

IN THE THIRD SESSION OF THE EIGHTH PARLIAMENT OF THE  
FOURTH REPUBLIC OF GHANA



REPORT OF THE FINANCE COMMITTEE ON THE ADDITIONAL  
FINANCING AGREEMENT BETWEEN THE GOVERNMENT OF THE  
REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE)  
AND THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) OF THE  
WORLD BANK GROUP FOR AN AMOUNT OF ONE HUNDRED AND  
FIFTY MILLION UNITED STATES DOLLARS (US\$150,000,000.00) TO  
FINANCE THE ONGOING GREATER ACCRA RESILIENT AND  
INTEGRATED DEVELOPMENT (GARID) PROJECT

1.0. INTRODUCTION

The Additional Financing Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and the International Development Association (IDA) of the World Bank Group for an amount of One Hundred and Fifty Million United States Dollars (US\$150,000,000.00) to finance the Greater Accra Resilient and Integrated Development (GARID) Project was presented to the House on Monday 4<sup>th</sup> December, 2023 in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.

Pursuant to Article 103 of the Constitution and Orders 169 and 171(1) of the Standing Orders of the House, the Agreement was referred to the Finance Committee for consideration and report.

The Committee subsequently met and considered the Agreement with the Hon. Deputy Minister for Finance, Mrs. Abena Osei Asare and officials from the

Ministries of Finance and Works and Housing. The Committee hereby presents this report to the House pursuant to Oder 161(1) of the Standing Orders.

## **2.0. REFERENCES**

The Committee referred to and was guided by the following documents inter alia during its deliberations on the Agreement:

- i. The 1992 Constitution of the Republic of Ghana
- ii. The Standing Orders of the Parliament of Ghana
- iii. The Public Financial Management Act, 2016 (Act 921)

## **3.0. BACKGROUND**

In the aftermath of the June 3, 2015 floods, there was renewed commitment by Government and all key Stakeholders to prioritize issues that are crucial for resilient urban development and flood mitigation. The commitment to reduce the vulnerability of people, livelihoods, property and the economy at large to flood-related risks led to the development of the Greater Accra Spatial Development Framework (2017-2037) and the City Strength Diagnosis (2017). These documents provided a clear strategic direction for resilient urban development within the Greater Accra Region (GAR).

The flooding in GAR is usually severe along the Odaw River Basin due to the impact of Climate Change, poor solid waste management, informal settlements, low income and zongo communities along the banks of the Odaw River. The flooding situation along the Odaw River Basin is further exacerbated by Weak Integrated Planning and Coordination among Metropolitan, Municipal, and District Assemblies (MMDAs) in the project area.

To address these challenges, the government of Ghana among other interventions initiated the GARID Project in 2020 with a financing of US\$200 million from the Bank. However, in the heat of the COVID-19 pandemic, an amount of US\$65 million was reallocated to finance COVID related expenses. Additionally, the original financing does not include compensation for affected persons. This additional financing has therefore become necessary to reinsure the US\$65 million and to make funds available for the payment of compensation to affected person.

#### **4.0. JUSTIFICATION FOR GOVERNMENT'S ACTION**

The GARID project is in line with Government's vision of improving flood risk and solid waste management in the GAR. The flooding events in the past decades have led to the loss of hundreds of lives and caused major damage to properties and livelihoods. The project will mitigate the impact of floods on families, businesses and offices located in flood prone areas along the Odaw channel in Accra, thereby enhancing economic and social development of the area.

The Solid waste management, which has been a major sanitation hurdle for Government, will be improved under the project. About 500,000 people from low-income communities will benefit from solid waste collection and final disposal capacity improvements.

The indiscriminate dumping of refuse and the plastic waste menace will also be controlled resulting in the reduction of solid waste that ends up in the ocean. However, following the reallocation of the part of the funds to support the management of the COVID-19 pandemic and the need to pay compensation to affected persons there is the need to reimburse the project and to make additional funds available for the payment of compensation to allow for the commencement some essential components of the project.

