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ACRONYMS

DPPHRD	Directorate of Policy Planning and Human Resource Development
H/PPP	Health Public-Private Partnerships
IFC	International Finance Corporation
MoF	Ministry of Finance
MoHSS	Ministry of Health and Social Services
MTI	Ministry of Trade and Industry
MWT	Ministry of Works and Transport
NDP	National Development Plan
OAG	Office of the Attorney General
O/M/As	Offices/Ministries/Agencies
PFI	Private Finance Initiative
PMDRC	Policy Management, Development and Research Committee
PPC	Public Private Collaboration
PPP	Public Private Partnerships
PS	Permanent Secretary
RFP	Request for Proposal
SOEs	State owned Enterprises
SPV	Special Purpose Vehicle
UNDP	United Nations Development Programme
TORs	Terms of References
WHO	World Health Organization

EXECUTIVE SUMMARY

➤ Aims and Objectives

PPPs are often perceived as a middle ground between full privatisation and state of the private sector, while still retaining ownership and control over the public assets

Generally, a PPP is therefore defined as primarily a set of institutional relationships between the Government and various actors in the private sector. It is very important to state that PPP is neither a development strategy nor a loose interaction between different agents.

The Government of the Republic of Namibia has recognized the importance of private sector participation in the delivery of public infrastructure and services as critical, hence the decision to adopt the National PPP Policy. On this basis, the Ministry of Health and Social Services forged ahead to formulate the Health PPP Strategy and Implementation Guidelines, as means of mobilizing resources and augmenting the limited public resources with the private sector's resources in terms of finance, human and technical know-how.

The National PPP Policy provides a framework structured through an Act of Parliament and managed by the PPP Committee and PPP Unit under the MoF. The National PPP Policy prescribes that the Government retains the core state functions, services and assets that are to provide the services expected of the State.

The H/PPP Strategy and Guidelines is informed by several other national policy documents, development plans and international best practices. These include:

- National PPP framework which is endorsed by Cabinet Decision No.3/12.03.13/006,
- National Health Policy Framework,
- 2010-2020 MoHSS Strategic Plan, and
- MoHSS Public Private Partnership Discussion Paper of 28 November 2012,
- National Development Plan 4 (NDP4), and
- MoHSS Roadmap.

The H/PPP Strategy and Guidelines sets out its Vision, Mission, Objectives, Rational and Principles that define parameters as way to ensure sound strategic intend and focus needs and challenges of the health sector.

In this respect, it considered the current strategic issues of the MoHSS as highlighted in NDP4.

➤ Cost to set-up Health PPP

In order to set up an effective H/PPP Unit within the MoHSS, there is a need to develop the policy, legal and institutional frameworks to provide the required organisational and individual staff capacity. Thus, the MoHSS has to set aside financial and material resources (through an operational and capital budget) necessary to run the operations of the H/PPP Unit.



➤ Institutional Setup and Responsibilities for the H/PPP

Institutional setup is to be designed to cover all the concerned stakeholders in such a way that each handles the roles within its competency and within the context of the prevailing laws.

In executing its functions, the H/PPP Unit will be supported by the H/PPP Project Steering Committee, which will be composed of permanent members representing the various functional department of the Ministry, MoF, MWT, MTI, NPC, OAG and two relevant bodies representing the Private Sector, as well as *ad hoc* members that may be appointed from time to time for specific purpose of their expertise.

Until such time that the Government acquire deep experience in the management of H/PPP projects, there will be a need for occasional hiring of transaction specialized advisors and expertise such as lawyers, financial analysts, financiers, economists, sociologists, and health specialists to support the MoHSS via the H/PPP Unit in the development and implementation of H/PPP projects.

As far as possible, MoHSS should develop the necessary in-house skills to carry out its own prefeasibility studies. For unsolicited proposals, the prefeasibility studies will be conducted by the private sector entity making the proposal. This stage should give the MoHSS an early indication of the project's suitability for implementation under the H/PPP.

It is important to note that the National PPP Policy set a threshold of N\$10 million as a trigger value for PPP to be considered as procurement method for the relevant project, though the projects with lower value could still be considered by sufficient justification via value for money drivers.

➤ Capacity Requirements

The most important aspect to consider in determining capacity requirement is to recognize that it is crucial for the H/PPP Unit to have multiple skills, which include expertise in the areas of public health, civil engineering, finance and accountancy, business development and economics, and law of contracts. Additionally, another important consideration in determining the capacity requirement for H/PPP is to know what the key success factors are for PPP Units in general.

➤ H/PPP Models

A wide range of PPP arrangements exists, differing in purpose, service scope, legal structure and risk sharing. One end of the spectrum would be an outsourcing of some routine operation, while the other involve the private sector conceiving, designing, building, operating, maintaining and financing a project, thereby taking a considerable proportion of risks.

The H/PPP Strategy and Guidelines Document contains six main categories of PPP types. These are Service Provision, Management Provision, Leasing Model, Concessional Model, Joint Venture Contract and Variations of Build–Operate–Transfer.

It is noted that an H/PPP is a contractual relationship between the public and private sectors for the execution of a project or service. The typical H/PPP Contract shall have to be in line with the prescription of the National PPP Policy in terms of coverage and content. As such, any H/PPP Agreement shall have to capture a detailed description of the

responsibilities, risks and benefits of both the MoHSS and Private Partner. A Prototype/Template is developed and annex herewith for the application during the preparation and negotiations of H/PPP contracts between the MoHSS and the private sector partners.

➤ **Handling of Unsolicited Bids**

This approach also limits competition and gives no choices to the Ministry to compare and select the best proposals, and it is therefore compromised. The private sector proposer is also vulnerable in terms of security and confidentiality of proprietary ideas, technologies and systems.

Despite the above mentioned risk, accepting unsolicited proposals allows the Government to benefit from the knowledge, innovation, and ideas of the private sector

It is therefore advisable that the H/PPP Strategy allows private firms to propose projects to MoHSS, and provide a framework for these proposals to be developed into H/PPP projects. The rationale is that Ministry has limited experience in identifying and developing H/PPP projects; so private firms can be a good source of ideas. As such, unsolicited proposals should include unique elements that provide justification for entering into direct negotiations with the proponent.

➤ **Management and Operating System and Tools for H/PPP Implementation**

Includes the following systems:

- ***Project Management System (PMS)***
- ***Project Operating System (POS)***

PMS/POS for H/PPP projects will have to be designed on the basis of traditional approach, which is process driven. This traditional project management system uses the standard five-process of Initiation, Planning, Execution, Monitoring, and Completion

According to the National PPP Policy, Government is required to retain the responsibility of delivering core services. The core services are to be determined on a jurisdictional basis, in this case the MoHSS.

➤ **Criteria for Determining Priorities and Initial Areas for H/PPP**

It is therefore proposed that the services that are currently delivered in partnership with or outsourced to the private sector should be the immediate candidates as initial areas to be put under the H/PPP arrangement. These are: ***Catering, Laundry and Security***



The next category of services that would be regarded as priority areas to be undertaken under the H/PPP approach are those considered as executing undue pressure on the Ministry's resources and distracting focus from the performance of core services. These, in order of priority, are: ***Accommodation Provision and Management, Transportation Provision and Management, Information Communication and Technology (ICT), Infrastructure Maintenance, Equipment Provision and Management, Cleaning Services, Gardening Services, Medical supplies, Hospitals building and management and Specialized Medical Services Provision***

H/PPP in priority areas should overcome a number of challenges. These include developing and establishing a robust legal and regulatory framework that can clarify the legal authority to grant concessions, the procurement process, the contribution from the public authority of assets that makes a project viable, and the rebalancing of funding which makes a project viable from a financial point of view. In addition, there must be political commitment from all involved Government departments to give confidence to the partners to make investments.

An effective public administration is also important, through a dedicated H/PPP Unit located within the MoHSS would oversee the whole H/PPP process and has cross cutting authority over all relevant public and private stakeholders in the health sector.



CHAPTER 1

HEALTH PUBLIC PRIVATE PARTNERSHIP FRAMEWORK

[Next](#)



1.1 INTRODUCTION

“Over the past decade, using Public Private Partnerships (PPP) has gained widespread acceptance as a strategy to achieve global health objectives. There is broad recognition that the private health sector can expand its contribution to improving health systems and health outcomes in the developing world.” (Gordon Kingsley, G and Dara V. O’Neil (2004)

PPPs are often perceived as a middle ground between full privatisation and state of the private sector, while still retaining ownership and control over the public assets. PPPs, as a form of private sector participation, bear significant risks for the public sector and for public service delivery.



Source: Consultant, 2014

The increasing interest in the potential of a PPP to provide social protection in developed and in developing countries is explained mainly by three factors:

- Due to fiscal pressures, Governments have to reallocate resources with the utmost effectiveness. In this respect various studies have shown that there is a large potential for gains in efficiency in the social sectors.
- Private providers, both non-profit and for-profit, play an important role in social service provision, a role that has been largely neglected by Governments. As many examples would show, more than 80 per cent of the healthcare expenditure goes to private providers.
- Given the intrinsic, albeit different strengths and weaknesses of the State, for-profit and non-profit institutions, the question arises as to what extent a complementarity can be organised in the provision of social services.

- Apart from PPP, there is also outsourcing aspect, which constitutes the State allocating the provision of certain aspects (its functions) to be performed by either public or private sector at the cost. However, this has been successful and sometime not so successful because the risk falls squarely on the Government. In addition, the contract management has also been a challenge to many governments.
- The PPP has become more pronounced and many governments in the world have become more inclined to the PPP models because of the risk sharing between both partners, albeit in proportion. Any success of this model is also proportionally shared between the partners in terms of income benefits¹.

Generally, a PPP is therefore defined as primarily a set of institutional relationships between the Government and various actors in the private sector. It is very important to state that PPP is neither a development strategy nor a loose interaction between different agents.

There is a huge social and economic deficit inherited from the past dispensation, there is an aroused social consciousness of the population to demand better services, there is a multiple demand in needs across the sectors, there is limited revenue base, there is a commitment to have a manageable public debt, there is also a political commitment to a better public health. Therefore, health PPP is a means to substitute limited public resources with the private sector financial, human and technical know-how in health sector.

The Government of the Republic of Namibia has recognized the importance of private sector participation in the delivery of public infrastructure and services as critical. Hence, the decision to adopt the PPP with the aim to “*deliver improved services and better value for money, primarily through appropriate risk transfer, encouraging greater innovation, asset utilization and an integrated project-life management, underpinned by private financing*”. To this end, the Government adopted the National PPP Policy that has, as one of the objectives, the aim to provide the principles, framework and guiding procedures that will assist O/M/As, like the MoHSS, in applying PPPs across Namibia.

The National PPP Policy provides a framework structured around the PPP Bill that is being developed, and is managed by a structure consisting of the PPP Committee and PPP Unit under the MoF, which are empowered with the capacity and knowledge to determine whether PPP is the most appropriate procurement option available to the Government and to assist the O/M/As, like MoHSS, to transact the project. It therefore follows that sectors employing PPP model shall have to have their specific sectoral PPP that conceptualize, formulate and present such sectoral PPP project for approval by the respective structures of the Government, based on the mandate and law governing that sector.

The National Policy also prescribes that the Government retains the core state functions, services and assets that are to provide the services expected of the State and especially when it comes and affect the vulnerable groups within the society, which also include the creation of the enabling environment for the operation and function of the private sector. There is national mandate given to a government of the day by the electorates, which should be fulfilled.

In order to strengthen and maintain a greater pace of health sector improvement in Namibia, MoHSS is increasingly seeking to pull the synergy between the public health and the private sector, not only to manage budgetary expenditure and health infrastructure but also to pool these two sectors' specific know-hows to deliver the healthcare services in

¹Under this arrangement, it is either sharing the profit realized after the service is delivered under the PPP programme or the State Patient attended to on the basis of discount or the cost of treatment subsidizing revenue that due to the State. Both parts do invest.



an effective and efficient manner. The ultimate goal is not to compete and outplay the private sector, but rather to complement each other in a win-win spirit.

The desire to enlist the participation of the private sector in the provision of the public health services has become a priority in light of acute shortage of qualified health workers, limited capacity for domestic training, uncompetitive conditions of services in the public service, aging health physical facilities, fast changing technology, re-emerging of diseases, non-robust sources of revenue² and population increase. Increasing involvement of the private sector is also part of the more general change over the last decade in the role of the MoHSS for strengthening health outcomes in the country, characterized by a move from the role of the Ministry as a single direct operator to the one of an organiser, regulator and overseer of medical activities and practices.

PPP in the health sector has been in existence, but in a more uncoordinated and non-guided environment due to lack of proper defined policy, regulation and guidelines. The provision of services, such as catering, security and laundry, have been provided with involvement of and cooperation with the private sector operators. Government, however, has never had a consistent and focused approach that is intended to realise maximum benefit to the Government in terms of capacity building, quality improvement and cost reduction on the State. Hence, the MoHSS recognized that there is a need for this H/PPP Strategy and Implementation Guidelines. To that end, it is critical that H/PPP strategy implementation is aligned to the State Finance Act, 1991 and the Namibia Tender Board Act, 1996 (Act no. 16 of 1996).

The objectives of this Paper are to provide a review of the status of public-private sectors' cooperation in the Namibian health sector and to discuss comparative approaches to design and develop the H/PPP Strategy and its implementation guidelines, while identifying the best practices for H/PPP projects.

Secondly, the Paper is intended to propose appropriate rationale, principles, processes, mechanism, strategies, procedures, requirements, steps, oversight and regulatory approach for H/PPP and cost or benefit-effectiveness of H/PPPs, taking into consideration health laws and policies as well as consumer protection and other regulatory policies that may be relevant for the proposed framework for H/PPP projects.

Thirdly, there is a need to map out a simple and transparent process by which to identify, compete, manage and evaluate H/PPP projects and review existing procurement processes in the GRN as well as MoHSS and make comparisons with other countries' PPP processes.

Moreover, the document is expected to outline institutional responsibilities between the different Government agencies (MOF, MoHSS, MTI, NPC, MWT, Office of the Attorney General and Office of the Auditor General as well as others

²A PPP Committee shall be established with the chairperson and other members including representatives from other agencies and/or persons from outside the Government with requisite skills in PPPs as notified by the Minister. The Committee shall be the key decision making body with respect to PPPs and it may establish a PPP Unit within the Ministry of Finance to assist in discharge of its functions.

³The growth rate of revenue is very low, donors who complement State revenue are phasing out because of ranking of Namibia as upper middle income country, inequality in wealth distribution and disparity between urban and rural in terms of social amenities.



stakeholders in the private sector) to design, approve, implement, regulate and monitor the H/PPP Process and make recommendations how the MoHSS can engage the public on H/PPPs in coordination with other ministries.

The document is further expected to identify appropriate procurement issues that arise from existing practices in H/PPPs and to propose appropriate institutional setups and structural working model that should inform the implementation and adoption of intended H/PPP strategy in Namibia.

This Chapter is a direct response to the deliverable in the TORs, **Health PPP Framework**. The TORs directed that the Discussion Paper on Health PPP that was developed by the MoHSS and approved by Cabinet in 2008 serves as the starting point for the Health PPP Framework.



Source: Consultant, 2014

1.2 Defining the Framework of the H/PPP Strategy

The H/PPP Strategy is born out of the commitment of the MoHSS to deliver on its mandate “to oversee, provide and regulate public, private and non-governmental sectors in the provision of quality and social services, ensuring equity, accessibility, affordability and sustainability”.





The H/PPP Strategy is informed by several national policy documents, development plans and international best practices. These include:

- National PPP framework which is endorsed by Cabinet Decision No.3/12.03.13/006
- National Health Policy Framework,
- 2010-2020 MoHSS Strategic Plan, and
- MoHSS Public Private Partnership Discussion Paper of 28 November 2012,
- National Development Plan 4 (NDP4), and
- MoHSS Roadmap.

The complete list of references is attached herewith.

The H/PPP Strategy is further regarded as an offshoot of the National PPP Policy as developed by the Government through the MTI and administered by the MoF. The H/PPP Strategy is therefore a detailed PPP dossier for the health sector in application of PPP in consistence with the National PPP Policy and Regulation. The National PPP Policy provides a consistent framework that enables public and private sectors to work together in developing projects and improving public service delivery through the private sector's provision of public infrastructure and services. Thus, the H/PPP Framework is considered as a sectoral strategy of the National PPP Policy for the provision of healthcare and social welfare services and related assets.

The H/PPP Framework sets out its Vision, Mission, Objectives, Rational and Principles that define parameters as way to ensure sound strategic intend and focus needs and challenges of the health sector. Although the H/PPP Framework is a particular strategy born out of current realities in the health sector and in the country as a whole, it is aligned with the overall public policy objectives at national level as set out in Vision 2030 and the National Development Plan. In this respect, it considered the current strategic issues of the MoHSS as highlighted in NDP4.

