JOINT MEMORANDUM TO PARLIAMENT

SUBMITTED BY:

KEN OFORI-ATTA, MINISTER FOR FINANCE

AND

HON. KWAKU AGYEMAN-MANU (MP), MINISTER FOR HEALTH

REQUESTING FOR PARLIAMENTARY APPROVAL FOR THE
COMMERCIAL CONTRACT AND CREDIT AGREEMENTS IN RESPECT OF
THE RECONSTRUCTION OF KOFORIDUA REGIONAL HOSPITAL

APRIL 2019
EXECUTIVE SUMMARY

1. PARLIAMENTARY DECISION REQUESTED:
Parliament is respectfully invited to consider and approve:

1.1 The commercial contract in an amount of EUR 70,000,000.00 (Seventy million Euros) between the Government of the Republic of Ghana, acting through the Ministry of Health and Tyllium for construction of Koforidua regional hospital.

1.2 United Kingdom Export Finance Agreement in the amount of up to EUR 60,240,000 (Sixty million, two hundred and forty thousand Euros) between the Republic of Ghana represented by the Ministry of Finance and Standard Chartered Bank to finance the construction of Koforidua regional hospital.

1.3 A tied commercial Facility Agreement in the amount of EUR 17,680,000 (Seventeen million, six hundred and eighty thousand Euros) between the Republic of Ghana represented by the Ministry of Finance and Standard Chartered Bank to finance the construction of Koforidua regional hospital.

2. BACKGROUND INFORMATION:
The reconstruction of the Koforidua Regional Hospital falls within government’s commitment to upgrade health care infrastructure in the country as stated in the government’s 2016 manifesto and the 2018 Budget Statement. The reconstruction is intended to provide an ultra-modern hospital to provide the people with enhanced health care delivery. The project is also intended to ensure equity and regional balance to meet government’s commitment to the provision of universal health care delivery to the people in line with Government’s vision under the Sustainable Development Goals (SDG3). Provision of this facility will help bridge the geographical access gap in healthcare delivery as well as serving the under-served and unserved communities for the purposes of primary referrals. Despite government’s commitment to enhance healthcare infrastructure in the country, inadequate funding has been a big challenge. It is on this note that this credit facility comes at an opportune time to help the government achieve the objective of the reconstruction of the Koforidua Hospital to enhance health care infrastructure in the country. The Hospital, just like many other health facilities in the country, has seen an uncoordinated development over the years; fundamentally through a lack of resources to plan effectively.

Regional Hospitals constitute an important component in the health care delivery system in Ghana. Regional Hospitals are required to be the centres of excellence and centres of general specialist care involving skills and competencies not available in district hospitals in the hierarchy of the healthcare system in Ghana. Healthcare delivery in regional hospitals requires more complex technologies and highly skilled workforce. It usually has a high concentration of resources and it is relatively more expensive to run in comparison to district hospitals. The core functions of the hospital are healthcare service provision and training of health workers at preservice and in-service levels as well as for continuous medical education. The hospital should
therefore be sufficiently resourced, developed and supported to offer referral and specialized care to primary care facilities within its catchment area. Health Service delivery constitutes the mainstream function of the regional hospital and it spans the delivery of primary and secondary curative care services for out-patient and in-patient services. It also serves as a referral center and a center of excellence for specialist, specialized, sub-specialties and secondary care. The Hospital is strategically placed to serve the medical needs of its neighboring communities and the region at large.

The Koforidua Hospital, in its existence, has seen two major structural additions since its establishment in 1926. The first was in 1972 when an Administration Block, Dental Unit, Laboratory Department, Adult OPD with Medical Records, Internal Medicine, Kids, Surgical and Maternity Wards with Theatre were added.

The last major upgrade of the current Koforidua Regional Hospital was in the 1998 where additional Kitchen, Main Theatre, X-Ray Department, Laundry and Mortuary Departments were included. The buildings that were added after the last major upgrade had no real architectural value and that has contributed to an ad-hoc nature of development and near obsolescent facilities in the hospital. It has been established that the current state of the Eastern Regional Hospital is both ill equipped and inadequate to meet the health needs of the burgeoning population of the region. The reconstruction and equipping is intended to provide the required infrastructure, medical equipment, and ancillary services to ensure that the Hospital is fully operational and befitting the status of a Regional Hospital. It will also provide the enabling condition for attracting the needed healthcare professional.

