

## **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 national and regional governments who have already developed healthcare PPP projects, 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 and this theme will identify governance measures that will support it.

These questions are intended for governments that are developing a healthcare PPP programme but have not delivered projects yet, as well as those with mature programmes; or those with PPP programmes in other sectors and are considering a healthcare PPP programme. 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. Do you have a healthcare policy or formal government commitment to procure healthcare facilities or services through long term private sector contracts, under which risk is transferred to the private sector? Please describe the programme(s). If you have not, do you intend to do so and what are the obstacles to implementation?
2. What specific PPP legislation has your government enacted (or does it plan to enact) to enable PPP projects in general and healthcare PPP projects in particular, and what lessons would you commend to governments planning to enact similar legislation? What challenges or conflicts in legislation did you encounter in developing PPP legislation and policy and how were they overcome. If you implemented pilot projects, what lessons did they yield?
3. Please explain the role PPP plays in the healthcare sector in your country, and the rationale for determining that role – for example do projects only focus on the provision of infrastructure and facilities, or do they also include medical equipment, clinical services or the establishment of a health insurance system?
4. In a PPP context, please describe any gaps or overlaps between your government's fiscal and healthcare policy, and how you have resolved any conflicts. What shortcomings have you identified in relation to policy and legislation around your healthcare PPP programme, and what changes were made to the programme in light of experience on the first projects?
5. Have you developed PPP guidance and standard documentation for PPP projects? Were these in place for early projects, and what lessons did you learn about their introduction? How might these now be improved?
6. What are the major criticisms and plaudits for your healthcare PPP programme? 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 change?
7. How well was the PPP programme supported by politicians and civil servants, and what measures did they take to champion it? Was it supported across the political spectrum, and what measures helped prevent party politics from disrupting the programme?
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? Did you have a dedicated PPP unit and, if so how well did it work alongside your Finance/Treasury and Health departments?
9. Did your PPP programme change access to healthcare and/or healthcare policy in your country, and what results have you observed? How well did its outcomes match those planned, and why?
10. What advice did you procure in the development of legislation and policies to support your PPP programme, and with hindsight could more critical and challenging advice have helped you in progressing early projects more efficiently? Was there any tendency to leave difficult issues until later in the process, and how could your programme have been improved by structuring

legal and policy advice differently?

11. What thought was given to the identity of the state entity / counterparty entering into the PPP contract before contracts were tendered, and to what extent was the need for a government covenant or equivalent understood and accepted at the planning stage? What evidence informed your decision to take this approach?

**B Economic Context & affordability**

1. What were the main factors in considering PPP against alternative procurement options such as 'traditional' public sector funded capital procurement, real estate transactions and leasing; and how did you ensure they were compared objectively?
2. Did you consider other ways of delivering long term healthcare policy outcomes, and how did you compare them with the use of PPP? What issues arose in doing so, and how did you compare the use of PPP with alternatives such as privatisation or greater public investment?
3. What were the economic drivers of your government's healthcare PPP programme? What evidence informed the development of the programme, and how did you use it? Does your programme differentiate between urban and rural needs, and how?
4. How was the scope of your government's PPP programme defined and integrated with budgetary and fiscal policies and priorities, both outside and within the healthcare sector? What issues were raised in doing so and how did you resolve them?
5. What methodology was used for identifying and prioritising projects, and ensuring they were affordable and represented value for money? What lessons were learned in doing so, and what would you recommend to governments initiating similar programmes?
6. What sources of capital finance were available for your PPP programme, and what were the advantages and disadvantages of each? How did you assess their relative impact on public finances, public accounting policy and value for money? What is the basis on which the public sector or citizens pay for PPP projects? How did you assess the affordability of projects to the payers, and how closely have outcomes reflected your assessment? How do these arrangements guarantee equality between rich and poor, and do they guarantee a minimum turnover to the private operator?
7. How did the pricing of PPP projects and private sector 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?
8. What guarantees does the state provide in respect of PPP concessions, and how did you gain assurance that they represent good value for money? How do you give investors assurance that payments will be made in a timely way, and what are their rights in the event of default?

9. In the event of termination of a PPP contract, what are the respective rights of the parties, and how did you gain assurance that those arrangements represent good value for money?
10. 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. Do you have a methodology for assessing the current and future supply and demand for healthcare services? What sources of information inform your assessment of national/local health trends, population risk factors and demography-related medical care? Who provides you with insights into medical care (government officials, consultants, clinicians etc.) and what form do they take? Which other stakeholder groups should take part in the healthcare PPP planning process?
2. What operational and social problems did your healthcare PPP programme aim to address? In developing the programme, how did you ensure PPP projects were integrated within an existing (public/completely private) healthcare infrastructure in the same locality, and how did you ensure it did not create inequality?
3. If this information was insufficient or out of date, how have you addressed that and what assumptions played a key role in your decision?
4. What form does the ‘business case’ for a PPP project take? How are they prepared, and what methodology do you use to compare the relative value for money represented by PPP against alternative procurement routes, and establish Key Performance Indicators and output specifications?
5. How do you plan, prioritise and assess the feasibility / business case for healthcare PPP projects, and what lessons would you give others? Can you give an example of best practice in the governance of planning, business case and approval processes?
6. What analysis of function, demand, environmental and social impact do project business cases include, and why? How closely did the result match your anticipated outcomes?
7. How do you ensure that business cases represent the best value for money when compared to other options considered, and what lessons have been learnt where that seemed not to be the case? How do you assess the value and costs associated with the transfer of risks?
8. What is the basis for your evaluation of tenders for PPP projects, and how are they compared to the business case prepared before procurement began? What performance indicators do you use to measure success, and how closely have outcomes matched your intentions?

