



Ministry of Health

Federal Democratic
Republic of Ethiopia

Public-Private Partnerships in Health

Implementation Guidelines

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FOREWORD

A public-private partnership (PPP) is an arrangement between the public sector and private sector that aims to join forces to meet public needs through the most appropriate allocation of resources, risks, and rewards. The Federal Ministry of Health (FMoH), recognizing the potential of the private for-profit and private not-for-profit sectors in expediting health development, has been allowing this collaborative work in Ethiopia, particularly in the delivery of public health services.

The current stage of health development in the country calls for engaging the private sector in public-private partnerships in health (PPPH), particularly in the provision of secondary- and tertiary-level health services; and for manufacturing indigenous health products, alleviating human resource constraints, and nurturing the existing PPPHs.

In response, the FMoH has initiated and coordinated the development of this guideline for implementing priority projects in PPPH. The guidance emanates from and is aligned with the guiding principles and values stipulated in the Strategic Framework for PPP in the health sector in Ethiopia. This implementation guideline provides essential information for both public PPP project promoters and private parties who want to engage in PPP in priority projects in health. The guidance will enable the users to make informed decisions during their engagement in the PPP process that ultimately will result in viable, effective and meaningful development and implementation of PPP projects.

The partnership coordination case team at Ethiopia's Resource Mobilization Directorate was established at the FMoH in 2013. It has coordinated and spearheaded the development of the guideline, and is further tasked with critical functions of managing PPPH projects and provision of technical assistance for project promoters found at various levels in the hierarchy of the health system.

Finally, I would like to take this opportunity to express my profound appreciation to all partners that have participated in the development and production of this document.

H.E. Dr. Amir Aman
State Minister, Operations



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ACRONYMS

ART	Antiretroviral Therapy
CEO	Chief Executive Officer
FMoH	Federal Ministry of Health
HIV	Human Immunodeficiency Virus
HMIS	Health Management Information System
HRH	Human Resources for Health
MoU	Memorandum of Understanding
M&E	Monitoring and Evaluation
PFSA	Pharmaceuticals Fund and Supply Agency
PHSP	Private Health Sector Program
PPP	Public-Private Partnerships
PPPH	Public Private Partnerships in Health
PPM	Public-Private Mix
RHB	Regional Health Bureau
TB	Tuberculosis
TB DOTS	Tuberculosis Directly Observed Treatment, Short Course
USAID	United States Agency for International Development



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1 INTRODUCTION

Public-private partnerships in health (PPPH) are seen as a win-win alternative to get the most out of the obtainable resources to maximize health benefits through a better allocation of responsibilities, risks and rewards for all partners involved. PPPH are a collaboration between the public and private sector in which both parties carry out a partnership on the basis of agreed tasks, while each party retains its own identity and juridical responsibilities.

The Ethiopia federal government spearheads initiatives for the current development of PPPH. The strategic PPPH framework will be instrumental in enabling PPPH to flourish during Ethiopia's Second Phase Growth and Transformation Plan period.

1.1 BACKGROUND

As part of its drive to expand access to quality health services to the vast majority of the people, the Federal Democratic Republic of Ethiopia seeks to increase the resource base in health as well as to improve allocative and technical efficiency of the existing public assets and resources in the health sector. Some of the major constraints that could potentially be eased by forging a partnership with both international and local private partners include:

- Huge capital investment gaps for high-tech hospital infrastructure and pharmaceutical manufacturing
- The limited number of highly skilled professionals
- A narrow base of pharmaceutical products
- The small number of supportive facilities, such as bioequivalent and high-quality testing laboratory facilities
- The immature condition of health insurance available to complement financing of high-end medical services
- The shortage of health professionals in terms of mix and number, coupled with limited access to medical technologies including systems and practices

Moreover, in spite of marked achievements in health infrastructure growth, and extensive service expansion, major challenges exist to the delivery of high-quality and standardized health services.

The Federal Democratic Republic of Ethiopia works for every citizen to have the right to enjoy the highest attainable standards of physical, mental and social wellbeing. The practical realization of this right, however, has multifaceted challenges that the government continuously devises appropriate mechanisms to overcome. These include economic, social, regulatory, structural, and human resource constraints. These are all of the highest priority to the Ethiopian government. Interest in PPPH is growing because of increasing demand for high-end tertiary-level health care, and the development of human resources for health, and because of an intent to:

- Stimulate local manufacturing of pharmaceutical products and supplies
- Outsource to and contract with the private sector for selected clinical and non-clinical services within public sector facilities
- Retain the existing partnership, if deemed necessary, in a more standardized, socially responsive and sustainable manner

1.2 ORGANIZATION OF THE GUIDELINE

The guideline explores the background and rationale of PPPH, and defines the overarching goals and general objectives in its first section. This is followed by general guidance for establishing and managing PPPH; this guidance identifies key and cross-cutting issues across all PPPH management cycles, and actual services for new and existing partnerships. Subsequent sections deal with the new partnership identified in the PPPH strategic framework, and strengthening the existing partnership with for-profit and not-for-profit organizations.

Each section includes the key steps and description of the roles and responsibilities of both the public and the private sector in health development; defines an institutional framework within which to coordinate, implement, and enrich the partnership; and provides policymakers and other stakeholders in health with guidelines for identifying and addressing partnership concerns while making decisions. This document also includes appropriate procurement procedures and operational set-up for the envisaged public-private partnership.

The final section comprises the list and descriptions of various management tools, which will be made available as a handbook/operational manual to be used by experts working on PPP management in both the public and private sectors.

1.3 AUDIENCE FOR THE GUIDELINE

The guideline is primarily intended for institutions, both public and private, that would like to consider PPPH undertakings as an alternative means to the traditional self-contained type of business engagement. The PPPH case team at the Federal Ministry of Health (FMoH), Regional Health Bureaus (RHBs), and management of the public hospitals would also benefit from the step-by-step procedures identified in the guideline to initiate and manage PPPH thematic contracts.

2 GOAL & OBJECTIVES OF THE GUIDELINE

2.1 OVERARCHING GOAL OF PPPH IN ETHIOPIA

Contribute towards the overall wellbeing of the Ethiopian population by establishing a collaborative endeavor that combines resources from both the public and private health sectors.

2.2 OBJECTIVES OF PPPH IN ETHIOPIA

Improve access to quality and affordable health services for the citizens of Ethiopia by allowing and enabling the private health sector to operate in a policy-supported partnership with the public health sector.

Specific objectives

- Create effective platforms to address untapped opportunities, and facilitate exchange of technology, knowledge, and practices between the public and private sectors.
- Make comprehensive tertiary health services available; in the long term, this will help to attract medical tourism.
- Guide public and private institutional collaboration to effectively implement human resources for health (HRH) development in both public and private institutions.
- Create efficient value chain management in supply and distribution, and encourage local manufacture of pharmaceuticals.
- Encourage the private sector to provide high-end diagnostic services (laboratory and imaging), and high-end clinical services, such as organ transplantation, cardiac and orthopedic care, hemodialysis, radiotherapy, neurosurgery, and rehabilitation.
- Encourage PPPH projects to address other unmet needs on the premises of the public health facilities.
- Guide the existing partnership to fully complement government public health programs in terms of coverage, standardization of services, and improvement of service quality.

2.3 DEFINITION OF OPERATIONAL TERMS

In this guideline, unless the context indicates otherwise, the following definitions apply.

Table I: Terms and Operational Definitions

Terms	Operational Definitions
Approver	A body—FMoH/RHB Hospital Management, and National Board/Ministry of Finance and Economic Cooperation and their delegates—responsible for providing the final clearance of a PPPH proposal and providing the bid evaluation report, as well as signing an agreement.
Contract Administrator	A person identified in the PPPH or relevant hospital case team by the contract director of an institution, who is capable of managing, and is appropriately qualified to manage, a PPPH from its inception to expiry or termination of PPPH contracts.
Health service delivery	All forms of health care provided to the people from health institutions.
Pharmaceuticals	All medicines, medical supplies and lab reagents.
PPPH agreement	A written contract recording the terms of a PPP concluded between a public institution/sector and a private party.
PPPH project development team	A team of experts assigned by the management of the public sector to review and further develop a project idea initiated internally or externally, closely work with the idea initiator, and then prepare recommendations on successful business cases for approval. The team is led by an expert from the PPPH case team at the FMoH/RHB or relevant case team at the hospital.
PPPH case team	A multidisciplinary team in the FMoH/RHBs, consisting of persons assigned by the ministry/relevant regional authority to identify and manage PPPH projects in the health sector.
Private for-profit	Providers in the private health sectors established with the intention of profit-making.
Private health sector	Organizations and individuals that are not owned or operated by the government but may or may not be benefiting from direct allocations of government's budget.

Terms	Operational Definitions
Private not-for-profit	Private entities that are founded solely to provide social services, and established for a purpose other than profit-making from health businesses, where the main source of finance is donations and revolving investment funds.
Private party	A party to a PPP agreement, other than a public sector institution, to which the implementation guideline applies.
Public sector comparator	A hypothetical risk-adjusted cost of the project, assuming that the project is to be financed, owned and implemented by government; used to test whether the private proposal offers value for money and satisfies the criteria for current best practices.
Project idea initiator	A person/institution, either public or private, that has the original idea for the project.
Promoter	A person or institution that supports the partnership between the public and private entities and advocates for its implementation.
PPPH	The bringing together of actors in the health sector based on mutually agreed roles, responsibilities, risk sharing, modalities, and principles. It describes a spectrum of possible relationships between the public and private actors for integrated planning, provision, and monitoring of services.
Public sector	A health facility, RHB, Directorate at the FMoH, constitutional institution, or any subsidiary of any such public entity.
Value for money	The optimal use of resources to achieve intended outcomes. There are four key terms that are used in defining value for money (economy, efficiency, effectiveness and equity).

