

**Minutes of the Meeting**

Among

**THE MINISTRY OF ECONOMIC AFFAIRS AND FINANCE  
(MOEAF), THE DR. SHARIATI HOSPITAL (DSH)**

**AND**

**ISLAMIC DEVELOPMENT BANK (IsDB)**

**APPRAISAL MISSION FOR**

**THE SUPPORT FOR THE DEVELOPMENT OF THE DR. SHARIATI  
HOSPITAL PROJECT**

**Tehran, the I.R.I**

**(12 February, 2012)**



## MINUTES OF MEETING

During the period 4-12 February, 2012, several discussion sessions and negotiations were held among the Ministry of Economic Affairs and Finance, hereinafter referred as "MoEAF", the Senior Management of the Dr. Shariati Hospital, hereinafter referred to as "DSH", and an Islamic Development Bank (IsDB) Mission with respect to **the Support to the Development of the Dr. Shariati Hospital Project**, hereinafter referred to as the "Project".

The MoEAF was represented by the following officials:

1. Mr. Saeid Khani Oushani, Director General, Office of Loans
2. Mrs. Mahshad Agha Kasiri, Senior Expert
3. Mr. Farshad Kalivash, Expert

The DSH was represented by the following officials:

1. Dr. Reza Malekzadeh, Chairman of Board of Trustees
2. Dr. Seyed Hasan Arefi, Member of Board of Trustees
2. Dr. Ahmadreza Souroush, Director
3. Dr. Alireza Jeddian, Deputy Director

The IsDB was represented by the following staff members:

1. Engr. Waleed Farouk Yousif, Mission Leader
2. Dr. Sadik M. Teyeb, Health Specialist
3. Dr. Ali Fallahi, Field Representative

The Mission's work has been facilitated by the MoEAF. During the course of its work, the Mission met with the MoEAF, Ministry of Health and Medical Education (MoHME), the Senior Management of the DSH as well as the Project Engineering Firm (GOROUH-E-CHAHAR). The list of people met by the Mission is given in *Annex-1*. The Mission appreciates the cooperation extended by all the agencies mentioned above.

The following matters relating to the financing and implementation of the Project were negotiated and the understanding thereon was reached among the three parties.

### 1. Project Objectives:

The Project is part of an overall effort of the Government of the I.R.I. to improve the health sector for meeting the health needs of the Citizens and achieve the health related goals of the 5<sup>th</sup> National Development Plan. The proposed Project conforms to the strategic objectives set by the Bank to improve the health of population of its member countries, as well as promote higher education.

The project aims to establish a 800-bed state-of-the-art referral hospital that provides quality healthcare services not only to the inhabitants of Tehran but also to other adjoining cities as well as to the neighboring countries in the Region.

### 2. Project Scope:

The scope of the proposed Project consists of the following:

- a) Civil and Electromechanical Works (IsDB Component);
- b) Hospital Medical and Non-medical Equipment and Furniture (I.R.I Component);



- c) Consultancy Services (Detailed Engineering Design and Construction Supervision (DEDS) as well as Supervision of Medical Equipment) (I.R.I. Component);
- d) Establishment of Hospital Health Management Information System (HMIS) (IsDB Component);
- e) Support to Project Management (IsDB Component);
- f) Project Start-up Workshop and Familiarization Visit to the ISDB HQ (IsDB Component); and
- g) Project Financial Auditing (IsDB Component).

### 3. Project Cost Estimate and Proposed Financing Plan:

The total estimated cost of the Project, including contingencies, is **US\$165.71million**. The breakdown of the estimated cost and proposed financing plan is summarized in **Table-1** below:

**Table- 1: Estimated Project Cost and Proposed Financing Plan**

(US\$ million)

Sr. No	Components	IsDB		Government of the I.R.I		TOTAL
		Amount	%	Amount	%	
A	Hospital Building (Civil and Electromechanical Works)*	102.78	100	-	-	102.78
B	Hospital Medical and Non-medical Equipment and Furniture	-	-	33.75	100	33.75
C	Establishing Hospital Health Management Information System (HMIS)	3.39	100	-	-	3.39
D	Consultancy Services (DEDS as well as Medical Equipment Supervision)	-	-	3.72	100	3.72
E	Support to Project Management Unit (PMU)	0.36	100	-	-	0.36
F	Project Start-up Workshop and Familiarization Visit to IDB HQ	0.04	100	-	-	0.04
G	Project Financial Auditing	0.06	100	-	-	0.06
H	<b>Sub Total</b>	<b>106.63</b>	<b>74</b>	<b>37.47</b>	<b>26</b>	<b>144.09</b>
I	Contingencies (Physical and Price, 15%)	15.99	74	5.62	26	21.61
J	<b>Grand Total</b>	<b>122.62</b>	<b>74</b>	<b>43.09</b>	<b>26</b>	<b>165.71</b>
K	Percentage		74		26	100

\*Computed on the basis of an average US\$956.4/m<sup>2</sup> for a total built-up area of 107,455m<sup>2</sup>

### 4. IsDB Proposed Istisna'a Financing:

The proposed IsDB financing amounting to US\$ **122.62million**, under Istisna'a financing will cover the cost of the construction of the hospital building (Civil and Electro-mechanical works), establishing the HMIS, support to the PMU, Familiarization Visit, Project Start-up workshop and project financial auditing along with the associated contingencies.

