

IN THE THIRD SESSION OF THE FOURTH PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA

REPORT OF THE FINANCE COMMITTEE ON THE ISSUE OF US\$
750 MILLION EUROBOND BY THE GOVERNMENT OF THE
REPUBLIC OF GHANA

1.0 INTRODUCTION

The Minister of Finance and Economic Planning, Hon. Kwadwo Baah-Wiredu made a statement on the floor of the House on Friday 9th November, 2007 notifying the House of the successful issue of US\$750 Million Eurobond by the Government of Ghana. The statement was referred to the Finance Committee for consideration.

To discuss the Eurobond issue, the Committee met with the Minister for Finance and Economic Planning, Hon. Kwadwo Baah-Wiredu, Minister of State at the Ministry of Finance and Economic Planning, Hon. Dr. A. Akoto-Osei, Deputy Minister of Finance and Economic Planning, Hon Professor George Gyan-Baffour and officials from the Ministry of Finance and Economic Planning and reports as follows:

2.0 BACKGROUND

Hon. Members would recall that at the forty-fourth sitting of Parliament held on Monday 30th July, 2007, Parliament approved by **RESOLUTION** a request by the Government of the Republic of Ghana to borrow from the International Capital Market an amount up to

Seven Hundred and Fifty Million United States dollars (US\$750 Million) at the prevailing interest rate on the date of the transaction and a maturity period of five years to ten years to support the implementation of the medium term investment plan.

Pursuant to the RESOLUTION, the Republic of Ghana sovereign Eurobond was issued and the transaction was closed on October 4, 2007. On that same day, the Republic of Ghana's account at the Bank of Ghana was duly credited with the proceeds of the offer.

3.0 TERMS AND CONDITIONS OF THE EUROBOND

The final transaction details are as follows:

Amount issued US\$750 million

Interest Rate 8.5%

Investors allotted 137 (UK - 70; US-46, Continental Europe-21)

Maturity and Redemption The Notes will mature on October 4, 2017 and will be redeemed at par on that date. The Notes are not redeemable prior to maturity.

Interest The Notes will bear interest from and including October 4, 2007 to but not excluding October 4, 2017 at the rate of 8.5% per annum payable semi-annually in arrear on April 4 and October 4 in each year commencing on April 4, 2008.

ATTACHMENT: Please find attached an appendix detailing the Terms and Conditions of the Notes.

4.0 OBSERVATIONS

The Committee observed that the capital market borrowing became necessary due to the following reasons:

- Funding sourced from multilateral and bilateral sources have long lead times from conception to disbursement.
- Concessional funding sources often have limited amounts making it difficult to undertake large infrastructure projects.
- Program conditionalities that were sometimes at variance with national priorities.

The Committee also noted that the Eurobond was over-subscribed to the tune of over three billion dollars (US\$3 billion) but in consonance with Parliament's earlier Resolution, only US\$750 Million was accepted.

The Minister of State at the Ministry of Finance and Economic Planning, Hon. Dr. A. Akoto Osei informed the Committee that the total principal would be repaid in full on October 4, 2017 whilst the interest would be paid semi-annually in arrears on 4th April and 4th October in each year.

On the use of the money, the Committee noted that **US\$460 Million** (61%) of the proceeds of the bond would be directed into the energy

sector in order to help solve the energy crisis permanently. The road sector would be given **US\$200 Million** (representing 27%) whilst the remaining **US\$90 Million** (12%) goes into railways.

5.0 CONCLUSION

The Committee has thoroughly considered the issue of the Eurobond and has found that it has provided the Country an innovative way to help raise the badly needed capital to invest in the infrastructural sector of the Country.

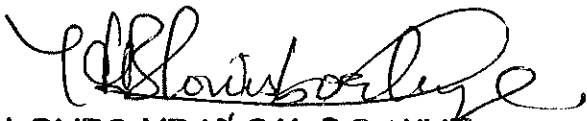
The Committee therefore recommends that the House takes note of the issue of **US\$750 Million Eurobond** by the Republic of Ghana in accordance with the RESOLUTION passed by the House on 30th July 2007 to that effect.

