

IN THE SECOND SESSION OF THE FIFTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA

**REPORT OF THE FINANCE COMMITTEE ON THE
EXPORT CREDIT FACILITY AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC
OF GHANA AND UNICREDIT BANK AUSTRIA AG
(BANK AUSTRIA CREDITANSTALT) FOR AN
AMOUNT OF €7,300,000.00 FOR THE SUPPLY OF
STEEL BRIDGE COMPONENTS FOR THE
CONSTRUCTION OF BRIDGES ON WA-WALEWALE
NETWORK OF ROADS AND TWIFO PRASO**

1.0 INTRODUCTION

The Export Credit Facility Agreement between the Government of the Republic of Ghana and Unicredit Bank Austria AG (Bank Austria Creditanstalt) for an amount of *seven million, three hundred thousand Euros (€7,300,000.00)* for the supply of steel bridge components for the construction of bridges on Wa-Walewale Network of Roads and Twifo Praso was laid in the House on Wednesday 10th November, 2010 and *referred* to the Finance Committee for consideration and report in accordance with article 181 of the Constitution and order no. 171(1) of the Standing Orders of the House.

The Committee met and considered the Agreement with the Deputy Minister of Finance and Economic Planning, Hon. Fifi Kwetey and technical teams from the Ministry of Finance & Economic Planning and presents this report.

2.0 BACKGROUND

Road structures such as pavement and wooden bridges are damaged in a number of rural areas making many roads impassable, especially during the rainy season. This has had adverse effects on rural development.

In line with Government's aim of reducing rural poverty and to generally enhance socio-economic development, a number of road infrastructure projects are being implemented to connect districts to municipalities and municipalities to metropolitan areas.

In the year 2008, the Austrian Government through Oesterreicische Kontrollbank AG (OEKB) granted a mixed credit facility of €7.0 million to the Government of Ghana for the supply of bridge components and construction of steel bridges on the Wa-Walewale route in the Upper West and Northern Regions of Ghana. The Rivers over which those bridges were constructed include Gyanwali, Kudage, Gongonwu (Tantali-Tuvuu), Gongonwu (Tuvuu-Izabisi) and Kulpawn. The contract came into force in October, 2009 on the signing of the Loan Agreement. The supply of the bridge components is almost completed.

The facility currently before the House is an extension of the above facility and would cover the construction of the **Mishuo Bridge** and **Twifo Praso Bridge** in the West Mamprusi District of the Northern Region and Twifo-Hemang Lower Denkyira District of the Central Region respectively.

3.0 PURPOSE OF THE FACILITY

The purpose of the Agreement is to obtain funds for the acquisition of steel bridge components for the construction of the Mishuo Bridge in the Northern Region and Twifo Praso Bridge in the Central Region.

4.0 TERMS AND CONDITIONS

The terms and conditions of the Credit Facility are as follows:

LOAN AMOUNT	-	€7,300,000.00
Grace Period	-	4 years
Repayment Period	-	12.5 years
Maturity Period	-	16.5 years

Interest Rate	-	0.40%
Commitment Fee	-	0.25%
Management Fee	-	0.50%
Grant Element	-	40.84%

5.0 OBSERVATIONS

The Committee observed that the loan covers only the steel components of the bridges and that the Government of Ghana would finance all sub-structure works and approach road networks.

The Committee further observed that the construction of the Mishuo Bridge will support the full utilization of the Wa-Walewale network of roads by providing an all weather safe road from Wa to Walewale.

The Committee noted that the Twifo Praso Bridge connects Cape Coast with Dunkwa, Ayamfuri, Awaso and the Sefwi area in the Western Region. These are heavy cocoa growing areas. They are also areas of mining activities and centers of wood industries. The Twifo Praso Bridge will therefore serve as a vital link between the Port of Takoradi and these economically important areas of the country.

On the size of the bridges, the Committee was informed that the Mishuo Bridge in the Northern Region would have a span of two hundred and ten meters (210m) whilst the Twifo Praso Bridge in the Central Region would have a span of one hundred and fifty meters (150m).

The Committee again observed that the Export Credit Facility covers only the steel components for the construction of the specified bridges. The Government of Ghana would therefore finance all sub-structure works and approach roads.

It was noted that the steel components would be supplied by Waagner Biro Stahlbau AG (WB) of Austria and that as a

condition precedent to the Credit Facility, a Supply Agreement has already been signed between the Ministry of Roads and Highways and the Company (WB).

The Committee further observed that the construction of the two bridges would help to remove traffic bottlenecks at those river crossings, improve the movement of goods and people, increase accessibility to hospitals, schools and socio-cultural facilities and generally contribute to economic development and poverty alleviation in the project areas.

On the duration of the project, the Committee was informed that the project is estimated to be completed within a period of twenty-four (24) months from the date of commencement.

5.1 TAXES

In accordance with article 6(4) of the Loan Agreement, the Government of Ghana (Borrower) shall be responsible for the payment of all taxes, duties, withholdings and other charges that may be applicable to the implementation of the projects to be financed from the loan facility.

The House is therefore called upon to approve the waiver of the relevant taxes and duties associated with the implementation of the project totaling €1,944,129.00

ATTACHMENT: Please find attached as APPENDIX, the official assessment of the relevant taxes and duties conducted by the Customs, Excise and Preventive Service (Customs Division of the Ghana Revenue Authority).

