

HEALTH SECTOR PPPs

Healthcare is a basic human right of every citizen and it is the fundamental responsibility of the state to provide better healthcare facilities to its citizens.

Eighteenth (18th) Constitutional Amendment – Health Sector Perspective

The 18th Amendment to the Constitution of Pakistan resulted in the devolution of the sector services (including health) to the provinces (with some Federal co-responsibility).

Public Health Sector in Sindh

The Government of Sindh (GoS) has shown a high level of commitment towards improving the performance of the health sector and has already initiated several strategic policies/guidance post-devolution (18th Amendment to the Constitution of Pakistan) including the Sindh Health Sector Strategy 2012-2020 and rollout of Health PPP projects.

The Sindh Department of Health currently has more than 14,000 Doctors 2,000 Nurses and over 12,000 paramedics serving all over the province. The province has two medical universities; one each at Karachi and Jamshoro, and three medical colleges; one each in Sukkur, Nawabshah and Larkana, 12 Nursing School, 10 Midwifery Schools and 5 Public Health School for lady health visitors.

The huge network of hospitals and health facilities include 6 teaching hospitals, 5 specialized institutions for chest, dermatological and mental illness, 11 district headquarters hospitals, 27 major hospitals located in the major cities, 44 Taluka hospitals, 99 Rural Health Centers in small towns, 738 basic health units in Union Councils, 305 dispensaries in larger Union Councils, 36 MCH Centers 12 maternity Homes and 39 centers for traditional medicine. The rural health centers provide specialist care in the morning hours in addition to minor emergency services and have indoor facilities that are seldom utilized, while the BHUs and dispensaries provide outdoor medication and preventive care till 2 pm.

PUBLIC PRIVATE PARTNERSHIP (PPP) IN HEALTH

Public Private Partnership in health sector managed through performance based contracts has evolved regionally and in the Sindh as major reforms agenda. Health Department, as major initiative for improving health system and service delivery, offered select public health facilities and services to private partnerships for performance based management.

Overall, the Sindh Health Department, has actively embraced the contracting of health services. However, some gaps remain in contract design - the overarching Sindh outsourcing strategy

needs further refinement, including more detailed operational procedures for performance monitoring and payments-schedules; performance-based penalties are not completely developed; and finally, the issue of the assessment and regulation of technology and related ethical concerns needs to be addressed.

Below are the operational PPP projects undertaken by Health Department:-

1. Safety and Security Services at NICH (National Institute of Child Health)

National Institute of Child Health (NICH) is a 500 bedded hospital and after 18th amendment in the Constitution, the NICH dissolved to Sindh. It is the first children hospital of the country and presently one of the largest children hospital of the province of Sindh. The hospital had several incidents of new born child thefts during the year 2012 that led to initiation of safety & security project for NICH. During the year 2013, the Health Department, through open competitive bidding awarded the safety and security operations of NICH under PPP mode to 'Security N Communication (SnC)' executed a concession agreement for a period 5.5 Years. The approval was sought from PPP Policy Board in its 8th meeting held on 27th November 2012 under the chairmanship of Chief Minister Sindh.

The scope of work included but not limited to CCTV surveillance system, security and protection of the hospital, fire alarm system, baby tagging, patient tracking system, outsourcing of private security guards etc.

Total project cost was envisaged at Rs. 134.4 million including Rs. 9.5 million upfront contribution by GoS and Rs. 124.9 million for the O&M costs in the form of annuities. For streamlined funding for the project, payment through escrow account mechanism was adopted and payments have been made from Viability Gap Fund (VGF). The services mainly includes deployment of 50+ security guards, functioning of 220 CCTV cameras and 24/7 monitoring through control center, reception management and baby tagging. The project created value for money, as the traditional procurement mode reflected higher expenditure (PC-1 amounting to PKR 192 million approx.). as compared to the PPP proposal.

In order to maintain efficient safety and security measures at NICH, the Health Department after thorough procurement process, executed the Concession Agreement with 'Security N Communication (SnC)' for further five years from the year 2020.

2. Performance Based Management Contract

The objective of the project is to handover public health facilities to credible health management organizations to efficiently operate and maintain the facilities. Improve health care facilities for in-patients and out-patient services.

i. Performance Based Management Contract with Indus Hospital for DHQ Badin – 2015

The Sindh Health Department contracted out management & operations of DHQ Badin to Indus Hospital. The performance based PPP agreement was executed in March 2015 for a contract term of ten (10) years. Through the agreement, the private partner shall perform and fulfill the healthcare services related Key Performance Indicators (KPIs) and its performance will be measured and assessed by the third party monitoring mechanism. The private party is also responsible for ensuring the availability of basic equipment, furniture and fixture and to comply with SOPs related to waste management, janitorial services and maintenance of health facility. Following outsourcing of DHQ Badin to Indus Hospital, it has witnessed remarkable improvement in service delivery and exponential growth in patients' turnover. Due to above-par health care services, the facility successfully reports praiseworthy output indicators including (i) 990 OPD + Emergency cases per day; (ii) 30,000 IPD cases on annual basis inclusive of surgeries & deliveries; and (iii) 100,000 diagnostic cases on annual basis. Annual recurring budget provided to Indus Hospital is around Rs. 1,000 million.

ii. Performance Based Management Contract with HANDS – 2015

The Sindh Health Department contracted out management & operations of following thirty four (34) health facilities located in District Malir, Karachi to HANDS:

- Twenty Four (24) Basic Health Units (BHU)
- Three (03) Rural Health Centre (RHC)
- Five (05) MCH
- Two (02) Taluka Head Quarters (THQ)

The performance based PPP agreement was executed in March 2015 for a contract term of 5 years. Through the agreement, the private partner shall perform and fulfill the healthcare services related KPIs and its performance will be measured and assessed by the third party monitoring mechanism. The private party is also responsible for ensuring the availability of basic equipment, furniture and fixture and to comply with SOPs related to waste management, janitorial services and maintenance of health facility. The healthcare facilities covered in the

agreement witnessed notable improvement in service delivery and healthy growth in patients' turnover. Currently, these health facilities report servicing of more than one (01) million patients on annual basis. Annual recurring budget provided to HANDS is around Rs. 206 million.

