



## UZBEKISTAN: DIALYSIS PPP

Dialysis treatment is critical for saving the life of patients suffering from kidney failure. But in Uzbekistan, public facilities were plagued by outdated infrastructure and equipment, high rates of cross-infections during treatment, and long wait times for treatment. As a result, there was not enough dialysis care available to meet the needs of all the patients requiring treatment. IFC supported the Government of Uzbekistan (GoU) to implement the first international PPP in Uzbekistan's health sector by structuring a transaction that attracted investment from a global leader in dialysis care to build new facilities and treat patients in line with international standards under a long-term performance-based contract.

The PPP was awarded in January 2021 to Nephroplus (India), one of Asia's fastest-growing dialysis companies. Nephroplus will finance, design, construct, equip and operate four dialysis clinics, including three clinics in remote, low-income regions of the country and one in the capital, Tashkent. The clinics will provide dialysis care to over 1,100 patients annually. This includes peritoneal dialysis to enable patients in remote areas to receive treatment at home for the first time in Uzbekistan. Nephroplus also committed to a large training program for medical personnel.

*This series provides an overview of public-private partnership stories in various infrastructure sectors, where IFC was the lead advisor.*

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The Project was implemented with financial support of the Government of Germany through the Federal Ministry for Cooperation and Development (BMZ).

## BACKGROUND

Uzbekistan's public state benefits program provides free dialysis care to patients with kidney failure, but due to the limited dialysis capacity and absence of proper patient referral procedures, not all patients had equal access to dialysis care. Furthermore, public dialysis units could not meet demand, with only 2,300 patients receiving dialysis treatments in public facilities (MoH 2019), while the reported total number of patients needing care exceeded 5,000.

In late 2018, the government appointed IFC as Lead Transaction Adviser to assist in structuring a PPP that would improve dialysis services for patients with kidney failure and provide more patients, particularly in underserved areas, with access to this critical, lifesaving, care. IFC worked with the government to design a PPP that met specific public health sector goals, including:

- ▶ Providing dialysis care to patients in line with best industry standards, reduced risk of infection, and no out-of-pocket payments for patients, all at the most affordable tariffs for the government.
- ▶ Exploring new partnerships to strengthen healthcare provision and attract private investment.
- ▶ Benefiting from the expertise of specialized private companies to improve clinical workflows and implement best-practice design solutions for public health services.

## IFC'S ROLE

IFC assisted the Ministries of Health and Finance to structure and tender a PPP to design, finance, construct, equip, and operate four dialysis clinics and to recruit and train personnel. This was the first PPP implemented under Uzbekistan's 2019 PPP Law. IFC's role included:

- ▶ Detailed technical, legal and financial due diligence pertaining to dialysis care and recommending a structure that would address sector issues and government's objectives.
- ▶ Collaborating with the World Bank to review processes and recommend improvements to strengthen dialysis treatment standards and patient referral procedures to provide more transparent access to public dialysis services.
- ▶ Preparing bid documents and assisting GoU with the tender process.
- ▶ Supporting GoU in the prequalification process and evaluating proposals.
- ▶ Providing post-transaction advisory services to support GoU in implementing and monitoring the PPP over the first 18 months.

## TRANSACTION STRUCTURE

The Project requires the private operator to design, finance, construct, equip and operate four dialysis clinics, recruit and

train personnel, and deliver dialysis care to a minimum guaranteed number of patients and is compensated per dialysis session in line with the financial proposal. The private operator is required to introduce peritoneal dialysis, a home-based dialysis technology that will significantly benefit children and rural patients, which is currently not available in Uzbekistan. The company is obligated to comply with pre-defined performance indicators.

The tender was designed to address the government's objectives of achieving the lowest possible tariff for international quality dialysis care. The project results exceeded the GoU's expectations, with the tariff per one dialysis session not exceeding the current public spending per session. This added substantial value for money for the government, as dialysis services under the PPP will be delivered in line with best industry standards in newly built facilities using state-of-the-art equipment and trained personnel at the same cost. Construction of all facilities has been completed ahead of the scheduled twenty-four months of the signing of the PPP Agreement, with the first clinic commissioned within ten months.

## BIDDING

Prequalification was launched in May 2019. Six companies were pre-qualified, including the largest global dialysis companies from Germany, Sweden, USA, South Korea, India, and Turkey. COVID-19 hit in the middle of the tender process and IFC designed a virtual submission process, enabling GoU to receive technical and financial proposals, while ensuring a transparent process. This involved designing detailed instructions and manuals on the virtual tender process and multiple trainings for bidders, GoU, and the Tender commission, resulting in the country's first use of a virtual submission process.

Three qualifying technical and financial proposals were received in November 2020. Nephroplus was awarded the contract in December 2020 offering the lowest financial proposal. The PPP Agreement was signed on January 15, 2021.

## EXPECTED POST-TENDER RESULTS

- ▶ \$12.9 million in private investment through a long-term performance-based contract.
- ▶ 1,100 patients to receive high quality treatment each year.
- ▶ Access to life-saving care and home-based peritoneal dialysis for patients from remote and low-income areas.
- ▶ Increased efficiency of public spending on dialysis and improved healthcare outcomes.
- ▶ A transparent referral and wait-list processes for patients while eliminating out-of-pocket payments.