PRESS CONFERENCE BY THE MINORITY IN PARLIAMENT ADDRESSED
BY HON. HARUNA IDDRISU, MINORITY LEADER ON WEDNESDAY 5TH
JULY, 2017 IN PARLIAMENT HOUSE

We wish to convey our gratitude to you our media partners and members of the
fourth estate of the realm for the professional manner in which most of you have
covered our press conferences and proceedings in Parliament so far. Ghana’s
democracy is enriched by your worthy contributions.

We have convened today’s Press Conference to share with you our position on a
number of significant national issues of paramount importance. And these issues
relate to the US$ 2.25 billion controversial bond and also the energy sector.

OFF CAPE THREE POINTS FIRST OIL COMMISSIONING – NDC’S VISION AND
HARDWORK HAS PAID OFF

On Thursday 6th July, 2017, President Nana Addo Danquah Akufo-Addo is
expected to turn the valve to mark the commencement of commercial
exploitation of oil Off Cape Three Points. It must be noted that this project is a
legacy of the NDC Government under the visionary leadership of President John
Mahama as it doesn’t take six months to achieve this feat.

As our dear country prepares to celebrate the first oil ceremony led by H.E
President Nana Addo Danquah Akufo-Addo, we the NDC minority in Parliament
join all Ghanaians to celebrate this milestone.

However, it ought to be emphasized that Ghana did not get here by accident, the
NDC Government understood within the early stages of commercial oil
production in 2011, the importance of a robust regulatory regime in the oil and
gas sector. We established strong institutions and promoted good governance to
encourage investments. It is therefore not surprising that, the global index
assessing 81 countries in oversight has established that Ghana’s oil and gas sector is the best governed in Sub-Saharan Africa.

Our record in passing the Petroleum Revenue Management Act 2011 to ensure transparency in revenue management with the oversight responsibility by the citizenry through the Public Interest Accountability Committee (PIAC) has earned Ghana an enviable reputation.

Our record in establishing the Petroleum Commission as the independent upstream regulator through the Petroleum Commission Act 821 was critical to regulate and manage the utilization of petroleum resources. Since its establishment, the commission has saved our country millions of dollars.

Our record with the support of Parliament in passing the Petroleum (Exploration and Production) Act 2016 (Act 919) has marked a significant watershed for the sector.

Also, the Petroleum (Local Content and Participation) Law LI 2204 with the objectives of enabling Ghanaians to benefit from the upstream petroleum business and to expand in-country value creation; are all key examples of the work we did to get us here. We focused on monetizing our gas resources because we understood that gas would serve as a cheaper source of fuel for the power sector. It was for this reason that the NDC Government worked tirelessly to establish the Western Corridor Gas Infrastructure Project and through that, the Ghana National Gas Company (GNGC) that supervised the construction of the Atuabo Gas Plant.

Ladies and Gentlemen:

You may recall how the NPP then in opposition opposed the $1 billion CDB facility that was used for the construction of this plant.

What we will be celebrating later this week, began when the NDC came into office in 2009. The NDC Government under the Mills/Mahama leadership approved the Farm-in of ENI Ghana as field operator of the CCTP licensed in September 2009. This is how a major oil producer, ENI, came to Ghana to join VITOL.
This followed negotiations by the NDC government and GNPC on behalf of the state for additional 5% (making a total of 20%) working interest from 15% in original agreement negotiated in 2006. So NPP had negotiated for 15% share, we came in and increased it to 20%.

Having achieved all these, we proceeded with the following:

1. Oil declaration of commercial quantities – June 24th 2013
2. July 13th 2013, first submission of phase one oil Plan of Development (POD)
3. December 31st 2014-partners under the leadership of Ministry of Energy and Finance, initiated OCTP Heads of agreement, Gas sales agreement, Terms Sheet, security package, supplementary and fiscal support agreement. It must be noted that these were not easy agreements, it took hard work and dedication by the Ghanaian team under the leadership of H.E. John Dramani Mahama.
4. June 17th 2015, GOG, GNPC and the contractors signed the gas sales agreement after tireless negotiation.

