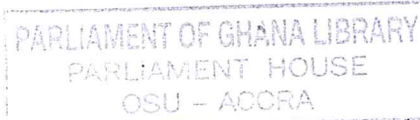


**THE MINORITY'S STATEMENT ON THE 15 YEAR BOND ISSUED BY THE NPP GOVERNMENT.**



**THE GREAT DEBT DECEPTION**

To begin with, it has become apparent that the current government used deception and inflated promises to get to office. The most patent, which also compromises the professional integrity of the Vice President Dr Bawunia, in particular, is the NPP's position on our country's public debt. We will be succinct on this matter because it is as shameful as it is obvious.

**“We will not borrow”:** The NPP throughout the 2016 campaign claimed that it will not borrow when it comes to power. We noted that this claim was not possible because even when NPP in 2001 became the biggest beneficiary of debt forgiveness in our history by taking the country to HIPC, it went on a borrowing spree and before the NPP left office in January 2009, the debt-to-GDP ratio had gone up to nearly 40 percent as a result of excessive borrowing by the NPP. So we in the NDC knew that the claim by the NPP that it will not borrow was a great deception which most people have failed to realise.

**NPP has added another record in borrowing:** In less than 100 days of being in office, the NPP has exceeded this notorious feat and deception again. NPP now holds another new record in our history as the Party that has borrowed almost over three billion United States Dollars (US\$3.0 billion) within its 100 days in office. This is equivalent to about Ghs 13.5 billion in 100 days (average Ghs 135 million a day) or in other words, every Ghanaian owes additional just in 100 days of NPP Ghs 500 (Ghs  $13,500,000,000 \div 27,000,000 = \text{Ghs } 500$ )

Indeed, now we know that the Party is **“in a great hurry” for the wrong deceptive reasons:** even Usain Bolt (with 100 meters global sprint record) and Lewis Hamilton (Formula One race champion) will be envious of such speed and record!!!

**Ladies and gentlemen,**

You will recall that in 2015, the NPP criticised the NDC heavily for borrowing US \$1 billion Eurobond at a coupon rate of 10.75 percent for 15 years (with World Bank Guarantee) to replace a portion of the 2007 (NPP) Sovereign Bond and some Domestic Bonds.

The key points about the recent US\$2.25billion bond issued by the NPP government;

1. The bond was virtually participated by only two investors. The whole Bond transaction was shrouded in secrecy to the extent that Ghanaian investors were denied the opportunity to participate in the deal. In essence, the entire deal lacks transparency.

2. One single investor by name Franklyn Templeton, which is a known non-resident investor that patronized both Domestic and Sovereign Bonds in the past, purchased almost 95% of the latest Government Domestic Bond. The size of this virtual “private placement” makes it akin to a sovereign bond or foreign loan.

Some have argued that this bond purchase should not be compared with our Sovereign Bond rates. We should be reminded that our Domestic Bonds have a “Hybrid” (cedi/forex) feature and, therefore, when non-resident investors bring in foreign currency at the time of purchase, they hold the equivalent cedi bond in the same implicit foreign currency. Therefore, when eventually they sell, they expect to repatriate the proceeds in US Dollars or other convertible currency.

3. Hence, above 90 percent Bond holding is technically a dollar denominated bond and not a cedi bond. The Ministry of Finance and Bank of Ghana are alert to the risk of default in non-resident investor holdings and plan to support the commercial banks or agents with enough foreign exchange to honour any sales and repatriation obligations at maturity or on the secondary market. In essence, the opposite sales activity for a non-resident bond holding is the opposite of a purchase (forex inflows) and implies depletion of our foreign exchange reserves (outflows).
4. This is why the domestic bond issue must be efficient. On the contrary, the virtual “private placement” approach that was used in this Templeton case was not competitive: it was opened in the morning and closed in the evening of the same day, obviously cooked for one single investor. Hence our insistence that there was no transparency.
5. In the past “book-building” approach for issuance of bonds, initiated by the NDC government, the process was opened for a minimum of three days to ensure optimal participation. In the case of this historic US\$ 2.25 billion bond issue, the process was limited to one day, denying other market players the opportunity to participate in the process.

We in NDC can promise the good people of Ghana that, we will continue to keep track of the country’s debt developments and hold the NPP accountable for its fake promises and deception that brought it to power.

### **MINISTRY OF FINANCE STATEMENT: UNMASKING THE SECRET OF THE SAID BOND ISSUE.**

On Monday, April 3, 2017, the Public Relations Unit of the Ministry of Finance issued a statement announcing that the Ministry under the aegis of Hon. Ken Ofori Atta has “successfully issued 15 and 7 year bonds with the same coupon rate of 19.75%, raising a total amount of USD1.13 billion. In addition, the Ministry of Finance raised the cedi equivalent USD1.12 billion in 5 and 10 year bonds via a tap arrangement.”



