

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

REPORT OF THE COMMITTEE ON ROADS & TRANSPORT

ON THE

EPC/TURNKEY CONTRACT AGREEMENT BETWEEN THE GOVERNMENT  
OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF  
AVIATION) AND CONTRACTA CONSTRUCTION UK LIMITED FOR A SUM  
OF FIFTY-EIGHT MILLION, NINE HUNDRED THOUSAND  
(€58,900,000.00) FOR THE EXECUTION OF THE DEVELOPMENT OF  
KUMASI AIRPORT (PHASE III)

11<sup>th</sup> April, 2019

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE EPC/TURNKEY CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF AVIATION) AND CONTRACTA CONSTRUCTION UK LIMITED FOR A SUM OF FIFTY-EIGHT MILLION, NINE HUNDRED THOUSAND (€58,900,000.00) FOR THE EXECUTION OF THE DEVELOPMENT OF KUMASI AIRPORT (PHASE III)

## **1. INTRODUCTION**

On Tuesday, 9<sup>th</sup> April, 2019, the Deputy Minister of Aviation, Honourable Yaw Afful on behalf of the Minister of Aviation, Hon. Joseph Kofi Adda presented to the House the Commercial Contract Agreement between the Republic of Ghana represented by the Ministry of Aviation and Contracta Construction UK Limited in the sum of Fifty-Eight Million, Nine Hundred Thousand Euros (€58,900,000.00) for the development of Kumasi International Airport Phase 3.

Pursuant to Article 103 of the 1992 Constitution and Order 189 of the Standing Orders of the House, the Agreement was referred to the Committee on Roads and Transport.

## **2. DELIBERATIONS**

The Committee on Roads and Transport subsequently met and deliberated on the Contract Agreement with the Deputy Minister of Aviation, Hon. Yaw Afful, the Acting Chief Director of the Sector Ministry, Ms. Christina Edmund and other officials of the Ministry and the Ghana Airport Company Limited.

The Committee is grateful to the Deputy Minister for Aviation and the officials for attending upon the Committee.

### 3. REFERENCE DOCUMENTS

The Committee referred to and was guided by the following documents during its deliberations:

- The 1992 Constitution
- The Standing Orders
- The Contract Agreement between the Republic of Ghana (Represented by Ministry of Aviation) and Contracta Construction UK Limited in the sum of Fifty-Eight Million, Nine Hundred Thousand Euros (€58,900,000.00) for the development of Kumasi International Airport phase 3.

### 4. BACKGROUND

It would be recalled that at the conception stages of the Kumasi International Airport Development Project, a decision was taken to phase the project due to the Government's economic agreement with the International Monetary Fund (IMF) which had set limits on borrowing. The Phase 2 was therefore approved and the scope of works were as follows:

Phase 2 Scope of Works on Terminal and Landside

- New Passenger Terminal Building (5,800m<sup>2</sup>)
- Parking lot and access road (8,800m<sup>2</sup>)
- Access Road (11,500m<sup>2</sup>)

Works on Airside

- Apron (17,500m<sup>2</sup>)
- Runway Extension and Taxiway and Related Infrastructures (319m)

Works on the phase 2 started in May 2018 and construction in ongoing as scheduled. The Ghana Airports Company Limited advised that the two phases, Phase 2 and Phase 3 should be combined to reduce cost. It is estimated that a total amount of about €4,000,000 will be saved if the two phases are delivered concurrently.

In addition, combining the two phases together will ensure that there are no interruptions and lags in the delivery schedule. This will enable the project to be fast-tracked and at the same time, meet the agreed programme of work for the two phases.

The consideration of the Phase 3 works to achieve code 4D of aerodrome definition will ensure that Kumasi Airport is classified as an international airport much sooner and will also reduce operational difficulties of the airport. Combining the two phases will also eliminate constructional interruptions on the terminal once the airport is commissioned.