Ladies and Gentlemen:

In the context of Ghana’s GDP and current economic phase, the OCTP gas project (Sankofa gas project) is the largest domestic gas contract ever negotiated. It represents Ghana’s first non-associated gas-to power project.

The gas sales project is expected to secure the reliable supply of feed stock gas for power generation in Ghana-supplying gas to power over 1000MW.

Projected daily gas supply from the Sankofa-Gye Nyame field is estimated to be about 180MMSCF for over 13 years.

The NDC government despite the global downturn was able to get two global players in the industry, ENI and VITOL to finance this multi-billion dollar project, the NDC was also able to bring in the World Bank Group, providing about half a billion US dollars of partial risk guarantee (PRG), the largest ever world Bank guarantee to make this project work. In addition, to this, the world Bank is providing US$300 million of additional support as credit enhancement for the new power plants to off-take the gas from the field.
In terms of the benefits, this project is the largest ever Foreign Direct Investment (FDI). In fact, it is the largest single gas-to-power project in Sub-Saharan Africa in recent years.

Ladies and Gentlemen, you would have thought that, the NPP then in opposition would have supported this laudable project, but unfortunately, that is not exactly what happened, they took every opportunity to discredit this very important project.

For instance, on the eve of the visit of the former Italian Prime Minister, Matteo Renzi, on Tuesday February 2nd 2016, this was the caption of the NPP press statement led by their Director of communication, Nana Akomea: “Review Ghana’s bad gas deal with ENI, NPP to Prime Minister.” Among several issues raised, they condemned the financial terms especially the gas price, yet in power, their own Finance Minister confirmed at his vetting that the price was only tentative to be determined after all the contracts have been awarded and savings determined.

We want to take this opportunity to congratulate all the players especially H.E. John Dramani Mahama, whose tireless leadership and bold vision opened the doors for the necessary and giant steps that made the project possible. This includes teams from Ministries of Finance, Energy, Attorney General, the P.C, GNPC and partners from ENI and VITOL for this great milestone.

Ladies and gentlemen, we still have a lot of work ahead on this project. We begin oil production but the gas starts early next year.

The NDC government has laid a solid foundation for this project. We worked hard to monetise the gas, completed the western corridor Gas infrastructure project, established the GNGC and completed the Gas plant, with a 60Km offshore pipeline and 150 mmscf gas processing plant at Atuabo. However, with additional volumes of gas expected from ENI and in the future from HESS, there is the urgent need to expand the plant and complete the WAPCO reverse flow of gas from Aboadze to Tema for the ENI Gas to get to the Eastern power plants in the Tema enclave.
The NDC Government has ushered Ghana into the gas era, we expect this government to go to work and complete these critical outstanding projects.

2. ENERGY SECTOR BOND

The minority has also noted with concern an announcement by the NPP Government to the effect that it intends to issue a 15 year Bond to settle what it describes as outstanding debts in the energy sector.

It will be recalled that in an effort to deal with the perennial debt confronting the Energy sector SOEs the NDC Government introduced the Energy Sector Levy Act 2015 (Act 899) which was meant to consolidate all the existing levies into a properly structured revenue stream flow to deal with the debt stock in a comprehensive manner.

Consequently, the NDC government through then Minister for Finance, Hon. Seth Terkper, took appropriate steps to restructure the debt owed by the Power Sector Industry players which resulted in a renegotiation of outstanding obligations. This led to the affected banks cutting their interest rates for both the Cedi and Dollar components. This move culminated in a payment plan which was agreed upon by the various shareholders.

Based on detailed analyses conducted taking into account the upfront payment made, the entire debt stock was scheduled to be amortized over a period of 3 to 5 years. The NDC Government further made provision for sunset clauses which was aimed at terminating the levies upon completion of payment within the stipulated period.

