



**International
Finance Corporation**
World Bank Group



Health PPPs

Different Solutions for Different Needs

Health PPPs

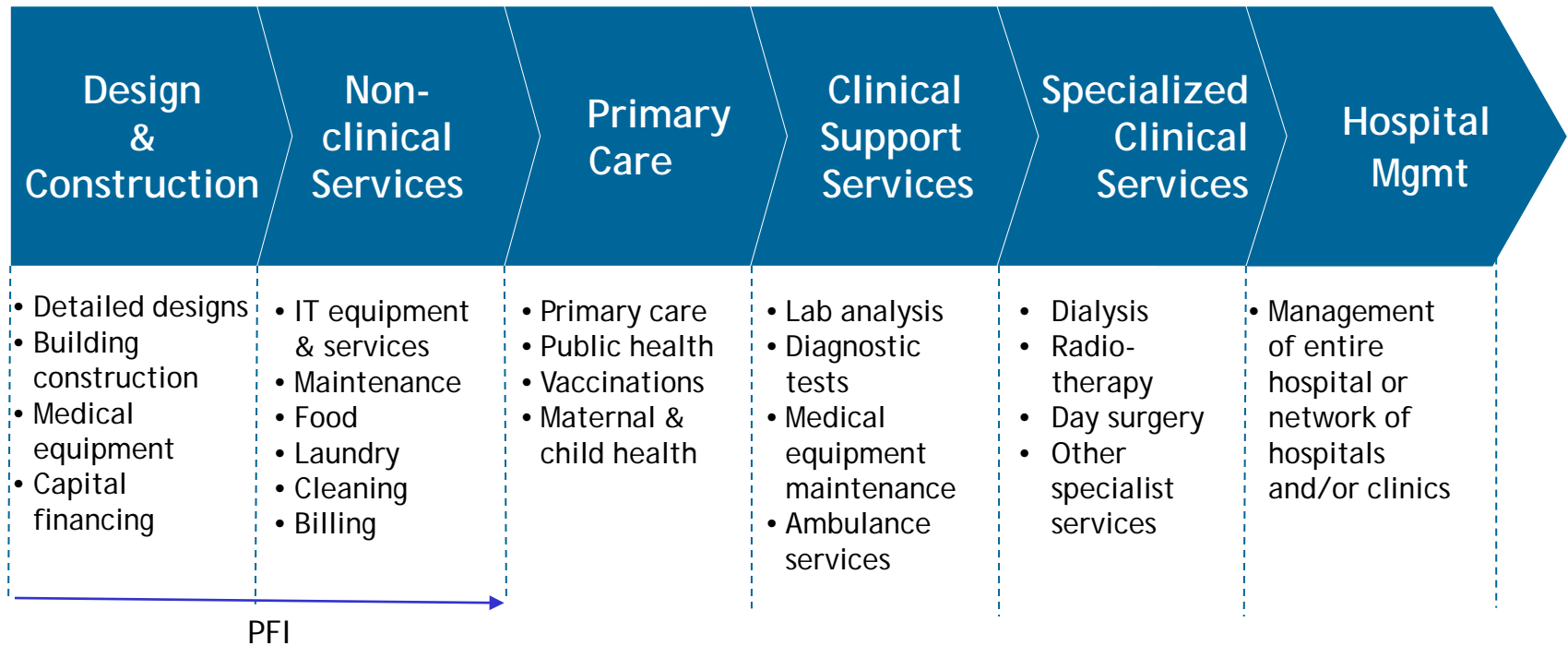
PPPs differ from traditional public procurement:

- ✓ Rather than buying buildings, equipment or supplies, PPPs are long-term contracts for governments to buy a bundled service (facility, staff, supplies, equipment)
- ✓ PPPs involve annual payments over long-term after facility commissioning
- ✓ Payment is tied to performance not inputs/milestones
- ✓ Private party is typically responsible for all or part of the capital financing

Public Private Partnerships in Health

Wide Range of Alternatives

- Under a PPP, a government or national health insurer contracts with a private partner (for-profit or not-for-profit) for a health care service and/or facility
- Governments can select from a wide range of options depending on their needs

