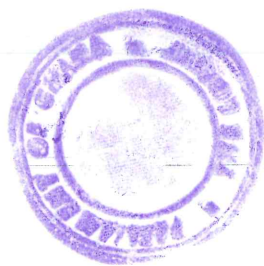


**IN THE SECOND SESSION OF THE SIXTH PARLIAMENT OF
THE FOURTH REPUBLIC OF GHANA**



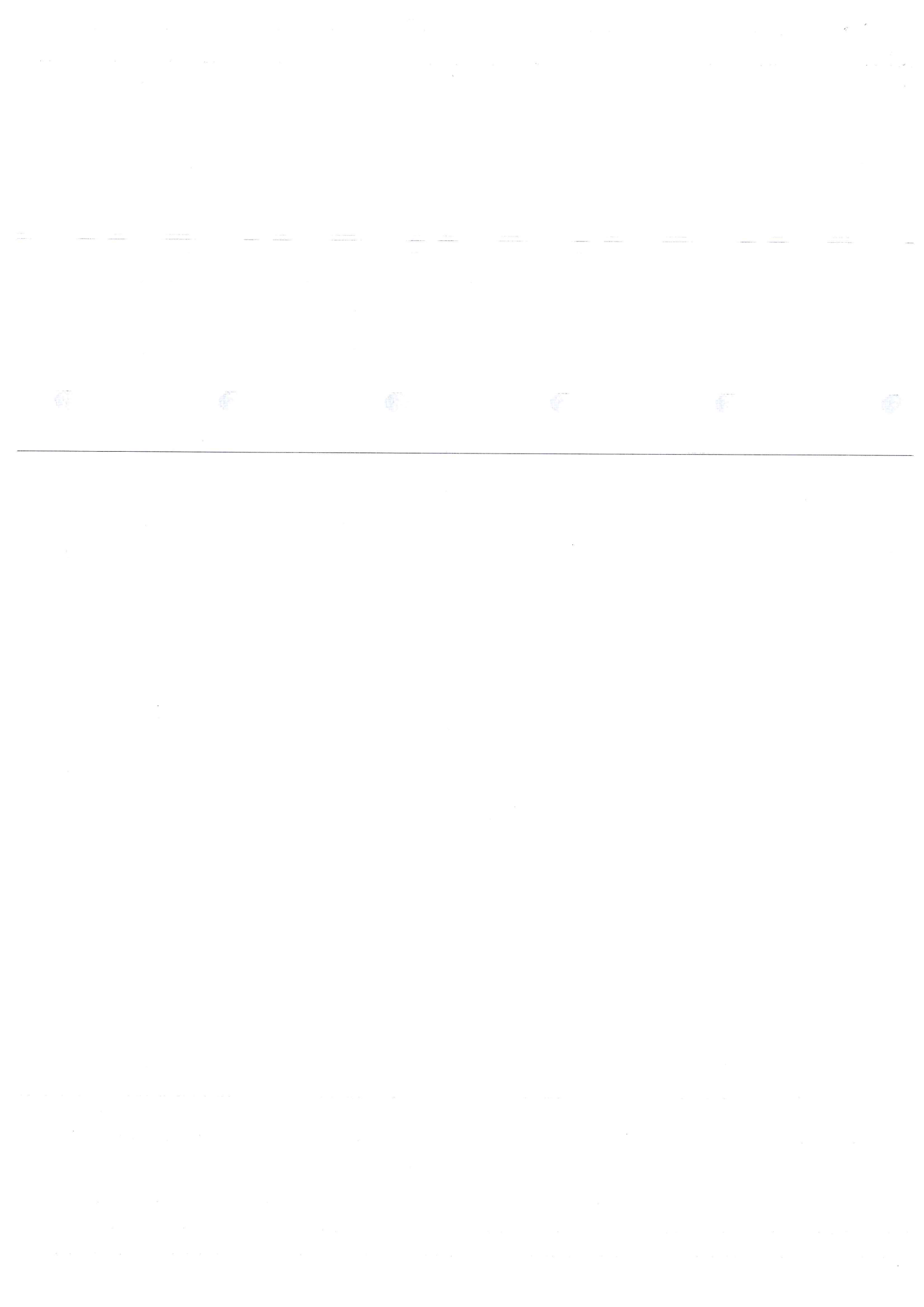
REPORT OF THE

FINANCE COMMITTEE

ON

**FINANCING AGREEMENT BETWEEN GOVERNMENT OF
THE REPUBLIC OF GHANA AND THE INTERNATIONAL
DEVELOPMENT ASSOCIATION (IDA) FOR AN AMOUNT
OF ONE HUNDRED AND ONE MILLION SPECIAL
DRAWING RIGHTS (SDR 101,000,000 [US\$156.0 MILLION
EQUIVALENT]) TO FINANCE THE GHANA SECONDARY
SCHOOL EDUCATION IMPROVEMENT PROJECT.**

