

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

**REPORT OF THE COMMITTEE ON ROADS AND
TRANSPORT**

ON THE

**CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF
TRANSPORT) AND VDL BUS ROESLARE N.V. OF BELGIUM FOR AN
AMOUNT OF TWELVE MILLION, ONE HUNDRED AND EIGHTY-TWO
THOUSAND, FIVE HUNDRED EUROS (€12,182,500.00) FOR THE
PROCUREMENT OF 45 INTERCITY VDL BUSES FOR PUBLIC
TRANSPORT, SPARE PARTS, TOOLS AND TECHNICAL
ASSISTANCE/TRAINING SERVICES TO THE MINISTRY OF
TRANSPORT OF THE REPUBLIC OF GHANA (CONTRACT 1)**

AND

**CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF
TRANSPORT) AND VDL BUS ROESLARE N.V. OF BELGIUM FOR AN
AMOUNT OF ELEVEN MILLION, FIVE HUNDRED AND NINETY-FOUR
THOUSAND, TWO HUNDRED AND THREE EUROS (€11,594,203.00)
FOR PROCUREMENT OF DELIVERY OF 55 INTERCITY VDL BUSES FOR
PUBLIC TRANSPORT, SPARE PARTS, TOOLS AND TECHNICAL
ASSISTANCE/TRAINING SERVICES TO THE MINISTRY OF
TRANSPORT OF THE REPUBLIC OF GHANA (CONTRACT 2)**

6TH NOVEMBER, 2020

ACC NO: 3040
class No: CR/ GSVDLBR/20

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE

CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF TRANSPORT) AND VDL BUS ROESELARE N.V. OF BELGIUM FOR AN AMOUNT OF TWELVE MILLION, ONE HUNDRED AND EIGHTY-TWO THOUSAND, FIVE HUNDRED EUROS (€12,182,500.00) FOR THE PROCUREMENT OF 45 INTERCITY VDL BUSES FOR PUBLIC TRANSPORT, SPARE PARTS, TOOLS AND TECHNICAL ASSISTANCE/TRAINING SERVICES TO THE MINISTRY OF TRANSPORT OF THE REPUBLIC OF GHANA (CONTRACT 1)

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CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF TRANSPORT) AND VDL BUS ROESELARE N.V. OF BELGIUM FOR AN AMOUNT OF ELEVEN MILLION, FIVE HUNDRED AND NINETY-FOUR THOUSAND, TWO HUNDRED AND THREE EUROS (€11,594,203.00) FOR PROCUREMENT OF DELIVERY OF 55 INTERCITY VDL BUSES FOR PUBLIC TRANSPORT, SPARE PARTS, TOOLS AND TECHNICAL ASSISTANCE/TRAINING SERVICES TO THE MINISTRY OF TRANSPORT OF THE REPUBLIC OF GHANA (CONTRACT 2)

1. INTRODUCTION

On Wednesday, 4th November, 2020 the *Contract Agreement Between the Government of the Republic of Ghana (represented by the Ministry of Transport) and VDL Bus Roeselare N.V. of Belgium for an amount of Twelve Million, One Hundred and Eighty-Two Thousand, Five Hundred Euros (€12,182,500.00) for the Procurement of 45 Intercity VDL Buses for Public Transport, Spare Parts, Tools and Technical Assistance/Training Services to the Ministry of Transport of the Republic of Ghana (Contract 1)* and the *Contract Agreement between the Government of the Republic of Ghana (Represented by the Ministry of Transport) and VDL Bus Roeselare N.V. of Belgium for an amount of Eleven Million, Five Hundred and Ninety-Four Thousand, Two Hundred and Three Euros (€11,594,203.00) for Procurement and Delivery of 55 Intercity VDL Buses for Public Transport, Spare Parts, Tools and Technical Assistance/Training Services to the Ministry of Transport of the Republic of Ghana (Contract 2)* was presented to Parliament by the Hon. Minister for Parliamentary Affairs, Osei Kyei-Mensah-Bonsu on behalf of the Minister for Transport, Mr Kwaku Ofori Asiamah.

