

- SECRET AND CONFIDENTIAL -

MEMORANDUM TO PARLIAMENT

SUBMITTED

BY

**HON. KWAKU AGYEMAN MANU
(MINISTER FOR HEALTH)**

AND

**HON. KEN OFORI-ATTA
(MINISTER FOR FINANCE)**

**APPROVAL OF US\$20.0 MILLION CREDIT FACILITY FROM SAUDI
FUND FOR DEVELOPMENT TO FINANCE THE CONSTRUCTION OF
ADDITIONAL FACILITIES, SUPPLY AND INSTALLATION OF
MEDICAL EQUIPMENT TO THE ADJUNCT CLINICAL BLOCK AT THE
BOLGATANGA REGIONAL HOSPITAL IN THE UPPER EAST REGION**

23RD NOVEMBER, 2018

1. ACTION REQUIRED:

Parliament is respectively invited to consider and approve a loan facility amount of **SR75,000,000.00** equivalent to **US\$20.0 million credit facility from the Saudi Fund for Development (SFD) and Government of Ghana to finance the Construction of Additional Facilities, Supply and Installation of Medical Equipment to the Adjunct Clinical Block at the Bolgatanga Regional Hospital in the Upper East Region.**

Parliament is also respectfully invited to consider and grant a waiver of VAT and taxes on the equipment and materials to be imported under the loan facility.

Cabinet at its Twenty- eighth meeting, held on Thursday, 8th March, 2018 granted approval for this memorandum to be laid before parliament.

2. BACKGROUND INFORMATION:

In response to a request by the Government to upgrade the Bolgatanga Hospital and in recognition of the role that the Health Sector plays in the socio-economic development of Ghana, the Saudi Fund for Development agreed to finance the completion of the rehabilitation and upgrading of facilities at the Bolgatanga Regional Hospital with a total amount of SR\$75,000,000.00 equivalent to US\$20.0 million. The Government of Ghana matching fund component was waived for the US\$20.0 million facility. The Rehabilitation and Expansion of the Bolgatanga Regional Hospital is intended to provide an ultra-modern secondary referral hospital for the Upper East Region of Ghana. This is in line with Government's vision under the sustainable development goals (SDGS) and Universal Health Coverage vision of ensuring that every region has an Ultra-Modern secondary referral Hospital for its people. Provision of this facility will help bridge the geographical access gap in healthcare delivery as well as serving the under-served and unserved communities for the purposes of primary referrals whilst taking advantage of medical tourism with neighbouring countries.

The rehabilitation and expansion of the Bolgatanga Regional Hospital will also afford the Ministry of Health the opportunity to adopt Information and Communication Technology in the delivery of quality healthcare and also support the broad e-Health and e-Learning agenda under the National e-Health Strategy.

This additional loan is intended to address the identified gaps to ensure that the construction of the Adjunct Block that has been constructed is provided with the required infrastructure, medical equipment, and ancillary services to ensure that the Hospital is fully operational and befitting the status of a Regional Hospital. It will also provide the enabling condition for attracting the needed healthcare professional. In addition, the intervention will be to create the opportunity for operational excellence and knowledge sharing the area of health training

3. PROJECT DESCRIPTION

It is intended that this Project will be implemented within a two (2) year period excluding defects liability period. The Ministry of Health will be responsible for the full implementation of this Project in line with agreed loan and donor conditions that will be outlined. A detailed implementation plan has been developed, which include the following components:

- a. Provision of additional facilities in Civil Works to include Electrical and Plumbing Installations.
- b. Supply and Installation of Medical Equipment & Furniture.
- c. Project Management and Procurement of Consultancy for services

Considering the benefits, the health sector stands to gain from the completion of this project and the immense socio-economic benefits to be derived from this project, It imperative to complete the additional works to enable the hospital attain full operational status as a Regional Hospital and provide the enabling condition for attracting the needed healthcare professionals into the facility.

