

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ
ДЕНСАУЛЫҚ САҚТАУ ЖӘНЕ
ӘЛЕУМЕТТІК ДАМУ МИНИСТРЛІГІ



Ministry of Health and Social
Development of Republic of Kazakhstan

Strategic prospects of PPP development in health care and investment attractiveness of the health care sector of Kazakhstan

Astana 2015

Republic of Kazakhstan

Territory: 2 mln 724,9 000 km²

Population: 17 330 494 of people

Capital: Astana



Kazakhstan is a leader among other CIS countries in terms of volumes of attracted foreign investments per capita.

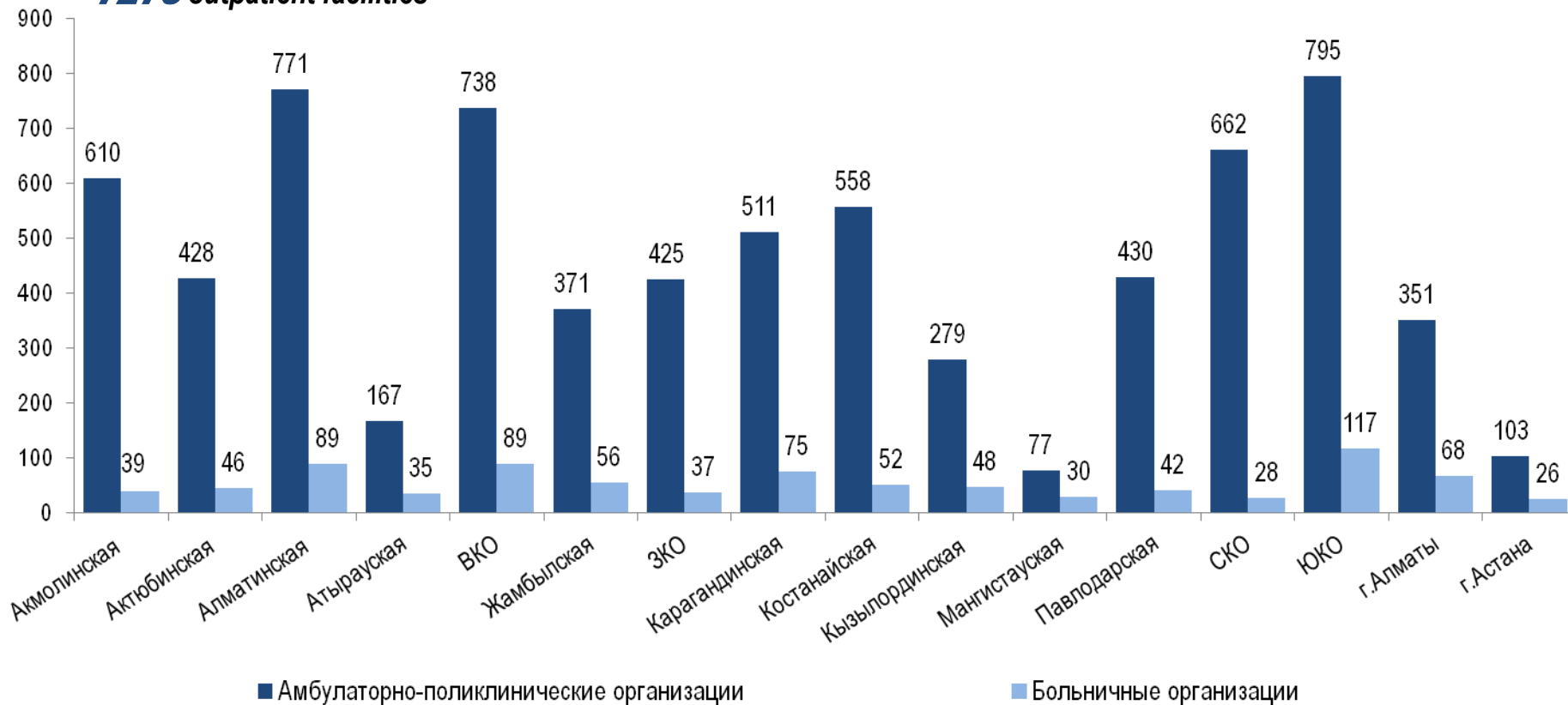
According to results for 2014 the country occupies **50th** position out of **144** countries in the global index of competitiveness.

Overall, **171 billion** of dollars of direct foreign investments were brought into the economy of Kazakhstan to date.

The investment policy of the country is aimed at creating favorable conditions for attracting of investment.

