



JOINT PARLIAMENTARY MEMORANDUM

BY

THE HON. MINISTER FOR DEFENCE

AND

THE HON. MINISTER FOR FINANCE

FOR THE

**CONTRACT FOR THE 37 MILITARY HOSPITAL EXPANSION PROJECT BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF GHANA, REPRESENTED BY THE
MINISTRY OF DEFENCE AND CHINA SHIPBUILDING TRADING COMPANY
LIMITED, CHINA**

AND

**SELLER'S CREDIT FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF GHANA, ACTING THROUGH THE MINISTRY OF FINANCE AS
"BORROWER" AND CHINA SHIPBUILDING TRADING COMPANY AS "LENDER"**

PARLIAMENT OF GHANA LIBRARY

MARCH, 2022

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1.0 ACTION REQUIRED

1.1 Honourable Members of Parliament are respectfully invited to consider and approve:

- i. The Commercial Contract for **Two Hundred and Eighty-Nine Million, Nine Hundred Thousand United States Dollars (US\$289,900,000.00)** between the Republic of Ghana represented by the Ministry of Defence and China Shipbuilding Trading Company (CSTC) for the 37 Military Hospital Expansion Project; and
- ii. The Seller's Credit Facility Agreement for **Eighty-Four Million, Nine Hundred and Ninety-Four Thousand and Fifty United States Dollars (USD84,994,050.00)** between the Government of the Republic of Ghana acting through the Ministry of Finance as the "Borrower" and China Shipbuilding Trading Company (CSTC) as "Lender" for the 37 Military Hospital Expansion Project (being 85% of the Contract Price of Phase A).

Cabinet in a letter dated 24th March 2022 approved and recommended to Parliament for consideration and ratification, the Commercial Contract and Seller's Credit Facility Agreement.

2.0 CONTEXT

2.1 Health delivery in Ghana has over the years been a complex subject in the country's development agenda. Whilst several attempts have been made to bring the country's health delivery to an appreciable level, there are still unfortunate occurrences in which some citizens have lost their lives because of the inadequacy of beds in our hospitals.

2.2 Government recognises that the Ghanaian people must be healthy if we are to make meaningful progress in nation building. The country's development aspirations are consistent and perfectly aligned with the realisation of the seventeen (17) United Nations Sustainable Development Goals (Agenda 2030), which seek to build a world that is just, equitable and all-embracing, with the desired end results being inclusive economic growth, social development, and environmental protection for all, without discrimination.

2.3 In line with the above, the National Medium-Term Policy Framework (NMTPF), as set out in the Coordinated Programme of Economic and Social Development Policies (2017-2024) recognises several global, continental and regional compacts and policy frameworks, such as the United Nations Sustainable Development Goals, the African Union (AU) Vision 2063: "The Africa We Want" and the ECOWAS Vision 2020.

2.4 In addition to the above-mentioned, the outbreak of COVID-19 has equally changed health care delivery in the country and has affected the operations of several health facilities necessitating the urgent need for robust health care systems. In seeking a solution

that takes pressure off existing resources of the health services and address the demand for urban, peri-urban and rural healthcare demand in the future and allow Government to capitalize on existing resource to adequately provide the required health infrastructure for the nation's socio-economic development.

2.5 The Ghana Armed Forces (GAF) is one of the major key operators of health care facilities in Ghana. The 2022 National Budget Statement and Economic Policy of Government therefore, seeks to strengthen the MOD to continue with this important service by provisioning the financing for the construction the 37 Military Hospital Expansion project.

2.6 Over the years, 37 Military Hospital, arguably the third largest health facility in Ghana has been a very important health delivery and training facility. It is renowned for providing post graduate training for doctors from major universities, house officers, medical students, nurses, midwives, physician assistants, emergency medical technicians and other Para-medical professionals. It has always remained the "last man standing" when other hospital staff embark on strike actions and as such, is a very important health facility for the country.

2.7 It is therefore important to state that Government, cognisant of this phenomenon through the Military Health Service Programme, has made a lot of effort to provide the Ghana Armed Forces (GAF) with adequate and modern resources to enable it perform its core function of defending the territorial integrity of Ghana, meet Peacekeeping obligations, provide humanitarian services-medical evacuation and to participate in national disaster reliefs/support, when they occur.

3.0 BACKGROUND

3.1 The Hospital was established in 1941 as the 37th Medical facility of the Allied Forces in the then British West African Colonies to cater for casualties from the Second World War. It was later expanded from catering for the health care needs of military personnel, their families and other supporting staff to civilians at large. The hospital started as a 29-bed facility, but currently has 400 beds, with many specialized units and can be expanded to 604 beds in emergency situations.

