

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

**REPORT OF THE FINANCE COMMITTEE ON THE
LOAN AGREEMENT BETWEEN THE GOVERNMENT
OF GHANA AND FIDELITY BANK FOR AN AMOUNT
OF US\$11,800,000 TO SUPPORT THE GHANA @ 50
CELEBRATIONS**

1.0 INTRODUCTION

The Loan Agreement between the Government of Ghana and Fidelity Bank for an amount of **Eleven Million, Eight Hundred Thousand Dollars** to pre-finance the Ghana@50 celebrations was laid in the House on Friday, 23rd March 2007 and referred to the Finance Committee for consideration and report in accordance with article 181 of the 1992 Constitution and Order No. 174 (1) of the Standing Orders of the House.

To consider the loan agreement, the Committee met with the Chief of Staff and Minister for Presidential Affairs, Hon. Kwadwo Mpiani, Minister of Finance and Economic Planning, Hon. Kwadwo Baah-Wiredu, Deputy Ministers for Finance and Economic Planning, Hon Prof. George Gyan-Baffour and Hon. Dr. A. Akoto-Osei, officials from the Ministries of Presidential Affairs and Finance and Economic Planning and reports as follows:

2.0 PURPOSE OF THE LOAN

The purpose of the loan is to finance the Ghana @ 50 Celebrations project against receivables to be allocated in National Budget over the next five years.

3.0 TERMS AND CONDITIONS OF THE CREDIT

The terms and conditions of the Credit are as follows:

- Loan Amount** - **US\$11,800,000**
- Arrangement Fee** - **0.5% flat on the Facility Amount payable to the Arranger on the signing date.**
- Interest Rate** - (a) **fidelity Bank's Base rate currently at 19.5%**
(b) **Minus the Margin**
- Repayment Period - (including Grace Period)** **Subject to the relevant approvals, the facility will be repaid over a maximum tenor of 5 years, inclusive of one (1) year Grace Period on the repayment of capital that may be agreed by the Arranger after further consultation with the borrower. The outstanding capital will be repaid in equal and consecutive quarterly or half yearly installments, the first one falling one (1) year after the expiration of the agreed Grace Period (each a "Repayment Instalment")**

- Final Maturity Date** - subject to market appetite as determined at syndication, but in any event no longer than 5 years from the signing date.
- Management Fee** - 0.5% flat on the Facility Amount payable to the Arranger on the signing date and on residual balance yearly.
- Drawing Period** - Subject to satisfaction of the conditions precedent, the drawing period will be no longer than 12 months from the date of signing the facility letter.
- Indicative Margin** - 3.0% per annum
- Interest Period** - At the Borrower's election, 3 to 6 months.
Interest will be payable in arrears at the end of each Interest Period.

4.0 OBSERVATIONS

The Committee observed that Appendix 22 of the Budget and Economic Policy Statement of the Government for the year 2007 which was approved by the House in December 2006 contained this proposal for securing funds to support the Ghana@50 celebrations.

The Committee further observed that repayment of the Loan by the Government to the bank shall be made free and clear of and without any deduction of taxes, duties or withholdings of whatever nature.

It was noted that even though the loan amount has been stated in Dollars, it shall be actually assessed in Cedis (thus the cedi equivalent of US\$ 11.8 million)

The Committee further observed that the facility may be repaid in whole or in part in Ghana Cedis.

Members wanted to know how the US\$ 20 million that was initially approved for the Ghana@50 project in the 2006 Supplementary budget was used. They also wanted to know what specifically this additional amount of US\$11,800,000 being contracted would be used for.

The Chief of Staff and Minister for Presidential Affairs explained that the US\$ 20 million was used as follows:

• Administration Activity	¢2,541,115,329.72
• Service Activity	¢30,631,917,981.46
• Investment Activity	<u>¢149,746,966,688.82</u>
TOTAL	<u>¢182,920,000,000.00</u>

(See Appendix 1)

He also informed the Committee that revenues expected to be realized from the operations of the Ghana@50 Secretariat is estimated at ¢264,426,000,000.00 (See Appendix 2)

He further explained that the US\$ 11.8 million being contracted would be used to settle arrears of various infrastructural developments undertaken as part of the Ghana@50 project. (See appendix 3)

The Committee was further informed that a total of 300 vehicles were purchased as part of the project. These include 50 Mercedes Benz

saloon cars, 40 Jaguars, 35 Chryslers, 50 BMW 7 Series, 40 Peugeot 607s, and 35 VW Passats.

Others are Benz Buses, 25 and Zonda Buses 25.

