GHANA IRRIGATION DEVELOPMENT AUTHORITY (GIDA)

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PRESS STATEMENT

FOR IMMEDIATE RELEASE - 28TH MAY 2024

PAYMENT OF USD 11.9M TO CONTRACTORS OF PWALUGU MULTIPURPOSE DAM AND IRRIGATION PROJECT (PMDIP)

The Ghana Irrigation Development Authority's (GIDA) attention has been drawn to public discussions on the Pwalugu Multipurpose Dam and Irrigation Project (PMDIP) and especially the issue of payment of an amount of USD 11.9 million to the contractor working on the Project.

GIDA wishes to set the records straight as follows:

1. About the PMDIP

The PMDIP is a multi-purpose dam designed for flood control from spillage from the Bagre Dam in Burkina Faso. The PMDIP has two (2) major components:

Component 1 consists of the 60MW Hydro-Power Dam and a 50MW Solar Power System which is being implemented by Volta River Authority (VRA) under the Ministry of Energy (MoEn). The total cost of component 1 is USD 588,242,585.94

Component 2 is the development of a gross area 25,000 Ha Irrigation Infrastructure downstream of the Hydropower Dam to be implemented by Ghana Irrigation Development Authority (GIDA) under Ministry of Food and Agriculture (MoFA). The total cost of the Irrigation components of the PMDIP is USD 404,757,414.06.

The Irrigation Component is composed of a water diversion hub (weir, and irrigation flood gate) pump station, irrigation canals, canal system structures (aqueducts, siphons, culverts, gates), ancillary structures (roads, bridges, security post, offices and production facilities). Others include: electrical and mechanical installation engineering, irrigation area informatisation, land development, drainage system and other facilities associated with the operation, maintenance and management of the infrastructure, as well as the implementation of an Environmental and Social Management Plan. The weir will be located 50km downstream of the Hydro-power dam.

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2. Contractural Arrangements

The Pwalugu Multipurpose Dam and Irrigation Project (PMDIP) was awarded as two independent Engineering, Procurement and Construction (EPC) contracts to Messrs Power Construction Corporation of China (POWERCHINA) and managed seperately by the two Ministries. The contract for the irrigation component was signed on 22nd August 2019 by the Ministry of Food and Agriculture.

The EPC contract consisted of a detailed feasibility study (engineering designs, social and environmental impact assessment, soil and agronomic studies) and engineering construction (working drawings and setting out of works). It is important to note that these are all preconstruction activities that are required before actual construction works can commence.

Under the contract, Government was expected to pay USD 48,570,889.69 million (which constitute 12% of the total contract sum of USD 404,757,414.06) as mobilisation to the contractor subject to the provision of an advance payment guarantee from a reputable bank.

Following the receipt of the advance payment guarantee with face value of USD 60,713,612.11 from the contractor's bankers (Stanbic Bank), an amount of USD 11,949,088.06 (25% of the total advance mobilisation required) was paid in three tranches of:

i. USD 2,585,328.39;
ii. USD 5,166,584.37; and
iii. USD 4,199,175.30.

It is worth noting that these payments were made after the bank guarantee with a face value of USD 60,713,612.11 was received by Government as security to the advance mobilization.

Even though the contractor did not get the full payment of the mobilisation, they proceeded to site to begin the works.

3. Activities Undertaken on the Project

POWERCHINA commenced mobilization to the site in April 2021. The following are brief descriptions of all the activities executed by the EPC contractor after mobilizing to site.

i. Detailed Engineering Designs

This major output of the Project Design phase has been completed and submitted by the EPC contractor to the Ghana Irrigation Development Authority (GIDA) for validation. The activities which culminated into this output are:

• Environmental and Social Impact Assessment (ESIA)	December 2020
• Topographic Survey and Mapping	November 2021
• Geology and Geotechnical Studies and Drawings	November 2021
• Soil and Land Suitability Assessment for PIP	November 2021
• Design Report and Drawings in Parts 1-3	November 2021
• Resettlement Action Plan (RAP)	March 2022
• Cadastral Survey	July 2022

The reports for these activities are available.

ii. Construction Works

- Construction of access Road

A 5.2km access road off the main Sariba – Kpasenkpe road to the contractor's camp and 4km on-site, in and around the camp road have been completed.

- Contractor's Camp and Site offices

The Camp and Site Offices are located at Sariba. This include 10 blocks of building with a total of 100 rooms as site offices. The total construction area is about 2,200 square meters, and the main structures have been completed. The installation of water and electricity and the water distribution of the drainage ditch are yet to be completed.

- Construction of temporary and auxiliary facilities

The temporary housing for artisans that can accommodate 72 people have been completed.

