

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

**REPORT OF THE FINANCE COMMITTEE  
ON A LOAN AGREEMENT OF NLG19,592,242.07  
(APPROXIMATELY US\$10 MILLION)  
BETWEEN THE GOVERNMENT OF GHANA AND THE  
ABN AMRO BANK N.V. OF AMSTEREDAM TO PART FINANCE  
THE TECHNICAL / VOCATIONAL EDUCATION AND  
TRAINING (VOTEC) RESOURCE CENTRES PROJECT**

**1.0 INTRODUCTION**

The above Loan Agreement was laid in the House pursuant to Article 181 of the Constitution on Tuesday 19<sup>th</sup> October, 1999 and referred to the Finance Committee in accordance with Order No. 171 (I) of the Standing Orders for consideration and report.

The Committee met with the Minister of Education, Hon Spio Garbrah, his Deputy Hon. Kwabena Kyere, their technical team and the Loan Desk Officer from the Ministry of Finance to examine the Agreement and reports as follows:

## 2.0 BACKGROUND INFORMATION

The VOTEC Resource Centres Project constitutes a major component of the Education Reform Programme. It seeks to strengthen twenty (20) existing Technical / Vocational Institutes, including some Senior Secondary / Technical Schools to operate as resource centres, two (2) in each region with the aim of providing the desired practical, focused and competency-based training in mechanical engineering; woodworking, joinery and building construction; electrical and electronics; and automotive engineering.

Hon. Members would recall that the government has already taken action on the construction of at least one Science Resource Centre in each of the 110 districts of the country as a measure to strengthen the Science Education component of the Education Reform Programme.

## 2.0 PURPOSE OF THE LOAN

The purpose of the Loan under consideration is to finance about 49.5% of the total cost of the establishment of twenty (20) Technical / Vocational Education and Training (VOTEC) Resource Centres in the country. It is meant to cover aspects of the following components:

- Supply and installation of equipment and materials;
- Technical assistance, including consultancy;
- Staff development, including in-country training and

- overseas fellowships for Ghanaian personnel;
- In-land handling of equipment, tools and materials;
- Installation, maintenance and repair of equipment supplied;  
and
- Internal rehabilitation of existing workshops and classrooms  
of selected centres.

#### **4.0 OBJECTIVES OF THE PROJECT**

The VOTEC Resource Centres Project has the following key objectives:

- (i) To serve as training centres to supplement existing facilities in Technical / Vocational Education and Training Institutions and give ample opportunity to practical work, using modern facilities and techniques;
- (ii) To provide training for students in institutions, both public and private without well-equipped workshops;
- (iii) To enhance the orientation of students towards self-employment, by imparting entrepreneurial skills to them;  
and
- (iv) To serve as venues for students to engage in project work and development.

**5.0 TERMS AND CONDITIONS OF THE LOAN**

- Loan Amount - NLG19,592,247.07
- Interest Rate - 5.95% per annum
- Repayment Period - 7 years in 14 consecutive equal semi-annual instalments.
- First Payment - 3 months after the first drawn down but Not later than May 1, 2000.
- Management Fee - 0.375% flat, calculated on the loan amount and payable within 30 days from the date of the signing of the loan agreement.
- Commitment Fee - 0.5% per annum, to be calculated from day to day on the undrawn amount of the loan and payable in arrears on an actual 360 days basis.
- Taxes - All payments are to be made free and clear of any present and future taxes, levies or withholdings of whatsoever nature.

## 6.0 OBSERVATIONS

### 6.1 Financing Plan / Agreement

The Committee observed that the total cost of the project is estimated at NLG39,580,287.00 (approximately US\$20 million) and would be financed from the following sources:

- Dutch Government ORET, Non-refundable Grant-aid of NLG17,811,129.15 representing 45% of the total project cost;
- The ABN Amro Loan under consideration, representing 49.5% of the total project cost; and
- Government of Ghana contribution of NLG2,176,915.78 representing 5.5% of the total project cost.

