World Bank President Speaks On The 50th Anniversary Of Ghana's Independence, Kumasi, Ghana

Paul Wolfowitz
President of the World Bank
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World Bank President Paul Wolfowitz has congratulated Ghana on the 50th anniversary of its independence, describing the country as one of the top economic performers in Sub-Saharan Africa.

Wolfowitz made the comments in a speech at the Kwame Nkrumah University in Kumasi, Ghana, in which he also called on rich countries to increase their support for IDA - the International Development Association, the Bank's soft lending arm.

The President's visit to Ghana comes as officials are meeting in Paris to discuss replenishing IDA for the next three years.

Wolfowitz said, in part:

-Ghana at 50 has many reasons to celebrate... Ghana has become one of the best performers economically in Sub-Saharan Africa. It has sustained real growth of 4 percent or better for more than ten years and achieved better than 6 percent in 2006, and Ghana is one of the few African countries expected to meet the Millennium Development Goal to cut poverty in half by 2015.

-In the early 1960s, more than half of the population of this country was struggling to survive on less than \$1 a day-which is how we define extreme poverty in the World Bank. By 2003, that number had dropped to 35 percent, but 35 percent is still much too high..

-For Ghana and the poorest countries in Africa and around the world, a critical source of development finance comes from what we call IDA the International Development Association the soft lending arm of the World Bank Group. Since the early 1980s when Ghana launched an economic recovery program, IDA has provided more than \$5 billion in credits and grants.

-The full speech as follows:

President Paul Wolfowitz: Thank you, first of all, I would like to say what a pleasure it is to be here at Kwame-Nkrumah University of Science and Technology and I understand that you have all been waiting quite a while and patiently and so I thank you for that, and I also want to thank your Chancellor, Otumfuor Osei Tutu II, Asantehene, who gave me the honor of an official gold bar this morning, and that is what this beautiful gold chain comes from.

Mr. Vice Chancellor, Professor Kwasi Kwafo Adarkwa, did I get it right?

Your most Reverend Archbishop of Kumasi, my friend the Minister of Finance and Economy, the very impressive woman mayor of Kumasi, Ministers, distinguished guests, and most of all, the most important guest here today, the students and faculty of Kwame-Nkrumah University of Science and Technology. "Mey mamooah!"

And I know I am a day early, but let me wish you Happy 50th Birthday, Ghana!

As the Archbishop mentioned, I spent seven wonderful years as a University Dean and it is good to be back with faculty and students. I was a Dean at John Hopkins University in Washington, DC and it gave me a chance to interact with students every day, students who were making a big investment in their own future and in the future of their countries and their societies.

Your country is making a big investment in you because you represent the future of Ghana. And as I will explain in a few minutes, in a way you represent the future of all of Africa. So I hope that you are doing your very best to get the most out of the educational opportunities that are being made available to you.

And I am delighted that the World Bank has partnered with KNUST to open a Development Information Center here. This facility provides access to a wealth of development information for students, for researchers, for faculty, and for the general public, I encourage you to take advantage of this new resource on your campus.

As a leading center for science and technology in West Africa, this university is making important contributions to Ghana's future. Science and technology are the keys to the future, the keys that can open the doors to the great opportunities of the 21st century.

Many dynamic thinkers have studied in your classrooms and gone on to remarkable careers. One of the best known of course is Kofi Annan, a leading statesman in Africa and on the global stage. So I hope you are all dreaming big dreams and setting your sights high, and setting your sights on what you can do for your country and for the world.

Yesterday, I visited Kibi and I had the honor to lay wreaths on the graves of the two of the great leaders of Ghana's Independence movement, J.B. Danquah and William Ofori Attah. It was a solemn reminder of the role that Ghana played in leading other nations of Africa to independence. Fifty years ago tomorrow, the winds of change began sweeping across the African continent beginning right here in what was then called the Gold Coast.