It is therefore shocking, astonishing and beats our imagination to hear of the NPP Government planning to extend the repayment period over a 15 year period, through what they describe as Energy Sector Bonds. This is certainly unacceptable as it is completely at variance with the intended repayment time period of a maximum of 5 years.
For the avoidance of doubt, the then Minister of Finance, Hon Seth Terkper, had started sanitizing the Markets of Energy Bonds to finance the investment needs of the sector and wean them off central Government or Sovereign Guarantee. These discussions were based on the “self-financing” rule for commercial projects. In the case of the energy sector, it would be based on “receivables” or revenue from projects, such as the Thermal plants, not ESA.

What at all informs the NPP Government’s strong affinity for Bonds if not for self gain?

It must not be lost on us that the NPP then in opposition vehemently opposed the Energy Sector Levy promising to scrap same upon assumption of office. Why has the NPP woefully failed to honour this promise?

On the contrary, the Akufo-Addo/Bawumia government has capitulated and seeking to burden Ghanaians with a 15 year payment period. This singular act will span almost 4 successive Governments and Parliaments. How can an arrangement meant to liquidate a loan over 5 years in the previous administration metamorphose into 15 years under this administration?

We wish to state emphatically and unequivocally that the NDC Minority is vehemently opposed to this 15 year bond arrangement that appears to surreptitiously extend and impose the ESA on Ghanaians for 15 years. Therefore, the NDC is serving notice that we oppose the measure and should the majority use its numbers to have its way we shall review this decision, God willing, upon assumption of office on January 7, 2021.

3. BOST CORRUPTION GATE

Ladies and Gentlemen of the Press:

Last week, our Ranking Member on the Energy and Mines Committee of Parliament addressed a Press Conference where the Minority exposed the stench and blatant corruption at the Bulk Oil and Storage and Transportation (BOST) Company over the now infamous 5 million liters Contaminated Fuel affair.
Following our exposé, The National Petroleum Authority, (NPA), has, in an official release confirmed our position that the two companies in this corruption ridden purchase of the 5 million liters of contaminated fuel from BOST were indeed not licensed.

The NPA further confirmed our position that, Movenpinaa Energy and Zup Oil are not licensed to undertake any commercial activity in the downstream petroleum industry. The statement went as far as confirming that the activities of these entities therefore infringes on section 11 of the National Petroleum Authority Act, ACT 691, 2005.

The Minister of Energy, Mr. Boakye Agyarko whose Ministry has supervisory role over these Petroleum sector SOEs subsequently issued a statement a day after our Press Conference on the 28th of June, 2017 in which he promised setting up an eight-member investigative committee to look into the scandal.

However in a most bizarre and shameful twist, this same Energy Minister addressed a Press Conference yesterday 4th July, 2017 claiming that even before his own committee will get to work, the BNI and National Security have exonerated the BOST Managing Director Mr. Alfred Obeng Boateng and absolved him of all wrongdoing. July 4, 2017 will certainly go down in history as Ghana’s day of shame!

This naked cover up is an insult to Ghanaians and an affront to the laws of Ghana.

The signs are now crystal clear that the Akufo-Addo/Bawumia Government has no commitment to fighting corruption. What we have been treated to in this embarrassing spectacle is a new Government that has arrived to dash the hopes of many Ghanaians by entrenching the canker of corruption.

Now we know that the NPP’s approach to fighting corruption is holding Press Conferences to equalize as the Majority in Parliament shamelessly exhibited last week. We in the Minority will not obstruct justice – if there has been any wrongdoing by any Ghanaian, let that person be taken through due process.
Following revelations by a Member of Parliament on the Majority side alleging that the beleaguered BOST MD was a major financier of the presidential campaign of Nana Akufo-Addo and that Mr. Obeng Boateng is untouchable – it is now obvious to many a Ghanaian that under the Akufo-Addo/Bawumia Government there will be different strokes for different folks. NPP financiers who loot state coffers and engage in unbridled corruption will be left off the hook under his watch. In any case, this distasteful episode affords us an exclusive insight into how people came by their appointments under the Akufo-Addo/Bawumia Government. These are very troubling times for our motherland.

