

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

REPORT OF THE FINANCE COMMITTEE ON A MIXED
CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF
GHANA AND THE GOVERNMENT OF BELGIUM/ KBC
BANK NV OF BELGIUM FOR AN AMOUNT OF FIVE
MILLION, THREE HUNDRED AND EIGHTY THREE
THOUSAND EIGHT HUNDRED AND TWENTY TWO
EUROS (€5,383,822.22) FOR THE SECOND PHASE OF
THE CLINICAL LABORATORY IMPROVEMENT PROJECT
(CLIP) AND A REQUEST FOR THE WAIVER OF TAX
AMOUNTING TO GH¢1,292,003.00 ARISING FROM
GOODS TO BE PROCURED UNDER THE FACILITY

1.0 INTRODUCTION

The above mixed credit facility between the Government of Ghana and the Government of Belgium/ KBC Bank NV of Belgium was laid in the House on Wednesday 4th June 2008 and referred to the Finance Committee for consideration and report.

In considering the above agreement, the Committee met with the Minister of State at the Ministry of Finance and Economic Planning, Hon. Dr. Anthony Akoto Osei, and with officials from the Ministry Finance & Economic Planning to consider the referred agreement and report as follows:

2.0 BACKGROUND

The general state of Clinical Laboratories in the public sector has been very deplorable, especially the state and availability of diagnostic equipment and technical facilities.

As a result, the reliability of test results is always questioned. Turn around time has also been very high for laboratory staff. This in turn has increased the cost of health care.

The Clinical Laboratory improvement Project (CLIP) was designed to help address this problem, and to improve the standards of public laboratories in the Country. A total of 68 district hospitals were targeted under this project.

Out of this, twenty - two (22) were catered for under Phase 1. Due to its success, the Belgium Government has obligated itself to support the Government of Ghana with a mixed credit facility to support the second phase which would cover the remaining 46 district hospitals left under the project.

The Credit facility is in two parts. The first one is a Soft Loan from the Belgian Government amounting to €2,668,360.00 and the Second is a Commercial Loan from KBC which amounts to €2,715,462.22.

3.0 PURPOSE OF THE CREDIT

The purpose of the Credit is to fund the implementation of the Second Phase of the Clinical Laboratory Improvement Project (CLIP).

4.0 TERMS AND CONDITIONS OF THE CREDIT

The terms and conditions of the credit are as follows:

1) Soft Loan from the Belgian Government

Loan Amount	-	€2,668,360.00
Interest Rate	-	0%
Repayment Period	-	20years
Grace Period	-	10years
Maturity Period	-	30years

2) Commercial Loan from KBC

Loan Amount	-	€2,715,462.22
Interest Rate	-	4.49% (fixed)
Repayment Period	-	5years
Grace Period	-	1.75years
Maturity Period	-	6.75years
Management fees	-	0.50%
Commitment Fees	-	0.25%

Overall Weighted Grant Element - 39.10%

4.1 TAXES AND DUTIES

Article 14 of the Agreement requires that the facility is to be waived off from the payment of all taxes, duties, license fees, stamp fees and other applicable charges related to the importation of goods and other logistics

under the project. The total tax waiver being requested for amounts to GH¢1,292,003.00.

Items to be waived of Taxes are as follows:

▪ Laboratory Equipment	-	¢1,161,163
▪ Work Table	-	¢86,101
▪ Needles Electrophoreses	-	¢17,548
▪ Power Generators, UPS, Tools, Centrifuge, Vortex Mixer	-	¢27,191
TOTAL	-	¢1,292,003.00

5.0 OBSERVATIONS

The Committee was informed that the facility is to be used to complete the improvement program currently under way in the remaining 46 district hospitals.

The Committee was further informed that due to the appalling nature of these clinical laboratories and frequent lack of specific laboratory results for evidence based therapy especially for infections; clinicians have resorted to unacceptable practices in Poly - Pharmacy. Prior to Phase 1 of the project, over 80% of public clinical laboratories were still relying on conventional systems for analyzing specimens which are inefficient and accurate.

The technical team informed the Committee that under the project the supplier would:-

- Carry out pre-installation in the district hospitals

- Supply and install assorted automated clinical laboratory and support equipment
- Supply and install clinical laboratory information management package
- Supply technical and customary consumables for one (1) year
- Provide technical support for the application of all devices supplied and installed.

The Committee noted that for an efficient diagnoses and efficient healthcare delivery in the districts it was important that an efficient, automated laboratory system be put in place at the laboratories, hence the need for the Clinical Laboratory Improvement Project.

