

**IN THE FIRST SESSION OF THE SEVENTH
PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA**

REPORT OF THE

**JOINT COMMITTEE ON FINANCE AND
WORKS AND HOUSING**

ON THE

**AGREEMENT BETWEEN THE GOVERNMENT
OF THE REPUBLIC OF GHANA AND THE
AFRICAN DEVELOPMENT FUND FOR AN
AMOUNT OF THIRTY-FIVE MILLION, NINE
HUNDRED AND FIFTY THOUSAND UNITS OF
ACCOUNT (UA35,950,000) [EQUIVALENT TO
US\$48.85 MILLION] TO FINANCE THE
GREATER ACCRA SUSTAINABLE SANITATION
AND LIVELIHOOD IMPROVEMENT PROJECT
(GASSLIP)**

31ST JULY, 2017



1.0 INTRODUCTION

The request for approval of the Loan Agreement between the Government of the Republic of Ghana and the African Development Fund for an amount of Thirty-Five Million, Nine Hundred and Fifty Thousand Units of Account (UA35,950,000) [Equivalent to US\$48.85 Million] to finance the Greater Accra Sustainable Sanitation and Livelihood Improvement Project (GASSLIP) was presented to the House on behalf of the Hon. Minister for Finance by the Hon Deputy Minister for Finance, Mrs. Abena Osei-Asare on Tuesday 25th July, 2017 in accordance with Article 181 of the 1992 Constitution. The Rt. Hon. Speaker referred the request to the Joint Committee on Finance and Works and Housing for consideration and report in accordance with Orders 169 and 180 of the Standing Orders of the Parliament of Ghana and Article 103 of the Constitution of Ghana.

The Joint Committee was assisted in its deliberations by the Hon. Minister for Sanitation and Water Resources, Mr. Joseph Kofi Adda, Hon Deputy Minister for Finance, Mrs. Abena Osei-Asare and a technical team from the two Ministries. The Committee is grateful to the Hon. Minister and Hon. Deputy Minister as well as 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;
- Public Financial Management Act, 2016 (Act 921) ; and
- The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial year

3.0 PROJECT BACKGROUND, RATIONALE AND STRATEGIC FIT

The Greater Accra Sustainable Sanitation and Livelihoods Improvement Project (GASSLIP) is designed to support government's efforts within the context of Ghana Shared Growth and Development Agenda (GSGDA-II 2014-2017) objective for the water and sanitation sector which is to increase access to adequate, safe and affordable water, improved environmental sanitation and hygiene education to ensure a favourable state of health of the general population.

The project is part of the interventions by the Government to expand and build on the success of the previous African Development Bank-funded Accra Sewerage Improvement Project (ASIP) and the on-going Greater Accra Metropolitan Area (GAMA) Sanitation and Water Project to better deliver and manage climate resilient sanitation services within GAMA, in response to overwhelming sanitation challenges.

Also, the project's rationale fits into the water and sanitation vision for "sustainable water and basic sanitation for all by 2025. The project outcome further emphasizes the enhancement of improved sanitary, environmental and social conditions through the desire to eliminate cholera outbreaks which in recent years have become nearly endemic in the Greater Accra Metropolitan Area (GAMA). Based on the project's income generating activities, it will also generally impact positively on the living conditions of the low income within the densely populated urban areas.

4.0 PROJECT OBJECTIVES

The overall development objective of the Project is to improve the socio-economic well-being and health standards of residents living within the Greater Accra Metropolitan Area. The specific project objectives are:

- (a) to increase access to improve sustainable and climate resilient sanitation and hygiene with improved livelihood for the urban poor; and
- (b) to strengthen public and private sector capacity to better deliver and manage sanitation infrastructure.

The project objectives further aim to improved the sanitation target which is only 15% (urban 20%) and the Sustainable Development Goals (SDG) sanitation target of 40% which was missed and thus made Ghana one of the lowest sanitation covered countries in Sub-Saharan Africa.

5.0 PROJECT DESCRIPTION AND COMPONENTS

To achieve the above objectives, the project will have the following five components:

S/N	Component Name	Cost (UA)	Component Description
1.	Sustainable Household and School Sanitation and Hygiene	9.1million	<ul style="list-style-type: none"> ▪ Baseline and Knowledge, Attitudes and Practices (KAP) studies, development of gender sensitive training and promotional material for health and climate resilience. ▪ Demand creation for household sanitation facilities through social marketing, and behavioural change campaigns targeting women/youth ▪ Construction of sustainable and climate resilient on-site household sanitation facilities in low income areas, with 30% of the cost to be paid by households, house owners, and the remaining 70% paid by the project as an output based subsidy ▪ Construction of gender and disability friendly innovative school WASH facilities, and implementation of WASH clubs in schools (emphasising the girl child) for sustainable operation and maintenance of facilities and improved hygienic practices
2.	Improved Waste Management Infrastructure and Service	20.4million	<ul style="list-style-type: none"> ▪ Connection of poor households to newly rehabilitated and/or expanded sewer network ▪ Provision of improved solid waste collection systems in low income neighbourhoods ▪ Construction of a low carbon septage treatment facility (waste-to-energy) ▪ Construction of a Transfer Station and additional Landfill Cells for improved solid waste collection and disposal ▪ Support establishment of Association of Private Sanitation Service Providers ▪ Scale up and optimise the call Centre for cesspit emptying service providers within GAMA ▪ Establishment of demonstration aquaculture/agriculture at Legon Treatment Plant

Commitment Charge	:	0.5% per annum
Grace Period	:	5 years.
Repayment Period	:	25 years (exclusive of grace period).
Maturity	:	30 years

7.0 OBSERVATIONS

7.1 *Terms and Condition of the Facility*

It came to the fore that the Agreement which is a standard AfDB facility is a concessionary one with favorable terms and conditions. It has a concessionary component of 35.97% which is slightly above the government concessionary requirement of 35%.