GENERAL GUIDANCE ON PUBLIC-PRIVATE PARTNERSHIP IN HEALTH

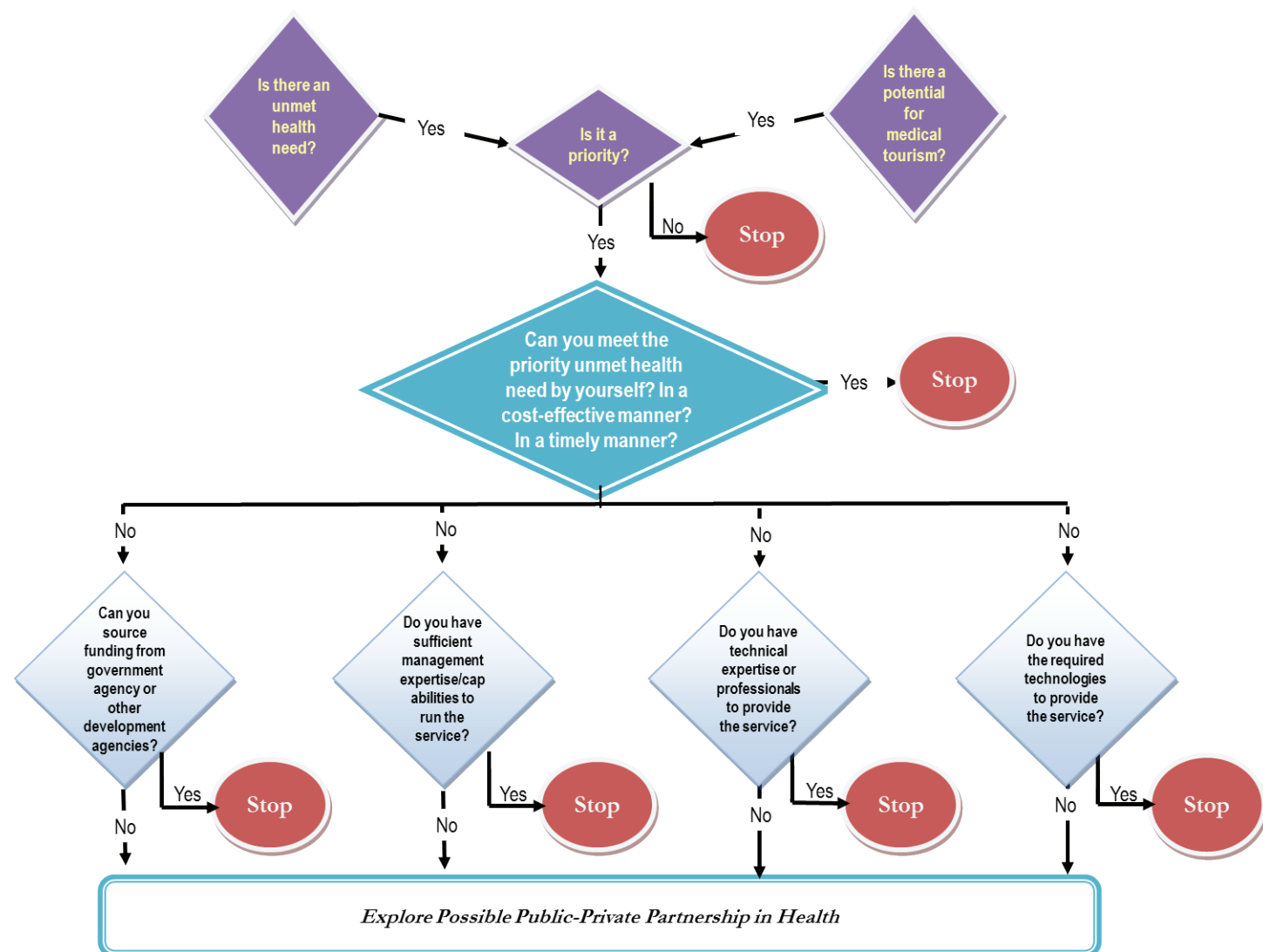
3.1 IDENTIFYING PRIORITY AREAS FOR PPPH

1. The FMOH, in the Sectorwise Framework for PPPH, and as described in the subsequent sections of the guideline, has already identified priority areas in which PPPH projects can be proposed and developed. However, additional PPPH project ideas (involving unmet health needs and opportunities for medical tourism) can be initiated by either of the sectors, public or private. The identification can be done at the level of the FMOH, RHBs and health facilities.
2. A PPPH arrangement may start when an entity in the private sector applies to partner with an entity in the public sector, and offers this proposed partnership its private facilities and capacities.

3.2 DECIDING TO ENGAGE IN PPPH

1. When a public sector institution identifies a project idea, or receives project ideas from the private sector, the project development team needs to pose a series of questions using the flowchart in Figure 1 below. The criteria for a successful PPPH are not limited to availability of funding; they also include non-financial aspects such as number and mix of health professionals, state-of-the art medical equipment, and good organizational management, among others.
2. The project development team must observe, and ensure, that all the three test results—for affordability, risk transfer, and value for money—are fairly fixed and affirmed by a win-win principle of both parties at every stage of the development of the PPPH project. With these considerations, the person in charge has to complete a checklist at the inception phase of the project and submit it to a designated approver to secure a go-ahead to the next stage.
3. The selection of a project and its development are rarely a tidy sequential process; instead, they are iterative. Some of the key questions posed early will be asked again at later stages, at which they may be addressed in greater detail. Developing a PPPH project is more complex than developing a traditional project. PPPH projects tend to be time consuming.
4. All approved PPPH projects will be registered at each specific level of approval and will unlock resources and technical assistance from the higher level. Each time the PPPH project development team applies for approval, relevant and standardized reports on the work done to that stage should be submitted.
5. Based on the nature and complexity of projects, national-level approving authorities may either opt to instruct the contracting authority to proceed with the full-fledged PPPH project cycle and resubmit, or may allow the contracting authority to proceed with the next steps.

Figure 1: Flow Chart for Determining Need for PPPH



3.3 CHOOSING THE APPROPRIATE MODEL

Table 2: Potential PPPH Modalities

Modality	Roles	Scope of Concession	Potential Partners	Ownership	Operator Responsibility
Concession		Facilities, equipment maintenance, resource sharing (Build, Operate, and Transfer or Design, Build, Operate and Transfer)	Local and foreign companies and Ethiopian diaspora	May jointly be held after the contract expires, or handed over to the public sector.	Build/renovate; finance; manage; transfer of tertiary facilities.
Management concession		Facilities, equipment, resource sharing	Local and foreign companies, Ethiopian diaspora	Public ownership over the entire concession period.	Maintenance will be the responsibility of the private sector partner.
Leasing: (operating or financing lease)		Facilities, equipment and equipment maintenance	Professional associations, private for nonprofit and for-profit entities	Remains public over the entire lease period.	Public infrastructure is on a long-term lease to private players, who pay rent.
Commercial franchising		The public grants the right to a franchisee to offer a public health service.	Local and foreign companies, Ethiopian diaspora	Public	The franchisee is required to pay, directly or indirectly, a franchise fee.
Social franchising		The public grants the right to a franchisee to offer a public health service.	All private for-profit and not-for-profit	Physical assets are privately owned and medical supplies are publicly owned.	Private operators enable their accredited facilities to provide medicines and supplies for public health care.
Contracting		Contracting out selected nonclinical services, laboratory and diagnostic services, operating, outpatient and inpatient care, etc.	Professional associations, private not-for-profit and private for-profit entities	Public retains ownership throughout the contract period.	The private practitioners engage in a contract to use facilities in public hospitals.
Joint venture		The PPP contract will cover the building and refurbishing of tertiary facilities, and the purchase and distribution of pharmaceuticals. The core business operation will be jointly controlled by both parties within the contract period.	Local and foreign companies, Ethiopian diaspora	The joint venture (joint ownership).	Build/renovate, finance, manage facilities jointly with the public party.

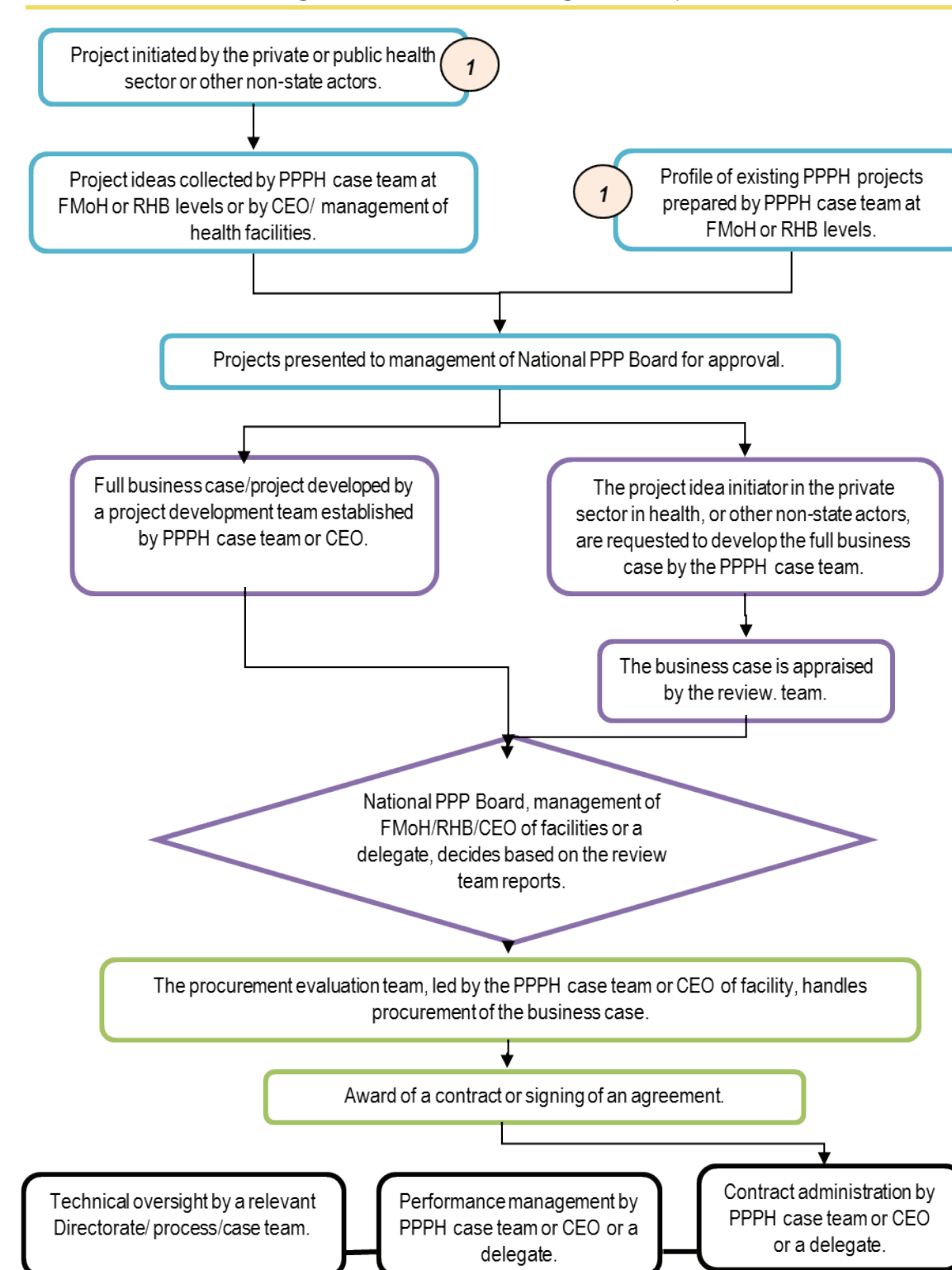
Devising and putting in place an appropriate modality in a timely manner will mitigate the likely challenges of establishing and managing PPPH. The choice of model(s) should be based on the principle that risk and responsibility allocation to a partner could maximize the advantages of PPPH and minimize the disadvantages. (Table 2 above highlights key features of selected PPPH models.) In addition, identification of a PPPH model needs to consider the capacity of the public sector to properly manage the engagement. This makes it advisable to choose a less complex model at the inception of the PPPH unit, forging the partnership at facility level.

