

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

**REPORT OF THE JOINT COMMITTEE OF FINANCE AND
HEALTH ON A CONCESSIONAL LOAN AGREEMENT
BETWEEN THE REPUBLIC OF GHANA AND THE INSTITUTO
DE CREDITO OFICIAL OF THE KINGDOM OF SPAIN FOR
AN AMOUNT OF US\$15,000,000.00 FOR THE SUPPLY OF
MEDICAL EQUIPMENT TO CARDIOTHORACIC CENTRE,
KORLE-BU, KOMFO ANOKYE HOSPITAL AND THE
HOSPITAL NETWORK.**

1.0 INTRODUCTION

The above loan agreement was laid in the House on Wednesday, 7th July 2004 and referred to the Joint Committee on Finance and Health in accordance with Article 181 (3) of the Constitution and the Standing Orders of the House for consideration and report.

The Committee met to consider the agreement with the Deputy Minister for Finance & Economic Planning, Hon. Kwaku Agyemang Manu as well as technical teams from the Ministries of Finance & Economic Planning and Health.

2.0 BACKGROUND

The loan, which is part of the first Ghana-Spain Bilateral Financial Protocol, is a tied facility that will be used for the financing of the supply of medical equipment to the Cardiothoracic Centre, Korle-Bu and Komfo Anokye Hospital and also for the supply of equipment for the hospital network.

3.0 PROJECT DESCRIPTION

US\$10.00 million out of the facility is designed to provide equipment to replace and upgrade outmoded facilities at the Korle-Bu Cardiothoracic Centre and Komfo Anokye Hospital to enhance efficiency of service delivery.

The remaining **US\$5.00 million** will be used to provide medical equipment for the Hospital Network.

4.0 TERMS AND CONDITIONS

The main terms and conditions of the facility are

(1) *Supply of Medical equipment to Korle-Bu (Cardiothoracic Centre), Komfo Anokye Teaching Hospital and the Hospital Network :*

Loan Amount	-	US\$15,000,000
Repayment Period	-	16 years (inclusive of Grace Period)
Grace Period	-	5 years
Interest Rate	-	2.75%
Commitment Fee	-	0.15% per annum
Management Fee	-	0.15%
Repayment Period	-	22 semi-annual instalments. The First instalment shall fall due 66 months after the date of the coming into force of the agreement.
Grant Element	-	36.15%

5.0 OBSERVATION

The Committee observed that the concessionary loan would facilitate the implementation of the two projects which are critical for the targets set in the Ghana Poverty Reduction Strategy (GPRS).

The Committee observed that the facility will help replace some of the dilapidated equipment at the Korle-Bu and Komfo Anokye Teaching Hospitals.

On the issue of after-sales service support and maintenance, the technical team from the Ministry of Health explained to the Committee that there exists a Bio-Medical Engineering Department within the Ministry, which takes care of such technical duties.

The Committee also noted that the Instituto de Credito Oficial is an official financing agency for the Government of Spain.

On the concern of some of Members about the marginality of the rate of concessionality and the high interest rate, the team from the Ministry of Finance and Economic Planning explained to the Committee that this was due in part to the prevailing **libor rate** at the time of negotiating the agreement which was above **3%**.

He however added that the loan agreement was in four tranches and that the first three tranches have already been received. This **US\$15 million** therefore constitutes the last tranche of the concessional loan agreement.

The Committee further observed from the technical team from the Ministry of Health that the Hospital Network of the country constituted all hospitals belonging to various agencies which receive some form of assistance from the Ministry apart from the three Teaching Hospitals.

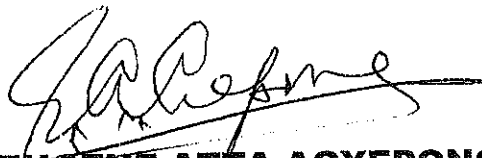
Members also recommended to the Ministry of Health that they should do their best to ensure that equipment are supplied by the same sources so as to make repairs, maintenance and spare parts acquisition easier and economical.

The Ministry also informed the committee that they will present a request for Tax and Duty Exemptions on Equipment and Materials to the House for approval at a later date.

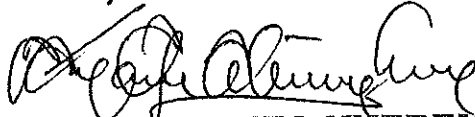
6.0 CONCLUSION

Considering the importance of the concessionary loan, and noting the flexible terms and conditions of the facility, the Committee recommends to the House to adopt its report and approve by Resolution, the Concessional Loan Agreement between the Republic of Ghana and the Instituto de Credito Oficial of the Kingdom of Spain for an amount of **US\$15,000,000** for the Supply of Medical Equipment to Korle-Bu Teaching Hospital (Cardiothoracic Centre), Komfo Anokye Teaching Hospital and the Hospital Network in accordance with Article 181 of the Constitution and Section 7 of the Loans Act, Act 335 1970.

Respectfully submitted.



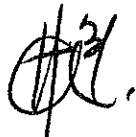
**HON. EUGENE ATTA AGYEPONG
CHAIRMAN, FINANCE COMMITTEE**



**HON. KWASI AKOMEA KYEREMATENG
CHAIRMAN, COMMITTEE ON HEALTH**



**ALHAJI IBRAHIM GOMBILLA
CLERK, FINANCE COMMITTEE**



**ASANTE AMOAKO ATTA
CLERK, COMMITTEE ON HEALTH**

12TH JULY 2004