

UNECE PPP Healthcare Standard

Questions on lessons learned in the development of Public-Private Partnership (“PPP”) programmes in the healthcare sector.

UNECE is developing a standard providing guidance to governments planning to use PPP programmes to raise investment in their healthcare sector, and helping them to properly pursue and achieve the United Nation’s Sustainable Development Goals. The team working on the standard has a number of questions about lessons learned by private sector participants in healthcare PPP programmes, to provide evidence on which the recommendations in the standard can be based. We would be very grateful for any information you can provide in response to any of the questions.

We have identified six broad themes under which we will analyse experience to date. While there are a number of cross-cutting issues, this will help provide a structure to help governments develop their PPP policy.

- A. **Policy and legislation:** this theme will discuss the policy and legal context of the PPP programme, and how governments can ensure that the programme is legally constituted and consistent with other government policies.
- B. **Economic context and affordability:** this theme will cover issues which help ensure that the PPP programme is affordable and realistically deliverable within national and local governments’ economic constraints.
- C. **Planning, objectives and business cases:** this theme will provide guidance on how the PPP programme is planned and objectives are set, and how business cases for individual projects are prepared, evaluated and approved.
- D. **Training and resources:** this theme will help identify the resources necessary to plan and implement a PPP programme, and the skills and training needed to make sure public and private sector participants can understand and manage risks effectively.
- E. **Market assessment and engagement:** successful PPP programmes realistically reflect the needs and capacity of the commercial sector, so this theme will provide guidance on engaging with the private sector market and structuring the programme accordingly.
- F. **Transparent procurement and management:** Transparency during procurement, delivery and operation of PPP projects is a key factor in attracting investment and demonstrating value for money; this theme will identify governance measures that will support it.

These questions are intended for sponsors, lenders, investors and advisors that are currently, or have been recently, involved in international healthcare PPP programmes. Any feedback you can provide, however brief, is most welcome, and if a question is not applicable please simply say so.

Many thanks for completing the questionnaire.

A Policy and Legislation

1. What aspects of national healthcare policy represent a barrier to your participation in projects to procure healthcare facilities or services through long term private sector contracts, or limit your ability to do so in a manner which delivers the best value for money?
2. In light of your own experience, what advice would you give to governments enacting legislation for PPP projects in general and healthcare PPP projects in particular?
3. Does the PPP procurement methodology in the healthcare sector in your market allow you to maximise the value for money which a project delivers? Would the inclusion of medical equipment, clinical services or health insurance in these projects allow you more scope to maximise the value for money achieved?
4. In a PPP context, please describe any gaps, conflicts or overlaps between the government's fiscal and healthcare policy, and whether you think they have resolved them. What shortcomings have you identified in relation to policy and legislation in delivering PPP projects, and what would you recommend should be changed in light of experience on the first projects?
5. Is there standard PPP guidance and documentation for the PPP projects in your markets? Were these in place for early projects, and to what extent are they adhered to? How might they now be improved?
6. What are the major criticisms and plaudits for the healthcare PPP programme in this market and to what extent are they valid? What formal objections to the policy and legislation have been raised, and by what groups of people; and how were those issues addressed? In light of your experience, what would you suggest should be changed?
7. How well is the PPP programme supported by politicians and civil servants, and what measures do they take to champion it? Is it supported across the political spectrum, and what measures were taken to achieve consensus and prevent party politics from disrupting the programme? What measures do you consider the private sector could take in making the public case for PPP more successfully?
8. How did you ensure that PPP policy and legislation was developed in a way which protected the public sector and was in the public interest? Is there a dedicated PPP unit and, if so how effectively does it work with the private sector (for example to standardise documentation, and address project-specific issues) and resolve issues with other government departments?
9. How well integrated is the PPP programme with health policy? How well do project outcomes match those planned, and what factors contribute?
10. How good is the advice provided to public sector bodies in the development of PPP projects, and how could it be improved? Are commercial issues tackled in a timely way and if not, what could be done to help?