### 5. Proposed Procurement Plan and Procedures:

The procurement of the Civil and Electro-mechanical Works of the hospital building will be carried out among pre-qualified contractors from the IsDB member countries as per the IsDB procurement procedures.

The HMIS will be procured through shortlisting of National suppliers (for the hardware) and through shortlisting of international suppliers (for the software) on competitive basis.

The staff of the PMU will be selected on a competitive basis from qualified National



candidates. The project financial auditing services will be procured among a short list of accredited National auditing firms in accordance with the IsDB procedures.

6. **Proposed Project Implementation Period:**

It is anticipated that the project will be implemented in four years (48 months) from the date of effectiveness of the Istisna'a Agreement. An independent PMU will be established. The PMU will be solely dedicated to the project and reports to the DSH and the IsDB. The existing group of experts that has been working on the project so far will provide technical advisory support to the PMU. Project related preparatory work such as selection of the PMU staff and preparation of tender documents for the Civil Works, etc. can be started prior to the approval of the Project by the IsDB Board of Executive Directors.

7. **Proposed Disbursement Schedule**

Payments will be made by the Bank directly to the contractors/suppliers upon request of the authorized Government authorities as per the IsDB disbursement procedure after the verification of the work done.

**Table-2: Summary of the Proposed Disbursements Schedule**

Total percentage	Years	Disbursement (US\$ million)
20%	1 <sup>st</sup>	24.52
25%	2 <sup>nd</sup>	30.66
35%	3 <sup>rd</sup>	42.92
20%	4 <sup>th</sup>	24.52
<b>100 %</b>	<b>4</b>	<b>122.62</b>

8. **Anticipated Cut-off Dates for Project Related Actions Have Been Agreed As Follows:**

- (i) IDB Board of Executive Directors (BED) approval: **19-24 May 2012;**
- (ii) Informing MoEAF and DHS of IDB's BED approval: within one week after BED approval;
- (iii) Signing of the Financing Agreements: **31<sup>st</sup> July, 2012;**
- (iv) Meeting of all conditions for the declaration of effectiveness of the Istisna'a Agreement: **30<sup>th</sup> September, 2012;**
- (v) Date of First Disbursement: **31<sup>st</sup> December, 2012;**
- (vi) Date of Last Disbursement: **30<sup>th</sup> June 2017.**


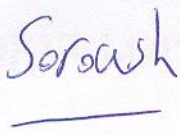

9. **Measures to be Taken for the Successful Processing, Implementation and Sustainability of the Project After Completion:**

- The total project cost that was estimated at **US\$ 146.71 million** during the Preparation Mission (based on the preliminary design) is found to be on the lower side. As stated above, the final project cost (based on the detailed engineering design as well as the prevailing current market prices for the ongoing hospital projects in the country) stands at **US\$ 165.71 million**. The DSH will submit an official letter (by February 15, 2012, at the latest) to the MoEAF explaining the causes and giving justifications for the observed difference in the total cost. Based on the explanations and justifications, the MoEAF will officially request the IsDB (within a week time after receiving the explanation from the DSH) for its consideration of raising the ceiling of the proposed Istisna'a financing for the Project from **US\$ 100.00 million to US\$ 122.62 million** in order to cater for a functional hospital.



- The DSH will finalize, before the first week of May (at the latest), the internal prerequisites that are required for securing a Sovereign Guarantee from the Government. Based on this, the MoEAF will assure the IsDB on the subsequent issuance the Sovereign Guarantee before project effectiveness.
- The DSH will allocate 5-10% of the annual budget of the hospital for preventive and curative maintenance of both the building and medical equipment.
- To ensure the availability of services for patients coming from neighboring regions and as well as secure adequate revenue for the hospital, the DSH will allocate at least 10 percent of the beds in the Bone Marrow Transplantation Unit for foreign clients.
- The Mission was informed and assured by the DSH that the Government of the I.R.I. has already allocated **648 Billion Iranian Riyal** (approximately equivalent to **US\$ 53.00 million**) as a counterpart fund for this project.

*The content of the minutes of meeting of the Mission will be subject to the approval of the concerned authorities of the Government of the Islamic Republic of Iran and the Islamic Development Bank. On that understanding, this minutes of meeting was signed in Tehran, I.R.I on 12 February 2012.*

<u>FOR THE MINISTRY OF ECONOMIC AFFAIRS AND FINANCE (MOEAF)</u>	<u>FOR THE DR. SHARIATI HOSPITAL (DSH)</u>	<u>FOR ISLAMIC DEVELOPMENT BANK (IsDB)</u>
 <p><b>Mr Saeid Khani Oushani</b> (Director General, Office of Laons, International Organizations and Institutions)</p>	 <p><b>Dr. Ahmad Reza Soroush</b> (Director of Hospital)</p>	 <p><b>Engr. Waleed Farouk Yousif</b> (Mission Leader)</p>