

1 IN THE FIRST MEETING OF THE THIRD SESSION OF THE
SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA

REPORT OF THE FINANCE COMMITTEE ON THE CREDIT
FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA AND THE EXPORT-IMPORT BANK OF INDIA
FOR AN AMOUNT OF THIRTY MILLION UNITED STATES DOLLARS
(US\$30,000,000.00) FOR FINANCING THE REHABILITATION AND
UPGRADING OF POTABLE WATER SYSTEMS IN YENDI

1.0 INTRODUCTION

The Credit Facility Agreement between the Government of the Republic of Ghana and the Export-Import Bank of India for an amount of Thirty Million United States Dollars (US\$30,000,000.00) for financing the Rehabilitation and Upgrading of Potable Water Systems in Yendi was presented to the House on Tuesday, 12th March, 2019 in accordance with Article 181 of the 1992 Constitution.

Mr Speaker referred the Agreement to the Finance Committee for consideration and report in accordance with Article 174 of the 1992 Constitution and the Standing Orders of the House.

The Committee met with a Deputy Finance Minister, Hon. Abena Osei Asare, the Deputy Ministers for Sanitation and Water Resources, Hon. Patrick Yaw Boamah and Hon. Michael Gyato and officials from the Ministry of Finance and the Ministry of Sanitation and Water Resources to consider the referral.

2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents:

1. The 1992 Constitution of Ghana
2. The Public Financial Management Act, 2016 (Act 921)
3. The Standing Orders of Parliament of Ghana

3.0 BACKGROUND

The Yendi Municipality contributes significantly to the agricultural fortunes of our country producing large activities of arable crops like maize, yam, cassava and rice. The catchment area also has an iron ore deposit which can generate economic activities like mining.

The Yendi Water Supply System supplies water to Yendi Municipality and other surrounding towns and villages. The water supply system was built in 1961 and it takes its raw water from the River Daka.

As a result of an increase in the population and economic growth in the Yendi Municipality, it has become necessary to expand the existing water supply system to meet the water demand of the beneficiary towns and communities.

In order to address the challenge, a proposal was made to either rehabilitate the existing treatment plant or expand the entire water supply system in order to meet the current demand and also meet the planning horizon up to the year 2030.

An assessment was carried out on the system by Messrs Tahal Company Limited. They recommended that major rehabilitation and expansion works should be carried out to ensure continuity of water supply to meet growing demand up to the year 2025 and beyond.

In pursuit of this recommendation, the Government of Ghana requested and the EXIM Bank of India agreed to provide a concessional line of

Credit amounting to Thirty Million United States Dollars (US\$30 Million) to finance the rehabilitation and Upgrade of the Water System in Yendi. It is this Credit Facility Agreement that is currently before the House for approval. The project is expected to be completed within thirty (30) months.

4.0 OBJECT OF THE PROJECT

The object of the project is to rehabilitate and upgrade the Yendi Water Supply System in order to provide potable water for the people of Yendi and its environs.

5.0 TERMS AND CONDITIONS OF THE CREDIT FACILITY

The terms and conditions of the Credit Facility are as follows:

Loan Amount	-	US\$30,000,000.00
Grace Period	-	5 years
Repayment Period	-	20 years
Maturity Period	-	25 years
Interest Rate	-	1.5 per annum (fixed)
Commitment Fee	-	0.50% per annum
Project Duration	-	30months
Grant Element	-	35.46%

6.0 SCOPE OF THE PROJECT

The scope of works comprises the following:

- Abstraction of raw water from River Oti
- Construction of a 15,000m³/day (3.3MGD) conventional water treatment plant
- Construction of transmission pipeline of length 25km

- Construction of Booster Station
- Construction of reservoirs, and
- Rehabilitation and extension of distribution network, approximately 50km

Project Cost Details

Indicative Cost details of the Scope of work to be done under the Project are shown in Table 1 below:

Table 1 Indicative Cost Details

No	Item	Amount
1	Mobilisation and Site Installation as well as Project Management	1,026,364.00
2	Abstraction of raw water from River Oti	2,180,011.00
3	Construction of a 15,000m ³ /day (3.3MGD) conventional water treatment plant	7,656,526.00
4	Construction of transmission pipeline of length approximately 25km	11,022,617.00
5	Construction of Booster Station	1,098,332.00
6	Construction of reservoirs (3Nr.)	1,531,958.00
7	Rehabilitation and extension of distribution network, approximately 50km	4,143,596.00
8	Supervision and Monitoring as well as Cost of Engineer	875,864.00
9	GWCL Staff training	171,557.00
10	Spare parts and Back Up supplies	293,175.00
11	Contingencies	765,622.00
	Total	30,000,000.00

