

**JOINT PARLIAMENTARY MEMORANDUM**

**BY**

**KEN OFORI-ATTA  
(MINISTER FOR FINANCE)**

**AND**

**KWAKU OFORI ASIAMAH  
(MINISTER FOR TRANSPORT)**

**ON THE**

**US\$147.10MILLION CONCESSIONAL LOAN FACILITY FOR THE  
VOLTA LAKE TRANSPORT SYSTEM IMPROVEMENT PROJECT**

**BETWEEN THE**

**GOVERNMENT OF THE REPUBLIC OF GHANA AND THE  
EXPORT-IMPORT BANK OF KOREA**



*31* MAY 2022

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**Attachments:**

- i. Cabinet Approval
- ii. Draft Loan Agreement

## **1. PARLIAMENTARY DECISION REQUESTED**

Parliament is respectfully invited to consider and approve the Concessional Loan Facility of One Hundred and Forty-Seven Million, One Hundred Thousand United States Dollars (USD\$147,100,000.00) between the Government of Ghana acting through the Ministry of Finance and the Government of the Republic of Korea represented by the Export-Import Bank of Korea to finance the Volta Lake Transport System Improvement Project.

## **2. BACKGROUND INFORMATION**

It may be recalled that the creation of the Akosombo Dam led to the formation of the largest man-made lake in the world (the Volta Lake) covering an area in excess of 8,000sq.km over 400km long and with a shoreline exceeding 4,800km. The construction of the Dam displaced over 80,000 residents of 739 villages. The existing road network became inundated with the lake, which resulted in both physical and economic isolation of the area around the Volta Lake.

For the purpose of providing suitable services to safely transport passengers and goods, the Volta Lake Transport Company (VLTC) was established in 1970 to operate river transportation for passengers, bulk haulage of petroleum products and significant quantities of cement and cross-lake ferry services along the Lake. Currently, VLTC carries cargo using push tugs and barges. The most common cargo includes oil products, cement, and yams.

However, transportation on the Volta Lake is currently faced with myriad of challenges. Vessels are in poor condition, laid-up or sunk. Landing stages are in poor conditions or non-existent in areas where informal boat operations now abound. Port operations are poorly equipped to handle existing shipments and over 500 unregulated boats provide informal services. Additionally, most of the existing landing ramps are unpaved and in poor condition making it difficult to ensure smooth berthing and safe embarkation and disembarkation of passengers and vehicles. These conditions have led to less frequent trips, longer travel time and less people for cross-lake ferry services.

To inform short and long-term strategies for the improvement of Volta Lake Transport System, a number of studies have been undertaken. Key among them is the preparation of a plan for the rapid rehabilitation of VLTC vessels and current port handling facilities in the inland ports of Akosombo and Buipe; aiming to update vessels and facilities to meet the VLTC's commercial obligations.

In 2019, the Government of Ghana, with grant financing from the Korean Government, commissioned a feasibility study for the development of the Volta Lake Transport System with an emphasis on Cross-lake ferry services.

The study identified the need to urgently improve infrastructure and provision of services on the Lake. Following the completion of the study, the Korean Government pledged to provide a Concessional Facility of US\$147,100,000.00 under the Economic Development Cooperation Fund (EDCF) to support the Improvement of the Volta Lake Transport System Project.

The Project is in line with Government’s Medium-term Master plan for transportation on the Volta Lake, which seeks to upgrade the lake transport infrastructure to meet current and future demand, improve safety, promote trade and improve access to socio-economic services among others.

### 3. PROJECT DETAILS

#### 3.1. PROJECT OBJECTIVE

The Project aims to enhance accessibility and safety of inland water transport in the Volta Lake by developing an integrated, effective, and reliable inland water transport system, connecting isolated communities, and providing them with better access to socio-economic services and increasing safety and efficiency on the Volta Lake.

#### 3.2. PROJECT COMPONENTS

The proposed project scope and components are summarized below:

COMPONENTS	DESCRIPTION
<b>Vessels and Equipment</b>	Provision of 5 drive-on/ off car ferries (Bidirectional) <ul style="list-style-type: none"> <li>- Full length: 65.0m, Total tonnage: 700tonne scale</li> <li>- Number of crews: 6</li> <li>- Number of passengers: 300</li> <li>- Load capacity for vehicles: 27 cars</li> <li>- Cruising range: Approx. 1,230N/M,</li> <li>- Cruising speed: Approx. 8.0 knots</li> <li>- Main engine: 240kW x 4sets</li> <li>- Propeller: Deck Mounted Propulsion units</li> <li>- Facilities: Equipment for navigation and communication</li> <li>- Vessel management trainings</li> </ul>
<b>Integrated Management System</b>	<ul style="list-style-type: none"> <li>- Central Operation Center: 1 office</li> <li>- AIS Base Station: 11 stations</li> <li>- Integrated Management System: Production of operating system (OS) and electric nautical chart</li> </ul>
<b>Shipyard Slipway</b>	Shipyard Slipway facilities: <ul style="list-style-type: none"> <li>- Slipway facility</li> <li>- Block assembly yard</li> <li>- Machinery room,</li> <li>- Electric control room</li> <li>- Outfit assembly yard</li> <li>- Substation</li> <li>- Warehouse</li> <li>- Tool depository</li> <li>- Office, etc.</li> <li>- Training for shipyard and slipway operation</li> </ul>
<b>10 Landing Stages and Reception Facilities</b>	Landing Stages and Reception Facilities will be provided at: <ul style="list-style-type: none"> <li>- Yeji</li> <li>- Makango</li> </ul>

