

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

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

ON THE

**COMMERCIAL CONTRACT AGREEMENT BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF GHANA
(REPRESENTED BY THE MINISTRY OF ROADS AND
HIGHWAYS) AND INZAG GERMANY GMBH FOR AN
AMOUNT OF TWO HUNDRED AND FIFTY-SIX
MILLION, EIGHT THOUSAND, SEVEN HUNDRED AND
NINETY-SIX EUROS (€256,008,796.00) FOR
UPGRADING OF THE EASTERN CORRIDOR ROAD -
LOT 1: TEMA - AKOSOMBO JUNCTION (63.6KM)**

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REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON COMMERCIAL CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF ROADS AND HIGHWAYS) INZAG GERMANY GMBH FOR AN AMOUNT OF TWO HUNDRED AND FIFTY-SIX MILLION, EIGHT THOUSAND, SEVEN HUNDRED AND NINETY-SIX EUROS (€256,008,796.00) FOR UPGRADING OF THE EASTERN CORRIDOR ROAD - LOT 1: TEMA - AKOSOMBO JUNCTION (63.6 KM)

1. INTRODUCTION

On Thursday, 30th April, 2020, the Commercial Contract Agreement between the Government of the Republic Of Ghana (Represented By The Minister of Roads And Highways) and INZAG Germany GmbH for an amount of Two Hundred and Fifty-Six Million, Eight Thousand, Seven Hundred and Ninety-Six Euros (€256,008,796.00) for upgrading of the Eastern Corridor Road - Lot 1 : Tema - Akosombo Junction (63.6 Km) was presented to Parliament by the Honourable Minister responsible for Roads and Highways, Mr. Kwasi Amoako-Atta.

The Rt. Hon. Speaker referred the Agreement to the Committee on Roads and Transport for consideration and report in accordance with Article 181 (5) of the 1992 Constitution and Order 189 of the Standing Orders of Parliament.

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 Commercial Contract Agreement between the Government of the Republic Of Ghana (Represented By The Minister of Roads And

Highways) and INZAG Germany GmbH for an amount of Two Hundred and Fifty-Six Million, Eight Thousand, Seven Hundred and Ninety-Six Euros (€256,008,796.00) for upgrading of the Eastern Corridor Road - Lot 1 : Tema - Akosombo Junction (63.6 Km)

3. BACKGROUND

The Government of Ghana for the past decade has been implementing road improvement programs as part of its transport policy. The programs involve periodic and medium-term maintenance as well as rehabilitation and reconstruction of trunk, urban and rural infrastructure. The Government currently is upgrading sections of the Eastern Corridor Road (ECR) in line with the focus of improving the road infrastructure. The Eastern corridor is strategically relevant, especially for freight movement within Ghana and neighbouring land-locked countries such as Burkina Faso, Niger, and Mali and beyond. The Eastern Corridor Road also serves as a North-South trade corridor by providing a shorter access from the Port of Tema and improving mobility between the Greater Accra, Eastern, Volta, Oti, Volta, Northern and Upper East Regions of Ghana and also between Ghana and neighbouring land-locked countries.

The road corridor connects major towns such as Tema, Kpong, Atimpoku, Hohoe, Nkwanta, Bimbilla, Yendi, Gushiegu, Nakpanduri, Bawku and Kulungugu in Ghana. The Eastern Corridor Road is divided into seven (7) LOTS. The LOT 1 covers the stretch of road from the Tema roundabout and ends at Akosombo Junction (63.6km).

The Ashiaman/Tema - Akosombo Junction /Adomi Bridge section forms part of the Eastern Corridor Roads. The Corridor represents the National Trunk Road No. 2 (N2) in the trunk road network in Ghana, and starts from Tema Roundabout in the south and ends at Kulungugu on the North-Eastern border with Burkina Faso

The Corridor specifically has no functional railway infrastructure yet and several of the sections of the Corridor are starting to deteriorate due to increased traffic levels. However, the 84km intermodal railway line linking Tema to Akosombo is currently under construction and it is to be completed by June 2021.

