

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

PARLIAMENT OF GHANA LIBRARY

REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT

ON THE

DESIGN-BUILD CONTRACT AGREEMENTS BETWEEN THE GOVERNMENT  
OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF  
ROADS AND HIGHWAYS [REPRESENTED BY THE GHANA HIGHWAY  
AUTHORITY]) AND MESSRS GABRIEL COUTO-RANGO CONSORTIUM  
FOR AN AMOUNT OF FIFTY MILLION EUROS (€50,000,000.00) AND  
NINETY-FIVE MILLION EUROS (€95,000,000.00) FOR  
IMPLEMENTATION OF THE RECONSTRUCTION OF BECHEM -  
TECHIMANTIA - AKOMADAN AND TARKWA - AGONA NKWANTA ROAD  
PROJECTS RESPECTIVELY

PARLIAMENT OF GHANA LIBRARY

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**REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE DESIGN-BUILD CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF ROADS AND HIGHWAYS [REPRESENTED BY THE GHANA HIGHWAY AUTHORITY]) AND MESSRS GABRIEL COUTO-RANGO CONSORTIUM FOR AN AMOUNT OF FIFTY MILLION EUROS (€50,000,000.00) AND NINETY-FIVE MILLION EUROS (€95,000,000.00) FOR IMPLEMENTATION OF THE RECONSTRUCTION OF BECHEM - TECHIMANTIA - AKOMADAN AND TARKWA - AGONA NKWANTA ROAD PROJECTS RESPECTIVELY**

## **1. INTRODUCTION**

On Wednesday, 22<sup>nd</sup> July, 2020, two Commercial Contract Agreements between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways) and Gabriel Couto-Rango Consortium for an amount of Fifty Million Euros (€50,000,000.00) and Ninety-Five Million Euros (€95, 000,000) for the reconstruction of the Bechem - Techimantia - Akomadan and the Tarkwa - Agona Nkwanta road projects respectively were presented to Parliament by the Minister for Roads and Highways, Hon Kwasi Amoako-Atta.

The Contract Agreements were referred to the Committee on Roads and Transport for consideration and report in accordance with Article 103 of the 1992 Constitution and Order 189 of the Standing Orders of Parliament.

The Committee met the Deputy Minister of Roads and Highways, Hon Kwabena Owusu-Aduomi and Officials from the Ministry on Friday, 24<sup>th</sup> July, 2020 and considered the referral. The Committee is grateful to the Deputy Minister for Roads and Highways and the officials from the Ministry for assisting the Committee.

## **2. REFERENCE DOCUMENTS**

- i. The 1992 Constitution
- ii. The Standing Orders
- iii. Commercial Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways) and Gabriel Couto-Rango Consortium for an amount of Fifty Million Euros (€50,000,000.00) and an amount of Ninety-Five Million Euros (€95,



000,000) for the reconstruction of the Bechem - Techimantia - Akomadan road and Tarkwa - Agona Nkwanta road respectively.

### 3. BACKGROUND

The reconstruction of Bechem - Techimantia - Akomadan (40.4km) and the Tarkwa - Agona Nkwanta (66km) roads forms part of the Government of Ghana through the Ministry of Roads and Highway's programme to improve the country's road network to facilitate economic growth, integrate rural development, improve access for the rural and urban poor to basic public services such as education, healthcare, water and sanitation and market centres. Both are nonetheless the result of the Government's policy of "2020 Year of Roads".

The Bechem - Techimantia - Akomadan road is a trunk road that connects two major economically important roads in the Northern sector of the country, namely, Kumasi - Sunyani - Berekum - Dormaa Ahenkro road at Bechem in the Ahafo Region, and Kumasi - Techiman - Tamale - Bolgatanga N6 road, at Akomadan in the Ashanti Region.

The Bechem - Techimantia - Akomadan road is approximately 40km in length with gravel surface at many sections of the road whilst the sections through Dwomo, Techimantia and Akomadan are paved or bituminous surface dressed. The gravel sections are in poor condition with poor drainage whilst the bituminous surface are old and weak and will need pavement strengthening. The gravel sections are rendered unmotorable during wet seasons especially the long steep slopes areas, whilst the low lying areas become soft and impassable. The section runs through communities who are predominantly farmers in food and cash crops and where access to market centres are important to the people.

