

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

**REPORT OF THE FINANCE**  
**COMMITTEE ON THE REQUEST FOR**  
**WAIVER OF DOMESTIC VAT/NHIL**  
**AND COMMUNICATION SERVICE**  
**TAX AMOUNTING TO**  
**US\$6,241,167.49 ON GOODS AND**  
**SERVICES FOR THE GLOBAL FUND**  
**GRANT TO GHANA TALLING**  
**APPROXIMATELY US\$300**  
**MILLION TO FIGHT AIDS,**  
**TUBERCULOSIS AND MALARIA**

**1.0 INTRODUCTION**

The Request for waiver of domestic Value Added Tax/National Health Insurance Levy (VAT/NHIL) and Communication Service Tax (CST) amounting to *six million, two hundred and forty-one thousand, one hundred sixty-seven United States Dollars and forty-nine cents* (US\$6,241,167.49) on goods and services to be procured to implement programmes under the Global Fund Grant to Ghana totaling US\$300 million to fight AIDS, Tuberculosis and Malaria was laid in the House on Wednesday 2<sup>nd</sup> February 2011 and referred to the Finance Committee for

consideration and report in accordance with order no. 169 of the Standing Orders of the House.

In considering the request, the Committee met with the Minister of Health, Hon. Joseph Yieleh Chireh and Deputy Minister of Finance and Economic Planning, Hon. Seth Terkper as well as officials from the Ministries of Finance and Economic Planning and Health and hereby submits this report to the House pursuant to Order 169(1) of the Standing Orders of the House.

## **2.0 BACKGROUND**

The United Nations set up the Global Fund in the year 2002 as an independent financial instrument to augment funding of country programmes to fight HIV/AIDS, Tuberculosis and Malaria in developing countries. This followed the realization that these diseases are exacting much toll on the world, especially in developing countries. The secretariat of the Global Fund is based in Geneva, Switzerland.

AngloGold Ashanti (Ghana) embarked on the Obuasi Malaria Control Project in 2006 as part of its corporate social responsibility to the people of the Obuasi Municipality. The project employed an integrated strategy involving interventions such as Indoor Residual Spraying (IRS), distribution of Insecticide Treated Nets (ITNs) and early effective diagnosis and treatment.

The result of these interventions were so remarkable that malaria cases in the Municipality declined on the average by about 75% each year from 2005-2009.

Based on the pronounced success of the Obuasi Malaria Control Project coupled with the experience that AngloGold Ashanti (Ghana) gained in the project's implementation, the Company submitted another proposal (through the Country

Coordinating Mechanism -CCM) to the Global Fund to fight AIDS, Tuberculosis and Malaria in 2009. The proposal sought to implement the same malaria control strategies implemented in the Obuasi Municipality in the Upper East, Upper West and Northern Regions, whilst still maintaining interventions in Obuasi.

In a similar vein, the Ministry of Health/Ghana Health Service (HOH/GHS), Ghana AIDS Commission (GAC), Planned Parenthood Association of Ghana (PPAG) and Adventist Development and Relief Agency (ADRA) have accessed grants for the implementation of Global Fund programmes in Ghana.

In accordance with standard practices pertaining to the entire United Nations System, Principal Recipients of funds from the Global Fund are required, as condition precedent for grant release, to obtain tax waivers for goods and services to be purchased with those funds.

### **3.0 TOTAL WAIVER REQUESTED**

The total amount of Value Added Tax (VAT), National Health Insurance Levy (NHIL) and Communication Service Tax (CST) for which waiver is being sought is *six million, two hundred and forty-one thousand, one hundred and sixty-seven United States Dollars and forty-nine cents* (US\$6,241,167.49).

**Attachment: Please find attached as APPENDIX, the official assessment of the relevant taxes conducted by the Domestic Tax Revenue Division of the Ghana Revenue Authority**

## **5.0 OBSERVATIONS**

The Committee recalled that in December 2010, the House approved the waiver of taxes and duties totaling US\$22,119,681 on imported materials and equipment for the implementation of the AngloGold Malaria Control Project in the three Northern Regions which forms part of the programme under the Global Fund Grant of US\$300 million to Ghana to fight AIDS, TB and Malaria.

The Committee noted that Malaria is the leading cause of morbidity and mortality in Ghana as it accounts for 45% of Out-Patient Department (OPD) attendance, 30% of admissions and 20% of hospital deaths. Children under five years and pregnant women suffer the most severe forms of the disease.

The Committee was informed that a successful implementation of the AngloGold Ashanti (Ghana) Malaria Project in the three Regions in the northern part of the country will reduce Ghana's malaria burden by about a quarter (i.e. 25%).

