

1  
2  
3  
4  
5  
6  
7  
8  
9  
10 **UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE**  
11 **TEAM OF SPECIALISTS ON PUBLIC-PRIVATE PARTNERSHIPS (TOS PPP)**  
12  
13  
14

15 **Proposed Draft**

16  
17 **UNECE PPP STANDARD FOR HEALTHCARE POLICY**  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

30 **SOURCE:** Healthcare Policy Project Team  
31 **ACTION:** Interim draft  
32 **STATUS:** Draft v2.1

## 33 Contents

34	I	Introduction .....	4
35	II	Objectives of the Standard .....	4
36	III	Scope of the Standard.....	4
37	IV	Sector Models .....	6
38	A	Project Types and Examples of Healthcare PPPs.....	6
39	B	Pros and cons of PPPs in the Healthcare Sector .....	6
40	III	Healthcare PPP Policy Standards .....	7
41	A	Integrated Approach to Healthcare Policy and PPPs.....	7
42		Ensure PPP policy and legislation is robust and consistent with other policies [A1] .....	7
43	B	The Delivery Plan – Project Selection and Prioritisation .....	8
44		Prepare an evidence-based delivery plan [A2] .....	8
45	B1	Project Prioritisation.....	8
46		Carry out transparent business case assessments for each project <sup>[16.5-16.8]</sup> [B1] .....	8
47		Develop a clear planning context for the PPP programme <sup>[11.3, 11a-11c]</sup> [C1].....	8
48		Establish clear and objective approval processes [C2] .....	9
49		Establish a robust format for business cases [C3] .....	9
50		Use clear and objective output-based specifications [C4].....	9
51	B2	Project Feasibility and Viability.....	10
52		Ensure the programme will enable competitive project financing [B2] .....	10
53		Develop a standardised ‘shadow’ cost model against which to compare value [B3] .....	10
54		Offer robust payment security that guarantees debt repayment [B4].....	10
55		Establish robust long term governance structures and processes [B5].....	11
56		Develop an economic framework for fiscal commitments [B6] .....	11
57	B3	Project Reference Solution(s).....	11
58		Consider the use of a ‘Reference Solution’ [C5] .....	11
59		Incorporate robust business case risk allocation and value for money assessment [C6].....	11
60	B4	Market Consultation, Assessment and Engagement .....	12
61		Obtain formal support for the structure and policy from potential lenders [A3].....	12
62		Realistically match capacity [E1] .....	12
63		Draw on proven experience [E2] .....	13
64		Develop a predictable pipeline of projects [E3] .....	13
65		Implement pilot projects and apply learning from them [E4] .....	13
66		Clearly set out risk transfer proposals [E5] .....	13
67	C	Legal Requirements (for the healthcare sector).....	13
68		Establish a suite of standard procurement protocols and documentation [A6] .....	13
69		Implement robust and transparent programme governance <sup>[16.5-16.8]</sup> [F1] .....	14
70		Standardise the procurement process and procedures [F2] .....	14

71	Evaluate tenders transparently and publish formal evidence of value for money [F3] .....	15
72	Promote Zero Tolerance to Corruption [F4] .....	15
73	Record and publish procurement and management information [F5].....	16
74	D Institutional Requirements (for the healthcare sector) .....	16
75	Develop a focussed specialist office to manage the programme [A5] .....	16
76	E Knowledge Support and Advisor Requirements (for the healthcare sector) .....	17
77	Plan programme management resources and training [D2] .....	17
78	Build strong, objective commercial understanding into project teams [D4].....	18
79	F Consultation with Stakeholder Requirements (for the healthcare sector) .....	18
80	Ensure that there is political and civil service support [A4].....	18
81	Ensure that the model and process is clearly understood by stakeholders [D3] .....	18
82	Develop a robust induction and support programme for stakeholders [D5] .....	18
83	G Special issues related to the healthcare sector .....	19
84	Develop a coherent staffing & training policy <sup>[4.3, 4.4]</sup> [D1] .....	19
85	Carefully plan projects requiring staff transfer [D6] .....	19
86	IV Indicators of Compliance (for the healthcare sector and SDGs).....	19
87	V Credits and References .....	20
88	Annex 1 – Published healthcare PPP evidence base .....	21
89	Annex 2 – SDGs relevant to healthcare PPP policy Standard .....	22
90		
91		

## 92 I Introduction

93 The Sustainable Development Goals (“SDG”s) were formally adopted in September 2015 as a global  
94 mandate to end poverty, fight inequality and injustice, and tackle climate change.

95 The SDGs identify a range of measures to transform the health and wellbeing of the world’s  
96 population, along with an emphasis on the need for sustainable development <sup>[9.1, 12.1-12.6, 17.14, 17.15]</sup> and  
97 clear mechanisms for implementation.

98 SDG3 – “ensure healthy lives and promote wellbeing for all at all ages” is particularly relevant to the  
99 healthcare sector, but success in meeting others such as SDG4 (quality education), SDG5 (gender  
100 equality), SDG8 (decent work and economic growth), SDG9 (industry, innovation and infrastructure),  
101 SDG10 (reduced inequalities), SDG11 (sustainable cities and communities), SDG12 (responsible  
102 consumption and production), SDG13 (climate action), and SDG15 (life on land) all directly relate to  
103 the quality of healthcare systems, the way healthcare is delivered and how it is accessed by the  
104 world’s citizens. To realise these goals, significant investment in the improvement of healthcare  
105 systems is needed.

106 To realise this, the 2030 Agenda recognises that successful delivery of the SDGs will depend on  
107 global partnerships and cooperation between public, private and civil society. The UNECE supports  
108 the use of global partnerships for sustainable development and has produced this Standard to provide  
109 guidance to governments considering the use of Public-Private Partnership (“PPP”) programmes to  
110 deliver investment in healthcare systems and infrastructure as a way of meeting SDG3 and contribute  
111 towards satisfying the other SDGs. Within this Standard, cross references to the SDGs are shown in  
112 square brackets.

## 113 II Objectives of the Standard

114 If managed well, PPP projects can help governments tackle development needs by bringing  
115 sustainable investment, replicable processes and expertise to complex systems. PPP programmes  
116 can support the successful implementation of healthcare policy <sup>[3.1-3.9, 3a-3d, 5.6]</sup>, to improve universal  
117 access to basic healthcare services <sup>[1b, 11.1]</sup>, give patients the best care in an appropriate setting, and  
118 making healthcare staff feel valued and fulfilled. The production of this Standard is intended as a step  
119 towards universal implementation of the SDGs. The Standard is resource to assist governments in the  
120 successful utilisation of PPP as a means of increasing their access to investment for the delivery of  
121 needed facilities.

122 There are many models of PPP in the healthcare sector worldwide. The challenge for governments  
123 developing a PPP programme is to ensure their PPP policy is consistent with their healthcare policies  
124 and delivery strategy, and allows them to provide good quality universal coverage, helping them to  
125 achieve the Sustainable Development Goals, alleviate poverty <sup>[1b]</sup> and provide universal access to  
126 healthcare for their population. Since the success of PPP programmes depends on the appropriate  
127 allocation of risks to the party best able to manage them, it is key that governments assess and build  
128 market capacity as necessary <sup>[12a, 17.1, 17.19]</sup>.

129 It is also essential that any PPP programme has popular support and governments considering PPP  
130 programmes should first consult broadly with consumers, civil society and healthcare staff to ensure  
131 the programme will meet their needs in the best possible way <sup>[17.17]</sup>.

## 132 III Scope of the Standard

133 This UNECE Standard offers guidance on best practice in relation to the development and  
134 implementation of PPP programmes in the healthcare sector, under which capital investment in  
135 healthcare infrastructure (hospitals, clinics etc) and systems such as medical equipment and  
136 information / communication technology (ICT) are funded using commercial finance repaid over a  
137 long-term concession period or long term public sector commitments are made to private sector  
138 partners in relation to public healthcare programmes. Projects delivered in this way range from acute  
139 hospitals, mental healthcare facilities and community clinics, diagnostic and treatment centres to  
140 outreach services such as dialysis and radiotherapy centres, and programmes of public health

141 promotion, research, advocacy, regulation and training<sup>[4.3, 4.4]</sup>. The Standard does not apply to  
142 partnerships to deliver healthcare services (without the need for capital investment); real estate  
143 transactions; or leasing arrangements.

144 For the purpose of this Standard, the term PPP programme is defined as a framework or series of  
145 projects under which a public authority grants long term contracts (with a duration exceeding 10  
146 years) to a private sector partner for the design, financing, construction or refurbishment and  
147 operation of healthcare service programmes or facilities. The term 'public authority' may include a  
148 government department, a statutory provider of health services, a regulator or a health insurer. The  
149 operation of those programmes or facilities may include the provision of services (which may include  
150 clinical services, the supply and operation of medical equipment, management and maintenance of  
151 the facilities and the provision of non-clinical services such as cleaning and catering). Under the  
152 terms of these contracts, the private sector partner will raise private capital to pay for the new  
153 facilities, which will be repaid by a lease or rental fee or a service concession from the public authority  
154 provided that the facilities and services meet a specified outcome standard.