	<ul style="list-style-type: none"> <li>- Kojokrom</li> <li>- Kete-Krachi</li> <li>- Dambai</li> <li>- Dodoikope</li> <li>- Kpando Torkor</li> <li>- Agordeke</li> <li>- Akateng</li> <li>- Kwame Dwamena</li> </ul>
<b>Consulting Service</b>	<p>Phase 1</p> <ul style="list-style-type: none"> <li>- Preliminary design of vessels</li> <li>- Preliminary design of infrastructures (Landing Stage, Reception facility/Staff Accommodations, Access roads, Slipway type shipyard, other auxiliary facilities, etc.)</li> <li>- Preliminary design to construct the integrated management system</li> </ul> <p>Phase 2</p> <ul style="list-style-type: none"> <li>- Business supports for bidding process of the procurement</li> </ul> <p>Phase 3</p> <ul style="list-style-type: none"> <li>- Working design supervision and construction</li> <li>- supervision for the procurement, Inspections of vessels &amp; equipment</li> <li>- Construction supervision for Integrated Management System and Establishment of operation plan</li> <li>- Completing various reports including the project completion report (PCR) and supports for technical advice</li> </ul>

### 3.3. PROJECT COST

The total cost of the project is estimated at US\$168,100,000 of which US\$147,100,000 (88% of project cost) will be financed by the loan. The Government of Ghana's portion is estimated at US\$21,000,000 (12% of project cost) will cover, taxes and duties that will be imposed on the project and other ineligible expenditure. The detailed project cost estimates are shown below:

*Amount is shown in '000' USD*

Item	EDCF				Gov't of Ghana	Total
	Foreign Currency Portion		Local Currency Portion	EDCF Total		
	Korea	3rd Countries				
<b>1. Procurement</b>	<b>46,904</b>	<b>11,340</b>	<b>51,919</b>	<b>110,163</b>	-	<b>110,163</b>
- Vessel	29,988	10,533	6,302	46,822	-	46,822
- Landing Stage	3,214	0	35,291	38,505	-	38,505
- Slipway Shipyard	9,036	0	10,314	19,351	-	19,351
- Integrated Management System	3,849	807	0	4,656	-	4,656
- Training	393	0	12	405	-	405
- O&M Support	424	0	0	424	-	424
<b>2. Consulting Service</b>	<b>9,882</b>	<b>0</b>	<b>525</b>	<b>10,408</b>	<b>0</b>	<b>10,408</b>

- Consulting Service	9,339	0	525	9,864	0	9,864
- Capacity Building	544	0	0	544	0	544
<b>Base Cost (1+2)</b>	<b>56,786</b>	<b>11,340</b>	<b>52,445</b>	<b>120,571</b>	<b>0</b>	<b>120,571</b>
<b>3. Contingencies</b>	<b>4,718</b>	<b>1,847</b>	<b>19,818</b>	<b>26,383</b>	<b>0</b>	<b>26,383</b>
- Physical	2,839	567	2,622	6,029	0	6,029
- Price	1,878	1,280	17,196	20,354	0	20,354
4. Taxes and Duties**	0	0	0	0	21,000	21,000
5. Service Charge	147	0	0	147	0	147
<b>Grand Total (1~5)</b>	<b>61,651</b>	<b>13,186</b>	<b>72,263</b>	<b>147,100</b>	<b>21,000</b>	<b>168,100</b>

\*\* The actual cost of taxes and duties will be determined by GRA when the project masterlist has been finalized and assessed. The request for waiver will be submitted to Parliament for consideration and approval.

### 3.4. TERMS OF FACILITY:

Korea Eximbank is providing the concessional loan under the following terms:

<b>Loan Amount</b>	US\$147,100,000.00
<b>Interest Rate</b>	0.15% per annum
<b>Grace Period</b>	Ten (10) years
<b>Repayment Period</b>	Thirty (30) years (exclusive of 10-yr grace period)
<b>Service Charge</b>	One-tenth of one percent (0.1%) of the loan amount
<b>Concessionality</b>	66 percent

### 3.5. IMPLEMENTATION PLAN

The project is expected to be executed within sixty (60) months from the date of effectiveness of the Financing Agreement. The implementation period may be extended upon mutual agreement by both Governments. The tentative schedule is shown below:

milestone	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6-7	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
1. Consultant Selection (3 months)																						
2. Basic Design and Contractor Selection (9 months)																						
3. Construction of Slipway Shipward (20 months)																						
4. Design and Construction of Vessel (42 months)																						
5. Construction of L/S and Related Facility (31 months)																						
6. AIS System (26 months)																						
7. O&M (2 years)																						

### **3.6. INSTITUTIONAL ARRANGEMENTS**

The Ministry of Transport would exercise oversight responsibility for the Project. A Project Steering Committee would be established to oversee the timely implementation of Project deliverables and compliance with the terms and conditions of the project.

