

MINISTRY OF DEFENCE



PARLIAMENTARY MEMORANDUM

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

BY THE HON. MINISTER FOR DEFENCE

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MARCH, 2022

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

1.0 ACTION REQUIRED

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

The Commercial Agreement between the Government of the Republic of Ghana represented by the Ministry of Defence and the China Shipbuilding Trading Company (CSTC), Beijing of the People's Republic of China for the 37 Military Hospital Expansion Project for the Ghana Armed Forces for an amount of **Two Hundred and Eighty-Nine Million, Nine Hundred Thousand, United States Dollars (US\$289,900,000.00)**.

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, thereby, deliver dignified standards of living for all. 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.

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2.5 Government as matter of priority has sought to position the Ministry of Defence (MOD)/Ghana Armed Forces (GAF) as one of the key operators of health care facilities because of their mandate and responsibilities to the nation and citizens at large. This is evidential in page 204 (SRL.1089) of the 2022 National Budgets Statement; structural design and financial proposal for the execution of the 37 Military Hospital Expansion Project are being reviewed for construction to commence this year.

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 cognizant 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 taking 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 stretch 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 Nkrumah's Circle.

3.3 The Hospital, apart from being the third major health facility in Ghana, has also 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.

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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 patient 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 standard of a First-Class Medical Centre, there is the need to expand some facilities and construct new ones by way of implementing the expansion of 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

- a. 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 enhanced security service delivery and public safety by making sure that secured health system is provided to the military and citizens at large.
- b. The nature of the financing agreement offers considerable benefits for the country as it assures financing for this essential infrastructure project in Accra to facilitate rapid social economic growth.
- c. Creation of jobs for skilled and non-skilled labour.

4.1 Furthermore, the implementation of the Project will result in the following strategic goals of operations for the 37 Military Hospital: -

- I. **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 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. This will result in the increase cases of medical treatment from the African Region and therefore earn the country more foreign exchange.

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- 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 revenue.
- IV. **Improvement of Medical Care to Security Personnel:** What is more, Government's plan to improve medical care to service personnel and civilians, as well as enhance specialist treatment of its patients will be achieved. By so doing, it will also position the hospital as a future Teaching Hospital for the increasing number of tertiary medical institutions in the country.

5.0 THE PROJECT

5.1 The hospital will comprise a new 700-Bed 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. The total amount of medical equipment, facilities, furniture and logistics equipment is over 20,000 pieces. These include Magnetic Resonance Imaging (MRI) among others. It will consist of new nursing school and other facilities besides the original 37 Military Hospital. There will also be accommodation for GAF personnel and supporting staff who will be re-located because of the construction of the hospital.

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 with the current clinical part of the hospital continuing to function normally during construction work.

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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.

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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 ARRANGEMENTS

6.1 The implementation of the 37 Military Hospital Expansion Project will be under the responsibilities of the Ministry of Defence through the Ghana Armed Forces, 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 respectively within the Thirty-Two (32) months of the Project Implementation Period.

7.0 IMPACT OF THE PROJECT

- **Economic Impact**-The forward and backward linkages of any hospital project in stimulating the growth of the national economy cannot be overemphasised. This laudable military hospital project which is paramountly designed as a growth pole, will trigger inclusive economic growth for the military and surrounding settlements, induce income, generate activities, create employment and entrepreneurship for the general public.

Furthermore, the Hospital project will catalyse the sharp growth of the local building and materials industry and call for expansion of production capacity of local building materials and the creation of new jobs.

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Accordingly, it will potentially increase the household incomes among families and consequently improve standards of living for a cross section of the population.

- **Social Impact-**With possibility of the hospital after completion turning into medical tourism, a number of strategic partnerships may be possible that will allow a more diverse, cutting-edge facility to be developed with easy access to healthcare, childcare, schools training facilities, playing ground, shopping mall, car parks, among others.

Secondly, often times the landscaping and parking plan for hospital facility are not included in-patient experience sequence of a hospital facility. There are number of different types of patients using the 37 Military Hospital of which the landscape and parking approach should suit each type of patient particularly given why they may visit the hospital.

- **Region/District Impact-** The extension project will enable the Government to improve amenities such as roads, water and electricity which will ultimately improve the wealth of the community/envirom within the Municipal/district Assembly developmental agenda.
- **Environmental Impact-**The project intends to operate with smart use of energy appliance and fuel switching, minimizing waste and enhancing disaster preparedness. The expansion and upgrading of the facility will eradicate problems associated with obsolete equipment and broken-down facilities. Again, all abandoned structures such as dumping of wastes sites, squatter areas and dangerous reptile's sites all of which go to depreciate the value of the property will be eradicated.
- **Political Impact-**The implementation of the project will be seen as a bold step in responding to the needs of the people of Ghana, particularly the men and women of the Ghana Armed Forces, the poor and the vulnerable that lack access to safe, secure and sound healthcare within the environment.
- **Climate Impact-** The project will take into consideration the impact of the construction on the environment, and will seek to employ ways to protect the environment such as exploring recycling options, using eco-friendly tools and products, minimizing wastage, as well as protecting ecological resources within the enclave of the project.
- **Gender Impact-** The project will adequately ensure socially exclusive development through high density when employing labour to the project as well as ensuring equal salary for equal work across genders.

