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## **Separate Politics From Economy• CEPA Advise Gov't**

The Center for Policy Analysis (CEPA) has cautioned the government to refrain from putting the economy in jeopardy ahead of the 2012 elections.

Ghana is dominated by two main parties-the ruling National Democratic Congress (NDC) and the New Patriotic Party (NPP) which governed the nation from 2000 to 2008.

“The two parties cannot claim to be capturing the national interest in their different manifestos. In essence, the suggestion here is that the national interest-the promotion and sustainable improvements in the wellbeing of the people of Ghana –must be separate,” CEPA warned in its latest economic review and outlook for 2012.

Led by Dr. Joe Abbey, Executive Director, CEPA said the macroeconomic outcome in the aftermath of the 2000 and the 2008 elections made it necessary for Ghana to sign up to the stabilization programme with the International Monetary Fund (IMF) which hampered the country's growth and job creation from 2009 to date.

He explained that the record performance over the first 18 months ending December 2010 was unsatisfactory, blaming the shortcomings on inadequate commitment to fiscal discipline, arrears owed contractors and suppliers, among others.

With regard to 2011 socio-economic performance, Dr. Abbey expressed some level of satisfaction, but noted that the nation will not be able to meet its oil production target, cautioning Ghanaians to be moderate in their expectations from the oil.

He mentioned that “we must continue to focus our attention on the non-oil sector which hitherto has been the backbone of the economy.”

In terms of revenue for the government, performance in the oil sector was disappointing but the government accrued some substantial amount of income from the other sectors. There was also macroeconomic stability in the economic.

Concerning the outlook for 2012, Dr. Abbey said consolidating and building on the performance in 2011 was clearly the way forward into an election year and beyond.

According to him, it is necessary to ensure that the discovery of oil in commercial quantities would prove to be a blessing but not a curse to Ghanaians.

On the growth rate, he pointed out that CEPA's assessment put the sustainable trend growth rate at between 7.0 percent and 7.5 percent a year.

However, the priority over the medium term with regard to fiscal consolidation is to find a solution to the infrastructural deficiencies and institutional weakness that have hampered growth and development.

Dr. Abbey urged the banks to reduce their lending rates in order to enable the small and medium scale enterprises access loans while urging government to settle the arrears owed the contractors and suppliers

He also opined that the challenge for the monetary policy in the oil era was to strike a sustainable balance between the objectives of accelerated growth with jobs and gradually bridging down the inflation rate.

**Source: Business Guide**