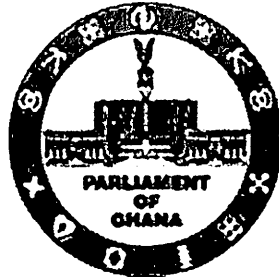

**IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH
REPUBLIC OF GHANA**



REPORT OF THE FINANCE COMMITTEE ON THE:

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- i. PREFERENTIAL BUYER CREDIT LOAN AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND THE EXPORT-IMPORT BANK OF CHINA FOR AN AMOUNT OF ONE HUNDRED AND NINETY-NINE MILLION, FOUR HUNDRED AND THIRTEEN THOUSAND, SIX HUNDRED AND TWENTY-SIX UNITED STATES DOLLARS AND TEN CENTS (US\$199,413,626.10) TO FINANCE THE INTEGRATED NATIONAL SECURITY COMMUNICATIONS ENHANCEMENT NETWORK (ALPHA) PROJECT – PHASE 2**
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AND

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- ii. TERM LOAN FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND THE BARCLAYS BANK OF GHANA LIMITED FOR AN AMOUNT OF THIRTY-FIVE MILLION, FIVE HUNDRED AND FORTY-SIX THOUSAND, ONE HUNDRED AND ONE UNITED STATES DOLLARS (US\$35,546,101.00) TO FINANCE THE INTEGRATED NATIONAL SECURITY COMMUNICATIONS ENHANCEMENT NETWORK (ALPHA) PROJECT – PHASE 2)**
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OCTOBER 2019

1.0 INTRODUCTION

The

- i. **Preferential Buyer Credit Loan Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and the **Export-Import Bank of China** for an amount of ***One Hundred and Ninety-Nine Million, Four Hundred and Thirteen Thousand, Six Hundred and Twenty-Six United States Dollars and Ten Cents (US\$199,413,626.10)*** to finance the **Integrated National Security Communications Enhancement Network (ALPHA) Project – Phase 2**, AND
- ii. **Term Loan Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and the **Barclays Bank of Ghana Limited** for an amount of ***Thirty Five Million, Five Hundred and Forty Six Thousand, One Hundred and One United States Dollars (US\$35,546,101.00)*** to finance the **Integrated National Security Communications Enhancement Network (ALPHA) Project – Phase 2**

were presented to the House on Thursday 7th November, 2019 by the Hon. Deputy Minister for Finance, Mrs. Abena Osei-Asare on behalf of the Minister responsible for Finance in accordance with Article 181 of the 1992 Constitution. The Agreements were subsequently *referred* to the Finance Committee for consideration and report in accordance with Orders 169 and 171 of the Standing Orders of the Parliament of Ghana.

The Committee met and considered the referral with the Minister of State responsible for National Security, Hon. Bryan Acheampong, Deputy Minister for Finance, Hon. Abena Osei-Asare and a team of officials from the Ministries of Finance and National Security. The Committee is grateful to the above-named Minister, Deputy Minister and the team of officials for attending upon and assisting the Committee in its deliberations.

2.0 REFERENCE

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

- The 1992 Constitution of Ghana;
- The Standing Orders of the Parliament of Ghana;
- The Public Financial Management Act, 2016 (Act 921)
- The Security and Intelligence Agencies Act, 1996 (Act 526)
- The Stamp Duty Act, 2005 (Act 689);

3.0 BACKGROUND

The Government of Ghana in its efforts to improve the security of the state intends to enter into an Agreement to leverage emerging technologies to facilitate the determent and detection of nefarious activities in the country, safeguard critical national infrastructure and also to improve security and emergency response coordination with the use of state-of-the-art security and public safety systems.

To this end, the Government of Ghana and Huawei Technologies of China signed a One Hundred and Seventy-six Million United States Dollars (US\$176,000,000.00) contract in 2012, to deliver such mentioned systems, to complement other security systems already in place nationwide. Funding was provided by the China Development Bank (CDB) and all necessary Parliamentary approvals were secured through the Ministry of Communications.

