

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

**REPORT OF THE FINANCE COMMITTEE ON THE TERM LOAN
FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF
FINANCE) AND THE ECOBANK GHANA LIMITED (ACTING THROUGH
THE ECOBANK DEVELOPMENT CORPORATION) FOR AN AMOUNT
OF FIFTY MILLION UNITED STATES DOLLARS (US\$50,000,000.00)
TO FINANCE THE SUPPLY AND ERECTION OF ELECTRICAL
MATERIALS AND EQUIPMENT FOR THE ELECTRIFICATION OF 234
COMMUNITIES IN THE NORTH EAST, SAVANNA AND NORTHERN
REGIONS**

1.0 INTRODUCTION

The Term Loan Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and the ECOBANK Ghana Limited (acting through the ECOBANK Development Corporation) for an amount of Fifty Million United States Dollars (US\$50,000,000.00) to finance the Supply and Erection of Electrical Materials and Equipment for the Electrification of 234 Communities in the North East, Savanna and Northern Regions was presented to the House on Friday, 20th March, 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. Mrs. Abena Osei-Asare, a Deputy Minister for Energy Hon. William Owuraku Aidoo and officers from the Ministry of Finance and the Ministry of Energy to consider the referral.

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's National Electrification Scheme (NES), began in 1990 with the following objectives:

- i. Reducing poverty, especially in the rural areas;
- ii. Increasing the overall socio-economic development of the nation;
- iii. Increasing people's standard of living, especially those in the rural areas;
- iv. Creating small to medium scale industries on rural areas;
- v. Enhancing activities in other sectors of the economy, such as, Agriculture, Health, Education, Tourism, etc and
- vi. Creating jobs in the rural areas thus reducing the rate of rural to urban migration;

The NES aims at extending the reach of reliable electricity supply to all parts of the country over a 30-year period. Complementary to the NES is the Self-Help Electrification programme (SHEP) under which communities which are within 20km radius of an existing Medium Voltage (MV) network and which have provided the requisite Low Voltage (LV) electric poles, and have wired at least one third (1/3) of the houses qualifies to be connected to the national electricity grid.

So far, over 10,486 communities in Ghana, as at March 2019, have been connected to the national electricity grid under the NES and SHEP since their commencement in 1990. Rate of access to electricity in Ghana has increased from about 15% of the population at the inception of the NES to the current level of 84.98%. The current Electricity Accessibility Rates for the Regions of Ghana is captured in Table 1 below:

Table 1 Current Electricity Accessibility Rates for the Regions of Ghana

	Region	Access Rate (%)
1	Greater Accra	96.66
2	Ashanti	91.57
3	Brong Ahafo	90.93
4	Western	90.15
5	Volta	89.02
6	Central	88.69
7	Eastern	81.60
8	Ahafo	79.62
9	Western North	77.04
10	Upper West	76.46
11	Bono East	73.61
12	Oti	70.36
13	Northern	70.21
14	Upper East	60.65
15	North East	59.12
16	Savanna	54.51
National Average of Electricity Access is 84.98%		

The Government of Ghana is working with local suppliers to deliver the NES. For this reason, Government acting through the Ministry of Energy is engaging Tropical Cable and Conductor Limited (TCCL) under a Commercial Contract of

US\$50,000,000 for the supply and erection of electrical materials and equipment for the electrification of 234 communities in the North East, Savanna and Northern Regions. This approach will promote the growth of local companies and generate employment.

4.0 OBJECT OF THE PROJECT

The object of the loan is to seek funding to connect Two Hundred and Thirty-Four (234) beneficiary communities in nineteen (19) Districts in the North East, Savanna and Northern Regions of the country.

5.0 TERMS AND CONDITIONS OF THE LOAN

The terms and conditions of the credit agreement are as follows:

Facility Amount	-	US\$50,000,000
Interest Rate	-	3months US Libor plus a margin of 5.95% p.a
Grace Period	-	2years
Repayment Period	-	5 years
Tenor	-	7 years
Commitment fee	-	0.30% p.a
Upfront fee	-	1.50% flat

6.0 OBSERVATIONS

The Committee made the following observations:

6.1 Rationale for the Project

The Committee was informed that the proceeds of the credit facility will be used to finance works in Two Hundred and Thirty-Four (234) communities.