It was further observed that a total of ₵22 billion was also realized from corporate sponsorships and other donations. This amount was used to support service activity expenditures.

ATTACHMENTS

Please find attached the following Appendixes.

APPENDIX 1: Attached as Appendix 1 is a summary of the expenditure incurred and paid from the US\$20 Million appropriated from the 2006 Supplementary Budget.

APPENDIX 2: Appendix 2 indicates the projected revenues expected to be realized from the sale of various items under the Ghana@50 project.

APPENDIX 3: Summary of the expenditure items to be covered by this Loan (US\$ 11.8 million).

5.0 CONCLUSION

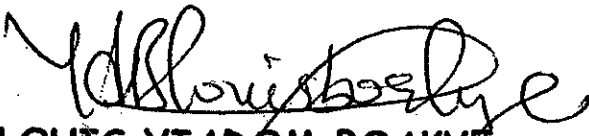
The Committee has critically examined the Agreement and has found that its approval will be necessary to enable the country defray the costs of the Ghana@50 celebrations.

The Committee therefore recommends to the House to adopt this report and to approve by Resolution, the Loan Agreement between The Government of Ghana and Fidelity Bank for an Amount of Eleven Million, Eight Hundred Thousand Dollars (US\$11,800,000) to Finance the Ghana @ 50 Celebrations 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


LOUIS YIADOM BOAKYE
FOR CLERK, FINANCE COMMITTEE

26TH JULY, 2007

APPENDIX 1

GHANA @ 50 SECRETARIAT EXPENDITURE BY ITEM LEVEL

ITEM		SOURCE OF FUNDING	
			SUPPLEMENTARY
II	Administration Activity Expenses		2,541,115,329.72
III	Service Activity Expenses		30,631,917,981.46
IV	Investment Activity Expenses		149,746,966,688.82
	AU Housing	17,489,784,057.67	
	Restoration of the Independence Square	16,874,015,239.00	
	Jubilee Rest Stops and Toilets	4,749,077,807.25	
	Africa Liberation Circle	1,255,628,918.80	
	VVIP Lounge, KIA	15,981,872,077.50	
	Regional Durbar Grounds and Venues	27,000,000,000.00	
	Advance Payments for Vehicles	61,435,739,700.00	
	Rehabilitation of Street Lights (Ceremonial Streets)	4,960,848,889.00	
	TOTAL		182,920,000,000.00

APPENDIX 1 (CONT'D)

ADMINISTRATION ACTIVITY EXPENSES

EXPENDITURE ITEM		AMOUNT (¢)
1	Monthly Allowances to 34 Staff (April, 2006 -February, 2007)	2,197,697,736.04
2	Running of the Secretariat	343,417,593.68
	TOTAL	2,541,115,329.72

**GHANA @ 50 SECRETARIAT
SERVICE ACTIVITY EXPENSES**

ORGANISATION / COMPANY		DETAILS OF EXPENDITURE	AMOUNT (¢)
1	Ghana Medical Association	Sponsorship for Annual Conference	200,000,000.00
2	Aretch Community Tree Nursery	Supply of Seedlings	7,550,000.00
3	Richie Plantation Limited	Supply of Seedlings	13,650,000.00
4	Members of IAC	Sitting Allowance	59,250,000.00
5	Media Majique & Research System	Contract Printing	6,279,000.00
6	Media Majique & Research System	Contract Printing	14,375,000.00
7	Steve Ababio Photography & Imaging	Photographs, Album and Setup	14,090,000.00
8	African Peace Network	Supply of Seedlings	21,354,000.00
9	Team International Foundation	Production of Documentary	70,070,000.00
10	Intercom Programming & Manufacturing Co. Ltd	Printing and Stationery	27,723,044.00
11	Intercom Programming & Manufacturing Co. Ltd	Printing and Stationery	11,478,264.00
12	Business Ghana	Website Creation	391,000,000.00
13	Aretch Community Tree Nursery	Seedling-Greening Ghana Initiative	40,000,000.00
14	Excellence Awards	Publicity	82,000,000.00
15	Media Majique & Research System	Jubilee Calender	575,552,000.00
16	Edith Francois	Consultancy fee, training of Protocol Person	46,000,000.00
17	CS Graphics	Presidential Diaries	5,261,039,889.26
18	Excellence Awards	Publicity	200,000,000.00
19	Farmhouse Productions	Advertisement	115,500,000.00
20	Graphic Comm. Group Limited	Advertisement	67,598,000.00
21	Metro. Entertainment Television	Advertisement	8,211,000.00
22	Marks Publications and Media Services	Advertisement	55,000,000.00
23	Standard News Papers/Magazines Ltd	Advertisement	2,230,128.00
SUB-TOTAL			7,289,950,325.26