Handling PPPH Projects

1. Establishing a PPPH project requires setting a standardized process that must be followed to develop and implement every PPP project. Standardizing the PPP process helps to ensure that all PPPHs are consistent with the government’s health system development objectives. It also helps achieve coordination between the various entities involved. PPPH shall in any case conform to and abide by the federal PPP proclamation, PPPH policy document, and other PPPH governing procurement directives.
2. Although the process is broken down into several steps, the PPPH is developed and appraised iteratively, for two reasons. First, this approach enables timely involvement of the national-level PPP approver. Second, it avoids wasting resources by developing weak projects.

In the following sections of the guideline, each step of the PPPH management cycles is detailed in terms of preparations required; activities to be conducted; and roles, risks, rewards and responsibilities to be negotiated and allocated.

Figure 2: Process for Handling PPPH Projects



3.4 PPPH IMPLEMENTATION—ORGANIZATIONAL STRUCTURE

1. The FMOH will establish a PPPH case team under the Resource Mobilization Directorate. This case team leads, coordinates, monitors and mobilizes human and other resources necessary for the implementation of PPPH. The detailed activities will be outlined in the subsequent specific thematic areas of this implementation guideline.
2. Regional PPPH case teams will be established and positioned under the RHB's plan and program process, and will lead, coordinate, monitor and mobilize resources for regional PPPH implementation. Where there are Regional Joint Steering Committees, the regional PPPH case team will have representation on them. Regional PPPH case teams will be supported by regional Technical Working Groups for PPPH as deemed necessary.

Figure 3: Organization Structures at FMOH

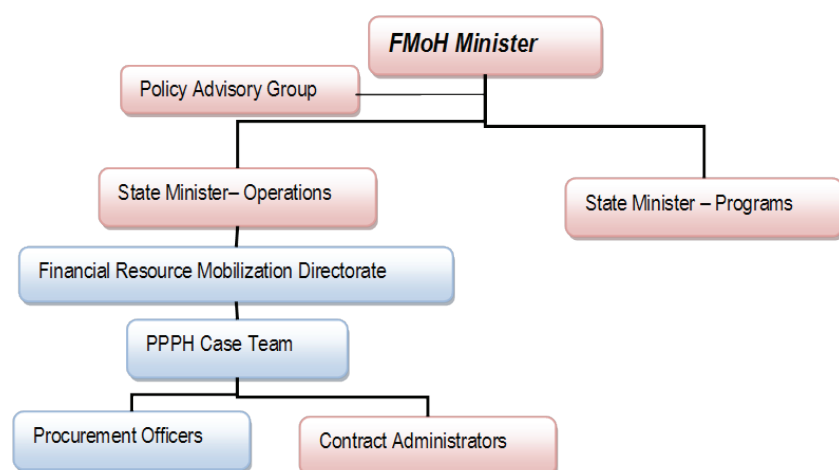
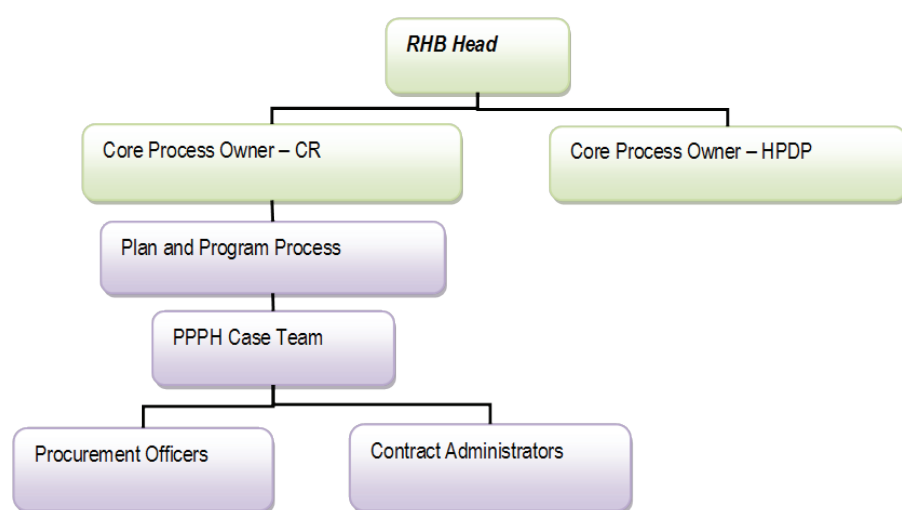


Figure 4: Organization Structures at RHB



Monitoring and Evaluation

Contract implementation requires an effective monitoring and evaluation (M&E) system, which is developed and carried out jointly between both parties, public and private. The system needs a framework and parameters for M&E and a team or assigned specific personnel that will undertake the M&E activities. Any data requirement from the private facilities/institutions in terms of service delivery needs to be aligned with the national Health Management Information System (HMIS). It is also imperative that the PPP contract include data requirements, reporting mechanisms, and timelines. Any new and subsequent PPP contracts need to have M&E reports as feedback in revision of terms and conditions. A full-fledged PPPH Monitoring and Evaluation Manual should be put in place in hard copy and/or electronically in an integrated system with the HMIS. For a functional M&E system the following elements at a minimum will be in place:

- PPPH Project plan
- Performance indicators and logical frameworks
- Agreed format for progress report submission
- Checklists for internal/external audit
- Regular joint supportive supervision reporting format
- Mutually agreed upon joint supportive supervision checklist

Payments in PPPH

Payment mechanisms refer to how a public sector institution will pay the private partner for the delivery of service in a PPPH project. Structuring a good payment mechanism is crucial for the success of PPP projects. The payment structure and parameters should be realistic and fair to support the long-term PPP. Building a good payment mechanism requires negotiators to take into consideration the project nature, the public agency needs, and the final beneficiary of the PPP project. In addition, payment mechanisms act as a risk transfer interface between the public sector and private sector, since they allocate the financial consequences of various risks, performance, and digressions from the contractual agreement.

Many payment forms have the same objective—to reflect the desired transfer of risk. They can be divided into two categories: direct user charges, and availability-/performance-based payments. User fees charged by the private partner may be the main, or sometimes even the sole, source of revenue to recover the investment made in the project in the absence of subsidies or payments by the government. The public sector/institution has the responsibility of ensuring the user fees are fair. This can be done using one or both of two mechanisms. In the rate-of-return method, the fee adjustment mechanism is devised to allow the private partner an agreed rate of return on its investment. The fee for any given period is established on the basis of the private partner's overall revenue required to operate the facility/provide services, which involves determining its expenses, the investments undertaken to provide the services, and the allowed rate of return. Reviews of

the fee need to be undertaken periodically. The second mechanism is the price-cap method. A fee formula is set for a given period, such as four or five years, taking into account future inflation and future efficiency gains expected from the facility. Fees are allowed to fluctuate within the limits set by the formula. The price-cap method may be less complex to implement than the rate-of-return method. The price-cap method has been found to provide greater incentives for public service providers, since the private partner retains the benefits of lower-than-expected costs until the next adjustment period.

Managing Changes in the PPP Agreement

The PPP Memorandum of Understanding (MoU) and succeeding agreement document will set out the triggers and methodologies for agreeing and implementing changes to the PPP contract. However, these documents may not specify all the logistical or administrative steps that need to be taken in order to agree on or implement permitted changes. The PPPH implementation guideline and relevant specific operational tools/manuals shall be referred to as needed for additional guidance.

Changes permitted under the PPP contract are often complex, and need to be communicated at all levels and addressed at the senior level as well as by the national PPP board, as is required for all strategic decisions. They typically include service changes in output specifications or refinancing, or the consequences of a change in the law. Many PPP contracts contain provisions governing the potential refinancing of the project, in particular the sharing of gains from such refinancing. It should be noted that the consent of the private party may be required before any changes to the PPP contract are implemented.

For unplanned or unexpected events that threaten the regular provision of services, a set of rules consistent with the responsibilities set out in the PPPH contract can cover scenarios such as business continuity and disaster recovery planning; public sector step-in planning; and default plans. In all of these cases, the public sector must respect the terms of the PPPH contract, while taking actions as appropriate.

Moreover, given the long life of PPP contracts, unforeseen changes in contractual specifications (during operations) are not uncommon. The contract management team under the PPPH unit of the contracting authority needs to address these issues and strike a satisfactory balance between encouraging the private institution to manage its risks and endangering the viability of the PPPH contract.

Dispute Resolution

The legal basis for the settlement of disputes is an important consideration in implementation of PPP projects. Contracting parties feel encouraged to participate in PPP projects when they have the confidence that any disputes between the contracting authority and other governmental agencies and the concessionaire, or between the concessionaire and other parties (for example, the users or customers of the facility), or between the private parties themselves, can be resolved fairly and efficiently. Disputes may arise in all phases of a PPP project. The agreed methods of dispute resolution between the parties are generally mentioned in the contract agreement as allowed under the legal framework of dispute resolution in the country.

Disputes that may arise at any stage of the PPP execution should be amicably resolved by a redressing committee established at the ministry level. The members of this committee shall be multidisciplinary, and the legal advisor shall be a member.

Contract Amendment, Extension and Termination

Contracts can be amended at any time of the project implementation. The contractors need to present reasons for changes in the contract. Some of the reasons include change in implementation strategy, budget shift, budget shortage, and extension of the project period.

