

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

**REPORT OF THE FINANCE COMMITTEE**

**ON THE**

**FINANCING AGREEMENT BETWEEN THE  
GOVERNMENT OF THE REPUBLIC OF  
GHANA AND THE INTERNATIONAL  
DEVELOPMENT ASSOCIATION (IDA) FOR  
AN AMOUNT EQUIVALENT TO ONE  
HUNDRED AND TEN MILLION, SIX  
HUNDRED THOUSAND SPECIAL  
DRAWING RIGHTS (SDR 110,600,000)  
[US\$150.0 MILLION EQUIVALENT] TO  
FINANCE THE PROPOSED TRANSPORT  
SECTOR IMPROVEMENT PROJECT (TSIP)**

JULY 2018



## **1.0 INTRODUCTION**

The **Financing Agreement** between the **Government of the Republic of Ghana** and the **International Development Association (IDA)** for an amount equivalent to **One Hundred and Ten Million, Six Hundred Thousand Special Drawing Rights (SDR 110,600,000)** [US\$150.0 million equivalent] to Finance the Proposed **Transport Sector Improvement Project (TSIP)** was presented to the House on Tuesday 26<sup>th</sup> June, 2018 by the Honourable Deputy Minister for Finance, Mrs. Abena Osei-Asare on behalf of the Minister responsible for Finance.

Pursuant to article 103 of the 1992 Constitution and Orders 169 and 171 of the Standing Orders of the House, the agreement was referred to the Committee on Finance for consideration and report.

The Committee subsequently met and discussed the Agreement with the Leadership of the Committee on Roads and Transport, the Deputy Minister for Roads and Highways, Hon. Kwabena Owusu Aduomi, Deputy Minister for Transport, Hon. Daniel Nii Kwartei Titus-Glover, Deputy Minister for Finance, Hon. Abena Osei-Asare as well as officials from the Ministries of Finance, Transport and Roads and Highways. Also in attendance were the Chief Executive Officer (CEO) of the Driver and Vehicle Licensing Authority (DVLA) and staff of the National Road Safety Commission (NRSC). The Committee hereby submits this report to the House pursuant to the Standing Orders of the House.

The Committee is grateful to the above-mentioned Honourable Deputy Ministers and officials for attending upon the Committee.

## **2.0 REFERENCES**

The Committee referred to and was guided by the following documents *inter alia* during its deliberations on the Agreement:

- The 1992 Constitution of the Republic of Ghana

- The Standing Orders of the Parliament of Ghana
- The Public Financial Management Act, 2016 (Act 921)
- The Budget Statement and Economic Policy of the Government of Ghana for the 2018 Financial Year.

### **3.0 BACKGROUND**

Road transport is the predominant mode of transportation in Ghana and accounts for a huge proportion of the movement of cargo and passenger traffic.

The road network in Ghana has grown considerably from 47,824km in 2002 to 78,401 km in 2016, of which about 26.2 percent is paved. The network provides good national coverage with well-developed regional connections to neighbouring countries through the North-South and East-West main corridors. Nevertheless, only 39 percent of the road network in the country is in good condition. Feeder and farm roads are particularly in very bad condition thereby constraining agriculture and rural development. Also, the East-West roads connecting Ghana to Cote d'Ivoire in the West and Togo in the East are poorly developed, coupled with inadequate customs and immigration facilities at the borders; thus inhibiting trade across the borders and regional integration.

The poor conditions of the roads, in addition to inadequate enforcement of road safety measures, have among other things led to a poor road safety record with high accident rates. In 2016 for instance, there were a reported 2,084 road crash fatalities, about 40 percent being pedestrians, and 14 percent of the total pedestrian deaths being children under 16 years of age.

Various studies carried out in the Transport Sector suggest a weakness in the policy and oversight functions by the Ministry and its agencies as well as inadequate reporting capacity within most of the departments and agencies. These weaknesses have contributed to the weak performance results experienced in the roads and transport sector

in recent past. These findings are buttressed by the completed Transport Public Expenditure and Institutional Review (PEIR).