7.0 OBSERVATIONS

7.1 Rationale for the Project

The Committee was informed that the existing water system at Yendi was built in 1961 and it takes its raw water from the River Daka. Since 1961, the population and economic activities in the catchment area have increased considerably. As a result, the existing systems are unable to supply adequate water to the beneficiary towns and communities.

The current project is to construct an entirely new water system which takes its raw water from the River Oti for the people of Yendi and its environs.

7.2 Expected Benefits

The Committee was informed that benefits expected to accrue from the project include:

- Improved access to potable water supply to the supply areas;
- Improved level of service by increased coverage in project area;
- Growth in productivity of the inhabitants leading to economic development and growth;
- Boosting of business opportunities mainly industrial and commercial enterprise; and
- Maximization of the social and health benefits of clean, safe and reliable drinking water.

Appendix 1 is the list of some of the beneficiary towns/communities.

7.3 Selection Process

The Committee was informed that as part of the conditions for accessing the credit from the Indian Government, an independent consultant would be procured to prepare a detailed Project Report and Tender

document. It is after this that the project would be tendered for prospective Indian Contractors to bid.

7.4 Choice of River Oti

In a response to why River Oti was selected, it was explained that the option was a better alternative as other options would require installing longer transmission pipelines leading to higher cost. The Oti alternative has the advantage of allowing for water supply for the communities between Oti and Yendi and expansion possibilities beyond 2025. The river also flows throughout the year.

7.5 Staff Training

The Committee observed that under the project an amount of GH¢171,557.00 was budgeted for staff training. It was explained that the budgeted amount is to be used to train staff on the use and maintenance of the equipment to be procured and installed. This is to ensure that the staff who would be using the equipment have the requisite knowledge about the use and maintenance of the equipment installed.

7.6 Tax Waiver

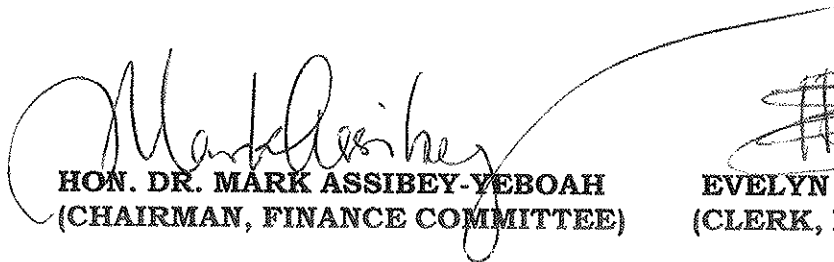
The Committee noted that as part of the conditions for the disbursement of the loan, all goods to be procured under the agreement are to be exempted from the payment of duties and taxes.

The Ministry informed the Committee that a request for the waiver of taxes and duties would be presented to the House for consideration at a later date.

8.0 CONCLUSION

In view of the immense benefits to be derived from this project, the Committee recommends to the House to adopt its report and approve the Credit Facility Agreement between the Government of the Republic of Ghana and the Export-Import Bank of India for an amount of Thirty Million United States Dollars (US\$30,000,000.00) for financing the Rehabilitation and Upgrading of Potable Water Systems in Yendi in accordance with Article 181 of the 1992 Constitution, Section 56 of the Public Financial Management Act, 2016 (Act 921) and Orders 169 of the Standing Orders of the Parliament of Ghana.

Respectfully Submitted.



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



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

13th March, 2019

APPENDIX I

Beneficiary Communities

The following towns and communities shall benefit from the project upon completion;

i. Yendi	ii. Nayilifong	iii. Balogu/Gagbeni
iv. East Balogu (Asikafo)	v. Gamazi	vi. North Balogu / Guntingli
vii. Kpatuga	viii. S. Nayilifong	ix. Wole / Yipala
x. East Balogu (Extension)	xi. Kaliba	xii. Zagbang / Zan
xiii. Gundogu	xiv. Kum / Zohe	xv. Kuga

PARLIAMENT OF GHANA