3.2 Today, 37 Military Hospital is the second largest medical facility in Greater Accra and as stated earlier, the third largest in the country. It also serves as the Government's Emergency Response Health Facility and the Centre of Action in the event of major disasters, such as the 9th May 2001 Disaster which killed more than One Hundred and Twenty (120) soccer fans and the 3rd June, 2015 Fire and Flood Disaster which ended the lives of more than One Hundred and Fifty (150) Ghanaians at the Kwame Nkrumah Circle.

3.3 The Hospital, apart from being the third major health facility in Ghana, has been designated as a United Nations' (UN) Level IV Medical Facility within the West African region. In addition, it provides levels I and II support at various Peacekeeping Missions.

3.4 It has however, been observed that patients seeking treatment at the 37 Military Hospital have increased appreciably during the last couple of years, putting significant strain on the hospital's limited facility/resources. It is worthy of note that, the number of civilian patients has increased remarkably. This is said to be due to the general belief of some Ghanaians that patients receive attention, not just faster but very efficiently than at other public hospitals. Against this background, it has become necessary to elevate the Hospital to the required First-Class Standard so that it can meet its challenges.

3.5 In order to elevate the 37 Military Hospital to the said First-Class Medical Centre, there is the need to expand some facilities and construct new ones at the 37 Military Hospital. The scope of expansion works at the hospital will include: the mortuary, selected wards, a dialysis centre, a plastic surgery centre and post-ward rehabilitation facility, post graduate center and Very Important Personality (VIP) ward.

4.0 JUSTIFICATION FOR GOVERNMENT

The 37 Military Hospital Expansion Project will ensure secured and safe health care delivery system geared towards maintaining a stable, united, and safe country. This will strategically enhance security service delivery and public safety by making sure that secured health system is provided to the military and citizens at large. The implementation of the project will create jobs for skilled and unskilled labour and therefore improve on their livelihood. Furthermore, the implementation of the Project will result in the following strategic goals of operations for the 37 Military Hospital:

- i. **A United Nations (UN) Level IV Hospital:** 37 Military Hospital is a UN Level IV Hospital. For this reason, the hospital needs to be brought to a World Class Standard to ensure that it has the capacity to cater for referrals from UN activities. Very importantly, the country benefits from the revenue it generates from its usage as a UN Level IV Hospital. This means more revenue for the country.
- ii. **Medical Tourism:** The completion of the 37 Military Hospital Expansion Project will bring it to a World Class Standard and serve the intention of Government to provide medical tourism in the country. The expansion to be undertaken will attract patients seeking medical treatment from the African Region and thereby help earn the country more foreign exchange.
- iii. **Gateway to Medical Treatment in Africa:** It is also the intention of the Government to make Accra the gateway to medical treatment in Africa. Thus, apart from patients coming from abroad, it will go a long way to reduce the cases of

Ghanaians travelling outside to seek medical treatment, put a stop to public officials who do same, thus, saving the country's revenue.

- iv. **Improvement of Medical Care to Security Personnel:** Government's plan to improve medical care to service personnel and civilians, as well as enhance specialist treatment of patients will be achieved. By so doing, it will also position the hospital as a future Teaching Hospital.

5.0 THE PROJECT SCOPE

5.1 The hospital will comprise a new 700-bed facility, with medical equipment designed to incorporate wide-ranging medical area, VIP medical area, scientific research and education area, administration, logistics area and living quarters with all functional areas being relatively independent while closely related. Over 20,000 pieces of medical equipment, facilities, furniture and logistics would be installed as part of the expansion project. It will consist of new nursing school and other facilities besides the original 37 Military Hospital, and to build accommodation for GAF personnel and supporting facilities that will be re-located because of the expansion works.

5.2 With about 35,600m² underground parking lot, medical complex building, isolation ward, administrative and graduate building, oxygen generation station, solid waste incineration treatment station, central kitchen, senior officer canteen building, emergency power station and sewage treatment station. The structure will be a cast in situ reinforced concrete frame. The roof is reinforced concrete, and the medical street is covered with grid glass for day-lighting. The internal and external wall maintenance structure adopts small concrete blocks.

5.5 The window is made of aluminum glass with glass plates. The door composed of wood panel, iron and glass-aluminum door. Interior rooms are painted with acrylic paint on walls and ceilings in cement mortar finishes. The floor is provided with ceramic tile and ceramic skirting board, and the parts of hospital are elastic polyurethane floor. Toilet area walls to receive glazed wall tiles. Services comprise cold and hot water, electrical installations, air-conditioning installations. External works comprise of roads, carparks, paved areas, grass and planted areas.

5.6 The hospital expansion project is to be completed within Thirty-two (32) Months while the current clinical part of the hospital continues to function normally during construction work.