The Rt. Hon. Speaker referred the Agreements to the Committee on Roads and Transport for consideration and report in accordance with Article 181 of the 1992 Constitution and Order 189 of the Standing Orders of Parliament.

The Committee is grateful to the Officials from the Ministry of Transport and the Metro Mass Transport Limited.

2. REFERENCE DOCUMENTS

- i. The 1992 Constitution of Ghana
- ii. The Standing Orders of Parliament
- iii. The Contract Agreement Between the Government of the Republic of Ghana (represented by the Ministry of Transport) and VDL Bus Roeselare N.V. of Belgium for an amount of Twelve Million, One Hundred and Eighty-Two Thousand, Five Hundred Euros (€12,182,500.00) for the Procurement of 45 Intercity VDL Buses for Public Transport, Spare Parts, Tools and Technical Assistance/Training Services to the Ministry of Transport of the Republic of Ghana (Contract 1) and
- iv. The Contract Agreement between the Government of the Republic of Ghana (Represented by the Ministry of Transport) and VDL Bus Roeselare N.V. of Belgium for an amount of Eleven Million, Five Hundred and Ninety-Four Thousand, Two Hundred and Three Euros (€11,594,203.00) for Procurement of Delivery of 55 Intercity VDL Buses for Public Transport, Spare Parts, Tools and Technical Assistance/Training Services to the Ministry of Transport of the Republic of Ghana (Contract 2)

3. BACKGROUND

The Metro Mass Transit Limited (MMTL) was set up with the objective to carry on the business of providing intra-city, interurban and urban-rural bus services in the country as part of the Government's policy to promote affordable mass transportation services to urban and rural dwellers. The policy framework for the financing and operation of the MMTL was that Government will provide buses as well as subsidy to enable it provide relatively cheaper and affordable mass transportation services to the public as a necessary social service.

Metro Mass Transit Limited took delivery of approximately 140 buses as at the end of 2012 and extended its three main services (intra-city service, inter-urban service, and intercity service) to all the regions. This enabled the company to extend its services to greater part of the 260 district/municipalities of Ghana by operating an average of 727 buses daily on 390 routes and providing direct employment for over 4,000 people. The MMTL has particularly been effective in servicing difficult-to-reach areas, ensuring that people in these areas have reliable and safe transport options for a variety of reasons including agriculture and petty trading. The Company has thus been at the forefront of using a reliable transport network to boost commerce and productivity across Ghana.

It was expected that by the end of 2018, through the continuous improvement in operations and timely fleet replacement, all the buses would have been replaced for the next period of operations. However, the company has since then replaced approximately 100 buses with the recent acquisition of the 100 Daewoo Intercity Buses. Out of the company's fleet of 1440, only 182 buses are currently operational. Majority of the buses have outlived their economic lives and needed to be scraped whilst about 100 require major repairs. Due to the company's inability to renew its fleet, services have significantly declined.

To help revamp the operations, the Ministry through its fleet renewal program, applied through the Ministry of Finance to the Belgian Government for a financial intervention by the Belfius Bank SA/NV for a mixed credit facility for the supply of 100 VDL buses to augment MMT's dwindled bus fleet.

4. OBJECTIVES OF THE PROJECT

The objectives of the project are intended to assist in improving the operations of MMTL. It involves an arrangement with VDL group for the supply of 100 commuter buses, spare parts and technical assistance for MMTL.

