

IN THE THIRD MEETING OF THE SECOND SESSION OF THE SEVENTH PARLIAMENT  
OF THE FOURTH REPUBLIC

**REPORT OF THE FINANCE COMMITTEE ON THE FINANCING  
AGREEMENT BETWEEN THE GOVERNMENT OF THE  
REPUBLIC OF GHANA AND THE INTERNATIONAL  
DEVELOPMENT ASSOCIATION (IDA) OF THE WORLD BANK  
GROUP FOR AN AMOUNT OF TWENTY-SEVEN MILLION, NINE  
HUNDRED THOUSAND SPECIAL DRAWING RIGHTS (SDR  
27,900,000) (EQUIVALENT TO US\$40 MILLION) TO FINANCE  
THE PROPOSED TOURISM DEVELOPMENT PROJECT**

**1.0 INTRODUCTION**

The request for approval of the Financing Agreement between the Government of the Republic of Ghana and the International Development Association (IDA) of the World Bank Group for an amount equivalent to Twenty-Seven Million, Nine Hundred Thousand Special Drawing Rights (SDR27,900,000) (Equivalent to US\$40 million) to finance the Proposed Tourism Development Project was presented to the House by the Hon. Minister for Finance, Mr. Ken Ofori-Atta on Wednesday, 31<sup>st</sup> October, 2018 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. Minister for Tourism, Culture and Creative Arts, Ms. Catherine Abelema Afeku, a Deputy Minister for Finance, Mrs. Abena Osei Asare and officials from the Ministry of Finance and the Ministry of Tourism, Culture and Creative Arts.

The Committee is grateful to the Hon. Minister, the Deputy Minister and officials for attending upon it to assist in the deliberations.



## **2.0 REFERENCE**

The Committee referred to the following documents in its deliberations:

- The 1992 Constitution of Ghana;
- The Standing Orders of the Parliament of Ghana;
- The Public Financial Management Act, 2016 (Act 921);
- The Ghana Tourism Act, 2011 (Act 817); and
- The Ghana Investment Promotion Centre Act, 2013 (Act 865).

## **3.0 BACKGROUND**

The Tourism Sector in Ghana has over the years contributed significantly to government's tax revenue, contribute to the foreign exchange earnings of the country, create employment opportunities and enhance economic growth. In 2016, tourism contributed US\$1,000,300,000 representing three percent (3%) of the Country's GDP. The sector also provided employment for about 287,900 people representing 2.4 percent of total employment in the country.

Ghana is well-endowed with numerous tourism potentials including parks, protected areas, and cultural attractions with the potential to attract high spending and environmentally conscious tourists.

Ghana is also well-positioned to take advantage of the current increase in demand for nature-based adventure tourism, eco-based tourism and cultural experiences to generate more revenue for the state if the needed investments are made to develop the country's tourist sites.

Notwithstanding the numerous tourism advantages and potential demand, the absence of a public sector strategic intervention and resources have collectively contributed to make the sector uncompetitive compared to that of peer countries on the continent. To address the weaknesses and remove the constraints, the government has developed a national tourism development plan (2013 – 2027). The plan, among others, seeks to place tourism within the development agenda, promote investment in tourism and develop tourist infrastructure, marketing and supply chain links. However, lack of coordination with the private sector and weak capacity of key tourist institutions have hindered tourism promotion and

development. The sector is also constrained by numerous government regulations, burdensome visa requirements, poor domestic air service, low quality and substandard tourist site and exemption of tourism SMEs from the incentive package under the Ghana Investment Promotion Centre Act, 2013 (Act 865).

Consequently, the sector remained marginalized with its regulatory and development agencies receiving minimal budgets thereby lacking the qualified human resources needed to develop the sector. The proposed Tourism Sector Improvement Project therefore seeks to remove the constraints and create a business enabling environment to help both domestic and international firms grow their operation. The project also seeks to enhance the Sector's offering, diversify its impact and enable wider participation in the tourism value chain and increase the contribution of tourism to the country's GDP.

