

**Address by Dr. Mahamudu Bawumia at the Launch of  
UNOPS/SHS Affordable Housing Units on Wednesday,  
28<sup>th</sup> August, 2019 in Ghana.**

1. I welcome you all to the launch of this landmark affordable housing project here in Amasaman, Accra. I am delighted to join you today to undertake this historic launch for work to start on the United Nations Office for Projects (UNOPS) sustainable housing initiative.
2. Shelter as we are all aware, is the next most important need after food and clothing. Our inability to meet the housing needs of our citizenry in the past has created a huge backlog, estimated to be in excess of 1,700,000 units. Whilst the housing supply requirement is about 150,000 units per annum, available data indicates that less than 40% of this figure is achieved annually.
3. Ladies and gentlemen, home ownership within a growing working class is one of the most integral parts of a developing economy. It creates the basis for the transfer of generational wealth, provides socio-economic empowerment to a nation's citizens, enables good governance through structured communities, reduces the marginalization of decent hard working

people and contributes to the social fabric of the family system.

4. One of the greatest ongoing needs across our African continent, as a whole is the availability of affordable housing for its citizens.
5. It is with this background that, His Excellency President Nana Addo Akufo-Addo became so interested in the UNOPS Housing Programme during the United Nation's General Assembly meetings in the United States last year.
6. The UNOPS Sustainable Housing Project seeks to de-risk and structure infrastructure investment projects in an effort to help attract financing from the private sector to national development agendas. Projects selected are subjected to a rigorous and comprehensive due diligence process that will ensure a positive environmental, social and economic impact, with financial returns for private sector investors. Ghana is one of two countries in Africa that made it through the vetting process for this project and we are grateful to UNOPS for this.

7. Distinguished Ladies and Gentleman, it is no secret that our local housing sector currently faces challenges on multiple fronts. From the lack of affordable finance options for both developers and citizens, lack of affordable properties, and lack of affordable mortgage options. This has led to a large disparity between the need for housing and the availability of viable and sustainable housing options for hard working Ghanaians.

8. Across the length and breadth of Ghana there are countless instances where Ghanaian workers have moved from one district to the other and could not be allocated with housing units because they are literally not available. With the UNOPS project coming onboard to augment housing projects currently being undertaken by government and the private sector we are miles away to overcome the challenges facing the housing sector in Ghana.

9. To address the housing gap, Government has embarked on strategic partnerships with the private sector and with a special focus on affordable housing. We are under no illusion that finding a lasting solution to the

housing deficit cannot be achieved without forming crucial partnerships with the private sector.

10. In line with this, Government is partnering the United Nations Office for Project Services and Sustainable Housing Solutions to deliver an affordable housing model which will include not only the homes to be built, but the related mortgage system to enable working Ghanaians to purchase a home that comes with all the amenities a decent home should contain.

Ladies and Gentlemen a sound financial system is very critical to the development of a mortgage market. Without a sound financial market, it is difficult to see how a deep mortgage market will emerge to enable workers buy many of the affordable homes that are going to be constructed under UNOPS. It is in this regard that I read with dismay the statement issued on 22<sup>nd</sup> August 2019 by John Dramani Mahama on his version of developments in the banking and financial system of Ghana.

Instead of explaining to the good people of Ghana how his Government superintended over outright regulatory failure and cronyism which led to the biggest financial crisis ever in Ghana, he chooses, as is characteristic of him, to rewrite history. The good people of this country are however not as gullible and ignorant as he likes to believe. And we do not all have short Memories. Here are important facts to keep mind:

1. The NPP Government under the leadership of former President J.A. Kufour, put in place significant reforms from 2001 through 2008 to create a modern financial sector. The reforms included development of the bond market starting with the issuance of the Government of Ghana Index-Linked Bond (GGILB) in 2001 as well as major innovations under the Financial Sector Strategic Plan (FINSSP: 2004-2008), including the establishment of the Central Securities Depository in 2008 to provide more protection for investors in Government and corporate securities, the overhaul of the exchange control regime

and liberation of the foreign exchange regime allowing for free foreign investments and liberalization of foreign trade, the enactment of the Credit Reporting Act to introduce a credit bureau system which has helped to provide more credit to the previously excluded credit market participants, and the enactment of the Borrowers and Lenders Act in 2008 with a collateral registry to help creditors provide more loans on a secured basis, among others. In addition to these reforms, the Kufuor-led Government established the Ghana Venture Capital Trust Fund to promote equity funding for SMEs, and introduced the pension reforms that have now led to a viable private pensions industry providing pools of long-term funding for the economy and providing workers with enhanced long-term financial security. The Bank of Ghana also established the GhiPPS to strengthen the payments infrastructure and lay the foundation for innovative financial services to drive financial inclusion.

2. Ghanaians watched painfully as gains from these far-reaching reforms implemented under the Kufour-led administration were eroded by years of no regulatory and supervisory oversight under John Mahama's NDC administration, leading to the licensing of institutions with fake capital, poor corporate governance, and impunity as shareholders plundered the deposits of poor depositors. It is the years of poor regulation that and supervision that saw the mushrooming of licensed institutions who had no intention from the very beginning to engage in responsible banking or other deposit-taking business. If anything has shaken the very foundations of confidence and trust in the financial system, this is the reason.

