

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

**REPORT OF THE FINANCE COMMITTEE ON THE
REQUEST FOR WAIVER OF TAX LIABILITY
AMOUNTING TO THE GHANA CEDI
EQUIVALENT OF US\$24,594,473.40 FOR THE
PURCHASE OF EQUIPMENT, MATERIALS AND
WORKS FOR THE "OVERALL UPGRADATION
AND MODERNIZATION OF THE VOCATIONAL
EDUCATION SYSTEM IN GHANA" BY P.C.
EDUCATION AFRICA VENTURES AND SUMEC
COMPLETE EQUIPMENT AND ENGINEERING
COMPANY LIMITED**

1.0 INTRODUCTION

The request for waiver of Tax Liability amounting to the Ghana Cedi equivalent of **Twenty Four Million, Five Hundred and Ninety-Four Thousand, Four Hundred and Seventy-Three United States Dollars and Forty Cents (US\$24,594,473.40)** for the purchase of **equipment, materials and works** for the **"Overall Upgradation and Modernization of the Vocational Education System in Ghana"** by **P.C. Education Africa Ventures** and **SUMEC Complete Equipment and Engineering Company Limited** was *laid* in the House on Friday 2nd August, 2019.

Pursuant to Order 169 of the Standing Orders of the House, the request was *referred* to the Finance Committee for consideration and report.

The Committee met and considered the request with the Minister for Education, Hon. Dr. Matthew Opoku Prempeh, a Deputy Minister for Finance, Hon. Abena Osei-Asare and a team of officials from the Ministries of Finance and Education and hereby presents this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

2.0 BACKGROUND

Given the poor state of the physical infrastructure and equipment of the existing Technical and Vocational Institutions and the compelling need to reverse the trend of disintegrating infrastructure, Government has demonstrated a strong commitment to improve upon the infrastructure and equipment as part of measures towards tackling youth unemployment.

Programmes are now being designed in Technical and Vocational Institutions to ensure that the youth are better equipped with employable skills to match the requirements of industry in a lower middle income and nascent oil economy.

Keeping in mind the Government's commitment to reform the Technical and Vocational Education and Training system which has wide social and economic benefits, especially to the youth of Ghana, the project will result in bridging the skills gap of the youth

of Ghana, leading to the creation of a large talented pool of trained youth for industry.

The project aims at upgrading and revamping of vocational training infrastructure in Vocational Training centers across 26 trades with world-class training equipment, content, curriculum and infrastructure (hostel, classrooms and workshops), Head Office, Regional Offices & Apprenticeship offices across the country, resulting in the creation of world-class training facilities linked to modern job market demands.

This integrated approach is expected to improve the quality of the Technical, Vocational Education and Training (TVET) system across the entire spectrum and result in empowering the youth of Ghana. The objective is to create a sustainable, quality-oriented vocational education system that will build a highly efficient and skilled society ultimately producing highly trained manpower year after year, fastening the vast development activities proposed by the Government of Ghana.

3.0 PROJECT OBJECTIVE

The development objective of the project is to increase youth employment in Ghana through TVET skills acquisition to develop high quality middle level manpower needed in the Ghanaian economy.

The project has eight (8) specific key objectives:

- i. Improving youth employment especially in the rural areas;
- ii. Expanding equitable access in public TVET institutions targeting females and rural poor;
- iii. Improving relevance and quality TVET delivery;
- iv. Building technical and management capacity of NVTI and other skills training centres;
- v. Equipping the youth with entrepreneurship skills;
- vi. Adopting the cooperative approach to skills training for the youth to create their own jobs;
- vii. Retraining current workers who have skill gaps; and
- viii. Imbuing in master craftsmen the aptitude for productivity and credibility.

4.0 TOTAL WAIVER REQUESTED

The total amount of taxes and duties for which waiver is being sought is the Ghana Cedi equivalent of **Twenty Four Million, Five Hundred and Ninety-Four Thousand, Four Hundred and Seventy-Three United States Dollars and Forty Cents (US\$24,594,473.40)** [*Equivalent to GH¢129,366,930.09 at the Bank of Ghana exchange rate of GHC5.2616=US\$1.00 as of 27th June, 2019*].