The Committee observed that the project will significantly improve the health profile of the people living within the project area.

The Minister of State, Hon. Akoto Osei informed the Committee that the first Phase covered twenty - two (22) district hospitals and was immensely successful towards the provision of quality health care (**Please find List of Districts with the Institutions as Appendix 1**). As a result of this, the Belgian Government agreed to grant this facility to cover the remaining forty-six districts (**attached as Appendix 2**). He further informed the Committee that the Facility is in two parts: a soft loan from the **Belgian Government** and a commercial facility from the **KBC**.

The Committee observed that the overall weighted grant element is 39.10% and this meets the Government's borrowing criterion of a minimum grant element of 35%.

The Committee noted that **Article 14** of the Agreement requires that the project is to be waived from the payment of taxes in duties in the country. The total request being sort for amounts to GH¢1,292,003.00 and this waiver is necessary for the successful implementation of the project. **Please**

find attached the detailed request assessed by Customs, Excise and Preventive Service as Appendix 3.

6.0 CONCLUSION

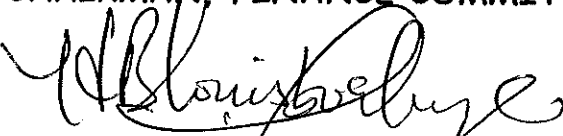
After careful consideration and examination as stated above, the Committee recommends to the House to adopt its report and approve by resolution the **Mixed Credit Agreement between the Government of Ghana and the Government of Belgium/ KBC Bank NV of Belgium for an amount of five million, three hundred and eighty three thousand, eight hundred and twenty two euros (€5,383,822.22) for the Second Phase 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 also recommends to the House to approve by resolution the request for a **waiver** of duties and taxes of a **provisional** amount of **GH¢1,292,003.00** arising from goods procured under the project in accordance with Article 174 of the 1992 Constitution.

Respectfully submitted.


HON. NII ADU DAKU MANTE

CHAIRMAN, FINANCE COMMITTEE


LOUIS YIADOM BOAKYE

FOR CLERK, FINANCE COMMITTEE

9th June 2008

APPENDIX 1

REGION	FACILITY	OWNER
ASH	EJURA HOSPITAL	GHS
ASH	EFFIDUASE HOSPITAL	GHS
BA	SAMPA HOSPITAL	GHS
BA	Yeji	MIS
CR	SWEDRU GOVERNMENT HOSPITAL	GHS
CR	Winneba Hospital	GHS
CR	University Hospital, Cape Coast	ME
ER	Tafo Hospital	GHS
ER	AGOMAYA	MIS
ER	ATIBIE GOVERNMENT HOSPITAL	GHS
ER	ASAMANKESE GOVERNMENT HOSPITAL	GHS
GAR	ACHIMOTA	GHS
GAR	PML	GHS
UER	BAWKU	MIS
UWR	TUMU DISTRICT HOSPITAL	GHS
UWR	Nandoli	GHS
VR	DISTRICT HOSPITAL HO	GHS
VR	ADIDOME	MIS
VR	PEKI GOVERNMENT HOSPITAL	GHS
WR	TAKORADI HOSPITAL	GHS
WR	HALF-ASSINI	GHS
WR	BIBIANI	GHS

Under the second phase of the project the following facilities are ear-marked to be covered:

APPENDIX 2

	REGION	DISTRICT	INSTITUTION	OWNER
1	AR	ADANSI EAST	NEW EDUBIASE	GOVT
2	AR	ADANSI EAST	OBUASI HOSP	GOVT
3	AR	AHAFO ANO NORTH	TEPA HOSP	GOVT
4	AR	AHAFO ANO SOUTH	MANKRANSO HOSP	GOVT
5	AR	AMANSIE EAST	KOFOFU HOSP	GOVT
6	AR	AMANSIE WEST	ST. MARTINS'S HOSP, AGROYESUM	MIS
7	AR	ASANTE AKIM NORTH	KONONGO ODUMASI HOSPITAL	GOVT
8	AR	ASANTE AKIM SOUTH	JUASO HOSPITAL	GOVT
9	AR	SEKYERE WEST	ASANTE MAMPONG	GOVT
10	AR	AMANSIE EAST	BEKWEI HOSPITAL	GOVT
11	AR	EJISU JUABEN	JUABEN HOSP	GOVT
12	AR	KUMASI METRO	CHILD WELFARE HOSPITAL	GOVT
13	AR	KUMASI METRO	OLD TAFO UHC	GOVT
14	AR	NKAWIE	NKAWIE HOSP	GOVT
15	AR	NKAWIE	NYINAHIN HOSP	GOVT
16	AR	OFFINSO	NKENKAASU HOSPITAL	GOVT
17	BA	ATEBUBU	ATEBUBU DIST. HOSP	GOVT
18	BA	TANO	BECHEM GOVT HOSP	GOVT
19	BA	ASONAFO	GOASO	GOVT
20	BA	DORMAA	DORMAA HOSPITAL	MIS
21	CR	CAPE COAST	CAPE COAST DISTRICT HOSPITAL	GOVT
22	CR	GOMOA	APAM HOSP	MIS
23	CR	MFANTSIMAN	SALTPOND HOSP	GOVT
24	CR	TWIFO HERMANG LOWER	TWIFO PRASO HOSP	GOVT
25	CR	UPPER DENKYIRA	DUNKWAW-ON-OFFIN	GOVT
26	ER	MANYA KROBO	AKUSE GOVT HOSP	GOVT
27	ER	MANYA KROBO	ATUA HOSP	GOVT
28	ER	SUHUM KRABOA COALTA	SUHUM GOVT HOSP	GOVT
29	ER	NSAWAM	NSAWAM GOVT. HOSPITAL	GOVT
30	ER	BIRIM SOUTH	AKIM ODA GOVERNMENT HOSPITAL	GOVT
31	NR	WEST GONJA	DAMANGO	GOVT
32	NR	YENDI	YENDI	GOVT
33	NR	EAST GONJA	SALAGA	GOVT
34	UW	LAWRA	LAWRA HOSP	GOVT
35	UW	LAWRA	NANDOM HOSP	CATH
36	UE	BAWKU WEST	ZEBILLA	GOVT
37	VR	KETA	KETA HOSPITAL	GOVT
38	VR	HOHOE	HOHOE	GOVT
39	VR	KPANDO	MAGARET MAQUART	MIS
40	VR	JASIKAN	WORAWORA HOSPITAL	GOVT
41	VR	KRACHI	KRACHI GOVT HOSP	GOVT
42	VR	NKWANTA	NKWANTA HOSP	GOVT
43	WR	AHANTA WEST	NANA HEMA DEKYI HOSP, DIXCOVE	GOVT
44	WR	AOWIN-SUAMAN	ENCHI HOSP	GOVT
45		NZIMA EAST	EKWI	MIS
46	WR	NZIMA EAST	AXIM HOSP	GOVT

LIST OF DISTRICTS WITH INSTITUTIONS TO BENEFIT FROM THE SECOND PHASE OF THE PROJECT

In case of reply the number and date of this letter should be quoted

APPENDIX 3

Customs, Excise & Preventive Service Form No. 80



REPUBLIC OF GHANA

THE COMMISSIONER
P. O. BOX 68
ACCRA

My Ref. No. H/DUTY/6

Your Ref. No. _____

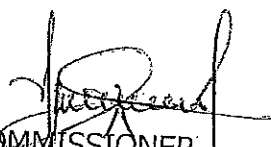
16TH APRIL, 20 08

THE HON. MINISTER,
MINISTRY OF FINANCE & ECONOMIC,
PLANNING,
ACCRA.

ATTEN: SPECIAL ADVISOR, R.K. POKU KYEI

RE: ASSESSMENT OF TAX LIABILITY
MINISTRY OF HEALTH - CLINICAL LABORATORY IMPROVEMENT
PROJECT PHASE 2

I forward herewith the schedule of assessment of Tax Liabilities totaling GH¢1,292,003.00 on Items for the above Project to enable you request for Tax exemption.


for: COMMISSIONER
(OSMAN AWUDU)
CHIEF COLLECTOR/CUSTOMS

cc: Chief Internal Auditor,
CEPS HQ.

THE CLERK
OFFICE OF PARLIAMENT
PARLIAMENT HOUSE, ACCRA.

ral/*

TAX ASSESSMENT FORM

1. IMPORTER/AGENT'S NAME & ADDRESS: MINISTRY OF HEALTH

2. INVOICE NO.:

3. TIN NO.: 4. FCVR NO.: 5. AIRWAY BILL / BILL OF LADING NO.: 6. DECLARANT NO.: 7. EXCHANGE RATE: € 1 = 1.5618

Qty.	Description of Goods	CIF	Imp. Duty		Imp. VAT		Imp. NHLE		ECOWAS Levy		EDIF		Insp. Fee		Exam. Fee		Processing Fee		Total
			Rate %	Amount	Rate %	Amount	Rate %	Amount	Rate %	Amount	Rate %	Amount	Rate %	Amount	Rate %	Amount	Rate %	Amount	
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	
	LABORATORY EQUIPMENTS	4,074,257	10%	407,426	12.5%	560,210	2.5%	112,042	0.5%	20,371	0.5%	20,371	1%	40,743					4,975,319
																			1,161,163

TOTAL TAX LIABILITY = CHF 1,292,003

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

Date: Signature:

Importer/Agent's Name & Designation:

For Official Use

Assessment rechecked and found correct and complete.

