



Nepal Health Sector Support Programme (NHSSP 3) – No Cost Extension

HEALTH INFRASTRUCTURE PROGRESS REPORT 2

May 2023



HEALTH INFRASTRUCTURE PROGRESS REPORT 2

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ABBREVIATIONS

| | |
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| ART | Anti-Retroviral Therapy |
| BEK | British Embassy Kathmandu |
| CSSD | Central Sterile Supplies Department |
| CT | Computerised Tomography |
| DUDBC | Department of Urban Development and Building Construction |
| e-GP | Electronic Government Procurement |
| ENT | Ear Nose Throat |
| FCDO | Foreign, Commonwealth and Development Office |
| FMR | Financial Monitoring Report |
| FPIU | Federal Project Implementation Unit |
| FRP | Fibre-Reinforced Polymer |
| HVAC | Heating, Ventilation, and Air Conditioning |
| NHSSP | Nepal Health Sector Support Programme |
| NICU | Neonatal Intensive Care Unit |
| OCCM | One Stop Crisis Management Centre |
| OPD | Out-Patients Department |
| PoAHS | Pokhara Academy of Health Sciences |
| PPFM | Procurement and Public Financial Management |
| PPMO | Public Procurement Monitoring Office |
| PUDBC | Project Office of Urban Development & Building Construction |
| RPIT | Retrofitting Project Implementation Team |
| WRH | Western Regional Hospital / Pokhara Academy of Health Sciences |

HEALTH INFRASTRUCTURE PROGRESS REPORT 2

1. PURPOSE

This report sets out progress on the two Priority Public Hospital Retrofitting Programme. It is produced by the British Embassy Kathmandu (BEK) funded Nepal Health Sector Support Programme (NHSSP) and covers the period from 1 March 2022 to 10 May 2023.

2. BACKGROUND AND UPDATE

The Priority Public Hospital Retrofitting Programme covers Bhaktapur Hospital and Western Regional Hospital (WRH)/ Pokhara Academy of Health Sciences (PoAHS)¹. The COVID-19 pandemic and the use of the Retrofitting Decant Facilities as COVID-19 Treatment Centres has caused major slippage in a project progress. However, since April 2022, the hospital management has made some alternative space available in both facilities for decanting. The decanting structures are still being used by the hospital and the retrofitting works are being carried out with alternative decanting strategies. Consequently, the Department of Urban Development and Building Construction (DUDBC) has extended the construction contracts for both hospitals to November 2023. BEK approved a no-cost extension to the NHSSP to cover the period January to December 2023.

3. PROGRESS

This section summarises the progress at the main retrofitting works at each site.

At WRH, the total **physical progress of main retrofitting capital works at WRH is 63%** and **financial progress** (based on the information from Federal Project Implementation Unit (FPIU) / DUDBC) **is 58%**. The corresponding figures at the end of February 2023 were 60% and 55% (see the previous progress report 28 February 2023). Physical progress of decanting services stands at 55% as there have been no further decanting activities since the last progress report.

At Bhaktapur Hospital, the **total physical progress of all capital works is 58%**, and **financial progress** (based on the information from the Project Office of Urban Development & Building Construction (PUDBC) / DUDBC, plus the running bill recently submitted by the contractor as part of the payment process) **is 48%**. The corresponding figures at the end of February 2023 were 55% and 45% (see previous progress report 28 February 2023).

1. Western Regional Hospital / Pokhara Academy of Health Science

| | Building | Progress | Signal |
|---|--|---|----------|
| 1 | Hospital Kitchen Block Construction | Complete and handed over | Complete |
| 2 | Central Sterile Supplies Department / One Stop Crisis Management Centre (CSSD / OCMC) Block Retrofit | Complete and handed over for the use of decanting purposes. | Complete |
| 3 | Medical Block Retrofit | As per the agreed schedule (see signed | |

¹ Details of the programme's approach to retrofitting, rehabilitation, and integrated interventions were set out in the first Retrofitting Monthly Progress Report January 2022.