The Volta Lake Transport Company (VLTC) would execute the project and would perform functions as the Project Implementation Entity. VLTC would establish a Project Implementation Unit (PIU) to ensure prompt and smooth project implementation process.

The PIU would consist of a Project Director, Assistant Project Director, Construction Coordinator, Technical Services Coordinator, Business Operations, Finance Advisor and Head of Corporate Services.

### **3.7. PROCUREMENT ARRANGEMENT**

All works, goods and services including consulting services financed by the Loan shall be procured in accordance with the provisions of the Guidelines for Procurement under the Loan ("Procurement Guidelines"). The Consultant/Contractor shall be procured through Competitive Bidding (CB) among Korean companies having good reputation, reliable creditworthiness, and competent project performance capability.

### **3.8. OPERATION & MAINTENANCE PLAN**

Emphasis is placed on the significance of the Operation & Maintenance (O&M) support of the Project to ensure its long-term sustainability. To this end, approximately US\$424,000 is allocated for O&M under the project. This amount can be used to employ technical experts from the supplier or procure additional spare parts after completion of the Project, if required. The Government of Ghana will carry out the O&M of the Project including the provision of the staff, equipment and budget, and will provide necessary funds for these activities after completion of the Project.

### **3.9. REPORTING AND INFORMATION**

The PIU shall submit progress reports to the Bank on a quarterly basis, including the description of the physical progress and a summary of financial accounts of the Project after the commencement of the Project. The PIU shall be responsible for submitting the Project Completion Report (PCR) to the Bank within six (6) months from the completion of the Project. The PIU and related agencies are required to provide a candid evaluation of the project in the preparation of the PCR so that the Bank can identify best practices and draw recommendations for future projects.

### **3.10. IMPACT ASSESSMENT**

#### **Financial Impact**

- There will be no immediate significant fiscal impact of the loan on the Ghanaian economy due to the ten (10) year grace period of the facility. In the medium to long term however, GoG would be required to amortize the loan in two (2) equal semi-annual installments over a thirty (30) year period. The concessionality of the facility is 66 percent and therefore this long-term impact is expected to be minimal.

#### **Economic Impact**

- There are short and long-term outcomes for the country through the operation of various infrastructure and services that would be provided under the project. The construction of slipway type of shipyard would allow for the introduction of new vessels as well as efficient



repairs and maintenance of future vessels that will operate on the Volta Lake. This will enhance accessibility to market, healthcare, education as well as safety of transport for communities living along the lake. The Project will create jobs leading to increase in households' income and its multiplier effect. Agriculture and Tourism could potentially benefit from an improved inland transportation system.

### **Social Impact**

- Government's effort of improving inter-modal transport services will be consolidated through this Project. As mobility improves, productivity will improve and eventually the National Development Agenda. Communities along the lake would have easy means of transport when organizing social programmes and pursuing livelihood activities. The Cross-lake ferry services could potentially feed into the national objective of improving access for all. The Project therefore aligns well with the Sustainable Development Goal 4 (SDG 4) that aims at ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all.

### **Political Impact**

- The Government recognizes the urgent need to improve the inadequate transport network that connect cities, towns and rural areas, the poor-quality roads and urban traffic congestion. The Project will thus enable Government to achieve its objective of positioning the Volta Lake as a major artery. In sustaining the operations of an effective water transport system, this project will connect communities across five regions in Ghana namely Oti, Volta, Eastern, Northern and Bono East Regions.

### **Legal/Regulatory Impact**

- The necessary approvals/ ratification will be secured for the loan in accordance with the PFM Act, 2016. It is expected that Government will approve the grant of exemptions and other applicable fees in relation to the Project.

## **4. CONSULTATIONS**

Consultations have been held with stakeholders to solicit input, concerns and build support for the effective implementation of the Project. The stakeholder consultations were also aimed at ensuring that the needs of the various implementers specifically, the Volta Lake Transport Company (VLTC), the Ghana Maritime Authority (GMA), the Volta River Authority (VRA), Ghana Ports and Harbour Authority (GPHA) were taken into account. It was also for the various stakeholders to understand the improvement project and how they can be implemented. Amongst those consulted included:

- i. Volta Lake Transport Company
- ii. Ghana Maritime Authority
- iii. Ghana Navy
- iv. Volta River Authority
- v. Ghana Shippers' Authority
- vi. PSC Tema Shipyard and Drydock
- vii. Regional Maritime University
- viii. Ghana Ports and Harbours Authority
- ix. Parliamentary Select Committees on Transport and Finance
- x. Office of the Attorney General and Ministry of Justice



