

GHANA'S ECONOMIC MESS

AN ADDRESS AT A PUBLIC FORUM ON #OCCUPYBoG PROTEST AT THE UNIVERSITY FOR PROFESSIONAL STUDIES ACCRA: WHY THE GOVERNOR OF THE BANK OF GHANA AND HIS DEPUTIES MUST RESIGN

PRESENTED BY

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Good afternoon everyone and thank you for joining us here at the Auditorium of UPSA, here in Accra (and on radio, tv and online) for this public forum on our impending #OccupyBoG protest and why the Minority in Parliament is demanding that the Governor of the Bank of Ghana and his Deputies resign and pack out of office.

This afternoon, I am not only going to reiterate the call of the Minority Group for the central bank's Governor and his deputies to resign but I will also provide the justification for our demand.

- Ladies and Gentlemen, since 2019, the economic reality of many Ghanaian families and businesses have been grim, depressing and uncertain, following the government's implementation of many ill-thought through policies with their corresponding horrible consequences.

- This has worsened the living conditions of Ghanaians.
- Already, the Akufo-Addo/Bawumia government, despite claiming that they were not going to sign onto an IMF programme, signed the worst form of an IMF programme since Mansa Musa went on a pilgrimage to Mecca.
- Ironically, they turned round to applaud themselves for securing an IMF programme after running the economy aground and giving assurances to the people of Ghana that an IMF programme was off the cards.
- Ghanaians should once again be reminded that, it is not the IMF which has imposed horrible conditionalities and austerity measures on them.
- But rather President Akufo-Addo and his Economic mis-Management Team, led by Alhaji Bawumia, who have imposed these horrible conditionalities and austerity on the people of Ghana.
- The government's insensitive and vindictive so-called banking sector clean-up had already dealt an irreparable damage to Ghana's banking sector.

- It is worth noting that this is the only IMF programme that came with a debt restructuring programme, in other words, “haircuts”- the first in the history of Ghana.
- These “haircuts” programme has impoverished the rich, the middle class and even the poor.
- This same debt restructuring has rendered our banking and financial institutions insolvent, bankrupt and, literally, on their knees.
- It is a scandal of monumental proportion that almost all banks in Ghana, non-bank financial institutions and insurance companies declared huge losses in 2022.
- Our dear country Ghana is in distress, our people are in despair and most Ghanaians have lost hope in this incompetent NPP administration.
- This is evidenced by the large number of young Ghanaian professionals, particularly doctors and nurses, accountants and economists, who continue to leave the shores of our country daily in pursuit of greener pastures elsewhere.
- The hardships that we are seeing and experiencing were avoidable. ***These hardships are needless.***

- The people of Ghana had not seen the level of economic adjustments we are witnessing now in the country's entire history.
- Inflation rose to hyper levels at 54.1% in 2022; again, *unprecedented in the history of the 4th Republic.*
- The Cedi depreciated from GHS6/\$1 to over GHS15/\$1 in the year 2022. *This is over 100% depreciation on a straight-line calculation.*
- This depreciation coupled with inflation have reduced the rich to a middle class and above all the poor have become poorer.
- The Bank of Ghana's Governor and his deputies are not without blame in this matter.
- Their illegal and excessive printing of money caused the depletion of Ghana's external reserves which resulted in the unprecedented depreciation of the Cedi, the main cause of the hyper-inflation in 2022.
- Subsequently, an estimated 850,000 people were reported by the World Bank to have been pushed further down the poverty line in 2022 due to inflation **alone.**

- This narrative and figures are not my own creation. Indeed, they are facts contained in official Government of Ghana documents.
- For example, the Akufo-Addo/ Bawumia government has admitted in Paragraph 2 of the MEFP sent to IMF that the illegal printing of money by the Bank of Ghana, which was supervised by the economic mis-management team chaired by Alhaji Dr Bawunia, caused the hyper-inflation of 54.1% in 2022.
- Consistent with the dishonesty and non-transparency on the part of the government, they vehemently denied when the Minority in Parliament informed the people of Ghana about the then ongoing printing of money by the Bank of Ghana and the government.
- Thanks to the IMF, the government has backed down from its spirited denials and has admitted that indeed the Bank of Ghana printed money to finance its over-bloated government expenditures in 2022.
- Indeed, paragraph 8 of the IMF Staff Report gives further detail that Ghana's central bank, not only illegally but also excessively, printed over GHS45 billion, representing 7.2% of GDP in 2022 alone, and GHS35 billion in 2021.