The Committee noted that the National Average of Electricity Access Rate is 84.98%. However, the Access Rate for the selected regions are far below the National Average of Electricity Access and is as follows:

Table 2 Electricity Accessibility for the 3 Regions

	Regional Access	Rate
1	North East Region	59.00%
2	Savanna Region	59.12%
3	Northern Region	70.21%

It is to address these inequalities and promote development in the three regions that Government is undertaking this project in the selected communities. The project is also part of the Government's target of achieving universal access to electricity (a minimum of 90%) by 2020.

6.2 Scope of the Project

The Committee observed that the scope of the project involves the design, manufacture, delivery, installation, testing and commissioning, and handing-over of the electrification project of 234 beneficiary communities in the North East, Savanna and Northern Regions.

The Project is to be executed by Tropical Cable and Conductor Limited and would cover the provision of LV poles to all the communities. The list of the beneficiary communities is attached to this report.

The Committee was however informed that the list of communities may be revised to include other communities if it is confirmed that some of the listed communities have already been connected to the national grid.

6.3 Benefits from the Project

The Committee was informed that when complete, the project will contribute significantly towards the achievement of universal access to electricity. Access to electricity in these communities will enhance their social well-being and economic activities. Other opportunities include:

- Creating small-to medium-scale industries in rural areas;
- Creating jobs in the rural areas and thus reducing the rate of rural to urban migration;
- Increasing people's standard of living, especially those in the rural areas;
- Increasing the overall socio-economic development of the nation; and
- Enhancing activities in other sectors of the economy, such as, Agriculture.

6.4 Ongoing projects

The Committee was informed that the Ministry of Energy is currently implementing several Electrification projects across the country. About 1,300 communities will have access to electricity supply upon completion of these projects. These projects are:

- Outstanding SHEP-4 project.
- Outstanding SHEP-5 project
- Electrification of selected communities in the Ashanti, Brong Ahafo, Eastern, Volta and Western Regions (Phase 2)
- Electrification of selected communities in the Northern, Eastern and Volta Regions (Phase 1)
- Electrification of selected communities in the Western, Central and Brong Ahafo Regions.

The above mentioned projects, when completed, will contribute to the achievement of universal access to electricity on Ghana.

6.5 Duration of the Project

The Committee was informed that the project would be completed within Two (2) years from the date of commencement.

6.6 Value for Money Audit

The Committee was informed that the Ministry of Finance has subjected the Commercial Contract to a Value for Money (VfM) Audit. The VfM Audit is ongoing and its recommendations will be incorporated into the initialed Commercial Agreement.

6.7 Turnkey Project

In a response to whether the project would be executed under SHEP, the Committee was informed that the project is rather a turnkey project. Under the terms of the project, the Contractor is expected to source the credit facility from the ECOBANK Ghana Limited and execute the project on an Engineering Procurement and Construction (EPC) basis.

The Committee was informed that unlike SHEP, none of selected communities would contribute LV poles to support the project. The Contractor is expected to fully execute the project and hand it over after completion.

6.8 Fiscal Impact Assessment

The Committee was informed that a Debt Sustainability Analysis (DSA) has been conducted and the project was factored in the assessment which informed Government's Medium-Term Debt Strategy (MTDS) and consequently determined government's borrowing plan for the medium term and published as Appendix 10c of the 2020 Budget.

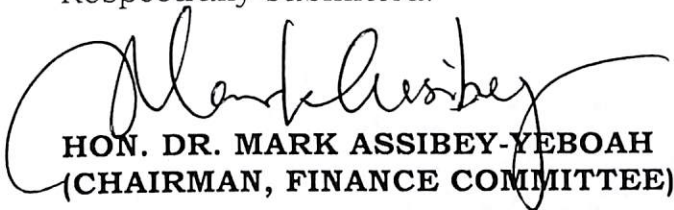
The fiscal impact of this project has been incorporated in the 2020 Budget and forms part of the anticipated Project Loan disbursement amount of GH¢4.3 Billion.

7.0 CONCLUSION

Considering the benefits the communities and the country stand to gain from undertaking this project and the immense socio-economic benefits to be derived from it, the Committee is of the view that the project will go a long way in increasing access to electricity.

The Committee therefore recommends to the House the adoption of its report and the approval of the Term Loan Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and the ECOBANK Ghana Limited (acting through the ECOBANK Development Corporation) for an amount of Fifty Million United States Dollars (US\$50,000,000.00) to finance the Supply and Erection of Electrical Materials and Equipment for the Electrification of 234 Communities in the North East, Savanna and Northern Regions in accordance with Article 181 of the 1992 Constitution, Section 56 of the Public Financial Management Act, 2016 (Act 921) and the Standing Orders of Parliament.

