

IN THE THIRD SESSION OF THE EIGHTH PARLIAMENT  
OF THE FOURTH REPUBLIC OF GHANA



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REPORT OF THE FINANCE COMMITTEE ON THE CONCESSIONAL  
FINANCING AGREEMENT BETWEEN THE GOVERNMENT OF THE  
REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF  
FINANCE) AND THE INTERNATIONAL DEVELOPMENT  
ASSOCIATION FOR AN AMOUNT OF ONE HUNDRED AND FIFTY  
MILLION UNITED STATES DOLLARS (US\$150,000,000.00) FOR  
THE WEST AFRICA COASTAL AREAS RESILIENCE INVESTMENT  
PROJECT 2).

1.0. INTRODUCTION

The Concessional Financing Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and the International Development Association for an amount of **One Hundred and Fifty Million United States Dollars (US\$150,000,000.00) for the West Africa Coastal Areas Resilience Investment Project 2** was presented to the house on Tuesday, 25<sup>th</sup> July, 2023 by the Hon. Deputy Minister of Finance, Mrs Abena Osei Asare in accordance with Article 181 of the 1992 Constitution and Section 56 of the Public Financial Management Act, 2016 (Act 921).

Pursuant to Article 103 of the 1992 Constitution and Orders 169 and 171 of the Standing Orders of the House, the Agreement was referred to the Finance Committee for consideration and report.

The Committee subsequently met with the Hon Deputy Minister of Finance, Dr. John Ampontuah Kumah and officials from the Ministry of Finance and Ministry of Environment, Science, Technology and Innovation and deliberated on the referral.

The Committee hereby submits this report to the House pursuant to Order 161(1) of the Standing Orders of Parliament.

## **2.0. REFERENCE DOCUMENTS**

The Committee was guided by the following documents in its deliberations:

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

## **3.0. BACKGROUND**

The West African coast is an important part of the region's economy, as it is home to about one-third of its population and contributes 56 percent of the regions gross domestic production (GDP). The region's natural resources, such as wetlands, Asheries, salt, limestone, oil and gas reserves, and tourism, are the driving force behind this economic growth.

Similar to most countries in the Sub Region, Ghana is also facing challenges in managing its coastal and marine resources, which are vital to the region's biodiversity and livelihoods. These challenges are further exacerbated by factors such as lack of monitoring and enforcement of regulations, low education and training, insufficient research and data gathering and analysis, and low government investments in the sector. These challenges if left unaddressed could have a significant impact on the coast, its ecosystems and the well-being of the people who rely on them.

To address these challenges therefore, the government of Ghana has sourced USS150.0 Million credit from the International Development Association (IDA) and a PROBLUE Trust Fund Grant of US\$5 Million administered by the World Bank for the implementation of the West Africa Coastal Areas (WACA) Resilience Investment Project II. The project aims to help monitor the growing challenges in managing the coastal and marine resources by strengthening the resilience of communities and coastal areas, enhancing the management of shared coastal resources and reducing natural and man-made risks in coastal communities.

Overall, the WACA Programme is expected to positively impact the coastal areas of the country by providing social amenities, educational and economic infrastructure, coastline protection and ecological restoration as well as alternative livelihood for coastal communities. The project comprises of four key Components of specialized areas where funds will be allocated for the implementation of programs and activities aimed at strengthening the resilience of coastal communities to withstand the adverse impact of global warming.

#### **4.0. JUSTIFICATION FOR THE PROJECT**

Ghana is noted to have a coastline of 550 kilometers with about quarter of the country's population living closer to the sea, the country faces some unique challenges that require immediate attention such as the impact of the tidal waves in Keta and its effects on the local communities. The WACA Programme, with its focus on strengthening the resilience of communities and coastal areas, could be a boundless way to address these challenges and promote sustainable development in the Ghana.

The WACA Programme when implemented will complement the government's efforts to mitigate coastal risks through coastal development and protection infrastructure. It's also important to

preserve natural green infrastructures and ecosystems, which are being pursued under the President's Coordinated Programme for Social and Economic Development. These efforts are expected to ensure sustainable development and promote the well-being of the communities who rely on these coastal areas for livelihood.

The WACA project is a positive step towards the integrated and cross-sectoral management of marine and coastal resources in Ghana. The project will ensure the sustainable management of Ghana's marine resources and contribute to the well-being of the people living along the coast. The project is also consistent with Ghana's Nationally Determined Contributions (NDCs).

#### **5.0. TERMS AND CONDITIONS OF THE FACILITY**

The WACA project is to be financed by an IDA credit facility of US\$150.0 million and a US\$5 million grant from PROBLUE Trust Fund. The credit will be provided on IDA blend terms as follows:

Table 1: Terms and condition of the IDA Facility

<b>Loan amount</b>	<b>US\$150 Million</b>
Repayment Period	25 years
Grace Period	5 years
Maximum Commitment Charge	0.5 - One-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
Service Charge	1.32% - sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment (+57bps) to the Service Charge on the Withdrawn Credit Balance.
Interest Charge	1.38% - sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge (+13bps) on the Withdrawn Credit Balance.

