

IN THE FOURTH SESSION OF THE SIXTH PARLIAMENT OF THE FOURTH REPUBLIC
OF GHANA

REPORT OF THE FINANCE COMMITTEE

ON

1. EXPORT CREDIT FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND RAIFFEISEN BANK INTERNATIONAL AG OF AUSTRIA FOR AN AMOUNT UP TO SEVENTY-SEVEN MILLION, NINE HUNDRED AND THIRTY-FIVE THOUSAND EUROS (€77,935,000.00) FOR THE DESIGN, CONSTRUCTION, EQUIPING AND FURSHING OF FIVE (5) NEW DISTRICT/GENERAL HOSPITAL IN SOMANYA, BUIPE, SAWLA-TUNA-KALBA, WHETA, TOLON AND ONE (1) POLYCLINIC AT BAMBOI

AND

2. COMMERCIAL CREDIT FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND RAIFFEISEN BANK INTERNATIONAL AG OF AUSTRIA FOR AN AMOUNT UP TO TWELVE MILLION EUROS (€12,000,000.00) FOR THE DESIGN, CONSTRUCTION, EQUIPING AND FURSHING OF FIVE (5) NEW DISTRICT/GENERAL HOSPITAL IN SOMANYA, BUIPE, SAWLA-TUNA-KALBA, WHETA, TOLON AND ONE (1) POLYCLINIC AT BAMBOI

MARCH, 2016



REPORT OF THE FINANCE COMMITTEE ON

1. **EXPORT CREDIT FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA AND RAIFFEISEN BANK INTERNATIONAL AG OF AUSTRIA FOR AN AMOUNT UP TO SEVENTY-SEVEN MILLION, NINE HUNDRED AND THIRTY-FIVE THOUSAND FIVE HUNDRED EUROS (€77,935,500.00) FOR THE DESIGN, CONSTRUCTION, EQUIPPING AND FURNISHING OF FIVE (5) NEW DISTRICT/GENERAL HOSPITALS IN SOMANYA, BUIPE, SAWLA-TUNA-KALBA, WHETA, TOLON AND ONE (1) POLYCLINIC AT BAMBOI**

AND

2. **COMMERCIAL CREDIT FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA RAIFFEISEN BANK INTERNATIONAL AG OF AUSTRIA FOR AN AMOUNT UP TO TWELVE MILLION EUROS (€12,000,000.00) FOR THE DESIGN, CONSTRUCTION, EQUIPPING AND FURNISHING OF FIVE (5) NEW DISTRICT/GENERAL HOSPITALS IN SOMANYA, BUIPE, SAWLA-TUNA-KALBA, WHETA, TOLON AND ONE (1) POLYCLINIC AT BAMBOI**

1.0 INTRODUCTION

The request for approval of the two Financing Agreements were presented to the House on behalf of the Hon. Minister for Finance by the Hon. Deputy Minister for Finance, Mr. Cassiel Ato Baah Forson on Wednesday, 16th March, 2016 in accordance with Article 181 of the 1992 Constitution.

The First Deputy Speaker referred the request 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 the Hon. Minister for Health, Mr. Alex P. Segbefia, Hon. Deputy Minister for Finance, Mr. Cassiel Ato Baah Forson, and other officials from the Ministries of Finance and Health.

The Committee is grateful to the Hon. Minister, the Deputy Minister and officials from the two Ministries for the assistance.

1.0 REFERENCE

The Committee referred to the following additional documents during its deliberations:

- The 1992 Constitution of Ghana;
- The Standing Orders of the Parliament of Ghana; and
- The Loans Act, 1970 (Act 335)

3.0 BACKGROUND

The health of Ghanaians has been improving steadily since independence. However, in the last ten years, health status indicators (including maternal health, child health, nutrition, coverage of clinical services, public health and reproductive health services) have all been stabilising. Non-communicable diseases, including road traffic accidents, are also becoming major causes of morbidity and mortality in the country. The implementation of National Health Insurance Policy has led to an increase in the Out-Patient per capita. Outpatient per capita increased from 0.40 in 2005 to 0.79 in 2009 and hospital admission rates increased from 42.9% in 2008 to 48% in 2009. However, there are currently 126 districts in the country without district hospitals.

The construction of the five new district/general hospitals and one polyclinic will significantly strengthen key interventions aimed at achieving the Sustainable Development Goal (SDGs). The SDGs enjoins the country to achieve universal health coverage, financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

4.0 OBJECTIVES

The objective for carrying out these projects in the five (5) Districts and the supplementary project at Bamboi are;

- To provide access to quality health care to the people;
- To bridge the equity gap in access to health care and ensure sustainable financing arrangement that protects the poor;
- To improve the conditions of the state of health facilities in Ghana;
- To improve access to quality maternal, child, neo natal and adolescent health and nutrition services; and
- To improve the operational management systems

5.0 PROJECT DESCRIPTION

The major components of the project to be constructed include the following:

- A) Civil works, Mechanical & Electrical Works for the five district Hospitals and one polyclinic covers the following:
 - i. Out Patient Clinic (Ophthalmology, Dental clinic, Pharmacy, Laboratory)
 - ii. Theaters
 - iii. Adjunct Clinical Service (Diagnostic: Radiology/X-ray, ECG, Dental, Ultrasound)
 - iv. Accident and Emergency Unit
 - v. In-patient Services – General Wards (medical and surgical)
 - vi. Maternity
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- vii. Reproductive Child Health (RCH)
- viii. Surgery
 - ix. Central Sterile Department
 - x. Laundry
 - xi. Maintenance and Technical services
 - xii. Mortuary
 - xiii. Stores
 - xiv. Relatives' Hostel
 - xv. A total of 110 staff housing units for all health facilities
 - xvi. Construction of parent hostel
- B. Supply and installation of Medical Equipment;
- C. Transport and Ambulances;
- D. Warranty Management for 1-year;
- E. Technical Assistance (Training of Technical & Professional Personnel, 1- year comprehensive maintenance including spare parts for preventive maintenance);
- F. Provision for expenses under clients' obligations and project administration:
 - i. Project finance cost
 - ii. Provision of Utilities (roads, power, water, internet & telephone)
 - iii. Project monitoring expenses
 - iv. Building permits, license, other approvals
 - v. Unforeseeable difficulties, omissions in design brief, end-user additional requirements, etc; and
- G. Provision of Health Centre at Bamboi
 - i. OPD services
 - ii. Public Health and Outreach Services
 - iii. Maternal Care and Child Services
 - iv. Provision of 2-bedroom semi-detached Staff accommodation (1 building)
 - v. Provision of utilities (water, solar power, telephone and internet plug)

 - vi. External works
 - vii. Inpatient ward

6.0 TERMS AND CONDITIONS OF THE FACILITY

The total credit facility of €89,935,500.00 consists of an Export Credit Facility of €77,935,500 and a Commercial Credit Facility of €12,000,000.00. The terms of the facilities are as follows:

A. Export Credit Facility Agreement (ECA)

Facility amount	-	€77,935,500.00 (of which €68,000,000.00 being 85% of contract value + ECA premium of €9,935,500.00)
Grace Period	-	2 years
Tenor	-	12 years
Interest	-	6 months Euribor + 1.78% (Consisting of a Portion of 0.88% p.a determined by the OeKB and 0.90% p.a RBI margin)
Commitment Fee	-	0.50% p.a.
Management Fee	-	0.40% flat

B. Commercial Credit Agreement (Tied Loan Agreement)

Facility amount	-	€12,000,000.00
Grace Period	-	0.5 years
Tenor	-	5 years
Interest	-	6 months Euribor + 2.25% p.a
Commitment Fee	-	0.75% p.a.
Management Fee	-	0.40% flat
Risk Mitigation Fee	-	3.00% flat

7.0 OBSERVATION

Loan Amount

The Committee noted that the loan amount under the Export Credit Facility was wrongly quoted as €77,935,000.00 in the Executive approval as well as the referral to the Committee. It was noted that the facility amount comprise up to 85% of the project cost of €80, 000,000 (€68,000,000) plus the ECA premium. The ECA premium as stated in the contract document (pg.3) of the Export Credit Agreement is €9,935,500 and not €9,935,000 quoted in the Executive approval.

The correct facility loan amount should therefore read €77,935,500. The correction has also been effected under the terms and conditions of the facility and the Committee is recommending to the House to amend its records accordingly.

Justification and Expected Benefits

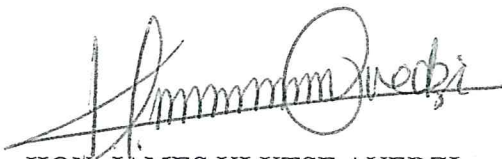
Highlighting on the expected benefits and justification for government action, the Minister of Health indicated that there are currently 126 districts including these beneficiary districts in the country without district hospitals even though government policy is to provide every district with at least, a befitting hospital. The Hon. Minister was certain that the successful completion of the project together with twelve (12) other district hospitals being constructed in other parts of the country would help reduce the above problem and enable the Ministry to partly fulfill the Government's policy of ensuring that every district has at least a befitting hospital.

Touching on the expected benefits, the Hon. Minister stated that successful completion of the projects will improve access to health care services for rural dwellers who will now have to spend less time travelling to adjoining districts to access hospital services.

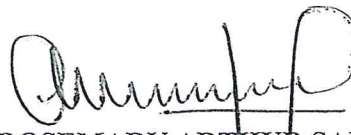
~~Further, there will be an improved access to comprehensive emergency obstetric care and a reduction in mortality, especially of pregnant women and children under five years.~~

8.0 CONCLUSION AND RECOMMENDATION

The Committee having carefully examined the referral is convinced that the facility, when approved will help extend health facilities to rural communities and help the country attain its goals under the Sustainable Development Goals of the United Nations. The Committee therefore recommends to the House to adopt its report and approve by resolution the Export Credit Facility Agreement Between the Government of the Republic of Ghana and Raiffeisen Bank International AG of Austria for an amount up to *Seventy-Seven Million, Nine Hundred and Thirty-Five Thousand Five Hundred Euros (€77,935,500.00)* for the Design, Construction, Equipping and Furnishing of Five (5) New District/General Hospitals in Somanya, Buipe, Sawla-Tuna-Kalba, Wheta, Tolon and One (1) Polyclinic at Bamboi and Commercial Credit Facility Agreement Between the Government of the Republic of Ghana and Raiffeisen Bank International AG of Austria for an amount of *Twelve Million Euros (€12,000,000.00)* for the Design, Construction, Equipping and Furnishing of Five (5) New District/General Hospitals in Somanya, Buipe, Sawla-Tuna-Kalba, Wheta, Tolon and One (1) Polyclinic at Bamboi in accordance with Article 181 of the Constitution, Order 171(1) of the Standing Orders of Parliament and Section 7 of the Loans Act, 1970 (Act 335).



HON. JAMES KLUTSE AVEDZI
(CHAIRMAN, FINANCE COMMITTEE)



ROSEMARY ARTHUR SARKODIE (MRS.)
(CLERK, FINANCE COMMITTEE)

March, 2016
