

PARLIAMENT OF GHANA LIBRARY

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



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

ON THE

**APPROVAL OF THE COMMERCIAL CONTRACT
AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA AND AFCONS
INFRASTRUCTURE LIMITED INDIA FOR THE
DESIGN AND CONSTRUCTION OF AN 84.8 KM
SINGLE STANDARD GAUGE RAILWAY LINE FROM
TEMA TO AKOSOMBO ON ENGINEERING,
PROCUREMENT AND CONSTRUCTION (EPC) BASIS**

31st October, 2016

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**REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE APPROVAL
OF THE COMMERCIAL CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF
THE REPUBLIC OF GHANA AND AFCONS INFRASTRUCTURE LIMITED INDIA FOR
THE DESIGN AND CONSTRUCTION OF AN 84.8 KM SINGLE STANDARD GAUGE
RAILWAY LINE FROM TEMA TO AKOSOMBO ON ENGINEERING, PROCUREMENT
AND CONSTRUCTION (EPC) BASIS**

1.0 INTRODUCTION

- 1.1 The Commercial Agreement between the Government of the Republic of Ghana (represented by the Ghana Railways Development Authority) and AFCONS Infrastructure Limited India for the design and construction works in respect of the design and construction of an 84.8 Kilometre single standard gauge railway line from Tema to Akosombo on Engineering, Procurement and Construction (EPC) basis was laid in the House on Monday, 31st October, 2016 by the Hon. Minister for Transport, Mr. Fifi Fiavi Kwetey.
- 1.2 The Commercial Agreement was referred by the Hon. Deputy Speaker to the Committee on Roads and Transport for consideration and report in accordance with Article 181(5) of the 1992 Constitution and Orders 189 of the Standing Orders of Parliament.
- 1.3 The Committee met with the Hon. Minister for Transport Hon. Fifi Fiavi Kwetey and officials from the Ministry of Transport and the Ghana Railway Development Authority (GRDA) to consider the Agreement. The Committee presents its Report to the House in accordance with Order 161 of the Standing Orders of the House.

2.0 **BACKGROUND**

- 2.1 In 2008, Messrs Dar Al Handasah Consultants were engaged by the Government of Ghana to conduct feasibility studies on the Multi-Modal Freight Transport between Tema and Buipe through Akosombo.
- 2.2 The feasibility report which was submitted in 2009 was emphatic with its conclusion on the immense economic viability of the project. In 2010, the Ministry of Transport as part of its infrastructure development plans, considered the project for the development of the multi-modal freight corridor and was added to the set of projects to be procured under the China Development Bank (CDB) facility.
- 2.3 With the non-realization of the CDB loan, it became imperative to source for funding for the railway component of the project, which forms the foundation of the multi-modal freight corridor.
- 2.4 Consequently, a proposal was received from AFCONS to source for funding to execute the railway components of the project. AFCONS has since submitted a financial proposal from Exim Bank of India to the Ministry of Finance and also discussed and prepared a contract Agreement with the (GRDA).

3.0 **PROJECT OBJECTIVE**

- 3.1 The Project is expected to address the imbalance between transport modes for long distance transit and domestic freight movements from Accra and Tema northwards.

3.2 As the rate of freight (containerized and bulk commodities) movement through Tema Port is expedited, marine vessel waiting time would be reduced, thereby increasing the competitiveness of the Tema Port.

4.0 **JUSTIFICATION FOR PROJECT**

4.1 The implementation of the Project will link the Tema Port to the Volta Lake transport network especially the North-South movement over a distance of four hundred (400) kilometres and open up the Lake to the transportation of not only fuel and cement in limited quantities as per the current situation. It would also facilitate the movement of containerized cargo and agricultural produce from the Savannah Accelerated Development Authority (SADA) enclave and Afram Plains to the Port of Tema and other destinations.

4.2 Other benefits of the Project worth mentioning include:

- (i) reduction of pressure on the road networks, thereby reducing their early deterioration and hence increase their service life span,
- (ii) reduction of the cost of transportation of bulk commodities, containers and agricultural produce to the ports and other destinations,
- (iii) provision of a cheaper and alternative means of transport for passengers who are not served by the road transport system in the corridor,

- (iv) the construction, operation and maintenance works of the railway infrastructure will provide direct and indirect employment to a number of Ghanaians; and
- (v) efficient operation of the new multi-modal transport system could attract the import and export of bulk cargo from some of the landlocked countries in the Sub-region through the Port of Tema.