5.7 Prices and Break-down List for the 37 Military Hospital Expansion Project are as follows:

I. PHASE A - Scope of Work

NO.	SECTION DESCRIPTION	PRICE (US\$)
1	Survey and Design	3,456,131
2	General Conditions and Preliminaries of Phase A	4,056,800
3	Medical Technology Building and Basement	52,564,774
4	Ordering of Medical Equipment to be installed during construction	19,049,540
5	Preparation of Medical support systems to be installed during construction	7,761,962
6	Medical Street (West)	2,663,956
7	Relocation of NMTC	2,986,853
8	Relocation of Accommodation Buildings	4,352,984
9	Supervision and Management	600,000
10	Client Obligations	1,000,000
11	PIU Fee	1,500,000
SUB-TOTAL OF PHASE A		99,993,000

The construction period for Phase A is Thirty-two (32) Months.

II PHASE B - Scope of Work

NO.	SECTION DESCRIPTION	PRICE (US\$)
1	Survey and Design	5,943,239
2	General Conditions and Preliminaries Phase B	3,042,600
3	Comprehensive Building (Outpatient Department, Emergency Department, Administration Department & Post Graduate Facility)	32,743,531
4	Medical Street (East) and Ramp	9,317,176
5	VIP Inpatient Building, General Inpatient Buildings and Ramp	33,085,923
6	Supply of Medical Equipment	66,453,531
7	Supervision and Management	400,000
8	PIU Fee	500,000
SUB-TOTAL OF PHASE B		151,486,000

The construction period for Phase B is Twenty-Four (24) Months.

III PHASE C - Scope of Work

NO.	SECTION DESCRIPTION	PRICE (US\$)
1	Survey and Design	633,577
2	General Conditions and Preliminaries Phase C	3,042,600
3	Hostel, Canteen and Central Kitchen	4,560,456
4	Public Utilities (Medical Waste Disposal System, Oxygen Station, Emergency generator room and Sewage Treatment Station)	1,234,646
5	Officers' Mess	1,333,437
6	Mortuary	812,730
7	Transformers	395,000
8	Medical Equipment, Training Fee, Other Equipment and furniture	17,399,190
9	External Work	9,009,364
SUB-TOTAL OF PHASE C		38,421,000
GRAND TOTAL		USD289,900,000

The construction period for Phase C is Twelve (12) Months.

6.0 INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENT

6.1 The implementation of the 37 Military Hospital Expansion Project will be under the responsibility of the Ministry of Defence through the Ghana Armed Forces, as the implementing agency.

6.2 In order to ensure the smooth implementation of the Project, the project has been structured into Phases A, B, and C.

7.0 FINANCIAL TERMS

7.1 The total cost of the project is Two Hundred and Eighty-Nine Million, Nine Hundred Thousand, United States Dollars (US\$289,900,000.00). The Phase A of the project will be funded through the Seller's Credit Agreement. CSTC is providing credit for 85% of the contract price for Phase A. The remaining 15% will be paid by the Government of Ghana (i.e. US\$14,998,950.00).

7.2 A summary of the Seller's Credit Agreement Financial Terms/Arrangements for the 37 Military Hospital Expansion Project are: -

SRL	FINANCIAL TERMS	DESCRIPTIONS
1.	Seller's Credit Amount	US\$84,994,050 - 85% of Contract Price of Phase A
2.	Payment Terms of the Credit Facility	Maturity Period 170 months

		Grace Period	32 months
		Repayment period is 144 months with 24 semi-annual installments	
3.	Interest Rate	3.25% per annum	
4.	Sinosure Export Supplier's Credit Insurance Premium	Premium Rate	5.6% of the Principal and interests of Seller's Credit Facility Amount

8.0 BUDGETARY ALLOCATION

The funds for the 37 Military Hospital Expansion Project (Engineering, Procuring and Construction (EPC) is provisioned in Appendix 10E of the 2022 Budget for implementation in the medium term.

9.0 INTER-MINISTERIAL CONSULTATION

10.1 Consultations have been undertaken with the project stakeholders, from project preparation to negotiation of terms and conditions. The stakeholders are Ministry of Finance, Attorney-General's Department, Ministry of Roads and Highway, Ministry of Health, Ministry of works and Housing and the Implementing Agency (The Ghana Armed Forces-37 Military Hospital Authorities). There would be continuous stakeholder consultations which would involve the Assemblies in the Greater Accra area and all opinion leaders within the project areas to ensure smooth implementation of the expansion project.

10.0 CONCLUSION

Honourable Members of Parliament are respectfully being invited to consider and approve the Contract and the Seller's Credit Facility Agreement respectively for the expansion of the 37 Military Hospital Expansion project to enable the Government to fulfill its planned policies, programme and projects for the Ghana Armed Forces, help meet the health needs of the country and further cater for cases from its neighboring countries and serve its UN Level IV requirements.

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HON. DOMINIC B.A. NITIWUL (MP)
MINISTER FOR DEFENCE

HON. KEN OFORI-ATTA
MINISTER FOR FINANCE

DATED ^{28th} March, 2022

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