

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

**REPORT OF THE FINANCE COMMITTEE ON THE  
DEVELOPMENT CREDIT AGREEMENT BETWEEN THE  
REPUBLIC OF GHANA AND THE INTERNATIONAL  
DEVELOPMENT ASSOCIATION (IDA) IN THE  
AMOUNT OF SDR 19,600,000 (US\$25.0 MILLION)  
TO FINANCE THE GHANA AIDS RESPONSE  
PROJECT (GARFUND)**

**1.0 INTRODUCTION**

The above Agreement was laid in the House on Wednesday, 17<sup>th</sup> October 2001, in accordance with Article 181 of the Constitution, and referred to the Finance Committee for consideration and report, pursuant to Article 171(1) of the Standing Orders.

The Committee met with the Deputy Minister for Finance, Hon. Mrs. Grace Coleman, a technical team from the Ministry of Finance and officials from the Ghana Aids Commission as well as the Government advisor on AIDS and reports as follows:

**2.0 BACKGROUND**

In Ghana, even though the HIV/AIDS epidemic has not reached the crisis dimension evident in other African countries, failure to

deal with the pandemic now would have serious consequences for the nation. This is because the HIV infection rate has been known to accelerate in leaps and bounds once it reaches a 5% prevalence rate. In fact the prevalence in Ghana doubled between 1994 and 1998. According to the 1999 N. A. C. P report, about 4.6% of the adult population of Ghana is HIV-positive and it is estimated that about 1.2 million Ghanaians would be infected by 2005. This recorded number could be even higher but for the strong stigma associated with the disease and the culture of silence it imposes.

Thus without intensified action to reduce its spread now, Ghana's benefit from improved macroeconomic performance would be greatly diminished and it must be noted that even at the current incidence rate, HIV/AIDS has had a serious negative impact on families and communities with concomitant repercussions on the economy.

### **3.0 AIMS AND OBJECTIVES**

The objective of the project is to intensify the multi-sectoral activities designed to combat the spread of HIV/AIDS and reduce its impact on those already infected through financing interventions outside the MoH's mandate.

The "Strategic Framework for HIV/AIDS in Ghana" enables the Government of Ghana to implement a balanced, diversified multi-sector response to the problem, engaging all relevant government sectors, non-governmental organizations and grassroots initiatives.

The main purpose of the Ghana AIDS Response Project (GARFUND) therefore, is to support the implementation of the Government's effort to reduce the spread of the HIV/AIDS

epidemic and reduce its impact on those already living with it. The project design is based on a broad national consensus of what needs to be done to combat HIV/AIDS as it includes the needs and strategies identified in documents prepared by the government, the comments of the Ghana Aids Commission and the views of stakeholders consulted.

#### **4.0 ELIGIBILITY CRITERIA**

To qualify for such a loan, there are some criteria to satisfy and Ghana satisfies all four:

##### **1. SATISFACTORY EVIDENCE OF A STRATEGIC APPROACH TO HIV/AIDS:**

Garfund is the product of a series of government sponsored actions involving all key line ministries, stakeholders and donor partnership, under the guidance of UNAIDS. The project design is therefore based on a broad national consensus of what needs to be done to combat HIV/AIDS as it includes the needs and strategies identified in documents prepared by Government of Ghana, the comments of the Ghana Aids Commission (GAC) and the views of stakeholders consulted;

##### **2. THE EXISTENCE OF A HIGH-LEVEL CO-ORDINATING BODY WITH BROAD REPRESENTATION FROM ALL SECTORS:**

The Ghana AIDS Commission, established in the Presidency, includes all key line ministries,

representatives from various religious organizations, labor unions, students and women's groups as well as networks of NGOs working with HIV/AIDS and representatives of associations of People Living with HIV/AIDS (PLWHAs);

**3. AGREEMENT TO APPROPRIATE IMPLEMENTATION ARRANGEMENTS TO FINANCE ACTIVITIES DIRECTLY IN COMMUNITIES:**

The project will directly finance activities in communities as well as proposals submitted by civil society organizations at the local level, and district level initiatives. In order to expand access to funds to the local level more rapidly, larger civil society organizations (affiliations) will be encouraged to manage subcontracts in several communities. The Government has also agreed to contract out subproject supervision, project evaluation, training, and knowledge management in order to be more agile and accelerate implementation;

**4. AGREEMENT TO FUND MULTIPLE IMPLEMENTATION ENTITIES, ESPECIALLY COMMUNITY-BASED AND NON-GOVERNMENTAL INSTITUTIONS:**

The bulk of activities are to be conducted by NGOs and civil society organizations. The implementation of activities will be conducted by the line ministries other than the Ministry of Health, and by the Non-Governmental Organization/Community Based Organization (NGO/CBO) sector, and a growing number of district governments.