#### **5.0. PROJECT OVERVIEW**

##### **5.1. Status of Original Financing**

The original financing for the GARID project has been disbursed and commitments amounting to US\$177 million (including US\$65 million used for COVID-19 related expenses) made on a number of projects as at August 2023 including:

**a) Component 1: Climate Resilient Drainage and Flood Mitigation Measures (US\$92m)** - This component is led by the Ministry of Works and Housing (MWH) and aims at developing sustainable capacity for flood risk management and mitigating the flood risk within the Odaw River Basin. Activities to be carried out include dredging and re-engineering of the Odaw channel and selected tributaries, construction of detention ponds as well as developing the capacity of agencies involved in hydro-meteorology (Ghana Hydrological Authority and the Ghana Meteorological Agency) in order to



additional management cost on the project. The Committee was informed that the delays are due to the inability of the project to pay compensation to affected persons to obtain the right of way for the commencement of major construction works under the project. The Committee was again, informed that, the original financing from the World Bank did not make provision for compensation.

The World Bank upon a request by the government however, has waived its rules and allocated for the payment of compensation as part of the request for additional financing. The Committee noted that an amount of US\$117 million out of the original facility of US\$200 million (including the US\$65 million reallocation for COVID related expenses) has been drawn down and committed, leaving US\$23 million uncommitted.

Management has also signed all the necessary contracts and contractors are expected to move to site in the coming weeks.

### **7.3. Justification for Additional Financing (AF)**

The Committee noted that Parliament approved the sum of US\$200 million for the implementation of the GARID project. However, the project is requesting additional funding of US\$150 million to enable the realization of the project objectives. The Hon. Deputy Minister for Finance explained to the Committee that the additional financing will be used to pay compensation for project affected person and to reimburse the project for amounts reallocated for the COVID response program. The Committee noted that the Additional Funding (AF) of **US\$150.0m** will finance the following GARID Projects:

- i. **The financing gap in Component 1:** The reallocation of US\$65m from Component 1 to fund the COVID - 19 Response Programme resulted in inadequate funds to support planned activities. The additional financing will reimburse the US\$65m make funds available to finance planned activities under the Component;
- ii. **Finance compensation to Project Affected Persons (PAPs):** The original financing did not budget for compensation for Project Affected Persons (PAPs) since it was against the Bank's policy, but Government requested a waiver to which the Bank agreed; and
- iii. **Cost overruns due to inflation and underestimation of costs of key infrastructure:** Cost estimates at appraisal were based on pre-feasibility

studies. However, preliminary and detailed engineering designs revealed much higher construction costs than anticipated for some of the key structural interventions.

#### **8.0. CONCLUSION**

The Committee having thoroughly examined the financing agreement for the Greater Accra Resilient and Integrated Development (GARID) Project is of the view that the implementation of the project would improve flood risk and solid waste management in the Odaw River Basin of the Greater Accra Region. The Project would also improve access to basic infrastructure and services in the targeted communities within the Odaw River Basin, as well as provide immediate and effective response to annual flooding of the Odaw Basin with its effects on life and property.

The Committee therefore recommends to the House to adopt its report and approve the **Additional Financing Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and the International Development Association (IDA) of the World Bank Group for an amount of One Hundred and Fifty Million United States Dollars (US\$150,000,000.00) to finance the Greater Accra Resilient and Integrated Development (GARID) Project** in accordance with article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



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**HON. KWAKU A. KWARTENG**  
**(CHAIRMAN, FINANCE COMMITTEE)**

PARLIAMENT OF GHANA LIBRARY  
PARLIAMENT HOUSE  
OSU - ACCRA



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**JOANA A.S. ADJEI (MRS)**  
**(CLERK TO THE COMMITTEE)**

20TH DECEMBER, 2023