

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

REPORT OF THE FINANCE COMMITTEE

ON

GHANA'S SUBSCRIPTION TO ADDITIONAL 677 SHARES OF THE CAPITAL STOCK OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (IBRD) OF THE WORLD BANK GROUP (WBG)

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU - ACCRA

MARCH, 2016

**REPORT OF THE FINANCE COMMITTEE ON FINANCE ON GHANA'S
SUBSCRIPTION TO ADDITIONAL 677 SHARES OF THE CAPITAL
STOCK OF THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT (IBRD) OF THE WORLD BANK GROUP (WBG)**

1.0 INTRODUCTION

The request for approval of Ghana's subscription to Additional 677 Shares of the Capital Stock of the International Bank for Reconstruction and Development (IBRD) of the World Bank Group (WBG) was presented to the House on Tuesday, 26th January, 2016 in accordance with Article 181 (5) of the 1992 Constitution of the Republic of Ghana. The Rt. Hon. Speaker referred the request to the Finance Committee for consideration and report in accordance with Order 169 of the Standing Orders of the House.

Pursuant to the referral, the Committee met with the Hon. Deputy Minister for Finance, Mr. Cassiel Ato Baah Forson and Officials from the Ministry of Finance and considered the referral.

The Committee is grateful to the Hon. Deputy Minister and the officials for assisting in the deliberations.

2.0 REFERENCES

The Committee made reference to and was guided by the following additional documents:

1. The 1992 Constitution of the Republic of Ghana; and

2. The Standing Orders of Parliament.

3.0 BACKGROUND

On September 20, 1957, Ghana signed World Bank Articles of Agreement to become the 64th member of the World Bank Group. This partnership has progressed steadily with the Bank providing technical and financial assistance to almost every sector of Ghana's economy, over the years. As part of the World Bank Group's agenda to enhance the Voice and Participation of Developing and Transition Countries (DTCs), the Governors of IBRD agreed at the 2010 Spring Meetings to transfer voting powers from developed countries to the DTCs.

Consequently, in March 2011, the Governors approved an increase of the Bank's total capital by 484,102 shares at a value of \$120,635 per share. This was aimed at increasing the Bank's total capital by \$54.9 billion. The distribution of the new shares is expected to enhance the voice and participation of Developing and Transition Countries (DTCs) by increasing their voting power from 42.6% to 47.19% and reducing that of developed countries from 57.40% to 52.81%. Allocations of shares to member countries were determined by the countries' economic weight, their contributions to IDA and commitment to move over tie to 'equitable voting power' between DCs and DTCs.

Ghana as a member of the IBRD has been allocated a total of Six Hundred and Seventy-seven (677) shares (comprising 213 Selective Capital Increase shares and 464 General Capital Shares). The shares have a total value of US\$81,669,895 out of which US\$78,311,416.60 is callable and US\$3,358,478.40 is paid-in (purchase expected with cash).

4.0 JUSTIFICATION

The Capital Share Increase is part of ongoing reforms at the Bank which seeks to enhance voice and participation and increase the voting power of Developing and Transition

Countries (DTC) from 42.6% to 47.19% and thereby reduce the share and dominant voting power of developed countries from 57.40% to 52.81%. Ghana's subscription to IBRD capital share will increase the country's voting power and current standing from 0.10% (ranked 91st position) to 0.12% (to be ranked 88th position). Additionally, it will consolidate Ghana's permanent position as Senior Advisor to the Executive Director of Ghana's constituency within the Bank Group. Again, the increased voting power due to the purchasing of the additional shares would augment Ghana's influence on decisions within IBRD

5.0 OBSERVATION

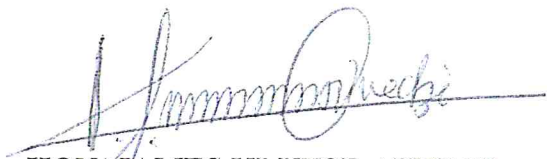
Cost of Acquiring Additional Shares

The Hon Deputy Minister of Finance informed the Committee that Ghana has been allocated a total of 677 additional shares valued at US\$81,669,895. The allocation consists of Selective Capital Increase of 213 shares worth US\$25,695,255 and General Capital Increase of 464 shares valued at US\$55,974,640. He explained that the Selective Capital Increased which is valued at US\$25,695,255 is a callable offer and does not require immediate payment and therefore does not impose any immediate obligation on the State. Similarly, US\$52,616,161.60 of the country's additional share allocation of 464 share under General Capital Increase is callable and does not require any payment. Ghana is only required to pay an amount of US\$3,358,478.40 comprising only 6% of the General Capital Increase. The Hon. Deputy Minister indicated that the amount has been fully incorporated in the 2016 Budget Statement and Economic Policy of Government which was approved by the House in November 2015 as part of subscription payments.

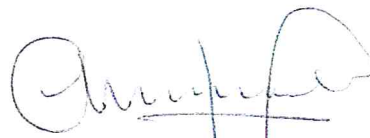
6.0 CONCLUSION AND RECOMMENDATION

The Committee having carefully scrutinized the Agreement recommends to the House to approve the request for the approval of **Ghana's subscription to Additional 677 Shares of the Capital Stock of the International Bank for Reconstruction and Development**

(IBRD) of the World Bank Group (WBG) in accordance with Article 181 (5) of the 1992 Constitution.



HON. JAMES KLUTSE AVEDZI
CHAIRMAN, FINANCE COMMITTEE



ROSEMARY ARTHUR SARKODIE (MRS)
CLERK, FINANCE COMMITTEE