

**REPORT OF THE FINANCE COMMITTEE ON THE MIXED CREDIT**  
**FACILITY AGREEMENT BETWEEN THE REPUBLIC OF GHANA**  
**AND REPUBLIC OF BELGIUM AND KBC BANK OF BELGIUM**  
**FOR AN AMOUNT OF €2,779,498.31 FOR THE FINANCING**  
**OF THE CLINICAL LABORATORY IMPROVEMENT PROJECT**  
**(CLIP)**

**1.0 INTRODUCTION**

The Mixed Credit Facility Agreement was laid in the House on Friday, 22<sup>nd</sup> October 2004 and referred to the Finance Committee for consideration and report in accordance with Article 181 of the Constitution and Standing Orders of the House.

To consider the agreement the Committee met with the Deputy Minister of Finance and Economic Planning, Hon. Kwaku Agyeman Manu and his technical team and reports as follows:

**1.0 BACKGROUND INFORMATION**

The state of clinical laboratories in the public health sector is very poor in terms of availability of diagnostic equipment and technical user consumables.

Over 80% of public clinical laboratories still rely on old-fashioned systems for analyzing specimen. These are generally labour intensive, inefficient and inaccurate. As a result of this, laboratory test results have been questionable.

In order to address the problems facing the clinical laboratories and to raise the standard and enhance their efficiencies, the Clinical Laboratory Improvement Project (CLIP) has been designed.

## **2.0 SCOPE OF THE PROJECT**

Under this phase of the project the supplier will:

- carry out pre-installation work in 22 district hospitals;
- supply and install assorted automated clinical laboratory and support equipment to 22 district hospitals;
- supply and install assorted automated clinical laboratory equipment to 22 district hospitals;
- supply and install clinical laboratory information management package
- supply technical and customary consumables for one year, and
- provide technical support for the application of all devices supplied and installed.

## **3.0 FINANCING SCENARIO**

Below is the breakdown of the mixed credit facility amounting to €2,779,498.31.

<b>Source</b>	<b>Amount in €</b>	<b>Type of Facility</b>	<b>% of Total</b>
KBC Bank (Belgium)	1,454,498.31	Commercial Loan including insurance premium	50
Govt. of Belgium	1,325,000.00	Soft Loan	50
<b>Total</b>	<b>2,779,498.31</b>		<b>100</b>

#### **4.0 TERMS AND CONDITIONS**

##### **Terms under the commercial credit to be provided by KBC Bank:**

<b>Loan Amount:</b>	-	<b>EUR 1,454,498.31 (including insurance Premium)</b>
<b>Grace Period</b>	-	<b>12 months</b>
<b>Repayment</b>	-	<b>5 years</b>
<b>Commitment Fee</b>	-	<b>0.25% per annum (on the undisbursed amount of credit)</b>
<b>Management Fee</b>	-	<b>0.50% flat</b>
<b>Interest Rate</b>	-	<b>3.54% (to be fixed every month based on CIRR EUR rate)</b>

##### **Terms under soft loan to be provided by the Belgian Government**

<b>Loan Amount</b>	-	<b>EUR1,325,000.00</b>
<b>Grace Period</b>	-	<b>10 years</b>
<b>Repayment</b>	-	<b>20 years</b>
<b>Interest Rate</b>	-	<b>0%</b>

#### **5.0 OBSERVATIONS**

The Committee observed that the Clinical Laboratory Improvement Project (CLIP) will provide an efficient, automated laboratory system which is critical for efficient diagnosis and will therefore facilitate effective treatment.

The Committee further observed that the completion of the project will reduce significantly the cost of health care and improve the health profile of the people living in the project corridor.

Also, the Committee noted that the successful implementation of the Clinical Laboratory Improvement Project will help reverse the situation where clinicians resorted to unacceptable practice of poly-pharmacy, due to the frequent lack of specific laboratory results required for evidence-based therapy, especially for infections.

The Committee observed that the grant element is **41.8%** and therefore is concessional.

The Committee further observed that the agreement provides for a request for tax exemption in respect of goods and services to be procured under the Mixed Credit Facility.