Item	Packages	Facilities	Cost	Remarks
1	Current Works Completed	Adjunct Clinical Block OPD Wards Surgical department Laboratory Pharmacy X-Ray Accident & Emergency	USD12m	Completed without Medical Equipment and Furniture Surfacing of Roads and Pavements are not fully catered for under this package
2	Works Covered under Current Loan	Laundry CSSD (Central Sterilisation and Stores Department) Kitchen Waste Management System Doctors and Nurses Accommodation Fencing around entire Hospital Roads and Walkways Supply and Installation of Medical Equipment and Furniture for the completed building and for the new facilities Supply and Installation of Lift carriages Mortuary for 48 bodies Medical Gas plant	USD 20m	Works including medical equipment and furniture required to make the completed adjunct clinical block functional

3	Future Works without source of funds	Burns Unit	Estimated at USD 35m but funding has not been secured yet	Facilities required to meet full functionality and scope of services for a Regional Hospital
		Neonatal Intensive Care Unit		
		Maternity Department		
		Physiotherapy and Orthopaedic Department to include Gymnasium		
		Isolation Ward		
		Reproductive and Child Health Department		

4. OBJECTIVES:

This additional loan is intended to address the identified gaps in the operations of the Bolgatanga hospital and ensure the following;

- construction of the Adjunct Block to provide the required infrastructure, medical equipment, and ancillary services to increase capacity of the hospital to full functionality
- to enable the hospital attain full operational status of a Regional Hospital and provide the enabling condition for attracting the needed healthcare professionals into the facility.
- to create the opportunity for operational excellence and knowledge sharing in the area of health training.
- to improve provision of Quality Healthcare to the general public

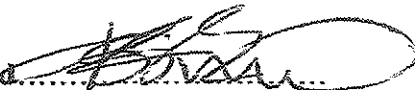
5. EXPECTED BENEFITS:

1. The main catchment area of the hospital including Navrongo, Sandema and other neighbouring communities in Burkina Faso, Togo, etc. has not been adequately served by sufficient health institutions. This will ensure that they receive quality healthcare delivery.
2. The location of the hospital provides for excellent accessibility and disposability to the public and if developed can provide tremendous health care service to the population up north.

Considering the benefits, the health sector stands to gain from the completion of this project and the immense socio-economic benefits to be derived from this project and in line with the Cabinet approval and considering the benefits that the country stands to gain from completing the second phase of the Bolgatanga Rehabilitation project;

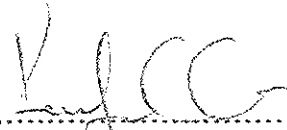
Parliament is kindly requested to do:

- i. Consider and approve the above facility as stated in paragraph (1)
- ii. And to grant a waiver of VAT and taxes on the equipment and materials to be imported under the loan facility.

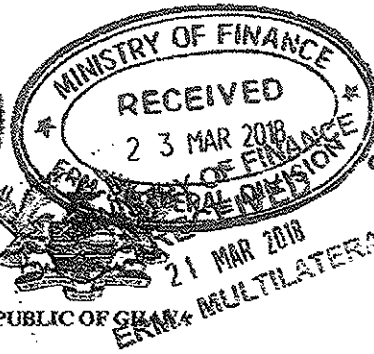
Signed.....

KWAKU AGYEMAN-MANU
MINISTER FOR HEALTH

Nov 23, 2018
.....
Date

Signed.....

KEN OFORI -ATTA
MINISTER FOR FINANCE



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

My Ref. No OPCA.3/3/120318

Your Ref. No. _____

CONFIDENTIAL

12th March, 2018

APPROVAL OF US\$20 MILLION CREDIT FACILITY FROM THE SAUDI FUND FOR DEVELOPMENT TO FINANCE THE CONSTRUCTION OF ADDITIONAL FACILITIES, SUPPLY AND INSTALLATION OF MEDICAL EQUIPMENT TO THE ADJUNCT CLINICAL BLOCK AT THE BOLGATANGA REGIONAL HOSPITAL IN THE UPPER EAST REGION

Cabinet at its Twenty-eighth meeting held on Thursday, 8th March, 2018 discussed a report presented by the Cabinet Committee on Economic Matters on a Memorandum jointly submitted by the Ministers for Health and Finance on the above subject.