The Committee also observed that the project is divided into three (3) main phases 'I', 'II' and 'III' and has the following financial plan:

	<u>Dutch Gov't Grant</u>	<u>ABN AMRO LOAN</u>	<u>GOG</u>
Phases. I:	NLG6,233,895.20	NLG6,857,284.72	NLG761,920.53
“ II:	NLG7,124,451.66	NLG7,836,896.84	NLG870,766.30
“ III:	NLG4,452,782.29	NLG4,898,060.51	NLG544,228.95
<b>Total</b>	<b><u>NLG17,811,129.05</u></b>	<b><u>NLG19,592,242.07</u></b>	<b><u>NLG2,176,912.78</u></b>

## 6.2 Beneficiary Institutions

The benefiting institutions under the three (3) phases of the project are:

- Phase I -
1. Accra Technical Training Centre
  2. Kumasi Technical Institute, Kumasi
  3. Kpando technical Institute, Kpando
  4. Cape Coast Technical Institute, Cape Coast
  5. Kikam Technical Institute, Kikam
  6. Bolgatanga Technical Institute, Bolga.
  7. Wa Technical Institute, Wa.
- Phase II -
1. Twene Amafo Senior Secondary and Technical School, Sunyani
  2. Koforidua Technical Institute
  3. Dagbokpa Technical Institute, Tamale
  4. Abetifi Technical Institute, Abetifi
  5. Ada Technical Institute, Ada
  6. Anloga Technical Institute, Anloga
  7. St. Joseph Technical Institute, Saboba
  8. Bawku Technical Institute, Bawku

- Phase III -
1. Asuansi Technical Institute, Asuansi
  2. Nkoranza Senior Secodnary (Technical) School, Nkoranza.
  3. Asankragua Senior Secondary Technical School, Asankragua
  4. Obuasi Senior Secondary (Technical) School, Obuasi.
  5. Breman Senior Secondary (Technical) School, Breman, Upper West

### **6.3 Project Implementation**

The Committee was informed that the project would be implemented jointly on behalf of the Ghana Government, by the Ministry of Education, and on behalf of the Netherlands Government, by TNW Export BV of the Netherlands.

### **6.4 Waiver**

The Committee noted that under the loan agreement the Government is expected to grant a tax waiver on some project materials, equipment, tools and vehicles contained in the project document.

The Committee however observed that most of the education materials already enjoy exemption under Value Added Tax Act, 1998, Act 546, Section 16. (Schedule 1, Item No.11) except those listed in Appendix II.

### **6.5 Regional Balance**

The Committee also noted that the selection of the Technical / Vocational institutes for the project took cognizance of regional balance.

### **6.6 Counterpart Funding**

The Committee noted that the Government's contribution towards the project is 5.5% amounting to US\$2.8 billion has been provided for under the Medium Term Expenditure Framework (MTEF) 1999 - 2001.

### **6.7 Rehabilitation**

Under the project, the cost of rehabilitation in the ten (10) centres as quantified by the Ministry of Education was estimated to be ₦6 billion at approximately ₦600 million per centre. These costs were to be off-loaded to the District Assemblies however the Committee is of the view that it would be burdensome for the districts to bear this expenses alone and suggested that the amount be borne partly by the Government (80%) and the beneficiary districts (20%) so as not to disorganize the District Assemblies priority settings. This was agreed to by the Ministry of Education. The breakdown is attached as (Appendix I).



## **7.0 CONCLUSION AND RECOMMENDATION**

It is the view of the Committee that the project if well executed will go a long way to provide the increasing numbers of JSS students graduating from our basic level with technical skills through practical training and well-equipped workshops.

The Committee recommends that in order not to delay implementation of the project, every effort must be made by the Government for early release of its counterpart fund contribution, whilst beneficiary District Assemblies provide for their portion in the next budget.

The Committee is satisfied with the provisions of the agreement, and recommends for approval by a resolution:

- (a) The commercial loan agreement of **NLG 19,592,242.07** between the Government of Ghana and ABN-AMRO Bank NV of Amsterdam, the Netherlands to part-finance the Technical / Vocational Education and Training (VOTEC) Resource Centres Project in accordance with Article 181 of the Constitution and Section 7 of the Loans Act 1970 (Act 335).
- (b) Tax exemptions for the list of Equipment, Vehicles and Logistics attached as (Appendix II) in accordance with Article 174 (2) of the Constitution.



Respectfully submitted.

