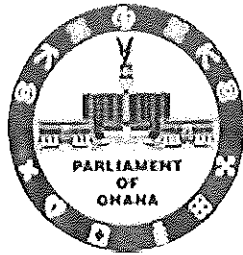
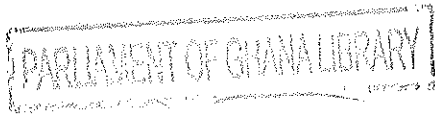


IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA



**REPORT OF THE
COMMITTEE ON
DEFENCE AND INTERIOR**

ON THE

**COMMERCIAL AGREEMENT
BETWEEN**

**THE GOVERNMENT OF THE REPUBLIC OF
GHANA (REPRESENTED BY THE MINISTRY OF
NATIONAL SECURITY)**

AND

**HUAWEI TECHNOLOGIES COMPANY LIMITED
(HUAWEI) AND CHINA MACHINERY
ENGINEERING CORPORATION (CMEC)**

FOR AN AMOUNT OF

**TWO HUNDRED AND THIRTY-FOUR MILLION,
SIX HUNDRED AND FOUR THOUSAND, TWO
HUNDRED AND SIXTY-SIX UNITED STATES
DOLLARS (US\$234,604,266)**

**TO EXECUTE THE INTEGRATED NATIONAL
SECURITY COMMUNICATIONS ENHANCEMENT
NETWORK (ALPHA) PROJECT – PHASE 2**

ACC NO: 3218

Class NO: CR1

HTCL/19 NOVEMBER, 2019

1.0 **INTRODUCTION**

In accordance with Article 181 of the 1992 Constitution the request for approval of the Commercial Agreement between the Government of the Republic of Ghana represented by the Ministry of National Security and, Huawei Technologies Company Limited (Huawei) and China Machinery Engineering Corporation (CMEC) for an amount of ***Two Hundred and Thirty-Four Million, Six Hundred and Four Thousand, Two Hundred and Sixty-Six United States Dollars (US\$234,604,266)*** to execute the Integrated National Security Communications Enhancement Network (ALPHA) Project – Phase 2, was presented to the House on Thursday 7th November, 2019 by the Hon. Minister for Monitoring and Evaluation, Dr. Anthony Akoto Osei on behalf of the Minister for National Security.

The Rt. Hon. Speaker referred the Agreement to the Committee on Defence and Interior for consideration and report in accordance with Article 103 of the 1992 Constitution and Orders 158 of the Standing Orders of the House.

2.0 **DELIBERATION**

The Hon. Minister responsible for National Security, Mr. Kan Albert Dapaah, the Hon. Minister of State responsible for National Security, Mr. Bryan Acheampong, the Chief Director, Lt. Col. A. Serebour and officials from the Ministry of National Security assisted the Committee in it during its deliberations.

The Committee is grateful to them for their attendance and input during the deliberations.

3.0 **REFERENCE**

In addition to the referred document, the Committee was guided by the following documents during its deliberations:

- i. The 1992 Constitution of Ghana;
- ii. The Standing Orders of the Parliament;
- iii. Public Financial Management Act, 2016 (Act 921)
- iv. Security and Intelligence Agencies Act, 1996 (Act 526)

4.0 **BACKGROUND**

In an effort to improve the security of the state, the Government of Ghana intends to enter into an Agreement to leverage emerging technologies to facilitate the determent and detection of nefarious activities in the country as well as safeguard critical national infrastructure and also to improve security and emergency response coordination with the use of state-of-the-art security and public safety systems.

Consequently, the Government and Huawei Technologies of China signed a one hundred and seventy-six million United States Dollars (US\$176,000,000.00) contract in 2012, to deliver the above-mentioned systems, to complement other security systems already in place in the country. Funding for the contract was provided by the China Development Bank (CDB) and the requisite Parliamentary approvals were secured through the Ministry of Communications.

The National Security Council (NSC) as part of its mandate facilitated the project and provided the key personnel on behalf of the Government to support the implementation of the project and subsequent takeover for operations and maintenance. The First Phase of the project has been deployed and it provides the underlying infrastructure for national security and emerging response priority communications for both voice and data, as well as the backbone for our nationwide video surveillance (CCTV) deployment efforts.

The project also delivers a national Emergency Command Center (ECC) for coordinated incident response, from which the various security services are able to draw intelligence feeds.

During the installation of the First Phase, the communications network upon which network elements such as the CCTV, handsets and other systems would ride were installed. It also introduced about eight hundred (800) CCTV cameras for priority deployment to critical areas such as key national installations and hot spots.

This contract is to finance the Second Phase of the project to ensure an enhanced and integrated national security communications network for the protection of life and property and maintenance of law and order in the country.