3. Former President Mahama claims that the problems in the banking sector could have been handled differently, for example through the Non-Performing Assets Recovery

Trust (NPART) which was set up under the Financial Sector Adjustment Programme (FINSAP) in 1990 as a vehicle to acquire the non-performing loans of distressed banks. He also argues that “during the world financial crisis, it was not uncommon that many countries, because of the strategic nature of their domestic financial institutions, provided bail outs in exchange for equity in order to prevent a chaotic meltdown of the sector.”

4. Unfortunately, John Mahama shows off his limited understanding of this issue with these claims. He forgets that almost all the NPLs transferred to NPART in the 1990s were from 5 or so state-owned banks, with NPLs from the only three private banks constituting a mere 4%. Also, he does not mention that the same NDC government deemed it wise to close banks after the NPART had shown that it was not a panacea for dealing with banking sector crisis, hence the liquidation in Ghana of BCCI in 1999,



and in 2000 the closure and liquidation by the Bank of Ghana of the Co-operative Bank and Bank for Housing and Construction, incidentally at a time when Mr. John Mahama was Minister of Communications and had to explain the reasons why those banks could not be saved by the then Government.

5. Perhaps, he also has not caught up with the collective wisdom around the world that bailing out insolvent banks does not cure the canker that soon rears its head again. Is Mr. Mahama suggesting that the Bank of Ghana should have continued to dole out the largesse of public funds to enrich bank shareholders who themselves that plundered the assets of their banks funded with depositors' funds? Was he expecting that the Government nationalize all the failed financial institutions at the expense of the tax payer? When he refers to banks bailed out in advanced economies during the global financial crisis, has he not

bothered to learn about several banks that were closed down and resolved in those countries? Is he not aware of the reforms around the world (including outright statutory prohibition of bail-outs in some jurisdictions) since then to ensure that financial institutions that reach the point of no viability are made to exist the financial system in an orderly fashion even before they reach insolvency? Does he not know that keeping “dead” financial institutions alive by public funds under the pretext of “too big to fail” destroys the financial system and the economy as a whole? Actually many of the financial institutions which had their licenses revoked could not even pay customers their deposits of as little as GHC300. Has John Mahama not taken the trouble to learn from the experiences of countries all around the world in financial crisis management? Obviously not, and hence his admission that he has had to recently set up a Policy Working Group on Finance and Economy that is now “studying and

analyzing the situation with a view to coming up with pragmatic steps....”.

6. Mr. Mahama and his NDC have nothing useful to offer the Ghanaian people, and should apologize to the good people of Ghana for causing their pain in the first place. It is common knowledge that his brother's companies led to the collapse of a number of the failed through loans granted to such companies above regulatory limits, which loans became unrecoverable. Former President Mahama, who now would like Ghanaians to believe he knows how to stabilize a banking sector, kept banks in their comatose state until they died instead of allowing the regulator to do its work independently as required by law to administer the prompt interventions that were needed to ensure that the banks recovered.

7. The Bank of Ghana under its current leadership has shown courage by taking the “bulls by the horns” and dealing decisively with the problems created under the Government of John Mahama, to avert the collapse of the entire financial system. Several of these failed financial institutions could not pay their debts to other financial institutions and that in itself was threatening to collapse the other institutions.

8. As a responsible Government, the Akufo-Addo administration continues to spend considerable amounts of money to pay off debts Mr. Mahama’s Government and SOEs owed to banks that created liquidity challenges for some of these banks. We have also supported the necessary clean-up effort and provided significant and timely relief to depositors whose deposits were at risk as a result of the demise of the defunct banks, MFIs and savings and loans companies/finance houses, totaling

over GHc13 billion. The Government set up the Consolidated Bank Ghana Limited (a wholly owned Government of Ghana and licensed by the Bank of Ghana as a universal bank) and capitalized it with GH¢ 450 million to acquire the deposit liabilities of 7 of the 9 defunct banks so that no depositor lost their deposits. This resulted in a stronger indigenous banking sector instead of the many poorly capitalized and poorly governed and managed entities that were once licensed. The Bank of Ghana's directive to banks to increase their minimum paid-up capital to GHC 400 million by 31<sup>st</sup> December 2018 has been successful and the Government's decision to provide an amount of GHC 800 million to the Ghana Amalgamated Trust with which to capitalize indigenous banks that were solvent and well governed and managed, is progressing and will further bolster confidence in the indigenous banks.