It is imperative to progress with the phase 3 that the final product can deliver a fully functional airport ready to receive international flights and allow for the accommodation of the predicted increase of passengers in the near future.

Based on preliminary discussions with the Ghana Airport Company Limited, the Ministry of Aviation sent a request for additional funding for the Kumasi International Airport Development Phase 3 project. The Ministry of Finance subsequently engaged the Deutsche Bank, London and mandated them to structure an export credit facility to finance the project at a contract price of €58,90 Million. A request was also made for draft credit agreements to reflect agreed terms.

It is also significant to note that the Ghana Airport Company Limited which will ultimately own and operate the Kumasi International Airport is currently facing some funding constraints due to the servicing of commercial loans contracted to finance the KIA Terminal 3 (T3) and Ho Airport Project among others. It is against this background that the Ministry of Finance is raising funding for the Development of the Kumasi International Airport Phase 3 project in an amount of EUR 58.90 Million for on-lending to the Ghana Airports Company Limited (GACL).

It is again worth noting that Messrs Contracta Construction UK Limited, who were selected after due diligence and are currently undertaking the phase 2 project due to their requisite experience in the construction of airport infrastructure will continue their work in the phase 3 which is a continuation of phase 2. Messrs Contracta Construction UK Limited also collaborated with the Ministry of Aviation and the Ministry of Finance for the financing of the project. The funds for the works are being sourced from Deutsche Bank, London with export Credit support from United Kingdom Export Finance Agency.

## **5. PROJECT OBJECTIVE**

The project objective is to position Kumasi, which is the largest commercial centre in the central belt of Ghana, to complement the multi-modal transport system, comprising the rail, road and aviation link to support the development of the proposed inland port in Boankra, Kumasi for the facilitating the movement of goods and people to the middle and northern belts of the country and into the sub-region, particularly the Sahelian countries.

## **6. PROJECT DESCRIPTION AND SCOPE**

The Scope of works for the Development of the Kumasi International Airport Phase 3 is as follows:

### **Phase 3 Scope of Works on Terminal and Landside:**

- Terminal Building Extension (2,522m<sup>2</sup>)
- New Fire Station
- New Fire Access Road
- New Air Control Tower (ATC)
- Car Park Extension (9,000m<sup>2</sup>)
- Access Road Extension (4,200m<sup>2</sup>)
- 2 New Boarding Bridges

**Scope of Works on Airside:**

- Apron Extension (7,731m<sup>2</sup>)
- Runway Strip (202,805m<sup>2</sup>)
- Airside Service Road

A detailed scope of works is attached as Appendix A.

**7. SUMMARY OF TERMS AND CONDITIONS OF FINANCIAL AGREEMENT**

The estimated cost of the project is €58.90 million. Deutsche Bank AG. London Brach is providing the financing under an export credit arrangement. The UK Export Finance (UKEF) is providing the export credit guarantee to enable Deutsche Bank AG London Branch to lend under this arrangement. The financial package provides a 100% financial solution.

The project is on the approved list of projects in the 2019 Budget to be considered for funding. The financing terms of the two credit agreements are as summarised.

The summary of the two financing agreement is provided below

Terms & Conditions	UKEF Facility Agreement	Tied Facility Agreement
Finance Amount	€46,242,774.57 including UKEF premium of € 242,774.57	€18,900,000.00
Tenor	12 years	5 years
Grace Period	2 years	1 year
Interest Rate	6M EURIBOR + 1.45% p.a	6M EURIBOR + 4.90% p.a
Commitment Fee	0.75% p.a	1.00% p.a
Arrangement Fee	1.00% flat of the facility amount	1.00% flat of the facility amount
Structuring Fee	0.50% flat of the facility amount	0.50% flat of the facility amount

## 8. OBSERVATION AND RECOMMENDATION

- **Benefits of Project**

The Committee noted that: development of the project will lead to the Development of Kumasi into a strategic commercial airport that will link the sub-region and facilitate the movement of people and goods, and attract more investment which will lead to job creation and catalyse economic growth.