155 The recommendations of the Standard are based on a UNECE project which took place between  
156 June 2014 and June 2015, managed by an international, multidisciplinary team of experts with  
157 experience of PPP programmes and sustainable development. The project comprised a review of  
158 published information, and responses to detailed questionnaires from public and private sector  
159 organisations with experience of programmes of this kind, whose contribution is gratefully  
160 acknowledged. Recommendations are aimed at national and provincial governments considering the  
161 delivery of PPP programmes in the healthcare sector.

162 We are very grateful for the active contribution of agencies in the countries listed in Annex 1 who  
163 contributed to the development of the Standard by responding to detailed questions on their own  
164 experience.

165 The full list of projects and programmes from which lessons and experience were considered based  
166 on published information in the development of the Standard is available on the project team website  
167 at <https://www2.unece.org/wiki/display/pppp/Health+Policy> for governments seeking more detailed  
168 advice, experience and lessons learned from the delivery of PPP programmes. The Standard will be  
169 maintained by UNECE and the Healthcare PPP Centre of Excellence.

## 170 IV Sector Models

### 171 A Project Types and Examples of Healthcare PPPs

172 PPP projects in the healthcare sector may include the following:

- 173 • Development and operation of new buildings including hospitals, diagnostic centres, and local  
174 clinics;
- 175 • Supply and operation of information technology and medical equipment;
- 176 • The development and management of health insurance systems, and the commissioning and  
177 health service provision associated with them;
- 178 • Partnerships to develop new services, and to distribute drugs and medical equipment and  
179 devices; and
- 180 • The creation of research and training infrastructure that supports the delivery of healthcare,  
181 including the development and governance of institutions that will carry it out.  
182

### 183 B Pros and cons of PPPs in the Healthcare Sector

184 Healthcare services are amongst the most complex and socially sensitive services that governments  
185 provide to their citizens.

186 The advantages of a PPP Programme in the healthcare sector is that investment in healthcare  
187 infrastructure and services can be delivered quickly and to specified standards, without resulting in  
188 high levels of government capital expenditure. Services are delivered to objective standards, or  
189 private providers suffer financial and operational penalties that can lead to contract termination.

190 The disadvantages of a PPP Programme in the healthcare sector generally result from inappropriately  
191 specified or executed contracts. They can include a lack of flexibility; inappropriate transfer of risk,  
192 leading to high costs or poor value for money; and a lack of transparency.

193 Successful PPP programmes in the healthcare sector have the following characteristics:

- 194 • They are well governed;
- 195 • They represent the best value for money of the realistic options available for improving  
196 population health;
- 197 • They exhibit a high degree of transparency and public accountability;
- 198 • They learn lessons effectively from project to project;
- 199 • They engage effectively with the population they serve; and
- 200 • They adapt well to changing technology, healthcare delivery plans and casemix,

201 Conversely, unsuccessful PPP programmes in the healthcare sector are characterised by poor  
202 governance and value for money, a lack of transparency and a rigid, inflexible approach.

203 PPP programmes tend to feature complex commercial and legal arrangements, so governments  
204 should be careful when developing the scope and delivery arrangements to avoid conflicts. The  
205 recommendations on the following pages provide guidance in the establishment of a healthcare PPP  
206 programme, which can be supported by advice from the specialist Centre of Excellence. References  
207 in the text are to the letter and number that appear in square brackets at the end of each  
208 recommendation.

### 209 III Healthcare PPP Policy Standards

#### 210 A Integrated Approach to Healthcare Policy and PPPs

211 Ensure PPP policy and legislation is robust and consistent with other policies [A1]

212 Governments should have a formal policy for the provision of healthcare services to their population  
213 (“Healthcare Policy”), and a sustainable<sup>[9.1, 12.1-12.6, 17.14]</sup> long term strategy for delivering it (“Healthcare  
214 Strategy”)<sup>[3.1-3.9, 3a-3d, 5.6, 17.15]</sup>. They should also prepare a development programme for the  
215 infrastructure that will support them (“Healthcare Infrastructure Development Programme”), within  
216 which a PPP programme may play a part. Both the Healthcare Strategy and the Healthcare  
217 Infrastructure Development Programme should be based on objective evidence of the supply and  
218 demand for healthcare services within the government’s jurisdiction and set out the reasoning behind  
219 the quantity, quality, size, geographical and social distribution of healthcare facilities to be provided.  
220 The Healthcare Policy, Healthcare Strategy and Healthcare Infrastructure Development Programme  
221 should be consistent with World Health Organisation guidelines and government strategy and  
222 commitments to initiatives such as the SDGs<sup>[1b]</sup>. Particular attention should be given to ensuring  
223 equity of access to basic healthcare services for the whole population<sup>[11.1]</sup>, actively ensuring that the  
224 health system is accessible to disadvantaged and vulnerable groups<sup>[1.3]</sup>.

225 The policy and legislative framework for a PPP programme in the healthcare sector should be  
226 consistent with governments’ Healthcare Policy<sup>[3.1-3.9, 3a-3d, 5.6]</sup> and economic and fiscal policy<sup>[1b, 8.1, 8.2,  
227 9.2, 10.1-10.4]</sup>. A formal PPP policy assessment should be completed at the PPP programme’s outset to  
228 identify potential conflicts between PPP policy and legislation and any established policies,  
229 regulations and legal frameworks including legislation and common law. An action plan should be  
230 developed identifying any enabling legislation (such as a PPP-specific law allowing governments to  
231 grant the appropriate concessions and assume debt in the event of termination)<sup>[16.3]</sup>.

232 As part of this policy assessment, the tax and accounting treatment of healthcare PPP projects should  
233 be determined, because healthcare policy often requires availability-based payments unlike other  
234 sectors, where demand-based payment regimes are common. The government’s taxation policy and  
235 guidance should be aligned with its PPP policy, but tax and accounting treatment should not drive the  
236 decision to implement a PPP programme.

237 A key consideration of the policy assessment should be the extent to which the PPP programme  
238 should include clinical services. If it will, the assessment should identify the specific objectives in  
239 doing so, the evidence that the PPP programme will achieve them and the most appropriate public  
240 counterparty to ensure the programme’s viability. If the risk of clinical service activity volumes is  
241 expected to transfer to the private sector, the government should identify how payment (by public or  
242 private health insurers, or the service users) will be guaranteed.

243 The government should enact any legislation necessary to enable the PPP programme, which often  
244 includes PPP-specific laws and specific alignment with legislation covering the delivery of clinical  
245 services. Legislation should comply with the UNCITRAL Legislative Guide on Privately Financed  
246 Infrastructure Projects, and Model Legislative Provisions on Privately Financed Infrastructure Projects  
247 and should be permissive rather than restrictive<sup>[17.3, 17.5]</sup>.

248 While the PPP policy assessment should provide a clear framework for the development of the policy  
249 it should not impose too much legislative rigidity early in the programme’s life, in order that lessons  
250 from early projects can be adopted.

## 251 B The Delivery Plan – Project Selection and Prioritisation

### 252 Prepare an evidence-based delivery plan [A2]

253 In preparing for the healthcare PPP programme, governments should draw upon experience from  
254 other jurisdictions and the UNDP's Public-Private Partnerships for Service Delivery programme to  
255 develop a robust and evidence-based Healthcare PPP Delivery Plan. This is because healthcare  
256 PPP projects include a high degree of technical complexity and stakeholder engagement that is  
257 unusual for other sectors. The plan should set out the process to be followed in subsequent stages of  
258 the programme's life:

- 259 • Prior to the procurement of healthcare PPP projects, in developing a policy and legislative  
260 framework <sup>[1b, 12.7]</sup>; preparing standard documentation and guidance; carrying out a  
261 programme-wide feasibility assessment and value for money analysis; developing an  
262 approval process for Project Business Cases; consulting with potential lenders <sup>[10b]</sup> and other  
263 stakeholders; assessing market demand; and ensuring the right resources and training are  
264 available <sup>[4.3]</sup>.
- 265 • During procurement, to ensure projects remain affordable, value for money, and consistent  
266 with the overall programme, policy and development strategy <sup>[1b, 17.4]</sup>, and to ensure the  
267 procurement process is fair and transparent <sup>[1.4, 12.7, 16.5-16.8]</sup>.
- 268 • During construction, to ensure projects are delivered on time, to the specified standards and  
269 within budget and continue to meet their brief.
- 270 • Before and during commissioning of healthcare infrastructure, services and equipment to  
271 ensure that the staffing plan for the new healthcare facilities is achieved, and that healthcare  
272 and operational staff understand how to work efficiently in the new buildings to realise the  
273 project's objectives <sup>[5.4]</sup>; that the transition to the operational phase runs efficiently; that any  
274 cultural changes that are necessary are implemented; and that changes elsewhere within the  
275 same health economy are delivered in line with the Project Business Case.
- 276 • During the operational phase, to ensure that governance controls are in place, and that  
277 projects are managed transparently and efficiently, and continue to deliver optimal value for  
278 money; and that major maintenance work and any changes are managed efficiently and  
279 represent the best value for money.

