

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

REPORT OF THE FINANCE COMMITTEE ON THE  
CREDIT AGREEMENT AMONGST THE BULK OIL  
STORAGE & TRANSPORT COMPANY LTD, CITIBANK,  
N.A. AND EXPORT-IMPORT BANK OF THE UNITED  
STATES OF AMERICA WITH GOVERNMENT OF THE  
REPUBLIC OF GHANA AS GUARANTOR, FOR AN  
AMOUNT OF ONE HUNDRED AND TWENTY-THREE  
MILLION AND FOURTY-FOUR THOUSAND UNITED  
STATES DOLLARS (US\$123.44 MILLION) FOR THE  
PURCHASE AND CONSTRUCTION OF OIL STORAGE  
TANKS AND PIPELINES

**1.0 INTRODUCTION**

The above Government of Ghana guaranteed Credit Agreement amongst the Bulk Oil Storage & Transport Company Ltd (BOST), Citibank, N.A. And Export-Import Bank of the United States Of America for **US\$123.44 Million** to purchase and construct oil storage tanks and pipelines was laid in the House on Thursday 19<sup>th</sup> July 2007 and referred to the Finance Committee for consideration and report in accordance with article 181 of the 1992 Constitution and Order No. 171 (1) of the Standing Orders of the House.

To consider the credit agreement, the Committee met with the Deputy Minister for Finance and Economic Planning, Hon Prof. George Gyan-Baffour and officials from the Ministry of Finance and economic Planning and reports as follows:

## 2.0 BACKGROUND

As members are aware, the Bulk Oil storage and Transportation Ltd. (BOST) is a fully Government of Ghana owned and is responsible for the maintenance and management of Ghana's strategic oil reserves.

Eventhough the company has a long term target of holding reserves covering twelve (12) weeks of national demand for petroleum products, it currently holds only four (4) weeks' reserves.

The Bulk Oil Storage and Transportation Company Ltd (BOST) is also responsible for the transportation of bulk petroleum products in the country.

BOST also aids the operations of the Tema Oil Refinery (TOR) by supplying TOR with refined petroleum products from the international markets.

The company receives the equivalent of its total import costs from TOR over 60 days of delivery of product; and this caters for costs only. BOST's main source of income is the BOST margin currently fixed at 100 cedis (one Ghana Pesewa) levied on each litre of fuel sold by the Oil Marketing Companies (OMCs).

The National Petroleum Authority (NPA) has since June 2006 revised retail oil prices on an as-needed basis. The price now includes an element of forecasted future crude oil prices as well as past crude oil prices as needed to recover costs due to the lag in changes to retail prices. This has helped restore the financial sustainability of both BOST and TOR.

### 3.0 TERMS AND CONDITIONS

The terms and conditions of the loans are as follows:

#### CITIGROUP LOAN

Loan Amount	US\$13.90 million
Interest Rate	6 months Libor + 2.25% (5.37 + 2.25 =7.62%)
Commitment Fee	0.5%
Grace Period	2 years
Repayment Period	3 years
Maturity	5 years
Availability	24 months from the signing date. Any amounts remaining undrawn at the end of the Availability Period shall be cancelled.
Interest payments	Interest on Advances will be payable in Arrears at the end of each Interest Period and semi-annually in the case of Interest periods in excess of six months. Interest to be computed on a 360 day basis and the number of days elapsed.
Interest Period	Three or six months at the borrower's Option or such other period as the borrower and Citigroup shall agree.

Repayment	Quarterly or semi-annual installments, as agreed between Citigroup and the borrower.
Guarantee	Government of Ghana guarantee

#### US EXIMBANK GUARANTEED LOAN

Loan Amount	US\$109.54 million
Interest Rate	6 months Libor + 0.30% (5.37 + 0.30 = 5.67%)
Commitment Fee	0.125%
Grace Period	5 years
Repayment Period	10 years
Maturity	15 years
Guarantor	Government of the Republic of Ghana

#### 4.0 WAIVER OF TAXES AND DUTIES

To become effective, the agreement requires that the project be waived/exempted from the payment of all taxes, including customs duties, withholding taxes, fees and other levies.

