

KWAMENA AHWOI
GHANA INSTITUTE OF MANAGEMENT AND PUBLIC ADMINISTRATION (GIMPA)
P. O. Box AH 50, Achimota-Accra

PRESS STATEMENT
THE GALLOPER II VEHICLES

I am constrained to issue this Press Statement in response to certain inaccurate and misleading statements that have been made and continue to be made in connection with the importation of 110 Galloper II vehicles by Africa Automobile Ltd. for the Ministry of Local Government and Rural Development in 1999 during the time when I was the Minister.

I am aware that this matter is in court, Africa Automobile having sued the Government as far back as October 2005, for damages for breach of contract. I have therefore restricted myself to the facts as I know them and refrained from making any comments on the matter. It is for the same reason that I am issuing a Press Statement instead of addressing a Press Conference as I had earlier intended.

The following facts are peculiarly within my knowledge.

Africa Automobile supplied 110 short-chassis Pajero vehicles to the Ministry of Local Government and Rural Development in 1994 for use by the District Assemblies.

In 1999, in accordance with the Ministry's policy of replacing the District Assemblies' vehicles every five years, it invited the Company to quote for a replacement of the short-chassis Pajero vehicles supplied in 1994, this time with long-chassis Galloper II vehicles. Payment for the replacement vehicles was to be made partly from a trade-in of the Pajero vehicles whose values were to be determined by the State Transport Company. The main payment was to be effected out of the Reserve Fund of the District Assemblies Common Fund following Cabinet approval of a Memorandum on the "Formula for Sharing 1999 District Assemblies Common Fund" containing this proposal.

After several meetings and discussions between the Ministry and the Company, the terms of the transaction were agreed and submitted to Cabinet which gave its approval and go-ahead.

Thereafter, the Ministry of Local Government and Rural Development entered into a contract through an exchange of offer and acceptance letters to purchase the vehicles on the terms approved by Cabinet.

Upon two installment payments totaling ₵8 billion by the Ministry in 2000, 23 of the Gallopers were delivered to the Ministry in the same year and these were allocated to the District Assemblies. The beneficiary District Assemblies returned the short-chassis Pajeros which were

valued individually by the State Transport Company and the total value offset against the total cost of the Gallopers.

At the time the NDC Government was leaving office on 6th January 2001, the following facts were incontrovertible:

- There was a binding contract between the Ministry and the Company for the supply of 110 Galloper vehicles.
- The total value of the Galloper vehicles was US\$3,322,000, which worked out to US\$30,200 each.
- The total value of the trade-in Pajeros was US\$396,000.
- The used Pajeros, which were valued by the State Transport Company in May 1999, were each to be inspected and revalued by the State Transport Company as and when they were delivered to the State Transport Company by the District Assemblies to be replaced by the Gallopers.
- The 23 Pajeros which were delivered to the Company by the District Assemblies who were allocated the 23 Galloper vehicles which arrived when the NDC was in power were individually valued and the cost offset against the total cost of the Gallopers.
- An amount of ₦8 billion was paid against the total value of US\$3,322,000 (or ₦17.3 billion at the 2000 exchange rate of ₦5,200 to the US\$1) for the 110 Gallopers.
- Before the Gallopers were imported, 2 of them were supplied by the Company to the Ministry at the instance of the Ministry for trial purposes for a period of 6 months. One was kept and used by the Ministry for the trial purposes and the other was allocated to the then Saboba-Chereponi District Assembly also for trial purposes in rougher terrain. It was upon satisfaction of their performance that the order was placed.

