

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

**REPORT OF THE
COMMITTEE ON EDUCATION**

ON THE

**CONTRACT AGREEMENT BETWEEN THE GOVERNMENT OF
THE REPUBLIC OF GHANA (MINISTRY OF EDUCATION) AND
THE AVIC INTERNATIONAL HOLDING CORPORATION OF
THE PEOPLE'S REPUBLIC OF CHINA FOR THE GHANA-CHINA
PROJECT ON THE REHABILITATION AND UPGRADING OF
EQUIPMENT IN POLYTECHNICS AND TECHNICAL
INSTITUTES (INCLUDING TECHNICAL
UNIVERSITIES/POLYTECHNICS)**

AND

**SUPPLEMENTARY AGREEMENTS NUMBERED 1 AND 2 TO
CONTRACT No. AVIC/GHZ/11M5003 FOR THE GHANA-
CHINA PROJECT ON THE REHABILITATION AND UPGRADING
OF EQUIPMENT IN POLYTECHNICS AND TECHNICAL
INSTITUTES (INCLUDING TECHNICAL
UNIVERSITIES/POLYTECHNICS) BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF GHANA (MINISTRY OF
EDUCATION) AND THE AVIC INTERNATIONAL HOLDING
CORPORATION OF THE PEOPLE'S REPUBLIC OF CHINA**

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1.0 INTRODUCTION

On Wednesday, 18th July, 2018, the underlisted Agreements were laid in Parliament by a Deputy Minister for Education, Hon. Barbara Asher Ayisi on behalf of the Sector Minister:

- i. Contract Agreement between the Government of the Republic of Ghana (Ministry of Education) and the AVIC International Holding Corporation of the People's Republic of China for the Ghana-China Project on the Rehabilitation and Upgrading of Equipment in Polytechnics and Technical Institutes (including Technical Universities/Polytechnics).
- ii. Supplementary Agreement No. 1 to Contract No. AVIC/GHZ/11M5003 for the Ghana-China Project on the Rehabilitation and Upgrading of Equipment in Polytechnics and Technical Institutes (including Technical Universities/Polytechnics) between the Government of the Republic of Ghana (Ministry of Education) and the AVIC International Holding Corporation of the People's Republic of China.
- iii. Supplementary Agreement No. 2 to Contract No. AVIC/GHZ/11M5003 for the Ghana-China Project on the Rehabilitation and Upgrading of Equipment in Polytechnics and Technical Institutes (including Technical Universities/Polytechnics) between the Government of the Republic of Ghana (Ministry of Education) and the AVIC International Holding Corporation of the People's Republic of China.

The Agreements were subsequently referred to the Committee on Education for consideration and report. This was in accordance with Order 186 of the Standing Orders of the House.



2.0 **DELIBERATIONS**

The Hon Minister for Education, Dr. Matthew Opoku Prempeh, a Deputy Minister for Education, Hon. Barbara Asher Ayisi, the Executive Director of the Council for Technical and Vocational Education and Training (COTVET), Mr. Fred Kyei Asamoah and officials of the Ministry of Education attended upon the Committee to assist in its deliberations.

The Committee is grateful to the Hon. Minister and his technical team for attending upon the Committee.

The Committee also expresses its appreciation to the Leadership of the Finance Committee of Parliament for attending the Committee's meeting, and assisting it in its deliberations.

3.0 **REFERENCE DOCUMENTS**

The Committee made reference to the following documents during its deliberations:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of the Parliament of Ghana.
- iii. The Concessional Loan Agreement between the Government of the Republic of Ghana and the Export-Import of China for an amount not exceeding seven hundred and fifty-four million Renminbi (RMB754,000,000.00 [equivalent to US\$119,101,946.00] to finance the rehabilitation and Upgrading of Equipment in Technical Universities, Polytechnics and Technical and Vocational Training Centres.
- iv. The Report of the Finance Committee on the Concessional Loan Agreement between the Government of the Republic of Ghana and the Export-Import Bank of China for an Amount not Exceeding Seven hundred and Fifty Four Million Renminbi (RMB 754,000,000.00) Equipment to US\$119,101,946.00 to finance the Rehabilitation and Upgrading of Equipment in Technical

Universities, Polytechnics and Technical and Vocational Training Centres.

4.0 **BACKGROUND**

As part of the interventions by the Ministry of Education to expand equitable access and improve the quality of Technical and Vocational Education and Training (TVET) in the Education Sector, the Government of Ghana, in 2010, made a request for a concessional loan from the People's Republic of China to finance the rehabilitation and development of ten (10) Technical Universities, five (5) Polytechnics and the technical examination unit of the Ghana Education Service, among others.