*Attachment: Please find attached the Commissioner of Customs, Excise and Preventive Service's assessment of the taxes, duties and levies required to be waived.*

## 5.0 COMMITTEE OBSERVATIONS

The Committee observed that the loan will be entirely repaid from BOST's cash flows. The Committee was informed that currently, BOST generates a margin of One Million, Eight Hundred Thousand Dollars (US\$1.8 million) on a monthly basis from their margin of ₦100 per litre (OR 1Gp/per litre) of fuel sold by the Oil Marketing Companies (OMCs). This brings the margin to a total of US\$21.6 million per annum.

The committee was again informed that the Company receives an additional Six Million Dollars (US\$6 million) in revenue from a storage tank leasing arrangement with Trafigura.

It was noted by the Committee that this loan, though commercial in nature, falls within BOST's Debt Sustainability Assessment (DSA) framework and has also been confirmed from the International Monetary Fund (IMF).

Due to this, the EXIM bank submitted the Agreement to their Board and the US Congress for approval and was accordingly granted.

The Committee further noted that the project will improve BOST's distribution networks to the middle and northern belt of the country to minimize the movement of petrol tankers on our highways with its attendant risks of road accidents and deterioration of major highways.

The committee also observed that the principal amount of the EXIM loan shall be repaid in twenty (20) semi-annual installments, due and payable in June and December of each year after the grace period; whilst that of the Citigroup would be repaid in quarterly or semi-annual installments after the grace period and as agreed between BOST and the Citigroup.

## 6.0 CONCLUSION

The Committee has critically examined the Agreement and has found that the project is laudable towards supporting the expansion of BOST's storage and distribution networks to enable it meet its long-term target of holding petroleum products in reserve to meet twelve (12) weeks of national demand of petroleum products.


The Committee also finds the project even more critical in the face of current energy crisis and soaring oil prices.

The House is therefore invited to adopt the report of the Committee and to approve by resolution, The Credit Agreement amongst the Bulk Oil Storage & Transport Company Ltd (BOST), Citibank, N.A. and Export-Import Bank of the United States Of America with Government of the Republic of Ghana as Guarantor, for an amount of **One Hundred and Twenty-Three Million and Forty-Four Thousand United States Dollars (US\$123.44 Million)** for the purchase and construction of oil storage tanks and pipelines in accordance with article 181 of the Constitution and Sections 7 and 10 of the Loans Act, 1970 (Act335)

The Committee also recommends to the House to approve by resolution, the waiver of the project from the payment of taxes, duties and other levies totaling **Twelve Million, Five Hundred and Thirty-two Thousand, Nine Hundred and Thirteen Dollars and Eight Cents (US\$12,532,913.80)** in accordance with article 174 (2) of the Constitution.

Respectfully submitted

  
HON. NII ADU DAKU MANTE  
CHAIRMAN

  
LOUIS YIADOM BOAKYE  
FOR CLERK, FINANCE COMMITTEE

19<sup>TH</sup> JULY, 2007

*In case of reply the number and date of this letter should be quoted*



THE COMMISSIONER  
P. O. BOX 68  
ACCRA

REPUBLIC OF GHANA

My Ref. No. H/DUTY/11

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

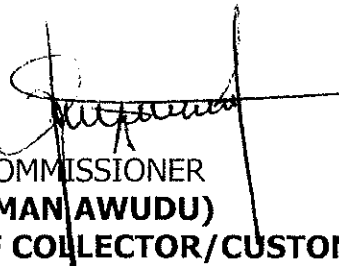
19<sup>TH</sup> JULY, \_\_\_\_\_ 20 07

THE HON. MINISTER,  
MINISTRY OF FINANCE & ECONOMIC,  
PLANNING,  
ACCRA.

**ATTEN: NANA JUABEN-BOATENG SIRIBOE, CHIEF DIRECTOR**

**RE: ASSESSMENT OF TAX LIABILITY**  
**BULK OIL STORAGE AND TRANSPORTATION COMPANY LIMITED**

I forward herewith the schedule of assessment of Tax Liabilities totalling US\$12,532,913.8 on Items for the above project to enable you request for Tax exemption.

  
for: COMMISSIONER  
**(OSMAN AWUDU)**  
**CHIEF COLLECTOR/CUSTOMS**

cc: Chief Internal Auditor,  
CEPS HQ.

