

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



REPORT OF THE COMMITTEE ON ROADS AND
TRANSPORT

ON THE

CONTRACT AGREEMENT BETWEEN THE GOVERNMENT
OF THE REPUBLIC OF GHANA (REPRESENTED BY THE
MINISTRY OF ROADS AND HIGHWAYS) AND THE JMC
(INDIA) LIMITED FOR AN AMOUNT OF ONE HUNDRED
AND FIFTY-EIGHT MILLION, SIX HUNDRED AND
SEVENTEEN THOUSAND, SEVEN HUNDRED AND SIXTY-
FOUR UNITED STATES DOLLARS (US\$158,617,764.00)
FOR THE DESIGN AND BUILD CONTRACT FOR THE
TAMALE-WALEWALE ROADS, PHASE 1 (SAVELUGU TO
WALEWALE [KM30 TO KM113])

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REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF ROADS AND HIGHWAYS) AND THE JMC (INDIA) LIMITED FOR AN AMOUNT OF ONE HUNDRED AND FIFTY-EIGHT MILLION, SIX HUNDRED AND SEVENTEEN THOUSAND, SEVEN HUNDRED AND SIXTY-FOUR UNITED STATES DOLLARS (US\$158,617,764.00) FOR THE DESIGN AND BUILD CONTRACT FOR THE TAMALE-WALEWALE ROADS, PHASE 1 (SAVELUGU TO WALEWALE [KM30 TO KM113])

1. INTRODUCTION

On Monday, 14th December, 2020 the Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways) and the JMC (India) Limited for an amount of One Hundred and Fifty-Eight Million, Six hundred and Seventeen Thousand, Seven Hundred and Sixty-Four United States Dollars (US\$158,617,764.00) for the design and build contract for the Tamale-Walewale Roads, Phase 1 (Savelugu to Walewale [Km30 to Km113]) was presented to Parliament by the Majority Leader and Minister for Parliamentary Affairs, Hon. Osei Kyei-Mensah-Bonsu on behalf of the Minister for Roads and Highways.

The Rt. Hon. Speaker referred the Agreement to the Committee on Roads and Transport for consideration and report in accordance with Article 181 of the 1992 Constitution and Order 189 of the Standing Orders of Parliament.

The Committee is grateful to the Minister of Roads and Highways, Hon. Kwasi Amoako-Atta and his Officers at the Sector Ministry for assisting the Committee in its deliberation.

2. REFERENCE DOCUMENTS

i. The 1992 Constitution

ii. The Standing Orders and

iii. Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Roads and Highways) and the JMC (India) Limited for an amount of One Hundred and Fifty-Eight Million, Six hundred

and Seventeen Thousand, Seven Hundred and Sixty-Four United States Dollars (US\$158,617,764.00) for the design and build contract for the Tamale-Walewale Roads, Phase 1 (Savelugu to Walewale Km30 to Km13)

3. BACKGROUND

The Government of Ghana (GoG) is committed to developing road infrastructure in the country. The President in the 2020 State of the Nation address declared the year 2020 as the Year of Roads. The policy of the Ministry of Roads and Highways is to realise this goal and ensure improved road and communication networks, which would facilitate economic growth, integrated rural development, expansion of employment opportunities, and improved access by the rural and urban poor to basic public services such as education, health care, water and sanitation and family planning services.

The upgrading of the Phase 1 of the Tamale-Walewale Highway (Savelugu-Walewale Section (83km)) project is aligned with Ghana's Coordinated Programme of Economic and Social Development Policies (2017 - 2024), under which the jobs and prosperity agenda seeks to address trade facilitation and market access in Ghana. This is further elaborated in Government's Medium Term National Development Policy Framework (2018 - 2021) and Roads Sector Medium Term Development Plan which seeks to develop road infrastructure to enhance trade opportunities for the country as well as increase the competitiveness of Tema and Takoradi Ports whilst, reducing trade barriers along the international road transit corridors in Ghana.

The Ministry, through its assessment of the impacts of road infrastructure, has identified that road projects, aligns with Ghana's 10-point Industrialization Agenda, particularly the One-District One-Factory (1D1F) initiative. This is expected to engender significant private sector participation in agriculture related activities, anchoring around road as a

strategic and catalytic public sector investment and business development through Rural Enterprise Programme (REP).