In view of the above challenges and the rapidly increasing demand for reliable and safer road infrastructure, Government has envisioned to modernise the transport sector in general while improving the management and efficiency of the road sub-sector in particular.

The proposed Transport Sector Improvement Project (TSIP) has been developed to among others, support the development of road infrastructure, improve road safety, strengthen the capacity of the sector agencies and to foster regional integration.

### **3.1 PROJECT OBJECTIVES**

The objectives of the Project are to support the development of road infrastructure, improve road safety, strengthen the capacity of the sector agencies and to foster regional integration. The Project thus aims to:

- Reduce travel time on selected parts of the Classified Road Network in Northern Ghana;
- Promote road safety; and
- Strengthen the institutional management of the transport sector

### **4.0 TERMS AND CONDITIONS OF THE LOAN**

The terms and conditions of the Loan are as follows:

<b>Loan Amount</b>	-	<b>SDR 110.60 million (equivalent to US\$150.0 million)</b>
<b>Grace Period</b>	-	<b>5 years</b>
<b>Repayment Period</b>	-	<b>20 years</b>
<b>Maturity Period</b>	-	<b>25 years</b>

<b>Maximum Commitment Charge</b>	-	<b>0.5% per annum</b>
		<b>(This is waived for 2018)</b>
<b>Service Charge</b>	-	<b>0.75% per annum</b>
<b>Interest rate</b>	-	<b>1.25% per annum</b>
<b>Grant Element</b>	-	<b>30.44%</b>

## **5.0 PROJECT COMPONENTS AND DESCRIPTION**

The Project is divided into three broad components and would be implemented over a six year period. The components are as follows:

- i. **Component 1 – Road Asset Preservation** – This component will support the development of road infrastructure in the Northern part of Ghana. The road stretch from Tamale to Yendi and Tatale (about 103km of paved and 67km of unpaved road) will be rehabilitated to improve the road network in the integral part of the Central East-West corridor. About 200km of feeder roads/farm roads will also be developed in parts of the Brong Ahafo, Northern, Upper East and Upper West Regions. The roads would be constructed using performance-based contracting methodology.

Component 1 will also support the establishment of a network-wide Road Asset Management System, an internet connectivity at the Tatale Border Post, and support the Axle Load Control Programme with equipment for permanent weigh stations.

- ii. **Component 2 – Improved Road Safety – Improved Road Safety** – This Component covers activities to be implemented by both the National Road safety Commission (NRSC) and the Driver and Vehicle Licensing Authority (DVLA). The DVLA will be supported to scale up the use of private garages to

inspect vehicles, develop and implement an integrated software for the Driver and Vehicle Licensing System.

The NRSC will be supported to operationalise the Road Accident Database Management System (RADMS) it recently purchased. RADMS is a state-of-the-art suite of crash database, analysis, and reporting software; using police crash reports as input data. The software will be upgraded to use smartphone applications and Geographical Information System (GIS) for reporting. Also, the ongoing Lollipop-Programme will be implemented in about five hundred (500) schools to make pedestrian road crossings safer for the school children.

- iii. **Component 3 – Institutional Strengthening and Capacity Building** – This component will support an institutional review of the agencies with the aim of restructuring the road and transport sector. It will also involve the implementation and operationalisation of a comprehensive nationwide transport sector monitoring and data management system. The capacity of staff would be developed through short and long term training programmes.

***ATTACHMENT: Please find attached as Appendix 1, a detailed breakdown of the cost of each component of the Project.***

## **6.0 OBSERVATIONS**

### **6.1 Waiver of Commitment Charge**

The Committee was informed by officials from the Ministry of Finance that the Maximum Commitment Charge of 0.5% has been waived for the first year 2018 and that the Board of the IDA is empowered to review the waiver year-on-year with a view to continuing the waiver or otherwise. It was further explained to the Committee that in line with previous dealings with the IDA, it was unlikely that the waiver would be curtailed in subsequent years as the IDA Board was said to have never done so previously.

