



GOVERNMENT OF ZIMBABWE

PRESS STATEMENT

**BY THE MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT, HON. PROF.
MTHULI NCUBE**

**ON ZIMBABWE'S HEALTHCARE FACILITIES PROGRAMME- FINANCING
PACKAGE**

MINISTRY OF FINANCE AND ECONOMIC DEVELOPMENT: TREASURY BOARDROOM

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Introduction

In September 2019, the Government of Zimbabwe, through the Ministry of Health and Childcare entered into a Contract Agreement with NMS Infrastructure (NMSI) Limited, for the implementation of the \$210 million Zimbabwe's Healthcare Facilities Programme, through the full turnkey designing, construction and equipping of five new 60-bed District Hospitals and thirty new 20-bed Health Centres. NMSI Limited is a privately owned company based in the United Kingdom UK, which operates as an integrated Engineering, Procurement and Contraction (EPC) Managing Contractor, within the international social infrastructure marketplace. The company has successfully delivered infrastructure and finance across Africa, including in Ghana, Ivory Coast and Zambia.

Project Scope

The Zimbabwe's Healthcare Facilities Programme entails the construction on a turnkey basis, of five new 60-bed District Hospitals and thirty new 20-bed Health Centres, through new and faster design and construction methodologies, including the use of Building Information Modelling (BIM), which enables the production of fully federated Revit models to the facilities. In line with the Government of Zimbabwe's thrust to bring quality healthcare to the people of Zimbabwe, the health facilities will provide the following services:

- Clinical Services;
- Para Clinical Services;
- Adjunct Clinical Services;
- Ambulatory Care Services; and
- Outpatient and Inpatient Services

The Health Centres and District Hospitals will be delivered, fully equipped with modern equipment from General Electric (G.E) Healthcare, which is a leading international company involved in the supply of worldclass medical equipment. The following key medical equipment will be delivered, among others:

- CT Scanners;
- X-Ray Machines;
- Ultra-Sound Anaesthesia Machines;
- C-Arm X-Ray Machines;
- Steam Sterilizers;
- Mobile X-Ray Machines;
- Haematology and Chemistry Equipment;
- Microbiology and Virology Equipment;
- Dental Clinics;
- Physiotherapy Gyms; and
- Optometry Clinics.

Project Benefits

The healthcare facilities are pivotal to the delivery of local healthcare through provision of affordable, accessible and localised healthcare services in all the ten provinces throughout the country, while in turn, acting as a filter to reduce unnecessary hospital admissions, taking the pressure off new and existing District Hospitals, to allow them to focus on the most serious cases.

In addition, each facility will bring economic and social benefits, including new jobs for local Zimbabwean contractors, along with a total of 960 new healthcare beds once the whole project is completed.

Project Implementation

Phase 1

To date, Treasury has availed resources amounting to US\$11.2 million from budgetary resources, for the implementation of Phase 1 of the Project, which involved the design, construction and equipping of the following 20-bed Health Centres:

- Stoneridge Health Centre in Southlea Park - Harare;
- Cowdry Park Health Centre - Bulawayo;
- Mataga Health Centre - Zvishavane; and
- Runyararo Health Centre - Chimanimani.

The facilities in Harare South (Southlea Park) and Bulawayo (Cowdry Park) have already been completed and handed over to the Government of Zimbabwe, while the facilities in Zvishavane and Chimanimani will be completed by April and August 2023, respectively.

Phase 2

After the successful financing of Phase 1 of the project, Government has paid 50% of the resources earmarked for the next Phase 2 of four (4) Health Centres. The Health Centres will be constructed in the following areas:

- PennFather Health Post – Manhize (Midlands);
- Nyamakate Health Centre – Zaka (Masvingo);
- Masasa Health Centre – Chikomba (Mashonaland East); and
- Bulilima - Matebeland South.

Phase 3: External Sovereign Loan Financing of the Programme

The Government of Zimbabwe is pleased announce that, Treasury, through the Zimbabwe Public Debt Management Office has successfully negotiated for a US\$193.3 million sovereign loan facility from Standard Bank Limited (South Africa), ABSA and Standard Bank Limited Zimbabwe, for the financing of Phase 3 of the Project, for the full turnkey construction of 5*60-bed District Hospitals and 22*20-bed Health Centres across the country's ten provinces. The sovereign loan facility will be backed by The Export Credit Insurance Corporation of South Africa Limited (ECIC). In this regard, a term-sheet was signed by the Government of Zimbabwe, the lenders and the ECIC, at the Global Trade Review (GTR) Conference in Cape Town, South Africa, on the 17th of March 2023.

The Government of Zimbabwe is also pleased to announce that, on the 17th of March 2023, the ECIC's Project EXCO, which is a Technical Committee, responsible for assessing ECIC's backed transactions, approved and recommended the project to the ECIC's Finance Investment and Insurance Committee (FIIC) to favourably consider and recommend the transaction to the ECIC Board for approval. Subsequently, on the 24th of March 2023, the FIIC approved and recommended the transaction, for the ECIC Board's approval and we are delighted to announce that the ECIC Board approved the external sovereign loan facility, yesterday, the 28th of March 2023.

Pursuant to this, Phase 3 of the Programme is expected to commence in June 2023 after reaching full financial closure of the external sovereign loan facility, including finalisation of the Legal and Environmental & Social Due Diligence by the Lenders, and the project is expected to be completed within 3 years.

The external sovereign loan facility will go through the statutory Government's External and Domestic Debt Management Committee (EDDC) approval processes, in line with Section 327 of the Constitution, and Section 7 of the Public Debt Management Act.

The signing of the term-sheet is historic, as external banks are now extending lines of credit to the Government of Zimbabwe, which reflects the improvement in the country's sovereign credit risk profile.

In addition, the participation of foreign banks in financing this Programme is on account of Government de-risking the project, through the following:

- US\$35 million SDR Cash Cover, set aside in the 2023 National Budget, which will be deposited upfront into an Offshore SDR Escrow Account;
- US\$2.5 million monthly deposits collected from royalties, to be ringfenced into an Offshore Debt Service Reserve Escrow Account; and
- Engagement of ECIC to provide insurance cover.

This financing package is highly significant for Zimbabwe and the underlying 'Built to Care' healthcare project is a key priority for Zimbabwe. In addition, this structured financing

ushers in an exciting re-emergence of Zimbabwe on the international capital markets, for the delivery of quality healthcare infrastructure for the people of Zimbabwe.

This project is a good example of the private sector partnering with Government to **“improve quality of life, and improve life expectancy at birth from 61 years to 65 years,”** in line with the National Development Strategy (NDS) 1 objectives. This is also in line with the Government’s Vision 2030 aspirations of **“provision of an efficient, integrated and quality health care system with priority being given to preventive care at community and household levels.”**

Furthermore, the project buttresses the Government’s commitment to achieve the Sustainable Development Goal (SDG) number 3 which focuses on **“ensuring healthy lives and promote well-being for all at all ages,”** which is critical for sustainable development.

Lastly, I would want to extend my sincere appreciation to the Permanent Secretary for Finance and Economic Development, Mr. George Guvamatanga, and the Head of the Zimbabwe Public Debt Management Office, Mr Andrew Bvumbe, together with their dedicated team, who worked tirelessly to ensure the successful negotiation of this external sovereign loan financing package, for the Zimbabwe’s Healthcare Facilities Programme.

I thank you.