

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

REPORT OF THE FINANCE COMMITTEE

ON THE:

- i. BUYER CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND ABN AMRO N.V BANK OF THE NETHERLANDS FOR AN AMOUNT OF FOURTEEN MILLION, THIRTY-FOUR THOUSAND, TWO HUNDRED AND ONE EUROS (€14,034,201.00) TO FINANCE THE "ACCELERATING TUBERCULOSIS (TB) CASE DETECTION" PROJECT;

AND

- ii. A REQUEST FOR WAIVER OF IMPORT DUTY, IMPORT VAT, IMPORT NHIL, ECOWAS LEVY, EDAIF, AND OTHER APPLICABLE FEES AND CHARGES AMOUNTING TO TWO MILLION FOUR HUNDRED AND NINETY-SIX THOUSAND, SIX HUNDRED AND SEVENTY EUROS (€2,496,670.00) ON MATERIALS AND EQUIPMENT TO BE USED UNDER THE BUYER CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND ABN AMRO N.V BANK OF NETHERLANDS IN RESPECT OF THE "ACCELERATING TUBERCULOSIS (TB) CASE DETECTION" PROJECT.

JULY 2015

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OSU - ACCRA

AND

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the Government of the Netherlands, at The Hague, this 15th day of June, 1954.

PAULUS VAN MEER
Minister of Foreign Affairs

REPORT OF THE FINANCE COMMITTEE ON THE:

- 1. BUYERS CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND ABN AMRO N.V. BANK OF THE NETHERLANDS FOR AN AMOUNT OF FOURTEEN MILLION AND THIRTY-FOUR THOUSAND, TWO HUNDRED AND ONE EUROS (€14,034,201.00) TO FINANCE THE “ACCELERATING TUBERCULOSIS (TB) CASE DETECTION” PROJECT;**

AND

- 2. A REQUEST FOR WAIVER OF IMPORT DUTY, IMPORT VAT, IMPORT NHIL, ECOWAS LEVY EDIF AND OTHER APPLICABLE FEES AND CHARGES AMOUNTING TO TWO MILLION, FOUR HUNDRED AND NINETY-SIX THOUSAND, SIX HUNDRED AND SEVENTY EUROS (€2,496,670.00).**

1.0 INTRODUCTION

The two requests were respectively presented to the House on behalf of the Minister for Finance by the Hon. Deputy Minister for Finance, Mr. Cassiel Ato Baah Forson on Tuesday, 23rd June 2015 in accordance with Article 181 of the 1992 Constitution. The Rt. Hon. Speaker referred the request to the Finance Committee for consideration and report in accordance with Order 169 of the Standing Orders of the House.

Further to the referral the Committee met and was assisted in its deliberations by the Hon. Deputy Ministers for Finance and Health Mr. Cassiel Ato Baah Forson and Dr. Victor Bampoe respectively and officials from the Ministries of Finance and Health.

The Committee is grateful to the Hon. Deputy Ministers and officials from the two Ministries for their assistance.

2.0 REFERENCE

The Committee referred to the following documents during its deliberations:

- The 1992 Constitution of the Republic of Ghana;
- The Standing Orders of the Parliament of Ghana; and
- The Loans Act 1970 (Act 335)

3.0 BACKGROUND

Tuberculosis (TB) is currently considered to be a national security threat if unattended to. TB is a contagious, highly infectious and an airborne disease which affects mostly young adults in their most economic and productive years. Tuberculosis (TB) has an enormous negative socio-economic impact in endemic countries including Ghana. The damaging socio-economic impact is not limited to only the patients involved but also their families and the country as well.

Recently, HIV has been identified as a driving force behind the escalating TB epidemic. TB is also one of the main causes of death among HIV infected patients. Not only does HIV increase the risk of reactivating latent mycobacterium tuberculosis, but it also increases the risk of rapid TB progression soon after infection or re-infection and the spread of the disease in such community. Early detection of TB case (infection) is therefore important in the fight against TB mortality and morbidity.