The High Level Strategies that are accounted for include:

1. Increasing in size, allocation and use of funding;
2. Retaining, attracting and training of staff;
3. Revision of regulatory framework;
4. Improvement of coordination between stakeholders;
5. Improvement of access to health; and
6. Reduction in the prevalence of diseases.

These high level strategies are fairly general, but convey a message that there is a wide range of issues pertaining to the health system of the country. Therefore, the H/PPP Framework is being cognizant of these issues and challenges, not only in the health system but in other sectors of the society and beyond.

While the PPP, in its strict, definition is a phenomenon of the 1990s and the 21st Century development policy trend, involvement of private sector in broader economic and service delivery is as old as the economic systems and



governments, albeit in the form of specific, short term contracts to deliver goods and services to government. In fact, in recent times, private sector involvement in service delivery has been characterised by managing and delivering through outsourcing of several non-core services by governments.

Although the Government of the Republic of Namibia has certainly involved the private sector through outsourcing many governmental non-core activities, comprehensive PPP policy and legislative framework has been lacking, which had resulted in less than optimal efficiency gains, both in terms of quality on service delivery and cost efficiency. Therefore, this and other reasons have now led the Government to develop a National PPP Framework as a reference point for the entire Government System, including the SOEs and sub-national governments.

Consistent with the National PPP Policy, the H/PPP is hereby defined as ***a medium- to long-term contractual relationship between the MoHSS and partners in the private sector for the sharing and transferring of risks and rewards in the performances of the Ministry's function/s and/or in the provision of health related infrastructure and services.***

The health related infrastructure will therefore be taken into account by the terminology on health and social services.

The H/PPP Framework is underpinned by the following assumptions:

1. That there are limitations on the part of the public sector in terms of its technical, financial and managerial capabilities to deliver health and social welfare services at required standards;
2. That private sector is well positioned in terms of its financial, commercial, technical and managerial sources to bring about significant and sustainable improvements in the desired societal outcomes;
3. That there are no transfer of ownership of assets, from public to private sector;
4. That the entry of the private sector into the partnership is sufficiently profitable;
5. That appropriate framework exists to ensure predictable and consistent implementation and regulation of the H/PPP strategy/policy;
6. That appropriate allocation of risks between the public and the private operator is possible; and
7. That there is efficiency gain to be derived as a result of the partnership.



Source: Consultant, 2014





With the H/PPP Strategy, the MoHSS is passing the operational issues to the private sector/operator, while retaining and increasing its focus on core responsibilities of regulation, supervision and provision of core services such as surgery and cancer treatment, in line with directive of the National PPP Policy. On the basis of this line of argument, efficiency gain is obvious. However, this initiative has to be accompanied by equally important improvements in various management processes and systems of the MoHSS, as reviewed under Chapter 4 of this document.

1.3 Vision and Mission Statements for the Health PPP

A Vision Statement in context of the H/PPP Strategy is meant to define the purpose of the PPP for the health sector in terms of the shared values as applicable to shaping the future of the health sector.

A Vision Statement for the Health PPP Framework is hence formulated to reflect the ideal image or desired state of the health sector in the foreseeable future via the contribution of the PPP. Therefore, the Vision Statement is informed by the goals of the MoHSS as per Vision 2030 that call for “provision of affordable and excellent healthcare in order to attain health and social well-being of all Namibians”, taking into account the prevailing challenges and resource profile of the Ministry.

The primary goal of the MoHSS is “strengthening the overall health system by integrating the private sector to attain national health goals”.

On the basis of the above account, the Vision Statement for the H/PPP is formulated as follow:

Harnessing public and private sector resources in strengthening health and social services delivery

The Mission statement on the other hand is a concise statement designed to convey a sense of why there is an H/PPP. It defines the overall purpose and the primary objectives of the MoHSS for adopting the H/PPP at this particular moment. It is developed from the clients’ point of view and fits in with the Vision Statement. The Mission Statement is the starting point of strategic planning and goal setting process of the MoHSS in regard of the H/PPP.



Source: Consultant, 2014

The Mission Statement for the H/PPP is therefore formulated as follow:

To significantly improve the health and social services delivery by harnessing resources of the private sector through the application of tailor made business and operational models.

1.4 H/PPP Objectives

The process of objectives setting follows the preceding processes of Vision and Mission formulation. It is important that there are feasible, clear and specific objectives that are achievable and measurable for the H/PPP.



Source: MoHSS website, 2014

It is deemed necessary to have several objectives that help to achieve the Vision and the Mission for the H/PPP. In consistence with the National PPP Policy, the objectives of the H/PPP are as follows:

1. To encourage the private sector to participate in the provision of health services and related infrastructure and equipment that demonstrate value for money (so that related infrastructure and equipment that demonstrate value for money (so that in the long term, all non-core services should be operating under some form of PPP);
2. To encourage innovation in the provision of health services and related infrastructure and equipment (to ensure that related infrastructure and equipment that demonstrate value for money (so that in the long term, all major health indicators should have improved);
3. To ensure rigorous oversight and governance of the H/PPP projects (which require that related infrastructure and equipment that demonstrate value for money (so that in the short term, organisational reform of the MoHSS should have been effected);
4. To serve as a guiding framework for H/PPP projects by providing principles, processes and procedures (so that related infrastructure and equipment that demonstrate value for money (so that in the short term, private sector's investment in public health infrastructure for maintenance and construction is increased);
5. To achieve capacity development and focused skill transfer in the implementation of H/PPP projects (to ensure that related infrastructure and equipment that demonstrate value for money (so that in the long term, the MoHSS have a lean, effective and efficient organisational structure adapted to challenges in its operating environment);



6. To significantly reduce wastage by implementing improved procurement and management system, with expert knowledge that would be central in making procurement decisions;
7. To develop programs in the short term that will help increase communication and motivation within the health system;
8. To encourage pro-poor development and focus on service delivery in such a way that H/PPP makes a noteworthy contribution to the national goals of poverty reduction, employment creation and inequality reduction; and
9. To support the establishment of a fast response system for conducting research on new diseases, treatment methods, medicines and technology.

1.5 Rationale

The discussions about public management had an impact on health policy debates in developed as well as in developing countries. The specific term used here is “contracting out” meaning the outsourcing to the private sector of activities formerly done by the public sector, and in this case public health departments. The private sector is never under the direct control of the Government and it does function according to a different set of objectives and norms. Private providers can choose which services to offer, determine their own levels of quality, mix of inputs and costs.

Two lines of argument are stipulated by WHO as to why contracting out improves healthcare system.

- **Economic:** The replacement of direct, hierarchical management structure by contractual relationships between purchasers and providers will increase transparency of prices, quantity and quality as well as competition and will lead to a gain in efficiency.
- **Political:** In the context of welfare system reform world-wide, decentralisation of services, from the national to the local level, is frequently suggested in conjunction with an improved participation of the private sector in determining and implementing the services.

Beside the advantages of contracting out which are also often attributed to a PPP, it is argued that the cost side should not be overlooked. Contracting out and PPP will increase transaction costs for, e.g. negotiating and monitoring, the loss of monopsony purchasing power and social costs arising from equity problems (Robinson 1990, von Otter and Saltman 1992). In addition to these direct costs, the impact on the wider health system should also be taken into account. As Mills (1995) argues, the introduction of contracts may:

- Lead to a fragmentation or lack of coordination within the broader public health system;
- Could have an impact on staff resources with a drain of key personnel to the for-profit providers; and
- Might drive scarce resources into a less than optimal allocation.



Berman (1998, p.113) has summarised four major concerns on the effects of private healthcare provision from the perspective of national health policy goals and objectives:

- i) Private providers respond to the population's willingness to pay for healthcare. As a result, they serve those groups who are most willing to pay, such as affluent urban residents. The result will be increased inequity in access and use of health care.
- ii) Because of lower willingness to pay, private providers will under supply socially desirable services, such as immunizations and personal preventive care. This will worsen allocative efficiency in the health sector.
- iii) Driven by the profit motive, and because they have significant control over demand, private providers will take advantage of patients by supplying more health care than is required. This is inefficient and may result in health-impairing actions.
- iv) Private providers can also take advantage of patients by providing low-quality health care, which may result in health and welfare losses.

Turning to the specific priority and role of the public sector for health provision, the question arises as to why and which role the Government (MoHSS) should play in healthcare provision and financing. First, the private sector alone faces constraints that the public sector can principally overcome. Economic theory suggests that market failure and equity considerations always call for public sector intervention.

Market failure in the case of the health sector means essentially an under provision of socially desirable services, e.g. non-patient-related preventive services, disease control and vaccination/immunisation programs, the existence of externalities, e.g. that the welfare of infants depends heavily on the health status of the mother and the existence of asymmetrical information.

The latter problem may arise when drugs are sold on the open market and the manufacturer is better informed on the efficiency and safety of the drug than the purchaser. Looking at equity, a society might be interested in correcting the final allocation of goods and services as it heavily depends on the initial distribution of ownership. Therefore in order to correct these imbalances, the Government through MoHSS must introduce policies which directly benefit the poorer part of the population, e.g. through exemption from payment for certain services. An often-quoted example of market failure, which leads to an unequal coverage of health care services are private-run insurance schemes. Due to the problem of adverse selection and moral hazard, private insurers will only include good risks in their schemes. This, however, makes risk pooling among a society difficult and leaves the bad risks to the public sector.

To address the described market failures therefore, the MoHSS via H/PPP should respond in several ways such as:

- Organising the production of socially desirable services, e.g. disease control;
- Organising goods and services with externalities, e.g. vaccination programs;
- Organising information campaigns, e.g. on family planning, prevention of diarrhoeas; and
- Taking steps to eliminate asymmetric information, e.g. the official registration of health professionals and official recognition of drug quality.
- Generally, there are three main motivations for adopting a PPP strategy. These are:
- Attracting the private capital investment;





- Increasing efficiency and use available resources more effectively; and
- Reforming the sector through reallocation of roles, incentives and accountabilities.

The above crucial objectives are expanded upon in the MoHSS paper entitled “Public Private Partnership Discussion Paper, 28 November 2012”, that gives the rationale for the Health PPP as being:

- Building a sector-wide capacity to deliver high-quality services and products;
- Increasing the number and distribution of health personnel with the right skills available to deliver needed services particularly to underserved groups;
- Mobilizing resources for health in a manner that increases access, improves risk protection and incentivizes providers appropriately (an effective tool for increasing potential for savings on public sector’s scarce resources by providing an alternative source of finance);
- Improving the generation, dissemination and use of health information that reflect all stakeholders in the health sector;
- Enhancing the government’s ability to ensure the availability of high-quality medical products, vaccines, and technologies;
- Enhancing government ability to maintain infrastructure and provision of accommodation;
- Strengthening government oversight of the health sector, particularly by better enforcement of regulations and partnering with nongovernment actors;
- Harnessing private sector efficiencies in asset creation, maintenance and service delivery (a way of harnessing the skills, knowledge and capacities of the private sector to achieve public policy goals, which in turn paves the way for a shift in the government’s role from provider to regulator);
- Creating opportunities to bring in innovation and technological improvements;
- Limiting unsolicited proposals from both international and local private sector entities with ideas of health-related projects that do not align with MoHSS objectives; and
- Developing of skills, facilitating know-hows transfer and building capacity for the Ministry to ultimately manage the projects implemented under the PPP Strategy.



Source: Consultant, 2014

1.6 Principles

Principles are defined as laws or rules that have to be followed. The principles of H/PPP are expected to be understood by all stakeholders as the essential characteristics of the system and reflecting the system's designed purpose, and the effective operation or use of which would be impossible if any one of the principles was to be ignored.

In citing the principles applicable to the H/PPP, due account has to be taken of the dictations for the health sector under the National Health Policy Framework, 2010-2020, and took note of the key principles under the National PPP Policy.

In view of the above, the principles for the H/PPP are therefore:

- Addressing of public policy priorities (accessibility, affordability and quality);
- Potential to be implemented through a sustainable PPP project;
- Representation of value for money;
- Full cost recovery;
- Transferring of assets ownership to the private sector during the PPP period, which well-maintained assets revert back to the Government at the end of the contract;
- Supporting of private sector development;
- Compliance with public budgetary process;
- Appropriate allocation of risks;
- Procurement at minimal cost by ensuring competitive bids, upfront projects structuring and wide information dissemination; and
- Efficient implementation by reducing complexity of coordination amongst government agencies and by achieving balance between in-house expertise and external advisory capacity.



Source: Consultant, 2014

CHAPTER 2

REQUIREMENTS FOR HEALTH PPP



Next

2.1 Introduction

Chapter 3 is meant to respond to the TORs, and specifically related aspects drawn from two deliverables: **PPP Process and Institutional Responsibilities** and **Preliminary Recommendations for H/PPPs**. This Chapter therefore highlights the system gaps in the Health Sector and the MoHSS, identify capacity requirements for the implementation of the H/PPP Strategy and determine the cost thereof.

2.2 System Gaps in the Health Sector and MoHSS

System gaps in the MoHSS manifest itself within the existing procedures and systems for management, service delivery and auxiliary services like transport, accommodation and storage.

- i) **Specialized medical services** – the MoHSS contract private practitioners to provide specialized medical services to State Patients. There is no standard arrangement how these private practitioners are contracted and managed, result in haphazard way of accounting for and verification of the service rendered and therefore inconsistent compensation therefor.
- ii) **State hospitals' facilities and equipment** – currently the private practitioners use equipment and facilities of the state hospitals to treat Private Patients at no cost. There is no system in place to manage the use of these facilities and equipment and charge the practitioners accordingly.
- iii) **Transport** – efficient and readily available transportation service has been cited as one of the essential ingredients for a responsive health system, as it determine the fast availability of medical supplies, emergence response and transfer of patients across the countries and inter-medical facilities.



Currently there is no properly fleet management system within the Ministry, including the vehicle replacement plan, management of running cost and coordination of vehicles deployment and utilization.



Source: Consultant, 2014

- iv) **Catering** – catering of one of the services that are contracted out to the private businesses to a varying degree. In most cases, the contractors are required to supply food, while the catering to the patient is done by the employees of the Ministry using the Ministry’s utensils. The Ministry is also the one that acquires catering equipment and is responsible for maintenance thereof. There is lack of in-house capacity and standardized system to management contacts.
- v) **Cleaning** – the Ministry is responsible for the cleaning of all hospitals, unlike other Government A/M/Os where the cleaners fall under the MWT. However, there is lack of supervision of the cleaners as they do not fall under the medical officers in charge of the health facilities. Even if this is to be the case, the medical personnel would be preoccupied with the substantive medical work to pay sufficient attention to the performance of the cleaners.
- vi) **Laundry – laundry** services are currently provided in-house in some hospitals or contracted out to the private contractors in other hospitals. The laundry equipment in the hospitals breaks down regularly due to lack of maintenance and replacement, and therefore they are dysfunctional or partly functional resulting in resort to other alternative such as transport the items to other hospitals. The Private contractors’ service provision is also not satisfactory from the responsive, quality and cost point of view. This is due to lack of in-house capacity and standardized system to manage these contractors and make them accountable.
- vii) **Accommodation** - accommodation is a crucial catalyst for the provision for **healthcare** services, especially for nurses and specialized doctors engaged in short terms contacts as well as medical officers and doctors deployed in remote areas or away from their duty station. There is currently shortage of accommodation in the health sector and what is available is in a dilapidated state and inefficiently managed, resulting in overcrowding, mainly due to illegal dwelling.

- viii) **Security** – security is one of the services that are contracted out to the private businesses. *There is lack of in-house capacity and standardized system to management contacts.*
- ix) **Infrastructure maintenance** – the most significant constraint in the infrastructure component is the lack of capacity monitor, plan and execute maintenance health *infrastructure*. There are no architects, clerk of works, quantity surveys or even accountants for this purpose. The lack of an empowered institution that can properly plan, manage and maintain infrastructure is therefore a major shortcoming.
- x) **ICT** – there are many stand-alone information systems in the MoHSS managed by different individual divisions in different directorates and running on different software. These systems include: **Health Information System (HIS)**, **Social Welfare Information System (SWIS)**, **Management Information and Research, Monitoring and Evaluation**, and **Information Technology (Health System Review, 2008)**. This fragmented structure has created overlaps and duplications between the various ICT systems.

At health sectoral level, there is observation of lack of institutionalized and standardized links and cooperation between state and private sector medical service providers. Specifically, there is no communication systems through which patients' information are shared and complementary service provision is deliberately organized to ensure seamlessly provision of mutually reinforcing medical services to the people in Namibia.