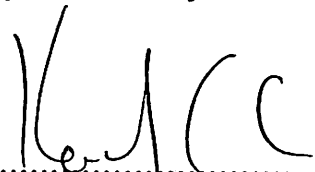
## 5. COMMUNICATION PLAN

For a smooth and successful implementation of the Project, there will be the need for awareness creation and extensive public education on the benefits that would be derived from the implementation of the improvement Project. The Communication Strategy is also to solicit the cooperation of stakeholders and the public. The information dissemination strategy will be through both media and consultative engagements with key stakeholders. Media monitoring would be undertaken to assess if the objectives of the disseminations are being met and where necessary, make adjustments for greater awareness. The Communication Plan is shown in the following table:

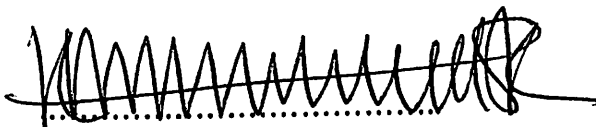
Target Audience/ Stakeholders	Engagement/ Publicity Platform	Tactics	Responsibilities
Ministries, Departments and Agencies (MDAs) related to Transport	Meetings/Events, Radio and TV, Print Media, Social Media	Stakeholder Engagements, Seminars and Workshops for transport related departments and Agencies	MOT in collaboration with VLTC/GMA/ GPHA/ VRA
Community Engagement	Meetings/Events, Radio and TV	Engagement meetings with Opinion Leaders in Beneficiary Communities	MOT in collaboration with VLTC/GMA/ GPHA
Civil Society Organizations	Meetings/Events, Radio and TV, Print Media, Social Media	Engagement meetings with executives of transport unions and organizations	MOT in collaboration with VLTC/GMA/GPHA
Parliamentarians (Select Committee on Roads and Transport)	Meetings/Events	Engage Parliamentarian on the Volta Lake Transport Improvement Project.	MOT in collaboration with VLTC/GMA/ GPHA

## 6. CONCLUSION

Given the anticipated benefits of this project, Parliament is respectfully invited to consider and approve the Concessional Loan Facility of One Hundred and Forty-Seven Million, One Hundred Thousand United States Dollars (USD\$147,100,000.00), between the Government of Ghana and the Government of the Republic of Korea to finance the Volta Lake Transport System Improvement Project.

  
 .....  
**KEN OFORI-ATTA**  
**MINISTER FOR FINANCE**

Date: 31-05-2022

  
 .....  
**KWAKU OFORI ASIAMAH**  
**HON. MINISTER FOR TRANSPORT**

Date: 31-05-2022



REPUBLIC OF GHANA

# OFFICE OF THE PRESIDENT

SECRETARY TO THE CABINET

Jubilee House, Accra  
Digital Address: GA-000-0288

My Ref No. OPCA.3/3/190422  
Kindly quote this number and date on all correspondence

Your Ref No. \_\_\_\_\_

19<sup>th</sup> April, 2022

## CONFIDENTIAL


REQUEST FOR APPROVAL FOR EXPORT-IMPORT BANK OF KOREA FOR A  
USD147.10 MILLION CONCESSIONAL LOAN FACILITY FOR THE  
VOLTA LAKE TRANSPORT SYSTEM IMPROVEMENT PROJECT

Cabinet at its Twenty-seventh meeting held on Thursday, 14<sup>th</sup> April, 2022 considered a report of the Cabinet Committee on Economic Matters on the above-mentioned Memorandum, submitted jointly by the Ministers for Finance and Transport.

2. The Memorandum requested Cabinet to consider, approve and recommend for approval by Parliament, the concessional loan facility of One hundred and forty-seven million and one hundred thousand United States Dollars (USD147,100,000) between the Government of Ghana, acting through the Ministry of Finance, and the Government of the Republic of Korea represented by the Export-Import Bank of Korea, to finance the Volta Lake Transport System Improvement Project.

3. Cabinet approved the Memorandum for the consideration of Parliament.

4. I should be grateful if you could take requisite action on the decision by Cabinet.

  
MERCY DEBRAH-KARIKARI  
SECRETARY TO THE CABINET

THE HON. MINISTER FOR FINANCE

THE HON. MINISTER FOR TRANSPORT

cc: Chief of Staff  
Secretary to the President  
Secretary to the Vice President

Chairperson, Cabinet Committee  
on Economic Matters

Hon. Minister for Parliamentary  
Affairs

EDCF LOAN AGREEMENT

NO. GHA-13

# **Loan Agreement**

between

**THE GOVERNMENT OF THE REPUBLIC OF  
GHANA**

and

**THE EXPORT-IMPORT BANK OF KOREA  
(Government Agency for the EDCF**

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## LOAN AGREEMENT

This Loan Agreement is entered into this [●] day of [●] 20[●] between [●] (hereinafter called the "**Borrower**") and THE EXPORT-IMPORT BANK OF KOREA (hereinafter called the "**Bank**") which has been entrusted by THE GOVERNMENT OF THE REPUBLIC OF KOREA with the operation and management of the Economic Development Cooperation Fund (hereinafter called the "**EDCF**").

