

IN THE SECOND SESSION OF THE SEVENTH PARLIAMENT OF
THE FOURTH REPUBLIC OF GHANA

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT

ON THE

COMMERCIAL AGREEMENT INCLUDING FINANCING COST IN THE AMOUNT OF UP TO US\$646,637,879.74 BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA, REPRESENTED BY THE MINISTRY OF ROADS AND HIGHWAYS AND SYNOHYDRO CORPORATION LIMITED FOR THE FOLLOWING ROAD PROJECTS CONSTITUTING PHASE 1 PROJECTS UNDER THE MASTER PROJECT SUPPORT AGREEMENTS (MPSA): (I) ACCRA INNER-CITY ROADS (II) KUMASI INNER-CITY ROADS (III) TAMALE INTERCHANGE PROJECT (IV) PTC ROUNDABOUT INTERCHANGE PROJECT, TAKORADI (V) ADENTA- DODOWA DUAL CARRIAGEWAY (VI) SUNYANI INNER-CITY ROADS (VII) WESTERN REGION AND CAPE COAST INNER-CITY ROADS (VIII) UPGRADING OF SELECTED FEEDER ROADS IN ASHANTI AND WESTERN REGIONS (IX) REHABILITATION OF AKIM ODA/ OFOASE / ABIREM ROADS (X) HOHOE - JASIKAN - DODI-PEPESU ROAD AND ADDENDA TO THE COMMERCIAL AGREEMENTS

10TH DECEMBER, 2018

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE COMMERCIAL AGREEMENT INCLUDING FINANCING COST IN THE AMOUNT OF UP TO US\$646,637,879.74 BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA, REPRESENTED BY THE MINISTRY OF ROADS AND HIGHWAYS AND SINOHYDRO CORPORATION LIMITED FOR THE FOLLOWING ROAD PROJECTS CONSTITUTING PHASE 1 PROJECTS UNDER THE MASTER PROJECT SUPPORT AGREEMENTS (MPSA): (I) ACCRA INNER-CITY ROADS (II) KUMASI INNER-CITY ROADS (III) TAMALE INTERCHANGE PROJECT (IV) PTC ROUNDABOUT INTERCHANGE PROJECT, TAKORADI (V) ADENTA- DODOWA DUAL CARRIAGEWAY (VI) SUNYANI INNER-CITY ROADS (VII) WESTERN REGION AND CAPE COAST INNER-CITY ROADS (VIII) UPGRADING OF SELECTED FEEDER ROADS IN ASHANTI AND WESTERN REGIONS (IX) REHABILITATION OF ODA/ OFOASE ABIREM ROADS (X) HOHOE - JASIKAN - DODI-PEPESU ROAD AND ADDENDA TO THE COMMERCIAL AGREEMENTS

1.0 INTRODUCTION

The Commercial Agreements, including the Financing Costs in an amount of up to US\$ 646,637,879.74 between the Government of Ghana represented by the Ministry of Roads and Highways and Sinohydro Corporation Limited for the Construction of Priority Road Infrastructure Projects Phase I under the Master Project Support Agreement (MPSA):

- i. Accra Inner City Roads
- ii. Kumasi Inner City Roads
- iii. Tamale Interchange Project
- iv. PTC Roundabout Interchange Project, Takoradi
- v. Adenta - Dodowa Dual Carriageway
- vi. Sunyani Inner City Roads
- vii. Western Region and Cape Coast Inner City Roads
- viii. Upgrading of Selected Feeder Roads in Ashanti and Western Regions
- ix. Rehabilitation of Oda- Ofoase- Road
- x. Hohoe -Jasikan-Dodi Pepesu Road

was laid in the House on Friday, 16th November, 2018 in accordance with article 181 of the 1992 Constitution and the Standing Orders of the House.

The 1st Deputy Speaker, Hon. Joseph Osei-Owusu subsequently referred the Commercial Agreement to the Committee on Roads and Transport for consideration and report.

Mr Speaker, your Committee met with the two Deputy Ministers of Roads and Highways, Hon. Kwabena Owusu-Aduomi and Hon. Anthony N-Yoh Puowele Karbo, the technical team from the sector Ministry and its agencies; the Ghana Highway Authority(GHA), Department of Urban Roads(DUR) and Department of Feeder Roads(DFR).

