

IN THE FOURTH 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 COOPERATIVE  
CENTRALE RAIFFEISEN – BOERELEENBA BANK B.A.  
BLEGIUM FOR AN AMOUNT OF €183,387,500.00  
FOR THE SECOND PHASE OF THE CONSTRUCTION  
OF THE ADA COASTAL PROTECTION WORKS AT  
ADA IN THE DANGME EAST DISTRICT OF THE  
GREATER ACCRA REGION**

**1.0 INTRODUCTION**

The Credit Agreement between the Government of the Republic of Ghana and Cooperative Centrale Reiffeisen – Boerenleen Bank B.A of Belgium for an amount of *One Hundred and Eighty-Three Million, Three Hundred and Eighty-Seven Thousands and Five Hundred Euros* (€183,387,500.00) for the Second Phase of the construction of the Ada Coastal Protection Works at Ada in the Dangme East District of the Greater Accra Region was laid in the House on 23<sup>rd</sup> July, 2012 and referred to a Joint Committee on Finance and Works and Housing for consideration and report.

The Committee met and considered the Agreement with the Deputy Minister of Finance and Economic Planning, Hon. Seth Terkper, Deputy Minister of Water Resources, Works and Housing, Hon. Nii Nortey Dua and officials from the Ministries of Finance and Economic Planning (MOFEP) and

Water Resources, Works and Housing (MWRW&H) and hereby presents this report to the House pursuant to order 161(1) of the Standing Orders of the House.

## **2.0 BACKGROUND**

The coastal town of Ada Foah and its surrounding villages have been suffering from severe sea erosion for a very long period of time which has resulted in the destruction of schools, post offices, public offices, factories, private residential homes and roads. The area is low lying and naturally prone to flooding. The area has seen little investment due to the unprotected beach against sea erosion and other extreme weather conditions. Tourism, fishing and salt mining in the area have also been severely hit by the sea erosion.

Against this background, the Ministry of Water Resources, Works and Housing requested the Consultants and Contractors, International Marine Dredging Consultants (IMDC) And Dredging International Service Cyprus Ltd. (DISC) to investigate the coastal erosion problems in the Ada area and the impact which would form the basis for sourcing external funding. Based on the impact assessment, the Consultants and the Contractors recommended technical intervention needed to address the problem together with cost estimates.

Based on the findings, the Government of Ghana sourced for funding from BNP PARIBAS BANK estimated at €67.61 million for the urgent measures under Phase I of the Ada Coastal Protection Works Project. Following hydraulic and morphological design processes including physical model tests, final hydraulically and morphologically stable designs were defined consisting of 7 rock groynes to be constructed perpendicular to the coast on a stretch of 4.7km of the 15km of coastline between Ada Foah up to around Totope located west of the Volta River estuary. This is currently underway and is about 60% complete.

### **3.0 PURPOSE OF THE LOAN**

The purpose of the facility is to support the second phase of the *Ada Coastal Protection Works* aimed at constructing a sea defence to protect the shore line fronting the coast of Ada to facilitate the development of the salt, fishing and tourism industries and at the same time protect the existing and future physical and social infrastructure in the area.

### **4.0 TERMS OF THE CREDIT**

The terms of the facility are as follows:

**LOAN AMOUNT : €183,387,500.00**

**Grace Period : 3 years**

**Repayment Period : 10 years**

**Maturity Period : 13years**

**Interest Rate : Floating Option: Rabobank Cost of funds  
+ a margin of 0.8 % (2.76+0.80=3.56%)**

**Management Fee : 0.4% flat**

**Commitment Fee : 0.4% p.a.**

## **5.0 OBSERVATIONS**

The Committee observed that the loan amount includes an insurance cost of eighteen million, three hundred and ninety-seven thousand, five hundred Euros (€18,397,500)

The Committee was informed that the scope of works of the second phase of the project include but not limited to the following:

- i. Construction of approximately 11 No. of wet constructed groynes (average length of 150 – 200m)
- ii. Construction of approximately 6 No. of dry constructed groynes (average length of 150 – 200m)
- iii. Approximately 5 million Cubic meters of beach nourishment including heightening in selected areas;
- iv. Studies on site measurements and investigations
- v. Preliminary and Final design.
- vi. Project management relocation and mobilization
- vii. Control and support missions
- viii. Consultancy and Design services by the Engineer

As to how long the second phase of the project would take to complete, the Committee was informed that the second phase of the project would be completed in 30 months after the commencement of works.

It was indicated to the Committee that a comprehensive communication strategy has been designed to inform and solicit the support of key stakeholders for the smooth implementation of the project. These stakeholders include the Ministry of Tourism, the Ada Traditional Council, Ministry of Environment, Science and Technology, Ministry of Local Government and Rural Development, Ministry of Finance and Economic Planning and Members of Parliament from the project area.

Hon. Members of the Committee sought to know the current status of the works on the first Phase. In response, the Deputy Minister of Water Resources Works and Housing Hon. Nii Nortey Dua informed the Committee that works on Phase I are about 60% complete.

The second phase of the project would be undertaken to the western end of the first phase.

Honourable Members of the Committee advocated the employment of more local technicians and experts on the project so as to ensure the necessary technology transfer to locals. In their view, this would help provide local capacity for repairs and maintenance, especially after the departure of the foreign contractors.

Some Honourable Members also expressed concern about the rapid deterioration of the road network in the project area due to the movement of heavy rocks and other cargo by road for the construction of the sea defence. They appealed to the Government to consider rehabilitating the roads after the completion of the project.

## **5.1 TAXES**

Clause 12 of the Agreement requires that the facility be exempted or waived of the payment of taxes and duties, failing which the Government of Ghana would be required to pay for those taxes and duties.

The Committee recommends to the Ministry of Finance and Economic Planning to endeavour to bring a formal request for the waiver of the relevant taxes and duties to Parliament for consideration and approval.

## 6.0 CONCLUSION

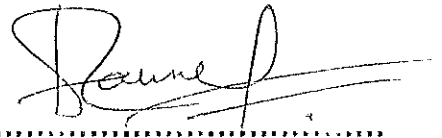
The Committee, having critically examined the Agreement, found that the project was necessary to prevent the strong tidal waves from causing more devastation to the Ada coastline.

The Committee therefore recommends to the House to adopt this report and approve by resolution, the **Credit Facility** between the Government of the **Republic of Ghana** and **Cooperative Centrale Raiffeisen – BoerenleenBank B.A. of Belgium** for an amount of *One hundred and eighty-three million, three hundred and eighty-seven thousand, five hundred Euros* (€183,387,500.00) for the **Second Phase** for the **Ada Coastal Protection Works** at Ada in the Dangme East District of the Greater Accra Region in accordance with article 181 of the 1992 Constitution and sections 3 and 7 of the Loans Act, 1970 (Act 335).

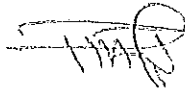
Respectfully submitted.



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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  
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1<sup>ST</sup> AUGUST, 2012