MEMORANDUM OF UNDERSTANDING FOR THE MILITARY HOUSING PROJECT
BETWEEN THE MINISTRY OF DEFENCE OF THE REPUBLIC OF GHANA AND THE
CONSORTIUM OF POLY CHANGDA OVERSEAS ENGINEERING
COMPANY LIMITED AND POLY TECHNOLOGIES, INC

Cabinet at its Forty-fifth meeting held on Friday, 21st December, 2018 considered a report of the joint meeting of the Cabinet Committees on Economic Matters and Infrastructure on the above-mentioned Memorandum submitted by the Minister for Defence.

2. The Memorandum requested Cabinet to consider and approve the Memorandum of Understanding (MoU) for the Military Housing Project between the Ministry of Defence of the Republic of Ghana and the Consortium of Poly Changda Overseas Engineering Company Limited and Poly Technologies, Inc (of the People’s Republic of China).

3. Cabinet approved the Memorandum.

4. I should be grateful if you could take requisite action on the decision by Cabinet.

MERCY DEBRAH-KARIKARI
SECRETARY TO THE CABINET

THE HON. MINISTER FOR DEFENCE

cc: Chief of Staff
    Secretary to the President
    Secretary to the Vice President
    Chairperson, Cabinet Committee on Economic Matters
    Chairperson, Cabinet Committee on Infrastructure
    Hon. Minister for Finance
PARLIAMENTARY MEMORANDUM
BY THE HON. MINISTER FOR DEFENCE

FOR A

COMMERCIAL AGREEMENT FOR MILITARY HOUSING PROJECT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA
REPRESENTED BY THE MINISTRY OF DEFENCE AND THE
CONSORTIUM OF POLY CHANGDA OVERSEAS ENGINEERING
COMPANY LIMITED AND POLY TECHNOLOGIES, INC.

18 MARCH, 2019

SECRET
PARLIAMENTARY MEMORANDUM FOR A COMMERCIAL AGREEMENT FOR THE MILITARY HOUSING PROJECT BETWEEN THE MINISTRY OF DEFENCE OF THE REPUBLIC OF GHANA AND THE CONSORTIUM OF POLY CHANGDA OVERSEAS ENGINEERING COMPANY LIMITED AND POLY TECHNOLOGIES, INC.

1.0 PARLIAMENT ACTION REQUIRED

Parliament is respectfully requested to consider and approve a Commercial Agreement between the Republic of Ghana represented by the Ministry of Defence (MOD) and the Consortium of Poly Changda Overseas Engineering Company Limited and Poly Technologies Inc., (Both of the People’s Republic of China) for the construction of housing units for the Ghana Armed Forces and the Military Academy Training School at Teshie.

2.0 BACKGROUND

The Ghana Armed Forces has been confronted with serious acute accommodation facilities for its Men, Women and Service Officers across the country. The current situation has, in one way or the other, seriously affected the morale of the personnel and their full commitment to their core mandate of the protection of the country, as majority of the personnel reside in scattered private accommodation outside the Garrisons.

As a result, controlling the personnel from the civil accommodation located outside the Garrisons has been a matter of concern to the Military High Command, as it is becoming extremely difficult to mobilize them at a very short notice to respond to emergencies and the performance of other operational tasks. This situation undermines the operational effectiveness of the Ghana Armed Forces (GAF) and endangers the security of the state as a whole.
To resolve this critical accommodation issue for GAF, the Government as part of its pledge, in its 2016 Manifesto, clearly stated that newly constructed residential accommodation will be provided for the service personnel of the GAF across the nation.

Consequently, the MOD in its bid to implement Government's decision to provide decent accommodation for our security personnel, has identified and recommended the Consortium of Poly Changda Overseas Engineering Company Limited and Poly Technologies Inc., (Both of the People's Republic of China) which has been working with the GAF for the past fifteen (15) years on various projects which has been successfully completed and delivered to the employer through a Seller's credit including the following:-

- The construction of Aircraft Hangers at the Tamale and Takoradi Air Force Bases;
- The construction of the GAF Integrity Savings and Loans Company Office;
- The construction of the new Military Cemetery at Burma Camp among others.

2.1 ESTIMATED COST OF THE PROJECT

The Consortium has offered the Ministry of Finance a Seller's credit facility of One Hundred Million United States Dollars (US$100,000,000.00) to undertake the new project for GAF.

3.0 REASONS AND JUSTIFICATION

The Ghana Armed Forces was established to maintain the territorial integrity of Ghana, a duty it has performed creditably ever since its
establishment. This underscores the need for Government to provide a good working environment, especially, in the area of decent accommodation for the Military to facilitate their effort to carry out its constitutional duties. The GAF has however been saddled with accommodation problems for a very long time. This unfortunate situation has compelled most of the personnel to stay in rented civil accommodation across the main cities of Accra, Tamale, Takoradi, Kumasi and Sunyani.

The provision of housing is key to the overall development of any nation, because where one lives and those among whom he lives and shares his everyday life's experiences define his or her community. In the case of our Men and Women in uniform who share common experiences and challenges in what they do in the service of this nation, community life matters a great deal in support of families. It is therefore prudent for us to have better and decent accommodation for GAF personnel to give off their best at the work site in and out of Ghana.

