

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

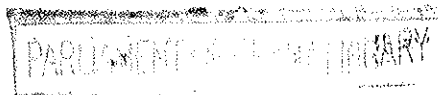
**REPORT OF THE FINANCE COMMITTEE ON THE CREDIT
AGREEMENTS IN RESPECT**

OF

**THE UNITED KINGDOM EXPORT FINANCE (UKEF)
FACILITY AGREEMENT IN THE AMOUNT UP TO EUR
22,500,000 BETWEEN THE REPUBLIC OF GHANA AND
DEUSTCHE BANK AG, LONDON BRANCH (AS THE AGENT,
ARRANGER AND STRUCTURING BANK) TO FINANCE THE
COMPLETION AND REHABILITATION WORKS AT BEKWAI
HOSPITAL AND THE SUPPLY AND INSTALLATION OF
RELATED MODERN MEDICAL EQUIPMENT**

AND

**THE TIED COMMERCIAL FACILITY AGREEMENT IN THE
AMOUNT UP TO EUR 4,782,541.31 BETWEEN THE
REPUBLIC OF GHANA AND DEUSTCHE BANK AG, LONDON
BRANCH (AS THE AGENT, ARRANGER AND STRUCTURING
BANK) TO FINANCE THE COMPLETION AND
REHABILITATION WORKS AT BEKWAI HOSPITAL AND THE
SUPPLY AND INSTALLATION OF RELATED MODERN
MEDICAL EQUIPMENT**



24th July, 2018

1.0 INTRODUCTION

The United Kingdom Export Finance (UKEF) Facility Agreement amounting to EUR 22,500,000 Between the Republic of Ghana and Deutsche Bank AG, London Branch (as the Agent, Arranger and Structuring Bank) to finance the Completion and Rehabilitation Works at Bekwai District Hospital and the Supply and Installation of related Modern Medical Equipment was presented to the House 19th July, 2018 in accordance with Article 181 of the 1992 Constitution.

Further, the Tied Commercial Facility Agreement in the amount up to EUR 4,782,541.31 Between the Republic of Ghana and Deutsche Bank AG, London Branch(as the Agent, Arranger and Structuring Bank) to finance the Completion and Rehabilitation Works at Bekwai District Hospital was also laid.

Mr. Speaker referred the Credit Agreements to the Finance Committee for consideration and report in accordance with Orders 169 and 158 of the Standing Orders of the House.

Pursuant to the referrals, the Committee met with a Deputy Minister for Health, Hon. Kingsley Aboagye-Gyedu and officials from the Ministries of Finance and Health.

2.0 REFERENCES

The Committee referred to the following additional documents during its deliberations:

- The 1992 Constitution of Ghana
- The Public Financial Management Act, 2016 (Act 921)
- The Standing Orders of the Parliament of Ghana

3.0 BACKGROUND

Government is committed to enhancing health infrastructure in the country to bring equity and the provide quality health care services to the general populace.

It is against this background that the Government is constructing a number of secondary level hospitals in the medium term.

One of such hospitals is the Bekwai District Hospital, which is one of the important and strategic hospitals in the Ashanti Region. The construction

of the District Hospital was originally part of a two District Hospitals Project made up of the Tarkwa and Bekwai Hospitals to be financed under an earlier co-funding arrangement under the Health Services Rehabilitation Project by Government of Ghana, AfDB and EBID.

Unfortunately, this project encountered some challenges. The Tarkwa District Hospital has been completed and has been operational since 2012.

The Bekwai Project has been stalled since 2012, due to inadequate funding. In 2016, Parliament approved the commercial contract and the credit agreements for the project. Upon the approvals, Delcredere Ducoire (DD) of Belgium which is the Export Credit Agency (ECA), withdrew its Guarantee cover that allows Deutsche Bank to fund the project. In view of this, the project was suspended.

Government has since made additional efforts to complete the Bekwai District Hospital. Therefore, Delcredere Ducoire has been replaced with United Kingdom Export Finance (UKEF) and the new agreement submitted to the House for approval.

4.0 OBJECT OF THE PROJECT

The object of the project is to facilitate the completion and equipping of the Bekwai Hospital as well as supply and install related modern medical equipment.

5.0 TERMS AND CONDITIONS OF THE FACILITY

The terms and conditions of the facility are as follows:

UK Export Finance Facility

Facility amount	: up to €22,500,000 (inclusive of estimated insurance premium of 3,205,550.00)
Interest rate	: 6M Euribor + 1.90% p.a.
Grace period	: 1.5 years
Repayment period	: 10 years
Commitment fee	: 1.00% p.a
Structuring fees	: 0.50% flat
Arrangement fees	: 1.50% flat

Tied Commercial Facility

Facility Amount	: up to € 4,782,541.31
Interest rate	: 6M Euribor +5.00% p.a.
Risk Mitigation fee	: 0.75% p.a.
Grace period	: 0.5 years
Repayment period	: 5 years
Commitment fee	: 1.00% p.a.
Structuring fees	: 0.50% flat
Arrangement fees	: 1.50% flat

6.0 OBSERVATION

6.1 Benefits of the Project

The Committee was informed that the Bekwai Hospital is one of the important and strategic hospitals in the Ashanti Region. The completion of the hospital would help ease pressure on the old Bekwai District hospital and enhance healthcare delivery in and around the Bekwai Municipality.

6.2 Scope of Works

The technical team informed the Committee that the Scope of works for the project include:

- Building and civil works which comprises the completion of the Bekwai Hospital with key Departments such as Surgery, Radiology, Medicine, Pharmacy, Maternal and Pediatric Care, among others;
- Supply and installation of medical and non-medical equipment
- Twelve unit staff accommodation; and
- External works covering landscaping, parking lots roads, etc.

6.3 Execution period

The Committee was informed that the project is expected to be completed within 24months.

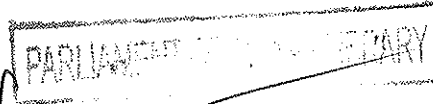
7.0 CONCLUSION

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 the project, the Committee recommends to the House to adopt its report and approve the following Credit Agreements

- The United Kingdom Export Finance (UKEF) Facility Agreement in the amount up to EUR 22,500,000 between the Republic of Ghana and Deutsche Bank AG, London Branch (as the Agent, Arranger and Structuring Bank) to finance the completion and rehabilitation works at Bekwai Hospital and the supply and installation of related modern medical equipment; and
- The Tied Commercial Facility Agreement in the amount up to EUR 4,782,541.31 Between the Republic of Ghana and Deutsche Bank AG, London Branch (as the Agent, Arranger and Structuring Bank) to finance the completion and rehabilitation works at Bekwai Hospital and the supply and installation of related modern medical equipment

in accordance with article 181 of the Constitution, Section 56 of the Public Financial Management Act and the Standing Orders of the House.

Respectfully submitted.



HON. MARK ASSIBEY YEBOAH (DR)
CHAIRMAN, FINANCE COMMITTEE

EVELYN BREFO-BOATENG (MS)
CLERK TO THE COMMITTEE

24th July, 2018