## **6.2 Expected Benefits of the Project**

The Committee observed that the project is expected to reduce travel time on the estimated 370km roads to be rehabilitated/upgraded and strengthen the institutional management of the transport sector by employing Performance Based Contracting (PBC) methodology. The PBC will comprise designing, rehabilitation works and providing maintenance services for selected roads and payments made in lump sum upon achieving performance targets. This contracting method will therefore maintain the roads at a certain standard, ensure efficiency of public expenditure and value for money by cutting down on cost overruns and delays in project implementation.

The project will also create job opportunities during the rehabilitation of the road network and the share of rural population with access to an all-weather road increased.

Again, the feeder roads to be constructed under the project will help link agricultural value chains so as to provide access to markets and support agribusiness.

## **6.3 Road Safety Activities**

The road safety activities under the Project will focus on achieving the national road safety target of halving road deaths between 2010 and 2020. There will be improved pedestrian crossing at schools and the use of a nationwide online vehicle crash data recording. The Project is also expected to increase the number of licensed private garages linked to vehicle inspection system by ten percent (10%).

## **6.4 Taxes and Compensation Payments**

The Committee noted that the expenditure to be financed under the Project is inclusive of taxes. Thus, the Government will be able to collect the relevant taxes and duties under the Project unlike some other projects for which the government has had to waive the relevant taxes and duties.



Payment of compensation to Project Affected Persons (PAPs) is a condition precedent to the commencement of works under the project and will be financed through MRH's annual budgetary allocations.

### **6.5 Road Infrastructure and Poverty Levels**

The Ghana Poverty and Inequality Profile (June 2015) shows a high inverse correlation between the presence of road infrastructure and poverty rates. The Committee was informed that the Northern parts of Ghana, compared to other areas in the country, has the worst road network. Poverty rates in the North are two to three times the national average, and chronic food insecurity remains a critical challenge. Ghana's recent medium-term economic plans have focused on addressing these challenges, such as generating employment and improving living standards.

### **6.6 Lack of Preference for Ghanaian Bidders**

Section III of the Financing Agreement provides that the procurement of goods, works and non-consulting services under the project shall be in accordance with the requirements set forth in Section 1 of the IDA Procurement Guidelines whilst consultancy services are to be procured in accordance with Sections I and IV of the Consultant Guidelines and the provisions of the Financing Agreement.

It was also noted that goods, works and non-consulting services are to be procured under contracts awarded on the basis of International Competitive Bidding (ICB). Also, where National Competitive Bidding (NCB) is used, foreign bidders are to be allowed to participate in NCB procedures without any restrictions.

The Committee expressed concern about the lack of preference for Ghanaian bidders, especially given that most Ghanaian enterprises may find it difficult to compete with bidders across the globe.

It was however explained to the Committee that these conditions are part of the general conditions of the World Bank Group to ensure that bidders from member countries would

have equal opportunity to bid for projects funded by the Group. The Committee was further informed that the Public Procurement Authority (PPA) of Ghana has approved the use of the World Bank Procurement Guidelines for the Project.

## **7.0 CONCLUSION**

The Committee finds the project to be immensely important towards improving road infrastructure and enhancing road safety in the country whilst also strengthening the capacity of transport sector agencies for improved service delivery.

The Committee therefore respectfully recommends to the House to adopt this report and approve by Resolution, the **Financing Agreement** between the **Government of the Republic of Ghana** and the **International Development Association (IDA)** for an amount equivalent to **One Hundred and Ten Million, Six Hundred Thousand Special Drawing Rights (SDR 110,600,000)** [US\$150.0 million equivalent] to Finance the Proposed **Transport Sector Improvement Project (TSIP)** in accordance with article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



HON. DR. MARK ASSIBEY-YEBOAH  
(CHAIRMAN, FINANCE COMMITTEE)



MS. EVELYN BREFO-BOATENG  
(CLERK, FINANCE COMMITTEE)