In addition, termination can happen in two ways: forced termination and termination at the end-of-project period. Forced termination may occur by voluntary decision of one or both parties, when one party fails to abide by commitments, or due to other factors specified by the contractual agreement.

A PPP agreement should therefore include detailed provisions dealing with its termination. The main issues to be addressed are:

- The circumstances in which the contract may be terminated by a party ahead of its scheduled expiry
- The payment (if any) that must be made by either of the parties upon termination (depending on the circumstances)
- The condition of the tangible and intangible assets when they are handed over after termination

The PPP agreement should describe in detail the circumstances that allow a party to terminate the contract, in particular, where the other party has defaulted on its obligations. The contract management, M&E framework, and parameters will provide information on how the PPP project is performing, using predefined performance indicators.

3.5 INTER-SECTORAL COLLABORATION

A public-private partnership, in general, and in health in particular, is a new resource mobilization modality that requires inter-sectoral cooperation to achieve its purpose. The envisaged partnership will have to explore areas such as: fiscal incentives (tax holidays), availability of regulatory support, external liaisons to attract foreign partners through Ethiopian Embassies, and the potential to develop new manufacturing and hospital infrastructure sites. For this reason, it is urgent that the designated PPPH unit at the MoH proactively collaborates with Ethiopian Investment Agency, Ministry of Foreign Affairs, National Bank of Ethiopia, Development Bank of Ethiopia, Ministry of Industry, Research and Development centers in health, Ministry of Justice, and other government organizations deemed to be supportive. The FMOH also needs to work with the Ministry of Finance and Economic Cooperation to regularly update the legal framework to accommodate emerging issues in PPP procurement, in line with the prevailing public procurement directives. In the case of disparity between the PPPH implementation guideline and operational manual on the one hand, and the federal PPP proclamation drafted for the parliament endorsement and PPP procurement policy under preparation by the Ministry of Finance and Economic Cooperation, the later shall prevail.

The MoH also needs to work with other partners, such as the Food, Medicine, and Health Care Administration and Control Authority of Ethiopia, to regularly update the legal framework to accommodate emerging issues and then establish and strengthen a health system that quickly responds to epidemics/emergency cases. The PPPH model implementation is intended to be mainstreamed with all levels of government, from the FMOH to the RHB up to the woreda level; the PPPH and its implementation modalities are by no means implying a new institutionalized mandate.

3.6 KEY CHALLENGES IN PPP MANAGEMENT

Table 3 below depicts the key challenges that can arise during PPP agreement management, and recommended tasks to institute to respond.

Table 3: Challenges and Tasks in PPP Agreement Management

Challenges	Tasks to Address Challenges
Failure to fairly share benefits between the Government and the private operators toward a win-win solution.	Engage in rigorous negotiation to harmonize the interests of both contracting parties; ensure adequate follow-up/information exchange.
Sufficient private sector expertise may not exist to warrant the PPP approach.	Conduct a private sector survey and maintain an inventory.
The public sector may not have sufficient capacity and skills to adopt the PPP approach. It may not be in the best interest of the general public either.	The PPPH case team will undertake a capacity assessment and prior sensitization and negotiation with the private sector.
Inability to take into account the interests of the stakeholders, especially the poor and vulnerable groups, when developing and concluding PPPH contracts.	The PPPH case team will establish a database on stakeholders' interests/rights, and will frame strategic issues to accommodate vulnerable groups' interest within the PPPH scope and intervention packages.
PPP procurement can be lengthy and costly; also, existing structures are relatively inflexible, and may not be hospitable in the long term to the PPP.	The PPPH case team, in close contact with the PPP developer, must undertake adequate preparation before engaging with the private operators
PPPs imply a loss of management control by the public sector.	PPPH unit will institute a strict monitoring and evaluation function for PPPs.
Lack of capacity, transparency, and accountability in managing the initiative by the PPPH unit.	<ul style="list-style-type: none"> ● Design compliant handling mechanisms. ● Have an operational manual suitable for bottom-level management teams. ● Develop toolkits for specific tasks; this should be exhaustive, through effective stakeholders engagement. ● Develop a continuous monitoring and evaluation mechanism to safeguard public interests through collaboration among public and private actors. ● Arrange tailor made Trainings

4 ESTABLISHING PPPH IN NEW PRIORITY AREAS

4.1 TERTIARY-LEVEL HEALTH CARE

Background

- 4.1.1. The second phase of the Growth and Transformation Plan aims to achieve greater success in the health sector by strengthening, improving, and expanding health services across all levels of the health system. The ultimate goal is to align government and private sector collaboration to increase revenues while encouraging citizens to stay home and spend on competent medical treatment to be set up in Ethiopia, rather than traveling outside the country.
- 4.1.2. As revealed by the fifth round of National Health Accounts, there has been a tremendous increase in health spending in Ethiopia, in both absolute and per capita terms. The private sector could see this as an opportunity for return on investment in PPPH.
- 4.1.3. The FMOH is well aware of the rise in the incidence of noncommunicable chronic diseases and accidents in the country, and that there is need to expand access to tertiary-level services. However, the unmet need for comprehensive tertiary-level services has been hard to address, due to resource limitations (lack of capital investment in infrastructure and diagnostic equipment and supplies), shortage of highly skilled professionals, and scarcity of health care financing for high-end medical services.
- 4.1.4. Tertiary-level service not only would respond to unmet public needs in Ethiopia; tertiary care could also represent a trustworthy opportunity, owing to Ethiopia's huge and growing domestic health service market. Addis Ababa is one three cities in the world, along with New York and Geneva, that host continental and United Nations organizations; and the geographical location of the country makes it a nodal point for Africa, Europe, the Middle East, and Asia.
- 4.1.5. Capitalizing on these untapped opportunities in the health sector is possible only with well-thought-out, high-end tertiary care development. Fulfilling the unmet domestic demand and harvesting opportunities are not options to choose from; rather, these issues are complementary to each other, and interwoven.
- 4.1.6. **General Objective:** To guide the private sector's engagement toward providing comprehensive high-end tertiary health services for people in Ethiopia who would otherwise travel abroad for services, and for people in adjacent countries, to attract medical tourists in the short and long term.

4.1.7. Specific Objectives:

- To meet the growing demand for expanded tertiary health facilities
- To improve provision of high-quality health services
- To initiate a medical hub and attract medical tourism in the country
- To introduce excellence and technology/skill transfer

4.1.8. How and Where To Initiate the Tertiary Care PPPH Project

- 4.1.8.1. As partnership in tertiary care is new to the country, it requires prior preparation and capacity to generate financial and non-financial resource bases to which the private sector would be a potential partner if prudently approached and fairly negotiated with.
- 4.1.8.2. Areas in which the private sector should be engaged include but are not limited to: provision of high-end diagnostic services, including advanced bio-medical laboratory and imaging services; provision of component high-end clinical services such as hemo-dialysis, radiotherapy, neurosurgery, and rehabilitation medical services; orthopedic, cardiac, and ophthalmic care; and comprehensive tertiary health services for the national and regional health market.
- 4.1.8.3. Selecting from the above-mentioned areas, the project idea initiator, who can be from the public sector, private sector, or civil society, can present a project idea to the public sector or private sector. The solicited project idea can also be identified during the public sector planning process, sector service, or infrastructure gap analysis, using periodic morbidity analysis or as part of a policy-driven project selection process.
- 4.1.8.4. All project ideas need to be framed and submitted to the PPPH case team at the FMOH/RHB, or to hospital management. Then, the project idea would be presented to the management of the FMOH/RHB/Chief Executive Officer (CEO) of the hospital or the National PPP Board, as required.
- 4.1.8.5. The PPPH case team of the FMOH/RHB/hospital CEO forms a project review and development team to further develop the idea into a business case and send it to the National PPP Board, as required. The team shall include or work with the idea initiator from the public sector to further frame the commented scope and requirements of the project.
- 4.1.8.6. The PPPH case team of the FMOH/RHB or hospital CEO will notify the project idea initiator to develop the full business case, should the project idea be approved as an eligible PPP contract for further development.

4.2 PPPH IN LOCAL PHARMACEUTICAL MANUFACTURING**Background**

- 4.2.1. The pharmaceutical business runs from research and development through production, distribution, use, and disposal. PPP at any of these phases could be important. Ethiopia is showing increased demand for pharmaceutical products and rational use. This unmet demand will not be met without an effective public-private partnership.
- 4.2.2. Pharmaceuticals are among the six building blocks of any health system, and they are vital in saving lives and protecting public health. In addition, pharmaceuticals have huge potential in terms of economic contribution in the macroeconomic structure, as witnessed in many countries around the world. The share of public health expenditure on pharmaceutical products is substantially larger than spending on other health elements, not only in Ethiopia but also in other parts of the world. Ethiopia's needs for pharmaceuticals have been growing faster in recent decades for many reasons. Economic developments and changing public health needs have led to growing opportunities in the country, some of which are enumerated below.
 - Social and economic infrastructures (roads, power, water supplies, information communication technology, etc.) are improving, thereby creating an enabling commercial environment for the private sectors.
 - The comparative advantage of aggregate demand for the domestic health market has led to direct foreign investment in the region.
 - Trainable human resources are available, obtained from the growing number of university graduates.
 - Both public and private sector engagements in supply chain operations and pharmaceutical services pave the way for pharmaceutical manufacturing to emerge.
 - Community pharmacies are increasing in number, and represent untapped resources for key public health programs in areas such as family planning, antiretroviral therapy (ART), TB, malaria, and maternal and child health.
 - Ethiopia is a country known for its huge biodiversity.

4.2.3. Despite the demand for pharmaceutical products and services, no significant public-private partnership exists to strengthen production of these products and services. Existing partnerships are in their infancy, making it difficult to outline challenges and achievements in detail. However, the following challenges may explain what is needed in order for the intended public-private partnerships to be run in a fairly responsive manner:

Institutional challenges:

- Limited financial potential.
- Private sector's profit-driven motives and brand preferences.
- Government's investment burden.

Procurement challenges:

- Difficulty of spelling out the details in the Request for Proposal make competition and the selection procedure challenging.
- Extended lead time.

Regulatory function:

- Legal provision related to PPP procurement is not developed.
- Enforcement of regulatory standards.

Organizational culture:

- Vision, mission, values and attitudes that may be difficult to internalize in a short span of time across all actors.

4.2.4. In a nutshell, the health care sector of the country is expanding fast. This increase in the number of health facilities and the diversity of health care services has created a huge demand for all kinds of pharmaceutical products and services. Pharmaceuticals are one of the main components of any health care system, and account for a significant portion of all health care expenditure. Continued availability of quality, safe, affordable medicines, supplies and reagents, and their proper use, are critical for quality health care service.

