

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



REPORT OF THE FINANCE COMMITTEE

ON

**CREENDO COVERED BUYER'S CREDIT FACILITY
AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA (REPRESENTED BY THE
MINISTRY OF FINANCE) AND BELFUS BANK NV
AND KBC BANK NV (AS ARRANGERS [AND BELFUS
BANK AS AGENT]) FOR AN AMOUNT OF SEVENTY-
TWO MILLION, ONE HUNDRED AND FIFTY-
THOUSAND EUROS (€72,150,000.00)**

**TO FINANCE THE CONSTRUCTION OF THE
PAA GRANT INTERCHANGE AND OTHER ROADS
IN SEKONDI AND TAKORADI TOWNSHIP
(PHASE 1)**

AUGUST 2020

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1.0 INTRODUCTION

The **Credendo Covered Buyer's Credit Facility Agreement** between the **Government of the Republic of Ghana (represented by the Ministry of Finance)** and **Belfus Bank NV** and **KBC Bank NV** (As Arrangers [and Belfus Bank as Agent]) for an amount of ***Seventy-Two Million, One Hundred and Fifty-Thousand Euros (€72,150,000.00)*** to finance the construction of the **Paa Grant Interchange and other roads in Sekondi and Takoradi Township (Phase 1)** was *presented* to the House on Monday 3rd August 2020 by the Hon. Minister responsible for Parliamentary Affairs, Mr. Osei Kyei-Mensah-Bonsu on behalf of the Minister responsible for Finance.

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 a Deputy Minister for Finance, Hon. Kwaku Agyeman Kwarteng, a Deputy Minister for Roads and Highways, Hon. Anthony Karbo as well as a team of officials from the Ministries of Finance and Roads and Highways. The Committee hereby submits this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

The Committee is grateful to the Hon. Deputy Ministers and the officials from the Ministries of Finance and Roads and Highways for attending upon the Committee.

2.0 REFERENCES

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

- 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 Government of the Republic of Ghana through the Ministry of Roads and Highways recognises the importance of good road infrastructure as a critical facilitator for rapid socio-economic development of the country through the improvement of accesses, reduction in travel times, congestion, vehicle operating costs and accidents.

To ensure the operational efficiency of road transport in moving persons, goods and services both within the country and with neighbouring countries, the government has already implemented some major road infrastructure projects and continues to source funding for the implementation of additional critical road projects in line with Government's infrastructure development agenda.

The Paa Grant Roundabout is one of the three roundabouts that link the peripheral roads which form a triangular ring road and adjoining roads with the Central Business District in the

Metropolis. It attracts significant traffic into the area and has limited traffic capacity resulting in poor network performance which impacts commercial activities negatively. The Roundabout is located to the east of the triangular network and is a key access point for inter-city traffic between Sekondi and Takoradi as well as port traffic to the port gates 1 and 2. It has five approaches currently operating at a Level of Service (LOS) of E, which proves that the intersection is in urgent need of improvement to reduce travel time and enhance socio-economic development.

The proposed intervention includes road widening, pavement strengthening, interchange and junction improvement, footbridge and railway overpasses, street lighting facilities and pedestrian facilities. These interventions will also help to improve the quality of life of the citizenry and enhance economic growth.

In light of the above, the Ministry of Finance acting on behalf of the Government of Ghana has requested Belfius Bank SA/NV to structure an Export Credit Facility with support from Credendo, Belgium to finance the project at an estimated contract sum of €65.00 million.

3.1 PROJECT OBJECTIVES

The objective of the Project is to improve travel time and reduce waiting times within Sekondi and Takoradi with consequent reduction in poverty and enhanced development in Ghana. The project is specifically aimed at improving traffic circulation by

enhancing the capacity of the road network and removing bottlenecks as well as improving the movement of people, goods and services to support socio-economic development of the inhabitants of Sekondi and Takoradi in particular and the country as a whole.

4.0 TERMS AND CONDITIONS OF THE LOAN

The terms and conditions of the Loan are as presented in the table below:

Facility Amount	Up to €72,150,000.00 (representing 100% of the Export Contract Value and 100% of the estimated Credendo premium of €7,150, 000.00)
Currency	Euro
Grace Period	3 years
Repayment Period	10 years
Tenor	13 years
Interest Rate	CIRR + 1.35 p.a.
Commitment Fee	0.30% p.a.
Management Fee	0.75% flat of the facility amount

5.0 SCOPE OF WORKS

The Project is divided into two phases.

