

IN THE FIRST SESSION OF THE THIRD  
PARLIAMENT OF THE FORTH REPUBLIC OF  
GHANA

REPORT OF THE JOINT COMMITTEES ON  
FINANCE & WORKS AND HOUSING ON THE  
CREDIT AGREEMENT BETWEEN THE REPUBLIC  
OF GHANA AND THE OPEC FUND FOR  
INTERNATIONAL DEVELOPMENT IN THE  
SUM OF US\$4.1 MILLION FOR THE SUPPLY  
OF EQUIPMENTS AND SERVICES FOR THE  
KORLE LAGOON RESTORATION PROJECT

INTRODUCTION

The above Credit Agreement was laid in the House on Wednesday, 25<sup>th</sup> July, 2001 in accordance with Article 181 of the Constitution and referred to the Joint Committees of Works and Housing and Finance for consideration and report pursuant to Standing Order 171 (1).

The Committee met with Hon. Ms. Theresa Tagoe, Deputy Minister for Works and Housing and a Technical Team from the Ministry of Works and Housing and reports as follows:-

## **BACKGROUND:**

### **A.**

The proposed Korle Lagoon Ecological Restoration Project aims at improving the environment and quality of life in the central Accra. The Project consists of Sanitation Control Measures, Flood Control Measures, Dredging of the Lagoon and the termination section of the Odaw River, and Upgrading of the Lagoon Surroundings. The Project also consists of engineering services and institutional support.

The specific task of this project is to restore the Korle Lagoon to its former state by dredging it to specified depths, and control of both solid and liquid wastes in the vicinity of the project.

The Government of Ghana approached various Funding Agencies for assistance to implement the Korle Lagoon Ecological Restoration Project, and the Kuwaiti Fund for Arab Economic Development (KFAED), Arab Bank for Economic Development in Africa (BADEA) and the OPEC Fund responded favourably.

The project cost is estimated at US\$82 million. The Kuwaiti Fund for Arab Economic Development (KFAED) is leading the lending group made up of the OPEC Fund and BADEA. In all, the Group is lending Ghana about 70% of the Foreign currency component of the project costs. The KFAED will contribute 50% of the foreign cost, while its co-sponsors BADEA and OPEC Fund are providing the balance.

Presently the lower and upper Lagoons have been dredged while works involving the improvement of Odaw, South Kaneshie and the Agbogbloshie drains are progressing steadily.

In all about 67% of the total works have been completed so far.

The construction of a new sea outfall pipe of approximately 1.5 km in length including pumping stations and preliminary treatment plant for dry-weather flow is yet to commence.

As a result of an increase in the cost of the project caused by changes in the scope of the works, which includes the provision of a new 1,500 metres long sea outfall pipe, it became necessary to approach the co-financiers of the project for additional funding.

Consequently, a Donors' meeting was held last year in Accra by the three funding Agencies for the project, namely, the Kuwait Fund for Arab Economic Development (KFAED), the Organisation of Petroleum and Oil Exporting Countries (OPEC) and the Arab Bank for Economic Development (BADEA) where they agreed to increase their commitment from US\$26.0 million to US\$45.6 million.

The additional loans of US\$10 million and US\$7 million from Kuwait Fund and BADEA respectively were approved by Cabinet and ratified by Parliament last year.

#### **TERMS AND CONDITIONS**

The loan under consideration has the following terms:-

- i. Loan Amount - US\$4,100,000
- ii. Interest Rate - 1.0% per annum on principal withdrawn and on outstanding
- iii. Service Charge - 1%
- iii. Grace Period - 5 years
- iv. Repayment Period - 15 years

The Terms of the Loan which are in improvement on the previous ones have been examined by the Ministry of Finance and approved by Cabinet.

The previous loan approved by the last Parliament carried an interest rate of 2% with a Service Charge of 1%.

### OBSERVATIONS

Members observed that the loan was necessary in order that the entire Korle Lagoon Project can be completed as one whole to serve its purpose of:

- a. Providing an efficient flow of flood waters from the Odaw River, the Onyansia as well as other rivers and streams draining the central part of Accra:
- b. Providing a channel for dry-weather waste-water disposal from Central Accra, including the Industrial Area.
- c. Restore the Korle Lagoon environmentally and atheistically for both fishing and tourism.
- d. Provide a channel for the movement of people and goods from the Korle-Bu - High Street end of Accra to Kwame Nkrumah Circle.

### RECOMMENDATIONS

The committee, after having closely examined the agreement recommends to the House for approval, by resolution, the Loan Agreement between the Republic of Ghana and the Opec Fund for International Development for an amount of \$4,100,000.00 in accordance with Article 181 of the Constitution and Section 7 of the Loans Act 1970 Act 335.

Respectfully Submitted.



Hon. Kwame Osei Prempeh  
Chairman, Committee on  
Works and Housing



Hon. R.A. Basoah  
Finance Committee  
Chairman



Evelyn Brefo Boateng  
Clerk, Committee on  
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Alhaji Ibrahim A. Gombilla  
Clerk, Finance Committee