

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

REPORT OF THE FINANCE COMMITTEE

ON

THE FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF
THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY
OF FINANCE) AND DEUTSCHE BANK S.P.A. (AS ARRANGER AND
AGENT) (SUPPORTED BY SACE AND SIMEST GUARANTEE) FOR
AN AMOUNT OF THIRTY-SEVEN MILLION, TWO HUNDRED AND
EIGHTY-THREE THOUSAND, AND ONE EUROS AND TWENTY-
EIGHT CENTS (€37,283,001.28) TO FINANCE THE
CONSTRUCTION OF A NEW MARKET AT TAKORADI,

AND

THE COMMERCIAL FACILITY AGREEMENT BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED
BY THE MINISTRY OF FINANCE) AND DEUTSCHE BANK S.P.A.
(AS ARRANGER AND AGENT) FOR AN AMOUNT OF SIXTEEN
MILLION (€16,000,000.00) TO FINANCE THE CONSTRUCTION
OF A NEW MARKET AT TAKORADI

1.0 INTRODUCTION

The

- Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and Deutsche Bank S.p.A. (as Arranger and Agent) (supported by SACE and SIMEST guarantee) for an amount of Thirty-Seven Million, Two Hundred and Eighty-Three Thousand, and One Euro and Twenty-Eight Cents (€37,283,001.28) to finance the construction of a new market at Takoradi, and
- Commercial Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and Deutsche Bank S.p.A. (as Arranger and Agent) for an amount of Sixteen Million (€16,000,000.00) to finance the construction of a new market at Takoradi

was laid in the House on Thursday, 12th March, 2020 by the Hon. Minister responsible for Monitoring and Evaluation, Dr. Anthony Akoto Osei on behalf of the Minister responsible for Finance.

Rt. Hon. Speaker referred the above agreements to the Finance Committee for consideration and report.

The Committee met with Deputy Ministers for Local Government and Rural Development, Hon. Osei Bonsu Amoah and Hon. Kwasi Boateng Agyei, a Deputy Minister for Finance, Hon. Mrs. Abena Osei-Asare, and officers from the Ministry of Finance, the Ministry of Local Government and Rural Development, and the Sekondi-Takoradi Metropolitan Assembly (STMA).

2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents:

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

3.0 BACKGROUND

The Takoradi Market popularly called Takoradi Circle Market (TCM) is the largest market in the Western Region. The market was constructed in 1928 and extended in 1940 to cater for the then small population which were made up of mainly workers connected to the construction of the Takoradi Harbour. The market occupies an 8.24 acres land space in the middle of the Central Business District (CBD) of Takoradi.

The Market has had a significant impact in the development of the City and provided additional opportunities for harbor workers to earn additional incomes by trading there outside regular working hours. Currently, the market has a total capacity of 2,980 stalls and 642 stores.

The Takoradi Market Circle is the largest market in the Western Region in terms of size, number of traders and its sphere of influence. Though considered as the well-planned biggest commercial and economic hub in the western region, the market is unbearably congested due to continuous increase in population and trading activities, arising from the expansion of economic opportunities in the city, including the discovery of oil.

With the Sekondi-Takoradi Metropolitan area population of 749,301 and the average daily traders' population of 10,000, the capacity of the Market has continuously proven to be inadequate for all residents of the city. The situation has led to extensive informal transformation, including erection of

temporary structures and encroachment of roads and car parks in order to accommodate increasing requests from traders. These developments expose the market to all manner of risks including fire outbreaks.

Owing to the unplanned development, there are inadequate storage and sanitary provisions. There is also inadequate drainage leading to regular flooding and many of the timber structures and poor wiring all pose a fire risk and pose a major Health and Safety risk to the traders and visitors. The extensive informal activities have led to increased overcrowding of traders, vehicular traffic and a reduction in the width of circulation. In short, the market is totally congested, already unsafe and has improper facilities to adequately accommodate the increasing population in the city.

To reposition the Market to enable it drive commerce and create jobs in the region, therefore, the redevelopment and construction of the market cannot be over emphasized. The Government of Ghana, acting through the Ministry of Local Government and Rural Development, upon a request from the Sekondi-Takoradi Metropolitan Assembly is seeking to sign Engineering, Procurement and Construction (EPC) contract with Contracta Construzioni Italia S.R.L., to undertake the project of designing and constructing a new market to replace the existing Market.

The construction will be financed with an export credit and a tied commercial facility from Deutsche Bank S.P.A. Italy Branch and its affiliates. It is this agreement that is before the house for approval

4.0 PROJECT OBJECTIVES

The overall objective of the project is to create a modern and safer environment for the traders and visitors to the Market.

Other objectives that the project would achieve include:

- Boost commercial activities in the city and the Region as a whole;
- Reduce vehicular traffic and human congestion around the Central Business District in the metropolis;
- Increase the number of rentable shops in the City;
- Increase Internally Generated Funds (IGF) mobilization in the Assembly;
- Improve safety and security in and around the Market area;
- Improve social infrastructural facilities such as the toilet facilities, covered drainage networks and health post.