On the eve of Ghana's independence, your first President, Kwame Nkrumah compared this country's first steps towards freedom to a ship that was facing the high seas. Nkrumah wrote, "as I proudly stand on the bridge of that lone vessel as she confidently set sail, I raise a hand to shade my eyes from the glaring African sun, and to the scan the horizon. There is so much more beyond." Nkrumah's vision did not stop at Ghana's borders. It extended across this vast continent. He believed that if Ghana succeeded, the rest of Africa could succeed as well.

Today, the world's eyes are once again on Ghana, Africa's freedom pioneer, as you celebrate the first fifty years of this momentous journey.

This milestone in your history is an important opportunity to think anew and to think boldly-to reflect not only on Ghana's achievements of which you are rightly proud, but also to think about mistakes and missed opportunities in order to face the challenges of the present and to attain the full potential of this country's future.

So permit me to speak honestly as a friend of Ghana, and believe me, I'm a friend of Ghana. Because truth is something that friends owe to one another, as promising as the future seemed on that historic day fifty years ago, Ghanaians have endured many disappointments in the last half century: coups, violence and economic mismanagement during much of the first thirty years of independence crippled Ghana's economic development and left millions of Ghanaians living in grinding poverty. Fortunately, over the past two decades, and particularly in the last five years, the foundations of a modern economy have been built and we have seen an acceleration of progress that promises great hope for the future.

As President Kufuor has said last month in his State of the Nation address, "Ghana is on the rise again." If that trend can be sustained and strengthened, the next fifty years could see Ghana achieve the dream of true prosperity. That would be important, not only for more than twenty million Ghanaians. It would be important as an example and an inspiration for all of Africa.

Ghana has put behind it the coups and arbitrary rule of the past and has evolved into a vibrant democracy with free and fair elections. A dynamic media has emerged and a strong public dialogue is engaging citizens in shaping the future of this country.

Ghana has become one of the best performers economically in Sub-Saharan Africa. It has sustained real growth of 4 percent or better for more than ten years and achieved better than 6 percent in 2006, and Ghana is one of the few African countries expected to meet the Millennium Development Goal to cut poverty in half by 2015.

In the early 1990s, more than half of the population of this country was struggling to survive on less than \$1 a day—which is how we define extreme poverty in the World Bank. By 2003, that number had dropped to 35 percent, but 35 percent is still much too high. Even reaching the Millennium Development Goal will leave more than one out of five people still living in deprivation. So that good record of recent years is no ground for complacency. Ghana needs to do even better, and it can do better. There needs to be a real sense of urgency because if Ghana can meet its development challenges and grow faster and reach those Millennium Development Goals sooner, it can become a compelling example of hope, hope for a better future for this whole important continent.

If we look at the history of the last few decades around the world, we see that many regions have made remarkable progress in fighting poverty. In the past 25 years, half a billion people, 500 million have escaped poverty—most of them in the two big emerging economies of India and China. In the next decade, another 400 million worldwide are expected to follow in their footsteps, and again, let us be honest with each other; the one continent that has been left behind by the promise of change is Sub-Saharan Africa. The number of poor in Sub-Saharan Africa nearly doubled from roughly 160 million 25 years ago to 300 million today.

But something is changing. Last year, 60% of Africans said they expected this year to be a better year than the last—making Africans the most optimistic people in the world. I won't tell you who are the most pessimistic, but they are pretty rich, that is all I can tell you.

After traveling to 12 African countries in the past year-and-a-half, I am convinced that this optimism reflects a reality. In the past decade, 17 African countries—Ghana importantly among them—with roughly a third of the population of the subcontinent have consistently grown at 4 percent or better; in my country, 4 percent would be considered a miracle. I am about to tell you that in your country, 4 percent is not nearly good enough. It is not good enough because the challenges of poverty are too severe and too urgent. The resources needed to fight HIV and AIDS and malaria are needed today, not a generation from now. And if Ghana and other high performing African economies could achieve the higher growth rates the developing countries in Asia have demonstrated, you could transform this country in a generation.

