

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



REPORT OF THE FINANCE COMMITTEE

ON THE

- i. **OEKB-BACKED LOAN FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND COMMERZBANK AKTIENGESELLSCHAFT [WITH ECA PREMIUM SUPPORT] FOR AN AMOUNT OF UP TO SEVENTY MILLION, SEVEN HUNDRED AND THIRY-THREE THOUSAND, FOUR HUNDRED AND TWENTY-THREE EUROS (€70,733,423.00) TO FINANCE THE SEKONDI-TAKORADI WATER SUPPLY REHABILITATION AND EXPANSION PROJECT**

AND

- ii. **COMMERCIAL LOAN FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND COMMERZBANK AKTIENGESELLSCHAFT FOR AN AMOUNT UP TO TEN MILLION, FIVE HUNDRED THOUSAND EUROS (€10,500,000.00) TO FINANCE THE SEKONDI-TAKORADI WATER SUPPLY REHABILITATION AND EXPANSION PROJECT**

OCTOBER 2020

1.0 INTRODUCTION

The

- i. **OeKB-Backed Loan Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **Commerzbank Aktiengesellschaft** [with ECA premium support] for an amount of up to *Seventy Million, Seven Hundred and Thirty-Three Thousand, Four Hundred and Twenty-Three Euros (€70,733,423.00)* to finance the **Sekondi-Takoradi Water Supply Rehabilitation and Expansion Project**; and
- ii. **Commercial Loan Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **Commerzbank Aktiengesellschaft** for an amount up to *Ten Million, Five Hundred Thousand Euros (€10,500,000.00)* to finance the **Sekondi-Takoradi Water Supply Rehabilitation and Expansion Project**

were *presented* to the House on Thursday 18th October 2020 by the Honourable Deputy Minister for Sanitation and Water Resources Mr. Patrick Yaw Boamah on behalf of the Minister responsible for Finance.

Pursuant to Article 103 of the 1992 Constitution and Orders 169 and 171 of the Standing Orders of the House, the Agreements were *referred* to the Committee on Finance for consideration and report.

The Committee subsequently met and discussed the Agreements with a Deputy Minister for Sanitation and Water Resources, Hon. Patrick Yaw Boamah, a Deputy Minister for Finance, Hon. Mrs. Abena Osei-Asare and a team of officials from the Ministry of Finance (MoF), Ministry of Sanitation and Water Resources (MS&WR) and the Ghana Water Company Limited (GWCL). The Committee hereby submits this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

The Committee is grateful to the above-mentioned Hon. Deputy Ministers and the team of officials for attending upon the Committee.

2.0 REFERENCES

The Committee referred to and was guided by the following documents *inter alia* during its deliberations on the Agreement:

- The 1992 Constitution of the Republic of Ghana
- The Standing Orders of the Parliament of Ghana
- The Public Financial Management Act, 2016 (Act 921)

3.0 BACKGROUND

Sekondi-Takoradi is the administrative and Regional capital of the Western Region of the Republic of Ghana. The existing Sekondi-Takoradi Water Supply System supplies water to the twin cities and their surrounding towns and villages. The existing

Inchaban and Daboase water treatment plants which serve Sekondi-Takoradi and their surrounding areas were built in 1928 and 1969 respectively. The existing water supply systems are based on surface water from the Anakwari River and the Pra River.

The installed capacity of the two plants is 45,000m³/day but the current production is estimated at 30,000m³/day. The quantity of water currently produced is thus far from meeting the current demand of 100,000m³/day.

The Sekondi-Takoradi Metropolitan Area has witnessed one of the most dramatic growth rates in the country, increasing from about 372,391 inhabitants in the year 2000 to 559,548 in 2010 (GSS, 2010); a trend which appears likely to hold as the city continues to discover greater potential for socio-economic growth.

The rapid rate of socio-economic transformation in these two cities and their surrounding communities has, however, not been matched by the delivery of water supply and other basic services, thereby threatening the health and sustainable growth of the supply area.

It is against this backdrop and in keeping with the Country's drive towards the achievement of the Sustainable Development Goal of providing water for all that the need for the immediate expansion of the existing water supply system has become even more compelling.

3.1 Purpose of the Loan

The objective of the Credit Facility is to secure funding for the implementation of the **Sekondi-Takoradi Water Supply Rehabilitation and Expansion Project**, including the construction of an intake, a new water treatment plant with its ancillary structures, transmission and distribution pipelines, service reservoirs, standpipes and house connections.