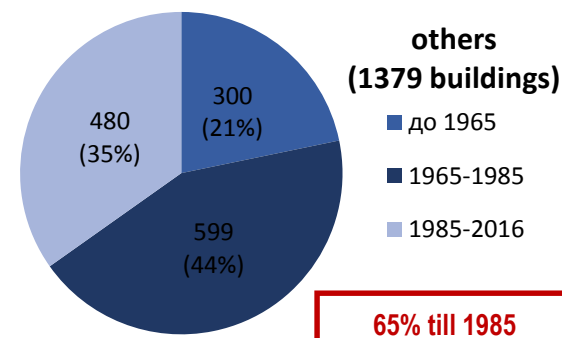
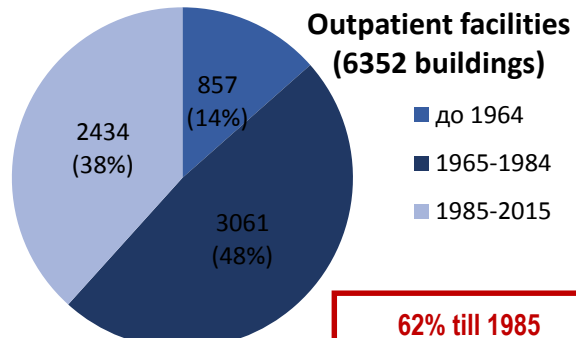
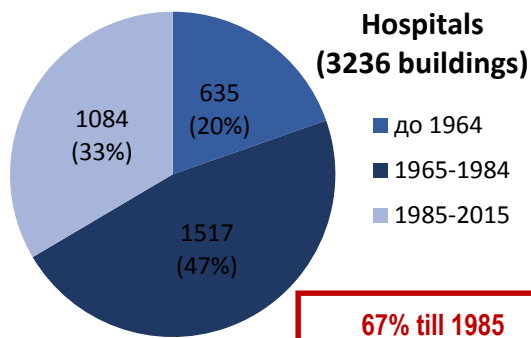
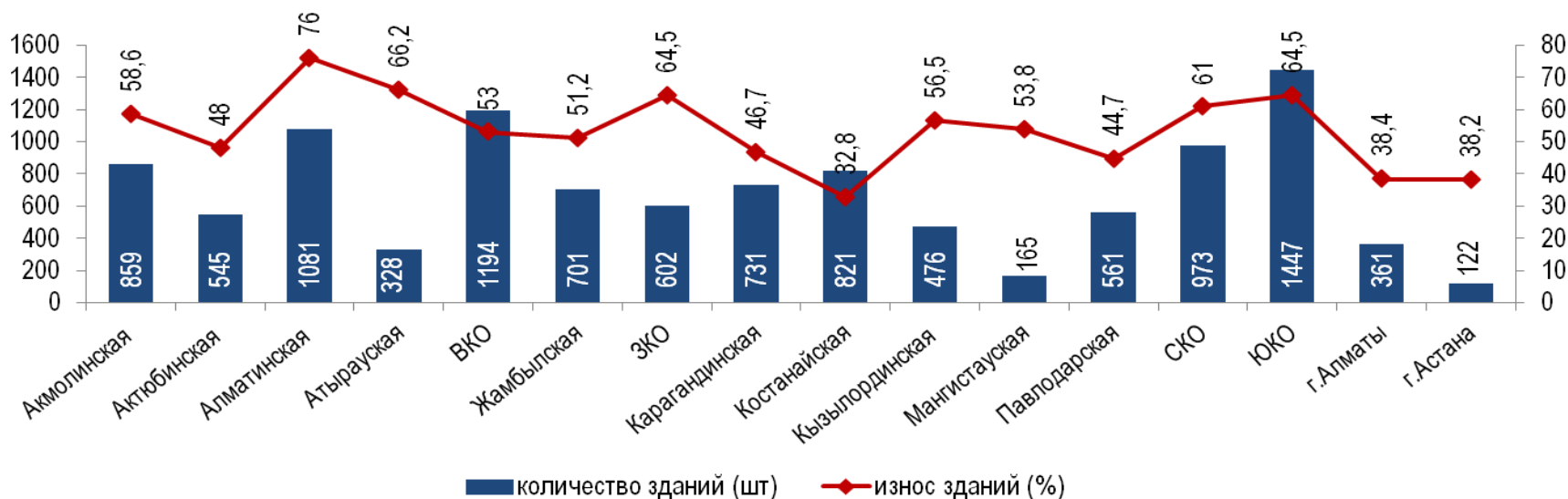
Health care organizations network

