

REPORT OF THE FINANCE COMMITTEE ON THE BUYER CREDIT
AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC
OF GHANA AND FORTIS BANK OF THE NETHERLANDS FOR AN
AMOUNT OF ONE MILLION AND EIGHT HUNDRED THOUSAND
EUROS (€1,800,000.00) FOR ADDITIONAL WORKS IN RESPECT
OF ODAW DRAINAGE IMPROVEMENT WORKS (LOT 3)

1.0 INTRODUCTION

The above Buyer Credit Agreement between the Government of the Republic of Ghana and the Fortis Bank of the Netherlands for One million Eight Hundred Thousand Euros was laid in the House on Thursday November 8, 2007 and referred to the Finance Committee for consideration and report in accordance with the Constitution and Order number 171 (1) of the Standing Orders of the House.

The committee met with the Minister of State at the Ministry of Finance and Economic Planning Hon. Dr. A. Akoto Osei, officials from the ministries of Local Government, Rural Development and Environment and Finance and Economic Planning to consider the Agreement and reports as follows:

2.0 BACKGROUND

The Odaw Drainage Improvement Works have been sub-divided into three phases. Phases I and II (Lots 1 and 2) were funded by the World Bank and the Agence Francaisse de developement respectively and have both been completed.

The third phase (Lot 3) is being funded with a Dutch Government grant and a loan from Fortis Bank of Netherlands. This phase involves the construction of 2.75 kilometers of reinforced concrete channel from Alajo Bridge to the Apenkwa Overhead, the reconstruction of the Abelenkpe railway bridge and two pedestrian bridges across the Odaw channel.

In September 2003, the Government of Ghana signed a Financing Agreement with the Fortis Bank of Netherlands for €9,470,030.00 for part financing of the phase III (Lot 3).

The Government again signed a second agreement with the Fortis Bank of the Netherlands in the sum of €5,199,017.00 to extend the Lot 3 works to cover the construction of an additional 700 metres of the Odaw channel, the construction of 90 metres length box culvert under the motorway extension near Apenkwa Overhead and the construction of a pedestrian bridge between Abofu and Achimota.

Recent assessment of the project conducted by the Ministry of Local Government, Rural Development and Environment showed that the channel will better serve its objective of flood alleviation if it is further extended by an additional 550 metres to the Taysec Bridge on the Achimota school road. This would help confine the flow of water and reduce flooding of the Abofu village and its surroundings. It is in

the light of this that the additional €1,800,000.00 is being sought to implement this extension.

3.0 TERMS AND CONDITIONS

The terms and conditions of the Buyer Credit Agreement are as follows:

Loan Amount	€1,800,000.00
Grace Period	1.5 years
Repayment Period	8.5 years
Maturity Period	10 years
Interest Rate	Euribor+0.5 (4.34+0.5 =4.84%)
Commitment Fee	0.25%
Management Fee	0.5%
Grant Element	35.8%

4.0 SCOPE OF ADDITIONAL WORKS

Works to be carried out under this agreement include the extension of the Odaw drainage channel by an additional 550 meters to the Taysec Bridge on the Achimota School road.

5.0 OBSERVATIONS

The Committee observed that the total cost of the additional works is €2,500,000.00. The Buyer Credit of €1,800,000.00 will partly finance the works with the remaining €700,000.00 being provided through GoG contribution.

The Committee advised that the Ministry of Local Government, Rural Development and Environment should collaborate with the Ministry of Water Resources, Works and Housing to ensure that drainage projects are properly synchronized to ensure their effective performance and maximum benefit.

The Committee also noted that the Odaw drainage is choked with silt and advised the project managers to ensure that the project is regularly desilted and cleaned up.

6.0 CONCLUSION

The Committee has carefully considered the agreement and is of the opinion that the additional credit would be necessary towards the successful implementation of the LOT 3 of the Odaw Drainage improvement works.

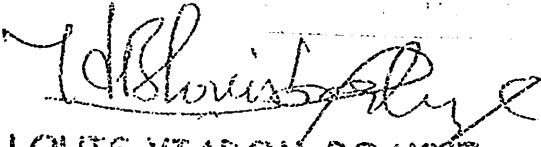
The Committee therefore recommends to the House to approve by Resolution, the Buyer Credit Agreement between the Government of the Republic of Ghana and Fortis Bank of the Netherlands for an amount of One Million and Eight Hundred Thousand Euros

(€1,800,000.00) for additional works in respect of Odaw drainage improvement works (Lot 3).

Respectfully submitted.


HON. ~~NII ADU DAKU MANTE~~

CHAIRMAN


LOUIS YIADOM BOAKYE

FOR CLERK, FINANCE COMMITTEE

13TH NOVEMBER, 2007