

REPORT OF THE FINANCE COMMITTEE

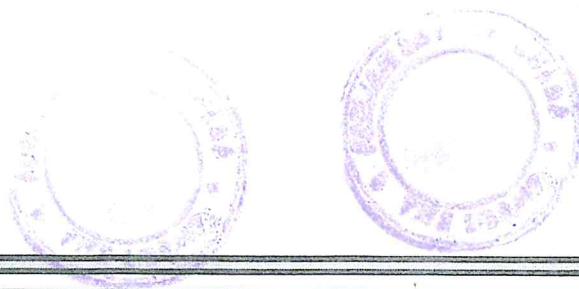
ON THE REVISED:

- i. BUYER CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND ABN AMRO N.V BANK OF THE NETHERLANDS FOR AN AMOUNT OF THIRTEEN MILLION, ONE HUNDRED AND TWELVE THOUSAND, SIX HUNDRED AND ONE EUROS AND FORTY-FIVE CENTS (€13,112,601.45) TO FINANCE THE “ACCELERATING TUBERCULOSIS (TB) CASE DETECTION” PROJECT;

AND

- ii. A REQUEST FOR WAIVER OF IMPORT DUTY, IMPORT VAT, IMPORT NHIL, ECOWAS LEVY, EDAIF, AND OTHER APPLICABLE FEES AND CHARGES AMOUNTING TO TWO MILLION FOUR HUNDRED AND NINETY-SIX THOUSAND, SIX HUNDRED AND SEVENTY EUROS (€2,496,670.00) ON MATERIALS AND EQUIPMENT TO BE USED UNDER THE BUYER CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND ABN AMRO N.V BANK OF NETHERLANDS IN RESPECT OF THE “ACCELERATING TUBERCULOSIS (TB) CASE DETECTION” PROJECT.

FEBRUARY 2016



REPORT OF THE FINANCE COMMITTEE ON THE:

1. REVISED BUYER'S CREDIT AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND ABN AMRO N.V. BANK OF THE NETHERLANDS FOR AN AMOUNT OF THIRTEEN MILLION, ONE HUNDRED AND TWELVE THOUSAND, SIX HUNDRED AND ONE EUROS AND FORTY-FIVE CENTS (€13,112,601.45) TO FINANCE THE “ACCELERATING TUBERCULOSIS (TB) CASE DETECTION” PROJECT;

AND

2. A REQUEST FOR WAIVER OF IMPORT DUTY, IMPORT VAT, IMPORT NHIL, ECOWAS LEVY EDIF AND OTHER APPLICABLE FEES AND CHARGES AMOUNTING TO TWO MILLION, FOUR HUNDRED AND NINETY-SIX THOUSAND, SIX HUNDRED AND SEVENTY EUROS (€2,496,670.00)

1.0 INTRODUCTION

The two requests were respectively presented to the House on behalf of the Minister for Finance by the Hon. Deputy Minister for Finance, Mr. Cassiel Ato Baah Forson on Thursday, 4th February 2016 in accordance with Article 181 of the 1992 Constitution. The Rt. Hon. Speaker referred the request to the Finance Committee for consideration and report in accordance with Order 169 of the Standing Orders of the House.

Further to the referral the Committee met and was assisted in its deliberations by the Hon. Deputy Ministers for Finance and Health Mr. Cassiel Ato Baah Forson and Dr. Victor Bampoe respectively and officials from the Ministries of Finance and Health.

The Committee is grateful to the Hon. Deputy Ministers and officials from the two Ministries for their assistance.

2.0 REFERENCE

The Committee referred to the following documents during its deliberations:

- The 1992 Constitution of the Republic of Ghana;
- The Standing Orders of the Parliament of Ghana; and
- The Loans Act 1970 (Act 335)

3.0 BACKGROUND

Tuberculosis (TB) is currently considered to be a national security threat if unattended to. TB is a contagious, highly infectious and an airborne disease which affects mostly young adults in their most economic and productive years. Tuberculosis (TB) has an enormous negative socio-economic impact in endemic countries including Ghana. The damaging socio-economic impact is not limited to only the patients involved but also their families and the country as well.