#### **6.0. PROJECT DESCRIPTION**

The WACA project aims to strengthen socio-economic resilience of coastal communities through good coastal management practices. The

project also aims at supporting the government's effort to reduce the vulnerability of coastal areas and local communities living along the country's coastlines. Successful implementation of the program will ensure that coastal communities are better prepared to face the challenges that come with living in coastal areas and promote sustainable development in the region. The proposed programme is structured into four (4) main Components as follows:

**A. Component 1: Strengthening Regional Integration.**

The WACA Project under this Component, will strengthen the coordination of interventions for coastal resilience in West Africa at the regional and national levels. This will involve consolidating the regional institutional set-up and harmonizing policy to seek economies of scale and develop new strategic partnerships.

The West African Economic and Monetary Union (WAEMU) and the Economic Community of West African States (ECOWAS) will implement this Component of the *project with a grant of \$16 million from the World Bank.*

**B. Component 2: Strengthening Policy and Institutional Frameworks (US\$9.1 million IDA, US\$2.0 million PROBLUE)**

Component 2 of the project will support the strengthening of institutional and policy frameworks around coastal development, protection, and natural resource management. This will involve focusing on areas such as strengthening existing national coordination mechanisms and developing mechanisms for sub-national coordination, including civil society coordination and ensure that these frameworks are in place to support sustainable development and promote the well-being of the people who rely on these coastal areas.

**C. Component 3: Strengthening National Physical and Social Investments (US\$133.90 million IDA, US\$3.0 million PROBLUE)**

The third Component of the project will support site-specific grey, green, and hybrid physical investments, and social sub-projects at the community level to achieve measurable increases in protection from coastal erosion, flooding and control pollution in coastal communities. The component will promote improved management of natural resources and climate-resilient coastal development to ensure that coastal resources are managed sustainably for benefit and well-being of the people who rely on them.

#### **D. Component 4: National Coordination (US\$7 million IDA)**

The final Component will support project management activities. This will involve establishing a Project Implementation Unit (PIU) to manage the project activities. Additionally, a National Technical Committee and a National Steering Committee will be established to ensure smooth technical and strategic coordination.

### **7.0. OBSERVATIONS**

#### **7.1. Benefit of the Facility**

The Committee noted that the implementation of the project will help Ghana put in place interventions to contain the threats and negative human activities along the coast of Ghana. The Committee was informed that there is the urgent need to mobilize financing through coordinated regional actions to address the challenges of coastal erosion and pollution to help manage the complexities of coastal ecosystems. The WACA Programme therefore, is in response to the need for coordinated solutions and financing to manage challenges of coastal areas such as coastal erosion, flooding and pollution.

WACA is a multi-country regional project that aims to strengthen the resilience of communities and coastal areas and enhance the management of shared coastal resources as well as reduce natural and man-made risks in coastal communities.

## **7.2. Key project Activities**

The Committee noted that the primary objective of the project is to strengthen the resilience of targeted communities and coastal areas in Ghana. The project is designed to restore coastal ecosystems, especially mangroves, reduce the risk of erosion and flooding, including restoration of abandoned rice paddies and water systems.

The key project activities include development of the Korle lagoon, the Keta lagoon and the Densu Delta, which will contribute to both climate mitigation and adaptation. It will also build resilience to climate change through nature-based solutions which will lead to the restoration of coastal habitats and the protection of coastal livelihoods. The implementation of the project would therefore support Government's efforts to restore and sustainably use natural resources to strengthen coastal resilience and support green growth.

## **7.3. Consultancy Charges**

The Committee expressed concern about IDA funded projects in which significant proportion of funds are allocated to consultancies and training at the detriment of more tangible deliverables expected in the country's development plans.

The Committee was informed that, the allocations are in line with World Bank and IDA funded projects, and that for this particular facility, more than 85% of the total amount has been earmarked for the provision of coastal communities infrastructure.

The Committee urged the Ministry of Finance and the Ministry of Agriculture to make savings in the expenditures on consultancies, training and other soft deliverables, and take the necessary steps to allocate the savings to the infrastructure required for economic recovery.

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## 8.0. CONCLUSION

The Committee having carefully examined the financing agreement for the implementation of the West African Coastal Areas Resilience Investment Project II is of the view that the implementation of the Project would improve livelihood in Coastal communities and protect the country's shores from erosion and flooding among others.

The committee therefore recommends to the House to adopt its Report and approve the ***Concessional Financing Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and the International Development Association for an amount of One Hundred and Fifty Million United States Dollars (US\$150,000,000.00) for the West Africa Coastal Areas Resilience Investment Project 2*** in accordance with Article 181 of the Constitution, Section 56 of the Public Financial Management Act, 2016 (Act 921) and Order 169 of the Standing Orders of the Parliament of Ghana.

Respectfully submitted.



**HON. KWAKU AGYEMAN KWARTENG  
(CHAIRMAN, FINANCE COMMITTEE)**



**MRS JOANA A.S. ADJEI  
(CLERK TO THE COMMITTEE)**

31<sup>ST</sup> JULY, 2023