

IN THE FOURTH SESSION OF THE FOURTH PARLIAMENT OF
THE FOURTH REPUBLIC OF GHANA

REPORT OF THE JOINT COMMITTEE ON
FINANCE AND DEFENCE & INTERIOR ON
THE BUYER'S CREDIT FACILITY BETWEEN
THE GOVERNMENT OF GHANA AND
SOCIETE GENERALE OF PARIS FOR AN
AMOUNT OF US\$43.15 MILLION AND A
GOVERNMENT OF GHANA CONTRIBUTION
OF US\$62 MILLION FOR RE-EQUIPPING
THE COMMUNICATION SQUADRON OF THE
GHANA AIR FORCE

1.0 INTRODUCTION

The Buyers' Credit Agreement between the Republic of Ghana and Societe Generale of Paris, France for an amount of US\$43.15 million and a Government of Ghana Contribution of US\$62 million for re-equipping the Communication Squadron of the Ghana Air Force was laid in the House on Tuesday, 26th February, 2008 and referred to the Joint Committee on Finance and Defence and Interior for

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consideration and report in accordance with the Constitution and Standing Orders of the House.

To consider the facility, the Committee met with the Minister of Defense, Hon. Albert Kan Dapaah, Minister of State at the Ministry of Finance and Economic Planning, Hon. Dr. Anthony Akoto Osei, Deputy Minister of Finance and Economic Planning, Hon. Prof. George Gyan-Baffour, Deputy Minister of Defense, Hon William Ofori Boafo, as well as officials from the Ministry of Finance and Economic Planning and the Ministry of Defense and reports as follows:

2.0 BACKGROUND

The Communication Squadron and the Number One (1) Squadron of the Ghana Air Force currently operate one Fokker 28 Jet aircraft, three Fokker 27 aircraft and the BN2T aircraft to perform their roles.

These aircraft assist in the conveyance of troops internally (within the country) and externally to other parts of Africa.

They also transport MPs, officials of MDAs and Council of State Members externally and internally to meetings and on official visits both in the sub-region and other parts of Africa.

From time to time, these aircraft undertake medical evacuation from regional hospitals to the Korle-Bu Teaching Hospital or the 37 Military Hospital.

The average age of the aircraft is 31 years. The old generation aircraft is programmed to be retired from service within the next three years. There is therefore the need to begin the implementation of the Ghana Air Force re-equipment programme to ensure that when

the old ones finally retire, no undesirable gaps would be created in the operations of the Force.

3.0 PURPOSE OF THE CREDIT

The credit is to enable the country acquire the following for the Communication Squadron of the Ghana Air Force:

- i. **Main Aircraft**
Corporate Jet (ACT) 319 ER
- ii. **Support Aircraft**
Dassault Falcon 900 Ex Easy

4.0 TERMS OF THE SOCIETE GENERALE FACILITY

Societe Generale of Paris is supporting the financing via a buyers' credit facility on the following terms:

- | | | | |
|------|---------------------------|---|------------------------------|
| i. | After contract signature | - | US\$1,857,500 |
| ii. | 24 months before delivery | - | US\$3,715,000 |
| iii. | Balance upon delivery | - | <u>US\$31,577,500</u> |
| | TOTAL | - | <u>US\$37,150,000</u> |

- | | | |
|-------------------------|---|--------------------------------|
| Interest Rate | - | USD Libor 6 months + 1% |
| Repayment period | - | 5 years |
| Grace period | - | 2.5 years |

5.0 OBSERVATIONS

The Committee observed that the Societe Generale Facility would be used to pay for 85% of the cost of the Dassault Falcon 900 Ex Easy.

The Committee was informed that the price of the Falcon 900 Ex Easy include training for three pilots and two mechanics.

The prices of both aircraft are subject to escalation up to actual delivery month. Additionally, provision is made for a budgetary amount of **ten Million US Dollars** for the Airbus and **Six Million US Dollars** for the Falcon 900 Ex Easy to cater for optional items not included in the cost of the aircraft.

The Committee was informed that the **PAYMENT** for the **Airbus** would be made as follows:

US\$5 million at contract signature (less any deposit previously paid)

US\$5 million: 18 months prior to delivery

US\$5 million: 12 months prior to delivery

Balance at delivery

The Committee was again informed that the national soccer team and some local football clubs have been using the existing aircraft of the Air Force for some of their travels.

The Committee noted that the existing aircraft with the average age of 31 years have outlived the role required of them due to their limited range and obsolete navigational and flight management systems. In line with the Air Force's 5-year strategic plan, these old aircraft have been scheduled to be retired from service in the year 2010.

The technical team from the Ministry of Defence explained to the Committee that the *main aircraft* to be acquired (Airbus) would be able to carry thirty or more passengers. It will also be able to travel a distance of 4000 nautical miles. Thus, it should be able to cover all Africa and also reach Western Europe, Asia and North America. The technical team from the Ministry of Defence further indicated that the aircraft has a lifespan of at least 20 years.

The Falcon 900 Ex Easy *support aircraft* would be able to carry 10-15 passengers and cover over 4000 nautical miles, that is, Asia, North America and Eastern Europe.

The Defence Minister also informed the Committee that the delivery period of the new aircraft would be within the retiring deadline period of the three existing aircraft, that is, 2010.

The Minister of State at the Ministry of Finance and Economic Planning assured the Committee that appropriate budgetary allocations would be made in subsequent budgets to cater for the GoG contribution.


6.0 CONCLUSION

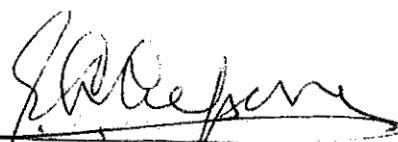
The Committee has carefully considered the facility and is of the opinion that it is in the right direction towards re-equipping the Communication Squadron of the Ghana Air Force to help enable the Force perform its functions effectively and efficiently.

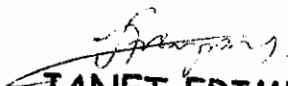
The Committee therefore recommends to the House to adopt this report and approve by **Resolution**, the Buyers' Credit Facility between the Government of Ghana and Societe Generale of Paris for an amount

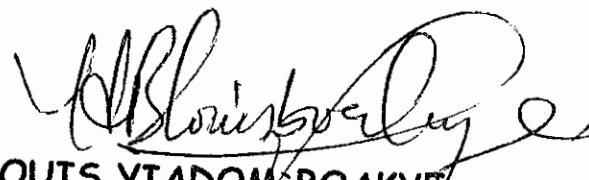
of US\$43.15 million and a Government of Ghana contribution of US\$62 million for re-equipping the Communications Squadron of the Ghana Air Force.

Respectfully submitted.


HON. ~~NII ADU DAKU MANTE~~
CHAIRMAN, FINANCE COMMITTEE


HON. EUGENE ATTA AGYEPONG
CHAIRMAN, COMMITTEE ON DEFENCE & INTERIOR


JANET FRIMPONG
CLERK, COMMITTEE ON DEFENCE & INTERIOR


LOUIS YIADOM BOAKYE
FOR CLERK, FINANCE COMMITTEE

7TH MARCH, 2008