Recently, HIV has been identified as a driving force behind the escalating TB epidemic. TB is also one of the main causes of death among HIV infected patients. Not only does HIV increase the risk of reactivating latent mycobacterium tuberculosis, but it also increases the risk of rapid TB progression soon after infection or re-infection and the spread of the disease in such community. Early detection of TB case (infection) is therefore important in the fight against TB mortality and morbidity.

In the WHO Global TB Control 2009 annual report, the new TB case detection rate in Ghana according to the 2007 data was estimated at 26% and the estimate for sputum smear positive cases was 38%. This means 74% of all TB cases in Ghana were not detected, hence not treated. The detection of new cases is therefore far below the global target of 70% required to significantly reduce the burden of the disease. To achieve WHO defined MDG target zone of 70% TB case detection by 2015, Ghana needs to adopt robust systems that will increase the case detection rate.

The most widespread forms of Tuberculosis are simply contracted by breathing in the air of the person with active TB, who can then infect on average 10-15 people.

Despite the tuberculosis finding and treatment programme referred to as the “functional DOTS programs”, there is a gradual increase in the Tuberculosis case notification rates.

Similarly, Multi Drug Resistant (MDR) TB is also on the increase. There are a number of TB cases that are still undiagnosed which represents a major threat not only to Ghana but global health that needs urgent attention.

It is estimated that 95% of TB deaths occur in the developing world. In 2007, it was estimated that death resulting from Tuberculosis (TB mortality) in Ghana was over 12,000 people though TB treatment success rate has increased to 84.7% for the 2007 cohort. If people infected with TB are detected early, the trend of TB in Ghana can be reversed. Indeed, Ghana has been cited as one of the few African countries that might attain the TB related target for the Millennium Development Goals (MDG 6, Target 3) with accelerated efforts. It is in line with this that the facility is being secured for the implementation of the “accelerated Tuberculosis (TB) Case Detection Project in the country.

4.0 **PROJECT DESCRIPTION**

The major components of the project include:

- a. Supply, installation, operation, technical support and maintenance of Diagnostic Digital X-Ray Systems,
- b. Supply, installation, operation, technical support and maintenance of laboratory equipment for microscopy and molecular testing of tuberculosis,
- c. Supply, installation, operation, technical support and maintenance of IT hardware and software to support the project,
- d. Supply, operation and maintenance of vehicles and transport equipment for the project,
- e. Training on the use and maintenance of diagnostic digital X-Ray systems, IT systems and laboratory equipment,
- f. Overall project management activities,
- g. Clinical training,
- h. Technology application training including chest X-Ray reading,
- i. Advocacy programs,
- j. Media campaign and awareness creation,
- k. Prevalence studies and operational research,
- l. Quality assurance and control programs,
- m. Project monitoring and evaluation,
- n. Pre-installation works and X-ray facility improvement where necessary,
- o. Supply of radiation protection devices and equipment.

5.0 **PROJECT OBJECTIVE**

The key objectives of this project are the following:

- To enhance TB control by reaching the WHO/STOP TB 70% case detection target in the Republic of Ghana by 2015 and lower the burden of TB from then onwards.
- ~~To boost the diagnostic capacity of the public health system by distributing digital radiographic systems including teleradiology infrastructure.~~

- To replace labour intensive technologies for detecting mycobacterium tuberculosis with less labour intensive technologies such as the LED Fluorescent microscopy and molecular test units.
- To boost diagnostic capacity to enhance the diagnosis of non-TB related cases like other lung diseases common among people living with HIV/AIDS, cancer, trauma and other diseases.

6.0 TERMS AND CONDITIONS OF CREDIT FACILITY

- A. The total Project cost of **€20,173,233.00 (Twenty Million, One Hundred and Seventy-three Thousand, Two Hundred and Thirty-three Euros)** is financed by **€13, 112,601.45** loan from ABN AMRO Bank N.V. and **€7,060,631.55** grant from Netherlands Government through ORIO which has already been signed.

