

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

**REPORT OF THE FINANCE COMMITTEE ON THE LOAN
AGREEMENT BETWEEN THE GOVERNMENT OF GHANA
AND THE UNICREDIT BANK, AUSTRIA AG, FOR AN
AMOUNT OF €8,650,000.00 FOR THE CONSTRUCTION
AND EQUIPPING OF 5 POLYCLINICS IN THE BRONG
AHAFO REGION AND REQUEST FOR THE WAIVER OF
VAT AND OTHER TAXES AMOUNTING TO THE GHANA
CEDI EQUIVALENT OF €1,785,856.00 ON THE
EQUIPMENT AND MATERIALS TO BE IMPORTED
UNDER THE LOAN FACILITY**

1.0 INTRODUCTION

The Loan Agreement between the Government of the Republic of Ghana and the UniCredit Bank, Austria AG, for an amount of *eight million, six hundred and fifty thousand Euros* (€8,650,000.00) for the construction and equipping of 5 Polyclinics in the Brong Ahafo Region and request for the waiver of VAT and other taxes amounting to the Ghana Cedi equivalent of €1,785,856.00 on the equipment and materials to be imported under the loan facility was laid in the House on Wednesday 4th July, 2012 and referred the Finance Committee for consideration and report.

The Committee met and considered the Agreement with the Minister of Health, Hon. Alban Sumana Kingsford Bagbin, Deputy Minister of Finance and Economic Planning, Hon. Fifi Fiavi Kwetey 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

The health of Ghanaians has been improving steadily since independence. In the last ten years, however, health status indicators including maternal health, child health, nutrition, coverage, clinical services, public health and reproductive health services have all been stabilizing. Non communicable diseases and road traffic accidents are also becoming major causes of morbidity and mortality in the country. The health sector is making some progress in meeting client expectations and promoting effective clinical service delivery.

In line with the objectives of the Ghana Shared Growth and Development Agenda (GSGDA), the broad objectives of the Health Sector are as follows:

- Bridge equity gaps in access to health care and nutrition services and ensure sustainable financing arrangements that protect the poor
- Strengthen governance and improve the efficiency and effectiveness of the health system
- Improve access to quality maternal, neonatal, child and adolescent health services
- Intensify prevention and control of communicable and non-communicable diseases and promote healthy lifestyles
- Improve institutional care, including Mental Health service delivery.

Phase I of the Polyclinics Development Project covered the Janga, Karaga, Kpandai, Chereponi and Tatale Polyclinics in the Northern Region and was completed in 2010. Phase II of the project covered Hain, Babile, Lambussie, Ko and Wechiau Polyclinics in the Upper West Region. These have also been completed and are ready to be handed over to Government.

This loan facility is being sourced to implement Phase III of the project which would see the construction and equipping of another five Polyclinics namely Kwatire, Wamfie, Nkrankwanta, Bomaa and Tekyimantia in the Brong Ahafo Region.

3.0 PURPOSE OF THE LOAN

The purpose of the facility is to obtain funds from UniCredit Bank, Austria AG to construct and equip five (5) Polyclinics in the Brong Ahafo Region of Ghana.

4.0 TERMS OF THE CREDIT

The terms of the facility are as follows:

LOAN AMOUNT	:	€8,650,000.00
Grace Period	:	7 years
Repayment Period	:	10 years
Maturity Period	:	17 years
Interest Rate	:	0.00% p.a.
Commitment Fee	:	0.25% p.a.
Management Fee	:	0.50% flat

Insurance Margin : 1.00% p.a.

Handling Fee OeKB : €1,440

Grant Element : 43.31%

5.0 OBSERVATIONS

The Committee was informed that physical access to health care poses a great challenge in the Brong Ahafo Region. There are huge service provision gaps due to the absence of health facilities at the proposed sites and this situation poses a great health danger since people would have to travel long distances to access health care especially with the operation of health insurance where people should have easy access to health care.

Major Components of the project include civil works, installation of medical equipment and training.

Facilities to be provided for each of the Polyclinics include Curative Services (Consulting Rooms, injection, dressing, laboratory and dispensary facilities), emergency/first aid, patient care area, nursing services, mother and child health, administration offices, technical units as well as housing (1 no. 2 Semi-Detached bedroom unit).

The project will supply and install the equipment needed to carry out the expected polyclinic services and also provide training for medical staff and other medical technicians/engineers of the Ghana Health Service/Ministry of Health.

The Committee noted that the project would help strengthen the following key interventions aimed at achieving the Millennium Development Goals 4 and 5:

- High impact, rapid delivery programme
- Nutrition including breast feeding and complementary feeding
- Expanded Programme of Immunization (EPI)
- Integrated Management of Childhood Illness (IMCI) involving the management of severely sick children and antibiotics of diarrhoea and enteric fevers at the clinical level

As to who were the contractors for the project, the Committee was informed that the project would be executed by VAMED Engineering GmbH and Co KG of Austria on turnkey basis.