**HON. CDRE S.G. OBIMPEH (RTD)  
CHAIRMAN**

**ASANTE AMOAKO-ATTA  
CLERK TO THE COMMITTEE**

19<sup>th</sup> NOVEMBER, 1999

APPENDIX I

**ANALYSIS OF COST OF REHABILITATION AND CONSTRUCTION OF WORKSHOP AND CLASSROOM BLOCKS  
AT VARIOUS VOTEC RESOURCE CENTRES**

NO.	VOTEC CENTRE	REHABILITATION ₹M	CONSTRUCTION		TOTAL ₹M	80% GOG CONTRIBUTION ₹M	20% BENEFICIARY CONTRIBUTION ₹M
			WORKSHOP ₹M	CLASSROOM ₹M			
1	Accra Tech. Training Centre	48	390	-	438	350	88
2	Kumasi Tech. Institute	182	-	266	448	358	90
3	Twene Amanfo Sec. Tech. Sch.	205	90	266	561	449	112
4	Dabokpa Vocational Inst.	-	496	266	762	610	152
5	Wa Tech. Institute	132	243	266	641	513	128
6	Bolga Tech. Institute	-	639	266	905	724	181
7	Cape Coast Tech. Institute	99	140	-	239	191	48
8	Kikam Tech. Institute	527	128	-	655	524	131
9	Kpando Tech. Institute	218	-	-	218	174	44
10	AdaTech. Institute	-	642	266	908	726	182
11	Obuasi Sec./Tech. School	48	336	266	650	520	130
12	Nkoranza Sec./Tech School	83	294	266	643	514	129
13	St. Joseph Tech. Institute	91	312	266	669	535	134
14	Eremon Sec./Tech School	22	491	266	779	623	156
15	Koforidua Tech. Institute	-	452	266	718	574	144
16	Bawku Tech. Institute	127	146	-	273	218	55
17	Asuansi Tech. Institute	158	-	266	424	339	85
18	Asankragua Sec./Tech. School	-	726	266	992	794	198
19	Anlo Tech. Institute	64	466	-	530	424	106
20	Abetifi Tech. Institute	117	101	-	218	174	44
<b>TOTALS</b>		2,121	6,092	3,458	11,671	9,337	2,334
<b>CONSULTANCY CHARGE 8%</b>					934		
<b>GRAND TOTAL</b>					<b>₹12,605M</b>		

APPENDIX II

**COST OF EQUIPMENT & TOOLS FOR TWENTY  
(20) VOTEC RESOURCE CENTRES PROJECT**

**A. TRAINING EQUIPMENT AND TOOLS**

	<u>NLG</u>		<u>USD/\$</u>
Contract No. 1210 for seven (7) Centres	11,221,126.00		
Contract No. 1215 for eight (8) Centres	13,265,236.80		
Contract No. 1220 for twenty (5) Centres	8,290,773.00		
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TOTAL FOR TWENTY (20) CENTRES	32,777,135.80	<u>₦</u>	<b>\$15,245,180.00</b>
	(@2.15/US\$)		
	(₦3000/US\$)	<u>₦</u>	<b>₦45,735,540,000.00</b>

**B. VEHICLES FOR VOTEC PROJECT**

4	4 X 4 Double Cabin pick-Ups	@ ₦	\$25,000.00	100,000.00
2	4 x 4 Track Vehicle	@ ₦	40,000.00	80,000.00
1	Saloon Car (1.6Lt)	@ ₦	\$16,000	16,000.00
1	Saloon Car (2-3 Lt)	@ ₦	\$30,000	30,000.00
			SUB-TOTAL	----- <b>\$226,000.00</b>

**C. OFFICE EQUIPMENT**

24	Computers )			
	) with accessories	@ ₦	\$4,000.00	\$96,000.00
24	Printers )			
	Audio/Visual Equipment	@ ₦		\$50,000.00
	Office Furniture including Chairs Desks, Fitting Cabinets, Airconditioners, etc			\$106,000.00
	Radio Communication Equipment for the Vehicles and Office (5 vehicles, Headoffice Installation)			
	PABX for Main Office	@	\$25,000.00	
			SUB-TOTAL	----- <b>\$277,000.00</b>
			GRAND TOTAL	<b>\$15,748,180.00</b>
		<u>₦</u>		<b>₦47,244,540,000.00</b>