JUNE, 2014



**REPORT OF THE FINANCE COMMITTEE ON FINANCING
AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA AND THE INTERNATIONAL
DEVELOPMENT AGENCY (IDA) FOR AN AMOUNT OF ONE
HUNDRED AND ONE MILLION SPECIAL DRAWING RIGHTS
(SDR 101,000,000 [US\$156.0 MILLION EQUIVALENT]) TO
FINANCE THE GHANA SECONDARY SCHOOL EDUCATION
IMPROVEMENT PROJECT**

1.0 INTRODUCTION

The request for approval of the Financing Agreement Between the Government of the Republic of Ghana and the International Development Agency (IDA) for an amount of One Hundred and One Million Special Drawing Rights (SDR 101,000,000 [US\$156.0 Million Equivalent]) to finance the Ghana Secondary School Education Improvement Project was Presented to the House by the Hon. Deputy Minister for Finance Mr. Cassiel Ato Baah Forson on Wednesday 18th June, 2014 in accordance with Article 181 of the 1992 Constitution.

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.

The Committee was assisted in its deliberations by the Hon. Deputy Ministers for Finance and Education Messrs. Cassiel Ato Baah Forson and Alex Kyeremeh and a technical team from both Ministries. The Committee is grateful to the Hon. Deputy Ministers and the technical team for their assistance.

2.0 REFERENCE

The Committee referred to the following additional documents during its deliberations:

- The 1992 Constitution of Ghana;
- The Standing Orders of the Parliament of Ghana; and
- The Loans Act, 1970 (ACT 335)

3.0 BACKGROUND

Available statistics indicates that Secondary School enrolment has increased by more than 71% in the last five years. While about 490,000 students were enrolled in 2008/2009 academic year, more than 842,000 students were enrolled in 2012/2013 academic year. Even though this enrolment rate puts Ghana among the top countries in the sub-Saharan African region, the country still lags behind other lower middle income countries with comparable GDP per capita in Asia or Latin America because the increase in enrolment is not accompanied with increase infrastructure to support the growing demand. International experience however, suggest that countries with priority for post basic education attract more foreign direct investment in terms of creating more competitive global industries or services sector.

Secondary Education delivery is also faced with issues of geographical inequalities in terms of successful completion of basic education and progressing to senior high school. Students from the poorest 20% of households, the most deprived districts and or rural areas are about 5 to 6 times less likely to access Senior High School. Lack of physical SHS infrastructure, difficulty in commuting to the location of existing schools among others remains a major barrier to accessing SHS in most rural areas in Ghana. As a result about 75% of the youth do not have access to Secondary Education.

The quality of school infrastructure and academic performance also shows large disparity between the best 100 schools (mostly located in urban area) and the rest of the schools. Whilst the top schools produce the bulk of those accessing tertiary education, secondary

school education remains the terminal point for majority of student in the rest of the deprived schools.

To resolve the above problems and improve access to secondary education, the Government as part of its Secondary Education Improvement Strategy committed itself to construct 200 Community Day Senior High Schools across the country. This is in response to the rise in the demand for Secondary Education due to increased enrolment in basic schools, improvement in completion rate in basic education and the growing pressure on the capacity of existing institutions to meet the growing demand. In order to give effect to these commitments, the Government in 2013 made a request to the World Bank to provide financial support for the implementation of the project.

4.0 **PROJECT DESCRIPTION AND COMPONENTS**

The project comprises two components namely;

- a). Support to increase access with equity and quality in senior high school; and
- b). Management Research and Monitoring and Evaluation

A. Component one

Support to increase access with equity and quality in senior high school – US\$140.1 million

This component involves the construction of 23 new senior high schools in selected districts; improve 50 existing senior high schools through expansion and rehabilitation of existing structure and facilities as well as quality improvements for additional 75 existing SHSs. This component will also provide scholarships to about 10,000 students from low income families with special emphasis on girls. Quality improvement through the provision of training for teachers and other educational workers to improve science and mathematics education is also provided for under this component. Further, this component also seeks to improve the quality of education in some 125 selected low performing schools across the country.

B. Component two

Management Research and Monitoring and Evaluation - US\$15.9 million

This component aims at strengthening the capacity of the Ministry of Education, Ghana Education Service and other relevant implementing agencies to:

- a. ensure effective project implementation;
 - b. monitor and evaluate project results and sector performance;
 - c. support the development and implementation of Government Senior High School policy and priorities and
 - d. strengthen ongoing and new data collection, monitoring and information management system.
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5.0 TERMS AND CONDITIONS OF THE FACILITY

The credit is a concessionary facility with standard IDA terms as follows:

Loan Amount	: SDR 101,000,000 (US\$156.0 Million Equivalent)
Interest Rate	: 1.25%
Repayment Period	: 20 years
Grace Period	: 60 months (5years)
Commitment Charge	: 0.5% per annum (maximum) on the principal amount not withdrawn - effective 2015
Service Charge	: 0.75% per annum on the withdrawn balance
Maturity Period	: 300 months (25 years)

6.0 OBSERVATIONS

Project Cost breakdown

Providing the cost breakdown of the project, the Deputy Minister of Finance stated that cost of the project which is estimated at US\$156.0 million will be expended as follows:

Activity	Unit cost	Total cost
Construction of 23 new Senior High Schools	US\$4.3 million	US\$98.9 million
Upgrade of 75 existing Senior High Schools	US\$120,000	US\$9.0 million
Expansion of 50 schools to increase capacity to absorb more students	US\$320,000	US\$16.0 million
Scholarship to 10,400 students to pursue secondary education (\$500 *3yrs.)	US\$1,500	US\$15.6 million
Contingency		US\$0.6 million
Research, monitoring and evaluation		US\$15.9 million

Selection of beneficiaries of the scholarship scheme

The Committee was informed that to ensure transparency in the selection of beneficiaries of the scholarship scheme, the Ministry of Education would use an Independent Scholarship Administrator who will be selected through competitive bidding. It was added that the selection of beneficiaries will be based on the under listed criteria, agreed upon by relevant stakeholders with special emphasis on girls and students from low income families:

- a. any student who takes care of himself or herself;
- b. disabled students without support;
- c. orphans without support;
- d. students living with HIV/AIDS;

- e. students from LEAP beneficiary households;
- f. a student in a household with income below the minimum wage (Daily Minimum Wage = GHC5.24 in 2013).
- g. A student from a single parent family with low income;
- h. a student, whose parents or guardians are all unemployed;
- i. a student whose parents or guardians are living with a disability or serious;
- j. a student from a large household unable to afford to send all children to school;
- k. a teenage mother without support; and
- l. a student with sickle cell disease.

Given more insight into the Scholarship Scheme, the Hon Deputy Minister for Education stated that an estimated amount of US\$500 per student for each academic year has been proposed and items to be covered by the scholarship will vary according to the needs of each student. Also, to ease the problem of distance for those living far from school without a means of transport, bicycles will be provided. It was further indicated that in order to facilitate learning outside of school hours, solar lamps will be provided to some of the scholarship recipients. The feasibility of providing bicycles and the solar lamps will be determined after a comprehensive monitoring and evaluation of needs assessment. The Hon. Deputy Minister gave the following as among other items to be funded under the scholarship package:

Items

1. School Uniform Fabrics
2. School Uniform sewn
3. School Sandals
4. School bags
5. Note books
6. Pens and pencils
7. Rulers
8. Supplementary readers
9. Math sets

10. Sanitary pads

11. Other approved fees and levies on the students' bill

Selection of Beneficiary Schools

The Committee noted that Brong Ahafo, Eastern, Upper West and Volta Regions are not part of the beneficiary regions. The Deputy Minister for Education explained that the four regions were not covered as a result of the criteria used in arriving at the beneficiary districts. According to the Minister, districts to benefit from the construction of the new schools are those without Public Senior High School. He further indicated that, in selecting Schools for quality upgrading and infrastructural expansion, all districts in the country were ranked using the size of the district in terms of population of 15 – 17 years old, the demand for senior high school in the district in terms of enrolment and district poverty indices and the bottom 80 districts were selected for the project. The Deputy Minister added that similar criteria were adopted to select bottom 50 schools for facility upgrading and bottom 125 schools for quality improvement.

The Deputy Minister however, informed the Committee that the four regions have been catered for under the Government of Ghana Project and that Brong Ahafo, Eastern, Upper West and Volta regions have seven (7), five (5), three (3) and six (6) of their respective districts being provided with new and modernised educational facilities.

Oversight Responsibility of the Select Committee on Education

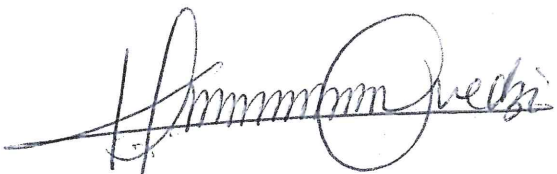
The Committee observed that the project and the components therein, when properly implemented will help increase access and improve quality secondary education in the country. The Committee therefore urges the Select Committee on Education to regularly monitor its implementation to ensure that the intended objectives are realised.

7.0 CONCLUSION

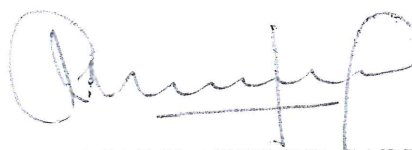
The Committee after careful examination of the facility and the purpose for which it is being sought is of the view that the implementation of the Project will help increase access to secondary education, remove the infrastructural imbalances between rural and urban schools and improve educational infrastructure in Senior High Schools across the country. Further, the facility is concessionary with favorable terms and conditions.

The Committee therefore recommends to the House to adopt its report and approve the request for approval of the Financing Agreement between the Government of the Republic of Ghana and the International Development Agency (IDA) for an amount of *One Hundred and One Million Special Drawing Rights (SDR 101,000,000 [US\$156.0 Million Equivalent])* to finance the Ghana Secondary School Education Improvement Project in accordance with Article 181 of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana.

Respectfully submitted.



HON. JAMES KLUTSE AVEDZI
(CHAIRMAN, FINANCE COMMITTEE)



ROSEMARY ARTHUR ŠARKODIE (MRS
(CLERK, FINANCE COMMITTEE)