And if you think that is too ambitious, let me tell you, it was not so long ago that people in East Asia thought that that kind of progress was impossible. I am older than most of you, I was studying Economics in the early 1960's and at that time, many economists said that South Korea was a hopeless basket case. It may sound amazing because within a span of some 40 years, South Korea was transformed from a poor country with no resources and a closed economy to become a symbol of developmental success. Today, South Korea is the world's 10th largest economy.

China is a more recent example of that kind of success. Until the mid 1970s, its economy was stagnant and the country was desperately poor. But in the early 1980's, China's economy took off. For the last 25

years, they have been achieving average growth rates in the neighborhood of 10 percent, and the results have been that hundreds of millions of Chinese had been able to escape poverty.

Just as those two countries and many smaller ones have managed to surpass expectations and become economic role models, Ghana too has the potential to sprint ahead on the path to a higher standard of development. A growth rate of 7 percent or better would make a dramatic difference in people's lives. It would double per capita income by 2015. It would put more children in school, provide new jobs and help lift even more people out of poverty before that 2015 target date set by the international community.

Last week, 16 international donors, including the World Bank, responded to Ghana's Growth and Poverty Reduction Strategy, we like acronyms, the acronym for that is GPRS2- Ghana's Growth and Poverty Reduction Strategy. We responded by signing the Ghana Joint Assistance Strategy or GJAS with support of over \$5 billion dollars from the combined donors over four years.

Let me talk briefly about three of the biggest challenges Ghana faces in order to achieve middle-income status. First, Ghana needs to boost the competitiveness of your private sector-an important engine for job creation. I saw in the market in Kumasi today example after example of poor people using ingenuity and innovation and hard work to change their lives often under difficult conditions. That kind of energy and ingenuity is not unique to Asians, it is not unique to Americans, it is very much here in Ghana, but I am afraid that excessive regulations are still keeping many businesses from starting, or the ones that start from expanding.

Every year, the World Bank group publishes something we call, the Doing Business report that measures the ease of doing business in 175 countries around the world. Last year, I am happy to say, Africa began to emerge as one of the fastest reforming regions, and Ghana along with Tanzania are two African countries that had been in the top ten reformers worldwide.

But it is going to take more than a year of reform to move to where Ghana should be. In fact, I am told it is still takes more than a year to register property here. That is far too long. It takes 81 days and half the average income of a Ghanaian to start a business. That may not scare away many multinationals, but it scares many poor people out of the formal sector. More importantly, if they do start a business, they turn to the informal sector where their investments or their labor rights are not protected by the law and where it may be more difficult to export. I have seen many such informal businesses along the road in the last few days-from boutiques run by seamstresses one little tiny textile factory in Nima with about six sewing machines that work to open air workshops for auto repairs or small stands making shoes or making farm tools. They are an important part of Ghana's economic fabric, if Ghana eliminates bureaucratic red tape, it can help unleash the potential of this coastal economy to become a regional trading hub. It could expand and diversify Ghana's exports and help fuel growth.

The second challenge is improving this country's infrastructure. I am told that on the factory floor, Ghana is producing the same high-quality work as the Chinese, and at much lower costs-to give you an idea, I am told it costs only 12 cents to produce a shirt here, 29 cents to produce that same shirt in China, but once you step outside the factory gates, Ghana starts to lose its competitive edge quite rapidly. Outside the factory, crumbling roads burden businesses with high transport costs. The ongoing energy crisis has made electricity supply unreliable forcing industries to cut back on production. To boost growth, Ghana will need to invest heavily in infrastructure and reform its energy sector. That will require a strong support from local and foreign investors and from development partners, but it will also require Ghana to manage resource flows in a way that allows it to reap higher returns on investments.

And that brings me to the third development challenge I want to mention this afternoon-ensuring sustained good governance. In the long run, neither policy reforms nor investment in infrastructure or investment in human development will deliver results without transparent and accountable government. And that is why I am very pleased that President Kufuor has put governance high on Ghana's agenda. In fact, Ghana was one of the first two countries to take part in the African Peer Review Mechanism-

permitting other African countries to review Ghana's performance including its governance system. Ghana has also strengthened its public finance management and procurement systems, thanks to regular audits, parliamentary oversight and active involvement of civil society-which is so important-budget execution has improved. Information on expenditures is now available to the public on the internet, and I must say the Minister has told me several times along the way in the last few days that without good information from civil society, he would have to trust the official numbers and that would not be a good situation, thank you.

