

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

REPORT OF THE FINANCE COMMITTEE ON

- i. EXPORT FINANCE AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND COÖPERATIEVE RABOBANK U.A. FOR AN AMOUNT OF TWENTY-SEVEN MILLION, SIX HUNDRED AND FIFTY-ONE THOUSAND, ONE HUNDRED AND FIFTY-TWO EUROS AND SIXTY-ONE CENTS (€27,651,152.61 [INCLUDING INSURANCE OF €3,410,852.61 BY ATRADIUS DUTCH STATE BUSINESS N.V.]) TO FINANCE THE CONSTRUCTION OF PEDESTRIAN BRIDGES AT HAZARDOUS LOCATIONS IN GHANA;

- ii. LOAN AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND COÖPERATIEVE RABOBANK U.A. FOR AN AMOUNT OF FOUR MILLION, TWO HUNDRED AND SEVENTY-SEVEN THOUSAND AND SEVEN HUNDRED EUROS (€4,277,700.00) TO FINANCE THE CONSTRUCTION OF PEDESTRIAN BRIDGES AT HAZARDOUS LOCATIONS IN GHANA; AND

- iii. REQUEST FOR WAIVER OF IMPORT DUTIES, IMPORT VAT, NHIL, GETFUND LEVY, EXIM LEVY, SPECIAL IMPORT LEVY AND DOMESTIC VAT AMOUNTING TO THE GHANA CEDI EQUIVALENT OF SEVEN MILLION, SEVENTY-TWO THOUSAND, THREE HUNDRED AND TWENTY-SIX EUROS AND THIRTY-EIGHT CENTS (€7,072,326.38) ON MATERIALS, EQUIPMENT, WORKS AND SERVICES TO BE PROCURED FOR THE CONSTRUCTION OF PEDESTRIAN BRIDGES AT HAZARDOUS LOCATIONS IN GHANA

1.0 INTRODUCTION

The

- i. Export Finance Agreement between the government of the Republic of Ghana (represented by the Ministry of Finance) and Coöperatieve Rabobank U.A. for an amount of Twenty-Seven Million, Six Hundred and Fifty-One thousand, One Hundred and Fifty-Two Euros and Sixty-One Cents (€27,651,152.61 [including Insurance of €3,410,852.61 by Atradius Dutch State Business N.V.]) to finance the construction of pedestrian bridges at hazardous locations in Ghana
- ii. Loan Agreement between the government of the Republic of Ghana (represented by the Ministry of Finance) and Coöperatieve Rabobank U.A. for an amount of Four Million, Two Hundred and Seventy-Seven Thousand and Seven Hundred Euros (€4,277,700.00) to finance the construction of pedestrian bridges at hazardous locations in Ghana
- iii. Request for waiver of Import Duties, Import VAT, NHIL, GETFund Levy, EXIM Levy, Special Import Levy and Domestic VAT amounting to the Ghana Cedi equivalent of Seven Million, Seventy-Two Thousand, Three Hundred and twenty-Six Euros and Thirty-Eight Cents (€7,072,326.38) on materials, equipment, works and services to be procured for the construction of pedestrian bridges at hazardous locations in Ghana

were presented to the House on Monday, 3rd August, 2020 by the Hon. Minister responsible for Parliamentary Affairs, Mr. Osei Kyei-Mensah-Bonsu on behalf of the Minister for Finance.

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

The Committee met with a Deputy Minister for Finance, Hon. Kwaku Kwarteng, a Deputy Minister for Roads and Highways, Hon. Anthony Karbo and officials from the Ministry of Finance, Ministry of Roads and Highways and the Ghana Revenue Authority (GRA) to consider the request.

2.0 DOCUMENTS REFERRED TO

The Committee referred to the following documents during its deliberations:

- The 1992 Constitution of Ghana;
- The Public Financial Management Act, 2016 (Act 921); and

- The Standing Orders of the Parliament of Ghana.

3.0 BACKGROUND

The Government through the Ministry of Roads and Highways (MRH) has constructed several arterial roads in our capital cities in the recent past and this has improved mobility and shortened travel time between critical sectors.