2. The Memorandum requested Cabinet to consider and recommend to Parliament for approval, the SR75,000,000.00 (equivalent to US\$20.00 Million) credit facility from the Saudi Fund for Development, to finance the construction of additional facilities, and the supply and installation of medical equipment to the Adjunct Clinical Block at the Bolgatanga Regional Hospital in the Upper East Region.

3. Cabinet approved the Memorandum for consideration by Parliament.

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 HEALTH
✓ THE HON. MINISTER FOR FINANCE

cc: Chief of Staff
Secretary to the President
Secretary to the Vice President
The Chairperson, Economic
Committee of Cabinet

Handwritten notes:
To: Mr. Mensah
cc: Mr. Kwame
Mr. Agyemang
26/3/18

Handwritten notes:
Dowkey
Pls. handle
per.
26/3/18

Handwritten notes:
Bineda, EAM-B
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ADDITIONAL LOAN AGREEMENT

**REHABILITATION AND EXPANSION
OF BOLGATANGA REGIONAL HOSPITAL PROJECT**

BETWEEN

THE SAUDI FUND FOR DEVELOPMENT

AND

REPUBLIC OF GHANA

LOAN NO. : /

SIGNED ON : 1438 A.H.

CORRESPONDING TO : 2016 A.D.

UNOFFICIAL TRANSLATION

LOAN NO. :/

ADDITIONAL LOAN AGREEMENT

AGREEMENT dated 1438A.H. corresponding to
2016 A.D. between:

1) THE SAUDI FUND FOR DEVELOPMENT, Riyadh, Kingdom of Saudi Arabia
(hereinafter called "**the Fund**"), represented by
.....;

and

2) REPUBLIC OF GHANA (hereinafter called "**the Borrower**") represented by
.....

PREAMBLE

- (A) WHEREAS the Borrower has requested the Fund to grant it an additional Loan to assist in the financing of Rehabilitation and Expansion of Bolgatanga Regional Hospital Project, described in Schedule No.(2) to this Agreement (hereinafter called "**the Project**");
- (B) WHEREAS the purpose of the Fund is to assist developing countries in developing their economies and to provide them with loans required for the implementation of their development projects and programs;
- (C) WHEREAS the Fund is convinced of the importance of the Project and its beneficial effects for the economic development of the friendly people of GHANA; and
- (D) WHEREAS the Board of Directors of the Fund has agreed, in view of the foregoing, by its Resolution No. 9/116/2206 to grant the Borrower a Loan upon the terms and conditions hereinafter set forth.

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I
General Conditions: Definitions

Section 1.01. The parties to this Agreement accept all the provisions of the General Conditions Applicable to Loan Agreements of the Fund, issued by Resolution of the Board of Directors of the Fund No.11/14 dated Rajab 29, 1396 AH corresponding to July 26, 1976 AD with the same force and effect as if they were fully set forth herein (said General Conditions Applicable to Loan Agreements of the Fund being hereinafter called "**the General Conditions**").

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in Preamble to this Agreement have the respective meanings therein set forth, and the following additional terms have the following meanings "**The Ministry**" means the Ministry of Health of the Borrower.

ARTICLE II
The Loan

Section 2.01. The Fund agrees to lend to the Borrower, on the terms and conditions in the Loan Agreement set forth or referred to, an additional Loan in an amount of seventy five million (75,000,000) Saudi Riyals.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule No.(1) to this Agreement, as such Schedule may be amended from time to time by agreement between the Fund and the Borrower, and in accordance with the Procedures for the Withdrawals of the Fund Loans, for expenditures made or (if the Fund shall so agree) to be made in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan.

