

**JOINT MEMORANDUM TO PARLIAMENT**

**BY**

**THE HON. MINISTER OF FINANCE AND  
ECONOMIC PLANNING**

**AND**

**THE HON. MINISTER FOR DEFENCE  
ON THE**

**CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF GHANA  
AND CAL BANK LIMITED**

**FOR THE FINANCING OF THE PROCUREMENT OF VEHICLES  
AND COMMUNICATION EQUIPMENT FOR**

**THE GHANA ARMED FORCES**

18<sup>th</sup> JULY 2012

ACC NO : 3222

CLASS NO : CR/C : \$ CALBH/12

## 1. PURPOSE

Honourable Members are hereby respectfully invited to consider and approve a medium term loan facility totalling Ghana Cedi equivalent of Thirteen Million, Nine Hundred and Twelve Thousand, Seven Hundred and Fifty United States Dollars (**US\$13,912,750.00**) and Three Million, Four Hundred and Eighty-Four Thousand, Four Hundred and Fifty Seven Euros, Fifty –Eight Cents (**€3,484,457.58**) from Cal Bank Limited. This amount is required to finance the procurement of Two Hundred and Sixty-Five (265) vehicles and VHF and HF Military Communication equipment respectively for the Ghana Armed Forces from Messrs Svani Limited.

Reference in this regard is being made to letter no. OP/CA 2 dated 17<sup>th</sup> July, 2012 with HE the President granting Executive approval for the Memorandum to be submitted to Parliament for consideration (Copy herewith enclosed).

The purchase is to augment the existing ones to enable the Armed Forces provide adequate security before during and after the 2012 Presidential and Parliamentary elections. The vehicles would be deployed nationwide. The breakdown is as stated below:

ITEMS	DESCRIPTION	UNIT PRICE (\$)	TOTAL AMOUNT (\$)
a. 200 Units	Single Cabin, long chassis military pattern Toyota Land Cruiser pickups with canopy and rear seats for troops.	\$52,500.00	\$10,500,000.00
b. 20 Units	Toyota LX10 4x4 (Ambulance)	\$61,900.00	\$1,230,000.00
c. 10 Units	Mitsubishi Rosa Bus	\$71,900.00	\$ 719,000.00
d. 5 Units	Nissan Civilian Bus	\$72,000.00	\$ 360,000.00
e. 20 Units	Mitsubishi L200 Pickup in civilian pattern (with bull-bar, side step etc.)	\$29,900.00	\$ 598,000.00
f. 10 Units	Toyota Hilux Pickup (with bull-bar side step etc)		\$ 368,000.00
<b>TOTAL: 265</b>	<b>GRAND TOTAL</b>		<b>\$13,775,000.00</b>
Various *Communication Equipment			€ 3,449,958.00
<b>TOTAL</b>			<b>€3,449,958.00</b>

The quantities are based on Ghana Armed Forces (GAF) Contingency/Operation plan for 2012 Elections code named "Operation Peace Trail". The Northern and Southern Commands will be on standby to respond to appropriate calls in all the constituencies in their areas of responsibility (AOR). The main objective is to ensure quick reaction to violent incidents in support of the civil police and the Electoral Commission.

## **2.0 BACKGROUND**

The nation will conduct Presidential and Parliamentary elections in 2012 and as has been the practice, the Armed Forces would have to be provided with the needed logistics to enable them carry out their duties effectively and efficiently with the needed professionalism.

Based on the above, it has become imperative for the Government of Ghana (GOG) acting through the Ministry of Finance and Economic Planning (MOFEP) to source funds for the project. Cal Bank Ltd has agreed to arrange financing totalling Ghana Cedi equivalent of **US\$13,912,750.00 and €3,484,457.58**. This total amount is inclusive of the bank's arrangement and participation fee of 1.00%

## **3.0 JUSTIFICATION FOR THE ACQUISITION OF THE VEHICLES AND COMMUNICATION EQUIPMENT**

### **3.1 To Safeguard the Existing Peace in the Country**

Even though the country has witnessed peaceful Presidential and Parliamentary Elections over the years, the possibility of the country being plunged into election crisis cannot be ruled out. There have been minor incidents of some youths challenging election results and even causing disturbances at some polling stations in the country. It is therefore essential to enhance the mobility and communication capabilities of the security forces to enable them respond swiftly to bring calm when such unforeseen events occur.

