

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

**REPORT OF THE JOINT COMMITTEE ON FINANCE  
AND COMMUNICATIONS ON THE CREDIT  
AGREEMENT BETWEEN THE GOVERNMENT OF THE  
REPUBLIC OF GHANA AND NORDEA BANK  
DANMARK A/S, DENMARK FOR AN AMOUNT OF  
€34,448,082.00 TO FINANCE THE RURAL FIBER  
OPTIC BACKBONE LINK, DATA CENTRE AND  
PROVISION OF MANAGED SERVICES PROJECT**

**1.0 INTRODUCTION**

The Credit Agreement between the Government of the Republic of Ghana and the Nordea Bank Danmark A/S, Denmark for an Amount of *thirty-four million, four hundred and forty-eight thousand and eighty-two Euros* (€34,448,082.00) to finance the Rural Fiber Optic Backbone Link, Data Centre and the provision of Managed Services Project was laid in the House on 9<sup>th</sup> August 2012 and referred to a Joint Committee on Finance and Communications for consideration and report.

The Joint Committee met and considered the Agreement with the Minister for Communication, Hon. Haruna Idrissu, the Deputy Minister of Finance and Economic Planning, Hon. Fiifi Kwetey, officials from the Ministries of Finance and Economic Planning and Communications, as well as the National Information Technology

Agency (NITA) and hereby presents this report to the House in accordance with Order 161(1) of the Standing Orders of the House.

## **2.0 BACKGROUND**

Pursuant to arrangements to connect the entire country with the necessary communication infrastructure for the deployment of Government of Ghana e-Government Network, the Government of Ghana initiated the first phase of a nationwide fiber optic infrastructure across the country. The project did not cover the entire Eastern corridor of the country, thus, depriving the districts in that stretch of the country of the necessary e-applications hence, the need to construct the missing fiber optic link to serve the corridor from Ho to Bawku.

In furtherance of this objective, the Ministry of Communications invited tenders and pursuant to the provisions of the Public Procurement Act, 2003 (Act 663) of the Republic of Ghana, the Ministry conducted International Competitive Tendering processes through which Messrs Alcatel Lucent was selected. Among the criteria for pre qualification was the ability to source funding for the project and submit details of the funding agreement with the tender including disclosure of the proposed funding sources detailing out terms of funding and repayment terms from a reputable funding source.

## **3.0 PURPOSE OF THE LOAN**

The purpose of the Loan is to obtain funds to construct the Eastern Corridor Fiber Optic backbone Link, provide national data center facilities and connect all public institutions to a simple shared communications and computing infrastructure as a way of facilitating

the effective delivery of government services to citizens, business and other stakeholders.

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

The terms of the Mixed Credit Facility are as follows:

Contract Amount	-	EUR 37,908,563.00
Grant Amount	-	EUR 3,460,481.00
<b>LOAN AMOUNT</b>	-	<b>EUR 34,448,082.00</b>
<b>Interest Rate</b>	-	<b>0.00% (fully subsidized)</b>
<b>Grace Period</b>	-	<b>2 years</b>
<b>Repayment Period</b>	-	<b>10 years</b>
<b>Maturity Period</b>	-	<b>12 years</b>
<b>Management Fee</b>	-	<b>0.375% flat</b>
<b>Commitment Fee</b>	-	<b>0.25% p.a.</b>
<b>Grant Element</b>	-	<b>36.21%</b>

#### **5.0 OBSERVATIONS**

The Committee was informed that the fiber optic network would cover approximately 584.5 km, and would link all the major towns along the major routes of the Eastern corridor.

This list of beneficiary towns is attached herewith as Appendix 1. Also attached is a Map of Ghana showing the coverage of the proposed project.

The Committee was informed that the execution of the project would place the nation in a strong position to be a net exporter of fiber optic backbone link to landlocked countries such as Burkina Faso and Mali.

The project was said to be further intended to help improve upon the governance of the country by promoting the deployment of e-governance applications for the benefit of the generality of Ghana as it will help bring governance closer to the people.

As to why the government was investing in a sector of the economy where there are currently robust private sector competitors, the Committee was informed that the Eastern Corridor was not very attractive to the private sector for various reasons, including the absence of robust economic activities that would guarantee reasonable returns on investment by private sector telecommunication players. It is therefore imperative for government to invest in the fiber link so as to attract private players into that corridor of the country which is predominantly rural.

