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

**REPORT OF THE FINANCE COMMITTEE
ON AN AMENDMENT AGREEMENT NO. 1 -
INCREASE IN THE LOAN AMOUNT BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF GHANA AND THE
SWEDISH DEVELOPMENT AGENCY (SIDA) THROUGH
NORDBANKEN OF SWEDEN BY SEK 19,200,000
(US\$2.8 MILLION FOR ELECTRIFICATION IN THE
GREATER ACCRA AND VOLTA REGIONS**

1.0 INTRODUCTION

The above Loan Agreement was laid in the House on 26th October, 1999 in accordance with Article 181 of the Constitution and referred to the Finance Committee for consideration and report pursuant to Order No. 171 of the Standing Orders.

The Committee met and examined the Agreement with the Deputy Minister of Mines and Energy, Hon. Simon Abingya and his technical staff and hereby reports as follows:

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2.0 BACKGROUND

The "Electrification in the Greater Accra and Volta Regions" falls in line with the National Electrification Scheme (NES) which is a Government policy aimed at providing electricity to all towns and villages in the country over a 30 year period between 1990 - 2020.

The House would recall that on Friday, 1st November, 1996 by a resolution approved a loan of SEK 63,500,000 (US\$9.5 million) between the Government of Ghana and the Swedish International Development Agency (SIDA) to provide electricity to seventy (70) communities in the Greater Accra and Volta Regions.

This Amendment Agreement provides for the financing of an expansion of the aforementioned project. The loan of SEK 19,200,000 (US\$2.8 million) the subject under consideration covers the provision of electricity supply to thirty-eight (38) additional towns (Appendix I) in the same project areas within the two regions.

3.0 PURPOSE

The purpose of this amendment Agreement No. I as already stated seeks to increase the Principal Loan amount by an amount of SEK 19,200,000 (US\$2.8 million) to cover the foreign costs of electricity to thirty-eight (38) additional towns in the same project areas.

4.0 TERMS AND CONDITIONS OF THE LOAN

The terms and conditions of the amendment loan agreement under consideration are the same as those of the principal agreement.

- (i) Loan Amount - SEK 19,200,000 (US\$2.8 million)
- (ii) Interest Rate - Zero percent (0%) per annum
- (iii) Grace Period - The Grace period comprises the earlier of the following two dates:
 - (i) The date falling 4 years after the last taking over certificate of works financed hereunder; or
 - (ii) 31st March, 2005.
- (iv) Repayment Period - 65 years, repayable by 13 equal semi-annual instalments
- (v) Management Fee - 0.5% of the loan amount

- (vi) Commitment Fee - 0.25% per annum of the daily unutilized portion of the loan amount calculated from date of signature of the Agreement.
- (vii) Agency Fee - 0.25% per annum calculated on the loan amount from time to time outstanding.

5.0 OBSERVATIONS

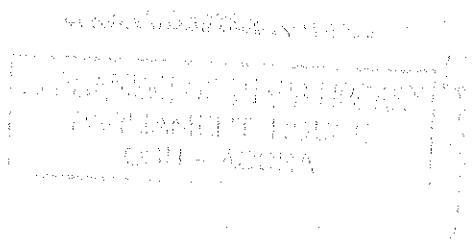
The Committee was informed that the principal project has been completed and is expected to be commissioned.

The Committee was also informed that technical feasibility of the expansion project and its attendant financial requirement of the foreign costs of providing electricity to the thirty-eight towns have been evaluated and confirmed by the Swedish International Development Agency (SIDA). The loan under consideration has a concessional rate of more than 35% as required by the Ministry of Finance.

- The Committee observed that under the amendment agreement, the principal loan amount of SEK 63,500,000 (US\$9.5 million) has been classified as Tranche 'A' for the purpose of funding the principal project and the increase amount of SEK 19,200,000 (US\$2.8 million) classified as Tranche 'B' for the purpose of funding the expansion project.

6.0 RECOMMENDATION

In view of the importance of Government attaches to the National Electrification Scheme (NES) and the favourable terms and conditions of the loan, the Committee recommends the approval by a resolution of Parliament in accordance with Article 181 of the Constitution and Section 7 of the Loans Act, 1970, Act 335, the Amendment Agreement No.1 - increase in the loan amount between the Government of the Republic of Ghana and the Swedish Development Agency (SIDA) through Nordbanken of Sweden by **SEK 19,200,000 (US\$2.8 million)** for electrification of 38 towns in Greater Accra and Volta Regions.



Respectfully submitted

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

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

16TH NOVEMBER, 1999

APPENDIX I

LIST OF 38 ADDITIONAL TOWNS BEING CONSIDERED UNDER THE PROPOSED EXTENSION WORKS

Greater Accra Region

Ga Rural District

1. Dantsera
2. Manhean
3. Afuaman
4. Amanfro
5. Saapeman
6. Pobiman
7. Nkuntunse
8. Medie
9. Hebron
10. Dodro

Volta Region.

Hohoe South

1. Tafi Abuipe
2. Nyagbo Konda
3. Fiape
4. Wli Todzi

Ho West

- | | |
|--------------------|-----------------------|
| 1. Klave | 18. Tokokoe Mote |
| 2. Hoe | 19. Tokokoe Agblengor |
| 3. Shia | 20. Nyive |
| 4. Dodome Awuiasu | 21. Lovudo |
| 5. Dodome Dogblome | 22. Takla Gbogame |
| 6. Avee Tokor | 23. Takla Tokor |
| 7. Avee Gbogame | 24. Kpenoe |
| 8. Lume Atsiame | |
| 9. Lume Ge | |
| 10. Kpodoave | |
| 11. Akoviepc | |
| 12. Hodzo Aviepe | |
| 13. Hodzo Hodzoga | |
| 14. Hodzo Atsiase | |
| 15. Hodzo Alavanyo | |
| 16. Atikpui | |
| 17. Tokokoc Akuadi | |