

JOINT PARLIAMENTARY MEMORANDUM

BY

KWAKU AGYEMAN-MANU

(HON MINISTER FOR HEALTH, MP)

AND

KEN OFORI ATTA

(MINISTER FOR FINANCE)

TITLE:

**FACILITY AGREEMENT AND COMMERCIAL CONTRACT FOR
CONSTRUCTION AND EQUIPPING OF 40-BED DISTRICT HOSPITALS AT
AYENSUANO, EFFIDUASE AND OFFINSO, AND THE COMPLETION AND
EQUIPPING OF OLD TAFO MATERNITY AND KUMASI SOUTH MATERNITY
BLOCKS**

DATE:

17th DECEMBER 2021

1. ACTION REQUIRED:

Parliament is respectfully invited to consider and approve the following agreements:

- i. A Commercial Contract of €38,000,000.00 between the Republic of Ghana, acting through the Ministry of Health and Golden Mainland Ghana Limited for the construction and equipping of a 40-bed district hospitals at Ayensuano, Effiduase and Offinso, and the completion and equipping of Old Tafo Maternity and Kumasi South Maternity Blocks. and
- ii. The Facility Agreement of up to €38,928,898.00 between the Government of Ghana represented by the Ministry of Finance and Deutsche Bank AG (as the Arranger and the Original Lender) and TMF Global Services, UK (as the Facility Agent) Limited.

An executive approval has been granted by His Excellency the President on 15th December 2021.

2. BACKGROUND INFORMATION:

The Government of Ghana is committed to ensuring the provision of health infrastructure to enhance the quality of health services delivery and promote universal access to healthcare services in the country.

The policy trust of the government is to embark on sustainable and integrated infrastructural development programme across the country. The integrated programme will address infrastructure that supports road network, housing, health, water systems, etc. This was articulated clearly in the 2016 manifesto document (page 69) and reiterated in government's Coordinated Programme of Economic and Social Development Policies (2017-2024).

There is continuous increase in Outpatient visits to various hospitals in all the regions of Ghana but the development of health infrastructure has not kept pace with it. The country has 216 administrative regions of which only 109 have district hospitals. This has led to congestion and pressure on the utilization of most of the health facilities as they operate above their established thresholds. This affects patients' satisfaction, as there is long waiting time at OPD and also poses a challenge in providing quality health care services by over stressed health workers. Therefore, managerial strategies for improving quality assurance should be matched with corresponding expansion and improvement in health infrastructure. The challenges are compounded by inadequate funding for the Ministry's capital investment plan and the rising cost of maintenance of the traditional health infrastructure. It is in the light of these challenges that the need for appropriate infrastructure technology for constructing health faculties is of prime importance.

The Ministries of Health and Finance therefore entered into discussions with Czech Export Bank to structure a credit facility for Ghana to enable the Ministry of Health get the needed funding to execute the identified projects. Messrs MZ Liberec, a.s was selected as the contractors for the project with Golden Mainland Ghana Limited as Local Partners. In July 2021, Mz Liberec gave an indication to discontinue the project. The local partner, Golden Mainland Ghana Limited has expressed interest to continue as the Main Turnkey Provider.

Golden Mainland Ghana Limited has therefore submitted the project documents for value for money and has commissioned the environmental studies required to meet the financing arrangements from Deutsche Bank. This partnership we believe will enhance participation of local companies in the provision of infrastructure projects in the country and thereby creating jobs and wealth.

The project covers the construction and equipping of 40-Bed District Hospitals at Ayensuano, Effiduase and Offinso, and the completion and equipping of Old Tafo Maternity and Kurnasi South Maternity Blocks.

The aim of the retooling, revamping and supply of equipment to the selected existing hospitals is to address the shortfall in the provision of infrastructural facilities and biomedical equipment including the problem of maternal/neonatal care services, patient transport and handling in health facilities, patient lying on the floor, laundry services, corpse storage, dental services, audiology services, sterilization services, dietetic services, emergency care services, poor quality of electricity supply, water supply and where possible address medical oxygen supply in selected hospitals.

The goal is to have a healthy and productive population that reproduces itself safely to achieve the following objectives:

- **Bridge the equity gaps in geographical access to health services**
- **Ensure sustainable financing for health care delivery and financial protection for the poor**
- **Improve efficiency in governance and management of the health system**
- **Improve quality of health services delivery including mental health services**
- **Enhance national capacity for the attainment of the health related MDGs and sustain the gains**
- **Intensify prevention and control of non-communicable and other communicable diseases**

3. JUSTIFICATION FOR GOVERNMENT ACTION:

Government is being requested to secure the credit facility to facilitate the construction, retooling and equipping the selected facilities to address the gaps in healthcare infrastructure particularly in the selected areas. It is also in fulfilment of the government's commitment to enhance health care infrastructure to provide universal healthcare services to all citizens in Ghana.

