

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

**REPORT OF THE JOINT COMMITTEE ON FINANCE AND
DEFENCE & INTERIOR ON THE CREDIT AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA
AND FIDELITY BANK GHANA LIMITED FOR AN AMOUNT OF
€11,750,000.00 FOR THE PURCHASE OF TWO (2) DA42
MPP GUARDIAN SURVEILLANCE AIRCRAFTS**

1.0. INTRODUCTION

The Credit Agreement between the Government of Ghana and Fidelity Bank Ghana Limited for an amount of **Eleven million, Seven hundred and fifty thousand Euros (€11,750,000.00)** for the purchase of two (2) DA42 MPP Guardian Surveillance Aircrafts was laid in the House on 12th July, 2011 and referred to the Joint Committee on Finance and Defence & Interior for consideration and report in accordance with Article 181 of the Constitution and Order nos. 158 and 171 of the Standing Orders of the House.

The Committee met and considered the Agreement with the Hon. Minister of Defence, Lt. Gen. J. Henry Smith (Rtd), the Hon. Deputy Minister of Finance and Economic Planning, Mr. Seth Terkper, and officials/officers from the Ministry of Finance and Economic Planning, the Ghana Air Force, the Attorney-General's Department and hereby presents this report to the House in accordance with Order 161 (1) of the Standing Orders of the House.

2.0. BACKGROUND

The main mandate of the Ghana Air Force is to protect territorial boundaries of the country by surveillance, air patrols, offensive air support, air lifting of troops and equipment. Other minor tasks includes; search and rescue operations, disaster relief operations, transportation of government delegations and VIPs and medical evacuation operations. Coupled with this, the recent discovery of oil and gas in commercial quantities has also brought in its wake; new challenges for internal

security operations in the country. It is significant to note that the Air Force is currently un-equipped to meet these new challenges.

The new found oil and gas in the South Western corridor of Ghana presents new challenges in various dimensions of national security that is to say, military, social, political, economic, environmental, international relations and technological challenges.

The challenges are crucial if Ghana is to realize the expected huge economic benefits from the oil and gas industry within its Exclusive Economic Zone (EEZ). The acquisition of the two (2) aircrafts will help create a safe and secure environment to facilitate the oil and gas industry in exploitation and distribution. The Ghana Armed Forces, particularly the Ghana Air force, should have the required capabilities to meet any emerging threats to national security.

3.0. PURPOSE OF THE CREDIT

The purpose of the loan is to secure funds for the purchase of two CASA 295 aircraft to facilitate the establishment of an Airborne Surveillance Unit (ASU) and Border Patrols in the Ghana Armed Forces.

4.0. TERMS AND CONDITIONS OF THE CREDIT

The terms and conditions are as follows:

Loan Amount	-	Ghana Cedi equivalent of Euro 11.75million
Interest Rate	-	22.90% + margin of 3.0% p.a.
Moratorium	-	6 months
Repayment period	-	54 months
Maturity period	-	60 months
Arrangement fee	-	1.00% flat
Participation fee	-	1.00% flat
Procession fee	-	0.25% flat
L/C Establishment fee	-	0.5% on the L/C amount

5.0 OBSERVATIONS

The Committee observed that the purchase of the equipment is a pre-requisite for providing effective security for the oil and gas platforms to maintain constant surveillance over the area. The Committee was further informed that the aircraft can fly at low speed to allow close and detailed observation and has high endurance to facilitate long periods of linger in area of operation.

In addition to this, it is capable of operating in all weather conditions with the facility for capturing and storing the data for subsequent retrieval. Currently, the Air Force has neither the dedicated platform nor the relevant expertise for surveillance operations.

The Committee noted that there was an operational gap with surveillance but this is anticipated to be filled by the establishment of the surveillance unit built around the Diamond DA42 MPP aircraft with relevant training of Air Force personnel. The Surveillance Unit is expected to undertake the following:

- General surveillance flying operations in Ghana as directed by the Ghana Air Force
- Border Surveillance and support to national infrastructure
- Provision of image analysis by trained intelligence operators to generate a daily intelligence brief
- Develop an Airborne Surveillance Unit (ASU) capability

The Hon. Minister of Defence, Lt. Gen. J. H. Smith (Rtd.) informed the Committee that the new Surveillance Unit is of strategic importance because it would enable the Ghana Air Force monitor the country's borders and oil platforms, protect our seas from illegal fishing activities and anti-drug operations. The Airforce would also use the aircrafts for other roles like; introduction of pilots to glass cockpits, advance trainer platform for transport pilots, monitoring of natural disasters (floods, fire etc), among others.

