

IN THE SECOND SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

**I. ASHRA EXPORT CREDIT FACILITY AGREEMENT BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE
MINISTRY OF FINANCE) AND BANK HAPOALIM B.M. FOR AN AMOUNT
OF UP TO EUR40,643,000.00**

AND

**II. TIED COMMERCIAL FACILITY AGREEMENT IN THE AMOUNT OF
EUR6,520,000.00 BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
GHANA AND BANK HAPOALIM B.M.**

**TO FINANCE THE EXPANSION WORKS AT THE LEGON
HOSPITAL IN ACCRA**

JULY, 2018.

1.0 INTRODUCTION

The

- i. **Ashra Export Credit Facility Agreement** between the Government of the Republic of Ghana (represented by the Ministry of Finance) and Bank Hapoalim B.M. for an amount of up to **€40,643,000.00** to finance the expansion works at the Legon Hospital in Accra, AND
- ii. **Tied Commercial Facility Agreement** in the amount of **€6,520,000.00** between the Government of the Republic of Ghana and Bank Hapoalim B.M. to finance the expansion works at the Legon Hospital in Accra

were presented to the House on 29th June, 2018 and 4th July 2018 respectively.

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 the Leadership of the Committee on Health, the Minister for Health, Hon. Kwaku Agyeman-Manu, Deputy Minister for Finance, Hon. Abena Osei-Asare as well as officials from the Ministries of Finance and Health. The Committee hereby submits this report to the House pursuant to the Standing Orders of the House.

The Committee is grateful to the Honourable Minister for Health, the Deputy Minister for Finance and the officials of the two Ministries for attending upon the Committee.

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)

2.0 BACKGROUND

In 2012, Cabinet approved the establishment of the University of Ghana Medical Centre (UGMC). The project involved the construction and equipping of a 617-bed capacity teaching and quaternary level hospital located within the University of Ghana, Legon.

A Commercial Contract was signed between the Ministry of Health on behalf of the Government of Ghana and Messrs Engineering Development Consultants (EDC) Limited of Israel at a contract cost of **One Hundred and Eighty-Four Million, Seven Hundred and Forty Thousand and One United States Dollars (US\$184,740,001)**. The hospital was to be completed in three years with a certificate of completion to be issued by the end of November 2015.

The Phase I of the Medical Centre was practically completed in 2016 at a cost of US\$217 million (comprising construction cost of US\$184,740,001) and financing cost of US\$32.26 million.

The Phase II of the Project which is to be funded under these Agreements is focused on the provision of strategic income generating services for short, medium and long-term sustainability of the Hospital including a technical assistance package. It is a necessary complement to Phase I and it targets new clinical services and medical interventions that will give the UGMC a competitive edge over others in Ghana as well the sub-region.

The credit facilities for Phase 2 are both critical and complementary in mobilizing additional resources to address the critical gaps in the operations and sustainability of the UGMC and for the completion of the UGMC Project.

Presently, additional medical facilities and specialised medical departments and services are needed for the attainment of international accreditation standards of a quaternary level

hospital, as well as to enhance the sustainability and operational effectiveness of the Hospital.

When Phase II is completed, the hospital will be fully operational with all the departments being functional and all services being provided.

3.0 PROJECT OBJECTIVES

The objective of the Project is to establish a state-of-the-art training facility for medical education (UGMC) that will facilitate the relocation and accommodation of all institutions of the College of Health Sciences to the University of Ghana, Legon campus to serve as a nerve centre of the proposed Medical Village. The Centre is to function locally as a referral hospital and operate at a specialised level to attract clientele beyond the borders of Ghana to take advantage of the specialties offered in country which is expected to be first class in the sub-region.

A further objective is for the Medical Centre when fully completed, to serve as a Centre for medical tourism for those in need of medical services within the sub-region and beyond for super tertiary care and specialties.

4.0 TERMS AND CONDITIONS OF THE LOAN

The financing details of the Facilities are as follows:

A. ASHRA EXPORT CREDIT FACILITY

Facility Amount	- Up to €40,643,000 (o/w €34,425,000 represents 85% of the commercial contract and €6,218,000 for the Ashra Premium)
Interest rate	- 6M EUR LIBOR +1.45% per annum
Commitment Fee	- 0.60% per annum

Arrangement Fee	-	0.80% flat of facility amount
Grace Period	-	2 years
Repayment Period	-	10 years
Tenor	-	12 years

B. TIED COMMERCIAL FACILITY

Facility Amount	-	Up to €6,520,000 (o/w €6,075,000 represents 15% of the commercial contract and €445,000 for Risk Mitigation fee)
Interest rate	-	6M EUR LIBOR +1.75% per annum
Commitment Fee	-	0.60% per annum
Arrangement Fee	-	0.80% flat of facility amount
Grace Period	-	1 year
Repayment Period	-	4 years
Tenor	-	5 years
Legal Fees	-	€15,000.00 (for both Credit Agreements)

5.0 PROJECT COMPONENTS AND DESCRIPTION

Phase 2 is an urgent intermediate phase with a focus on critical requirements of the University of Ghana Medical Centre Project to complete and operationalise the Hospital. The cost of providing these additional items constitute a funding gap identified in relation to the Phase 1 of the Project.

