

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

**REPORT OF THE FINANCE COMMITTEE ON THE
FINANCING AGREEMENT BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF GHANA AND
KBC BANK OF BELGIUM/GOVERNMENT OF
BELGIUM FOR AN AMOUNT OF €4,970,029.83 FOR
THE SUPPLY AND INSTALLATION OF NEW X-RAY
EQUIPMENT IN DISTRICT HOSPITALS**

1.0 INTRODUCTION

The Financing Agreement between the Government of the Republic of Ghana and KBC Bank of Belgium/Government of Belgium for an amount of *four million, nine hundred and seventy thousand, twenty-nine Euros and eighty-three Cents* (€4,970,029.83) for the supply and installation of new x-ray equipment in District Hospitals was laid in the House on Tuesday 15th February, 2011 by the Hon. Minister of Health, Mr. Joseph Yieleh Chireh on behalf of the Hon. Minister of Finance and Economic Planning.

In accordance with Order 171(1) of the Standing Orders of the House, the Agreement was referred to the Finance Committee for consideration and report.

The Committee met and considered the Agreement with the Minister of Finance and Economic Planning, Hon. Dr. Kwabena Duffuor and officials from the Ministries of Finance and Economic Planning and Health and hereby presents this report to the House pursuant to order 161(1) of the Standing Orders of the House.

2.0 BACKGROUND

One of the cardinal areas of emphasis in the Ministry of Health's programme of work is on increasing access to healthcare.

The Health Sector has made some progress in meeting client expectations and promoting effective clinical service delivery. From 2003 to 2004, outpatient per capita increased from 0.50 to 0.55.

Developing countries are largely seen to have ignored the hospital sector for the past two decades. Hospitals were viewed as "disease palace" consuming a disproportionate share of scarce resource that could be spent more cost-effectively on primary healthcare. After the declaration of Primary Health Care (PHC) in 1978, Ghana's priority for health interventions shifted towards primary healthcare programmes. The introduction of the PHC concept dealt a big blow to the development of hospitals in the government sector. Before the introduction of the PHC there had been a gradual focus of expanding health facilities, as a basis for increasing access. The government has justified the expansion of health facilities by responding to population, political and socio-economic pressures in an ad-hoc manner.

Over the years, the hospitals have deteriorated in the specialist staffing levels, the physical fabric, diagnostic and therapeutic equipment, and in other resources available to the hospitals. The Ministry is yet to succeed in securing adequate funding for major rehabilitation works on our hospitals.

The provision of oral health services in the country has low coverage, especially in the rural communities. Incidentally, these communities form the majority of the population. X-ray in health facilities play a critical role in the proper diagnosis of ailments.

The epidemiological profile of Ghana reveals a high preponderance of communicable preventable diseases, under nutrition and poor reproductive health.

The X-ray equipment are being procured for District Hospitals to ensure that diagnostic investigation services are available to clients in good proximity.

3.0 PURPOSE OF THE LOAN

The purpose of the facility is to obtain funds for the acquisition and installation of x-ray imaging equipment in selected District Hospitals in the country.

4.0 TERMS OF THE LOAN

The terms of the facility are as follows:

Total Project Cost : €4,970,029.83

A. KBC LOAN AMOUNT : €2,362,529.83 (48% of project cost)

Grace Period : 2 years

Repayment Period : 5 years

Maturity Period : 7 years

Interest Rate : CIRR+0.30% (2.02+0.30=2.32%)

Arrangement Fee : 0.15% flat

Facility Fee : 0.35%

Commitment Fee : 0.25%

Grant Element (A only) : 9.42%

B. STATE TO STATE LOAN AMOUNT : €2,607,500.00 (52% of project cost)

Grace Period : 10 years

Repayment Period : 20 years

Maturity Period : 30 years

Interest Rate : 0.00%

Arrangement Fee : 0.50%

Commitment Fee : 0.25%

Grant Element (B only) : 68.52%

Weighted Grant Element (A and B): 40.15%

5.0 OBSERVATIONS

The Committee observed that with the installation of the equipment, the cost and risks associated with the transportation of emergency cases to distant hospitals for x-ray imaging diagnosis would be minimized.