THE CLERK  
OFFICE OF PARLIAMENT  
PARLIAMENT HOUSE, ACCRA.

ral/\*



TANK MATERIALS (1)

TAX ASSESSMENT FORM

1. IMPORTER / AGENT'S NAME & ADDRESS: BULK OIL STORAGE AND TRANSPORTATION CO. LTD.  
 2. INVOICE NO.: ..... 3. TIN NO.: ..... 4. FCVR NO.: .....  
 5. AIRWAY BILL / BILL OF LADING NO.: ..... 6. DECLARANT NO.: ..... 7. EXCHANGE RATE: .....

Qty. (8)	Description of Goods (9)	CIF	Tax Description														Total (26)		
			Imp. Duty		Imp. VAT		Imp. NHIL		ECOWAS Levy		EDIF		Insp. Fee		Exam. Fee			Processing Fee	
			Rate % (10)	Amount (11)	Rate % (12)	Amount (13)	Rate % (14)	Amount (15)	Rate % (16)	Amount (17)	Rate % (18)	Amount (19)	Rate % (20)	Amount (21)	Rate % (22)	Amount (23)		Rate % (24)	Amount (25)
	TANK MATERIALS AND FABRICATION	\$ 9,300,000.00	10%	\$ 930,000.00	12.5%	\$ 1,278,750.00	2.5%	\$ 255,750.00	0.5%	\$ 46,500.00	0.5%	\$ 46,500.00	1%	\$ 93,000.00					\$ 2,650,500.00

26. CERTIFICATE

This is to certify that the assessment given is true and correct.

Signature: .....  
 Date: ..... Importer/Agent's Name & Designation: .....

For Official Use

Assessment rechecked and found correct and complete.

Signature: [Signature]  
 Date: ..... Officer's Name & Rank: DR. MARVIN  
STOR. COLLECTOR

THE COMMISSIONER  
 CUSTOMS, EXCISE & PREV. SERVICE  
 P. O. BOX 68  
 ACCRA

TAX ASSESSMENT FORM

1. IMPORTER / AGENT'S NAME & ADDRESS: BULK OIL STORAGE AND TRANSPORTATION CO. LTD  
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 3. TIN NO.: .....  
 4. FCVR NO.: .....  
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	PAINTING SYSTEMS EXTERIOR ONLY	\$ 1,550,000.00	10%	\$ 155,000.00	12.5%	\$ 213,125.00	2.5%	\$ 42,625.00	0.5%	\$ 7,750.00	0.5%	\$ 7,750.00	1%	\$ 15,500.00					\$ 441,750.00

26. CERTIFICATE  
 This is to certify that the assessment given is true and correct.  
 Signature: .....  
 Date: .....  
 Importer/Agent's Name & Designation: .....

For Official Use  
 Assessment rechecked and found correct and complete.  
 Signature: [Signature]  
 Date: .....  
 Officer's Name & Rank: Sr. Collector  
**THE COMMISSIONER  
 CUSTOMS, EXCISE & PREV. SERVICE  
 P. O. BOX 68  
 ACCRA**

### TAX ASSESSMENT FORM

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	HYDRO TESTING	\$ 186,000.00	10%	\$ 18,600.00	12.5%	\$ 23,250.00	2.5%	\$ 4,650.00	0.5%	\$ 930.00	0.5%	\$ 930.00	1%	\$ 1,860.00					\$ 53010.00

26. CERTIFICATE

This is to certify that the assessment given is true and correct.

.....  
Date

Signature: .....

Importer/Agent's Name & Designation: .....

For Official Use

Assessment rechecked and found correct and complete.

.....  
Date

Signature: *[Signature]*

Officer's Name & Rank: *S. M. MAHA*  
*Excise Collector*

**THE COMMISSIONER**  
**CUSTOMS, EXCISE & PREV. SERVICE**  
P. O. BOX 69  
ACCRA

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	NDE	\$ 155,000.00	10%	\$ 15,500.00	12.5%	\$ 21,312.50	2.5%	\$ 4,262.50	0.5%	\$ 775.00	0.5%	\$ 775.00	1%	\$ 1,550.00					\$ 44,175.00

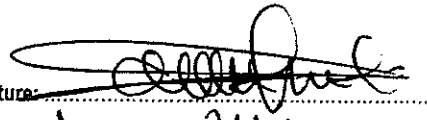
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.....  
 Date Signature: .....  
 Importer/Agent's Name & Designation: .....

For Official Use

Assessment rechecked and found correct and complete.