280 The Healthcare PPP Delivery Plan should be considered a 'live' document, and be subject to strategic  
281 review at routine intervals aligned with the periodic review of Healthcare Strategy.

### 282 B1 Project Prioritisation

#### 283 Carry out transparent business case assessments for each project <sup>[16.5-16.8]</sup> [B1]

284 Within the Healthcare PPP Delivery Plan, the government should develop an overall financial and  
285 economic model for the PPP programme that clearly sets out what it will cost and the objective criteria  
286 for the financial, social, environmental and economic benefits it will yield <sup>[8.1, 8.2, 9.2, 10.1-10.4]</sup>. Each  
287 project should be costed in outline terms prior to its commencement, and should only proceed to  
288 procurement if it is viable and affordable within the context of the Healthcare Infrastructure  
289 Development Programme and represents the best value for money of the realistically deliverable  
290 options <sup>[12.7, 17.4]</sup>.

291 Project Business Cases should take a standard form and be subject to approval at key stages in their  
292 procurement and delivery against objective criteria as described under C2.

#### 293 Develop a clear planning context for the PPP programme <sup>[11.3, 11a-11c]</sup> [C1]

294 Before starting a PPP programme, governments should develop a Healthcare Strategy and  
295 Healthcare Infrastructure Development Programme as described in A1. As a minimum these should  
296 include a health needs assessment to fully assess current and future supply and demand for  
297 healthcare services in the project or programme demographic area. They should assess and consider  
298 national and local health trends and demands, population risk factors, disease prevalence and  
299 demography-related medical care as well as the size and condition of the existing healthcare  
300 infrastructure.



301 The role of PPP within the Healthcare Infrastructure Development Programme should be defined in  
302 the Healthcare PPP Delivery Plan as described in A2, with a clear timescale for implementation.  
303 Having done so, the Healthcare Infrastructure Development Programme should be published  
304 alongside those aspects of the programme to be delivered using PPP or the process by which the  
305 suitability of PPP as a delivery vehicle will be assessed, including specified approval points for Project  
306 Business Cases at a strategic/initial, interim and final stage before construction begins <sup>[16.10]</sup>.

#### 307 Establish clear and objective approval processes [C2]

308 The Healthcare PPP Delivery Plan should include a process for stakeholder engagement and formal  
309 government approval of each PPP project at key stages in its development, to ensure that it:

- 310 • Is consistent with the Healthcare Infrastructure Development Programme and Healthcare  
311 PPP Delivery Plan;
- 312 • Is consistent with economic and fiscal policy <sup>[8.1, 8.2, 9.2, 10.1-10.4]</sup>,
- 313 • Is affordable within budget <sup>[17.4]</sup>;
- 314 • Has the support of stakeholders including patients and healthcare professionals;
- 315 • Represents the best value for money of the realistic options available; and
- 316 • Has a coherent and realistic delivery plan, built on market evidence.

317 These approvals should be granted as a minimum at the following stages:

- 318 • Following the identification of a proposed strategic solution, but before the development of a  
319 Project Business Case;
- 320 • Before procurement begins; and
- 321 • Before signing contracts with the preferred partner.

#### 322 Establish a robust format for business cases [C3]

323 Projects within the PPP programme should each have a robust Project Business Case setting out the  
324 project's description, rationale, objectives and measures of success. Project Business Cases should  
325 follow a standard format, which is updated at each approval stage described above.

326 The format of Project Business Cases should consider of the economic, social, environmental,  
327 commercial and legal context and acceptability of the projects and compare the relative benefits and  
328 value for money represented by delivering them under the PPP programme against alternative  
329 options on a like-for-like basis.

330 In developing the format for Project Business Cases to be adopted, governments should draw on  
331 experience from other jurisdictions as described under A2. Project Business Cases should clearly set  
332 out the objectives, measurable benefits or outcomes and key success factors for each project, the  
333 role of each of the institutions that will participate, and the allocation of risks between them.

334 Project Business Cases should be subject to independent audit or review of the assumptions  
335 underlying them at key points in their development. Upon completion and commissioning of the  
336 projects, the actual benefits or outcomes and key success factors should be assessed against those  
337 in the Project Business Case approved prior to Financial Close, and this information should published  
338 to provide lessons for future projects and improve market confidence in the PPP programme <sup>[16.10]</sup>.

339 Each Project Business Case should include a detailed transition plan setting out arrangements for the  
340 transfer of services to the new facilities and/or service arrangements.

341 Project Business Cases themselves should be published except where information they contain would  
342 be prejudicial to the competitiveness of tenders <sup>[16.10]</sup>.

#### 343 Use clear and objective output-based specifications [C4]

344 By the time projects are approved to begin procurement, each Project Business Case should feature  
345 output-based specifications (identifying what the government actually wants from delivery of the  
346 project services, rather than how they are to be performed) that set the performance standards for the  
347 project. These should be directly related to the government's Healthcare Infrastructure Development  
348 Programme and Healthcare Strategy, and any national standards for healthcare facilities. They

349 should be capable of objective measurement, with clear and realistic contractual sanctions on the  
350 private sector partner if they are not achieved.

351 Standard output specifications should be developed, initially based on lessons from other jurisdictions  
352 as described under A2 but then developed based on experience from pilot projects. Output  
353 specifications should be clearly defined and measurable, and only relate to issues that genuinely  
354 affect the ability of the authority to deliver public services in accordance with the Healthcare Strategy.

## 355 B2 Project Feasibility and Viability

### 356 Ensure the programme will enable competitive project financing [B2]

357 In planning the PPP programme and as part of the consultation described under A3, governments  
358 should carry out a formal assessment of potential sources of finance including local and international  
359 commercial debt, international financial institutions (including Development Finance Institutions and  
360 Export Credit Agencies), government debt and the local and international capital markets <sup>[17.3, 17.5]</sup>.  
361 Due diligence should be carried out to assess what obstacles exist to the use of multiple potential  
362 sources of funding for each project, and how they will be overcome. Specific issues to be considered  
363 include the capacity and sophistication of local contractors, the capacity and quality of the insurance  
364 market, and the robustness of the contract structure and legal framework underpinning it. Where  
365 fiscal, economic, taxation and other policies could constrain the availability of competitive finance,  
366 consideration should be given to aligning them with PPP policy or procuring the programme in a  
367 different way <sup>[8.1, 8.2, 9.2, 10.1-10.4, 17.13]</sup>.

368 Each PPP project should be fiscally independent, and other than the arrangements agreed when  
369 contracts are signed they should only be subsidised where there is demonstrable value for money in  
370 doing so.

### 371 Develop a standardised 'shadow' cost model against which to compare value [B3]

372 Government should develop a robust and locally relevant system of capital and operating cost  
373 benchmarks. This system should be used to establish transparent evidence that each PPP project  
374 represents the best possible value for money as compared to alternative ways of achieving its  
375 objectives – particularly the direct delivery of the same projects by the public sector <sup>[16.5-16.8]</sup>. If  
376 insufficient information is available, a system for making that comparison should be agreed as part of  
377 the Healthcare PPP Delivery Plan described in A2. The system should allow direct, like-for-like  
378 comparison of all whole project life costs including insurance, maintenance regimes, and historic  
379 evidence of public sector management of the delivery and maintenance of capital projects of a similar  
380 size. Where there is insufficient evidence to make a direct comparison, data should be gathered from  
381 equivalent economies or sectors and transparent allowances made to ensure the system is  
382 appropriate to the size and scope of the healthcare PPP programme.

383 The system should be developed in consultation with local and international contractors and service  
384 providers, supported by suitably qualified advisors, as part of engagement with potential tenderers  
385 described more fully in Section E. Where tenderers depart significantly from benchmarked pricing,  
386 project teams should ensure they understand whether any project-specific reasons have driven  
387 pricing to ensure the project scope is likely to deliver the best value for money.

388 The cost system should reflect the requirements of national standards and policies for government  
389 and private healthcare facilities and any regulations, legislation or guidance on their use. It should be  
390 regularly indexed against published indices and to reflect pricing on similar recent projects.

### 391 Offer robust payment security that guarantees debt repayment [B4]

392 PPP projects represent a long term public sector commitment. The government should maximise  
393 value for money by offering bidders and investors formal instruments that provide long term  
394 guarantees that payments will be made, and that a consistent approach will be taken to concession  
395 management – while still transferring the risk of delivery and operation of projects to specified  
396 outcome standards to the private sector.