9. How detailed are your specifications for your projects? Are they true ‘output’ specifications or more detailed requirements? Are standard technical specifications used and if so, which?
10. 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?
11. Is innovation considered to be a major source of value for your PPP projects? How do you promote and objectively assess innovation and can you provide examples?
12. Considering the long-term nature of the operating period of typical PPP projects, how do you assess the 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. What people or groups were involved in the development of your government’s healthcare PPP programme and the procurement and implementation of individual projects, and what were their key skills? What training did they receive, and could the programme have been improved with different resources and training? How did you ensure you retained these staff?
2. What use was made of external advisors at each stage, and how might you make better use of them in future?
3. What issues have you encountered in finding suitably qualified people, and sufficient financial resources? What skills shortages are evident, 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? Could that process have been improved through the use of different resources and training, and how did you go about emphasising the importance of the public interest?
5. During the programme’s procurement phase, what government and external resources and training was needed centrally to oversee, regulate and approve the projects; and on each project to develop business cases, manage procurement and negotiate contracts. What training do you provide and how could it be improved?
6. Following the award of each project, what resources and training were needed to manage construction and commissioning of the new facilities and how could they have been improved?
7. During the procurement and delivery of projects, what feedback did you receive from the private sector on the quantity and quality of public 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?

#### **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 you were starting to develop healthcare PPP policy now, would you recommend that any aspects should be included or excluded?
2. How do you define the level of suitability of your business climate 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 you assess local and international appetite for your government's 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?
4. How did you assess local and international contractor / service provider capacity to deliver 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)?
5. A number of issues can constrain successful engagement with the private sector (such as a high country risk; a perception that it undermines competition; a lack of public sector capacity; low private sector interest; difficulty in getting private sector participants to engage openly and honestly; biased or commercially motivated feedback; or mixed messages from private participants). What constraints did you encounter and how did you address them?
6. What tools (such as promotional meetings, investor days, formal technical and commercial dialogue) did you use before and after the launch of formal procurement to achieve maximum market engagement and encourage investors to commit to the programme and projects? Do you debrief and/or compensate losing bidders, and what is the extent and process of such debriefing and compensation.
7. When engaging with investors and providers during the development, execution and funding phases of the projects, what issues / potential challenges did investors raise (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 consistent was their feedback, and 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? Do providers acknowledge the difference between private healthcare and private participation in supporting public healthcare?
9. Did your PPP programme give rise to a need to manage the pipeline of projects in order to sustain competitive demand for projects? How did you do so, and prioritise projects?
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?

## **F      Transparent Procurement & Management**

1. What are the major stages and associated timings for healthcare PPP procurement in your country, and what is the public sector's financial and operational roles in the projects at each stage?
2. Do you have a formal definition of corrupt practices and how do you identify and record these and address them in your procurement processes?
3. How do you ensure that the procurement process and criteria for eligibility and award of contracts is transparent? What challenges have you faced in ensuring transparency and what measures have you taken to overcome them?
4. What is the role of central PPP unit and international PPP bodies in the PPP procurement process (if any)? How do you think that international PPP bodies can facilitate transparent and efficient management of the procurement process?
5. What role has your government taken for health PPPs in the form of subsidies, Viability Gap Funding, annuities, minimum revenue guarantee etc? For PPP projects where investment is supported by government, how is accounting of expenditure presented?
6. How do you ensure that the business case for a PPP project is accurately reflected in the transaction documents? How are the transaction documents prepared and approved, and by whom, and to what extent are they standardised or tailored to project-specific needs?
7. How do you establish boundaries or base design principles for tender proposals to ensure bids are comparable, and how does this encourage private sector innovation? How do you manage and evaluate variations or unsolicited proposals offered by bidders?
8. Please describe the process that you use to finalise the project specific pre-qualification and evaluation criteria and evaluation methodology? Which transaction documents are made publicly available, and why? How do you ensure that evaluation criteria remain objective, and that terms do not change after a preferred bidder is identified?

9. Do you allow unsolicited proposals (such as Swiss challenge, bonus systems or complete project proposals)? If so, how do you ensure transparency and value for money?
10. How do you establish the bid evaluation team? What are the skills or expertise you expect for the team members, and what advisors and neutral agencies do they include? What is the extent of publication of such evaluation reports, and how is the evaluation documented and published?
11. Please describe the nature of assessment you make on the technical and financial aspects of a bidder's proposal and how do you compare/weight service quality, technical solutions, financial criteria, assumptions, demand estimation etc.
12. 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? Please explain your reasoning.
13. Please describe the negotiation process with 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 the tender offer and the awarded contract?
14. What measures do you take to ensure transparency in the management of PPP projects following contract award?