

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON CONTRACT AGREEMENTS BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF ROADS AND HIGHWAYS/GHANA HIGHWAYS AUTHORITY) AND CONSTRUTORA QUEIROZ GALVAO S/A FOR AN AMOUNT OF ONE HUNDRED AND THIRTY-FIVE MILLION EUROS (€135,000,000.00) FOR THE CONSTRUCTION OF THE BOLGATANGA - BAWKU - POLIMAKOM ROAD

1. INTRODUCTION

On Tuesday, 24th March 2020, the Contract Agreements between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways/Ghana Highways Authority) and Construtora Queiroz Galvao S/A for an amount of One Hundred and Thirty-Five Million Euros (€135,000,000.00) for the construction of the Bolgatanga - Bawku - Polimakom Road was presented to Parliament by the Honourable Minister responsible for Roads and Highways, Mr. Kwasi Amoako-Atta.

The Committee is grateful to the Deputy Minister for Roads and Highways, Hon. Kwabena Owusu-Aduomi and the officials from the Sector Ministry for attending upon the Committee.

2. REFERENCE DOCUMENTS

- i. The 1992 Constitution.
- ii. The Standing Orders
- iii. The Contract Agreement between the Republic of Ghana (represented by the Ministry of Roads and Highways) and QG Construction (QGMI UK) for the construction of Bolgatanga-Bawku-Polimakon Road project.

BACKGROUND

The government recognises the importance of good road infrastructure as a critical facilitator for rapid socio-economic development of the country, through the improvement of accesses, reduction in travel times, congestion, vehicle operating cost and accidents. To ensure the operational efficiency of road transport in moving persons, goods and

services, both within the country and neighbouring countries, the government has already implemented some major road infrastructure projects and continues to source funding for the implementation of additional critical road infrastructure projects in line with its infrastructural agenda.

The 102.55km Bolgatanga-Bawku-Polimakom road starts from Bolgatanga (km 0 +1000) in the Bolgatanga municipality as a dual carriageway for 2km and continues as a single carriageway through Zebilla, Bawku and ends at Polimakom (km 109 +050). Out of this, Messrs Mawums Ltd is undertaking the construction of km 13 + 875 to km 25+875 a total of 12.50km. The alignment follows the existing road with improvement in some curves. The terrain is mainly flat.

Three new bridges are to be provided over Rivers Kulaa, Red Volta and White Volta. A 6km by-pass is also to be provided in the outskirts of Bawku Township.

The project when completed will improve the journey time on the international trunk road which connects from Accra through Kumasi, the two biggest economic cities in the country, to Polimakom at the Ghana-Togo border. It forms an integral part of the road system linking Accra and Northern Togo and South East Burkina Faso.

3. PROJECT OBJECTIVE

The main objective of the project is to improve transportation and reduce travel times within Bolgatanga and Bawku environs and enhance development in Ghana.

4. SCOPE OF THE PROJECT

The construction of the Bolgatanga-Bawku-Polmakom road project consist of the following:

- | | |
|---|---------------------------------|
| a. Project Road Length | -102.55km (109.05 + 6.00-12.50) |
| b. Carriageway width | - 3.65m x 2 |
| c. Outer shoulders | - 2.0m x 2 |
| d. Pipe culverts (to be extended +new ones) | - 180 No. |

- e. Box culverts (to be extended + new ones) - 7 No.
- f. Bridges - 3 No.
- g. 3 toll plazas and 2 no axle weighing stations

The pavement structure consists of the following

- i. 200mm thick natural gravel sub-base;
- ii. 225mm thick mechanically stabilised base;
- iii. 50mm thick asphaltic concrete wearing course (for 2km dual carriageway in Bolgatanga and 1km single carriageway in Zebilla; and
- iv. Double surface dressing of width 7.3m for the rest of the road

5. PROJECT COST

The breakdown of the project and cost is as depicted.

