

**IN THE SECOND SESSION OF THE EIGHTH  
PARLIAMENT OF THE FOURTH  
REPUBLIC OF GHANA**

**REPORT OF THE  
COMMITTEE ON ROADS AND TRANSPORT**

*ON THE*

**COMMERCIAL CONTRACT AGREEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF GHANA  
(ACTING THROUGH THE MINISTRY OF ROADS AND  
HIGHWAYS AND REPRESENTED BY THE GHANA  
HIGHWAY AUTHORITY) AND CONTRACTA  
CONSTRUCTION UK LIMITED FOR AN AMOUNT OF  
ONE HUNDRED AND FIFTY MILLION EUROS  
(€150,000,000.00) FOR THE CONSTRUCTION OF  
BUNSO – ADAWSO ROAD AND SPECIFIED APPROACH  
ROADS TO THE ADAWSO BRIDGE PROJECT (104KM,  
COMPRISING: TAKOROWATWEN – EKYI AMANFROM  
ROAD 22KM; ADAWSO – KWAHU TAFO ROAD 20KM;  
KWAHU TAFO – MIASO ROAD 29KM; MIASO –  
BEGORO ROAD 26KM; AND BEGORO – OBUOHO  
ROAD 7KM**

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## **1.0 INTRODUCTION**

The Hon. Minister for Roads and Highways, Mr. Kwasi Amoako-Atta on Monday, 20<sup>th</sup> December, 2021 laid before the House, the Commercial Contract Agreement between the Government of the Republic of Ghana (acting through the Ministry of Roads And Highways and represented by the Ghana Highway Authority) and Contracta Construction UK Limited for an amount of One Hundred and Fifty Million Euros (€150,000,000.00) for the Construction of Bunso – Adawso Road and Specified Approach Roads to the Adawso Bridge Project (104km, Comprising: Takorowatwen – Ekyi Amanfrom Road 22km; Adawso – Kwahu Tafo Road 20km; Kwahu Tafo – Miaso Road 29km; Miaso – Begoro Road 26km; and Begoro – Obuoho Road 7km.

The Contract Agreement was referred to the Committee on Roads and Transport for consideration and report in accordance with Article 103 of the 1992 Constitution of the Republic of Ghana and Order 189 of the Standing Orders of Parliament.

The Committee met the Minister for Roads and Highways, Hon Kwasi Amoako-Atta and Officials from the Ministry of Roads and Highways on Monday, 10<sup>th</sup> January, 2021 and considered the referral. The Committee is grateful to the Hon. Minister and Officials from the Ministry for assisting the Committee in its deliberations.

## **2.0 REFERENCE DOCUMENTS**

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of Parliament.
- iii. The Commercial Contract Agreement between the Government of the Republic of Ghana (acting through the Ministry of Roads and Highways and represented by the Ghana Highway Authority) and Contracta Construction UK Limited for an amount of One Hundred and Fifty Million Euros (€150,000,000.00) for the Construction of Bunso – Adawso road and specified approach roads to the Adawso Bridge Project (104km), Comprising: Takorowatwen – Ekyi Aman Road 22km; Adawso – Kwahu Tafo Road 20km; Kwahu Tafo – Miaso Road 29km; Miaso – Begoro Road 26km; and Begoro – Obuoho Road 7km.

## **3.0 BACKGROUND**

The Government of the Republic of Ghana, recognises the important role that accessibility to road infrastructure plays in poverty reduction, fostering regional integration and enhancing economic development through the facilitation of income generation activities linked to agriculture and other sectors of the economy.

Agriculture accounts for one-fifth of the country's Domestic Products. It employs half of the workforce and serves as the main source of livelihood for the majority of the citizenry. The roads sector is also essential to agriculture due to the central role it plays in the provision of services and the development of road links for the transportation of farm produce to market centres and for export markets.

Currently, the main entrance to the Afram Plains District is a poor conditioned road that stretches through Nkawkaw-Mpraeso-Kwahu-Tafo, and ending at Adawso which is closer to the Eastern part of the Volta Lake. The poor condition and unreliability of roads linking this zone has caused underutilisation of agricultural lands, thus resulting in resource wastage. The low investment in agricultural activities is exacerbated by considerable post-harvest losses due to the poor condition of the roads.

The inhabitants of the Afram Plains District are cut off from the rest of the country due to limited physical access. It is bordered on three sides by the Volta Lake and on the fourth by communities that lack connecting roads to the outside world, with the ferry as the only means of transport.