6<sup>TH</sup> JULY, 2018

APPENDIX 1

**TRANSPORT SECTOR IMPROVEMENT PROJECT - P151026**  
**ROAD SAFETY COMPONENT**  
 STATUS REPORT AS AT 4th May, 2018

**SUMMARY**

ITEM	ACTIVITY	STATUS	NEXT ACTION/ACTION NEEDED	REVISED BUDGET (US\$)	ACTUAL COST (US\$)
1	Awareness Creation			650,000.00	
2	Child Safety In Schools			510,000.00	
3	Road Accident Data Management System			1,050,000.00	
4	Research, Monitoring and Evaluation (RM&E)			450,000.00	
5	Enforcement Equipment for the Police			300,000.00	
6	Institutional/Human Resource Capacity Building			360,000.00	
7	Road Safety Education for Engineering Measures			600,000.00	
	<b>Total For NRSC</b>			<b>3,920,000.00</b>	

**DETAILS**

ITEM	ACTIVITY	STATUS	NEXT ACTION/ACTION NEEDED	REVISED BUDGET (US\$)	ACTUAL COST (US\$)
1	<b>Awareness Creation</b>				
a)	Consultancy services for production of road safety education Audio-Visuals	Evaluation of Technical and Financial Proposals ongoing	Award of Contract by NRSC Entity Tender Committee on the 28th May, 2018	160,000	
b)	Road Safety Education for Communities with Engineering Measures (Supply of Vehicles - 1No. Cross Country + 10No. Pick-ups)	Procurement (Evaluation of Quotations) is complete	Award of Contract by NRSC Entity Tender Committee on the 28th May, 2018	490,000	
	<b>Sub-Total Awareness Creation</b>			<b>650,000.00</b>	<b>0.00</b>
<b>Child Safety In Schools</b>					
a)	Consultancy Services for Identification of Basic School Locations for Installation of Road Crossing Aids ("Lollipop Stands") to Improve Child Safety in Ghana (Prior Review)	Study is ongoing by BRRI. Consultant submitted Inception Report and First Invoice on ..... Payment of First Invoice is yet to be effected		170,000	
b)	Printing of Road Safety Education Text Books and Teaching Manuals for Primary and Senior High Schools	Commencement of procurement scheduled for <b>Second Quarter 2018</b>		120,000	
c)	Training of School Health Education Programme (SHEP) Coordinators	Commencement of procurement scheduled for <b>Second Quarter 2018</b>		120,000	

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	d) Production and erection of Lollipop Stands (targeting between 500 - 850 basic schools)	Commencement scheduled for <b>Third Quarter 2018</b> after completion of Activity 2(a)		100,000				1	
	<b>Sub-total</b>			<b>510,000.00</b>			<b>0.00</b>		
<b>3</b>	<b>Road Accident Data Management System</b>								
	a) <b>Phase 1:</b> Consultancy Services for Review and Design of a comprehensive plan for implementing iMAAP as the Nationwide Road Accident Database Management System (RADMS) for Ghana	Contract Agreement signed on <b>12-01-2018</b> with TRL but activity has been halted in respect of directive from the Project Coordinator		320,000				1	
	b) <b>Phase 2:</b> Consultancy Services for Nationwide Implementation of iMAAP RADMS	Commencement of activity is scheduled for <b>Third Quarter of 2018</b> after completion of Activity 3(a)		730,000				1	
	<b>Sub-total for RADMS</b>			<b>1,050,000</b>			<b>0</b>		
<b>4</b>	<b>Research, Monitoring and Evaluation (RM&amp;E)</b>								
	a) Consultancy Services for a Study to Determine the Scale and Magnitude of Safety among the Three (3) High Risk Road-User Groups in Ghana (Pedestrian, Passenger and Motorcyclists)	Procurement (Evaluation of Technical and Financial Proposals) is complete.	Award of Contract by NRSC Entity Tender Committee on the 28th May, 2018	150,000				1	
	b) Consultancy Services for a Study to determine the level of Travel Speeds in Ghana to serve as a baseline for Monitoring and Evaluation of Speed Management Programmes	Procurement (Evaluation of Technical and Financial Proposals) is complete.	Award of Contract by NRSC Entity Tender Committee on the 28th May, 2018	150,000				1	
	c) Consultancy services for monitoring and evaluation of road safety interventions under TSIP	Draft Terms of Reference and Cost Estimate has been developed to be submitted for technical review on Friday 11.05.2018		150,000				1	
	<b>Sub-total for RM&amp;E</b>			<b>450,000.00</b>			<b>0.00</b>		
<b>5</b>	<b>Enforcement Equipment for the Police</b>								
	a) <b>Lot 1:</b> Supply of Speed Radar Guns and Reflective Jackets	Procurement is complete.	Award of Contract by NRSC Entity Tender Committee on the 28th May, 2018	200,000				1	
	b) <b>Lot 2:</b> Supply of Alcometers and Mouth Pieces	Procurement is complete. Contract Agreement signed on 12/12/2017. Activity is halted in respect of directive from the Project Coordinator		100,000				1	
	<b>Sub-total for Enforcement</b>			<b>300,000.00</b>			<b>0.00</b>		
<b>6</b>	<b>Institutional/Human Resource Capacity Building</b>								

