JOINT PARLIAMENTARY MEMORANDUM

BY

HON. MINISTER FOR SANITATION AND WATER RESOURCES

AND

HON. MINISTER FOR FINANCE

ON

A SOFT LOAN AGREEMENT

BETWEEN

THE GOVERNMENT OF GHANA

AND

RAIFFEISENBANK INTERNATIONAL AG. OF AUSTRIA AND

TAX LIABILITY WAIVER FOR THE FINANCING OF

THE FOUR CONSTITUENCIES WATER SUPPLY SCHEME, PHASE III

DATED ................MARCH, 2020
1.0 ACTION REQUIRED

Parliament is respectfully invited to consider and approve the following:

1.1 A soft-loan facility of €11,500,000.00 (Eleven Million Five Hundred Thousand Euros) from Raiffeisenbank International AG, Austria for the construction of Phase III of the Four (4) Constituencies Water Supply Scheme for Central Tongu, Adaklu Anyigbe, Agotime-Ziope Districts and Ho Municipality.

1.2 The waiver of tax liability amounting to the Ghana Cedi equivalent of €3,123,300.00 on materials and project vehicles to be purchased (imports and local) for implementation of the project “construction of Phase III of the Four (4) Constituencies Water Supply Scheme for Central Tongu, Adaklu Anyigbe, Agotime-Ziope Districts and Ho Municipality”

1.3 The Supply Contract in an amount of €11,500,000.00 (Eleven Million, Five Hundred Thousand Euros) in consideration of the design, execution and completion of the Works and Services for the construction of Phase III of the Four (4) Constituencies Water Supply Scheme for Central Tongu, Adaklu Anyigbe, Agotime-Ziope Districts and Ho Municipality.

Cabinet at its Seventy-second meeting held on Thursday, 5th March, 2020 granted approval for this Memorandum to be laid before Parliament.

2.0 BACKGROUND

2.1 The communities in the Central Tongu and Adaklu Anyigbe Districts have existing isolated piped water systems, which are connected to inadequate water sources. Most of these sources have low water yields with poor water quality and are prone to drying up in the dry seasons. The communities therefore rely mainly on seasonal ponds, dug-outs and small earth dams and household rain water catchments to supplement their daily water needs. Various efforts by Government
to improve the water situation have not yielded the desired results due to low yields of boreholes and higher than acceptable limits of salt, iron and manganese concentrations in the drilled wells.

2.2 The use of these water facilities as their main sources of water supply have resulted in the high incidence of water borne and water related diseases which have adversely affected community members, more especially women and children. These diseases include bilharzia, malaria, intestinal worms and diarrhea among others.

2.3 Messrs. STRABAG AG, Environmental Technology based in Vienna, Austria presented a proposal to the Community Water and Sanitation Agency (CWSA) to construct and deliver potable water to the communities in the proposed project area in order to alleviate the suffering of the people. Through a series of meetings, the operations and working principles of CWSA were explained to Messrs. STRABAG AG who then confirmed interest to assist the Agency implement the project.

2.4 Due to financial constraints, the project was divided into three (3) phases. Under Phases I and II, the intake and treatment facilities were constructed at Mafi Addidome, in the Central Tongu District, with a total capacity of 5,000m³/day (1.1 million gallons/day). A total of 85.37 kilometer of transmission mains were laid, and nine (9) water towers or storage tanks were also constructed at vantage locations with forty-six (46) standpipes provided.

2.5 The total cost of the phases I and II was 16.87 million euros and the communities covered under these phases are: Dadoboe, Mawoekpor, Mafi Zongo, Mafi Kutime, Mafi Kumase, Avedo Bakpa, Kpovladzi, Addidome and Kanikope, Bagalikope, and Manase Zongo.
2.6 To provide potable water to the unserved 52,657 people in the remaining beneficiary communities under the project, it is therefore absolutely imperative to implement the Phase III of the Project to put in the distribution network that will bring water to all the beneficiary communities.

3.0 JUSTIFICATION

3.1 The project will be executed as a turn-key, and on completion, the project would provide the good people of communities in the Central Tongu and Adaklu Anyigbe Districts and its environs with reliable access to potable water. This ties in with government’s agenda of ensuring that by the year 2030 all people living in Ghana will have access to potable water.

