

## EXPRESSIONS OF INTEREST FOR FINANCIAL PARTNERS TO DEVELOP AND IMPLEMENT MEDICAL FACILITIES PROJECTS IN ZIMBABWE

### MARKET SCAN

#### Background

The Infrastructure Development Bank of Zimbabwe ("IDBZ/the Bank") is a Development Finance Institution established by an Act of Parliament with a mandate to mobilise resources and deploy medium to long-term funding to key infrastructure projects. The Bank's broad mandate is to improve the standard of living of Zimbabweans and to support sustainable economic growth through investment in infrastructure and addressing sector shortfalls across the economy. The IDBZ was primarily set up as a vehicle for the promotion of economic development and growth, and improvement of the living standards of Zimbabweans through the development of infrastructure, which includes but not limited to energy, transport, water and sanitation, information communication technology (ICT) and social infrastructure which includes housing and social amenities such as schools and medical facilities. The provision of health facilities is an integral part in improving the living standards of citizens. The IDBZ recognises that improvement in health and longevity of life play a critical role in economic growth and development and poverty reduction. Given the positive correlation between health and sustainable economic growth, the Bank is partnering Health Point to develop health facilities at its Athol House premises in Harare and Premier Services Medical Investments (PSMI) to develop the Norton and Kadoma medical facilities. Taking cognizance of the critical role health plays as a key enabler in economic and social development, the IDBZ is focused on promoting the development of medical facilities throughout the country. The Bank's thrust in the health sector is to provide the health infrastructure while allowing medical professionals to run the facilities.

The Bank wishes to partner credible local and/or international investors, private individuals, and other investor institutions with a reputable track record in the development and financing of medical facilities. In this vein, the IDBZ is undertaking a market scan to establish a database of interested Firms to partner it in these programmes. The projects are meant to build a resilient health system leading to improvement in access to safe and quality health services. The programmes will involve the construction and/or rehabilitation of fit-for purpose health facilities in the country as part of the Bank's contribution to the development and modernization of the health sector in Zimbabwe. This will assist the country in making progress towards SDG3 targets (Ensuring healthy lives and promoting wellbeing for all at all ages).

Health services are provided by both the State and the Private sector. Private healthcare providers are playing a significant role in Zimbabwe's health system. The future of the health industry remains bright. The providers however require access to Finance to expand, reequip and revamp their operations to international standards. IDBZ intends to play its part in filling this gap.

The private health sector is growing rapidly in the country. People increasingly rely on private healthcare organisations to address their health needs. The trend is expected to continue due to fundamentals such as population growth, increasing life expectancy, growing disease burdens, and patients' demand for treatment. As a result, the private health sector can offer attractive returns to investors – from both commercial and social perspectives.

The private health sector in the country is becoming most patients' preferred choice because of greater accessibility, a higher perceived quality of service, the continuity of care it offers, and the availability of drugs. It is therefore an opportune time for investors to venture into this sector.

### 2. The Proposed Initiatives

In order to realise its mandate to improve living standards through quality healthcare provision, the Bank intends to enter into partnerships to develop and finance the following health facilities:

#### i. Athol House Medical Facilities

The IDBZ owns Athol House in Eastlea, Harare. It is the Bank's intention to partner HealthPoint in the provision of medical services at these premises. There exists strong demand for medical facilities in Zimbabwe. There is a limited number of hospital beds in major centres in Zimbabwe. Athol House will be converted into modern medical facilities with a casualty department, radiology centre, wards, ICU and HDU and a modern theatre. Once completed, HealthPoint will run the facilities as they have the professional expertise to run facilities of this nature.

#### ii. Norton Medical Facilities

The IDBZ owns a piece of land in Norton which it intends to develop into a modern medical centre in partnership with PSMI. The Bank will provide the infrastructure while PSMI will run the facility on a lease basis. The preliminary project costs are estimated at USD14 million. The Bank therefore seeks to partner long term investors who are keen to provide project finance for the project. A financial structure will be determined and discussed with the successful investors.

#### iii. Kadoma Medical Facilities

The IDBZ owns a piece of land in Kadoma's low density residential area which it intends to convert and develop into a modern medical centre in partnership with PSMI. The Bank will provide the infrastructure while PSMI will run the facility on a lease basis. The preliminary project costs are estimated at USD 12 million. The Bank therefore seeks to partner long term investors who are keen to provide project finance for the project. A financial structure will be determined and discussed with the successful investors.

### 3. The Financial Structure

Healthcare investments often provide attractive investment opportunities. The required infrastructure investments can be financed in many different and competing ways with project financing techniques becoming increasingly recognised as a useful and appropriate mechanism. For purposes of the above investments, a project finance perspective will be used for preparing a proper business model, where economic and financial flows are projected along the time span of the investment. The capital structure will be optimised on a project by project basis within the limits of an acceptable debt service coverage ratio (DSCR).

### 4. The Ideal Partner

The Bank is seeking to partner with reputable investors who have proven experience in the development and financing of medical facilities and in particular the following attributes, among others, will be key:

- The investor/partner shall be properly incorporated according to the laws of Zimbabwe.
- Demonstrates capacity (financial, technical, experience) to deliver projects of this nature.
- Provide an impeccable verifiable company profile showing the experience and profiles of key personnel within the organization.
- The investor shall have a long-term investment horizon.

The Bank will conduct a due diligence examination on prospective investor-partners in line with international best practice.

The Bank will also consider EPC + F structures.

Specific Procurement Notices / Expressions of Interest will be published in due course.

### 5. Submission of Expressions of Interest.

The expression of interest must be submitted in a clearly marked envelope to the address below on or before 3 October 2019 by Close of Business at 16:30 hours local time and clearly labelled "**Expression of Interest for IDBZ Medical Facilities**". Electronic submissions to the procurement e-mail below shall also be accepted and shall clearly be referenced as indicated above.

All Expressions of Interest to participate in the above programmes should be submitted to the Head of Procurement Management Unit.

Attn: Kenneth Geyi  
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