The credit facility and the project seek to reconstruct the Eastern Regional Hospital into a fully-functional, fit for purpose modern Regional Hospital in Koforidua. The idea is to have a modern regional hospital that will facilitate both the delivery of healthcare and the training of medical cadres.

3. JUSTIFICATION FOR GOVERNMENT ACTION:

Government is being requested to secure the loan to facilitate the reconstruction and equipping of the Hospital to address the gaps in healthcare infrastructure. It is also in fulfillment of the government’s commitment to ensure universal healthcare to all citizens in Ghana.

4. IMPLEMENTATION PLAN

4.1 The project is expected to be completed within 3 years (2019-2021). The Ministry of Health would be the lead implementing agency of the project but the lead contractor for the completion and equipping of the facility will be Tyllium U.K. Ltd. Detailed work plan for project will be developed to guide implementation.
5. PROJECT DESCRIPTION

The project's description is summarized in the table below;

1. Administration Block, Training and Conference Facilities
2. Teaching Facilities
3. Out Patient Department
   - Patient Waiting Areas, concourses and registration desks
   - Public Health
   - Dental Clinic
   - Ophtalmology
   - ENT Department
   - Day Surgery
   - Paediatric Clinic (Child Health)
   - Medicine
   - Obstetrics and Gynae Services
4. Accident and Emergency Services
5. Adjunct Clinical Services
   - Pharmacy/Dispensary
   - Laboratory medicine
   - Imaging to include MRI Services
   - Physiotherapy Department
6. Pathological Services
7. Surgical services including the provision of 7no. theatres and endoscopy
8. Obstetrics and Gyanaecology
9. In-Patient Wards
10. Burns Care
11. Support Services
   - Workshop
   - Central Stores
   - Technical Installations
   - Central Sterilisation
   - Kitchen and Staff Dining
   - Laundry
12. Special Services
   - Radiation therapy and Oncology Suite
   - Cardiology
   - Nephrology
   - Domestic Violence Victims and Support Unit
SECRET

Creche

13. Provision of Staff Accommodation
   2-bedroom Flats 16no.
   3-bedroom Flats 10no.
   4-bedroom Flats 8no.
   Housemen Flats (1-bedroom ensuite) 12no.

14. Installation and supply of medical equipment
15. User and Application Training
16. ICT Installations and Provision of HIMS
17. 3-year post warranty maintenance
18. Medical waste management system
19. External Works to include horticulture, roads, pavement and drains.
20. Electrical supply to include back-up generators and solar installations
21. Water Connection to include the provision of boreholes

The components of the Project will comprise the following:

a. Completion of financing agreement
b. Provision of additional facilities in Civil Works to include Electrical and Plumbing Installations to complete the block.
c. Supply and Installation of Medical Equipment & Furniture.
d. Project Management and Procurement of Consultancy services
6. FINANCIAL IMPACT:

6.1 The project is to be financed by Standard Chartered Bank, UK under an export credit financing structure. The credit guarantee support is therefore from the United Kingdom Export Finance. The financial package provides a 100% financial solution.

6.2 The project financing is included on the list of projects approved for non-concessional borrowing in 2018 under the International Monetary Fund’s programme. The financing terms of the two credit agreements:

Summary of UKEF Facility
i. Facility amount : up to €60,240,000 (inclusive of estimated UKEF premium of 13.13% flat of facility amount)
ii. Interest rate : EUR CIRR (for UKEF Direct Tranche)
   : 6M EURIBOR + 0.80% p.a. (for UKEF Guaranteed Tranche)
iii. Commitment fee : 0.24% p.a. (for UKEF Guaranteed Tranche)
iv. Arrangement fee : 1.00% flat of facility amount
v. Administrative fee : €190,000.00 flat
vi. Grace period : 3 years
vii. Repayment period : 10 years
viii. Tenor : 13 years

Summary of Tied Commercial Facility
i. Loan amount : up to €17,680,000
ii. Interest rate : 6M EURIBOR + 4.75% p.a.
iii. Commitment fee : 1.00% p.a.
iv. Arrangement fee : 1.50% flat of loan amount
v. Grace Period : 1 year
vi. Repayment period : 4 years
vii. Tenor : 5 years
7. CONCLUSION

Considering the benefits the health sector stands to gain from the completion of this project and the immense socio-economic benefits to be derived from this project, Honourable members are requested to consider and approve the financing agreement as stated in paragraph one.

Date: 09.04.19
Signed: Kwaku Agyeman-Manu (MP)
Hon. Minister for Health

Date: 09.04.19
Signed: Ken Ofori-Atta
Hon. Minister for Finance