

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

**REPORT OF THE
FINANCE COMMITTEE**

ON THE

I: LOAN FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND DEUTSCHE BANK AG, LONDON BRANCH (AS AGENT, ARRANGER, STRUCTURING BANK), AS WELL AS DEUTSCHE BANK AG, LONDON BRANCH AND THE UK EXPORT FINANCE (AS ORIGINAL LENDERS) FOR AN AMOUNT OF ONE HUNDRED AND TWENTY-TWO MILLION, FIVE HUNDRED AND FORTY-THREE THOUSAND, THREE HUNDRED AND FIFTY-TWO EUROS AND SIXTY CENTS (€122,543,352.60) [INCLUDING THE UK EXPORT FINANCE SUPPORT FEE]

AND

II. LOAN FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND DEUTSCHE BANK AG, LONDON BRANCH (AS AGENT, ARRANGER, STRUCTURING BANK AND ORIGINAL LENDER) FOR AN AMOUNT OF THIRTY-TWO MILLION, FIVE HUNDRED THOUSAND EUROS (€32,500,000.00)

RELATING TO THE FINANCING OF THE

**MODERNIZATION OF THE KOMFO ANOKYE
TEACHING HOSPITAL (KATH) AND ASSOCIATED
BUILDINGS IN THE ASHANTI REGION OF GHANA**

APRIL 2019

1.0 INTRODUCTION

The

- i. Loan Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and Deutsche Bank AG, London Branch (as Agent, Arranger, Structuring Bank), as well as Deutsche Bank AG, London Branch and the UK Export Finance (as Original Lenders) for an amount of **One Hundred and Twenty-Two Million, Five Hundred and Forty-Three Thousand, Three Hundred and Fifty-Two Euros and Sixty Cents (€122,543,352.60)** [including the UK Export Finance support fee] relating to the financing of the Modernization of the Komfo Anokye Teaching Hospital (KATH) and Associated Buildings in the Ashanti Region of Ghana ; AND

- ii. Loan Facility Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and Deutsche Bank AG, London Branch (as Agent, Arranger, Structuring Bank and Original Lender) for an amount of **Thirty-Two Million, Five Hundred Thousand Euros (€32,500,000.00)** relating to the financing of the Modernization of the Komfo Anokye Teaching Hospital (KATH) and Associated Buildings in the Ashanti Region of Ghana

were presented to the House on Wednesday 10th April, 2019 by the Honourable Deputy Minister for Finance, Mr. Kwaku Agyeman Kwarteng on behalf of the Minister responsible for Finance.

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 Minister for Health, Kwaku Agyeman-Manu and a Deputy Minister for Finance, Hon. Kwaku Agyeman Kwarteng as well as officials from the Ministries of Health and Finance.

The Committee hereby submits this report to the House pursuant to Order 161(1) the Standing Orders of the House.

The Committee is grateful to the above named Deputy Ministers for Aviation and Finance and the officials for attending upon and assisting the Committee in its deliberations.

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)

3.0 BACKGROUND

In the year 1974, the Kutu Acheampong Administration recognized the need for the expansion of the Komfo Anokye Teaching Hospital, Kumasi to include maternity services and an eight (8) storey 1,000 bed Maternity and Children's Block was initiated. The construction was awarded in 1976 by the Central Tender Board, Accra with the construction of the Paediatrics Section. The land for the Obstetrics & Gynaecology and Theatre Section had not been acquired. The project was however suspended in 1979. Since then, the project has been abandoned with the structure approximately 70% complete.

In 1999, the project was reactivated and all the structural framework foundation in the sub-structure was demolished and reconstructed. The Project was included in the Public Investment Programme of the Ministry of Health but the amount voted over the years could not complete the project.

The Maternal and Child Block at KATH is identified as one of the critical health infrastructure that will enhance the health delivery system in the country. The hospital's current operating conditions suffer from massive congestions, inadequate operating theatres and delivery beds amongst a myriad of other issues.

The Ministry of Health has received a proposal from Messrs Contracta Construction UK to raise the necessary funding estimated at One Hundred and Thirty-Eight Million, Five Hundred Thousand Euros (€138,500,000.00) to complete the construction and equipping of the Facility. The credit facility is both critical and complementary in mobilizing resources to complete the Maternity and Children's Block to enhance quality of health care delivery in the country.

3.1 PURPOSE OF THE FACILITY

The purpose of the facility is to secure the funds needed to complete the long abandoned KATH Maternity and Children's Block to enhance health care delivery in the country especially maternal and child healthcare. The project is also aimed at boosting the provision of healthcare through improved infrastructure in fulfilment of Government's commitment to ensure universal healthcare to all citizens in Ghana and the attainment of the Sustainable Development Goal Three (SDG 3).

4.0 TERMS AND CONDITIONS OF THE LOAN

The financing terms of the two Credit Agreements are as presented in the table below.

