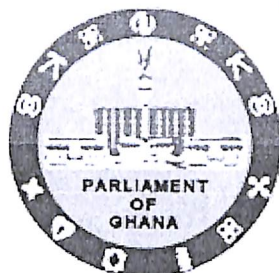


IN THE FOURTH SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA

PARLIAMENT OF GHANA LIBRARY



**REPORT OF THE COMMITTEE ON WORKS AND
HOUSING**

ON THE

**EPC/TURNKEY CONTRACT AGREEMENT BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF GHANA
(REPRESENTED BY THE MINISTRY OF SANITATION
AND WATER RESOURCES) AND STRABAG AG OF
AUSTRIA FOR AN AMOUNT OF ELEVEN MILLION,
FIVE HUNDRED THOUSAND EUROS (€ 11,500,000,00)
TO EXECUTE THE CONSTRUCTION OF THE FOUR
CONSTITUENCIES WATER SUPPLY SCHEME, PHASE
III FOR CENTRAL TONGU, ADAKLU AGOTIME-ZIOPE
DISTRICTS AND HO MUNICIPALITY**

APRIL, 2020

**REPORT OF THE COMMITTEE ON WORKS AND HOUSING ON THE EPC/
TURNKEY CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF
THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF
SANITATION AND WATER RESOURCES) AND STRABAG AG OF AUSTRIA
FOR AN AMOUNT OF ELEVEN MILLION, FIVE HUNDRED THOUSAND
EUROS (€11,500,000.00) TO EXECUTE THE CONSTRUCTION OF THE
FOUR CONSTITUENCIES WATER SUPPLY SCHEME, PHASE III OF
CENTRAL TONGU, ADAKLU AGOTIME-ZIOPE DISTRICT AND HO
MUNICIPALITY**

1.0 INTRODUCTION

The request for approval of the EPC/ Turnkey Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Sanitation and Water Resources) and Strabag AG of Austria for an amount of Eleven Million, Five Hundred Thousand Euros (€11,500,000.00) to execute the construction of the four Constituencies Water Supply Scheme, Phase III of Central Tongu, Adaklu, Agotime-Ziope Districts and Ho Municipality was referred to the Committee on Works and Housing for consideration and report in accordance with Order 180 of the Standing Orders of the House. This followed its presentation to the House on Wednesday, 1st April, 2020.

2.0 DELIBERATIONS

The Hon. Deputy Minister of Sanitation and Water Resources (MSWR), Mr. Patrick Yaw Boamah, the Chief Executive Officer of the Community Water and Sanitation Agency (CWSA) Mr. Worlanyo K. Siabi, and other officials from the Ministry and CWSA assisted the Committee in its deliberations.

The Committee is grateful to the Hon. Minister, Hon. Deputy Minister, the Chief Executive Officer and the other officials for their cooperation and assistance.

3.0 **REFERENCE**

The Committee relied on the following additional documents during its deliberations:

- The 1992 Constitution of Ghana;
- The Standing Orders of the Parliament of Ghana; and
- The Credit Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and Raiffeisenbank International AG, Austria for an amount of Eleven Million, Five Hundred Thousand Euros (€11,500,000.00) to finance the execution of the Four Constituencies Water Supply Scheme, Phase III of Central Tongu, Adaklu Agotime-Ziope District and Ho Municipality.

4.0 **BACKGROUND**

The communities in the Central Tongu and Adaklu Anyigbe Districts have existing isolated piped water systems, which are connected to inadequate water sources. Most of these sources have low water yields with poor water quality and are prone to drying up in the dry seasons. The communities, therefore, rely mainly on seasonal ponds, dug-outs and small earth dams and household rainwater catchments to supplement their daily water needs. Various efforts by Government to improve the water situation have not yielded the desired results due to low yields of boreholes and higher than acceptable limits of salt, iron and manganese concentrations in the drilled wells.

The use of these water facilities as their main sources of water supply have resulted in the high incidence of water-borne and water-related diseases which have adversely affected community members, more especially women and children. These diseases include bilharzia, malaria, intestinal worms and diarrhoea among others.

Messrs. STRABAG AG. Environmental Technology based in Vienna, Austria presented a proposal to the Community Water and Sanitation Agency (CWSA) to construct and deliver potable water to the communities in the proposed project area to alleviate the suffering of the people. Through a series of meetings, the operations and working principles of CWSA were explained to Messrs. STRABAG AG who then confirmed interest to assist the Agency to implement the project.

Due to financial constraints, the project was divided into three (3) phases. Under Phases I and II, the intake and treatment facilities were constructed at Mafi Adidome, in the Central Tongu District, with a total capacity of 5,000m/day (1.1million gallons /day). A total of 85.37 kilometres of transmission mains were laid, and nine (9) water towers or storage tanks were also constructed at vantage locations with forty-six (46) Standpipes provided.

