

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

REPORT OF THE FINANCE COMMITTEE ON THE CREDIT
FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF
GHANA AND KFW FOR AN AMOUNT OF SEVEN MILLION,
TWO HUNDRED THOUSAND EUROS (€ 7.2 M) TO FINANCE THE
POVERTY FOCUSED RURAL TRANSPORT PROGRAMME

1.0 INTRODUCTION

The above credit facility agreement between the Government of Ghana and KfW was laid in the House on Monday 17th December 2007 and referred to the Finance Committee 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 and Economic Planning, Hon. George Gyan-Baffour and a technical team from the Ministries of Finance and Economic Planning and Transportation and reports as follows:

2.0 PURPOSE OF THE PROGRAMME

The purpose of the programme is to enhance accessibility to the selected poor areas and to reduce the cost of transport in these selected areas.

Under the programme, the grant contribution is to be channeled towards the training of personnel involved in the construction of feeder roads in these districts on issues on HIV/ AIDS and in modern techniques.

3.0 FINANCING DETAILS

The total cost of the programme is estimated at €8.2 million and it is made up of the following;

- Loan Amount - €7.0 million
- Grant Contribution - €0.2 million
- GoG Contribution - €1.0 million

4.0 TERMS AND CONDITIONS OF THE LOAN

The terms and conditions of the loan are as follows:-

Loan Amount	-	€7.0 million
Interest Rate	-	€0.75%
Grace Period	-	€11 years
Repayment Period	-	€30 years
Maturity Period	-	€41 years
Commitment Fee	-	€0.25%
Grant Element	-	€64.45%

5.0 OBSERVATIONS

The Committee was informed that the programme is aimed at improving the living conditions in some selected communities in five (5) districts in Brong Ahafo and Ashanti Regions. These districts are Sekyere West, Ejura, Kintampo, Nkoranza and Techiman.

The project will also involve the construction of 300 feeder roads to support agricultural activities in these districts and thereby reduce poverty in these districts.

The Committee was further informed that part of the grant contribution of €0.2 million will be used to train and educate personnel involved in the construction of the road on issues concerning HIV/ AIDS. The rest of this contribution will also be used to train the personnel on modern techniques involved in feeder roads construction.

Members wanted to know how these districts were selected for this programme. The technical team informed the Committee that the German Government/KfW has already sponsored a number of truck roads in corridors of these districts. This project is therefore to further enhance access to and benefit from the completed truck roads. This will also enable Government to allocate funds to other sectors of the country to undertake other developments.

The Committee noted that the GoG contribution will mainly be in the form of tax and duty waiver on inputs imported for the programme as specified in Article 5 of the Agreement. Thus the programme is to waive of taxes, duties and other levies to be paid on inputs for the programme. The Deputy Minister informed the Committee that a request for waiver of taxes and duties would be laid in the House for approval when it is ready.

The Committee observed that some of the benefits to be derived from the programme are:-

- Rehabilitation of the road infrastructure in these areas
- Reduce post harvest losses
- Promote development activities
- Enhance awareness in HIV/AIDS
- Encourage the use of modern techniques in road construction

6.0 Conclusion

After careful consideration and examination as stated above, the Committee recommends to the House to adopt its report and approve by resolution the **Credit Facility between the Government of Ghana and KfW for an amount of seven million euros (€7.0m) in respect of the Poverty Focused Transport Programme** 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 BOAKYɛ YIADOM
FOR CLERK, FINANCE COMMITTEE

17th December 2007