The Finance Ministry did not however name any companies or individuals that participated in the sale, except to say that “the issuance attracted a number of global portfolio investors including a very substantial investment in the 15-year bond by a very well respected global financial investor” Reuters subsequently reported that “a senior government official, speaking on condition of anonymity, said Franklin Templeton had participated in the sale.” According to the report “Franklin Templeton's high-profile bond fund manager, **Dr Michael Hasenstab** has taken a "substantial" position in Ghana's cedi-denominated government bonds” Franklin Templeton Investment Limited is an American global investment management organization founded in 1947. In an unaudited semi-annual report of Franklyn Templeton Investment limited dated 31<sup>st</sup> December, 2016; Honourable Trevor G. Trefgarne was named as one of the five board of Directors of the firm. He was also described as the chairman of Enterprise Group Limited in the report.

Enterprise Group has 10 Board of Directors. Principal among them are Mr Keli Gadzekpo, Group Chief Executive of Enterprise Group; Dr Angela Ofori Atta, wife of Finance Minister Hon. Ken Ofori Atta who doubles as Director of Enterprise Insurance, a subsidiary of Enterprise Group. Enterprise Group also has Minister of Justice and Attorney General, Hon. Gloria Akuffo and Dr Angela Ofori Atta as non-executive members of the firm. Hon Gloria Akuffo is/was Director of Enterprise Life, a subsidiary of Enterprise Group (it is not clear whether she has resigned or not). It is now emerging that a firm that Hon Trevor G. Trefgarne works as a member of Board of Directors took substantial position in the April 3, 2017 bond issued by the Finance Minister.

## THE CONFLICT OF INTEREST

As noted, information that is now available in the public domain appears to indicate that Hon. Trevor G. Trefgarne is not just Board Chairman of Enterprise insurance Limited, a company owned partially by the current Finance Minister’s company, Data Bank Limited. Hon. Trevor G. Trefgarne is also a Director of Franklyn Templeton which is the main participant in the recent Bond issuance.

Putting these apparent facts together, we have reason to believe that there is a relational interest between our Finance Minister and Trevor G. Trefgarne which creates a **potential lack of transparency and conflict of interest**. As we all know, the Constitution provides unequivocally that public officers shall not put themselves in a situation in which their private interest conflicts with their public obligations. There is no record available to us to the effect that the Finance Minister made known publicly this relational conflict of interest. In other words, he failed and/or neglected to declare his relationship with Trevor G. Trefgarne and the extent to which that relationship might have potentially affected the decision to sell majority of the bonds to Frankly Templeton. Furthermore, there is no disclosure as to the extent to which the determination of the price of the bonds could also have been affected by this relationship between the Finance Minister and Franklyn Templeton.

Now that a good link has been established between the finance minister and his friend Trevor, it is clear that the finance minister issued this bond in a way that will favour his friend, family



and business partners. This situation is best described as cronyism and nepotism, cooked for his friend and associates, and not transparent.

Under these circumstances, we wish to call for a full-scale parliamentary inquiry into whether, and the extent to which, this situation of lack of transparency and conflict of interest has adversely affected the welfare of the people of Ghana. Failing such Parliamentary inquiry we the minority shall have no option but to resort to using the conflict of interest jurisdiction of the Commission on Human Rights and Administrative Justice (CHRAJ). Furthermore, we also intend to exercise the option of filing a report/petition with the Financial Services Authority of the U.S.A to investigate Franklyn Templeton.

We also wish to point out that this Bond issue is clearly an international economic/business transaction within the meaning of article 181 (5) of the Constitution. Therefore, we expected that the bond issuance would have been brought to parliament for approval. This is because although the transaction appears as to be a domestic sale of bonds, it is in truth a "private placement" and an international economic transaction given the fact that Franklyn Templeton is a United States registered company and, therefore, qualifies as a foreign entity under article 181 (5) of the constitution. We therefore call on the Finance Minister to provide parliament with the full complement of documentation on this transaction for scrutiny and ratification.

#### **Addison committee: another conflict of interest situation**

The Minister of information, Honourable Mustapha Hamid has come to confirm to the public that the Addison committee that was tasked to investigate AMERI power purchase agreement travelled to Dubai under the sponsorship of AMERI. The information available to the Public now is that some members of the committee travelled to Dubai on a first class ticket via the Emirates Airline 787. They were hosted at a first class hotel, their per diem were paid by AMERI and their shopping fully paid. What comes to us as a shock is that a three day trip was extended to a week for reasons known to members of the committee? Strangely, the minister's brother who is a Member of Parliament for Ayawaso West Wagon, who is not a member of the committee, joined the trip on the second day of their visit, also under the sponsorship of AMERI. A situation that is embarrassing, unethical and shameful.

It is undoubtedly true that the Addison committee is a ministerial committee and, therefore, a public body. The committee was under constitutional obligation not to place itself in a situation of conflict of interest. However, as stated above, the committee brazenly breached this constitutional obligation when it accepted the above-mentioned "freebies" from a company it was tasked to investigate. Given the public embarrassment of allowing a private entity to bear the cost of the work of the committee or public body, this constitutional breach must be properly investigated and the guilty members of the committee should be appropriately sanctioned.

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