Members of the Committee expressed concern about the situation whereby equipment that are brought into the country tax-free for specific projects are sold or used for other projects upon the completion of the original project. The Committee advises Ministries, Departments and Agencies (MDAs) under whose purview projects are implemented to put in place strict monitoring mechanisms over such items so that at the completion of the projects, the items are either re-exported out of the country or the relevant taxes and duties paid on them.

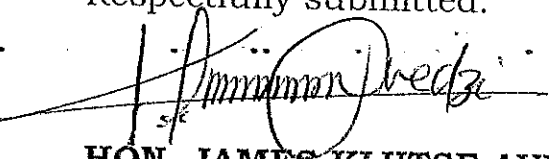
The Committee noted that there is a tax exemption/waiver policy being developed by the Ministry of Finance and Economic Planning. The Committee encourages the Ministry to expedite action on the said policy to help streamline the regime of tax exemption/waiver to ensure optimum collection of revenue for development.

6.0 CONCLUSION

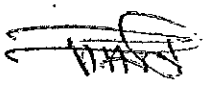
The Committee respectfully recommends to the House, in view of the foregoing observations, to adopt this report and *approve by Resolution*, the **Export Credit Facility Agreement** between the **Government of the Republic of Ghana** and **Unicredit Bank Austria AG (Bank Austria Creditanstalt)** for an amount of *seven million, three hundred thousand Euros (€7,300,000.00)* for the **supply of steel bridge components** for the construction of bridges on **Wa-Walewale Network of Roads** and **Twifo Praso** in accordance with article 181 of the Constitution, Sections 3 and 7 of the Loans Act, 1970 (Act 335) and the Standing Orders of the House.

Pursuant to article 174(2) of the Constitution, the Committee also recommends to the House to approve by Resolution, the **waiver of the relevant taxes and duties** totaling *one million, nine hundred and forty-four thousand, one hundred and twenty-nine Euros (€1,944,129.00)* on the equipment and materials for the implementation of the project.

Respectfully submitted.



HON. JAMES KLUTSE AVEDZI
CHAIRMAN



PEACE A. FIAWOYIFE (MS.)
CLERK

26TH NOVEMBER, 2010.

TAX ASSESSMENT FORM

1. IMPORTER/AGENT'S NAME & ADDRESS: GHANA HIGHWAY AUTHORITY
 2. INVOICE NO.: 3. TIN NO.: 4. FCVR NO.:
 5. AIRWAY BILL / BILL OF LADING NO.: 6. DECLARANT NO.: 7. EXCHANGE RATE:

Qty.	Description of Goods	CIF EURO	Tax Description															
			Imp. Duty		Imp. VAT		Imp. NHIL		ECOWAS Levy		EDIF		Insp. Fee		Processing Fee			
			Rate % (10)	Amount (11)	Rate % (12)	Amount (13)	Rate % (14)	Amount (15)	Rate % (16)	Amount (17)	Rate % (18)	Amount (19)	Rate % (20)	Amount (21)	Rate % (22)	Amount (23)	Rate % (24)	Amount (25)
	FOUR (04) UNITS NISSAN D/CABIN 4X4 P/UP	80,400	5%	4,020	12.5%	10,553	2.5%	2,111	0.5%	402	0.5%	402	1%	804	1%	804		

26. CERTIFICATE

This is to certify that the assessment given is true and correct.

Signature:
 Date: Importer/Agent's Name & Designation:

For Official Use

Assessment rechecked and found correct and complete.

26-07-10
 Date

Signature: [Signature]
 Officer's Name & Rank: ANDREW GLE
ASST COL

THE CUSTOMS AND EXCISE DEPARTMENT
 ACCRA

TAX ASSESSMENT FORM

1. IMPORTER/AGENT'S NAME & ADDRESS: GHANA HIGHWAY AUTHORITY
 2. INVOICE NO.: 3. TIN NO.: 4. FCVR NO.:
 5. AIRWAY BILL / BILL OF LADING NO.: 6. DECLARANT NO.: 7. EXCHANGE RATE:

Qty. (1)	Description of Goods (2)	CIF EURO	Tax Description														Processing Fee (25)		
			Imp. Duty		Imp. VAT		Imp. NH&L		ECOWAS Levy		EDIF		Insp. Fee		WITB/DUTY TAX				
			Rate % (10)	Amount (11)	Rate % (12)	Amount (13)	Rate % (14)	Amount (15)	Rate % (16)	Amount (17)	Rate % (18)	Amount (19)	Rate % (20)	Amount (21)	Rate % (22)	Amount (23)		Rate % (24)	Amount (25)
	ONE UNIT SCANIA CRANE LORRY AND ONE UNIT FORK LIFT	182,600	0%	1	0%	1	0%	1	0.5%	913	0.5%	913	1%	1,826	1%	1,826	1%	1,826	7304

25. CERTIFICATE

This is to certify that the assessment given is true and correct.

Date:

Signature:

Importer/Agent's Name & Designation:

For Official Use

Assessment rechecked and found correct and complete.

26-07-10
Date

THE COMMISSIONER
 GENERAL INCOME & PROFIT TAX
 21, 22, 23, 24
 ACCRA

Signature: *[Signature]*

Officer's Name & Rank: *Gideon Gwey*
Asst. Commr.