The Ministry of Roads and Highways intends to upgrade the Phase 1 of the Tamale - Walewale Highway (Savelugu - Walewale Section (83km)) project. This is part of the efforts by government to enhance road infrastructure in the country.

The Tamale-Walewale Highway (Savelugu-Walewale Section (83km)) project runs in South-North direction from Tamale to Walewale. This road project forms part of the N-10 highway (Kintampo - Paga) and passes through many peri-urban settlements.

4. OBJECTIVE

The objective of the Contract Agreement is to upgrade the Tamale-Walewale Highway specifically the highway stretch from Savelugu-Walewale section 83km project. The project is a Turn-Key contract project (Phase 1) and involves the dualisation and rehabilitation of existing carriageway.

5. SCOPE OF WORKS

The construction and upgrading of the 83km Savelugu -Walewale section of the Tamale - Walewale road works shall consist of providing all 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 Ghana Highway Authority Pavement Design Manual and the Republic of Ghana, Ministry of Roads and Highways Standard Specification for road and bridge works.

The scope of service include:

- a. Engineering Design for the construction and upgrading of 83km of road
- b. Reconstruction and pavement strengthening of 81km

- c. Upgrading of 1-lane single carriageway to 2-lane dual carriageway for 2km in urban centres
- d. Construction of 2m bicycle lanes on both sides of the dual carriageway section
- e. Construction of 1 new bridge and replacement of 6 bridges
- f. Construction of 22 Box Culverts
- g. Construction of 69 Pipe Culverts
- h. Construction of a Toll Plaza
- i. Construction of a pedestrian foot bridge
- j. Provision of road furniture, including streetlights, signage, crash barriers, fences and line marking along the road, as specified in the contract drawings

The pavement structure shall be designed in accordance with Ghana Design Standards, taking due cognizance of international best practice in pavement design. The design requirements are as follows, but not limited to:

- a. Road design life: 20 years
- b. Pavement Type: Flexible pavement (asphalt and surface seal)
- c. Design Load: 20 million equivalent standards axle loads per direction
- d. Subgrade CBR: 10

6. OBSERVATION AND RECOMMENDATION

6.1 Project Cost

The total cost of the project is \$158,617,764 and the cost component breakdown is in the budget summary below. The Committee perused the cost component of the project and in the various activities are listed in relation to cost.

Budget Summary for the Projects

COST COMPONENT BREAKDOWN FOR THE ROAD			
ITEM	DESCRIPTION	TOTAL PRICE (US\$)	
1.	General Requirement and Provisions	18,497,467	11.7%
2.	Site Clearance	1,575,436	1.0%
3.	Drainage, Culverts, & Civil Protection Works	14,657,535	9.2%
4.	Earthworks	4,687,979	3.0%
5.	Sub-Base and Road-Base	22,954,167	14.5%
6.	Bituminous/Concrete Surfacing and Road Bases	44,702,814	28.2%
7.	Structures: Bridges, Underpasses & Flyovers	5,282,426	3.3%
8.	Ancillary Works	6,567,209	4.1%
9.	Dayworks	102,406	0.1%
A	Sub-Total	119,027,469	75.0%
	General Exclusions from above		
1.	EXIM - ECG Insurance premium on Loan	7,495,729	4.7%
2.	Detail Design Cost (including survey & Geotechnical investigation)	5,918,208	3.7%
3.	Project Management Consultant Fee	3,526,699	2.2%
	Scope Related Exclusions from above		
1.	Toll Plaza and Wayside Amenities	4,178,032	2.6%
2.	Pedestrian Bridges	2,443,080	1.5%
3.	DBM Thickness 60mmVs 65mm	2,557,388	1.6%
4.	2km of 4-lane Vs 2-lane Section	3,094,195	2.0%
B	Sub-Total	148,240,901	93.5%
	contingency	10,376,863	6.5%
C	TOTAL	\$158,617,764	100.0%

6.2 Duration of the Project

The Committee noted that the project completion was to take 36months from the commencement date.

