

REPORT OF THE FINANCE COMMITTEE

ON THE

- i. **SINOSURE-BACKED TERM LOAN FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND STANDARD CHARTERED BANK, LONDON (AS ORIGINAL LENDER, AGENT, STRUCTURING BANK AND MANDATED LEAD ARRANGER) [WITH SINOSURE PREMIUM SUPPORT] FOR AN AMOUNT OF *FIFTY-SIX MILLION, FIVE HUNDRED AND SEVENTY-FOUR THOUSAND, EIGHTY-TWO EUROS AND SEVENTY CENTS (€56,574,082.70)***

AND

- ii. **TERM LOAN FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND STANDARD CHARTERED BANK, LONDON (AS ORIGINAL LENDER, AGENT, STRUCTURING BANK AND MANDATED LEAD ARRANGER) FOR AN AMOUNT OF *NINE MILLION, NINE HUNDRED AND EIGHTY-THREE THOUSAND, SIX HUNDRED AND SIXTY-ONE EUROS AND SIXTY-FIVE CENTS (€9,983,661.65)***

TO FINANCE

THE REHABILITATION AND EQUIPPING OF LA GENERAL HOSPITAL

PARLIAMENT OF GHANA LIBRARY

MARCH 2020

1.0 INTRODUCTION

The

- i. **SINOSURE-backed Term Loan Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **Standard Chartered Bank, London** (as Original Lender, Agent, Structuring Bank and Mandated Lead Arranger) [with SINOSURE premium support] for an amount of ***Fifty-Six Million, Five Hundred and Seventy-Four Thousand, Eighty-Two Euros and Seventy Cents (€56,574,082.70)*** to finance the rehabilitation and equipping of La General Hospital; AND
- ii. **Term Loan Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **Standard Chartered Bank, London** (as Original Lender, Agent, Structuring Bank and Mandated Lead Arranger) for an amount of ***Nine Million, Nine Hundred and Eighty-Three Thousand, Six Hundred and Sixty-One Euros and Sixty-Five Cents (€9,983,661.65)*** to finance the rehabilitation and equipping of La General Hospital

were *presented* to the House on Tuesday 24th March 2020 by the Honourable Minister for Parliamentary Affairs, Mr. Osei Kyei-Mensah-Bonsu on behalf of the Minister responsible for Finance.

Pursuant to Article 103 of the 1992 Constitution and Orders 169 and 171 of the Standing Orders of the House, the Agreements were *referred* to the Committee on Finance for consideration and report.

The Committee subsequently met and discussed the Agreements with a Deputy Minister for Finance, Hon. Mrs. Abena Osei-Asare, a Deputy Minister for Health, Hon. Alexander Kodwo Kom Abban as well as officials from the Ministries of Finance and Health.

The Committee hereby submits this report to the House pursuant to Order 161(1) the Standing Orders of the House.

The Committee is grateful to the Honourable Deputy Ministers and the officials from the Ministries of Finance and Health for attending upon and assisting the Committee in its deliberations.

2.0 REFERENCES

The Committee referred to and was guided by the following documents *inter alia* during its deliberations on the Agreements:

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

3.0 BACKGROUND

The reconstruction of the La General Hospital falls within Government of Ghana's commitment to upgrade health care infrastructure in the country.

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 of Ghana in line with Government's vision under the Sustainable Development Goals (SDG 3).

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 La General Hospital to enhance health care infrastructure in the country.

The La General 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.

Following a preliminary assessment of the building by the technical team of the Ghana Health Service, the Ministry tasked a team of Engineers to assess the building and come up with a proper diagnosis to advise the Ministry of Health on the way forward. A summary of the findings indicates a severe structural problem the rectification of which will have dire implications on financial resources and service delivery as a whole.

The instant Project is thus intended to provide the required infrastructure, medical equipment, and ancillary services to ensure that the Hospital is fully operational and befitting the status of the Hospital. It will also provide the enabling condition for attracting the needed healthcare professionals.

3.1 OBJECT OF THE LOAN

The object of the loans is to finance the construction, provision of equipment and ancillary services for the La General Hospital in Accra.

4.0 TERMS AND CONDITIONS OF THE LOAN

The financing terms of the two Credit Agreements are as presented in the table below:

Terms	Sinosure Facility	Commercial Facility
Facility Amount	Up to €56.57 million representing 85% of the Eligible Contract Value and 85% of the Sinosure premium estimated at 5.80% flat of the facility amount	Up to €9.98 million representing 15% of the Eligible Contract Value and 15% of the Sinosure premium estimated at 5.80% flat of the facility amount
Currency	Euro	Euro
Grace period	2 years	1 year
Repayment period	12 years	4 years
Tenor	14 years	5 years
Interest rate	Euribor + 2.00% p.a.	Euribor + 4.50% p.a.
Commitment fee	0.30% p.a.	0.50% p.a.
Upfront fee	1.25% flat	1.25% flat
All-in-cost	3.02% p.a.	4.74% p.a.

5.0 PROJECT DESCRIPTION AND SCOPE

The scope of works of the Project includes the following:

- a. Demolition of Existing structures
- b. Construction of New Facilities
- c. Training and Human Resource and Staff development activities.