### **3.2 To Provide security in constituencies**

The Armed Forces would be on standby to respond to appropriate calls in constituencies even at short notice to ensure orderliness, avoidance of intimidation of the electorates by any group of people in order to ensure free and fair elections.

### **3.3 To Ensure safety of ballot papers before and after voting**

Ballot papers are the most important elements in any election process since they determine the results of the elections. Reports of the ballot papers having been tampered with could degenerate into serious crises. The security forces will be required to ensure the safety of the ballot papers when being moved to their required destinations.

### **3.4 Vehicle Specifications**

The specification of the Pick-ups are to ensure that these civil pattern vehicles meet minimum military standards to enhance deployment in rugged terrain (4 wheel drive, protective guard in front, Communications and re-configuring of Single Cabin Pick-ups for troop lifting). The buses are to be used to supplement the existing fleet of Troop Carrying Vehicles (TCVs) to lift troops from unit locations to the operational areas. Since troops are being deployed, there is the need for medical cover, hence the need for the ambulances.

### **3.5 Communication Equipment**

Since the inception of the 1992 constitution, the Armed Forces with the support of other security services, has been involved in providing assistance to civil authority to ensure free and fair elections. The 2012 General Elections will be no exception and the availability of the communication systems for the vehicles, during the period would contribute greatly in the management of possible electoral violence before, during and after the elections. The acquisition and timing of the Military VHF and HF radio sets for the vehicles are therefore strategic. The Military pattern radios HF, VHF and handheld radios are to ensure quick dissemination of information, instructions and orders for smooth co-ordination and synchronization of activities. The specific functions of the communication equipment are as follows:

- (a) Hand-held radios are to be used by dismounted troops.
- (b) Mobile Communications are to be mounted on vehicles to ensure passage of Information/instruction and orders.
- (c) Base statics are to be mounted in operation rooms to monitor the operations including passage of information/instruction and orders.
- (d) Air-band Radios are to be used to establish communications between the ground troops and Airforce Base.
- (e) Hand-held GPS are to enable navigation to objective/target areas by ground troops.
- (f) Repeaters are to be mounted at vantage points to breach and enhance communications.

### **3.6 Deployment**

The deployment of vehicles and communication equipment is attached to the Memorandum.

## **4.0 INTER-MINISTERIAL CONSULTATION**

The Ministry held discussions with officials of the Ministry of Finance and Economic Planning and the Public Procurement Authority to facilitate the procurement of the vehicles and communication equipment.

## **5.0 Financing structure from CAL Bank Ltd**

The indicative terms of the financing are as follows:

<b>Loan Amount</b>	<b>:</b>	<b>US\$13,912,750.00 and €3,484,457.58 (GHS equivalent)</b>
<b>Interest rate</b>	<b>:</b>	<b>CBL Base Rate (Currently 24.0%) p. a</b>
<b>Maturity period</b>	<b>:</b>	<b>60 months (including 3 month grace period)</b>
<b>Repayment period</b>	<b>:</b>	<b>57 months</b>
<b>Arrangement fee</b>	<b>:</b>	<b>0.50% flat</b>
<b>Participation fee</b>	<b>:</b>	<b>0.50% flat</b>

**6.0 Action required**

In view of the need to ensure free and fair elections, to avoid the country being plunged into election crisis and for the nation to continue to enjoy the existing peace in the country, it is essential to enhance the mobility of the security forces in order for them to effectively deal with any crisis during the elections period.

Honourable Members are hereby kindly invited to consider and approve the credit agreement totalling Ghana Cedi equivalent of Thirteen Million, Nine Hundred and Twelve Thousand, Seven Hundred and Fifty United States Dollars (**US\$13,912,750.00**) and Three Million, Four Hundred and Eighty-Four Thousand, Four Hundred and Fifty Seven Euros, Fifty –Eight Cents (**€3,484,457.58**).

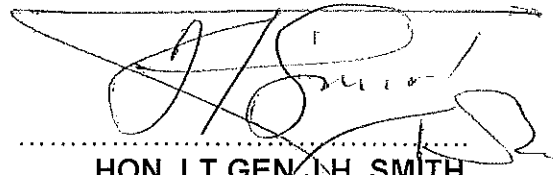
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HON. DR. KWABENA DUFFUOR  
MINISTER OF FINANCE &  
ECONOMIC PLANNING

18th

.....JULY 2012



HON. LT GEN J.H. SMITH  
MINISTER FOR DEFENCE

18th

.....JULY 2012