Through PPP arrangements, improvement could be achieved resulting in positive contribution to the healthcare service being more readily available as, when and where it is needed. Furthermore, PPP in the health sector would also facilitate improvement in the quality and standard of the higher level medical care that is already provided and will ensure greater cost effectiveness in the health care delivery system.

The private sector has the necessary financial resources, people with skills and experience to invest in public infrastructure and services. Therefore, PPP will bring certainty, improved efficiency, affordability, reduced risk perception and thus better delivery cost than the public sector. This can be possible by leveraging private sector finance and expertise aimed at enhancing service delivery.

PPPs would enable MoHSS to leverage private sector financing and efficiency, and risks associated with PPP projects are allocated to the party best able to manage the risk.

Non-core functions within the MoHSS such as laundry, catering, or cleaning, services, repair and maintenance of medical equipment could be performed by private sector or experienced parties under a PPP contract or arrangement.

2.3 Capacity Requirement

Capacity requirement for the H/PPP Unit is measured in terms of identified current health strategic issues as highlighted in Section 2.1 of this Document. It is also measured in terms of the rationale for the H/PPP contained in Section 2.4 of this Document.

The most important aspect to consider in determining capacity requirement is to recognize that it is crucial for the H/PPP Unit to have multiple skills, which include expertise in the areas of public health, civil engineering, finance and accountancy, business development and economics, and law of contracts.



Additionally, another important consideration in determining the capacity requirement for H/PPP is to know what the key success factors are for PPP Units in general. Thus, it is important to note the consistent success factors that successful PPP programs around the world share. These are listed below and explained thereafter:

- Role of the government/line ministries
- Transparency and objectivity
- Skills development and resource allocation
- Flexibility

Role of the Government/Line Ministries

Market interest and participation in PPP projects, particularly in newer markets, is significantly dependent on the role and perception of the Government. It alone does establish the over-arching policy and legal framework under which such projects are conceived and developed.

The H/PPP projects depend heavily on contracts that are effective and enforceable. So, a clear legal and regulatory framework is an important pre-requisite, and a lack of clarity and consistency creates uncertainty for investors.

Given the significant investment and long-term nature of H/PPP projects (which often cover multiple election cycles), demonstrating high-level of political support and commitment is important. Investment plans for the MoHSS indicate the potential flow of future projects and explain how such projects fit together within the context of national or regional economic plans to build a broader consensus.

Transparency and Objectivity

Embedment of commercial and procurement discipline on the H/PPP projects offer powerful incentives for meeting allocated budgets and deadlines.

Establishing and adhering to a transparent H/PPP process, including clear pre-qualification criteria and short listing methodology, objective and quantifiable bid evaluation and award criteria as well as quality assurance and approval processes, help to attract both local and international bidders, thus creating the competitive landscape which is key to delivering value for money.

Skills Development and Resource Allocation

The H/PPP projects are complicated by their very nature and implementing PPP solutions in healthcare is significantly different from PPP solutions for toll roads, airports, etc. The public sector needs access to commercial and financial skills to fulfil its role as an effective client. In many cases, this is one of the most important investments that MoHSS would be expected to make.

Flexibility



Well-structured pipeline projects are able to obtain financing, facilitating a trend towards project restructuring and renegotiation. Such developments emphasize the need to adapt to market conditions and experience by evaluating on-going projects and improving the process where necessary. Such a willingness to learn from “pathfinder” type projects is particularly crucial for ambitious project pipelines.

Consequently, in summary the following are the key overall success factors for PPPs:

- Public institution knows exactly what outcomes it expects from a H/PPP contract;
- H/PPP processes has a dedicated champion in the public institution i.e. a H/PPP Unit;
- H/PPP processes has clear support from politicians and top public officials;
- There are good transaction advisors who understand the procuring institution’s requirements and service delivery mandates;
- A thorough and rigorous feasibility study is conducted;
- Appropriate risk is transferred to the private sector to ensure value-for-money;
- Public institution has strong management skills;
- Public institution has strong relationship and communication skills;
- A monitoring and evaluation model is in place to ensure continuous value-for-money;
- There’s a coherent legislation and regulations for procuring H/PPP projects;
- Processes for procuring lower value H/PPP projects are adapted and streamlined so that they can be implemented faster;
- H/PPP Unit proactively promotes and facilitates H/PPP projects;
- Public sector has clear and articulate policy goals;
- There are clear rules for comparing H/PPP procurement and traditional public procurement; and
- The private sector is incentivized to transfer skills.

Therefore, having taken all the above factors into account, capacity required for H/PPP Strategy is considered in terms of good governance, legal and regulatory aspect, and project management and due diligence, as elaborated herein below.

Good Governance is a process that requires putting into place enabling institutions, procedures and processes for the H/PPP, in order to fully benefit from thereof. Good governance considers the quality of institutions and their effectiveness in translating policy into successful implementation.

Good governance is open to much interpretation but overall the below core principles have become widely accepted:

- Participation – the degree of involvement of all stakeholders;
- Decency – the degree to which the formation and stewardship of the rules is undertaken without harming or causing grievance to people;
- Transparency – the degree of clarity and openness with which decisions are made; and
- Accountability – the extent to which political actors are responsible to society for what they say and do.





Taking these elements into account, good governance objectives for the H/PPP projects, therefore, refer to the following:

- A fair and transparent selection process by which the MoHSS develop the H/PPP partnership;
- Assurance that value for money has been obtained;
- An improvement of essential public services, especially for the socially disadvantaged, and adequate training for those to be involved in the partnership
- Fair incentives to all parties and fair returns for risk takers, combined with the achievement of commercial success;
- Sensible negotiation of disputes that assures continuation of services and prevents the collapse of projects and consequent public waste; and
- Enhanced security in the face of the new threats and for a general improvement in the safety of services provided under the H/PPP arrangements.

The lack of well performing institutions in many countries leads to cancellation of many projects, and is reflected in several things such as:

- Protracted length of negotiations between public and private partners;
- Slowness of reaching closure; and
- Lack of flexibility in risk sharing.

The above cited 'institutions' consist of two types, i.e. formal and informal:

Formal institutions that require legal and regulatory frameworks and policy coherence and physical establishment, such as an H/PPP Unit

Informal institutions in the form of forums - where public and private sectors meet to smooth over misunderstandings and frictions that can arise on specific projects

From a **Legal and Regulatory** point of view, an H/PPP will involve numerous parties and therefore a corresponding number of contractual arrangements. While the terminology may change, the main contractual documents include:

Project agreement – this is the main legal document setting out the rights and obligations of the MoHSS and the contractor. Many model contracts exist but changes will need to be made to account for national and project specific requirements. These are covered in details under Section 5.5 of this Document.

Performance specifications – these include all of the technical, financial and service requirements of the MoHSS and are specifically referred to in the project agreement as constituting an integral part thereof and defining the parties' obligations.

Collateral warranties – these provide for direct links between the MoHSS and the individual sub-contractors appointed by the main contractor. Their main purpose is to give MoHSS the benefit of an independent obligation in relation to the work carried out by sub-contractors. They will also allow for step-in rights.



Project Documents – These define the kind of project envisioned, including its size, applicable standards and implementation method as well as the cost estimate, which should be provide separately from the technical document. This shall form the primary reference for negotiation of the project agreement, and there must be rigid room for modifications and deviations by the proposer upon winning the bid.

Direct Agreements – these regulate the relationship between MoHSS and the private sector. Other contractual documents of importance include: construction and operating contracts and financial security and guarantee arrangements. It is crucial that these documents are prepared in a transparent manner and that clauses are fully understood by concerned parties.

Hence, it is crucial for the H/PPP Unit to have personnel with strong legal expertise.

Project Management/Due diligence is a significant and often neglected stage of an H/PPP arrangement. It is a contract management phase. It requires a diverse set of skills in project management, business, economics, risk analysis and finance. And, it is an essential, although time-consuming and potentially a costly element, for the success of any H/PPP project.

Experience acknowledges that while significant consideration is given to the procurement, evaluation and contract negotiation areas of PPP projects, rather less attention is paid to contract management. At the same time, contract management skills have tended not to be widespread in the public sector.

While performance can be driven through appropriately structured performance incentives or disincentives, sound contract management arrangements are required to ensure performance standards meet – and preferably exceed – expectations throughout the contract life. Without such arrangements in place, what may have been a beneficial project for the Government could quickly become an even more costly exercise, than if traditional procurement methods had been adopted in the first place.

Effective contract management will, in most circumstances, is that which secure the interests of the public sector and the community by the development of sound working relationships with the service provider. This allows services to be tailored continually to the current needs of the users in ways that are mutually beneficial to both parties.

It is necessary to have appropriate and effective institutions with the necessary capacity to initiate, design, organize, manage, regulate and monitor the implementation of PPP projects. Existing institutions need to build capacity to be able to take on new roles and new institutions sometimes have to be created.





2.4 Cost for H/PPP

In order to set up an effective H/PPP Unit within the MoHSS, there is a need to develop the policy, legal and institutional frameworks to provide the required organisational and individual staff capacity. Thus, the MoHSS has to set aside financial and material resources (through an operational and capital budget) necessary to run the operations of the H/PPP Unit. The costs associated with setting up the H/PPP Unit emanate from the following aspects:

- Recruitment of suitable staff to manage the operations of the H/PPP Unit, including the necessary salaries and related personnel costs;
- Securing of office space, including alteration, furnishing, fitting, etc. to host the H/PPP Unit;
- Operations of the H/PPP Unit in executing its duties;
- Capacity building of H/PPP Unit personnel
- Acquisition and production of the necessary materials and external expertise
- Awareness campaign

The H/PPP Unit needs competent support services from within the MoHSS that can appropriately assist with the identification, procurement and management of H/PPP projects and to conduct efficient project oversight, reporting and dispute resolution.

All H/PPP projects will require funding for initial investment costs that are recovered over time from future revenue streams. These could be source either from investors' own funds, public funds, financiers or donor funding. In addition, the MoHSS shall also require more fund for the operations of the H/PPP Unit.

The H/PPP Unit shall have to design an optimal financing strategy for the H/PPP in general and design the financial instruments to suit the various types of H/PPP projects. Ideally, what is required is for each project's benefits, revenues and recoveries to be projected and analysed so that it is used to design an optimal financial instrument for funding the project. The suitability of the instrument so designed has to be considered in terms of matching the needs of the investors' needs. The H/PPP Unit also has to identify the financiers such as banks, asset management companies, insurance companies and pension funds, with appetite for such financial instruments and engage them to fine tune the offering.

In assessing funding mechanisms, the H/PPP Unit has to identify, analyse and mitigate all financial risks that could affect the projects. These risks include currency, default, credit and many others. The mitigating instruments include Government guarantees, indemnities, insurance and matching. Understanding of the financial position of each project, its cash-flow, risk position, viability and financial soundness are crucial consideration for funding method of a particular H/PPP project.

The available funding mechanisms are broadly categorized as government budget and private capital investment, and they are elaborated upon herein below.

Government Funding - The Government may choose to fund some or all of the capital investment in a project and look to the private sector to bring expertise and efficiency. This is generally the case in the project where the operator is paid a lump sum at the initial stage of projects and will then receive an operating fee to cover operation and maintenance of the project. Another example would be where the Government chooses to source the civil works for the project through traditional procurement and then bring in a private operator to operate and maintain the facilities or provide the service.

Even where the Government's prefer that financing is raised by the private sector, increasingly the Government is recognizing that there are some aspects of the project or some risks in a project that it may be easier or sensible for the Government to take. What is undisputable is the fact that there is always a public component to any H/PPP project. The form that this component takes will depend on the project, and required support can range from financial, to indirect or contingent support, to in-kind support (such as a provision of land, building or equipment), to broader financial mechanisms that can support the country's PPP program or encourage the financial markets to lend into projects (such as paying for project preparation, guarantees, concessional loans, buying commitments, etc.).

It therefore follows that the MoHSS could allocate funds from its annual budget to support funding of PPP projects, in addition to the fund required for the operations of the H/PPP Unit, which is part of the organizational structure of the Ministry.

The common way of supporting PPP project funding is through subsidy. In this context, subsidy refers to a direct fiscal contribution or grant to pay for a portion of costs that is not repaid by project revenues. Subsidies to H/PPP projects can be structured in a number of ways. MoHSS can provide subsidies by making upfront cash contributions to pay for capital costs. In fact, the Ministry does already cooperate with the faith-based hospitals under this form of support, which include for Onandjokwe Lutheran Hospital, Odibo Anglican Hospital and Rundu Hospital.

Alternatively, once a project is constructed, the Ministry can make regular payments to the private company based on the availability and quality of the service it is contracted to provide. A third option is for Ministry to pay a fee per user, such as per a number of patients treated. There are more indirect ways to make a fiscal contribution to an H/PPP project and are often regarded as 'implicit subsidies' because they are less transparent. These are cited above as paying for project preparation, providing concessional loans, guaranteeing private sector lending and availing land, building or equipment to the private operator.

In theory, subsidies to PPPs serve a single purpose: to make sure projects that will produce a net economic or social gain are commercially financed. There are two broad reasons why an economically justified project may not be financially viable. First, some projects can create public benefits that are not reflected in the price consumers are willing to pay for the service. Second, user fees can be deliberately set below consumers' willingness to pay to keep user fees at a socially acceptable level.



While the main source of Government funds state revenue via treasury, the Government also have an option of borrowing for specific projects, which form part of sovereign borrowing. In this regard, the MoHSS could issue debt paper (**government bonds**) through the MoF or use government guarantee to finance specific capital intensive projects under a PPP arrangement. It is advisable for the Ministry to avoid sovereign guarantee, and instead use guarantee the “right to use”, which is described as a commitment by the Government to utilize the infrastructures or services provide under the H/PPP arrangements for a specific period.

The MoHSS could also consider the possibility of creating a **project development fund** that covers different structures where MoHSS is the sole purchaser of PPPs under contracts rather than government funds being used to supplement user fees. Projects supported under this fund should be prioritised and the MoHSS should provide commitment to indicate that the project was a priority. Thus, Government support to the projects could be in the form of land grants, tax breaks risk – bearing, cash subsidies, etc.

Private Capital Investment – may refer to *corporate or on-balance sheet financing or project-leverage financing*.

“*Corporate or on-balance sheet financing*” is whereby the private operator may accept to finance some of the capital investment for the project and decide to fund the project through corporate financing – which would involve getting finance for the project based on the balance sheet of the private operator rather than the project itself. This is typically the mechanism used in lower value projects where the cost of the financing is not significant enough to warrant a *project-leveraged financing mechanism* or where the operator is so large that it chooses to fund the project from its own balance sheet. The benefit of this is that the cost of funding will be the cost of funding of the private operator itself and so is typically lower than the cost of funding through project-leveraged finance. It is also provably less complicated than project-leveraged finance.

However, there is an opportunity cost attached to corporate financing because the company will only be able to raise a limited level of finance against its equity (debt-to-equity ratio) and the more it invests in one project the lesser that will be available to fund or invest in other projects.

“*Project-Leverage Financing*”, also known as “limited recourse” or “non-recourse” financing is one of the most common, and often most efficient, financing arrangements for H/PPP projects. Project-leveraged financing normally takes the form of limited recourse lending to a specially created project vehicle (special purpose vehicle or “SPV”) which has the right to carry out the development and operation of the project. It is typically used in a new infrastructure building or extensive refurbishment situation, and so the SPV has no existing business. The SPV is dependent on revenue streams from the contractual arrangements and/or from tariffs from end users which only commence once the project development has been completed and it is operational. It is therefore a risky enterprise and before lenders agree to provide financing to the project they would want to carry out extensive due diligence on the potential viability of the project and a detailed review of whether project risk allocation protects the project company sufficiently. This is known commonly as verifying the project’s “bankability”.



Joint ventures – refers to the arrangements where the Government and private sector operator establish a commercial entity to produce, market and sell products. Under this arrangement, the Government and private sector operator co-owner the infrastructures and equipment through a new company or by either side acquiring equity in the existing company, and therefore injecting in capital. More often, the Government owns minority equity stake and leaves the full management to the private sector operator. For the health sector, joint ventures are more feasible for manufacturing of medical supplies.

There is a need for MoHSS to adapt both their skills and processes to ensure that H/PPP programs deliver what is expected of them. Thus, a cross – sectoral pool of expertise should be developed in a dedicated Health/PPP unit to supplement capacities in the areas of financial, contract design skills, planning and budgeting which might not be present in the MoHSS. The skills requirements for H/PPP could be deduced from Section 3.1 (Capacity Requirement) and 3.2 (Institutional Setups) of this Document.

Targeted and tailor-made skill building programmes have to be developed for various stakeholders of the H/PPP. The crucial stakeholders are the staff members assigned to the H/PPP Unit, which require a complete range of skills for all H/PPP projects transactions, ranging from project identification, development (design, cost estimation and consensus building), procurement (appraisal, evaluation and awarding), oversight and contract management, and ex-post evaluation, auditing of the performance and reporting. Other stakeholders are staff members of the Ministry that provide auxiliary services to the H/PPP Unit such as budgeting and accounting services. Consultants can play a large role in providing specialized skill training and development for the H/PPP Unit and the Ministry at large.

