against the dollar this year. Growth of GDP is at 5.2 percent, and has remained consistent over the past few years. So we are on a very positive track.

What are you doing to attract more business to Ghana?

We are getting the word out to the international investor community that Ghana is a safe place to do business. We are styling Ghana as “the gateway to West Africa,” and the door to very profitable markets. We have all the basics, like an energy supply, and we will soon have cheaper fuel, because the West African gas pipeline is due to start flowing within two years. Additionally, we are encouraging the finance sector to improve lending rates. Already, the two biggest gold-mining companies in the world are here. Our country will soon have a brand-new mine.

How does your one-stop-shop program lure new business and spur enterprise creation?

Through the Ghana Investment Promotion Center [www.gipc.org.gh] we offer tax rebates, free-trade zones, graduated taxation, and custom import duty exemptions for plant equipment. Moreover, we now permit 100 percent foreign ownership of businesses in Ghana.

British Prime Minister Tony Blair stated that the West could – and should – fix many of Africa's problems. Do you feel it is the West's responsibility to transform your continent?

No, the responsibility is Africa's. This is why we are proudly taking the initiative to highlight our problems and to tackle them. I believe Prime Minister Blair was directing his comments at developed countries, and was implying that they should take some responsibility for colonization. In many countries, colonization led to exploitation.

What are you doing about corruption and red tape, both of which threaten to strangle new enterprise?

I want to remind people that corruption is not a new phenomenon. It is not new to the United States, or to Japan, or to Europe. What is more important

than corruption is the moral fiber than can be provided by the right kind of leadership. Countries need to have leaders who will not succumb to the temptations of office.

How does a government encourage ethics and integrity?

One must lead by example. Additionally, institutions should be put in place to ensure that temptation does not arise and payoffs do not take place. Corruption skews and destructs development. For instance, a project that should be contracted for \$1 million might be contracted for \$1.5 million or \$2 million as a result of corruption. A new financial-administration law has already been passed to confront this particular problem.

What about enforcing the law? Is that a challenge?

We are strengthening the courts and our investigative systems. We need to improve the courts so that we are truly independent.

What industries would you like to see expand in Ghana, and where are the best opportunities for foreign investment?

We have commodities, and we want to attract companies that can add value by processing those raw materials. Additionally, we want to attract companies from the service industries, which are not commodity dependent. They can come into our free-trade zones and manufacture products tax free.

Have any other African countries tried to attract foreign companies along these lines?

Not in West Africa. We believe we are well positioned to succeed in this regard. Just look at Singapore and what it has done with hardly any natural resources. We want outsourcing, data processing, and other such businesses in our area of Africa. Fortunately for us, we have a strategic geographical position. It takes only six hours to fly from here to anywhere in Europe, and eight hours to fly to the United States. New Delhi is six or seven hours away. So we believe we are situated at a crossroads, and we plan to take advantage of this. ●