

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

**REPORT OF THE JOINT COMMITTEE ON FINANCE AND
ROADS AND TRANSPORT ON THE LOAN AGREEMENT
BETWEEN THE REPUBLIC OF GHANA AND THE ARAB
BANK FOR ECONOMIC DEVELOPMENT IN AFRICA
(BADEA) IN AN AMOUNT OF EIGHT MILLION, EIGHT
HUNDRED THOUSAND US DOLLARS (US\$8,800,000) TO
FINANCE THE TETTEH QUARSHIE INTERCHANGE STRETCH
OF THE TETTEH QUARSHIE-MAMFE ROAD PROJECT**

1.0 INTRODUCTION

The above Loan Agreement was laid in the House on Wednesday, 7th July 2004 in accordance with Article 181 of the Constitution and referred to the Joint Committee on Finance and Roads & Transport for consideration and report pursuant to the Standing Orders of the House.

To consider this Agreement, the Committee met with the Deputy Minister for Finance and Economic Planning, Mr. Kwaku Agyeman Manu as well as technical teams from the Ministries of Finance and Economic Planning and Roads and Transport and reports as follows:

2.0 BACKGROUND

The Tetteh Quarshie Circle-Mamfe Road forms part of the national highway trunk road network, which connects the national capital with the Eastern Region. The road also provides the main alternative route between Accra and Kumasi, the nation's two major economic cities.

The Tetteh Quarshie circle, which is the starting point of the project, is currently being developed into a full interchange to improve traffic flow and reduce congestion at the circle.

The Tetteh Quarshie Circle to Pantang road section serves densely populated areas including East Legon, Achimota School, University of Ghana, Legon Achimota School, Mempemehoasem, Okponglo, Madina, Legonman and Adenta Estates.

The Pantang-Mamfe section has many permanent settlements including Ayi Mensah and Aburi, which is a major tourist attraction because of the location of the national botanical gardens at Aburi.

3.0 PROJECT DESCRIPTION

The project consists of the following:

1. *Tetteh Quarshie Interchange*

The Tetteh Quarshie Interchange is a grade separated interchange with an elevated motorway with a two-span supported over bridge with twin independent decks. Each span is approximately nineteen (19) metres long. The over-bridge serves as a connector between the Tema Motorway in the north-eastern corridor to Achimota road in the south-western corridor.

2. *Tetteh Quarshie to Pantang*

Tetteh Quarshie interchange to Pantang section starts from the southern approach of the interchange and stretches for 10.6 km to the Pantang junction. This will be a three-lane asphalt concrete surface dual carriageway with service roads to serve the various frontage developments. This section is divided into two parts namely:

- (a) Part 2-A with a total length of about 6 km starts from Tetteh Quarshie Interchange and ends at Madina Old Road junction (popularly known as Zongo junction).
- (b) Part 2-B which is 4.6 km starts from Madina Old road and ends at Pantang junction.

3. *Pantang to Mamfe*

Pantang junction to Mamfe section will be a newly rehabilitated 30km single carriageway, which comprises 7 km asphalt concrete surface from Pantang to Ayi Mensah and a double bituminous surface for the remaining 23 km.

4. *Institutional Support*

Institutional support will provide technical assistance to the Ghana Highway Authority (GHA) for improvement in the management information, financial management as well as contract administration systems. Both local and foreign short-term training will be provided for staff at all levels. It will also include the supply of equipment for Ghana Highway Authority's laboratories, computers, office materials and two vehicles for the supervision of the project.

The African Development Fund (ADF) and the borrower will finance items 1, 3, and 4 described above and item 2-b will be co-financed by BADEA and the Saudi Fund. Efforts are being made to secure donor funding for the construction of the road section between Tetteh Quarshie Interchange to Madina Junction.