397 The PPP programme should be structured in such a way as to allow senior debt and other long term  
398 commitments such as interest rate swaps to be assumed by government in the event of a project  
399 failure leading to termination (less any costs that can be recovered from other parties), and to  
400 compensate the private sector investors and service providers if projects are terminated through no  
401 fault of their own. The terms under which senior debt is assumed should be a matter of policy  
402 following a risk assessment once the consultation described in A3 is completed, but should incentivise  
403 senior lenders to step in if junior (subordinated debt and equity) investors default.

404 Payments may achieve this through sovereign guarantees, insurance, reserves, co-payment  
405 commitments or other means but governments should obtain formal feedback on the proposed  
406 payment security arrangements from a range of potential lenders as described under A3 <sup>[10b, 17.3, 17.5]</sup>.

#### 407 Establish robust long term governance structures and processes [B5]

408 As part of the development of the Healthcare PPP Delivery Plan, government should ensure that long  
409 term budget provision is made for the governance and management of the programme throughout its  
410 term, as part of its long term financial planning for the national and local healthcare economy <sup>[16.8]</sup>.  
411 Payments under PPP project agreements should be clearly hypothecated and independent of political  
412 influence and the agreements themselves should feature mechanisms for dispute resolution which  
413 are politically independent.

#### 414 Develop an economic framework for fiscal commitments [B6]

415 A framework should be established to manage government commitments arising from the PPP  
416 programme, including fiscal commitments such as ongoing subsidies or payments, and contingent  
417 liabilities such as guarantees <sup>[8.1, 8.2, 9.2, 10.1-10.4, 17.4]</sup>. The framework should be dynamic and include  
418 review mechanisms which allow the government to evaluate government support agreements and  
419 exposure to liabilities under the PPP programme in the context of the rest of their economy.

### 420 B3 Project Reference Solution(s)

#### 421 Consider the use of a 'Reference Solution' [C5]

422 The Healthcare PPP Delivery Plan and process for the development of Project Business Cases  
423 should include consideration of the advantages and disadvantages of developing a Reference  
424 Solution as part of the development of the Project Business Case. Reference Solutions are design  
425 and implementation solutions developed by the public sector before procurement begins, and can be  
426 helpful in articulating the scope and specification of projects, and better understanding likely costs and  
427 risks. Any Reference Solution should clearly identify how it meets the PPP programme's objectives,  
428 particularly service quality and performance improvements if clinical services are included in the  
429 programme. They should be shared with tenderers, except where information they contain is likely to  
430 compromise the competitiveness of tenders or restrict their ability to present alternative solutions that  
431 achieve the specified outcomes.

432 Reference Solutions should include a protocol to determine the point to which work on a Reference  
433 Solution is completed ahead of procurement, which offers the best balance between the need to  
434 clarify the project's needs and expectations, and the ability of tenderers to offer alternative solutions  
435 which meet the project's requirements. If project teams elect to develop a Reference Solution, they  
436 should appoint suitably qualified specialists, designers and advisors to develop a Reference Solution  
437 before the procurement phase commences.

#### 438 Incorporate robust business case risk allocation and value for money assessment [C6]

439 Project Business Cases should include a value for money analysis that compares the PPP model  
440 against the cost of delivering and operating the facility using alternative means. These should include  
441 an objective comparison with the likely cost and risk (including costs) of delivery using public sector  
442 resources, which is externally audited or reviewed. The process for doing so should draw on  
443 experience from other jurisdictions as described under A2 and should be supported by suitably  
444 experienced advisors under the oversight of the PPP Unit.

445 PPP contracts should specifically feature a simple and efficient process for making changes during  
446 the life of the concession. Standardised documents should include a change process which makes

447 the adaptation of PPP hospitals no more expensive in whole-life terms than equivalent traditionally  
448 procured infrastructure which is managed to the same standards. Project Business Cases should  
449 specifically consider the cost and operational implications of adapting services and facilities to  
450 changing healthcare needs.

#### 451 B4 Market Consultation, Assessment and Engagement

##### 452 Obtain formal support for the structure and policy from potential lenders [A3]

453 Having developed the Healthcare PPP Delivery Plan but before the proposed policy, legislation and  
454 governance is implemented, governments should seek formal feedback on their proposals from a  
455 representative range of potential funders with experience in the successful project financing of  
456 completed projects with similar characteristics to the proposed programme <sup>[10b, 17.3, 17.5]</sup>. Where  
457 investment is likely to be needed from international financial institutions, commercial lenders and  
458 institutional debt from other jurisdictions, they should be consulted on the proposed policy, legislation,  
459 standard documentation and guidance, structure and counterparties, governance and risk transfer  
460 <sup>[17.9]</sup>.

461 The programme should be tailored in response to feedback from those potential funders, and actions  
462 taken in response should be published to provide potential bidders with reassurance that there is  
463 institutional support for the programme before the procurement of pilot projects begins <sup>[16.10]</sup>. Market  
464 engagement with the broader private sector should continue throughout the programme as described  
465 in section E, but specific engagement with potential lenders as PPP policy is formulated will ensure  
466 the programme can be funded <sup>[10b, 17.3, 17.5]</sup>.

##### 467 Realistically match capacity [E1]

468 In developing the PPP programme, the PPP Unit should formally consult with private sector  
469 contractors, service providers, investors and advisors, to:

- 470 • Assess market capacity to deliver the programme, and develop a programme of capacity  
471 building if necessary; and
- 472 • Ensure that there is capacity and capability to accurately assess and accept the risks it is  
473 proposed will transfer to the private sector <sup>[12a, 17.1]</sup>.

474 This engagement should take place during the development of the Healthcare PPP Delivery Plan in  
475 relation to its content; and in relation to specific projects, private sector feedback should be obtained  
476 before procurement begins; once a preferred tenderer has been selected; and after contracts have  
477 been signed.

478 The scope of the programme and each project should only be finalised once a formal consultation has  
479 taken place, and the government should publish clear advice on the measures that have been taken  
480 to change the content, structure and risk allocation of the PPP programme in response to the  
481 consultation <sup>[16.10]</sup>.

482 Consultees should include the following:

- 483 • Contractors;
- 484 • Facilities Management, clinical and equipment service providers;
- 485 • Designers;
- 486 • Sponsors / equity investors;
- 487 • Legal, financial, technical and insurance advisors;
- 488 • Senior lenders and, where appropriate, international financial institutions <sup>[10b, 17.9]</sup>;
- 489 • Insurance and reinsurance companies;
- 490 • Stakeholders as described under D3; and
- 491 • Civil Society Organisations and patient/community groups <sup>[17.17]</sup>.

492 Where gaps in capacity are identified, a formal capacity building programme should be established  
493 with clear aims and specific objectives in relation to the scale and/or scope of improvements needed  
494 to deliver the necessary capacity to implement the programme successfully. The PPP programme

495 should not be implemented until there is objective evidence that the capacity is available to deliver it  
496 [12a, 17.1, 17.19].

#### 497 Draw on proven experience [E2]

498 In developing the Healthcare PPP Delivery Plan, governments should carry out a systematic analysis  
499 of best practice as it applies to their own needs, and ensure that the scope of the programme and the  
500 transfer of risks is consistent with realistic market capacity and the affordability of the programme to  
501 government [17.4]. The advisors they use in doing so should draw on demonstrable experience of  
502 successful delivery in proven markets.

#### 503 Develop a predictable pipeline of projects [E3]

504 There should be a transparent process by which the scope of the PPP programme and specific  
505 projects are developed [16.5-16.8]. To allow both the public and private sector to establish competent  
506 and experienced teams, governments should publish realistic 5-year 'look-ahead' schedules  
507 identifying the projects they anticipate procuring over that term [16.10].

#### 508 Implement pilot projects and apply learning from them [E4]

509 Before full-scale implementation of the PPP programme, a representative sample of pilot projects  
510 should be procured to test the proposed approach, structure and risk allocation. Before and after the  
511 procurement phase, feedback should be sought from the range of consultees set out in  
512 recommendation 1 who participate in the pilot programme and used to modify the approach, structure  
513 and risk allocation for the remainder of the programme [17.16].

#### 514 Clearly set out risk transfer proposals [E5]

515 A formal schedule of risks and their allocation should be produced for the whole programme and for  
516 each PPP project as part of the Healthcare PPP Delivery Plan. The schedule should clearly set out  
517 how risks will be allocated between parties, and should be developed in consultation with the private  
518 sector consultees listed in E1. Where risks are to be insured, the schedule should clearly allocate  
519 responsibility for arranging insurances, processing claims and paying deductibles to help potential  
520 investors understand what costs and variables they should include in their assessment from the  
521 outset.

522 The schedule should be developed and managed by the PPP unit with a remit to ensure that it  
523 reflects market-wide commercial drivers, and agreement to depart from that risk allocation for project-  
524 specific or bidder-specific reasons should only be agreed with the authorisation of the PPP unit. It  
525 should be published each time it is updated and the key inputs included in the lifecycle management  
526 replacement funds [16.10].

527 The PPP Unit should understand what risks can be transferred to insurers, as parties will be more  
528 willing to accept a risk allocated to them if they know it can be insured, and it will help to more  
529 accurately price that risk.