Benefits expected to be derived from the project include the provision of quality health care to the people of Kwatire, Wamfie, Nkrankwanta, Bomaa and Tekyimantia in the Brong Ahafo Region and their environs to ensure that they are healthy to enhance their productivity. The project also has the potential of creating about 150 direct jobs (both skilled and unskilled).

Asked whether this would be the last phase of the Project, the Minister of Health, Hon. Alban Bagbin informed the Committee that there would be phases IV and V covering five (5) polyclinics each in the Western and Volta Regions respectively.

Some Honourable Members of the Committee were of the view that the polyclinics should have been sited in towns where there are no existing health facilities. They therefore advised the Ministry of Health to consider future siting of like projects to ensure that communities without any health facility at all are given priority.

Honourable Members also advised the Ministry of Health to ensure that adequate training is given to local maintenance personnel to enable them

effectively repair and maintain the facilities after the departure of the contractor.

5.1 TAXES

All sums payable by the Government of Ghana under the Agreement are required to be free from all taxes including withholding tax.

The total amount of taxes and duties on the equipment and materials to be imported under the loan facility is the cedi equivalent of *one million, seven hundred and eighty-five thousand, eight hundred and fifty-six Euros* (€1,785,856.00).

In consonance with the Loan Agreement and to ensure the smooth implementation of the project, the House is requested to approve the waiver of these duties and taxes.

ATTACHMENT: Please find attached an assessment of the various taxes and duties conducted by the Ghana Revenue Authority.

6.0 CONCLUSION

The Committee has critically examined the Facility and found that the terms satisfy the Government of Ghana's requirement for concessionary borrowing. It was also found that the project will lead to improved access to healthcare in the beneficiary communities and further contribute to the achievement of the Millennium Development Goals 4 and 5.

The Committee therefore recommends to the House to adopt this report and approve by resolution, the **Loan Agreement** between the **Government of the Republic of Ghana** and the **UniCredit Bank, Austria AG**, for an amount of *eight million, six hundred and fifty thousand Euros* (€8,650,000.00) for the **construction and equipping of 5**

Polyclinics in the Brong Ahafo Region in accordance with article 181 of the 1992 Constitution and sections 3 and 7 of the Loans Act, 1970 (Act 335).

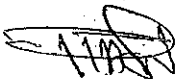
The Committee further recommends to the House to approve by Resolution, the waiver of VAT and other taxes amounting to the Ghana Cedi equivalent of *one million, seven hundred and eighty-five thousand, eight hundred and fifty-six Euros* (€1,785,856.00) on the equipment and materials to be imported under the loan facility in accordance with article 174(2) of the Constitution.

Respectfully submitted.



HON. JAMES KLUTSE AVEDZI

CHAIRMAN



PEACE A. FIAWOYIFE (MS.)

CLERK

16TH JULY, 2012

TAX ASSESSMENT

1. IMPORTER/AGENT'S NAME & ADDRESS:- MOH/VAMED ENGINEERING/ CONSTRUCTION OF FIVE POLYCLINICS IN B/AHAFO REGION ...
 2. INVOICE NO:-..... 3. TIN NO..... 4. FCVR NO.....
 5. AIRWAY BILL/BILL OF LADING NO..... 6. DECLARANT NO..... 7. EXCHANGE RATE:-

Qty (8)	Description of Goods (9)	CIF (10) EURO	Import Duty		Import VAT @12.5%	Import NHIL @2.5%	ECO. Levy @0.5%	EDIF @ 0.5%	Inspection Fee @1%	Processing Fee @1%	Withholding Tax @1%	Total (20) EURO
			Rate (11)	Amount (12)	Amount (13)	Amount (14)	Amount (15)	Amount (16)	Amount (17)	Amount (18)	Amount (19)	
15650kg	Dramix Steel Fibre	73,748	10%	7375	10140	2028	369	369	737	nil	737	21,755
28395m ²	Paint & accessories	127,880	20%	25576	19182	3836	639	639	1279	nil	1279	52,430
6pcs	Manhole cover & acc	20,954	10%	2095	2881	576	105	105	210	nil	210	6,182
4599m ²	Roofing Sheet	180,580	20%	36116	27087	5417	903	903	1806	nil	1806	74,038
9646m	Roofing accessories	166,084	10%	16608	22837	4567	830	830	1661	nil	1661	48,994
300pcs	Door	407,553	20%	81511	61133	12227	2038	2038	4076	nil	4076	167,099
545pcs	Window	439,900	20%	87980	65985	13197	2200	2200	4399	nil	4399	180,360
10pcs	Water Pump	8,059	0%	nil	1007	201	40	40	81	81	81	1,450
1550pcs	Fencing accessories	7,179	10%	718	987	197	36	36	72	nil	72	2,118
10850m ²	Floor & Wall Tiles	286,006	10%	28601	39326	7865	1430	1430	2860	nil	2860	84,372
												638,798

21. CERTIFICATE

TOTAL TAX LIABILITY = 1,785,856EUROS

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

Signature:.....

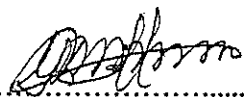
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Importer/Agent's Name & Designation:.....

