JOINT MEMORANDUM TO PARLIAMENT

BY

MINISTER FOR ROADS AND HIGHWAYS

AND

THE MINISTER FOR FINANCE

ON

DESIGN, SUPPLY AND INSTALLATION OF 50 COMPONENTS OF SMALL AND MEDIUM STEEL BRIDGES FROM THE CZECH REPUBLIC UNDER A CREDIT FACILITY OF FORTY-SEVEN MILLION, FIVE HUNDRED THOUSAND EUROS (£47,500,000.00) FROM THE CESKOSLOVENSKA OBCHODNI BANKA (CSOB)

NOVEMBER, 2018
1.0 PARLIAMENT DECISION REQUESTED

1.1 Parliament is respectfully invited to consider and approve a Credit Facility Agreement of
an amount of Forty-Seven Million, Five Hundred Thousand Euros (€47,500,000.00) from the
CZESKOSLOVENSKA OBCHODNI BANKA (CSOB) for the design, supply and
installation of 50no. small and medium steel bridge components to support the
implementation of the Ministry’s programme for the construction, reconstruction and
upgrading of existing bridges countrywide.

1.2 Parliament is also respectfully requested to consider and approve for the waiver of the
required taxes, custom duties, stamp duty, levies and applicable fees and charges on the
materials and equipment to be used for the project.

2.0 BACKGROUND

2.1 The Ministry of Roads and Highways is currently implementing a rigorous programme to
improve the condition of the country’s road network and related facilities throughout Ghana.
Under this programme, the road agencies, particularly, the Department of Feeder Roads is
rehabilitating and upgrading weak or broken log bridges with short and medium span steel,
composite bridges and the construction of major box culverts and bridges over water crossings
to reduce the bottlenecks on the feeder road network.

2.2 Sections of roads, old wooden and steel bridges are damaged in a number of rural areas
making many roads impassable during the rainy season. This has by and large constrained
socio-economic development. Governments over the years have implemented and continue to
implement a number of road infrastructure projects to connect districts to municipalities and
municipalities to metropolitan areas.

2.3 Out of the Feeder road network of about 42,045km, only 25,931km is engineered with
good alignment and adequate drainage. The remaining network is unengineered earth roads
with water crossings which are not bridged. Besides, there are about 10,000km of tracks which
cannot be improved without the installation of critical bridges or culverts. The Department of
Feeder Roads has identified about 5,000 water crossings points which hamper the provision of
basic access for rural dwellers in Ghana. Out of this number, 1,200 locations have been
prioritized for construction with the aim of improving the transportation of agricultural inputs
and products in order to increase food and cash crop production, to provide continuity of routes
with better level of service and to provide access to social services for the rural population.

2.4 A number of interventions have been taken over time to arrest the poor state of bridges
along the feeder roads network under the Ghana-Dutch Bridges Project, the Ghana-Acrow
Bridges Project, the Belgium Bridges Project and the Spanish Bridges with the objective of
improving rural access and overall development of the rural areas in the country; but much
more remains to be done.
2.5 The current data on the Ghana Highway Authority’s National Bridge inventory indicate that a total of 350 bridges; consisting of 100 steel bridges whilst the remaining 250 bridges are concrete and composite. Seventy-six (76) percent of these bridges are in fair to poor condition.

2.6 During the implementation of the “Road Sub-Sector Development Programme (RSDP)” from 2001 to June 2008, six (6) major bridges were constructed with support from the Arab Bank for the Economic Development of Africa (BADEA).

The bridges are:
   i. Aframso Bridge (ASR)
   ii. Jomoro Bridge (WR)
   iii. Ofoase Bridge (ER)
   iv. Hiawa Bridge (ER)
   v. Bridge on Suskuliga River at Nayoko (NR)
   vi. Bridge on Tintaraga River at Ngane (NR)

2.7 Over the last few years, defects such as cracking, depression, spalling and fatigue failure of the deck and corrosion of steel members due to water leakage through the deck slab joints have been observed from inspections carried out on the bridges. The situation is getting very serious as deterioration progresses quickly with imminent risk of the bridges becoming impassable.