14-04-08
Date

THE COMMISSIONER
GENERAL EXCISE & REVENUE
P.O. BOX 44
ACCRA

Signature: [Signature]
Officer's Name & Rank: GORDON GLEY
CAJ

TAX ASSESSMENT FORM

1. IMPORTER/AGENT'S NAME & ADDRESS: MINISTRY OF HEALTH

2. INVOICE NO.:

3. TIN NO.:

5. AIRWAY BILL / BILL OF LADING NO.:

6. DECLARANT NO.:

4. FCVR NO.:

7. EXCHANGE RATE: $1 = 1.5418$

Qty.	Description of Goods	CIF	Imp. Duty		Imp. VAT		Imp. NHL		ECOWAS Levy		EDIF		Insp. Fee		Exam. Fee		Processing Fee		Total
			Rate % (10)	Amount (11)	Rate % (12)	Amount (13)	Rate % (14)	Amount (15)	Rate % (16)	Amount (17)	Rate % (18)	Amount (19)	Rate % (20)	Amount (21)	Rate % (22)	Amount (23)	Rate % (24)	Amount (25)	
(3)	<u>WORK TABLE</u>	<u>GTD</u> 215,251	<u>20%</u>	<u>43,050</u>	<u>12.5%</u>	<u>32,288</u>	<u>2.5%</u>	<u>6,458</u>	<u>0.5%</u>	<u>1,076</u>	<u>0.5%</u>	<u>1,076</u>	<u>1%</u>	<u>2,153</u>					<u>GTD</u> 86,108

26. CERTIFICATE:

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

Date:

Signature:

Importer/Agent's Name & Designation:

For Official Use

Assessment rechecked and found correct and complete.

14-04-08

Date

THE COMMISSIONER
EXCISE & PREY, BEBESKA
P.O. BOX 88
ACR 14

Signature:

Officer's Name & Rank:

GIBSON CUREY
CA I

TAX ASSESSMENT FORM

1. IMPORTER/AGENT'S NAME & ADDRESS:

MINISTRY OF HEALTH

2. INVOICE NO.:

3. TIN NO.:

4. FCVR NO.:

5. AIRWAY BILL / BILL OF LADING NO.:

6. DECLARANT NO.:

7. EXCHANGE RATE:

1 = 1.55418

Qty.	Description of Goods	CIF	Tax Description										Total						
			Rate %	Amount	Rate %	Amount	Rate %	Amount	Rate %	Amount	Rate %	Amount		Rate %	Amount				
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	
	NEEDLES ELECTROPHORESE	146,243	10%	14,624	0%	-	0%	-	0.5%	731	0.5%	731	1%	1,462					17,548

26. CERTIFICATE

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

Date

Importer/Agent's Name & Designation:

Signature:

For Official Use

Assessment rechecked and found correct and complete.

Signature:

Officer's Name & Rank:

GIBSON GALEY
CA I

14-04-08
Date

FOR OFFICIAL USE ONLY
DO NOT WRITE IN THESE SPACES

TAX ASSESSMENT FORM

1. IMPORTER/AGENT'S NAME & ADDRESS: MINISTRY OF HEALTH

2. INVOICE NO.:

3. TIN NO.

5. AIRWAY BILL / BILL OF LADING NO.:

6. DECLARANT NO.

4. FCVR NO.:

7. EXCHANGE RATE: €1 = 1.5418

Qty.	Description of Goods	CIF	Tax Description										Tot						
			Imp. Duty	Imp. VAT	Imp. NHIL	ECOWAS Levy	EDIF	Insp. Fee	Exam. Fee	Processing Fee									
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(25)	
	100kg GENETOR UPS, TONS CENTRIFUGE VORTEX MIXER	1,359,513	0%	-	0%	-	0%	-	0.5%	6798	0.5%	6,798	1%	13,595					27,191

26. CERTIFICATE

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

Date

Importer/Agent's Name & Designation:

Signature:

For Official Use

Assessment rechecked and found correct and complete.

14-04-08
Date

Signature: *[Signature]*

Officer's Name & Rank: ADAM LULEY
CA I

THE COMMISSIONER
EXCISE & CUSTOMS SERVICES
P.O. BOX 88
ABUJA