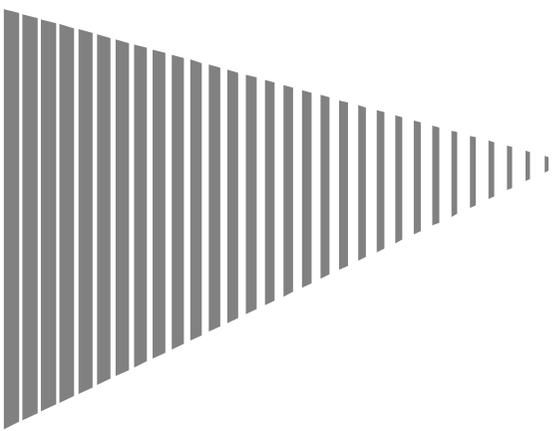


# PPPs in Healthcare (SDG-3) and Education (SDG-4) sectors



**Regional Event on Financing Sustainable Infrastructure Development in Asia and the Pacific**

**Organized by the United Nations ESCAP**

**6-7 December, 2017**

# PPPs in Healthcare sector (Contributing to SDG-3)

# Agenda

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- 1** Goal and objectives
- 2** Key challenges in the sector
- 3** Prevalent PPP models
- 4** Examples and learnings
- 5** Key recommendations

# SDG-3 goal is to ensure healthy lives and promote well-being for all at all ages...

Goal: To ensure healthy lives and promote well-being for all at all ages

Goal targets related to PPP projects

● Achieve universal health coverage, including financial risk protection

● Access to quality essential health-care services

● Access to safe, effective, quality and affordable essential medicines and vaccines

● Substantially increase health financing in developing countries

● Increase the recruitment, development, training and retention of the health workforce

# PPPs can help tackle numerous challenges faced by public healthcare systems across Asia-Pacific region...

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## Key Challenges

- ▶ Lack of latest equipment and technology in many public healthcare institutions
- ▶ Ineffective management of existing infrastructure
- ▶ Inadequate number and quality of healthcare professionals
- ▶ Private healthcare systems are not accessible and affordable to all
- ▶ Affordability and willingness to pay by users make the sector not as lucrative as other sectors like transportation

## Key benefits of PPP

- ▶ **Whole of life benefits:** Development and maintenance of new infrastructure (including equipment) over the concession term
- ▶ **Accountability:** Monitoring of private sector's performance based on availability of medical services and buildings
- ▶ **Scalability:** Takeover of existing infrastructure (district hospitals) and introduction of private sector management techniques
- ▶ **Affordability:** Availing certain services for free or nominal charge by low income group
- ▶ **Capacity building:** Training of health care providers (doctors, nurses, lab assistants, etc.)

# Most types of PPPs that can be seen in the health sector include...

Category	Private sector responsibility	Public sector responsibility
Non-medical services	<ul style="list-style-type: none"> <li>▶ Provides nonclinical services (admissions, security, parking, laundry, canteen, etc.)</li> <li>▶ May also be responsible for new capital investment, depending on contract</li> </ul>	<ul style="list-style-type: none"> <li>▶ Pays private operator for services provided, and monitors and regulates services and contract compliance</li> </ul>
Medical services	<ul style="list-style-type: none"> <li>▶ Provides clinical services</li> <li>▶ May also be responsible for new capital investment, depending on contract</li> </ul>	
Infrastructure (hospitals)	<ul style="list-style-type: none"> <li>▶ Designs, builds, finances and maintains new public hospital (also work with renovation and extension)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Operates hospital and makes phased payments to the private developer according to the contract terms and conditions</li> </ul>
Combined Facilities and Services	<ul style="list-style-type: none"> <li>▶ Finances, constructs, and operates new public hospital and provides nonclinical or clinical services, or both</li> </ul>	<ul style="list-style-type: none"> <li>▶ Reimburses operator for capital and recurrent costs for services provided</li> <li>▶ Provides relevant public premises (e.g. land, building)</li> </ul>

# Examples of past PPP projects in the sector...

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## Hospital Support Services (HSS), Malaysia

- **Comprehensive support services** in all the existing government hospitals (148) – Facility Engineering Management; Biomedical Engineering Maintenance; Cleansing; Linen and Laundry; and Clinical Waste Management
- **15 year concession** agreement with 3 private players
- Government had to pay for the services; Fees were determined based on the number of assets/hospitals
- Deficiencies in institutional arrangements – **Inadequate supervision / monitoring of services** by the government
- New KPIs introduced – **Contract renegotiation was challenging task**

## Dialysis Center, Bangladesh

- **Install and operate 110 dialysis centres** within existing hospitals in Dhaka and Chittagong
- Private sector scope: **Design, refurbish, procure and install equipment, and finance and maintain operations** for a period of **10 years**
- Provision of provides all staff other than nephrologists under scope
- Two set of tariffs: A highly **subsidized rate for poor people** and a **higher fee for private patients**
- Bidding parameter – **Least tariff** for private patients; As a result of competitive bidding, the cost per patients was less than half of that in private hospitals