3.1 PROJECT COMPONENTS TO BE FINANCED BY BADEA /SAUDI

The project components to be financed by BADEA and SAUDI Fund include the following:

- Compensation, land acquisition and relocation of utilities;
- Civil works comprising the construction of Madina Junction-Pantang junction into a 3-lane dual carriageway and ancillaries;
- Consultancy services which include review of engineering designs, tender documents and supervision of the execution of the works; and
- Project logistics including the provision of computers, vehicles and office equipment.

The project is particularly described as Annex I attached.

3.2 PROJECT OBJECTIVES

One of the aims of this project is to enhance Government's goal of poverty reduction and economic development by reducing road accidents, travel time, congestion and vehicle operation costs.

The project is expected to commence at the beginning of the second quarter of 2004 and completed during the last quarter of 2006.

4.0 TERMS AND CONDITIONS

Loan Amount	-	Eight Million, Eight Hundred Thousand US Dollars (US\$8,800,000)
Interest Rate	-	2%
Grace Period	-	5 years
Repayment Period	-	40 semi-annual installments after a grace period of 5 years.

5.0 OBSERVATIONS

The Committee observed that the facility would be used to co-finance the Madina junction to Pantang portion of the Tetteh Quarshie Mamfe Road project. It was further observed that Saudi Fund had already provided an amount of **US\$10,500,000** for co-financing of the project.

The Committee also noted that the Madina junction to Pantang portion of the road has a length of 4.6 kilometers.

Members also urged the Ministry of Roads and Transport to tackle the distance between the Tetteh Quarshie interchange and the starting portion of this project in order to ease the traffic congestion on the road.

The Committee further observed that the Madina junction to Pantang junction section of the road is being reconstructed into a six-lane carriageway and would be co-financed as follows:

BADEA	-	US\$8,800,000
SAUDI FUND	-	US\$10,500,000
GOVERNMENT OF GHANA	-	<u>US\$2,015,000</u>
TOTAL	-	<u>US\$21,315,000</u>

The Committee further noted that the agreement provides that the Ghana Highway Authority (GHA), which is the implementing Agency is required to carry out the project with due diligence and efficiency and in conformity with appropriate financial, administrative and technical practices.

It was further observed that the proceeds of the loan shall be applied solely for the execution of the project on terms and conditions which shall at all times be satisfactory to BADEA.. In this vein the Ghana Highway Authority shall have to comply with the obligations and conditons, which the borrower undertakes by virtue of the provisions of the Agreement.

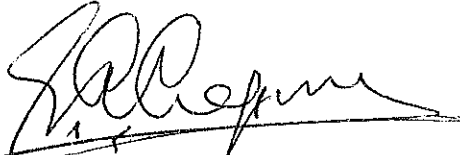
The technical team informed the Committee that in accordance with general conditions applicable to BADEA Loans, the principal of, and interest and other charges on the Loan shall be free from any taxes and duties.

6.0 CONCLUSION

The Committee having closely examined the Agreement, recommends to the House the adoption of its report and approve by resolution the Loan Agreement between the Republic of Ghana and the Arab Bank for Economic Development in Africa (BADEA) in an amount of Eight Million, Eight Hundred Thousand US Dollars (US\$8,800,000) for co-financing the Tetteh Quarshie Interchange stretch of the Tetteh Quarshie-Mamfe road project in accordance with Article 181 of the Constitution and Section 7 of the Loans Act 1970, Act 335.

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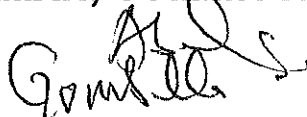
Respectfully submitted.



**HON. EUGENE ATTA AGYEPONG
CHAIRMAN, FINANCE COMMITTEE**



**HON. SOLOMON KWABENA SARFO
CHAIRMAN, COMMITTEE ON ROADS & TRANSPORT**



**ALHAJI IBRAHIM GOMBILLA
CLERK, FINANCE COMMITTEE**



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CLERK, COMMITTEE ON ROADS & TRANSPORT**

13TH JULY 2004