However, certain core skills and competencies are prerequisite for the Ministry to setup the H/PPP Unit. These include project management and institutional development.

The sustainability of capacity in the H/PPP Unit is also very crucial as its full long-term development and effectiveness can be negatively affected if staff members who have benefited from capacity building initiative built are allowed to go.

In recap, the cost of capacity building for H/PPP Unit shall include a skill auditing exercise in the MoHSS, restructuring the Directorate of Planning to host the H/PPP Unit that may involve creation of additional positions and upgrading of the existing ones, identification, assignment and recruitment of staff to the H/PPP Unit, design or identification of skills development programmes for the H/PPP Unit and the MoHSS in general, delivering of the skills development programmes that may involve commissioning consultancies or sending staff to participate in identified programmes in the country or abroad, and putting in place a staff retaining system.

The complement component of skills development should focus on stakeholders for H/PPP outside the MoHSS as outlined in Section 3.2 (Institutional Setup) and 4.2 (Institutional Responsibilities). While the cost of delivery skills development may vary from stakeholder to stakeholders, the magnitude is expected to be relatively low compared to that to be incurred in delivering skills development for the H/PPP Unit and MoHSS. For external stakeholders, the major portion of cost will be more on the programme design, with the delivery to the private sector's stakeholders likely to be more burdensome.





2.5 Strategies for Skill Gap Filling

Being skilled has always been an advantage, if not a necessity, for individuals. Having a skilled labour force is just as much a necessity for an institution, especially when it is having a specialized role. Skilled employees are more productive and innovative. These two elements, greater productivity and innovation, are essential for the successful implementation of the H/PPP. Given that the practices of PPPs are new in Namibia, it is expected that there will be scarcity, in non-existence, of skills that are specific to PPPs, more so for the health sector. It is therefore very important that strategies for filling skill gap are developed, taking into account the identified required skills for H/PPP highlighted under Section 3.2 (Capacity Requirement) and 4.2 (Institutional Setup) of this Document.

In summary, for purpose of developing strategies for skill gap filling, the steps include identifying essential skills for the H/PPP, understanding skills mismatch (i.e. auditing the available skills in the MoHSS, as well as locally to the extent possible, developing sound strategies and programmes for skills development for H/PPP Unit and MoHSS as well as for selected stakeholders in other government institutions and the private sector.

The commonly known strategies for skills development are:

- Training
- Self-directed learning
- Coaching and mentoring
- Job growth and enrichment
- Job aids

Any **training programme** should follow a basic development cycle that involves:

- Analysis of performance gaps, training needs and available resources ;
- Designing of training programme, covering delivery format, training schedule and objectives;
- Developing of course and evaluation materials, learning activities and evaluation tools;
- Delivering of training programmes; and
- Evaluating the progress and outcomes during the training process and after completion.

Here are some of the available training programmes:

- Orientation – this is the beginning of learning in the job, whereby the new employees learn how things works, where things are, who is who, and what role they play in the institution.
- On-the-Job Training – this involve coaching of an employee by a consultant, supervisor or co-employee, providing instruction and guidance during the performance of work tasks.
- Classroom training – this could be in-site or off-site group training, which could be in the form of seminar or a week to months course that is based on sound planning and presentation principles.
- E-learning – this is training or educational information that is delivered via electronic means such as computers, mobile phones, USBs/CDs and TV.
- Training-the-train – this is for providing employees with the tools for coaching and training new and existing employees in a consistently good and effective manner.

Self-directed Learning Programme puts the employees on the driving seats, where they have to identify their skill needs, set learning goals, research learning options, choose learning methods and evaluate progress. Self-directed learning programme needs to have a structure in the form of personal development plan for it to be recognized and supported by the institution.

Coaching and Mentoring Programme refers to a short-term guiding of an employee focusing on a specific challenge or problem (coaching) and also to a long-term pairing of a less skilled and/or less experienced employee with a more skilled and experienced employee to act as a guider, advisor and counsellor at various stages of an employee career.

Job Growth combines several aspects of skills development and retention, such as rewarding good performance through promotion, enhancing assigned tasks and job rotation as ways of job enrichment and enlargement.

Job Aids include anything that provides on-the-spot practical help and is structured to help employees remember and use procedures, techniques and information in the performance of their tasks. These may be checklists, worksheets, wallet cards, posters, pictures, code lists, flow charts and diagrams.

MoHSS can build the necessary capacities in an integrated approach which combines establishing new institutions and training relevant MoHSS officials, while at the same time using external expertise with the aim to:

- Enhance skills of the H/PPP Unit;
- Attract the right skills; and
- Retain personnel in the H/PPP Unit.

The H/PPP Unit, for example, will develop an H/PPP skill development programme for building the necessary expertise, not only in the H/PPP Unit and the MoHSS, but also for, to a certain extent, external stakeholders in Government and the private sector. A skill development programme that has a greater chance of success should include practical 'on-the-job training' as opposed to theoretical classroom lecturing.

In addition, by taking an incremental approach for capacity building, which include setting and following international standards, perpetually pursuing new knowledge on PPPs and being trained by country-specific PPP educators, developing good governance best practices through case studies, and engaging in an on-site project learning, the H/PPP training programmes would increase the chances of success in building the required capacity for H/PPP. Overall, "training-by-doing" inside the operational environment would provide the best solutions for PPP education.

Fostering multilateral cooperation is important for skill development for the H/PPP, because it saves resources and avoids reinventing the wheel for the H/PPP programme. PPP units of other countries are often willing to help other governments to establish their own PPP units and do help with training on a bilateral basis.



Following below are examples of some types of PPP focused skill development programmes in selected countries:

Spain: SEOPAN, the association of major Spanish contractors and concessionaire groups, has established with a local **management-training institute**, an MBA programme that has produced students to work in the field of concessions.

Netherlands: Within the Ministry of Transport, a number of large PPP projects have been brought under the supervision of a single management entity and a PPP **Knowledge Pool** was established on 1st September 2006. The purpose of this Knowledge Pool is to consolidate, develop and spread financial, economic, legal and contractual knowledge and expertise in the area of PPPs within the Ministry. The Knowledge Pool is dedicated to internally facilitate the key positions in the different PPP projects. The rationale is to build expertise on the basis of delivering a few successful pilot projects, which reflect the Ministry's new orientation in PPPs towards reliable and predictable access of transport services.

United Kingdom: Partnerships UK runs, for one or two times a year, a **PPP Foundation Course** specifically for public sector PPP task force officials involved with the development and management of PPP programmes.

CHAPTER 3

HEALTH PPP PROGRAM OVERSIGHT

Next



3.1 Introduction

Program Oversight is an important aspect of project management in terms of monitoring the implementation, evaluating achievements of set targets and goals and instituting remedial measures to adapt to the changing circumstances during the course of the project delivery.

At the core of programme oversight is the project governance system, processes and procedures, for which efficiency and effectiveness is determined by the institutional set up and their responsibilities.

3.2 H/PPP Governance

Governance refers to the processes in actions of the parties, and how things are done, not just what is done. It covers the quality of institutions and their effectiveness in translating policy into successful implementation. Governance for the H/PPP is therefore a process that requires putting into place the enabling institutions, procedures and processes surrounding PPP projects in order to realize full benefit for all stakeholders. This involves the Government playing a critical role, in partnership with other stakeholders.

Good governance involves some key principles that have become widely accepted:

- Participation: the degree of involvement of all stakeholders;
- Decency: the degree to which the formation and stewardship of the rules is undertaken without harming or causing grievance to people;
- Transparency: the degree of clarity and openness with which decisions are made;
- Accountability: the extent to which political actors are responsible to society for what they say and do;
- Fairness: the degree to which rules apply equally to everyone in society; and
- Efficiency: the extent to which limited human and financial resources are applied without waste, delay or corruption or without prejudicing future generations.

The main aims of governance for the H/PPP are:

- A fair and transparent selection process by which governments develop partnerships;
- Assurance that value for money has been obtained;
- An improvement of essential public services, especially for the socially disadvantaged, and adequate training for those to be involved in the new partnerships;
- Fair incentives to all parties and fair returns for risk takers, combined with the achievement of commercial success;
- Sensible resolution of disputes that assures continuation of services and prevents the collapse of projects and consequent public waste; and
- Enhanced security in the face of the emerging threats and for a general improvement in the safety of services provided under H/PPP arrangements.

Governance for H/PPP does especially matter from both political and socioeconomic perspectives, in that:

- An effective procurement regime means that the Ministry is able to buy goods and services of higher quality at lower prices;
- Mechanisms that secure well-governed projects will heighten the support of society for H/PPP projects and give policymakers the confidence to provide the necessary political support for the H/PPP process;
- Projects which are well planned and are based on the consensus of all parties engaged, following a proper and ongoing consultation, have less of a chance of unravelling, thereby avoiding costly litigation;
- By conducting its purchasing in an open manner, the Ministry contributes to the increased confidence of suppliers in the reliability of the Ministry as a business partner; and
- Good governance and efficient institutions are strongly linked to increased competitiveness and faster rates of economic growth and development.

The above features of good governance are accounted for by the institutional setup and responsibilities as described under Section 3.3.

The H/PPP process and procedures are designed to ensure checks and balances, while instilling transparency, fairness and equity. While the H/PPP projects are mainly being initiated by various operational structures (Directorates and Departments of the MoHSS) via the H/PPP Unit, other structures of the MoHSS play active role as part of governance at the ministerial level. These are:

- The Office of the PS,
- The H/PPP Unit reports, as an integral part of the DPPHRD;
- Project Steering Committee, chaired by the Director of PPHRD, and constituted of selected technical officials and experts from the Ministry and from outside the Ministry;
- The PMDRC, which is the ministerial management forum, chaired by the PS, and constituted of Deputy PSs, Directors and Deputy Directors of the Ministry; and
- The Ministerial Steering Committee, chaired by the Minister, and comprised of PS, Deputy PS and Directors.

Outside the Ministry, involved structures include the National PPP Unit, which is under the MoF and is responsible to ensure adherence to the National PPP policy and procurement regulations, as well as the National PPP Committee, under the MoF, that consider and approve H/PPP projects from a policy perspective. The other O/M/As that are part of governance are the MTI, MWT, NPC and OAG as well as private sector representatives.

3.3 Institutional Setup and Responsibilities for the H/PPP

Institutional Setup and Responsibilities within the Ministry

Institutional setup is to be designed to cover all the concerned stakeholders in such a way that each handles the roles within its competency and within the context of the prevailing laws. This means that cognisance is taken for the assignment of responsibilities within the MoHSS, the Government and the health sector in general.



At the ministerial level, the H/PPP Unit has to be established for administration, coordination, quality control and accountability as well as for information management as related to H/PPP projects. The H/PPP Unit is to be created within organizational structure of the MoHSS, as the health sector line Ministry. The H/PPP Unit must be capacitated to be able to disseminate information and provide technical and management services for a specialized process, i.e. H/PPP.

The H/PPP Unit serves to ensure that key stakeholders relevant to any H/PPP project adhere to a consistent methodology and agreed guidelines throughout the defined process, which involves:

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- Projects identification and prioritization;
- Encouragement of competition;
- Conducting of due diligence of opportunities;
- Adherence to transparent bidding processes;
- Ensuring the appropriate treatment of employees and Government assets; and
- Ensuring **the most effective use of Government resources**.

The key functions of the H/PPP Unit are:

- Receipt and preliminary assessment of H/PPP project ideas;
- Conducting of internal consultation and approval of H/PPP project ideas
- Providing technical advice to the Ministry and the Project Steering Committee on H/PPP project development;
- Liaising with the National PPP Unit for H/PPP projects notification and secure various approvals of H/PPP project by National PPP Committee;
- Providing technical advice to the H/PPP Project Evaluation and Negotiating Teams
- Project implementation oversight (monitoring);
- Produce regular reports on progress from the initiation stage to the project closure stage;
- Provides regular training for both the public and private sectors on H/PPP;
- Produces and distributes interval public reports on the H/PPP ;
- Serves as the PPP knowledge management centre for the health sector
- Liaises with the National PPP Unit of the MoF to ensure that national policies, laws and regulations are followed and adhered to; and
- Keeps in touch with international PPP bodies to ensure that international best practice for PPP projects is followed, within the Namibian context.

H/PPP Unit will maintain a strong dialogue with all players in the market. This starts naturally due to the need to liaise over H/PPP technicalities and to provide the private sector with information. The role is expected to develop because the H/PPP Unit reports on the key findings about market attitudes and companies' responses to public sector actions and statements, in addition to reporting details and views about the private sector's capacity.

Moreover, the H/PPP Unit is to hold regular seminars for the commercial advisers – legal, technical and financial. Advisers play a central role and facilitate dialogue between the public and private partners in accordance with Government



policies and technical guidance. They also give the H/PPP Unit considerable support and advice informally. The H/PPP Unit may be invited to address various events sponsored by various players – potential H/PPP operators.

The H/PPP Unit needs to have the right level of authority with unambiguous mandate and clear reporting line, and assign competent personnel. The H/PPP Unit should have to be well streamlined within the Ministry, but have direct link to the PPP structure at the overall Government level, via the MoF.

In structuring the H/PPP Unit, accounts have been taken of the existing structure and capacity of the MoHSS, in relation to the capacity requirement for the H/PPP as described in Section 2.1 above. Cognisance is also taken regarding the public view and Government position on establishment of government institutions, whereby proliferation has to be avoided to the extent possible.

Against the above consideration, the H/PPP Unit is to be hosted or streamlined within the MoHSS under the Directorate of Policy Planning and HR Development (DPPHRD). Personnel within the DPPHRD shall be assigned responsibilities of the H/PPP Unit. In this regard, skills audit will have to be conducted to determine, not only training needs, but also any additional positions that may have to be created.

From the capacity requirement analysis, the following core skills shall have to be available within the H/PPP Unit: (1) **Project development and management**, (2) **Law and public policy analysis**, (3) **Business and economics**, (4) **Finance and risk analysis**, (5) **Sociology**; and (6) **Health**.

A Deputy Director under the DPPHRD is recommended to be the Head of the H/PPP Unit and reports the H/PPP Project Steering Committee and via the Director, to the PS. Recognition would have to be made regarding added responsibility to the position of the DPPHRD, which may necessitate elevation in terms of resources allocation.

Consideration should be made of the possibility to establish Project Implementation Units (PIUs) for each project, especially the big and/or important projects, and the lifespan thereof should be linked to the project life cycle. The PIUs serve as central points of accountability and management, with particular functions of:

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- Monitoring and reporting on the project progress
- Performing financial management and accounting
- Handling project procurement

Close and regular coordination is needed between the H/PPP Unit and its various PIUs.

In executing its functions, the H/PPP Unit will be supported by the H/PPP Project Steering Committee, which will be composed of permanent members representing the various functional department of the Ministry, MoF, MWT, MTI, NPC, OAG and two relevant bodies representing the Private Sector, as well as *ad hoc* members that may be appointed from time to time for specific purpose of their expertise. The main functions of the H/PPP Project Steering Committee include assisting the H/PPP Unit in putting in place the necessary rules and procedures, consider and approve H/PPP Project Proposals and recommend submission to the National PPP Committee.





Until such time that the Government acquire deep experience in the management of H/PPP projects, there will be a need for occasional hiring of transaction specialized advisors and expertise such as lawyers, financial analysts, financiers, economists, sociologists, and health specialists to support the MoHSS via the H/PPP Unit in the development and implementation of H/PPP projects.

Institutional Setup and Responsibilities of O/M/As

At the Government wide level, there are institutions that are specifically relevant to PPP in the health sector. These include the MoF, NPC, MTI, MWT, OPM, OAG and the Office of the Auditor General. The context and roles of each of these institutions and their respective relevance to the H/PPP are briefly described herein below.



Source: MoHSS website, 2014

The **National Planning Commission, NPC** is charged with the responsibility of planning national priorities and directing the course of national development; and has been coordinating the implementation of the National Development Plans (NDPs).

NPC would be required to review the H/PPP projects to ensure that their designs and implementation thereof are in line with the capital development priorities of the Government. The H/PPP Unit shall therefore have to coordinate with NPC to ensure that the implementation of the H/PPP projects is in line with the national development priorities. NPC will be required to identify a representative to be appointed as a member of the H/PPP Project Steering Committee.

The **OPM** leads the Government business in Parliament, coordinate the work of Cabinet, advises and assists the President in the execution of Government functions, oversee and manage public services and execute special projects assigned to the Office. This means that the H/PPP Unit shall have to interact with OPM at several stages of H/PPP implementation, including during legislation, policy development and seeking endorsements from or reporting to Cabinet.