Terms	ECA Facility	Commercial Facility
Facility amount	€122,543,352.60 (including €16,543,352.60 UKEF premium)	€32,500,000
Borrowing currency	Euro	Euro
Grace period	2 years	1 year
Repayment period	10 years	4 years
Tenor	12 years	5 years
Interest rate: <i>Direct tranche</i>	EUR CIRR	6M Euribor + 4.90% p.a.
<i>Guaranteed tranche</i>	6M Euribor +1.45% p.a.	n/a
Commitment Fee	0.75% p.a.	1.00% p.a.
Arrangement Fee	1.00% flat	1.00% flat
Structuring Fee	0.50% flat	0.50% flat
Risk premium	12.62% flat of the facility amount (financed)	n/a

5.0 PROJECT DESCRIPTION AND SCOPE

The scope of work of the Project is as follows:

SCOPE OF WORK	
1	Conduct in situ tests to analyse the existing structural conditions of the facility
2	Demolish majority of non-structural internal walls to enable modification of the internal layout in line with the proposed project concept
3	Other preliminary services (Mobilisation, topographic survey, condition survey, setting out etc.)

4	Technical Services (Architectural, M&E, IT, Structural and infrastructural designs, ESIA, specialist design and construction management
5	Remodel and reconstruct the top section of the building, including the roof with roof covering and waterproofing to provide new service plant rooms.
6	Remodelling of the building to include some new infill (external) walls, new internal wall partitions, structural modifications to include new staircase, and reforming lift and service openings. External and internal building finishes, wall cladding, tiling and vinyl etc.
7	Supply and install elevators (total of 7 lifts)
8	Install MEP infrastructures in the building
9	Install oxygen gas supply system in the maternity
10	Install centralized air condition system and ventilation
11	Doors and windows, including special doors, security, plastic doors, automatic doors, grilles, louvred systems etc.
12	Structured data and electronic systems, including cabling
13	Supply and install medical and non-medical equipment, including consumables
14	New Medical waste, general waste disposal systems and drainage system
	Water Reservation Tanks for general consumption and firefighting system
15	Electric Substation and Generators (incl. Diesel tanks), related infrastructure High Voltage distribution (500m)
16	Access roads and car parking, including road marking
17	Landscaping
18	Contingencies
19	Post construction commitments, including training, extended warranties

Special features of the project include the following:

- i. 750-800 Beds Facility
- ii. Main functional areas include Paediatric, Gynaecology and Obstetrics
- iii. Out-patient areas, including waiting areas and children play areas
- iv. 9 Theatres all set on 1 floor for greater efficiency + 1 theatre for emergencies located on the ground floor
- v. Diagnostic rooms, x-ray, radiology, etc.
- vi. ICU, HDU, Isolation rooms
- vii. Student lecture Halls and associated facilities
- viii. Large Consulting/examination rooms (each to accommodate up to 8 students)
- ix. Floor layout optimised to give emphasis to operational functionality
- x. Storage and changing rooms for staff
- xi. Catering services for patients and cafeteria for medical staff and students
- xii. Banks, Gift Shops, NHIS offices
- xiii. Laundry services
- xiv. Main pharmacy with dispensary on each floor
- xv. Laboratory
- xvi. Medical tourism (source of internally generated revenue) – top 1.5 floors exclusively dedicated to VIP Wards
- xvii. Improved medical waste Management
- xviii. High quality equipment
- xix. Dedicated medical gas plant

6.0 OBSERVATIONS

6.1 Maternal and Child Care Outcomes

The Committee observed that the completion of the KATH Maternity Block will fill a great void in maternal and child care and will offer the latest healthcare technologies, providing a new standard of health care for the general populace of Ghana in general and Ashanti Region in particular. Once completed, the new maternity block will serve to:

- Improve the health of patients (mother and child)
- Increase the volume of patient care to adequately manage regional needs
- Improve the quality of life and care for all stakeholders
- Provide enough space, capacity and equipment to meet the obstetric demands of the region and adjoining places
- Enable KATH to position itself as one of the centres of excellence in health care in the West African Sub-region.

6.2 Project Financing

The estimated cost of the project (excluding the UKEF Fee) is €138.50 million. Deutsche Bank AG. London Branch is providing the financing under an Export Credit Arrangement (ECA). The UK Export Finance (UKEF) is providing the export credit guarantee to enable Deutsche Bank AG London Branch to lend under this arrangement. The financial package provides a 100% financial

solution to ensure that the Project is implemented and completed smoothly without financial hindrances.

6.3 Project Duration

As to how long it would take for the Project to be completed, the Committee was informed that the project is scheduled to be completed in three (3) years (2019-2021). The Minister for Health, Hon. Kwaku Agyeman-Manu however assured the Committee that due to the over 40 year delay in the completion of the Project, the Ministry of Health which is the executing agency would be working with the contractor to speed up the completion of the Project ahead of schedule.

7.0 CONCLUSION

In view of the health and socio-economic benefits to be derived from the Project, the Committee respectfully recommends to the House to adopt this report and approve by Resolution, the

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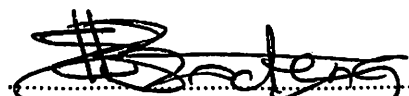
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in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



HON. KWABENA AMANKWAH-ASIAMAH
(VICE CHAIRMAN, FINANCE COMMITTEE)



MS. EVELYN BREFO BOATENG
(CLERK, FINANCE COMMITTEE)

11TH APRIL, 2019