Respectfully submitted.



HON. NII ADU DAKU MANTE (MP)

CHAIRMAN



LOUIS YIADOM BOAKYE

FOR CLERK, FINANCE COMMITTEE

13TH NOVEMBER, 2007

APPENDIX

The Offering

Issuer	The Republic of Ghana.
Notes Being Issued	8.5% Notes due October 4, 2017 in the aggregate principal amount of US\$750,000,000.
Issue Price of Notes	100% of the principal amount of the Notes.
Issue Date	October 4, 2007.
Maturity and Redemption	The Notes will mature on October 4, 2017 and will be redeemed at par on that date. The Notes are not redeemable prior to maturity.
Interest	The Notes will bear interest from and including October 4, 2007 to but excluding October 4, 2017 at the rate of 8.5% per annum, payable semi-annually in arrear on April 4 and October 4 in each year commencing on April 4, 2008.
Status	The Notes will be direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank <i>pari passu</i> , without any preference among themselves, with all other present and future unsecured and unsubordinated obligations of the Issuer.
Negative Pledge and Events of Default	<p>So long as any of the Notes remains outstanding, the Issuer has undertaken that it will not secure any of its present or future Public External Indebtedness (as defined in Condition 4) without, at the same time or prior thereto, securing the Notes equally and rateably therewith, except in certain limited circumstances as set out in Condition 4.</p> <p>Condition 10 provides that Noteholders who hold not less than 25% in aggregate principal amount of the Notes then outstanding may declare the Notes to be immediately due and payable at their principal amount if, <i>inter alia</i>, the Issuer is in default in relation to any External Indebtedness or guarantee thereof in excess of US\$25,000,000; the Issuer declares a moratorium in respect of its External Indebtedness; or the Issuer ceases to be a member of the International Monetary Fund or ceases to be eligible to use the general resources of the International Monetary Fund; all as more particularly described in Condition 10. A declaration of acceleration may be rescinded in certain circumstances by the resolution in writing of the holders of at least 50 percent in aggregate principal amount of the outstanding Notes in accordance with the procedures in Condition 10.</p>
Withholding Tax	All payments by the Issuer under the Notes are to be made without withholding or deduction for or on account of Taxes (as defined in Condition 8) unless the withholding or deduction for taxes is required by law. In such circumstances, the Issuer will be required to pay additional amounts so that Noteholders will receive the full amount which otherwise would have been due and payable under the Notes; all as more particularly described in Condition 8.
Noteholder Meetings	A summary of the provisions for convening meetings of Noteholders to consider matters relating to their interests as such is set out in Condition 13.

Listing	Application has been made to admit the Notes to listing on the Official List of the FSA and to trading on the gilt edged and fixed interest market of the London Stock Exchange.
Settlement	The Notes will initially be represented by two Global Certificates. The Restricted Global Certificate will be issued in respect of Notes offered and sold in reliance on Rule 144A. The Unrestricted Global Certificate will be issued in respect of the Notes offered and sold in reliance on Regulation S.
Form and Denomination	The Notes will be in registered form and will be offered and sold in a minimum denomination of US\$100,000 and integral multiples of US\$1,000 thereof.
Transfer Restrictions	The Notes have not been registered under the Securities Act, and are subject to certain restrictions on transfers. See "Transfer Restrictions" and "Plan of Distribution".
Use of Proceeds	The net proceeds from the sale of the Notes will be used for infrastructure investment, including, but not limited to, energy and roads.
Fiscal Agent	Citibank, N.A. London Branch.
Registrar	Citigroup Global Markets Deutschland AG & Co. KgaA.
Further Issues	The Issuer may from time to time, without notice to or the consent of the registered holders of the Notes, issue additional securities that will form a single series with the Notes, subject to certain conditions set out in Condition 14.
Governing Law	The Agency Agreement, the Deed of Covenant and the Notes are governed by, and will be construed in accordance with, English law, except for the authorisation and execution of the Notes, the Deed of Covenant and the Agency Agreement which will be governed by the laws of Ghana.