2.8 It may be recalled that in September 2007, heavy rains hit northern Ghana causing significant damage to a number of bridges and culverts. As a result, the routes to most farming communities were cut off, severely limiting travel to and from these areas. As a temporary emergency measure, DANIDA and the Government of Ghana undertook emergency repairs by installing Bailey bridges and undertaking other temporary measures until such time as permanent bridges could be constructed.

2.9 The Government of Ghana (GOG) acting through the Ministry of Roads and Highways and the Ghana Highway Authority has requested and are in discussion with the Danish International Development Agency (DANIDA) for financial support in the form of a Mixed-Credit facility to construct permanent bridge structures at various sites of critical importance for the development of the Upper East and Upper West regions of Ghana. The bridges identified for financing under the DANIDA support programme are:

   i. Kulungugu Bridge on Bawku-Kulungugu-Burkina Faso Road
   ii. Garu Bridge on Bawku-Missiga-Garu Road
   iii. Doninga and Sissili Bridges on Sandema-Doninga Road
   iv. Ambafara Bridge on Bulenga-Yaala-Kundugu Road
   v. Kulun Bridge on Bulenga-Yaala-Kundugu Road

2.10 The Construction of the bridges to be financed under this Facility in addition to the above that may be financed by DANIDA will considerably open up and improve accessibility countrywide. The areas tagged as “overseas areas” in some regions and long detours for
travelling from one region to the other would be addressed if these projects are undertaken to compliment other initiatives.

2.11 The Urban situation is also under consideration. Cities are progressively expanding both in size and activities and is experiencing an accelerated population growth and urbanization. The estimated growth of traffic has been recorded as 7% to 10% per annum during the last few years resulting in severe congestion on the road network with consequential challenges.

2.12 Over the years, resources have been committed including Donor assistance toward the amelioration of vehicular congestion and also perennial flooding within the Metropolitan and Municipal areas. For instance, Agence Francaise de Development (AfD) through a concessional credit facility is supporting Government with the implementation of the Kumasi Roads and Drainage Extension Project. The project covers the extension of the Lake Road and the extension of the Aboabo storm drain including the reconstruction of the Lake Road Bridge across the Aboabo Drain.

2.13 However, population expansion, rural-urban migration and increased economic activities continue to put a lot of pressure on existing roads and related facilities, further worsening the situation.

2.14 Notwithstanding the implementation of these bridge projects, a lot more needs to be done countrywide but one major constraint hampering the improvement of these facilities has been lack of adequate funding to replace broken or weak bridges with small and medium span bridges. The transport bottlenecks at bridge locations do not only hamper potentially vibrant economic activities but also affect access to schools, hospitals market centers and the like resulting in low educational standard and greater influence of poverty in the rural areas.

2.15 It is the desire of Government to enhance the standard of living of the rural and urban poor and to properly support the socio-economic development of rural areas by removing these transport bottlenecks. It is in response to this need that the CZESKOSLOVENSKA OBCHODNI BANKA has agreed to provide an Export Credit Facility to finance a part of the Ministry’s bridges programme in four phases.

3.0 PROJECTS TO BE FINANCED FROM THE FACILITY

The project will finance new bridges and replace some existing bridges under this Credit Facility. The DFR will have 20 bridges, the Ghana Highway Authority 20 bridges and the Department of Urban Roads 10 bridges.

4.0 PROJECT DESCRIPTION

The project involves the design, supply and installation of steel components for the construction of bridges on rivers and pedestrian bridges including the execution of all substructure works and approach road works.
5.0 PROJECT OBJECTIVES

The core objectives of the Project include the following:

i) To satisfy the basic human needs by increasing accessibility to hospitals, schools and other social/cultural facilities which are greatly hampered due to lack of bridges at river crossing points.

ii) To remove traffic bottleneck at river crossings and improve the movement of goods and people within the areas of influence.

iii) To contribute to economic development and alleviation of poverty.

