

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

**REPORT OF THE FINANCE COMMITTEE ON THE LOAN  
AGREEMENT BETWEEN THE GOVERNMENT OF THE  
REPUBLIC OF GHANA AND THE KUWAIT FUND FOR  
ARAB ECONOMIC DEVELOPMENT FOR AN AMOUNT OF  
*SEVEN MILLION KUWAITI DINAR (KD7,000,000.00)*  
[EQUIVALENT TO US\$24,000,000.00] TO FINANCE THE  
REHABILITATION OF THE DOME-KITASE ROAD  
PROJECT (20.1KM) AND ANCILLARY WORKS**

**1.0 INTRODUCTION**

The **Loan Agreement** between the **Government of the Republic of Ghana** and the **Kuwait Fund for Arab Economic Development** for an amount of *Seven Million Kuwaiti Dinar (KD7,000,000.00) [equivalent to US\$24,000,000.00]* to finance the rehabilitation of the **Dome-Kitase Road Project (20.1km) and ancillary works** was *presented* to the House on Thursday, 11<sup>th</sup> July, 2019 by the Minister responsible for Finance, Hon. Ken Ofori-Atta.

Pursuant to Article 103 of the 1992 Constitution and Orders 169 and 171 of the Standing Orders of the House, the Agreement was *referred* to the Committee on Finance for consideration and report.

The Committee subsequently met and discussed the Agreement with the Deputy Minister for Finance, Hon. Charles Adu-Boahen, Deputy Minister for Roads and Highways, Hon. Anthony Karbo as well as officials from the

Ministries of Finance and Roads and Highways. The Committee hereby submits this report to the House pursuant to the Standing Orders of the House.

The Committee is grateful to the above-mentioned Honourable Deputy Ministers and the officials for attending upon the Committee.

## **2.0 REFERENCES**

The Committee referred to and/or was guided by the following documents *inter alia* during its deliberations on the Agreement:

- The 1992 Constitution of the Republic of Ghana
- The Standing Orders of the Parliament of Ghana
- The Public Financial Management Act, 2016 (Act 921)

## **3.0 BACKGROUND**

The Ministry of Roads and Highways is vigorously pursuing Government's agenda for the provision of road infrastructure and development of critical road sections across the country to accelerate the socio-economic development of the nation. In this direction, the Ministries of Finance and Roads and Highways are continuously holding talks with various project funding agencies with a view to exploring the availability of funds on very competitive terms for the implementation of road projects.

The Government of Ghana has identified the *Dome-Kwabenya-Brekusu-Kitase (19.1km)* and *Ashesi (1.0km)* roads as part of its priority road development and maintenance programme. These roads connect the

Accra-Kumasi road (N6) to the Accra-Aburi-Koforidua road (N4) and offers road users an alternative route to connect the two national roads thus avoiding the usual urban traffic jam associated with these two national roads.

The roads to be constructed under this facility are located in the Greater Accra and Eastern Regions and provide a vital connection between them. Major settlements along the route include Dome, Kwabenya, Ayim, Brekusu, Agyamenti and Kitase.

It is envisaged that the reconstruction of the roads would among others directly benefit the inhabitants within the catchment area and specifically enhance integration of both Regions, boost economic activities, transportation of agricultural produce and improve access to social and health services, which would by and large positively impact socio-economic development.

The Ministry of Roads and Highways has already undertaken feasibility studies on the project and is presently engaged in the preparation of detailed Engineering Design for the works to commence when the funding is approved.

### **3.1 PROJECT OBJECTIVES**

The overarching objective of the Project is to contribute to the socio-economic development of the country through an improved, efficient and cost-effective road transport system with enhanced road safety standards. Specifically, the project seeks to improve road traffic circulation by enhancing the capacity and the safety features of the road network between *Dome* in the Greater Accra Region and *Kitase* in the Eastern Region of the Republic of Ghana.

#### **4.0 TERMS AND CONDITIONS OF THE LOAN**

The terms and conditions of the Loan are as follows:

- Loan Amount** - **KD7,000,000.00 (equivalent to US\$24.0 million)**
- Interest Rate** - **1.0%**
- Administrative Charge** - **0.5% on amounts withdrawn and outstanding from time to time**
- Payment of Interest and Other charges** - **Payable semi-annually on 1<sup>st</sup> May and 1<sup>st</sup> November of each year**
- Maturity Period** - **28 years (including 4 years Grace Period)**
- Disbursement Deadline** - **31<sup>st</sup> December, 2023**
- Repayment** - **48 semi-annual instalments (equal principal payments) in the amount and sequence set forth in the Amortisation Schedule.**
- Taxes and Deductions** - **Principal, interest and other charges to be paid without deduction for and free from tax/charges under laws of the Borrower**

<b>Conditions Precedent</b>	-	<b>i. Agreement duly authorised or ratified.</b>  <b>ii. Legal Opinion that Agreement is valid and binding</b>
<b>Grant Element</b>	-	<b>36.53%</b>

## **5.0 PROJECT COMPONENTS AND DESCRIPTION**

The project components include the following:

### **A. DOME-KWABENYA (URBAN) SECTION**

- Provision of (2.85km) dual carriageway arterial, with auxiliary lanes on both sides for drop off/pick up, with asphaltic concrete surfacing
- Provision of (1.45km) 2-lane single carriageway arterial, with auxiliary lanes at both sides for drop off/pick up, with asphaltic concrete surfacing
- Provision of (1.45km) 3-lane single carriageway arterial, with auxiliary lanes at both sides for drop off/pick up, with asphaltic concrete surfacing
- Provision of (1.9km) 2-lane single carriageway link roads, with asphaltic concrete surfacing
- Provision of concrete curbs and pedestrian walkways
- Provision of lined drains
- Provision of ducts for future utility line crossings
- Installation of necessary traffic control devices

- Installation of road furniture including street lighting, signs, markings and guardrails
- Demolition of affected existing structures; as well as
- Relocation of affected utility lines.