2) Consultancy Services for Capacity Needs Assessment Study for the National Road Safety Commission (Prior Review)	Study is ongoing by Ablin Consult Engineers and Planners. Consultant submitted Inception Report and First Invoice on ..... Payment of First Invoice is yet to be effected		140,000		1	1
b) Human Resource Capacity building/Training, Conferences and Workshops	Five (5) staff of NRSC have received training: Three (3) of them in Lund University, Sweden in Road Safety Management and two (2) officers in Human Resource Strategy for Transforming Organisations.	The remaining training programmes and conferences are scheduled for 2018 after completion of Activity 6(a)	220,000		1	1
Sub-total for Training			360,000.00	0.00		
7 Road Safety Education for Engineering Measures			600,000.00		1	1
Total For NRSC			3,920,000.00	0.00	15	10
<b>PERCENTAGE ACHIEVEMENT</b>					<b>66.7</b>	

### SUMMARY TABLE OF ALL TSIP COMPONENTS

No.	Component	Original Cost (US\$ Million)	Revised Cost (US\$ Million)
1	Component 1: Improved Road Safety	7.90	7.22
2	Component 2: Asset Preservation	125.40	133.78
3	Component 3: Institutional Strengthening and Capacity Building	16.70	9.00
<b>GRAND TOTALS</b>		<b>150.00</b>	<b>150.00</b>

**Component 1: Improved Road Safety**

No.	Component Activities	Original Cost (US\$ Million)	Revised Cost (US\$ Million)
<b>1.1 Improved Road Safety (GHA)</b>			
	Road Safety activities	1.50	1.50
<b>Total for Subcomponent: 1.1</b>		<b>1.50</b>	<b>1.50</b>
<b>1.2 Improved Road Safety (DFR)</b>			
	Road safety activities	0.30	0.30
<b>Total for Subcomponent: 1.2</b>		<b>0.30</b>	<b>0.30</b>
<b>1.3 Improved Road Safety (DUR)</b>			
3	Road safety activities	0.30	0.30
<b>Total for Subcomponent: 1.3</b>		<b>0.30</b>	<b>0.30</b>
<b>1.4 Improved Road Safety (DVLA)</b>			
4	Roll-out Vehicle Inspections to Private Garages: Study	0.05	0.05
5	Roll-out Vehicle Inspections to Private Garages: Study	0.60	0.60
6	Training of Staff on PVTs Audit	0.05	0.05
7	Systems Integration: Assessment and drafting Scope of work	0.05	0.05
8	Systems Integration : Implementation	0.20	0.20
9	Training of Driving Instructors	0.05	0.05
<b>Total for Subcomponent: 1.4</b>		<b>1.00</b>	<b>1.00</b>
<b>1.5 Improved Road Safety (NRSC)</b>			
10	Awareness creation and printing of misc materials	0.48	0.16
11	Child Safety/Promotion	1.00	1.00
12	Research, Monitoring and Evaluation	0.45	0.45
13	Road Accident Data Management System (RADMS)	1.05	1.05
14	Training/HR Capacity Building	0.36	0.36
15	Enforcement	0.30	0.30
16	Road Safety Education for Engineering Measures	0.60	0.60
<b>Total for Subcomponent: 1.5</b>		<b>4.40</b>	<b>3.92</b>
<b>Contingencies</b>		<b>0.40</b>	<b>0.20</b>
<b>Subtotal</b>		<b>7.90</b>	<b>7.22</b>