It is estimated that about 3,800 jobs will be created directly for the youth of this country who will be recruited to implement the malaria control interventions. This employment to be created will last initially for five years, with the possibility of extension if additional funding is provided by the financiers, the Global Fund.

The Committee was informed that the transport to be provided for the malaria control activities in the districts would also be used to support other maternal and child survival campaign activities such as polio vaccination and vitamin A supplementation. Again, the support to renovate warehouses at regional and district levels and make them secure for storage of malaria control inputs will benefit all

other health logistic storage in the beneficiary regions and districts.

The Committee was informed that the AngloGold Malaria Control Project would cover all districts of the Three Northern Regions except West Mamprusi, Gushiegu, Karaga, Savelugu-Nanton and Tolon-Kunbungu Districts in the Northern Region which are already benefiting from a USAID-sponsored President's Malaria Initiative.

The Committee observed that within seven (7) years of operation of the Global Fund, more than 4.9 million lives of HIV afflicted persons have been saved through the provision of Anti-Retrovirals (ARVs), Voluntary Counseling and Testing (VCT) and Prevention of Mother-to-Child Transmission (PMTCT) services. Again, more than 108 million malaria drug treatments were delivered, and over 100 million bed nets were distributed to millions of homes worldwide.

The Global Fund currently provides a quarter of all international financing for AIDS globally, two-thirds for tuberculosis and three-quarters for malaria. Investments by the Global Fund in the fight against the three diseases have helped poor countries to accelerate progress towards the attainment of the Millennium Development Goals (MDGs).

It is envisaged that the AngloGold Ashanti (Ghana) Malaria project will contribute immensely towards lowering morbidity and mortality in women and children and increasing productivity in the targeted population. This would help Ghana move closer towards the realization of the Millennium Development Goals by the year 2015.

The Ghana Country Coordinating Mechanism (CCM) of the Global Fund is responsible for the coordination of the submission of proposals to the Global Fund, including any request for continued funding beyond Phase 1 and

monitoring the implementation of all programs financed by the Global Fund.

The following Government, Private Sector and Civil Society Organisations will implement their respective programmes as approved by the CCM:

- AngloGold Ashanti Malaria Control – for Malaria Programme, including Indoor Residual Spraying in selected districts in Ghana
- Planned Parenthood Association of Ghana, PPAG – for HIV/AIDS programme
- Adventist Development and Relief Agency (ADRA) Ghana – for HIV/AIDS programme
- Ghana AIDS Commission (GAC) for HIV/AIDS programme
- Ministry of Health/Ghana Health Service (MOH/GHS) – for HIV/AIDS and Malaria programmes.

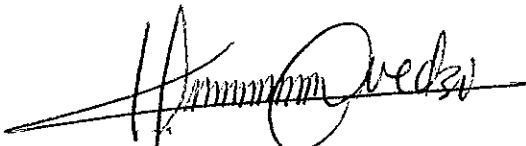
The breakdown of the taxes for the beneficiary/implementing institutions is as follows:

AngloGold Ashanti Malaria Ltd	-	2,356,639.95
Ministry of Health/Ghana Health Service	-	3,316,363.36
Ghana AIDS Commission	-	507,055.59
Planned Parenthood Association of Ghana		51,507.66
Adventist Development and Relief Agency		<u>9,600.93</u>
<b>TOTAL</b>		<b><u>6,241,167.49</u></b>

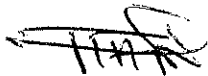
## **6.0 CONCLUSION**

The Committee recommends to the House to approve by resolution, the request for **waiver of Value Added Tax (VAT), National Health Insurance Levy (NHIL) and Communication Service Tax (CST)** amounting to *six million, two hundred and forty-one thousand, one hundred and sixty-seven United States Dollars and forty-nine cents (US\$6,241,167.49)* on goods and services for the Global Fund Grant to Ghana totaling US\$300 million to fight AIDS, Tuberculosis and Malaria in accordance with article 174(2) of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI**  
**CHAIRMAN**