We stand by our original demands on this matter and call on all Ghanaians to stand up to this Government and demand transparent and accountable governance.

4. THE US$2.25 BILLION KEN-BOND GATE

Ladies and Gentlemen of the Press:

You will recall that on Wednesday 31st May, 2017, I filed a Half-Hour Motion pursuant to Order 49 of the Standing Orders of Parliament on the US$2.25 billion controversial Bond seeking to compel the Finance Minister to make available to Parliament “the full complement of documentation related to the issuance, the participants, the utilization of proceeds and the currency in which the bond was settled.” Pursuant to this Motion, the Finance Minister appeared before the House on the 7th of June, 2017 to respond to the Half-Hour Motion.

In view of the technical nature of the Half-Hour Motion, debate was not allowed but the Rt. Hon. Speaker indulged a few comments from both sides of the aisle. Thereafter, we did promise you and the good people of Ghana that we will carry out additional detailed scrutiny and assessment of the Finance Minister’s presentation to Parliament and report on same in due course. After diligent research, both in Ghana and abroad, and scrutiny of the documents presented by the Honourable Finance Minister, we wish to share with you our carefully considered viewpoints on this matter.
A. Prospectus

Ladies and Gentlemen of the Press:

Contrary to the impression created by the Finance Minister that the Prospectus for the issuance of the said 2017 bond was entirely new, we can reveal that the notification document or Prospectus he presented to Parliament is the same Prospectus used by the previous NDC Government in the issuance of its September 2016 bond which was based on an unfettered book-building approach.

It is important to note that the two transactions are distinct in their features as well as the nature of the legal and financial obligations they impose on the sovereign people of Ghana. To give but one critical example, the recent 15-year 2017 Bond attracted a premium (i.e., additional or punitive payment) “on call” or early redemption whilst the other (i.e., 2016 Bond under the NDC) did not attract any such additional or punitive payment. Is it not worrying and conflicting that the Government of Ghana agrees to pay a premium on early redemption when we were told that the 2017 Bond issuance was made against the background of a better investment climate?

We must, of necessity, point out that our research has revealed that, industry best practice frowns upon the same Prospectus being used for the issuance of two ostensibly distinct and unique bonds. In other words, the same Prospectus cannot be used without effecting the appropriate changes to ensure conformity with the nature and character of the bond being issued. That happened not to be the case in the transaction under scrutiny; the same prospectus was used for the two separate and distinct transactions in violation of the industry practice. Given this background, is there merit in the suspicion that the 2017 transaction had a “tap in” element into the 2016 Bond and that this is what actually justified the use of the 2016 Prospectus?

Ladies and Gentlemen of the Press:
If it is true that these were two separate transactions, and there can be no argument that they truly are separate and distinct from each other, then under Article 181 of the Constitution of Ghana, Parliament has the unique constitutional duty to approve the “terms and conditions” of loans contracted by the Government for and on behalf of the sovereign people of Ghana. In consequence, the unique nature and character of the 2017 Bond issuance imposed a duty on the current Government to place the “terms and conditions” of the loans contracted via the Bond issuance transaction before Parliament for approval and this principle applies to all the Bonds that had been issued by the Government on the Ghana Stock Exchange prior to the last issuance. We take the view that the Minister for Finance was profusely wrong in stating publicly that the 2017 and earlier 2016 Bonds were the same and, therefore, in substance did not require further Parliamentary scrutiny.

Additionally, it is useful to ask if the “premium” (i.e. the additional or punitive payment) was demanded by any particular investor at the point of offer or even before the bidding process started? In essence, we submit that the Finance Minister was not truthful and transparent when he appeared before the august House. Why is the Honorable Ken Ofori-Atta hiding so much from the people’s representatives and for that matter the people of Ghana?