4. INTER-MINISTERIAL CONSULTATION:

- **Ministry of Finance**
- **Ghana Health Service**
- **Parliamentary Select Committees of Finance and Health**

5. IMPLEMENTATION PLAN

The construction, equipment supply and installation will be completed within 36 months upon approval of the memorandum, detailed designs and equipment schedules. The projects will be executed by Messrs Golden Mainland Ghana Limited.

There will be two key components for the implementation of the Project as follows:

5.1 Expansion works and equipment supply for the Hospitals, which will comprise the following activities:

- a. Construction mobilization: 2 months from the approval of the detailed designs.
- b. Procurement and installation of medical equipment and accessories
- c. Commissioning: 1 month after practical completion and handing over

5.2. Revamping, retooling and equipment supply for the selected Hospitals

- a. Renovation and revamping of existing structures
- b. Procurement and installation of medical equipment and other accessories

6. FINANCIAL IMPACT:

This project was factored in the assessment which informed the Government's Medium-Term Debt Strategy (MTDS) and consequently determined government's borrowing plan for the medium term and published as Appendix 10c of the 2022 Budget.

The project which falls under government's infrastructure provision is funded through a debt financing. This option funds the entire project cost. Deutsche Bank AG is providing an term facility with insurance cover from African Trade Insurance (ATI) to finance the project.


The project is part of the list of priority projects selected for debt financing for 2022. The disbursement of the facility for the project will start in 2022. The related estimated debt service cost will form part of the estimated debt service payments for 2022 fiscal year and subsequent years until the facility are full paid off.

The summary of the terms and conditions of the two financing agreements are summarised below:

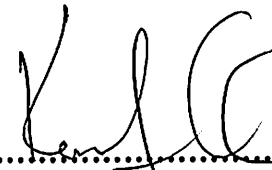
Facility Amount	- €38,928,898.00 of which:
<i>Project cost</i>	- €38,000,000.00
<i>Upfront Fee</i>	- €570,000.00 (i.e. 1.50% flat of facility and financed)
<i>Agency fee</i>	- €170,020.00 (financed)
<i>Legal fee</i>	- €88,878.00 (financed)
Tenor	- 10 years
Repayment Period	- 8 years
Grace Period	- 2 years
Interest rate	- 7.50% p.a. (fixed)

7. CONCLUSION

Considering the benefits that the health sector stands to gain from the completion of the projects and the immense socio-economic benefits to be derived, Parliament is kindly requested to consider and approve the commercial contract and the financing agreement as stated in paragraph one.

Signed.....

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

Signed.....

**KEN OFORI-ATTA,
MINISTER FOR FINANCE**

Engineering, Procurement and Construction Agreement

BETWEEN

**THE GOVERNMENT OF GHANA
(MINISTRY OF HEALTH)
P. O. BOX M44, ACCRA, GHANA**

"Employer"

AND

**GOLDEN MAINLAND
P. O. BOX YK 1107, KANDA, ACCRA, GHANA**

"Contractor"

FOR THE

**CONSTRUCTION AND EQUIPPING OF 40-BED
DISTRICT HOSPITALS AT AYENSUANO, EFFIDUASE
AND OFFINSO, AND THE COMPLETION AND
EQUIPPING OF OLD TAFO MATERNITY AND KUMASI
SOUTH MATERNITY BLOCKS**

....., 2021

CONTRACT AGREEMENT

This Agreement is made this _____ day of _____ in the year 2020.

BETWEEN THE GOVERNMENT OF GHANA acting through the **MINISTRY OF HEALTH** of P.O. BOX M44, MINISTRIES, ACCRA, GHANA (hereinafter called "the Employer") of the one part and **GOLDEN MAINLAND** of P. O. Box YK 1107, Kanda, Accra, Ghana (hereinafter called "the Contractor") of the other part.

WHEREAS:

- A. The Employer desires to **Construction and Equipping of 40-Bed District Hospitals at Ayensuano, Effiduase and Offinso, and the Completion and Equipping of Old Tafo Maternity and Kumasi South Maternity Blocks** (hereinafter referred to as "the Project")
- B. The Contractor agrees and has shown evidence of his expertise and ability to undertake the **Construction and Equipping of 40-Bed District Hospitals at Ayensuano, Effiduase and Offinso, and the Completion and Equipping of Old Tafo Maternity and Kumasi South Maternity Blocks.**
- C. The Employer has accepted the proposal by the Contractor for the execution and completion of these Works to the standards and specifications as set out in the Employer's requirements as well as remedying of any defects arising out of the execution of the Works