9. The Government's financial interventions in the cleanup exercise were necessary to help mitigate the socio-economic impacts of the failure of the relevant financial institutions. Government is determined to recover these funds from persons whose actions led to these mass failures. The Government's actions have restored confidence in the banking system as customers of the defunct deposit-taking institutions continue to access their funds without difficulty. Through the Government's interventions, deposits held by some 4,629,029 depositors have been saved, as well as over 3,000 jobs saved. To minimize job losses, CBG and GCB retained thousands of former employees of the failed institutions. Unpaid salaries of some failed banks have also been paid by the Receivers. Can you imagine what would have happened in this country if 4.6 million depositors had lost their savings? This is over 7 times all the workers employed by

government! That would have been a real national security threat

10. But where from John Mahama's new found care for indigenous firms? Does John Mahama know how many indigenous firms collapsed under 4 years of dumsor? Why didn't his government bail them out? Why this sudden love for collapsing indigenous firms? Where were the specific policies to support them? Does he know how many jobs were lost? What did he do about that if he cared so much about jobs? Today he is hypocritically and opportunistically crying about job losses because he wants votes. So many nurses and teachers completed training but were left to sit at home for four years. Did these jobs not matter? Are teachers and nurses less important? Where was John Mahama's sanctimonious caring for the people when his government:

- Abolished teacher training allowances

- Abolished nursing training allowances
- Froze public sector employment
- Superintended over 4 years of dumsor
- Looked on as the Graduate unemployed association grew in numbers
- Returned to cash and carry under the NHIS

Were these all not threats to national security?

11. We would all like to see the survival and growth of indigenous banks but we don't want to have financial institutions that threaten the stability of the entire financial system whether they are indigenous or foreign. We would rather have a few well capitalized, liquid and sound banks than many weak, undercapitalized and illiquid banks that cannot effectively function as banks.

12. This problem was obvious in 2014 and before. It is a problem President Mahama and his government should



have thought about. Even in opposition we pointed out on the basis of available information that at least 8 banks were likely to collapse. Yet nothing was done. When matters came to a head in 2017, the Bank of Ghana took a decisive step to resolve the situation. But today, the response of President Mahama is that he is going to set up a committee to tell him what to do. Just like his approach to free SHS, this does not demonstrate leadership. It rather smacks of opportunism and hypocrisy. When you are faced with a real crisis, you take firm decisions. You don't dilly dally and play to the gallery after the fact.

13.If the Bank of Ghana had waited for the Banking system to collapse, it would have been a national security issue. In fact saving the deposits of over 4 million depositors has enhanced our national security.

14. The benefits of the banking sector clean-up exercise are evident for all to see, leading to upgrades in Ghana's credit rating among other things. We now have a stronger and more resilient banking sector than ever before, and deposits in the banking system have increased significantly as customers now know their funds are safe.

15. We also continue to make great strides in financial inclusion through critical investments in the GhIPSS platform that have led to interoperable payment channels particularly through the use of mobile money not only for payments but also for providing credit to the vulnerable and previously excluded from the financial system. Instead of the comatose financial system which the Mahama-led administration left for Ghanaians, we have cleaned up after him and created a strong, resilient, and inclusive financial system with integrity and respect for the hard work of the good people of Ghana who work hard to entrust their money into the hands of financial

institutions. We have done it and the results are positive. Instead of setting up a Working Group to learn about how to manage a financial crisis, John Mahama should simply learn from the work we have done and desist from wasting the time of Ghanaians. He should also encourage Ghanaians to get into the habit of repaying loans that they have taken from banks. Single individuals or companies who do not repay significant loans from banks can collapse those banks.

11. Ladies and Gentlemen, this UNOPS initiative which we are launching today sets out to construct a minimum of 100,000 affordable housing units nationally over the next 10 years. The project seeks to construct 3 factories in Ghana for the production of the building panels, and I have been informed that the first factory is being established in Tema.

12. It is estimated that this project will create some 100,000 jobs over the next 10 years both directly and

indirectly in the various related industries from construction, to procurement, supply services, finance and the real estate industry as a whole.

13. Government has fully embraced this project and would hope the same level of enthusiasm is demonstrated by the private sector in supporting this developmental agenda. I am assured the project will rely heavily on local contractors, resources and labor. We look forward to benefits this project will bring to the good people of Ghana.

14. The project's objective is in tandem with the Government's policy of providing adequate, decent and affordable housing that is accessible and sustainable with infrastructural facilities to satisfy the needs of our illustrious Ghanaians.

15. Nii Mei, Naa Mei, the uniqueness of this project is the fact that the Government of Ghana is supporting the Ministry of Works and Housing with UN Funding which has been secured to provide all ancillary facilities. Funding for the project is solely provided by UNOPS with government playing a facilitating role. The programme arrangement does not impose any financial

liability on government and requires no government guarantees.

16. Such strategic partnerships ably reflect SDG-17 that enjoins public-private partnerships to achieving agenda 2030.

17. I commend UNOPS and the Ministry of Works and Housing for not considering only the economic aspect, but also ensuring that the interest of the end-users was factored into the design. They have put in place a network of well-connected, multi-use public spaces that fit with the surrounding communities.

18. Thank you to UNOPS and their partners for implementing this project and we look forward to its commencement over the coming months.

19. God bless our homeland Ghana and make it great and strong.

Thank you.