OPM shall therefore be entrusted with the responsibilities of ensuring that Cabinet puts in place the necessary policy framework for the H/PPP, and to organise Cabinet to consider submissions (agenda, information and legislation) on H/PPP projects.

The **MoF** is the custodian of the government procurement policy, which include the National PPP policy, and its houses the National PPP Unit. The H/PPP Policy has to be compliant and adhere to the National PPP Policy, and the Ministry of Finance, via its National PPP Unit, has a responsibility in this respect.

The MoF shall therefore be responsible for ensuring that the H/PPP Policy and projects thereof are compliant and adhere to the National PPP Policy; allocate sufficient budget for the operation of the H/PPP Unit and execution of the H/PPP projects, and to identify a representative to be appointed as member of the H/PPP Project Steering Committee.

The **MTI** is responsible for the development and management of Namibia's economic regulatory regime, on the basis of which the country's domestic and external economic relations are conducted; as well as for promoting growth and development of the economy through the formulation and implementation of appropriate policies to attract investment, increase trade, develop and expand the country's industrial base. The H/PPP can serve as a tool of economic empowerment and development if it is well coordinated with MTI's execution of its mandate.

The MTI shall be responsible for coordination with the H/PPP Unit to ensure that H/PPP projects serve as tools for economic empowerment and development; and to identify a representative to be appointed as member of the H/PPP Project Steering Committee.

The **MWT** is responsible for transport and infrastructure sectoral policies and regulations, and has a mandate to ensure infrastructure development and maintenance on transport and state assets management through operational and management of resources. It therefore follows that implementation of H/PPP shall have to be coordinated with the MWT as far as infrastructure development and maintenance is concerned.

The MWT would be responsible for coordinating with the H/PPP Unit on design and implementation of H/PPP projects for infrastructure; and shall have to identify a representative to be appointed as member of the H/PPP Project Steering Committee.

The **OAG** audits all public accounts and also carries out performance audits of public institutions, examining the way in which public sector resources are utilised. The H/PPP Unit may therefore have to be audited as a specialized Unit of the MoHSS.

The OAG shall therefore be responsible for auditing the performance of the H/PPP Unit as a specialized arm of the MoHSS; and to conduct specialized audits on the H/PPP projects.

The **Office of the Attorney General** is the main legal advisor to the Government, and has the executive responsibility for legislation, law enforcement and defending Government's interest in public prosecutions.





The Office of the Attorney General shall be responsibilities for assisting the MoHSS in negotiating contracts for the H/PPP projects, reviewing the H/PPP projects from a legal point of view and advice the H/PPP Unit accordingly; and represent the H/PPP Unit in any legal disputes with the private sector contractors.

Private Sector Representatives

The private sector includes for-profit and not for-profit stakeholders, and they have the business or social agenda for entering into a partnership with the Government.

It is the private sector that would be expected to:

- Respond to Government RFPs on PPP projects, by making technical and financial proposals for;
- Initiate innovative ideas for H/PPP projects as unsolicited proposals;
- Mobilizing resources;
- Assimilating a larger proportion of project risk;
- Ensuring efficient and effective execution of the project, through providing technical expertise and managerial skills; and
- Identify a representative to be appointed as member of the H/PPP Project Steering Committee.



CHAPTER 4

HEALTH PPP IMPLEMENTATION

Next



4.1 Introduction

This chapter contains the H/PPP Guidelines, and it is designed to serve as a Manual for both MoHSS officials and the private sector operators in the execution of H/PPP projects.

The chapter contains the following main sections:

- Procedures and process for H/PPPs
- H/PPP Models
- Template/Prototype Contract for H/PPP Projects
- Handling of Unsolicited H/PPP Proposals

Management and Operating System and Tools for H/PPP Implementation

4.2 Procedures and Processes for H/PPPs

The National PPP Policy spelled out a PPP Project Cycle, which comprises of six primary stages. For the purpose of the H/PPP Strategy, the associated procedures and processes are defined in the same line, but in a more health sector specific and expanded manner. An H/PPP Project therefore follows the following eight stages: *(i) Project Identification, (ii) Project Inception, (iii) Project Feasibility Study, (iv) Project Procurement, (v) Appraisal, (vi) Project Development, (vii) Project Implementation and Operation, (viii) Project Monitoring and (ix) Project Exit and Transfer.*

(i) Identification Procedures and Processes – According to the National PPP Policy, projects identification is done through:

- Conceptualization by the Project Officer; or
- When the Transaction Adviser undertakes the feasibility study and concludes that there is substantial Value for Money for the adopting the H/PPP approach.

The National PPP Policy further contains the following essential elements for H/PPP project at the identification stage:

- Sufficient scale and long-term nature
- Complex risk profile and opportunity for risk transfer
- Whole-of-life costing
- Innovation
- Measurable outputs
- Asset utilization
- Better integration of design, construction and operational requirements
- Competitive process

It is important to note that the National PPP Policy set a threshold of N\$10 million as a trigger value for PPP to be considered as procurement method for the relevant project, though the projects with lower value could still be considered by sufficient justification via value for money drivers.

An H/PPP project is identified when a particular Directorate or Department of the MoHSS noticed a need to deliver a specific service, infrastructure or/and technology transfer through an H/PPP method.

The following features are crucial in project identification process:

- The project must have clear boundaries and measurable performance in output terms;
- The project must be of a scale and value to be of interest to private sector contractors;
- The project must have a significant element of service or operating content;
- There must be scope for cost effective allocation of risk to the private sector;
- There must be scope for innovation;
- There must be scope for the generation of additional third party revenue for stimulate private sector interest.

Once the need or opportunity for H/PPP project has been clearly identified, the H/PPP Unit shall carry out a prefeasibility study to determine whether the proposed project is in the best interests of the country, including assessment of service need and appraisal of service delivery. This is to be done on the basis of affordability and potential to generate value for money through appropriate risk transfer. If the H/PPP Unit does not possess the requisite skills for carrying out the prefeasibility study, it may appoint a Specialist/Consultant/Transaction Advisor to do so. As far as possible, MoHSS should develop the necessary in-house skills to carry out its own prefeasibility studies.

The H/PPP Unit, in collaboration with the responsible Directorate/Department, will review the prefeasibility study report to determine the viability of the project and advise the Ministry whether to approve or to reject the project, through the process as elaborated under Section 4.5.

The H/PPP Unit makes a submission to the Office of the PS, containing the following:

- An assessment of service need
- Appraisal of service delivery options

Thereafter, the submission is reviewed and recommended by the PMDRC, which is chaired by the Permanent Secretary, and forward to the Ministerial Steering Committee, which is chaired by the Minister, for review and final ministerial endorsement.



On the basis of the potential to use the H/PPP approach that is under active consideration for a particular project, the H/PPP Unit may wish to further undertake some market soundings, especially if it is an unusual project which has not been brought to the market before. The H/PPP Unit shall examine areas such as:

- Financial standing;
- Technical capacity;
- Management expertise; and
- Private sector experience in the area to measure the interest and capabilities of potential partners

The H/PPP projects can also be identified on the basis of stakeholders' inputs that could be the other O/M/As or private sector by unsolicited (*suo moto*) proposals. Project identification may be based on a specific needs assessment or arise out of a regular review of investment opportunities and programme requirements.

For unsolicited proposals, the prefeasibility studies will be conducted by the private sector entity making the proposal. This stage should give the MoHSS an early indication of the project's suitability for implementation under the H/PPP. In the case of unsolicited proposals, it is to be further noted that at this stage in the process, no sensitive information is to be divulged by either side, and no commitments should be entered that would compromise the procurement.

(ii) Project Inception Procedures and Process – Once the internal ministerial process is completed and the project is approved, the H/PPP Unit will undertake consultation with the National PPP Unit to review the proposal in the context of the National PPP Policy and Regulation. This starts with the MoHSS notification of the H/PPP project proposal to the National PPP Unit. The notification to the National PPP Unit include the followings:

- Registration of the H/PPP Project
- Assignment of the Project Officer or Project Team
- Constitution of the Project Steering Committee

The H/PPP Unit may wish to appoint a Project Officer or set up a Project Team from within or outside the Ministry, based on capability and appropriate qualification to manage the process. The Project Officer or the Project Team shall assist with the management of the process throughout the circle, including:

- a) Conducting the prefeasibility studies;
- b) Approving ToRs of feasibility study and the deliverables of the transaction advisor;
- c) Overseeing project development budgets and expenditures;
- d) Ensuring that the progress on the development of the project proposal is effectively communicated within the Ministry and to the public where required;
- e) Reviewing and endorsing proposal and bid documents to be submitted to the H/PPP Unit for review and further processing;
- f) Valuating bids at the pre-selection and selection stage;
- g) Negotiating with the preferred bidder; and
- h) Any other assignment as may be required by the H/PPP Unit.

(iii) **Feasibility Study Procedures and Process** – Once the National PPP Unit is satisfied with the compliance of the proposal with the National PPP Policy and Regulation, the H/PPP Unit shall make a submission to the H/PPP Steering Committee and the PMDRC seek an authorization to commence with the feasibility study.

The feasibility study comprises of the following steps, in line with the dictation of the National PPP Policy:

- Strategic need assessment
- Detailed analysis of available options
- Legal and technical due diligence
- Assessment of Value for Money
- Economic assessment
- Preparation of procurement plan
- Obtaining of final Cabinet Approval of the Feasibility Study and for procurement through PPP

As soon as the H/PPP project proposal is sanctioned by H/PPP Steering Committee and the PMDRC, the H/PPP Unit must determine the available expertise to implement a particular H/PPP project and appoint a Transaction Advisor for carrying out the feasibility study as may be necessary.

At this state, the Project Officer or the Project Team will use the feasibility study findings to assist on the assessment of the project and to make submission to the PMDRC and the Ministerial Steering Committee as to whether the project is affordable, provides value for money and enables an optimum transfer of risks. Affordability in relation to an H/PPP Agreement means that the MoHSS must be able to meet any financial commitment incurred in relation to this agreement from its current and future budgetary funds. Any project for which there is no financial or contingent liability shall be handled with flexibility in terms of seeking ministerial internal approval.

Once the H/PPP Steering Committee, the PMDRC and the Ministerial Steering Committee have approved the project (the feasibility study report), the H/PPP Unit will make a submission to the National PPP Committee, via the National PPP Unit, requesting the *Transaction Approval 1*, as required under the National PPP Policy.

(iv) **Procurement Procedures and Process** – once, Transaction Approval 1 is received, the H/PPP Unit will commence with an open and competitive bidding process that comply with standard prescribed in the National PPP Policy, this H/PPP Policy and any other rules and regulations that are applicable from time to time. The procurement process depends on the procurement approach adopted as recommended in the Feasibility Study and agreed upon and recommended by Ministerial Steering Committee and PMDRC, or as may be directed the National PPP Committee. The procurement approach or method could be one of the following:

- Unsolicited proposals
- Call for expression of interest
- Tendering
- Direct approach of know potential partners



The National PPP Policy provides for two procurement paths: (a) a one stage and (b) two stages process (for projects valued at more N\$200 million).

Depending on procurement method, the H/PPP Unit will proceed to prepare a comprehensive report for the H/PPP Steering Committee, containing technical details regarding procurement, cost and timeframe, as well as the preferred type of partners. The steps to be followed during the procurement process are aligned to the prescription of the National PPP Policy as follow:

- Preparation of the bid documents – RFQ, RFP and Project Agreement/s
- Obtaining transaction approval from the PMDRC and Ministerial Steering Committee for procurement documents and process
- Conducting a bid process
- Assessment of actual Value for Money
- Obtaining transaction approval from the PMDRC and Ministerial Steering Committee for the announcement of the selected bidder
- Negotiating and finalizing the terms of the PPP Agreement
- Obtaining transaction approval from the PMDRC and Ministerial Steering Committee for the award of the project and signing of the Agreement
- Preparation of the contract management plan

The H/PPP Unit must prepare the pre-selection documents, including a public invitation for applicants to apply for pre-selection and submit them to the H/PPP Steering Committee and the PMDRC for consideration and approval before they are issued or published.

The H/PPP Unit will carry out a pre-selection exercise to select the future potential bidders or may appoint a Transaction Advisor to do so where it considers that it does not have the necessary expertise to undertake the pre-selection exercise.

The H/PPP Unit must prepare and submit to the H/PPP Steering Committee and PMDRC for consideration and approval, a Request for Proposal (RFP). The RFP shall be advertised/published by the H/PPP Unit. The bids shall be received and opened by the H/PPP Unit in the presence of members of the H/PPP Project Committee and any other invited observers such as the independent experts or member of the media.

In relation to the examination and evaluation of bids, the H/PPP Steering Committee will have the overall responsibility, with the technical support of the H/PPP Unit. The Project Officer/Project Team, within the H/PPP Unit, shall then be responsible for producing the examination and evaluation report of the bids for submission of the Steering Committee to the PMDRC within such time as it may have determined.

The following approvals are required from the National PPP Committee during the bid process: (1) *approval of pre-qualification criteria and RFQ (Transaction Approval 2A)* and (2) *approval of the RFP and the draft Agreement (Transaction Approval 2B)*.

(v) **Project Appraisal** –The following are key consideration in the appraisal of H/PPP Project Proposal, as per the National PPP Policy:

- Contribution towards the achievement of socioeconomic objectives of the Government: employment creation, pro-poor development, and inequality reduction
- Support and encouragement of SMEs development;
- Specific consideration of TESEF during project conceptualization and design, feasibility study value assessment, bid document preparation and bids evaluation, and this carries a 10% preferential score;
- Equity ownership of designated groups
- Management by and employment of designated groups
- Subcontracting to the designated groups

The *approval of the evaluation and selection criteria (Transaction Approval 3)* is required from the National PPP Committee at this stage.

(vi) **Contract Negotiations** – Once the evaluation and appraisal processes are completed, there are several typical steps that remain in finalising the project. There is often a negotiation stage between the selected bidder and the MoHSS to clarify any issues that arise as a result of gaps or lack of clarity in the contract documents or as a result of counterproposals made by the selected bidder.

These post bid procedures can be lengthy and may sometimes lead to changes in contract conditions which may have implications for the bidding process. Extensive opportunities for post bid negotiations should therefore be avoided, as they can cast doubt on the transparency of the process. Bidders may submit overly optimistic proposals to win the bidding if they are confident that they can secure changes in their commitments during subsequent contract negotiations.

It is advisable that more than one potential partner/bidder be selected to participate individually in the process of negotiating an H/PPP contract. These competitive negotiations entail a small group of pre-qualified bidders negotiating individually with the H/PPP Unit and it is aimed at creating pressure for the Ministry to obtain a competitive H/PPP package in terms of both technicalities and prices. While this procedures and process would be seen as time-consuming and therefore an opportunity cost to the private sector, this should be weighed against the degree and value of transparency.

Once the preferred bidder is selected, and depending on the H/PPP Model adopted, the H/PPP Unit will initiate the process of entering into written agreement with successful bidder, including defining the:

- The service delivery by the private sector partner
- Fulfilment of the obligations to the Government by the private sector partner
- The steps involved include:
- Forming a negotiating team;



- Drafting of agreement;
- Approving draft agreement ; and
- Submission of the agreement for vetting by the Attorney General and signing of the agreement.

The Ministry will have to seek the *approval of National PPP Committee for the Project Award (Transaction Approval 4)*.

(vii) Development Procedures and Process – Following negotiation of the Contract Agreement, any change in the terms of the agreement which impacts on the approved feasibility study shall be submitted by the PMDRC and the Ministerial Steering Committee for the approval of the relevant proposed changes to be brought to the terms of the Agreement.

The development stage of the project involves the preparation work by the private sector partner following immediately on the project awarding and official handover. The procedures comprises of:

- Fulfilment of conditions of awarding of the project t by the private sector partner
- Achievement of financial closure
- Putting in place all that is necessary for the commence of the project operation

Upon receipt of the approval, the H/PPP Unit shall seek the final approval of the PMDRC and the Ministerial Steering Committee for the award of the project.

The MoHSS, as a matter of normal procedure, will ensure that National PPP Committee's approval is obtained prior to signature of the Agreement. Once the contract is signed, it becomes the responsibility of the private contractor to deliver the project on time and within budget. At the same time, the MoHSS shall continue to manage and monitor the contract to ensure that the requirements as set out in the contract are met.

(viii) Implementation and Operational Procedures and Process – The responsibility of the H/PPP Unit can be contextualized under contract and performance management respectively:

- Contract management - to ensure that the roles and responsibilities of each party are understood and fulfilled according to the provisions of the project agreement; and
- Performance management – to perform as part of its management function a day-to-day assessment of the service provided.