The Agona Nkwanta - Tarkwa road N12 (66km) on the other hand is asphaltic concrete surfaced but the road pavement has failed. Severe alligator cracks have developed at many sections whilst depressions and potholes are predominant surface defects on the entire stretch. It has become dangerous to use the road in the night if one does not know the road sections well. It is an

economically important road that connects the mineral rich areas of the Western and Western North Regions with the Port of Takoradi. It is believed that the heavy axle loads of long heavy vehicles that convey bauxite from Awaso and Manganese from Nsuta, among others have contributed to the early failure of the road pavement.

#### **4. OBJECTIVES OF THE PROJECTS**

The objectives of the reconstruction of the Bechem - Techimantia - Akomadan and the Agona Nkwanta - Tarkwa road projects will impact positively on the economy through easy flow of traffic and shorter travel times. It will also enhance accessibility and improve livelihoods in the projects areas by propelling growth and reducing poverty.

The two projects are intended to contribute to Ghana Government's transport objectives of improving trade corridors and accessibility to markets.

#### **5. SCOPE OF WORKS**

The construction of the 40.4km Bechem - Akomadan and 66km Tarkwa - Agona Nkwanta road projects when undertaken shall consist of providing survey and investigation, designing of the road alignment and geometry, pavements, drainage, bridges and culverts, site investigation and tests, road marking and signage as well as all associated road works in line with the GHA Pavement Design Manual and the Republic of Ghana, MRH Standard Specifications for Road and Bridge Works.

The scope of works shall include:

- i. Site Clearance
- ii. Construction of specialist designed, geotechnical support over problematic underlying soil conditions as required.
- iii. Earthworks
- iv. Construction of various pavement layers inclusive of natural gravel layers, asphalt surfacing and double bituminous surfacing.
- v. Relocation and / or protection of existing services within the road reservation.
- vi. Construction of appropriate access points along the route.



- vii. Construction of various drainage structures and infrastructure to adequately manage stormwater drainage along the route.
- viii. Provision of road furniture, including streetlights, signage, crash barriers, fences and line marking along the road, as specified in the contract drawings.

## 6. OBSERVATIONS AND RECOMMENDATION

### i. Cost of Project

The Committee noted that the total project cost for the reconstruction of the Bechem - Techimantia - Akumadan and the Agona Nkwanta - Tarkwa road projects including consultancy is €50,000,000.00 and €95,000,000.00 respectively. Both projects are design and build projects that allows for variation.

### ii. Design and Build Contracts

The Committee noted that the contracts are a design and build contracts and that the Contractor /developer would be responsible for everything in terms of performance and quality of work.

### iii. Payment Structure

The payment structure for the Contract is under a Credit Facility from Deutsche Bank Ag, Frankfurt Branch, Germany to the Republic of Ghana, (Ministry of Finance). The Agreements have an advance payment of 15% of the Contract Price to be paid as a drawdown under the credit agreement, the remaining 85% would be paid to the contractor as per the terms and conditions of the credit agreement pro rata the value of services rendered and certified by the Employer. 5% of the contract price is retained till the taking over and defects liability certification are issued.

### iv. Advance Payment and Advance Payment Guarantee

The Committee noted that a provision has been made for an Advance Payment of 15% of the Contract Price. The Committee further noted, this amount could only be paid after the Contractor has presented to the Employer, an approved Advance Payment Guarantee from a

reputable bank acceptable to the Employer for the full value of the Advance Payment. The Committee also noted a foreign bank providing the Advance Payment Bank Guarantee shall have a correspondent bank to be located in Ghana.

v. **Performance Security**

The Committee noted that as part of the safeguard measures to cause the Contractor to perform on schedule and to specifications, the Contractor is required to provide a Performance Guarantee in the form of a Bank Guarantee from a Bank acceptable to the Employer and an amount of 10% of the Accepted Contract or a surety bond from an Insurance entity registered or licenced to do business in the country and acceptable to the Employer and an amount of 30% of the Accepted Contract amount. Both are to ensure proper performance of the contract.