4.2.5. Though there are achievements in this area, more remains to be done. Areas needing attention include: the availability and proper use of pharmaceuticals and medical supplies, efficient distribution of products, local production capacity, management and disposal of pharmaceutical and medical waste, quality control, and quality assurance. The private sector has considerable financial, material and human resources. Tapping these resources through a public-private partnership will create the opportunity to address the above limitations in the pharmaceutical sector.

4.2.6. **General Objective:** To ensure continuous availability and affordability of quality- assured pharmaceuticals and their appropriate use, while securing economic benefits by nurturing untapped opportunities through a public-private partnership.

4.2.7. **Specific Objectives:**

- Meet the growing need of pharmaceuticals through improved accessibility.
- Strengthen availability of safe and quality-assured pharmaceuticals.
- Build research and development capacity by revitalizing traditional medicine.
- Create safe and standard pharmaceuticals waste disposal facilities.
- Expand local pharmaceuticals production capacity, envisioning outward competitiveness in the pharmaceutical industry.
- Strengthen community pharmacies' engagements in key public health programs within their scope of competency.

4.2.8. **How and Where To Initiate the Pharmaceuticals PPPH**

4.2.8.1. **Areas of engagement (partnership) for the public and private sector in pharmaceuticals require broader engagement of the public sector with the private.** Engagement includes but is not limited to:

- Private distribution channel: for program pharmaceuticals, revolving drug fund pharmaceuticals, and selected health commodities
- Financial institutions partnership: for purposeful and rational use of financial resources by focusing on selected pharmaceuticals and avoiding redundancy of imported items
- Government facilitation of marketing for
 - Small-scale production of pharmaceuticals
 - Generic and orphan medicines
- Establishment of pharmaceutical manufacturing/industry zone

- Local production of
 - Inactive pharmaceutical ingredients and materials (starch, flavors, colors, sugar, packing materials, bottles)
 - Active pharmaceutical ingredients
 - Program medicines (TB drugs, antiretroviral drugs, anti-malaria medicines)
 - Spare parts for medical equipment
 - Engaging community pharmacy on selected medicines for chronic care management activities
 - Establishing and managing safe disposal facility for medicine wastes
 - Promotion and use of bioequivalence center
 - Establishment of research and development units and quality control laboratories
- 4.2.8.2. Selecting from the above-mentioned areas, the project idea initiator, who can be from the public sector, private sector, or civil society, can present the project idea to the public sector or to the private sector. The idea can also be identified during the public sector planning process, sector service, or production and supply gap analysis, by using periodic morbidity analysis, or as a policy-driven project selection process.
- 4.2.8.3. The Ministry of Health or Food, Beverage and Pharmaceutical Industries Development Institute, or RHB and private facilities/institutions, conduct regular needs assessments to identify gaps and develop the partnership idea.
- 4.2.8.4. The PPPH approval process for pharmaceuticals shall be conducted as explained in 4.1.8.4–4.1.8.6 of tertiary care.

4.3 PPPH IN DEVELOPMENT OF HUMAN RESOURCES FOR HEALTH

Background

- 4.3.1. The health workforce requires good-quality education and continual training, not only to maintain, upgrade, and update people's skills for efficient performance of specific jobs, but also to contribute to the universal coverage of high-quality comprehensive health services that are essential to advance opportunity for health equity. The existing lack of human resources in Ethiopia is asymmetric, and particularly affects the availability of midwives, anesthesiologists, nursing specialists, obstetric surgeons, and staff in other high-end specialties. In response to this situation, the government has made significant strides in increasing enrollment at medical schools and universities.
- 4.3.2. With these realities on the ground, PPPs will be critical. The government of Ethiopia has been striving to work with the private sector in various areas. For example, in the intensive care unit nursing training at St Paul and Landmark Hospital, public undergraduate and postgraduate students have practical attachments in private facilities, and many students from the private institutions have practical attachments in public health facilities.
- 4.3.3. The government of Ethiopia identified and signed an MoU with some private facilities to start the above-mentioned engagement. The partnership is not legally binding and lacks any clear structure in the public sector to monitor the contract. In addition, negotiation to establish a dormitory, library, and demonstration room with necessary materials and dining rooms within the private facility was difficult, given the minimal profit that the private sector could reap. This has also made it difficult to standardize, inspect and license the premises and practice.
- 4.3.4. International experience shows that cooperation with the private sector in the provision of fellowship trainings for hospital staff is common. The private not-for-profit organizations have also established various institutions to train nurses, midwives, anesthetists, laboratory technicians and other relevant cadres of health staff for the nation.
- 4.3.5. **General objective:** Improve the volume and quality of human resources for health by involving the private sector to operate in a policy-supported and legally protected partnership with the public sector
- 4.3.6. **Specific objectives** include:
- To meet the growing demand of human resources for health in volume and mix
 - To improve quality of service
 - To create responsive HR to make the country attractive for medical tourists

4.3.7. How and Where To Initiate the HRH PPPH Projects

- 4.3.7.1. The Federal Ministry of Health has identified some priority areas for private sector/ facilities engagement. These are: student attachment rotation, faculty exchange, basic training (Hospital-Based Residency Program/specialty nursing), and in-service training (continuing professional development/continuing medical education). Additional ideas for engagement can also be identified during the public sector planning process, or from the civil societies or as a policy-driven project selection process.
- 4.3.7.2. In addition, the Ministry of Health, or RHBs, civil societies, and private facilities/institutions, conduct regular needs assessments in their respective constituencies to identify gaps and develop partnership ideas. Future areas for private sector (for-profit and not-for-profit) engagement in the PPPH would be identified in consultation with relevant stakeholders.
- 4.3.7.3. The FMOH/RHB PPPH case team shall assign a project review and development team. The team shall work with the idea initiators to further frame the scope and requirements of the project, as well as formulate project outputs by upgrading the project ideas into a pre-feasibility document. In this case, the HRH Directorate of the FMOH/RHB, or private sector, would advise the proposal review and development team on a detailed project proposal preparation describing the business/investment cases, which among others include background, objective, and modalities.

PPPH PROJECT DEVELOPMENT, APPRAISAL & APPROVAL

5.1 CONDUCTING PRE-FEASIBILITY STUDY

Tertiary and Pharmaceuticals

- 5.1.1. A project development and review team will be appointed by the FMOH or RHB PPPH case team from the contracting authority. The review team shall work with the idea initiators to further frame the scope and requirements of the project, as well as formulate project outputs in the sequence of prefeasibility and feasibility studies, as appropriate.
- 5.1.2. Following submission of acceptable and innovative PPPH ideas in tertiary care, pharmaceuticals, or HRH development, the prefeasibility study undertaken shall be appraised by a project review and development team. This team, under the coordinating PPPH case team, shall review documents submitted by the idea initiator, who can be from either the public sector, the private sector, or civil society. If the contracting authority finds the proposal to be above its approval threshold, the contracting authority shall send the proposal to the national board for clearance. The solicited project idea can also be identified during the public sector planning process, sector service or infrastructure gap analysis, or through a policy-driven project selection process.
- 5.1.3. During the prefeasibility phase, the project review and development team reviews the documents based on criteria that include, but are not limited to: government priority, technical and financial feasibility, environmental impact, gender sensitiveness of the project, output and outcome of the product or service, capital and maintenance costs of the facility, source of income, and legal implications of entering into an agreement.
- 5.1.4. Upon initial options analysis and selection of the best option, the project review and development team needs to prepare an outline business case. If the team has limited in-house capacity to carry out the prefeasibility and feasibility analysis, external advisors/consultants need to be selected on a competitive basis and engaged. Funding of the study in general needs to be quantified and secured, either from an external source or from the budget of the public sector. The cost shall be recovered later from project revenue if the project reaches implementation; otherwise, it shall be absorbed by the public sector.
- 5.1.5. After the project idea passes the prefeasibility phase, the project review and development team presents reports, conducts a briefing to the approver, and asks to proceed to the next phase. The approver shall review the PPPH project, and either recommend a full-fledged study or discontinue the process.

5.2 CONDUCT FEASIBILITY STUDY

- 5.2.1. At this stage, the project should be clearly defined as to its physical outline, the technology it will use, the outputs it will provide, and the people it will serve. Capital, operating, and maintenance costs should be estimated, showing a full business case outline with cash outflow and inflow. The contracting authority shall bear the costs of feasibility studies for solicited proposals; these costs may then be recovered later from project revenue if the project reaches implementation.
- 5.2.2. The project concept is typically then tested for feasibility across several dimensions:
- **Technical feasibility:** Can the project actually be implemented as planned, using proven technologies, and without unreasonable technical risks?
 - **Legal feasibility:** Are there any legal barriers to the project? This includes considering whether there are any legal constraints to entering into a PPP contract.
 - **Social viability:** Consideration of the communities affected by the PPPH project, such as the associated impact on quality of service, access to and affordability of services, and preference of the vulnerable group for the PPPH over the existing offerings of public facilities.
 - **Economic viability:** Economic viability analysis needs to be done to decide whether the proposed project is a good use of public resources. A project is economically viable if the economic benefits of the project exceed its economic costs. The economic benefits are a measure of the value the project will deliver to people. The revenue a project will generate is usually a lower-bound estimate of its economic benefits—but benefits can be much greater than revenues.
 - **Project bankability and financial viability:** A PPP project is considered bankable if lenders are willing to finance it. Will private parties see the opportunity as something attractive to pursue? Generally speaking, private parties will find a project financially viable and bankable if it offers good financial returns, and requires the private party to bear only reasonable levels of risk.
 - **Sustainability:** The project ideas need to be checked against their economic, political, environmental and social realities, at a minimum.
- 5.2.3. Answering the above-listed feasibility questions shall involve engaging multidisciplinary experts to undertake several detailed studies. In addition, the project review and development team will make a full report, and prepare a draft Request for Proposal/bidding document and draft contract and submit these to the PPPH case team.

5.2.4. Approval for PPPH Projects under Concern

- 5.2.4.1. The PPPH case team presents the feasibility study report to the approver. The approver further analyzes the business case, and the reports of the proposal review and development team, with regard to the predetermined public health needs, the most suitable technical solution, the capacity level of the private operators, due diligence of legal and social responsiveness, value for money and risk associated over the whole life of the project, and affordability in the context of the available budget.
- 5.2.4.2. Once the documents have been approved to proceed, the contracting authority shall appoint a procurement and bid evaluation committee to lead a procurement of the PPPH project.