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| | | <p>work plan dated 12 March 2023 in Annex 2), this block was to be completed by mid-April. Work was delayed due to insufficient human resources, and delay in approval process and materials procurement by the contractor. Major retrofitting works are completed except PVC flooring on the first floor, installation of some sanitary and electrical fittings and fixtures, and the final coat of internal painting underway.</p> <p>The block is expected to be complete by end of May and reoccupied by hospital services in the first week of June.</p> | |
| 4 | Old Maternity Block Retrofit | <p>Roof works are underway, but have been delayed due to construction defects, work without the approved materials and methodology, and delays in supplies of timber and slate of required quality. As per DUDBC's request, NHSSP hired a national expert to assess the quality of construction works. Based on the expert's field assessment, defect corrections are in progress. In line with the agreed plan, the block is expected to be completed by mid-June.</p> | |
| 5 | Out-Patients Department (OPD) Block | <p>Major retrofitting work is completed. Finishing works, including false ceiling and installation of sanitary and electrical fitting and fixtures on the ground floor, are in progress. The prefab walls are being erected on the first floor. In line with the agreed schedule, the block was planned to be completed in mid-April. This work had been delayed because of a lack of mobilisation of adequate human resources and delay in supply of materials at the site.</p> | |
| 6 | Pharmacy Block Retrofit | <p>Retrofitting this block depends on the handover of the OPD block, which is now expected to be completed by end of May. Once started, work is anticipated to take three months.</p> | |
| 7 | Paediatric Block Retrofit | <p>Retrofitting the Paediatric Block depends on decanting its services to the completed Medical Block. Due to delays, decanting is planned to be complete by mid-June. Retrofitting will be initiated in mid-June.</p> | |

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| | | Completion is anticipated by November. | |
| 8 | Ear Nose Throat (ENT) and Computerised Tomography (CT) Scan Block Retrofit | The ENT / CT Block retrofit is linked to the completion of Maternity Block, which has been substantially delayed. An alternative decanting plan and construction management schedule needs to be developed to ensure completion by end of November 2023. | |
| 9 | Lab Block Repair and Maintenance | Complete and handed over | Complete |
| 10 | Toilet Block | Toilet Block (for Lab Block) is complete and in use. | Complete |
| 11 | Ramp Block Retrofit | Scheduled to start along with the retrofitting of ENT and CT Scan Block, and to be completed in four months from the commencement date. Hospital Management requested to construct a new ramp near the existing ramp rather than retrofitting the existing ramp. NHSSP has already prepared a design and planning to finalise with Hospital Management and DUDBC. | |
| 12 | Oxygen Plant Shed Construction with Oxygen plant | Complete and handed over. | Complete |
| 13 | Fire Fighting Water Tank Construction | Complete and handed over. | Complete |
| 14 | Emergency Block Retrofitting | As per the agreed schedule, retrofitting initiation by July after the completion of the Pharmacy block. Due to the delays in completion of OPD block, the emergency block retrofitting is expected to be initiated by August. Anticipated completion by November. | |
| 15 | Dental Block Retrofitting | As per the agreed schedule, retrofitting initiation by June after decanting dental function in the OPD block and ICU in Decanting block. Anticipated completion by November. | |
| 16 | Nutrition Block Repair and Maintenance | This is minor work, maintenance, and painting. Retrofitting initiation by August, with completion by November. | |

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| 17 | Laundry Block Reconstruction of the upper storey | As per the agreed schedule, reconstruction initiation by the end of April after permanently shifting OPD services from the new CSSD/OCMC block to the OPD block and CSSD to the new CSSD/OCMC block. Due to delay in completion of OPD block, it is expected to be initiated in June and completed by November. | |
| 18 | Anti-Retroviral Therapy (ART) Block repair and maintenance | All repairs maintenance is completed. Handover of this block had been on-hold because the OPD retrofitting materials movement path comes in between the ART and OPD. The block can be reoccupied from the end of May. | |
| 19 | Reconstruction of Old Kitchen Block. (Analysis showed the block was not feasible for retrofitting) | The first-floor slab concreting works have been completed. As per the request from the hospital, the plinth level of the block has been raised, and revised structural design drawings accordingly. The block is expected to be completed by the end of November. | |
| 20 | Fourth package | A contract has been awarded and signed on May 8, 2023. Orientation to the contractor is complete. Site mobilisation is expected to start from mid-May. | |

| Signal | Explanation |
|---|--|
| | Work is completed or on track for completion before November 2023. |
| | Work is underway, or has a projected start date, with possible completion before November 2023 |
| | Work is delayed, there is a risk of not completing the work before November 2023 |
| Note: Under the RHITA+ Extension, the completion date has been changed to the end of November 2023 with the handover, verification, payments, and final documentation in December 2023. | |