Phase 1 covers the rehabilitation of 35km of selected roads in Sekondi and Takoradi whilst **Phase 2** will cover the construction of the Paa Grant Interchange in Takoradi.

Budget Summary for Phase 1

COST COMPONENT BREAKDOWN FOR PHASE 1		
ITEM	DESCRIPTION	TOTAL PRICE (EUR)
1	General Items	€7,918,668.00
2	Roads	€43,587,500.00
3	Structures	€6,493,000.00
4	Traffic Lights	€1,500,000.00
5	Relocation of Utilities	€4,000,000.00
6	Total for Roads	€63,499,188.00
7	Contingencies	€1,500,832.00
TOTAL		€ 65,000,000.00

Attachment: Please find attached the list of Roads to be constructed under Phase 1 of the Project.

6.0 OBSERVATIONS

6.1 Deplorable State of the Roads

The Committee observed that the current state of the project roads is very deplorable. The pavements are deteriorated with potholes at various locations hindering the flow of traffic and affecting economic activity and productivity in the *Twin City*. Other challenges currently faced on the roads include unnecessarily long travel times, high vehicle operating and maintenance costs, dust pollution and poor road safety.

To help address these challenges, the roads are to be completely redesigned and reconstructed with the necessary bridges, culverts, drainage, pavement reinforcement, road markings and signages to ensure they are fit for easy vehicular and human use.

6.2 Need to Improve the Road network in Sekondi and Takoradi

The Committee noted that Sekondi-Takoradi holds a significant economic importance as the second-largest harbour city, with relevance also oil-production and mining. The city needs expansion of the capacity of the road network to match up with the substantial growth in its economy.

The instant project will ensure substantial improvement in the function of the road network by enhancing vehicle flow through

the Twin City and accelerating the socio-economic development of City by improving the movement of people and goods.

6.3 Duration of the Project

As to how long the project would take to complete, the Committee was informed that Phase 1 is expected to be completed within a period of twenty-four (24) months from the Commencement Date.

It is expected that the financing arrangements will be completed by the last quarter of 2020 and that the works will be completed by the end of 2022.

6.4 Expected Benefits of the Project

The Committee observed that the successful implementation of the project is expected to result in the following:

- Lowering vehicle operating costs, savings in travel time leading to savings in fuel consumption, reduction in accident rates, generally improving access and contributing significantly to socio-economic activities;
- Reduction in pedestrian and vehicular congestion and consequently cost of transportation for both passenger and cargo;
- Significant improvement and enhancement of the function of the road network by enhancing vehicle flow by improving movement of people and goods;

- Enhancement of economic activities and improved public transport and standard of living of the citizenry
- Creation of jobs for the skilled and non-skilled labour in the project areas
- Reduction in loss of productive man-hours, air and noise pollution, vehicle maintenance costs, road accidents and incidents thereby reducing loss of lives; and
- Improvement in commuter and pedestrian safety along the project corridors.

6.5 Value for Money

The Committee observed that the nature of the financing agreement will offer significant benefits to the country as it ensures value for money since the cost model is dependent on executing the project with local labour, materials and equipment. It is also anticipated that a minimum of 80% of the workforce will be Ghanaians which will generate employment opportunities in the country and provide essential training to the Ghanaian personnel concerning civil works, bridge construction, operation of heavy or specialised machinery as well as contract administration and management.

6.6 Alignment with Government Strategy

The Committee was informed that the Project is in line with the Government's strategy that emphasizes poverty reduction through increased agricultural production, socio-economic

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development, and strengthening the foundations for sustainable development through the improvement in social and economic infrastructure and enhancing the enabling environment for private sector growth. This project will go a long way to reduce pedestrian and vehicular congestion and the cost of transportation for both passengers and cargos.

The reduction of congestion being currently faced by motorists is seen by Government as means to enhancing socio-economic development as well as the quality of life of the people within the Sekondi-Takoradi Metropolis in particular and the nation as a whole.

6.7 Exclusion of Paa Grant Interchange from Phase 1

The Committee was informed that the construction of the Paa Grant Interchange was included in Phase 2 of the Project instead of Phase 1 because there is going to be the immediate construction of the PTC Interchange in the City under the Sinohydro Project and that combining the construction of the two interchanges at the same time may cause serious transportation difficulties to the people of the city.