Section 2.03. The Borrower shall apply the proceeds of the Loan exclusively to finance the reasonable cost of the goods and services required for the carrying out of the Project. Procurement of such goods and services shall be in accordance with *The Guidelines For The Procurement of Goods and Contracting for the Execution of Works and the Use of Consultants of the Development Institutions Members of the Coordination Group*. The Borrower shall obtain the Fund's approval before awarding the contacts to be financed out of the proceeds of the Loan and before effecting any material modification thereto in the future.

Section 2.04. The Closing Date shall be 31-12-2021 AD or such later date as the Fund shall establish. The Fund shall promptly notify the Borrower of such later date.

Section 2.05. The Borrower shall pay a loan charge at the rate of one (1%) per annum on the principal amount of the loan withdrawn and outstanding from time to time.

Section 2.06. . Loan charge and other charges shall be payable semi-annually on and in each year.

Section 2.07. The term of the Loan is thirty (30) years including a ten (10) years grace period. The Borrower shall repay the principal amount of the Loan in accordance with the Amortization Schedule set forth in Schedule No.(3) to this Agreement.

ARTICLE III **Execution of the Project**

Section 3.01. (a) The Borrower shall carry out the Project through the Ministry with due diligence and efficiency, and in conformity with appropriate engineering, financial and administrative practices and shall provide or cause to be provided, promptly as needed, the funds, facilities and other resources required for the purpose.

(b) The Borrower shall make available to the Ministry promptly as and when needed, in addition to the proceeds of this Loan, all other funds which shall be required for carrying out the Project (including any funds that may be required to meet any increase in the cost of the Project beyond the estimated cost thereof at the time of signing this Agreement). All such sums shall be made available on terms and conditions acceptable to the Fund.

Section 3.02. The Borrower shall cause the Ministry to furnish to the Fund, promptly upon their preparation, the plans, specifications, reports, contract documents and construction and procurement schedules for the Project, and any modifications thereof or additions thereto in such details as the Fund shall request.

Section 3.03. For the assistance of the execution of the Project, the Borrower shall cause the Ministry to have consultant engineers whose qualifications and experience are acceptable to the Fund.

Section 3.04. In carrying out the Project, the Borrower shall cause the Ministry to employ contractors acceptable to the Fund upon terms and conditions satisfactory to the Fund.

Section 3.05. The Borrower shall cause the Ministry to insure the imported goods to be financed out of the proceeds of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance, any indemnity shall be payable in a currency freely usable by the Borrower to replace or repair such goods.

Section 3.06. The Borrower shall cause the Ministry to utilize all goods and services financed out of the proceeds of the Loan exclusively in carrying out of the Project.

Section 3.07. The Borrower shall cause the Ministry to maintain adequate records to record the progress of the Project (including the cost thereof), to identify the goods and services financed out of the proceeds of the Loan and to disclose the use thereof in the Project and to reflect all the operations, resources and expenditures in respect of the Project;

Section 3.08. The Borrower shall cause the Ministry to afford all reasonable opportunity for the accredited representatives of the Fund to make visits for purposes related to the Loan, to examine the Project, the goods and services financed out of the proceeds of the Loan and any relevant records and documents;

Section 3.09. The Borrower shall cause the Ministry to furnish to the Fund all such information as the Fund shall reasonably request concerning the Project, the expenditure of the proceeds of the Loan, and the goods and services financed out of such proceeds.

Section 3.10. The Borrower shall take all such actions as shall be necessary to acquire all such land and rights in respect of land as shall be required for carrying out of the Project.

ARTICLE IV

Particular Covenants

Section 4.01. (a) The Borrower and the Fund confirm their agreement that no other external debt shall enjoy any priority over the Loan by way of a lien created on governmental assets. To that end, the Borrower undertakes that, except as the Fund shall otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto and at no cost to the Fund equally and ratably secure the payment of the principal of the Loan, the Loan Charge and other charges on the Loan, and that in the creation of any such lien express provision will be made to that effect.