5.0 SCOPE OF THE PROJECT

The project covers the development of a total area of 35,010m² as follows:

Table 1 Construction Area

	Total Area	Technical Area	Rentable Area	Parking
Ground Floor	20,215.00	1,200.00	10,996.35	0.00
Second Floor	1,520.00	0.00	673.90	0.00
External Areas	13,275.00	0.00	380.00	9,185.00
Total	35,010.00	1,200.00	12,050.25	9,185.00

The Rentable Area of 12,050.25m² would be used for the construction of:

- a) 2408 stores;
- b) 33 restaurants; and
- c) Food courts.

The Utilities (Technical) Area is for the construction of:

- a) Union Offices;
- b) Police Station;

- c) Fire Station;
- d) Post Office;
- e) Clinic;
- f) Administrative Offices;
- g) Waste Separation Dock; and
- h) Change Room for Staff.

Specific improvements on completion will include the:

- High-quality design and structures for safety and security;
- Improved drainage system;
- Proper sewer collection and disposal system;
- Efficient water distribution network;
- High quality fire combat infrastructure;
- Improved energy distribution system;
- Waste collection and disposal system;
- Reduction of traffic congestion in the surrounding areas of the market;
and
- Proper pedestrian circulation throughout the market for easy access
and improved safety.

6.0 TERMS AND CONDITIONS OF THE LOAN

The Loan Facility is made up of a SACE Facility amounting up to €37,283,001.28 and a tied Commercial Facility of up to €16,000,000. The terms and conditions of the loan are as follows:

A. SACE Facility

Facility Amount	-	up to €37,283,001.28 (inclusive of estimated SACE premium of 14.17% flat of the facility amount)
Tenor	-	12.5 years
Repayment period	-	10years
Grace period	-	2.5 years
Interest rate	-	6M Euribor + 2.00% p. a
Commitment fee	-	0.75% p.a.
Arrangement fee	-	1.00% flat
Structuring fee	-	0.50% flat

B. Commercial Facility

Facility Amount	-	up to €16,000,000
Tenor	-	5 years
Repayment period	-	4 years
Grace period	-	1 year
Interest rate	-	6M Euribor + 4.75% p. a
Commitment fee	-	1.00% p.a.
Arrangement fee	-	1.00% flat
Structuring fee	-	0.50% flat

7.0 OBSERVATIONS

7.1 Rationale for the Loan

The Committee was informed that the Takoradi Market, which is the largest market in the Western Region is unbearably congested due to the continuous increase in the population and the growth in commercial activities. This situation has led to a lot of health, safety and other risks. Owing to the unplanned development, there are inadequate storage facilities, poor wiring,

poor water systems and other deteriorating conditions that poses a great risk to traders and visitors.

It is to address these challenges and reposition the market that the Government is financing the construction of a new market in Takoradi. When completed, the new market will create a well-organised and modern facility in the city. It would attract more buyers and sellers as well as ease congestion in and around the market.

The new market has made adequate provisions for safety, security, sanitation, healthcare facilities, fire prevention and other auxiliary facilities to promote the well-being of the traders and other users.

7.2 Benefits of the Project

The Committee was informed that when completed, the new market would

- Generate a substantial increase in the provision of both direct and indirect jobs;
- Shape the existing jobs around the market;
- Provide clean and hygienic environment to take care of the general wellbeing of traders and visitors;
- Improve the general living conditions of the area;
- Facilitate trading in agricultural products, handicrafts and other local products.

The new market will further promote both urban-rural linkages and boost cross border trade with Cote d'Ivoire.

7.3 On-lending Agreement

The Committee observed that the loan would be on-lent to the Sekondi Takoradi Metropolitan Assembly.

The Committee was informed that the Ministry of Finance, the Ministry of Local Government and Rural Development and the Sekondi-Takoradi Metropolitan Assembly are working together to create a Special Purpose Vehicle (SPV) with pre-defined purpose of managing and operating the market complex profitably and to ensure that the loan amount is recovered. The Committee was assured that the on-lending documentation will be submitted to Parliament when completed.

7.4 Stores and Stalls to be Constructed

The Committee observed that currently the Market has a total capacity of 642 stores and 2,980 stalls. After completion, the Market would now have a total capacity of 2,408 stores and over 3,000 stalls.

7.5 Consultation with Stakeholders

The Committee observed that the Ministry and the Assembly has organized a number of stakeholder consultative meetings both in Accra and Takoradi with the aim of creating awareness and building confidence and acceptance of the project among market traders and other stakeholders. Stakeholders include queenmothers, traders association and Driver Unions among others.

The Committee was informed that the success of the meeting has been overwhelming. There has also been continuous extensive consultations with the Ministry of Finance, Kumasi Metropolitan Assembly and Traders Association in order to ensure effective implementation of the project.

8.0 CONCLUSION

In view of the immense socio economic and environmental benefits to be derived from this project, the Committee recommends to the House to adopt its report and approve the request for approval of the

- Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and Deutsche Bank S.p.A. (as Arranger and Agent) (supported by SACE and SIMEST guarantee) for an amount of Thirty-Seven Million, Two Hundred and Eighty-Three Thousand, and One Euro and Twenty-Eight Cents (€37,283,001.28) to finance the construction of a new market at Takoradi, and
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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.

Respectfully Submitted.


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


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

March, 2020

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