

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

**REPORT OF THE
COMMITTEE ON EDUCATION**

ON THE

**EPC/TURNKEY CONTRACT AGREEMENT BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF GHANA
(REPRESENTED BY THE MINISTRY OF EDUCATION)
AND CONTRACTA COSTRUZIONI ITALIA S.R.L. FOR
AN AMOUNT OF FORTY-NINE MILLION, EIGHT
HUNDRED AND NINETY-ONE THOUSAND AND
NINETY-EIGHT EUROS (€49,891,098.00) FOR THE
DEVELOPMENT OF THE UNIVERSITY OF
ENVIRONMENT AND SUSTAINABLE DEVELOPMENT
AT SOMANYA IN THE EASTERN REGION - PHASE 2**

Acc No: 3188

Class No: CR/GOG/CCISRL/20

1.0 INTRODUCTION

The EPC/Turnkey Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Education) and Contracta Costruzioni Italia s.r.l. for an amount of Forty-Nine Million, Eight Hundred and Ninety-One Thousand and Ninety-Eight Euros (€49,891,098.00) for the development of the University of Environment and Sustainable Development at Somanya in the Eastern Region – Phase 2 was presented to Parliament by the Hon Minister for Education, Dr. Matthew Opoku Prempeh on Tuesday, 24th March, 2020 pursuant to Article 181(5) of the 1992 Constitution and Section 33 (1) of the Public Financial Management Act, 2016, (Act 921).

Subsequently, the Rt. Hon. Speaker, in accordance with Order 186 of the Standing Orders of the House referred the Agreement to the Committee on Education for consideration and report.

2.0 DELIBERATIONS

The Hon. Minister of State in Charge of Tertiary Education, Prof. Kwesi Yankah, and officials of the Ministry of Education attended upon the Committee to assist in its deliberations.

The Committee is grateful to the Hon. Minister and his technical team for attending upon the Committee.

3.0 REFERENCE DOCUMENTS

The Committee made reference to the following documents during its deliberations:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of the Parliament of Ghana.
- iii. The Public Financial Management Act, 2016 (Act 921).

4.0 **BACKGROUND**

The University of Environment and Sustainable Development was established in 2015 with the objective of expanding access to tertiary education, and with a particular focus on building the requisite human capital and promoting teaching and research in the area of environment and sustainable development.

As part of efforts aimed at designing and building the newly established university, the Government in 2016, signed an Agreement with Messrs, Contracta Costruzioni Italia s.r.l. to commence the development and construction of key physical infrastructure for the university under Phase I of the Project.

Following the successful completion of Phase I of the development of University of Environment and Sustainable Development, government proposes to sign a further agreement with the Contractor (Messrs, Contracta Costruzioni Italia s.r.l.) to execute Phase 2 of the Project. The Project (under Phase II), estimated to cost Forty-Nine Million, Eight Hundred and Ninety-One Thousand and Ninety-Eight Euros (€49,891,098.00) has the objective of delivering the requisite structures that will complement the facilities already provided under Phase I to enable the university operate as a fully functional institution of learning.

5.0 **PROJECT IMPLEMENTATION PERIOD**

The Project is anticipated to take thirty (30) months to complete, commencing twenty-eight (28) days after the Contract is signed, or after the utilisation of the Loan facility is effective.

6.0 **PROJECT IMPLEMENTATION PLAN**

The Project will expand significantly, the facilities of the university, increase the potential number of students and provide complementary

supporting structures to students. The scope of works to be executed includes the following:

School/Faculty	Facility	Qty	Area(M ²)
School of Natural Environment Sciences	Laboratory	1	1636
School of Agriculture and Agro-Entrepreneurship Development	Lecture Hall and a Library	1	4623
Accommodation	Residential Building	1	1264
Retail, Sports and Recreation	Residential Building	1	-
	Football Pitch	1	-
	Handball/Basketball	2	-
	Badminton	2	-
	Tennis Court	2	-
	Tartan Track	1	-

The breakdown of activities with its respective unit and total cost is attached as an Appendix.

7.0 **OBSERVATIONS**

7.1 Key Objectives of the Project

The Committee observed that the main objective of the Project is to complement the facilities provided in the already completed first Phase in accordance with the designed Masterplan for the entire Project, thereby making it a fully functional university with all the relevant facilities and structures to promote effective teaching and research.

The Project is also expected to make available, highly skilled human capital through improved teaching and learning. It will also ensure the supply of high calibre graduates with exceptional skills in environmental and sustainable development initiatives.

7.2 Commencement and Completion Period of the Project

As indicated earlier, the commencement date of the Project shall be 28 days after the coming into force of the contract or after the utilisation of

the loan facility is effective, and anticipated to be completed within thirty (30) calendar months.

The Committee noted that the design of the Project would take four (4) months to complete while the construction works would span over a period of twenty-six (26) months.

