

**REPORT OF THE JOINT COMMITTEE ON  
FINANCE AND WORKS AND HOUSING**

**ON THE**

**CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF  
THE REPUBLIC OF GHANA AND FIDELITY BANK LIMITED  
FOR AN AMOUNT UP TO THE CEDI EQUIVALENT OF  
TWENTY-FOUR MILLION, FIVE HUNDRED THOUSAND  
UNITED STATES DOLLARS (US\$24.5 MILLION) AS  
ADDITIONAL FUNDING FOR THE COMPLETION OF THE  
CONVERSION OF THE STATE HOUSE (JOB 600) INTO  
OFFICES FOR MEMBERS OF PARLIAMENT IN RESPECT OF  
FURNITURE, FIXTURES AND FITTINGS AND ADDITIONAL  
CIVIL WORKS.**

17<sup>th</sup> September 2013

PARLIAMENT OF GHANA LIBRARY

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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 FIDELITY BANK LIMITED FOR AN AMOUNT UP TO THE CEDI**  
**EQUIVALENT OF TWENTY –FOUR MILLION, FIVE HUNDRED THOUSAND UNITED**  
**STATES DOLLARS (US \$24.50) AS ADDITIONAL FUNDING FOR THE COMPLETION**  
**OF THE CONVERSION OF THE STATE HOUSE (JOB 600) INTO OFFICES FOR**  
**MEMBERS OF PARLIAMENT IN RESPECT OF FURNITURE, FIXTURES AND FITTINGS**  
**AND ADDITIONAL CIVIL WORK.**

**1.0 INTRODUCTION**

The Credit Agreement between the Government of the Republic of Ghana and Fidelity Bank Limited for an amount up the Ghana Cedi Equivalent of Twenty-four Million, Five Hundred Thousand United States Dollars (US\$24,500,000.00) as additional funding for the completion of the conversion of the State House (Job 600) into offices for Members of Parliament in respect of furniture, fixture and fittings and additional civil works was presented to the House by the Hon. Minister of Finance Mr. Seth Terkper on Monday, 16<sup>th</sup> September, 2013 in accordance with Article 181 of the 1992 Constitution.

The Rt. Hon Speaker referred the request to the Joint Committee for consideration and report in accordance with Orders 169 and 180 of the Standing Orders of the House.

The Committee was assisted in its deliberations by the Hon. Minister of Finance, Mr. Seth E. Terkper, Hon. Minister of Water Resources, Works and Housing, Mr. Collins Dauda, the Hon Deputy Ministers of Finance and Works and Housing, Mr. George Kweku Ricketts-Hagan and Sampson Ahi, officials from the Ministries of Finance and Water Resources Works and Housing. The Committee is grateful to the Hon. Ministers, the Deputy Ministers and officials from the two Ministries for the assistance.

## **2.0 REFERENCE DOCUMENTS**

The Committee referred to the following additional documents during its deliberations on the Agreement:

1. The 1992 Constitution of the Republic of Ghana
2. The Standing Orders of the Parliament of Ghana
3. The loans Act,1970 (Act 335)

## **3.0 BACKGROUND**

Members of Parliament (MPs) for most part of the inception of Parliament have been performing their legislative duties without offices. Consequently, most MPs are compelled to use their motor vehicles as their offices. There are also inadequate rooms for parliamentary committee meetings. Parliament further lacks modern library facilities, a situation which has hampered research and access to quality information.

To correct this anomaly, the Budget and Economic Policy Statement of the government of Ghana for the 2007 financial year submitted to Parliament on November 19<sup>th</sup>, 2006 contained a proposal for securing funds to undertake the

construction and rehabilitation of parliamentary offices. The need for MPs to be provided with offices was further reiterated by his Excellency, the Late President Prof. John Evans Atta Mills in his first state of the nation Address to Parliament.

In furtherance to the objective of providing office accommodation for MPs, Government secured a loan facility of US\$25 million from the Social Security and National Insurance Trust (SSNIT) to execute the project to convert the Job 600 Tower Block into offices for Members of Parliament.

Due to expansion in the scope of works, it became necessary to source additional funding of US\$39 million to complete the project. The expansion in the scope of works included the increase in the number of offices from 200 to 252, provision of additional office space for research assistants and enhanced secretariat as well as a full back-up power system. A further amount of Eight Million, Four Hundred and Thirty-five Thousand, One hundred and Eighty-six Euros and Fifty-one Cents (8,435,186.51) was secured from the Government of Belgium through KBC Bank NV of Belgium for the supply and installation of electronics, information and technology systems in the Tower Block.

In spite of the above however, the facility is not ready for use by Hon. Members. It is against this background that this additional loan facility to finance the purchase and installation of furniture, fixtures and fittings and to complete outstanding civil works to make the offices ready for use by Members of Parliament has been presented for approval by Parliament.