NOW, THEREFORE, In consideration of the mutual understandings contained herein, the Employer and the Contractor (the Parties) agree as follows:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract hereinafter referred to.
2. The following documents shall be deemed to form and be read and construed as part of this Agreement with following order of priority and precedence:
 - a. Minutes of Value for Money (VFM) Negotiation meetings signed by both Parties
 - b. Contract Agreement, General Conditions of Contract (FIDIC 2017 Second Edition, Silver Book) and Particular Conditions of Contract
 - c. The Employer's Requirements
 - d. The Contractor's Proposal (*Including Schedules*)
 - i. Architectural designs
 - ii. Architectural Space Programme
 - iii. Detail Building & Material Specifications
 - iv. Room type contents – Fixed Furniture & Equipment Layout and Data Sheets
 - v. Medical Equipment - list, codes, specifications, brands, and quantities, RBR list etc
 - vi. Non-Medical Equipment - list, codes, specifications, brands, quantities, RBR list etc
 - vii. Works Programme /Time schedule
 - viii. Contract Price and Price breakdown
 - ix. Payment Schedule
 - x. Bills of Quantities (SMM7 FORMAT)
 - xi. Profile of Contractor

xii. Training and Maintenance Plan

xiii. Guarantees and Bonds Any other documents as may be agreed between the Parties

3. In consideration of the payments to be made by the Employer to the Contractor as hereinafter mentioned, the Contractor hereby covenants with the Employer to design, execute and complete the Works and remedy any defects therein in conformity with the provisions of the Contract.
4. The Employer hereby covenants to pay the Contractor, in consideration of the design, execution and completion of the Works and the remedying of defects therein, the final Contract Price of **Thirty-eight Million Euros (€38,000,000.00)** at the times and in the manner prescribed by the Contract.
5. The Contract shall come into force and effect on the date when the following conditions are satisfied:
 - a. This agreement has been signed between the Employer and the Contractor.
 - b. This Contract has been approved by relevant authorities of the Republic of Ghana
 - c. Financing agreement has been signed with Deutsche Bank AG (the Arranger and Original Lender) and TMF Global Services (UK) Limited and come into force
 - d. Successful completion of "Value for Money assessment of the Project Contract terms by the Ministry of Finance "
 - e. This agreement has been approved by the Parliament of the Republic of Ghana.
 - f. The Employer has received and accepted all guarantees

In witness whereof the parties hereto have caused this Agreement to be executed the day and year first before written in accordance with their respective laws.

For and on behalf of the Employer
MINISTRY OF HEALTH

For and on behalf of the Contractor
GOLDEN MAINLAND

NAME: _____

NAME: _____

SIGNATURE: _____

SIGNATURE: _____

TITLE: _____

TITLE: _____

In the Presence of:

In the Presence of:

NAME: _____

NAME: _____

SIGNATURE: _____

SIGNATURE: _____

DATE: _____

DATE: _____



REPUBLIC OF GHANA

OFFICE OF THE PRESIDENT

SECRETARY TO THE PRESIDENT

Jubilee House, Accra

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Ref. No.

OPS 182/21/1474

Honorable Minister:

15th December, 2021

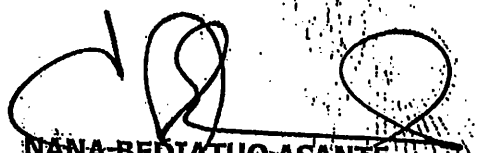
**RE: MEMORANDUM FOR EXECUTIVE APPROVAL
CONSTRUCTION AND EQUIPPING OF 40-BED DISTRICT HOSPITALS AT AYENSUANO,
EFFIDUASE AND OFFINSO AND THE COMPLETION AND EQUIPPING OF OLD TAFO
MATERNITY AND KUMASI SOUTH MATERNITY BLOCKS**

I refer to your letter dated 13th December, 2021 with reference number MOH/ID-CIPMU/GM-Ex App/12-2021, in respect of the above subject matter.

The President has granted executive approval for the execution of the following agreements:

- a. a Commercial Contract of €38,000,000.00 between the Republic of Ghana, acting through the Ministry of Health and Golden Mainland Ghana Limited for the construction and equipping of 40-bed district hospitals at Ayensuano, Effiduase and Offinso and the completion and equipping of Old Tafo Maternity and Kumasi South Maternity Blocks; and
- b. the Facility Agreement of up to €38,928,898.00 between the Government of Ghana represented by the Ministry of Finance and Deutsche Bank AG (the Arranger and Original Lender) and TMF Global Services (UK) Limited.

I shall be grateful if you could take requisite action on the above.


NANA-BEDIATUO-ASANTE
SECRETARY TO THE PRESIDENT

**THE HON. MINISTER
MINISTRY OF HEALTH
ACCRA**

ATTN: KWAKU AGYEMAN-MANU (MP)

Cc: The Vice President
Jubilee House, Accra

The Chief of Staff
Jubilee House, Accra.

Secretary to the Cabinet
Jubilee House, Accra