

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

REPORT OF THE FINANCE COMMITTEE ON A MIXED
CREDIT FACILITY BETWEEN THE GOVERNMENT OF
GHANA AND THE GOVERNMENT OF THE
NETHERLANDS/FORTIS BANK FOR AN AMOUNT OF
€16,784,252.00 FOR THE FINANCING OF THE REGIONAL
CAPITAL STREET LIGHTING PROJECT IN THE GREATER
ACCRA AND ASHANTI REGIONS (PHASE 1)

1.0 INTRODUCTION

The Mixed Credit Facility between the Government of the Republic of Ghana and the Government of the Netherlands/ Fortis Bank amounting to €16,784,252.00 was laid in the House on Wednesday 12th December 2007 and referred to the Finance Committee for consideration and report in accordance with Article 181 of the Constitution and the Standing Orders of the House.

To consider this facility, the Committee met with the Deputy Minister of Finance & Economic Planning, Hon. Prof. G. Gyan Baffour, and the Deputy Minister of Energy Hon. Kwame Amporfo Twumasi and officials from the Ministry of Finance and Economic Planning & Ministry of Energy and reports as follows:

2.0 BACKGROUND

The Regional Capitals Street lighting Project is part of Government's efforts to provide streetlights on all streets located at important and strategic areas in all the ten (10) regional capitals in the country and Tema.

The entire project involves the installation of new street lighting facilities and street light networks in all the ten regional capitals and Tema and this is expected to be undertaken in phases.

The project includes the construction of about 870km of new street lighting facilities and this will require the installation of about 19,500 units of street lights.

However, this credit facility will only be used to finance Phase 1 of the Regional Capitals Street lighting project in the Greater Accra and Ashanti Regions and is to cover the installation of street lights over a distance of 298.5 km in the Greater Accra Region and 251.1 km in the Ashanti Region.

The Ministry of Energy with assistance from the Accra Metropolitan Assembly (AMA) and the Kumasi Metropolitan Assembly (KMA) has carried out feasibility studies in Greater Accra and Ashanti Regions.

3.0 PURPOSE OF THE PROJECT

The purpose of this project is to install streetlights and other related activities over a distance of 298.5km in the Greater Accra Region and 251.1km in the Ashanti Region.

4.0 FINANCING PACKAGE

The total cost of the project amounts to **€ 26,807,503.00**. This is made up of the following:

- Grant Amount - € 10,023,251.00
- Loan Amount - € 16,784,252.00

5.0 TERMS AND CONDITIONS OF THE MIXED CREDIT FACILITY

The terms and conditions of the mixed financing package are as follows:

- Loan Amount - € 16,784,252.00
- Interest Rate - Euribor +0.5,
(4.6+0.5=5.1%)

- Grace Period - 2years
- Repayment Period - 10years
- Maturity Period - 12years
- Commitment Fee - 0.15%
- Management Fee - 0.5% Flat
- Weighted Grant Element - 36.14%

6.0 OBSERVATIONS

The Committee was informed that the purpose of Regional Capitals Street lighting project is to ensure that streetlights are provided at all important and strategic locations in all the regional capitals and Tema.

The Committee was further informed that the project is aimed at;

- Providing enough illumination in the night on the major streets and strategic locations in the Regional Capitals to improve upon road safety and reduce accidents at night;
- Ensuring that street lights are provided at strategic locations for the purpose of national security;
- Providing adequate streetlights in a bid to reduce the incidence of armed robbery in the country.

The technical team also informed the Committee as follows:

- that the credit will be used to finance the supply and installation of electrical materials and equipment and for street light networking along selected streets in Accra and Kumasi Metropolitan areas;
- that the project has a maintenance component which will be used to rehabilitate some of the existing street lights on the streets of Greater Accra and Ashanti Regions.

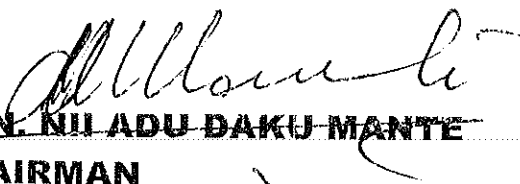
The Deputy Minister for Finance and Economic Planning, Hon. Prof G. Gyan Baffour informed the Committee that the Mixed Credit facility is concessional and it has a grant element of 36.14%.

The Committee noted that the facility is to be waived of the payment of all taxes, duties, license fees, stamp duty, and other applicable charges relating to the execution of the project as stipulated in clause 7.2 of the Agreement. The Deputy Minister for Finance and Economic Planning, Hon. Prof. G. Gyan Baffour informed the Committee that a formal request for tax waiver would be brought to the House when it is ready.

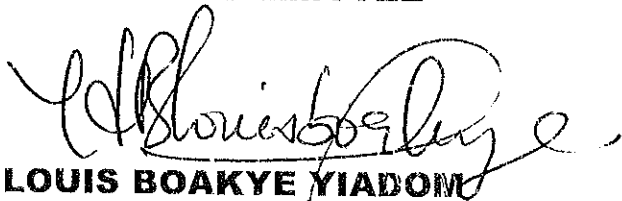
5.0 CONCLUSION

After careful consideration and observation as enumerated above, the Committee recommends to the House to adopt its report and approve by resolution the **Mixed Credit Facility between the Government of Ghana and the Government of the Netherlands/Fortis Bank for an amount of €16,784,252.00 for the financing of the Regional Capital Street Lighting Project in the Greater Accra and Ashanti Regions (Phase 1)** in accordance with Article 181 of The Constitution and Section 7 of the Loans Act 1970, Act 335.

Respectfully submitted.



HON. NII ADU DAKU MANTE
CHAIRMAN
FINANCE COMMITTEE



LOUIS BOAKYE YIADOM
FOR CLERK, FINANCE COMMITTEE

17th December 2007