



**Ghana Education
Trust Fund**

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DAAKYE PLC WAS A NECESSITY

It has been said variously by some prominent persons in public discourse in that the Ghana Education Trust Fund (GETFund) receivables have been collateralized to the tune of 1.5 billion USD since 2018. According to such people, this situation has impaired the ability of the Fund to carry out its mandate effectively. In other words, the Fund does not have access to its routine receivables for its activities.

The above narrative has been ignited by the recent comments by the Former President H.E John Dramani Mahama, when he questioned the setting up of Daakye Plc and the utilization of proceeds of the bond issuance.

Let the records on this subject matter be set straight as follows.

1. Have GETFund receivables been collateralized? No!
2. Have portions of the receivables been securitized to raise funds to realize its urgent activities? Yes!
3. Does this mean GETFund does not have access to its mandatory receivables? No!
4. Has GETFund via Daakye plc received the cedi equivalent of 1.5 billion dollars into its vault? No!
5. Did Daakye issue bonds to raise funds for GETFund? Yes!
6. Have these funds been utilized judiciously for the public good? Yes!

Now, with these synopses answered, let me dovetail into the details and the reasons behind the initial securitization and the subsequent bond issuance via Daakye Plc Special Purpose Vehicle (SPV) in 2019.

BACKGROUND TO BANK SYNDICATION AND DAAKYE BOND PROGRAMME

The roll out of the government flagship Free SHS/SHTS/TVET Programme beginning the 2017/2018 school year led to unprecedented surge in enrolment figures at the Senior High Schools. Dormitories, classrooms, toilets, vehicles, science laboratories and furniture among other school facilities acutely strained. This quest for additional facilities was compounded by several stalled or abandoned projects being funded on the account of GETFund in the various schools and educational institutions as contractors were owed submitted certificates dating back to 2013.

There was therefore the need for the Fund to adopt innovative ways to raise immediate funds to support the implementation of this historic Government of Ghana initiative and other educational activities.

The Board of Trustees therefore tabled a proposal to Cabinet through the Ministry of Education for the initial securitization of part of GETFund statutory receivables to raise short to medium term facility. The proposal was subsequently presented to Parliament for its approval. Parliament approved a cedi equivalent of 1.5 billion USD to be raised in three (3) tranches of 500 million USD each.

The Fund engaged CalBank and the Standard Chartered Bank in a loan syndication effort to raise the first tranche of the cedi equivalent of 500 million USD. That arrangement was able to raise only 1.57 billion cedis in 2018/2019.

Having realized the shortfall in the loan syndication capacity to raise the targeted amount of first tranche of the 500 million USD in the cedi equivalent, the Trustees with the necessary approval sought, set up the SPV (Daakye Plc) to facilitate that Bond Programme, which was to raise the cedi equivalent of 1.5 billion USD. That bond issuance raised a total of 2.6 billion cedis between 2020 and 2022.

The use of the Special Purpose Vehicle (Daakye) was to enhance credibility and transparency as it operated under the regulations of Securities and Exchange Commission (SEC) and the Ghana Stock Exchange (GSE). Indeed, it is important to note that 1.2 billion cedis of the bond proceeds were used in 2020 to refinance part of the syndicated loans. And to stay true and credible to our creditors, the distribution formula of the Fund, made provisions towards debt servicing annually.

The government under the Domestic Debt Exchange Programme (DDEP) absorbed the outstanding bonds in 2022 and 2023. **The Fund therefore in its 2024 fiscal year distribution formula did not allocate any fund towards Daakye Bond debt servicing.**

UTILIZATION OF THE BOND FUNDS

The availability of this money to GETFund ensured that a very significant number of facilities in the secondary schools were achieved within a very short period. With the help of these funds under the project code name 'Emergency Secondary Intervention Projects', Basic Schools Improvement Initiative, TVET Centres of Excellence, Model STEM Schools, Model KGs among others, where 3,001 projects have been completed between 2017 and 2024. These projects include 1,827 (61%) inherited (legacy) projects, whereas 1,174 (39%) are new project initiatives.

Also 2,770 plus GETFund sponsored vehicles were supplied to schools and institutions, 677,000 school furniture were funded via GETFund, 4,500 motorbikes were supplied to GES Circuit Supervisors on the account of the Fund, 260 District Directors of Education benefitted from 4*4 pick-up vehicles as well as 16 Regional Directors of GES who received V6 Toyota Pajaro vehicles.

It is critical to highlight that, within this period, the Fund was able to clear all debts owed contractors based on submitted interim payments certificates dating back from 2013 to 2019 on block. Per the narrative above, GETFund is free from any incumbrance arising from the purposeful bond issuance it engaged in.

Let it be emphasised that GETFund budget is one of the most scrutinized in Parliamentary records. The budget (distribution formula) as prepared by the Trustees is submitted to the Parliamentary Select Committee on Education for its study and advice. Thereafter, same is presented to the Committee of the Whole for further scrutiny before it is forwarded to Plenary for debate and approval. All the budgets presented to Parliament within the syndication and the bond programme period had detailed updates on how funds raised have been disbursed to finance urgent educational needs.

From the above, it is evident that funds allocated or accrued to GETFund are managed by a very competent and credible Board of Trustees and therefore these funds cannot be misapplied or misallocated for purposes not in sync with the educational goals of the Education Ministry and for that matter Government of Ghana.

This should clarify the misconceptions that surround the partial securitization of a portion of the Fund's receivables meant to raise medium term facility and how such funds were utilized in a very transparent and efficient manner towards urgent educational projects and programmes to boost educational outcomes.

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