ITEM DESCRIPTION	COST (EURO)
1. General Items	13,857,393.49
2. Consultancy Services (Supervision)	6,878,571.43
3. Ground Investigation, Demolition and Site Clearance	704,786.74
4. Earthworks	11,844,344.79
5. Drainage Works	7,067,993.16
6. Bridge Works	19,507,908.14
7. Road Paving	21,323,599.15
8. Road Surfacing	13,653,772.88
9. Road Marking & Traffic Signs	1,427,307.93
10. Road Ancillary Works (Laybys, Crash Barriers, Kerbs, Walkways & Median)	10,160,232.89
11. Construction of 6km ByPass	4,755,517.57
12. Miscellaneous	30,490,691.81

• <i>Outstanding Payments</i>	14,091,915.61
• <i>Interest on Delayed Payment</i>	8,547,755.98
• <i>Environmental and Social Activities</i>	4,000,000.00
• <i>Retention Monies Deducted</i>	3,851,020.22
13. Contingency	6,789,155.17
Sub-total	148,461,275.15
Less Advance Payment Amortization	13,461,275.15
TOTAL	135,000,000.00

6. DURATION OF THE PROJECT

The project is expected to be completed within a period of Seventeen (17) months from the commencement date.

7. FINANCIAL IMPACT OF THE PROJECT

The total cost of the project is to be financed by HSBC Bank Plc and KfW IPEX-Bank GmbH. Under the arrangement, HSBC Bank Plc will lend a total of up to €68.00 million towards the project and KfW IPEX-Bank GmbH also lend up to €72.00 million. The project is part of the list of projects that were approved in the 2020 Budget (appendix 10c) for financing. The summary of the terms and conditions of the financing agreements is as follows:

TERMS	UKEF FACILITY	HSBC FACILITY	TIED	KFW IPEX FACILITY
Facility Amount	Up to €34,400,000.00 including an estimated UKEF premium of €4,400,000.00	Up to €33,000,000.00	to	Up to €72,000,000.00
Currency	Euro	Euro		Euro
Grace Period	1.5 years	1 year		2 years

Repayment Period	10 years	6 years	8 years
Tenor	11.5 years	7 years	10 years
Interest Rate	EURIBOR +1.15% p.a	EURIBOR + 5.85% p.a	EURIBOR + 6.60% p.a
Commitment Fee	0.6% p.a	1.00% p.a	1.00% p.a
Arrangement Fee	1.25% flat	1.50%	1.25% flat
All-in-cost	3.57% p.a	6.52% p.a	7.03% p.a

8. OBSERVATIONS AND RECOMMENDATIONS

8.1 Project Benefits

The Committee noted that the nature of the Financing Agreement offers considerable benefits for the country as it assures financing for essential infrastructure projects in Bolgatanga and its environs to facilitate rapid socio-economic growth.

Furthermore, the construction of the Bolgatanga-Bawku-Polimakom road will result in

- Lowering vehicle operating costs, savings in travel and drive time leading to savings in fuel consumption, reduction in accident rates and to generally improve access and contribute significantly to socio-economic activities.
- Reduction in pedestrian and vehicular congestion and consequently cost of transportation for both passenger and cargo.
- Enhancing the economic activities and improved public transport and standard of living of the citizenry and be a catalyst for economic growth.
- Creation of jobs for the skilled and non-skilled labour in Bolgatanga, Bawku and its environs.
- Reduction in loss of productive man-hours, air and noise pollution, vehicle maintenance costs, road accidents and incidents which in turn will reduce loss of lives.
- Improvement in commuter and pedestrian safety along the project corridor and improve the public realm.

8.2 Project History

The Committee was informed that contract was awarded on 26th August, 2016 at a sum of GH¢612.744 million. The works commenced on 7th December 2016 for completion on 4th June 2019, a period of 30 months. The contractor was paid advance mobilization of 20% of the original contract sum which amounts to GH¢91.91million (IPC 1), and after that seven (7) other payments were made totalling GH¢40.6 million. The total work certified from IPC 2 to IPC 13 is in the sum of GH¢122.51 million.

This amount has accumulated considerable interest for delayed payment. The non-payment for certified work, also led to suspensions of work and slow down of work on the project during the construction period. The last suspension happened on 30th November, 2017. As at the time of suspension of works, 19.45% had been completed.

8.3 Contract Design

The Committee was informed that the contract was awarded after competitive bidding. It is governed by Ad-measurement contract based on FIDIC 1999, which allows for variations. Works are to be executed as per specifications of the Ministry of Roads and Highways and drawings from Ghana Highway Authority.