But the Peer Review Mechanism states that 75 percent of Ghanaians continue to believe that corruption is a serious problem. Corruption is a disease that poses a serious obstacle on the road to development. It drains resources from the poor and hampers private sector growth. Some key steps that could help Ghana fight this disease include strengthening the skills of Ghana's accountability institutions such as the Commission of Human Rights and Administrative Justice...

To development it drains resources from the poor and hampers private sector growth. Some key steps that could help Ghana fight this disease include strengthening the skills of Ghana's accountability institutions such as the Commission of Human Rights and Administrative Justice and doing more to empower communities to responsibly manage and monitor the use of public resources. Those are by no means the only challenges investing in people in their health and education as perhaps the most important thing a country can do, but let me talk a little bit about the challenges for the World Bank and for the development community as a whole. Because, if Ghana is going to do better, the donor community needs to do more as well. Even with the best possible policy reforms, Ghana would still need large additional resources for essential investments. Neither the Asian Tigers, nor the big developing country of China achieve success on their own.

South Korea got more than \$20 billion from the World Bank over the course of four decades, and China received more than \$45 billion from us in just 25 years. For Ghana and the poorest countries in Africa and around the world, a critical source of development finance comes from what we call IDA the International Development Association the soft lending arm of the World Bank Group. Since the early 1980s when Ghana launched an economic recovery program, IDA has provided more than \$5 billion in credits and grants. As a result of IDA's close partnership with Ghana, we are delivering results that make a real difference in the lives of the poor. We have insisted the government in increasing access to clean water and safe sanitation in poor communities.

Fifteen years ago, nearly two-thirds of the students who completed primary school still couldn't read. By 2004, that number was down to only 1 in five students, thanks in part to IDA's long-term support to the government's education program. And this year, we will commit \$450 million to support the Government's Poverty Reduction Strategy. We not only provide financing, we also help countries apply global and local knowledge to meet their development challenges. Last Saturday, I visited a popular internet café in Accra called the Busy Internet. With support from the World Bank, this bustling café has been connecting small business owners to the internet so they can access vital information to conduct their business. I've spoken of the responsibilities of government and of the responsibilities of the development community, let me conclude by coming back to your responsibilities as students. The greatest resource of any country I repeat is its people. Not gold or oil or cocoa or timber but the skills and talents and initiative of its people.

South Korea is a country with almost no natural resources to speak of, but it is one of the most successful economies in the world today in no small measure because it has been consistently been raising its education levels. Today nearly 90 per cent of Korean students attend some type of college; that's more than the United States. You are among the most privileged of your contemporaries in Ghana because you have the chance to attend college. Use that opportunity well. Study hard make sure you realize your full potential. It is not only important for your own future. It is important for the future of your country and it is important for the future of Africa. More than a decade ago, another country on this continent was starting its journey towards progress, opportunity and prosperity.

South Africa was just emerging from a troubled past and its future leader, one of the great men from the last 100 years, Nelson Mandela knew that his country was just the beginning of a long and difficult journey. "I have discovered the secret," he wrote, "after climbing a great hill, one only finds that there are many more hills to climb. I have taken a moment to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come. But I can only rest for a moment, for with freedom comes responsibilities, and I dare not linger, for my long walk is not ended." For the people of Ghana, your long walk has also not ended, but you have come a long way. And you have a strong foundation for toward finding path to prosperity.

Ghana at 50 has many reasons to celebrate. But Ghana at 50 must also continue the journey you have embarked on. You must aim higher; you must move faster, you must take bigger and bolder steps to achieve the future that the people of Ghana deserve — and to inspire the rest of Africa by your example. Thank you.