

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

**REPORT OF THE FINANCE COMMITTEE ON THE REQUEST FOR  
WAIVER OF IMPORT DUTIES, IMPORT VAT AND OTHER  
RELATED IMPOSTS AND LEVIES AMOUNTING TO THE  
GHANA CEDI EQUIVALENT OF TWO MILLION, THREE  
HUNDRED AND TWO THOUSAND, FOUR HUNDRED AND  
SIXTY-NINE EUROS AND FIFTY-EIGHT CENTS  
(€2,302,469.58) ON EQUIPMENT AND MATERIALS TO BE  
IMPORTED FOR THE IMPLEMENTATION OF THE DANIDA  
FUNDED ENVIRONMENTAL MONITORING LABORATORY  
PROJECT AT THE UNIVERSITY OF MINES AND  
TECHNOLOGY AT TARKWA IN THE WESTERN REGION**

**1.0 INTRODUCTION**

The **Request for waiver of Import Duties, Import VAT and other related imposts and levies** *amounting to the Ghana Cedi equivalent of Two Million, Three Hundred and Two Thousand, Four Hundred and Sixty-Nine Euros and Fifty-Eight Cents (€2,302,469.58)* on equipment and materials to be imported for the implementation of the DANIDA-funded **Environmental Monitoring Laboratory Project at the University of Mines and Technology at Tarkwa in the Western Region** was laid in the House on 15<sup>th</sup> May, 2018 by the Honourable Minister responsible for Monitoring and Evaluation, Dr. Anthony Akoto Osei on behalf of the Minister for Finance.

Pursuant to Order 169 of the Standing Orders of the House, the Request was *referred* to the Finance Committee for consideration and report.

The Committee met and considered the Request with a Deputy Minister for Finance, Hon. Kwaku Agyeman Kwarteng and the Vice Chancellor of the University of Mines and Technology (UMaT), Professor J.S.Y. Kuma, as well as a team of officials from the Ministry of Finance, the Ghana Revenue Authority (GRA) and the University of Mines and Technology (UMaT) and hereby presents this report to the House pursuant to order 161(1) of the Standing Orders of the House.

## **2.0 BACKGROUND**

Ghana is currently facing a lot of environmental degradation, especially in areas or communities known for their mining activities.

The University of Mines and Technology (UMaT) is one of the main public tertiary educational institutions that produces graduates who are well versed in environmental related issues.

The Danish International Development Agency (DANIDA) in an attempt to help the nation tackle the worrisome environmental degradation that currently confronts her granted approval for the establishment of an Environmental Monitoring Laboratory at the

University of Mines and Technology under the Danish Tied Mixed Credits Programme (DTMCP).

The Environmental Monitoring Laboratory, when completed, would be used primarily for teaching and research purposes while the entire project is envisaged to help minimize significantly, the quantum of mining waste that are usually dumped on agricultural lands.

The Project also has the potential of reducing the level of cyanide holdings and also help to avert or ameliorate the emission of poisonous gases which negatively impact crop yields in the affected communities.

### **3.0 TOTAL WAIVER REQUESTED**

The total amount of taxes and duties for which waiver is being sought is the Ghana Cedi equivalent of *Two Million, Three Hundred and Two Thousand, Four Hundred and Sixty-Nine Euros and Fifty-Eight Cents (€2,302,469.58)*.

The breakdown is presented in the table below:

**Table 1** *Summary of taxes to be Waived*

Description	CIF €	I/D Rate	Import Duty	VAT	NHIL	ECOWAS Levy	EXIM	SIL	Total Euros	Total GHS
Imports	8,546,536	Various	450,266.69	1,349,520.47	224,920.07	42,732.68	64,099.02	170,930.72	2,302,469.58	11,941,758.48

Source: Ministry of Finance

## **OBSERVATIONS AND RECOMMENDATIONS**

### **Approval of Contract Agreement**

The Committee noted that Parliament at its Fourteenth Sitting of the Third Meeting held on Monday 31<sup>st</sup> October, 2016, approved by Resolution the Mixed Credit Facility Agreement between the Government of the Republic of Ghana (Borrower) and Nordea Bank Danmark A/S of Denmark (Lender) for an amount of up to Seven Million, Eight Hundred and Forty Thousand, Seven Hundred and Twenty-Three Euros (7,840,723.00) for the establishment of an Environmental Monitoring Laboratory at the University of Mines and Technology (UMaT) at Tarkwa.