These road constructions have helped to improve vehicular movement but have unfortunately compromised on the safety of vulnerable groups, pedestrians and non-motorised transport users within the selected capital cities.

To address this challenge, the Ministry of Roads and Highways has identified several crossing points within the cities which need appropriate pedestrian facilities to help facilitate road safety.

The Ministry of Roads and Highways has planned as part of its strategic road programme to continue with the construction of pedestrian bridges across some selected arterial roads to remove all conflicts between vehicular traffic and pedestrians and continuously improve the safety of road users particularly the vulnerable groups while crossing these arterial roads.

It may be recalled that in 2014, a similar project was undertaken by the Ministry with a Concessionary Credit Facility of €7,600,000.00 from UNICREDIT BANK AUSTRIA for the installation of similar pedestrian bridges at the Tetteh Quarshie Interchange, Shiashie, Mallam and the KNUST Hospital road. The project commenced in January 2014 and was completed in July 2016. The project completion report shows very clearly that the project achieved its objectives thereby considerably reducing pedestrian and vehicular conflicts and the frequency of road accidents.

In view of this, Government is sourcing a loan to further procure and construct pedestrian bridges on the city roads. Coöperatieve Rabobank U.A. has agreed to provide the needed financing for the project and it is this agreement that is before the House for approval.

4.0 OBJECT OF THE LOAN

The object of the loan is to seek funding to construct additional pedestrian bridges at hazardous locations to enhance the safety of all road users within the selected

capital cities and remove all potential conflicts between non-motorised transport users and vehicular traffic especially on the arterial road network.

4.1 Scope of the project

The main components of the project include:

- Engineering design, manufacturing, supply and installation of bridge super structure, ramps and civil works;
- Solar Lighting facilities;
- Concrete pavement and landscaping;
- Relocating of utility lines;
- Training and capacity building; and
- Supply of bridges accessories

4.2 Project Locations

The bridges would be constructed at various hazardous locations in three (3) regions. The details of the locations are outlined in Table 1 below:

Table 1 Proposed locations of Bridges to be Constructed

Region	City	Location
Greater Accra	Accra	1. N1 - Near the pedestrian traffic light – Abeka Lapaz 2. N1 - Near Tetegu Junction traffic Light 3. N1 - Weija Junction 4. Kanda Highway near Mosque 5. Ridge Hospital 6. N4 - Okponglo/ Shiashie Extension 7. N4 - Near traffic Light, PRESEC - Legon
Central Region	Cape Coast	8. N1 - University of Cape Coast (Eastern gate) 9. N1 - University of Cape Coast (Southern/ Central Gate) 10. N8 - lorry station/ Catholic Hospital
Ashanti Region	Kumasi	11. Opoku Ware School 12. N6 - Sofoline Bus Terminal on Sunyani Road 13. SDA School on Western Bypass 14. SDA Hospital on Sunyani Road

5.0 TERMS AND CONDITIONS OF THE LOAN

A total amount of €31,928,852.61 is being sourced to finance the implementation of the pedestrian bridge project. This is made up of a **€27,651,152.61** Atradius Facility and **€4,277,700.00** Commercial Facility. Details of the terms and conditions of the loan are captured in Table 2 below:

Table 2 **Terms and Conditions of the Loan**

Terms	Atradius Facility	Commercial Facility
Facility Amount	€27,651,152.61 o/w €24,240,300.00 is to finance 85% of the contract value and €3,410,852.62 is for 100% of the Atradius Premium	€4,277,700.00 (representing 15% of the Contract value)
Grace Period	3 years	1 year
Repayment period	10 years	4 years
Tenor	13 years	5 years
Interest rate	6M Euribor + 1.75% p.a.	6M Euribor + 4.00% p.a.
Commitment fee	0.75% p.a.	0.75% p.a.
Arrangement fee	1.00% p.a.	1.00% p.a.
All-in-cost	3.85% p.a.	4.64% p.a.