The H/PPP Unit will ensure that the Contract Agreements are:

- Properly implemented;
- Managed;
- Enforced;
- Monitored; and
- Reported from inception up to expiry or its termination.



The MoHSS may set up a Contract Management Team whose role is to monitor service delivery and assess the performance of the project relative to the standards specified in the H/PPP Agreement; and specifically:

- Ensure the provision of a quality service to the end of the operating period by spot-checking and monitoring performance throughout the life of the project;
- Ensure that the level of risk transfer specified in the project agreement is adhered to. Failure of the contractor to comply with standards should result in enhanced monitoring, proposals for rectification or payment reduction;
- Monitor during the construction phase the development of the facility both in terms of quality and time scales; and
- Ensure the availability of the asset during the operational phase and the provision of services in accordance with the output specification. In the event of underperformance the contracting authority shall, following the provisions of the contract, impose payments penalties or may even terminate the contract.

The Project Management structures should be put in place at the procurement stage to ensure that those involved are familiar with the details of the project and the Contract Agreement.

The appointed Project Officer or Project Team shall remain the formal point of contact between the MoHSS and the contractor for the duration of the project. The Project Management role shall commence at the award of the contract stage and shall extend to the end of the operating period.

(ix) Monitoring Procedures and Process – The key to the successful management of any H/PPP project is the setting up of monitoring and control systems to ensure that the performance standards set out in the contract are met.

During the implementation phase, the Project Officer's or Project Team's function will be to monitor the development of the facility or delivery of service both in terms of quality, cost and time scale. During the operational phase, the Project Officer's or Project Team's concerns will include the availability of the asset and the provision of services in accordance with the output specifications. In the event of underperformance, there should be provisions for penalties and ultimately for the termination of the contract by the MoHSS.

The contractor is required to provide a report on the progress regarding the implementation of the H/PPP project to the H/PPP Unit which shall compile its own extract and present to the PMDRC and the Ministerial Steering Committee. The MoHSS shall also report at national level as may be required under the National PPP Policy, i.e. to the National PPP Committee via the National PPP Unit.

As part of the reporting process, there is varying reporting intervals depending on the model and period of the H/PPP project. The reporting intervals range from quarterly for H/PPP projects with shorter implementation periods of up to three years, to semi-annually for H/PPP projects with longer implementation period of three to five years to annually for H/PPP projects that have implementation period of more than five years.





The procedures for monitoring involve:

- Preparation of case study and close-out report
- Project implementation audit
- Financial audit of the project

The H/PPP Unit shall, in collaboration with the contractor, prepare a monitoring and evaluation framework that will be comprised of:

- Project management plan;
- Performance criteria;
- External audit and reporting requirements;
- Submission of progress reports;
- Verification of project assets and value; and
- Stakeholders' communication.

The proposed Monitoring and Evaluation Checklist includes tracking the following:

Output-Orientation:

- The number, type and location of H/PPP projects/services in the health sector;
- The number of functioning H/PPP projects at the various levels in the health system; and
- The number, type and location of signed Service Agreements.

Process-Orientation:

- The process of formulation, appraisal, approval and negotiation H/PPP projects;
- The financing and expenditure practices; and
- The process of capacity building and supervision.

Evaluation modalities will depend on the type of project for example:

<p>PPPs that include clinical services are measured by:</p>  <p><i>Operational benchmarks</i> <i>Clinical benchmarks</i> <i>Workforce productivity</i> <i>Patient outcomes</i> <i>Wait times</i> <i>Patient satisfaction</i></p>	<p>Infrastructure PPPs are measured by:</p>  <p><i>Value for Money Calculation</i> <i>Estimated cost of the public sector delivering the project (\$100 million)</i> <i>(minus) Expected cost of private sector delivering the project (\$95 million)</i> <i>Difference in cost (\$5 million)</i> <i>Value for money = 5%</i></p>
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(x) **Exit and transfer Procedures and process** – These procedures and process are for the closure of the project at its completion, and involves the following:

- Comprehensive audit of the project implementation, – including comparing targets versus actual achievements
- Putting in place the post H/PPP project arrangement
- Transferring of the project to the MoHSS, in line with provisions in the H/PPP Project Agreement
- Lapsing of the H/PPP Project Agreement, in line with the provisions therein

4.3 H/PPP Models

A wide range of PPP arrangements exists, differing in purpose, service scope, legal structure and risk sharing. One end of the spectrum would be an outsourcing of some routine operation, while the other involve the private sector conceiving, designing, building, operating, maintaining and financing a project, thereby taking a considerable proportion of risks.

4.3.1 Service Provision

A Service Provision Model is used to take advantage of private sector’s technical abilities. However, coordination and investment responsibility is left with the public sector management. The Ministry bids out the right to deliver a specific service and sometimes provides the assets needed.

Under a Service Contract, the Government (public authority) hires a private company or entity to carry out one or more specified tasks or services for a period, typically 1–3 years. This type of contracts is suitable for services such as **specialized treatment of patients, cleaning, laundry, security and storage.**



Source: Consultant, 2014

4.3.2 Management Provision

A Management Provision Model is similar to a Service Provision Model in that the length of the contractual period typically varies around three to five years. The responsibility for operation and maintenance is transferred to the private sector while the investment responsibility rests with the Ministry. There are little incentives for cost minimisation and quality improvements, as the Management Provision Model does not usually involve transferring any commercial risks to the contractor.

Management contract expands the services to be contracted out to include some or all of the management and operation of the public service. This type of contracts is suitable for **catering, ICT and vehicle fleet**.

4.3.3 Leasing Model

A Leasing Model effectively involves buying the right to the profit flow of the operation of the system. With leases, most commercial risks of the operations are assumed by the private provider, and the profits of the private operator depends on how much the contractor can reduce costs.

Under lease contracts, the private partner is responsible for the service in its entirety and undertakes obligations relating to quality and service standards. This type of contracts is suitable for outsourcing of **existing accommodation facilities, state pharmacies and hospitals cafeteria and kiosks**.



4.3.4 Concessional Model

A Concessional Model is similar to design, build, operate and finance arrangements, except that the private sector contractor recovers its costs either through direct user charges or through a mix of user charging and public subvention. Concessions give the private sector responsibility not only for the operation and maintenance of the service but also for investments and infrastructure improvement. The Government usually retains property and residual rights of all assets, and the latter return to Government at the end of the contract, which is usually after 25 or 30 years. The Concession contract usually covers issues such as coverage, quality and investment objectives, tariff regime, penalties and fines as well as conflict resolution mechanisms. The award criteria for the concession are usually based on maximum payment for the concession or minimum tariff to users.

Make the private sector operator (concessionaire) responsible for the full delivery of services in a specified area, including operation, maintenance, collection, management, and construction and rehabilitation of the system. This type of contracts is suitable for outsourcing the *hospitals' wards*.

4.3.5 Joint Venture Contract

Joint ventures are alternatives to full privatization in which the infrastructure is co-owned and operated by the public sector and private operators. This type of contracts is suitable for manufacturing of *medical supplies, including equipment, materials and medicines*.

4.3.6 Variations of Build–Operate–Transfer (BOT)

Build Operate Transfer (BOT)/Build Operate Own (BOO) Models generally used for new and relatively independent projects. A typical BOT/BOO Model includes the construction of a new generation plant, which is operated for a given number of years.

In a BOT project, the public sector grantor grants to a private company the right to develop and operate a facility or system for a certain period (the “Concession Period”), in what would traditionally be a public sector project. The operator is expected to finance, own and constructs the facility or system and operates it commercially for the concession period, after which the facility is transferred to the authority. In other words, the private sector finances the construction of the facility in the case of BOT but the facility is owned by the public sector, while in the case of BOO, legal ownership rests with the contractor.

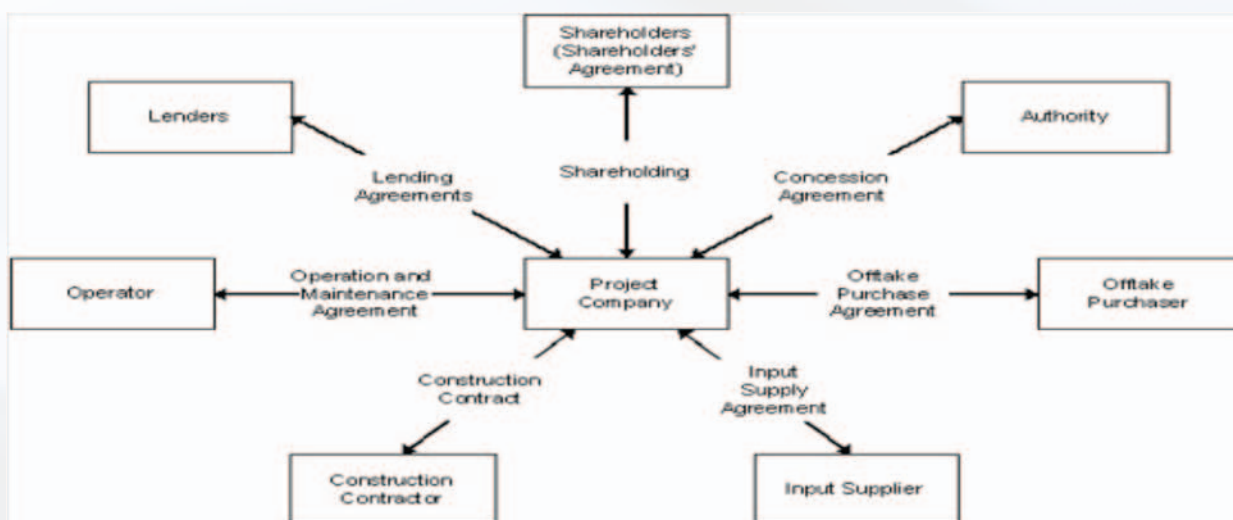
With a BOO contract, a private company is granted the right to develop, finance, design, build, own, operate, and maintain a project. The private sector partner owns the project outright and retains the operating revenue risk and all of the surplus operating revenue in perpetuity.



Examples of BOT/BOO Project in health sector may include:

- Transport (Development and supply of transport facilities);
- Water & Sanitation supply/maintenance at health facilities;
- Power/energy supply;
- Land lease;
- Medical supply agreement; etc.

The chart below shows the contractual structure of a typical BOT Project or Concession, including the lending agreements, the shareholder's agreement between the Project company shareholders and the subcontracts of the operating contract and the construction contract, which will typically be between the Project Company and a member of the project company consortium.



Source: PPP in Infrastructure Resource Centre

Each project will involve some variation of this contractual structure depending on its particular requirements: not all BOT projects will require a guaranteed supply of input. Therefore an input supply agreement may not be necessary. The payment stream may be in part or completely through tariffs from the general public, rather than from an off-take purchaser.

Design Build Operate (DBO) Model is an arrangement between the public sector and the private sector for the design, construction and operation of public facilities and infrastructure. The private sector contractor designs and builds the facility to meet public sector performance requirements and retains responsibility for operating and maintaining the facility for a predefined period. The facility remains vested with the public sector throughout the duration of the contract.

Design Build Operate Finance (DBOF) Model is an arrangement between the public sector and the private sector for the design, construction, operation and financing of public facilities and infrastructure. The private sector is responsible for designing, building, operating and financing the facility and recovers its costs solely out of payments from the public sector. At the end of the contract, ownership of the facility commonly transfers back to the public sector. These are a

kind of specialized concession in which a private firm or consortium finances and develops a new infrastructure project or a major component according to performance standards set out by the Government.

These types of contracts are suitable for **construction of hospitals, accommodation facilities, hospital wards and other specialized medical health facilities**.

4.4 Template/Prototype Contracts

An H/PPP is a contractual relationship between the public and private sectors for the execution of a project or service.

The typical H/PPP Contract shall have to be in line with the prescription of the National PPP Policy in terms of coverage and content. As such, any H/PPP Agreement shall have to capture a detailed description of the **responsibilities, risks** and **benefits** of both the MoHSS and Private Partner.

The three primary aims of the Template/Prototype Contract are:

- Creating a common understanding about the risks and key considerations to address in each type of a PPP Contract;
- Reducing the time and costs of negotiating PPP Contracts; and
- Creating a tool to help standardize basic provisions, to the extent possible, each type of a PPP Contract.

The Template/Prototype Contract presents a set of standard provisions for H/PPP Contract, which are:

- Definition and Interpretation
- Duration of PPP Contract
- **MINISTRY's role prior to service commencement**
- Critical Dates
- Submission of Designs and Information to Ministry
- Warranties
- Performance monitoring
- Maintenance
- changes in Services
- Protection against late/sub-standard service delivery
- Service Interruptions Due to Supervening Events
- Price and Payment Mechanisms
- Auditing of the Project by the Ministry
- Consequences of Poor Performance
- Change in Law
- **Early Termination of the H/PPP Contract**
- Hand-Back
- Private Partner Indemnities



- Information and Confidentiality
- Intellectual Property Rights
- Dispute Resolution

In general, these standard provisions form the basis for a draft H/PPP Contract that should be part of the bid package (together with the RFP and supporting documentation) to be approved for the tender process for any proposed PPP project. Realizing that all contingencies cannot be foreseen, a good Contract will include a clearly defined method of dispute resolution.

It must be remembered that the suitability of various terms and conditions must be determined for each PPP project individually. This consideration is an important part of the Ministry's overall project design and appraisal of bidders' proposals.

In addition, it is common practice for the Ministry to enlist the service of qualified advisers to assist with the development and finalization of PPP Contracts.

The Template gives directions and instructions in **blue** on how to write and what to include in each clause. If it is possible, an example clause is provided. Some clauses will not have examples as these vary greatly from one project to another.

The example clause includes entries in **boxes** to be changed during the preparation of the PPP Contract and the values provided in **red** are just examples that have to be changed to reflect the conditions of the project and the applicable model type and they should be inserted. The Prototype H/PPP Contract is attached herewith as **Annex A**.

4.5 Handling of Unsolicited Bids

An unsolicited proposal is a written proposal that is submitted to MoHSS on the initiative of the submitter for the purpose of obtaining a contract with the Government.

In many countries, unsolicited (*suo moto*) proposals have not been allowed because they encourage corruption and opportunistic behaviour by the private sector. In many cases, it has been difficult to handle unsolicited bids because of their inherent risks. This include the fact that the Ministry may find itself in a vulnerable position at the proposal stage itself, particularly in terms of evaluation of new technologies and insufficiently tested systems.

This approach also limits competition and gives no choices to the Ministry to compare and select the best proposals, and it is therefore compromised. The private sector proposer is also vulnerable in terms of security and confidentiality of proprietary ideas, technologies and systems.

Despite the above mentioned risk, accepting unsolicited proposals allows the Government to benefit from the knowledge, innovation, and ideas of the private sector. Though, it requires additional procedures and rules to strike the difficult balance between incentivizing the private sector to develop projects and ensuring sufficient transparency

and competition to achieve value for money for the Ministry, international approaches to unsolicited proposals for PPP projects are mixed. Some countries do not permit unsolicited projects, while others encourage unsolicited proposals, several of which may be innovative and valuable.

It is therefore advisable that the H/PPP Strategy allows private firms to propose projects to MoHSS, and provide a framework for these proposals to be developed into H/PPP projects. The rationale is that Ministry has limited experience in identifying and developing H/PPP projects; so private firms can be a good source of ideas. As such, unsolicited proposals should include unique elements that provide justification for entering into direct negotiations with the proponent. Therefore, it is crucial that the processes and rules by which these unsolicited projects are to be considered and adopted are clearly defined. These processes and rules include:

- Encouraging private investors to develop proposals for PPP projects that address policy priorities in the different demographics of MoHSS;
- Ensuring projects are subject to competitive pressure;
- Ensuring transparency in assessing projects and awarding contracts; and
- Minimizing incentives to submit poor-quality or frivolous project proposals, to avoid creating unnecessary workload in assessing unsolicited proposals.

4.5.1 Unsolicited Proposals' Unique Elements

Unique elements may include characteristics such as:

- Intellectual property or genuinely innovative ideas;
- Ownership of real property;
- Ownership of software or technology offering a unique benefit;
- Unique financial arrangements ; and
- Unique ability to deliver a strategic outcome.

Other important considerations include:

- Identification of any confidential or proprietary data not to be made public;
- The names of other institutions that have received a similar unsolicited proposal; and
- The period of time for which the proposal is valid for consideration, which may not be less than six months.

4.5.2 Unacceptable Unsolicited Proposals

Any unsolicited proposal must be rejected if it:

- Relates to known institutional requirements that can, within reasonable and practicable limits, be acquired by conventional competitive bidding methods;
- Relates to products or services, which are generally available;



- Has not been submitted by a duly authorised representative of the proponent; and
- Contravenes the provisions of any prevailing law.