The Committee considered the referral and report as follows:

2.0 BACKGROUND

A good road infrastructure is a critical facilitator for the rapid socio-economic development of the country and Government recognizes its importance. Through the improvement of access, travel times are reduced, congestion on our roads, lightened, vehicle operating cost, reduced and so the cost of doing business.

To ensure operational efficiency of road transport in the movement of persons, goods and services within the country and with our neighboring countries, the government has already implemented some major road infrastructure projects and continue to source for funds to implement additional critical infrastructural projects such as hospitals, bridges, interchanges, affordable housing and fishing landing sites, among others, in line with its infrastructural development agenda.

Government, as part of its infrastructural developmental drive, is partnering Sinohydro Corporation Limited with the support of the Government of the People Republic of China structured and executed a Master Project Support Agreement (MPSA) on 16th May, 2018 for the construction of selected priority infrastructure projects across specified sectors in Ghana.

You may recall that this august House considered and approved the MPSA per a Resolution on 28th July 2018. The first phase of the projects under MPSA covers the construction of selected roads and interchanges across the country.

3.0 OVERALL PROJECT OBJECTIVE

The object of the projects is to enhance intra-urban, regional and national traffic flow, trade and strengthen regional economic integration and also reduce the cost of doing business in the country.

4.0 FINANCIAL IMPACT

The summary of the terms and conditions outlining the financial obligations of the Republic of Ghana under the Contract Agreements of the EPC (including financing cost) amounts to US\$646,637,879.74 and is stated as:

EPC Amount including financing cost: US\$ **646,637,879.94**

Tenor:	15 years
Grace period	3 years
Repayment period:	12 years
Interest rate:	6 months US\$ + 2.80% per annum
Management fee:	0.70% flat
Commitment fee:	0.5% p.a.
Sinosure premium:	7.00% flat

5.0 PROJECTS SCOPE

The scope of works and cost under phase 1 of the projects would be implemented by the Ministry of Roads and Highways through its implementing agencies and is summarised below.

LOT 1 - Accra Inner City Roads

The project Scope of Lot I cover a total road length of eighty-four (84) kilometers stretch of road network and is located in five (5) Municipal Assemblies in the Greater Accra Region. The road network to be constructed in the five (5) Assemblies are shown in Table 1.

Table 1

MUNICIPAL ASSEMBLY	LENGTH OF ROAD (KM)
Ga North - Trobu	19.03
Ga Central - Anyaa Sowutoum	23.97
Ga East - Dome Kwabenya	21.70
Ledzokuku -Teshie	11.3
Adenta-Nanakrom-Santeo	8.0
Total	84.0

The scope of works earmarked under Lot I include:

1. Road works which involve earthworks, provision of sub-base and base works, surface dressing and road line markings
2. Drainage works involving the construction of roadside drain, culvert and storm drains
3. Construction of Pedestrians and public transport, walk ways and laybys
4. Providing services like road safety audits and pedestrian facilities

The projects under Lot 1 are expected to be completed within a period of about 30 months. It is expected that the commencement period will start by the first quarter of 2019 when the financing arrangement would have been completed.

LOT 2- Kumasi Inner City Roads

The Project area is located in ten (10) administrative areas in the Kumasi Metropolis. The Scope of works to be undertaken include:

- Improving pavement conditions in the project
- Developing a network of local roads to ensure connectivity in the project
- Resolving vehicular conflict at critical junctions in the project area
- Improving the road and drainage works in the project area

The length of road to be constructed under Lot 2 in the ten (10) administrative areas are captured in Table 2 below.

Table 2 - Shows the Administrative areas earmarked for construction under Lot 2

No.	Administrative Area	Length of Road (km)
1.	Manhyia Sub-Metro	11.00
2.	Suame Sub-Metro	9.45
3.	Tafo Pankrono Sub-Metro	9.79
4.	Asokwa Sub-Metro	9.91
5.	Kwadaso Sub-Metro	6.29
6.	Oforikrom Sub-Metro	7.43
7.	Subin Sub-Metro	8.98
8.	Nhyiaeso Sub-Metro	7.00
9.	Bantama Sub-Metro	10.00
10	Asante Mampong	20.15
	Total	100.00

The Lot 2 Project is expected to be completed within thirty months (30) months.

LOT 3 - Tamale Interchange Project

The project to be undertaken under for Lot 3 involves the construction of the Tamale Interchange.

Scope of works would include:

- Bridge/Ramps and slip roads
- A carriageway of a width of 7 meters with a 2x2 number of lanes.

The project would take 30 months to complete.