### 530 C Legal Requirements (for the healthcare sector)

#### 531 Establish a suite of standard procurement protocols and documentation [A6]

532 A process framework, built on proven precedent, should be established within the Healthcare PPP  
533 Delivery Plan for the sustainable scoping, approval, procurement [12.7], delivery and management of  
534 the PPP programme. This framework should include:

- 535 • Clear terms of reference for the governance and approval of the programme itself and  
536 individual projects at each stage, including clear criteria against which approval will be  
537 granted;
- 538 • Standard forms of Project Business Case for each project, objectively setting out their scope,  
539 objectives, timescales, measures of success and compliance with predetermined approval  
540 criteria;
- 541 • Standard processes for the management of procurement including standard forms of  
542 procurement documentation, procurement timescales and evaluation criteria and the scope  
543 for negotiation following selection of a preferred private partner [12.7].

- 544
- Standard processes for contract management and monitoring throughout the delivery and operational phase; and
  - Standard contract documentation including clear guidelines for its use and the extent to which it can be varied to suit project-specific issues.
- 545
- 546
- 547

548 **Implement robust and transparent programme governance** <sup>[16.5-16.8]</sup> [F1]

549 The Healthcare PPP Delivery Plan should feature an institutional and regulatory framework which  
550 details the roles of various stakeholders in the procurement process. The PPP Unit responsible for  
551 implementation of the PPP programme should represent the government counterparty which is the  
552 contracting authority under the PPP contracts, with clear governance set out in the Healthcare PPP  
553 Delivery Plan as to accountability between the two. The Healthcare Strategy, Healthcare  
554 Infrastructure Development Programme and Healthcare PPP Delivery Plan should clearly set out  
555 which documents are to be available to the public, which should be the default for all but commercially  
556 sensitive information. The PPP Unit should ensure that the programme meets best practice in  
557 relation to the transparent procurement and management of projects, using independent specialists to  
558 review and audit the programme's compliance with national and international transparency and anti-  
559 corruption guidance <sup>[16.5, 16.8, 16a, 16b]</sup>. Governance processes should ensure that any conflicts of  
560 interest amongst public officials and organisations are openly declared and addressed.

561 The review of Project Business Cases should be carried out by a committee established by the PPP  
562 Unit with representation from government departments including those responsible for finance,  
563 planning and healthcare <sup>[11.3, 11a-11c]</sup>. The committee should also include representation from neutral  
564 agencies such as transparency specialists and academia where necessary to verify the transparency  
565 of the procurement and management of the projects, and should feature technical, financial, legal and  
566 commercial specialists as well as members with experience of the successful implementation of PPP  
567 transactions. The committee should review Project Business Cases by reference to the standardised  
568 procurement documentation, contract documentation and risk allocation schedules developed by the  
569 PPP Unit and described under A6.

570 **Standardise the procurement process and procedures** [F2]

571 The procurement process for PPP projects should be clearly set out in the Healthcare PPP Delivery  
572 Plan, and its governance should guarantee a high degree of objectivity and transparency in the  
573 invitation, receipt and evaluation of tenders. Qualitative and quantitative evaluation criteria, and their  
574 relative weighting, should be established with stakeholders prior to tenders being issued and should  
575 be made transparent to bidders when they are invited to tender. The Project team should employ  
576 competent and experienced technical, financial and legal advisors to assist in the tender evaluation.  
577 The protocols used for evaluating tenders should include a transparent process for assessing the  
578 relative cost of tenders with different risk allocation, and any selection criteria that would favour  
579 particular technology providers or other proprietary products or services that could restrict open  
580 competition should be avoided <sup>[17.10]</sup>.

581 The procurement process should allow for interaction between the project team and tenderers, and if  
582 appropriate with the PPP Unit and stakeholders, to allow tenderers to tailor their solution to offer the  
583 best possible value for money to the public sector. Any such interaction must be managed in a way  
584 that gives all tenderers access to any potential change in specifications, scope or requirements of the  
585 project while maintaining the confidentiality of each tenderer's solutions. All tenderers should be  
586 offered fair and equal access to meetings with the procuring authority and other stakeholders, and  
587 after the tender any losing bidders should be given comprehensive feedback as to why their tender  
588 did not win <sup>[1.4]</sup>.

589 The extent of dialogue during the procurement process and subsequent re-submission of refined  
590 proposals should be appropriate to the scope, type and complexity of the technical and commercial  
591 solutions and service delivery requirements. Sufficient time should be provided in the procurement  
592 process to allow detailed solutions to be submitted by tenderers, which keeps to a minimum any  
593 changes in scope or specification between the acceptance of a tender and the signature of contracts.

594 Evaluate tenders transparently and publish formal evidence of value for money [F3]  
595 As part of its review and approval of the Project Business Case prior to signature of contracts for a  
596 project as described in C2, the government should conduct a value for money assessment. This  
597 assessment should be published to give the public evidence that delivering the project as a public-  
598 private partnership represents the best possible value for money<sup>[16.10]</sup>.

599 Innovation and alternative solutions should be encouraged<sup>[9.5, 9b]</sup> during the tender stage but their  
600 scope and any consequential reallocation of risk against the preferred strategic solution or Reference  
601 Solution should be clearly defined before a preferred partner is appointed. Any constraints that could  
602 be placed on the competitiveness of funding should be identified before any alternative solution is  
603 accepted, and any relaxation of specifications or scope should be made clear during the procurement  
604 phase to all tenderers.

605 Certain objective criteria should be established before procurement begins which represent a pass/fail  
606 test in the suitability of a potential partner to deliver projects. The published evaluation criteria should  
607 make clear which aspects of tenders are pass/fail and which will be judged against weighted  
608 qualitative and quantitative criteria.

609 An evaluation report should be produced for each tender, objectively scoring tenders against the  
610 objective published criteria. The tender evaluation committee should have proven experience and  
611 expertise in evaluate similarly complex tenders and feature technical, commercial, financial and legal  
612 skills. Their conclusions should be subject to independent review by a specialist audit office or  
613 independent agency.

#### 614 Promote Zero Tolerance to Corruption [F4]

615 The government should develop standard definitions of corrupt practices in public procurement and  
616 management, and ensure they are applied to the PPP programme. They should be published as a  
617 matter of policy<sup>[16.10]</sup>, and the Healthcare PPP Delivery Plan should set out how they will be  
618 incorporated in the PPP programme. Tenderers for each project should be required to confirm their  
619 willingness to comply with anti-corruption policies and should be eliminated from a tender if they are  
620 unable to do so, or if there is evidence that they have exhibited corrupt practice. Acceptance of this  
621 principle should be a pass/fail tender requirement. Compliance with this policy for each Project  
622 Business Case should be the subject of an independent review and audit on behalf of the PPP Unit.

623 The following measures should be considered to minimise the risk of corruption:

- 624 • A requirement for tenderers to comply with a general policy on conflicts of interests including  
625 obligations to disclose and report potential corrupt practices, as well as remedies applicable  
626 to all participants and for dispute settlement;
- 627 • A mandatory code of conduct for any potential preferred provider;
- 628 • A set list of duties required of the preferred provider to be delivered as evidence of  
629 compliance with a code of conduct, aligned with public sector best interest standards and  
630 fiduciary duties;
- 631 • The use of statements of compliance and integrity to be signed by the bidders,  
632 subcontractors, consultants and any third party involved in the bidding process;
- 633 • Ongoing compliance guarantees by the successful tenderer, and their main contractors and  
634 sub-contractor;
- 635 • Disbarment from future PPP tenders by tenderers where evidence of corrupt practices is  
636 evident;
- 637 • Sanctions in the event of attempts to influence public officials or collude with other tenderers  
638 (either in relation to an individual tender, or multiple tenders);
- 639 • Preventative measures to hold public officials accountable and sanctions should preventive  
640 measures fail;
- 641 • Minimum and maximum preparation time for tenders at each stage;
- 642 • Internal control and audit systems; and
- 643 • Immunity for whistleblowers.

644 [Record and publish procurement and management information \[F5\]](#)

645 Project Business Cases should have clear and objective measures of value for money, and outputs  
646 compared to the base case before award of a contract. The Healthcare PPP Delivery Plan should  
647 include measures to encourage the recording and publication of procurement and management  
648 information for each project, in the interest of demonstrating long term value for money. The following  
649 measures should be considered:

- 650 • Publication of the Project Business Case, and specifically the Value for Money assessment,  
651 prior to signature of contracts;
- 652 • The publication of procurement evaluation reports (redacting commercial information with the  
653 consent of tenderers being sought prior to shortlisting);
- 654 • Publication of a procurement audit report following appointment of a preferred provider;
- 655 • Publication of feasibility studies and details of the proposed strategic solution or Reference  
656 Solution;
- 657 • Publication of details of any government financial support to projects and the PPP  
658 programme;
- 659 • Routine public engagement sessions during the operational phase by the PPP Unit, the  
660 project team and the private provider;
- 661 • Whenever major changes are made to a project or significant maintenance work is carried  
662 out, a review to confirm that this investment is consistent with the Healthcare Strategy and  
663 represents the best possible value for money for the public sector; and
- 664 • The publication of routine project management reports demonstrating that projects continue to  
665 represent value for money, including headline details of risk allocation and private sector  
666 returns.