The total amount of waiver is divided into import and Local taxes as follows:

Item	Total (US\$)	Exchange Rate	Total (GH¢)
<i>Import</i>	<i>17,440,856.40</i>	<i>5.26</i>	<i>91,738,904.65</i>
<i>Local (works/services)</i>	<i>7,153,617.00</i>	<i>5.26</i>	<i>37,628,025.42</i>
Grand Total	24,594,473.40		129,366,930.07

5.0 OBSERVATIONS AND RECOMMENDATIONS

5.1 Parliamentary Approval of the Project

The Committee noted that Parliament at its Twenty-Eighth Sitting of the First Meeting held on Tuesday, 19th March 2019, approved by resolution the Loan Facility Agreement amongst the Government of the Republic of Ghana and ING Bank (a branch of ING-DIBA AG Deutsche Bank AG) Hong Kong Branch [as Original Lenders, Arrangers and Coordinators) ING Bank N.V. (as Agent) and ING Bank N.V., Beijing Branch (as ECA Agent) for an amount of *One Hundred and Twenty-Three Million, Seven hundred and Fifty-Six Thousand, Seven Hundred and Seventy-Four Euros and Fifteen Cents (€123,756,774.15)* to finance the Overall Upgrading and Modernization of the Vocational Education System in Ghana.

On the same day, Parliament also approved by resolution, the Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Education) and P.C.

Education and Africa Ventures (a subsidiary of Planetcore Education Holding Limited of Malta) and SUMEC Complete Equipment and Engineering Company Limited for the implementation of the Project.

5.2 Necessity for Waiver

The Committee noted that as part of the Employer's Obligation under Clauses 8.2.b and 10.7 of the Commercial Contract, Government of Ghana agreed to exempt the Contractor from the payment of taxes that may be imposed on equipment and materials to be procured under the project. It is therefore necessary that the required approvals be granted in line with Article 174(2) of the 1992 Constitution so as to ensure the smooth implementation of the project.

5.3 Need to Retool the NVTIs

The Committee noted that the NVTI and other competency based training institutes under the Ministry of Education provide demand driven employable skills to enhance the employability and income generating capacity of those predominantly in the 15-24 age bracket who are mostly basic and secondary school leavers. These institutes provide the skills training through apprenticeship, master craftsmanship, testing and career development.

They however have dilapidated infrastructure with obsolete tools and equipment. Indeed, the last time some of these institutions

were retooled was as far back as 1977, thus some 42 years ago. There is thus an urgent need for massive upgrading and modernization of these institutions to enable them effectively deliver on their mandate.

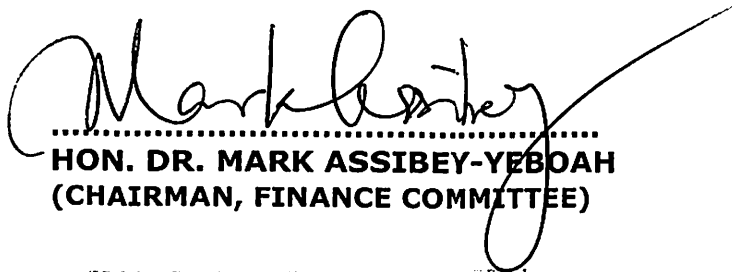
CONCLUSION

The Committee is satisfied that the request is in consonance with the Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Education) and P.C. Education and Africa Ventures (a subsidiary of Planetcore Education Holding Limited of Malta) and SUMEC Complete Equipment and Engineering Company Limited for the implementation of the Project.

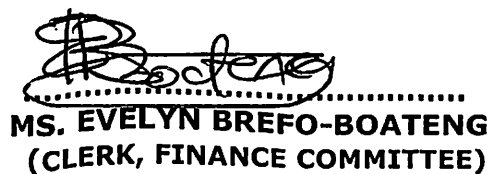
The Committee therefore recommends to the House to adopt this report and *approve by resolution*, the request for waiver of Tax Liability amounting to the Ghana Cedi equivalent of **Twenty Four Million, Five Hundred and Ninety-Four Thousand, Four Hundred and Seventy-Three United States Dollars and Forty Cents (US\$24,594,473.40)** for the purchase of **equipment, materials and works** for the **“Overall Upgradation and Modernization of the Vocational Education System in Ghana”** by **P.C. Education Africa Ventures** and **SUMEC Complete Equipment and Engineering Company Limited** in

accordance with Article 174(2) of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



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



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

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2ND AUGUST, 2019