

Financing water for growth in Africa



The Infrastructure Consortium for Africa
Le Consortium pour les infrastructures en Afrique

Sogakope-Lomé Water Supply Project

Summary

Since the 1970s, the government of Ghana and Togo have been searching for an opportunity to collaborate on development of a project to serve the south east part of Ghana and greater Lomé in neighbouring Togo.

The Sogakope-Lomé Water Supply Project is intended to provide potable water to the city of Lomé in Togo and communities in Ghana that lie between Sogakope and the Togo border along the Accra – Lomé Highway.

The project will include the construction of raw water intake facility to draw water from the Volta River at a site near Sogakope in Ghana, a water treatment plant near Sogakope, an 82 km transmission system (pipelines & boosters) between Sogakope and Segbe near Lomé and a distribution tower at Segbe in Togo. Rehabilitation of the distribution network in Lomé is being planned to proceed in parallel with the project. The project will have a capacity to deliver 210,000 m³ of portable water per day to citizens of Lomé and communities along the pipeline corridor in Ghana.

Feasibility studies were prepared for the project in 2005 through a US Trade and Development Agency funding. The Togo/Ghana authorities are yet to appoint a private sponsor for the project, which is expected to be executed under a BOT or similar structure. The total project cost in 2005 was estimated at USD 118 million. This excludes potential environmental mitigation costs.

A feasibility study was completed in 2001, and final technical studies were completed in 2005 with support from the French agency AFD.

In 2007 updated feasibility studies proposed division of the programme into two phases: the first for the period 2008 – 2011 (at a cost of about 30,260 million CFA francs, and the second for the period 2012 – 2015 at an estimated cost of 46 279 million CFA francs. Since then a hybrid version of the programme has been developed which integrates both phases.

AFD has made a commitment of 7.2 million CFA francs towards the cost of financing of component 1 of the project. Lemna International and Société Togolaise des Eaux (TdE) are revising the 2005 feasibility study for the project which will include

integrating the networks of the two countries and improving the network in Lomé, as well as developing a financing plan.

There will be need for an update of project studies to move the project forward.



The project

Description and opportunity of the project

This brief concerns the greater Lomé component of the project which aims to achieve a strategic resolution of mobilisation of water resources in the coastal basin, and meet the total demand for water – in the short and long term. The total annual demand in greater Lomé and the prefecture of Avé is expected to be 24,050 cubic kilometres by the year 2010, and 95,685 cubic kilometres by 2030.

Technical features

Currently Lomé has only one water purification plant, from which all water in Lomé is pumped. The distribution network is not well structured to meet the

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demand. The water is obtained from 33 boreholes with a total capacity of 2,441m³/hour. After treatment it is piped to four reservoirs.

The project includes adding 9 boreholes in 2010, and an extra 9 boreholes by 2012, and the construction of an extra water purification plant, and expansion of the existing one. By 2015 it is hoped to import water from Ghana.

In addition the network and reservoirs will be rehabilitated, and management strengthened.

Social and environmental impact

The project will bring water to about 260,000 people living in the disadvantaged areas of Lomé, with the consequent reduction in sickness, especially in terms of diarrhoeal diseases. In addition it will eliminate the difficulties currently being suffered by residents in obtaining water.

There are some negative consequences in that some land will be expropriated for the works, and the noise and inconvenience that will be caused by construction works. These will be mitigated by compensation for affected families, watering of the works to reduce dust, limited of the speed of trucks and similar matters.

Feasibility

Economic and Financial analysis

Capital costs

The capital costs are expected to be about \$118 million at 2005 prices over the first three years. These prices include interest charges. The table below shows the breakdown

Investment	Cost in US \$ (2005)
Extraction	2,171,300
Treatment works	2,587,338
Stock and reservoirs	949,750
Pumping and rising mains	3,712,000
Buildings	1,359,750
Transport and distribution	68,033,750
Security	10,120,000
Miscellaneous and contingencies (8%)	7,114,711
Studies, supervision and training	9,950,000
Construction permits and co-ordination	1,350,000
Total before financing costs	107,348,599
Financing costs	3,500,000
Basic total cost of project	110,848,599
Grand total over 3 years of construction	\$118,209,868

The second project component, restricted to the city of Lomé is expected to cost about \$22.5 million, over four years.

Operating costs

Data for this is expected to be generated by an updated feasibility study.

Rate of return

Data for this is expected to be generated by an updated feasibility study.

Development status

An updated feasibility study is required, together with financing strategies regarding the roles of donors, multilateral and bilateral funders.

Risk factors

There are three risks:

- High cost of funds
- Short grace period
- Failure to raise the funds required for the second project component in Lomé.

Next steps

- Completion of the updated feasibility report.
- Selection of the best financing plan
- Involvement of the governments of Togo and Ghana
- Mobilisation of financial resources
- Signature of grant and/or loan documents
- Launch of the implementation studies
- Calling for bids for supply and construction of the works
- Completion of the works

Project contacts

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