The total cost of the phases I and II was 16.87million Euros; and the communities covered under these phases are Dadoboe, Mawoekpor, Mafi Zongo, Mafi Kutime, Mafi Kumase, Avedo Bakpa, Kpoviadzi, Adidome and Kanikope, Bagalikope, and Manase Zongo.

There are 52,657 people who are still unserved with sustainable potable water in the remaining beneficiary communities under the project. It is therefore absolutely imperative to implement the Phase III of the project to put in the distribution network that will bring water to all the beneficiary communities. The request for the approval of the Contract Agreement, therefore, is to enable the Ministry to operationalise the Loan Facility Agreement and allow works to commence.

5.0 SCOPE OF WORKS

The scope of works for the project shall include but not limited to the following:

- Completion of a distribution network based on the approved Master Plan, within the area of Phases 1 & 2 consisting of a total 110 kilometres including 73 Public Standpipes,
- Construction of Distribution Network and Transmission Main for Adaklu District, consisting of:
- Extension of Transmission Main (Kutime - Waya),
- Water Towers 15m high at Avezi (60m³), Sofa (50m³ and Kpatove (50m³).
- Water Reservoir at BPS 4 with 240m³
- Distribution Network: 37km including 90 Public Standpipes,
- Pumping Stations BPS 4,

- Supply of Accessories and services.
- Extension of transmission main pipelines including booster stations at:
 - Kutime Sofa
 - Sofa – Waya
- Completion of distribution networks for communities in Central Tongu Districts
- Provision of water towers and ground storage tanks
- Construct 163 Standpipes
- Supply Spare Parts and Accessories
- Training and Commissioning
- Technical Assistance by Local Consultant for 12 months and capacity training for Water Systems Management Staff during the construction period

6.0 PROJECT FINANCING

The financing of the Project is through an Austrian soft loan provided through Raiffeisenbank International AG of Vienna in Austria.

7.0 PROJECT DURATION

The construction period is 24 months from the day of commencement with a post-construction warranty period of 12 months.

8.0 OBSERVATIONS

8.1 *Project Duration*

The commencement date shall be within 42 days after the coming into full force of the Contract and a construction period of 24 calendar months from the day of commencement. Also included in the Contract is a 12 months post-construction period. The Committee agreed to the 24 calendar months construction period given the scope of works to be undertaken. The Committee, therefore, urges all parties to the contract to work within the works schedule to ensure timely completion of the project.

8.2 *Engineering Procurement and Construction (EPC) Contractor's Capabilities*

The Committee noted that Messrs. Strabag AG, Environmental Technology were the same contractors who executed both phases I and II of the project. The Committee was therefore assured of the Contractor's experience and capacity to deliver on schedule.

8.3 ***Payment Procedure***

The Committee noted that payment will be effected directly to the Supplier out of the Loan Agreement concluded between Raiffeisenbank International AG/ Vienna and the Republic of Ghana acting through its Ministry of Finance and Economic Planning by the agreed schedule upon presentation of the relevant documents by the Contractor to Raiffeisenbank International AG / Vienna. Detailed payment schedule and documents required for payment is attached as appendix 1.

8.4 ***Advance Payment***

The Committee noted that as has been an industry practice and also to ensure timely commencement of the project, 20% of the Contract Price would be paid to the Contractors account as advance payment. It was also instructive to note that to protect the interest of the Employer, a formal application would have to be made to the Employer and an Advance Payment Guarantee in a form acceptable to the Employer would have to be issued by an Austrian first rank bank. Furthermore, any additional payments shall be deemed to be in addition to the advance payment

The Committee is hopeful that there would be strict adherence to this provision.

8.5 ***Retention Money Guarantee***

The Committee noted that in addition to insurance, Clause 14. 3 (c) of the Contract Agreement provides for retention money equivalent to 10% of each invoice value, of which, 50% shall be released only upon the issuance of a Taking-over Certificate. It was also indicated that as part of industry practice, the retention money may be replaced by a Bank Guarantee for the equal amount. For this particular contract, the Retention Money Guarantee will be issued by an Austrian first rank bank in the form acceptable to the Employer. The Committee considers the insertion of this industry practice as part of the measures to demand performance on the part of the contractor and also secure the Employer's interest.

8.6 ***Performance Security***

In addition to the above, provision has been made for performance security in the form of a Bank Guarantee amounting to 10% of the Contract Price. Like the other Guarantees,

the Performance Guarantee would be issued by an Austrian first rank bank in the form satisfactory to the Employer and shall only be released upon the issuance of the Taking-over Certificate.