Technical issues:

- Roof structure construction without the approval of materials and proper methodology:**
 In the first week of April 2023, the contractor replaced the roof structure despite being informed that the timber used was not seasoned enough (based on tests in mid-March 2023 against code criteria and approved specifications). The contractor also has been instructed for necessary seasoning process before using it.

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In addition, the contractor installed a steel diaphragm with no proper connection between the diaphragm system and the wall. The way it is installed does not fulfil the purpose of the design (i.e., the diaphragm action) - it will have a negative impact on the structural system of the building. The defect was identified by NHSSP, and the contractor was instructed to rectify this work. However, the contractor was reluctant to correct those defects. At FPIU/DUDBC's request (after NHSSP raised these quality issues), NHSSP also conducted an independent field assessment by a national expert. The assessment report with remedial solutions has been sent to FPIU/DUDBC for further action.

- **Approval of slate and anchoring nails:** As reported previously, the slate samples submitted by the contractor do not meet requirements. Contractor has been instructed to submit samples and slate anchoring nails as per design drawing and specification. This has delayed progress due to the timely procurement of materials with specified quality.
- **Skilled human resources mobilisation:** Skilled workers are required for outstanding retrofitting works, particularly PVC flooring, woodwork, and slate roofing. The contractor has been reluctant to mobilise these skilled workers. Because of this, repeated correction work is done due to poor work quality. The contractor has been instructed to mobilise the necessary skilled human resources on time to ensure the quality of work and follow the work methodologies.
- **Environment, and health and safety on site:** The contractor and construction workers are not following proper health, safety, and environmental measures at the site. Hospital management and NHSSP have reported these issues many times. The contractor has been instructed several times through DUDBC to follow environment, health, and safety standards with proper cordoning of the construction site with noise barriers as per specifications and follow the agreed construction route.

Contractor's performance: The contractor's performance is not adequate and human resources are insufficient to complete retrofitting works as agreed and planned on March 13, 2023. The progress analysis (S-curve and HR mobilization) till the end of April that is shared with DUDBC and the task group is presented in Annex 3. The analysis based on the latest agreed work-plan shows that physical progress is lagged by about 30% against the targeted demand. Human resource mobilization at the site is about 40% less the average daily demand. The contractor is reluctant to follow the agreed work plan and working modality by increasing human resources and working hours as well as procuring materials on time. The contractor has been instructed to submit their work plan and working modality to complete retrofitting works within the extended time.

Project management: On March 9-10, 2023, a joint workshop of FPIU/DUDBC and NHSSP was held at Pokhara to develop a work plan and working modality to complete the retrofitting works within the extended deadline without compromising the quality of works. The work-plan and working modality were finalised in consultation with Hospital Management and the contractor and signed by all the stakeholders. (See Annex 2)

The first task group meeting chaired by the Chief of the Health Coordination Division, MoHP was held on April 30, 2023, to review the project update and to discuss the issues and challenges in the retrofitting works. The meeting decided to plan a meeting with the contractors from both sites and discuss their work plan and working modality to complete retrofitting works within the extended period (see Annex 4: Minutes of Coordination Meeting). A joint team of MoHP, DUDBC, BEK, PPFM and NHSSP representatives visited the site on May 12, 2023 to monitor work progress and to discuss issues and challenges. Reflections from the visit will be discussed in the task group meeting and report to the next Steering Committee meeting.

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At the central level, DUDBC senior officials and NHSSP senior team members have been regularly discussing the issues and challenges of the project and providing necessary support to the project team. At the project site level, coordination committee meetings (chaired by the Director of WRH) are being held regularly for coordination and resolution of on-site issues collectively. The Retrofitting Project Implementation Team (RPIT), chaired by the FPIU Chief, and the technical sub-committee at the site level have been regularly meeting to resolve technical issues at the site.