vi. **Value for Money Audit**

The Committee noted that Value for Money Audit Report was not attached to the Contract though it is among the conditions precedent before the contract could come into full force and effect. The Committee was assured that decisions of the negotiations, including suggestions made during the Committee's deliberations would be incorporated into the final design to allow for a comprehensive Value for Money Audit to be conducted. The Ministry, promised to furnish the Committee with a copy of the report upon completion.

vii. **Project Duration**

The Bechem - Techimantia - Akomadan road project would be completed in 24 months whilst that of Agona Nkwanta - Tarkwa road project in 36 months from its commencement date.

viii. **Retention**

The Committee observed that the limit of Retention Money is 5% of the Accepted Contract Amount. In lieu of deduction of the retention, the contractor shall submit a valid Retention Money Bank Guarantee

amounting to 5% of the accepted contract amount in form and substance acceptable to the Employer. Percentage of Retention however, is 5% of the value of every Interim Payment Certificate until the limit is reached.

**ix. Variation of Works**

The Committee again noted that the Contract is a fixed sum Contract that allows for variation with reasonable evidence of required funding and resources for its execution by means of a letter of Credit or any other additional financial security agreed by the parties.

**x. Insurance for the Work**

The Committee observed that the maximum amount of deductibles for insurance of the Employer's risks is €5,000.00, the minimum amount of third party insurance is €85,000.00 per occurrence and the number of occurrences is unlimited.

**xi. Defect Liability Period**

The Committee noted that the Contract provides for Defects Notification Period of 365 days for both projects.

**xii. Financial Impact**

The Committee observed that the commercial contract price for both projects 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 two projects the Committee noted were factored in the assessment which informed the Government's Medium -Term Debt Strategy (MTDS) and consequently determined government's borrowing plan for the medium term and published as Appendix 10c of the 2020 Budget. The fiscal impact of the two projects the Committee was informed has been incorporated in the 2020 Budget and forms part of the anticipated Project Loan disbursement amount of GH¢4,345.40 billion for 2020.



**xiii. The Project Contractor**

The Committee noted the Contractor, Messrs Gabriel Couto-Rango Consortium is a new contractor in the country. That notwithstanding, checks by the sector Ministry indicate that the Contractor is of proven experience and integrity and that due diligence has been conducted on the Contractor, Messrs Gabriel Couto-Rango Consortium.

**xiv. Field Investigation**

The Committee noted that Agona Nkwanta - Tarkwa especially road runs through areas where the underground water level is high and the subsoil needs to be thoroughly studied. It therefore recommends to the Ministry of Roads and Highways (MRH) through the Ghana Highways Authority (GHA) to conduct detailed field investigations of the existing pavement and the subsoil. All sections with compressible subsoil will have to be treated to provide strong foundations for the road and sections that are low lying should be filled to raise the road. Poor drainage on the sides of the road especially in some of the communities shall be improved and cross culverts that are of inadequate hydraulic capacities should be replaced with those of larger hydraulic capacities.

**xv. Undeveloped Access Roads**

Undeveloped access roads adjoining the project road have caused damage to sections of the road and there would be the need to construct them with good drainage system and paved.

**7. CONCLUSION**

The Committee having carefully examined the two Commercial Agreements and satisfied itself that the projects will have positive impact on the economy of the country and enhance accessibility as well as improve livelihoods of the project areas unanimously recommends to the House to adopt its report and approve the two Commercial Contract Agreements between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways) and Gabriel Couto-Rango Consortium for an amount of Fifty Million Euros



(€50,000,000.00) for the reconstruction of the Bechem - Techimantia Akomadan road project and Ninety-Five Million Euros (€95, 000,000) for the reconstruction of the Tarkwa - Agona Nkwanta road project.

Respectfully submitted,



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HON. SAMUEL AYEH-PAYE  
CHAIRMAN, COMMITTEE ON ROADS AND  
TRANSPORT



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MR. ASANTE AMOAKO-ATTA  
CLERK, COMMITTEE ON ROADS  
AND TRANSPORT