In the WHO Global TB Control 2009 annual report, the new TB case detection rate in Ghana according to the 2007 data was estimated at 26% and the estimate for sputum smear positive cases was 38%. This means 74% of all TB cases in Ghana were not detected, hence not treated. The detection of new cases is therefore far below the global target of 70% required to significantly reduce the burden of the disease. To achieve WHO defined MDG

target zone of 70% TB case detection by 2015, Ghana needs to adopt robust systems that will increase the case detection rate.

The most widespread forms of Tuberculosis are simply contracted by breathing in the air of the person with active TB, who can then infect on average 10-15 people.

Despite the tuberculosis finding and treatment programme referred to as the “functional DOTS programs”, there is a gradual increase in the Tuberculosis case notification rates.

Similarly, Multi Drug Resistant (MDR) TB is also on the increase. There are a number of TB cases that are still undiagnosed which represents a major threat not only to Ghana but global health that needs urgent attention.

It is estimated that 95% of TB deaths occur in the developing world. In 2007, it was estimated that death resulting from Tuberculosis (TB mortality) in Ghana was over 12,000 people though TB treatment success rate has increased to 84.7% for the 2007 cohort. If people infected with TB are detected early, the trend of TB in Ghana can be reversed. Indeed, Ghana has been cited as one of the few African countries that might attain the TB related target for the Millennium Development Goals (MDG 6, Target 3) with accelerated efforts. It is in line with this that the facility is being secured for the implementation of the “accelerated Tuberculosis (TB) Case Detection Project in the country.

4.0 PROJECT DESCRIPTION

The major components of the project include:

- a. Supply, installation, operation, technical support and maintenance of Diagnostic Digital X-Ray Systems,
- b. Supply, installation, operation, technical support and maintenance of laboratory equipment for microscopy and molecular testing of tuberculosis,
- c. Supply, installation, operation, technical support and maintenance of IT hardware and software to support the project,

- d. Supply, operation and maintenance of vehicles and transport equipment for the project,
- e. Training on the use and maintenance of diagnostic digital X-Ray systems, IT systems and laboratory equipment,
- f. Overall project management activities,

- g. Clinical training,
- h. Technology application training including chest X-Ray reading,

- i. Advocacy programs,

- j. Media campaign and awareness creation,
- k. Prevalence studies and operational research,
- l. Quality assurance and control programs,
- m. Project monitoring and evaluation,
- n. Pre-installation works and X-ray facility improvement where necessary,
- o. Supply of radiation protection devices and equipment.

5.0 PROJECT OBJECTIVE

The key objectives of this project are the following:

- To enhance TB control by reaching the WHO/STOP TB 70% case detection target in the Republic of Ghana by 2015 and lower the burden of TB from then onwards.
- To boost the diagnostic capacity of the public health system by distributing digital radiographic systems including teleradiology infrastructure.
- To replace labour intensive technologies for detecting mycobacterium tuberculosis with less labour intensive technologies such as the LED Fluorescent microscopy and molecular test units.
- To boost diagnostic capacity to enhance the diagnosis of non-TB related cases like other lung diseases common among people living with HIV/AIDS, cancer, trauma and other diseases.

6.0 TERMS AND CONDITIONS OF CREDIT FACILITY

The total Project cost of **€21,591,078.00 (Twenty-One Million, Five Hundred and Ninety-One Thousand, Seventy-Eight Euros)** is financed by **€14,034,201.00** loan from ABN AMRO Bank N.V. and **€7,556,877.00** grant from Netherlands Government through ORIO which has already been signed.