### WITNESSETH:

**WHEREAS**, THE GOVERNMENT OF THE REPUBLIC OF KOREA and THE GOVERNMENT OF THE REPUBLIC OF GHANA entered into the Agreement dated May 29, 2003 concerning EDCF Loans to be extended to THE GOVERNMENT OF THE REPUBLIC OF GHANA or its designated agency for the implementation of projects to be agreed upon between the two Governments;

**WHEREAS**, based upon the above Agreement, THE GOVERNMENT OF THE REPUBLIC OF KOREA and THE GOVERNMENT OF THE REPUBLIC OF GHANA entered into the Framework Arrangement dated November 17, 2020 concerning the EDCF Loan to finance the implementation of Improvement of Volta Lake Transport System Project described in the Description of the Project attached hereto as Schedule 1 (hereinafter called the "**Project**"); and

**WHEREAS**, in the light of the said Agreement and Arrangement, the Bank has agreed to extend a loan to the Borrower upon the terms and conditions set forth in this Loan Agreement.

**NOW, THEREFORE**, the Borrower and the Bank agree as follows:

**ARTICLE I**  
**Definitions**

**Section 1.01. Loan Agreement**

The following documents shall constitute an integral part of this Loan Agreement:

- (i) General Terms and Conditions Applicable to EDCF Loan Agreements;
- (ii) Guidelines for Procurement under the EDCF Loan;
- (iii) Guidelines for Employment of Consultants under the EDCF Loan; and
- (iv) Disbursement Procedures under the EDCF Loan.

**Section 1.02. Definitions**

Unless the context otherwise requires, the several terms defined in the General Terms and Conditions Applicable to EDCF Loan Agreements (hereinafter called the "**General Terms and Conditions**") have the respective meanings therein set forth and the following additional terms have the following meanings:

"**Eligible Source Country(ies)**" means the Republic of Korea for foreign currency portion and the Republic of Ghana for local currency portion, of the Loan, respectively.

"**Interest Payment Date**" means each of the dates of [●] 20 and [●] 20 of each year.

"**Loan**" means the loan facility to be made available in favor of the Borrower or the aggregate principal amount of the loan facility disbursed and from time to time outstanding, as the context may so require.

"**Project Completion Date**" means the earlier of (i) the date when the final disbursement under the Loan is made, and (ii) the date when the certification of completion, such as a final acceptance certificate (FAC) or a defect liability certificate, etc., is issued.

"**Project Executing Agency**" means Volta Lake Transport Company Limited (hereinafter called the "VLTC") which has been authorized to implement the Project.

"**Repayment Date**" means each of the Sixty (60) semi-annual consecutive dates of [●] 20 and [●] 20 from and including the date which shall be the 20th day of the month falling One Hundred and Twenty-Six (126) months after the date of this Loan Agreement.

"Supplier(s)" means the supplier(s), contractor(s) or consultant(s) from whom goods or services to be financed out of the proceeds of the Loan are procured.

## **ARTICLE II**

### **The Loan**

#### **Section 2.01. Amount and Purpose of Loan**

(a) The Bank agrees to lend to the Borrower, on the terms and conditions set forth in this Loan Agreement, an amount in Korean Won not exceeding the equivalent of One Hundred Forty Seven Million One Hundred US Dollars (US\$147,100,000) to finance the implementation of the Project.

(b) The amount of the Loan shall be denominated in Korean Won and shall be fixed by the Bank in accordance with Section 3.01 of the General Terms and Conditions. The Bank shall then notify the Borrower and the Guarantor (*if any*) of the amount of the Loan.

#### **Section 2.02. Use of Proceeds of Loan**

(a) The Borrower shall cause the proceeds of the Loan to be used for the purchase of goods and services required for the implementation of the Project from the Eligible Source Countries. The proceeds of the Loan shall be allocated in accordance with the Allocation of the Loan Proceeds attached hereto as Schedule 2.

(b) The final disbursement under this Loan Agreement shall be made within Sixty Six (66) months after the Effective Date of this Loan Agreement, and no further disbursement shall be made by the Bank thereafter unless otherwise agreed upon between the Bank and the Borrower.

## **ARTICLE III**

### **Repayment and Interest**

#### **Section 3.01. Repayment of Principal**

(a) The Borrower shall repay the Bank the principal amount of the Loan disbursed in Korean Won in Sixty (60) semi-annual installments on each of the Repayment Dates.



(b) The Repayment Date and the Korean Won amount to be repaid on each of the Repayment Dates shall be specified in the Amortization Schedule in the form and substance of Schedule 3 attached hereto. The Amortization Schedule shall be made by the Bank when it fixes the amount of the Loan and the Bank shall notify the Borrower of the Amortization Schedule when it notifies the Borrower and the Guarantor (*if any*) of the amount of the Loan in accordance with paragraph (b) of Section 2.01 hereof.

### **Section 3.02. Payment of Interest**

The Borrower shall pay the Bank interest on the principal amount of the Loan disbursed and outstanding at the rate of Zero Point One Five percent (0.15%) per annum. Such interest shall be paid in arrears on each Interest Payment Date, provided that the first interest for any disbursement made within sixty (60) days prior to any Interest Payment Date may be paid on the next succeeding Interest Payment Date.

