

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

**REPORT OF THE FINANCE COMMITTEE ON THE  
CREDIT FACILITY AGREEMENT BETWEEN THE  
GOVERNMENT OF THE REPUBLIC OF GHANA  
AND UNICREDIT BANK AUSTRIA AG FOR AN  
AMOUNT OF SEVEN MILLION, NINE HUNDRED  
THOUSAND EUROS (€7,900,000.00) FOR THE  
REHABILITATION AND EXPANSION OF FIVE  
TOWNS' WATER SUPPLY SYSTEM (ANYINAM,  
APEDWA, KIBI, KWABENG AND OSENASE)**

**1.0 INTRODUCTION**

The Credit Facility Agreement between the *Government of the Republic of Ghana* and *Unicredit Bank Austria AG* for an amount of *seven million, nine hundred thousand Euros (€7,900,000.00)* for the rehabilitation and expansion of five towns' water supply system (Anyinam, Apedwa, Kibi, Kwabeng and Osenase) was laid in the House on Wednesday 16<sup>th</sup> November, 2011 in accordance with article 181 of the 1992 Constitution of the Republic of Ghana.

Pursuant to Article 103 and Order 171(1) of the Standing Orders of the House, the Agreement was *referred* to the Finance Committee for consideration and report.

The Committee consequently met and considered the Agreement with the Minister of Finance and Economic Planning, Hon. Dr. Kwabena Duffuor, Deputy Minister for Water Resources, Works and Housing, Hon. Dr. Mustapha Ahmed and officials from the Ministries of Finance and Economic Planning and Water Resources Works and Housing and hereby presents this report.

## **2.0 BACKGROUND**

Anyinam, Apedwa, Kibi, Kwabeng and Osenase are major towns in the Eastern Region. The water supply systems of these five towns were constructed, variously, between 1964 and 1974. Minor interventions were carried on the systems in the 1990s to improve on the water supply situation to meet growing demand. Since then, no major improvements have been carried out on them, resulting in frequent system failures and inability to meet growing demand.

Messrs Tahal carried out an assessment on the systems which revealed their poor state and recommended major rehabilitation and expansion works by 2011 to ensure continuity of water supply to meet demand up to the year 2025.

Pursuant to the recommendation, a proposal was submitted by Messrs UNIHA Wasser Technologie GmbH of Oberfeldstrasse 8, 4020 Linz, Austria to Ghana Water Company Limited (GWCL) to undertake the rehabilitation and expansion works on all five systems on turnkey basis with a concessionary funding from Austria. The GWCL consequently entered into technical negotiations with Messrs UNIHA Water Technologie to undertake the various work to meet demand up to the year 2025.

## **3.0 PURPOSE OF THE LOAN**

The purpose of the Credit Facility is to finance the rehabilitation and expansion of the water supply systems in Anyinam, Apedwa, Kibi, Kwabeng and Osenase in the Eastern Region.

## **4.0 TERMS AND CONDITIONS**

The terms of the credit facility are as follows:

<b>Loan Amount</b>	<b>:</b>	<b>€7,900,000.00</b>
<b>Grace Period</b>	<b>:</b>	<b>6 years</b>
<b>Repayment Period</b>	<b>:</b>	<b>12.5 years</b>

<b>Maturity Period</b>	<b>:</b>	<b>18.5 years</b>
<b>Interest Rate</b>	<b>:</b>	<b>0.40% p.a.</b>
<b>Commitment Fee</b>	<b>:</b>	<b>0.25% p.a.</b>
<b>Management Fee</b>	<b>:</b>	<b>0.50% flat</b>
<b>Insurance Margin</b>	<b>:</b>	<b>1.04%</b>
<b>Grant Element</b>	<b>:</b>	<b>35.97%</b>

## **5.0 OBSERVATIONS**

### **5.1 Cost Breakdown**

The Committee noted that the credit facility amount would be spent on the various systems as follows:

<b>Water System</b>	<b>Cost (Euro)</b>
Kibi	1,767,000.00
Apedwa	1,686,000.00
Anyinam	211,000.00
Kwabeng	1,488,000.00
Osenase	1,548,000.00
Additional Cost/Equipment (Spare Parts for 2 years, Training, Inspection, Vehicles, Project Management, Client's Cost for Engineering Supervision)	1,200,000.00
<b>TOTAL</b>	<b>7,900,000.00</b>

## **5.2 Scope of Works**

### **5.2.1 Anyinam Water Supply System**

The Anyinam Water Supply System was installed in 1971/72 as a packaged plant with the river Birim as the source of raw water. The system consists of raw-water pumping station, raw water transmission, packaged treatment plant, storage and distribution. The current capacity of 216m<sup>3</sup>/day is to be increased to 1,000m<sup>3</sup>/day to meet demand up to the year 2025. Key activities to be undertaken on the system include:

- Rehabilitation of Intake Pump House
- Rehabilitation of Wet Well
- Rehabilitation of existing water treatment plant and expansion to 1000m<sup>3</sup>/day
- Supply and installation of distribution Pipe Line (1000m)
- Fencing

### **5.2.2 Apedwa Water Supply System**

The Apedwa system is currently based on abstraction of surface water from River Densu. The system consists of a limited impoundment made possible by a small concrete weir, raw water pumping station, raw water transmission main, package treatment plant, storage and distribution. It has a current capacity of 432m<sup>3</sup>/day which is woefully inadequate. The capacity is therefore to be increased to 2000m<sup>3</sup>/day to meet demand up to 2025. Works to be undertaken on the system include:

- New Water Treatment Plant (2000m<sup>3</sup>/day)
- Treated Water Storage (150m<sup>3</sup>)
- Rehabilitation of Pump House
- Rehabilitation of Wet Well
- Rehabilitation of Intake Pump House
- Raw Water Pipeline
- Supply and Installation of distribution Pipe (DN100, 2500m)
- Electrical Power Supply (Intake Pump, WTP)
- Fencing

### **5.2.3 Kibi Water Supply System**

This system consisted of two separate systems of surface water abstraction and groundwater based system. The ground water system, which was constructed in 1964, has ceased to function due to the collapse of the boreholes. The surface water system is in limited operation due to the poor state of the treatment plant. The current capacity of 245m<sup>3</sup>/day is to be increased to 2000m<sup>3</sup>/day to meet demand up to 2025. Works to be carried out on the Kibi System include:

- Expansion of Water Treatment Plant from 245m<sup>3</sup>/day to 2000m<sup>3</sup>/day
- Treated Water Tank (storage) of 150m<sup>3</sup> capacity
- New Intake Pump House
- Raw Water Pipe Line from river to pump station (250m)
- Supply Pipeline (2500m)
- Rehabilitation of Weir and Wet Well
- Rehabilitation of Intake Pump House
- Fencing

### **5.2.4 Kwabeng Water Supply System**

Presently, the Kwabeng system is based on the abstraction of raw water from River Awusu. It is a package treatment plant with capacity of 288m<sup>3</sup>/day. The system is to be rehabilitated and expanded to provide 1000m<sup>3</sup>/day to meet demand up to 2025. Scope of works includes:

- New 1000m<sup>3</sup>/day Water Treatment Plant
- Treated Water Tank (100m<sup>3</sup>)
- New Intake Pump
- Rehabilitation of Weir
- Raw Water Pipe Line (230m)
- Treated Water Pipeline (150m) from WTP to Elevated Tank
- Supply of Electrical Power
- Fencing

### **5.2.5 Osenase Water Supply System**

The Osenase system is based on the abstraction from River Supong. The current capacity of 240m<sup>3</sup>/day can no longer meet the demand. A new water treatment plant with capacity of 1000m<sup>3</sup>/day is to be built to meet demand up to 2025. The works would include:

- New Water Treatment Plant (1000m<sup>3</sup>/day)
- Treated Water tank (100m<sup>3</sup>)
- New Intake Pump Station
- Rehabilitation of Weir
- Raw Water Pipeline from Intake to WTP (120m)
- Treated Water Pipeline from WTP to Elevated Tank.

### **5.3 Expected Benefits**

Expected benefits from the project include improved access to potable water supply to the beneficiary areas, reduction in the level of non-revenue water, growth in productivity of the inhabitants, boosting of business opportunities mainly industrial and commercial enterprises and the maximization of the social and health benefits of clean, safe and reliable drinking water.

### **5.4 Project Duration**

On the duration of the Project, the Committee was informed that the project would be completed in 18 months from the time of commencement.

### **5.5 Pollution of Birim River**

Members decried the level of pollution of the Birim River which provides raw water for the Kibi System and sought to find out if the water from the river would be safe for potable water production. Officials from the Ghana Water Company Limited (GWCL) however explained that the level of pollution would be thoroughly assessed to determine the type and level of chemicals to be applied in the production process.

## **5.6 Inadequate Project Amounts**

Some Members wondered if the amounts allocated to each water supply system would be enough to undertake the programmed activities, especially the Anyinam system which has been allocated only €211,000.00. It was however explained that the amounts would be applied to put the treatment plants in good shape and that it may indeed not be enough to wholly cover transmission and distribution pipelines to customers.

## **5.7 Taxes**

Section 6.4 of the Loan Agreement requires that the Borrower (GoG) shall be responsible for payment of all taxes, duties and withholdings and other charges that may be applicable to the facility.

This would require that the Project is waived of the payment of taxes, duties and levies so that Government does not borrow more to pay taxes to itself.

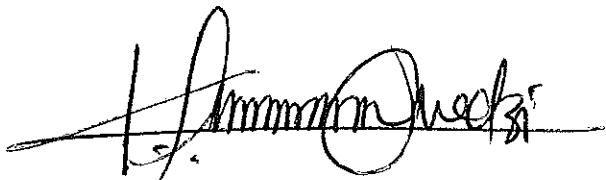
## **6 CONCLUSION**

The Committee has carefully considered the terms and conditions of the facility and is satisfied that the facility meets the country's minimum concessionality criteria. The rehabilitation and expansion of the water systems would also contribute to the attainment of the Millennium Development Goal (MDG) target of 78% water coverage by 2015.

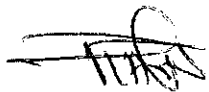
The Committee hence respectfully recommends to the House to adopt this report and approve by *Resolution*, the **Credit Facility Agreement** between the **Government of the Republic of Ghana** and **Unicredit Bank Austria AG** for an amount of ***seven million, nine hundred thousand Euros (€7,900,000.00)*** for the *rehabilitation and expansion of five towns' water supply system (Anyinam, Apedwa, Kibi, Kwabeng and Osenase)* in accordance with

article 181 of the Constitution, Sections 3 and 7 of the Loans Act, 1970 (Act 335) and Standing Orders of the House.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI  
CHAIRMAN**



**PEACE A. FIAWOYIFE (MS)  
CLERK**

**29<sup>TH</sup> NOVEMBER, 2011**