4.0 TERMS AND CONDITIONS OF THE LOAN

The terms and conditions of the financing agreements are as follows:

Terms	OeKB Facility	Commercial Facility
Facility Amount	Up to €70,733,423.00 (representing up to 85% of the Export Contract Value and up to 100% of the estimated OeKB Premium of €11,233,423.00)	Up to €10,500,000.00 representing 15% of the Contract Value that is not eligible for financing under the OeKB Facility.
Currency	Euro	Euro
Grace period	3 years	1 year
Repayment Period	12 years	4 years
Tenor	15 years	5 years
Interest Rate	6M EURIBOR + 1.10% p.a.	EURIBOR + 4.50% p.a.
Commitment Fee	0.35% p.a.	0.35% p.a.
Management Fee	0.70% flat of the Facility Amount	0.70% flat of the Facility Amount

5.0 SCOPE OF WORKS

The scope of works to be undertaken under the project include, *inter alia*:

- Construction of a river bottom ramp (overflow weir) on the Pra river in order to prevent seawater intrusion and to ensure all-year round water supply for the new WTP;
- Construction of a new intake structure for 230,000m³/day.
- Construction of 600m of DN 1200mm DI Raw Water pipeline.
- Raw Water pumping station (Low Lift Pumping Station) for 230,000m³/day.
- Construction of a new 100,000m³/day conventional Water Treatment Plant complete with SCADA system for the remote operation of the plant;
- Provision of ancillary structures of the new Water Treatment Plant;
- Transmission pipeline improvement works;
- Supply and Installation of 25km of distribution pipelines.

Details of the cost breakdown are as presented in the table below:

S/N	ITEM DESCRIPTION	AMOUNT (EURO)
1	PRELIMINARIES & GENERAL ITEMS	9,027,220.00
2	CONTRACTORS DESIGN & ENGINEERING	3,989,680.00
3	RAW WATER INTAKE AND LOW LIFT PUMPING STATION	11,871,500.00

4	RAW WATER TRANSMISSION PIPELINE (0.6km)	1,199,400.00
5	WATER TREATMENT PLANT EXPANSION (100,000m ³ /day)	30,322,400.00
6	NEW DABOASE HIGH LIFT PUMPING STATION	5,979,500.00
7	DISTRIBUTION PIPELINES (25km)	2,080,000.00
8	TELEMETRY & SCADA SYSTEM	866,700.00
9	CONSTRUCTION OF DEDICATED POWER SUPPLY LINES AND SUBSTATION INSTALLATION WORKS	2,113,600.00
10	O&M SPARES -2 YEARS STOCK	500,000.00
11	CONTINGENCIES	1,000,000.00
12	EMPLOYERS ENGINEER	1,050,000.00
13	TOTAL CONTRACT AMOUNT	70,000,000.00

6.0 OBSERVATIONS

6.1 Critical Water Supply Gap in the Twin-Cities

The current average daily water supply for the Sekondi-Takoradi supply area is estimated to be 30,000m³/day (from surface water: Daboase and Inchaban) although the current demand is about 100,000m³/day implying that there is a demand-supply gap of about 70,000m³/day.

This situation compels majority of the inhabitants to resort to other water vendors for their water needs. These alternative water sources are more expensive and sometimes have negative health effects, if not handled properly. Given projection that water demand in the Metropolis will increase to 200,000m³/day by year 2040, it is imperative that the water system is

rehabilitated and expanded to meet the current and future water requirements of the people in the catchment area.

6.2 Beneficiary communities

The project on completion will supply potable water to the following communities:

Takoradi, Effiakuma, Kwesimintsim, Kojokrom, West Tanokrom, Anaji, Sekondi, New Takoradi, Essikado, Aprembo, Kweikuma, Ntankoful, Ngyyiresia, East Tanokrom, Effia Village, Fijai, Assakai, Adiembra, Kansaworodo, Nkroful, Aboadze, Abuesi, Apowa, Inchaban, Ketan, Dixcove Estates, Shama, Hwendo, Hotopo and surrounding villages.

6.3 Project Completion Period

As to how long the project would take to be completed, the Committee was informed that other things being equal, the project is expected to be completed in 40 months after commencement of works. There will also be a Defect Liability Period of 12 months from substantial completion of works.

6.4 Expected Benefits from the Project

The supply of potable water to the area will not only act as an impetus to increase agricultural production but also assist in boosting the commercial potential of the area while presenting a respectable front to visitors arriving from neighboring countries.

The adequate supply of potable water would lead to a reduction in the prevalence of water-borne diseases, enhance opportunities for agro processing businesses and generally improve the social well-being of the people of the project area. It would also aid and improve on the services of health facilities.

In addition to the provision of reliable water supply, the project will further help to improve economic activities within the project catchment area as direct and indirect jobs would be created during the construction period.

The project will further contribute to the achievement of Government's policy to ensure that by the year 2030, all people living in Ghana will have access to safe potable water in line with the UN's Sustainable Development Goal 6.

7.0 CONCLUSION

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and approve by Resolution, the

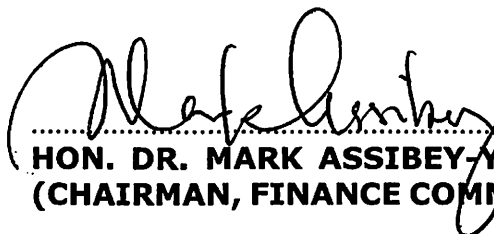
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in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.


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


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

15TH OCTOBER, 2020