The National Security Council (NSC) as part of its mandate was the owner of the project and provided the key personnel on behalf of the Government of Ghana to support project implementation and subsequent takeover for operations and maintenance. The First Phase

of the project as currently deployed provides the underlying infrastructure for national security and emerging response priority communications for both voice and data, as well as the backbone for our nationwide video surveillance (CCTV) deployment efforts.

The project also delivers a national Emergency Command Center (ECC) for coordinated incident response, and from which the various security services are able to draw intelligence feeds.

The First Phase installed the communications network upon which network elements such as the CCTV, handsets and other systems would ride. It also introduced a few of the CCTV cameras (around 800 cameras) for priority deployment to critical areas such as key national installations and hot spots.

The present loan agreements are to finance the Second Phase of the project to ensure an enhanced and integrated national security communications network for the protection of life and property and maintenance of law and order in the country.

4.0 PURPOSE OF THE LOANS

The purpose of the two loan agreements is to obtain the funds to implement Phase 2 of the ALPHA project for enhanced and integrated national security communications network in Ghana. The specific objectives of the project are:

- a. Improve communications network coverage from its patchy status to nationwide coverage;
- b. Increase CCTV cameras from current eight hundred (800) to around ten thousand (10,000), with the introduction of additional sensors for the effective law enforcement, border security and attendance to other pertinent national security related matters;
- c. Provide a dedicated backbone big data network for secure intelligence dissemination;

- d. Build a backup national Command Center and data center for incident coordination and secure storage;
- e. Modernize the command and operations centers of stakeholder institutions to align with the national command centers; and
- f. Provide additional handset terminals for use by law enforcement, security and intelligence agencies.

5.0 TERMS OF THE FACILITY

The financing terms of the two loans are as follows:

Facility Type	Preferential Buyer's Credit	Tied Commercial Loan
Lender	China Exim Bank	Barclays Bank of Ghana Limited
Facility Currency	US Dollar	US Dollar
Facility Amount	\$199,413,626.10	\$35,546,101.00 o/w \$35,190,639.00 (15% of project cost) \$355,461.10 (upfront finance of the Management Fee)
Tenor	20 years	5 years
Grace Period	5 years	1 year
Repayment Period	15 years	4 years
Interest Rate	2.50% p.a.	US Libor (estimated at 1.96588 as at 17/10/19) plus a margin of 4.85% p.a.

Management/Arrangement Fee	0.80% flat of the facility amount	1.00% financed upfront
Commitment Fee	0.50% p.a.	0.40% p.a.
All-in-Cost	2.63% p.a.	7.35% p.a.

6.0 PROJECT SCOPE

The scope of the project includes the following:

- a. Expansion of video monitoring system: deploy video monitoring cameras in more cities (the cameras in Phase 1 mainly deployed in Accra) to realize real-time monitoring of the area;
- b. Expansion of eLTE network: capacity expansion is carried out based on the existing eLTE network (the existing eLTE network only covers major cities). The target of Phase 2 is to cover more areas of the country;
- c. Microwave transmission: solve the problem of eLTE network transmitting back to the center;
- d. Capacity Expansion of Automatic Number Plate Recognition (ANPR) system: more ANPR systems are deployed at high-speed intersections or main roads to capture and record vehicles violating the regulations;
- e. Video Transmission Network: including metropolitan area network, access network, realize the real-time transmission of camera video data;
- f. Intelligent video analysis system: support intelligent video analysis, such as video abstraction, behavior analysis, blacklist detection, monitor, etc. The blacklist detection function can detect real-time fugitive, early warning, help the police quickly arrest the suspect. The monitor function can help the police in emergency events to implement fast video surveillance monitor, to help the police solve crimes efficiently; and

- g. Data Center Expansion: expand the existing Accra data center to support the deployment of additional equipment. At the same time, a new Kumasi data center will be built to realize data backup.
- h. The scope of the project

The table below shows a summary of the scope of the project:

Solution	Solution Description	Quantity
Video Surveillance	HD H.265 IR Cameras & SHD H.265 IR Cameras	8,400
Automatic Number Plate Recognition (ANPR)	Checkpoint Site (Road Section)	50
eLTE Broadband Trunking Network Extension	eLTE Network Expansion	240
	Power Supply and Transmission	240
	Vehicle Mounted Terminals	500
	eLTE Multimedia Terminals	5400
Mini ECC	Mini ECC for Security Agencies	6
	Micro ECC for Security Agencies	20
	SMS Module	1
Network	Metro Network (km)	600
	Microwave	230
Data Center	Main Data Center Expansion	1