US\$0.68m reallocated to Road Asset Preservation (Road Infrastructure)

**Component 2: Asset Preservation**

No.	Component Activities	Original Cost (US\$ Million)	Revised Cost (US\$ Million)
<b>2.1 Asset Preservation (MRH)</b>			
1	Road Asset Man system	2.50	2.50
<b>Total for Subcomponent: 2.1</b>		<b>2.50</b>	<b>2.50</b>
<b>2.2 Asset Preservation (GHA)</b>			
2	Civil works contracts	90.00	90.00
3	Assessment study	2.50	4.69
4	Monitoring Consultancy	2.00	2.00
5	Axle load program	0.80	0.80
6	Review of Design Standards to incorporate Expressways	0.20	0.20
<b>Total for Subcomponent: 2.2</b>		<b>95.50</b>	<b>97.69</b>
<b>2.3 Asset Preservation (DFR)</b>			
	Socio-economic Impact Assessment of the OPRC contracts	0.50	0.50
8	Monitoring Consultant	2.50	2.50
9	Civil works packages in four Regions	14.80	14.80
10	Goods incl vehicles	1.00	1.00
11	Operational costs	0.50	0.50
<b>Total for Subcomponent: 2.3</b>		<b>19.30</b>	<b>19.30</b>
<b>2.4 Asset Preservation</b>			
12	Studies to prepare for the next Project	2.50	2.50
<b>Total for Subcomponent: 2.4</b>		<b>2.50</b>	<b>2.50</b>
13	Reallocation from Components 1 & 3 (\$2.19m & \$4.00m for DFR and GHA respectively)	0.00	6.19
<b>Contingency for component 2</b>		<b>5.60</b>	<b>5.60</b>
<b>Subtotal</b>		<b>125.40</b>	<b>133.78</b>



**Component 3: Institutional Strengthening and Capacity Building**

No.	Component Activities	Original Cost (US\$ Million)	Revised Cost (US\$ Million)
<b>3.1 Institutional Strengthening</b>			
	Restructuring Assessment of Road Security Agencies	1.40	1.20
2	Support for Institutional Reform Implementation	3.00	-
3	Support for implementation of new Road Tolling Policy	0.50	0.50
4	A review of 2008 National Transport Policy	0.50	0.50
	Development of an Integrated Multi-Modal National Transport Master Plan	2.00	-
6	Transport Sector Data Management System	0.50	-
7	Roll-out Vehicle Inspections to Private Garages: Training of Staff, Systems Integration, Driver Training	1.00	1.00
<b>Total for Subcomponent: 3.1</b>		<b>8.90</b>	<b>3.20</b>
<b>3.2 Institutional Capacity Building</b>			
8	Social Safeguard Capacity Building Activity	1.50	1.50
	Institutional Capacity Building for MRH	0.50	0.35
10	Institutional Capacity Building for GHA	0.90	0.60
11	Institutional Capacity Building for DPR	0.50	0.35
12	Institutional Capacity Building for MOT	0.14	0.14
<b>Total for Subcomponent: 3.2</b>		<b>3.54</b>	<b>2.94</b>
<b>3.3 Project Management</b>			
13	Project Management Activities under MRH	2.75	2.10
	I. Goods & Vehicles		0.45
	II. Project Audit (Financial /Technical and Procurement)		0.80
	III. MRH Operating Cost		0.45
	IV. Project Coordinator's Office Operating Cost		0.25
	V. Supporting Staff for PC's office		0.15
14	Project Management under MOT	0.75	0.65
<b>Total for Subcomponent: 3.3</b>		<b>3.50</b>	<b>2.75</b>
<b>Total for all Subcomponents</b>		<b>15.94</b>	<b>8.89</b>
<b>Contingency for Component 3</b>		<b>0.76</b>	<b>0.11</b>
<b>Subtotal</b>		<b>16.70</b>	<b>9.00</b>

US\$7.7m reallocated to Road Asset Preservation (Road Infrastructure)