The agreement expired on 18th August 2021, however, the same has been extended for further six (06) months so that Health Department may initiate fresh procurement process to outsource the said healthcare facilities.

iii. Performance Based Management Contract with MERF – 2015

The Sindh Health Department contracted out management & operations of following thirteen (13) health facilities located in District Thatta and Sujawal to MERF:

- Eight (08) Rural Health Centre (RHC)
- Four (04) Taluka Head Quarters (THQ) Hospitals
- One (01) District Head Quarter (DHQ) Hospital

The performance based PPP agreement was executed in March 2015 for a contract term of 5 years. Through the agreement, the private partner needs to perform and fulfill the healthcare services related KPIs and its performance will be measured and assessed by the third party monitoring mechanism. The private party is also responsible for ensuring the availability of basic equipment, furniture and fixture and to comply with SOPs related to waste management, janitorial services and maintenance of health facility. The healthcare facilities covered in the agreement witnessed notable improvement in service delivery and healthy growth in patients' turnover. These health facilities reported servicing of more than two (02) million patients on annual basis. Annual recurring budget provided to MERF is around Rs. 490 million.

The agreement expired on 18th August 2021, however, the same has been extended for further six (06) months so that Health Department may initiate fresh procurement process to outsource the said healthcare facilities.

iv. Performance Based Management Contract Agreement with IHS– 2015

The Sindh Health Department has contracted out management & operations of following One Hundred Thirteen (113) health facilities located in twenty (20) districts of Sindh to Integrated Health Facilities (IHS):

- One Hundred Five (105) Rural Health Centre (RHC)
- Six (06) Taluka Head Quarters (THQ) Hospitals

The performance based PPP agreement was executed in March 2015 for a contract term of 10 years. The Sindh Health Department terminated the agreement with IHS in October 2021.

v. Performance Based Management Contract with AMAN FOUNDATION – 2015

The Sindh Health Department contracted out management & operations of ambulance service in District Thatta and Sujawal to Aman Foundation. The performance based PPP agreement was executed in March 2015 for a contract term of 5 years. The agreement expired in 2021 after successful operations for five (05) years.

3. Children Hospital North Karachi Project

Japan International Cooperation Agency (JICA) provided a grant for 129 bedded new General/Tertiary Care Pediatrics Facility in Children Hospital North Karachi (CHNK) and equipped in all respects. The new facility is adjacent to the existing children health facility of 50 beds.

The Sindh Health Department contracted out management & operations of children hospital North Karachi to Poverty Eradication Initiative (the **PEI**). The performance based PPP agreement was executed in September 2016 for a contract term of 10 years. Through the agreement, the private partner needs to perform and fulfill the healthcare services related KPIs and its performance will be measured and assessed by the third party monitoring mechanism. The private party is also responsible for ensuring the availability of basic equipment, furniture and fixture and to comply with SOPs related to waste management, janitorial services and maintenance of health facility. Currently, these health facilities report servicing of around 0.4 million patients on annual basis. Annual recurring budget provided to PEI is around Rs. 450 million.

4. Regional Blood Centers

With the assistance of German Development through KfW – German Development Bank, construction of four state of the art Regional Blood Centers (RBCs) in the Sindh Province was completed in September 2015. Since, the Health Department has no prior experience of managing the sophisticated RBCs, it was decided to contract out management and operations of RBCs to experienced and established private sector organization under PPP mode.

Briefly, the scope of work includes following:

- Take-over the rights and control of all RBC Assets pertaining to the use and management of the same

- Provide vehicles for safe and secure transport of the blood bags, to and from the department of RBCs
- Provide technical trainings to staff to ensure capacity building
- Ensure the provision of services in a prudent and coherent manner

Brief salient features of each RBCs in Sindh is below:

- i. **RBC Jamshoro:** The Sindh Health Department executed management contract with Indus Hospital in January 2018 to outsource management & operations of RBC Jamshoro for the contract value of PKR 2.66 billion being annuity payments for the entire contract term. The contract term is ten (10) years. Scope of the agreement is to store and supply 20,000 blood bags on annual basis. However, RBC Jamshoro is servicing at annualized turnover of 45,000 blood bags. Annual average recurring budget of this facility is approximately Rs. 211 million.

- ii. **RBC Sukkur:** The Sindh Health Department executed management contract with Sukkur Blood and Drugs Donating Society (SBDDS) in January 2018 to outsource management & operations of RBC Sukkur for the contract value of PKR 2.49 billion being annuity payments for the entire contract term. The contract term is ten (10) years. Scope of the agreement is to store and supply 20,000 blood bags on annual basis.

- iii. **RBC Karachi & iv. Shaheed Benazirabad:** The Sindh Health Department executed management contract with Fatimid Foundation in December 2018 to outsource management & operations of RBC Karachi & Shaheed Benazirabad. The contract amount for RBC Karachi and Shaheed Benazirabad is PKR 3.3 billion and 2.46 billion, respectively. The contract term is 10 years. Scope of the agreement is to store and supply 20,000 and 50,000 blood bags, on annual basis, for Karachi and Shaheed Benazirabad, respectively.