

## Continued Assistance for Highway Sector in Ghana

### Rehabilitation of National Road Network

OECF (The Overseas Economic Cooperation Fund, Japan President, Chairman of the Board; Mr. Akira Nishigaki) will provide the Republic of Ghana with a loan for the Highway Sector Investment Project (II) amounting to 10,287 million yen.

The Loan Agreement was signed today by Mr. Akira Nishigaki, Chairman of the Board, and Mr. Kwame A. Tenkorang, Charge d'Affaires of the Embassy of the Republic of Ghana in Japan.

The cumulative total of OECF loan commitments to Ghana now stands at 109,449 million yen (15 commitments).

#### 1. Loan Amount and Conditions

Project	Amount (Mil. Yen)	Interest Rate (% p.a.)	Repayment Period /Grace Period (years)	Tying Status
Highway Sector Investment Project (II)	10,287	2.3	30 / 10	General-Untied

#### 2. Outline of the Project

##### Highway Sector Investment Project (II)

###### (1) Need for the Project

The "Golden Triangle", whose three angles are Kumasi, Takoradi and Accra in the southern part of Ghana, is the country's most important economic area and has a large population, abundant mineral resources and productive agricultural land. This project will rehabilitate the road between Accra and Yamoransa, one of the most important sections of the coastal road that links Accra, the capital, and Takoradi, Ghana's largest exporting port. The project section is one of the busiest stretches of road in Ghana, with an average of 3,000 to 4,000 vehicles a day passing along it. It is expected that traffic volume on the project section will increase substantially in the next two decades, at around 5 percent annually. However, failure to take adequate measures to maintain the section in the past has resulted in severe deterioration of the road surface. Rehabilitation of the road is urgently needed for Ghana's economic development.

###### (2) Project Description

This rehabilitation project, one of Ghana's highest-priority projects, was formulated as part of the Highway Sector Investment Project, co-financed by the International Development Association (IDA) and Kreditanstalt für Wiederaufbau (KfW) of Germany, in addition to the OECF.[1] The project is part of the first Sector Investment Program,[2] a framework proposed by the Government of Japan within the framework of the SPA.[3] In the Highway Sector Investment Project, rehabilitation of a 25.4 km section of National Road No. 6, linking Kumasi and Anwiankwanta, and a 116.3 km section of National Road No. 1, linking Accra and Yamoransa, is to be financed by the OECF. OECF provided a loan for rehabilitation of the Kumasi - Anwiankwanta section under Highway Sector Investment Project (I) in March 1996. The OECF loan provided today is to finance rehabilitation of the Accra - Yamoransa section under Highway Sector Investment Project (II). The project also includes technical assistance to strengthen the institutional road network maintenance capacity of the Ghana Highway Authority, the executing agency.

###### Notes:

[1]IDA is to finance rehabilitation of existing roads and bridges, mainly in the southern and eastern regions. KfW is to finance rehabilitation of existing roads and bridges in the inland areas.

[2] SPA: "Special Program of Assistance for Debt-Distressed, Low-Income Countries in Sub-Saharan Africa" is a donor-coordination framework that was originated as the result of an initiative by the World Bank in December 1987 to assist the structural adjustment efforts of debt-distressed, low-income countries in Sub-Saharan Africa to alleviate economic hardship.

[3] The Sector Investment Program (SIP) is an assistance framework developed to assist the sectoral development of recipient countries more effectively by strengthening coordination among the different donors, based on a sector-development policy originated by the recipient country concerned.

###### (3) Project Impacts

It is expected that rehabilitation of the Accra - Yamoransa road, one of the major corridors for the transportation of goods, will stimulate economic activity and promote exports by reducing transportation costs. Additionally, it is expected that the project will also both reduce traffic accidents by improving road conditions and create employment opportunities in the civil works sector.

The proceeds of the loan will be used for civil works and consulting services (including assistance for design and tender, supervision, and technical assistance for road maintenance) components. OECF carried out Special Assistance for Project Formation (SAPROF) in 1994, and has been assisting this project from the project formulation stage. The executing agency for the project is the Ghana Highway Authority (GHA) (address: P.O.Box 1641, Accra, Ghana TEL: 233-21-666591 FAX: 233-21-662051)

#### 2. Project Description

PROJECT NAME	Loan Signing Date	Loan Amount(yen)
TELECOMMUNICATION EXPANSION PROJECT	1983/05/12	5,888,000,000
PORTS REHABILITATION PROJECT	1985/10/25	5,912,000,000
ROAD REHABILITATION PROJECT	1987/09/16	11,091,000,000
STRUCTURAL ADJUSTMENT PROGRAM	1988/02/16	1,000,000,000
TELECOMMUNICATION EXPANSION PROJECT (II)	1988/12/14	10,508,000,000
COMMODITY LOAN(FINANCIAL SECTOR ADJUSTMENT PROGRAM)	1989/02/10	12,558,000,000
SECOND STRUCTURAL ADJUSTMENT LOAN	1990/12/20	5,042,000,000
KUMASI-PAGA ROAD REHABILITATION PROJECT	1990/12/20	8,439,000,000
PRIVATE INVESTMENT AND SUSTAINED DEVELOPMENT PROMOTION	1992/11/25	6,345,000,000
WATER SECTOR REHABILITATION PROJECT	1994/03/18	5,444,000,000
PROCUREMENT OF LOCOMOTIVES, ROLLING STOCK AND WORKSHOP	1994/03/18	6,203,000,000
POWER PLANT BARGE PROJECT	1995/09/28	12,195,000,000

PRIVATE SECTOR ADJUSTMENT PROGRAM	1996/03/21	5,993,000,000
HIGHWAY SECTOR INVESTMENT PROJECT (I)	1996/03/21	2,544,000,000
HIGHWAY SECTOR INVESTMENT PROJECT (II)	1998/03/30	10,287,000,000
<b>TOTAL</b>		<b>109,449,000,000</b>