Relationship with DUDBC and hospital management: Relationship with DUDBC and hospital management is satisfactory.

Progress with Fourth Package: A contract has been awarded and signed on May 8, 2023. Orientation to the contractor is complete. Construction is expected to start by mid-May. The tender evaluation was delayed due to a technical problem in the Electronic Government Procurement (e-GP) system of the Public Procurement Monitoring Office (PPMO)

Specific items identified in the previous Progress Report:

- **Safeguarding at the construction site:** NHSSP is continuously following up with DUDBC to ensure safeguarding measures at the site to protect the staff and to run the construction works smoothly without compromising the quality standards. Recently, MoHP has also followed up with DUDBC on the issue of contractor's representative misbehaviour with NHSSP staff members through a letter dated 20 April, 2023. During a consultation meeting at the central level, DUDBC committed to ensure safeguarding measures by issuing necessary instructions to the contractor regarding the issue of misbehaviour by the contractor's representative.
- **Maternity Block Wood Joists:** As mentioned above, the contractor supplied and installed wooden joists without prior approval of the timber, despite the fact that NHSSP has reported non-compliance issues as per test data and project specifications. The roof work is in progress although there are some construction quality issues. At DUDBC's request, NHSSP's expert team has recently assessed the construction quality and tested the materials, and also provided defect correction and remedial measures based on the assessment and test reports. This issue caused a substantial delay in progress but has now been resolved.

3.2 Bhaktapur Hospital

| | Building | Progress | Signal |
|---|------------------------------|---|--------|
| 1 | Construction of New OT Block | <p>Overall work on the New OT Block is 94% complete. The main areas of progress are:</p> <ul style="list-style-type: none"> • Structural and partition wall work with outside painting is complete. • 80% of finishing work is complete. • 90% of electrical and sanitary works are complete. Oxygen pipeline work is 80% complete. • Lift equipment has been delivered to the site and one of the lifts is being installed. • After a long delay, the contractor has ordered the heating, ventilation, and air conditioning (HVAC) system and | |

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| | | <p>other special finishing items (such as anti-bacterial paints, and pendants) for OT completion.</p> <ul style="list-style-type: none"> Self-leveling compound as a substrate for PVC flooring and its application methodology has been approved. <p>Due to this slow procurement and lack of human resource mobilisation at the site, the OT Block construction completion is significantly delayed. Completion of the block is mostly anticipated by end May, excluding some HVAC items.</p> | |
| 2 | Retrofitting Emergency Block | Emergency Block handed over and used for decanting of the Maternity Block. | Completed |
| 3 | Retrofitting of Existing Maternity Block | <p>Concrete work for all four shear walls is complete up to first-floor level. NHSSP has reported defects and the necessary corrective measures have been implemented.</p> <p>As reported previously, serious defects in the existing structure system (both foundations and columns) were discovered during retrofitting works. DUDBC and NHSSP have decided to explore other remaining column foundations and assess the condition. The contractor has been instructed to explore the foundation. As per the request from DUDBC, NHSSP is assessing the condition and providing necessary correction measures based on the structural analysis.</p> <p>The Maternity Block was expected to be complete by end of May. Unforeseen conditions (such as the foundation problems) have also cause delay in progress. In addition, poor site management of the construction site, inadequate mobilisation of skilled human resources, and defective concreting works have substantially delayed progress. Expected to be complete in mid-July 2023.</p> | |
| 4 | Construction of New Link Corridor and ramp | The major concreting work is complete. The roof and floor finishing works are in progress. Completion of the corridor is expected to be complete in mid June | |