6.3 Management Fee

Project Management Consultant fee forms 2.2% of the contract sum and the contract makes provision for a one time management fee and the rate of 50 bps (fifty basis points) on the credit

6.4 Build, Operate and Transfer

The Committee noted that the project will be implemented based on Design and Build Contract, a turnkey project.

6.5 Project Responsibility

The Committee again noted that while the overall project responsibility lies with Ghana Highway Authority (GHA) who will monitor the supervision of the works throughout the implementation period of the project. The GHA will also ensure that the contractor conforms to project specifications. The GHA will be required to satisfy itself with the authenticity of the design through a design review that should include all the stages of road safety audit prior to implementation.

The GHA's responsibility will also include the certification of measurements of works, progress reports, interim payment invoices, authorization of completion certificates and preparation of project completion report at the end of the project.

6.6 Support Investment Environment

The Committee noted that the upgrading of the Tamale - Walewale Highway (Savelugu -Walewale Section (83km) project will have a series of positive aspects on the overall economy of the country due to, inter-alia, the easier flow of traffic and shorter travel times. The project purpose is to enhance accessibility and improve livelihoods of the project areas. The importance of road infrastructure has always been highlighted as an enabler of growth and poverty reduction. The overall thrust of the proposed road project is to support the improvement of the investment environment through transport infrastructure development. It is intended to contribute to Ghana government's transport objectives of improving trade corridors and accessibility to markets.

The Committee took note of the fact that the Tamale-Walewale Highway project is a strategic road that connects two important national roads (N10

& N6) that link landlocked countries (Burkina Faso, Mali and Niger) in the North to the coastal Tema Port in Ghana and provides access for improved trade between Ghana and its Northern neighbours.

6.7 Benefits

The Committee took cognisance that benefits to be carried from the project include:

- i. Improved road network connectivity
- ii. Increase in trade between Ghana and ECOWAS countries especially Burkina Faso and Ivory Coast. Mali, Niger and others as a result of the Tema and Takoradi Ports
- iii. Improved access to all-season public transportation for haulage of farm produce
- iv. Reduction in transport cost
- v. Reduction in transport time
- vi. Creation of jobs for the duration of the project through employment of locals
- vii. Creation of income for women and other individuals through the provision of food and other services to the project staff
- viii. Elimination of dust pollution
- ix. Better access to health care, education, market and other social services.

6.8 Sustainable Development Goals

The Committee noted that the road project will be supporting the Country's Sustainable Development Goals (SDG) by:

- i. Securing and providing access to social services for the rural settlements
- ii. Improving mobility and economic opportunities for the development of rural areas
- iii. Improve the living standards of agricultural producers by easy access to bigger markets

- iv. Enhancing road safety and security
- v. Encouraging continuous job creation in the agricultural sector
- vi. Improving transportation of agricultural inputs and products to increase food and cash crop production
- vii. Enhancing food security

6.9 Infrastructure Development

The Committee was informed that the Ministry of Roads and Highways with the Ministry of Finance initiated discussions with EXIM Bank of India for this facility to undertake infrastructure development within the road sector. The idea is to improve road infrastructure since transport costs constitute between 60% and 80% of the marketing costs for foodstuff and other primary produce such as grains, root crops, oil products, fruits and vegetables. To reduce poverty, efforts are needed to enhance access to basic social services and infrastructure available to the poor and reduce the transport cost.

6.10 Stakeholder Consultation

The Committee was informed that to ensure the projects are delivered effectively and efficiently, extensive consultations have been held with the Ministry of Finance, Attorney-General's Department, Ministry of Local Government and Rural Development (MLGRD) through the MMDA's, Ministry of Food and Agriculture (MOFA), Ministry of Chieftaincy, Ministry of Works and Housing (MWH) through the Hydrological Services, Ministry of Lands and Natural Resources through the Forestry Commission (FC), Lands Valuation Division (LVD) and Forest Services Division (FSD), the Environmental Protection Agency (EPA), Ministry of Roads and Highways and the Implementing Agency (Ghana Highway Authority). The Committee was informed that there would be continuous stakeholder consultations throughout the implementation of the project especially within the project stakeholders in the project location, to ensure the successful implementation of the project.

6.11 Financial Impact

The Committee noted that under the project, the financing arrangement provides a 100% financial solution and will fully cover the cost of the commercial contract value.