Phase 2 essentially focuses on the provision of strategic income generating services for short, medium and long term sustainability of the Hospital including a technical assistance package.

The Phase 2 is a necessary complement to Phase 1 and it targets new clinical services and medical interventions that will give the UGMC an enormous competitive edge over others both within and outside the country. The services include a nephrology unit, facilities for cardiothoracic and neurosurgery, facilities for Assisted Reproductive Technology, additional VIP wards for Obstetrics and Gynaecology, Internal Medicine and Surgery with additional specialised medical equipment and the provision of drug and non-drug consumables.

Phase 2 further includes income generation items such as a commercial pharmacy, additional housing accommodation units and a commercial morgue with facilities for funerals.

The additional services are aimed at boosting the training of health professionals and the establishment of cutting-edge clinical research platforms at the UGMC with estimated additional capacity of about 150 beds.

ATTACHMENT: Please find attached as Appendix 1, a detailed breakdown of the components of the Phase 2 Project.

6.0 OBSERVATIONS

6.1 Critical Interventions Required

The Committee was informed that the Hospital currently requires some critical operational and sustainability interventions and considerations as follows:

- Budget guarantees for the first five years of critical start-up operations (seed capital, cost recovery tariffs, private and public tariffs for international clinical care),
- Credible and reliable quality consumables, pharmaceuticals and medical supplies,

- Medical services for neurosurgery and cardiovascular surgery, Assisted Reproductive Technology (ART) services, and other services to support the income generation capacity of the UGMC,
- Logistics and Facility Management,
- Staff development and training,
- Technical assistance in specialized medical services areas,
- Additional staff housing for critical core staff,
- Pharmaceutical and Drugs Management System to guarantee first class authentic drugs.

Phase 2 of the Project is thus designed to provide these interventions to the Hospital to ensure its sustainability and operational efficiency.

6.2 Human Resources

The Committee noted that the Legon Hospital is designed to be a quaternary level hospital and as such, the critical staff required to support and provide management, clinical care, training and research must have professional competencies commensurate with the level of care provided by a quaternary care institution.

To achieve the level of competencies required therefore, the Hospital will embark on a comprehensive human resource development program and will also attract the needed personnel from both Ghana and the Diaspora. The Hospital will further enter into collaborative partnerships with both Ghanaian and international health institutions.

6.3 Expected Benefits of the Project

The Committee noted that Phase 2 of the Project will facilitate the completion and operationalization of the Hospital, boost the long-term sustainability of the Medical Center, enhance the potential for medical tourism in Ghana and contribute to the provision of quality healthcare to the general public.

Phase 2 would additionally enhance training of qualified personnel, boost tertiary level service and provide avenues for collaboration with regards to training and research.

The Credit Facilities would also take the immediate financial burden off the Consolidated Fund.

6.4 Repayment of the Loans

As to whether the Government intended to on-lend the loan proceeds to the Legon Hospital, the Deputy Minister for Finance, Hon. Abena Osei-Asare informed the Committee that the Loans will be repaid from the Central Government Debt Service Account and that there will be no on-lending agreement with the University of Ghana. She further explained that revenues that will accrue from the operations of the Hospital will go into the Consolidated Fund unless Parliament provides a retention regime for the Hospital.

6.5 Drawdown

The Committee enquired to know when the facilities will be drawn down by Government. To this, the Committee was informed that the drawdown of the credit facilities will commence in 2018 and would be completed within two (2) years. It was further explained that the facility forms part of the programmed loans and grants for the 2018 financial year.

6.6 Opening of the Hospital

As to when the Hospital will commence operations, the Minister for Health, Hon. Kwaku Agyeman-Manu informed the Committee that the Ministry has put in place firm plans to have the hospital opened for commencement of operations as soon as practicable. He however explained that the Hospital will only achieve full operation by the end of November, 2018 as there was still some more work needed to be done under the second phase in order to achieve full operationalisation.

7.0 CONCLUSION

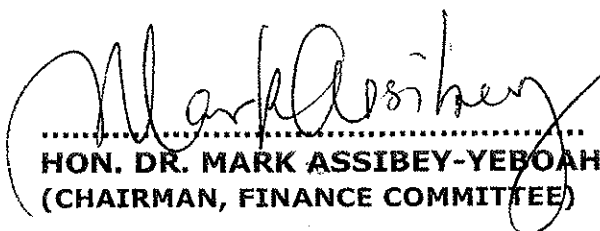
The Committee finds that the two Agreements are necessary to secure the required funding to implement Phase 2 of the Legon Hospital Project to provide a comprehensive business and investment framework project by providing the additional medical facilities and specialised medical departments and services which are required for the full operationalisation of the Hospital to the required international standard.