The funding terms of the ABN AMRO Bank N.V. loan facility are summarized below:

Project Amount:	-	€21,591,078
Loan Amount:	-	€14,034,201
ORIO Grant Amount:	-	€7,556,877
Grace Period:	-	2 years
Tenor:	-	12 years
Interest Rate:	-	EURIBOR (0.20) + liquidity Premium (1.0%) +margin (0.75%) = 1.95% p.a.
Grant Element:	-	58.15%

7.0 OBSERVATIONS

Terms and conditions of the facility

The Committee noted that the Facility is a mixed credit with relatively concessionary terms. It has a grace period of 2 years and a tenor of 12 years. The interest rate is 1.95% and a grant element of 58.15%.

Debt Management Strategy compliance

The Committee was informed that the Facility which seeks to implement the Accelerating Tuberculosis Case Detection Project is in compliance with the country's new Debt

Management Strategy since it seeks to deliver public goods by among other things helping Ghana to meet its commitment of achieving the MDG 6.

Justification for the Facility and the Project

Justifying the need for the facility and the Project, the Hon. Deputy Minister of Health intimated that the country currently faces a number of obstacles that hinders early detection of TB cases. The obstacles were mentioned as:

- a. Low sensitivity of the standard detection methodology of smear microscopy or sputum analysis;
- b. Limited or no access to quality chest radiographic systems for diagnosis;
- c. High cost of sputum culture; and
- d. Limited laboratory capacity.

The Deputy Minister added that there is also a challenge in determining the actual prevalence of TB in the country. It was explained that to be able to estimate the actual prevalence of TB in the country, a nationwide survey is required to scientifically determine the proportion of people living with the disease which unfortunately has not been done for some time. The Minister revealed that the last prevalence study in Ghana was conducted in 1957 and it is important to repeat this study to determine the actual prevalence and develop the appropriate strategies to combat it.

The Minister added that despite the above challenges, TB can be controlled and diminished with proper and timely diagnosis and treatment to interrupt the cycle of transmission. This, the Minister was certain can be achieved by introducing technologies that will detect patients infected with TB early enough to institute a curative therapy.

Revenue Generation Capacity of the Programme

Both the Deputy Ministers of Finance and Health stated that the project has a high potential of generating revenue towards the repayment of the loan component of the facility. They indicated that the project will help boost the diagnostic capacity of the public health system

by the provision of forty-six (46) digital radiographic systems including teleradiology infrastructure to selected hospitals. These x-ray machines, it was indicated further, have the capacity to detect non-TB cases such as other lungs diseases common among people living with HIV/AIDS, cancer, trauma and other diseases and does provide a platform for the hospitals to generate revenue from fees. According to the Deputy Ministers the detailed feasibility study conducted revealed the high potential of the project to generate significant revenue to repay the loan component of the facility. The project is specifically estimated to generate an income of €18 million over the project financing period of 12 years. The detailed project cash flow is attached for the information of the House.

Required Waiver

The Committee noted that the Customs Division and the Domestic tax Revenue Division of Ghana Revenue Authority have respectively assessed and granted an interim tax waiver on equipment required for the implementation of the project pending Parliamentary approval. A copy of the detailed assessment is attached for the information of the House.

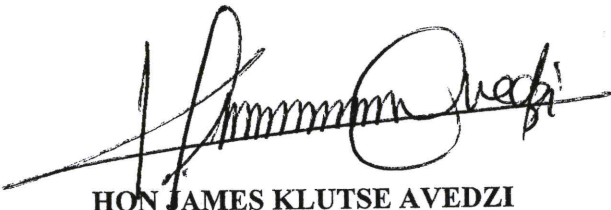
8.0 **CONCLUSION AND RECOMMENDATION**

The Committee having carefully examined the referral and also having regard to the benefits to be derived from the implementation of the Accelerating Tuberculosis Case Detection Project and the high potential of generating revenue towards the repayment of the loan, recommends to the House to adopt its report and approve the Buyers Credit Agreement between the Government of the Republic of Ghana and ABN AMRO N.V. Bank of the Netherlands for an amount of ***Fourteen Million and Thirty-four Thousand, Two Hundred and One Euros (€14,034,201.00)*** to finance the “Accelerating Tuberculosis (TB) Case Detection” Project in accordance with Article 181 of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana.

