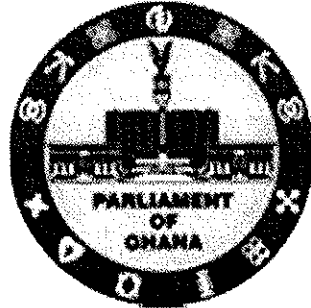


**IN THE SECOND SESSION OF THE SEVENTH PARLIAMENT OF
THE FOURTH REPUBLIC OF GHANA**



**REPORT OF THE
FINANCE COMMITTEE**

ON THE

**REQUEST BY THE
GOVERNMENT OF GHANA FOR
APPROVAL OF THE 2019
SOVEREIGN BOND ISSUANCE
PROGRAMME**

PARLIAMENT OF GHANA LIBRARY

DECEMBER 2018

1.0 INTRODUCTION

The **2019 Sovereign Bond Issuance Programme of the Government of Ghana for *Three Billion United States Dollars (US\$3.00 Billion)*** was *laid* in the House on Wednesday 19th December, 2018 by the Minister responsible for Parliamentary Affairs, Mr. Osei Kyei-Mensah-Bonsu on behalf of the Minister responsible for Finance.

Pursuant to Article 103 of the 1992 Constitution and Orders 169 and 171 of the Standing Orders of the House, the Request was *referred* to the Committee on Finance for Consideration and Report.

The Committee subsequently met and discussed the Programme with the Deputy Ministers for Finance, Hon. Charles Adu-Boahen and Hon. Abena Osei-Asare as well as officials from the Ministry of Finance and hereby submits this report to the House pursuant to Order 161(1).

The Committee is grateful to the Hon. Deputy Ministers for Finance and the officials from the Ministry of Finance for attending upon the Committee.

2.0 REFERENCES

The Committee referred to and was guided by the following documents *inter alia* during its deliberations on the Programme:

- The 1992 Constitution of the Republic of Ghana
- The Standing Orders of the Parliament of Ghana
- The Public Financial Management Act, 2016 (Act 921)

- The Budget Statement and Economic Policy of the Government of Ghana for the 2019 Financial Year.

3.0 BACKGROUND

In the 2018 Budget Statement and Economic Policy approved by the House in December 2017, Government stated its intention to raise US\$1 Billion from the International capital Markets (ICM) to finance capital expenditure. It was also stated that Government will further access the International Capital Markets (ICM) for liability management operations such as buybacks and bond refinancing to re-profile external debt, extend tenors and reduce associated refinancing risks.

In line with the 2018 approval to issue up to US\$2.50 Billion on the International Capital Market (ICM), Government successfully issued US\$2.00 Billion. The issuance consisted of US\$1.00 Billion each of 10-year and 30-year instruments. The 10-year bond was priced at 7.625 percent, while the 30-year bond was priced at 8.627 percent.

Since 2007, Ghana has issued six (5) Eurobonds on the ICM. As at the end of October 2018, the total issuance of Eurobonds stood at US\$6.50 Billion. Of this amount, the outstanding balance as at end October, 2018 was US\$4.98 Billion. The difference of about US\$1.52 Billion represents the amount that has been paid on the 2007, 2015 and 2016 bond issuances.

4.0 OBSERVATIONS

4.1 Use of 2018 Bond Proceeds

The Committee observed that the 2018 Bond proceeds were used to finance capital expenditure and other growth related expenditure (US\$750.00 Million) as was approved in the 2018 Budget and Economic Policy of Government. US\$830 Million was also used to tender for a significant portion of the 2022 Eurobond and its associated interest cost. The remaining balance of about US\$420.00 Million was lodged in the Sinking Fund for further liability management.

The details of the 2018 Eurobond Utilisation are given in the table below:

SRN	Policy Priorities/Programmes	GH¢
1	Construction of various roads	432,484,481
2	Various works on sanitary, sewer, drainage, sea defence protection at Dansoman, Nkontompo, Aboadze	101,337,377
3	Railway development	114,045,774
4	Energy Supplies and Infrastructure	101,395,649
5	Establishment of Housing Mortgage Fund	40,000,000
6	Health infrastructure	5,823,125
7	Equipping the Police	248,400,102

8	Supporting National Identification Cards	74,842,152
9	Equity in CBG for Financial Sector Bailout	450,000,000
10	Agriculture Development	475,585,949
	Grand Total	2,043,914,608

It was also explained to the Committee that about **GH¢1.5 Billion** was used to deal with huge uncovered auctions (Almost GH¢4.0 Billion) as part of liability management amidst emerging market turbulence throughout the year.

4.2 2019 Sovereign Bond Issuance

The Committee was informed that Government programmes to raise up to US\$3.00 Billion in International Capital Market (ICM) instruments. In addition to the regular Eurobonds, other instruments targeted for 2019 include *Century Bond*, *Green Bond*, *Samurai Bond* and *Panda Bond* as well as *Commercial Loans*.

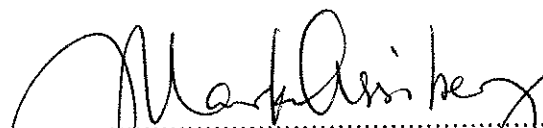
The Committee was further informed that about US\$2.00 Billion (approximately GH¢9.6 Billion) of the 2019 Sovereign Bond proceeds would be used to finance the 2019 Budget whilst the remaining US\$ 1.00 Billion goes into the refinancing of the 2023, 2026 and 2030 Eurobonds.

Details of the **US\$2.00 Billion** to be used to finance the 2019 Budget were given as follows:

SRN	Policy Priorities/Programmes	2019 Budget (GoG) GH¢
1	National Identification Authority	285,000,000
2	MASLOC	95,000,000
3	Infrastructure for Poverty Eradication Programme	665,207,447
4	Ghana Asset Management Company	3,800,000
5	Venture Capital	28,500,000
6	Supporting economic activities in the Zongo Communities	106,875,000
7	National Entrepreneurship and Innovation Programme	47,500,000
8	Planting for Food and Jobs	300,000,000
9	National Afforestation Programme	47,500,000
10	One District – One Factory Initiative	95,000,000
11	Ghana Integrated Aluminium Development Corporation	19,000,000
12	Other Education Requirements	203,334,282
13	Works and Housing	171,177,451
14	Energy Infrastructure	81,169,682
15	Housing and Mortgage Finance	95,000,000
16	Contingency	117,244,351
17	Liability Management	7,238,691,787
	Total	9,600,000,000

5.0 CONCLUSION

The Committee, having carefully scrutinised the Programme, respectfully recommends to the House to adopt this report and approve by resolution, the **2019 Sovereign Bond Issuance Programme of the Government of Ghana for *Three Billion United States Dollars (US\$3.00 Billion)*** in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.



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HON. DR. MARK ASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)



.....
MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

21ST DECEMBER, 2018