8.4 Project Contractor

The Committee noted that the contractor for the Bolgatanga - Bawku - Polimakom project is the same contractor for the Tamale Airport phase II project and he is therefore already mobilized on the project and is of proven experience.

The Committee was informed that the initial contract amount was equivalent to about US\$160 Million and that the contract sum of €135 million makes room for both physical and price fluctuations and variations in the works to be undertaken.

8.5 Contract Arrangement

The Committee was informed that the Bolgatanga - Bawku - Polimakom project is governed by the FIDIC 1999 contract arrangement. The specifications governing the project is the Ministry of Roads and Highways specifications.

8.6 General Items

The Committee was apprised to works to be paid for under General Items, these include maintenance of the contractor's camp and the consultant's facilities, payment of relocation of utilities, construction of toll plaza (3 no) and axle weighing stations (2 no) and a market at Pusiga among others as contained in Appendix A attached.

8.7. Local Content

The Committee was apprised with the historical antecedent of the project and was informed that local content forms a significant part of the project.

8.8. Miscellaneous

The Committee asked for a breakdown in cost items under miscellaneous. The Committee was informed that under this item, outstanding payments, interest on delayed payments for works already done, environmental and social activities, compensation for farm crops and payment of retention monies deducted are covered under this item.

8.9 Contingency

The Committee was told that this item normally is a percentage of the total cost of works. The items under Miscellaneous, General items and Contingency is attached.

8.10. Value for Money Audit

The Committee was informed that value for money audit has already being done on the project.

8.11 Performance Bond

The contractor will be required to provide the relevant bond to cover specific risks as specified under the agreements.

8.12 Project Completion

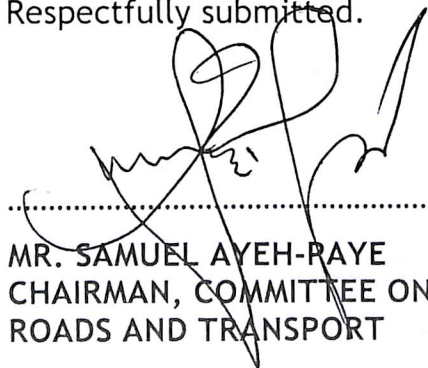
The Committee recommends to the Contractor to ensure that all participating stakeholders work around the clock and ensure the project resumes smoothly and is completed within the 17 months period earmarked for completion.

9 CONCLUSION

The Committee carefully scrutinised the Contract Agreement and is of the view that the nation is getting value for money with the Bolgatanga-Bawku-Polimakom project.

The Committee therefore unanimously recommends to the House to adopt its report and approve the Commercial Contract Agreement between the Republic of Ghana acting through the Ministry of Roads and Highways/Ghana Highways Authority and and Construtora Queiroz Galvao S/A for an amount of One Hundred and Thirty-Five Million Euros (€135,000,000.00) for the construction of the Bolgatanga - Bawku - Polimakom Road in accordance with article 181 of the 1992 Constitution.

Respectfully submitted.



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MR. SAMUEL AYEH-RAYE
CHAIRMAN, COMMITTEE ON
ROADS AND TRANSPORT



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MR. ASANTE AMOAKO-ATTA
CLERK, COMMITTEE ON ROADS
AND TRANSPORT



Table 4.1 Cost Component Breakdown

ITEM		COST
1	General Items Method Related Charges, Interest on delay payments (8.5M), Compensation (4.0M)	€ 17,460,656.06
2	Consultancy Services	€ 5,695,770.00
3	Ground Investigation, Demolition and Earthworks	€ 2,704,786.74
4	Earthworks	€ 21,465,954.88
5	Drainage Works	€ 7,823,026.26
6	Bridge Works	€ 21,591,825.89
7	Road Surfacing Works	€ 30,040,407.30
8	Road Paving	€ 22,928,019.54
9	Traffic Signs and Markings	€ 2,427,307.93
10	Miscellaneous Works (Outstanding Payments)	€ 11,245,592.20
11	Construction of 6km By-Pass	€ 5,755,517.57
12	Contingency	€ 6,789,155.17
	Total	€ 135,000,000.00