5.0 **OBJECTIVE OF THE CONTRACT**

The purpose of the contract is to implement Phase 2 of the ALPHA project for an enhanced and integrated national security communications network in Ghana. The project specifically seeks to:

- i. Improve communications network coverage from its patchy status to nationwide coverage;
- ii. Increase CCTV cameras from eight hundred (800) to about ten thousand (10,000), with the introduction of additional sensors for the effective law enforcement, border security and attendance to other pertinent national security related matters;
- iii. Provide a dedicated backbone big data network for secure intelligence dissemination;
- iv. Build a backup National Command Center and Data Center for incident coordination and secure storage;
- v. Modernise the command and operations centers of stakeholder institutions to align with the National Command Centers; and
- vi. Provide additional handset terminals for use by law enforcement, security and intelligence agencies.

6.0 **SCOPE OF THE PROJECT**

The scope of the project includes but not limited to the following:

- i. Expansion of video monitoring system: deploy video monitoring cameras in more cities (the cameras in Phase 1 mainly deployed in Accra) to realise real-time monitoring of the area;
- ii. Expansion of eLTE network: capacity expansion is carried out based on the existing eLTE network (the existing eLTE network only covers major cities). The target of Phase 2 is to cover more areas of the country;

- iii. Microwave transmission: solve the problem of eLTE network transmitting back to the center;
- iv. Capacity Expansion of Automatic Number Plate Recognition (ANPR) system: more ANPR systems are deployed at high-speed intersections or main roads to capture and record vehicles violating the regulations;
- v. Video Transmission Network: including metropolitan area network, access network, realise the real-time transmission of camera video data;
- vi. Intelligent video analysis system: support intelligent video analysis, such as video abstraction, behavior analysis, blacklist detection, monitor, etc. The blacklist detection function can detect real-time fugitive, early warning, help the police quickly arrest the suspect. The monitor function can help the police in emergency events to implement fast video surveillance monitor, to help the police solve crimes efficiently; and
- vii. Data Center Expansion: expand the existing Accra Data Center to support the deployment of additional equipment. Construction of a new Kumasi Data Center to realise data backup.

The table below shows a summary of the scope of the project:

Solution	Solution Description	Quantity
Video Surveillance	HD H.265 IR Cameras & SHD H.265 IR Cameras	8,400
Automatic Number Plate Recognition (ANPR)	Checkpoint Site (Road Section)	50
eLTE Broadband Trunking Network Extension	eLTE Network Expansion Power Supply and Transmission Vehicle Mounted Terminals eLTE Multimedia Terminals	240 240 500 5400
Mini ECC	Mini ECC for Security Agencies Micro ECC for Security Agencies SMS Module	6 20 1
Network	Metro Network (km) Microwave	600 230
Data Center	Main Data Center Expansion Backup Data Center	1 1
Application	Video Content Management Location Based Service System (LBS) Production System Storage Extension	1 1 1

7.0 CONTRACT PRICE

The total cost of the project is *Two Hundred and Thirty-Four Million, Six Hundred and Four Thousand, Two Hundred and Sixty-Six United States Dollars (US\$234,604,266.00)*. The costs of the various components as per Huawei and CMEC is summarized below.

HUAWEI'S COMPONENT

The cost of Huawei's component is US\$143,288,283.00. The amount consist of

Equipment	:	US\$105,680,920.00
Service	:	<u>US\$ 37,607,363.00</u>
Total		<u>US\$143,288,283.00</u>

The Service component includes training service of *Nine Hundred and Forty Four thousand, Six Hundred and Sixty US Dollars (USD\$944,660.00)* and other services amounting to *Thirty Six Million, Six Hundred and Sixty Two thousand, Seven Hundred and Three US Dollars (US\$36,662,703.00)*.

CMEC's COMPONENT

The total cost of CMECs component is US\$91,315,983.00 and the breakdown is as follows:

Equipment	:	US\$ 9,897,012.00
Service	:	<u>US\$81,418,971.00</u>
Total	:	<u>US\$91,315,983.00</u>

The total contract price of equipment are quoted according to CIP in accordance with INCOTERMS 2010 of the International Chamber of Commerce, and do not include any taxes incurred within the territory.

8.0 OBSERVATIONS

8.1 RELEVANCE OF THE PROJECT

The Committee was informed that due to the recent spate of terrorist attacks in the sub-region and the increase in the rate of crime and crime sophistication it is important to upgrade the security systems in the country. This necessitated the implementation

of the Integrated National Security Communication Enhancement (ALPHA) Project (Phase II). The Committee noted that this would make it easier for the arrest of the culprits who committed the crime.

The beneficiaries of the systems are the security and Intelligence Agencies under the Ministry of National Security, the Ghana Armed Forces, Security Services under the Ministry of Interior, Emergency Response Services. Other government institutions and services whose functions and ancillary to the above mentioned groups would also be beneficiaries.