B Economic Context & affordability

1. How attractive to your business is PPP against alternative procurement options such as 'traditional' public sector funded capital procurement, real estate transactions and leasing; and why?
2. How actively was the private sector engaged in influencing its development? Does this influence your decision to bid for projects?
3. Do you understand the methodology adopted for identifying and prioritising projects, and ensuring they were affordable and represented value for money? Does the private sector participate in this process, and do you think it is/would be helpful for them to do so and if so, how?
4. Are you given information about the affordability of projects as part of the market testing / tender process? How reliable do you consider it, and does it influence your competitiveness? Can you suggest different approaches that might allow you to offer more innovative solutions or better value for money?
5. How did your pricing of PPP projects and risk appetite change as the PPP programme became established? Could you have improved value for money by pre-empting these changes, and how did you ensure pricing was realistic and deliverable? Did you feel that experience in other countries influenced how changes could affect the programme and did this influence your approach in terms of price and risk mitigation strategies?
6. What guarantees does the state provide in respect of PPP concessions, and how important are they to your business? Could the same objective be achieved in a different way? What are the key factors that influence investors and what is their approach in respect of their rights in the event of default?
7. In the event of termination of a PPP contract, what would you and your investors expect to see in relation to the respective rights of the parties, and do consider these arrangements to represent an optimum allocation of risk between the parties?
8. How have you ensured consistency while delivering the best value for money when negotiating commercial issues such as exclusivity, dispute resolution, change management, Force Majeure, events of default, revenue sharing, asset transfer, operational governance, performance auditing, tariff setting, compensation on termination, refinancing and equity sales?

C Planning, Objectives & Business Cases

1. What is your view on how public authorities procuring PPP projects assess current and future supply and demand for healthcare services? Does this influence how you approach a bid/programme, and how? Do you think this could be undertaken better and would it be helpful for you to engage more with stakeholders (government officials, consultants, clinicians etc.) and why? Which stakeholder groups seem to have too limited a voice in the healthcare PPP planning process?
2. How could your market's healthcare PPP programme better help address operational and social problems or better ensure it does not create inequality?
3. What form does the 'business case' for a PPP project take? How are they prepared, and how could the methodology used be improved to compare the relative value for money represented by PPP against alternative procurement routes more accurately, and establish better Key Performance Indicators and output specifications?
4. What aspects of function, demand, environmental and social impact do procurement documents and tenders address? How closely did the result match your anticipated outcomes?
5. How transparent are your clients' business cases, and what opportunities do you have to comment upon them or improve the value and costs associated with the transfer of risks?
6. How transparent is the basis for the evaluation of tenders for PPP projects? Do you think the right performance indicators are used to measure success, and how closely have outcomes matched programme intentions?
7. Generally, how detailed are the specifications provided for projects? Are they true 'output' specifications or more detailed requirements, and could they be improved? Are standard technical specifications used and if so, which?
8. Is a standard 'template' or 'exemplar' design developed as a 'reference project' that represents the preferred option, and why? If so, is it given to bidders? Do you think value would be increased or reduced by producing such designs, and why?
9. Is innovation considered to be a differentiator in tenders? How do you promote and objectively present the benefits of innovation and do you believe it is something that clients value? Can you provide examples?
10. Considering the long-term nature of the operating period of typical PPP projects, how do you address the need for flexibility and adaptability of each PPP project, and the potential impact of changes in demography, the way services are delivered, technological developments and the cost of care?

D Training and Resources

1. Do you think that the right people or groups were involved in the development of your government's healthcare PPP programme and the procurement and implementation of individual projects, and did they have the right key skills? If not, what would have improved outcomes? Were they appropriately trained, and could the programme have been improved with different resources and training?
2. Did the public sector use external advisors at each stage in the development of their PPP programme, and how might they have made better use of them?
3. What issues have you encountered in finding suitably qualified people, and sufficient financial resources? What skills shortages are evident in this market, and how have you overcome them?
4. How did the people who developed the programme and individual projects interact with policymakers, hospital managers, clinicians and local, state and national government? How did they interact with the private sector, and could that process have been improved through the use of different resources and training?
5. During the programme's procurement phase, where did you observe gaps in government and external resources and training in the oversight, regulation and approval of the projects, and how could it have been improved?
6. Following the award of each project, what resources and training were needed from the private sector to manage construction and commissioning of the new facilities? How well trained and resourced were their public sector counterparts and how could these have been improved?
7. During the procurement and delivery of projects, what feedback did you receive from the public sector on the quantity and quality of private sector staff managing the programme?
8. Did you identify any obstacles to the development, approval and delivery of PPP projects that could have been overcome by more, less or different resources or training them differently? What were the obstacles and how were they overcome?
9. How did the project-specific teams interact with central/state/local government, and with clinicians and other stakeholders? How could that relationship have been made more effective through different resources and training?
10. Does your PPP programme feature the transfer of public sector staff to the private sector, and their retraining? What issues does that present, and how have you overcome them?
11. If your PPP programme features clinical services, what commitment is expected of the private sector in relation to the management and training of clinicians? How effectively have they fulfilled them, and could they have been configured in a better way?

