

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF ROADS) AND HIGHWAYS THROUGH THE DEPARTMENT OF URBAN ROADS AND RANGO-DIZMAR JV) (A JOINT VENTURE BETWEEN RANGO CONSTRUCTION COMPANY LIMITED AND TALLERES DIZMAR S. L.) FOR AN AMOUNT OF ONE HUNDRED AND FORTY MILLION EUROS (€140,000,000.00) FOR THE DESIGN AND CONSTRUCTION OF PHASE 1 OF THE SUAME INTERCHANGE AND ANCILLARY WORKS PROJECT AT KUMASI, REPUBLIC OF GHANA

1.0 INTRODUCTION

The Hon Minister for Roads and Highways, Mr Kwasi Amoako-Attah on Tuesday, 19th July, 2022 laid before the House, the Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways through the Department of Urban Roads) and Rango-Dizmar JV (a Joint Venture between Rango Construction Company Limited and Talleres Dizmar S. L.) for an amount of One Hundred and Forty Million Euros (€140,000,000.00) for the Design and Construction of phase 1 of the Suame Interchange and Ancillary Works at Kumasi, Republic of Ghana.

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.

It is worth noting that the Commercial Facility Agreement to finance the Phase 1 of the Suame Interchange and Ancillary works project has been considered by the Finance Committee.

The Committee met the Deputy Ministers for Roads and Highways, Hon Mavis Nkansa-Boadu and Hon Stephen Jalulah and Officials from the Ministry of Roads and Highways on Thursday, 21st July, 2022 and considered the referral. The Committee is grateful to the Hon. Deputy Ministers and Officials from the Ministry for assisting the Committee in its deliberations.

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2.0 REFERENCE DOCUMENTS

The Committee in considering the referral made reference to the following documents;

- i. The 1992 Constitution of the Republic of Ghana,
- ii. The Standing Orders of Parliament,

The Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways through the Department of Urban Roads) and Rango-Dizmar JV (a Joint Venture between Rango Construction Company Limited and Talleres Dizmar S. L.) for an amount of One Hundred and Forty Million Euros (€140,000,000.00) for the Design and Construction of phase 1 of the Suame Interchange and Ancillary Works at Kumasi, Ashanti Region.

3.0 BACKGROUND

Kumasi, the capital city of the Ashanti Region is the second largest city in Ghana with an estimated population of 2.8 million. The city serves as a central point for economic activity in the Ashanti region and the country at large. The medium to long term transport development plan for Kumasi suggests that a combination of highway and public transport developments will have significant benefit to improve the movement of people and goods in Kumasi and the region at large.

The Suame roundabout is a key intersection in the arterial road network of Kumasi. It has been identified as one of the busiest and most congested areas in Kumasi. It also serves as a major connector of the southern part of the country to the northern part and beyond.

The current state of the Suame roundabout poses great challenges in the road transport system in Kumasi. The level of service of the roundabout termed "F" during peak hours indicates heavy congestion. This situation impedes the aim of reducing congestion on our roads, travel cost, road accidents and injuries among others.

The existing five-legged intersection links the P.V. Obeng Road, Mampong Road, Offinso Road, Western By-pass and Kejetia Road. The roundabout has a central green area with a statue in honour of the late Otumfuo Opoku Ware II. The five legs of the intersection are dual carriageways, two lanes in each direction with asphaltic surfaces.

4.0 JUSTIFICATION

The development of the Interchange at Suame roundabout, has been adopted as an approach to improve capacity and reduce travel time to enhance people's movement as well as goods and services. Ultimately the results would be positive on the economy and development in the country.

It is worth mentioning that the Government of Ghana seeks to develop road infrastructure across the country through the Ministry of Roads and Highways. As a result, the Ministry is committed to improving road networks to facilitate economic growth, integrate rural development, increase employment opportunities, and improve access to basic public services such as education, healthcare, water and sanitation by the rural and urban poor.

Also, as part of efforts being made by Government to enhance road infrastructure in the country geared towards the achievement of the Sustainable Development Goals (SDGs), the Ministry of Roads and Highways acting through the Department of Urban Roads intends to undertake the Design and Construction of Suame Interchange and other Ancillary work project (phase 1).

5.0 OBJECTIVE OF THE PROJECT

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The objective of the project is to improve traffic efficiency through the relief of congestion, road safety, urban expansion, commercial development and freight transport demands. The project among others is aimed at reducing road accidents and injuries, travel time, transport cost in relation to freight, and incidence of flooding in Suame. The project was factored into the 2022 Annual Budget Estimates and Economic Policy of Ghana.

6.0 SCOPE OF THE PROJECT

The scope of the project consist of the provision of a 4-Tier interchange to include bridges and culverts, pedestrian and cycling facilities, traffic signals operation, street lights, road furniture and marking, designing of the road alignment and geometry, interchanges, pavement, drainage, site investigation and testing, as well as all associated road works in line with the Ghana Highway Authority's Design manual.

The functional characteristics include the following;

- The first tier would provide a roundabout at the ground level, to cater for left and U-turns movements,
- The second tier would ensure a thorough movement from Kejetia towards Offinso and Kejetia to Mampong,
- The third tier provides for movement from PV Obeng Road towards Western By-Pass and PV Obeng Road towards Offinso Road, and
- The fourth tier would cater for movement from Offinso Road to PV Obeng Road

The interchange shall be a composite of steel and concrete structure with beams of steel box girders.