Date

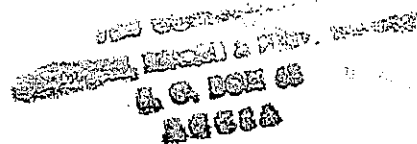
For Official Use

Assessment rechecked and found correct and complete.

Signature:..... 

07-03-2012

Date



Officer's Name & Rank:- GIDEON GLEY
ASST. COLLECTOR

TAX ASSESSMENT

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			Rate (11)	Amount (12)	Amount (13)	Amount (14)	Amount (15)	Amount (16)	Amount (17)	Amount (18)	Amount (19)	
1029m	Metal for Rails	34,788	10%	3479	4783	957	174	174	348	nil	348	10,263
745pcs	Rails/Corner Protector	32,810	10%	3281	4511	902	164	164	328	nil	328	9,678
1460pcs	Gutters/Rain Drain acc	13,733	10%	1373	1888	378	69	69	137	nil	137	4,051
220pcs	Door Signs	20,681	10%	2068	2844	569	103	103	207	nil	207	6,101
710pcs	Door Accessories	45,610	10%	4561	6271	1254	228	228	456	nil	456	13,454
10units	Generator & acc	149,182	5%	7459	19580	3916	746	746	1492	nil	1492	35,431
14250m	Power Cable	283,116	10%	28312	38928	7786	1416	1416	2831	nil	2831	83,520
16130m	Pipe & Accessories	12,783	20%	2557	1917	383	64	64	128	nil	128	5,241
240pcs	Earthing Accessories	1,566	10%	157	215	43	8	8	16	nil	16	420
450m	Copper Wire	2,245	10%	225	309	62	11	11	22	nil	22	662
											168,821	

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07-03-2012

Date

**TIN OFFICE
 MOH/VAMED ENGINEERING & CONST. WORKS
 P. O. BOX 44
 ABUJA**

Officer's Name & Rank:- **GIDEON GLEY
 ASST. COLLECTOR**

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			Rate (11)	Amount (12)	Amount (13) @12.5%	Amount (14) @2.5%	Amount (15) @0.5%	Amount (16) @ 0.5%	Amount (17) @1%	Amount (18) @1%	Amount (19) @1%	
25pcs	Street Lighting	34,523	10%	3452	4747	949	173	173	345	nil	345	10,184
265pcs	Fire Detection System	12,207	10%	1221	1678	336	61	61	122	nil	122	3,601
5lots	Electrical Tools	25,566	10%	2557	3515	703	128	128	256	nil	256	7,543
1unit	4x4 Vehicle (6/7 seater)	60,000	20%	12000	9000	1800	300	300	600	nil	600	24,600
2units	4x4 Vehicle (Pick-up)	60,000	5%	3000	7875	1575	300	300	600	nil	600	14,250
1unit	Excavator	60,000	0%	nil	nil	nil	300	300	600	600	600	2,400
2units	Dumper	124,000	5%	6200	16275	3255	620	620	1240	nil	1240	29,450
50pcs	Water Pump & acc	68,723	0%	nil	8590	1718	344	344	687	687	687	13,057
6495m	Pipe & Accessories	74,600	20%	14920	11190	2238	373	373	746	nil	746	30,586
205pcs	Solar Panel & acc	33,330	10%	3333	4583	917	167	167	333	nil	333	9,833
												145,504

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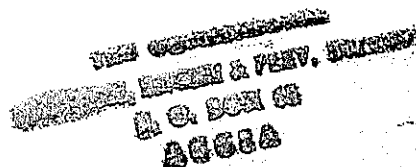
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1370pcs	WC, Water Basin & acc	74,011	10%	7401	10177	2035	370	370	740	nil	740	21,833
35pcs	Exhaust Fan & acc	4,454	10%	445	612	122	22	22	45	nil	45	1,313
35pcs	Air conditioner & acc	1,317,375	20%	263475	197606	39521	6587	6587	13174	nil	13174	540,124
230pcs	Ceiling Fan	19,023	10%	1902	2616	523	95	95	190	nil	190	5,611
1000pcs	Rail Mount accessories	18,476	10%	1848	2540	508	92	92	185	nil	185	5,450
155pcs	Chair	25,345	20%	5069	3802	760	127	127	253	nil	253	10,394
115pcs	Table & Bed	103,120	20%	20624	15468	3094	516	516	1031	nil	1031	42,280
75pcs	Cupboard & Cabinet	55,676	20%	11135	8351	1670	278	278	557	nil	557	22,826
5pcs	Coloured Television	1,800	10%	180	248	50	9	9	18	nil	18	532
1155pcs	Hospital Equipment	618,202	10%	61820	85003	17001	3091	3091	6182	nil	6182	182,370
											832,733	

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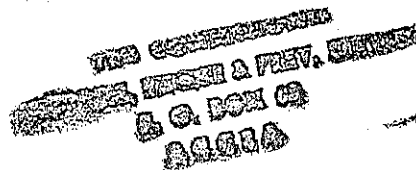
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