

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

**REPORT OF THE FINANCE COMMITTEE
ON THE LOAN AGREEMENT OF 9.651 MILLION
JAPANESE YEN (APPROX. US\$80.4 MILLION) BETWEEN
THE REPUBLIC OF GHANA AND THE OVERSEAS
ECONOMIC CO-OPERATION FUND OF JAPAN
TO CO-FINANCE THE REHABILITATION OF THE
ACHIMOTA-ANYINAM ROAD**

1.0 INTRODUCTION

The above Loan Agreement was laid in the House on Tuesday 18th May, 1999 and referred to the Finance Committee in accordance with Article 181 of the Constitution and Order No. 171 (1) of the Standing Orders of the House for consideration and report.

- The Committee met with the Deputy Minister of Roads and Transport, Hon. Steve Akorli and his technical staff, considered the relevant documents and reports as follows:

2.0 BACKGROUND INFORMATION

The Achimota-Anyinam road covers a distance of 105 km. It starts at a distance 7 km from Accra in a north-western direction through major agricultural and commercial towns like Nsawam, Suhum and Kibi all in

the Eastern Region. The road provides a major link between Accra and Kumasi, the two major cities in Ghana and also to the north of Ghana. It also forms an integral part of the route corridor between Accra and neighbouring La’Cote-D’Ivoire.

- The existing road consists of the 26 km Achimota - Nsawam road section which is of asphaltic concrete surfacing and the Kibi - Anyinam road section (79 km) which is of bituminous treated surfacing.
- The project road (Achimota - Apedwa) is heavily distressed in most sections and it is characterised by poor geometry with long descents and ascents, some of which have inadequate sight distances.
- Though the road has been under-going some periodic maintenance in some sections, reconstruction of the road is required to rectify all the defects on the existing road.
- The implementation of the project will contribute to the economic growth of the entire corridor in particular, and the Ghanaian economy in general.

3.0 PURPOSE OF LOAN

- The House may recall that at its thirty-third Sitting on Tuesday, 14th July, 1998 it approved by Resolution the Loan Agreement of UA10 Million from the African Development Bank (ADB) to co-finance the Achimota - Anyinan Road Project.

- In the report of the Committee precedent to the afore-mentioned resolution, it was observed that the total cost of the project was estimated at US\$120 million to be financed as follows:

OEFC	-	US\$80.0 million
ADB	-	US\$13.0 million
BADEA	-	US\$8.9 million
GOG	-	US\$18.0 million

- In order to allow procurement rules of the various funding agencies to be taken into account, the project has been broken down into three lots, namely:

- Achimota - Apedwa - to be financed by OEFC
- Apedwa - Bunsu - to be financed by ADF
- Bunsu - Anyinam - to be financed by BADEA

It is envisaged that these would provide for smooth project implementation.

- The purpose of the Loan under consideration therefore is to finance Lot 1 (Achimota - Apedwa) of the project.

4.0 TERMS AND CONDITIONS

The terms and conditions of the loan with respect to civil works are as follows:

- Loan amount - Y9.651 million(US\$80.4)

- Repayment Period - 20 years (Grace period excluded)
- Grace Period - 10 years
- Interest Rate - 1.8% per annum (payable Semi-annually)
- Commitment Charge - 0.1%

Where a part of the loan is made available to cover payments to consultants, the terms of payment of that part shall be as follows:

- Period of Loan - 40 years
- Repayment Period - 30 years (after the Grace period)
- Grace Period - 10 years
- Interest Rate - 0.75% per annum
(payable semi-annually)

5.0 OBSERVATIONS

- The Committee also observed that proceeds of the loan would be disbursed as follows:

Category	Amount of the loan in million JapaneseYen	% of Expenditure to be financed
Civil Works	7,777	85% (15% GOG)
Consulting Service	1,134	100%
Contingencies	740	-
Total	9,651	

- The Committee was informed that the Achimota - Apedwa road improvement project, the purpose of this loan, encompasses a dual carriage section from Achimota to Nsawam and by-passes Nsawam in the West. The project is estimated to be completed within 36 months. However, the Committee noted that the sequence of events after the loan's approval involve:

- Appointment of the consultants
- Design review
- Preparation of tender documents
- Pre-qualification of contractors
- Tendering
- Evaluation of tender documents and finally, the award of the contract which will take approximately two (2) years.

The Committee also noted that the Government's contribution of US\$18.0 million towards the implementation of the project will be provided in the Ministry's budget over the project period.

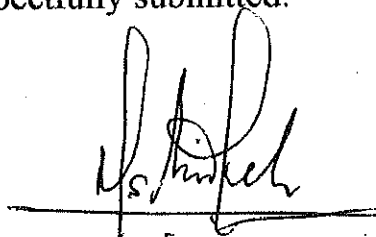
6.0 RECOMMENDATION

- It is the expectation of the Committee that the project when completed will accelerate the socio-economic regeneration of the Accra - Kumasi route and the Ghanaian economy in general.

- The Committee therefore recommends to the House to approve the **Y9.651 Million Japanese Yen (approx. US\$80.4)** from the Overseas Economic Co-operation Fund of Japan to co-finance the rehabilitation of the Achimota - Anyinam road in accordance with Article 181 of the Constitution and Section 7 of the Loans Act, 1970, Act 335.

Respectfully submitted.

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



ASANTE AMOAKO-ATTA
CLERK TO THE COMMITTEE

27TH MAY, 1999