# Examples of past PPP projects in the sector...

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## Health Campus, Turkey

- Government launched its PPP health program in 2010; Development of **1550-bed integrated health campus in Adana**, which comprises of 6 hospitals was part of the program
- **25 year concession** contract to finance, build, maintain and manage the facilities and provide medical support services
- Government is responsible for core medical services
- **Two tier payment structure** – “**Availability payments**” to use the developed facilities + “**Service payments**” for services provided

## Aarogyasri Community Health Insurance Scheme, India

- State government pays **fixed insurance premium per household per annum** to the insurance company
- **Cashless transaction** for covered person; Helpdesks to facilitate; Entire system of claim reimbursements is enabled through **robust IT system and valid ID card system**
- Clearly defined roles and responsibilities of each stakeholder – Government, Insurer and network providers
- Disadvantages – scheme skewed towards tertiary treatment, underutilization of public healthcare system, and financial burden on government

# Examples of past PPP projects in the sector...

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## Telemedicine initiative in Karnataka, India

- 'Karnataka Integrated Tele-medicine and Tele-health Project' (KITTH) is an on-line health-care initiative in Karnataka, India.
- The project connects through **telecommunication systems Coronary Care Units** of selected public hospitals with the private "Narayana Hrudayalaya" hospital in Bangalore
- This provides **access to specialists in underserved or unserved areas**

## Emergency Ambulance Services in Tamil Nadu, India

- To reduce the MMR in rural areas of Tamil Nadu, the government selected Seva Nilayam (NGO partner) for implementation of the Emergency Ambulance Services scheme in Theni district of Tamil Nadu
- The Government supports the scheme by **supplying the vehicles** while the NGO recruits the staff, operates the programme and maintains the vehicles
- This scheme was envisaged to be **self-supporting through the collection of user charges**, however revenues have been lower than anticipated

# Key recommendations

## Better integration of health sector into main PPP framework

- ▶ To distinguish between social and economic sectors
- ▶ To strengthen the existing PPP framework or bring in health sector specific PPP policy or legislation
- ▶ To detail out the delivery models that can be adopted
- ▶ To create awareness among government officials
- ▶ To boost investors' confidence in undertaking these projects

## To establish and strengthen regulatory regime governing health infrastructure

- ▶ To create a robust system that would govern development and operation of healthcare infrastructure
- ▶ To ensure minimum standards – technical and operations – are maintained throughout the contract
- ▶ To ensure accreditation system / mechanism for services

## To create enabling environment for universal health coverage

- ▶ To create enabling environment for maturity of insurance market
- ▶ To bring clarity on services rates and charges for defined services
- ▶ Policy on universal health coverage should be carefully drafted

## PPPs in Education sector (Contributing to SDG-4)

# Agenda

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- 1** Goal and objectives
- 2** Key challenges in the sector
- 3** Prevalent PPP models
- 4** Examples and learnings
- 5** Key recommendations

# SDG-4 goal is to ensure inclusive and quality education for all and promote lifelong learning...

Goal: To ensure inclusive and quality education for all and promote lifelong learning

Goal targets related to PPP projects

● Provide free, equitable and quality primary and secondary education to all children

● Ensure inclusive and quality education for all and promote lifelong learning

● Substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries

● Substantially increase education sector in developing countries

# Key challenges faced by public education systems across Asia-Pacific region...

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- ▶ Inadequate infrastructure facilities (huge demand supply gap in schools, colleges, vocational institutions)
- ▶ Poor quality of infrastructure – Lack of facilities such as toilets, playgrounds, labs etc.
- ▶ Poor quality of staff, and outdated curriculum
- ▶ Low enrolment rates, and high dropout rates (particularly among girl child)
- ▶ Private schooling is costly and unaffordable to many
- ▶ PPP projects in education include a focus on providing quality educational facilities and services without relying on user fees as the main source of revenue

# Most types of PPPs that can be seen in the education sector include...

Category	Features	Expected benefits
Infrastructure Provision	<ul style="list-style-type: none"> <li>▶ Private sector is responsible for financing, construction and, operation and management of the school facilities (usually in bundles or clusters)</li> <li>▶ Government generally invests in form of land and pays for the entire cost distributed over contract period (typically 20-30 years) in terms of capacity and performance payments</li> </ul>	<ul style="list-style-type: none"> <li>▶ Reduced or deferred financial burden on the government</li> <li>▶ Creation of quality infrastructure in timely manner</li> <li>▶ Transfer of risks related design, finance, construction and O&amp;M to the private sector</li> <li>▶ Better operation and management of schools (improved lifecycle cost)</li> </ul>
Private Management of Public Schools	<ul style="list-style-type: none"> <li>▶ Private sector is contracted to manage public schools and/or provide capacity building support, such as curriculum and pedagogical support</li> </ul>	<ul style="list-style-type: none"> <li>▶ Innovation in curriculum development</li> <li>▶ Better staff management (quality teachers)</li> <li>▶ Increase in students learning outcomes</li> <li>▶ Increased skill sets and competencies of teachers</li> </ul>