The MOD is fully committed to equipping and resourcing the GAF to ensuring that its operational efficiency and effectiveness are enhanced. From the New Patriotic Party (NPP)'s Manifesto for 2016 elections, the Government has a good plan for the housing needs of the service personnel. The plan is anchored on an overall commitment to improving the living conditions of our security personnel, out of which the MOD has already rolled out the Barracks Regeneration Programme to rehabilitate and upgrade their living quarters across the country.

The initiative to start new accommodation and housing projects for GAF is another step in the overall development and modification of facilities and improvement of accommodation in Military Barracks which contributes positively to the morale and es spirite-de-corps of security services.
In this regard, Government through the MOD is desirous to develop and build housing units for the GAF to improve its living condition of the service personnel.

Ideally, under the conditions of service of the GAF, service personnel should be housed together to ensure a unified force. However, the accommodation challenges facing the GAF, has made this rather difficult as a large number of them are housed in rented accommodation, scattered in the cities.

3.1 ECONOMIC AND SOCIAL IMPLICATIONS

The project will be of both economic and social benefit to the country as it will:

   a. Create direct employment for an estimated one thousand (1,000) during construction period.

   b. It will open up the areas for economic activities and social development and create the environment for other forms of indirect investment and employment;

   c. The projects which will involve the expansion of Military Barracks, will help in infrastructural development of the areas identified, both commercial and residential; and

   d. It will also help in raising the living standard of people in the area and improve their means of livelihood, thus helping to raise their standard of living, in the areas earmark for the projects.
4.0 **PRIORITY ASPECT OF WORK AND LOCATION OF PROJECTS**

The delay in the retooling and re-equipping of projects has not served the purpose of GAF which has emphasized the urgency of accommodation and training facilities aspect of the project. The GAF has therefore requested that the project be prioritized as follows and are to be located in Teshie, Burma Camp and other Garrisons as indicated:-

- Military Academy Hostel - Accra
- Platoon Commanders’ Flat - Accra
- Military Academy Classroom - Accra
- Military Academy Accommodation - Accra
- Military Academy Administration Office - Accra
- Four Storey Block of 16 Flats – Accra and Takoradi
- Soldiers Dorm – Tamale and Sunyani
- Half Compound House with Kitchen – Tamale and Sunyani

The above priority parts of the housing projects are to ensure security and safety for GAF personnel. Under the Commercial Agreement, employments of Ghanaians will cover all aspect of the projects and would be facilitated by a local contractor as well as the main contractor.

5.0 **CABINET AND GAF COUNCIL ENDORSEMENT**

The Cabinet and GAF Council in their deliberations have respectively endorsed the proposal for the Military Housing Project by the Consortium.
6.0 INTER-MINISTERIAL CONSULTATION

In its deliberation on the matter, the MOD has held consultations with major stake holders including the GAF, Ministry of Works and Housing, Office of the Attorney General and Ministry of Justice and Ministry of Finance (MOF).

7.0 SCOPE OF WORK OF THE CONTRACTOR

Based on the Employer's requirement on the construction progress and quality, the contractor shall fully complete the housing construction on time under the guidance of the contractors' specification and Employer's Consultant.

8.0 FINANCIAL IMPLICATIONS

The Consortium of Poly Changda Overseas Engineering Co Ltd and Poly Technology Inc., has agreed to offer a Seller's Credit Facility Agreement on the following terms:

<table>
<thead>
<tr>
<th>Facility Amount</th>
<th>US$100,000,000.00 million</th>
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<tbody>
<tr>
<td>Grace Period</td>
<td>0.5 years</td>
</tr>
<tr>
<td>Repayment Period</td>
<td>7 years</td>
</tr>
<tr>
<td>Payment frequency</td>
<td>Semi Annual Frequency</td>
</tr>
<tr>
<td>Interest rate</td>
<td>US Libor plus a margin 4.00%</td>
</tr>
<tr>
<td>Management fee</td>
<td>0.50% flat of facility amount</td>
</tr>
<tr>
<td>Sinosure premium</td>
<td>5.5% flat of the facility amount and the total interest payable</td>
</tr>
</tbody>
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Though the Consortium has offered a loan to Government which comes as a debt, the construction of these houses will enable GAF to move troops from rented apartments and houses at very expensive prices to the newly constructed houses which will in the long term save Government resources.
9.0 CONCLUSION

In pursuit of fulfilling its promise as enshrined in its Manifesto, the Government is desirous of ensuring that military personnel are adequately and decently housed to enable them carry out their duties in an efficient and effective manner. To this end, Parliament is hereby requested to consider and approve this Commercial Agreement to help address the accommodation challenges of the GAF. This, in addition to the requisite training which our Service Personnel receive regularly, will guarantee their preparedness for the contemporary security concerns which have engulfed our sub-region and the International Community (working with the UN) at large.

DOMINIC B.A. NITIWUL (MP)
MINISTER FOR DEFENCE

18th MARCH, 2019