The funding terms of the ABN AMRO Bank N.V. loan facility are summarized below:

| | | |
|--------------------|---|---|
| Project Amount: | - | €20,173,233.00 |
| Loan Amount: | - | €13,112,601.45 |
| ORIO Grant Amount: | - | € 7,060,631.55 |
| Grace Period: | - | 2 years |
| Tenor: | - | 12 years |
| Interest Rate: | - | EURIBOR (0.20) + liquidity Premium (1.0%) +margin (0.75%) = 1.95% p.a. |
| Grant Element: | - | 58.15% |

OBSERVATIONS

Terms and conditions of the facility

The Committee noted that the Facility is a mixed credit with relatively concessionary terms. It has a grace period of 2 years and a tenor of 12 years. The interest rate is 1.95% and a grant element of 58.15%.

Debt Management Strategy compliance

The Committee was informed that the Facility which seeks to implement the Accelerating Tuberculosis Case Detection Project is in compliance with the country's new Debt Management Strategy since it seeks to deliver public goods by among other things helping Ghana to meet its commitment of achieving the MDG 6.

Justification for the Facility and the Project

Justifying the need for the facility and the Project, the Hon. Deputy Minister of Health intimated that the country currently faces a number of obstacles that hinders early detection of TB cases. The obstacles were mentioned as:

- a. Low sensitivity of the standard detection methodology of smear microscopy or sputum analysis;
- b. Limited or no access to quality chest radiographic systems for diagnosis;
- c. High cost of sputum culture; and
- d. Limited laboratory capacity.

The Deputy Minister added that there is also a challenge in determining the actual prevalence of TB in the country. It was explained that to be able to estimate the actual prevalence of TB in the country, a nationwide survey is required to scientifically determine the proportion of people living with the disease which unfortunately has not been done for some time. The Minister revealed that the last prevalence study in Ghana was conducted in 1957 and it is important to repeat this study to determine the actual prevalence and develop the appropriate strategies to combat it.

The Minister added that despite the above challenges, TB can be controlled and diminished with proper and timely diagnosis and treatment to interrupt the cycle of transmission. This, the Minister was certain can be achieved by introducing technologies that will detect patients infected with TB early enough to institute a curative therapy.

Revenue generation capacity of the Programme

Both the Deputy Ministers of Finance and Health stated that the project has a high potential of generating revenue towards the repayment of the loan component of the facility. They indicated that the project will help boost the diagnostic capacity of the public health system by the provision of forty-six (46) digital radiographic systems including teleradiology infrastructure to selected hospitals. These x-ray machines, it was indicated further, have the capacity to detect non-TB cases such as other lung diseases common among people living with HIV/AIDS, cancer, trauma and other diseases and thus, provide a platform for the hospitals to generate revenue from fees. According to the Deputy Ministers the detailed feasibility study conducted revealed the high potential of the project to generate significant revenue to repay the loan component of the facility. The project is specifically estimated to generate an income of €18 million over the project financing period of 12 years.

Required Waiver

The Committee noted that the Customs Division and the Domestic tax Revenue Division of Ghana Revenue Authority have respectively assessed and granted an interim tax waiver on equipment required for the implementation of the project pending Parliamentary approval. A copy of the detailed assessment is attached for the information of the House.

Request to Rescind Decision

The House would recalled that based on the Finance Committee's report and recommendation, the House on 17th July, 2015 by Resolution approved the request for approval of the Buyers Credit Agreement between the Government of the Republic of Ghana and ABN AMRO N.V Bank of the Netherlands for an amount of Fourteen

Million, Thirty-four Thousand, Two hundred and one Euros (€14,034,201.00) to finance the “ Accelerating Tuberculosis (TB) Case Detection” Project; and a request for waiver of Import Duty, Import VAT, Import NHIL, ECOWAS Levy EDIF and other applicable fees and charges amounting to Two Million, Four Hundred and Ninety-six Thousand, Six Hundred and Seventy Euros (€2,496,670.00).

