

**REPORT OF THE FINANCE COMMITTEE ON THE  
TERM LOAN FACILITY AGREEMENT AMONG THE  
GOVERNMENT OF THE REPUBLIC OF GHANA  
(REPRESENTED BY THE MINISTRY OF FINANCE),  
DEUTSCHE BANK AG, FRANKFURT BRANCH (AS  
ARRANGER AND ORIGINAL LENDER), AND TMF  
GLOBAL SERVICES (UK) LIMITED (AS FACILITY  
AGENT) FOR AN AMOUNT OF SIXTY-SIX MILLION,  
TWO HUNDRED AND SIXTY-FOUR THOUSAND,  
TWO HUNDRED AND SEVENTY-FIVE EUROS  
(€66,264,275.00) TO FINANCE THE DESIGN AND  
CONSTRUCTION OF 85 KM OF ARTERIAL ROADS  
AND CRITICAL LOCAL ROAD DEVELOPMENT  
PROJECT IN TESHIE-NUNGUA, ACCRA**

**1.0 INTRODUCTION**

The **Term Loan Facility Agreement** among the **Government of the Republic of Ghana** (represented by the Ministry of Finance), **Deutsche Bank AG, Frankfurt Branch** (as Arranger and Original Lender), and **TMF Global Services (UK) Limited** (as Facility Agent) for an amount of ***Sixty-Six Million, Two Hundred and Sixty-Four Thousand, Two Hundred and Seventy-Five Euros (€66,264,275.00)*** to finance the **Design and Construction of 85 km of Arterial Roads and critical Local Road Development Project in Teshie-Nungua, Accra** was *presented* to the House on Thursday 5<sup>th</sup> November, 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. Kwabena Owusu-Aduomi 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 above-mentioned 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 Design and Construction of 85km of Arterial Roads and Critical Local Road Development in Teshie-Nungua, Accra Project is aligned with Ghana's Coordinated Programme of Economic and Social Development policies (2017-2024) which, under the jobs and prosperity agenda, seeks to address trade facilitation and market access in Ghana. This is further elaborated in Government's Medium Term National Development Policy Framework (2018 – 2021) and Roads Sector Medium Term Development Plan which seeks to develop road infrastructure to enhance trade opportunities for Ghana as well as increase the competitiveness of trade within

the capital city of Accra whilst improving general economic activity in Ghana.

### **3.1 PROJECT OBJECTIVES**

The broader objective of the Project is to improve travel time and reduce waiting times within the project area 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 Teshie-Nungua area of the Greater Accra Region of the Republic of Ghana.

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

The terms and conditions of the Loan are as follows:

Facility Amount	-	<b>€ 66,264,275.00 of which:</b>	
		<i>Project Cost</i>	- €65,000,000.00
		<i>Upfront Fee</i>	- €979,275.00 (i.e. 1.50% flat of facility and financed)
		<i>Agency Fee</i>	- € 185,000.00 (financed)
		<i>Legal Fee</i>	- € 100,000.00 (financed)
Tenor	-	10 years	
Repayment Period	-	8 years	
Grace Period	-	2 years	
Interest rate	-	7.50% p.a. (fixed)	

## **5.0 SCOPE OF WORKS**

The scope of works to be undertaken under this project shall comprise the Design and Construction of 85 km of Arterial Roads and critical Local Road Development Project in Teshie-Nungua, Accra.

The proposed scope of the project is as shown in Table 1 below. The project involves the improvement of 85km of urban roads and will be constructed to include the following complementary work:

- (i) Widening and construction of the selected roads into two, three-lane dual carriageways;
- (ii) Improving the pavement conditions to carry significant standard axle loads;
- (iii) Improving the horizontal and vertical profile of the roads;
- (iv) Provision of pedestrian facilities for their safe movement;
- (v) Provision of traffic signs at specified locations for traffic management and safety;
- (vi) Provision of adequate drainage facilities to prevent the ingress of water into the underlying road pavement to ensure sound performance.

**Table 1: Summary of Proposed Scope**

<b>Route ID</b>	<b>Roads Name</b>	<b>Length (km)</b>	<b>Class</b>	<b>Description</b>
<b>A1</b>	Dualisation of Teshie Tsuibleoo Road	3.4	Arterial	Expand existing 2-lane facility to 2x2-lane Arterial, plus all related facilities
<b>A2</b>	Dualisation of Fertilizer Road	2.7	Arterial	Expand existing 2-lane facility to 2x2-lane Arterial, plus all related facilities
	<b>Sub-Total Arterial Roads</b>	<b>6.1</b>		
<b>L1</b>	Lorry Park and Links	1.7	Local	Improve existing conditions of 2-lane section
<b>L2</b>	Sea Lady and links	2.6	Local	Improve existing conditions of 2-lane section
<b>L3</b>	Demo Area Roads	4.0	Local	Improve existing conditions of 2-lane section
<b>L4</b>	Akosombo No 4 Area Roads	2.0	Local	Improve existing conditions of 2-lane section
<b>L5</b>	Akututso Road	1.8	Local	Improve existing conditions of 2-lane section
<b>L6</b>	Agblezaa and Penny Area Roads	7.0	Local	Improve existing conditions of 2-lane section
<b>L7</b>	Teshie Zongo Area Roads	9.0	Local	Improve existing conditions of 2-lane section
<b>L8</b>	Alloway Area Roads	4.6	Local	Improve existing conditions of 2-lane section
<b>L9</b>	Tsuibleoo North Area Roads	8.0	Local	Improve existing conditions of 2-lane section