667 [D Institutional Requirements \(for the healthcare sector\)](#)

668 [Develop a focussed specialist office to manage the programme \[A5\]](#)

669 A specialist unit, team or department (“the PPP Unit”) should be established to manage the  
670 development and implementation of the programme, with support from the finance and healthcare  
671 ministries, and central and local government. The size of the unit should be appropriate to the  
672 anticipated volume of projects, but may also be accountable for PPP programmes in other sectors.

673 The PPP Unit should have clear terms of reference and act objectively in managing the programme to  
674 maximise value for money for the public. It should be funded by a long term budget that will sustain it  
675 through the delivery phase of the PPP programme and at least ten years into its operational phase.

676 Initially focussed on ensuring that the necessary policies, capacity, guidelines, regulations and  
677 legislation are in place to enable the programme, the PPP Unit should also:

- 678 • Act as the government or local authority’s expert resource on the implementation of the  
679 programme;
- 680 • Provide programme leadership and manage the development and implementation of the  
681 programme, and promote the programme in a way that ensures it has widespread public  
682 understanding and support using professional communications expertise;
- 683 • Identify any obligations that will remain with the public sector (such as the recruitment,  
684 training <sup>[4.3, 4.4]</sup> and management of clinical staff to coincide with delivery of new facilities);
- 685 • Approve business cases and ensure they are consistent with the guidance in Section C;
- 686 • Ensure that arrangements are in place for administration of the contracts and management  
687 of any risks that remain with the public sector through the development, implementation and  
688 operational phases;
- 689 • Develop and implement a communication plan providing publicity around the programme and  
690 projects, and evidence of a clear and well managed pipeline of projects as described in E3  
691 that is easily accessible and kept up to date.
- 692 • Ensure that sufficient resources and training <sup>[4.3]</sup> are in place to manage the programme as  
693 described in Section D;



- 694 • Manage any programme of capacity building as described in Section E, including the training  
695 of indigenous private sector delivery, funding, technical and risk management expertise <sup>[4.3,</sup>  
696 <sup>12a, 17.1, 17.19]</sup>,
- 697 • Production and maintenance of the risk allocation schedule described in E5; and
- 698 • Act as custodian of lessons learned from projects, and ensure that they are implemented in  
699 new projects <sup>[17.16]</sup>.

700 The PPP Unit should contain the resources necessary to develop and implement the structure,  
701 processes, policies and legislation that will facilitate the programme and act as a regulator in ensuring  
702 that projects comply with PPP policy and the Healthcare Infrastructure Development Programme.  
703 The PPP Unit should be staffed by appropriately experienced and trained staff, supported by external  
704 professional advisors with proven evidence of success in delivering PPP projects in the healthcare  
705 sector into their operational phase. It should comprise members drawn from the healthcare and  
706 finance civil service, and include members with relevant, representative private sector expertise. It  
707 should include skills in the fields of law, finance, project management, healthcare and social and  
708 environmental policy, and technical specialists in the design, procurement, construction,  
709 commissioning and operation of healthcare facilities. It should specifically include professional  
710 healthcare staff <sup>[5.4]</sup> with experience of managing facilities similar to those to be delivered under the  
711 PPP programme. The government should assess the skills mix needed for the programme as  
712 described in E2, and recruit or engage appropriate professionals to fill any gaps.

## 713 E Knowledge Support and Advisor Requirements (for the healthcare sector)

### 714 Plan programme management resources and training [D2]

715 Prior to the implementation of a PPP programme, governments should develop a resource plan  
716 setting out the people and costs that will be needed to implement it successfully on behalf of the  
717 public sector. The timing and key skills needed for each role should be clearly identified, and suitable  
718 funding made available for the recruitment and continuing professional development of those staff <sup>[4.3,</sup>  
719 <sup>4.4]</sup>. The resource plan should cover the development of PPP legislation and policy <sup>[1b]</sup>, the scoping of  
720 the programme and production of Project Business Cases, the procurement of projects, their delivery  
721 and commissioning, and their operation in the steady state.

722 Teams need support in advance of a PPP programme to gain understanding and experience and to  
723 develop a clear vision of what they wish to achieve. Whilst consultants will support this, the culture  
724 and drive will come from leadership within the health and finance Ministries, the PPP Unit and project  
725 teams, who must be trained accordingly – particularly if they have not previously worked on PPP  
726 programmes or similarly complex projects. The Healthcare PPP Delivery Plan should feature clear  
727 plans for training staff, including the use of external courses, mentoring and practical learning from  
728 other jurisdictions in the application of lessons learned <sup>[17.16]</sup>. “Refresher” training should be mandated  
729 for all programme and project staff throughout the programme, to ensure that they keep abreast of  
730 PPP market developments and ensure that sustainable standard contract, risk, management and  
731 procurement methodologies are applied consistently <sup>[12.7]</sup>.

732 A critical success factor in the delivery of PPP programmes is strong leadership. The government  
733 should identify and empower leaders within the PPP Unit and elsewhere within government to support  
734 strong partnerships with government departments, particularly those with responsibility for healthcare  
735 and finance. There should be a sustainable succession plan for the programme and project  
736 leadership, under which a training programme develops the leaders needed to deliver the programme  
737 successfully throughout its term <sup>[4.3, 4.4]</sup>.

738 Each project team should have a designated leader, the Project Director. The Project Director is a  
739 critical role, whose experience and understanding of the PPP programme and processes and how  
740 they align with the Healthcare Strategy and Healthcare Infrastructure Development Programme are  
741 vital. Project Directors should have experience of a least one health PPP or major complex project  
742 previously and have received formal training in the objectives of the Healthcare Strategy.

743 The planning of resources and training for the transition of services into the new facilities and/or  
744 arrangements for healthcare service delivery is particularly important <sup>[4.3, 4.4]</sup>. The Project Business

745 Case should include detailed arrangements for the transition phase, and appropriate resources and  
746 training should be provided for its implementation.

#### 747 Build strong, objective commercial understanding into project teams [D4]

748 Project teams should develop a clear understanding of the field of potential private sector firms that  
749 will potentially tender for the projects, and the commercial drivers of those firms. This should include  
750 their potential interaction (for example, the respective surety bonding expectations of contractors and  
751 lenders) to ensure that projects will be realistically deliverable. To do this they should draw on  
752 experience from other jurisdictions as described under A2 and make use of suitably experienced  
753 independent advisors who have participated in successful healthcare PPP projects previously and  
754 have an objective, demonstrable understanding of the way locally relevant commercial organisations  
755 operate; their appetite for risk and speculative costs; their commercial maturity; and their contractual  
756 expectations. To support this, project team members should actively engage in the market  
757 engagement programme described in E1.

### 758 F Consultation with Stakeholder Requirements (for the healthcare sector)

#### 759 Ensure that there is political and civil service support [A4]

760 Before implementing the PPP programme the government should conduct a formal assessment of  
761 political and public sector / civil service support for the programme <sup>[17.17]</sup>. Any constraints, conditions  
762 and objections raised within each relevant government department and major political party should be  
763 addressed, resulting in formal support for the policy <sup>[1b]</sup> and legislation necessary to enable the  
764 programme to be delivered, emphasising the need for sustainable long term investment in healthcare  
765 facilities <sup>[9.1, 12.1-12.6, 17.14]</sup> through PPP.

766 The PPP programme should be sponsored at a senior level within the government and civil service,  
767 with key individuals identified to act as promoters of the programme across the public and private  
768 sectors <sup>[17.17]</sup>. The government should establish a legal system under which the programme will  
769 operate that is impartial and independent of political influence.

#### 770 Ensure that the model and process is clearly understood by stakeholders [D3]

771 Clear understanding of the Healthcare Strategy and Healthcare Infrastructure Development  
772 Programme are essential in the early planning stages of a PPP programme <sup>[11.3, 11a-11c]</sup>. These should  
773 be linked to an understanding of the key risks inherent within a healthcare PPP project, especially if it  
774 includes clinical services. Where governments have a limited PPP track record, they should draw on  
775 experience from other jurisdictions as described under A2 and make use of suitably experienced  
776 advisors and multilateral agencies.

777 Before the PPP programme is implemented, a formal advocacy plan setting out how politicians,  
778 public/civil servants, patients, clinicians, other healthcare staff and any other stakeholders will be  
779 consulted in the development of the programme should be developed and discussed with those  
780 stakeholders <sup>[5.5, 5c, 17.17]</sup>. Where there are potential gaps or overlapping responsibilities in  
781 accountability among stakeholder groups, a plan should be developed to overcome them.

