

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

**REPORT OF THE FINANCE COMMITTEE ON THE TERM
LOAN FACILITY AGREEMENT BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF GHANA
(REPRESENTED BY THE MINISTRY OF FINANCE) AND
BMCE BANK INTERNATIONAL PLC (AS ARRANGER)
AND GLOBAL LOAN AGENCY SERVICES LIMITED (AS
AGENT) FOR AN AMOUNT OF SIXTY-FIVE MILLION
EUROS (€65,000,000.00) TO FINANCE THE DESIGN
AND CONSTRUCTION OF THREE BRIDGES OVER SWEET
RIVER AT ITURE, RIVER ANKOBRA AT ANKOBRA AND
BLACK VOLTA RIVER AT DIKPE**

1.0 INTRODUCTION

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The **Term Loan Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **BMCE Bank International Plc** (as Arranger) and **Global Loan Agency Services Limited** (as Agent) for an amount of **Sixty-Five Million Euros (€65,000,000.00)** to finance the **design and construction of three bridges over Sweet River at Iture, River Ankobra at Ankobra and Black Volta River at Dikpe** 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 Ministry of Roads and Highways is currently implementing a rigorous programme to improve the condition of the country's road network and related facilities throughout Ghana. Under this programme, the road agencies, particularly, the Ghana Highway Authority is rehabilitating and upgrading weak or broken bridges to reduce the bottlenecks on the trunk road network as these bottlenecks have by and large constrained socio-economic development. Governments over the years have implemented and continue to implement a number of road infrastructure projects to connect districts to municipalities and municipalities to metropolitan areas.

Current data on the Ghana Highway Authority's National Bridge Inventory indicate a total of 350 bridges; consisting of 100 steel bridges and 250 concrete and composite bridges. Seventy-six percent (76%) of these bridges are assessed by the GHA to be in fair to poor condition.

Over the last few years, defects such as cracking, depression, spalling and fatigue failure of the deck and corrosion of steel members due to water leakage through the deck slab joints have been observed from inspections carried out on the bridges. The situation is getting profoundly serious as deterioration progresses quickly with imminent risk of the bridges becoming impassable.

3.1 Iture Bridge

The existing Iture Bridge located between Cape Coast and Elmina is currently in deplorable state. The proximity of the bridge to the sea exposes the bridge elements to severe weather conditions. Constant splashing of the sea water on the bridge elements causes the aggregate of the concrete to undergo chemical reactions, leading to damage to both concrete and steel members. The bridge has severe deterioration of the substructure resulting in the loss of load carrying capacity of the bridge.

Presently, an additional support system made up of steel props has been introduced as a temporary solution to enable passage of normal traffic. Some of the defects identified on the bridge include exposed and corroded reinforcement, cracks at the soffit of the beams with exposed corroded reinforcement, vertical and diagonal

cracks in the abutments, deep cracks on the piers and pier cap width 40mm as well as the palled concrete on the side of the pier cap.

3.2 Ankobra Bridge

The Ankobra Bridge has severe deterioration of the substructure which has resulted in loss of load bearing capacity of the bridge. The synthetic corrosion protection surround to the pile columns are all damaged. The exposed steel casings of the piles are severely corroded. There are cracks and air pockets on the reinforced concrete beams. The synthetic corrosion lining has also reached the service life, and therefore unable to provide the required protection against atmospheric corrosion to the piles. The severity of corrosion observed on exposed sections are an indication that corrosion has progressed further to sections below the water and upwards into the pile cap. The extent and severity of the damage to the bridge requires that the bridge be immediately replaced.

3.3 Dikpe Bridge

The Ministry of Roads and Highways acting through the Ghana Highway Authority intends to construct a 275 metres span bridge over the Black Volta River at Dikpe on the Lawra - Dikpe Road. Presently, there is no bridge at the location. The available canoe service on the river does not meet the transportation demands of the people and exposes users to the dangers that come with canoe travel. The bridge is to open up communities in the area and

enhance regional integration, to reduce travel time and make movement of people from place to place less perilous, to increase accessibility to hospitals, schools and other social/cultural facilities and to contribute to agricultural growth, overall economic development and alleviation of poverty.

3.4 Associated Roads

The approaches to the three bridges as well as the Lawra town roads and by-pass will be constructed as part of the project.

It is the desire of Government to enhance the standard of living of the rural and urban poor and to properly support the socio-economic development in the country by removing these transport bottlenecks. It is in response to this need that the BMCE BANK INTERNATIONAL Plc has agreed to provide a Facility to finance part of the Ministry's bridges programme. The project involves the design, and construction of bridges on three rivers and approach road works together with 12km of road upgrading works.