### **Section 3.03. Preferential Interest Rates**

(a) No interest shall accrue on the Loan covering the consulting services provided by the eligible consultant(s) mentioned in paragraph 3 of Schedule 5.

(b) When the Borrower makes a procurement contract with Korean Small and Medium Enterprises (SMEs) or Medium-Large Companies, preferential interest rates shall apply to the Loan covering civil works and procurement of equipment and facilities as follows:

(i) In case one or more Korean SMEs (including a consortium or joint venture (JV) by Korean SMEs) enter into the contract, zero percent (0%) interest rate shall apply.

(ii) In case one or more Korean Medium-Large Companies (including a consortium or joint venture (JV) by Korean Medium-Large Companies) enter into the contract, Zero Point Zero Seven Five percent (0.075%) interest rate shall apply.

(iii) In case the consortium or joint venture (JV) in which one or more Korean SMEs take at least thirty percent (30%) of the share enter into a contract, Zero Point Zero Seven Five percent (0.075%) interest rate shall apply.

#### **Section 3.04. Place of Payment**

All sums payable by the Borrower to the Bank under this Loan Agreement shall be paid to the account of the Bank (Account No. 068-13-10395-6) with Yeouido Gwang Jang EXIM subBranch of the KEB Hana Bank at 38 Eunhaeng-Ro, Yeongdeungpo-Gu, Seoul, Republic of Korea or to such other account as the Bank shall designate by prior written notice to the Borrower.

### **ARTICLE IV Procurement and Disbursement**

#### **Section 4.01. Procurement Procedure**

(a) All goods and services to be financed out of the proceeds of the Loan shall be procured through the Suppliers in accordance with the provisions of the Procurement Procedure attached hereto as Schedule 4 and the Employment of Consultants attached hereto as Schedule 5.

(b) All goods and services to be financed out of the proceeds of the Loan shall be procured from the Eligible Source Countries, provided that a part of goods and services may, with the prior consent of the Bank, be procured from the countries other than the Eligible Source Countries, as specified in Schedule 2.

#### **Section 4.02. Disbursement Procedure**

(a) The Loan shall be disbursed in Korean Won by the Bank in accordance with the provisions of the Disbursement Procedure attached hereto as Schedule 6.

#### **Section 4.03. Service Charge**

(a) The Borrower shall pay to the Bank a service charge in an amount equal to one-tenth of one percent (0.1%) of the amount of each disbursement in case of the Direct Payment Procedure or the Reimbursement Procedure, and/or of the amount of the letter of commitment in case of the Commitment Procedure.

(b) The service charge shall be financed out of the proceeds of the Loan. The Bank shall pay such service charge amount to itself as the service charge on the date of each disbursement and/or of the issuance of the letter of commitment. Such disbursement out of the Loan shall constitute a valid disbursement of the Loan under this Loan Agreement.

### **ARTICLE V**

## Particular Covenants

### Section 5.01. Execution of the Project

- (a) The Borrower shall implement, or cause the Project Executing Agency to implement, the Project with due diligence and efficiency.
- (b) The Borrower shall employ, or cause the Project Executing Agency to employ, consultants for the implementation of the Project.
- (c) Should the funds available from the proceeds of the Loan be insufficient for the implementation of the Project, the Borrower shall make arrangement promptly to provide such funds as shall be needed.

### Section 5.02. Reports and Information

- (a) The Borrower shall furnish, or cause the Project Executing Agency to furnish, the Bank with progress reports for the Project on a quarterly basis (in ~~1991~~ and ~~1992~~ of each year) from the execution of the first procurement contract to the Project Completion Date in such form and in such detail as the Bank may reasonably request.
- (b) Within six (6) months after the Project Completion Date or such later date as shall be agreed upon between the Borrower and the Bank, the Borrower shall furnish, or cause the Project Executing Agency to furnish, the Bank with a project completion report in such form and in such detail as the Bank may reasonably request.
- (c) Until all the obligations of the Borrower under this Loan Agreement are fully performed, the Borrower shall furnish the Bank with such other information as the Bank may reasonably request concerning the Project or the Loan.

## ARTICLE VI Miscellaneous

### Section 6.01. Delegation of Authority

- (a) The Borrower hereby designates the Project Executing Agency as its agent for the purposes of taking any action or entering into any agreement required or permitted under Sections 4.01, 4.02 and 5.02 of this Loan Agreement.
- (b) Any action taken or any agreement entered into by the Project Executing

Agency pursuant to the authority conferred under paragraph (a) of this Section shall be fully binding on the Borrower and shall have the same force and effect as if taken by the Borrower.

**Section 6.02. Addresses**

The following addresses are specified for the purposes of Section 12.05 of the General Terms and Conditions:

**For the Bank**

Postal address: THE EXPORT-IMPORT BANK OF KOREA

38 Eunhaeng-ro, Yeongdeungpo-gu,

Seoul 07242, Republic of Korea

Attention: Director of Africa Team, EDCF Operations Department 3

Telephone No.: (82-2) 3779-6585

Fax No.: (82-2) 3779-6780

Telex No.: K26595 EXIMBK

SWIFT BIC: EXIKKRSEXXX

**For the Borrower**

Postal Address: Ministry of Finance

P.O. Box MB 40, Ministries

Finance Drive

Accra, Ghana

Attention: The Chief Director (CC: Director ERMERD)

Telephone No.:

Fax No.:

Telex No.:

**IN WITNESS WHEREOF**, the parties hereto, acting through their duly authorized representatives, have caused this Loan Agreement to be signed in their respective names, as of the day and year first above written.