This project was factored in Government's Medium-Term Debt Strategy (MTDS) assessment which determined government's borrowing plan for the medium term. The project is therefore on the Appendix 10C of the 2020 National Budget. Disbursement and debt servicing of the loans will occur in 2021.

The summary of the terms and conditions of the financing agreements are summarized below:

Facility Amount	US\$158,617,764.00
Interest Rate	1.75% p.a. fixed
Management Fee	0.5% flat of the facility
NEIA Premium	4.41% flat and it is paid as part of the interest rate on annual basis
Commitment Fee	0.5% p.a.
Tenor	14 years
Grace Period	4 years

6.12 Stakeholders Communication Plans

The Committee noted that under the project the communication plan will ensure the overall roll out and envisaged timeframes are outlined up-front to all stakeholders to not only get an appreciation and understanding of the project but also to allow for the structuring and plan long-term contingencies on their part. The plan will also communicate disruptions clearly and timeously and general progress regularly. This will keep all

stakeholders in the loop and promote transparency and lend credibility to the projects. An added benefit of regular progress updates will enable stakeholders to map out and adjust their contingency plans accordingly and most importantly help manage expectations and minimize project disgruntlement backlash risk.

The Committee took cognisance of the potential contentious issue about projects of this nature, which is the rising government debt portfolio, which has become a topical issue. In view of this, the media strategy will tend to focus on the following messages to elicit support and buy in for the loan for the projects:

- i. Improved road network connection
- ii. Increase in trade between Ghana and ECOWAS countries especially Burkina Faso, Mali and Ivory Coast
- iii. Improved access to all-season public transportation for haulage of farm produce
- iv. Reduction in transport cost
- v. Reduction in transport time
- vi. Creation of jobs for the duration of the project through employment of locals
- vii. Creation of income for women and other individuals through the provision of food and other services to the project staff
- viii. Elimination of dust pollution
- ix. Better access to health care, education, market and other social services

The communication budget is estimated at GH¢450,000.00 to cover news conferences, press and media engagements, stakeholder engagements and production of briefing materials among others.

6.13 Defects Liability Period

The Committee noted that the contract provides for Defects Notification period of 365 days after taking over certificate for the works.

6.14 Performance Security

The Committee observed that as part of the safeguard measures to cause the contractor to perform on schedule and to specifications, the contractor is required to provide performance security in the form of a Surety Bond of 30% and Bank Guarantee of 10% of the Accepted Contract Amount from a financial institution/Bank located in Ghana or by a foreign financial institution/Bank acceptable to the Employer and through a correspondent bank located in Ghana.

6.15 Retention

The Committee further noted that the limit of retention money is 5% of the Accepted Contract Amount. Percentage of retention deduction from certified certificates is 5% of the value of the Interim Payment Certificate.

6.16 Advance Payment and Advance Payment Guarantee

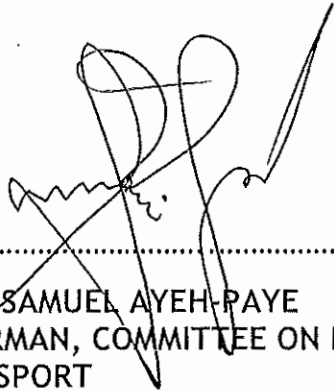
The Committee Again observed that a provision has been made for an Advance Payment of 20% of the Acceptable Contract Amount less provisional sums and contingencies to the contractor upon receipt of an Advance Payment Guarantee in the form and substance acceptable to the employer. A foreign bank providing the Advance Payment Bank Guarantee shall have a corresponding bank located in Ghana.

7. CONCLUSION

The Committee noted that given the expected benefits of the project to the economy of Ghana and considering the economic viability and in line with Government's committed strategies in achieving the Sustainable Development Goals, the Committee unanimously recommends to the House to adopt its report and approve the Commercial Contract Agreement between the Republic of Ghana represented by the Ministry of Roads and Highways and JMC (India) Limited for an amount of US\$158,617,764 in

respect of the upgrading of the Tamale-Walewale Highway project (Phase 1) (Savelugu-Walewale Section [km30 to km113]).

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