4.0 PROJECT OBJECTIVE

The objective of the Project is to construct new bridges **over Sweet River at Iture, River Ankobra at Ankobra and Black Volta River at Dikpe** to ensure all-weather, all year accessibility and availability of the roads connected by these bridges.

4.1 TERMS AND CONDITIONS OF THE LOAN

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

i.	Facility Amount	-	€65,000,000.00
ii.	Tenor	-	7 years
iii.	Grace Period	-	2 years
iv.	Interest Rate	-	3-months Euribor (floored at ZERO) + 5.95% Margin
v.	Upfront Fee	-	1. 50% of Facility Amount

5.0 SCOPE OF WORKS

The scope of works for the design and construction of the three bridges is as indicated below:

5.1 Iture Bridge

Design and construction a 110 metres reinforced concrete bridge to span river channel at Iture with:

- a. Carriageway of 3.65m x 2
- b. Shoulder of 0.6m
- c. Walkway, guardrail and parapet of 2.0m x 2
- d. Approach road of 900m

5.2 Ankobra Bridge

Design and construction of a 230 metre reinforced concrete bridge to span river channel at Ankobra with:

- a. Carriageway of 3.65m x 2
- b. Shoulder of 0.6m
- c. Walkway, guardrail and parapet of 2.0m x 2
- d. Approach road of 1.15km

5.3 Dikpe Bridge

Design and construction of a 275 metres long bridge to span river channel at Dikpe with:

- a. Carriageway of 3.65m x 2
- b. Shoulder of 0.6m
- c. Walkway, guardrail and parapet of 2.0m x 2
- d. Approach road of 2.25km

5.4 Associated Roads

Design and construction of the approaches to the three bridges as well as 12km Lawra Town roads and By-Pass to the Dikpe Bridge.

5.5 The total project cost for the design and construction of the bridges and associated road works is estimated at **Sixty-Five Million (65,000,000.00) Euros** the breakdown of which is as follows:

bridges.

- ii. Disruption of international vehicular traffic to landlocked countries.
- iii. High cost and frequency of rehabilitation works to make the bridges safe for vehicles and pedestrians.
- iv. Fatigue, stress and frustration of the travelling public for the long travel times through alternate routes.
- v. Increased transport cost for households and businesses that have to make the long detours through alternate routes.

6.2 Expected Benefits of the Project

The benefits to be derived from implementing this project include the following:

- i. Transport services will be enhanced with the construction of bridges over the river crossing points; thus goods and passengers can be transported much easier. All year-round access to schools, hospitals and markets will be provided thus eliminating interruptions in the transportation of people, farm produce and other items during the rainy seasons.
- ii. Long detours will be reduced. Construction of bridges eliminates long detours resulting in reduced transport cost and travel time.
- iii. More markets will be accessed. Accessing more markets with the elimination of traffic bottleneck is

expected to result in significant increase in the incomes of the people living along and within the project areas.

- iv. The project will have positive socio-economic impacts and improve living conditions of the people living in the catchment areas. The projects will also improve the well-being of the local population through improved access to socio-economic facilities and markets. Furthermore, the improved condition of the road network and associated facilities will result in substantial improvement in the transportation of goods and people in and outside those areas.

6.3 Alignment with Government Strategy

The Committee was informed that the Project is in line with Government's strategy that emphasizes poverty reduction through increased agricultural production, socio-economic development, and strengthening the foundations for sustainable development through the improvement in social and economic infrastructure.

6.4 Total Financial Solution

The Committee observed that the financing package provides a 100% financial solution and there will be no additional budgetary requirement on the side of Government to complete this project.

The total project cost for the design and construction of the bridges and associated road works is estimated at **Sixty-Five Million Euros (€65,000,000.00)**. BMCE BANK


INTERNATIONAL Plc is providing a commercial loan to cover 100% of the project cost.


The Committee further observed that the project is on the approved list of priority projects for implementation in 2020 as indicated in Appendix 10C of the 2020 Budget and Economic Policy of Government.

7.0 CONCLUSION

The Committee, in view of the foregoing, respectfully recommends to the House to adopt this report and approve by resolution, the **Term Loan Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **BMCE Bank International Plc** (as Arranger) and **Global Loan Agency Services Limited** (as Agent) for an amount of **Sixty-Five Million Euros (€65,000,000.00)** to finance the **design and construction of three bridges over Sweet River at Iture, River Ankobra at Ankobra and Black Volta River at Dikpe** 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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