Respectfully submitted.


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

March, 2020


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



Annex 4-The Scope of Work

1. Numbers of Communities by Regions and Districts identified by Ministry of Energy.

Item	Region	District	No. of Surveyed Communities	
1	NORTH EAST	Bunkpurugu-Yunyoo	6	
2		Cheroponi	2	
3		East Mamprusi	4	
4		Mamprugu Moaduri	3	
5		Saboba	4	
6		West Mamprusi	32	
Sub-total			51	
1	SAVANNA	North Gonja	2	
2		West/North/Central Gonja/ Tamale South	17	
Sub-total			19	
1	NORTHERN	Karaga	13	
		Gushegu	20	
3		Kumbungu	48	
4		Mion	25	
6		Nanumba South	16	
8		Salaga	4	
9		Savelugu/Nanton	7	
10		Tamale	13	
11		Tatale	8	
12		Tatale Sangule	10	
Sub-total			164	
GRAND TOTAL			<u>234</u>	

REGION	DISTRICT	COMMUNITY
NORTHERN	KUMBUNGU	Binbegubiyili
NORTHERN	KUMBUNGU	Bongnayili Town
NORTHERN	KUMBUNGU	Buglang Town
NORTHERN	KUMBUNGU	Digu Town
NORTHERN	KUMBUNGU	Dimanzugu
NORTHERN	KUMBUNGU	Dinyokpaligu
NORTHERN	KUMBUNGU	Faandu
NORTHERN	KUMBUNGU	Garizegu
NORTHERN	KUMBUNGU	Gbali Town
NORTHERN	KUMBUNGU	Gbandu
NORTHERN	KUMBUNGU	Gbanzogu
NORTHERN	KUMBUNGU	Gbanzugu Town
NORTHERN	KUMBUNGU	Gbullung
NORTHERN	KUMBUNGU	Gbullung Nyoring
NORTHERN	KUMBUNGU	Gbulung Bininaayili
NORTHERN	KUMBUNGU	Gbulung Nyorin
NORTHERN	KUMBUNGU	Gbung Town
NORTHERN	KUMBUNGU	Kochim
NORTHERN	KUMBUNGU	Kpaligi Nyoring
NORTHERN	KUMBUNGU	Kpurim
NORTHERN	KUMBUNGU	Kukpeng
NORTHERN	KUMBUNGU	Kuii Town
NORTHERN	KUMBUNGU	Limo
NORTHERN	KUMBUNGU	Mablow Town
NORTHERN	KUMBUNGU	Magni Town
NORTHERN	KUMBUNGU	Nyerizegu
NORTHERN	KUMBUNGU	Satani Town
NORTHERN	KUMBUNGU	Sheduwa
NORTHERN	KUMBUNGU	Sheeigbeni
NORTHERN	KUMBUNGU	Suang
NORTHERN	KUMBUNGU	Tanshegu
NORTHERN	KUMBUNGU	Tibung
NORTHERN	KUMBUNGU	Tignyoring
NORTHERN	KUMBUNGU	Timonaayili

REGION	DISTRICT	COMMUNITY
NORTHERN	MION	Gumah
NORTHERN	MION	Jaagbarun
NORTHERN	MION	Jaashei
NORTHERN	NANUMBA SOUTH	Chando No.1 Town
NORTHERN	NANUMBA SOUTH	Kpanso No.2
NORTHERN	NANUMBA SOUTH	Kpasani Town
NORTHERN	NANUMBA SOUTH	Kumbuni Town
NORTHERN	NANUMBA SOUTH	Moanyindo Town No.1
NORTHERN	NANUMBA SOUTH	Monchani Town
NORTHERN	NANUMBA SOUTH	Namani Town
NORTHERN	NANUMBA SOUTH	Napado Town
NORTHERN	NANUMBA SOUTH	Nlendo Town
NORTHERN	NANUMBA SOUTH	Nyobido Town
NORTHERN	NANUMBA SOUTH	Sakpe Town
NORTHERN	NANUMBA SOUTH	Tikparini Town
NORTHERN	NANUMBA SOUTH	Tinageria Town
NORTHERN	NANUMBA SOUTH	Tisagli Town
NORTHERN	NANUMBA SOUTH	Wajudo No.1 Town
NORTHERN	NANUMBA SOUTH	Wajudo No.2 Town
NORTHERN	SALAGA	Chandayili
NORTHERN	SALAGA	Kanakuali
NORTHERN	SALAGA	Kpinchilla Town
NORTHERN	SALAGA	Libi
NORTHERN	SAVELUGU/NANTON	Janakpen Town
NORTHERN	SAVELUGU/NANTON	Moya Town
NORTHERN	SAVELUGU/NANTON	Sakpuli Town
NORTHERN	SAVELUGU/NANTON	Tumahi Town
NORTHERN	SAVELUGU/NANTON	Wawahi
NORTHERN	SAVELUGU/NANTON	Yapalgu Town
NORTHERN	SAVELUGU/NANTON	Yogu
NORTHERN	TAMALE	Bougkuru
NORTHERN	TAMALE	Choggu Yapalsi
NORTHERN	TAMALE	Gurugu
NORTHERN	TAMALE	Kaliphohini