Furthermore, may we stress that, unlike previous domestic and foreign Sovereign Bonds, the 2017 Bond issuance had callable obligations in the payment clauses. It therefore makes it possible to take advantage of market conditions at the time of redemption, especially, if these market conditions become favourable. This is now possible since, under the escrow and “buy-back” initiatives, the NDC Government was able to redeem over US $360 million of Sovereign Bonds (including part of the NPP’s 2007 Sovereign Bond) from the Sinking Fund set up from our oil revenues—without the need to promise the payment of premium upfront to any investor.

It is in this context that we call on the Ministry of Finance to publish and, further submit the “Pricing Supplement” for the issuance of the 2017 Domestic Bond to
the House. After all, eventually, the premium being demanded upon call or early redemption of the Bond will be paid for by all Ghanaians.

B. The disclosure of participants in the bidding process

Ladies and Gentlemen of the Press:

We wish to turn to the issue of disclosure of the participants in the bidding process during the course of bidding for the bonds. The Minister was required to furnish the House with the participants of this controversial bond. The Minister declined to heed this simple and harmless call with a rather dishonest and unacceptable response. He said that information on the participants of the bond was market-sensitive, and hence could not be made available in the public domain.

We ask: is the Minister the only stranger in Jerusalem? If so, we wish to let him know that his “unique Bond” is being widely discussed by capital Market Analysts that have followed Ghana since we returned to the Markets in a big way in 2013, for both Sovereign Bonds and earlier for Domestic Bonds in which there is high level non-resident participation. Hence, it is rather in the interest of mother Ghana to give the Markets for information, not less under a cloud of so-called sensitivity.

Does this not buttress our earlier position that, in substance, the 2017 Domestic Bond issue did not meet the litmus test for a “Public Bond” and is rather “Private Placement”? Can we also ask whether this particular Bond can be traded “freely” on the secondary markets, given that it has been described as public and “tradable”? Is this the case with the Bond that was issued under the 2016 Prospectus discussed earlier?
It is common tradable knowledge that the terms and conditions for a Bond that is described as a public issue and “tradable” (on the Ghana Stock Exchange (GSE)) are expected to be public information. Further, in the past, the Central Securities Depository (CSD) of the Bank of Ghana (BOG) made all bond information available to the public. Therefore, we are surprised that, all of a sudden, information that should be made public has become market-sensitive information.

This untenable explanation by the Honourable Minister for Finance is a deliberate attempt to compromise the integrity of our institutions and blunt the initiative to deepen the domestic capital market by using the GSE to trade and issue Government Bonds. Issuance of Government bonds and other securities on the GSE is supposed to serve as a lead for more aggressive issuance of corporate bonds by SOEs and private companies. This explanation by the Minister for Finance kills the attractiveness of sovereign bonds as examples for SOE and corporate bond issuance.

Ladies and Gentlemen of the Press:

C. Contradictions and Inconsistencies In The Figures Recorded In The Order Books

In the typical book-building approach for issuing domestic bonds, as Government is claiming, an Order Book is normally established to take all the orders from investors in “building” the book. At any point in time Government may decide to use the Order Book to make a decision to either- (a) cut off the interest rate and bids on offer at a lower rate and, thereby, reject some bids; or (b) accept all the bids offered at the top rate as recorded in the Order Book.

Surprisingly, according to the documents presented to Parliament by the Minister for Finance, in the case of this controversial $2.25 billion (GHC9.7 billion) bond, the order books amounted to only GHC 4,874,230,000.00 which is just about half of the total amount that was raised. Why was it so? What are they hiding? (It is worth emphasizing that the two order books under reference relate to the 7-year bond and the 15-year bond).
Are we to infer that the balance of GHS 4.8 billion did not go through the Order Books (that is, according to the Finance Minister’s Appendices 7 and 8 as attached)? If that happens to be the case, then the pertinent question is: How did the Ministry and the transaction advisors raise the additional amount? From private and sensitive sources, as the Minister appears to assert? The public and Parliament deserve to know.