After the NDC left office, the following events occurred which are not peculiarly within my knowledge but which I have become aware of through documentation:

- The remaining 87 Galloper vehicles arrived in 2001.
- For reasons best known to him, the Auditor-General (and not the Attorney-General) in September 2001 wrote to demand an abrogation of the contract, a refund of the payments made and the prosecution of the Administrator of the District Assemblies Common Fund, the former Minister of Local Government and Rural Development (he did not state whether this was a reference to me or to Mrs. Cecilia Johnson who had succeeded me or to both of us) and Africa Automobile Ltd. The reasons he gave for the purported abrogation at the time were that there was a delay in the delivery of the 87 vehicles and also that the Company had not given a required guarantee.
- The then Minister of Local Government and Rural Development, the late Hon. Kwadwo Baah-Wiredu, subsequently in the same month wrote to abrogate the contract.

- The question is: if there was no contract as alleged by Hon. Kwadwo Adjei-Darko who succeeded Hon. Baah-Wiredu as Minister of Local Government and Rural Development (as published in the 'Daily Graphic' of Thursday, June 28, 2012), then what contract did the Auditor-General recommend to be abrogated and what contract was abrogated by Hon. Kwadwo Baah-Wiredu?
- The other question of whether the Minister was right in abrogating the contract is one of the issues to be determined by the court.

The following facts are also peculiarly within my knowledge:

- The Galloper transaction was investigated by a 5-member BNI panel chaired by one Mr. Akuffo. I appeared before that panel at the Greater Accra office of the BNI several times with my lawyer, the late Roland Setsoafia Komlavi Agbenotor.
- At one of the hearings, I directed the panel's attention to the Ministry's file on the subject because it became clear that the panel was not aware of the existence of the file. The panel must have been convinced by what it saw on the file because the Chairman of the panel subsequently called me on telephone to inform me that I was no longer needed by the panel.

Hon. Adjei-Darko's statement that there was no documentation on the subject in the Ministry (again as published by the 'Daily Graphic' of Thursday, June 28, 2012) was clearly made out of ignorance because he was not the responsible Minister at the time and it is most likely that at the time he was appointed to the Ministry, the documentation was with the BNI investigating panel. The truth of the matter is that Hon. Adjei-Darko was not the Minister at the time all these events occurred. The late Hon. Baah-Wiredu was the Minister at the time.

I am sure that the BNI panel issued a report on their investigations but I have not sighted a copy and I did not hear from the panel again.

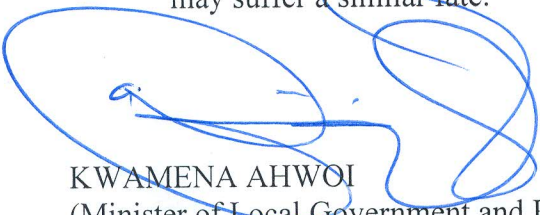
In October 2005, Africa Automobile through its lawyer Mr. W. A. N. Adumoah-Bossman, a past President of the Ghana Bar Association, who had taken over from Mr. Atta-Akyea as lawyer for the Company, sued the Government for damages for breach of contract.

The Company's calculation of the damages to date is what has brought the claimed amount to in excess of US\$1 billion, a claim which the Government is disputing in its effort to reach an out-of-court settlement with the Company.

The following concluding matters which are peculiarly within my knowledge must be borne in mind in assessing this whole transaction:

- The 87 Galloper vehicles are physically in Ghana and have been in Ghana for the past 11 years, parked and unused.

- In the event that the Government is unable to reach an out-of-court settlement with the Company, both myself (who negotiated the transaction) and Mrs. Cecilia Johnson (who authorized the installment payments) will have to give evidence for the Company against the Government.
- In an earlier unrelated case involving a company called City and Country Waste Ltd against the Accra Metropolitan Assembly (AMA) in which the NPP Government similarly argued that there was no contract and in which I was compelled to give evidence for the Company against the AMA, damages in excess of US\$12 million was awarded against the AMA. The AMA appealed against the judgment to the Court of Appeal and to the Supreme Court. It lost in both courts and the amount has become one of the judgment debts that the present Government is having to pay. I am concerned that if the Government does not successfully negotiate an out-of-court settlement, this case may suffer a similar fate.



KWAMENA AHWOI

(Minister of Local Government and Rural Development 1988-1999)

04 July 2012