5.0 **PROJECT SCOPE**

5.1 The Project Scope comprises:

- i. Design and construction of 84.8km of a standard gauge railway line from the Tema Port to the Akosombo including the building of six stations at the Tema Port, Tema Industrial Area, Afienya, Doryum/Kodiabe, Kpong and Akosombo Town; and
- ii. Design and construction of railway Heads (Terminals) at Tema and Akosombo including the provision of operational facilities and loading equipment.

5.2 Detailed scope of works comprises:

- (a) Engineering – detail engineering and design,
- (b) Procurement – includes the procurement of tracks, materials, signalling system and equipment for railhead facilities (terminals),

- (c) Construction – Earth work in excavation and embankment with drainage layer where required and stone pitched drainage system for formation in cuttings,
- (d) Construction of Structures – Bridges including road over bridges, road under bridges, major bridges and viaducts and culvert for discharged water,
- (e) Installation of signalling and communication system – Optic fibre cable for telephone exchange, train control communication, Public Address Systems, display boards, clocks,
- (f) Operations Control Center – Train Controller VDUs, crew controller, P. way controller, signal fault controller,
- (g) Computer based interlocking (CBI) – colour light signals, electric point machines, axle-counters and station and block sections,
- (h) Train Control System – European Train Control System (ETCS) level -1,
- (i) Construction of Railhead facilities – Tema Terminal, Akosombo Container Transfer Terminal,
- (J) Locomotive Workshop – sanding and refuelling stations, fuel storage facility,
- (k) Wagon workshop contingency – wheel lathe, paint shop, wash bay,
- (l) Water treatment, batter, compressor and emergency room,

- (m) Derailment equipment – hydraulic jacks, packings, and aluminium beams,
- (n) Track maintenance equipment – motor and pull trolleys, thermal rail welding sets, switch and crossing resurfacing equipment; and
- (n) Additional facilities – General administration building, mess and ablution facilities, traffic control centre and radio control booth.

5.3 The implementation period of the project is three and half years.

6.0 OBSERVATION AND RECOMMENDATION

6.1 The Committee noted that the Contract price is **Three Hundred and Ninety-Eight Million, Three Hundred and Thirty Thousand United States Dollars (US\$398,330,000.00)**. The commencement of work for the Project takes place when 70% of the land is handed over to the Contractor free from all encumbrances. The land shall comprise the following stretches:

- i. From Km 0 + 000 (Start Point) to Km 30 + 000
- ii. From Km 55 + 000 to Km 84 + 400 (End Point)

6.2 The Agreement took cognisance of insurance of works against third party liability for each occurrence restricted to USD 50,000.00 and equipment.

6.3 The Committee requested and satisfied itself with the profile of the Contractor, AFCON Construction Limited India and observed that the Contractor has done extensive work in rail and metro transports in India,

Indonesia and Bangladesh. The Committee was informed by GRDA that thorough background check was also done on the Contractor by Price Water House Coopers (PWC).

6.4 The Committee was further informed by GRDA that the project which is a turnkey has a contingency of 1% with all risks being borne by the Contractor. The project would have no variations along the line with payment based on milestone achievement.

6.5 In terms of technology transfer and capacity building of local staff, the Committee observed that the current operator which is the Ghana Railway Company Limited (GRCL) would have key staff provided with skills in all aspects of railway systems including railway engineering, management, operation and maintenance.

7.0 **CONCLUSION**

The Committee respectfully recommends to the House to adopt its Report and approve the Commercial Contract Agreement between the Republic of Ghana and AFCONS Infrastructure Limited India for the design and construction of an 84.8 km single standard gauge railway line from Tema to Akosombo on Engineering, Procurement and Construction (EPC) for an amount up to **Three Hundred and Ninety-Eight Million, Three Hundred and Thirty Thousand United States Dollars (US\$398,330,000.00)**.

Respectfully submitted.



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**MATTHEW ABREFA TAWIAH
CLERK, COMMITTEE ON ROADS
AND TRANSPORT**



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**HON. KWAME GOVERNS AGBODZA
VICE-CHAIRMAN, COMMITTEE ON
ROADS AND TRANSPORT**

31st October, 2016