6.0 TAX ASSESSMENT

The Ghana Revenue Authority has accordingly carried out the required tax assessment on materials, equipment, works and services to be procured for the project. A total amount of **€7,072,325.38** is required to be waived in respect of taxes and duties. This is made up of **€6,896,747.00** in respect of imports and **€175,578.38** in respect of domestic VAT. The breakdown of the assessments is captured in Tables 3 and 4 below:

Table 3 **Assessment of Materials and Equipment to be Imported**

	Description	Amount (€)
1	Import Duty	3,095,100.00
2	NHIL/ GETFund	932,130.00
3	Import VAT	2,446,841.00
4	Exim Levy	116,606.00
5	SIL	306,070.00
	TOTAL	6,896,747.00

Table 4 **Assessment of Materials and Equipment to be Procured Locally**

	Description	Amount (€)
1	Domestic VAT	175,578.38
	TOTAL	175,578.38

Attached as an **APPENDIX** are the details of the tax assessment by the Ghana Revenue Authority.

6.0 OBSERVATIONS

6.1 Justification for the Loan

The Committee was informed that as a result of Government efforts to improve the road network in the country, the Ministry of Roads and Highways has identified a number of hazardous road locations that threatens pedestrian safety and vehicular movement.

In order to address these challenges, Government is procuring modular steel bridges to be constructed close to critical facilities such as schools, hospitals and such other public places to improve upon pedestrian safety. The aim is to improve pedestrian safety and to a large extent limit vehicular and pedestrian conflicts with its attendant consequences and implications for the country's resources.

6.2 Benefits of the Project

The Committee was informed that the project is a major safety intervention within the selected capital cities of Ghana. Due to these hazardous locations, considerable lives have been lost needlessly through road accidents on the highways especially when they traverse urban areas or densely populated communities.

This intervention, which is part of the Ministry of Roads and Highways Road Safety Programme would bring great relief to all road users. It would also bridge the gaps created by the road traffic between communities and reduce walking distances to commercial, educational, health other administrative facilities.

6.3 Estimated Cost of the project

The Committee observed that the project is estimated to cost €28,518,000. Details of the project cost is contained in the Table 5 below:

Table 5 **Details of Project Cost**

No.	Description	Total (€)
1	Surveys, Design and Engineering	500,000
2	Manufacturing, supply and installation of steel structure	19,118,000
3	Civil works for sub-structure, foundation and bridge deck	6,500,000
4	Associated works (lighting, fencing, pavement, landing)	1,500,000
5	Traffic Management and traffics signs	600,000
6	Employers PMU facilities, training and inspection	300,000
	Total	€28,518,000

6.4 Need for the Tax waiver

The Committee was informed that under the terms and conditions of the Commercial Contract Agreement, the Borrower (Government) is to make all payments under the Agreement without any tax deduction. As a result, Government is to bear the cost of all taxes and duties associated with the project.

The Ghana Revenue Authority has carried out an assessment on the list of materials, equipment, works and services required for the project. The total taxes and duties to be waived amounts to €7,072,326.38.

The Committee observed that in order to comply with Article 174 and complete the project on schedule a request for the waiver of taxes and duties has been submitted to the House.

6.5 Non-use of Footbridges

The Committee observed that despite Government's effort to procure and construct pedestrian bridges at selected locations across the cities, some of the footbridges constructed are not being patronised by pedestrians.

The Committee was informed that the non-use of the footbridges was not as a result of design flaws as the bridges are designed according to specifications and in consultation with stakeholders, but rather negligence on the part of pedestrians to use the walkways. There is therefore the duty of various Assemblies and the police to ensure that where walkways are provided, pedestrians would use them.

The Committee was of the view that the Ministry of Roads and Highways could construct wire barriers on the medians to prevent recalcitrant pedestrians from crossing the roads.

6.6 Value for Money (VfM)

The Committee inquired whether Value for Money for the project has been conducted.

The Ministry responded in the negative but assured the Committee that VfM would be conducted. This is because the project is a single sourced project and in line with Government policy, VfMs are to be conducted on all sole-sourced projects before the projects are executed. When the VfM is completed, the House would accordingly be informed.