**PEACE A. FIAWOYIFE (MS.)**  
**CLERK**

**9<sup>TH</sup> MARCH, 2011**

# APPENDIX

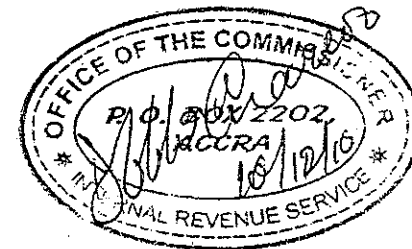
## GLOBAL FUND TO FIGHT HIV, TUBERCULOSIS AND MALARIA INTERVENTION PROGRAMMES

### SUMMARY OF DOMESTIC VAT/NHIL AND CST ESTIMATES

NO.	PRINCIPAL RECIPIENT	PROGRAMME AREA	ESTIMATED CST	ESTIMATED VAT/NHIL	TOTAL
1	Anglogold Malaria Ltd	Malaria Control	24,528.00	\$ 2,332,111.95	2,356,639.95
2	Ministry of Health/ Ghana Health Service	Malaria Control	0	1,573,846.21	1,573,846.21
	Ministry of Health/ Ghana Health Service	AIDS Control	0	1,742,517.15	1,742,517.15
3	Ghana AIDS Commission (GAC)	AIDS Control		507,055.59	507,055.59
4	Adventist Development Relief Agency (ADRA)	AIDS Control	67.2	9,533.73	9,600.93
5	Planned Parenthood Association of Ghana (PPAG)	AIDS Control	3223.62	48,284.04	51,507.66
	<b>TOTAL</b>		<b>27,818.82</b>	<b>\$ 6,213,348.67</b>	<b>6,241,167.49</b>

#### OVERALL SUMMARY:

Total Estimates of Import Duty and Import VAT/N HIL:	22,119,684.00
Total Estimates of Domestic VAT/NHIL & CST:	6,241,167.49
Total Estimated Duty, VAT/NHIL & CST:	28,360,851.49





ANGLOGOLD ASHANTI MALARIA Ltd  
 GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA (GFATM)  
 ROUND 8 GRANTS FOR MALARIA CONTROL (GHANA)

ITEMS AND SERVICES FOR TAX EXEMPTION/WAIVERS - 5 YEAR PROGRAMME LIFE  
 ESTIMATES OF NOTIONAL DOMESTIC VAT/NHIL AND CST ON EXEMPTION/WAIVER

No.	Description	Unit of Issue	Qty	Taxable Value	Purchase Type	Estimated VAT/NHIL	Estimated CST
1	Aerial/Photographic maps of localities (\$500/dist) satellite map purchase	Each	39	19,500.00	IP	\$ 2,925.00	
2	Printing of IRS Material	Each	400	80,000.00		\$ 12,000.00	
3	Operational forms and cards - 0.06c per house	Each		143,815.00	IP	\$ 21,572.25	
4	Expansion of regional GHS facilities within selected regions (3 north & 1 south) partition of storage places	Each	4	20,000.00	IP	\$ 3,000.00	
5	Construction of district insecticide storage rooms	Each	39	78,000.00	IP	\$ 11,700.00	
6	Stickers for identification of sprayed Houses Stationeries	Each	2,396,931	143,815.00	IP	\$ 21,572.25	
7	Tents for spray operators, five tents per team and supervisors	Each	97	32,000.00	IP	\$ 4,800.00	
8	Protective clothing (coveralls, boots, visors gloves, respirators, etc) for spray men (\$190 per man)	lot		435,240.00	IP	\$ 65,286.00	
9	Standard uniform shirts for staff (300/district)	lot		11,700.00	IP	\$ 1,755.00	
10	Protective sheets for covering furniture during spraying	lot		18,650.00	IP	\$ 2,797.50	
11	House sticker to indicate spray completion	lot		239,695.00	IP	\$ 35,954.25	
12	Purchase of communication equipment (cell phones for supervisors)	Each	72	-	IP	\$ -	
13	Communication service charges (\$100/supervisor/spray season)	Each		408,800.00	IP	\$ 64,999.20	24,528.00
14	First Aids kits (one kit/vehicle) - \$30/vehicle	Each	95	2,850.00	IP	\$ 427.50	
15	Insurance and licensing of vehicles	Each		377,300.00	IP	\$ 56,595.00	
16	Maintenance/running cost of vehicles	Each		944,500.00	IP	\$ 141,675.00	

