

JOINT MEMORANDUM TO PARLIAMENT

SUBMITTED BY:

KEN OFORI-ATTA, MINISTER FOR FINANCE

AND

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

**REQUESTING FOR PARLIAMENTARY APPROVAL FOR THE
COMMERCIAL CONTRACT AND CREDIT AGREEMENTS IN RESPECT OF
THE MODERNISATION AND EQUIPPING OF THE TETTEH QUARSHIE
MEMORIAL HOSPITAL, KIBI DISTRICT HOSPITAL, ABURI HOSPITAL AND
ATIBIE HOSPITAL**

18th JULY 2018

1. ACTION REQUIRED

- 1.1 Parliament is respectfully invited to consider and approve:
- a) The commercial contract agreement in the amount of Forty Million Euros (€40.00 million), between the Republic of Ghana represented by the Ministry of Health and Contracta Costruzioni Italia S.r.l. for the modernisation and equipping of the Tetteh Quarshie Memorial hospital, Kibi District hospital, Aburi hospital and Atibie hospital.
 - b) The SACE Export Facility Agreement in the amount of up to Forty Million Euros (€40.00 million) between the Republic of Ghana acting through the Ministry of Finance and Deutsche Bank S.p.A. (As the Agent, Arranger, and Lender) for the modernisation and equipping of the Tetteh Quarshie Memorial hospital, Kibi District hospital, Aburi hospital and Atibie hospital.
 - c) The Commercial Facility Agreement in the amount of up to Six Million Euros (€6.00 million) between the Republic of Ghana acting through the Ministry of Finance and Deutsche Bank S.p.A. (As the Agent, Arranger, and Lender) for the modernisation and equipping of the Tetteh Quarshie Memorial hospital, Kibi District hospital, Aburi hospital and Atibie hospital.
- 1.2 Cabinet at its thirty- seventh meeting, held on Thursday, 12th July 2018 approved the transaction and directed that agreements be submitted to Parliament for approval.

2. BACKGROUND INFORMATION:

- 2.1 The Government of Ghana is committed to ensuring the provision of health infrastructure to enhance the quality of health services delivery, and also promote universal access to healthcare services in the country. The policy thrust of the Ministry of Health (MoH) under its Programme of Work is to reduce inequities in access to care and increase coverage, quality and use of health services so as to achieve a healthier national population.
- 2.2 There is continuous increase in OPD visits 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.
- 2.3 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 facilities is of prime importance.
- 2.4 The vision of the health sector is to have a healthy population for national development with a mission to contribute to socio-economic development and the development by

promoting health and vitality through access to quality health for all people living in Ghana using well-motivated personnel.

- 2.5 The Ministry of Health through the Government of Ghana entered into a Turnkey Key agreement with an Italian Company called Messrs Contracta Limited to undertake infrastructure development within the Health Sector. The partnership is expected to improve healthcare infrastructure in selected health facilities in the Eastern Region of Ghana through the execution of construction, upgrade/rehabilitation (civil works) and retooling (Medical and Non-Medical Equipment supply and installation) of the selected beneficiary facilities. This is part of the efforts by government to enhance quality of health care delivery and also bring equity in the distribution of health care infrastructure in the country.
- 2.6 The project covers expansion, retooling and equipping of the Tetteh Qurashie Memorial Hospital in Mampong Akwapim, Atibie Hospital, Kibi District Hospital and the Aburi Health Centre (Kom Presbyterian Clinic) all in the Eastern Region. Messrs Contracta Costruzioni Italia S.r.l will undertake the execution of the project.
- 2.7 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.
- 2.8 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:

- 3.1 Government is being requested to secure the credit facility to facilitate the retooling and equipping some selected hospitals 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. IMPLEMENTATION PLAN

- 4.1 The construction, equipment supply and installation will be completed within 36 months upon approval of the memorandum, detailed designs and equipment schedules. Messrs Contracta Costruzioni Italia S.r.l will execute the turnkey project. There will be two key components for the implementation of the Project as follows:
- 4.2 **Expansion works and equipment supply for the Hospitals, which will comprise the following activities:**
- Construction mobilization: 2 months from the approval of the detailed designs.
 - Procurement and installation of medical equipment and accessories
 - Commissioning: 1 month after practical completion and handing over
- 4.3 **Revamping, retooling and equipment supply for the selected Hospitals**
- Renovation and revamping of existing structures
 - Procurement and installation of medical equipment and other accessories

5. PROJECT DESCRIPTION

5.1 The project's description is summarised in the table below.

FACILITY	COST (EUROS)	SCOPE
Tetteh Quarshie Memorial Hospital	12m	<p>Complete refurbishment and equipment supply for the following areas;</p> <ol style="list-style-type: none"> Laundry, Maternity, kitchen Maintenance Unit, CSSD, Male and Female Surgical Wards, VIP A&E, Palliative and Geriatric ward Psychiatric unit/Records/Pharmacy Children's block Adolescent Reproductive Health and Counselling Unit <p>Construction and Equipping of;</p> <ol style="list-style-type: none"> New Neo-natal Intensive Care Unit
Atibie Hospital	10m	<p>Construction and Equipping of new facilities as follows;</p> <ol style="list-style-type: none"> Theatre suite Male and female surgical ward Kitchen, CSSD, Laundry and Births and Deaths Registry Children's ward Medical Gas plant <p>Complete refurbishment of the following;</p> <ol style="list-style-type: none"> Out Patient Department Obs and Gynae ward Maternity Laboratory Administration and Pharmacy X-ray Department A&E Centre/Antenatal
Kibi District Hospital	14m	<p>Construction and Equipping of new facilities as follows;</p> <ol style="list-style-type: none"> Out-Patient Department Surgical suite Pharmacy and counselling unit

