

**JOINT MEMORANDUM TO PARLIAMENT**

**BY**

**HON. MINISTER FOR SANITATION AND WATER RESOURCES**

**AND**

**HON. MINISTER FOR FINANCE**

**FOR**

**THE APPROVAL OF A CONCESSIONAL LOAN AGREEMENT**

**BETWEEN THE GOVERNMENT OF GHANA**

**AND**

**UNICREDIT BANK AUSTRIA AG**

**FOR AN AMOUNT OF EUR 8,000,000.00**

**FOR**

**SERVICES FOR THE ENHANCEMENT OF THE GHANA WATER COMPANY LIMITED'S  
(GWCL) NATIONWIDE WATER NETWORK MANAGEMENT**

**20<sup>TH</sup> OCTOBER, 2017**

PARLIAMENT OF GHANA LIBRARY  
PARLIAMENT HOUSE  
OSU - ACCRA

## **1.0 Action Required**

Honourable Members are respectfully invited to consider and approve a concessional loan agreement between the Government of Ghana and the Unicredit Bank Austria AG for an amount of Eight Million Euros (EUR 8,000,000.00) for the execution of the Nationwide Water Network Management Project.

## **2.0 Background**

Geographic Information System (GIS) in Hydraulic Network Modeling (HNM) Technology is currently being employed by Ghana Water Company Limited (GWCL) to provide a geographic framework for managing the operations and customer care activities, and other GIS needs of the company. The GIS/HNM Department was therefore set-up in line with the aforementioned to develop and execute GIS-based programs according to Best Operating Practices to support various departments and units of the company. To reap the immense long-term benefit of GIS, continuous planning and management support is required to meet the tide of change associated with technology.

Rapid advancement in technology continues to exert its strong effect on GIS planning process both in hardware and software. Building and maintaining a GIS and Hydraulic Network Model is an investment which encompasses gathering and maintaining quality data, creating manageable workflows, providing supporting software and hardware, and user training and technical support. Effective management and control of this investment is an essential part of improving accountability, financial efficiency, risk management and relationships with users.

This proposal emphasizes on the establishment of a Geographic Information System (GIS) for some of the regional offices of GWCL as well as facilitates proper planning and maintenance of the systems, improvement of Revenue Collection, reduction in Non-Revenue water and Public Relation support of the company. The success of the GIS units within the three operational (3) regions of the company in the Greater Accra Region has called for the implementation of this project. This will be achieved through the use of modern georeferenced data base information technologies, which will additionally enhance the quality of the administration of the company, as well as water services delivery to the general public. We would acquire, or possibly develop digital maps of the regions and demographic data for this project in addition to all relevant hardware, software and training as detailed in the cost breakdown.

## **3.0 Scope of Works**

The works to be undertaken comprises of but not limited to the following:

- Design and Engineering
- Procurement of Softwares including AutoCad, ArcGis and Hydraulic Network Modelling

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- Procurement of Hardwares including GPS Receivers, GPS Base Stations, Pressure loggers, Ultra-sonic flow meters, Leak detection instruments, Pipe locating Instruments, Work station, AO Photogrammetric Scanner, Plotters, LAN Support, External Hard Disk and GPS devices
- Procurement of Data including Digital Maps and Satellite Images
- Procurement of Equipments and logistics including vehicles
- Procurement of the Services of a Supervising Engineer and Provision of Clients Monitoring Expenses
- Training of Staff in GIS, Leak detection, Hydraulic Network Modelling and Approximation of Non-Revenue Water Calculations
- Establishment of Local Area Network in all GWCL Regional Offices
- Pilot project in the creation of District Metering Areas (DMAs) in Accra

### 4.0 Project Outcomes

The implementation of the project will provide:

- v. Spatial data asset register of all the company's operational regions for engineering, planning and visual management references;
- vi. Relevant application based on the current needs of the company like the rationing program;
- vii. A tool to help the company to incorporate and optimize revenue billing and collection, which can be monitored centrally;
- viii. A system to help in the reduction of non-revenue water.

### 5.0 Financing Details

The total cost of the Project is to be financed through a concessional loan facility offered by UniCredit Bank Austria in the sum of EUR 8,000,000.00. The terms and conditions of the Credit Facility are as follows:

|                              |   |                      |
|------------------------------|---|----------------------|
| <b>Facility Amount</b>       | - | <b>EUR 8,000,000</b> |
| <b>Repayment Period</b>      | - | <b>13 years</b>      |
| <b>Graced Period</b>         | - | <b>8.75 years</b>    |
| <b>Maturity</b>              | - | <b>21.75 years</b>   |
| <b>Interest Rate</b>         | - | <b>0% per anum</b>   |
| <b>Default Interest Rate</b> | - | <b>2% per anum</b>   |
| <b>Commitment Fee</b>        | - | <b>0.5% per anum</b> |
| <b>Management Fee</b>        | - | <b>0.5% flat</b>     |
| <b>Handling Fee of OeKB</b>  | - | <b>0.018% flat</b>   |
| <b>GRANT ELEMENT</b>         | - | <b>52.33%</b>        |

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Goods and services to be procured with the loan facility shall be exempted from duties and taxes. Details of the total tax to be waived shall be presented to august House for consideration and approval.

**6.0 Project Duration**

The project is expected to be completed in 36 months after the commencement of work.

**7.0 Expected Benefits**

The objective for this phase of the project is to provide GWCL with a tool that will support the company;

- vi. To develop a plan for systematic measurement and reduction of non-revenue water within the service area;
- vii. To develop an area map for flow control and the effective management of districts to the walk and cycle level;
- viii. To locate the strategic assets, conditions of the assets, develop applications and remotely manage these assets;
- ix. To increase revenue collection and;
- x. To ensure sustainable potable water service delivery.

**8.0. Cabinet Approval:**

Cabinet at its seventeenth meeting held on Thursday, 28<sup>th</sup> September, 2017, gave approval for the Loan Agreement and has recommended same to the august House for consideration and approval.

**9.0 Conclusion**

Considering the potential benefits of the project in enhancing GWCL's NationWide Water Network Management within a 36-month period, , Honourable Members are therefore kindly invited to consider and approve the concessional loan agreement in the sum of EUR 8,000,000.00.



  
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**JOSEPH KOFI ADDA, (MP)**  
**MINISTER FOR SANITATION &**  
**WATER RESOURCES**

  
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**KEN OFORI-ATTA**  
**MINISTER FOR FINANCE**