The ASU is to consist of a communicated receiving station, data recording and storage and interpretation systems. In addition, a maintenance facility for the maintenance of the aircraft and equipment is also to be set up. Incorporated in the

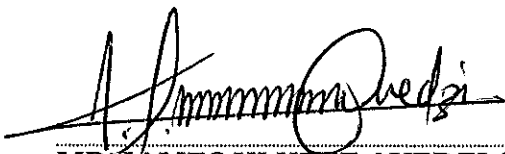
system is a facility which is to enable real time transmission video pictures from the aircraft to a command centre. Using this system, it is possible for one located at the site of command centre to see, in real time, a fire or an event on an offshore rig or the devastation caused by flood waters in the North as the equipped aircraft flies over the action spot.

The Price breakdown of the estimated cost as per the Purchase Agreement is attached as **Appendix "A"**.

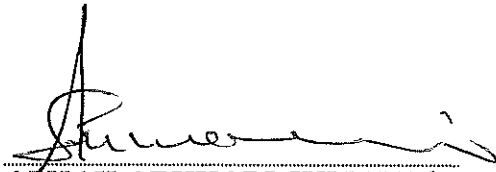
7.0. RECOMMENDATION & CONCLUSION

The Committee having carefully examined the foregoing, recommends to the House to adopt the Report of the Joint Committee on Finance and Defence & Interior and approve by Resolution, the Credit Agreement between the Government of Ghana and Fidelity Bank Ghana Limited for an amount of Ghana cedi equivalent of **Eleven million, Seven hundred and fifty thousand Euros (€11,750,000.00)** for the purchase of two (2) DA42 MPP Guardian Surveillance Aircrafts in accordance with article 181 of the Constitution, Sections 3 and 7 of the Loans Act, 1970 (Act 335) and the Standing Orders of the House.


Respectfully submitted.



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APPENDIX 'A'

Annex C

Price Breakdown

Pricing is in EURO (€)

<u>Ser</u>	<u>Item</u>	<u>Unit Sell Price €</u>	<u>Quantity</u>	<u>Extended Sell Price €</u>
1.0	<u>Aircraft System</u>			
1.1	DA 42 MPP Guardian Aircraft	1,700,000	2	3,400,000
1.2	Surveillance Equipment Set	1,100,000	2	2,200,000
1.3	Communications & Downlink Equipment Set	100,000	2	200,000
1.4	Satellite Communication System*	645,000	2	1,290,000
2.0	<u>Ground Equipment</u>			
2.1	Communications & Control Ground Receiving Station (Fixed)	130,000	1	130,000
2.2	Data Recording, Storage And Interpretation System IS3	120,000	2	240,000
2.3	Tactical Mobile Remote Viewing Terminal	33,000	3	99,000
3.0	<u>Support Hardware</u>			
3.1	To Set up Maintenance base to UK CAA Part 145 Standard, fitted out with one set of DA42 special tools	192,000	1	192,000
3.2	Spare Parts for Serial 1.0 and 2.0 for 12 months operation	240,000	1	240,000
4.0	<u>Training</u>			
4.1	<u>Training in Austria</u>			
4.1.1	Conversion Course, 6 Pilots in Austria and UK 2 weeks	18,000	6	108,000
4.1.2	Engineering Course, 10 Technicians in Austria, 2 weeks	8,600	10	86,000
4.2	<u>Training In Ghana</u>			
4.2.1	Rear Crew Operators Course Max 10 Operators for 1 month	27,000	1	27,000
4.2.2	IS3 Training Course 6 Operators for 1 month	29,900	1	29,900
4.2.3	Intelligence Analysis development Max 6 Operators for 2 months	29,900	1	29,900