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8.0 FINANCIAL TERMS

8.1 The total cost for 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 is funded through a 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).

8.2 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

9.0 BUDGETARY ALLOCATION

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

10.0 INTER-MINISTERIAL CONSULTATION

10.1 Consultation have been undertaken among the Ministry of Finance, Attorney-General 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) from the project preparation through negotiation of terms and conditions of the contracts and arrangements for implementation. 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.

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11.0 CHINA SHIPBUILDING TRADING COMPANY LIMITED

11.1 The Ministry received various proposals including China Shipbuilding Trading Co., Limited (CSTC) and these proposals were critically examined by the Ministry's Technical Team. Key requirements for the selection of the contractor for the expansion project include the Project Overview, Hospital Design Specifications, Designs Objectives, Planning Conception, Project Cost, Duration-period of project and employment opportunities for local citizens.

11.2 Based on the aforementioned proposal, the CSTC was selected as the preferred Contractor for the expansion of the 37 Military Hospital project, as their proposal met the aspirations and specifications of the Ghana Armed Forces.

11.3 CSTC, being an important enterprise with the global market with over Thirty-Five (35) years in construction, Defence products, Merchant ships, Offshore Engineering products, International Contracting among other military products in Twenty (20) countries including Egypt, Nepal, Singapore, Russia, New Zealand, Czech, Venezuela, South Africa, Kenya, Rwanda, Nigeria, Ethiopia. CSTC's has professionals and committed staff, together with an extensive network of branches and local presence across the world to ensures high-quality, convenient service and support to its customers at both home and abroad. The table below highlight some of the major work in terms of construction by CSTC's and its African Partners in other Africa countries: -

SRL	COUNTRY	PROJECT	START DATE	COMPLETION DATE
1	Kenya	Construction and Development of a Teaching, Research and Referral Hospital at Kenyatta University	November,2012	May 2019
2	Ethiopia	Construction of China-aided Tirunnesh-Beijing Hospital	October, 2009	September, 2011
3	Zambia	Construction of Chipata District Hospital Phase I	February, 2011	January , 2013
4	Nigeria	Joint Venture Agreement between Naval Shipyard Limited (NSL), Nigeria Navy and China Shipbuilding and Offshore International Limited	February, 2018	ongoing
5	Egypt	Upgrading Alexandria Shipyard	November, 2010	August, 2015

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11.4 Connected to its market-oriented research and development to provide technical and economical optimized solutions and value to its client/customers, the overall design by CSTC is Employer-Oriented, detailed with modern and cutting-edge equipment/logistics was considered for the 37 Hospital Expansion Project. It will consist of the following: -

- a. The entire design is an in-depth proposal modeled along the line of Wuxi People's Hospital in China which consist of a VIP and Veteran Section and by all standards a World Class Hospital.
- b. The company is a partner of United Imaging Healthcare (UIH) of Shanghai a leading modern cutting-edge medical equipment manufacturer including modern PET-CT Machine, C-Arm, the Ceiling Mounted Radiological Machines among others to offer the project.
- c. Provision of a local content including training among others.
- d. Architectural and Engineering Designs of the new facility will be undertaken by China Shipbuilding Ninth Design Research Institute (NDRI), an in-house design company responsible for the design and supervision of all CSTC projects.
- e. CSTC also possess the required technical capacity, know-how and the requisite experience and expertise to carry out the project on the stipulated time schedule for the execution of the project.

12.0 LEGISLATION AND REGULATORY PLAN

12.1 The execution of the Project would not require the enactment of any legislation or an amendment of existing legislation, however, it will be required to obtain the requisite Cabinet and Parliamentary approvals in accordance with Article 181 of the 1992 Constitution and Article 55(1) of the Public Financial Management Act 2016 (Act 921) for the financing of the financing arrangement and commercial Agreements for the execution of the Project.

13.0 COMMUNICATION PLAN

13.1 The communication plan is expected to be published on the wider dissemination to the public through the Ministry of Information and media houses, particularly after Parliamentary approval.

13.2 The Ministry of Defence will also print the implementation plan for discussion to key institutions and relevant stakeholders involved in the project.

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14.0 CABINET APPROVAL

By a letter-referenced OPCA.3/3/210322 dated 21st March, 2022, from the Office of the President, Cabinet approved for Parliamentary consideration, a Memorandum Jointly submitted by the Minister for Defence and the Minister for Finance in respect of the above project.

15.0 CONCLUSION

In view with Government's policy objective to expand and upgrade the 37 Military Hospital into a First-Class Medical Centre to meet the demands of the growing population to ensure secured and safe health care delivery system geared towards maintaining a stable, united, and safe country and the immense benefits to be derived from the project.

Honourable Members of Parliament are respectfully being invited to consider and approve Commercial Agreement for the expansion of the 37 Military Hospital Expansion Project to enable the Government 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
DATED 24th March, 2022