.....  
 Date Signature:   
 Officer's Name & Rank: **AS - MANUO**  
Sub. Collector

**THE COMMISSIONER**  
**CUSTOMS, EXCISE & PREV. SERVICE**  
 P. O. BOX 68  
 ACCRA

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	MATERIALS AND MISC. SHIPPING	\$ 1,510,000.00	10%	\$ 151,000.00	12.5%	\$ 207,625.00	2.5%	\$ 41,525.00	0.5%	\$ 7,550.00	6.5%	\$ 7,550.00	1%	\$ 15,100.00					\$ 430,350.00

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.....  
Date

Signature: .....

Importer/Agent's Name & Designation: .....

For Official Use

Assessment rechecked and found correct and complete.

.....  
Date

**THE COMMISSIONER  
CUSTOMS, EXCISE & PREV. SERVICE  
P. O BOX 68  
ACCRA**

Signature: *[Signature]*

Officer's Name & Rank: *[Signature]*  
*SMR Collector*

### TAX ASSESSMENT FORM

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	EQUIPMENT AND SECURITY SHIPPING	\$ 5,944,000.00	10%	\$ 594,400.00	12.5%	\$ 81,675.00	2.5%	\$ 16,133.50	0.5%	\$ 2,970.00	0.5%	\$ 2,970.00	1%	\$ 5,940.00					\$ 169,290.00

26. CERTIFICATE

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.....  
 Date  
 Signature: .....  
 Importer/Agent's Name & Designation: .....

For Official Use

Assessment rechecked and found correct and complete.

.....  
 Date  
 Signature:   
 Officer's Name & Rank: **DR. MURRAY**  
**SNA Collector**

**THE COMMISSIONER  
 CUSTOMS, EXCISE & PREV. SERVICE  
 P. O. BOX 68  
 ACCRA**

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	SPARE PARTS PACKAGE	\$ 651,000.00	10%	\$ 65,100.00	12.5%	\$ 81,375.00	2.5%	\$ 16,275.00	0.5%	\$ 3,255.00	0.5%	\$ 3,255.00	1%	\$ 6,510.00					\$ 1,855,535.00

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.....  
 Date Signature: .....  
 Importer/Agent's Name & Designation: .....

For Official Use

Assessment rechecked and found correct and complete.

.....  
 Date Signature:   
 Officer's Name & Rank: S.M. Collins  


TAX ASSESSMENT FORM

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	MISC. EQUIPMENT	\$ 61,000.00	10%	\$ 6,100.00	12.5%	\$ 8,387.50	2.5%	\$ 1,677.50	0.5%	\$ 305.00	0.5%	\$ 305.00	1%	\$ 610.00						\$ 171,385.00

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.....  
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 Importer/Agent's Name & Designation: .....

For Official Use

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.....  
 Date  
 Signature: .....  
 Officer's Name & Rank: *D.S. Momo*  
*Snr Col.*

**THE COMMISSIONER  
 CUSTOMS, EXCISE & PREV. SERVICE  
 P. O. BOX 68  
 ACCRA**



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	FENCE, LIGHTS AND MISC.	\$ 135,000.00	10%	\$ 13,500.00	12.5%	\$ 18,562.50	2.5%	\$ 3,712.50	0.5%	\$ 675.00	0.5%	\$ 675.00	1%	\$ 1,350.00					\$ 38,475.00

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.....  
Date

**THE COMMISSIONER  
CUSTOMS, EXCISE & PREV. SERVICE  
P. O. BOX 68  
ACCRA**

Signature: [Signature]  
 Officer's Name & Rank: D. S. Mawoo  
Inv. Coll

### TAX ASSESSMENT FORM

1. IMPORTER / AGENT'S NAME & ADDRESS: .....  
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	ELECTRICALS INSTRUMENTATION PUMPS AND VALVES	\$ 1,320,000.00	10%	\$ 132,000.00	12.5%	\$ 181,500.00	2.5%	\$ 36,300.00	0.5%	\$ 6,600.00	0.5%	\$ 6,600.00	1%	\$ 13,200.00					\$ 3,762,200.00

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Date

**THE COMMISSIONER  
 CUSTOMS, EXCISE & PREV. SERVICE  
 P. O. BOX 68  
 ACCRA**

Signature: *[Signature]*

Officer's Name & Rank: *[Signature]*

*Sm. Coll.*