5.3. PPPH DEVELOPMENT AND APPROVAL PROCESS IN HRH

- 5.3.1. Project ideas developed and submitted to the project review team may not necessarily require both pre-feasibility and feasibility studies. Working in close consultation with the HRH directorate may suffice to develop a feasibility study.
- 5.3.2. In case the idea initiated was from the private sector, a pre-feasibility study of the project idea shall be reviewed, and the private sector/initiator shall be advised by the project review and development team of the public sector.
- 5.3.3. Should the project idea generated by the private sector pass the pre-feasibility study, the document will be transferred to the proposal review and development team for further consideration.
- 5.3.3.1. The team shall be composed of the PPPH case team and HRH Directorate/process owner at the FMOH/RHB, and review documents shall be submitted by the idea initiator. At the facility level the board shall assign the review and development team from the relevant units, and the coordination role is given to the Facility CEO.
- 5.3.3.2. The team reviews the documents based on a set of criteria that include, but are not limited to: government priority, technical and financial feasibility, environmental impact, gender sensitiveness of the project, output/outcome of the service, costs for infrastructure of the facility, and private sector competence and experiences.
- 5.3.3.3. The team will conduct options analysis to decide on the best model for the PPPH.
- 5.3.3.4. Should the detailed project proposal document require amendment, the review and development team will hold consultative meetings with the idea initiator or private institutions to be consulted. The meetings shall be done at the FMOH, RHB, or facility level. In addition, the project review and development team should prepare and submit the draft Request for Proposal/bidding document and draft contract.

5.3.4. Approval of the Project

- 5.3.4.1. The project review and development team will review the feasibility study report and submit it to the coordinating body with its recommendations. The PPPH case team, in return, presents the feasibility study report to the FMOH/RHB management/facility's CEO or national PPP board as appropriate, for approval.
- 5.3.4.2. After reviewing the revised detailed project proposals and notes from the review and development team, the approver shall provide a go-ahead/endorsement of the report, and recommendation for the next stage of the recruitment/procurement process.
- 5.3.4.3. Subject to justification of direct contract, negotiations may be conducted for both solicited and unsolicited PPPH projects. Following a negotiation, a draft agreement with recommendations shall be outlined along with the recommendation to the approver for agreement signing in the form of a service contract or MOU.



6 PPPH PROCUREMENT AND CONTRACT MANAGEMENT

6.1. PROCUREMENT FOR SOLICITED PROPOSALS

- 6.1.1. The approved PPPH project in high-end tertiary health care, pharmaceuticals, HRH development or clinical outsourcing will be procured through an open and competitive bidding process in accordance with the PPP proclamation and national PPP procurement policy of the country and appropriate PPPH bidding procedures of the FMOH.
- 6.1.2. Once the project proposal has been accepted by the responsible body to invite bidders, the PPPH case team, in consultation with the proposal review and development team, will list the potential candidates for pre-bid conference, as appropriate, to have consensus and modifications on scope of work, partnership modality and other areas.
- 6.1.3. The Request for Proposal/bidding document needs to be prepared by the PPPH case team in consultation with the concerned procurement and finance directorates, and process owners at the FMOH, RHB or facilities, as required. Bid announcement shall be through various media outlets, and means that reach as many bidders as possible.
- 6.1.4. The collected documents need to be reviewed by a procurement evaluation team comprising responsible directorates/processes, including the Finance Directorate and PPP case team at the FMOH and/or RHB. The assessment criteria shall clearly be included in the scope of work and used for evaluating bidders, to tell whether the proposed PPPH:
 - Is in accordance with predetermined public health needs
 - Is the most suitable technical solution to these needs
 - Can be implemented within any capacity level of the private operators
 - Has been subject to a due diligence of legal and social responsiveness
 - Is fully consistent with value for money and risk associated over the whole life of the project
 - Is affordable to the institution responsible in the context of the available budget

- 6.1.5. The post-qualification evaluation would be made with the preferred bidder to verify the validity and renewal of the submitted documents, and the legal, technical and financial capability of the bidder.
- 6.1.6. The areas requiring more consideration in the agreement include, but are not limited to: payment terms, scope of activities, facilities, and responsibilities of both contracting parties as per the Terms of Reference/technical specifications of the PPPH proposal as part of the bidding document, so that the bid evaluation process will be conducted accordingly.
- 6.1.7. On the basis of the procurement evaluation result and the recommendation from the procurement evaluation team, the approver will decide on the proposed contract with the preferred bidder. Notification of selection of the private facility will be made by the PPPH case team through letter, face-to-face meeting, website, phone, e-mail and other means.
- 6.1.8. A partnership contract agreement will be prepared, including details of scope of services, and roles and responsibilities of each party. The agreement should be signed by the RHB head or deputy and minister or state minister of the FMOH for the contracting authority and owner of the private sector or his/her delegate.
- 6.1.9. Each contract shall clearly include key components of contract management: key deliverables, period of the contract, mode of payments, accountability, reporting, exit modality/strategy, and conflict resolution.

6.2. PROCUREMENT FOR UNSOLICITED PROPOSALS

- 6.2.1. Private companies often approach governments directly with new project ideas, typically referred to as unsolicited proposals. The FMOH believes that such proposals can introduce innovative ideas and contribute to its goals where the government has limited capacity to develop projects. In these cases, project idea initiators pledge and submit project proposals, and develop prefeasibility and feasibility studies as required. The role of the contracting authority's project review and development team is to appraise these proposals and instruct further action to the private sector in case of tolerable adjustment. Unsolicited proposals that are found to be acceptable are then submitted to the approver through the PPPH case team.
- 6.2.2. The approved unsolicited proposal will then be entered into an open and competitive bidding process with some evaluation margin/factor of adjustment to the initiator's cost/effort, and shall be specified in the bidding document or Request for Proposal.
- 6.2.3. The public sector shall develop a benchmark proposal that helps in evaluating unsolicited proposals.
- 6.2.4. In some cases, unsolicited proposals will not go through an open, competitive process. This may occur when a project is unique and no other company can perform the project. Any such proposals that do not go through a competitive process will be handled by a professional negotiator who will work with the bidder to modify the terms as necessary to get the best value for money.

- 6.2.5. Whether a proposal is competed against or not, before a PPPH contractor/partner is decided upon, minutes of negotiations need to be included in the partnership agreement. The areas that require more discussion and consideration in the agreement include, but are not limited to, payment terms, scope of activities, teaching modalities, facilities, intakes, deliverables, adequate staffing, discipline and professionalism of the staff, and equipment.

6.3 CONTRACT IMPLEMENTATION

- 6.3.1. After the PPPH contract has been signed, responsibility for contract management will normally be transferred to a contract administrator established/assigned by the contracting authority.
- 6.3.2. For the PPPH to move on as intended, the parties, within the limits of their contractual rights and obligations, should recognize the PPPH objectives in accordance with terms and conditions of the contract agreement.
- 6.3.3. After agreement, the contract administrator should follow up and ensure that the transferred facilities are ready to hand over to the other party, fully equipped according to the terms and conditions of the contract.
- 6.3.4. For an effective relationship, both parties, within the limit of their contractual rights and obligations, should understand that the key factors to a successful relationship are mutual understanding, open communication/information sharing, and recognition of mutual objectives.
- 6.3.5. Projects shall start as soon as the respective parties have put in place the necessary staffing/equipment and other materials.
- 6.3.6. Capacity-building of the facilities involved requires continuous quality improvement in the partnership. The training institutions or facilities would welcome the prospective students based on the agreed-upon criteria included in the partnership contract.

STRENGTHENING EXISTING PARTNERSHIPS

This chapter is dedicated to standardizing the existing partnerships in priority public health programs and clinical outsourcing, and partnerships with not-for-profits that have been conducted in a very fragmented manner. The customary practices of agreements range from verbal understanding to a non-standardized MoU and incomplete contract agreements, all of which have been incapable of accommodating change management, conflict resolution, and clearly delineated rights and obligations of parties. Such practices have also been a source of malpractice in discharge of joint planning, implementation, M&E and corresponding timely allocation and use of budgeted funding.

Nurturing this type of partnership to a level of standardized PPPH will offer multifaceted benefits. It will provide a real-life experience, enabling partners to learn from local practices and challenges; tap into the PPPH resource base; and avoid operational disparities between and within partnership modalities, intervention areas, and existing partners. Application of standard PPPH operational procedures with regard to scope of services, form of contracts, and MoUs is a demanding task for the existing partnerships to treat with a unified PPPH legal framework.

7.1 PARTNERSHIP IN PRIORITY PUBLIC HEALTH PROGRAMS

Background

- 7.1.1. Public-private partnership is supposed to strengthen the provision of public programs in the community with participation of the private sector. These partnerships in Ethiopia are getting started to respond to emerging needs for higher-quality of services and care, as well as to enhance patients' preference. With the current situation in Ethiopia in mind, one of the strategies of the national TB, HIV and leprosy control program is to engage the private sector in these programs.
- 7.1.2. The Public-Private Mix (PPM) model is focused on for-profit and not-for-profit private providers seeking to improve TB-Directly Observed Treatment, Short-Course (DOTS) coverage and increase the TB case detection rate. This service provision started in November 2006 as a pilot project, with 20 private health facilities in Addis Ababa and the Oromia region. Currently, PPM-DOTS is implemented in more than 200 private health facilities in seven areas (five regions and two city administration), and its use is contributing to more than 14% of the TB case notification nationally.

- 7.1.3. A systematic review on PPM for tuberculosis care and control was conducted in February 2015. The final review included a total of 78 eligible studies. The studies assessed 48 PPM TB programs worldwide, subsequently categorized into three mechanisms based on collaborative characteristics, support, contract, and multi-partner groups. Furthermore, the report assessed the effectiveness of PPM programs against six health system themes, including use of the DOTS, case detection, treatment outcomes, case management, costs, and access and equity, under the different collaborative mechanisms. Analysis of the comparative studies suggested that PPM could improve overall outcomes of TB service, and multiple collaborative mechanisms may significantly promote case detection, treatment, referral, and service accessibility, especially in resource-limited areas. However, several programs had less positive outcomes, primarily because of limited funding and poor governance.
- 7.1.4. Currently in Ethiopia, the PPM approach is also expanded to the services of comprehensive HIV care (HIV counseling and testing, pre-ART, ART, prevention of mother to child transmission), family planning, and services for sexually transmitted infections and malaria. The major challenges identified in this partnership are absence of a fully fledged institution to coordinate the partnership, interruption of drug supply, absence of an incentive/recognition mechanism for private providers, and absence of a regulatory/legal framework for the PPPH-specific procurement procedure. The fact that the private health sector is a fragmented industry also contributes to challenges in consolidating the partnership between government and actors in the private health sector. Finalizing this implementation of PPPH guidelines will ameliorate this situation.
- 7.1.5. **General Objectives:** Improve access to quality and affordable priority public health services for the citizens of Ethiopia, by allowing and enabling the private health sector to operate in a policy-supported partnership with the public health sector.