6.0 JUSTIFICATION FOR GOVERNMENT'S INTERVENTION/BENEFITS OF THE PROJECT/IMPACT

6.1 The socio-economic implications of not addressing the problem include the following:

i. Loss of valuable productive work due to the long travel time that would be involved in using alternate routes.

ii. Increased cost for time – sensitive, perishable deliveries (e.g. farm produce) that are transported across the bridges.

iii. Disruption of international vehicular traffic to landlocked countries.

iv. High cost and frequency of rehabilitation works to make the bridges safe for vehicles and pedestrians.

v. Fatigue, stress and frustration of the travelling public for the long travel times through alternate routes (close to 3 hours).

vi. Increased Transport cost for households and businesses that have to make the long detours through alternate routes.

6.2 The benefits to be derived from implementing this project include the following:

i. Transport services will be provided with the construction of bridges over river crossing points, thus goods and passengers can be transported much easier. All year-round access to schools, hospitals and markets will be provided thus eliminating interruptions in the transporting people, farm produce and other items during the rainy seasons.

ii. Long detours will be reduced. Construction of bridges eliminates long detours resulting in reduced transport cost and travel time.
iii. More markets will be accessed. Accessing more markets with the elimination of traffic bottleneck is expected to result in significant increase in the incomes of the people living along and within the project areas.

iv. The projects undoubtedly will have positive socio-economic impacts and improve the living conditions of the people living in the zone of influence. The projects will also improve the wellbeing of the local population through improved access to socio-economic facilities and markets. Furthermore, the improved condition of the road network and associated facilities will result in substantial improvement in the transportation of goods and people in and outside those areas.

7.0 PROJECT COST

The estimated total project cost for the design, supply and installation of the bridge components and associated civil works is estimated at Forty-Seven Million, Five Hundred Thousand (47,500,000.00) Euros.

8.0 PROJECT DURATION

The project is estimated to be completed within a period of twenty-four (24) months from the commencement date.

9.0 INSTITUTIONAL ARRANGEMENT

The respective road executing agencies, the Ghana Highway Authority (GHA), the Department of Urban Roads (DUR) and the Department of Feeder Roads (DFR) have adequate professional staff and has been implementing several similar projects funded by our Development Partners and have the required capacity and experience to supervise the implementation of the projects.

10.0 LEGISLATION / REGULATORY PLAN

In accordance with Article 181 of the 1992 Constitution, Sections 55(1) and 56(1) of the Public Financial Management Act, 2016 (Act 921) and the conditions of the Credit Facility, Cabinet and Parliamentary approvals and a Legal Opinion on the Facility are required to be submitted to the Bank in satisfaction of part of the conditions precedent to the effectiveness of the Export Credit Facility.
12.0 CONSULTATIONS
This Ministry has had extensive consultations with the executing agencies with respect to the implementation of the project. The Ministry of Finance has also considered the terms of the Credit Facility and given it's no objection.

13.0 CONCLUSION
Considering the desire of the Government to improve the standard of living of the rural people and to properly support the socio-economic development of the rural communities, Parliament is respectfully invited as in Paragraph 1 above to consider the Export Credit Facility and approve in accordance with the provisions of Article 181 of the 1992 Constitution and Section 55(1) and Section 56 (1) of the Public Financial Management Act, 2017 (Act 921).

KEN OFORI-ATTA
HON. MINISTER, FINANCE

KWASI AMOAKO-ATTIAH (MP)
HON. MINISTER, ROADS & HIGHWAYS

DATED .................... 2018

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ANALYSIS DOCUMENTS

Attached as Appendices 1, 2, 3 and 4 are the following supporting documents relating to the Memorandum:

1. APPENDIX 1
   A Copy of the Cabinet Approval Letter dated 30th November 2018

2. APPENDIX 2
   Tranche A Export Credit Facility Agreement between Republic of Ghana and CSOB

3. APPENDIX 3
   Tranche B Export Credit Facility Agreement between Republic of Ghana and CSOB

4. APPENDIX 4
   A Copy of the Commercial Agreement between MRH and Knights