#### **4.0 PROJECT DESCRIPTION**

The Tourism Sector Improvement Project which is being financed by a US\$40 million IDA facility is aimed at improving performance of tourism in targeted destinations in Ghana. The project is divided into four (4) main components:

**Component 1: Strengthening Tourism Enabling Environment (US\$15 million).** This component is targeted at addressing constraints that are most likely to have transformative impact on the Tourism Sector in Ghana. Activities in this component include:

- i.** Tourism Skill Development (US\$10 million): The amount allocated under this activity will be applied towards the development of viable training centers to provide training for quality graduates for the tourism industry. It will also support the delivery of quality training in tourism and hospitality through the development of curriculum, teacher training and accreditation standards.
- ii.** Aviation and Entry Visa Policy (US\$1.0 million): This amount will be applied to help attract domestic and international travel operators to the country and also improve entry visa policies and systems.
- iii.** Tourism Branding and Marketing (US\$4.0 million): This allocation will be applied to national marketing, promotion and branding strategy and develop an action plan to address the marketing and branding challenges facing the Sector.

**Component 2: Developing Tourism Sites (US\$15 million).** The objective of this component is to address the current challenges facing the Tourism Sector by financing activities to upgrade tourist sites, package market opportunities and leverage private sector investment in the development and commercialization of selected tourist assets. The component will be implemented through two activities as follow:

- i. Destination Planning (US\$1 million): This activity will ensure the upgrade of viable destination areas in the context of sustainable destination plans; and
- ii. Site Upgrade Schemes (US\$14 million): This will enable site upgrade schemes that will provide quality, access and safety upgrades to a minimum of five public owned sites within the destination areas and also provide matching grant assistance to sites that are not publicly owned to ensure quality upgrade. A list of the sites to be upgraded is provided as an attachment in the **Appendix**.

**Component 3: Tourism Enterprise Support Programme (US\$5 million).** The component seeks to provide tourism SMEs, particularly women owned SMEs, with the opportunity to improve their business planning, formalize their businesses and apply for matching grants to upgrade their tourist products and services.

**Component 4: Project Management (US\$5 million).** The final component will support Ministry of Tourism, Arts and Culture to manage and coordinate the project.

## **5.0 TERMS AND CONDITIONS OF THE FACILITY**

The credit is a standard concessionary IDA facility with the following terms and conditions:

Loan Amount	:	SDR 27,900,000 (US\$40.00 Million Equivalent)
Interest Rate	:	1.25% per annum (on withdrawn credit balance)
Repayment Period	:	25 years
Grace Period	:	60 months (5years)
Commitment Charge	:	0.5% of 1% p.a (maximum) on unwithdrawn balance waived for 2018
Service Charge	:	0.75% of 1% p.a on the withdrawn balance

Grant Element : 33.23%  
Counterpart Funding : US\$100,000 each year

## **5.0 OBSERVATIONS**

### **Justification for the Project**

The Minister for Tourism informed the Committee that the tourism industry in Ghana holds the potential to be the number one source of foreign exchange and provide employment for thousands of Ghanaians if its potentials are properly harnessed. To this end, Government in a bid to attract private investment into the sector intends to create the enabling environment to make the country's tourist sites attractive for Private Sector participation. To achieve this, the Tourism Development Project was developed to provide financial and technical assistance to develop the tourism industry. The project is also expected to support growth in enterprises.

When completed, the Project is expected to generate private investment in tourism and facilitate job creation. Additionally, the project will support the Government's National Gender Policy 2015 by enhancing opportunities for women as well as promoting gender equality. The funding is therefore necessary to ensure the attainment of the full objectives of the project.

### **Training and Capacity Building**

The Committee noted that an amount of US\$10 million out of the facility has been dedicated to training and capacity building in the Hospitality Industry. The amount will help address the capacity gap in the industry which has over the years contributed to poor quality of service delivery with its adverse impact in the choice of Ghana as a preferred tourist destination.

The Hon. Minister of Tourism, Culture and Creative Arts explained that the facility will be applied to set up two training institutions in the Eastern and Western Regions dedicated to training personnel for service delivery in the Tourism Industry. She indicated that the level of education expertise and experience of practitioners in the Tourism Industry in Ghana is low as compared to what pertains in other African Countries that compete with Ghana as

tourist destinations. She indicated that enhancing service quality will largely contribute to the growth of tourism in Ghana and give the country a competitive urge on the continent.