7.1.6. Specific Objectives

- Increase access to priority public health services in the areas of TB-DOTS, comprehensive HIV care (HIV counseling and testing, pre-ART, ART, prevention of mother to child transmission), family planning, sexually transmitted infections, and malaria, through the private health sector.
- Strengthen and expand existing priority public health services delivered through partnership with the private health sector.
- Contribute to the achievement of national targets in priority public health services.
- Ensure delivery of standard health care services in the priority public health services.

7.1.7. Identification of the project

- 7.1.7.1. High-impact services/public health priorities would continue to be considered for the public and private partnership. This includes TB DOTs, comprehensive HIV care (HIV counseling and testing), mobile counseling and testing (MCT), pre-ART, ART, and prevention of mother to child transmission), family planning, and services for sexually transmitted infections and malaria, which are currently provided at the private facilities (both for-profit and not-for-profit). These programs have already been found to be effective, and do not need a study to check for feasibility/relevance. The process of expanding the coverage would start from the recruitment.
- 7.1.7.2. Additional programs may be considered when various data sources—such as public meetings, and sector service or infrastructure gap analysis and annual reports—show that there is an unmet need for public health services in the public health facilities. Additionally, when these unmet health services are known to be delivered by the private health sector, and a significant segment of the population is seeking and using these services in the private health sector, the idea initiator (Federal Ministry of Health/RHB) would include additional priority public health program priorities to be implemented in the PPPH model.

7.1.8. Conducting Feasibility/Relevance Assessment

- 7.1.8.1. When the Federal Ministry of Health/RHB needs to add programs for the PPPH, the assessment needs to consider the technical, legal, social and environmental aspects of the program, and its sustainability
- 7.1.8.2. The PPPH case team shall establish a proposal review and development team comprising the contract administrator on the PPPH case team, program-related and other relevant directorates/case teams at MoH, program-related processes/case teams, and other relevant process/subprocess/case teams at the RHB and agencies.
- 7.1.8.3. As part of the assessment, an initial dialogue and consensus-building discussion will occur among all stakeholders, to see whether the proposed program will be feasible through a partnership, what the bottlenecks will be, and what issues must be addressed beforehand. The important stakeholders during the consensus workshop include: project owners (program owners) at different levels (FMoH and/or RHB), the private health sector (owners and providers) associations, professional associations, public hospitals, Pharmaceuticals Fund and Supply Agency (PFSA), regional laboratories, and the Food, Medicine and Health Care Administration and Control Authority.
- 7.1.8.4. Once the new program is considered worth investing in, the business case would be approved by the management of the FMoH/RHB, and subsequent recruitment processes would be conducted.
- 7.1.8.5. A specific operational manual shall be developed, along with a standard MoU or standard service agreement, that will serve both existing and new partners in priority public health program interventions.

7.1.9. Recruitment of the Private Facilities

- 7.1.9.1. Request for application or Expression of Interest needs to be prepared by the PPPH case team together with the PPPH procurement evaluation team. The request for application needs to at least include brief background information, the scope of the work, and the requirement/profile of the bidder.
- 7.1.9.2. The PPPH case team shall announce the opening of the period to receive expressions of interest for partnership from the private sector, using many possible media outlets, and conferences/workshops, and using private facilities associations and other mechanisms that make it possible to reach many private potential partners.
- 7.1.9.3. The private sector, based on the aforementioned announcement, would apply using the standardized application format, which will include the requirements for approval of the site for provision of specific services.
- 7.1.9.4. The PPPH procurement/recruitment evaluation team shall open the collected documents. After reviewing the application, the selected private facilities would be visited by the PPPH procurement/recruitment team using a site assessment checklist. The list of selected facilities with their profile would immediately be submitted for approval to the senior management of the MoH or RHB as the case may be.
- 7.1.9.5. After approval, notification of selection of the private facility will be made by letter, face-to-face meeting, website, phone, e-mail, and/or other means
- 7.1.9.6. The contract administrator at the PPPH case team would prepare an agreement and/or MoU mentioning agreed functions of the program, the roles and responsibilities of each party, steps of partnership amendment, extensions, and terminations. The agreement should be signed by the RHB head or deputy or minister or state minister of FMoH and owner/ delegate of the private party.

7.1.10. Implementation of the Partnership Project

- 7.1.10.1. For the PPPH to move on as intended, both parties within the limit of their contractual rights and obligations should recognize the PPPH objectives in accordance with terms and conditions of the contract agreement. Implementation starts with new legal documentation comprising the start date through various amendment/extension provisions up to the PPPH termination clauses.
- 7.1.10.2. The contract administrator of the regions/MoH will lead, plan and follow the implementation of the program at each site with the PPPH implementation technical working group as appropriate, and coordinate the provision of respective program trainings to each site. The trainings will include, but not be limited to, HMIS, Integrated Pharmaceutical Logistics System (IPLS), and program-specific training.
- 7.1.10.3. Project launch will happen only when the responsible body fulfills the necessary staffing and supplies. The service provision will be provided within mutually agreed days from the date of agreement.

- 7.1.10.4. The contract administrator and/or private party would develop a referral directory showing the referral points for the services given in other facilities.
- 7.1.10.5. The private facilities will participate in technical working groups and trainings, and will provide quality service delivery by supplying human resources, infrastructure, and equipment according to the standard. They will participate in demand creation and promotion because facilities are required to disclose their fees. To provide services to the community, the government will supply drugs, reagents, HMIS materials and other materials such as guidelines, referral linkage and linkage to Lab External Quality Assurance.
- 7.1.10.6. The contract administrator together with the appropriate team ensures quality service provision through supportive supervision, mentoring and engaging in an annual program review meeting.

7.2 PARTNERSHIP FOR SELECTED CLINICAL SERVICES**Background**

- 7.2.1. Currently, some hospitals have contracts with the private sector for clinical and diagnostic services. The non-clinical outsourcing has been guided by the existing outsourcing operational guideline. The existing PPPH has contributed a great deal in terms of reducing cost of service provision, raising the efficiency and quality of service delivery, drawing on private sector expertise, building the health professionals' capacity, and creating an environment conducive to private sector collaboration. Expansion of noncommunicable diseases and the growth of the Gross Domestic Product per capita create more demand for high-tech diagnostic and imaging services. Under the existing conditions, many public hospitals are not capable of meeting this increasing demand, for financial and technical reasons.
- 7.2.2. The evidence from the international experience suggests that these gaps are met through the public facilities that can play a mediating role through outsourcing of clinical services. However, no implementation manual has yet been developed to engage the private sector in the clinical service provision.
- 7.2.3. The international experience shows that when outsourcing clinical services, public facilities have been facing challenges at the proposal design, decision-making, implementation, and monitoring stages. Some of the challenges include changing priorities, setting unrealistic expectations, neglecting the full cost of outsourcing, and failing to strategize an exit procedure. Similar challenges encountered at the implementation phase included maintaining reasonable control over the outsourced services to ensure quality and standardization, and managing pressures and/or concerns from facility staff and other internal constituents. Implementation of PPPH have also been impaired by poor capacity to monitor contracts at each level, and by monitoring indicators not being well defined. To resolve these challenges, the public sector took a number of actions including creating a legal framework and strategies, capacity-building to manage outsourcing, and establishing independent sources of monitoring information.

7.2.4. General Objective: To improve access, equity, quality, and efficiency of public health services and to promote the public and private partnership.

7.2.5. Specific Objectives include:

- To transfer technology and skills from the private to the public sector
- To provide services with reasonable cost, improved quality, and efficient management

7.2.6. PPPH Clinical Outsourcing Project Identification

- 7.2.6.1. The FMOH/RHB or hospitals will work on inviting international companies/medical facilities to work with the public facilities that require their services.
- 7.2.6.2. The FMOH, with relevant partners including the private sector, shall develop a profile of each existing partnership with clinical contract-out or contract-in arrangements at public facilities.
- 7.2.6.3. Project ideas shall, therefore, be initiated either from public hospitals/FMOH/RHB. Likewise, the private sector can present project ideas to the public hospitals/FMOH/RHB. The service types to be outsourced should be selected from the list approved by the FMOH: diagnostic services (laboratory and imaging), physiotherapy, nursing care, ambulance services, hospice care and others.
- 7.2.6.4. Project ideas need to be framed and submitted to the hospital management. Then, the project idea would be presented to the board of the hospital.
- 7.2.6.5. Once the idea is accepted, the hospital CEO forms a project review and development team to further develop the project idea to a full business case. The team shall include or work with the idea initiator from the public sector to further frame the scope and requirements of the project.
- 7.2.6.6. The hospital CEO notifies the project idea initiator from the private or civil society sector to develop the business case for further development and approval.

7.2.7. Relevance of Project Idea/Feasibility Study

- 7.2.7.1. The CEO of the hospital would lead the team to assess the relevance of each project idea in line with the policy priorities, added value, and the clients' demand and implementation, and in light of any financial, technical, market, and other feasibility issues.
- 7.2.7.2. The project review team shall conduct a series of consultations with stakeholders and internal staff to understand concerns such as potential benefits and possible risks.
- 7.2.7.3. The review team, after thoroughly analyzing the situation, prepares a full business case/project proposal.

7.2.8. Approval of Project Idea for Clinical Outsourcing

- 7.2.8.1. Based on the relevance/feasibility study prepared by the team, the scope of work would be presented to the management committee of the hospital. The management committee should critically review the types of clinical services considered for outsourcing. Based on the recommendations, the hospital board will decide on proposed outsourcing.
- 7.2.8.2. The approved detailed project proposal/business case will be procured through an open and competitive bidding process in accordance with the public procurement proclamation and directive of the country. Applicable procurement procedures are stated in Chapter 5 above.
- 7.2.8.3. A standardized service agreement/contract shall be developed and entered into with the service providers(s).