(b) The undertaking provided for in Paragraph **(a)** of this Section shall not apply to :

- i)** any lien created on property, at the time of purchase thereof, solely as security for the payment of the purchase price of such property;
- ii)** any lien on commercial goods to secure a debt maturing not more than one year after the date on which it is originally incurred and to be paid out of the proceeds of the sale of such commercial goods; or
- iii)** any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

Section 4.02. The Borrower shall cause the Ministry to maintain the Project in accordance with the proper engineering standards and to take the necessary measures to appropriate the funds required for such purpose.

Section 4.03. The Borrower shall cause the Ministry to make a Commemorative Plaque of suitable dimensions made of concrete or other suitable metal to be fixed in a conspicuous place in one of the facilities included in the Project, to show the contribution of the Fund in the financing of the Project.

Section 4.04. The Borrower shall cause the Ministry to maintain or cause to be maintained adequate records to reflect in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Project of the Ministry and other Departments and Agencies of the Borrower responsible for carrying out the Project or any part thereof.

Section 4.05. Promptly after completion of the Project, but in any event not later than twelve months after the Closing Date, or such later date as the Fund may agree for this purpose, the Borrower shall cause the Ministry to prepare and furnish to the Fund a Project Completion Report, in reasonable form and detail as the Fund shall request, on the execution and initial operation of the Project, its costs and the benefits derived and to be derived therefrom, the performance by the Borrower of its obligations under the Loan Agreement and the achievement of the objectives of the Loan.

ARTICLE V
Remedies of the Fund

Section 5.01. For the purposes of Section 6.02 of the General Conditions, the following additional events are specified pursuant to Paragraph (f) thereof

i) Subject to Sub-Paragraph (ii) of this Paragraph :

A) the right of the Borrower to withdraw the proceeds of any loan or grant made to the Borrower for the financing of the Project shall have been suspended, cancelled or terminated in whole or in part, pursuant to the terms of the agreement providing therefore, or

B) any such loan shall have become due and payable prior to the agreed maturity thereof.

ii) Sub-Paragraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Fund that (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligation under such agreement, and (B) adequate funds for the Project are available to the Borrower from other sources on the terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. For the purposes of Section 7.01 of the General Conditions, the following event is specified pursuant to paragraph (d) thereof, namely any event specified in paragraph (i) (B) of **Section 5.01** of this Agreement shall occur.

ARTICLE VI
Effectiveness Date - Termination

The period of six months from the date of the signing of the Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower, Addresses

Section 7.01. The Minister of of the Borrower is designated as Representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purpose of Section 11.01 of the General Conditions:

FOR THE FUND

The Saudi Fund for Development

P.O.Box 50483

Riyadh 11523

KINGDOM OF SAUDI ARABIA

Telephone : + 966 - 1 - 2794000

Telefax : + 966 - 1 - 4647450

Email : info@sfd.gov.sa

FOR THE BORROWER

Ministry Of Finance and Economic Planning

P.O.Box MB 40

Accra

REPUBLIC OF GHANA

Telephone : +233 21 66 56 08

+233 21 68 6119

Telefax : +233 21 66 70 69

+233 21 66 65 56

+233 21 66 38 54

Email : minister@mofep.gov.gh

FOR THE MINISTRY

Ministry Of Health

P.O.Box M 44

Accra

REPUBLIC OF GHANA

Telephone : +233 21 66 53 23

Telefax : +233 21 66 38 10

Email : minister@moh.gov.gh

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Agreement to be signed in their respective names, in the city of, as of the day, month and year first above written, in two counterparts in Arabic language, each of which shall be an original, and a copy of the General Conditions in the Arabic language has been given to the Borrower.