4.5.3 Rejecting Unsolicited Proposals

The following steps should be observed for rejecting unsolicited proposals:

- Notify the authorised representative of the proponent that MoHSS has rejected the unsolicited proposal; and
- Ensure that the institution does not make use of any of the intellectual property or proprietary data in the unsolicited proposal.

It is advisable that MoHSS initially adopt a simple approach for dealing with unsolicited proposals. The method is designed to be relatively easy to define, both in general and for each project. This is a method whereby an open bid process is conducted after receipt of an unsolicited proposal. If unsuccessful, the original proponent of the unsolicited proposal is accorded an option to match the highest scoring (best) bid. If still unsuccessful after the option to match the highest scored bidder, the original proponent is compensated for the cost of feasibility.

This is a relatively conservative approach, providing limited incentive to private sector proponents. In the early stages of the H/PPP program, this conservatism is appropriate – the potential cost of over-loading the H/PPP Strategy with unsolicited proposals and of developing poor-quality projects is greater than the risk of receiving too few unsolicited proposals.

The process advocated here is slightly contradicting the process prescribed in the National PPP Policy, which accorded 10% bonus points or compensation for cost of feasibility if failed to win the bid.

4.5.4 Steps in Unsolicited Proposals

- A private promoter (the Original Proponent) submits a project concept to the H/PPP Unit, containing the following information:
 - ✓ Project specifications, performance standards, scale and scope;
 - ✓ Technical, commercial, managerial and financial capabilities of the proponent;
 - ✓ Principles of the H/PPP arrangement; and
 - ✓ Estimated cost of a detailed feasibility study; and
- The PPP Unit will examine the project concept in line with relevant MoHSS strategies and investment programs. And, make an assessment as to whether the project can be considered for implementation under an H/PPP arrangement.
- Within 15 working days of receipt of project concept, the H/PPP Unit will have to submit the project concept together with its assessment to the H/PPP Steering Committee.
- If the project concept is retained, the H/PPP Unit must within further 5 working days request the original proponent to submit a feasibility study and must include the following:

- ✓ Technical, commercial, managerial and financial capabilities
 - ✓ Technical and commercial details of the project; and
 - ✓ The nature of information that is proprietary.
- The original proponent will not be requested to submit the price proposal at this stage.
 - The H/PPP Steering Committee will assess the feasibility study and evaluate the technical proposal.
 - If the technical proposal is accepted at the ministerial level, the H/PPP Unit will proceed with notification to the National PPP Committee, via the National PPP Unit and seek Transaction Approval 1.
 - If the technical proposal is rejected, the process will end. The original proponent will not receive compensation for the cost of the feasibility study.
 - If the technical proposal of the original proponent is accepted, the H/PPP Unit will move on to procurement stage as in accordance with the normal process, starting preparing RFQ and/or RFP documents, which will be based on information contained in the technical proposal of the original proponent, and proceed accordingly.
 - The original proponent will only be requested to submit the financial proposal to the H/PPP Unit. The other bidders must submit their technical and financial proposals.
 - Mention will be made in the RFP documents to the effect that –
 - ✓ The H/PPP project has emanated from an original proponent whose technical proposal has been accepted by the H/PPP Committee;
 - ✓ The original proponent will be accorded the opportunity to match the best bidding proposal r; and
 - ✓ If the original proponent is not awarded the contract, the MoHSS will compensate the original proponent the approved cost of the feasibility study. The MoHSS will claim such cost from the successful bidder.
 - The H/PPP Unit will follow the due process for evaluation of the bids received and will give its approval for the award of the project to the successful bidder.

4.6 Management and Operating System and Tools for H/PPP Implementation

A **Project Management System (PMS)** is designed to assist in the organization and moderation of a project throughout its life cycle. Most project management systems provide project managers with these basic enhancements:

- Project visibility: shows the project as a whole, allowing one to accurately predict the results of project constraints (scope, time, costs, etc.).
- Resource visibility: shows the resources available in a project, allowing one to properly distribute and prioritize work.
- Metric visibility: shows the current status of certain elements of a project in relation to the end goal.



A **Project Operating System (POS)** is designed for the management and coordination of activities and the sharing of the resources of the project. One of the purposes of an operating system is to handle the details of the operation of the project.

PMS/POS for H/PPP projects will have to be designed on the basis of traditional approach, which is process driven. This traditional project management system uses the standard five-process of Initiation, Planning, Execution, Monitoring, and Completion. This can be adapted to the H/PPPP process of **project identification, feasibility study, procurements, appraisal, contract negotiation, project development, project operation, and project closure.**

The PMS/POS will have to incorporate the sets of technical approaches with the capacity to help with planning, organizing, developing resource estimates and managing resource pools while ensuring proper maintenance for any project, and it has to be suitable to manage the aspects of **estimation, planning, scheduling, cost control, budget management, resource allocation, collaboration, communication, decision-making, quality management, and documentation or administration.**

The appropriately designed PMS/POS will enable the MoHSS (H/PPP Unit) keep all its projects, data and project participants (stakeholders) organized and in one place, with the following notable points:

- All projects' details can be stored safely in one place online – whether the Ministry has a single project or more projects going on at the same time, all that is going on at once can be seen, while information on completed projects can be archived and stored safely for future retrieval.
- Project team, contractors, clients, vendors, and all participants can be brought together – everyone involved in a project can work together via the selected PMS/POS –, while the Ministry retain full control over use of the system.

The MoHSS need therefore to design and implement PMS/POS for the H/PPP, which is modern, common and most productive, and that it should be web-based, such as via cloud or SaaS (software-as-a-service) that are readily available on the market. Unlike an on premise system that is only accessible locally, modern web-based systems allow projects to be managed from any device that has internet access. The data and documents associated with a project are centralized in one location, and that shall give the Ministry remote access from around the world.

It should be noted that modern PMS/POS uses features similar to social networking sites, which can give the workforce profound connectivity. Some systems have a feed of project status updates from other management members, letting people always know what others are working on. This network can allow collaboration on those projects that are closely related.

The key to a successful PMS/POS portal is not just providing a common interface to different types of information, but also providing more specific, relevant information to the varied types of project participants and integrating diverse types of information together. More importantly, the PMS/POS portal will have to be an integral part of the Ministry's information management system (IMS).



Lastly, the design of PMS/POS would have to take into account the roles and functions of various stakeholders in implementation of the H/PPP projects.

An additional dimension to the PMS/POS is that the Ministry and the private sector in general, shall have to share the duty of developing a communication strategy for awareness creation and consensus building for acceptance of H/PPP Strategy by all stakeholders and incorporation of the resulting benefits as well as associated costs and risks in their planning and operations.



Source: Consultant, 2014



CHAPTER 5

PRELIMINARY LIST OF HEALTH PPP'S

Next

5.1 Introductions

In order to facilitate the implementation of the H/PPP Strategy, this Chapter identifies and lists core and non-core services of MoHSS, sets the criteria for determining the priorities areas of the MoHSS to be considered under the H/PPP Strategy, and determines the priorities and initial areas as candidates for H/PPP projects.

This Chapter also touched on the willingness of the private sector to participate in the implementation of the H/PPP Strategy.

5.2 Core and Non-Core Areas of the MoHSS

For the purpose of determining core and non-core areas of the MoHSS, the starting point is to understand the scope of Ministry's functions, which can be categorized as:

Medical Services – diagnostic, treatment, pharmaceutical care, counselling, rehabilitation and emergencies (e.g. rescue);

Social Welfare Services – rehabilitation for drugs and alcohol abuse, disability care, old age care (homage); and

Administrative/Support Services – these include transportation (including ambulance), cleaning (including laundry, gardening and waste management), accommodation, catering, security, ICT, storage, etc.



Source: Consultant, 2014



5.2.1 Core Areas

According to the National PPP Policy, Government is required to retain the responsibility of delivering core services. The core services are to be determined on a jurisdictional basis, in this case the MoHSS.

Vision 2030 sees “Namibia as healthy nation in which all preventable, infectious and parasitic diseases are under secure, with people having access to quality health services”. As one of the desired outcome of NDP3, “by 2017, Namibians have access to a quality health system, both in terms of prevention, cure and rehabilitation”. The quotes of Vision 2030 and NDP3 substantiate the mandate of the MoHSS to provide accessible and quality health to the people in Namibia. A full range of medical services includes diagnostic, treatment, pharmaceutical, care, prevention, counselling, rehabilitation, and emergencies.



Source: Consultant, 2014

Healthcare is regarded as the diagnosis, treatment, and prevention of disease, illness, injury, and other physical and mental impairments in humans. Healthcare is delivered by practitioners in allied health, dentistry, medicine, nursing, optometry, pharmacy and other care providers. It refers to the work done in providing primary healthcare, secondary healthcare, and tertiary healthcare.



5.2.2 Non-Core Areas

The National PPP Policy regards non-core services as the services that support the ministerial/departmental service functions.

The MoHSS has a statutory responsibility to manage old age homes and care for people living with physical and mental disabilities. The MoHSS plays a role in family welfare through counselling for various social issues including drugs, bereavement and prostitution. The social welfare services could be largely regarded as non-care services as they are mainly not health and medical related, by narrow definition of healthcare. In addition to social welfare services, the following are supportive services that are herein categorized as non-core services for the MoHSS: **Infrastructure Maintenance, Accommodation, Security, Laundry, Catering, Cleaning, Gardening, Facilities Up-Keeping, Storage, ICT, Equipment Supply, and Transportation.**



Source: Consultant, 2014



5.3 Criteria for Determining Priorities and Initial Areas for H/PPP

In determining the priorities and initial areas for H/PPP, the services of the MoHSS are taken into account, in terms of core and non-core areas as discussed under Section 3.2 and the criteria as described in Section 3.3 above have been applied.

It is therefore proposed that the services that are currently delivered in partnership with or outsourced to the private sector should be the immediate candidates as initial areas to be put under the H/PPP arrangement. These are: **Catering, Laundry and Security**

The next category of services that would be regarded as priority areas to be undertaken under the H/PPP approach are those considered as executing undue pressure on the Ministry's resources and distracting focus from the performance of core services. These, in order of priority, are: **Accommodation Provision and Management, Transportation Provision and Management, Information Communication and Technology (ICT), Infrastructure Maintenance, Equipment Provision and Management, Cleaning Services, Gardening Services, Medical supplies, Hospitals building and management and Specialized Medical Services Provision**



Source: Consultant, 2014

5.4 Requirements for H/PPP in Priority Areas

H/PPP requirements in priority areas are reflected in good governance covered earlier on this Paper. For best implementation and operations, H/PPP in priority areas should overcome a number of challenges. These include developing and establishing a robust legal and regulatory framework that can clarify the legal authority to grant concessions, the procurement process, the contribution from the public authority of assets that makes a project viable, and the rebalancing of funding which makes a project viable from a financial point of view. In addition, there must be political commitment from all involved Government departments to give confidence to the partners to make investments. An effective public administration is also important, through a dedicated H/PPP Unit located within the MoHSS would oversee the whole H/PPP process and has cross cutting authority over all relevant public and private stakeholders in the health sector.

The following factors must be considered:

Transparency - which refers to the way in which the design and initiation of projects, procurement and selection process, ought to be organised. Transparency takes into account the interests of all 'stakeholders', for example, local citizens, disadvantaged groups, NGOs, employees/trade unions, civil society, media, investors, lenders, government. As a requirement, there has to be total elimination on use of bribes and other forms of corruption to win favours and approval for projects from Governments.

Public accountability – The public needs to know that its interests will be protected in a number of specific H/PPP priority areas. H/PPP therefore is expected to:

Obtain 'value for money':

- Have clearly defined goals for projects which can be measured and met;
- Ensure that procedures for the award of the contract are fair and according to the criteria as laid down in the project specification;
- Ensure that the size of the subsidy is made known to the citizen when the financing of the projects involves a subsidy from the state, since financing of H/PPPs is a complicated exercise that creates political and regulatory risks for all the parties involved.

Proper public management – H/PPP involves a redefinition of the role of Government in the context of infrastructure projects in health sector, focusing on supervision and regulation and moving away from direct ownership and management. H/PPP will allow the MoHSS to attract private sector funding and involvement, without incurring the adverse political repercussions sometimes associated with full-scale privatization. The Ministry will thus be expected to:

- Retain a significant role and can guard against private sector excesses;
- Retain ownership of the assets in question, and avoid perceptions of "selling out" to foreign buyers; and
- Avoid undermining the essentially "public" character of many infrastructure projects.



Sustainable development – Sustainable development refers to a process where integrated consideration of economic, environmental, and social processes ensure the long-term viability of a project. H/PPP is an ideal vehicle to achieve such integrated objectives, because of its multi-sector structure. The MoHSS must ensure that H/PPP increase the delivery of services in priority areas earlier on stated to those who need them most and should not exclude those in most need by raising tariffs beyond the purchasing power of those who are economically and socially disadvantaged.

Dispute resolution – The multiplicity of parties in privately financed projects makes conflict predictable. Yet despite its perceived negative impact, conflict within H/PPP can lead to creative and constructive outcomes when it is managed by encouraging open discussion that allows full exploration of the participants' needs, concerns, values, meanings, and interests – the essential ingredients of authentic communication. This process can contribute significantly to the accountability and transparency that H/PPP will strive for, and serves itself as a mechanism for channelling constructive conflict towards positive outcomes.

Safety and security – Safety and security are paramount requirement in the delivery of infrastructure services. Therefore, all projects should be properly screened to examine whether they are feasible from this respect and thus there should be experts able to give advice on how projects can achieve the highest standards in these criteria.

Synergy: Private sector participation is not a “light” version of privatisation or a way around capable institutions and sound regulation. In order to successfully involve the private sector, the MoHSS must have strong capacities within its structure in order to negotiate a fair and satisfying deal. Private sector participation has the potential to combine concerns of the public sectors for equity and universal service delivery with competencies and strengths of the private sector such as efficiency, cost-effectiveness and responsiveness to consumers' needs. If implemented poorly, though, it can bring out less desirable aspects of each sector. Hence, private sector participation demands careful project assessment, project implementation and specific measures to make it profitable for the poor (pro-poor).

The issues discussed in this paper all raise significant challenges to conduct of successful H/PPP in priority areas. The complexity of such arrangements and the high costs involved is enough cause for the Government, particularly the MoHSS to take a careful approach to H/PPP strategy. The Ministry should also recognise that H/PPP pose many of the same problems inherent in procurement or privatisation and are not a panacea for development. Notwithstanding, there is need for the MoHSS to stick to the proposed implementation and operational guidelines.

The review of case studies about PPP in the health sector of developing countries has clearly shown the need to specify exactly what a “partnership” actually means in a country specific context. Strictly speaking, “contracting out” and the development of two different sub-sectors (public and private) as reported in some reviewed case studies, is not a partnership. The definition issue becomes even more relevant when looking at the conditions and the outcome of PPP. There are hardly any data and information available in the literature that would allow a rigorous analysis of the costs and benefits of a PPP. It would therefore be very interesting to analyse more specifically the impact of a PPP on the overall health system. The before and after approach would be valuable for such an analysis,

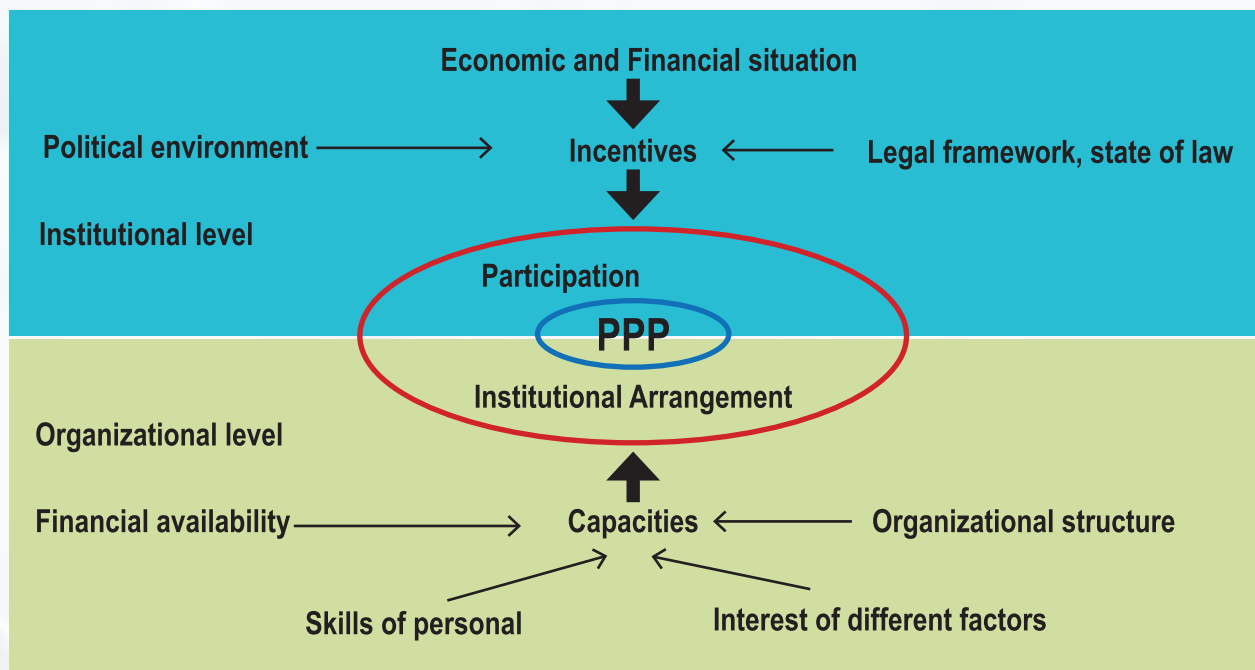
The conditions for the building of a PPP in a specific country can be divided into two parts – those attributed to the incentives for building a PPP (macro level) and those related to the capacities of the different actors to be competent



partners (micro level). Without an overall political environment favouring private for-profit and not-for-profit activities no real partnership can be established. In countries where the civil society and/or the private sector are not taken seriously, the Government will remain the dominant force responsible for social service provision.