#### **Facilitation of Ease of entry into the country**

The Minister for Tourism informed the Committee that one of the primary constraints to tourism promotion in Ghana is the cumbersome visa application and acquisition processes. To address this challenge, part of the facility will be applied to help facilitate and improve visa acquisition for tourists through the deployment of a special software for on-arrival visa acquisition. The Ministry will also collaborate with the Ministry of Foreign Affairs and the Ghana Immigration Service on the project to further grant visa on arrival to tourists from selected countries coming to Ghana. The collaboration will also explore the development of online visa application systems to allow for ease of entry for potential tourist into the country.

The Committee is of the opinion that there is an urgent need for the process of acquiring a Ghanaian visa to be made easier for potential visitors to Ghana. The Committee therefore urges the Ministry of Foreign Affairs and the Ghana Immigration Service to take urgent steps to reduce the constraint in acquiring entry visas to Ghana so as to boost tourism and realize the full potential of the Project.

#### **High Cost of Hotel Accommodation in Ghana**

The Committee expressed concern about the high cost of hotel accommodation in Ghana which in its view could be a major limitation to the laudable objectives of this project. The Committee noted that hotel rates in the country are relatively high as compared to what pertains in countries with similar conditions and urged the Minister to work out strategies to address it. The Committee is of the view that, for Ghana to be competitive in the tourism industry, there is the need to reduce hotel rates to make us competitive.

The Hon. Minister of Tourism agreed with the Committee and attributed this partly to the high and numerous taxes that the industry is faced with. She said there are instances where hotels are required to pay up to twenty-one (21) different taxes ranging from corporate taxes, through operating permits, levies and other taxes imposed by local authorities.

She opined that there is the need to look again at some of these taxes if hotel rates are to come down substantially. She assured the Committee that her Ministry is liaising with relevant agencies to address the issue.

### **Developing Tourist Sites**

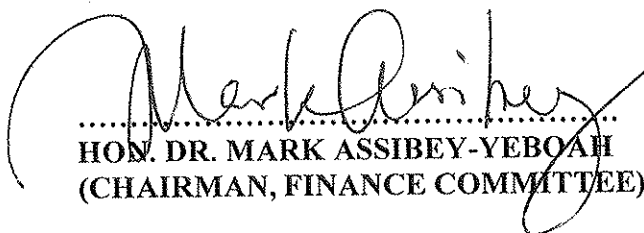
The Minister also informed the Committee that part of the facility will be applied to upgrade some Thirty-eight (38) tourist sites to make them more attractive to visitors.

The Minister explained that basic facilities will be provided at the various tourist sites to ensure the convenience of guests. She indicated that the current state of the tourist facilities do not make them attractive for private sector investment. There is the need for Government to upgrade the various sites in order to attract and facilitate private sector participation. She was confident that the private sector will find the sites attractive once government provides the basic amenities.

## **6.0 CONCLUSION**

The Committee having carefully examined the referral is of the view that the financing is necessary to promote tourism in Ghana. Further, the financing for the project is an IDA concessionary facility 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 Association (IDA) of the World Bank Group for an amount equivalent to Twenty-Seven Million, Nine Hundred Thousand Special Drawing Rights (SDR27,900,000) (Equivalent to US\$40 million) to finance the Proposed Tourism Development Project** in accordance with Article 181 of the 1992 Constitution, Section 56 of the Public Financial Management Act, 2016 (Act 921) and Order 169 of the Standing Orders of the Parliament of Ghana.

Respectively Submitted.