LOT 4 - PTC Roundabout Interchange, Takoradi

Lot 4 would cover the construction of the PTC Roundabout interchange at Takoradi and it is expected to be completed in 30 months.

The Scope of works for the interchange include the construction of a

- Roundabout spanning 26.5 km as the 1st Tier
- 85.5m span Flyover Bridge over the roundabout at the second 2nd Tier; and
- 288m span Flyover Bridge as 3rd Tier.

The project will significantly reduce traffic at the current PTC Roundabout in Takoradi.

Lot 5 - Adenta- Dodowa Dual Carriageway

Lot 5 would cover the construction of the Adenta - Dodowa Dual Carriageway and it is expected to be constructed within thirty months (30) months.

Scope of works for the construction include:

- Earthworks and the provision of crushed rock base and an aesthetic finish.
- Dualisation of the heavily urbanised section between Adenta-Dodowa-Oyibi.
- Signalisation of critical intersections.

LOT 6 - Sunyani Inner City Roads

Lot 6 involves the construction of the inner city roads in Sunyani with the construction of about thirty-nine (39) kilometer length of road in the inner city area.

The scope of works involves earthwork and the provision of sub-base and base. There would also be the construction of related road side drains and critical culverts. The project is expected to be completed within thirty (30) months.

Lot 7 - Western Region and Central Region, Inner City Roads

Lot 7 would involve the construction of the roads in the Western Region and Central Region (specifically Cape Coast and Prestea inner city roads). The projected period of completion is thirty (30) calendar months.

The breakdown of the length of roads to be constructed in Cape Coast and Prestea are provided in Table 3.

Table 3

<u>PROJECTS</u>	<u>LENGTH (KM)</u>
Cape Coast Roads	22km
Akotokyir Area Roads	3m
Amamoma Area Roads	6km
Abura New Community Area Roads	7km
Polytechnic Area Road	3km
Apawusika Road and Links	3km
Prestea Town Roads	10.19km

Lot 8 - Upgrading of Selected Feeder Roads in Ashanti and Western Regions

Lot 8 involves the upgrading of selected Feeder Roads in the Ashanti and Western Region under the MPSA. The roads in the Ashanti Region are mainly to areas with bauxite. The time earmarked for project completion is 30 months.

The scope of works includes:

- Earthworks
- Surface dressing, road line markings and signs
- Construction of related roadside drains, storm drains and critical culverts

Lot 10 - Construction of Hohoe- Jasikan-Dodi-Pepeso Road

Lot ten (10) involves the construction of the Hohoe-Jasikan-Dodi-Pepeso road on the Eastern Corridor. The project is expected to be completed in 30 months.

8.0 OBSERVATIONS ON CONTRACT AGREEMENT

8.1 Project Financing Cost

The Committee noted that, the total cost of the project stood at US\$646,637,879.74 and is to be financed through the Master project support Agreement between the Government of Ghana and Sinohydro Corporation Limited which was approved by Parliament on Tuesday, 4th December 2018. The summary of the allocation to each lot is captured in Table 4 below.

Table 4 Financing Allocation to each Lot

Lot No.	Description	Unit	Scope (km)	Actual Cost (mil. USD)	Total Cost(includes deferred payment) (mil. USD)
1	Accra Inner City Roads	Km	84.00	72.84	94,150,334.30
2	Kumasi Inner City Roads	Km	100.00	73.42	95,788,094.82
3	Tamale Interchange Project	No.	1	35.20	46,403,732.51
4	PTC Roundabout Interchange Project, Takoradi	No.	1	55.66	68,948,113.80
5	Adenta-Dodowa Dual Carriageway	Km	14.00	65.41	84,083,028.92
6	Sunyani Inner City Roads	Km	39.00	45.02	57,960,394.40
7	Western Region & Cape Coast Inner City Roads	Km	32.19	35.82	46,978,061.00
8	Upgrading of Selected Feeder Roads in Ashanti & Western Regions	Km	68.00	40.84	53,681,293.62

The breakdown of the length of roads to be constructed under Lot 4 are provided in Table 4.