The Airport development will boost the agricultural sector and leverage the export of fresh produce and support an agro-based national strategic goal.

The project will help facilitate growth in domestic air travel and serve as one of the key national spokes to KIA and open up the enormous potential growth of traffic in domestic and regional routes, in support of KIA as an aviation hub within the West African Sub-region.

The tourism sector will be given a huge boost to support its full realization of the great potential of tourist and cultural sites especially in the Ashanti and Brong Ahafo Regions through the facilitation of the national historic heritage

- The Committee observed with satisfaction that with the Phase 3 running concurrently with the Phase 2 after a review and technical investigation by the contractor and the various stakeholders will lead to the budget for the Phase 3 being reduced by €4,377,000 as well as an extended runway for the Kumasi Airport.
- The Committee recommended for the contractor and all stakeholders involved to work around the clock to ensure that the project is completed within the project duration of 30 months.

- The Committee observed that all modern airports thrive on air cargo facility but the Kumasi Airport Phase 3 does not include an Air Cargo facility.
- The Committee was however informed that there is a masterplan being developed for the Kumasi Airport which when completed will demarcate an area for air cargo which will be executed with Public Private Partnership (PPP) Agreements.
- The Committee recommended for the completion of the masterplan in the shortest possible time.
- The Committee noted that the Contract Agreement amounts to €58,900,000.00 for the development of the Kumasi International, the Contract sum however is inclusive of when UKEF premium of €6,242,774.57.
- The Committee was informed that the duration of the project is 30 months and it is a turnkey project.
- The Committee satisfied itself with the profile of the contractor and observed that the contractor was already engaged in Phase II of the project and is of proven experience.

## 9. CONCLUSION

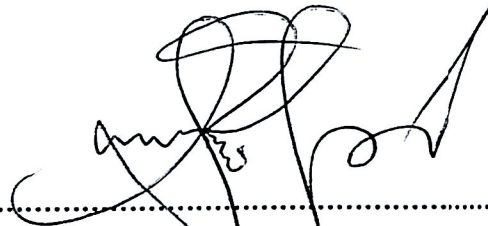
The Committee carefully examined the Contract Agreement and is of the view that the nation is getting value for money with the Kumasi Airport Phase 3.

The Committee respectfully recommends to the House to adopt its report and approve the EPC/Turnkey Contract Agreement between the



Government of the Republic of Ghana (represented by the Ministry of Aviation) and Contracta Construction UK Limited for a sum of **Fifty-Eight Million, Nine Hundred Thousand (€58,900,000.00)** for the execution of the Development of Kumasi Airport (Phase III) in accordance with Article 181 (5) of the 1992 Constitution.

Respectfully submitted.



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



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

# APPENDIX A

## A Phase 2 - Original

1	Preliminary Services	€	1,641,650
2.1 to 2.4	Design and Technical Services	€	6,531,062
3	Earthworks	€	3,274,700
4 & 5.1 to 5.4	Passenger Terminal - 5,800 m2	€	19,362,170
6	Equipment and Furniture	€	2,118,000
7	Electrical, Hydraulical, Airconditioning, Fire Fighting Systems	€	5,800,000
8	Security and Control	€	4,563,000
10	Apron And Taxiway with 17,500 m2	€	6,511,495
9.1 & 9.2	Extension Of Runway from 1981m to 2320m	€	5,615,802
9.3 & 12.9	Access Road with Pavements, Sidewalks, Marking and Grass	€	3,177,900
9.5	Carpark including Finishes	€	1,746,400
12.7	Water Reservoirs	€	672,000
12.1 & 12.2	Electrical Substation, Generators and high voltage	€	1,750,000
12.8	Sewage Treatment	€	350,000
12.10	External Illumination	€	500,000
11.1 & 12.13	General Landscape Works and Final Cleaning	€	344,251
12.11	Airport Fencing	€	189,000
n/a	Utilities Area	€	-
n/a	Passenger Boarding Bridges	€	-
12.4	Fire Station	€	-
12.3	Control Tower	€	-
		€	-
2.5 & 2.6	Client's supervision	€	2,202,570
<b>TOTAL</b>		<b>€</b>	<b>66,350,000</b>

