

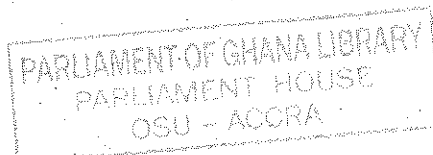
**IN THE THIRD SESSION OF THE SECOND PARLIAMENT  
OF THE FOURTH REPUBLIC OF GHANA**

**REPORT OF THE FINANCE COMMITTEE  
ON THE CREDIT FACILITY AGREEMENT BETWEEN  
THE REPUBLIC OF GHANA AND AGENCE FRANCAISE DE  
DEVELOPMENT FOR AN AMOUNT OF TWENTY MILLION  
EUROS (APPROXIMATELY US\$20.9 MILLION)  
TO FINANCE THE REHABILITATION OF SELECTED ARTERIAL  
ROADS IN SECONDI-TAKORADI AND TEMA**

**1.0 INTRODUCTION**

The above credit facility agreement was laid in the House on Friday 17<sup>th</sup> December, 1999 in accordance with Article 181 of the Constitution and referred to the Finance Committee for consideration and report pursuant to Order No. 171 of the Standing Orders.

The Committee met to consider the agreement with the Minister of Roads and Transport, Hon. Edward Saliah, officials of the sector Ministry a representative from the Ministry of Finance. The Committee reports as follows:



## **2.0 BACKGROUND**

The Urban Transport Project (UTP), the first sectoral project on urban roads (supported by the World Bank) enabled notable improvement to be made to the road network of the five largest cities in Ghana. The project is within the framework of a support programme established by the World Bank which combines the improvement of urban infrastructure and the strengthening of financial and management capacities of the urban municipalities which are still at a rudimentary level.

The present financial arrangement will enable two cities i.e. Sekondi-Takoradi and Tema to address the traffic bottlenecks, accident zones and also rehabilitate some of the principal roadways.

## **3.0 PURPOSE OF THE CREDIT FACILITY**

The purpose of the credit facility under consideration is to finance the rehabilitation of a total of about 20.8 km selected arterial roads in Sekondi-Takoradi and Tema.

## **4.0 SCOPE OF THE PROJECT**

### **4.1 Sekondi**

- (i) Sekondi -Inchaban Road (6.3 km) the most direct route from Sekondi city centre and Takoradi (through Adiembra Road), along the coast and new fishing harbour

- (ii) Adiembra Road (4.8 km) major arterial through Sekondi centre to Takoradi would be rehabilitated as a continuation of the Sekondi road already rehabilitated under the UTP.

#### **4.2 Takoradi**

Africana Road (1.8 km) from the Central Business District (CBD) to the harbour. Its rehabilitation would complement recent UTP works to ease traffic between the harbour and the CBD.

#### **4.3 Tema**

- (i) Ashiaman Road (2.4 km) between Ashiaman area and Tema, under the motorway. The congestion spots at the underpass will be widened.
- (ii) Manhean Road (3.3 km) from the city through the fishing harbour to the new township.
- (iii) Valco Road (1.5 km) from Akosombo Road through the industrial area.

#### **5.0 TERMS AND CONDITIONS OF THE CREDIT AGREEMENT**

- Loan Amount	-	<b>20.0 million EUROS</b> <b>(Approx. US\$20.9 million)</b>
- Interest Rate	-	2.25% per annum
- Default Interest	-	3.50% per annum
- Repayment	-	25 years (excluding the grace

period) payable in 34 equal semi-annual instalments which shall be due and payable on 30<sup>th</sup> April and 31<sup>st</sup> October each year beginning on 30<sup>th</sup> April, 2008.

- Grace Period - 8 years.

## 6.0 OBSERVATIONS

The Committee was informed that for the purpose of more rapid performance, and coherence with the current policy for management of urban roads, the project would be implemented in accordance with the same provisions as the current UTP where the Department of Urban Roads will be responsible for the project in its entirety in consultation with the municipalities.

The Committee noted that the project does not only involve the renovation of the affected roads but also include ancillary works such as the construction of side walks, lateral drains, intersections, roundabouts, lay-by, to improve and enhance safety and traffic management within those areas.

- The Committee also noted that, the Government of Ghana is responsible for the payment of all costs and other expenses paid by the lender relating to the signature and performance of this Agreement, including stamp and registration duties, as well as, where applicable, the cost relating to the rendering of legal opinions.

- Further, the Government of Ghana shall pay all taxes, levies or duties whatsoever payable locally.

- The Committee noted that under the Loan Agreement a provision has been made for an amount of **3.0 million EUROS** to cover tax, duties and levies on Government of Ghana contribution. Should the Ministry request for tax and duties exemption, this will be considered later on the submission of the list of materials and equipment for the project.

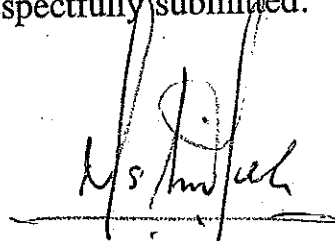
## **7.0 RECOMEMNDATION**

It is the belief of the Committee that the rehabilitation of the arterial roads earmarked will go a long way to complement the recent works carried out under the Urban Transport Project. The Committee therefore recommends for approval the Credit Facility Agreement between the

Republic of Ghana and Agence Francaise de Development for an amount of **Twenty Million (20,000,000) EUROS (Approximately US\$20.0 Million)** to finance the rehabilitation of selected arterial roads in Sekondi-Takoradi and Tema in accordance with Article 181 (3) of the Constitution and Section 7 of the Loans Act, 1970 Act 337.

Respectfully submitted.

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**HON. CDRE S.G. OBIMPEH (RTD)**  
**CHAIRMAN**



**ASANTE AMOAKO-ATTA**  
**CLERK TO THE COMMITTEE**

20<sup>TH</sup> DECEMBER, 1999