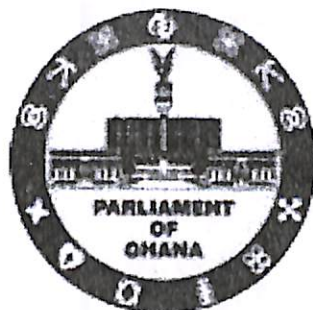


**IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT
OF THE FOURTH REPUBLIC OF GHANA**



**Report of the
FINANCE COMMITTEE**

on the

**REQUEST FOR PARLIAMENTARY
RATIFICATION OF THE CHARTER
ESTABLISHING THE EASTERN AND
SOUTHERN AFRICAN TRADE AND
DEVELOPMENT BANK (TDB CHARTER)**

PARLIAMENT OF GHANA LIBRARY

MARCH, 2022

1.0 INTRODUCTION

The request for Parliamentary ratification of the **Charter Establishing the Eastern and Southern African Trade and Development Bank (TDB Charter)** was *presented* to the House and subsequently *referred* to the Finance Committee for consideration and report in accordance with article 75(2) of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana.

A Deputy Minister for Finance, Hon. John Ampontuah Kumah (Dr.) and a team of officials from the Ministry of Finance and the Ghana Infrastructure Investment Fund (GIIF) attended upon and assisted the Committee in its deliberations on the request.

The Committee expresses its gratitude to the Honourable Deputy Minister and the team of officials for attending upon the Committee.

2.0 REFERENCES

The Committee referred to the following documents *inter alia* during its deliberations on the request:

- a. The 1992 Constitution of the Republic of Ghana
- b. The Standing Orders of the Parliament of Ghana

3.0 BACKGROUND

The Eastern and Southern African Trade and Development Bank (TDB) was established in 1985 as a multilateral, treaty based

Development Financial Institution (DFI) with assets of over US\$6.00 billion and immunities and privileges like the African Development Bank (AfDB) and the World Bank Group.

The bank is a well-established and high performing African multilateral DFI with world-class governance and strong development impact through financing projects, infrastructure, and trade within the bank's operating region comprising its member states. The bank plays a key role in supporting trade growth and in attracting capital to the African continent by positioning itself as a financial bridge into the continent.

TDB's footprint covers 22 Member States with a total GDP of US\$864 billion and a total population of 657 million. TDB finances and fosters trade, economic integration and sustainable development and advisory services. Some of TDB's sector areas include transport, energy, real estate, industrial, telecom, agribusiness, and financial services.

The Republic of Ghana was approved by TDB's Board of Governors as an eligible member state, informed by the consideration that the membership of the Republic of Ghana in TDB was, *inter alia*, important to the African integration as the secretariat of the Africa Continental Free Trade Area (AfCFTA).

4.0 PURPOSE OF THE REQUEST

The purpose of the request is to secure Parliamentary approval and ratification of the **Charter Establishing the Eastern and Southern African Trade and Development Bank (TDB Charter)** so as to enable Ghana become a Member State.

5.0 OBSERVATIONS

5.1 Options and Impact Considered

The Committee was informed that in arriving at the decision to join TDB, two (2) options were considered by the Government of Ghana as follows:

- Option one - consider Ghana's accession to TDB
- Option two - maintain the *status quo* and decline the offer to join TDB.

Option one is informed by the expected benefits to be derived from the accession to TDB. Ghana faces an annual infrastructure deficit of approximately US\$5 billion. It is expected that Ghana will leverage on its accession to raise long term capital from TDB for infrastructure development. It will also improve access to cheaper long term financing for infrastructure investment which is an important enabler for economic development. The access to trade finance facilities in Ghana is also expected to improve.

Option two was to maintain the *status quo* and decline the offer to join TDB. When this option is followed, Ghana will not be a member of TDB and therefore would not benefit from its capacity

to support the country's efforts to raise additional long-term capital for infrastructure development.

5.2 Recommended Option

The Committee noted that Government has recommended *Option one* as the best, since it would spur trade between Ghana and the operating Sub-Regions of the Bank which include East Africa, South Africa, and the Franco-Lusophone Africa. It will also help Ghana to strategically leverage on its hosting of the African Continental Free Trade Area (AfCFTA) by increasing intra-African trade through the deployment of the Bank's trade finance instruments to increase production, expand trade, create jobs and reduce poverty in Ghana.

5.3 Justification for Government Action

The Committee observed that Ghana's membership in TDB would open Ghanaian entrepreneurs, financial institutions and investors to the substantial growth opportunities offered by the bank. To illustrate, TDB has supported a greenfield farming company with US\$16.50 million to become one of the largest sugar producers in Zambia. It has also extended a US\$10.6 million revolving pre-export structured trade commodity facility to a vanilla business in Madagascar. The lack of trade finance facilities in Ghana is expected to be reduced through GoG's subscription to TDB.

It's important to note that Ghana already has an official relationship with TDB through Ghana International Bank which

has signed a facility agreement with TDB for a US\$20 million revolving trade finance facility.

TDB has expressed an interest in participating in the financing of the circa US\$600 million Accra-Tema Motorway and Extensions project, a couple of renewable projects (wind and solar) and agribusiness opportunities in GIIF's pipeline.

5.4 Implementation Plan

Government through the Ghana Infrastructure Investment Fund (GIIF) has put in place an implementation plan linked to the overall strategy of GIIF. The plan outlines the membership requirements for Ghana's accession to TDB. The requirements include:

- Obtaining Cabinet and Parliamentary approval
- His Excellency the President assent to the TDB Charter
- GIIF (on behalf of GoG/MOF) sends an offer to accede to the Charter of the Bank and subscribes to 77 No. Class A Shares of the Bank.
- Signing the Subscription Agreement.

5.5 Membership of the Bank

The Committee noted that pursuant to Article 3 of the Charter, the membership of the Bank is composed of and opened to Member States (or their designated institutions), African institutions, other African and non-African states (or their Designated Institutions) and any African or non-African public or private institution or corporate bodies.

In consonance with the above, the Government of Ghana is joining the bank through the **Ghana Infrastructure Investment Fund (GIIF)** as the designated institution of the Government.

5.6 Financial Impact

The Committee observed that membership of TDB has financial implication. Members of the Bank are required to subscribe to the capital stocks of the Bank.

The Government of Ghana, acting through the Ghana Infrastructure Investment Fund (GIIF) is required to subscribe to 77 Class A Shares in the Bank's capital stock. This will entail a total commitment subscription amount of ***Five Million United States Dollars (US\$5,000,000)***, out of which 20% is payable and the remaining 80% is callable in accordance with the Class A capital structure of the Bank.

It was noted that in the history of the Bank since its establishment in 1985, the callable capital has never actually been called and given the strong capital base of the Bank (US\$1.40 billion), it is highly unlikely it would be called in the foreseeable future.

8.0 CONCLUSION

In view of the foregoing observations, the Committee recommends to the House to adopt this report, approve the request and **ratify by resolution** the **Charter Establishing the Eastern and Southern African Trade and Development**

Bank (TDB Charter) in accordance with article 75(2)(b) of the 1992 Constitution of the Republic of Ghana and the Standing Orders of the House.

Respectfully Submitted.



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HON. KWAKU KWARTENG
CHAIRMAN, FINANCE COMMITTEE



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JOANA A.S. ADJEI (MRS)
CLERK, FINANCE COMMITTEE

8TH MARCH, 2022