7.0 OBSERVATIONS AND RECOMMENDATION

i. Cost of Project

The Committee noted that the total cost for the construction of the Suame Interchange is €140,000,000.00. The breakdown is shown in table 1 below.

Table 1: Project Budget Summary

COST COMPONENT BREAKDOWN FOR THE SUAME PROJECT

ITEM	DESCRIPTION	TOTAL PRICE (EUR)
A	General Items	€23,666,000.00
B	Scope of Works	€114,934,000.00
	<i>Earthmoving & Demolition</i>	€1,276,953.65
	<i>Structure & MSE Wall</i>	€102,100,525.26
	<i>Site Clearance</i>	€169,167.69
	<i>Mechanically Stabilised Earth (MSE)</i>	€3,731,536.23
	<i>Pavements</i>	€4,263,923.34
	<i>Road Restraint Systems</i>	€343,414.23
	<i>Roads Marking</i>	€42,607.65
	<i>Complementary Works</i>	€365,474.40
	<i>Drainage Works</i>	€1,150,000.00
	<i>Electrical and Lighting Works</i>	€1,150,000.00
	<i>Traffic Lights</i>	€120,000.00
	<i>Vertical Road Signs</i>	€220,397.55
C	Contingency	€1,400,000.00
TOTAL	A + B + C	€140,000,000.00

ii. Project Duration

The project is expected to be completed within a period of thirty-six (36) months from the commencement date in September, 2022.

iii. Advance Payment Guarantee

The Committee noted that provision has been made for an advance payment of 15 per cent of the Accepted Contract Amount payable in Euros. This amount is to be paid when the contractor submits as 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 timely performance and delivery in line with specifications, the contractor is required to provide a Performance Security of 10 per cent of the Accepted Contract Amount in the form of a Bank Guarantee from a Bank acceptable to the employer or a Bond of 30 per cent of the Accepted Contract Amount by an insurance entity registered or licensed to do business in the country.

v. Retention

The Committee again noted that the limit of Retention Money is 5 per cent 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 per cent of the Accepted Contract Amount in form and substance acceptable to the employer. Percentage of Retention is 5 per cent of the value of every Interim Payment Certificate until the limit is reached.

vi. Variation of Works

The Committee observed that although the project is a design and build, the contractor is bound by each variation, unless the Contractor is able to give notice promptly to the Engineer stating with supporting documents the inability of the Contractor to readily obtain goods required for the variation that will reduce the safety or suitability of works, as well as 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 per cent, it will trigger a substantial change in the type, sequence or progress of the works. In all these, the Engineer must approve a variation before it can be accepted.

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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 not later than fourteen (14) 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 Audit

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 however informed that Value for Money audit was on-going and would be made available upon completion.

xi. Insurance for the Project

The Committee observed that the minimum amount of third party insurance is €5,000.00 per occurrence with an unlimited number of occurrence. 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 per cent 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. Financial Impact

The Committee observed that the contract price for the 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 again noted that this project was factored in the assessment that informed Government's Medium-Term Debt Strategy (MTDS) and consequently determined government's borrowing plan for the medium term.

xiv. Compensation

The Committee was informed that adequate provision had been made to cater for compensation to the project affected persons and properties within the project catchment area under Phase 1.

xv. Project Benefit And Socio-Economic Impact

The Committee observed that after the completion of the road project, the intervention will propel greater access to employment opportunities, educational and health facilities, agricultural development, social inclusion and networking by directly or indirectly benefitting approximately 67,260 households. Also there will be an ease of bottleneck experience at the Suame roundabout and catchment area.

xvi. Stakeholder Consultation

The Committee was informed that extensive stakeholder consultations were conducted to avert the situation that might delay the processes towards the successful implementation of the project.

To this end, 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. Among the institutions consulted were;

- i. Ministry of Finance,
- ii. Ministry of Justice and the Attorney-General's 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 Lands and Natural Resources through the Forestry Commission, Lands Valuation Division and Forest Services Division,
- viii. Ministry of Science, Technology and Innovation Environment through Environmental Protection Agency,
- ix. Ministry of Roads and Highways and
- x. The Implementing Agency, Department of Urban Roads.

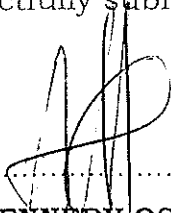
The Committee was assured that further stakeholder consultations would be undertaken to include Project Stakeholders such as the District Assemblies, Opinion Leaders to ensure smooth implementation.

8.0 CONCLUSION

The Committee, having carefully examined the Contract Agreement was satisfied that the project would significantly improve logjam in the road transportation system in Kumasi. Also, the project will enhance the quality of life and safety for all road users. The Committee unanimously recommends to the House to adopt its report and approve the Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways through the Department of Urban Roads) and Rango-Dizmar JV (a Joint Venture between Rango Construction

Company Limited and Talleres Dizmar S. L.) for an amount of One Hundred and Forty Million Euros (€140,000,000.00) for the Design and Construction of phase 1 of the Suame Interchange and Ancillary Works at Kumasi, in the Ashanti Region.

Respectfully submitted.



PARLIAMENT OF GHANA



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