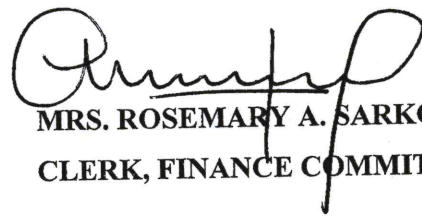
The Committee further recommends to the House for approval in accordance with Article 181 of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana, the request for waiver of an amount of **€2,496,670.00** as taxes, custom duties, levies

and applicable fees and charges on equipment to be used under the project and the on-lending Agreement between the Ministry of Finance and the Ministry of Health to finance the “ Accelerating Tuberculosis (TB) Case Detection” Project.

Respectfully submitted.



HON JAMES KLUTSE AVEDZI
CHAIRMAN, FINANCE COMMITTEE



MRS. ROSEMARY A. SARKODIE
CLERK, FINANCE COMMITTEE

July, 2015

TAX ASSESSMENT

IMPORTER: MINISTRY OF HEALTH/ACCELERATING TUBERCULOSIS CASE DETECTION IN GHANA

S/N	Description of Items	Qty	Unit Px	CIF (EURO)	I/D Rate	Imp Duty	Imp VAT	Imp NHIL	Eco Levy	EDAIF	Insp Fee	W/Tax	Proc Fee	S.I.L.	TOTAL (EURO)
<i>Initial Chest X-ray investment</i>															
1	Digital Chest X-ray stationary system	12	155,000	1,860,000	10%	186000	0	0	9300	9300	18600	18600	0	37200	279,000
2	Digital Multifunctional X-ray base system	14	170,000	2,380,000	10%	238000	0	0	11900	11900	23800	23800	0	47600	357,000
3	Digital X-ray mobile container system	17	210,000	3,570,000	10%	357000	0	0	17850	17850	35700	35700	0	71400	535,500
4	Digital X-ray/lab mobile container	5	240,000	1,200,000	10%	120000	0	0	6000	6000	12000	12000	0	24000	180,000
5	Digital Portable X-ray system	4	117,500	470,000	10%	47000	0	0	2350	2350	4700	4700	0	9400	70,500
6	Recommended option: computer aided detection	52	4,000	208,000	10%	20800	0	0	1040	1040	2080	2080	0	4160	31,200
7	Trucks to transport 20 foot container system	2	75,000	150,000	5%	7500	23625	3938	750	750	1500	1500	0	3000	42,563
8	Vehicles 4 x 4	5	36,000	180,000	20%	36000	32400	5400	900	900	1800	1800	0	3600	82,800
9	Transport cost systems, trucks (CIP Accra)	1	122,700	122,700	5%	6135	19325	3221	614	614	1227	1227	0	2454	34,816
<i>IT hardware/software investment</i>															
1	IT infrastructure (hardware (servers), software)	1	150,000	150,000	0%	0	22500	3750	750	750	1500	1500	1500	1500	33,750
2	PDA + barcode printer and Laptop computers	16	2,500	40,000	0%	0	6000	1000	200	200	400	400	400	400	9,000
3	Hardware and software replacement – PC	52	2,000	104,000	0%	0	15600	2600	520	520	1040	1040	1040	1040	23,400
4	Hardware and software replacement after – servers	10	3,000	30,000	0%	0	4500	750	150	150	300	300	300	300	6,750
5	PACS software nationwide network	1	425,000	425,000	10%	42500	70125	11688	2125	2125	4250	4250	0	4250	141,313
6	PACS software user licenses	104	750	78,000	10%	7800	12870	2145	390	390	780	780	0	780	25,935
7	Laptops (Mac Air)	8	1,250	10,000	0%	0	1500	250	50	50	100	100	100	100	2,250
<i>Laboratory improvement</i>															
1	Sputum microscopy (LED Fluorescent)	10	1,100	11,000	10%	1100	1815	303	55	55	110	110	0	220	3,768
2	Teaching and photographic microscopes	4	4,550	18,200	10%	1820	3003	501	91	91	182	182	0	364	6,234
3	Molecular test units	3	40,000	120,000	10%	12000	19800	3300	600	600	1200	1200	0	2,400	41,100
<i>Installation services & on site user training</i>															
1	Digital Chest X-ray base system	12	5,000	60,000	10%	6000	0	0	300	300	600	600	0	1200	9,000
2	Digital Multifunctional X-ray base system	14	5,000	70,000	10%	7000	0	0	350	350	700	700	0	1400	10,500
3	Digital Multifunctional X-ray mobile container system	17	6,500	110,500	10%	11050	0	0	553	553	1105	1105	0	2210	16,575
4	Digital X-ray/lab mobile container system (+PACS)	5	6,500	32,500	10%	3250	0	0	163	163	325	325	0	650	4,875
5	Digital Portable X-ray system (incl. PACS)	4	2,500	10,000	10%	1000	0	0	50	50	100	100	0	200	1,500
6	Lead protection and power generation	14	9,000	126,000	10%	12600	0	0	630	630	1260	1260	0	2520	18,900
7	Power stabilizers and UPS for work station	29	5,500	159,500	0%	0	23925	3988	798	798	1595	1595	1595	1595	35,888
<i>Maintenance life cycle parts over 10 years</i>															
1	Digital Chest X-ray base system	12	57,500	690,000	10%	69000	0	0	3450	3450	6900	6900	0	13800	103,500
2	Digital Multifunctional X-ray base system	14	57,500	805,000	10%	80500	0	0	4025	4025	8050	8050	0	16100	120,750
3	Digital Chest X-ray mobile container system	17	65,000	1,105,000	10%	110500	0	0	5525	5525	11050	11050	0	22100	165,750
4	Digital X-ray/lab mobile container system (+PACS)	5	70,000	350,000	10%	35000	0	0	1750	1750	3500	3500	0	7000	52,500
5	Digital Portable X-ray system (incl. PACS)	4	40,000	160,000	10%	16000	0	0	800	800	1600	1600	0	3200	24,000