## B Phase 2 - Original Scope Items to be Excluded

6	Equipment and Furniture	€	2,118,000
8	Security and Control (partially)	€	3,757,066
10	Apron and Taxiway with 17,500 m2	€	6,511,495
9.1 & 9.2	Runway Extension 1981m to 2320m	€	5,615,802
12.9	Road Markings	€	250,000
12.1 & 12.2	Electrical Substation, Generators and high voltage (partially)	€	638,978
12.10	External Illumination	€	500,000
11.1 & 12.13	General Landscape works and final cleaning	€	344,251
12.11	Airport Fencing	€	189,000
<b>TOTAL</b>		<b>€</b>	<b>19,924,592</b>

## C Phase 2 - New items to be Added

1	Preliminary services and site installations (additional amount for soil survey) - (partially)	€	50,000
2.1 to 2.4	Design and Technical Works (additional design for the new Terminal)	€	2,205,910
3	Earthworks	€	2,761,442
4 & 5.5 to 5.8	Passenger Terminal extension with 4,044 m2 (total gross area as per attachment)	€	9,495,451
7	Electrical, Hydraulical, Airconditioning, Fire Fighting Systems - additional	€	2,900,300
n/a	Access way to BHS - 920 m2	€	590,127
9.3	Access Road with pavement, sidewalks, markings and Grass (partially)	€	1,069,320
n/a	Utilities Area - 800 m2	€	852,042
<b>TOTAL</b>		<b>€</b>	<b>19,924,592</b>

<b>D Phase 2 - Revised Scope (Final)</b>		
1	Preliminary services and site installations (additional amount for soil survey)	€ 1,691,650
2.1 to 2.4	Design and Technical Works (additional design for the new Terminal)	€ 8,736,972
3	Earthworks	€ 6,036,142
4 & 5.1 to 5.8	Passenger Terminal extension with 9,844 m2 (total gross area as per attachement)	€ 28,857,621
7	Electrical, Hydraulical, Airconditioning, Fire Fighting Systems - additional	€ 8,700,300
8	Security and Control	€ 805,934
n/a	Access way to BHS - 920 m2	€ 590,127
9.3	Access Road with pavements, sidewalks and Grass	€ 3,997,220
9.5	Carpark including finishes with 8,000 m2	€ 1,746,400
12.7	Water Reservoirs	€ 672,000
12.1 & 12.2	Electrical Substation, Generators and high voltage	€ 1,111,022
12.8	Sewage Treatment	€ 350,000
n/a	Utilities Area - 800 m2	€ 852,042
2.5 & 2.6	Client's supervision	€ 2,202,570
<b>TOTAL</b>		<b>€ 66,350,000</b>