No.	Description	Unit of Issue	Qty	Taxable Value	Purchase Type	Estimated VAT/NHIL	Estimated CST
17	Build swathe wall construction for IRS practical training in each district	Each	39	7,800.00	IP	\$ 1,170.00	
18	Hotel accommodation for internal travels	Each		24,800.00	IP	\$ 3,720.00	
19	Office furniture for supervisors training centre at Navrongo	set	1	5,000.00	IP	\$ 750.00	
20	Renovation works for 2 existing facilities as sub-training centres (at Wa and Tamale)	Each	2	3,000.00	IP	\$ 450.00	
21	Extension/renovation of Malaria Control Centre - Obuasi	Each		30,000.00	IP	\$ 4,500.00	
22	Renovation of existing entomology laboratory building in Navrongo	Each	1	70,000.00	IP	\$ 10,500.00	
23	Dissecting microscopes	Each	2	5,000.00	IP	\$ 750.00	
24	Fiber-optic lights	Each	2	400.00	IP	\$ 60.00	
25	Mosquito cages	Each	4	800.00	IP	\$ 120.00	
26	Pipettes (box of hundred) - establish entomology lab & insectary	Each	12	340.00	IP	\$ 51.00	
27	Aspirators	lot	10	200.00	IP	\$ 30.00	
28	Chill plate	Each	2	100.00	IP	\$ 15.00	
29	Tables, file cabinet and other supplies	lot	2	1,400.00	IP	\$ 210.00	
30	Air conditioners/air humidifiers	Each	5	5,360.00	IP	\$ 804.00	
31	Basic equipment for larval surveillance (dippers, pans, boots, etc)	lot		8,340.00	IP	\$ 1,251.00	
32	UV light traps, parts, collection bags for adult surveillance (12 + 2 spares per district)	lot		85,114.00	IP	\$ 12,767.10	
33	Batteries for light traps (4 carbon-zinc/trap/14 sites/month/district)	lot		9,532.00	IP	\$ 1,429.80	
34	Laboratory consumables for Obuasi and Navrongo	lot		162,000.00	IP	\$ 24,300.00	
35	GIS software for monitoring and vector densities	Each	1	311,200.00	IP	\$ 46,680.00	
36	Office furniture (chairs, tables, etc) for district and zonal offices	set	24	24,000.00	IP	\$ 3,600.00	
37	Air conditioners for districts and zonal offices	Each	49	85,750.00	IP	\$ 12,862.50	
	Photocopier machine (3-one for national and 2 for			6,000.00	IP	\$ 900.00	

No.	Description	Unit of Issue	Qty	Taxable Value	Purchase Type	Estimated VAT/NHIL	Estimated CST
39	Digital camera (2 per district, 4 per zone, 4 national)	Each	94	141,000.00	IP	\$ 21,150.00	
40	Office supplies (national office, zonal and districts)	lot	3	1,060,800.00	IP	\$ 159,120.00	
41	Developing and printing of posters for IEC programmes	lot		482,400.00	IP	\$ 72,360.00	
42	LLIN Mosquito nets (1500pa)	Each	30	225,500.00	IP	\$ 33,825.00	
43	Developing and printing of public relations gifts	lot		31,500.00	IP	\$ 4,725.00	
44	Developing and printing of flip charts for IRS	lot		18,500.00	IP	\$ 2,775.00	
45	Purchase of megaphones (\$60 each)	Each	24	1,440.00	IP	\$ 216.00	
46	Purchase of Public Address System	Each	122	240,980.00	IP	\$ 36,147.00	
47	Bill Boards to denote sprayed districts	Each	80	420,000.00	IP	\$ 63,000.00	
48	Recruitment and vetting of spray men, supervisors (40 districts)	Each	40	99,600.00	IP	\$ 14,940.00	
49	Determination of target localities and quantification of number of structures in communities land Valuation officers	Each	39	39,000.00	IP	\$ 5,850.00	
50	National operational planning of programme - (conference venue and refreshments costs)	lump sum		16,800.00	IP	\$ 2,520.00	
51	Transportation and handling of insecticide (HAZMAT Transport Company)	% of cost		6,483,460.00	IP	\$ 972,519.00	
52	Transportation and handling of spray pumps	% of cost		55,404.00	IP	\$ 8,310.60	
54	Entomological surveys - consultants - per district	Each	40	1,200,000.00	IP	\$ 180,000.00	
55	Survey on potential Anopheles vectors sentinel sites - consultants and insectary costs (local and international)	Each	120	1,204,500.00	IP	\$ 180,675.00	
<b>TOTAL</b>				<b>15,522,885.00</b>		<b>\$ 2,332,111.95</b>	<b>24,528.00</b>
<b>TOTAL VAT/NHIL &amp; CST</b>						<b>\$ 2,356,639.95</b>	

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MINISTRY OF HEALTH/GHANA HEALTH SERVICE  
 GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA (GFATM)  
 ROUND 8 GRANTS FOR HIV/AIDS CONTROL (GHANA)