[Please find attached as Appendix a detail scope of works under the project]

6.0 OBSERVATIONS

6.1 Necessity for the Project

The Committee observed that the La General Hospital is presently both ill-equipped and inadequate to meet the health needs of the burgeoning population of the catchment area. The reconstruction and equipping Project is thus intended to provide the required infrastructure, medical equipment, ancillary facilities and services to ensure that the hospital is fully operational and befitting the status of a modern General Hospital. It will also provide the enabling environment for attracting the needed healthcare professionals to the Facility.

6.2 Project Execution Period

As to how long it would take to complete the Project, the Committee was informed that the project is expected to be completed within two (2) years, other things being equal. There will also be an additional one (1) year defect liability period.

6.3 Technical Coordination of the Project

The Committee was informed that a Technical Project Team (TPT) which will comprise house technical staff from the

Infrastructure Directorate of the Ministry of Health with active representation of the Management of the La General Hospital and the Ghana Health Service will be established to oversee and coordinate the entire project implementation process and review progress reports. The Committee was assured that the Team will be adequately resourced and equipped to enable it undertake its day-to-day activities.

6.4 Completely New Hospital

The Committee was informed that under the project, there will be a reconstruction of a new hospital at the current site of the La General Hospital. The existing structure would be knocked down and new ones erected. A technical assessment carried out on the existing facility shows that structure has no structural integrity and is not fit for human occupation.

Due to the dangerous nature of the existing structure, the hospital has currently been closed down and the staff distributed to other hospitals pending the completion of the project.

6.5 Inadequate Emergency Capacity

The Committee observed that there are only twelve (12) beds at the Emergency Unit of the 164-bed hospital to be constructed under the project. It was noted that the number of emergency beds could prove critically inadequate since most critically ill patients are first treated at the Emergency Unit before being transferred to the regular wards. Non-availability of beds at the Emergency ward could lead to the turning away of emergency cases, thus contributing to the

phenomenon notoriously referred to as the "no bed syndrome".

The Committee recommends that going forward, the designs of new hospital projects should incorporate expanded Emergency Units so as to minimize and ultimately eliminate the "no bed syndrome".

7.0 CONCLUSION

In recognition of the immense healthcare and other socio-economic benefits to be derived from the Project and in view of the foregoing observations, the Committee respectfully recommends to the House to adopt this report and approve by resolution, the

- i. **SINOSURE-backed Term Loan Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **Standard Chartered Bank, London** (as Original Lender, Agent, Structuring Bank and Mandated Lead Arranger) [with SINOSURE premium support] for an amount of ***Fifty-Six Million, Five Hundred and Seventy-Four Thousand, Eighty-Two Euros and Seventy Cents (€56,574,082.70)*** to finance the rehabilitation and equipping of La General Hospital; AND
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Sixty-Five Cents (€9,983,661.65) to finance the rehabilitation and equipping of La General Hospital

in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.




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


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

26TH MARCH, 2020

APPENDIX

Administration 12no. Open and enclosed Administrative Offices 8 seater boardroom, server Room and Pantry 64-seater Conference Room Staff Library	Imaging area 1no. CT Scan X-ray room Ultrasound Flouroscopy Mammography
Emergency Unit 1no. Operating Theatre 4-bed Triage 4-bed resuscitation Room 4-bed Observation ward 3no. Examination/consulting rooms and Plaster room External Waiting area for 20 people	NICU 6-station incubators 10- Cot babies room Staff Monitoring Station
Wards	Maternity
21-bed Paediatric Ward	4no. Labour Delivery stations
37-bed Surgical Ward (19-Male and 18-female)	1no. Private delivery room
14-bed Maternity Ward	6 bed Lying-in
18-bed Gynae Ward	2-bed Recovery room
37- Bed Medical Ward (19 Male and 18 Female)	Eclampsia Room
5-bed Psychiatric ward	
Relatives Hostel 10no. Single room occupancy for Relatives	Technical services Technical Installations Building for water, electricity, waste treatment etc Maintenance Unit
Pathology 51 -body capacity mortuary Post-mortem room and related facilities Administrative offices meeting room and waiting area	Circulation 5no. Lifts 6no.staircases lobbies and lounges
Staff Accommodation 12units of 2-bedroom staff accommodation 18units of 1-bedroom accommodation 1 unit of 3-bedroom accommodation	
2	Provision of a 2-year Post Defects Notification Period Maintenance Programme and for Medical Equipment supplied.
3	Installation of ICT Equipment, CCTV and the relevant software for a paperless operation of the hospital. The Employer has approved the software to be procured, as complying with all its requirements.
4	Supply and installation of all medical equipment, consumables, operational vehicles (Utility Trucks and ambulance)
5	Supply and installation of all Fixed Furniture and Equipment (FFE) including medical and non-medical furniture in every facility or space provided to make it fully functional as detailed out in the equipment list and specifications
6	Demolition of all disused buildings as agreed with the MOH and the End-users.
7	External Works to include roads, pavements, covered walkways, canopies, covered drains, parking and landscaping Works all within the site boundaries
8	