APPENDIX I (CONT'D)

APPENDIX I (CONT'D)

24	Ghana Broadcasting Corporation	Advertisement	15,409,712.50
25	Allied News Limited	Advertisement	6,900,000.00
26	Optimum Media Prime	Advertisement	178,065,999.00
27	Graphic Comm. Group Limited	Advertisement	85,000,000.00
28	Optimum Media Prime	Advertisement	44,515,350.00
29	Mascott Multi-Service Limited	Advertisement	57,265,200.00
30	Media Broadcasting	Advertisement	43,580,400.00
31	Media Broadcasting	Advertisement	11,463,200.00
32	Adom FM	Advertisement	8,191,593.00
33	Adom FM	Advertisement	16,901,136.00
34	TV3 Network	Advertisement	29,729,512.50
35	Choice FM	Advertisement	36,265,250.00
36	Swift Media	Advertisement	5,046,200.00
37	Trans Africa News Limited	Advertisement	6,164,000.00
38	Eagle Media and Communication	Advertisement	7,500,000.00
39	Cross Africa (Castelli Diaries)	Jubilee Diaries	1,554,589,919.20
40	Public Agenda	Advertisement	5,197,500.00
41	Pressentation Plus Limited		28,500,000.00
42	Nana Bobie-Ansah	Production of Kente for visiting President	321,875,000.00
43	Margin Supplies	Calenders	4,137,726,017.60
44	Parliament House		439,000,000.00
45	Security Service		160,000,000.00
46	Chinese Trainers		36,800,000.00
47	GES Training of School children		152,500,000.00
48	Consultant- Lecture Series		109,281,666.40
49	Masquraders		44,500,000.00
50	(10No.) Regional & (138No.) District Celebrations		15,800,000,000.00
GRAND TOTAL			30,631,917,981.46

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APPENDIX 1 (CONT'D)

JUBILEE REST STOPS AND TOILET FACILITIES

Accra -- Kinbu Gardens
Accra -- La Adjaman
Accra -- La Gonse
Accra - Teshie
Tema - Kakasunaka
Kumasi -- Bantama
Kumasi - Suame
Sunyani
Cape Coast
Sekondi
Winneba Junction
Wa
Bolgatanga
Tamale
Koforidua
Ho
Saltpond
Elmina
Abura Dunkwa
Offinso -- Namong
Juaso
Buipe
Damongo
Kintampo North
Konongo

LOCATIONS -- JUBILEE DURBAR GROUNDS

Wa --	Wa township
Bolgatanga --	Existing Durbar Grounds
Tamale -	Police Barracks
Kumasi --	Jackson's Park
Sunyani -	Kwame Nkrumah Park
Koforidua --	between Centre for National Culture and Police Depot
Ho --	Centre for National Culture
Cape Coast --	Victoria Park
Takoradi --	West Tanoso

APPENDIX 2

GHANA @ 50 SECRETARIAT

PROJECTED REVENUE FROM OPERATIONS

REVENUE ITEM	AMOUNT (¢)
1 Sale of Vehicles Class A Vehicles (BMW 7 & Mercedes Benz	72,126,000,000.00
2 Sale of the balance of the fleet of vehicles	69,200,000,000.00
3 Sale of Jubilee Souvenirs	34,000,000,000.00
4 Contribution from the Common Fund of 50% Souvenir Cost	40,000,000,000.00
5 Outstanding payment from Private Developers on lease land	28,400,000,000.00
6 Lease of Jubilee Toilets	20,700,000,000.00
TOTAL	264,426,000,000.00

APPENDIX 3

GHANA @ 50 CELEBRATIONS EXPENDITURE ITEMS TO BE COVERED BY THE LOAN

EXPENDITURE ITEM		AMOUNT (¢)
1	AU Housing (Furnishing)	19,858,682,962.33
2	Independence Square Rehabilitation	7,475,673,417.91
3	Renovation & Refurbishment of Kwame Nkrumah Memorial Park	739,905,386.00
4	VVIP Lounge - KIA	8,381,227,729.12
5	Jubilee Rest Stops and Toilets	5,860,962,343.74
6	Balance of Regional Jubilee Grounds and Rehabilitation of other Regional facilities.	22,500,000,000.00
7	Vehicles	36,124,015,999.00
8	Rehabilitation of Street Lights	9,250,537,164.90
TOTAL		110,191,005,003.00