<b>E Phase 3 - Original (Revised)</b>		
1	Preliminary Services	€ 1,782,904
2.1 to 2.4	Design and Technical Services	€ 6,760,667
3	Earthworks	€ 6,817,542
4 & 5.5 to 5.8	Passenger Terminal extension with 3,675 m2 (total gross area as per attachement)	€ 9,495,451
6	Equipment And Furniture	€ 2,664,000
7	Electrical, Hydraulic, Air Conditioning, Fire Fighting Systems	€ 2,900,300
8	Security And Control	€ 2,322,250
10	Apron And Taxiways with 7,731 m2	€ 2,876,592
9.1	Extension Of Runway - From 1,981 m to 2,320 m including AGL extension and RESA Confi	€ -
n/a	Access way to BHS - 920 m2	€ 590,127
n/a	Access Roads With Pavements, Sidewalks, Markings and Grass	€ 3,454,368
9.5	Carpark, Including Finishes - 9,000m2	€ 1,964,700
12.7	Water Reservoirs	€ -
12.1 & 12.2	Electrical Substation, Generators And High Voltage	€ 448,824
12.8	Sewage Treatment	€ -
12.10	External Illumination	€ 200,000
11.1 & 12.13	General Landscape Works and Final Cleaning	€ 122,725
12.11	Airport Fencing	€ 912,627
n/a	Utilities Area 800 m2	€ 852,042
n/a	Passenger Boarding Bridges - 2No.	€ 2,600,000
12.4	Fire Station	€ 1,795,000
12.3	Control Tower	€ 6,300,000
12.12	Perimeter Road	€ 1,237,500
2.5 & 2.6	Client's Supervision	€ 2,802,381
		<b>€ 58,900,000</b>

**F Phase 3 Revised Scope (Final)**

1	Preliminary Services	€	1,732,904
2.1 to 2.4	Design and Technical Services	€	4,554,757
3	Earthworks	€	4,056,100
4 & 5.5 to 5.8	Passenger Terminal extension with 2,522m2 (total gross area as per attachement)	€	-
6	Equipment And Furniture	€	4,782,000
7	Electrical, Hydraulic, Air Conditioning, Fire Fighting Systems	€	-
8	Security And Control	€	6,079,316
10	Apron And Taxiway with 25,251 m2	€	9,388,087
9.1	Extension Of Runway - From 1,981 m to 2,320 m including AGL Extension and RESA Conf	€	5,615,802
n/a	Access Roads With Pavements, Sidewalks, Markings and Grass	€	2,635,048
9.5	Carpark, Including Finishes - 9,000m2	€	1,964,700
12.7	Water Reservoirs	€	-
12.1 & 12.2	Electrical Substation, Generators And High Voltage	€	1,087,802
12.8	Sewage Treatment	€	-
12.10	External Illumination	€	700,000
11.1 & 12.13	General Landscape Works and Final Cleaning	€	466,975
12.11	Airport Fencing	€	1,101,627
n/a	Utilities Area - 800 m2	€	-
n/a	Passenger Boarding Bridges - 2No.	€	2,600,000
12.4	Fire Station	€	1,795,000
12.3	Control Tower	€	6,300,000
12.12	Perimeter Road	€	1,237,500
2.5 & 2.6	Client's Supervision	€	2,802,381
		€	58,900,000

**Phase 3 - Original**

1	Preliminary Services	€	1,311,084
2.1 to 2.4	Design and Technical Services	€	6,762,000
3	Earthworks	€	1,425,250
4 & 5.5 to 5.8	Passenger Terminal extension with 4,000 m2	€	13,365,500
6	Equipment And Furniture	€	1,990,000
7	Electrical, Hydraulic, Air Conditioning, Fire Fighting Systems	€	3,190,000
8	Security And Control	€	3,342,250
9.4	Access Road from Fire station to runway	€	840,000
9.5	Carpark, Including Finishes - 4,000m2	€	873,200
9.6	Upgrade - existing runway	€	9,805,950
10	Apron And Taxiways with 5,000 m2	€	3,487,341
11	Landscaping	€	50,000
12.3	Control Tower	€	7,100,000
12.4	Fire Station - 1,100m2	€	3,102,000
12.5	Fire Station equipment and systems	€	850,000
12.6	Dry ducts along runway (2*#600mm + 2*600*600mm)	€	1,170,000
12.11	Airport Fencing	€	1,050,000
12.12	Perimeter Road	€	1,237,500
12.13	Final Cleaning	€	99,483
2.5 & 2.6	Client's Supervision	€	2,226,000
		€	<b>63,277,559</b>

PARLIAMENT OF GHANA LIBRARY