The project intervention includes the construction of the road between Adawso and Bunso on the N6 (approximately 128km) linking the Afram Plains with the commercial, administrative, health and educational centres in the region. The project areas include Kwahu Afram Plains North, South, and Kwahu South Districts of the Eastern Region and Sekyere Afram Plains in the Ashanti Region of Ghana which contribute significantly to food security in Ghana.

The construction of the roads will boost agriculture in the Afram Plains, improve the well-being of its inhabitants and also, foster internal and regional integration. The project is estimated to serve a beneficiary population of about 442,349.

#### **4.0 OBJECTIVE OF THE PROJECT**

The main objective of the project is to enhance productivity of the Agriculture sector in the Afram Plains. The project is aimed at constructing the road linking Bunso to Adawso on the N6 and specified approach roads to the Adawso Bridge to be constructed over the Volta River to promote agriculture in the Afram Basin as well as internal and regional integration.

#### **5.0 SCOPE OF THE PROJECT**

The scope of the project consist of providing all survey and investigation, designing of the road alignment and geometry, interchanges, pavement, drainage, bridges and culverts, site investigation and test, road marking and signage as well as all associated road works in line with the Ghana Highway Authority's Design manual. The scope of services shall include;

- Rehabilitation of Obuoho (Begoro) - Kwahu Tafo R34 ( 58.7km)
- Rehabilitation of Kwahu Tafo - Adawso IR3 (20km)
- Rehabilitation of Ekyi-Amanfrom - Donkorkrom R72 (101Km)

## 6.0 OBSERVATIONS AND RECOMMENDATION

### i. Cost of Project

The Committee noted that the total cost for the construction of the 104km road project is €150,000,000.00. The breakdown is shown in table 1 below.

Table 1: Project Budget Summary

<b>COST COMPONENT BREAKDOWN FOR THE BUNSO - ADAWSO ROAD PROJECT</b>		
<b>ITEM</b>	<b>DESCRIPTION</b>	<b>TOTAL PRICE (EUR €)</b>
1	General Items	8,606,001.00
2.	Consultancy Service	9,650,000.00
3.	Earthworks	14,110,417.00
4	Paving	67,848,797.00
5.	Concrete and Steel Bridges	6,338,717.00
6.	Drainage	16,453,615.00
7.	Signalling	4,629,773.00
8.	Relocation of Utilities and Compensation	8,348,181.00
9.	Lighting	3,000,000.00
10.	Contingency	11,014,499.00
<b>SUBTOTAL</b>		<b>€150,000.000.00</b>

### ii. Project Duration

The project would be completed in three (3) years from the commencement date.

**iii. Advance Payment and Advance Payment Guarantee**

The Committee noted that provision has been made for an Advance Payment of 15% of the Accepted Contract Amount. This amount is to be paid when the Contractor submits an Advance Payment Guarantee in form and substance, acceptable to the Employer.

**iv. Performance Security**

The Committee observed that as part of the safeguard measures to ensure the timely performance of the Contractor and to deliver in line with specifications, the Contractor is required to provide a Performance Security of 10% of the Accepted Contract Amount in the form of a Bank Guarantee from a Bank acceptable to the Employer or a Bond of 30% of the Accepted Contract Amount by an insurance entity registered or licensed to do business in the Country.

**v. Retention**

The Committee noted that the limit of Retention Money is 5% of the Accepted Contract Amount. In lieu of deduction of retention, the contractor is expected to submit a valid Retention Money Bank Guarantee amounting to 5% of the accepted contract amount in form and substance acceptable to the Employer. Percentage of Retention is 5% of the value of every Interim Payment Certificate until the limit is reached.

**vi. Variation of Works**

The Committee observed that even though the project is a design and build one, the Contractor is bound by each variation, unless the Contractor promptly gives notice to the Engineer, stating with supporting documents that the Contractor cannot readily obtain the goods required for the variation, and that not varying, will reduce the safety or suitability of the Works and also have an adverse impact on the achievement of the Schedule of Guarantees. Again, if the variation will result in the cumulative reduction in the Accepted Contract Amount by more than 15%, or triggers a substantial change

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in the type, sequence or progress of the works, the Engineer must approve a variation before it can be accepted.

**vii. Defects Liability Period**

The Committee noted that the Contract provides for Defects Notification Period of 365 days for this project, to be calculated from the date of the Taking over Certificate for the road.