Estimates of Notional Domestic VAT/NHIL on Services for Tax Exemption/Waivers

No.	Item	Year 1: Estimated cost	Estimated VAT/NHIL	Year 2: Estimated Cost	Estimated VAT/NHIL
1	Trainings	1,555,800	233,370.00	1,843,200.00	276,480.00
2	Medicines	10,385,255.00	0.00	4,872,255	-
3	Infrastructure and equipment	3,605,991	540,898.65	2,004,000.00	300,600.00
4	Monitoring and Evaluation	1,260,203.00	189,030.45	1,048,386.00	157,257.90
5	Planning and Administrative Cost	126,850.00	19,027.50	172,351.00	25,852.65
	<b>TOTAL</b>		<b>982,326.60</b>		<b>760,190.55</b>
<b>TOTAL VAT/NHIL FOR ENTIRE PROGRAM</b>					<b>1,742,517.15</b>

MINISTRY OF HEALTH/GHANA HEALTH SERVICE  
 GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA (GFATM)  
 ROUND 8 GRANTS FOR MALARIA CONTROL (GHANA)

Estimates of Notional Domestic VAT/NHIL on Services for Tax Exemption/Waivers

No.	Item	Total Estimated cost (USD)	Estimated Taxable Value	Estimated VAT/NHIL
1	IEC Materials	2,847,471.00	2,847,471.00	427,120.65
2	Microscopes	160,000.00	160,000.00	24,000.00
3	Antimalarials	3,770,608.00	0.00	-
4	RDTs	5,606,500.00	0.00	-
5	LLINs (Long lasting Insecticide Nets)	25,550,142.00	0.00	-
6	Lens cleaning tissue	130,632.00	130,632.00	19,594.80
7	Trucks, vehicles and station wagons	1,359,000.00	1,359,000.00	203,850.00
8	Vehicle and Truck maintenance	70,000.00	70,000.00	10,500.00
9	Computers, printers and laptops	1,095,000.00	1,095,000.00	164,250.00
10	Air conditioner unit and industrial fans , temperature probes, mounting brackets for	91,580.00	91,580.00	13,737.00
11	Generator and accessories for Central and Regional Medical Stores	2,796,750.00	0.00	-
12	Storage boxes for home management of Malaria	373,680.00	373,680.00	56,052.00
13	Bicycles	1,868,400.00	1,868,400.00	280,260.00
14	Mini labs and equipment for antimalarial drug quality testing	178,000.00	178,000.00	26,700.00
15	Rain coats, touch lights, backpacks, wellinton boats for home management of malaria	309,090.00	309,090.00	46,363.50
16	Hotel/conference packages for trainings	2,009,455.06	2,009,455.06	301,418.26
	<b>TOTAL</b>		<b>10,492,308.06</b>	<b>1,573,846.21</b>

GHANA AIDS COMMISSION (GAC)

GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA (GFATM)

ROUND 8 GRANTS FOR HIV/AIDS CONTROL (GHANA)

Estimates of Notional Domestic VAT/NHIL on Services for Tax Exemption/Waivers

No.	Item	Year 1: Estimated cost	Estimated VAT/NHIL	Year 2: Estimated Cost	Estimated VAT/NHIL
1	Develop HIV Messages for Media	757,237.08	113,585.56	0.00	0
2	Disseminate HIV messages through media	806,849.04	121,027.36	1,056,584.78	158487.717
3	Print BCC Materials	133,027.70	19,954.16	0	0
4	Hotel accommodation/services	150,840.00	22,626.00	154,260	23139
5	Lunch and Refreshment	163,290.00	24,493.50	98,409.00	14761.35
6	Stationery	38,738.00	5,810.70	21,135.00	3170.25
	<b>Total</b>		307,497.27		199558.317
	<b>TOTAL VAT/NHIL FOR PROGRAM</b>				<b>507,055.59</b>

PLANNED PARENTHOOD ASSOCIATION OF GHANA (PPAG)  
 GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA (GFATM)

ROUND 8 GRANTS FOR HIV/AIDS CONTROL (GHANA)

Estimates of Notional Domestic VAT/NHIL & CST on Services for Tax Exemption/Waiver

No.	Item	Purpose	Taxable Value	ESTIMATED CST	Estimated (VAT/NHIS)
1	Hotel Bills	Train service providers	260,143.00		39,021.45
2	Wide Area Network Services	To improve networking and data quality	53,727.00	3,223.62	8,542.59
3	Stationery		4,800.00		720.00
	<b>TOTAL</b>		<b>318,670.00</b>	<b>3,223.62</b>	<b>48,284.04</b>
<b>TOTAL VAT/NHIL &amp; CST</b>					<b>51,507.66</b>