7.2 *Project Cost and Financing Arrangements*

The Committee noted that the overall cost for the implementation of the project is estimated at UA39.64million (equivalent to US\$ 53.86m), of which the foreign component is 70% whilst the local component constitute 30%. The AfDB's contribution of UA 35.95M (US\$48.85 million) represents 91% whilst GoG and beneficiaries are expected to contribute the remaining 9% amounting to UA3.69 million (equivalent to US\$5.01) of the total cost. It was explained that the Bank will cover all the foreign exchange costs and part of the local cost whilst GoG would finance the local cost within the main project management such as GoG Support to Project Coordinating Units (PCU) in the areas of seconded staff, office and logistic support as well as GoG Support to the Project Implementation Teams (PITs) within the MMAs. In all Government contribution would be in kind and be catered for under the Ministry's goods and services budget throughout the duration of the project.

The Joint Committee was also informed that as a mitigation against cost overruns and its associated delays, there has been included in the project cost, a 7% and 3% physical and price contingencies respectively.

7.3 *Implementation Arrangements*

For effective coordination and supervision, the Ministry of Sanitation and Water Resources would be the executing agency with a Project Steering Committee (PSC). The Minister or his representative would chair the PSC to provide policy direction to

the project while the Chief Director shall be the vice chairman to provide operational oversight. The composition of the PSC, it was indicated, will include all key sector institutions involved in the implementation of water and sanitation-related initiatives. The direct implementation and management of the project will be undertaken by a Project Coordinating Unit (PCU) supported by the Project Implementation Teams (PITs) at the Metropolitan and Municipal Assembly (MMA) levels.

The Joint Committee observed that in order to facilitate stakeholder's participation, representatives from AfDB, Private Sector Operators, Academic and Research Institutions, Financial Institutions, and Civil Society will complement the role of the PSC as ex-officio members.

7.4 *Monitoring and Evaluation and Audit*

It was indicated that the overall monitoring, procurement and project supervision falls under Ministry of Sanitation and Water Resources. The PCU will be responsible for the agreed indicators in the Project Logical Framework in consultation with appropriate institutions which include the timely provision of feedback to issues brought to its attention during field visits and site meeting. The PCU will also be in charge of the development of a web based portal (GIS platform) to capture all individual sewer connections within project coverage area to facilitate performance monitoring of the decentralised sewerage systems, optimisation of physical connections, and improved billing and revenue.

To effectively monitor performance and accountability, the Bank will also conduct supervision missions including quarterly desk supervision to monitor progress and provide feedback in addition to quarterly Progress Reports. The PCU shall further prepare and submit annual Financial Audit Reports, and a Project Completion Report at the end of the project.

7.5 *Project Implementation Period*

It was revealed to the Committee that the project would be implemented over a five year period. The project is expected to be effective in July 2017 and close in March 2022 with 30th June, 2022 as the last disbursement date.

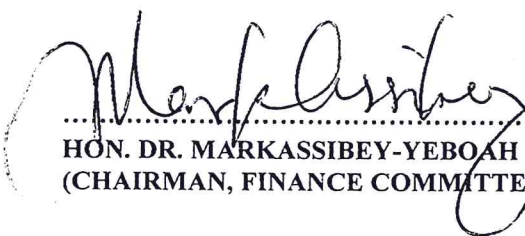
7.6 Waste to Energy

The Committee was made aware that the project would include a waste-to-energy technology that converts liquid waste to energy (bio gas) for consumption. Though, the exact quantum of energy to be provided (watts) could not be readily provided, the Minister of Sanitation and Water Resources was optimistic the technology would help reduce the energy cost of the beneficiary households and institutions.

8.0 CONCLUSION AND RECOMMENDATION

The Joint Committee after carefully examining the facility and also having regards to the enormous benefits to be derived from the implementation of the project, recommends to the House to adopt its report and approve by resolution, the Loan Agreement between the Government of the Republic of Ghana and the African Development Fund for an amount of Thirty-Five Million, Nine Hundred and Fifty Thousand Units of Accounts (UA 35,950,000) [Equivalent To US\$48.85 Million] to finance the Greater Accra Sustainable Sanitation and Livelihood Improvement Project (GASSLIP) in accordance with Article 181 of the 1992 Constitution, Section 56 of the Public Financial Management Act, 2016 (Act 921) and Orders 169 and 180 of the Standing Orders of the Parliament of Ghana.

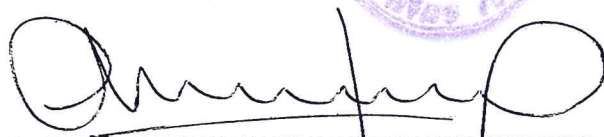
Respectfully Submitted.


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HON. DR. MARKASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)


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HON. NANA AMOAKO
(CHAIRMAN, WORKS & HOUSING COMMITTEE)




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MS. EVELYN BREFO-BOATENG
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