5. PROJECT SCOPE

The acquisition of 100 VDL buses and spare parts from Roeslare N.V. Roeselare of Belgium involves the following:

- i. The supply of intercity bus with pacific body, seating capacity of 63 + plus driver including spare parts and tools with details as follows:

Quantity	-	100
Unit Price	-	€198,500.00
Batches of spare parts, CIF Tema	-	€3,926,703.00
Total Price for 100 buses, CIF Tema	-	€19,850,000.00
- ii. Repair of fifty (50) broken down vehicles at MMTL
- iii. Training of bus drivers and maintenance staff of MMTL
- iv. Provision of adequate after-sales-services and spare parts
- v. Technical assistance in the form of a grant from the Belgian Government through Finexpo for a total value of €713,295.00 to be provided for the training of MMT drivers and bus maintenance staff

6. OBSERVATIONS AND RECOMMENDATIONS

i. Delivery Term

The delivery term for the supply of 100 intercity buses to the MMTL is eight (8) months after down payment of 15% of the contract sum.

ii. Benefits of the Project to MMTL

The Committee observed that the MMTL provides transport services to both rural and urban dwellers at relatively cheaper price compared to other transport service providers. Over the years, the company's bus fleet have dwindled with most of its buses reaching their useful life, some of which are as old as 17 years. As a result, services are often disrupted through frequent breakdowns and rising operating cost whilst services on most routes have been completely suspended. The Committee is also with the view that any assistance to MMTL to renew their fleet and revamp operations is in support of Government policy to promote affordable mass transportation systems at a relatively

cheaper and affordable cost to the public as a necessary social service. The project is intended to assist in resuscitating the operations of MMTL.

iii. **Strategic Plan for MMTL**

The Committee observed that the MMTL has prepared a five-year strategic plan that aims at ensuring continuous provision of mass transportation service for socio economic development of Ghana. The plan is however anchored on the ability to acquire 100 buses annually. The Committee therefore recommends to Government to assist MMTL

iv. **Financial Impact**

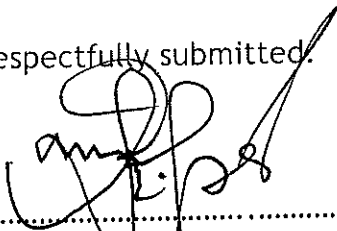
The two contracts are financed by Belfius Bank SA/NV and the Government of Belgium. In the case of the delivery of 45 intercity buses (Contract 1), the Belgian Government is also providing a grant of €365,475.00 in the form of technical assistance while Belfius Bank is lending to Government €13,505,519.50 with an export credit guarantee from Credendo. With respect to the 55 intercity buses project (Contract 2), the Belgian Government is providing a State to State loan of €8,000,000.00, a Grant in the form of Technical Assistance of €347,826.00 and Belfius Bank is lending €3,984,533.45 under a Credendo covered facility.

7. CONCLUSION

The Committee having carefully examined the two Commercial Contract Agreements and satisfied that the acquisition of the 100 intercity buses will help sustain MMTL to enable them make transportation affordable and accessible to communities, unanimously recommends to the House to adopt its report and approve the *Contract Agreement Between the Government of the Republic of Ghana (represented by the Ministry of Transport) and VDL Bus Roeselare N. V. of Belgium for an amount of Twelve Million, One Hundred*

and Eighty-Two Thousand, Five Hundred Euros (€12,182,500.00) for the Procurement of 45 Intercity VDL Buses for Public Transport, Spare Parts, Tools and Technical Assistance/Training Services to the Ministry of Transport of the Republic of Ghana (Contract 1) and the Contract Agreement between the Government of the Republic of Ghana (Represented by the Ministry of Transport) and VDL Bus Roeselare N.V. of Belgium for an amount of Eleven Million, Five Hundred and Ninety-Four Thousand, Two Hundred and Three Euros (€11,594,203.00) for Procurement of Delivery of 55 Intercity VDL Buses for Public Transport, Spare Parts, Tools and Technical Assistance/Training Services to the Ministry of Transport of the Republic of Ghana (Contract 2).

Respectfully submitted.



HON. SAMUEL AYEH-PAYE
CHAIRMAN, COMMITTEE ON ROADS AND
TRANSPORT



MS. OLIVIA ASANTE
ASST. CLERK, COMMITTEE ON ROADS
AND TRANSPORT