

**IN THE FIRST SESSION OF THE EIGHTH  
PARLIAMENT OF THE FOURTH REPUBLIC OF  
GHANA**

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

**ON**

**THE DESIGN AND BUILD CONTRACT AGREEMENT BETWEEN THE GOVERNMENT  
OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF ROADS AND  
HIGHWAYS) AND MESSRS QGMI CONTRUCCIONES E INFRAESTRUCTURAS  
GLOBALES (QGMI) AND RANGO CONSTRUCTION COMPANY LIMITED (RCCL) FOR  
AN AMOUNT OF ONE HUNDRED AND FIFTY MILLION EUROS (€150,000,000.00)  
FOR THE DESIGN AND CONSTRUCTION OF THE PEDUASE – MAMFE – KOFORIDUA  
SCENIC ROUTE**

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**CONSIDERATION OF THE DESIGN AND BUILD CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF ROADS AND HIGHWAYS) AND MESSRS, QGMI CONTRUCCIONES E INFRAESTRUCTURAS GLOBALES (QGMI) AND RANGO CONSTRUCTION COMPANY LIMITED (RCCL) FOR AN AMOUNT OF ONE HUNDRED AND FIFTY MILLION EUROS (€150,000,000.00) FOR THE DESIGN AND CONSTRUCTION OF THE PEDUASE - MAMFE - KOFORIDUA SCENIC ROUTE PROJECT**

**1. INTRODUCTION**

A Design and Build Contract Agreement between the Government of the Republic Of Ghana (represented by the Ministry of Roads and Highways) and Messrs, QGMI Contruccion E Infraestructuras Globales (QGMI) and RANGO Construction Company Limited (RCCL) for an Amount of One Hundred and Fifty Million Euros (€150,000,000.00) for the Design and Construction of the Peduase - Mamfe - Koforidua Scenic Route Project 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 on Tuesday, 16 November 2021.

The Contract Agreement was 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 Stephen Pambiin Jalulah and Officials from the Ministry on Tuesday, 16 November, 2021 and considered the referral. The Committee is grateful to the Deputy Minister and officials from the Ministry for assisting in its deliberations.

**2. REFERENCE DOCUMENTS**

The Committee made reference to the following documents:

- i. The 1992 Constitution
- ii. The Standing Orders
- iii. Design and Build Contract Agreement between the Government of the Republic Of Ghana (represented by the Ministry of Roads and Highways) and Messrs, QGMI Contruccion E Infraestructuras Globales (QGMI) and RANGO Construction Company Limited for an Amount of One Hundred and

Fifty Million Euros (€150,000,000.00) for the Design and Construction of the Peduase - Mamfe - Koforidua Scenic Route Project.

### 3. BACKGROUND

The Government of Ghana recognizes the importance of road transport in facilitating socio-economic development of the country. It is in this regard that the National Transport Policy of the Ministry of Roads and Highways seeks to create an integrated, efficient, cost effective and sustainable transport system responsive to the needs of society, supporting growth and poverty reduction. The President in the 2020 State of the Nation address declared the year 2020 as the Year of Roads as a means of realising the above vision.

The Peduase-Mamfe-Koforidua road project is aligned with Ghana's Coordinated Programme of Economic and Social Development Policies (2017 - 2024), which under 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 Ghana 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 align with Ghana's 10 Point Industrialization Agenda, particularly the One-District-One-Factory (IDIF) initiative. It is expected to engender significant private sector participation in agriculture related activities anchoring around road as a strategic and catalytic sector investment and business development through Rural Enterprises Programme (REP).

The Ministry of Roads and Highways and the Ministry of Finance initiated discussions with HSBC Bank Plc for this credit 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. In order to reduce poverty, efforts are needed to enhance access

to basic social services and infrastructure available to the poor and reduce the transport cost.

The Peduase-Mamfe-Koforidua road forms part of the National route N4 which starts in the Greater Accra Region, at the Tetteh Quarshie Interchange in Accra, over the National route N1 and ends in the intersection with the National route N6, at Bunso, Eastern Region.

The road is strategically relevant not only to improve the connection between Mamfe and Koforidua but also enhance their access to the capital Accra. Presently, the road presents difficult conditions of circulation which results in time consuming trips and provides poor quality of transport service. The rehabilitation of the connection between Aburi and Koforidua will contribute to improve mobility between those cities as well as the remaining villages located along the section.

#### **4. OBJECTIVE OF THE PROJECT**

The objective of this project is to reduce travel and vehicle operating cost in the Peduase-Mamfe-Koforidua road and the road network in its immediate environs. The project also seeks to improve accessibility and ease of movement for pedestrians and non-motorised vehicle users, especially those with disabilities and improve the capacity of the drainage system along the stretch.

#### **5. SCOPE OF THE PROJECT**

- (a) This project involves the dualization of Mamfe-Koforidua Road which would include the construction of a dual carriageway road with 31 km length and ancillary works. The project will specifically undertake the rehabilitation and upgrading of the existing main road with 51km length and 55km of selected community roads.

The 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 Standard Specifications for Road and Bridge Works of Ministry of Roads and Highways.

The scope of services shall include:

- a. Site Clearance
- b. Construction of specialist designed, geotechnical support layers over problematic underlying soil conditions as required
- c. Earthworks
- d. Construction of various pavement layers inclusive of natural gravel layers and asphaltic surfacing
- e. Relocation and/or protection of existing services within the road reserve
- f. Construction of appropriate access points along the route
- g. Construction of various drainage structures and infrastructure to adequately manage storm water drainage along the route
- h. Provision of road furniture, including streetlights, signage, crash barriers, fences and line marking along the road, as specified in the contract drawings.