- This is another unenviable first in the history of Ghana.
- It is important to point out that, in 2016, on the watch of president John Mahama and notwithstanding that year's general elections, the NDC government financed the entire budget without any support from the Bank of Ghana.
- The Bank of Ghana is now a crime scene and the managers of the economy led by Mr. Strategist aided and abetted this economic crime.
- **Again, the Governor of the Bank of Ghana and his deputies are not without blame.**
- This singular crime by the Bank of Ghana and government is responsible for pushing an additional 850,000 Ghanaians from poor to poorer and into extreme poverty, according to the latest World Bank report.
- It is instructive to point out that the key members of the economic mis-management team that superintended this economic crime are:
 1. Dr. Mahamudu Bawumia, aka “Mr. Strategist”
(Exxxxxcuse me!!).
 2. Ken Ofori-Atta aka “One Problem, One Bond”

3. Governor Ernest Addison, aka “The Printer” and his two deputy governors at the Bank of Ghana.

- ***These five officials clearly constitute an economic mis-management team! This is borne out of the results of their time in office.***
- On the watch of this economic mis-management team, our public debt increased to about GHS600 billion by end 2022 from the GHS120 billion inherited, an increase of about 400%.
- Following these high debt levels, Ghana defaulted in the repayment of both our domestic and foreign debts, another unenviable first time in Ghana’s history.
- Again, for the first time in the history of our dear country, and on the watch of the economic mismanagement team, pensioners (senior citizens) had to picket at the Ministry of Finance to demand the payment of their interest and principal.
- Of course, we are all aware of how rating agencies downgraded Ghana’s credit worthiness to “D”, in other words “super-junky”.

- It is this unsustainable debt levels which resulted in the painful domestic debt default.
- Today, Ghana's financial sector has virtually collapsed, with all the 23 banks in the country recording massive impairment losses of over GHS18 billion in 2022.

| COMMERCIAL BANKS' IMPAIRMENT/LOSSES FOR 2022 (GHS'BILLION) | | |
|---|-------------------------------------|--------------|
| 1 | Absa Bank Ghana Limited | 2.13 |
| 2 | Access Bank | 1.26 |
| 3 | ADB | 0.38 |
| 4 | Bank of Africa Ghana Limited | 0.19 |
| 5 | CAL Bank PLC | 1.45 |
| 6 | CBG | 1.81 |
| 7 | Ecobank | 1.71 |
| 8 | FBNBank Ghana Limited | 0.21 |
| 9 | Fidelity Bank Ghana Limited | 1.06 |
| 10 | First Atlantic Bank Limited | 0.23 |
| 11 | First National Bank Ghana Limited | 0.26 |
| 12 | GCB Bank Plc | 2.11 |
| 13 | Guaranty Trust Bank (Ghana) Limited | 0.56 |
| 14 | National Investment Bank Limited | - |
| 15 | OmniBSIC Bank Ghana Limited | 0.15 |
| 16 | Prudential Bank Limited | 0.70 |
| 17 | Republic Bank (Ghana) PLC | 0.24 |
| 18 | Societe General Ghana Plc | 0.28 |
| 19 | Stanbic Bank Ghana Limited | 0.97 |
| 20 | Standard Chartered Bank Ghana Plc | 0.60 |
| 21 | United Bank for Africa (Ghana) Ltd | 0.41 |
| 22 | Universal Merchant Bank Limited | 0.51 |
| 23 | Zenith Bank (Ghana) Limited | 1.19 |
| | TOTAL | 18.39 |

- This is excluding the impairment losses of the non-bank financial institutions and the insurance companies. The cost of the economic mis-management by this government is unprecedented. This domestic debt restructuring has not only affected the commercial banks but has also affected the Bank of Ghana negatively.
- The Bank of Ghana is in a major financial distress and bankrupt; and requires urgent attention.
- In 2022, under the governorship of Dr Addison and his deputies, the Bank of Ghana recorded a colossal loss of over GHS60.8 billion and negative equity of over GHS55.1 billion.
- That explains why Paragraph 18 of the Memorandum of Economic and Financial Policy (MEFP) stated that: *“The Government and the BoG will assess the impact of the debt restructuring on the BoG’s balance sheet and develop plans for its recapitalisation.*
- In its present form, the Bank of Ghana exists merely in name under the leadership of Governor Addison and his deputies; we are talking about a central bank which has been so mismanaged that it has recorded an unprecedented loss.

- As if that mismanagement was not bad enough, its officials have the sheer audacity and temerity to look Ghanaians in the face and tell us that the Bank was not set up to make profit.
- If I may ask, ladies and gentlemen, was the Bank of Ghana set up to make losses?
- Ladies and Gentlemen, you will recall that the governor of the Bank of Ghana in justifying the outrageously expensive new Bank of Ghana head office of over \$250 million, stated that he commenced the construction with profit from 2019 to 2021.
- If I may ask again, now that the bank has made an unprecedented loss of GHS 60.8 billion (\$6bn) with a negative equity of GHS 55.1 billion, how are they going to continue the construction of their so-called earthquake-resistant new Bank of Ghana head office with these losses?
- Now that the Bank of Ghana is claiming that the building is 41% complete, are they going to fund the remaining 59% from their losses or Addison the Printer will print money again?