782 It is particularly important to communicate clearly with healthcare professional groups about the  
783 Healthcare Strategy and how it will improve population health, and the role of the PPP programme in  
784 delivering it.

785 With their knowledge of local conditions and traditions, local stakeholders are particularly important  
786 <sup>[17.15]</sup>. Their advice should be sought on how to adapt best practice to suit local needs, expectations  
787 and constraints.

#### 788 Develop a robust induction and support programme for stakeholders [D5]

789 A stakeholder engagement plan should be developed for each project, incorporating plans for  
790 engagement with key clinical, management and public/civil service stakeholders (and any other  
791 stakeholders needing to participate in the development of the project and the preparation of the  
792 Project Business Case) <sup>[17.17]</sup>. Those stakeholders should be inducted, with training <sup>[4.3, 4.4]</sup> to clearly  
793 explain what their involvement will be and how it will influence the project's outcome, as well as

794 clearly defining the critical parameters that the project must operate within in terms of timescales, risk  
795 and affordability. The terms of reference and scope of their involvement should be clearly explained  
796 and formally agreed with them. As part of the development programme described under D2, each  
797 project team should receive training in the management of stakeholders, and specifically healthcare  
798 professionals, in order that project teams clearly understand their challenges and priorities.

## 799 G Special issues related to the healthcare sector

### 800 Develop a coherent staffing & training policy <sup>[4.3, 4.4]</sup> [D1]

801 Prior to commencing procurement, the government should carry out a formal assessment of current  
802 and future staffing needs for any new services and facilities to be included in the programme, to meet  
803 the aims of the Healthcare Strategy <sup>[5.4, 12.7]</sup>. This should include the staff to be provided by the public  
804 sector to projects delivered under the PPP programme. In parallel with the development of the PPP  
805 projects, a programme of recruitment and training should be implemented to ensure that suitable staff  
806 are available when the facilities are completed. This should include an assessment of currently  
807 available staff and the likely pipeline of new staff recognising the importance of equal opportunities <sup>[5.4,</sup>  
808 <sup>5.5]</sup>. Where there is a short term need for a substantial increase in skilled staff, government should  
809 comply with ILO guidance on the national and international movement of personnel and ensure that  
810 these plans are consistent with immigration regulations, and plans should be made to train sufficient  
811 staff to provide healthcare services sustainably in the long term <sup>[4.3, 4.4]</sup>.

812 If the PPP programme includes clinical services, the risk of providing suitably trained staff would  
813 normally transfer to the private sector operator upon their appointment. There should be very clear  
814 protocols setting out the respective roles of government and the private sector in providing and  
815 subsidising training for staff, particularly clinical and operational staff <sup>[5.4, 5.5]</sup>.

816 Where there is a requirement for staff to transfer from the public to the private sector under the PPP  
817 programme, it should include measures to protect their statutory rights and employment terms and  
818 conditions where appropriate under law <sup>[16.3]</sup>.

819 Where the public sector intends to retain the provision of clinical (or other) services, they should  
820 ensure that the design of the PPP projects will not compromise the terms, conditions and statutory  
821 rights of the staff who deliver them <sup>[5.4, 5.5]</sup>.

### 822 Carefully plan projects requiring staff transfer [D6]

823 An appropriate HR strategy should be developed for any projects requiring the transfer of clinical,  
824 management or Facilities Management staff from the public sector to the private sector or between  
825 private sector providers under the PPP programme, because its success can be affected by  
826 employees' statutory rights and by legal, cultural and political considerations. Specialist advisory  
827 support in developing the strategy may be required where transferring staff to private sector  
828 organizations is complex and there is a risk of an adverse impact on long term service delivery if the  
829 staff transfer is not managed effectively. This should include the development of specific support  
830 arrangements for staff whose role will change or relocate, and a communications strategy that  
831 enables staff engagement and explains clearly the programme's objectives, and how it will improve  
832 population healthcare.

833 Any transfer of clinical services requires a clear understanding of how the private sector partner will  
834 maintain quality of service delivery - including training <sup>[4.3, 4.4]</sup> - alongside the development of long term,  
835 sustainable staffing plans <sup>[9.1, 12.1-12.6, 17.14]</sup>. This must have support from the clinical and management  
836 teams who will work within the new facilities, and governments should ensure that project teams are  
837 supported by specialists with experience in this field who have successfully delivered staff transfers  
838 under PPP arrangements and understand the commercial objectives of potential service providers.

## 839 IV Indicators of Compliance (for the healthcare sector and SDGs)

840 The Indicators of Compliance for a Healthcare PPP programme relate directly to the Sustainable  
841 Development Goals. The relevant SDGs are listed in Annex 2, along with references to the specific  
842 recommendations to which they relate.

## 843 V Credits and References

844 The recommendations of the Standard are based on a UNECE project which took place between  
845 June 2014 and June 2015, managed by an international, multidisciplinary team of experts with  
846 experience of PPP programmes and sustainable development. The project comprised a review of  
847 published information, and responses to detailed questionnaires from public and private sector  
848 organisations with experience of programmes of this kind, whose contribution is gratefully  
849 acknowledged. Recommendations are aimed at national and provincial governments considering the  
850 delivery of PPP programmes in the healthcare sector.

851 We are very grateful for the active contribution of agencies in the countries listed in Annex 1 who  
852 contributed to the development of the Standard by responding to detailed questions on their own  
853 experience.

854 The full list of projects and programmes from which lessons and experience were considered based  
855 on published information in the development of the Standard is available on the project team website  
856 at <https://www2.unece.org/wiki/display/pppp/Health+Policy> for governments seeking more detailed  
857 advice, experience and lessons learned from the delivery of PPP programmes. The Standard will be  
858 maintained by UNECE and the Healthcare PPP Centre of Excellence.

859 **Annex 1 – Published healthcare PPP evidence base**

860 Projects and programmes in the following countries were considered by the team developing the  
861 Standard as sources of lessons and experience based on published information.

- Australia
- Austria
- Bahrain
- Bangladesh
- Belgium
- Benin
- Brazil
- Canada
- Chile
- China
- Croatia
- Czech Republic
- Denmark
- Egypt
- Finland
- France
- Germany
- Ghana
- Greece
- Grenada
- Hungary
- India
- Ireland
- Italy
- Japan
- Kazakhstan
- Kenya
- Kuwait
- Lesotho
- Malaysia
- Mauritius
- Mexico
- Moldova
- Montenegro
- Netherlands
- Nigeria
- Norway
- Pakistan
- Peru
- Philippines
- Poland
- Portugal
- Puerto Rico
- Republic of Korea
- Romania
- Russian Federation
- Slovakia
- South Africa
- South Korea
- Spain
- Sweden
- Turkey
- Turks and Caicos
- United Arab Emirates
- United Kingdom
- United States of America
- Uzbekistan

862

## 863 Annex 2 – SDGs relevant to healthcare PPP policy Standard

864 SDGs relevant to healthcare PPP policy are listed below. The relevant Standard recommendation  
865 reference is given in square brackets.

### 866 1.3

867 Implement nationally appropriate social protection systems and measures for all, including floors, and  
868 by 2030 achieve substantial coverage of the poor and the vulnerable [A1]

### 869 1.4

870 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights  
871 to economic resources, as well as access to basic services, ownership and control over land and  
872 other forms of property, inheritance, natural resources, appropriate new technology and financial  
873 services, including microfinance [F2, A2]

### 874 1.b

875 Create sound policy frameworks at the national, regional and international levels, based on pro-poor  
876 and gender-sensitive development strategies, to support accelerated investment in poverty  
877 eradication actions [Intro, A1, A2, D2]

### 878 3.1

879 By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births [Intro, A1]

### 880 3.2

881 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries  
882 aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality  
883 to at least as low as 25 per 1,000 live births [Intro, A1]

### 884 3.3

885 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and  
886 combat hepatitis, water-borne diseases and other communicable diseases [Intro, A1]

### 887 3.4

888 By 2030, reduce by one third premature mortality from non-communicable diseases through  
889 prevention and treatment and promote mental health and well-being [Intro, A1]

### 890 3.5

891 Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and  
892 harmful use of alcohol [Intro, A1]

### 893 3.6

894 By 2020, halve the number of global deaths and injuries from road traffic accidents [Intro, A1]

### 895 3.7

896 By 2030, ensure universal access to sexual and reproductive health-care services, including for family  
897 planning, information and education, and the integration of reproductive health into national strategies  
898 and programmes [Intro, A1]

### 899 3.8

900 Achieve universal health coverage, including financial risk protection, access to quality essential  
901 health-care services and access to safe, effective, quality and affordable essential medicines and  
902 vaccines for all [Intro, A1]

### 903 3.9

904 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air,  
905 water and soil pollution and contamination [Intro, A1]

