

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

REPORT

OF THE

HEALTH COMMITTEE

ON THE

**COMMERCIAL AGREEMENT (ENGINEERING,
PROCUREMENT AND CONSTRUCTION AGREEMENT)
BETWEEN THE GOVERNMENT OF THE REPUBLIC GHANA
(MINISTRY OF HEALTH) AND ENGINEERING,
DEVELOPMENT & CONSTRUCTION LTD. (EDC) FOR AN
AMOUNT OF FORTY MILLION, FIVE HUNDRED THOUSAND
EUROS (€40,500,000) FOR WORKS KNOWN AS
“COMPLETION OF UNIVERSITY OF GHANA MEDICAL
CENTRE – PHASE 2” UNDER A TURKEY PROJECT
INVOLVING EXPANSION WORKS AT THE UNIVERSITY OF
GHANA MEDICAL CENTRE**

JULY, 2018

1.0 INTRODUCTION

1.1 On Friday, 29th June, 2018, the following paper was presented in Parliament by the Hon. Minister responsible for Health, Mr. Kwaku Agyeman-Manu:

*"The Commercial Agreement (Engineering, Procurement and Construction Agreement) between the Government of the Republic of Ghana (Ministry of Health) and Engineering, Development & Construction Ltd. (EDC) for an amount of **Forty Million, Five Hundred Thousand Euros (€40,500,000)** for works known as "Completion of University of Ghana Medical Centre – Phase 2" under a turkey project involving Expansion Works at the University of Ghana Medical Centre".*

The Commercial Agreement was subsequently referred to the Committee on Health for consideration and report in accordance with the Constitution and Order 178 of the Standing Orders of the House.

1.2 Joining in the deliberations of the Committee, was the Honourable Minister for Health, Mr. Kwaku Agyeman-Manu, the Honourable Deputy Minister for Health, Kingsley Aboagye-Gyadu and other Officials of the Ministry of Health.

2.0 REFERENCE DOCUMENTS

2.1 The Committee made reference to the following:-

- a) The 1992 Constitution of the Republic of Ghana
- b) The Standing Orders of Parliament

3.0 BRIEF BACKGROUND INFORMATION ABOUT THE PROJECT

3.1 The University of Ghana Medical Centre Project received cabinet approval in 2012. The commercial contract for the Project was signed on behalf of Government of Ghana between the Ministry of Health and Messrs Engineering Development Consultants (EDC)

Limited of Israel. The Project was for the construction and equipping of a 617-bed capacity teaching and quaternary level hospital located within the University of Ghana, Legon. The Project was basically to establish a state-of-the-art training facility for medical education 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 a 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 the Country, which would be first class, at least within the sub-region. The Medical Centre was also expected 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.

- 3.2 The contract sum for the Project was \$184,740,001 and the Hospital was to be completed in three (3) years with a certificate of completion to be issued by the end of November, 2015. Phase 1 of the Medical Centre was practically completed in 2016 at a cost of US\$217million (comprising construction cost of US\$184,740,001 and financing cost of US\$32,260,000). Due to inadequate funding however, the Project could not be completed as envisaged by the previous Administration.
- 3.3 Currently, the University of Ghana Medical Centre requires some critical and sustainability interventions/considerations before it can become operational and that is what Phase 2 seeks to do. It is an indisputable fact that to get the Facility running, start-up capital/seed money is needed to procure credible and reliable quality consumables, pharmaceuticals and other medical supplies and equipment. Phase 2 of the Project is therefore an urgent and necessary stage proposed with main focus on critical requirements for the completion and operationalisation of the Medical Centre. This explains why funds must be sourced to complete the Project in order to make the Facility operational.

- 3.4 An estimated additional capacity of 150 beds is foreseen under Phase 2. Other things are also needed to be done to make the Medical Centre meet the international standard as a quaternary level Health Facility and these include the provision of logistics and technical assistance in the specialised medical service areas like the nephrology, cardiovascular/cardio-thoracic and reproductive technology units to be established. Logistics are also needed to operate the additional VIP wards for obstetrics and gynaecology with additional specialised medical equipment. The new clinical services and medical interventions would require staff development and training and it is aimed at boosting the training of health professionals and the establishment of cutting-edge clinical research platforms at the Medical Centre. This is expected to give the Facility, a competitive edge over the others both within and outside the Country.
- 3.5 The Phase 2 will in addition to getting the Facility operational, provide strategic income generating services for the short, medium, and long-term sustainability of the Hospital by running a commercial pharmacy, additional housing accommodation units and a commercial morgue with facilities for funeral services.

