

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

REPORT OF THE JOINT COMMITTEE ON FINANCE AND
ROADS AND TRANSPORT ON THE CREDIT AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
GHANA AND DEUTSCHE BANK AG, LONDON (AS
ARRANGER AND AGENT) SUPPORTED BY THE BRAZILIAN
OFFICIAL EQUALIZATION PROGRAMME (PROEX) FOR AN
AMOUNT OF ONE HUNDRED MILLION UNITED STATES
DOLLARS (US\$100,000,000.00) TO FINANCE THE DESIGN
AND CONSTRUCTION OF RUNWAY AND APRON
PAVEMENTS FOR THE PROPOSED INTERNATIONAL
AIRPORT AT TAMALE IN THE NORTHERN REGION

1.0 INTRODUCTION

The Credit Agreement between the Government of the Republic of Ghana and Deutsche Bank AG, London (as Arranger and Agent) supported by the Brazilian Official Equalization Programme (PROEX) for an amount of *one hundred million United States Dollars* (US\$100,000,000.00) to finance the design and construction of a runway for the proposed International Airport at Tamale in the Northern Region was laid in the House on Thursday 20th December, 2012 and referred to a Joint Committee on Finance and Roads and Transport for

consideration and report in accordance with article 181 of the Constitution and the Standing Orders of the House.

The Committee met and considered the Agreement with the Minister of Finance and Economic Planning, Hon. Dr. Kwabena Duffuor, Minister of Transport, Hon. Collins Dauda and technical teams from the Ministries of Finance & Economic Planning and Transport and hereby presents this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

2.0 BACKGROUND

The Ministry of Transport, acting through the Ghana Airports Company limited (GACL) intends to upgrade Tamale Airport to enable the airport to handle international operations. The Tamale Airport will also be an alternative to Kotoka International Airport in Accra.

The Government of Ghana has identified the development of the Tamale Airport to support programmes of the Savannah Accelerated Development Authority (SADA) and also to serve the domestic and the West African Sub-Regional markets. The airport is also expected to be a base for the seasonal Hajj (Pilgrimage) flights between Ghana and Mecca in Saudi Arabia.

The Ghana Airports Company Limited has signed a Memorandum of Understanding with Construtora Queiroz Galvao (CQG) of Brazil to prepare a Master plan for the Tamale International Airport. Upgrading of the runway and apron pavements to meet international flight requirement has been prioritized as Phase I of the Project. Subsequent phases would

include the construction of a new Passenger Terminal, Cargo Facilities and a Hajj Village.

3.0 PURPOSE OF THE AGREEMENT

The purpose of the Credit Agreement is to obtain funds in the sum of *one hundred million United States Dollars* (US\$100,000,000.00) from Deutsche Bank AG, London with the support of the Brazilian Official Equalization Programme (PROEX) to undertake airfield infrastructural development for the proposed international airport in Tamale.

4.0 TERMS OF THE FACILITY

The terms of the Facility are as follows:

Facility Amount	:	US\$100,000,000.00
Drawdown Period	:	1 year
Repayment Period	:	8 years
Tenure	:	9 years
Interest Rate	:	Libor + 4.95% p.a.
Arrangement Fee	:	1.00% flat
Commitment Fee	:	1.00% p.a.

5.0 OBSERVATIONS

The Committee noted that the project would be executed by Construtora Queiroz Galvao (CQG) of Brazil.

The Committee observed that the successful completion of the Project would provide an apron to accommodate three wide-bodied aircraft and four small-bodied aircraft.

As to what was happening to the intended Kumasi Airport redevelopment project, the Minister for Transport, Hon. Collins Dauda informed the Committee that arrangements are being made for the construction of an entirely new runway for that airport so that the existing runway could continue to be used during the construction and later as a taxiway after the completion of the new runway.

Honourable Members of the Committee encouraged Government to endeavour to source the necessary funds to undertake similar redevelopment of the civilian airport at Takoradi so as to stop civilians from using the military's air transport facilities.

Whilst designs have been done for facilities of the proposed Tamale International Airport, the Committee was informed that this Phase I of the Project to be financed under the US\$100 million Facility would only take care of airfield infrastructure and that Terminal Buildings would be constructed under Phase II of the Project.

The Committee observed that the development of the Tamale Airport would help to support domestic air travel and facilitate the opening up of the enormous potential growth of traffic in domestic and regional routes to and from the Tamale Airport. This will support the Kotoka International Airport to make Ghana a true gateway and an aviation hub in West Africa.

The project would also support the agricultural sector by facilitating the export of fresh produce and potentially the establishment of agro-based industries in the North.

The project is further expected to provide relief to the large Muslim Population which performs the Hajj annually.

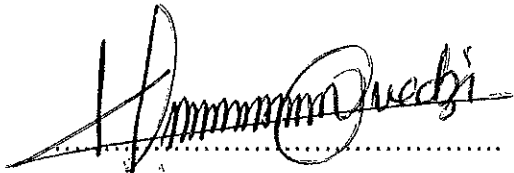
Honourable Members of the Committee were hopeful that the development of the airport to international status would bring exponential increase in the revenue generated thereby making the airport economically viable.

6.0 CONCLUSION

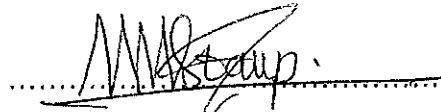
The Committee, after careful deliberation, respectfully recommends to the House to approve by Resolution, the **Credit Agreement** between the **Government of the Republic of Ghana and Deutsche Bank AG, London** (as Arranger and Agent) supported by the **Brazilian Official Equalization Programme (PROEX)** for an amount of *one hundred million United States Dollars* (US\$100,000,000.00) to finance the design and construction of a runway for the proposed International Airport at Tamale

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

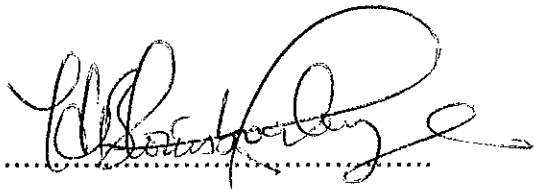
Respectfully submitted.



HON. JAMES KLUTSE AVEDZI
CHAIRMAN, FINANCE COMMITTEE



HON. M. C. BOAMPONG
CHAIRMAN, COMMITTEE
ON ROADS & TRANSPORT



LOUIS YIADOM BOAKYE
CLERK, FINANCE COMMITTEE

FOR



SAMUEL ADDEI
CLERK, COMMITTEE
ON ROADS & TRANSPORT

20TH DECEMBER, 2012.