

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

REPORT OF THE JOINT COMMITTEE ON FINANCE AND ROADS  
AND TRANSPORT ON A LOAN AGREEMENT BETWEEN THE  
GOVERNMENT OF THE REPUBLIC OF GHANA AND OPEC FUND  
FOR INTERNATIONAL DEVELOPMENT IN THE AMOUNT OF SIX  
MILLION SIX HUNDRED AND SEVENTY THOUSAND  
US DOLLARS (US\$6,670,000) FOR THE ANYINAM-KONONGO  
SECTION OF THE ANYINAM-KUMASI ROAD REHABILITATION  
PROJECT

**1.0 INTRODUCTION**

The above Agreement was laid in the House on Tuesday, 4<sup>th</sup> November 2003 in accordance with Article 181 of the Constitution, and referred to the Joint Committee on Finance and Roads and Transport for consideration and report pursuant to Article 171(1) of the Standing Orders.

The Committee met with Hon. Dr. Richard Anane, the Minister of Roads and Transport, and a technical team from the Ministries of Finance & Economic Planning and Roads and Transport and reports as follows:

**2.0 BACKGROUND**

The Anyinam-Kumasi road is part of the Accra-Kumasi road which provides an important link between Accra, the national capital, Kumasi the second largest city, and the northern sector of the country as well as the neighbouring ECOWAS trading partners especially Burkina Faso, Niger and La Cote d'Ivoire. The road is thus an important

interconnecting route between the Trans-Coastal and the Trans-Sahelian West African Highways.

The road is critical for the integration of administrative and economic activities within Ghana and between Ghana and her ECOWAS neighbours. The project is therefore being undertaken as part of a sector wide programme to improve the country's road network

The Road forms part of the regional network that links the northern sector to the southern sector which runs through food producing areas such as the yam growing communities and the fishing communities to the various district capitals.

The project area is densely populated and most of the people living in this area are small-scale farmers who can be described as the rural poor. Wholesale and retail trading is the second major economic activity within the area. The women are very active in all economic activities and dominate the trading network that brings goods to the villages from cities and district centers and vice versa. There are a number of markets and business centers along the road.

Currently, the portion of the Anyinam-Konongo section of the Anyinam-Kumasi road, which is bituminously treated, has deteriorated considerably over the last couple of years giving rise to serious driving difficulties, high transport costs and safety problems and this has adversely affected agricultural and brisk trading that could facilitate socio-economic development and poverty reduction. Intensive periodic road maintenance activities carried out over the years have only been stop gap measures to keep the road open, and have not significantly saved the road from further deterioration. The road will therefore not be able to carry the projected future traffic safely.

What is needed is a complete rehabilitation of the Anyinam-Konongo portion of the Anyinam-Kumasi road.

## **2.1 PROJECT OBJECTIVE**

The project aims at improving road transport between Accra-Kumasi and promoting socio-economic development along that corridor and thereby contributing towards poverty reduction.

## **2.2 SCOPE OF THE PROJECT**

The entire section of the Anyinam-Konongo road will be overlaid with asphaltic concrete.

## **2.3 PROJECT COMPONENTS**

The components of the project are as follows:

- Civil works comprising the reconstruction of the road between Anyinam and Kumasi to a single carriageway bitumen (asphaltic concrete) trunk road standard, together with drainage works and installation of new pipe culverts; and
- Consultancy and supervision services for the works and project monitoring; including preparation and evaluation of tender documents, certification and project progress and completion reports.

## **2.4 FINANCING SCENARIO**

The total project cost is estimated at **US\$21.74 million** comprising

AFRICAN DEVELOPMENT BANK (ADB)	-	U\$13.19
OPEC FUND	-	US\$6.67
GOG	-	US\$1.98
<b>TOTAL</b>		<b><u>US\$21.74</u></b>

### 3.0 TERMS AND CONDITIONS

- **Loan Amount** - Six Million Six Hundred and and Seventy US Dollars (US\$6,670,000)
  
- **Interest Rate** - 1% per annum on the principal amount of the loan withdrawn and outstanding from time to time
  
- **Service Charge** - 1% per annum on the principal amount of the loan withdrawn and outstanding, to meet the expenses of administering the loan
  
- **Payment of Interest and Service Charges** - shall be paid semi-annually on February 15 and August 15 in each year into an account designated for the purpose by the Fund Management.
  