Pursuant to the above, the Government of the Republic of Ghana, on the 4th of July, 2012, entered into a Contract Agreement with AVIC International Holding Corporation of the People's Republic of China for the rehabilitation and upgrading of equipment in Polytechnics and Technical Institutes. Thereafter, Parliament, at its Thirty-Sixth Sitting held on Friday, 23rd March, 2018, approved by resolution, a Concessional Loan of an amount not exceeding seven hundred and fifty-four million Renminbi (RMB754,000,000.00 [equivalent to US\$119,101,946.00]) from Exim Bank of the People's Republic of China to finance the rehabilitation and upgrading of equipment in Technical Universities, Polytechnics and Technical and Vocational Training Centres.

Consequently, the Ministry of Finance signed the Concessional Loan Agreement in April 2018 on behalf of the Government of Ghana.



5.0 **PURPOSE OF THE AGREEMENT**

The Agreement seeks to give a legal backing to the Rehabilitation and Upgrading of Equipment in Polytechnics and Technical Institutes (including Technical Universities/Polytechnics) by AVIC International Holding Corporation of the People's Republic of China.

6.0 **HIGHLIGHTS OF THE AGREEMENT**

The Contract Agreement is divided into four (4) Parts – Part I, Part II, Part III and Part IV.

Part I provides for the General Conditions of the Contract. It deals with the scope of work, the total contract price and the commencement and completion date of the Project, among others.

Part II sets out the General Conditions of the Contract for Civil Works while Part III provides for the Master Conditions of Application for Civil Works.

Part IV also deals with the Conditions of Contract for the Supply and Installation of Equipment among others.

6.0 **OBSERVATIONS AND RECOMMENDATIONS**

6.1 Scope of the Project

The Committee observed that the general framework of the Project includes construction works, supply and installation of equipment, and training requirements.

In line with the general framework, the Project, as pertained in the Contract Agreement signed in 2012, included the following:

- i. Upgrading of five (5) Polytechnics in the country with modern equipment.
- ii. Upgrading ten (10) Technical Institutes with modern equipment.

- iii. Construction of laboratories and equipping laboratories of five (5) Polytechnics and ten (10) Technical Institutes.
- iv. Construction and equipping the Technical Examination Unit of the Ghana Education Service.
- v. Provision of standby diesel-powered generators to all five (5) Polytechnics and ten (10) Technical Institutes in Ghana.
- vi. Training of selected lecturers of the Polytechnics and Technical Institutes in China.
- vii. Trainer-of-trainers in Ghana by Chinese teachers.
- viii. Provision of after sales service and maintenance of equipment.
- ix. Provision of boreholes for all five (5) Polytechnics and ten (10) Technical Institutes.

6.2 Added Scope of the Project

The Committee observed that upon negotiations among the Ministry of Education, Ministry of Finance and AVIC International Holding Corporation in April 2017, the original scope of the contract was expanded to include the underlisted at no extra cost:

- i. The addition of five (5) Technical Universities/Polytechnics and three (3) Technical Institutes.
- ii. Completion period of work shortened from 36 months to 30 months.
- iii. Warranty Period of the equipment extended from two (2) years to five (5) years from the date of commissioning, during which the after-sale and on-site training service will be sustained.
- iv. Training of selected lecturers of the Polytechnics, Technical Universities and Technical Institutes to be done in Ghana and Kenya. Ghanaian facilitators and English speaking teachers to carry out trainer-of-trainers in Ghana. All manuals would also be in English.

The Committee commends the Ministry of Education for its effort at negotiating for the expansion of the Scope of the Contract at no cost.

6.3 Supplementary Contract Agreement No. 1 to the Original Contract

The Committee noted that on the 3rd of July, 2018, the Ministry of Education signed a Supplementary Contract Agreement with AVIC International Holding Corporation. The Supplementary Contract Agreement numbered 1, made amendments to some clauses under Parts I, II, III and IV of the Agreement that deals with provisions relating to the General Conditions of the Contract, General Conditions of the Contract for Civil Works, the Master Conditions of Application for Civil Works, and the Conditions of Contract for Supply and Installation of Equipment respectively. In summary, the amendments made to the Contract Agreement as contained in the Supplementary Contract Agreement No. 1 are as follows:

Amendments in Supplementary Agreement No.1

Contents	Original Contract	Supplementary No.1
Exchange Rate between USD and RMB	Floating Exchange Rate	Fixed Exchange Rate
General Conditions for Civil Works	International Federation of Consulting Engineers (FIDIC) Conditions for Construction, 1987 Edition	FIDIC Conditions for EPC/Turnkey Projects, 1999 Edition
Particular Conditions for Civil Works	Particular Conditions based on FIDIC Conditions for Construction, 1987	Particular conditions based on FIDIC Conditions for EPC/Turnkey Projects, 1999 Edition
Bank Account	Old Bank Account	Updated Bank Account
After-sale and On-site Training Service	2 years	5 years

Worthy of note in the amendments as indicated above is the extension of the warranty period of the equipment (after-sale and on-site training service) from 2 years to 5 years.