**COMMISSIONER
GHANA REVENUE AUTHORITY
(CUSTOMS DIVISION)
P. O. BOX 8, ACCRA**

S/N	Description of Items	Qty	Unit Px	CIF (EURO)	I/D Rate	Imp Duty	Imp VAT	Imp NHIL	Eco Levy	EDAIF	Insp Fee	W/Tax	Proc Fee	S.I.L.	TOTAL (EURO)
6	Trucks and Vehicles maintenance: parts	7	6,000	42,000	10%	4200	6930	1155	210	210	420	420	0	840	14,385
7	Microscopes equipment: parts	14	200	2,800	10%	280	0	0	14	14	28	28	0	56	420
8	Molecular test units maintenance + cons. 6 months	3	25,000	75,000	10%	7500	0	0	375	375	750	750	0	1500	11,250
Grand Total				14,925,200		1,447,535	263,918	43,986	74,626	74,626	149,252	149,252	4,935	288,539	2,496,670

CERTIFICATE

TOTAL TAX LIABILITY=2,496,670 EUROS

This is to certify that the assessment given is true and correct.

Importer/Agent's Name & Designation:.....

S. D. ANEMANA
 CHIEF DIRECTOR
 MINISTRY OF HEALTH
 Accra

For Official Use

Assessment rechecked and found correct and complete.

.....02-07-2014.....

Date

COMMISSIONER
GHANA REVENUE AUTHORITY
(CUSTOMS DIVISION)
P. O. BOX 8, ACCRA

Signature:.....

Officer's Name & Rank:- **GIDEON GLEY**
(ASST REV. OFFICER)

GHANA REVENUE AUTHORITY
(CUSTOMS DIVISION)
P. O. BOX 8, ACCRA