- **Repayment Period** - thirty semi-annual installments commencing on 15<sup>th</sup> August 2007
  
- **Grace Period** - 5 years

### **3.1 EXEMPTIONS**

The Loan Agreement and any supplementary agreement between the parties shall be free from any taxes, levies or duties levied by, or in the territory of the Borrower on or in connection with its execution, delivery or registration. Article 4.02 indicates further that the principal, interest and the service charges on the loan shall be paid without deduction for, and free from, any charges and restrictions of any kind imposed by or in the territory of the Borrower.

### **4.0 OBSERVATIONS**

The Committee observed that there is the need for the construction of the road because of its strategic importance.

The Committee was informed that in a situation where the facility has been contracted to prop up the funds already secured for the project, it is normal for the project to begin whilst the processes for securing additional funding for other stretches.

The technical team informed the Committee that the contract for the works was awarded on 26<sup>th</sup> June and signed on 24<sup>th</sup> September 2002 for completion within a period of twenty-four (24) months.

The Committee was further informed that some works have so far been carried out and these include the following:

- ❖ The Construction of a contractor's camp and quarry,
- ❖ Renovation of existing facilities to be used as Engineer's Representative's Office and residential accommodation,
- ❖ Site clearance and
- ❖ Construction of the Engineer's Representative's Laboratory.

The Technical team informed the Committee that the loan from the OPEC Fund is to support Government's budgetary allocation for the execution of the project and has entrusted the administration of the loan with the African Development Bank (ADB).

The Committee observed that Parliament has passed appropriate resolution to approve a number of projects on the entire Kumasi highway and these projects have reached stages of completion.

The Minister informed the Committee that the total cost of the project is US\$21.7 million with the African Development Bank (ADB) providing US\$13.19 million and Government of Ghana providing US\$1.98 million. There is however a shortfall of US\$6.67million, which the OPEC have agreed to provide, and which is currently before the House. Under this arrangement this loan will be subsume under ADB for supervision. Works on this project started in October 2002 and is currently ongoing.

Some members inquired about the current state of work on the total stretch of the Accra-Kumasi Road and the state of all the loans approved for this project.

The technical team informed the Committee that various contracts have been awarded a number of companies and work on the project is progressing steadily.

A Schedule on the stages of the various projects is given below:

PROJECT	AMOUNT (\$)million	STATUS OF PROJECT	FUNDING INSTITUTION
Ofankor- Nsawam	28		CHINESE
Nsawam - Apedwa	20	Soon to be laid in the House	ADB
Apedwa - Bunsu		50% completed	ADB

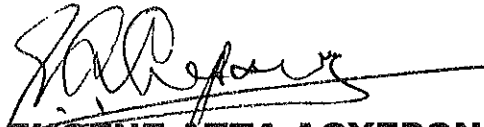
Bunsu - Anyinam		Completed	BADEA
Anyinam- Konongo	21.74	Work is progressing steadily	
Konongo - Kumasi		Soon to come before the House	DANIDA

Finally the Committee observed that the Agreements and any supplementary Agreements between the parties would be free from any taxes, levies or duties levied by the Republic of Ghana in connection with the execution of the Agreements. In view of the above, the Minister of Roads and Transport gave notice that he would soon place before the House for Parliamentary approval, requests for tax and duty exemptions on the materials and equipment needed for the execution of the project, in accordance with Article 174(2) of the Constitution.

## 5.0 CONCLUSION

After careful consideration, the Committee observes that in view of the strategic importance of the road, the House is invited to adopt the report and approve by resolution in accordance with Article 181 of the Constitution and Section 7 of the Loans Act 1970, Act 335, the amount of Six million Six Hundred and Seventy Thousand US Dollars (US\$6,670,000) for the Anyinam-Konongo section of the Anyinam-Kumasi Road Rehabilitation Project.

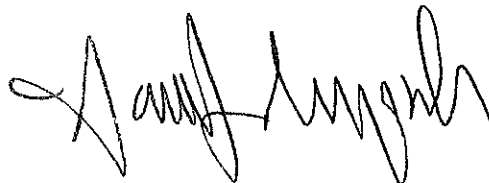
Respectfully submitted.



**HON. EUGENE ATTA AGYEPONG  
CHAIRMAN  
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**ALHAJI IBRAHIM GOMBILLA  
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**13<sup>TH</sup> NOVEMBER 2003**