  
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**HON. DR. MARK ASSIBEY-YEBOAH**  
**(CHAIRMAN, FINANCE COMMITTEE)**

  
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**EVELYN BREFO-BOATENG (MS)**  
**(CLERK, FINANCE COMMITTEE)**



APPENDIX

PROVISIONAL LIST OF SELECTED TOURIST SITES ACROSS THE COUNTRY EARMARKED FOR ENHANCEMENT

NO.	REGIONS	SELECTED TOURISTS SITES	PLANNED WORKS
A	GREATER ACCRA	<ul style="list-style-type: none"> <li>• Labadi Pleasure Beach</li> <li>• Enhancement of AU Circle</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of washroom facilities</li> <li>• Landscaping</li> </ul>
		<ul style="list-style-type: none"> <li>• Shai Hills Resource Reserve</li> </ul>	<ul style="list-style-type: none"> <li>• Redesign of site entrance</li> <li>• Improve vehicular access</li> <li>• Reshaping the receptive center</li> <li>• Improvement of trails</li> <li>• Provision of safari vehicles</li> </ul>
B	ASHANTI	<ul style="list-style-type: none"> <li>• Lake Bosomtwi Basin</li> </ul>	<ul style="list-style-type: none"> <li>• Land use planning</li> </ul>
		<ul style="list-style-type: none"> <li>• Bonwire Craft Centre Rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Kente museum</li> <li>• Fence wall</li> <li>• Landscaping</li> </ul>
		<ul style="list-style-type: none"> <li>• Ahwiaa Craft Centre Rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Fence wall</li> <li>• Landscaping</li> </ul>
		<ul style="list-style-type: none"> <li>• Bomfobiri</li> </ul>	<ul style="list-style-type: none"> <li>• Receptive facility</li> <li>• Recreational area</li> <li>• Development of hiking trails</li> </ul>
C	NORTHERN	<ul style="list-style-type: none"> <li>• Makango Beach</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of fence wall</li> <li>• Construction of sheds</li> <li>• Construction of washroom and ablution area</li> </ul>

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		<ul style="list-style-type: none"> <li>Larabanga Mosque</li> </ul>	<ul style="list-style-type: none"> <li>Removal of buildings obstructing view from the main road</li> <li>Creation of defined parking area</li> <li>Pavement of frontage</li> <li>Receptive facility</li> <li>Construction of abluton area</li> <li>Landscaping</li> <li>Short perimeter wall</li> </ul>
		<ul style="list-style-type: none"> <li>Salaga Slave Market</li> </ul>	<ul style="list-style-type: none"> <li>Repossession of site</li> <li>Redesign of the ancient slave market into a reverential park</li> <li>Landscaping</li> <li>Preservation of slave wells cemetery and bathing areas</li> <li>Construction of status of unknown slave</li> <li>Refurbishment and reconstruction of receptive facility</li> </ul>
D	UPPER EAST	<ul style="list-style-type: none"> <li>Paga Crocodile Pond (Zenga)</li> </ul>	<ul style="list-style-type: none"> <li>Dredging of pond</li> <li>Fence wall</li> <li>Receptive facility</li> <li>Construction of viewing pavilions</li> <li>Landscaping</li> <li>Rehabilitation of receptive facility</li> <li>Construction of washroom</li> </ul>
		<ul style="list-style-type: none"> <li>Pikworo Slave Camp</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitation of receptive facility</li> <li>Construction of washroom</li> </ul>
		<ul style="list-style-type: none"> <li>Tongo Rocks &amp; Tenzu Shrine</li> </ul>	<ul style="list-style-type: none"> <li>Construction of receptive facility</li> <li>Construction of washroom</li> </ul>
		<ul style="list-style-type: none"> <li>Gwollu Slave Defence Wall</li> </ul>	<ul style="list-style-type: none"> <li>Preservation of defence wall</li> <li>The construction of the bust of Dr. Hilla Limann</li> <li>Completion of washroom</li> </ul>
E	UPPER WEST	<ul style="list-style-type: none"> <li>Wechiau Community Hippo Sanctuary</li> </ul>	<ul style="list-style-type: none"> <li>Preparation of Investment profile</li> <li>Enhancement of docking site</li> <li>Construction of washroom facility</li> </ul>