### **Project Objectives**

The objectives for carrying out the Environmental Monitoring Laboratory Project are to provide the following services among others:

- Teaching and Research Facility for the University of Mines and Technology (UMaT) at Tarkwa and the establishment of a Safety and Environmental Engineering Department;
- Conducting consultancies for major mining companies as part of an extension service in water analysis, blast monitoring, rock and soil testing and provision of meteorological data; and
- Training of mining communities in environmental monitoring and allied services to forestall environmental degradation;

- Helping train the required manpower with the requisite knowledge and skills in applied research.

### **Need for Waiver**

The Committee noted that under Clause 11.1 of the Mixed Credit Agreement, the Government of Ghana committed itself to bear the cost of certain taxes and duties that may arise and are payable in Ghana in the course of implementing the project.

Consequently, it was explained to the Committee that the Government of Ghana is fully responsible for the component of the project financing cost covering taxes and other fiscal levies which may be imposed in the Republic of Ghana with respect to the supply and purchase of materials and equipment required for the execution of the project.

Furthermore, Clause 16.3 of the Contract Agreement between the University of Mines and Technology (UMaT), Tarkwa and DESMI Contracting A/S for the implementation of the project requires Government/UMaT to use its best endeavours to enable the Contractor to benefit from any tax exemptions, reductions, allowances or privileges that may be available to the maximum allowable extent.

### **Benefits of project**

The Committee observed that the project when implemented is expected to promote high value research for the benefit of the

mining industry. The project is also envisaged to provide services to help train mining communities in environmental monitoring and allied services to curb environmental degradation.

The project will further help to minimize the pollution of rivers through the reduction in cyanide spillages and thereby increase the opportunity for communities to use rivers for river-based livelihoods such as fishing and aqua culture.

The Project again aims at minimizing the degradation of forest reserves and their resultant adverse effect on rainfall patterns. This will help boost agricultural production, protect watersheds of important rivers and protect biodiversity.

### **On-Lending Agreement**

The Committee noted that by an Onlending Agreement signed variously on 24<sup>th</sup> September 2016 and 25<sup>th</sup> October 2016 between the University of Mines and Technology (UMaT) and the Ministry of Finance, the Ministry of Finance on-lent the project funds to the UMaT to be repaid in 20 instalments beginning 15<sup>th</sup> July 2018 and ending on 15<sup>th</sup> January 2028.

The Committee notes that the facility is primarily for teaching, learning and research and therefore Government should shoulder the responsibility for the repayment of the loan from Nordea instead of shifting it onto the shoulders of UMaT which is a

relatively small public university compared with the other public universities in Ghana.

The Committee recommends that the Ministry of Finance takes the necessary steps to have the Onlending Agreement rescinded so as to give the UMaT the opportunity to plough back any revenue that they may generate from the project into teaching, learning, research and advancement of knowledge.

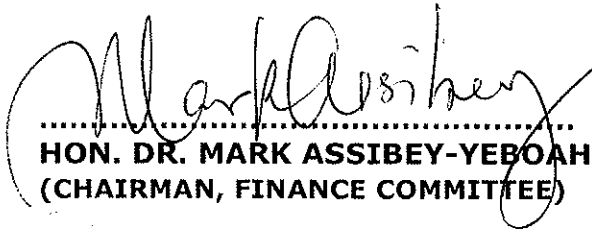
#### **4.0 CONCLUSION**


The Committee is satisfied that the request is in consonance with the Mixed Credit Facility Agreement between the Government of the Republic of Ghana (Borrower) and Nordea Bank Danmark A/S of Denmark (Lender) which was approved by this Honourable House for the implementation of the Environmental Monitoring Laboratory Project at UMaT.

The Committee therefore recommends to the House to adopt this report and *approve by resolution*, the **Request for waiver of Import Duties, Import VAT and other related imposts and levies amounting to the Ghana Cedi equivalent of *Two Million, Three Hundred and Two Thousand, Four Hundred and Sixty-Nine Euros and Fifty-Eight Cents (€2,302,469.58)*** on equipment and materials to be imported for the implementation of the DANIDA-funded **Environmental Monitoring Laboratory**

**Project at the University of Mines and Technology** at Tarkwa  
in the Western Region in accordance with article 174(2) of the 1992  
Constitution of the Republic of Ghana.

Respectfully submitted.

  
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**HON. DR. MARK ASSIBEY-YEBOAH**  
(CHAIRMAN, FINANCE COMMITTEE)

  
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**MS. EVELYN BREFO-BOATENG**  
(CLERK, FINANCE COMMITTEE)

**12<sup>TH</sup> JUNE, 2018**

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