**FOR/ THE SAUDI FUND FOR
DEVELOPMENT**

FOR/ THE REPUBLIC OF GHANA

BY

BY

SCHEDULE NO.(1)

Withdrawal of the Proceeds of the Loan

(A) The table below sets forth the categories of items and services to be financed out of the proceeds of the Loan, the allocation of the amount of the Loan to each category and the percentage of expenditures for items and services so to be financed in the category :

Category		Amount of the Loan Allocated (Expressed in Saudi Riyals)	Percentage of Expenditures to be financed
1.	Additional Civil Works (Part "1" of the Second Phase of the Project).	32,625,000	100% of total expenditures
2.	Additional Equipment (Part "1 (H, I, J)" and Part "2" of the Second Phase of the Project).	30,750,000	100% of total expenditures
3.	Consultancy Services (Part "3" of the Second Phase of the Project).	6,000,000	100% of total expenditures
4.	Contingency	5,625,000	
Total:		75,000,000	

(B) Notwithstanding the provisions of Paragraph (A) above, no withdrawal shall be made in respect of :

- i) Expenditures made prior to the date of this Agreement;
- ii) Taxes levied by, or in the territory of the Borrower on goods or services, or on the importation, manufacture, procurement or supply thereof.

(C) Notwithstanding the allocation of an amount of the Loan or the disbursement percentages set forth in the table in Paragraph (A) above, if the Fund has reasonably estimated that the amount of the Loan then allocated to the Category will be insufficient to finance the agreed percentage of all expenditures in that Category, the Fund may, by notice to the Borrower:

- i) reallocate to such Category, to the extent required to meet the estimated shortfall, proceeds of the Loan which are then unallocated or allocated to another category and which in the opinion of the Fund are not needed to meet other expenditures; and
- ii) if such reallocation cannot fully meet the estimated shortfall, reduce the disbursement percentage then applicable to such expenditures in order that further withdrawals under the Category may continue until all expenditures there under shall have been made.

SCHEDULE (2)

DESCRIPTION OF THE PROJECT

The rehabilitation and expansion of the Bolgatanga Regional Hospital Project aims to increase the capacity of the hospital and to upgrade and diversify of its health services to meet the health needed and also to upgrade the public health in the East Region of Ghana, which is currently deemed as one of the least provinces, receiving health services in the Republic of Ghana.

The project is being undertaken in two phases as follows :-

First phase: consists of the following :

- 1- Land acquisition for hospital expansion purpose.
- 2- Civil works, include: -
 - A - Construction of Administrative block.
 - B - Completion of maternity complex.
 - C - Construction of Staff Quarters.
 - D - Rehabilitation of water supply and sewerage network.
 - E - Rehabilitation of electricity supply network.
 - F - Restoration of internal roads and drainage of rainwater.
- 3- Equipment, include : -
 - A- Supply the Medical and hospital equipment required for buildings in the first phase works.
 - B- Training a number of medical and technician staff.
- 4- Consultancy and supervision Services for the first phase works.

Second phase: Consists of the following :-

- 1- Civil works, includes : -
 - A- Construction of Public Health and Dental Services Block.
 - B- Construction of Pharmacy, Dispensary, and Diagnostic – Imaging Department.
 - C- Construction of Blood Bank Unit.
 - D- Construction of Accident and Emergency Unit.
 - E- Construction of Surgery Department.
 - F- Rehabilitation of Maternity, General Medical, paediatric, Chest, and Orthopaedic Wards.
 - G- Construction of Central Sterilisation Department.
 - H- Construction and equipping of Mortuary building.
 - I- Construction and equipping of kitchen and laundry buildings.
 - J- Construction, equipping, and furnishing of housing for alternate doctors and nurses, Mosque, and the general fence of the hospital.

- K- Construction of workshop, technical services, and medical waste treatment buildings.
- L- Completion of the Extension of internal Roads, water supply, drainage systems and electricity supply networks.
- 2- Equipment, include : -
 - A) Supply of Medical equipment and required furniture for the all buildings.
 - B) Supply of four Vehicles (Ambulances and transportation of medicine).
- 3- Consultancy Services and supervision of the second phase.

* * * * *

The total cost of the project (phases 2) is estimated at about US\$ (20) million. The project is expected to be completed in December 2020.