To avoid such an undesirable scenario therefore, Government has decided to undertake the construction of the selected roads under phase 1 after which the Paa Grant Interchange will be constructed as part of phase 2 of the project. It is envisaged that by the time phase 2 commences, the PTC Interchange (under the Sinohydro Project) would have been completed.


7.0 CONCLUSION

The Committee has thoroughly considered the Agreement and finds the project to be immensely important towards improving vehicular movement in Sekondi and Takoradi and contributing to the enhancement of the road network of the country as a whole.

The Committee therefore respectfully recommends to the House to adopt this report and approve by Resolution, the **Credendo Covered Buyer's Credit Facility Agreement** between the **Government of the Republic of Ghana (represented by the Ministry of Finance)** and **Belfus Bank NV** and **KBC Bank NV** (As Arrangers [and Belfus Bank as Agent]) for an amount of **Seventy-Two Million, One Hundred and Fifty-Thousand Euros (€72,150,000.00)** to finance the construction of the **Paa Grant Interchange and other roads in Sekondi and Takoradi Township (Phase 1)** 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)


.....
MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)
6TH AUGUST, 2020

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R01a	Axim Road	2.1	Major Arterial	Expand existing 2x2-lane Road to an improved 2x3-lane plus all related facilities	3 footbridges	Improves throughput capacity for all local and port traffic.
R01b	Shippers Council Road & Papa Gyaesayow Road	1.4	Minor Arterial	Improve existing conditions of 2-lane section with all related facilities		Improves road condition for all local and port traffic as a continuation of Axim Road
R02a	Harbor Road (Paa Grant Roundabout – Harbor Roundabout)	2.2	Major Arterial	Expand existing 2-lane Road to an improved 2x2-lane, plus all related facilities		Improves throughput capacity for all local and port traffic.
R02b	De Graft Johnson Avenue & Groyne Avenue	1.2	Minor Arterial	Improve existing conditions of 2-lane section with all related facilities		Improves road condition for all local and port traffic as a continuation of Harbor Road
R03	Accra Road (Akromah Plaza Road)	2.0	Minor Arterial	Improve existing conditions of 2-lane section with all related facilities		Improves road condition for local traffic within Takoradi
R04a	Sekondi Road (Paa Grant Roundabout – to Effia Nkwanta Hospital)	2.8	Major Arterial	Expand existing 2-lane facility to 2x2-lane Arterial, plus all related facilities	Paa Grant Interchange Butua Lagoon Bridge	Improves throughput capacity for all local and port traffic between Sekondi and Takoradi
R04b	Adiembra Road (Effia Nkwanta Hospital to RCC)	5.5	Major Arterial	Expand existing 2-lane facility to 2x2-lane Arterial, plus all related facilities	Railway Bridge Widening New Railway Overpass	Improves throughput capacity for all local and port traffic between Sekondi and Takoradi
R04c	Essipon Road (RCC - Sekondi Bypass)	5.9	Major Arterial	Improve existing conditions of 2-lane section with all related facilities		Improves road condition for all traffic to Sekondi from the N1 Highway
R-05	CDH Road	2.2	Minor Arterial	Improve existing conditions of 2-lane section with all related facilities		Improves local network access and road condition for local traffic within Takoradi
R-06	Ketan Road	3.9	Minor Arterial	Improve existing conditions of 2-lane section with all related facilities		Improves road condition for local traffic within Takoradi
R-07	Supplementary Roads	5.8	Minor Arterials	Improve existing conditions of 2-lane section with all related facilities		Complements the performance of other intersections that provide access to the network.
	Total	35			7 No.	

Scope of Works

Roads	Description of Works
Axim Road, Shippers Council Road and Papa Gyaesayow Roads	<ul style="list-style-type: none">● Widening to 2x3 dual carriageway● Provision of Traffic Signals● Provision of Footbridges and other Pedestrian facilities● Provision of Street lights for improved visibility
Sekondi and Harbour Roads	<ul style="list-style-type: none">● Widening to 2x2 dual carriageway with 2 to 5m median and 2.5m walkways● Widening of Existing Rail Overpass● Provision of River Bridge & Rail Overpass● Provision of Traffic Signals● Provision of Pedestrian facilities● Provision of Street lights for improved visibility
Ketan (RO5), CDH (RO6) and Essipon Roads	<ul style="list-style-type: none">● Rehabilitate existing 2 lane roads● Provision of Traffic Signals● Provision of Pedestrian facilities● Provision of Street lights for improved visibility