### 906 3.b

907 Support the research and development of vaccines and medicines for the communicable and non-  
908 communicable diseases that primarily affect developing countries, provide access to affordable  
909 essential medicines and vaccines, in accordance with the Doha Declaration on the TRIPS Agreement  
910 and Public Health, which affirms the right of developing countries to use to the full the provisions in  
911 the Agreement on Trade-Related Aspects of Intellectual Property Rights regarding flexibilities to  
912 protect public health, and, in particular, provide access to medicines for all [Intro, A1]

913 **3.c**  
914 Substantially increase health financing and the recruitment, development, training and retention of the  
915 health workforce in developing countries, especially in least developed countries and small island  
916 developing States [Intro, A1]

917 **3.d**  
918 Strengthen the capacity of all countries, in particular developing countries, for early warning, risk  
919 reduction and management of national and global health risks [Intro, A1]

920 **4.3**  
921 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational  
922 and tertiary education, including university [Intro, A5, D1, D2]

923 **4.4**  
924 By 2030, substantially increase the number of youth and adults who have relevant skills, including  
925 technical and vocational skills, for employment, decent jobs and entrepreneurship [Intro, A5, D1, D2]

926 **5.4**  
927 Recognize and value unpaid care and domestic work through the provision of public services,  
928 infrastructure and social protection policies and the promotion of shared responsibility within the  
929 household and the family as nationally appropriate [A2, A5, D1]

930 **5.5**  
931 Ensure women's full and effective participation and equal opportunities for leadership at all levels of  
932 decision-making in political, economic and public life [D1, D3]

933 **5.6**  
934 Ensure universal access to sexual and reproductive health and reproductive rights as agreed in  
935 accordance with the Programme of Action of the International Conference on Population and  
936 Development and the Beijing Platform for Action and the outcome documents of their review  
937 conferences [Intro, A1]

938 **5.c**  
939 Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality  
940 and the empowerment of all women and girls at all levels [D3]

941 **8.1**  
942 Sustain per capita economic growth in accordance with national circumstances and, in particular, at  
943 least 7 per cent gross domestic product growth per annum in the least developed countries [A1, B1,  
944 B6, C2]

945 **8.2**  
946 Achieve higher levels of economic productivity through diversification, technological upgrading and  
947 innovation, including through a focus on high-value added and labour-intensive sectors [A1, B1, B6,  
948 C2]

949 **9.1**  
950 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder  
951 infrastructure, to support economic development and human well-being, with a focus on affordable  
952 and equitable access for all [Intro, A1, A4, D6]

953 **9.2**  
954 Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of  
955 employment and gross domestic product, in line with national circumstances, and double its share in  
956 least developed countries [A1, B1, B6, C2, D6]

957 **9.5**  
958 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all  
959 countries, in particular developing countries, including, by 2030, encouraging innovation and  
960 substantially increasing the number of research and development workers per 1 million people and  
961 public and private research and development spending [F3]

962 **9.b**

963 Support domestic technology development, research and innovation in developing countries,  
964 including by ensuring a conducive policy environment for, inter alia, industrial diversification and value  
965 addition to commodities [F3]

966 **10.1**  
967 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population  
968 at a rate higher than the national average [A1, B1, B6, C2, D6]

969 **10.2**  
970 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age,  
971 sex, disability, race, ethnicity, origin, religion or economic or other status [A1, B1, B6, C2, D6]

972 **10.3**  
973 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory  
974 laws, policies and practices and promoting appropriate legislation, policies and action in this regard  
975 [A1, B1, B6, C2, D6]

976 **10.4**  
977 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve  
978 greater equality [A1, B1, B6, C2, D6]

979 **10.b**  
980 Encourage official development assistance and financial flows, including foreign direct investment, to  
981 States where the need is greatest, in particular least developed countries, African countries, small  
982 island developing States and landlocked developing countries, in accordance with their national plans  
983 and programmes [A2, A3, B4, E1]

984 **11.1**  
985 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and  
986 upgrade slums [Intro, A1]

987 **11.3**  
988 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated  
989 and sustainable human settlement planning and management in all countries [C1, D3, F1]

990 **11.a**  
991 Support positive economic, social and environmental links between urban, peri-urban and rural areas  
992 by strengthening national and regional development planning [C1, D3, F1]

993 **11.b**  
994 By 2020, substantially increase the number of cities and human settlements adopting and  
995 implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and  
996 adaptation to climate change, resilience to disasters, and develop and implement, in line with the  
997 Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all  
998 levels planning [C1, D3, F1]

999 **11.c**  
1000 Support least developed countries, including through financial and technical assistance, in building  
1001 sustainable and resilient buildings utilizing local materials planning [C1, D3, F1]

1002 **12.1**  
1003 Implement the 10-year framework of programmes on sustainable consumption and production, all  
1004 countries taking action, with developed countries taking the lead, taking into account the development  
1005 and capabilities of developing countries [Intro, A1, A4, A6]

1006 **12.2**  
1007 By 2030, achieve the sustainable management and efficient use of natural resources [Intro, A1, A4,  
1008 A6]

1009 **12.5**  
1010 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse  
1011 [Intro, A1, A4, A6]

1012 **12.6**



- 1013 Encourage companies, especially large and transnational companies, to adopt sustainable practices  
1014 and to integrate sustainability information into their reporting cycle [Intro, A1, A4, A6]
- 1015 **12.7**  
1016 Promote public procurement practices that are sustainable, in accordance with national policies and  
1017 priorities [A2, A6, B1, D1, D2]
- 1018 **12.a**  
1019 Support developing countries to strengthen their scientific and technological capacity to move towards  
1020 more sustainable patterns of consumption and production [Intro, A5, E1]
- 1021 **16.3**  
1022 Promote the rule of law at the national and international levels and ensure equal access to justice for  
1023 all [A1, D1]
- 1024 **16.5**  
1025 Substantially reduce corruption and bribery in all their forms [A2, B1, B3, E1, F1-F5]
- 1026 **16.6**  
1027 Develop effective, accountable and transparent institutions at all levels [A2, B1, B3, E1, F1-F5]
- 1028 **16.7**  
1029 Ensure responsive, inclusive, participatory and representative decision-making at all levels [A2, B1,  
1030 B3, E1, F1-F5]
- 1031 **16.8**  
1032 Broaden and strengthen the participation of developing countries in the institutions of global  
1033 governance [A2, B1, B3, B5, E1, F1-F5]
- 1034 **16.10**  
1035 Ensure public access to information and protect fundamental freedoms, in accordance with national  
1036 legislation and international agreements [A3, C1, C3, E1, E3, E5, F3, F4]
- 1037 **16.a**  
1038 Strengthen relevant national institutions, including through international cooperation, for building  
1039 capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism  
1040 and crime [F1]
- 1041 **16.b**  
1042 Promote and enforce non-discriminatory laws and policies for sustainable development [F1]
- 1043 **17.1**  
1044 Strengthen domestic resource mobilization, including through international support to developing  
1045 countries, to improve domestic capacity for tax and other revenue collection [Intro, A5, E1]
- 1046 **17.3**  
1047 Mobilize additional financial resources for developing countries from multiple sources [A1, B2, A3, B4]
- 1048 **17.4**  
1049 Assist developing countries in attaining long-term debt sustainability through coordinated policies  
1050 aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the  
1051 external debt of highly indebted poor countries to reduce debt distress [A2, E2, B1, C2, B6]
- 1052 **17.5**  
1053 Adopt and implement investment promotion regimes for least developed countries [A1, B2, A3, B4]
- 1054 **17.9**  
1055 Enhance international support for implementing effective and targeted capacity-building in developing  
1056 countries to support national plans to implement all the sustainable development goals, including  
1057 through North-South, South-South and triangular cooperation [A3, E1]
- 1058 **17.10**  
1059 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system  
1060 under the World Trade Organization, including through the conclusion of negotiations under its Doha  
1061 Development Agenda [F2]

- 1062 **17.13**  
1063 Enhance global macroeconomic stability, including through policy coordination and policy coherence  
1064 [B2]
- 1065 **17.14**  
1066 Enhance policy coherence for sustainable development [Intro, A1, A4, A6]
- 1067 **17.15**  
1068 Respect each country's policy space and leadership to establish and implement policies for poverty  
1069 eradication and sustainable development [Intro, A1, D3]
- 1070 **17.16**  
1071 Enhance the global partnership for sustainable development, complemented by multi-stakeholder  
1072 partnerships that mobilize and share knowledge, expertise, technology and financial resources, to  
1073 support the achievement of the sustainable development goals in all countries, in particular  
1074 developing countries [A5, D2, E4]
- 1075 **17.17**  
1076 Encourage and promote effective public, public-private and civil society partnerships, building on the  
1077 experience and resourcing strategies of partnerships [Intro, A4, D3, D5, E1]
- 1078 **17.19**  
1079 By 2030, build on existing initiatives to develop measurements of progress on sustainable  
1080 development that complement gross domestic product, and support statistical capacity-building in  
1081 developing countries [Intro, A5, E1]
- 1082
- 1083