

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
IMPORT DUTIES, GETFUND LEVY, NHIL, IMPORT VAT, EXIM LEVY, SPECIAL
IMPORT LEVY AND OTHER IMPOSTS AMOUNTING TO THE GHANA CEDI
EQUIVALENT OF SEVENTEEN MILLION, FIVE HUNDRED AND TWENTY-THREE
THOUSAND, SEVEN HUNDRED AND SIXTY-TWO UNITED STATES DOLLARS
AND SEVENTY-SIX CENTS (US\$17,523,762.76) ON EQUIPMENT AND
MATERIALS TO BE PROCURED FOR THE EXECUTION AND COMPLETION OF
THE MILITARY HOUSING PROJECT BY POLY CHANGDA AND OVERSEAS
ENGINEERING COMPANY LIMITED AND POLY TECHNOLOGIES INC.**

1.0 INTRODUCTION

The request for waiver of Import Duties, GETFund Levy, NHIL, Import VAT, EXIM Levy, Special Import Levy and other imposts amounting to the Ghana Cedi equivalent of *Seventeen Million, Five Hundred and Twenty-Three Thousand, Seven Hundred and Sixty-Two United States Dollars and Seventy-Six Cents (US\$17,523,762.76)* on equipment and materials to be procured for the execution and completion of the **Military Housing Project** by **Poly Changda and Overseas Engineering Company Limited** and **Poly Technologies Inc.** was *presented* to the House on Monday 2nd December, 2019 by the Honourable Deputy Minister for Finance, Mrs. Abena Osei-Asare on behalf of the Minister responsible for Finance.

Pursuant to Article 103 of the 1992 Constitution and Order 169 of the Standing Orders of the House, the request was *referred* to the Committee on Finance for consideration and report.

The Committee subsequently met and discussed the request with the Minister for Defence, Hon. Dominic B.A. Nitiwul, Deputy Minister for Finance, Hon. Kwaku Agyeman Kwarteng

as well as officials from the Ministries of Finance and Defence and the Ghana Revenue Authority.

The Committee hereby submits this report to the House pursuant to Order 161(1) of the Standing Orders of the House.

The Committee is grateful to the Minister for Defence, Deputy Minister for Finance and the officials for attending upon the Committee.

2.0 REFERENCES

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

- The 1992 Constitution of the Republic of Ghana
- The Standing Orders of the Parliament of Ghana
- The Public Financial Management Act, 2016 (Act 921)
- The Commercial Agreement between the Government of the Republic of Ghana (represented by the Ministry of Defence) and Poly Changda Overseas Engineering Company Limited and Poly Technologies, Inc. of the People's Republic of China for an aggregate amount of One Hundred Million United States Dollars (US\$100,000,000.00) for the execution and completion of the Military Housing Project for the Ministry of Defence.

3.0 BACKGROUND

The Lack of sufficient accommodation for personnel of the Ghana Armed Forces (GAF) has over the years been a key issue among various challenges facing the Forces.

The Government of Ghana recognises that the residential accommodation conditions in which most of the personnel of the Forces live have become unacceptable. From

inadequate spaces to poor sanitation, many of the barracks have not seen any upgrades for decades.

The existing accommodation infrastructure of the Ghana Armed Forces (GAF) is undeniably woefully inadequate to cater for the increasing number of service personnel who pass out each year.

The Government of Ghana is poised to provide the Ghana Armed Forces with adequate and modern resources including the provision of decent accommodation to enable personnel of the Forces to better perform their core function of defending the territorial integrity of the country.

In that regard, the Government (through the Ministry of Defence) is desirous to develop and build housing units for the Ghana Armed Forces to improve the living conditions of Service Personnel.

4.0 PROJECT OBJECTIVE

The objective of the Project is to provide modern and decent accommodation for personnel of the Ghana Armed Forces (GAF) to enable them effectively perform their core function of protecting the territorial integrity of Ghana.

5.0 TOTAL AMOUNT OF WAIVER REQUESTED

The total amount of taxes and duties for which waiver is being sought is the Ghana Cedi equivalent of **Seventeen Million, Five Hundred and Twenty-Three Thousand, Seven Hundred and Sixty-Two United States Dollars and Seventy-Six Cents (US\$17,523,762.76).**

ATTACHMENT: Please find attached as Appendix a detailed breakdown of the relevant taxes and duties as assessed by the Ghana Revenue Authority.