In addition, the construction of auxiliary facilities such as wood processing factory, steel bar factory, machine workshop, warehouse and temporary fuel/lubricant depot have all been completed.

4. Current Status of the Project

The PMDIP was originally scheduled to be financed under the $2 billion Master Project Support Agreement (MPSA) with the Chinese state-run, Sinohydro Corporation Limited in September 2018. Unfortunately this arrangement stalled and Government had to fall on its regular budget to finance it.

Given the constraints with the national budget, Government is working on an alternative dedicated funding source to ensure all components of the Project can be executed without any hiccups.

The contractor has raised IPCs awaiting payment. Pending the arrangement of the alternative sources of funding outside MOFA's budgetary provisions, the EPC Contractor has agreed to temporarily halt works on the Project. This is to forestall some potential risks to the Project.

The weir for the irrigation and the hydro-power dam must be constructed either in consonance or the hydro-power dam must lead the weir construction to prevent the irrigation infrastructure from being affected or destroyed by the floods. If not done concurrently, the irrigation infrastructure will be washed away from huge inflows often experienced during Bagre dam spillage.

5. Conclusion

We would like to reiterate the following:

i. The payment of USD 11.9 million was for mobilisation as per the contract terms and not for final payment of works done.
ii. The payment was covered by a bank guarantee with a face value far in excess of the payment. At no point was government at risk.
iii. Contrary to the claim that no work has been done, the contractor has delivered both preconstruction documents and some physical works (camp and access roads).

The general public is assured that no frivolous payments have been made and the USD11.9 million paid to the contractor was fully covered by a Bank Guarantee valued at USD60.7 million. All payments made were for specific activities executed under contract.

Signed
Public Relations Unit
Ghana Irrigation Development Auhority

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PHOTO GALLERY



Figure 1: Areal view of Contractor's camp



Figure 2: Contract's workshop



Figure 3: Parliamentary Select Committee of Agric inspecting Contractor's Camp

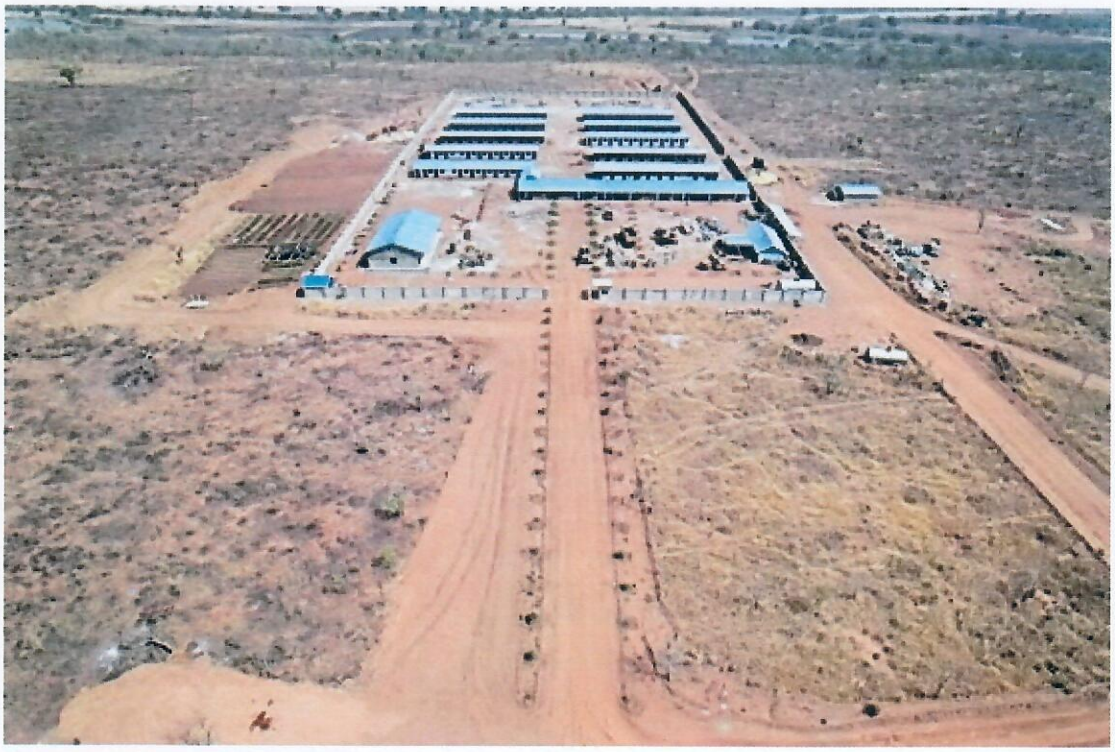


Figure 4: Access road to contractor's camp



Figure 5: Geotechnical Investigations along Weir Axis



Figure 6: Fence wall around the contractor's camp