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| | | 2023. | |
| 5 | Construction of Mortuary Block | The Mortuary Block is completed and handed over to hospital in April. | Completed |
| 6 | Retrofitting Main Block | The Main Block retrofit is linked to the completion of OT and Maternity Block, which has been substantially delayed. To complete the retrofitting works by end November 2032, a construction management plan with special coping mechanism is needed. | |
| 7 | Construction of New Hospital Kitchen Block | Now scheduled to start by mid-May with completion anticipated by October 2023. | |
| 8 | Decanting Facility | Currently, it is occupied by the neonatal intensive care unit (NICU), ICU, PCR test lab, and storage space. | Completed |
| 9 | Fourth Package | Technical evaluation of the bid is complete, and financial evaluation is underway. The contract award is expected to be complete by end May. | |

| Signal | Explanation |
|---|--|
| | Work is completed or on track for completion before November 2023. |
| | Work is underway, or has a projected start date, with possible completion before November 2023 |
| | Work is delayed, and there is risk of not completing the work before November 2023 |
| Note: Under the RHITA+ Extension, the completion date has been changed to the end of November 2023 with the handover, verification, payments, and final documentation in December 2023. | |

Technical issues:

- Construction defects in the shear wall concrete work at the Maternity Block and electrical works in OT block:** Defects were found as follows: honeycombs, voids, and exposure of rebars in the shear walls concrete work; defects in electrical works and pre-fab wall. The contractor has been instructed through DUDBC to rectify the defects as per recommended procedure mobilising skilled workers under the direct supervision of DUDBC and NHSSP engineers. The rectification works are in progress. This has caused some delays in the progress of work.
- Use of construction materials not as per specifications:** Materials used for finishing and sanitary works were not as per specifications. The contractor claimed that the materials specified were not available in the market. However, DUDBC and NHSSP market surveys found

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that this was not the case. The contractor has been instructed to carry out work using approved materials.

- **Environment, Health, and Safety at the site:** The contractor and construction workers are not following the agreed construction route and proper health and safety measures at the site. Hospital management has raised their concerns on the environmental problems and its effects on the hospital services and patients. The contractor has been instructed several times through DUDBC to follow environment, health, and safety standards with proper cordoning of the construction site with noise barriers as per specifications and follow the agreed construction route.

Contractor's performance: Despite the warning to the contractor and the contractor's commitment to improve work performance, mobilise adequate skilled human resources, and procure the materials and equipment on time, delays in work progress persist. NHSSP has been providing weekly and monthly progress updates to DUDBC and has requested DUDBC to implement remedial actions. The analysis based on the latest agreed work-plan shows that physical progress is lagged by about 45% against the targeted demand. (see Annex 3)

Project Management:

- A joint team from Provincial Department of Urban Development & Building Construction (PUDBC), DUDBC and NHSSP developed a work plan with a working modality to complete the project in the extended project period in consultation with the contractor and Hospital Management. On March 20, 2023, all three parties – DUDBC, NHSSP, and the contractor agreed on and signed the developed work plan with a working modality. The signed work-plan is presented in Annex -2. PUDBC and NHSSP site engineers have been closely monitoring the work progress weekly and monthly. Based on the field data analysis, NHSSP has shared a brief monthly progress report with the PUDBC for necessary actions.
- The issues and challenges in the retrofitting works are discussed in regular coordination meetings with hospital management and in RPIT meetings with PUDBC. The meeting minutes are presented in the annexes to this report.
- Recently, DUDBC issued a letter to the contractor warning to proceed with the withdrawal of the performance security guarantee and advance payment guarantee. Deputy Director General (DDG) of DUDBC, Building Division is closely monitoring the progress and taking the initiative to speed up the works coordinating with PUDBC project team, NHSSP, hospital management and the contractor. In addition, DUDBC is also planning to call the lead party of the joint venture of the contract to plan necessary actions to complete this project on time.
- As mentioned above, the contractor has been instructed via DUDBC to present their work-plan and working modality to complete the retrofitting work within the extended time in upcoming task group meeting. A joint monitoring visit will be organised in the third week of May 2023 to monitor work progress and to discuss issues and challenges with the hospital management and the contractor.

Relationship with DUDBC and hospital management: Relationship with hospital management and DUDBC is satisfactory. The slow progress of construction and its impact on hospital service delivery (reduced beds, services, and revenues as well as environmental issues) due to the contractor's poor performance has been discussed several times with DUDBC and the hospital management. The contractor has been instructed to improve their construction management with proper health, safety, and environmental measures.

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4. PROJECTION

At this stage, retrofitting works at specific buildings in each hospital remain seriously delayed. Total capital works at Bhaktapur Hospital and WRH Pokhara are 58% and 63% complete respectively.