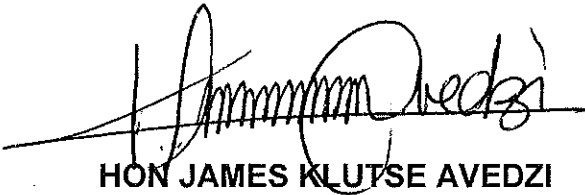
The Committee observed that the successful completion of the project was vital not only for purposes of ensuring equitable distribution of national resources but also as a means to prop up business and investment activities to facilitate the growth and development of the area.

## **6.0 CONCLUSION**

The Committee recommends to the House to take note of the grant amount of €3,460,481.00 and approve by Resolution, the **Credit Agreement** between the **Government of the Republic of Ghana** and the **Nordea Bank Danmark A/S, Denmark** for an amount of *thirty four million, four hundred and forty-eight thousand and eighty-two Euros (€34,448,082.00)* to finance the **Rural Fiber Optic Backbone Link, Data Centre and the Provision of Managed**

**Services** in accordance with article 181 of the constitution and sections 3 and 7 of the Loans Act, 1970 (Act 335).

Respectfully submitted.



**HON JAMES KLUTSE AVEDZI**

**CHAIRMAN**

**FINANCE COMMITTEE**



**HON. HEROD COBBINA**

**FOR CHAIRMAN**

**COMMITTEE ON COMMUNICATIONS**



**PEACE A. FIAWOYIFE (MS)**

**CLERK**

**FINANCE COMMITTEE**



**RIACHARD ACHEAMPONG (MR)**

**CLERK**

**COMMITTEE ON COMMUNICATIONS**

**14<sup>TH</sup> AUGUST, 2012**

# APPENDIX 1

BAWKU - HO LINK		
Route	Distance	Unit
Bawku-Musiga	4.0	Km
Musiga-Kugurago	11.5	Km
Kugurago-Garu	14	Km
Garu-Seshie	17	Km
Seshie-Nakpanduri	12.4	Km
Nakpanduri-Gbintiri	40.4	Km
Gbintiri-Katani	15	Km
Katani-Zanteli	25.5	Km
Zanteli-Gushiegu	10.2	Km
Gushiegu-Nawuni	5.9	Km
Nawuni-Tu Wuo	18.1	Km
Tu Wuo-Sakpeigu	26.4	Km
Sakpeigu-Yendi	12.3	Km
Yendi-Gbungbalaga	7.2	Km
Gbungbalaga-Adibo	8	Km
Adibo-Nakpachei	2.2	Km
Nakpachei-Bokpaba	7.9	Km
Bokpaba-Lanja	3.4	Km
Lanja-Bincheru	8	Km
Bincheru-Lepusi	6	Km
Lepusi-Makayili	6.6	Km
Makayili-Pusuga	8	Km
Pusuga-Bimbila	12.1	Km
Bimbila-Nakpayili	10.1	Km
Nakpayili-Domanko	16.9	Km
Domanko-Sibi	12.7	Km
Sibi-Kpaso	14.6	Km
Kpaso-Bonakye	14.9	Km
Bonakye-Jambo	7.1	Km
Jambo-Aberenkwo	5.9	Km
Aberenkwo-Nkwanta	8.6	Km
Nkwanta-Old Duflumpa	18.2	Km
Old Duflumpa-Salifukrom	3.2	Km
Salifukrom-Brewaniase	9.8	Km
Brewaniase-Abrubruwa	8.9	Km
Abrubruwa-Dodo Pepesu	7.6	Km
Dodo-Pepesu-Dapa	5.9	Km
Dapa-Kotonkwanta	18.8	Km
Kotonkwanta-Poese Cement	24	Km
Poese Cement-Menuso	8.2	Km
Menuso-Kadjebi	5.4	Km
Kadjebi-Nsufa Buem	4.3	Km
Nsufa Buem-Moradi	3.5	Km
Moradi-Guaman	3.2	Km
Guaman-Jasikan	6	Km

Jasikan-Bowiri	5.4	Km
Bowiri-Akpafu Mpeasem	9.7	Km
Akpafu Mpeasem-Hohoe	13.6	Km
Hohoe-Gbi Wegbe	5.6	Km
Gbi Wegbe-Andokope	8	Km
Andokope-Golokwati	6.8	Km
Golokwati-Biakpa	23.7	Km
Biakpa-Dzolokuita	5.2	Km
Dzolokuita-Avenha	4.7	Km
Avenha-Wegbe	9.8	Km
Wegbe-Ho	12.8	Km
<b>TOTAL DISTANCE</b>	<b>584.5</b>	<b>Km</b>

This implies that the fiber optic network will cover approximately 584.5 km. The area covered by the proposed project is shown in dotted lines in the map of Ghana below:-