Route ID	Roads Name	Length (km)	Class	Description
L10	Tebibiano Area Roads	2.5	Local	Improve existing conditions of 2-lane section
L11	Martey Gidigro	1.2	Local	Improve existing conditions of 2-lane section
L12	Awikoonaa Area Roads	4.6	Local	Improve existing conditions of 2-lane section
L13	Buade and Addogonno Area Roads	3.3	Local	Improve existing conditions of 2-lane section
L14	Bora Bora Area Roads	7.65	Local	Improve existing conditions of 2-lane section
L15	Maranatha Area Roads	3.63	Local	Improve existing conditions of 2-lane section
L16	Odartey Lamptey Area Roads	4.17	Local	Improve existing conditions of 2-lane section
L17	Old Kasapreko Area Roads	2.62	Local	Improve existing conditions of 2-lane section
L18	Sutsrunaa Area Roads	4.22	Local	Improve existing conditions of 2-lane section
L19	Texpo Market Area Roads	4.71	Local	Improve existing conditions of 2-lane section
	<b>Sub-Total Local Roads</b>	<b>79.30</b>		
	<b>Grand Total</b>	<b>85.40</b>		

A breakdown of the estimated cost of the components of the Project is presented in Table 2 below:

**Table 2: Budget Summary: Design and Construction of 85km of Arterial Roads and Critical Local Road Development in Teshie-Nungua Accra Project.**

<b>COST COMPONENT BREAKDOWN FOR THE ROAD</b>		
<b>ITEM</b>	<b>DESCRIPTION</b>	<b>TOTAL PRICE (EUR)</b>
1	General Items	5,584,040.92
2	Consultancy (3%)	1,950,0000.00
3	Earthworks	5,869,171.25
4	Concrete Works	14,877,401.70
5	Road Paving	32,235,717.30
6	Walkways and Medians	1,512,800.00
7	Road Marking and Signals	1,970,873.83
8	Contingency	1,000,000.00
<b>SUBTOTAL</b>		<b>€ 65,000,000</b>

## **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.



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 designed and constructed with the necessary bridges, culverts, drainage, pavement reinforcement, road markings and signages to ensure they are fit for vehicular and human use.

## **6.2 Payment of Compensation**

The Committee sought to know if provision has been made for the payment of compensation to persons who will be affected by the Project. Officials of the Ministry of Roads and Highways responded in the affirmative and explained that such compensation payments are programmed to be made out of the *Contingency* allocation.

## **6.3 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 and to generally improve access and contribute 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 vehicular flow by improving movement of people and goods;
- Enhancement of economic activities and improved public transport and standard of living of the people in the project area.
- 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.

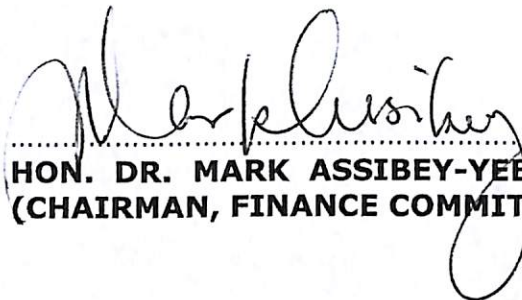
## **7.0 CONCLUSION**

The Committee finds the project to be immensely important towards improving vehicular movement and road safety in the project areas and contributing to the enhancement of the road network in the capital city.

The Committee therefore respectfully recommends to the House to adopt this report and approve by Resolution, the **Term Loan Facility Agreement** among the **Government of the Republic of Ghana** (represented by the Ministry of Finance), **Deutsche Bank AG, Frankfurt Branch** (as Arranger and Original Lender), and **TMF Global Services (UK) Limited** (as Facility Agent) for an amount of ***Sixty-Six Million, Two Hundred and Sixty-***

**Four Thousand, Two Hundred and Seventy-Five Euros (€66,264,275.00) to finance the Design and Construction of 85 km of Arterial Roads and critical Local Road Development Project in Teshie-Nungua, Accra** in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



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



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

6<sup>TH</sup> NOVEMBER, 2020