As mentioned above, a work-plan and work modality for both hospitals to complete the retrofitting works within the extended project period (November 2023) were developed and signed by all the parties (DUDBC, Contractor, and NHSSP) in March 2023. In line with this, the contractor initially increased human resources in Bhaktapur Hospital, but subsequently both contractors failed to increase both human resources and working hours, and did not procure quality materials on time, adding to the delays to progress at both hospitals.

To complete construction within the Extension period, an environment for working in multiple shifts should be created from all parties. The construction work should be carried out by increasing working hours with multiple shifts and mobilising adequate human resources. The contractor should plan the construction activities by providing personnel, materials, and equipment at the right time, in the right quantities, and in accordance with the quality requirements. The decanting strategy and plan especially for WRH should also be revised and prepared by consulting with Hospital Management according to construction schedules to cause minimum disturbance to hospital services. Meanwhile, DUDBC and NHSSP need to monitor the construction works closely working as a team.

5. OTHER DOCUMENTS / REPORTS IN THIS PERIOD

The NHSSP team has documented and produced designs, drawings, reports, meeting minutes, and communications related to retrofitting works at both hospitals which can be accessed through the link provided below in One Drive (access can be provided to the person on request). The list of newly posted documents is included at the end of this report.

6. KEY ACTIONS / ISSUES OVER THE NEXT PERIOD

Key actions and issues to be addressed in May and June 2023 are as follows:

- As decided by the Retrofitting and Health Infrastructure Task Group meeting held on 30 April 2023, DUDBC has already requested that both present their work-plans and working modalities to complete the retrofitting works within the extended time. Based on these plans, the Task Group led by the Chief of the Health Coordination Division MoHP will closely monitor the progress of the work regularly. Regular joint monitoring visit to both retrofitting sites will be organised.
- NHSSP and DUDBC is planning a workshop for each site to review the work progress based on the agreed schedules signed in March 2023. This review workshop will also discuss on the gaps and devise an action plan to ensure the timely completion of work without compromising quality.
- NHSSP has been tracking the progress daily and weekly which will be summarised each month and shared with DUDBC and Task group.
- DUDBC and NHSSP will jointly work with Hospital Management to manage alternative decanting places with minimum disturbance to hospital services to ensure the timely completion of work within the extended period.
- The Fourth Package construction work will start from this month in both hospitals. Both contracts – the Main Retrofitting work and Fourth Package works have common locations. The Fourth Package contractor also needs space for their construction site office, materials storage and labour accommodation. To address space management issues and to avoid possible conflicts between operations of two contracts, DUDBC and Hospital management should work together

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tactfully. NHSSP will provide necessary technical assistance to DUDBC, Hospital management and contractors in each site.

- Exit plan: NHSSP will provide technical assistance to DUDBC and MoHP to prepare an exit plan, which will provide a roadmap to complete the remaining retrofit works by November 2023, and sustaining the functions of the structures for routine hospital services, in consultation with relevant stakeholders including hospitals, PPFM, third party monitor and contractors as relevant. Exit plan will be effective by Mid July to December 2023.

Western Regional Hospital Pokhara

- A revised Decanting Plan and activity schedule have been prepared and agreed with the Hospital management and DUDBC. The contractor was asked in December 2022 and again in March 2023 to submit their plans for completion of the work within the extended time. The detailed construction work-plan and activity schedule still have not been submitted by the contractor, despite several communications with the contractor through DUDBC.
- Expedite the retrofitting and finishing works at OPD, Maternity, and Medical Blocks by increasing human resources and working hours and timely procurement of the materials and equipment for decanting and initiating retrofitting of Paediatric, CT Scan, ENT, and Dental Blocks.
- The contractor follows instruction only from FPIU's Engineers. Increasing availability of FPIU's engineers at site will expedite in technical and management decision. That will help in work progress and improve the quality of work.

Bhaktapur Hospital

- Expedite the finishing works at OT Block, retrofitting work at Maternity Block, and construction of the Link Corridor.
- Plan and start the retrofitting work of the Main Block, Kitchen Block, and Toilet Block in line with the approved schedule.