E Market Assessment & Engagement

1. How did the private sector contribute to the development of PPP policy and legislation, what issues did they raise and how were they overcome? If policy and legislation were being developed afresh, would you recommend that any aspects should be included or excluded?
2. How do you define the level of suitability of your business 'fit' to PPP contract implementation for this sector, and how could it be improved? Do you have specific resources allocated to addressing this issue?
3. How did your government assess local and international appetite for their PPP programme in the healthcare sector before launching it (and developing documentation / enacting legislation), amongst potential bidders and investors? Which international precedents were used, and why? Which specific features of the local healthcare market could prevent use of best international practices and how were they addressed?
4. How did you assess the capacity of your business to respond to the necessary size and scope of services (e.g. long-term facilities management services, timely delivery of construction, long term managed equipment services and integration of construction and facilities management services, long term equity and debt financing), and respond to that need (e.g. through recruitment, training, and the formation of alliances / joint ventures)? Could the public sector have helped you do so?
5. How important is the consideration of the stability / commercial position of a country in whether you choose to bid for a PPP project / programme? How well did the public sector engage over these issues, and did they really address the feedback you gave them? What could they have done better?
6. What tools (such as promotional meetings, investor days, formal technical and commercial dialogue) did the public sector use before and after the launch of formal procurement to achieve maximum market engagement and encourage investors to commit to the programme and projects? Did you feel they listened and acted upon what they heard, and did they provide accurate and meaningful debriefing and compensation for losing bidders, and to what extent?
7. What issues / potential challenges did investors raise during the development, execution and funding phases of PPP projects (e.g. the country risk and public financial capacity, the scope of the project, the scope of services, risk allocation, financial structure and any other issues which could affect bankability and value for money)? How were those issues addressed before and during the tender procedure?
8. In your experience, what could governments do better to encourage broader interest and engagement by potential investors and providers both before and during procurement?
9. Did your country's PPP programme give rise to a need to manage the pipeline of projects in order to sustain competitive demand for projects? How effectively did the public sector manage the pipeline of projects to provide a competitive market, and how could they have done better?

10. In your experience, what innovation could be introduced into the market assessment / engagement process to improve efficiency and achieve longer, more competitive tender and funder lists which deliver better value for money to the public sector?

F Transparent Procurement & Management

1. What are the major stages and associated timings for healthcare PPP procurement in your markets, and what are the private sector's financial and operational roles in the projects at each stage?
2. Does your business have a formal policy defining corrupt practices and how do you identify and record these and address them in your business processes?
3. How do you ensure that your participation in a procurement process and its criteria for eligibility and award of contracts is transparent? What could the government do to ensure that the process is more transparent and fair?
4. What do you see as the role of central PPP unit and international PPP bodies in the PPP procurement process (if any)? Could international PPP bodies facilitate transparent and efficient management of the procurement process, and how?
5. Does your government provide support for health PPPs in the form of subsidies, Viability Gap Funding, annuities, minimum revenue guarantee etc and what impact do these have on the attractiveness of projects from your perspective? For PPP projects where investment is supported by government, how is accounting of expenditure presented and are there any obstacles in this process to your providing the best possible value for money?
6. How consistent are business cases for PPP projects with the transaction documents and would you object to greater public transparency of both? If so, why?
7. How do procuring authorities establish boundaries or base design principles for tender proposals to ensure bids are comparable, and how does this encourage private sector innovation? How do they manage and evaluate variations or unsolicited proposals offered by bidders, and do you think this process allows your tender to be fairly compared with others?
8. Do you consider the project specific pre-qualification and evaluation criteria and evaluation methodology to be fair, objective and transparent? How could they be improved, and how could public authorities better ensure that terms do not change after a preferred bidder is identified?
9. Have you had experience of unsolicited proposals (such as Swiss challenge, bonus systems or complete project proposals)? Do you think governments should allow these, and how do you envisage that transparency and value for money can be maintained?
10. How could the skills or expertise of the members of the tender evaluation teams be improved, and what advisors and neutral agencies should they include? What is the extent of publication of their evaluation reports, and how is the evaluation documented and published? Would you encourage greater disclosure, and if so why?
11. How fairly are the technical and financial aspects of your tender proposals assessed? Is it clear how do the evaluation team compare/weight service quality, technical solutions, financial criteria, assumptions, demand estimation etc., and how could that process be improved?

Do you have provision for post-award procurement audits? If so, what form do they take, who carries them out and are their findings published? Do you find them helpful, and if not how could they be improved? Please explain your reasoning.

12. Please describe the negotiation process between the procuring authority and shortlisted bidders, the preferred bidder and the project partner after award. What issues have arisen and how have you addressed them? How have you ensured consistency between your tender offer and the awarded contract?
13. What measures do you take to ensure transparency in the management of PPP projects following contract award?