The Committee hence respectfully recommends to the House to adopt this report and approve by Resolution, the

- i. **Ashra Export Credit Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **Bank Hapoalim B.M.** for an amount of up to **Forty Million, Six Hundred and Forty-Three Thousand Euros (€40,643,000.00)** to finance the expansion works at the **Legon Hospital in Accra**, AND
- ii. **Tied Commercial Facility Agreement** in the amount of **Six Million, Five Hundred and Twenty Thousand Euros (€6,520,000.00)** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance) and **Bank Hapoalim B.M.** to finance the expansion works at the **Legon Hospital in Accra**

in accordance with article 181 of the 1992 Constitution of the Republic of Ghana and the Public Financial Management Act, 2016 (Act 921)..

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)

10TH JULY, 2018

APPENDIX 1

<p>Phase 2 Original scope</p>	<ol style="list-style-type: none"> 1. Provision of security fence 2. Consumables - drug and non drug consumable 3. Outstanding Debt on Phase 1 4. Provision of Permanent Power Supply 5. Completing of third floor maternity VIP and private floor, IVF and operation theatres, clinics in building 2 level 3 and 4. 6. Completion of Private floor in building 5. 	<p>50</p>	<ul style="list-style-type: none"> • Provision of security fencing with gates where appropriate around entire hospital. • About 3.0km length of security chain link fencing is foreseen. • Provision of consumables for both start up and operations for a planned 2year period • Provision of Spares for installed items, equipment and building materials • Payment of outstanding Debt based on approved additional works for phase 1 including tax exemption reimbursement (what amount) • Provide a complete 11KVA substation on the UG Campus and close to the UGMC to cater for the needs of the Hospital. Currently UGMC is connected to a temporary line. • Completion, furnishing and installation of Two additional floors built per variations during Phase 1 for Private Maternity Services. • 50 dedicated beds will be provided. • The facility also provides 6 labour and delivery rooms • Facilities for IVF will also be provided on the 3rd floor with dedicated consultation rooms. • Additional wards dedicated for VIP services will be completely furnished and fitted (30-beds) • At least 15 beds would be provided for Neurosurgery wards to complement surgical services • At least 5 beds would be dedicated to neurology (stroke unit) • One of the 3 core and shell theatre spaces already built in phase I will be furnished and dedicated for vascular and cardiothoracic surgery
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	<p>7. Cardiovascular & Open Heart Surgery</p>		<ul style="list-style-type: none"> • Additional ICU shall be provided for Cardiothoracic department (5- beds)
	<p>8. Completion of operation theatres for Day Surgery including Equipment & Installation of 2 Elevators</p> <p>9. Neurosurgery Unit</p> <p>10. Completion of 2nd floor (Level 3) at building 6 - the simulation center</p> <p>11. Training & Technical Assistance with knowledge and skills transfer</p> <p>12. Pharmacy</p> <p>13. Morgue</p> <p>14. Staff Housing</p>		<ul style="list-style-type: none"> • Shell space for 3 theatres shall be completed together with an 18 bed recovery ward. Complete equipment and furnishing of the theatres for various surgical procedures • Provision of a complete Dental Clinic with Surgeries, imaging and treatment rooms • Completion and Equipping of the 2nd of 3 shell spaces in building 1 for ORs for Neurosurgery • Dialysis Unit (16 stations) in building 3 to support 2 stations already provided in Building 1 to scale up nephrology services. A new building envelope and additional medical equipment is foreseen. • Provision of furniture, Equipment and software is foreseen. • Additional staff to be trained in various areas of specialties (technical, clinical and management including Training of Trainers) including training of technicians to run the Robotic Simulation Centre • Clinical and Management Support to UGMC • Provision of an approximately 2000sq hospital pharmacy to be constructed. A possible commercialization of a portion is envisaged. • Provision of an additional 30 cold body storage units to increase current capacity to 75units • The Construction of a new 250 body storage unit mortuary to increase storage capacity for extended body storage services. • An auditorium for funeral services that can seat at least 500 persons and a crematorium. • Provision of Motor hearses. • Construction of about 3000 sq.meter Staff Accommodation (A Block of 30 2-bed room units)

	15. Additions to Phase I, Necessary Upgrades and Deferred Works		<ul style="list-style-type: none">• Supply and installation of MRI, ANGIO and additional Simulators.• Completion of Hospital IT System - software and Equipment Upgrade + Additional Computers & Training;• Ventilation to Atriums of Building 2 & 6 - Installation of Mechanical Ventilation Systems• Completion of Helipad.• Provision of Garden Equipment including sprinkler systems etc. as stated in Employer's Requirement.
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