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		<ul style="list-style-type: none"> <li>• Wuling Mushroom Shape Rock</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of washroom facility</li> <li>• Construction of receptive facility</li> </ul>
F	BRONG AHAFO	<ul style="list-style-type: none"> <li>• Dusasidan Monkey Sanctuary</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of receptive facility</li> <li>• Construction of washroom</li> </ul>
G	EASTERN	<ul style="list-style-type: none"> <li>• Odweanoma Paragliding Site</li> <li>• Tini Waterfall</li> </ul>	<ul style="list-style-type: none"> <li>• Resurfacing of car parking area</li> <li>• Paving of access ways</li> <li>• Receptive facility</li> <li>• Enhancement of walking trails</li> </ul>
		<ul style="list-style-type: none"> <li>• Wonder Rocks of Akranteng</li> <li>• Bonsu Arboretum</li> </ul>	<ul style="list-style-type: none"> <li>• Landscape plan</li> <li>• Construction of access way</li> <li>• Enhancement of receptive facility and development of trails</li> </ul>
		<ul style="list-style-type: none"> <li>• Boti falls</li> </ul>	<ul style="list-style-type: none"> <li>• Receptive facility</li> <li>• Develop hiking trails</li> <li>• Landscaping</li> </ul>
H	CENTRAL	<ul style="list-style-type: none"> <li>• Cape Coast Castle</li> </ul>	<ul style="list-style-type: none"> <li>• Refurbishment of the Cape Coast Castle Museum</li> <li>• Period restoration of interior spaces in the Castle</li> </ul>
		<ul style="list-style-type: none"> <li>• Enhancement of Elmina Castle Enclave</li> </ul>	<ul style="list-style-type: none"> <li>• Landscaping</li> <li>• Receptive facility</li> <li>• Construction of craft and courier shops</li> <li>• Restaurant</li> </ul>
		<ul style="list-style-type: none"> <li>• Brenu Akyimim Beach</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of receptive facility</li> <li>• Construction of restaurant</li> <li>• Construction of Washroom</li> <li>• Provision of water sport equipment</li> </ul>
		<ul style="list-style-type: none"> <li>• Promenade from Bakano - UCC Gate</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of receptive facility</li> <li>• Construction of restaurant and washroom facility</li> </ul>

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DEPUTY DIRECTOR GENERAL

		<ul style="list-style-type: none"> <li>• Development of camping sites</li> <li>• Enhancement of children play ground</li> </ul>
I	WESTERN	<ul style="list-style-type: none"> <li>• Kikum National Park</li> <li>• Assin Manso Slave River Site</li> <li>• Fort St. Antonio (Anthony) Redevelopment, Axim</li> <li>• Nzulezo</li> <li>• Restoration of Paa Grant Residence</li> <li>• Bia Forest Reserve</li> <li>• Ankasa Forest Reserve</li> </ul>
J	VOLTA	<ul style="list-style-type: none"> <li>• Afadjato</li> <li>• Wli Waterfall</li> <li>• Kpetoe</li> </ul>
		<ul style="list-style-type: none"> <li>• Redevelopment of memorial wall</li> <li>• Enhancement of walking trails</li> <li>• Placement of outdoor furniture</li> <li>• Rehabilitation of Victoria Park</li> <li>• Construction of viewing stands</li> <li>• Construction of Leisure facility (Cruise boat), restaurant and bar</li> <li>• Construction of visitor walking platforms</li> <li>• Enhancement of community sanitation</li> <li>• Construction of Museum and interpretative materials</li> <li>• Development of Walking Trails</li> <li>• Receptive facility</li> <li>• Construction of zip line</li> <li>• Improvement of trails</li> <li>• Construction of hiking route</li> <li>• Rehabilitation of Receptive and washroom facility</li> <li>• Construction of Zipline and other leisure facility</li> <li>• Completion of receptive facility</li> <li>• Construction of eco-friendly washroom facility</li> <li>• Construction of Receptive Facility</li> <li>• Kente Museum</li> </ul>

		<ul style="list-style-type: none"> <li>• Amedzope (Mountain Ginj)</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of hiking and trails</li> <li>• Landscaping of site</li> <li>• Signages and interpretative materials</li> </ul>
K	TEMA (GREATER ACCRA)	<ul style="list-style-type: none"> <li>• Songhor Lagoon (Songhor Ramsar site)</li> </ul>	<ul style="list-style-type: none"> <li>• Receptive facility</li> </ul>

GHANA TOURISM AUTHORITY  
  
 DIRECTOR (RATIONS DIRECTOR)