But the Committee was informed during its deliberations that ABN AMRO Bank, financiers of the loan portion had informed the Ministry of Finance that the export credit insurance cover (Atradius Insurance) could only cover an amount of Thirteen Million, One Hundred and Twelve Thousand, Six Hundred and One Euro and Forty-Five Cents (€13,112,601.45) and not Fourteen Million, Thirty-four Thousand, Two hundred and one Euro (€14,034,201.00) approved Parliament. The Committee therefore recommends to the House to rescind its earlier decision.

8.0 CONCLUSION AND RECOMMENDATION

The Committee having carefully examined the referral and also having regard to the benefits to be derived from the implementation of the Accelerating Tuberculosis Case Detection Project and the high potential of generating revenue towards the repayment of the loan component, recommends to the House to adopt its report and approve the Buyers Credit Agreement between the Government of the Republic of Ghana and ABN AMRO N.V. Bank of the Netherlands for an amount of **Thirteen Million, One Hundred and Twelve Thousand, Six Hundred and One Euro and Forty-Five Cents (€13,112,601.45)** to finance the “ Accelerating Tuberculosis (TB) Case Detection” Project in accordance with Article 181 of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of Ghana.

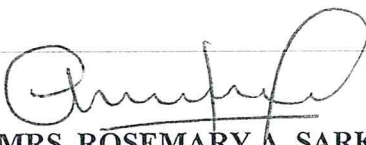
The Committee further recommends to the House for approval in accordance with Article ~~181 of the 1992 Constitution and Order 169 of the Standing Orders of the Parliament of~~ Ghana, the request for waiver of an amount of **€2,496,670.00** as taxes, custom duties,

levies and applicable fees and charges on equipment to be used under the project to finance the “Accelerating Tuberculosis (TB) Case Detection” Project.

Respectfully submitted.



