

IN THE THIRD SESSION OF THE FIRST PARLIAMENT  
OF THE FOURTH REPUBLIC OF GHANA

REPORT FROM THE JOINT COMMITTEE OF FINANCE AND  
MINES AND ENERGY ON 30 MILLION SUPPLIERS  
CREDIT FACILITY FOR SELF HELP  
ELECTRIFICATION PROJECTS

1.0 INTRODUCTION

Mr, Speaker,

Parliament is invited to consider and approve the terms and conditions of the following credit facilities the agreement of which was referred to the Joint Committee of Finance and Mines and Energy on Friday, 24th March, 1995 for consideration:

- a. A credit facility from the Government of India for an amount of US\$10.00 million and
- b. A credit facility from Compagnia Generale Construzioni, Italy for an amount of US\$20.00 million.

Mr. Speaker, the Committee met on Thursday, 23rd March and Friday, 28th March 1995 to consider the referral for the approval of the House.

2.0 BACKGROUND

A fundamental policy objective which has been pursued by the Ministry of Energy & Mines since the PNDC era is the National Electrification Scheme (NES), which aims at providing electricity to all communities within the country. The plan comprises six 5-year phases spanning 30-year period from 1991 to 2020, inclusive.

- 2.1 Mr. Speaker, the primary focus of the first phase of the NES is to extend the national power grid to all the 110 district capitals in the country under the District Capitals Electrification Project, (DCEP). The funds required to complete DCEP have already been approved by both Cabinet and Parliament and works associated with these projects are progressing according to the time schedule.
- 2.2 Mr. Speaker, a complementary activity to the NES is the SELF HELP ELECTRIFICATION PROGRAMME (SHEP) under which communities which are within 20km of the national electricity grid can bring forward their electrification projects by making material contributions in the form of low voltage poles for the township network and having a minimum of 30% of the houses within the community wired.

### **3.0 SELF HELP ELECTRIFICATION PROJECT (SHEP)**

- 3.1 Mr. Speaker, in 1990, the government obtained a loan facility of 50 million rupees from the Government of India for the importation of electrical materials from India to undertake the electrification of communities who qualified under SHEP at that time. The local funds required for this project were provided by the Government of Ghana and to date, a total of about 250 communities (out of the 600 communities who have been electrified under (SHEP) have benefitted from the Indian credit facility.

3.2 Mr. Speaker, in order to sustain the momentum of the self-help spirit of the various communities, the Ministry with the help of local consultants, have recently completed a national survey of all communities that have qualified for possible consideration to be connected to the national grid under the Government's Self Help Electrification Programme (SHEP-3). In all, about 1,400 communities were identified during the exercise as having qualified for electrification under the SHEP-3 project which is being proposed for implementation between 1995-1996.

The list of all the communities who qualify for electrification under SHEP-3 is in the memorandum submitted to Parliament. The detailed breakdown according to region is as follows:

<u>REGION</u>	<u>TOTAL NO. OF TOWNS</u>	<u>NO. OF PHASE ONE TOWNS</u>
Greater Accra	30	11
Central	60	23
Western	150	56
Volta	230	86
Eastern	90	34
Ashanti	320	120
Brong Ahafo	200	75
Northern	110	41
Upper East	120	45

Upper West	80	30
TOTAL	<u>1390</u>	<u>521</u>

**4.0 SUPPLIERS CREDIT FACILITY**

4.1 Concessionary funding to support the first phase of the SHEP-3 project is being sought from the Government of India and Compagnia Generale Costruzioni of Italy. An estimated foreign funding of about US\$30.00 million would be required for the implementation of this phase of the SHEP -3 project and the details of the source of funds are:

Donor Agencies

Amount (US\$million)

Government of India	10.00
Compagnia Generale Costruzioni, Italy	20.00
Total	30.00

**5.0 SHEP-3: PHASE ONE**

As indicated earlier, about 1400 communities have presently qualified for electrification under SHEP-3. An amount of US \$80.0 million is required to undertake the electrification of all the 1400 communities under SHEP-3. The Ministry therefore, intends to undertake the electrification of these 1400 communities in two phases with the **first phase** expected to cover about 525 communities.

**6.0 Terms And Conditions - Exim Bank Of India (India Govt.)**

- a. Credit Amount - US \$10.00 million
- b. Advance Payment - 10% of Credit Amount (US \$1.0 million)
- c. Interest Rate - 7.25% per annum

- d. Repayment Period - 5 years
- e. Grace period - 2 years
- f. Commitment charge - 0.5% p.a.
- g. Service charge - 0.5% p.a.
- h. Guarantee - Government of Ghana

(b) **Compagnia Generale Construzioni, Italy.**

- a. Credit amount - US \$20.00 million
- b. Interest Rate - 3.5%
- c. Repayment period - 8 years
- d. Grace period - 2 years
- e. Commitment fee - 0.5% p.a.
- f. Service charge - 0.5% p.a.
- g. Guarantee - To be provided through the London  
branch of the Ghana Commercial Bank.

**7.0 PURPOSE OF THE LOAN**

The credit facility of US \$30.0 million, is to be utilized to electrify these 525 communities earmarked for electrification under **Phase One of SHEP-3**. The remaining communities which would be electrified under the second phase of the programme is estimated at \$50 million. Mr. Speaker, the Committee was informed that the Ministry is presently working assiduously to finalize discussions with funding agencies to secure the funds required to under take the implementation of the second phase.

7.0 RECOMMENDATION

Mr. Speaker, in view of the numerous advantages to be derived from the rural electrification programme, the Committee wishes to recommend that the loan be approved in accordance with Article 181 of the Constitution and section 7 of the Loans act 1970 (Act 335).

Respectfully Submitted.




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