3.2 To ensure sustainability in the operations and management of the water supply scheme, the project would offer technical, financial assistance and also train CWSA personnel involved in project execution and management of the water system after completion. At the commencement of construction, a Water System Manager, Engineer and a Community Relations Officer will be deployed to the site to understudy the contractor and acquaint themselves with the design of the water system, its layout and its operation and maintenance. The WSMS will be given practical hands-on training by the contractor. Immediately after handing over, the full complement of staff will be deployed to commence operations and management of the water system. In addition to the hands on training, the contractor and the CWSA Regional Office will organize workshops for the WSMS on the following critical issues necessary for sustainable operation and management of the water system.
3.3 Huge sums of money have been invested under the first and second phases yet coverage of the distribution system is limited. Distribution network to transport the water in the storage tanks to the beneficiary communities was limited to just a few communities under Phases I & II, thus leaving 52,657 people unserved. It is therefore absolutely imperative to implement the Phase III of the Project to put in the distribution network that will bring the water to all the beneficiary communities.

3.4 Furthermore, towns and communities that would benefit from this project would include but not limited to the following:

i. Dadoboe,
ii. Mawoekpor,
iii. Mafi Zongo,
iv. Mafi Kutime,
v. Mafi Kumase,
vi. Avedo
vii. Bakpa,
viii. Kpoviadzi,
ix. Adidome and
x. Kanikope,
xi. Bagalikope, and
xii. Manase Zongo

4.0 **SCOPE OF WORKS**

The scope of works for the project shall include but not limited to the following:

a. Completion of distribution network based on the approved Master Plan, within the area of Phases 1 & 2, consisting of a total 110 kilometers including 73 Public Standpipes,
b. Construction of Distribution Network and Transmission Main for Adaklu district, consisting of:
c. Extension of Transmission Main (Kutime – Waya).
d. Water Towers 15m high at Avezi (60m³), Sofa (50m³) and Kpatove (50m³).
e. Water Reservoir at BPS 4 with 240m³
f. Distribution Network: 37km including 90 Public Standpipes,
g. Pumping Stations BPS 4,
h. c) Supply of Accessories and services.
i. Extension of transmission main pipelines including booster stations at:
   i. Kutime - Sofa
   ii. Sofa - Waya
j. Completion of distribution networks for communities in Central Tongu Districts
k. Provision of water towers and ground storage tanks
l. Construct 163 Standpipes
m. Supply Spare Parts and Accessories
n. Training and Commissioning
o. Technical Assistance by Local Consultant for a period of 12 months and Capacity Training for Water Systems Management Staff during construction period

5.0 FINANCING DETAILS

5.1 The financing of the Project is through an Austrian soft loan to be provided through Raiffeisenbank International of Vienna in Austria. The summarized terms and conditions are as follows:

- Loan amount - Euro 11,500,000.00
- Grace Period - 8.0 years
• Repayment Period - 14.5 years
• Interest Rate - 0.00 p.a.
• Commitment Fee - 0.38% p.a.
• Management Fee - 0.60% Flat
• Insurance Margin - 1% p.a.
• Grant Element - 41.05%

6.0 PROJECT DURATION

The construction period is 24 months from the day of commencement with a post construction warranty period of 12 months.

7.0 EXPECTED BENEFITS

Benefits expected to accrue from the project include but not limited to the following:

a. Improved access to reliable and safe water supply to the beneficiary communities,

b. Reduction in time spent to search for water thereby relieving women and especially children from the drudgery of looking for and fetching water from long distances and thereby spending useful time at school,

c. Reduction in affliction of water related diseases, improved health resulting into better wellbeing, increased productivity on farms and other economic activities leading to the creation of wealth and thus reduction in poverty.

d. Improved school drop-out rate and women having more time available for social and economic activities in support of their households.
e. The services of the Health facilities would be greatly improved. Maximization of the social and health benefits of clean, safe and reliable drinking water.

f. Improved economic activities creating direct and indirect jobs, while boosting business opportunities thus reduction in poverty.

8.0 CONCLUSION

8.1 Parliament is respectfully invited to consider and approve a soft-loan facility of €11,500,000.00 (Eleven Million Five Hundred Thousand Euros) from Raiffeisenbank International AG, Austria, the waiver of tax liability amounting to the Ghana Cedi equivalent of €3,123,300.00 on materials and project vehicles to be procured for implementation of the project in line with Article 181 and 174(2) and the supply contract of of €11,500,000.00 (Eleven Million Five Hundred Thousand Euros) in consideration of the design, execution and completion of the Works and Services for the construction of Phase III of the Four (4) Constituencies Water Supply Scheme for Central Tongu, Adaklu Anyigbe, Agotime-Ziope Districts and Ho Municipality.

HON. KEN OFORI-ATTA
MINISTER FOR FINANCE

HON. CECILIA ABENA DAPA AH
MINISTER FOR SANITATION & WATER RESOURCES