The implementation of the project will link the Tema Port to the Volta Lake transport network especially north-south movements. This will be complementary to the Eastern Corridor Road transport system which will continue to play a critical role in the development of the Eastern Corridor. The rail transport will end at Mpakadan and the more extensive road transport system will provide the critical “last mile” service for development.

The planned construction of a new bridge across the Volta River at Volivo to Dufor Adidome is expected to provide an alternative to the Adomi Bridge, the current sole crossing point north of the southern crossing point at Sogakope. Recent rehabilitation works on the Adomi Bridge exposed the vulnerability of the road transport system since there was no other crossing within the middle belt of the corridor to handle the traffic. A temporary ferry crossing had to be implemented to avoid a long journey through Sogakofe, Ho and Asikuma in order to reach Anum, Peki, Hohoe, Oti and North-Eastern regions. The proposed project will complement the Bridge project.

The axle load control and management program being implemented in the country is critical to the preservation of the investment in the road infrastructure along this corridor. All Member States of ECOWAS are signatories to the supplementary Act, therefore transit traffic from Burkina Faso, Mali and Niger are conversant with its implementation.

The first 14km of road section from Tema to Afiencya traverses the Tema, Ashiaman and Dangbe West districts which have population growth along

the corridor of about 5% traffic and traffic growth rate in excess of 8% per annum.

The Tema Roundabout is currently under construction into a two -tier interchange and will be improved into three tier interchange at a future date. The interchange when completed will improve traffic flow on the East-West (N1) and north -south corridors (N2). Traffic volumes are increasing along the project corridor and without the implementation of this project congestion will worsen within the urban section of the corridor. The Tema -Akosombo road was reconstructed in 1995 and has not had any major maintenance intervention since completion.

The Ministry of Roads and Highways recognizes that the above challenges will lead to massive congestion and pavement deterioration on some sections of the corridor and the unimproved sections getting substantially worse without a strong intervention, especially given the continued growth in traffic volumes and freight to the landlocked countries. The intended response therefore is, among others, to improve existing road infrastructure and preserve the integrity and investment already made on some sections. The intervention will also address the sub regional program of developing the Eastern Corridor into a major transit corridor of high standard.

3. OBJECTIVES

The objective of the integrated intermodal system of transport is to ease the pressure on the country's busiest seaport as well as push up the gains made from the maritime logistics transport value chain and address the imbalance between transport modes for long distance transit and domestic freight from the south to the northern parts of the country.

4. PROJECT DESCRIPTION / SCOPE

The project involves the design and construction of the road pavement and drainage facilities of the Eastern Corridor Road, Lot 1: Tema Roundabout to Akosombo Junction, 63.6 km which is equivalent to 131.0 km of two-lane dual-carriage road. Three Bridges, two Interchanges and 19 pedestrian bridges with accessibility for Persons Living with Disability.

5. OBSERVATION AND RECOMMENDATIONS

i. Payment Structure

The payment structure for the Contract shall under a Credit Facility from KFW-IMPEX Bank to the Republic of Ghana, (Ministry of Finance). An advance payment of 20% of the Contract Price shall be paid as a drawdown under the credit agreement while the remaining 80% would be paid to the contractor as per the terms and conditions of the credit agreement pro rata the value of services rendered and certified by the Consultation.

ii. Advance Payment

Advance payment on this project will 20% of the contract sum.

iii. Advance Payment Guarantee

The Committee noted that a provision has been made for an Advance Payment in Euros and in one instalment of 20% of the Contract amount. This amount the Committee further noted could only be paid after the Contractor has presented to the Employer, an approved Advance Payment Guarantee from a reputable bank in a form approved by the Employer for the full value of the Advance Payment. The Committee also noted that the Advance Payment shall not be subject to retention but be repaid by way of reduction of the amount of the Interim Payment Certificate until it has been

paid in full. The Committee considers this as a fair industry practice which must be continued.