8.7 *Technical Assistance and Capacity Building*

The Committee noted that for a sustained water services delivery and management of the facility/system upon completion, the project has, as part of its scope, a provision of technical assistance by a local Consultant for 12 months. Besides, there would be capacity training for the Water Systems Management Staff (WSMS) during the construction period. The WSMS, the Committee learnt are a team of professional staff made up of engineers, accountants, and marketing/communication graduates employed by CWSA to manage piped water supply systems.

The Committee noted that the training would be in two forms, the hands-on training and the facilitated workshops. For the hands-on, it was indicated that the WSMS would be deployed to the site to understudy the contract and acquaint themselves with the design of the water system, its layout, operation and maintenance. This would ensure that immediately after handing over by the contractor, the full complement of staff will be deployed to commence operations and management of the water systems.

In addition to the hands-on training, the contractor and the CWSA Regional Office will organize facilitated workshops for the WSMS on critical issues necessary for sustainable operation and management of the water system.

The overall objective of the capacity training is to enable the WSMS to understand their roles and responsibilities to operate and maintain the installed water supply facilities on a sustainable basis without outside support.

8.8 *Community Sensitization*

The Committee noted that to forestall unnecessary delays conflicts usually associated with the implementations of such projects, the Contractor in conjunction with CWSA Regional Office, has programmed to sensitise the beneficiary communities. The Committee was informed that the sensitisation which would touch on the project objectives and expected benefits, would be done during community entry, execution

and post-construction period. The purpose, it was further indicated, will be to solicit buy-in from the community. Furthermore, the support of the opinion leaders will be sought to select community members as auxiliary staff to support the WSMS to manage the water system during the sensitization period.

8.9 *Operational Support Programme*

The Committee was informed that to ensure delivery of safe water on a sustainable basis to the beneficiary communities, the CWSA will provide operational support services in the areas of technical, financial services and district assembly oversight.

The technical support services will be directed to ensuring efficient and professionally acceptable operation and maintenance standards of plant and equipment and other system operation relevant duties. The highlights of areas to be covered include:

- a. Monitoring of technical operation and maintenance (O&M) of system installations
- b. Troubleshooting
- c. Assessing the technical capability of system operators
- d. Recording and reporting
- e. Procurement
- f. Stocking of spare parts and inventory
- g. Procurement of support service providers (for periodical && emergency maintenance)
- h. Regular water quality monitoring
- i. Responding to customer demand and complains
- j. Capability to carry out simple repairs and replacements
- k. Water source protection and environmental safety
- l. Data entering on pumping regime (starting, stopping, alarm signals, a quantity of water delivery and consumption patterns, etc.); and
- m. Water losses monitoring and recording

The financial support services, to be provided from the start of system commission and operation, will include monitoring and strengthening the following main activity areas:

- a. Meter reading and billing
- b. Tariff setting, collection, recording and bank lodgement
- C. Money disbursement practices
- d. Financial Recording and Accounting
- e. Banking practice
- f. Costing of repairs and other installation damages; and
- g. Balancing of accounts

It was stressed that the monitoring shall assess the prudent financial management practices and accepted accounting principles and shortcomings, and provide the necessary corrections and support for improvement.

Regarding the District Assembly Management Oversight, it was indicated that in line with section 12 of the Local Governance Act, 2016, Act 936, the District Assemblies within the project area, as the overall facilitators of development will monitor the project to ascertain whether the operation and management of the water systems are in line with the standards and guidelines of CWSA and the districts own development plans.

Monthly Project Monitoring and Evaluation Report will be prepared and forwarded to all stakeholders namely the District Assembly, the Water Systems Management Staff, the CWSA and the Contractor. Recommendations on matters to be addressed will be provided and where necessary a common meeting of the stakeholders will be arranged.

8.10 *Detailed Bill of Quantities (BoQ)*

The Committee noted that the Contract has been signed and a detailed BoQ was attached for the information and consideration of the Committee.

8.11 *Value for Money Audit*

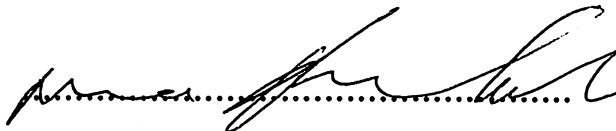
The Committee noted that unlike other contracts, the value for money audit and report on same was not part of the condition precedents. It was explained that this is so because the project is a continuation of an on-going project. Instead, negotiations were done and a copy of Minutes of the Negotiations was attached as part of the documents construed to be part of the Contract Agreement.

9.0 **CONCLUSION AND RECOMMENDATION**

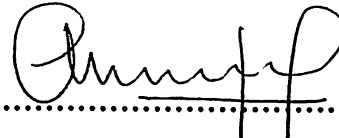
The Committee after careful deliberations, recommends to the House to adopt its report and approve by resolution the EPC/ Turnkey Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Sanitation and Water Resources) and Strabag AG of Austria for an amount of Eleven Million, Five Hundred Thousand Euros (€11,500,000.00) to execute the construction of the four Constituencies Water Supply Scheme, Phase III of Central Tongu, Adaklu, Agotime-

Ziope Districts and Ho Municipality in accordance with Article 181 (5) of the Constitution of Ghana (1992).