#### B. KWABENYA-BREKUSU-KITASE (RURAL) SECTION (14.8KM)

- Improvement of the alignment at poor sections
- Raising the road in low lying areas
- 2-lane single carriageway with 2m wide shoulders, with asphaltic concrete surfacing
- Demolition and replacing weak and damaged culverts
- Deepening existing shallow earth drains and construction of new ones
- Provision of lined drains in settlements and also in sections with high slopes
- Provision of ducts for future utility line crossings
- Provision of concrete curbs and pedestrian walkways in towns and villages
- Installation of road furniture including street lighting, signs, markings and guardrails
- Demolition of affected existing structures; as well as
- Relocation of affected utility lines.

#### C. ASHESI UNIVERSITY LINK (1KM)

Pavement strengthening with asphaltic concrete surfacing of a 7.0-meter wide two-lane two-way road (3.5 meters each lane) with sidewalks and lined drainage works on both sides.

## **6.0 OBSERVATIONS**

### **6.1 Procurement of Contractor**

As to whether an EPC contractor would be procured from Kuwait on sole-sourced basis, the Committee was informed that the Contractor for the works will be procured through International Competitive Bidding in accordance with the Procurement Guidelines and Rules of the funding agency, the Kuwait Fund for Arab Economic Development.

### **6.2 Expected Benefits of the Project**

The Committee noted that the project is expected to contribute to improve the road network in the Dome-Kitase corridor which is currently in poor conditions.

Specific benefits to be derived from the project include the following:

- Reduction of current vehicle operating costs
- Reduction of foreign currency cost of the importation of spare parts
- Reduction in travel time of road users
- Enhanced economic activities as a result of improved access for transporting agricultural produce and people to social amenities.

### **6.3 Government Counterpart Obligations**

The Committee noted that under the Agreement, the Government of Ghana is required to provide a counterpart funding constituting 23 percent (KD1,792,201.82) of the total cost of the road works including relocation of utilities.

The Government of Ghana is also responsible for the costs associated with land acquisition and payment of compensation to eligible project affected persons.

Also, the Government of Ghana is responsible for the payment of all taxes, duties and other levies applicable to the implementation of the project in accordance with Section 4.23 of the Loan Agreement.

As to whether Government had made the counterpart funding amounts readily available to enable the speedy commencement of the project, the Committee was informed that the availability of the counterpart funding is not a condition precedent for the commencement of the project or the drawdown of the facility, and hence government would commence to drawdown the loan to commence the project whilst budgetary provisions are made in subsequent budgets to cover the required counterpart funding obligations on Government.

#### **6.4 Project Completion Period**

The Committee was informed that the project is scheduled to be completed within 36 months after commencement, comprising 24 months project execution period and 12 months Defect Liability Period.

#### **6.5 Dispute Resolution**

The Committee noted that in accordance with Section 6.03 and 6.04 of the Loan Agreement, any controversy between the parties to the Agreement and any claim by either party against the other arising out of the Agreement shall be determined by agreement of the parties, and failing such agreement the controversy or claim shall be submitted to



arbitration by an Arbitral Tribunal appointed in accordance with the Agreement.

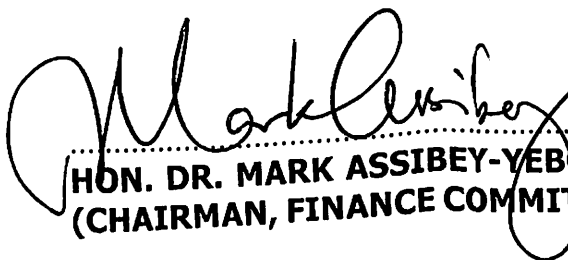
The Arbitral Tribunal "*shall apply the principles common under the current laws of the Borrower (Republic of Ghana) and the State of Kuwait, as well as the principles of justice*".

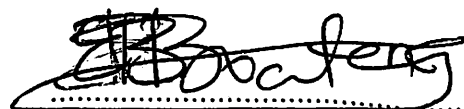
## **7.0 CONCLUSION**

The Committee finds the project to be immensely important towards providing improved, efficient, cost-effective and an all-weather road network with enhanced road safety between Dome in the Greater Accra Region and Kitase in the Eastern Region of the Republic of Ghana.

The Committee therefore respectfully recommends to the House to adopt this report and approve by Resolution, the **Loan Agreement** between the **Government of the Republic of Ghana** and the **Kuwait Fund for Arab Economic Development** for an amount of *Seven Million Kuwaiti Dinar (KD7,000,000.00)* [equivalent to US\$24,000,000.00] to finance the rehabilitation of the **Dome-Kitase Road Project (20.1km) and ancillary works** in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.

  
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**HON. DR. MARK ASSIBEY-YEBOAH**  
**(CHAIRMAN, FINANCE COMMITTEE)**

  
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**MS. EVELYN BREFO-BOATENG**  
**(CLERK, FINANCE COMMITTEE)**

17<sup>TH</sup> JULY, 2019