		4. Laboratory 5. Diagnostics unit 6. Kitchen, CSSD and Laundry 7. 10 units of Staff accommodation 8. Service area for plant and equipment, waste disposal etc Refurbishment of the following; 1. Wards 2. Mortuary
Aburi Kom Health centre	4m	Construction and Expansion of a new 45-bed Polyclinic

6. FINANCIAL IMPACT:

- 6.1 The estimated cost of the project is €40.00 million. Deutsche Bank S.p.A. is providing the financing under an export credit arrangement. The Italian Export Credit Agency (SACE) is providing the export credit guarantee to enable Deutsche Bank S.p.A. to lend under this arrangement. The financial package provides a 100% financial solution.
- 6.2 The project's financing is included on the list of projects approved for non-concessional borrowing in 2018 under the International Monetary Fund's programme. The financing terms of the two credit agreements:

SACE Export Credit Facility


- i. Facility amount : up to €40.00 million (inclusive of estimated SACE premium of €6.00 million)
- ii. Interest rate : CIRR+0.95% p.a.
- iii. Commitment fee : 1.00% p.a. on the undisbursed balances
- iv. Arrangement fee : 1.25% flat of facility
- v. Structuring fee : 0.50% flat of facility
- vi. Grace Period : 2 years
- vii. Repayment period : 10 years
- viii. Tenor : 12 years

Tied Commercial Facility

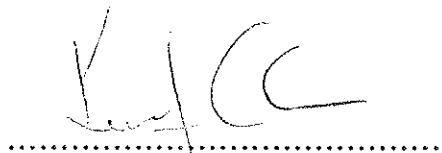
- i. Loan Amount : up to €6.00 million
- ii. Interest rate : 6M EURIBOR + 5.00% p.a.
- iii. Commitment fee : 1.00% p.a. on the undisbursed balances
- iv. Arrangement fee : 1.25% flat of facility
- v. Structuring fee : 0.50% flat of facility
- vi. Grace Period : 1 year
- vii. Repayment period : 4 years
- viii. Tenor : 5.0 years

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 respectfully requested to consider and approve the commercial contract and the financing agreements as stated in paragraph one.



HON. KWAKU AGYEMAN-MANU, MP
MINISTER FOR HEALTH



KEN OFORI-ATTA
MINISTER FOR FINANCE

CONFIDENTIAL

*In case of reply the
number and date of this
letter should be quoted.*

My Ref. No OPCA.3/3/120718b

Your Ref. No.....



REPUBLIC OF GHANA

OFFICE OF THE PRESIDENT

P.O. BOX 1627

ACCRA

TEL: 0302-201000/2



12th July, 2018

A CREDIT FACILITY FROM DEUTSCHE BANK OF ITALY
OF TOTAL AMOUNT OF UP TO FORTY MILLION EUROS (EUR40,000,000.00)
FOR CONSTRUCTION, RETOOLING AND EQUIPPING OF
SELECTED FOUR (4) HEALTH FACILITIES IN GHANA

Cabinet at its Thirty-seventh meeting held on Thursday, 12th July, 2018 considered a report of the Cabinet Committee on Economic Matters on the above Memorandum jointly submitted by the Ministers for Health and Finance.

2. The Memorandum requested Cabinet to consider, approve and recommend to Parliament the following agreements:

- (i) The Commercial Contract Agreement in the amount of **Forty million Euros (EUR40,000,000)** between the Republic of Ghana, represented by the Ministry of Health, and Contracta Costruzioni Italia S.r.l. for the modernisation and equipping of selected health facilities in Ghana, including Tetteh Quarshie Memorial Hospital, Kibi District Hospital, Aburi Hospital and Atibie Hospital;
- (ii) The SACE Export Facility Agreement of up to **Forty million Euros (EUR40,000,000)** between the Republic of Ghana, acting through the Ministry of Finance, and Deutsche Bank S.p.A (As the Agent, Arranger, and Lender); and
- (iii) The Commercial Facility Agreement of up to **Six million Euros (EUR6,000,000)** between the Republic of Ghana, acting through the Ministry of Finance, and Deutsche Bank S.p.A (As the Agent, Arranger, and Lender).

3. Cabinet approved the Memorandum and recommended same to Parliament for consideration.

4. I should be grateful if you could take requisite action on the decision by Cabinet.



MERCY DEBRAH-KARIKARI
SECRETARY TO THE CABINET

THE HON. MINISTER FOR FINANCE

THE HON. MINISTER FOR HEALTH

cc: Chief of Staff
Secretary to the President
Secretary to the Vice President
Chairperson, Cabinet Committee on
Economic Matters
Hon. Minister for Parliamentary
Affairs