

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



REPORT OF THE FINANCE COMMITTEE

ON

GHANA'S SUBSCRIPTION OF 3,883 ADDITIONAL PRO-RATED SHARES ALLOCATED UNDER THE SHARE TRANCHE RULES (STRS) OF THE SIXTH GENERAL CAPITAL INCREASE (GCI-VI) OF THE AFRICAN DEVELOPMENT BANK GROUP (AfDB) AT THE COST OF *THIRTY-EIGHT MILLION, EIGHT HUNDRED AND THIRTY THOUSAND UNITS OF ACCOUNT (UA38,830,000)*

AND

GHANA'S SUBSCRIPTION OF 182,414 NEW SHARES UNDER THE SEVENTH GENERAL CAPITAL INCREASE (GCI-VII) OF THE AFRICAN DEVELOPMENT BANK GROUP (AfDB) AT THE COST OF *ONE BILLION, EIGHT HUNDRED AND TWENTY-FOUR MILLION, ONE HUNDRED AND FORTY THOUSAND UNITS OF ACCOUNT (UA1,824,140,000)*

JULY 2020

1.0 INTRODUCTION

Ghana's subscription of

- a. 3,883 additional pro-rated shares allocated under the Share Tranche Rules (STRs) of the Sixth General Capital Increase (GCI-VI) of the African Development Bank Group (AfDB) at the cost of *Thirty-Eight Million, Eight Hundred and Thirty Thousand Units of Account (UA38,830,000)* and
- b. 182,414 new shares under the Seventh General Capital Increase (GCI-VII) of the African Development Bank Group (AfDB) at the cost of *One Billion, Eight Hundred and Twenty-Four Million, One Hundred and Forty Thousand Units of Account (UA1,824,140,000)*

were *presented* to the House on Wednesday 22nd July, 2020 by the Hon. Minister for Defence, Mr. Dominic Bingab Aduna Nitiwul on behalf of the Minister responsible for Finance.

Pursuant to Order 169 of the Standing Orders of the House, the subscriptions were *referred* to the Finance Committee for consideration and report.

The Committee subsequently met and discussed the subscriptions with a Deputy Minister for Finance, Hon. Mrs. Abena Osei-Asare and officials from the Ministry of Finance. The Committee hereby submits this report to the House pursuant to the Standing Orders of the House.

The Committee is grateful to the above mentioned Deputy Minister for Finance and the officials for attending upon and assisting the Committee in its deliberations on the Agreement.

2.0 REFERENCES

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

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

3.0 BACKGROUND

On 27th May 2010, the Board of Governors of the AfDB approved a 200% increase of the Bank's capital resources under the sixth General Capital Increase (GCI-VI), bringing its authorised capital from UA23.97 Billion to UA67.69 Billion by the creation of 4,374,000 new shares with a par value of UA10,000. Six percent of these newly created GCI-VI shares were to be paid-up over a twelve year period whilst the remaining ninety-four percent represented callable shares.

Out of the total 4,374,000 new shares under the GCI-VI, Ghana was allocated a total of 99,529 shares representing a shareholding of 2.275% in the Bank Group. The shares were made up of 5,972 paid-up and 93,559 callable shares amounting to UA59,720,000 and UA995,290,000 respectively. This amount is to be settled in twelve equal annual instalments of UA4,976,666.66 (US\$7.10 Million) from 2012 to 2023. Ghana has since paid up to the ninth instalments (2012-2020).

Turkey and Luxemburg became the 78th and 79th Members of the Bank on 29th October 2013 and 29th May 2014 respectively. Following the

admission of these two countries into membership of the Bank, Ghana was allocated an additional 533 shares with value of UA5,330,000 made up of 32 paid up and 501 callable shares amounting to UA320,000 and UA5,010,000 respectively. This amount is to be settled in eight (8) equal annual instalments (2016-2023) of UA40,000 each (US\$56,000). Ghana has paid up to the fifth instalment (2016-2020).

Further, on 31st October 2019, the Board of Governors of the African Development Bank approved a 125% increase in the Authorised Capital stock of the Bank from UA69,472,550,000 to UA153,191,360,000 by the creation of 8,371,881 new shares under the seventh General Capital Increase (GCI-VII) with a par value of UA10,000 for each share in accordance with Article 5(1)(a) of the Agreement establishing the Bank.

The new shares created have been allocated to Regional Member Countries (RMCs) and Non-Regional Member Countries (NRMCS) of the Bank Group in such a way that when fully subscribed, the RMCs shall hold 60% whilst the NRMCS shall hold 40% of the total capital stock of the Bank in conformity with Article 5(4) of the Agreement.

The Bank in November 2019 allocated Ghana a total of 182,414 new shares under the seventh General Capital Increase (GCI-VII) equivalent to 2.179% shareholding.

4.0 OBSERVATIONS

4.1 Constituency Share Relations

The Committee was informed that Government expects the new shares to have positive impact on the current shareholding position at the Bank.

4.4 Expected Benefits

The Committee observed that Ghana's subscription to the new shares will enable the country to increase her nominal shareholding in the Bank whilst also maintaining her voting powers therein. In terms of the Constituency, Ghana will marginally increase her voting rights to 70.58% of voting powers in the Constituency.

The enhanced share subscription will also give Ghana the necessary visibility and stronger voice to leverage adequate resources than other members in the same constituency.

Again, the share subscription under the GCI-VII will signal Ghana's commitment to the future of the African Development Bank Group to create a shared prosperity for the people of Africa.

5.0 CONCLUSION

The Committee has thoroughly scrutinised the *referral* and finds that General Capital Increases (GCI-VI and GCI-VII) are in accordance with the Article 5 of the Agreement establishing the African Development Bank Group.

Ghana's subscription to the new shares in the Bank would also provide the country with enhanced opportunity to obtain financing for eligible projects from the Bank.

The Committee therefore respectfully recommends to the House to adopt this report and **approve** by Resolution,

- a. Ghana's subscription of 3,883 additional pro-rated shares allocated under the Share Tranche Rules (STRs) of the Sixth

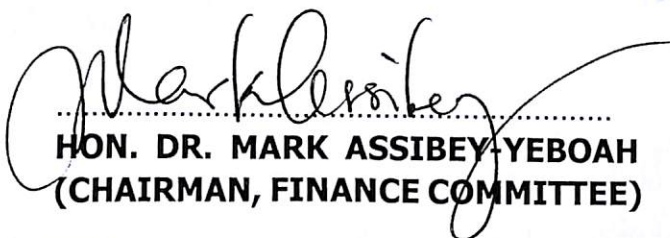
General Capital Increase (GCI-VI) of the African Development Bank Group (AfDB) at the cost of *Thirty-Eight Million, Eight Hundred and Thirty Thousand Units of Account (UA38,830,000)* and

- b. Ghana's subscription of 182,414 new shares under the Seventh General Capital Increase (GCI-VII) of the African Development Bank Group (AfDB) at the cost of *One Billion, Eight Hundred and Twenty-Four Million, One Hundred and Forty Thousand Units of Account (UA1,824,140,000)*

in accordance with Article 181(5) of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.

PARLIAMENT OF GHANA LIBRARY


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


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

24TH JULY, 2020