HON JAMES KLUTSE AVEDZI
CHAIRMAN, FINANCE COMMITTEE



MRS. ROSEMARY A. SARKODIE
CLERK, FINANCE COMMITTEE

February, 2016

TAX ASSESSMENT

IMPORTER: MINISTRY OF HEALTH/ACCELERATING TUBERCULOSIS CASE DETECTION IN GHANA

| S/N | Description of Items | Qty | Unit Px | CIF (EURO) | I/D Rate | Imp Duty | Imp VAT | Imp NHIL | Eco Levy | EDAIF | Insp Fee | W/Tax | Proc Fee | S.I.L | TOTAL (EURO) |
|--|---|-----|---------|------------|----------|----------|---------|----------|----------|-------|----------|-------|----------|-------|--------------|
| <i>Initial Chest X-ray investment</i> | | | | | | | | | | | | | | | |
| 1 | Digital Chest X-ray stationary system | 12 | 155,000 | 1,860,000 | 10% | 186000 | 0 | 0 | 9300 | 9300 | 18600 | 18600 | 0 | 37200 | 279,000 |
| 2 | Digital Multifunctional X-ray base system | 14 | 170,000 | 2,380,000 | 10% | 238000 | 0 | 0 | 11900 | 11900 | 23800 | 23800 | 0 | 47600 | 357,000 |
| 3 | Digital X-ray mobile container system | 17 | 210,000 | 3,570,000 | 10% | 357000 | 0 | 0 | 17850 | 17850 | 35700 | 35700 | 0 | 71400 | 535,500 |
| 4 | Digital X-ray/lab mobile container | 5 | 240,000 | 1,200,000 | 10% | 120000 | 0 | 0 | 6000 | 6000 | 12000 | 12000 | 0 | 24000 | 180,000 |
| 5 | Digital Portable X-ray system | 4 | 117,500 | 470,000 | 10% | 47000 | 0 | 0 | 2350 | 2350 | 4700 | 4700 | 0 | 9400 | 70,500 |
| 6 | Recommended option: computer aided detection | 52 | 4,000 | 208,000 | 10% | 20800 | 0 | 0 | 1040 | 1040 | 2080 | 2080 | 0 | 4160 | 31,200 |
| 7 | Trucks to transport 20 foot container system | 2 | 75,000 | 150,000 | 5% | 7500 | 23625 | 3938 | 750 | 750 | 1500 | 1500 | 0 | 3000 | 42,563 |
| 8 | Vehicles 4 x 4 | 5 | 36,000 | 180,000 | 20% | 36000 | 32400 | 5400 | 900 | 900 | 1800 | 1800 | 0 | 3600 | 82,800 |
| 9 | Transport cost systems, trucks (CIP Accra) | 1 | 122,700 | 122,700 | 5% | 6135 | 19325 | 3221 | 614 | 614 | 1227 | 1227 | 0 | 2454 | 34,816 |
| <i>IT hardware/software investment</i> | | | | | | | | | | | | | | | |
| 1 | IT infrastructure (hardware (servers), software) | 1 | 150,000 | 150,000 | 0% | 0 | 22500 | 3750 | 750 | 750 | 1500 | 1500 | 1500 | 1500 | 33,750 |
| 2 | PDA + barcode printer and Laptop computers | 16 | 2,500 | 40,000 | 0% | 0 | 6000 | 1000 | 200 | 200 | 400 | 400 | 400 | 400 | 9,000 |
| 3 | Hardware and software replacement – PC | 52 | 2,000 | 104,000 | 0% | 0 | 15600 | 2600 | 520 | 520 | 1040 | 1040 | 1040 | 1040 | 23,400 |
| 4 | Hardware and software replacement after – servers | 10 | 3,000 | 30,000 | 0% | 0 | 4500 | 750 | 150 | 150 | 300 | 300 | 300 | 300 | 6,750 |
| 5 | PACS software nationwide network | 1 | 425,000 | 425,000 | 10% | 42500 | 70125 | 11688 | 2125 | 2125 | 4250 | 4250 | 0 | 4250 | 141,313 |
| 6 | PACS software user licenses | 104 | 750 | 78,000 | 10% | 7800 | 12870 | 2145 | 390 | 390 | 780 | 780 | 0 | 780 | 25,935 |
| 7 | Laptops (Mac Air) | 8 | 1,250 | 10,000 | 0% | 0 | 1500 | 250 | 50 | 50 | 100 | 100 | 100 | 100 | 2,250 |
| <i>Laboratory improvement</i> | | | | | | | | | | | | | | | |
| 1 | Sputum microscopy (LED Fluorescent) | 10 | 1,100 | 11,000 | 10% | 1100 | 1815 | 303 | 55 | 55 | 110 | 110 | 0 | 220 | 3,768 |
| 2 | Teaching and photographic microscopes | 4 | 4,550 | 18,200 | 10% | 1820 | 3003 | 501 | 91 | 91 | 182 | 182 | 0 | 364 | 6,234 |
| 3 | Molecular test units | 3 | 40,000 | 120,000 | 10% | 12000 | 19800 | 3300 | 600 | 600 | 1200 | 1200 | 0 | 2,400 | 41,100 |
| <i>Installation services & on site user training</i> | | | | | | | | | | | | | | | |
| 1 | Digital Chest X-ray base system | 12 | 5,000 | 60,000 | 10% | 6000 | 0 | 0 | 300 | 300 | 600 | 600 | 0 | 1200 | 9,000 |
| 2 | Digital Multifunctional X-ray base system | 14 | 5,000 | 70,000 | 10% | 7000 | 0 | 0 | 350 | 350 | 700 | 700 | 0 | 1400 | 10,500 |
| 3 | Digital Multifunctional X-ray mobile container system | 17 | 6,500 | 110,500 | 10% | 11050 | 0 | 0 | 553 | 553 | 1105 | 1105 | 0 | 2210 | 16,575 |
| 4 | Digital X-ray/lab mobile container system (+PACS) | 5 | 6,500 | 32,500 | 10% | 3250 | 0 | 0 | 163 | 163 | 325 | 325 | 0 | 650 | 4,875 |
| 5 | Digital Portable X-ray system (incl. PACS) | 4 | 2,500 | 10,000 | 10% | 1000 | 0 | 0 | 50 | 50 | 100 | 100 | 0 | 200 | 1,500 |
| 6 | Lead protection and power generation | 14 | 9,000 | 126,000 | 10% | 12600 | 0 | 0 | 630 | 630 | 1260 | 1260 | 0 | 2520 | 18,900 |
| 7 | Power stabilizers and UPS for work station | 29 | 5,500 | 159,500 | 0% | 0 | 23925 | 3988 | 798 | 798 | 1595 | 1595 | 1595 | 1595 | 35,888 |
| <i>Maintenance life cycle parts over 10 years</i> | | | | | | | | | | | | | | | |
| 1 | Digital Chest X-ray base system | 12 | 57,500 | 690,000 | 10% | 69000 | 0 | 0 | 3450 | 3450 | 6900 | 6900 | 0 | 13800 | 103,500 |
| 2 | Digital Multifunctional X-ray base system | 14 | 57,500 | 805,000 | 10% | 80500 | 0 | 0 | 4025 | 4025 | 8050 | 8050 | 0 | 16100 | 120,750 |
| 3 | Digital Chest X-ray mobile container system | 17 | 65,000 | 1,105,000 | 10% | 110500 | 0 | 0 | 5525 | 5525 | 11050 | 11050 | 0 | 22100 | 165,750 |
| 4 | Digital X-ray/lab mobile container system (+PACS) | 5 | 70,000 | 350,000 | 10% | 35000 | 0 | 0 | 1750 | 1750 | 3500 | 3500 | 0 | 7000 | 52,500 |
| 5 | Digital Portable X-ray system (incl. PACS) | 4 | 40,000 | 160,000 | 10% | 16000 | 0 | 0 | 800 | 800 | 1600 | 1600 | 0 | 3200 | 24,000 |