iv. Performance Security Guarantee

The Committee noted that as part of the safeguard measure to cause the Contractor to perform on schedule and to specifications, the Contractor is required to deliver to a Performance Guarantee in the form of a Bank Guarantee in the form annexed to the Particular Conditions of Contract at Annex B, in an amount of 10% of the Accepted Contract or a surety bond in the form annexed to the Particular Conditions of Contract at Annex C, in an amount of 30% of the Accepted Contract amount.

v. Project Duration

The project would be completed in 36 months from its commencement date.

vi. Stakeholder Consultation

The Ministry informed the Committee that extensive consultations have been done among the Ministry of Finance, Attorney-General's Department, Ministry of Local Government and Rural Development through the MMDAs, Ministry of Chieftaincy, Ministry of Works and Housing through the Hydrological Services, Ministry of Lands and Natural Resources through the Forestry Commission, Forest Services Division, Lands Valuation Division and the Game and Wildlife Division, Ministry of Roads and Highways, and the Implementing Agency (Ghana Highway Authority). Further consultations will be held with the respective Regional Coordinating Councils of the Greater Accra and Eastern Regions as well as potential Property Affected Persons and owners of borrow areas for the road and bridge works.

vii. Consultancy Supervision Services

The Committee noted that under the terms of the agreement an external consultant would be appointed by government to provide consultancy services for Supervision, however, the Contractor will provide Engineering Services including Design, Studies and Investigations for approval by the Ghana Highway Authority.

viii. Value for Money Audit

The Committee noted that Value for Money Audit Report was not attached to the Contract though it is among the conditions precedent before the contract could come into full force and effect. The Committee was assured that decisions of the negotiations, including suggestions made during the Committee's deliberations would to be incorporated into the final design to allow for a comprehensive Value for Money Audit to be conducted. The Ministry, therefore, promised to furnish the Committee with a copy of the report upon completion.

ix. Bill of Quantities (BoQ)

The Committee also noted that though the contract was yet to be signed, a detailed Bill of Quantities (BoQ) was attached for the information of the Committee. The Committee lauds this but urges the Ministry to ensure that the rates quoted therein are at least maintained.

The Committee also realised that the Method of Measurement of the Quantities was not specified and urges the Ministry to ensure that the Civil Engineering Standard Method of Measurement (CESMM) is adopted and use a standard of measurement of Works.

x. Retention

The Committee observed that the limit of Retention Money is 5% of the Accepted Contract Amount in a form and substance as well as from a bank acceptable to the Employer.

xi. Insurance for the Work

The Committee further observed that the maximum amount of deductibles for insurance of the Employer's risks is €5,000.00 and the minimum amount of third party insurance; limit per occurrence for any incident with the number of occurrences unlimited is €100,000.00.

xii. Defect Liability Period

The Committee noted that the Contract provides for Defects Notification Period of 365 days.

xiii. Variation of Works

The Committee again noted that the Contract is a fixed sum Contract but allows for variation provided the variation does not affect the overall contract sum.

xiv. Benefits of the Project

- The Committee noted that the improvement of the Eastern Corridor is to provide accessibility and facilitate the provision of road transport service within this development corridor for the socio-economic development and integration of Ghana with Burkina Faso, Mali, and Niger. This will enable them to transport goods to and from the ports of Tema via the multi-modal corridor including roads, lake transport and railroads as well as fostering integration with the southern and northern parts of the country.
- The project will accelerate the pace of regional and national development. The project will also support the regional integration programme for West Africa because the road is part of the Eastern Corridor which provides a shorter alternative route to Kulungungu and hence Burkina Faso, Mali and other Sahelian countries of West Africa. This presents advantages for both the domestic and export trade sectors.