- For those of you who may be asking “how did the Bank of Ghana get into this mess”?, the answer is simple.
- The actions of Governor Addison and his two deputies to illegally and excessively print money to finance government’s over-bloated expenditures and reckless borrowing from the Minister of Finance.
- All of these were under the direct supervision of Alhaji Bawumia, the Chairman of the economic mismanagement team.
- They are responsible for causing this mess and cannot escape culpability in this matter.
- Let me also state that another cardinal sin of the Governor of the Central Bank and his deputies is their decision to write off government debt on the blind side of parliament.
- The Governor and his deputies are not a law unto themselves, they cannot exercise powers that they do not have.
- They cannot therefore arrogate to themselves the power to unilaterally write off government debt without recourse to

the Parliament of Ghana, in clear violation of section 53 of the Public Financial Management Act, 2016 (Act 921).

- The Bank of Ghana is regulated by law and those of us in the Minority Caucus will continue to ensure that they follow and operate within the law.
- Already, the Bank of Ghana and the government have written off about GHS 48.4 billion of government debt, owed to the Bank of Ghana without parliamentary approval and Section 96 of the Public Financial Management Act, 2016 (Act 921) which spells out the offences and penalties will have to apply.
- On the watch of President Akufo-Addo and Vice President Dr. Alhaji Bawunia, the government has succeeded in collapsing almost all state-owned enterprises, including the Bank of Ghana which is now bankrupt with negative equity of over GHS55 billion and counting.
- Why should Ghanaians be worried about the mess that this Government has created at the Bank of Ghana?
- All of us should be worried because ultimately the Ghanaian Tax-Payer would be required to recapitalize the Bank of Ghana.

- Considering that average profits made by Bank of Ghana since 2012 is about GHS1.5 billion and assuming that all profits will be retained going forward, it will take more than 20 years for Bank of Ghana to move to positive equity.
- This means the fate of Bank of Ghana hangs solely in the ability of a government that is itself bankrupt to recapitalize it.
- Ladies and Gentlemen, from the Minority's analyses of this mess, there can only be three (3) options to get the Bank of Ghana out of this self-inflicted predicament:
 - i. Introduce a tax to recapitalize the Bank of Ghana. (Bank of Ghana recapitalization Levy); or
 - ii. Divert proceeds of an existing Tax to recapitalize the Bank of Ghana and therefore forgo critical Government expenditures in education, health and roads; or
 - iii. This Government which has borrowed more than all Governments combined in the history of Ghana, may have to borrow another \$6 billion to fill this crater at the Bank of Ghana.
- The mess that this government has caused is incredible! Shocking! And irredeemable!!!

- The outlook for our country still looks grim, notwithstanding the sacrifices of the ordinary Ghanaian.
- This Bawumia-led economic mismanagement team, should be apologizing to the people of Ghana for destroying livelihoods, our country and our motherland.
- To put it simply, the Bank of Ghana cannot unilaterally write off government debt without the approval of parliament.
- This government that does not take responsibility for its failures.
- The performance of this economic mismanagement team, despite the hype, over the past seven years has been abysmal, to say the least.
- In concluding this address, let me say that the Bank of Ghana, with Governor Addison and his two deputy governors in charge, has aided the Akufo-Addo-Bawumia government to derail the macroeconomic stability achieved since 1992.

- After careful assessment of the policies implemented by the current managers of the Bank of Ghana, it is clear and without doubt that the deterioration in the macro fundamentals is due to policy missteps since 2019 after exiting the 16th IMF programme.
- The overarching policy for price stability in the context of Ghana is the implementation of prudent monetary policies that ensure general price stability and inflation within a target band of 8%, plus or minus 2%.
- What is the reality today? Inflation is currently 43.1% and rising even though projected to be 31.3% by the end of the year.
- Monetary policy rate is 30% and rising and commercial bank lending rate is 36% and rising.
- 91 days T-bill rate is now 27% and rising.
- We, the Minority in Parliament, do not believe that those who caused the mess at the Bank of Ghana, Addison the printer and his two deputy printers are capable of fixing their own mess.
- It requires a new set of leadership at the Bank.

- Why are we embarking on the #OccupyBoG protest march?
- Our protest march is to back our demand for the immediate resignation of the Governor of Bank of Ghana and his two deputies.
- They mismanaged the Bank of Ghana and illegally and excessively printed money between 2019 to 2022 in contravention of the Bank of Ghana Act, leading to a hyperinflation of 54.1%.
- This pushed an additional 850,000 Ghanaians from middle income into extreme poverty.
- Their reckless mismanagement of the Central Bank also resulted in a loss of GHC60.8 billion, causing a negative equity of GHC55.1 billion.
- They also illegally wrote off a whopping GHC48 billion of Government's indebtedness, as well as other acts of financial malfeasance by the Governor, his Deputies and Directors of the Bank of Ghana as contained in the 2022 Annual Report and Financial Statement of the Bank.
- These are the reasons why we are going to embark on the #OccupyBoG protest march on 5th September, 2023.

Thank you

Thank you.