#### **4.0 TERMS AND CONDITIONS**

Loan Amount	- Up to US\$24.5 million (Ghana Cedi Equivalent)
Interest Rate	- Fidelity Bank Base Rate (Currently 24.6%) p.a
Repayment period	- 48 months
Arrangement Fee	- 1.00% flat
Participation Fee	- 1.00% flat

#### **5.0 OBSERVATIONS AND RECOMMENDATIONS**

##### **5.1 Items to be acquired**

The committee observed that the amount being borrowed would be applied towards various items including additional civil works, furniture, vertical blinds, desktop computers and laptops for MPs, printers, photocopiers and scanners, projector screens, television sets, fridges, microwaves, electric kettles and crockery, mini sound systems, medical equipment for clinic, gymnasium equipment, auditorium seating, walls and ceiling.

The amount will also be applied to outstanding civil works including external cladding, correction to variation in base level of cladding, Project environmental safety studies, relocation of ECG high Tension Cables, Granite tiling to lift lobby and stair well, refuse chute, additional fire protection among others.

The Committee expressed reservation about the prices for some of the items. The Minister for Water Resources Works and Housing explained to the Committee that, the indicative prices of items to be procured were subjected to independent verification by Crown Agents to guarantee value for money. He

indicated that the prices still remain indicative as the actual cost will be determined when the tendering process is complete.

The Committee further learnt that to ensure value for money, the Parliamentary Service Board put in place an in-house Committee to review the original estimates that were presented to the previous Parliament. As a result, there has been some savings that will be used to pay for outstanding bills and other additional expenses accruing from additional works.

The Committee therefore recommends to the Ministries of Finance, Water Resources Works and Housing and the Parliamentary Service Board to further monitor the execution to ensure value for money.

## **5.2 Terms of the Facility**

The Committee expressed concern on the cost of the facility which stands at 24.6% (current base rate of Fidelity Bank). The Minister for Finance explains that the rate was based on the Bank of Ghana Policy rate and repayment would be based on the prevailing Base Rate. The Minister further stated that the facility is urgently needed to complete the project to improve the working environment for MPs and staff and also improve the facilities available to support the work of the House. The facility is however, not exposed to exchange rate fluctuations.

## **5.3 Addition Funding Required**

The committee was informed by the Minister for Water Resources, Works and Housing that the project would require an additional funding of US\$24.5 million

to complete the outstanding civil works and for furnishing. The breakdown was given as follows:

<b>Item</b>		<b>Amount (US\$)</b>
1. Additional Civil Works	-	6,735,641.61
2. Fees	-	1,542,238.74
3. VAT + NHIL	-	1,575,738.40
4. Furniture and Fittings (Out items)	-	10,000,000.00
5. Bank Charges	-	503,700.31
6. Contingency	-	4,142,680.94
<b>Total</b>	-	<b>24,500,000.00</b>

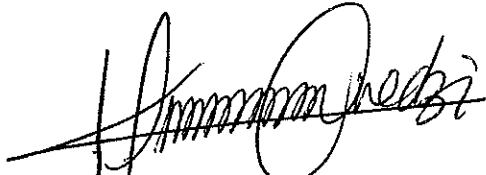
It was also indicated that contingency amount will be available to Parliament for Architectural adjustments to accommodate additional 23 offices for MPs and other contingencies that may arise as a result of movement of fixtures into the facility.

## **6.0 CONCLUSION**

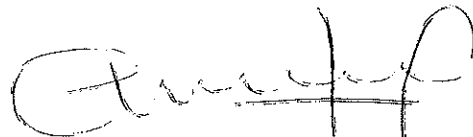
The Committee has carefully examined the Credit Agreement and concludes that it will be immensely beneficial to the work of Parliament. The Committee therefore recommends to the House to adopt this report and approve by Resolution, the Credit Agreement between the Government of the Republic of Ghana and Fidelity Bank Limited for an amount up the Ghana Cedi Equivalent of Twenty-four Million, Five Hundred Thousand United States Dollars (US\$24,500,000.00) additional funding for the completion of the conversion of the State House (Job 600) into offices for Members of Parliament in respect of

furniture, fixtures and fittings and additional civil works in accordance with article 181 of the Constitution and Section 7 of the Loans Act, 1970 (Act 335).

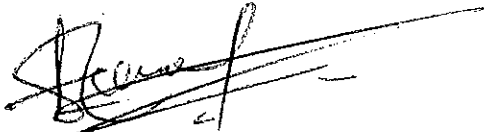
Respectfully Submitted.



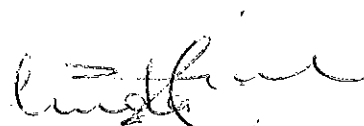
**HON. JAMES KLUTSE AVEDZI  
(CHAIRMAN, FINANCE COMMITTEE)**



**ROSEMARY ARTHUR SARKORDIE (MRS)  
(CLERK, FINANCE COMMITTEE)**



**HON. DAVID TETTEH ASSUMENG  
(CHAIRMAN, WORKS & HOUSING  
COMMITTEE)**



**LINDA GYEKYE BOADU (MRS)  
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COMMITTEE)**