4.0 OBSERVATIONS AND RECOMMENDATIONS

Commercially Viable Services

- 4.1 As already indicated, Phase 2 of the Project focuses on the provision of strategic income generating services for the short, medium and long-term sustainability of the Hospital including a technical assistance package, the establishment of a commercial pharmacy and a commercial morgue with facilities for funeral services. The Committee was informed that the commercially viable services will enable the Medical Centre, service the loan completely.

International Accreditation

- 4.2 The Committee noted that in addition to enhancing the quality of health care, the completion of the University of Ghana Medical Centre will provide a comprehensive business and investment framework that meets international standard. The acquisition of the loan will provide additional medical facilities and specialised medical departments and services which are requirements for the attainment of international accreditation as a quaternary level health facility. It is anticipated that the additional services will enhance the financial sustainability and operational effectiveness of the Medical Centre and also help promote medical tourism in Ghana.

Maintenance of Hospital Equipment

- 4.3 The Committee was also informed that the contract sum of €40,500,000 includes an amount of €1,282,051.28 for Med and EM Equipment maintenance for two (2) years. What this means is that, the suppliers will have the responsibility of maintaining the Equipment for three (3) years since the warranty of such items are usually one (1) year. This notwithstanding, the Committee recommends that government develops a policy for the procurement and maintenance of hospital equipment that will provide warranty for the maintenance of Magnetic Resonance Imaging (MRI) Scan Machines, Computed Tomography (CT) Scan Machines, X-Ray and other very expensive equipment throughout their life span. This will inure to the benefit of government as financial gains would be realised eventually.

Separate Power Supply Station

- 4.4 It was also gratifying to note that a separate power supply station would be provided for the Facility as part of the Phase 2 and this will save the Hospital equipment from power outages and fluctuations that sometimes cause breakdowns. The Committee further noted that security fencing will be provided to avert any possible encroachment, a cancer that has bedeviled some of our health facilities in the Country.

Contract Sum

4.5 The Committee further observed that the contract sum also includes outstanding payments amounting to €9,230,769.23 from works carried out in Phase 1. This is shown in the Table below which has the breakdown of the contract sum:

Breakdown of Contract Sum

	\$1.17 to €1	
	US DOLLARS	EURO
Loan Amount	47,385,000.00	40,500,000.00
Construction Cost	12,585,000.00	10,756,410.26
Medical Equipment & Furniture	4,500,000.00	3,846,153.85
Equipment to complete Phase 1	3,500,000.00	2,991,452.99
IT Software etc	500,000.00	427,350.43
Consumables Medicine	4,000,000.00	3,418,803.42
Technical Assistance in Operationalisation Training	3,000,000.00	2,564,102.56
Med and EM Equipment maintenance for 2 years	1,500,000.00	1,282,051.28
Outstanding Payments	10,800,000.00	9,230,769.23
PIU	1,000,000.00	854,700.85
Sub total	41,385,000.00	35,371,794.87
Contractor's Design & PM	6,000,000.00	5,128,205.13
Estimated Total	47,385,000.00	40,500,000.00

Value for Money Audit

4.6 The issue of value for money was also raised during the deliberations and the Committee was informed that, the value for money audit was not yet ready. The Committee was however assured that the outcome of the value for money audit would be made available to the House in due course and would be fully implemented during the project to ensure due diligence. The Committee noted that the approval was being sought for the Agreement pending the outcome of the audit because of the urgent need to complete the project and operationalise the Facility.

5.0 CONCLUSION

5.1 As already mentioned, the Country stands to benefit immensely from the Project because it seeks to complete the physical expansion of the University of Ghana Medical Centre, provide logistics for the Facility, train health personnel to man the Facility and ultimately make it operational to enhance the provision of quality health care. This will go a long way to complement our strenuous, concerted and relentless efforts aimed at achieving universal health coverage.

5.2 The Committee therefore recommends to the House to adopt the Report and approve by resolution;

*"The Commercial Agreement (Engineering, Procurement and Construction Agreement) between the Government of the Republic Ghana (Ministry of Health) and Engineering, Development & Construction Ltd. (EDC) for an amount of **Forty Million, Five Hundred Thousand Euros (€40,500,000)** for works known as "Completion of University of Ghana Medical Centre – Phase 2" under a turkey project involving Expansion Works at the University of Ghana Medical Centre"*

Respectfully submitted.



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MICHAEL AMOATENG
ASSIST. CLERK, COMMITTEE ON HEALTH



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HON. DR. KWABENA TWUM-NUAMAH
CHAIRMAN, COMMITTEE ON HEALTH

JULY, 2018