

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

**REPORT OF THE JOINT COMMITTEE ON FINANCE**  
**AND ROADS AND TRANSPORT ON THE**  
**SUBSIDIARY AGREEMENT BETWEEN THE**  
**GOVERNMENT OF THE REPUBLIC OF GHANA AND**  
**CHINA DEVELOPMENT BANK CORPORATION FOR**  
**AN AMOUNT OF US\$200 MILLION TO FINANCE THE**  
**ACCRA INTELLIGENT TRAFFIC MANAGEMENT**  
**SYSTEM AND LA BEACH ROADS COMPLETION**  
**PROJECT UNDER THE MASTER FACILITY**  
**AGREEMENT FOR US\$3.0 BILLION BETWEEN THE**  
**GOVERNMENT OF GHANA AND THE CHINA**  
**DEVELOPMENT BANK CORPORATION**

**1.0 INTRODUCTION**

The Subsidiary Agreement between the Government of the Republic of Ghana and the China Development Bank Corporation for an amount of *two hundred million United States Dollars* (US\$200,000,000.00) to finance the Accra Intelligent Traffic Management System and La Beach Roads Completion Project under the Master Facility Agreement between

the Republic of Ghana and the China Development Bank Corporation was laid in the House on Friday 9<sup>th</sup> March, 2012 and referred to a Joint Committee on Finance and Roads and Transport for consideration and report in accordance with article 181 of the Constitution and the Standing Orders of the House.

The Committee met and considered the Agreement with the Minister of Finance and Economic Planning, Hon. Dr. Kwabena Duffuor and his Deputy Hon. Seth Terkper, Minister of Roads and Highways, Hon. Joe Gidisu, Minister of Transport, Hon. Collins Dauda and his Deputy Hon. Aku Dzifa Attivor, Deputy Minister of Food and Agriculture, Hon. Nii Amasa Namoale and technical teams from the Ministries of Finance & Economic Planning, Roads and Highways, Transport and Food and Agriculture and hereby presents this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

## **2.0 BACKGROUND**

His Excellency President John Evans Atta Mills visited the People's Republic of China in September, 2010 at the invitation of His Excellency President Hu Jintao. During the said visit, a Framework Agreement for China Development Bank's Comprehensive Project Finance Facility for Ghana was signed to extend the coverage of bilateral economic cooperation to the mobilization of financing for Ghana's development agenda.

In April 2011, following two previous rounds of discussions with CDB in Beijing, China (January 2011) and Accra (February 2011), the Ministry of Finance and Economic Planning (MOFEP) and CDB signed an agreed "Indicative Term Sheet" subject to necessary internal approvals. This formed the substantive basis for the Master Facility Agreement. Cabinet approved the draft Term Sheet to facilitate the negotiations with CDB in April 2011. Another discussion with CDB was on a special line of credit for the development of African SMEs. With the successful negotiation and initialing in June/July 2011 of the draft Master Facility Agreement on the approved financing terms, the Agreement was presented to the House for consideration and approval.

The Master Facility involves the financing and construction, primarily of infrastructure expansion and development projects in priority sectors under the Ghana Shared Growth and Development Agenda (GSGDA).

Hon. Members would recall that Parliament on 26<sup>th</sup> August 2011 approved the US\$3.0 billion Master Facility Agreement (MFA) between the Government of Ghana and the China Development Bank. This Master Facility Agreement was signed by Ghana's Ambassador to the People's Republic of China with a Power of Attorney, in compliance with the provisions of Section 4 of the Loans Act, 1970 (Act 335).

The executed Master Facility Agreement necessitated some amendments in the form of an 'Addendum' which was approved by the House on 21<sup>st</sup> February, 2012.

### **3.0 PURPOSE OF THE AGREEMENT**

The purpose of the Master Facility Agreement is to obtain funds in the sum of US\$3.0 Billion from China Development Bank (CDB) to undertake infrastructural development projects in Ghana pursuant to the Ghana Shared Growth and Development Agenda (GSGDA).

The objective of this **Subsidiary Agreement** is to draw-down an amount of US\$200 million from the Master Facility to implement the **Accra Intelligent Traffic Management System and La Beach Roads Completion Project**.

### **4.0 TERMS OF THE FACILITY**

The US\$200 million facility for the **Accra Intelligent Traffic Management System and La Beach Roads Completion Project** is under **Tranche B** of the **Master Facility Agreement** as already approved by Parliament with the following terms:

**TOTAL MASTER FACILITY AMOUNT : US\$3,000,000,000.00**

**TRANCHE B : US\$1.5 BILLION**

**Grace Period : Up to 5 years**

Tenure	:	10 years
Interest Rate	:	6 months Libor + 2.85%
Upfront Fees	:	0.25% flat
Commitment Fee	:	1.00% p.a. on unwithdrawn balance

## 5.0 OBSERVATIONS

The Committee observed that one of the conditions of the Master Facility Agreement was that each of the emanating Subsidiary Agreements should be presented to Parliament for consideration and approval.

It was noted that the US\$3.0 billion Master Facility approved by the House would be disbursed through two windows (i.e. Tranche A and Tranche B) and that specific disbursements under each of the Tranches would be determined project-by-project as would be spelt out in separate Subsidiary Agreements.

The Committee also noted that the US\$200 million Subsidiary Agreement currently under consideration is a Tranche **B** facility.

Projects proposed to be financed under Tranche B (further sub-divided into B1 and B2) of the Master Facility are as follows:

## Tranche B1: Oil and Gas Sector Infrastructure Development

- (a) *Western Corridor Gas Infrastructure Project* – Offshore Gathering Pipeline, Early Phase Gas Processing Plant, Onshore Trunk Pipeline including gas dispatch facility; retrofit of Tema Oil Refinery (TOR) to enable processing of natural gas liquids (NGLs); and deployment of helicopter fleet for enhanced surveillance of facilities.