The Committee commends the Ministry of Education for negotiating for an extension of the warranty period, and urges the Ministry to ensure that personnel of the beneficiary schools are well trained to operate and maintain the equipment after the warranty period.

6.4 Supplementary Contract Agreement No. 2 to the Original Contract

The Ministry of Education and AVIC International Holding Corporation further entered into a Supplementary Contract Agreement numbered 2, on the 10th of July, 2018.

The Committee noted that the Supplementary Contract Agreement No. 2 sought to further amend the Contract Agreement to provide better explanation on some of the provisions of the Contract. The amendments bordered on provisions relating to Part I, Part IV, Annex 01, Annex 02 and Annex 04 of the Contract Agreement that deal with the General Conditions of the Contract, the Conditions of Contract for Supply and Installation of Equipment, Price Schedule, Equipment List and Spare Parts List respectively. The amendments are summarised as follows:

Amendments in Supplementary Agreement No.2

Contents	Original Contract	Supplementary No.2
Beneficiary Institutions for Equipment Supply	5 Polytechnics and 10 Technical Institutes	10 Polytechnics and 13 Technical Institutes
Diesel Generators	15 Sets of Diesel Generators (600KW)	45 Sets of Diesel Generators (200KW)
Managing Institution	None	COTVET
Updating the equipment list		<ul style="list-style-type: none"> • The outdated equipment is replaced with updated ones. • The inappropriate equipment for TVET in Ghana is cancelled. • The number of equipment over-allocated in each Centre has reduced.

		<ul style="list-style-type: none"> Certain necessary equipment, tools, accessories for routine training activities, added.
Beneficiary Institutions for Equipment supply	5 Polytechnics and 10 Technical Institutes	10 Polytechnics and 13 Technical Institutes
Total Equipment for Polytechnics	<ul style="list-style-type: none"> * 5 sets of Electrical and Electronic Laboratory Equipment * 5 sets of Mechanical Engineering Laboratory Equipment * 5 sets of Civil Engineering Laboratory Equipment * 5 sets of Automotive Engineering Laboratory Equipment * 5 sets of Welding Engineering Laboratory Equipment 	<ul style="list-style-type: none"> * 5 sets of Electrical and Electronic Laboratory Equipment * 6 sets of Mechanical Engineering Laboratory Equipment * 5 sets of Civil Engineering Laboratory Equipment * 5 sets of Automotive Engineering Laboratory Equipment * 5 sets of Welding Engineering Laboratory Equipment
Total Equipment for Technical Institutes	<ul style="list-style-type: none"> * 10 sets of Electrical and Electronic Laboratory Equipment * 10 sets of Mechanical Engineering Laboratory Equipment * 10 sets of Automotive Engineering Laboratory Equipment * 10 sets of Welding Engineering Laboratory Equipment 	<ul style="list-style-type: none"> * 10 sets of Electrical and Electronic Laboratory Equipment * 10 sets of Mechanical Engineering Laboratory Equipment * 10 sets of Automotive Engineering Laboratory Equipment * 13 sets of Welding Engineering Laboratory Equipment


6.5 Beneficiary Schools of the Project

As indicated earlier, renegotiations on the Scope of the Project increased the number of beneficiary schools of the Project for the rehabilitation and upgrading of equipment from five (5) Technical Universities to ten (10) Technical Universities/Polytechnics and, ten (10) Technical Institutes to thirteen (13) Technical Institutes.

With regard to beneficiary schools for construction works, beneficiary Technical Institutes are ten (10) while the number of Technical Universities is five (5). The list of the beneficiary schools for both rehabilitation and upgrading of equipment, and construction works are as follows:

Beneficiary Schools for Rehabilitation and Upgrading of Equipment

Technical Universities/Polytechnics			
No	Name	Region	Equipment
1	Bolgatanga	Upper East	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
2	Cape Coast	Central	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
3	Kumasi	Ashanti	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator,
4	Sunyani	Brong Ahafo	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
5	Accra	Greater Accra	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Civil Engineering, Generator
6	Takoradi	Western	Mechanical Engineering, Diesel Generator
7	Koforidua	Eastern	Civil Engineering, Diesel Generator
8	Wa	Upper West	Civil Engineering, Diesel Generator
9	Tamale	Northern	Civil Engineering, Diesel Generator
10	Ho	Volta	Civil Engineering, Diesel Generator