Respectfully submitted.



**HON. NANA AMOAKOH
CHAIRMAN, COMMITTEE ON
HOUSING WORKS & HOUSING**



**ROSEMARY ARTHUR SARKODIE (MRS.)
CLERK, COMMITTEE ON WORKS &**

April, 2020

APPENDIX 1

4 CONSTITUENCIES (5 DISTRICTS)

WATER SUPPLY SCHEME,

PHASE III: CENTRAL TONGU AND ADAKLU, AGOTIME-ZIOPE WATER SUPPLY SCHEME

PAYMENT SCHEDULE AND DOCUMENTS REQUIRED FOR PAYMENT

Payment Procedure

The payment will be effected directly to the Supplier out of the Loan Agreement concluded between Raiffeisenbank International AG/ Vienna and the Republic of Ghana acting through its Ministry of Finance and Economic Planning in accordance with the agreed schedule upon presentation of the relevant documents by the Contractor to Raiffeisenbank International AG / Vienna.

ADVANCE PAYMENT

20 % of the Contract Price to be paid to the Contractors account as down payment against presentation of:

- Application for Advance Payment (3 copies);
- Advance Payment Guarantee

Any additional payments shall be deemed to be in addition to the advance payment.

PAYMENT OF CONTRACT SUM ADDITIONAL TO THE ADVANCE PAYMENT

The Employer shall approve the interim payment application within maximum 28 calendar days after receiving the statement.

A) PAYMENT OF PRELIMINARIES (BoQ Item 0.1), ENVIRONMENTAL IMPACT STUDY (BoQ Item 0.2), INSURANCES (BoQ Item 0.3)

- 80 % of the amount within 30 days after Contract coming into force against submission of interim payment application (3 copies)

B) PAYMENT FOR DESIGN (BoQ Item 0.4)

- 30 % of the amount within 30 days after Contract coming into force against submission of interim payment application (3 copies); and
- 50 % of the amount after design approval against submission of interim payment application

C) PAYMENT FOR SUPPLY & DELIVERY OF ELECTRICAL and MECHANICAL EQUIPMENT AND REINFORCEMENT BARS (within BoQ Items 1, 2, 3, 4)

50 % of the contract value of goods pro rata shipment and delivery against:

- interim payment application showing BoQ item numbers (3 copies);
- 2/3 Clean Bill of Loading and/ or Airway Bill;
- Packing list identifying the content of each package shipped (3 Copies);
- Pre-shipment Inspection Certificate to be issued by an international renown independent inspection agency; and
- Certificate of Origin

20 % of the contract value of goods upon delivery to site against:

- Interim payment application showing BoQ item numbers (3 copies); and
- Receipt duly certified by the Employer confirming that the goods as described in the packing list have been received at site.

10% of the contract value of goods for installation against:

- Interim payment application certified by the Employer (3 copies)

D) PAYMENT FOR OPERATIONAL SUPPORT CWSA (BoQ Item 0.12)

80 % of the contract value as actual plus 25% handling fee.

- interim payment application showing the BoQ item nos (3 copies); and
- Copies of the original expenses vouchers

E) PAYMENT OF MOBILISATION (BoQ Item 0.5), DEMOBILISATION (BoQ Item 0.13), AS-BUILT DRAWINGS, (BoQ Item 0.7), CIVIL WORKS PIPE SUPPLY AND PIPE INSTALLATION WORKS (within BoQ Items 1, 2, 3, 4)

80 % of the Contract sum in monthly instalments against Interim payment application showing the BoQ item nos. (3 copies)

F) PAYMENT OF PROJECT MANAGEMENT (BoQ Item 0.15)

80 % of the amount of project management will be paid on a monthly basis against the interim payment application (3 copies)

G) PAYMENT OF AND TECHNICAL ASSISTANCE (BoQ Item 0.16)
80 % of the amount of Technical Assistance will be paid on a quarterly basis against the interim payment application (3 copies) certified by the Employer

H) PAYMENT OF CARS (BoQ Item 0.6)
80 % of the contract value against

- Interim payment application showing description of goods, quantity unit price and total amount (3 copies); and
- Delivery Certificate certifying that the cars have been received by the Employer

I) PAYMENT OF TRAINING, INSPECTION AND TRAINING ABROAD, (BoQ Item 0.8, .9, 0.10, 0.11, 0.18 and 0.19)

80 % of the contract value against Interim payment application (3 copies) certified by the Employer

