

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

REPORT OF THE FINANCE COMMITTEE ON THE LOAN
AGREEMENT BETWEEN THE REPUBLIC OF GHANA AND
THE GERMAN BANK FOR RECONSTRUCTION (KFW) FOR
AN AMOUNT OF EURO 12,782,297 TO SUPPORT THE
REHABILITATION OF THE SOGAKOPE-AKATSI ROAD

1.0 INTRODUCTION

The above Loan Agreement was laid in the House on Wednesday 20th November 2002, in accordance with Article 181 of the Constitution, and referred to the Finance Committee for consideration and report, pursuant to Order 171(1) of the Standing Orders.

The Committee met with Hon. Yaw Osafo Maafo and a technical team from Ministry of Finance and reports as follows:

2.0 BACKGROUND

Hon. Members will recall that this Honourable House approved two credit facilities from Kreditanstalt für Wiederaufbau (KfW) and African Development Bank (ADB) for the financing of sections of the Tema Aflao Road.

The German government through KfW provided an amount of DM 74.0 million for the rehabilitation of the Tema-Sogakope stretch whilst the African Development Bank (ADB); provided an amount of UA14.7 million for the rehabilitation of the Akatsi-Aflao stretch. There is therefore a gap which this credit facility aims at financing which is the Sogakope-

Akatsi section. This road forms an integral part of the Trans-West African Highway by connecting Ghana to the eastern neighbours such as Togo, Benin, Nigeria and Western neighbours especially La Cote d'Ivoire. It is therefore an important route for the integration of economic and administrative activities within Ghana and between Ghana and her neighbours.

The project is in an agricultural area with a population cultivating mainly cassava, maize and rice. Currently this road, which is a national road with bituminous treated surfacing, is heavily distressed at several locations. Maintenance activities aimed at providing temporary relief have not been able to strengthen the road in any way. The road, with several cracks and potholes, continues to pose trafficking danger to both drivers and the communities living along the road. What is needed therefore is complete rehabilitation of the entire road.

For the purposes of financing, the Tema-Aflao road project has been divided into lots:

- **Lot 1** which covers the Tema-Sogakope section is being funded by the credit facility from the German Bank for Reconstruction (Kreditanstalt für Wiederaufbau) which this Honourable House ratified.
- **Lot 2** which also covers the Akatsi-Aflao Section is being financed by the African Development Bank (ADB) which was also ratified by this Honourable House.

- **Lot 3** is for the rehabilitation of the Sogakope-Akatsi section and is expected to be funded by the German Bank for Reconstruction (KfW).

3.0 TERMS AND CONDITIONS OF THE LOAN

Total Amount	-	Euro 12,782,297
Interest Rate	-	0.75% per annum
Commitment Fee	-	0.25% per annum on undisbursed portion of the loan
Repayment Period	-	40 years inclusive of the Grace Period
Grace Period	-	10 years
Project Period	-	4 years

3.1 PROJECT DESCRIPTION

The project which is to be completed in four years comprises the following:

- (a) improvement of the alignment at the poor sections;
- (b) reconstruction of the base material of the entire road length;
- (c) desilting or reconstruction of culverts;

- (d) asphaltting of the wearing course;
- (e) laying of 2 metre wide bituminous rated shoulders on each side; and
- (f) installation of necessary traffic control devices

4.0 OBSERVATIONS

The Committee observed that the Sogakope-Akatsi road forms part of the trans-West African Coastal Highway Network and its rehabilitation will further enhance the socio-economic integration of Ghana and the neighbouring Ecowas countries.

The Committee also noted that the terms and conditions of the loan are very satisfactory with a concessionality rate of 72%.

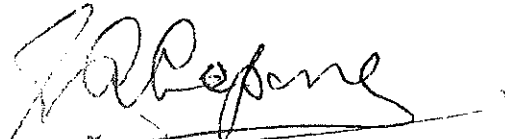
It would also provide a safe and reliable road facility for the travelling public, reducing vehicle operating costs and travel times within and between Ghana and her neighbors.

The Committee observed that this is a laudable attempt to improve the quality of living conditions of all Ghanaians.

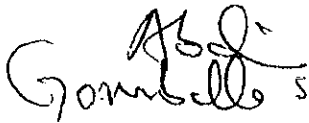
5.0 RECOMMENDATIONS

The Committee recommends that this House adopts and approves by Resolution the Loan Agreement of an amount of Euro 12,782,297 for financing of the Sogakope-Akatsi Section of the Tema-Aflao Rehabilitation Project in accordance with Article 181 of the Constitution and Section 7 of the Loans Act 1970, Act 335.

Respectfully submitted.



HON. EUGENE ATTA AGYEPONG
CHAIRMAN



ALHAJI IBRAHIM GOMBILLA
CLERK

28TH NOVEMBER 2002