**The Government  
of the Republic of Ghana**

**The Export-Import Bank of Korea  
(Government Agency for the EDCF)**

By \_\_\_\_\_  
Name: Ken Ofori-Atta  
Title: Minister of Finance

By \_\_\_\_\_  
Name: Kim Tae-Soo  
Title: Executive Director

## Schedule 1

### Description of the Project

#### 1. Outline of the Project

(a) Objectives: To enhance accessibility and safety of inland water transport in the Volta Lake for local residents and contribute to the development of the local economy in the long term

(b) Location: Volta Lake in Ghana (Yeji, Makongo, Kojokrom, Kate Krachi, Dambai, Dodoikope, Agordeke, Kpando Torkor, Akateng, Kwame Dwamena, Akosombo)

(c) Project Executing Agency: Volta Lake Transport Company (VLTC)

#### 2. Scope of the Project

Component	Description
Construction and Procurement	<ol style="list-style-type: none"><li>1. Vessels (5 drive on/off car ferries)</li><li>2. 10 Landing Stages and related facilities* * reception facilities, access road, accommodation for staff</li><li>3. Slipway shipyard and equipment</li><li>4. AIS integrated management system</li><li>5. Education and Training</li><li>6. O&amp;M Support</li></ol>
Consulting Service	<ol style="list-style-type: none"><li>1. Basic design</li><li>2. Procurement Support (preparation of bidding document, evaluation of bid, contract negotiation, etc.)</li><li>3. Supervision and management of the Project</li><li>4. Preparation of reports: Progress reports, Project Completion reports, etc.</li><li>5. AtoN Training (overseas, local)</li></ol>

\* The detailed work scope may change based on a result of detailed design and/or project scope modification with a prior approval of the Bank after mutual agreement between the Bank and the Government of Ghana.

### 3. Estimated annual fund requirements

(in Thousands of US Dollars)

Year	EDCF	Ghanaian Government
1 <sup>st</sup> Year	10,577	1,510
2 <sup>nd</sup> Year	50,382	7,193
3 <sup>rd</sup> Year	33,995	4,853
4 <sup>th</sup> Year	41,159	5,876
5 <sup>th</sup> Year	10,987	1,568
Total	147,100	21,000

4. The Project is expected to be completed by Sixty (60) months from the effective date of this Loan Agreement, which may be extended by a prior consent of the Bank.



## Schedule 2

### Allocation of Loan Proceeds

#### 1. Allocation

(a) The table below sets forth the categories of goods, services, and other items to be financed out of the proceeds of the Loan and the allocation of Loan amounts to each category:

(in Thousands of US Dollars)

Category	Loan Proceeds		
	Foreign Currency	Local Currency	Total
<u>(A) Base Cost</u>	<u>68,126</u>	<u>52,445</u>	<u>120,571</u>
- Goods & Services	58,244	51,919	110,163
- Consulting Services	9,883	525	10,408
(B) Contingencies	6,564	19,818	26,382
(c) Service Charge	147	-	147
<b>Total</b>	<b>74,837</b>	<b>72,263</b>	<b>147,100</b>

※ Note : Items not eligible for financing are as shown below:

- (1) General administration expense
- (2) Taxes and duties
- (3) Purchase of land and other real property
- (4) Compensation
- (5) Other indirect items

(b) The goods and services to be procured from the Republic of Korea of Consulting Services shall be Ninety-Four point Nine percent (94.9%) or more of the total cost of Consulting Services.

(c) The goods and services to be procured from the Republic of Korea of Goods & Services shall be Forty-two point Six (42.6%) or more of the total cost of Goods & Services.

(d) Notwithstanding the foregoing, the minimum portion of Korean contents of Consulting Services and Goods & Services may be allowed to decrease up to twenty percent (20%) of the original minimum percentages stipulated in 1.(b) and

1.(c) with the approval of the Bank at the request of the Project Executing Agency. The Project Executing Agency shall provide related documents validating the necessity for the decrease based on the contracts for Consultant Employment and/or Procurement.

(e) Any goods and services to be procured from countries other than the Eligible Source Countries with the prior consent of the Bank to be financed out of the Loan proceeds of the Goods & Services, shall be up to Ten point Three percent (10.3%) of the total cost of Goods & Services.

(f) The Project Executing Agency shall exercise its obligations to ensure that the procurements of Consulting Services and Goods & Services comply with the percentage requirements stipulated above in 1.(b), 1.(c) and 1.(e) and shall submit the related documents to the Bank certifying it has performed its obligations to check whether the percentage requirements have been fulfilled.

## **2. Reallocation**

(a) If the Loan proceeds for items included in any of the categories shall decrease, the amounts then allocated to and no longer required for such Category, will be reallocated by the Bank to Category (C).

