

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

**REPORT OF THE FINANCE COMMITTEE ON THE EXPORT
CREDIT FACILITY OF NLG 9,958,000.00
(EQUIVALENT US\$4,611,466) BETWEEN THE GOVERNMENT
OF GHANA AND THE ING BANK OF NETHERLANDS FOR THE
WINNEBA WATER SUPPLY PROJECT**

1.0 INTRODUCTION

- The above-mentioned Agreements were laid in the House on Friday 2nd July, 1999) in accordance with Article 181 of the Constitution and referred to the Finance Committee pursuant to Order 171 (1) of the Standing Orders for consideration and report.
- The Committee met with the Deputy Minister of Works and Housing Hon. Alhaji Amadu Seidu, his technical staff, officers of MOF, GWSC and members of the Select Committee on Works and Housing to consider the contract documents and reports as follows:

2.0 BACKGROUND INFORMATION

Winneba Water Supply Rehabilitation and Expansion Project

- The Winneba Water Supply Project constitute a major component of the high priority National Water Resources Development Programme currently being pursued by the Government in its efforts to ensure regional and national development.
- The existing water supply system consists of two pumps, which deliver water through two raw water mains to a treatment plant located 3 km away.
- This water supply system which serves the Winneba township and the surrounding towns and villages is in a deplorable state.

Presently, the installed capacity of the system is 0.7 million gallons per day (MGD) with water production at 0.65 MGD. However in the dry season, there are water shortages, which require immediate attention.

The projected average daily water demand of the proposed water supply area in the year 2005 is 0.86 MGD with a peak daily demand of 1.03 MGD. It has therefore become necessary to expand the system capacity by 0.73 MGD in order to meet the peak daily water requirement by the year 2005.

3.0 PURPOSE OF THE CREDIT AGREEMENT

The Export Credit of NLG 9,958,000 (US\$4,611,466.00) is to be used exclusively to finance the replacement and the augmentation of the water supply system in the Winneba township and its surrounding areas with the ultimate aim of providing good drinking water to improve the living conditions of people in the area with particular reference to the new Winneba University College.

4.0 TERMS AND CONDITIONS

The Terms and conditions of the ING Bank Commercial loan are as follows:

| | | |
|-------------------------|---|--|
| Loan Amount | - | NLG 9,958,000 (approx. US \$4,611,466.00) |
| Interest Rate | - | 5.7% per annum |
| Repayment Period | - | 7 years in fourteen consecutive equal semi-annual instalments |
| First Payment | - | Six (6) months after the completion of project |
| Management Fee | - | 0.375% flat, calculated on the loan amount and payable within thirty (30) days from the date of the signing of the loan agreement |

Commitment Fee - **0.5% per annum to be calculated from day to day on the undrawn amount of the loan and payable quarterly in arrears on an actual 360 days basis.**

4.0 OBSERVATIONS

- **Water Source**

The Committee was informed that an assessment of the potential yield of the existing source, (River Ayensu) at Winneba, indicates that the yield from the catchment areas is above the existing intake and is adequate to meet the demand in the year 2005. It has however become necessary to provide raw water storage of 100,000 m³ in the weir or pond to cater for the people during the dry season.

- The Committee noted that the total project cost is estimated at approximately NLG 15,320,000 (US\$7,094,563) and is expected to be completed within thirty-six (36) months from the effective date of the contract. The project would be financed with a Dutch Government non-repayable (ORET) grant of NLG 5,362,000.00 and the ING Bank NV Commercial Loan of NLG 9,958,000.00 (US\$4,611,466).

- The Committee was informed that the management and commitment fees would be borne by the Dutch authorities in addition to the ORET grant and would therefore not be charged to the Government.
- The Committee noted that the Winneba loan agreement under consideration has an on-lend agreement between the Government of Ghana and the Ghana Water and Sewerage Corporation who is expected to meet the repayment schedules. The Committee also noted that under the contract the House is expected to exempt the contractor/sub-contractors from the payment of taxes and other fiscal levies prescribed in the loan agreement and the contract document in respect of materials, equipment and plant. Expatriate staff are also exempted from tax. In view of the above it was agreed that the Ministry of Works and Housing would provide the Committee with the on-lending agreement which was at its preparatory stage and also the following:

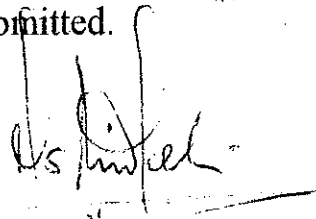
- **An itemised list of all materials, equipment and plant to be exempted.**
- **The total value of the taxes to be exempted.**
- **The total tax exemption of expatriate staff.**
- **Reasons for the exemptions**

5.0 **RECOMMENDATION AND CONCLUSION**

In view of the immense benefit to be derived from the Winneba project such as improving the water situation at Winneba and its environs and also increasing both economic and social activities within the township. The Committee recommends to the House the approval of the export credit facility of NLG 9,958,000 (equivalent US\$4,611,466) between the Government of Ghana and the ING Bank of Netherlands for the Winneba Water Supply Project in accordance with Article 181 of the 1992 Constitution Section 7 (Act 335) of the Loan Act 1970.

Respectfully submitted.

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU - ACCRA



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



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

14TH JULY, 1999