**viii. Right of Access to the Site**

The Committee noted that, the Employer is required to give the Contractor right of access to, and possession of the site seven (7) days prior to the Commencement Date and after approval of the Performance Security.

**ix. Bills of Quantities (BoQ)**

The Committee took cognisance of the fact that, a detailed BoQ was not attached to the Contract because the final design for the project was yet to be completed.

**x. Value for Money Report**

The Committee noted with concern that, even though Value for Money (VFM) Audit was a condition precedent for the Contract to come into full force and effect, a VFM Report was not submitted for the consideration of the Committee.

The Committee was informed that the VFM Report is being carried out by the Institute of Engineers and would be made available upon completion.

**xi. Insurance for the Project**

The Committee observed that, the minimum amount of third party insurance is €85,000.00 per occurrence with the number of occurrence unlimited. Again, the period for submission of evidence of insurance and relevant policies is fourteen (14) days and twenty-eight (28) days respectively after the Commencement Date.

**xii. Local Content**

The Committee noted with interest that 30% of works are to be reserved for Ghanaian contractors and other skilled workers in the road construction industry. This local content provision would create job opportunities for the people and foster economic growth and development.

**xiii. Site Camp**

The Committee was informed that project contractors have been encouraged to erect site camps within their project vicinity. There is the expectation that upon completion of the project, these site camps would be rehabilitated to serve other purposes such as police stations, clinics and schools, which would be beneficial to the Communities.

**xiv. Financial Impact**

The Committee observed that the commercial contract price for this project will be fully paid from the proceeds of the loan to be contracted by the Ministry of Finance on behalf of the Republic of Ghana. The Committee noted that, this project was factored in the assessment which informed the Government's Medium-Term Debt Strategy (MTDS) and consequently determined government's borrowing plan for the medium term. It is informative to note that this is captured as Appendix 10c of the 2021 Budget Statement and Economic Policy of the Government of Ghana. The Committee was informed that the fiscal impact of the project was incorporated in the 2021 Budget Statement and Economic Policy of the Government of Ghana.



**xv. Project Benefit**

The Committee observed that upon completion of the road project, transport safety and speed will improve, translating into several benefits which include:

- Creation of job opportunities.
- Enhancing transportation of Agriculture inputs.
- Minimising post-harvest losses.
- Expansion of settlements and communities along the road.

**xvi. Stakeholder Consultation**

The Committee was informed that, broad inter-ministerial stakeholder consultations were held among various Ministries from the project preparation through negotiation of the terms and conditions of the contract to the arrangements for implementation. These Ministries comprised:

- i. Ministry of Finance;
- ii. Ministry of Justice and the Attorney Generals Department;
- iii. Ministry of Local Government, Decentralisation and Rural Development (MLGRD);
- iv. Ministry of Food and Agriculture (MOFA);
- v. Ministry of Chieftaincy;
- vi. Ministry of Works and Housing (MWH) through the Hydrological Service and Water Resources Commission (WRC);
- vii. Ministry of Transport through the Volta Lake Company Limited;
- viii. Ministry of Lands and Natural Resources through the Forestry Commission, Lands Valuation Division and Forest Services Division;
- ix. The Ministry of Environment through Environmental Protection Agency;
- x. Ministry of Roads and Highways; and
- xi. The Implementing Agency, Ghana Highway Authority.

The Committee was further assured that stakeholder consultations will subsequently be broadened to include Assemblies, opinion leaders and project affected persons.

## 7.0 CONCLUSION

The Committee having carefully examined the Commercial Agreement and satisfied itself that the project would significantly improve the well-being of the inhabitants within the Afram Plains, and also enhance the quality of life and safety of all road users, unanimously recommends to the House to adopt its report and approve the Commercial Contract Agreement between the Government of the Republic of Ghana (acting through the Ministry of Roads and Highways and represented by the Ghana Highway Authority) and Contracta Construction UK Limited for an amount of **One Hundred and Fifty Million Euros (€150,000,000.00)** for the construction of Bunso – Adawso Road and Specified Approach Roads to the Adawso Bridge Project.

Respectfully submitted.



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**MR. KENNEDY OSEI NYARKO**  
**CHAIRMAN, COMMITTEE ON**  
**ROADS AND TRANSPORT**

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**MS. JANET FRIMPONG**  
**CLERK, COMMITTEE ON ROADS**  
**AND TRANSPORT**