

ABSA, Standard Bank agree US\$193m funding deal to build new Zimbabwe hospitals

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Ghana's Shai Osudoku District Hospital, Dodowa, Ghana by NMS Infrastructure

HARARE – Zimbabwe is to raise US\$193 million in offshore lending to implement a 2019 agreement with UK infrastructure company NMS for the construction of hospitals and clinics in the country.

ABSA and Standard bank of South Africa are the joint arrangers for the transaction, which will be insured by Export Credit Insurance Corporation of South Africa (ECIC).

The original contract saw NMS building clinics at Stoneridge in Harare and Cowdray Park in Bulawayo. The initial phases of the project, which also include four other hospitals, have been funded by the Zimbabwe government in cash for US\$25 million. With funding now secured for the next phase, NMS plans to build five 80-bed District Hospitals and thirty 20-bed clinics. The balance of the project will now be funded by the ECA-backed structured finance package.

In a joint statement, ECIC, Absa and Standard Bank said: “This structured financing ushers in an exciting re-emergence of Zimbabwe in international capital markets and the project, for the delivery of quality healthcare infrastructure for the people of Zimbabwe, represents a fine example of the effective combination of government, industry and the financial services sector delivering excellent outcomes.”

To get the backing of the foreign banks, Zimbabwe is using US\$35 million of IMF SDR (Special Drawing Rights)* funds as cash cover, which will be deposited in an offshore SDR escrow account. A further US\$2.5million from monthly royalty payments will be used to service the debts. ECIC will provide insurance cover.

“This financing package is highly significant for Zimbabwe and the underlying ‘Built to Care’ rural healthcare project is a key priority for our nation. We are committed to it and to providing the funds for it,” says Andrew Bvumbe, Head of the Aid and Debt Management Office in the Ministry of Finance.

UK’s GKB Ventures and Sullivan & Worcester are advisors on the project.

NMSI’s other projects in Africa include a US\$300 million contract to build hospitals in Zambia, and projects worth US\$175 million in Ghana, and €326 million in Ivory Coast.

Zimbabwe’s healthcare facilities have collapsed over recent years, as a result of low investment in public health facilities and a severe skills flight.

** Special drawing rights are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund. SDRs are units of account for the IMF, and not a currency per se. They represent a claim to currency held by IMF member countries for which they may be exchanged.*

*The Special Drawing Right (SDR) allocation is **not a loan from the IMF**. When the IMF allocates SDRs, participants in the SDR Department receive unconditional liquidity represented by an interest-bearing reserve asset (SDR holding) and a corresponding long-term liability to the SDR Department (SDR allocation).*

Source: [NewZwire](#)

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