

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

**REPORT OF THE JOINT COMMITTEE ON FINANCE AND WORKS AND
HOUSING ON A COMPLAINT RECEIVED FROM GHANA REAL ESTATE
DEVELOPERS ASSOCIATION (GREDA) IN RESPECT OF THE SUPPLIER'S
CREDIT FINANCING AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA AND STX ENGINEERING AND CONSTRUCTION
GHANA LIMITED FOR AN AMOUNT OF US\$1,525,443,468.00 FOR THE
CONSTRUCTION OF 30,000 HOUSING UNITS UNDER THE SECURITY
SERVICES HOUSING PROJECT**

1.0 INTRODUCTION

On Wednesday 30th June 2010, the Rt. Hon. Speaker referred a Complaint she received from the Ghana Real Estate Developers Association (GREDA) in respect of the Supplier's Credit Financing Agreement between the Government of the Republic of Ghana and STX Engineering and Construction Ghana Limited for an amount of US\$1,525,443,468.00 for the construction of 30,000 Housing Units under the Security Services Housing Project to the Joint Committee on Finance and Works and Housing for consideration and report.

The Committee met the Minister for Water Resources, Works and Housing, Hon. Alban S.K. Bagbin, his Deputy, Hon. Major Dr. Mustapha Ahmed (Rtd.), the Deputy Minister for Finance and Economic Planning, Hon. Seth Terkper as well as the President and other representatives of GREDA and presents this report.

2.0 APPRECIATION

The Committee expresses its appreciation to the following for attending its meeting to assist with deliberations on the Complaint:

ACC No : 3438 C1
Class No : CR / GREDA / 10

- i. Hon. Alban S.K. Bagbin, Minister for Water Resources, Works and Housing;
- ii. Hon. Major Dr. Mustapha Ahmed (Rtd.), Deputy Minister for Water Resources, Works and Housing;
- iii. Hon. Seth Terkper, Deputy Minister for Finance and Economic Planning; and
- iv. The President and other representatives of GREDA.

3.0 CONTENTS OF THE COMPLAINT

The Complaint was as follows:

- i. GREDA appreciates and commends the Government's desire to help solve the housing problem, and its express policy to commit public funds and Sovereign Guarantees towards it.
- ii. As professionals, GREDA has "analyzed the deal in detail and wish to state that there is a lot wrong with the Agreement. Many pertinent details are missing; there are loopholes which give cause for worry." The financial aspect of the deal also makes it "unacceptably expensive".
- iii. Other Professionals, Analysts and Think-Tanks have informed GREDA that the deal will destroy the local real estate sector and be inimical to the economy of Ghana if implemented.
- iv. Madam Speaker should do all in her power "to ensure that Parliament does not pass the STX deal." It further stated that GREDA has offered to give an alternative to Government "which will deliver the same requirements at half the cost and use over 80% of Ghanaian expertise, labour and materials" for the project.

4.0 OBSERVATIONS

4.1 Representatives of GREDA led by its President delivered a Presentation to the Committee. They indicated that Ghana has a huge housing deficit of about 1 million. With STX proposing to build 30,000 housing units for the security services, there will still be a huge housing gap to bridge. GREDA is therefore developing a proposal to Government to build 5,000 housing units per year over a period of five years to help reduce the housing deficit.

Proposed GOG Housing Scheme – 5000 Units

ITEM	FACILITY	QTY	UNIT COST (US\$)	AMOUNT (US\$)
1	1 Bed Apartment	2540	12,926.32	32,832,847.90
2	2 Bed Apartment	1555	14,721.91	22,892,565.72
3	3 Bed Apartment	865	29,443.81	25,468,895.65
4	3 Bed Bungalow	20	32,120.52	642,410.40
5	4 Bed Bungalow	20	40,150.66	803,013.20
				55,725,413.62
6.	Infrastructure Biogas Plant External Lighting External Water Markets, Schools, Clinics, Roads		25%	13,931,353.40
	Estimated Preliminary Cost			69,656,767.02
	Allow 30% Contingency, Profits &Overheads			20,897,030.16
T O T A L				90,553,797.18

The President of GREDA indicated that the above proposal is still being developed and will be submitted to Government when finalized and hoped that it would be considered along side the STX Agreement.

- 4.2 Responding to a question as to whether the proposal being developed is an alternative to the STX deal, the representatives of GREDA explained that Ghana's housing deficit as stated earlier is huge thus, the proposal is to complement the STX deal to help bridge the housing deficit gap.
- 4.3 Members enquired from the representatives of GREDA whether prior to the STX deal they had ever presented a proposal to Government to build houses. The representatives of GREDA indicated that they had not.
- 4.4 In response to the concerns of Members as to whether GREDA still stands by the issues raised in the Complaint, the representatives of GREDA explained that at the time the Complaint was presented, the issues stated therein represented their position. However, subsequent discussions with the Minister for Water Resources, Works and Housing and further information received from the Ministry of Water Resources, Works and Housing have resulted in a change in their initial stand on the STX Agreement.
- 4.5 The Minister for Water Resources, Works and Housing assured the Committee and the representatives of GREDA that Government will be ready to consider any proposal from GREDA aimed at reducing the housing deficit in Ghana.

5.0 CONCLUSION

The Committee, after carefully considering the Complaint and submissions made by the representatives of GREDA, came to the

conclusion that GREDA no longer stands by its initial position on the STX deal.

The Committee therefore recommends that the Finance Committee goes ahead with the process for the consideration of the STX Agreement.

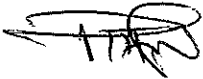
Respectfully submitted.



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HON. JAMES K. AVEDZI
(CHAIRMAN, FINANCE
COMMITTEE)



.....
HON. DAVID T. ASSUMENG
(CHAIRMAN, COMMITTEE ON
WORKS AND HOUSING)



.....
PEACE A. FIAWOYIFE (Ms.)
(CLERK, FINANCE
COMMITTEE)



.....
JANET FRIMPONG (Ms.)
(CLERK, COMMITTEE ON
WORKS AND HOUSING)

5TH JULY, 2010