Ladies and Gentlemen of the Press:

D. Possible Collusion

For a public competitive offer, we have noticed something strange with reference to Appendices 7 (7-year Bond Order Book) and 8 (15-year Bond Order Book) which were submitted to Parliament by the Minister for Finance. It is intriguing that all the financial institutions that basically appeared to be intermediaries for the major bidder, Franklin Templeton, offered the same rate of 19.75%. This does suggest a possible collusion among the participants to prevent keen, healthy and beneficial competition and hence artificially fix the rate - another clear evidence of prior knowledge and insider trading in this whole transaction.

E. Use of Proceeds

Contrary to the impression created by the Vice President, Dr Mahamudu Bawumia, that the controversial $2.25 billion Bond will be used to solely refinance existing domestic expensive Bonds, we were told by the Finance Minister that about GHS 1.1 billion has been used to finance the Budget Deficit.

Ladies and Gentlemen:
Before we continue, let us recall that, the then Running Mate to Nana Akufo Addo, Dr. Bawumia led an NPP chorus to attack the NDC's initiative to borrow to refinance and extend the maturity date of Treasury Bills, other short-term notes and the 2007 Sovereign Bond. These were the case with the entire 2015 World Bank-Guaranteed Bond and portions of the other bonds issued between 2013 and 2016. This aptly exposes the NPP’s double standards towards governance and their unreliability.

Still on use of funds, it is important to stress that using part of the Bond to finance the deficit simply means you are actually increasing your debt stock with the issuance of the Bond. Therefore, on these points, the Vice President should be advised that no one will be hoodwinked by him. In fact we urge him to read in greater details before making contributions on such issues.

Secondly we were also told by the Finance Minister that an amount of GHS 2.5 billion out of the total has been used to refinance the existing debt. However we were not informed about what debt instruments have been refinanced and at what rate (compared to the 19.75 percent for the new bond).

Thirdly, the Minister implied that an amount of GHS 6.1 billion is idling in the accounts of the Government of Ghana. As we speak, the difficulty here is the fact that if the Minister thinks there's no immediate need for such cash buffer for immediate refinancing, why did he decide to take such a huge sum of money during an auction? It is therefore important for the public to be aware that an amount of GHS 6.1 billion is accruing a needless interest of 19.75% per annum into private pockets.

General Observations

Having concluded our scrutiny and assessment of the rather scanty and incomplete information brought to Parliament, it is clear to us in the Minority that the Akufo-Addo/Bawumia Government intends to continue on its rather perilous path of disrespecting the Constitution of Ghana, treating Parliament with
contempt, treating Ghanaians with disdain, concealing vital information and perfecting a creeping culture of bad governance.

Consequential Decisions

Based on the sordid state of affairs, the Minority has taken a number of consequential decisions. We have resolved to continue to pursue our petition at the Securities and Exchange Commission (SEC) of the United States of America with renewed vigor. Already, we are pleased with the interest and seriousness with which the SEC of the USA is acting upon our petition having recently appointed a respected case manager – Jennifer Carr to spearhead investigations.

We can now reveal based on our investigations that though the parent company Franklin Templeton was registered in the United States of America, it would appear it used a subsidiary company registered in Luxembourg to purchase 95% of the bonds. Hence to satisfy additional jurisdictional issues, based on this revelation, a group of Minority MPs comprising Hon. Dominic Ayine (Dr.), Hon. Samuel Okudzeto Ablakwa and Hon. Isaac Adongo have filed a whistleblower complaint with the regulator in Luxembourg known as the Commission de Surveillance de Secteur Financier (CSSF) which has begun looking into the matter.

The Minority now has two external petitions filed on this matter and wishes to assure the nation that we would continue to cooperate with ongoing international investigations to the best of our abilities and with all good intentions in the supreme interest of Ghana.

Back home, we continue to lend our support to the petition before the Commission on Human Rights and Administrative Justice (CHRAJ) and the writ filed at the Human Rights Court seeking to compel the Finance Minister to provide all the information covering this transaction. Both actions initiated by Messrs Brogya Gyemfi and Lawyer Victor Adawudu have our fullest support and it is our expectation that these state institutions will act expeditiously and in the interest of justice as they have done in time past.
We thank you for the audience. We shall now take your questions.