

**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 NLG8,880,458.60 (EQUIVALENT  
US\$4,440,229.30 BETWEEN THE REPUBLIC OF GHANA AND  
ABN AMBRO BANK NV OF NETHERLANDS TO FINANCE THE  
VOLTA LAKE DEBRE REMOVAL AND MAINTENANCE  
DREDGING WORKS**

**1.0 INTRODUCTION**

The above Export Credit Facility was laid in the House on Wednesday 20<sup>th</sup> October, 1999 in accordance with Article 181 of the Constitution and referred to the Finance Committee for consideration and report pursuant to Standing Order 171 (1).

The Committee met with the Deputy Minister of Roads and Transport Hon. Mike Hammah his technical team, and officials of VRA and reports as follows:

## 2.0 BACKGROUND INFORMATION

Following the creation of the Volta Lake in the early 1960s, the Government of Ghana endeavoured to provide facilities that would promote commercial inland water travel for the movement of goods and services to enhance socio-economic activities within the lake influence area.

The Volta Lake Transport Company (VLTC) was subsequently formed in 1970 to augment and enhance transportation on the Volta Lake. The entry of the VLTC onto the scene to a large extent, manifested in improved commercial transportation on the lake. Cargo transport and passengers increased significantly and safety on the lake has also improved considerably without obstructions by submerged tree stumps. VLTC for sometime continuously began providing cross-lake services by ferrying passengers and cargo between marketing centres along the lake. However, in recent times due to inadequate rainfall, coupled with other ecological factors, the water level of the Volta Lake started to decrease particularly in the dry season, when the water level falls below the Volta River Authority's (VRA's) minimum operating level. This adversity has

affected the all season commercial navigation of the north-south services as a result of the exposure of rocky and sandy materials around Debre which is 32 km down stream off the port at Buipe. This has also affected the economic activities in areas along the lake corridor. Consequently, operations and revenue projections of VLTC have become affected resulting in heavy loss over the past years.

### **Project**

The project covers the purchase of dredging equipment related materials, supervision, assembling, installation, removals of Debre shoals in the Volta Lake, maintenance, repair and training of local personnel.

### **3.0 PURPOSE OF LOAN**

The Export Credit Facility of NLG 8,880,458.60 (equivalent US\$4,440,229.30) would be used to finance the project as already stated to enhance uninterrupted service from Debre to Buipe on the lake.

### **4.0 TERMS AND CONDITIONS OF LOAN**

Loan Amount	-	NLG8,880,458.60 equivalent US\$4,440,229.30)
Interest Rate	-	6.5% per annum
Repayment Period	-	7 years in fourteen (14 equal consecutive semi-annual instalments)

First Payment	-	Six (6) months after disbursement of the amount payable under the letter of credit has taken place but not later than June 1, 2000.
Management Fee	-	0.375% flat, calculated on the loan amount and payable within thirty (30) days from the date the loan agreement was signed.
Commitment Fee	-	0.5% per annum to be calculated from the day to day on the withdrawn amount of the loan and payable quarterly in arrears from the date of acceptance of this offer.

Management and commitment fees will be paid by the Dutch authorities on top of the ORET Grant and will not be charged to the Government.

## **5.0 OBSERVATIONS**

The Committee made the following observations:

### **5.1 FINANCING PLAN / AGREEMENTS**

The total cost of the project is estimated at NLG14,800,858.60 (US\$7,400,429.30) and the financing package is as follows:

- (i) Dutch Government (ORET) Grant - NLG5,920,400.00  
(40% of project cost) (US\$2,960,200.00)
  
- (ii) ABN AMBRO Bank Commercial Loan - NLG8,880,458.60  
(60% of the project cost) (US\$4,440,229.30)

The Committee noted that the annual maintenance and dredging cost of approximately NLG 2.4 million (not included in the project) would be borne by VRA.

**5.2** The Committee noted that the removal of the Debre shoals would have tremendous impact on the lake transportation with its attendant socio-economic benefits. For example, it would enhance safe navigation on the lake even if there is a drop below the minimum water level around the Buipe area. Secondly it would create efficient fairways with the removal of submerged trees to create safe access to landing stages along the lakeshore thus reducing accidents and saving lives and property.

**5.3** The Committee also noted that cargo transportation, especially fuel from the South would be regular and unimpeded throughout the year to optimise the use of Tank Farm Facilities provided for transportation of fuel. Also, economic and financial development in the lake influence area would be enhanced.

5.4 The Committee again noted that the Loan is to be On-lent by the Government to VRA and that VRA staff will be trained under the contract agreement for the maintenance and operation of the equipment after the project period. The on-lending agreement was made available to the Committee .

5.5 The project which involves the dredging from the confluence of the Black and White Volta to the Buipe Port is estimated to be completed within 18 months.

5.6 The Committee noted that under the general conditions of the contract documents the Government is expected to grant a tax waiver on the Dredging Equipment and other materials for the project.

The total tax amount to be exempted on materials / equipment is NLG11,669,995.70 (Approx. US\$5,834,997.85). Also to be exempted are the income of services by expatriates on the project estimated at 538,500 DFL (US\$256,295.42) for the contractor (Dutch Maritime Management International) and DM196,325 (US\$105,494.35) for the consultant.

The total duty (Import duty - 25%) and VAT - 10%) amounts to approximately ₵8.4 billion comprising ₵5.6 billion Import duty and ₵2.8 billion VAT.

## 6.0 RECOMMENDATION

The Committee recommends to the House the approval of the following:

- (i) Export Credit facility of NLG8,880,458.60 (US\$4,440,229.30) between the Government of Ghana and ABN AMBRO Bank NV of the Netherlands to finance the Volta Lake Debre Shoals Removal and Maintenance Dredging Works in accordance with Article 181 of the Constitution and Section 7 of the Loans Act 1970 (Act 335).
- (ii) Tax exemption amounting to approximately ₵8.4 billion on the equipment and materials as attached (Appendix A) in accordance with Article 174(2) of the Constitution.

Respectfully submitted.

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

ASANTE AMOAKO-ATTA  
CLERK TO THE COMMITTEE  
29<sup>TH</sup> NOVEMBER, 1999

**APPENDIX 'A'**

**VOLTA LAKE DEBRE SHOALS DREDGING PROJECT:  
LIST OF MATERIAL/EQUIPMENT TO BE TAX EXEMPT**

Item	Description	Selling Price (DFI)
1	One Dipperdredger "Black Volta"	
1.1	Pontoon with spuds	1,540,000.00
1.2	Backhoe Liebherr 974B	1,140,033.40
1.3	Montabert Rockbreaking Equipment	247,868.50
1.4	IHC Position Monitoring Equipment	356,504.50
1.5	Deckhouse	110,000.00
1.6	Workshop	330,000.00
1.7	Schottel	137,500.00
1.8	Extra Grab	40,425.00
2.1	One Multipurpose Push/Tugboat "Volta 2"	3,152,050.00
2.2	One One Knuckleboom Crane	182,600.00
3.1	Two Flattop-barges "Debre 1" and "Debre 2"	1,397,000.00
3.2	2 Barge Grab Cranes	476,432.00
4	One Survey Launch "Volta 1"	880,000.00
5	One Crew Launch "Akosombo"	246,852.10
6	One Hoouseboat "Buipe"	1,131,076.10
7	Contigencies, including:	
7.1	Survey Equipment	110,269.50
7.2	Communication Equipment	35,200.00
7.3	Two Toyota Land Cruisers	110,864.60
7.4	Reversed Osmosis Plant	45,320.00
<b>TOTAL VALUE</b>		<b>11,669,995.70</b>