REGION	DISTRICT	COMMUNITY
NORTHERN	GUSHEGU	Samanga Town
NORTHERN	GUSHEGU	Sampemo Town
NORTHERN	GUSHEGU	Sampigba
NORTHERN	GUSHEGU	Sanpegu
NORTHERN	GUSHEGU	Sanpemo
NORTHERN	GUSHEGU	Sugu
NORTHERN	GUSHEGU	Tindang
NORTHERN	GUSHEGU	Tinyogu Town
NORTHERN	GUSHEGU	Toti
NORTHERN	GUSHEGU	Tumtezei Town
NORTHERN	GUSHEGU	Venli
NORTHERN	GUSHEGU	Vinli Town
NORTHERN	GUSHEGU	Waawu Town
NORTHERN	GUSHEGU	Zeï Town
NORTHERN	GUSHEGU	Zolugu Town
NORTH EAST	BUNKPURUGU-YUNYOO	Jagol
NORTH EAST	BUNKPURUGU-YUNYOO	Bimbating
NORTH EAST	BUNKPURUGU-YUNYOO	Namongu
NORTH EAST	BUNKPURUGU-YUNYOO	Suavusi
NORTH EAST	BUNKPURUGU-YUNYOO	Tojin Bouk
NORTH EAST	CHEREPONI	Kpamanba Town
NORTH EAST	CHEROPONI	Nawieku Town
NORTH EAST	EAST MAMPRUSI	Gbangdabila
NORTH EAST	EAST MAMPRUSI	La-Atarigu
NORTH EAST	EAST MAMPRUSI	Nanori/Tinsungu
NORTH EAST	EAST MAMPRUSI	Wunzugutunga
NORTH EAST	MAMPRUGU MOADURI	Kusobi
NORTH EAST	MAMPRUGU MOADURI	Soo-Namoo
NORTH EAST	MAMPRUGU MOADURI	Zanleo
NORTH EAST	SABOBA	Binangib Town
NORTH EAST	SABOBA	Kulonbuni Town
NORTH EAST	SABOBA	Sagon Town
NORTH EAST	SABOBA	Yabyesu Town
NORTH EAST	WEST MAMPRUSI	Alavanyo

REGION	DISTRICT	COMMUNITY
SAVANNAH	WEST/CENTRAL GONJA	Belamposo
SAVANNAH	WEST/CENTRAL GONJA	Bubuaposo No.2
SAVANNAH	WEST/CENTRAL GONJA	Darivogpe
SAVANNAH	WEST/CENTRAL GONJA	Dawunipe
SAVANNAH	WEST/CENTRAL GONJA	Kadegbongto
SAVANNAH	WEST/CENTRAL GONJA	Mahamudupe
SAVANNAH	WEST/CENTRAL GONJA	Nekpagu
SAVANNAH	WEST/CENTRAL GONJA	Nyiyankpe
SAVANNAH	WEST/CENTRAL GONJA	Sakpala/Sakpongla
SAVANNAH	WEST/CENTRAL GONJA	Sakunkpe
SAVANNAH	WEST/CENTRAL GONJA	Seyiri Town
SAVANNAH	WEST/CENTRAL GONJA	Shemsi
SAVANNAH	WEST/CENTRAL GONJA	Tachali
SAVANNAH	WEST/CENTRAL GONJA	Tinawande/Tembang
SAVANNAH	WEST/CENTRAL GONJA	Tuu-Mempaem
SAVANNAH	WEST/CENTRAL GONJA	Zomlampe