

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

**REPORT OF THE JOINT COMMITTEE ON
FINANCE AND WORKS AND HOUSING ON THE
CREDIT AGREEMENT BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF GHANA
AND THE FIDELITY BANK GHANA LIMITED
FOR AN AMOUNT OF A GHANA CEDI
EQUIVALENT OF US\$39.00 MILLION TO
FINANCE THE COMPLETION OF THE STATE
HOUSE PROJECT (JOB 600) AS OFFICES FOR
MEMBERS OF PARLIAMENT**

The Credit Agreement between the Government of the Republic of Ghana and the Fidelity Bank Ghana Limited for an amount of a Ghana Cedi equivalent of US\$39.00 million to finance the completion of the State House Project (Job 600) as offices for Members of Parliament was laid in the House on Wednesday 10th July 2011 and subsequently referred to a Joint Committee on Finance and Works and Housing for consideration and report.

The Committee met and considered the Agreement with the Minister for Finance and Economic Planning and his deputies, Hon. Seth Terkper and Hon. Fifi Kwetey; Minister for Water Resources, Works and Housing, Ho. Alban Bagbin and his deputy 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 to the House pursuant to order 161(1) of the Standing Orders of the House.

1.0 BACKGROUND

Hon. Members of Parliament have for a very long time been without offices, a situation which has continued to hamper effective performance of their parliamentary duties.

To address this problem, Government, acting through the Ministry of Finance and Economic Planning in 2007 secured a loan facility from the Social Security and National Insurance Trust (SSNIT) amounting to the Ghana Cedi equivalent of US\$ 25.00 Million for the rehabilitation of the JOB 600 project to serve as office accommodation for Members of Parliaments.

Due to expansion in the scope of works of the project, it has become imperative to source additional funds totalling the Ghana Cedi equivalent of US\$39.00 Million to complete the project. The total cost of the project is the Ghana Cedi equivalent of \$62.8 million of which US\$25.00 Million has been secured and discharged leaving a shortfall of about US\$37.8 Million.

The principal reasons for the cost increase are as follows:

- a. Office provision has been made for 250 Members of Parliament instead of the original 200 to serve current and anticipated future need with enhanced provisions for the Parliamentary leadership.
- b. Additional provision has been made for Research Assistants/Secretaries who were not catered for in previous arrangement.
- c. Given the Increasing importance of security for persons, documents and records, the current project makes provision for increased access control surveillance.

- d. In light of the current spate of fires, and given the size and importance of the project, more attention has been paid to fire detection and fire fighting installations.
- e. The provision of amenities to enhance the working environment of the legislature, e.g. Library, Auditorium, Kitchen and Dining rooms, a Bank and a Clinic
- f. Full back-up power system in case of outages.

2.0 PURPOSE OF THE LOAN

The purpose of the facility is to obtain funds from Fidelity Bank Ghana Limited to finance the completion of the Job 600 rehabilitation project to provide offices and other facilities for Members of Parliament.

3.0 TERMS OF THE LOAN

The terms of the facility are as follows:

Loan Amount	-	Ghana Cedi equivalent of US\$39.00 Million
Interest Rate	-	FBGL Base Rate (Currently 25.9%) minus a margin of 4.0% p. a.
Grace period	-	12 Months
Repayment period	-	48 months
Maturity period	-	60 months (5 years)
Arrangement fee	-	1.00% flat
Participation fee	-	1.00% flat

Processing fee - 0.25% flat

4.0 OBSERVATIONS

The Committee observed that the loan facility includes an amount of US\$1.20 million to cater for the financing fees and charges on the facility.

In accordance with article 11 of the Credit Facility Agreement, the facility shall be secured with "a Sovereign Guarantee from the Government of Ghana supported by Parliamentary approval to secure the entire borrowing."

The Agreement further requires the allocation for the bank space in the building plan to be occupied by Fidelity Bank. Details of such occupancy are to be discussed at a later date.

The Minister for Water Resources, Works and Housing, Hon. Alban Bagbin informed the Committee that as part of the expanded scope of works, an automatic fire suppression system would be installed as part of the project.

Regarding supervision of the project, the Committee noted that a technical committee chaired by a former Member of Parliament has been constituted to oversee the implementation of the project and that the said technical committee pays regular visits to the site to inspect the progress of work.

The Deputy Minister of Water Resources, Works and Housing, Hon Dr. Mustapha Ahmed explained to the Committee that even though some funds have previously been raised for the Job 600 project, they were only meant for part-financing, hence the need for this facility to complete the project.

Some Members opined that the arrangement fee included in the facility suggested that it was a syndicated loan and therefore expressed concern about the non-mention of the other financial institutions in the syndication arrangement.

The Committee noted that provision has been made for a kitchen, an auditorium with a seating capacity of 300, a gymnasium, mosque, MPs dining room, chapel and spaces for MPs' research assistants.

Some members of the Committee expressed concern about the computation of the fees and charges associated with the facility which was rounded for convenience to US\$1.2 million instead of the approximately US\$850 million. They however advised the Ministry of Finance and Economic Planning and the Ministry of Water Resources, Works and Housing to ensure that all disbursements of the facility are applied for the purposes of the intended project.

It was ascertained from article 13 of the Agreement that the facility includes some other expenses such as legal expenses and other incidentals to the facility which are all chargeable to the account of the borrower; and therefore the difference in the amount of the fees could be applied towards these costs, should they arise.

The Committee advised that the space to be given to the Lender, Fidelity Bank should be on rental fee terms and not for free even though it was generally agreed that Fidelity Bank should be given the first option to occupy the banking space.

5.0 CONCLUSION

Upon a critical examination of the Agreement, the Committee finds that the project would contribute significantly to enhance the effectiveness and efficiency of Members of Parliament in the performance of their duties.

Consequently, the Committee recommends to the House to adopt this report and approve by resolution, the **Credit Agreement** between the **Government of the Republic of Ghana** and the **Fidelity Bank Ghana Limited** for an amount of a Ghana Cedi equivalent of *thirty-nine million Dollars (US\$39.00 million)* to finance the completion of the **State House Project (Job 600) as offices for Members of Parliament** in accordance with article 181 of the 1992 Constitution and sections 3 and 7 of the Loans Act, 1970 (Act 335).

Respectfully submitted.



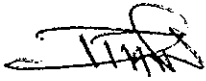
HON. JAMES KLUTSE AVEDZI

CHAIRMAN, FINANCE COMMITTEE



HON. DAVID TETTEH ASSUMENG

CHAIRMAN, COMMITTEE ON WORKS AND HOUSING



PEACE A. FIAWOYIFE (MS.)
CLERK, FINANCE COMMITTEE



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CLERK, COMMITTEE ON WORKS AND HOUSING

19TH JULY, 2011