COMMISSIONER
GHANA REVENUE AUTHORITY
(CUSTOMS DIVISION)
P. O. BOX 8, ACCRA

| S/N | Description of Items | Qty | Unit Px | CIF (EURO) | I/D Rate | Imp Duty | Imp VAT | Imp NHIL | Eco Levy | EDAIF | Insp Fee | W/Tax | Proc Fee | S.I.L. | TOTAL (EURO) |
|--------------------|---|-----|---------|------------|----------|-----------|---------|----------|----------|--------|----------|---------|----------|---------|--------------|
| 6 | Trucks and Vehicles maintenance: parts | 7 | 6,000 | 42,000 | 10% | 4200 | 6930 | 1155 | 210 | 210 | 420 | 420 | 0 | 840 | 14,385 |
| 7 | Microscopes equipment: parts | 14 | 200 | 2,800 | 10% | 280 | 0 | 0 | 14 | 14 | 28 | 28 | 0 | 56 | 420 |
| 8 | Molecular test units maintenance + cons. 6 months | 3 | 25,000 | 75,000 | 10% | 7500 | 0 | 0 | 375 | 375 | 750 | 750 | 0 | 1500 | 11,250 |
| Grand Total | | | | 14,925,200 | | 1,447,535 | 263,918 | 43,986 | 74,626 | 74,626 | 149,252 | 149,252 | 4,935 | 288,539 | 2,496,670 |

CERTIFICATE

TOTAL TAX LIABILITY=2,496,670 EUROS

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

.....

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

Signature: *S. D. ANEMAN*

*S. D. ANEMAN
CHIEF DIRECTOR*

For Official Use

Assessment rechecked and found correct and complete.

.....02-07-2014.....

Date

Signature: *Gideon Gley*

Officer's Name & Rank:- GIDEON GLEY (ASST REV. OFFICER)

**COMMISSIONER
GHANA REVENUE AUTHORITY
(CUSTOMS DIVISION)
P. O. BOX 8, ACCRA**

**CHIEF DIRECTOR
MINISTRY OF REVENUE
AND CUSTOMS
ACCRA**