Giving the scope of works to be undertaken, the Committee is of the opinion that the contract period of 30 calendar months is appropriate. Accordingly, the Committee urges all parties to the contract to work within the works schedule to ensure timely completion of the Project.

7.3 Condition Precedent

It came to the attention of the Committee that the Contract shall come into full force and take effect on the date when the condition precedents listed below are satisfied:

- Signing of the Contract.
- Parliamentary Approval.
- Submission of the Performance Security by the Contractor to the Employer.
- Value for Money Report.
- Public Procurement Authority Approval.

7.4 Performance Security

The Committee noted that as part of measures to ensure proper performance and protect the Employer's interest under the Contract, provision has been made in the Contract for the Contractor to secure a Performance Security which shall be equivalent to 10% of the Contract price. The Performance Security as stipulated, shall be provided in the form of a Performance Bond from a reputable Ghanaian Insurance Company.

The Committee considered the 10% equivalent of the contract price to be on the low side since it would be issued by an Insurance Company. The Ministry, however, explained that the 10% provision is the Contractor's proposal and this would be further discussed by the contracting parties. They indicated that in practice, a Performance Security must be in a format and the conditions acceptable to the Employer. Thus, the Ministry would insist on a Performance Security from a reputable bank.

The Committee considers this laudable and urges the Ministry to be diligent in its negotiations to ensure that the interest of the Employer is protected.

7.5 Engineering, Procurement and Construction (EPC) Contractor's Capabilities

Regarding the capability of the Contractor to successfully undertake the Project, the Committee learnt that it was the same Contractor who executed the 1st Phase of the Project. The Committee was informed that though the 1st phase was supposed to be completed in January, 2020, the contractor without compromising quality, completed three (3) months ahead of schedule. The Committee was therefore assured of the Contractor's experience and capacity to deliver on schedule.

7.6 Environmental and Social Impact Assessment

Clause 4.18 of the Agreement enjoins the contractor to undertake an Environmental and Social Impact Assessment, as well as an Environmental and Social Action Plan within 150 days of the commencement date of the Contract. The Committee considers this clause an important condition for ensuring that the contractor employs efficient processes and mechanisms to mitigate the potential adverse impact the Project might have on the environment and the lives of people in the surrounding communities.

7.7 Defects Liability

The Committee observed that the defect liability period of the Project is twelve months from the date of completion and handing over. At the expiration of the relevant Defects Notification Period, the Contractor shall:

- a. complete any work which is outstanding on the date stated in a Taking Over Certificate, within such reasonable time as instructed by the Employer, and
- b. execute all works required to remedy defects or damage, as may be notified by the Employer on or before the expiry date of the Defects Notification Period for the Works or Section (as the case may be).

The Committee noted with satisfaction that the period provided for defect liability is consistent with current practice.

7.8 Value for Money Audit

The Committee noted that among the conditions needed to be satisfied prior to the contract coming into full force and effect, is a Value for Money (VFM) Audit and a Report on same, in a form and substance satisfactory to the Loan Agreement parties. The Committee was informed that the Parties are currently working on the schematic designs. Decisions of the negotiations would have to be incorporated into the final design before a comprehensive VFM Audit could be conducted. It is worthy of mention that price adjustment is nullified in this contract.

Per the proposed Agreement, should any savings be made from the VFM Audit, Government could apply same to enhance the scope of the Project, as it previously did under Phase I, where savings made from the VFM Audit was applied to provide road networks, which originally were not part of the Project.

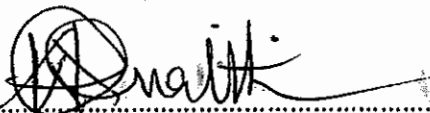
The Committee was assured by the Ministry that it would furnish it with a copy of the VFM Report upon completion.

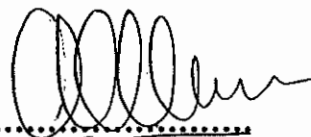
8.0 CONCLUSION AND RECOMMENDATION

The Committee, having critically examined the Agreement is satisfied with the terms and conditions thereof and is of the view that the Project will go a long way to ensure that the structures and facilities required for the University of Environment and Sustainable Development to operate fully as an institution of higher learning are provided.

Accordingly, the Committee recommends to the House to adopt its Report, and in accordance with Article 181(5) of the 1992 Constitution of the Republic of Ghana, approve the EPC/Turnkey Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Education) and Contracta Costruzioni Italia s.r.l. for an amount of Forty-Nine Million, Eight Hundred and Ninety-One Thousand and Ninety-Eight Euros (€49,891,098.00) for the development of the University of Environment and Sustainable Development at Somanya in the Eastern Region – Phase 2.

Respectfully submitted.