8.2 ESTABLISHMENT OF SURVEILLANCE SYSTEMS

The Committee observed that the Alpha project is a dedicated security agency network establishing surveillance systems across key critical installations and strategic locations throughout the country. The Phase 1 which has been completed had a total of 272 LTE sites across the country.

The Committee was informed that in order to cover all district capitals and consequently provide complete visibility for national surveillance, the Alpha phase II shall increase the number of LTE sites by a further 250 sites, while increasing the number of cameras from 1000 to 8700. The Committee also noted that the prevailing need to modernise the country's security system in order to have a single system and network that deals with crime in the country.

8.3 VALUE FOR MONEY AUDIT OF ALPHA PHASE II PROJECT

The Committee noted that an audit exercise was undertaken by Huawei Technologies Co. Ltd. leading to a reduction in some quantities as provided by the proposed bill of quantities, without compromising the objectives of the project, essentially providing value for money.

A combined **6.39%** reduction has been achieved in this audit, representing some **USD16, 008,099** from the original quotation with reduced scope.

The reduced figure reflects the optimum scope required for project deployment under current economic conditions. The original scope was optimized to improve the

underlying infrastructure in order that future expansions can be pursued without incurring significant costs.

Table on Summary of cost differentials across all cost areas

Line Item	Original Quotation with Original Scope	Original Quotation with Reduced Scope	Recommended Quotation with Reduced Scope	Discrepancy between Updated Quotation and Original Quotation with Reduced Scope	
	USD	USD	USD	USD	%
EITE Coverage Extension	100,451,423	94,216,423	91,403,500	2,812,923	2.99
ECC System Expansion	10,137,081	2,961,708	2,736,204	225,504	7.61
Data Centre	9,281,034	6,031,034	5,411,258	619,776	10.28
Intelligence Video surveillance	74,598,428	60,116,281	58,776,808	1,336,473	2.22
Backbone and City Metro Network	58,819,263	44,440,263	35,680,263	8,760,000	19.71
ANPR System	37,310,000	10,816,000	10,816,000	0	0.00
Development of Relevant Applications	10,934,373	7,392,935	5,139,513	2,253,422	30.48
Operation Support	28,298,805	24,637,719	24,637,719	0	0.00
Total	239,830,407	250,612,364	234,604,265	16,008,099	6.39

The above table describes the stages or iterations that the original bill of quantities went through to arrive at the new reduced scope, reflecting the recommended scope in this audit

8.4 TITLE AND RISK TRANSFER

The Committee observed that title to the Equipment excluding the software shall pass from the Supplier to the Customer only after the Customer has paid the total contract price and the risk of loss and damage to the Equipment shall pass from the Supplier to the Customer upon delivery at the Tema Port.

The Supplier shall bear the risk of loss and damage to the Equipment during the transportation of the Equipment from Tema Port to the designated warehouse and from the designated warehouse to the Site.

8.5 STANDARDS AND INSPECTION

The Committee was informed that the equipment supplied under this contract shall conform to the standards and requirement set out in the contract. These standards are determined along prevailing standards and procedures in the Equipment's country of origin and is intended to contribute to the pursuit of services that are considerably befitting of citizens.

8.6 SPARE PARTS

The Committee was further informed that provisions of the Contract requires the supplier to provide the spare parts that would be required for this operation and maintenance of same for up to five years after the preliminary acceptance of the terms set out in the contract. The Committee further observed that the Contract permits the Supplier to discontinue production of the equipment or any part of it, provided the said Supplier provides advance notice of six months of such planned discontinuance, in which case the customer retains the right to place a final order for delivery.

8.7 TRAINING

The Committee observed that to facilitate a smooth implementation and handover of the manufactured equipment, the Supplier shall train the Customer's personnel on the operation, repair and maintenance of the equipment and works in accordance with the Training Schedule as specified in the Contract. This training would contribute to capacity development of personnel in the country and assiduously ensure the optimum functioning of the equipment.

9.0 CONCLUSION

Having regard to the enormous benefits to be derived from the project, particularly to leverage emerging technologies to facilitate the determent and detection of nefarious activities, increasing crime rates and crime sophistication, conflicts, public unrests and the need for improved emergency response, the Committee recommends to the House to adopt its report and approve by resolution the Contract Agreement between the Government of the Republic of Ghana, represented by the Ministry of National Security

and Huawei Technologies Company Limited (Huawei) and China Machinery Engineering Corporation (CMEC) for an amount of ***Two Hundred and Thirty-Four Million, Six Hundred and Four Thousand, Two Hundred and Sixty-Six United States Dollars (US\$234,604,266)*** to execute the Integrated National Security Communications Enhancement Network (ALPHA) Project, Phase II.

Respectfully submitted.



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**HON. SETH KWAME ACHEAMPONG
(CHAIRMAN OF THE COMMITTEE)**



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**MS. EDITH EDILYNADJEI
(CLERK TO THE COMMITTEE)**