It was noted that the objective of the project is to enhance diagnostic services in our health institutions, ensure that x-ray images become environmentally friendly and to standardize x-ray imaging services in line with international best practices.

The Committee further observed that Ghana is working towards the achievement of the Millennium Development Goals, especially MDGs four (4) and five (5). With the provision of equipment to support the delivery of clinical services such as maternal and infant care, avoidable complications in pregnancies and respiratory tract infections can be detected early for the necessary action.

The project would be implemented within a period of two (2) years.

Beneficiary hospitals include the following:

1. Jacobu District Hospital, Ashanti Region
2. Mankranso District Hospital, Ashanti Region
3. St. Patrick Hospital, Offinso Ashanti Region
4. Dormaa Ahenkro District Hospital, Brong Ahafo Region
5. Atebubu District Hospital, Brong Ahafo Region
6. Duayaw Nkwanta District Hospital, Brong Ahafo Region
7. Abura Dunkwaw District Hospital, Central Region
8. Ejumako District Hospital, Central Region
9. Assin Foso District Hospital, Central Region
10. Saltpond District Hospital, Central Region
11. Agomanya District Hospital, Eastern Region
12. Enyiresi District Hospital, Eastern Region
13. Mamobi District Hospital, Greater Accra Region
14. Pantang District Hospital, Greater Accra Region
15. Weija District Hospital, Greater Accra Region

16. Bongo District Hospital, Upper East Region
17. Zebilla District Hospital, Upper East Region
18. Lawra District Hospital, Upper West Region
19. Nandom District Hospital, Upper West Region
20. Dodi Papase District Hospital, Volta Region
21. St Jacob Hospital, Volta Region
22. Jasikan District Hospital, Volta Region
23. Adidome District Hospital, Volta Region

Hon. Members of the Committee implored the Ministry of Health and the Ministry of Finance and Economic Planning to put measures in place to procure such equipment for the remaining district hospitals in the country. To this, the technical officers from the Ministry of Health explained that there are other programs in the 'pipeline' to install diagnostic imaging and other equipment in the health facilities and that the remaining district hospitals would be taken care of in due course.

Anticipated benefits of the project include improved diagnosis and effective therapy, enhanced clinical management of cases and improved efficiency in the delivery of healthcare in the beneficiary districts.

5.1 TAXES

In accordance with article 14 of the Agreement, any duties, taxes of any kind, stamp charges, present or future, due by virtue of the Credit Agreement and arising therefrom, legally due in Belgium, shall be for the account of the Lender. However, any duties, taxes of any kind, stamp charges, present or future, due by virtue of the Credit Agreement and arising therefrom, legally due outside of Belgium, shall be for the account of the Borrower.

The Agreement further obliges the Government of Ghana (Borrower) to reimburse the Lender for any amounts charged in the Republic of Ghana as taxes and duties on account of the facility (article 14.3).

6.0 CONCLUSION

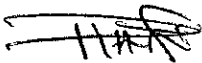
The Committee, in view of the concessional nature of the loan and the critical need for diagnostic equipment in the effective detection and treatment of clinical cases, recommends to the House to adopt this report and approve by resolution, the **Financing Agreement** between the **Government of the Republic of Ghana** and **KBC Bank of Belgium/Government of Belgium** for an amount of *four million, nine hundred and seventy thousand, twenty-nine Euros and eighty-three Cents* (€4,970,029.83) for the **supply and installation of new x-ray equipment in District Hospitals** in accordance with article 181 of the 1992 Constitution and sections 3 and 7 of the Loans Act, 1970 (Act 335).

Respectfully submitted.



HON. JAMES KLUTSE AVEDZI

CHAIRMAN



PEACE A. FIAWOYIFE (MS.)

CLERK

18TH MARCH, 2011