A Table showing the selected **22** district hospitals is attached as **Appendix I**.

## **6.0 CONCLUSION**

Finally, the Committee recommends to the House to approve by OResolution the Mixed Credit Facility between the Republic of Ghana and Republic of Belgium and KBC Bank of Belgium for an amount of **€2,779,498.31** for the financing of the Clinical Laboratory improvement Project (CLIP) in accordance with Article 181 of the Constitution and Section 7 of the Loans Act 1970, Act 335.

The Committee further recommends to the House to approve the tax exemption amounting to **Five Hundred and Twelve Thousand, Five Hundred and Seventy-Four Euros (€512,574.00)** in respect of goods and services in respect of the project in accordance with Article 174 of the Constitution.

Respectfully submitted.



**HON. E.A. AGYEPONG**  
**CHAIRMAN**



**ALHAJI IBRAHIM GOMBILLA**  
**CLERK**

28<sup>TH</sup> OCTOBER 2004

# APPENDIX I

The following is a table showing the selected 22 district hospitals:

## Clinical Laboratory Improvement Project

<u>REGION</u>	<u>BENEFICIARY DISTRICT HOSPITAL</u>
AR	EJURA HOSPITAL
AR	EFFIDUASE HOSP.
BA	SAMPA HC
BA	KINTAMPO HC
CR	SWEDRU GOVT. HOSP.
CR	UNIVERSITY HOSP.
CR	EWIM POLYCLINIC
ER	TAFO GOVT. HOSPITAL
ER	ASAMANKESE GOVT. HOSP.
ER	AKIM ODA DISTRICT HOSPITAL
NR	SALAGA DISTRICT HOSPITAL
GAR	PML
UER	BAWKU PRESBY HOSPITAL
UW	JIRAPA
UW	TUMU DISTRICT HOSPITAL
VR	ADIDOME HOSPITAL
VR	HOHOE GOVT. HOSPITAL
VR	PEKI GOVT. HOSPITAL
VR	KRACHI GOVT. HOSPITAL
WR	BIBIANI HOSPITAL
WR	HALF-ASSINI GOVT. HOSPITAL
WR	SEFWI WIAWSO

# TAX AND DUTIES ASSESSMENT

UNIT COMMERCIAL  
CENTRAL OFFICE  
A 0000

## 1. ITEMS NO. 1 TO 7, 9 & 10

C. I. F.	=	€ 1,138,660.00
10% IMPORT DUTY	=	113,866.00
12.5% VAT	=	156,566.00
2.5% NHIL	=	31,313.00
0.5% ECOWAS LEVY	=	5,693.00
0.5% EDIF	=	5,693.00
1% INSP. FEE	=	11,387.00
TOTAL LIABILITY	=	<u>€324,518.00</u>

## 2. ITEM 8

C. I. F.	=	€266,200.00
0% IMPORT DUTY	=	FREE
12.5% VAT	=	33,275.00
2.5% NHIL	=	6,655.00
0.5% ECOWAS LEVY	=	1,331.00
0.5% EDIF	=	1,331.00
1% INSP. FEE	=	2,662.00
1% PROCESSING FEE	=	2,662.00
TOTAL LIABILITY	=	<u>€47,916.00</u>

## 3. ITEM 11

C. I. F.	=	€616,000.00
5% IMPORT DUTY	=	30,800.00
12.5% VAT	=	80,850.00
2.5% NHIL	=	16,170.00
0.5% ECOWAS LEVY	=	3,080.00
0.5% EDIF	=	3,080.00
1% INSP. FEE	=	6,160.00
TOTAL LIABILITY	=	<u>€140,140.00</u>

GRAND TOTAL LIABILITY = €512,574.00

**SUMMARY OF TAX LIABILITY**

		€
IMPORT DUTY	=	144,666.00
VAT	=	270,691.00
NHIL	=	54,138.00
ECOWAS LEVY	=	10,104.00
EDIF	=	10,104.00
INSP. FEE	=	20,209.00
PROCESSING FEE	=	<u>2,662.00</u>
GRAND TOTAL LIABILITY	=	<b>€512,574.00</b>
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