Apart from the political factor, the economic situation in a country is important. A financial and economic crisis is often the starting point of a rethinking of Government activities. However, in the mid- to long-term the financial engagement of the state in the health sector is necessary for the sustainability of a PPP as the poorer part of the population will continuously depend on public support. Finally, on the macro level, the legal framework is important. The credibility and transparency of the cooperation between the different actors are critical determinants for a long-term success of a PPP.

Conditions for the establishment of a PPP in the health sector



Source: Consultants' design

At the micro-level certain conditions are important for establishing a PPP in the health sector. First of all, there must be interest and the commitment of some individuals to make a PPP happen. As seen in some case studies, the personal involvement of the users of services helps to provide an efficient and equitable service provision. As there is an interest in having a PPP and an acceptance of the different partners to be involved, MoHSS then has to look at the capacities of the different actors. Skills of the personnel to provide specific services, the financial availability for an engagement in service provision and the overall organisational and management structure have to be considered too.

Through increasing competition, delegation of power to the local level, active participation of the concerned population and interactive effects, positive impacts on the efficiency, equity and quality of health care provision can be observed. Former excluded people will be gaining the chance to set up their own systems according to their specific needs and with public support. The conditions which have been identified on a macro level and which work in favour of the setup of a PPP are a political environment supporting the involvement of the private sector, an economic and financial crisis





forcing the public sector to think of new service provisions and a legal framework which guarantees a transparent and credible relationship between the different actors. On the micro level, the capacities of the actors, e.g. their personal interests and skills as well as the organizational and management structures are important.

The limitations of the former publicly-controlled and publically-driven health system can, partly, be overcome by introducing more demand-based, flexible and open elements. The promotion of not-for-profit organizations operating on a voluntary basis at a local level is an important step in that direction. A long-term successful H/PPP will depend to a great extent on the Government officials' commitment vis-à-vis the new organization once donor support is reduced, and on the ability of the new groups to extricate themselves from State control.

Beside the role of the Government concerning social protection, another important role is the setting of rules and standards of conduct. Only then can it be guaranteed that the other actors not only see their own vested interest but also the overall health-system profits. The designing of rules and regulation and its enforcement can only be done by the Government and remains a major responsibility.

Finally, the cost side of building and monitoring the H/PPP should not be overlooked. The efficiency gains that are attributed to a PPP as a result of more competition, a more transparent cost structure and common activities could to some extent be compensated by increasing transaction costs for negotiating and monitoring of the cooperative arrangements. Future research should specifically analyse how significant the costs of setting up and monitoring a H/PPP would be and how they could be reduced.

5.5 Private Sector's Willingness to Participate in H/PPP

Private sector participation ranges from rendering specific contracted services to full privatisation, including in the form of a PPP, but excluding full privatisation. Further, PPPs emphasise the collaborative element between the public and the private sector for achieving a particular goal. They have the potential of combining the concerns of the public sectors for equity and universal service delivery with competencies and strengths of the private sector such as efficiency, cost-effectiveness and responsiveness to consumers' needs (ECA 2005c, Labuschagne 1998). In health sector, private sector participation can take a variety of models and contractual forms as discussed under Sections 5.4 and 5.5 of this Paper.

Circumstances under which the private sector would be willing to participate in a PPP vary largely between countries and areas of operation. The public sector entity, and in this case the MoHSS, has to separately make an evaluation of each project to determine whether the private sector participation is appropriate and which model (concession, lease, BOT, etc.) to choose, while gauging their willingness. The appropriate model would depend on the cooperation of the private sector as much as it depends on the size of the project, the area, the political environment and the financial situation.

For the H/PPP, the following stakeholders have been identified and their willingness to participate in the H/PPP has been assessed via consultations. The stakeholders are classified into groups: **Public Sector** (Parliament, Cabinet, Judiciary, regulators, O/M/As), **Non-Profit Private Sector** (international cooperating partners, unions, public associations) and **For-Profit Private Sector** (*entrepreneurs*, investors, financiers). Before we present the result of the assessment, the



next paragraphs further elucidate on the roles and positions of the various stakeholders in the PPP web.

The table below summarises advantages and drawbacks of the different actors (H/PPP participants) in the health sector from a theoretical perspective. The table should be interpreted with caution, because the + and – only indicate a relative comparative advantage and not an absolute one. The table mainly shows that the Government has a comparative advantage with respect to the insurance problems “adverse selection” and “covariate risks”, the private for-profit sector regarding “cost-efficiency” and “quality” and the private not-for-profit sector in controlling for “moral hazard”.

Strengths and weaknesses of social actors in the health care sector

	Moral hazard	Adverse selection	Covariate risks	Cost efficiency	Quality	Equity of access
Public sector*	--	+++	+++	--	-	++
Private for-profit sector**	+	--	++	++	+++	---
Private not-for-profit sector	++	-	?	+/-	+/-	++

Source: Adapted from Jütting (1999)

These stylised facts on the advantages and drawbacks of the private and public sector have been mainly derived from theoretical considerations. In practice, however, some of the above-mentioned points have to be modified. If one looks for instance at the role of the MoHSS’s performance in practice one has to acknowledge that due to allocation inefficiency, operational inefficiency and equity problems the Government sometimes poses more problems than it solves. An example is the concentration of resources to the tertiary sector, e.g. hospitals, clinics in urban areas, etc. This has led to a clear under provision of health care in rural and remote areas. If health care is almost provided for free and is accessible, then the quality is often so bad that people prefer to go to a private provider and to pay fees with a certain guarantee of quality treatment.

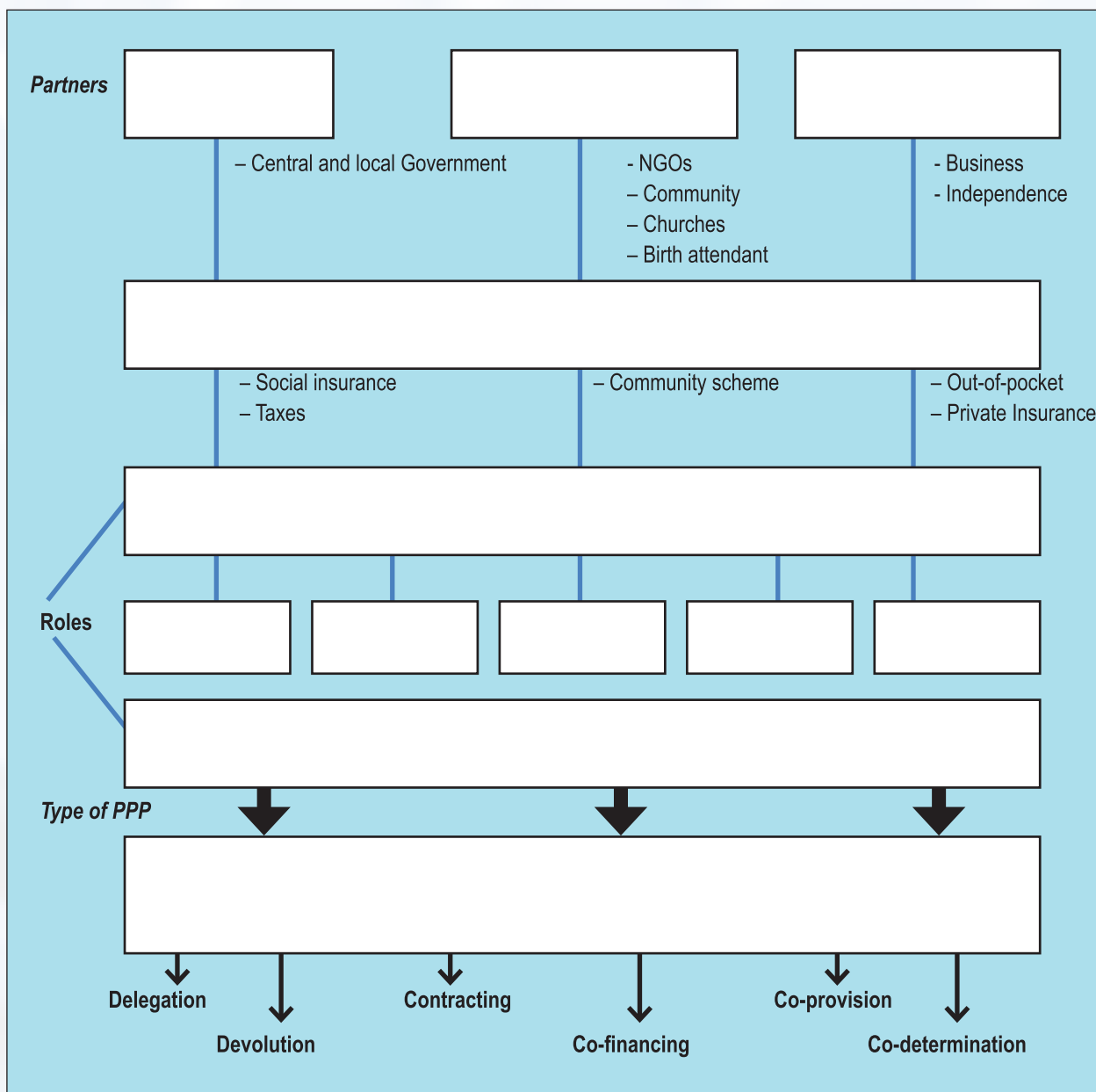
Given the numerous actors, and the variety of roles ranging from financing to provision and management, several types of cooperation are possible. The figure below shows the conceptual framework developed in this paper that indicates the different actors, roles and types of PPP in the health sector.

Figure below is a diagram of the outline of a PPP in the health sector. It shows that within the three major sectors – Government (MoHSS), private for-profit and not-for-profit – a variety of individual actors found their place. The opportunities and possibilities of a PPP are nearly unlimited: it can have a variety of actors, and each actor can also play different roles such as in financing, provision, management and supervision of health-care services. Most common is cooperation in the area of financing or in the provision of health services, e.g. the Government subsidises health-care facilities that are run by local communities, or cost-recovery schemes in which the financing side is with the private sector and delivery of service is with the Government.





Conceptual Framework of a PPP in the Health Sector



Source: Consultants' design

PPP increases competition for the Government through the enabling of other actors to participate in the financing, provision and determination/management of health services. This has a positive effect on efficiency, equity and quality of health care provision.

The poor population depends especially on the support of the public sector. This support can take a variety of forms and must not be restricted to public health care provision in public health-care facilities. There will be much room for new innovation, following the implementation of H/PPP which otherwise excluded people could become members of private for-profit and not-for-profit schemes.



The involvement of and the delegation of power to the local level is important. Without the active participation of the communities and municipalities, it is difficult to build a functioning and sustainable health care system. Health-care systems that involve local people in designing, providing and monitoring of services can better deal with information asymmetries and moral hazard problems. Moreover, they can use voluntary work, thereby providing services at lower costs. Through such self-help activities, mid- to long term benefits in the form of a strengthening of social capital among community members might mature.

Political Commitment: For a project with private sector participation to be successful, strong support from the political side is crucial. Most successful projects with private sector participation/partnership in Africa took place in an environment of strong political commitment. To determine the political commitment to the H/PPP, relevant structures in the three arms of the Government i.e. Parliament, Judiciary and Executive, would have to be consulted, as they are responsible for putting in place a legal framework, policy making, law enforcement and project implementation oversight. Without a political will to challenge vested interests, particularly among suppliers of medical inputs and equipment, it is nearly impossible to get other actors involved. Beside the political factors the overall economic situation also plays a role in so far as it defines the space parameters for innovative social policy activities. In the mid- to long-term, these new arrangements will need public money to some extent, if they want to work on a sustainable basis with otherwise excluded people.

Donors Participation: Donors can play a crucial role in the initial phase of a project by providing technical assistance and capacity building and informing the Ministry as well as the private bidders about the needs and priorities of the respective other party. They can help in adjusting unrealistic expectations on both sides and playing the role that honest broker donors can help to put projects involving the private sector on a sound basis.

Stakeholders Participation: All stakeholders should be able to participate in the design of projects. Stakeholders' active participation increases acceptance as concerned groups and individuals feel that their needs are heard and taken into account. Participation can start at the very beginning while assessing demand.

Public Participation: The H/PPP Unit would have to try as much as possible to inform the public about the private sector participation plans and possibilities at both the local, regional and national level. Political and popular resistance to private sector participation in public social welfare is a serious limiting factor for the success of any H/PPP project. When the public acceptance is low, leading a fruitful and for both sides satisfying partnership will be hard to achieve. MoHSS must inform well in advance about plans involving the private sector. It must inform the public about their reasons for asking for private sector involvement. Advantages and drawbacks should be discussed openly. Acceptance is generally higher when the process is transparent; this is particularly true for the final contract awarding.



CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

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The issues discussed in this report all raise significant challenges to conduct of successful H/PPP. The complexity of such arrangements and the high costs involved is enough cause for the MoHSS to take a careful approach to H/PPP strategy. It should also recognise that H/PPP pose many of the same problems inherent in procurement or privatisation and are not a panacea for development. There is need for the MoHSS to stick to the proposed implementation and operational guidelines with respect to the followings:

- Acceptable forms of H/PPP and their prioritization;
- Processes and Procedural clarity on the basic steps in implementing H/PPP projects (conceptualization and initiation);
- Basic approaches to risk management, value for money and principles around the provision of guarantees;
- Identification steps;
- Approaches to regulation (especially cross-sectoral considerations);
- Prototype model;
- Prototype contract;
- Project feasibility appraisal steps;
- Criteria for determining the priority area;
- Management system for H/PPP implementation
- Operating system and tools for H/PPP;
- Recourse procedures and dispute resolution; and
- Treatment of unsolicited bids

For the implementation of a successful H/PPP strategy, there are two key tasks that must be done before the Strategy is operational as a Unit within the MoHSS. Firstly, there is a need to review, analyse, and where necessary, recommend draft amendments to existing legislation clarifying the power and authority of local and central Governments as well as public enterprises to enter into long-term contractual arrangements with private sector service providers. Secondly, there is a need to agree on proposed minimum standards and regulations to govern H/PPP contracts. However, all should be done on line with the National PPP Policy.

There is a strong possibility that existing laws on health matters will be amended so that H/PPPs can become a more widely used option for the MoHSS. The expected H/PPP framework would then lead to a transparent and successful development of infrastructure projects and smooth processes for health services delivery in Namibia.

The H/PPP strategy will need to heed to proposed policies and procedures for preparing and packaging projects on health sectors, and ensure quality control over these activities and much on service delivery. A well established and operated H/PPP strategy should help strengthen investor confidence in the Government's ability to facilitate responsible private sector participation in key sectors. Any H/PPP initiatives undertaken without creating an environment conducive for investing in H/PPP projects could result in a low uptake rate and high perceived risks, both of which can be detrimental to investor confidence.





A number of H/PPP projects are either on-going or at various stages of project development already in Namibia. However the success of these H/PPPs will depend, to a large extent on the establishment of a strategic framework comprising of: a clear guiding policy, appropriate legal provisions and institutional set up capable of efficient implementation of H/PPP projects, standard procedural guidelines for the process, and adequate transaction, technical, contract management and project monitoring expertise.

Capacity building in project planning, co-ordination and monitoring of H/PPP projects among MoHSS' officers are other essential elements required to strengthen the implementation capacity. The overall implementation framework or guidelines will ensure that H/PPP implementation is uniformly coordinated and managed to optimise expected outcomes for MoHSS and the entire Government of the Republic of Namibia.



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ANNEX 1

PROTOTYPE/TEMPLATE CONTRACT