Technical Institutes			
No	Name	Region	Equipment
1	Tema Technical Institute	Greater Accra	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
2	Ashiaman Technical Institute	Greater Accra	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
3	Comboni Technical/Vocational Institute	Volta	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
4	Cape Coast	Central	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
5	St. Paul's Technical Institute	Eastern	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
6	Takoradi Technical Institute	Western	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
7	Kumasi Technical Institute	Ashanti	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
8	Bawku Technical Institute	Upper East	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
9	St. Joseph's Technical Institute	Northern	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
10	Sunyani Methodist Technical	Brong Ahafo	Mechanical Engineering, Electrical and Electronic, Automotive Repair Engineering, Welding Engineering, Generator
11	Asuansi Technical	Central	Welding Engineering, Generator
12	Dabokpa Technical	Northern	Welding Engineering, Generator
13	Bolgatanga Technical	Upper East	Welding Engineering, Generator

Beneficiary Schools for Construction Works

Technical Universities/Polytechnics		
No	Name	Region
1	Bolgatanga Polytechnic	Upper East
2	Cape Coast Technical University	Central
3	Kumasi Technical University	Ashanti
4	Sunyani Technical University	Brong Ahafo
5	Tamale Technical University	Northern
Technical Institutes		
No	Name	Region
1	Tema Technical Institute	Greater Accra
2	Ashiaman Technical Institute	Greater Accra
3	Comboni Technical/Vocational Institute	Volta
4	Cape Coast Technical Institute	Central
5	St. Paul's Technical Institute	Eastern
6	Takoradi Technical Institute	Western
7	Kumasi Technical Institute	Ashanti
8	Bawku Technical Institute	Upper East
9	St. Joseph's Technical Institute	Northern
10	Sunyani Methodist Technical	Brong Ahafo

6.6 Value for Money Audit

The Committee sought to find out whether value for money assessment was carried on the Contract.

The Hon. Minister for Education informed the Committee that value for money assessment was conducted on the original Contract. However, the signing of the Supplementary Agreements (Numbered 1 and 2) has given rise to another value for money assessment which the Minister indicated, is being conducted by Crown Agents. He assured the Committee that the assessment would be completed in due course.

6.7 Knowledge Transfer

The Committee noted that adequate provisions have been made in the Contract to train selected lecturers of the Polytechnics, Technical Universities and Technical Institutes to enable them acquire the relevant skills necessary for the achievement of the intended purposes of the Project. Adequate provisions have also been made to ensure that Ghanaian facilitators carry out trainer-of trainers in Ghana.

The Committee urges the Ministry of Education to ensure that Ghanaians, especially persons living in the localities of schools that would benefit from the construction works, are offered the opportunity to acquire employable skills.

7.0 **CONCLUSION**

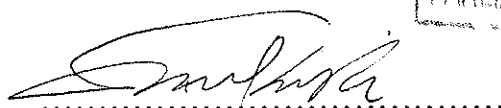
The Committee has thoroughly examined the Contract Agreement and the Supplementary Contract Agreements numbered 1 and 2 between the Government of the Republic of Ghana (Ministry of Education) and AVIC International Holding Corporation of the People's Republic of China for the Ghana-China Project on the Rehabilitation and Upgrading of Equipment in Polytechnics and Technical Institutes (including Technical Universities/Polytechnics), and is of the view that the Agreements are consistent with the provisions of the 1992 Constitution.

The Committee notes with satisfaction that the successful implementation of the Project would go a long way to provide the relevant manpower needs of the citizenry particularly, the youth by providing them with the relevant employable skills for Ghana's industrialisation agenda.

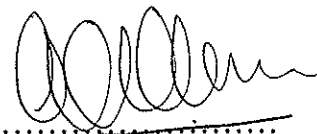
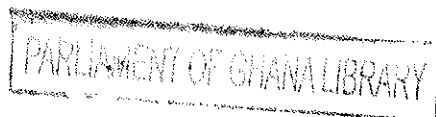
Accordingly, the Committee recommends to the House to adopt its Report and approve the:

- i. Contract Agreement between the Government of the Republic of Ghana (Ministry of Education) and the AVIC International Holding Corporation of the People's Republic of China, for the Ghana-China Project on the Rehabilitation and upgrading of Equipment in Polytechnics and Technical Institutes (including Technical Universities/Polytechnics).
- ii. Supplementary Agreement No. 1 to Contract No. AVIC/GHZ/11M5003 for the Ghana-China Project on the Rehabilitation and Upgrading of Equipment in the Polytechnics and Technical Institutes (including Technical Universities/Polytechnics) between the Government of the Republic of Ghana (Ministry of Education) and the AVIC International Holding Corporation of the People's Republic of China.
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Respectfully submitted.



STEVENS SIAKA (HON)
(CHAIRMAN, COMMITTEE ON
EDUCATION)



ABIGAIL ABA ANSO
(CLERK TO THE COMMITTEE)