- The Committee further noted that the proposed section of intervention has about 20km of the urban conurbation of the Ashaiman Municipality which is heavily trafficked and congested. Traffic volumes exceed 30,000 vehicles per day with delays in excess of one to one and half hours of delay. The population growth on the urban areas are estimated at 5% and characterised by rapid urban sprawl. The expansion of the road within this section of the Corridor will complement the construction of the new bridge across the Volta River at Volivo.
- Accessibility to the Volta River basin will not only increase the indirect economic benefits from daily cultivation by local farmers, but also attract large-scale agriculture investment, particularly in the northern part of the Volta River basin, where about 25,000 hectares of arable land with rich Vertisols soil for farming are mostly unused at present due to the lack of access to major markets. Upgrading of this road will thus facilitate the transportation of agricultural products along the Volta River, which is another qualitative benefit of the project.
- The benefits of the effective implementation of the proposed project cannot be over emphasized. The rate of deterioration of the road section is very high and immediate intervention is needed to save the road pavement. Immediate intervention will reduce the vehicle operating costs to the transport sector and reduce congestion. The proposed road improvement works is expected to reduce travelling time between Tema and Akosombo Junction. The benefits within the urban sections of the corridor will be very significant.

xv. Local Content

The Committee noted that during the construction phase, about 1000 people skilled and unskilled labour along the various sections

of the road will be directly employed as Engineers, artisans, drivers, equipment operators etc. indirect employment will also be generated at various sites. An increase in the traffic volume is expected to occur during the post construction phase as traffic will be diverted from the Central Corridor to the Eastern Corridor. The existing low level of income along the eastern corridor will improve with the expected growth in traffic volumes during the operational phase of the project. This impact on employment and income will happen which is in the long term, is therefore considered to be significant and positive in both phases.

xvi. Environmental Impact Assessment

- A preliminary Environmental and Social Impact Assessment has been undertaken in order to mitigate and adapt the design to the minimum impact possible, both social and environmental.
- The civil works to be carried out under the proposed project would be undertaken in accordance with the Environmental Management Plans (EMPs) which will be prepared by the Contractor for purposes of this project. The contractor's method statement includes the traffic management plans to minimise inconvenience to road users and the public.
- The planned civil works will not have significant negative impacts during project implementation. This is especially the case for maintenance and strengthening works which would not require any major re-alignments, land acquisition or destruction of structures. The potential adverse environmental and social impacts will be limited and site specific issues and would be mitigated in compliance with environmental legislation.

xvii. Supervision

The Ministry of Roads and Highways acting through the Ghana Highway Authority will have oversight responsibility for the

implementation of the project. Day to day supervision of works will be undertaken by an experienced local consultant selected in accordance with the Public Procurement Act. The implementing Agency, GHA will coordinate all project activities for and on behalf of the Ministry of Roads and Highways.

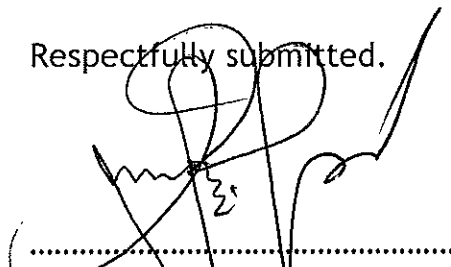
xviii. **Payment of Compensation**

The observed that about 10% of the contract amount in the sum of €25,713,649.05 have been earmarked for compensation to Projects Affected Persons (PAPs). The Committee was assured that compensation would not be a challenge so as to delay the project.


6. CONCLUSION

The Committee having carefully examined the Commercial Agreement and satisfied itself that the project will accelerate the pace of regional and national development as well as regional integration in the West Africa sub-region unanimously recommends to the House to adopt its report and approve the contract between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways) and INZAG Germany GmbH for an amount of Two Hundred and Fifty-Six Million, Eight Thousand, Seven Hundred and Ninety-Six Euros (€256,008,796.00) for the Upgrading of the Eastern Corridor Road - Lot 1: Tema - Akosombo Junction (63.6km).

Respectfully submitted.



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



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

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