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WILLIAM AGYAPONG QUAITTOO (HON.)
(CHAIRMAN, COMMITTEE ON
EDUCATION)


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ABIGAIL ABA ANSO
(CLERK TO THE COMMITTEE)

MARCH 2020

APPENDIX

BREAKDOWN OF PROJECT ACTIVITIES

UNIVERSITY OF ENVIROMENTAL AND SUSTAINABLE DEVELOPMENT FACULTY BUILDINGS, STUDENTS ACCOMMODATION AND RELATED INFRASTRUCTURE PHASE II					
ITEM	SERVICES	UN.	QUANT.	PRICE	
				UNIT	TOTAL
1.	PRELIMINARY SERVICES				
1.1	Site Offices and production areas, temporary power and water connections, mobilization	%	5.5%	47,100,000.00	2,590,500
1.2	Topographic services	month	30.00	10,000.00	300,000
1.3	Topographic survey	m ²	500,000.00	0.10	50,000
1.4	Soil Survey	gl	1.00	150,000.00	150,000
	Sub-total				3,090,600
2.	TECHNICAL SERVICES				
2.1	ESIA and other technical reports	gl	1.00	650,000.00	650,000
2.2	Architectural Designs, Conceptual Basic and Execution	gl	1.70%	47,100,000.00	800,700
2.3	Execution Designs, Foundations, Installations, Air Conditioning, Equipments	gl	2.80%	47,100,000.00	1,318,800
2.4	Construction Management and indirect Costs - CONTRACTA	%	5.70%	47,100,000.00	2,684,700
	Sub-total				5,464,200
3.	Earthworks				
3.1	Site clearing	m ²	74,808.00	3.00	224,424
3.2	Excavations	m ²	37,404.00	10.00	374,040
3.3	Landfill	m ²	53,616.00	30.45	1,632,608
3.4	Backfilling and compaction	m ²	53,616.00	10.00	536,160
	Sub-total				2,757,232
4.	Foundations				
4.1	Foundations	gl	1.00	1,124,983	1,124,983
	Sub-total				1,124,983
5.	Faculty Buildings Civil Works				
5.1	LECTURE HALL AND LIBRARY (1 building)	m ²	4,623.00	2,200.00	10,170,600
5.2	LABORATORY BUILDING (1 Building)	m ²	1,636.00	2,200.00	3,599,200
5.3	RESIDENTIAL BUILDING WITH 12 APARTMENTS, (8 un of 2-bedrooms and 4 un of 3-bedrooms)	m ²	1,264.49	1,820.00	2,301,376
	Sub-total				16,071,176

UNIVERSITY OF ENVIROMENTAL AND SUSTAINABLE DEVELOPMENT
 FACULTY BUILDINGS, STUDENTS ACCOMMODATION AND RELATED INFRASTRUCTURE
 PHASE II

ITEM	SERVICES	UN.	QUANT.	PRICE	
				UNIT	TOTAL
6	Equipment and Furniture				
6.1	Equipment and Furniture	gl	1.00	2,500,000.00	2,500,000.00
	Sub-total 6				2,500,000.00
7	General Infrastructure				
7.1	Electric distribution, substation and generators	gl	1.00	2,245,800.52	2,245,800.52
7.2	Street lighting	gl	1.00	199,401.49	199,401.49
7.3	Telecommunications and data distribution	gl	1.00	222,490.09	222,490.09
7.4	Drainage	gl	1.00	405,089.88	405,089.88
7.5	Main Entrance (with CCTV, Telecommunication and IT-systems)	gl	1.00	900,000.00	900,000.00
	Sub-total 7				3,772,781.98
8	SUSTAINABLE INFRASTRUCTURES				
8.1	Water distribution, water tanks	gl	1.00	949,844.10	949,844.10
8.2	GWCL connection	gl	1.00	1,600,000.00	1,600,000.00
8.3	Beroholes	gl	2.00	24,000.00	48,000.00
8.4	Temporary water supply	month	12.00	8,000.00	96,000.00
8.5	Sewer line and treatment station	gl	1.00	738,767.62	738,767.62
	Sub-total 8				2,356,611.72
9	Paved External Areas and Urbanization				
9.1	Walk way/ paved/ Landscaping	m ²	3,686.00	137.20	506,163.20
9.2	Non-drive way	m ²	12,340.00	165.00	2,036,100.00
9.3	Pavement finishing (Roads Phase I)	m ²	29,207.00	99.00	2,891,493.00
9.4	Parking Lot	m ²	2,128.07	165.00	351,131.05
9.5	Sports area	m ²	16,481.00	180.00	2,966,580.00
	Sub-total 9				6,751,467.25
CONTRACTA TOTAL				€ 47,067,072.00	
Client Supervision (In-Field Expenses)			3.0%	1,412,012.16	1,412,012.16
Contingency			3.0%	1,412,012.16	1,412,012.16
GRAND TOTAL				€ 49,891,098.00	