

IN THE FIRST MEETING OF THE THIRD SESSION OF THE SEVENTH
PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA

**REPORT OF THE FINANCE COMMITTEE ON AN ADDITIONAL LOAN
AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
GHANA AND THE SAUDI FUND FOR DEVELOPMENT (SFD) FOR AN
AMOUNT OF SEVENTY-FIVE MILLION SAUDI RIYALS (SR75,000,000.00)
(EQUIVALENT TO US\$20.0 MILLION) TO FINANCE THE CONSTRUCTION
OF ADDITIONAL FACILITIES, SUPPLY AND INSTALLATION OF MEDICAL
EQUIPMENT TO THE ADJUNCT CLINICAL BLOCK AT THE BOLGATANGA
REGIONAL HOSPITAL IN THE UPPER EAST REGION**

1.0 INTRODUCTION

The request for approval of an Additional Loan Agreement between the Government of the Republic of Ghana and the Saudi Fund for Development (SFD) for an amount of Seventy-Five Million Saudi Riyals (SR75,000,000.00) (equivalent to US\$20.0 Million) to finance the Construction of Additional Facilities, Supply and Installation of Medical Equipment to the Adjunct Clinical Block at the Bolgatanga Regional Hospital in the Upper East Region was laid in the House on Wednesday, 12th December, 2018 in accordance with Article 181 of the 1992 Constitution.

Rt. Hon Speaker referred the Agreement to the Finance Committee for consideration and report in accordance with Order 169 of the Standing Orders of the House.

The Committee was assisted in its deliberations by a Deputy Minister for Finance, Mrs. Abena Osei Asare, a Deputy Minister for Health, Hon. Kingsley

Aboagye Gyedu and officials from the Ministry of Finance and the Ministry of Health.

2.0 REFERENCE

The Committee referred to the following documents in its deliberations:

- The 1992 Constitution of Ghana;
- The Public Financial Management Act, 2016 (Act 921); and
- The Standing Orders of the Parliament of Ghana.

3.0 BACKGROUND

The Upper East Region is in one of the deprived areas of the country. There is evidence that physical access to health care is a great challenge. There are huge service provision gaps due to the absence of health facilities.

In order to address these challenges and to meet people's expectations and to promote effective clinical service delivery, Government sourced funding to commence major rehabilitation works at the Bolgatanga Regional Hospital. The rehabilitation works was to add 175 beds to the hospital and give it a total bed capacity of 381.

The Rehabilitation and Expansion Works of the Bolgatanga Regional Hospital was also intended to provide an ultra-modern secondary referral hospital for the Upper East Region of Ghana. This was also in line with Government's vision under the Sustainable Development Goals (SDGS) and Universal Health Coverage vision of ensuring that every region has an ultra-modern secondary referral Hospital for its people.

The works were to help bridge the geographical access gap in healthcare delivery as well as serving the under-served and unserved communities for the purposes of primary referral whilst taking advantage of medical tourism with neighbouring countries.

The works were divided into three (3) phases. Phase One (1) is complete and it covered the construction of Adjunct Clinical Block, Out-Patients Department (OPD), Wards, Surgical Departments, Laboratory, Pharmacy, X-Ray and Accident and Emergency.

Phase Two (2) is intended to address the identified gaps to ensure that the Adjunct Block that has been constructed is provided with the required infrastructure. It would therefore cover the installation of medical equipment and furniture required to make the completed Clinical Block functional.

Phase Three (3) would cover facilities that would be required to meet full functionality and scope of services for a Regional Hospital.

In order to execute Phase Two, Government of Ghana requested the Saudi Fund for Development to provide a total amount of SR\$75,000,000.00 (equivalent to US\$20.0 Million). It is this loan Agreement that is before Parliament for approval.

4.0 PROJECT OBJECTIVES

The objects of the project are to:

- undertake construction works at the Adjunct Block to provide the required infrastructure, medical equipment, and ancillary services to increase capacity of the hospital to full functionality
- enable the hospital attain full operational status of a Regional Hospital and provide the enabling conditions for attracting the needed healthcare professionals into the facility.
- create the opportunity for operational excellence and knowledge sharing in the area of health training.
- improve provision of Quality Healthcare to the general public

5.0 PROJECT COMPONENTS

The major components of the project include;

- Lift carriages,

- Full hospital equipment required for the Adjunct Clinical Block,
- CSSD/ Laundry and Kitchen services – civil works,
- CSSD/ Laundry and Kitchen services – equipment,
- Waste disposal System,
- 48 body mortuary,
- Complete external drainage system within the Adjunct Clinical Block,
- Easy access (Roads and walkways system),
- Landscape,
- Doctor’s/Nurses accommodation,
- General security (Fence walling of hospital),
- Location for prayers/prayer house for medical staff,
- Mothers’ hostel,
- Medical gas plant,
- Consultancy fees for extension of existing supervision, and
- Estimated consultancy for fee for supervision of additional scope of works.

6.0 FINANCING TERMS

The terms of the loan facility are as follows:

Loan Amount	-	SR75,000,000 (approx. US\$20 Million)
Interest Rate	-	1.00% p.a.
Repayment	-	20years
Grace Period	-	10years
Maturity Period	-	30years
Grant Element	-	49%

7.0 OBSERVATIONS

7.1 Progress of Work

The Committee was informed that works under Phase One is complete. An amount of Twelve Million United States Dollars (US\$12 Million) was sourced to finance construction works under Phase One. Only Ten Million United States Dollars was utilized leaving a balance of Two Million United States Dollars (US\$2 Million) that would be applied to Phase Two.

7.2 Expected Benefits

The Committee was informed that when completed, the Project would:

- Address the gap in the equitable distribution of Regional Hospitals with ultra-modern medical facilities providing specialist services in the country
- Improve the quality of healthcare delivery in the Upper East Region as well as strengthening of the continuum of healthcare system
- Impact on the socio-economic developmental activities within the region and beyond
- Accelerate the attraction of medical professionals and specialists to the Region and enhance the delivery of healthcare.

7.3 Tax Waiver

The Committee noted that as part of the conditions for the disbursement of the loan, all goods to be procured under the agreement is to be exempted from the payment of duties and taxes.

The Ministry informed the Committee that a request for the waiver of taxes and duties would be presented to the House for consideration at a later date.

7.4 Consultancy Fees

The Committee observed that an amount of Two Million, Two Hundred and Sixty Thousand United States Dollars (US\$2,260,000) has been budgeted for Consultancy services under the project.

It was explained that the amount was an estimate which falls within the acceptable industry charge of between six percent (6%) and twelve percent (12%).

The Ministry also indicated that the project would go for international competitive tender to select the contractor and it is expected that the amount would go down in the bidding process.

8.0 CONCLUSION

In view of the immense benefits to be derived from this project, the Committee recommends to the House to adopt its report and approve the request for approval of an Additional Loan Agreement between the Government of the Republic of Ghana and the Saudi Fund for Development (SFD) for an amount of Seventy-Five Million Saudi Riyals (SR75,000,000.00) (equivalent to US\$20.0 Million) to finance the Construction of Additional Facilities, Supply and Installation of Medical Equipment to the Adjunct Clinical Block at the Bolgatanga Regional Hospital in the Upper East Region in accordance with Article 181 of the 1992 Constitution, Section 56 of the Public Financial Management Act, 2016 (Act 921) and Orders 169 of the Standing Orders of the Parliament of Ghana.

Respectfully Submitted.



HON. DR. MARK ASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)

26th February, 2019



EVELYN BREFO-BOATENG (MS)
(CLERK, FINANCE COMMITTEE)

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