## 5.0 IMPLEMENTATION PERIOD AND PROJECT COMPONENTS

The cost of this project, expected to be implemented within a four-year period, is estimated at US\$27.8 million out of which the IDA credit amount is US\$25 million and Government of Ghana's contribution is estimated at US\$2.8 million.

The breakdown is:

Component	Sector	Indicative Costs US\$M	Bank Financing US\$M	% of Bank Financing
A. Prevention and Care Services	HIV/AIDS	21.00	18.90	75.6
B. Strengthening Public/Private Institutions for HIV/AIDS Control	HIV/AIDS	2.40	2.40	9.6
C. Knowledge Management	HIV/AIDS	1.40	1.00	4.0
D. Project Management (Incl. M & E)	HIV/AIDS	3.00	2.70	10.8
<b>TOTAL PROJECT COST</b>		<b>27.80</b>	<b>25.00</b>	<b>100.0</b>

This project would be placed under the authority of the Ghana AIDS Commission (GAC) which would be in charge of the definition of broad priorities for action, the selection of eligible proposals (through a technical subcommittee), and the monitoring of the performance of the project.

There are four components, which would be funded as follows:

#### **A. PREVENTION AND CARE**

This involves the establishment of the AIDS Response Fund to provide Grants for the financing of subprojects proposed by eligible beneficiaries aimed at

- prevention of HIV transmission and
- provision of care to persons living with HIV/AIDS and their families.

#### **B. STRENGTHENING PUBLIC/PRIVATE INSTITUTIONS FOR HIV/AIDS CONTROL**

Strengthening of the technical and managerial capacity of beneficiaries to implement sub-projects, through the provision of technical advisory services;

#### **C. KNOWLEDGE MANAGEMENT**

Under this component, there will be:

- the establishment of an HIV/AIDS information centre, including a database, through the provision of technical advisory services and acquisition of equipment; and the
- dissemination of information to beneficiaries on, inter alia, HIV/AIDS prevention, care and best practices from other countries.

## **D PROJECT MANAGEMENT, MONITORING AND EVALUATION**

There will be:

- monitoring and evaluation of the progress in the implementation of the project against targets set out in the Borrower's Strategic Framework, through the carrying out of selected studies; and
- management and co-ordination of project activities, through the provision of technical advisory services and acquisition of vehicles and equipment.

## **6.0 TERMS AND CONDITIONS OF THE LOAN**

The credit would be on standard IDA terms with 40 years' maturity

TOTAL AMOUNT	-	SDR19,600,000(US\$25.0 M)
INTEREST RATE	-	0%
MORATORIUM	-	10 years
REPAYMENT PERIOD	-	30 years
COMMITMENT CHARGE	-	0.5%
SERVICE CHARGE	-	0.75%
CLOSING DATE	-	30 <sup>th</sup> June, 2005

## **7.0 OBSERVATIONS AND RECOMMENDATIONS**

Members, on careful consideration of the Credit Agreement and Project Components, found it to be consistent with Government's

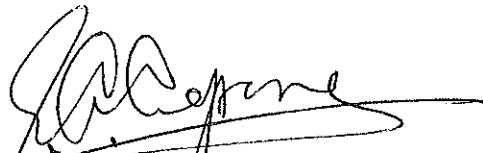
overall economic development strategy with manifold benefits. Indeed, a decreased HIV prevalence and AIDS-related death rate would lead to an increased labor force as well as a GDP per capita growth rate.

Without strong programs as this one therefore, the spread of HIV/AIDS would greatly undermine any improved macroeconomic performance that this nation may chalk.

## 8.0 CONCLUSION

Based on the foregoing, the Committee recommends to the House, approval by resolution of the Development Credit Agreement between the Republic Ghana and the IDA in the amount of SDR19,600,000 (US\$25.0 million) to finance the Ghana Aids Response Project (GARFUND).

Respectfully submitted.



HON. EUGENE ATTA AGYEPONG  
(VICE CHAIRMAN)



ALHAJI IBRAHIM GOMBILLA  
(CLERK)

OCTOBER 2001