Table 4

Roads	Length
Achiase Junction -Wansamere	4.00 km
Mpasatia-Adupri Feeder Road	4.50 km
Nyinahin -Sereso Timpon - Achiase Junction Feeder Road	29.70 km
Nyinahin Market Junction -Pentecost Church Feeder Roads	1.50 km
B Nyinahini -Kyekyewere Feeder Road	14.00 km
C Kessekrom - Adiembra Feeder Road	3.00 km

Lot 9 - Rehabilitation of Akim Oda/ Ofoase/Abirem Road

Lot 9 involves the rehabilitation of the 38.0km Akim Oda/Ofoase road which is part of the trunk road network (IR3) of Ghana and passes through several rural communities that connect Oda to Ofoase.

The works scope involve earthworks, the provision of sub-base and base double surface dressing with road line markings and signs. The project will take thirty (30) months to complete.

9	Rehabilitation of Akim Oda - Ofoase	Km	38.00	30.40	39,987,137.12
10	Construction of Hohoe -Jasikan-Dodi-Pepesu	km	66.40	45.39	58,657,689.25
	TOTAL		441.59	500.00	646,637,879.74

8.2 Benefits of the Projects

The Committee was informed that the projects when completed, would:

- Improve the road connectivity and safety in the Selected Municipalities.
- Provide critical access within the Project Communities.
- Address the drainage challenges within the project scope area.
- Improve access to public transport and pedestrian safety.
- Improvement of the pavement conditions in selected project areas.
- Mitigate the negative effects of rapid urbanisation which is catching up with areas identified in the project.
- Enhance trade and economic growth and development in the areas under the project
- Reduce vehicular congestion
- Reduce road accidents in the project areas
- Improve turnaround time of haulage trucks in the project vicinity

8.3 Project Type

The Committee noted that the projects are to be implemented Sinohydro Company on an EPC/Turnkey basis. It also involves the Government of Ghana counterpart funding of 15% of the total cost of the project. The project is a fixed term (price) contract and there shall be no additional costs on the project.

8.4 Value for Money

The Committee was informed value for money audit of the project will be undertaken by the Ministry of Finance and is on a condition precedent for the effectiveness of the contract.

8.5 Project Stakeholders

The Committee was informed that, project preparation through to negotiation of the terms and conditions of the contracts, project cost and the implementation arrangements and consultations were undertaken with the involvement of the Ministry of Finance, Attorney General's Department, Ministry of Roads and Highways with its implementing agencies of the Ghana Highway Authority, Department of Urban Roads and the Department of Feeder Roads.

8.6 Project Oversight Responsibility

The Committee noted that the project oversight responsibility rests with the Ministry of Roads and Highways with its implementing agencies, GHA, DUR and DFR acting through the Sinohydro Risk Management and project implementation team and with the support of supervising consultants will have oversight responsibility for the implementation of the roads and interchanges and bridges under the Sinohydro MPSA.

8.7 Local Insurers

The Committee observed that the various bonds to be issued under the contracts should be issued by Ghanaian Insurance firms. This shall be in consonance with the Insurance Act 724, 2006.

The Ministry of Roads and Highways assured the Committee that mechanisms would be put in place to ensure that local insurance partners are engaged.

8.8 Local Content

The Committee observed that the use of local content in the agreement was not clear. The Committee sought clarification as to whether 30% emphasis made on local content meant 30% of the contract given to Ghanaian contractors or using

30% of the supply of goods and services from Ghana. The Committee advised the Ministry that indigenous Ghanaian Contractors should be given the opportunity to participate in the construction works as it would benefit the economy short and long term. The Committee reiterates its advice to the Ministry to ensure that agreement specifies how the 30% of the local content is assessed.

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The Committee was informed that the contract agreement makes provision for local content/ participation of Ghanaian contractors of at least 30%. Though the contract agreement did not include an explicit provision of the 30% local content, that aspect of at least 30% clause is included in the Master Project Support Agreement (MPSA) approved by Parliament and it finds expression under clause 3.5

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8.9 Technology Transfer

In terms of technology transfer and capacity building of local staff, the Committee observed that key staff who will work under these projects would be provided with adequate and appropriate technology on the job. The relevance of technology transfer in these projects is critical for the sustainability and durability of road construction, the Committee therefore advised that the local contractors be made to partner the foreign company to ensure sustainability when the latter leaves after completion and termination of the project.

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8.10 Project Site Pictures

On the unit cost of photographs which the Committee deemed has been on the high side, the Ministry explained to the Committee that the unit rate for a set of photograph is within acceptable industry limit price and that the unit of measurement been adduced for the pictures (set) represented a collection of various pictures that are acceptable to the employer for the purposes of fulfilling the contract condition. This includes provision of progress reports, interim payment certificates, etc.

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