(b) If the Loan proceeds of items included in Category (A) shall increase, the amounts equal to the portion, if any, of such increase to be financed out of the Loan amount will be reallocated by the Bank, at the request of the Borrower, from Category (C) to Category (A).

(c) If any amounts are needed to be reallocated from Category (C) to Category (A) at the time of executing the initial contracts for Consultant Employment and/or Procurement, the total contract value including such reallocated amounts shall factor in the minimum percentage requirements for Korean contents in 1.(b) and 1.(c). Notwithstanding the foregoing, the minimum portion of Korean contents may be allowed to further decrease up to twenty percent (20%) of the original minimum percentages in accordance with 1.(d)

(d) If any amounts are needed to be reallocated from Category (C) to Category (A) upon any amendment made to the initial contracts for Consultant Employment and/or Procurement, such reallocated amounts shall not be bound by the minimum percentage requirements for Korean contents in 1.(b) and 1.(c).

(e) Notwithstanding the foregoing, if any of the reallocated amounts adds up to be in excess of twenty percent (20%) of the loan proceeds of each category in

1.(a), upon the amendment made to the initial contracts, such reallocated amounts shall factor in the minimum percentage requirements for Korean contents in 1.(b) and 1.(c).

### Schedule 3

#### Amortization Schedule

**Due Date**

**Amount**

(in Korean Won)

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※ Note : Each installment will be filled in when the amount of the Loan is fixed in accordance with Section 3.01 of the General Terms and Conditions, and will be finalized after the final disbursement in accordance with paragraph (b) of Section 3.02 and 7.05 of the General Terms and Conditions.

## **Schedule 4**

### **Procurement Procedure**

1. Except as the Bank may otherwise agree, the procedures referred to in the following paragraphs of this Schedule shall apply to the procurement of goods and services to be financed out of the proceeds of the Loan. The term "services" in this Schedule does not include consulting services.
  2. Procurement of goods and services shall be subject to the provisions of the Bank's "Guidelines for Procurement under the EDCF Loan" (hereinafter called the "**Procurement Guidelines**"), as amended from time to time, which have been furnished to the Borrower.
  3. The Supplier(s) shall be nationals of the Republic of Korea or juridical person incorporated and registered therein.
  4. The Borrower shall procure goods and services to be financed out of the proceeds of the Loan specified in Schedule 2 above through Competitive Bidding.
  5. Procurement method shall be subject to the Bank's prior review.
  6. For contracts to be awarded on the basis of Competitive Bidding, procurement actions shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Procurement Guidelines.
  7. Taxes including VAT, customs duties and other fiscal charges, excluding international levies (by international organizations of which Ghana is a member country), imposed in the Republic of Ghana on goods and services provided by the suppliers for the implementation of the project under the Loan Agreements shall be exempted or borne by the Ghanaian Government.
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## Schedule 5

### Employment of Consultants

1. The services of consultants shall be utilized in the carrying out of the Project, particularly with regard to the basic design, bid support, project management and construction supervision.

2. The selection and employment of the consultants shall be subject to the provisions of this Schedule and the Bank's "Guidelines for the Employment of Consultants under the EDCF Loan"(hereinafter called the "**Consultant Guidelines**"), as amended from time to time, which have been furnished to the Borrower.

3. The Consultant(s) shall be nationals of the Republic of Korea or juridical person incorporated and registered therein.

4. The Borrower shall employ the Consultant through the Bank's general selection procedures specified in the Consultant Guidelines.

5. The terms of reference, evaluation of proposals, and execution of contract shall be subject to review of the Bank in accordance with the procedures set forth in Annex 1 of the Consultant Guidelines.

6. The method of selection procedure shall be submitted to the Bank for its review.

7. Taxes including VAT, customs duties and other fiscal charges, excluding international levies (by international organizations of which Ghana is a member country), imposed in the Republic of Ghana on goods and services provided by the suppliers for the implementation of the projects under the Loan Agreement shall be exempted or borne by the Ghanaian Government.

## Schedule 6

### Disbursement Procedures

#### 1. Disbursement Procedures

(a) Disbursements of the Loan shall be made through Commitment Procedure, and/or Direct Payment Procedure

(b) The Bank's "Disbursement Procedures under the EDCF Loan" (hereinafter called the "**Disbursement Procedures**"), which have been furnished to the Borrower, as amended from time to time, shall be applied to disbursement of the Loan,

#### 2. Designation of Banks

With regard to the Commitment Procedure in the Disbursement Procedures, the designated banks are as follows:

(a) The Paying Bank referred to in Section 2.01 shall be KEB Hana Bank at 38 Eunhaeng-Ro, Yeongdeungpo-Gu, Seoul, the Republic of Korea.

(b) The Issuing Bank referred to in Section 2.02 shall be Bank of Ghana, with its registered head office One Thorpe Road, P.O. Box GP 2674, Accra, Ghana.

In addition to this, the designated banks for other Procedures such as Direct Payment, etc will be determined by the Borrower before submitting the Application for Payment.