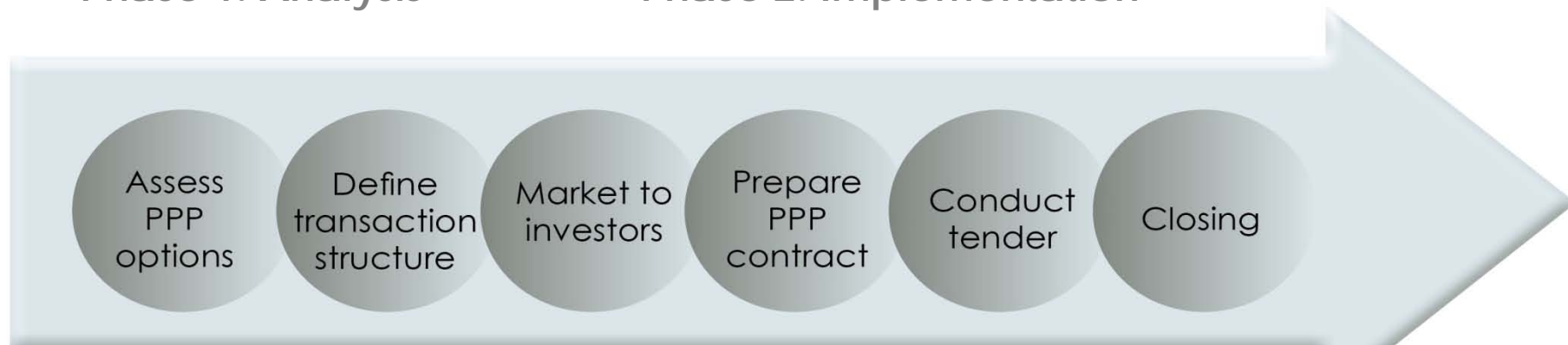


IFC's Role as Transaction Advisor

Typical transaction advice activities and timing

Phase 1: Analysis

Phase 2: Implementation



Assess
PPP
options

Define
transaction
structure

Market to
investors

Prepare
PPP
contract

Conduct
tender

Closing

- Legal/Inst. framework
- Market sounding

- Risk allocation
- Cost estimates
- PPP payment estimate

- Info memo
- Road show
- Pre-qualification
- Data room

- Service standards
- Performance targets
- Payment procedures
- Penalties
- Monitoring

- Technical evaluation
- Financial evaluation
- Select winner

- Contract effectiveness & assumption of service obligations

IFC Health PPP Transactions

Completed

- Lesotho hospital and clinics
- Brazil emergency hospital
- Moldova: diagnostic imaging center in the national referral hospital
- Romania
 - Dialysis centers (8)
 - Imaging center in public hospital
 - Lab in public hospital
 - Private wing in maternity hospital
- Mexico hospitals (2)
- Andhra Pradesh (India) diagnostic imaging centers
- South Sudan: feasibility study for pharma supply chain PPP

Active

- Nigeria: Cross River State hospital
- Moldova: a radiotherapy center in the national cancer hospital
- Macedonia: dialysis centers
- Honduras: diagnostic imaging centers in 5 hospitals
- Brasil (2): primary care centers (Belo Horizonte); diagnostic imaging centers in 35 hospitals (Bahia)
- Grenada: new hospital
- Egypt: two hospitals (tender near completion)
- India (4): medical college/teaching hospital, labs, diagnostic imaging centers
- Lesotho (2): primary care centers and medical waste PPP

IFC Transaction Example

Lesotho Hospital and Clinics

Project

- A PPP for the construction, equipping, financing, and management (all clinical and non-clinical services) of a new 390 bed hospital and 3 referral clinics

Structure

- One of only a few hospital PPPs in emerging markets where the operator is responsible for all services
- Under the performance-based contract the Operator receives an annual global budget and must treat all patients

Results

- The Government signed an agreement in October 2008 with Netcare, a large South African healthcare services group
- Clinics opened in 2010. Hospital opened in 2011.

THE LESOTHO MINISTRY
OF HEALTH AND SOCIAL WELFARE



"Thanks to the innovative PPP structure, operating costs for the new hospital are roughly equivalent to those at the existing facility. Patients will have access to greatly improved medical services and care, but pay the same minimal charge they currently do at any other public hospital in Lesotho."

Honorable Timothy Thahane, Minister of Finance

WBG Collaborative Support for Health PPPs

IFC	World Bank	WBI	MIGA
Transaction advice	Policy & contracting framework	Capacity building for PPP procurement	Guarantees to investors
Financing (debt equity and guarantees)	Investment loans for capex contribution	Capacity building for PPP contract management	
Upstream advice (HiA)	OBA-type funding for providers		