	Backup Data Center	1
Application	Video Content Management	1
	Location Based Service System (LBS)	1
	Production System Storage Extension	1

7.0 OBSERVATIONS

7.1 Project Cost

The Committee noted that the total cost of the project amounts to US\$234,604,266 and is financed under the Preferential Buyer's Credit arrangement with the Export-Import Bank of China. By this arrangement, China Exim Bank is providing a loan facility of US\$199,413,626.10 to finance up to 85% of the total cost under the commercial contract. The remaining 15% of the cost of the commercial contract is to be paid by the Government of Ghana as counterpart funding. Barclays Bank of Ghana Limited is therefore providing a loan facility to Government to enable Government meet the 15% counterpart requirement. The financial package thus provides a 100% funding solution for the implementation of the project.

7.2 Beneficiary Agencies

The Committee was informed that the beneficiaries of the systems are

- The Security and Intelligence Agencies under the National Security Council
- The Ghana Armed Forces under the Ministry of Defence
- Security Services under the Ministry of the Interior
- Emergency Response Services under the Ministries of the Interior and Health, and
- Other government institutions and services whose functions are ancillary to the above mentioned groups.

7.3 Implementation Period

As to how long the project would take to be completed, the Committee was informed that other things being equal, the delivery and installation of materials and equipment is scheduled to be completed within eighteen (18) months after commencement.

7.4 Project Outputs

The Committee noted that upon completion, the project is expected to deliver the following features, among others:

- a. Improve communications network coverage from its patchy status to nationwide coverage
- b. Increase CCTV cameras from current 800 to around 10,000; with the introduction of additional sensors for effective law enforcement, border security and attendance to other pertinent national security related matters
- c. A dedicated backbone big data network for secure intelligence dissemination
- d. A backup national Command Center and data center for incident coordination and secure storage
- e. Modernize the command and operations centers of stakeholder institutions to align with the national Command centers
- f. Additional handset terminals for use by law enforcement, security and intelligence agencies.

7.5 Need to Guard against Spying

As to what mechanisms have been put in place to prevent spying on the system especially by foreign entities, officials of the Bureau of National Communications (BNC) informed the Committee that once the project is completed, the national Security would take over the system and be in charge of its management and control. They assured the Committee that

the system is and will always be managed in such a way that no external person can even eavesdrop.

It was further explained that adequate firewalls would be built around the system after it has been handed over by the contractor to avoid potential spying and that the contractor would be invited to the system only where there is the need for spare parts replacement or maintenance beyond the capacity of the local engineers.

7.6 All District Capitals to be covered

The Committee observed that even though the Project focuses mainly on major cities and hotspots, at least four (4) cameras would be installed in each District Capital in Ghana under the present Phase 2 of the Project. This is to assist in the provision of security and maintenance of law and order at the district level.

8.0 CONCLUSION

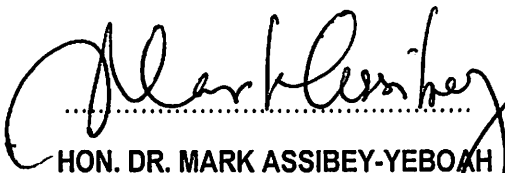
In view of the foregoing and taking into consideration the critical importance of the project for the maintenance of security, law and order in the country, the Committee respectfully recommends to the House to adopt this report and approve the

- i. **Preferential Buyer Credit Loan Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and the **Export-Import Bank of China** for an amount of ***One Hundred and Ninety-Nine Million, Four Hundred and Thirteen Thousand, Six Hundred and Twenty-Six United States Dollars and Ten Cents (US\$199,413,626.10)*** to finance the **Integrated National Security Communications Enhancement Network (ALPHA) Project – Phase 2, AND**
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Thousand, One Hundred and One United States Dollars (US\$35,546,101.00)
to finance the **Integrated National Security Communications Enhancement**
Network (ALPHA) Project – Phase 2

in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully Submitted.



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



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

14TH NOVEMBER, 2019.