Project Developer is the newly created Ghana National Gas Company Limited, and project implementation is under performance-based design-build-maintain contracts (Estimated Amount of US\$850 million).

- (b) *Phase 1 of the Takoradi Petroleum Terminal Project* – to be sited at Pumpuni.

Project Developer is the Bulk Oil Storage and Transportation Company Limited, with project implementation under performance-based design-build-maintain contract (Estimated Amount of US\$200 million)

- (c) *Western Corridor "Oil Enclave" Toll Road Redevelopment Project*

Project Developer is the Ghana Highways Authority. Project implementation is under a design-build-maintain contract (Estimated Amount of US\$150 million).

## Tranche B2: Special Projects

- (a) *Deployment of an ICT-based integrated communications platform to enhance security and surveillance* of all infrastructure and facilities in the Western Corridor “oil Enclave”.

Project Developer is the National Security council. Project implementation is under a performance-based design-build-maintain contract (Estimated Amount of US\$150 million)

- (b) *Accra Metropolitan ICT-enhanced Traffic Management Project* – This includes an additional financing to enable accelerated completion of “stranded” road construction works on key congested road arteries for the metropolis, especially (i) Nsawam Road (Achimota – Ofankor segment); (ii) Dodowa Road (Tetteh Quarshie – Haatso Junction) and (iii) La Beach Road.

Project Developer is the Urban Roads Department, with project implementation under a build-operate-transfer contract. (Estimated Amount of US\$150-200 million)

- (c) *Small and Medium Enterprises (SMEs) Projects Incubation Facility* – Through collaboration between CDB’s Special Facility for African SMEs and NTHC

Ltd., a blueprint has been developed to pilot a US\$100 million facility to support local capability building of Ghana SMEs involved in public-private partnerships for infrastructure development (Estimated Amount of US\$100 million).

Benefits to be derived from the Accra Intelligent Traffic Management Project include improvement in mobility in the Greater Accra Metropolitan Area, provision of a central facility from where traffic operations in Accra will be controlled, monitored and managed, provision of equipment and training for the operations and maintenance of traffic, support for urban renewal through the provision of street lighting system.

The La Beach Roads Completion Project would also improve urban mobility and safety particularly on the Accra – Tema and Teshie Link Arterial Roads in the Accra East Corridor. The roads will link the Central Business District of Accra to the Industrial hub and premier port of Tema.

The completion of the project is expected to enhance efficient transportation of agricultural and fishing produce from Yeji, Kete Krachi and Akosombo, Tema and Teshie to Makola, Agbogbloshie and Selwyn Fish Markets and other satellite markets in Accra.

Activities to be undertaken under the Project include

- Widening of La Beach Road Independence Arch to Nungua Barrier (16 kms) including a 2-lane dual carriageway, walkways, cycle



paths; 2 no. bridges across the Kpeshie Lagoon; interchange at Teshie Lascale

- Widening of Coastal and Meridian Roads (10.6 kms) comprising a 2-lane dual carriageway, walkways, cycle paths; 3-tier vehicular interchange at Nungua Barrier; 2-no road over rail bridges near Sakumono Junction and Sakumono Lagoon
- Widening of Teshie Link (Teshie to Accra-Tema Motorway) (7.5 kms) comprising a 2-lane dual carriageway, walkways, cycle paths
- Accra Intelligent Traffic management System (AITMS); and
- Consultancy for Design Review and Construction Supervision.

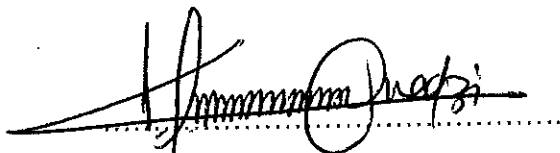
The total cost of the project is US\$235.3 million out of which the China Development Bank facility is financing US\$200 million (85%) whilst Government of Ghana contributes the remaining US\$35.3 million (15%). This is to ensure a debt/equity ratio of 85:15 as envisaged under the Master Facility Agreement.

The Committee observed that as part of the repayment arrangement of the facility, a crude oil Offtake Agreement has been approved by the House to be entered between the Republic of Ghana, represented by the Ghana National Petroleum Corporation (GNPC) and an Offtaker (UNIPPEC Asia Company Limited) nominated by the Lender for the sale and purchase of Ghana's Crude oil.

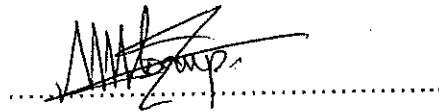
## 6.0 CONCLUSION

The Committee, after careful deliberation, respectfully recommends to the House to approve by Resolution, the **Subsidiary Agreement** between the **Government of the Republic of Ghana** and **China Development Bank Corporation (CDB)** for an amount of *two hundred million United States Dollars (US\$200,000,000.00)* to finance the **Accra Intelligent Traffic Management System and La Beach Roads Completion Project** under the Master Facility Agreement between the Republic of Ghana and the China Development Bank Corporation in accordance with article 181 of the Constitution, Sections 3 and 7 of the Loans Act, 1970 (Act 335) and the Standing Orders of the House.

Respectfully submitted.



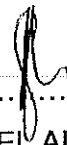
HON. JAMES KLUTSE AVEDZI  
CHAIRMAN, FINANCE COMMITTEE



HON. M. C. BOAMPONG  
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CLERK, COMMITTEE  
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19<sup>TH</sup> MARCH, 2012.