# Most types of PPPs that can be seen in the education sector include...

Category	Features	Expected benefits
Voucher System	<ul style="list-style-type: none"><li>▶ Private school provides free education to those students having a voucher</li><li>▶ Government directly pays voucher to the parents or the school</li><li>▶ Students may chose the school of their choice</li></ul>	<ul style="list-style-type: none"><li>▶ Reduced investment on creation of new school infrastructure and facilities</li><li>▶ Reduction in O&amp;M costs of existing schools</li><li>▶ High quality education for poor students</li></ul>
Charter Schools	<ul style="list-style-type: none"><li>▶ Private sector operates and manages a school that is publicly funded</li></ul>	<ul style="list-style-type: none"><li>▶ Improved school outcomes through greater autonomy in the management</li></ul>

# Examples of past PPP projects in the sector...

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## School Infrastructure Project / Phase I, The Philippines

- The Philippines' Department of Education (DepED) launched **the PPP School Infrastructure Project (PSIP) Phase-I** in 2012
- 9,303 classrooms in about 2,300 elementary and secondary schools located in three regions – **three packages (A, B & C) to ensure economies of scale**
- **Build-Lease-Transfer (BLT)** contractual arrangement was adopted - Quarterly lease payments during a **10-year** lease period
- Flexibility in design construct technology within Project's **Minimum Performance Standards and Specifications (MPSS)**
- As of 2015, **100% of the classrooms were completed** and delivered

## BLT Projects for Educational Facilities, Republic of Korea

- The government introduced BTL projects for educational facilities in 2005
- Less than 3 years after this introduction, already **137 BTL projects** for elementary, middle, and high school facilities were ongoing, with an aggregate investment of around \$ 4.7 billion (₩5.31 trillion)
- **Positive outcomes** from initial projects – i) actual costs for these projects did not exceed the project estimated costs and ii) the construction period was shorter by 8.45% compared to the initial forecast
- The **satisfaction level was higher** for users and school administration

# Examples of past PPP projects in the sector...

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## Trust School Model, Malaysia

- In 2010, the Ministry of Education launched the **Trust School Programme** together with Yayasan AMIR, which is a not-for-profit organization established to improve accessibility of quality education in Malaysian Government schools
- By providing **technical and financial assistance over a 5-year programme**, Yayasan AMIR aims to **improve the curriculum and delivery of education** as well as the management of schools
- The programme started with 10 pilot schools but there were already 62 trust schools in nine states as of 2016. The objective is to raise this number to 700 by 2025.

## Quality Support Model with Government of Haryana and Punjab, India

- **The Quality Support Model** is an initiative by the Bharti Foundation in India that intends to **strengthen and improve quality of education** in Government Schools.
- **Government continues to own the school** with its existing teachers, funds and resources
- Bharti Foundation offers technical expertise and guidance - **Improvement in academic and non-academic processes**, Infrastructure development / enhanced utilization of existing infrastructure / resources, **Capacity development of school leadership and teachers**

# Examples of past PPP projects in the sector...

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## Voucher System

- Voucher like system – In India, the Right to Education Act, 2009, mandates the **reservation of 25% of the seats in the private school** from economically weaker section (EWS) of the society for whom the **government would reimburse the private schools on per student basis**.
- The Milwaukee's parental choice program was enacted and launched in 1990 and is considered the USA's first modern private school choice program
- **Value of voucher is critical** for project's viability. Voucher value in Milwaukee, USA was approximately USD 7,384 which was just more than half the government spending on per student in public schools.
- Increasing voucher value can result in more participation from the private schools.
- Another important aspect is to **evaluate the performance of a student pre and post admission in a private school**.

# Key recommendations

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## **Robust selection process and objective selection Criteria**

*(To clarify the requirements, expected services and outcomes in the bidding documents; Selection criteria should be objective)*

## **Well-defined contract terms and provisions**

*(PPP contract should clearly spell out the level of autonomy for the private partner in terms of pedagogy, staffing and budgeting; financial terms in a transparent manner)*

## **Strong monitoring and evaluation framework**

*(PPP contract should outline clear, measurable and attainable performance standards with associated penalties)*

## **Remuneration linked to performance**

*(Fixed and variable payments - The fixed component ensures that underperforming schools are not immediately cut off and have sufficient time to turnaround performance)*

## **Fiscal sustainability**

*(The financial viability of PPP projects in education depends mainly on well-defined regular payments – capacity and service payments - from public authorities)*

# Thank You



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