7.0 CONCLUSION

Considering the benefits to be derived from the project, the Committee is of the view that the request will go a long way to save lives and ensure smooth vehicular movement.

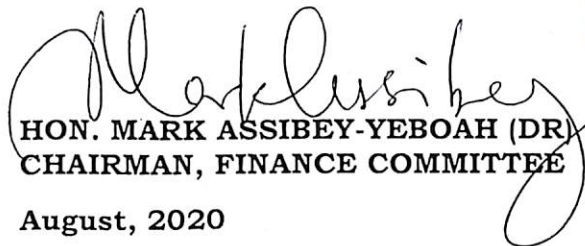
The Committee therefore recommends to the House to adopt its report and to approve the

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- ii. Loan Agreement between the government of the Republic of Ghana (represented by the Ministry of Finance) and Coöperatieve Rabobank U.A. for an amount of Four Million, Two Hundred and Seventy-Seven Thousand and Seven Hundred Euros (€4,277,700.00) to finance the construction of pedestrian bridges at hazardous locations in Ghana; and
- iii. Request for waiver of Import Duties, Import VAT, NHIL, GETFund Levy, EXIM Levy, Special Import Levy and Domestic VAT amounting to the Ghana Cedi equivalent of Seven Million, Seventy-Two Thousand, Three Hundred and twenty-Six Euros and Thirty-Eight Cents (€7,072,326.38) on materials,

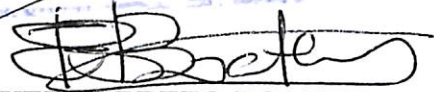
equipment, works and services to be procured for the construction of pedestrian bridges at hazardous locations in Ghana

in accordance with Articles 181 and 174(2) of the Constitution, the Public Financial Management Act, 2016 (Act 921) and the Standing Orders of Parliament.

Respectfully submitted.


HON. MARK ASSIBEY-YEBOAH (DR)
CHAIRMAN, FINANCE COMMITTEE
August, 2020




EVELYN BREFO-BOATENG (MS)
CLERK TO THE COMMITTEE

ASSESSED DOMESTIC TAXES ON ROADS SAFETY IMPROVEMENT BY TURN - KEY CONSTRUCTION								
OF PEDESTRIAN BRIDGES ON HAZARDOUS LOCATIONS.								
						0.025		0.125
S/no.	Description	Quantities	Unit Rate	Amount	GetFund @ 2.5%	NHIL @ 2.5%	vat base	vat to be exempted
	Concrete			€	€	€	€	€
1.1	C15	1,360	83.50	113,560.00	2,839.00	2,839.00	119,238.00	14,904.75
1.2	C20	370	84.00	31,080.00	777.00	777.00	32,634.00	4,079.25
1.3	C30	9,200	105.50	970,600.00	24,265.00	24,265.00	1,019,130.00	127,391.25
	Formwork							
2.1	Formworks (Fair)	8,000	15.00	120,000.00	3,000.00	3,000.00	126,000.00	15,750.00
2.2	Formworks (Rough)	8,200	12.50	102,500.00	2,562.50	2,562.50	107,625.00	13,453.13
	Total (EURO)			1,337,740	33,444	33,444	1,404,627	175,578
	Exchange Rate			6.3431	6.3431	6.3431	6.3431	6.3431
	Total (GHS)			8,485,418.59	212,135.46	212,135.46	8,909,689.52	€113,711.19

The exchange rate used is the Bank of Ghana daily interbank weighted average Rate (mid rate) of GHS 6.3431 to EURO 1 for June, 17 2020

CERTIFICATE

TOTAL TAX LIABILITY=6,896,748EUROS

This is to certify that the assessment given is true and correct.

Signature:.....

Importer/Agent's Name & Designation:.....

For Official Use
COMMISSIONER
CUSTOMS DIVISION
GHANA REVENUE AUTHORITY, ACCRA

Assessment rechecked and found correct
12-06-2020.....
 Date **SIGN**.....
DATE.....

Signature: *[Handwritten Signature]*.....

Officer's Name & Rank:- GIDEON GLEY
(SNR REV. OFFICER)