The road shall be designed to the following standard.

- i. Road design life - 20 years
- ii. Pavement type - Flexible pavement (asphaltic concrete surfacing)
- iii. Design load - 20 million equivalent standards axles loads per Direction

#### **(a) Project Location**

The project is located in the Eastern Region of Ghana and starts from Peduase Lodge through Mamfe Roundabout and ends at Koforidua Junction. The road starts with a south-north direction during the first three kilometres, then changes toward the west up to Adawso and returns to a mainly south-north direction.

The existing road has a total length of about 51km and connects such main towns as Mamfe, Adawso, Okorase and Koforidua. There are community roads distributed along the main corridor. The expectation is to achieve a total length of 55km of community roads with an average of 8.0m, in the following municipalities along the project corridor:

- i. Akuapem South Municipality (15km),
- ii. Akuapem North Municipality (15km),

iii. New Juaben South Municipality (15km) and

iv. New Juaben North Municipality (10km).

## 6. OBSERVATIONS AND RECOMMENDATIONS

### i. Cost of Project

The Committee noted that the total project cost for the design and construction of the Peduase - Mamfe - Koforidua Scenic Route Project is €150,000,000.00. The summary of the project's budget is as follows:

Cost Component Breakdown		
Item	Description	Total Price (€)
1.	General Items	14,741,488.65
2.	Consultancy	3,000,000.00
3.	Ground Investigation, Demolition and Site Clearance	683,636.36
4.	Earthworks	28,115,351.82
5.	Drainage Works	10,947,232.43
6.	Bridge Works	8,276,133.28
7.	Road Surfacing Works	55,727,242.91
8.	Road Paving	12,033,318.18
9.	Traffic Signs and Road Marking	824,260.84
10.	Ancillary Works (lay-bys, Safety Barriers, Street Lights, Kerbs, Walkways and Medians)	11,901,335.33
11.	Contingency (2.5%)	3,750,000.00
	<b>Total</b>	<b>€150,000,000</b>

### ii. Project Duration

The duration for the Peduase-Mamfe-Koforidua Scenic Project is 30 months from the commencement date; 6 months for the Design and 24 months for actual construction.

### iii. Value for Money Assessment

The Committee observed that even though the Value for Money Assessment (VFM) is a condition precedent to the Design and Build Contract Agreement, the

agreement was presented to Parliament without it. The Committee further observed that over the years, most agreements presented for approval by Parliament come without VFM assessment.

The Committee therefore strongly recommends to the House to direct all Ministries Departments and Agencies to include VFM assessment reports to all Agreements before presenting it to the House for approval. This would ensure that allocated resources are well aligned to project objectives to ensure cost minimisation and output maximisation.

#### **iv. Defects Notification Period**

The Committee noted that the Contract provides for Defects Notification Period of 365 days for the project to be calculated from the date of the Taking Over Certificate for the project.

#### **v. Advance Payment**

The Committee noted that a provision has been made for an Advance Payment of 15% of the Accepted Contract Amount in form and substance acceptable to the Employer.

#### **vi. Performance Security**

The Committee noted that as part of the safeguard measures to cause the Contractor to perform on schedule and to design 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 for an amount of 10% of the Accepted Contract amount or a bond of 30% of the accepted contract amount.

#### **vii. Financial Impact**

The Committee observed that the Cost of the commercial contract is fully paid from the proceeds of the loans to be contracted by the Ministry of Finance on behalf of the Republic of Ghana.

The Ministry of Finance mandated HSBC Plc or any of its subsidiaries, affiliates or successors to structure an export credit facility with support from Compania Espanola de Seguros de Credito a las Exportacion, Cia de Seguros y Reaseguros ("CESCE") to fund the project at a contract sum of One Hundred and Fifty Million Euros (€150.00million).

The Financing package is expected to provide a 100% financial solution with no additional budgetary requirement on the side of government to complete this project.


A Debt Sustainability Analysis (DSA) was conducted for a number of loans (envisaged pipeline loans) taking into consideration the disbursement profile for the medium term, payment periods interest rates and other relevant charges which determine government's debt obligations.

The project is on the approved list of priority projects to be financed from the Non-concessional borrowing in 2021 Budget Statement and Economic Policy of the Government of Ghana (Appendix 10c).

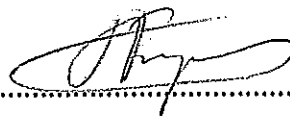
## 7. CONCLUSION

The Committee, having regard to the anticipated benefits the Peduase-Mamfe-Koforidua Road Project brings to the economy of Ghana and considering the economic viability which is in line with strategies in achieving the Sustainable Development Goals, hereby recommends to the House to adopt its report and approve the Design and Build Contract Agreement between the Government of the Republic Of Ghana (represented by the Ministry of Roads and Highways) and Messrs, QGMI Contruccion E Infraestructuras Globales (QGMI) and RANGO Construction Company Limited for an amount of One Hundred and Fifty Million Euros (€150,000,000.00) for the Design and Construction of the Peduase -Mamfe-Koforidua Scenic Route Project.

Respectfully submitted.



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**HON. KENNEDY OSEI NYARKO**  
**CHAIRMAN, COMMITTEE ON**  
**ROADS AND TRANSPORT**



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**MS. JANET FRIMPONG**  
**CLERK, COMMITTEE ON ROADS**  
**AND TRANSPORT**