7.3 PPPH WITH PRIVATE NOT-FOR-PROFIT

Background

- 7.3.1. Not-for-profit organizations—faith-based and non-faith-based—have contributed to strengthening and operating public-private partnerships in health. Their involvement is in line with the government's priorities: increase accessibility and quality of services and products, and mobilize resources to complement the services provided by the government.
- 7.3.2. Even though those facilities running programs in service provision or product distribution are receiving support from the government, they are facing multiple challenges. These include delays in budget release, shortfalls in matching funds, unavailability of highly trained professionals to work in some of the faith-based health facilities, free services at public facilities that affects social marketing of the PPP, lack of competence of the PPPH unit to deal with PPP issues, and lack of harmonization between the guideline and regulatory actions.
- 7.3.3. The experience of Uganda's faith-based organizations was reviewed and recognized to offer a good PPP lesson in health. The mutual understanding between the two sectors has contributed a lot in smoothing partnership relations. In addition, the public sector's commitment is reflected on the ground; the public sector has financed a good proportion of the Catholic and Protestant hospital costs, and the public sector exempted taxes on medical supplies, equipment and medicines, and government recruits. More than 10% of health professionals are working in not-for-profit organizations. The Government of Uganda contributes 50% of human resource development costs incurred by the not-for-profit organizations to train mid-level health professionals. It has also been observed that the private facilities are opening separate bank accounts for the public sector budget; this helps to properly track funds.

7.3.4. General Objective: To achieve sustained improvements in people's health by allowing and enabling the private not-for-profit sector to operate in policy-supported long-term partnerships, ensuring affordable, accessible and quality health care services and products defined by joint strategies, expenditure plans, and joint management systems.

7.3.5. Specific Objectives include:

- To provide quality primary, secondary, and tertiary comprehensive and specialized health care to the community
- Producing and recruiting human resource for health
- To introduce new hospital management skills/schemes to the public sector

7.3.6. Identification of Project to Not-for-profit PPPH

- 7.3.6.1. Based on the records at the FMoH, not-for-profit (faith-based or non-faith-based) organizations are involved in providing comprehensive services at the primary and secondary levels, distribution of health products, and development of HRH through their facilities and/or programs.
- 7.3.6.2. The public health sector, with other stakeholders, would work towards identifying areas where the project can be implemented in the future. However, valuing the resources mobilized through such organizations and for maximum benefit, special attention will be paid to the under-served and hard-to-reach segment of the population.
- 7.3.6.3. Further consultation with relevant parties needs to be undertaken in order to generate further opportunities for the not-for-profit sector's engagement in Ethiopia. Private for-profit entities are encouraged to work on the newly identified priorities: tertiary care, pharmaceutical production and HRH development

7.3.7. Feasibility/Appraisal of the Project

- 7.3.7.1. The project review and development team of the public sector would review the documents based on predefined feasibility criteria.
- 7.3.7.2. Should the project document require amendment, the project appraiser holds negotiations with the organizations. Consultative meeting shall be held at Federal Ministry of Health and RHB level.
- 7.3.7.3. Registration of the organization and audit reports need to be submitted together with the document, or the project appraiser needs to be requested at some point in the appraisal process.

7.3.8. Approval of the Project

- 7.3.8.1. Following agreement on any issues raised, both parties need to clearly document and present the resolution to the approver along with the revised version of the project document.
- 7.3.8.2. The revised version of the project would be submitted for the final approval to the project approver in the FMoF or RHB or other sector offices as deemed necessary.
- 7.3.8.3. When the revised project proposal is presented to the approver, other important documents —draft project agreement/MoU—need to also be submitted.
- 7.3.8.4. A standardized MoU or standard service agreement shall be developed that will serve all existing and new partners across all intervention areas. Depending on the PPPH engagement modalities, standard operational procedures may also need to be established.

7.3.9. An MoU or Service Agreement Shall Comprise:

- 7.3.9.1. Role and responsibilities of each parties concerned, objective of the contract, budget disbursement, settlement, dispute resolutions, deliverables, reporting mechanisms, exit strategy, and others deemed to be relevant by the Ministry of Health and line offices.
- 7.3.9.2. Role of board of management (with members from private and public sector), at the level where the facility or program operates, needs to be clearly mentioned.
- 7.3.9.3. The public sector puts in place its structures implementing the PPPH at various levels.
- 7.3.9.4. Procedures and mandates to not-for-profit organizations to collect and reuse fees to cover running costs of facilities/programs and the details of cost sharing as 70/30 or otherwise.
- 7.3.9.5. The public sector's provision of subsidy, if any, to high-impact primary care interventions provided at not-for-profit organizations or programs.
- 7.3.9.6. Commitment of the public sector shall be clearly outlined to include monitoring to ensure that: the agreed services are available to the community, resources are mobilized and disbursed as agreed, health professionals are deployed and trained in not-for-profit health facilities, and the public sector share of running costs is disbursed according to the agreement.
- 7.3.9.7. Roles and responsibilities of private parties involved with facility-based health services are to be stated in the MoU, and include: mobilize resources and create service demand, ensure quality of services as agreed, and ensure commitment on HRH development, including apprenticeship program, pre-service trainees, on-job training, skill transfer, and site exchange visits from the public sector.
- 7.3.9.8. The project agreement needs to be signed by the high officials of the two parties.

7.3.10. Implementation of PPPH Project with Not-for-profits

- 7.3.10.1. The public sector establishes/strengthens PPPH unit and contract administrator responsible for managing a contract with organizations, including at RHB level.
- 7.3.10.2. Strong linkage among various sectors or ministries responsible for monitoring such engagement would be established, and frequent updates would be shared.
- 7.3.10.3. Any deviation from the original contract agreement needs to be communicated to both parties, and timely and necessary measures would be taken by the PPP unit/contract administrator or relevant party.
- 7.3.10.4. Both the public and private sectors ensure that there are mutual understanding, open communication, information sharing and recognition of mutual objectives in due course of project implementation. Both parties maintain contractual rights and obligations.
- 7.3.10.5. Valuing the importance of the project, both parties exert maximum efforts to tackle and minimize their respective risks and take actions accordingly.
- 7.3.10.6. The private sector would use resources efficiently while not compromising the quality of service provision.
- 7.3.10.7. Both parties exert maximum efforts to ensure that quality standards are met as the quality indicators are stipulated in the MoU/project agreement.
- 7.3.10.8. Both parties ensure they have developed a mechanism for recruiting and retaining competent staff to strengthen the partnership and further their cause.
- 7.3.10.9. Both parties must demonstrate a transparent mechanism of resource mobilization and use with regard to the partnership

8 PPPH MANAGEMENT TOOLS AND STANDARD DOCUMENTS

- 8.1 It may not be feasible or convenient to provide every detail of a specific operational manual and toolkits in one PPPH implementation guideline, because some specific disciplines need their own minimum standard documentation to fully serve their technical and legal requirements.
- 8.2 To this end, the following operational and management tools/formats are identified and referred to as part of this PPPH implementation guideline. However, the application of specific operational tools is not limited to such tools, and standard formats will be continuously assessed and included for management endorsement.
- 8.3 The following have been identified and put in place as working tools for the PPPH projects:

S.No	Tools	Description
1	Legal frameworks that support PPPH	This helps to assess the external uncontrollable business environment that supports or hinders the PPPH. The legal framework includes but is not limited to the following: government procurement procedure, PPP proclamation, rules of company formation (including for-profit and not-for-profit setups), investment policy, fiscal and monetary policies, sector-specific policies, radiation protection law, environmental protection law, and food/medicines law of the country.
2	Guide for feasibility study	A feasibility study is designed to provide an overview of the primary issues related to a business idea. The purpose is to identify any "make or break" issues that would prevent your business from being successful in the marketplace. In other words, a feasibility study determines whether a business idea should encompass a market study and need assessment kit. Assessing the need helps to determine and understand unfulfilled needs of the community and identify the potential supplier in the locality.
3	Business plan template	Developing and implementing a PPP project proposal requires the preparation of a business plan. This entails the following: 1. Data gathering. 2. Development of assumptions about the future performance of the hospital. 3. Preparation of the base case forecasted income statements, balance sheets, and cash flow statements based on the assumptions developed above. 4. Financial project.

S.No	Tools	Description
4	Standard bidding documents and standard contract form	Standard bid document and contract document that could be parent documents from which modified versions are made to satisfy peculiar issues of procurement procedures and conditions of contracts for each PPPH theme. Users, with the assistance of PPP contract administrators or legal counsel, will find this useful in working with these documents. These documents also comprise instruction to bidders, helping them to prepare a responsive bid recognizing all parties' rights and obligations throughout the bidding process as well as special conditions of contracts adapted from the general conditions of contract to be applied for each specific contract during contract implementation phases.
5	Monitoring and evaluation tool	Monitoring and evaluating the performance of the PPPH service agreements requires an agreement on performance measures that are easy for the parties to understand, relatively few in number and capable of being put into effect by the people responsible for executing the work. The M&E tool shall comprise indicators and logical frameworks as applicable to be aligned with the HMIS. The M&E tool shall be exhaustive, and user-friendly for all parties; reinforce decision by exception; and be structured for easy synchronization of inputs, outputs and performance variance measurements, as well as convenient for timely feedback for all concerned in the PPPH contract implementation.
6.	Site assessment checklist/tool	The tool includes specific requirements in relation to health professional requirements, and infrastructure— physical space, medical equipment, available services, and commitment checklist. This tool is used for the priority public health program.

S.No	Tools	Description
7.	Guide for preparation of technical specification, bill of quantities and terms of reference	This tool is used to guide the contract administrator while preparing a bidding document/request for a proposal for a responsive bid for equipment, infrastructural facilities, or services.
8	Standard Request for Proposal	Guides bidders in preparing their response to the bid for services. It dictates all required information to bidders, scope of assignments/Terms of Reference , which will be a basis for future contracts after a successful negotiation process with the preferred bidder is concluded.
9	Social responsibility and environmental safeguards frameworks	Guides the PPPH implementers to act with due diligence to safeguard the public from social, economic, and biological malpractices; nationally and internationally accepted norms will be explored and used for self-regulation initiatives, and a public grievance and redressing system will be promoted. The likely environmental impact of the PPPH also will be underlined; waste management (disposal and recycling) and possible mitigation plans should be assessed.
10	PPPH operational manual	An operational tool that covers identification of PPPH contracts, processes for approval, and the conduct of procurement, and establishes a long-term contractual relationship that is closer to the activities on the ground than the comprehensive and higher-level PPPH implementation guideline.