6.0 OBSERVATIONS

6.1 Approval of the Financing and Commercial Agreements

Honourable Members would recall that Parliament at its Thirty-Sixth Sitting of the First Meeting held on Friday 29th March 2019 approved by resolution the Seller's Credit/Financing Agreement between the Government of the Republic of Ghana and Poly Changda Overseas Engineering Company Limited of the People's Republic of China for an aggregate amount of One Hundred Million United States Dollars (US\$100,000,000.00) to finance the execution and completion of the Military Housing Project for the Ministry of Defence.

Further, on the 9th day of April 2019, the House approved by resolution, the Commercial Agreement between the Government of the Republic of Ghana (represented by the Ministry of Defence) and Poly Changda Overseas Engineering Company Limited and Poly Technologies, Inc. of the People's Republic of China for an aggregate amount of One Hundred Million United States Dollars (US\$100,000,000.00) for the execution and completion of the Military Housing Project for the Ministry of Defence.

6.2 Housing Together for Unified Force

The Committee was informed by the Minister for Defence, Hon. Dominic Nitiwul that ideally, Service Personnel should be housed together to ensure a unified and disciplined force. However, the accommodation challenges facing the GAF has made this rather difficult as a large number of the personnel are housed in rented accommodation scattered outside the barracks. The project is therefore part of measures to ensure that the over 19,000 Service Personnel are housed together in 7 Garrisons across the country.

6.3 Need for Waiver

The Committee noted that Clause 2.6 of the Contract Agreement between the Government of the Republic of Ghana (represented by the Ministry of Defence) and Poly Changda Overseas Engineering Company Limited and Poly Technologies, Inc. of the People's

Republic of China for the execution of the project puts the burden of taxes duties on the Government of Ghana (employer).

The said clause provides *inter alia* that “*The Employer shall be responsible for facilitating the process by which all construction machinery and equipment, office equipment and personal protection equipment for the implementation of the Project imported into Ghana or procured locally are all exempted from all taxes, duties or fees*”

The Government of Ghana is further obligated to facilitate the customs clearance of construction materials, machinery and equipment imported into Ghana by the Contractor for the Project.

In view of these provisions and the urgent need for the timely completion of the Project, it has become necessary for the relevant taxes to be waived in order for the materials and equipment to be cleared without any hindrance.

6.4 Single Largest Military Accommodation Project

The Committee observed that since the inception of the Fourth Republic, this project is the single largest military housing project to be undertaken by the country. The project would deliver about 1,000 housing units across 7 Garrisons of the GAF throughout the country. It is expected to help boost morale of the forces and enhance discipline as more personnel are kept within the barracks.

7.0 CONCLUSION

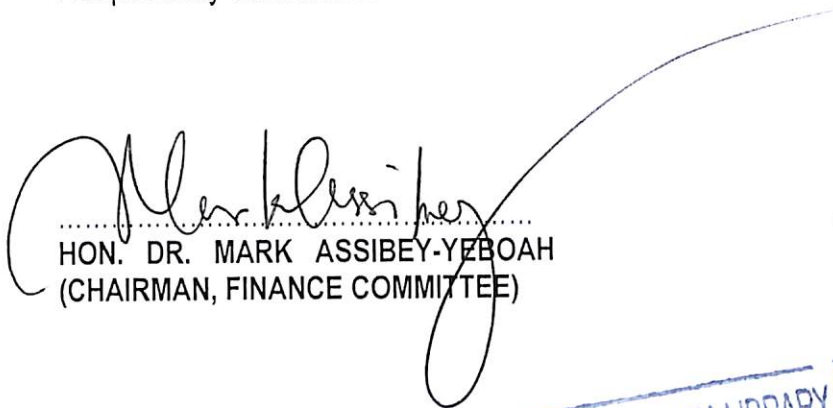
The Committee finds the project to be immensely important towards providing decent accommodation for Personnel of the Ghana Armed Forces to enable them better perform their core function of protecting the territorial integrity of the country.

The Committee therefore respectfully recommends to the House to adopt this report and approve by Resolution, the **request for waiver of Import Duties, GETFund Levy, NHIL, Import VAT, EXIM Levy, Special Import Levy and other imposts** amounting to the

Ghana Cedi equivalent of *Seventeen Million, Five Hundred and Twenty-Three Thousand, Seven Hundred and Sixty-Two United States Dollars and Seventy-Six Cents (US\$17,523,762.76)* on equipment and materials to be procured for the execution and completion of the **Military Housing Project** by **Poly Changda and Overseas Engineering Company Limited** and **Poly Technologies Inc.** in accordance with article

174(2) of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



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



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

13TH DECEMBER, 2019