877 inpatient facilities
7276 outpatient facilities



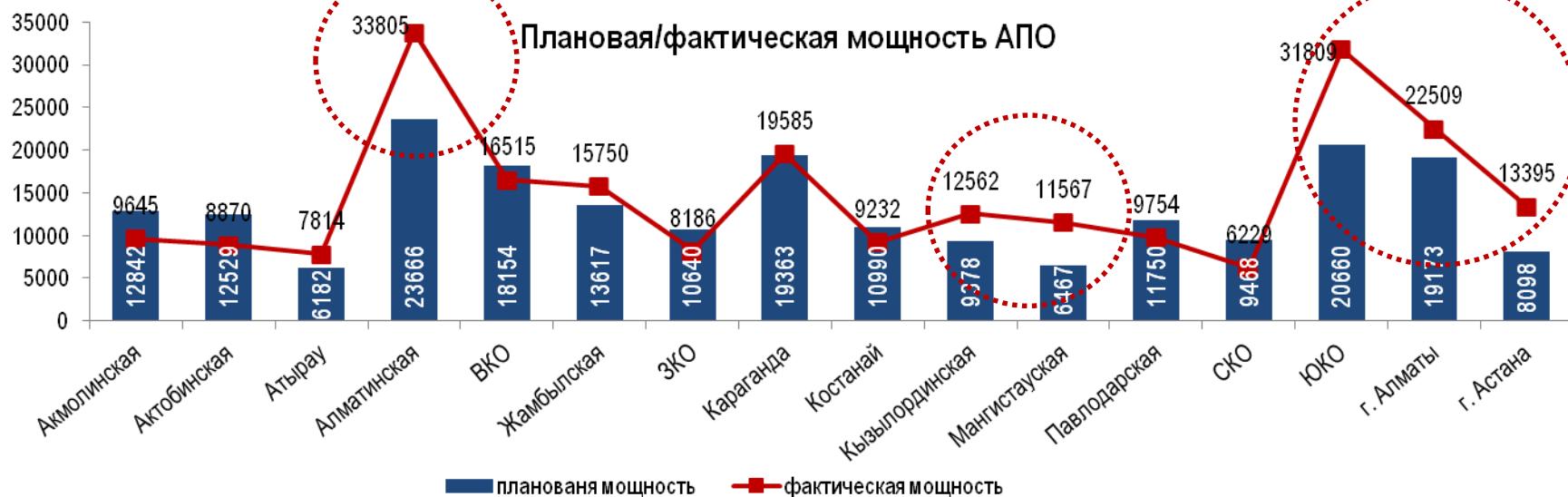
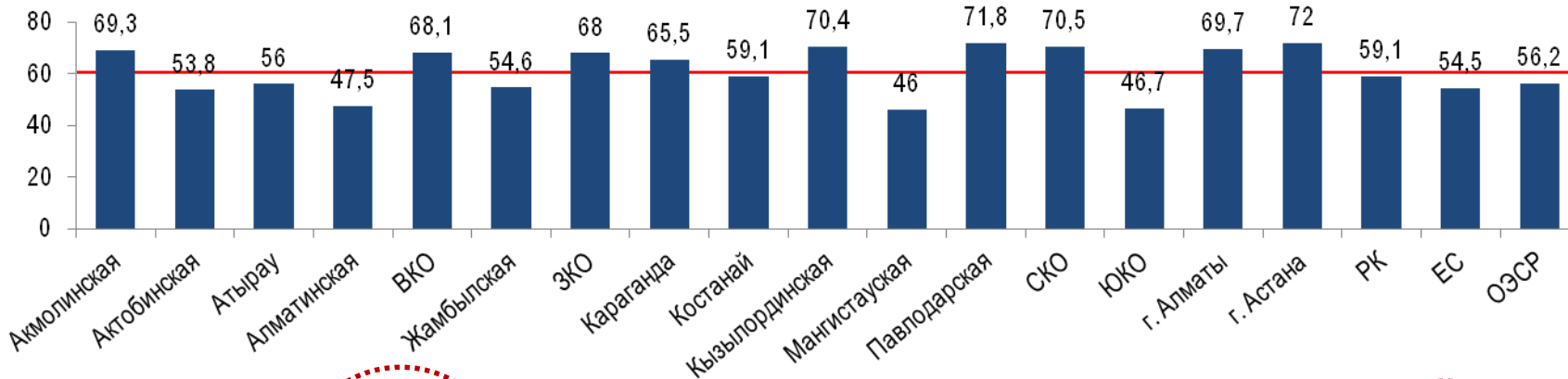
Average depreciation of health facilities

Total **10 967** buildings In Kazakhstan
Depreciation **55,8%**



Need in additional facilities

Availability of beds for **10 000 of population** (MoHSD of RoK, private, economic management)



Construction of additional facilities is needed where there are overcrowded

Planned actions for network development

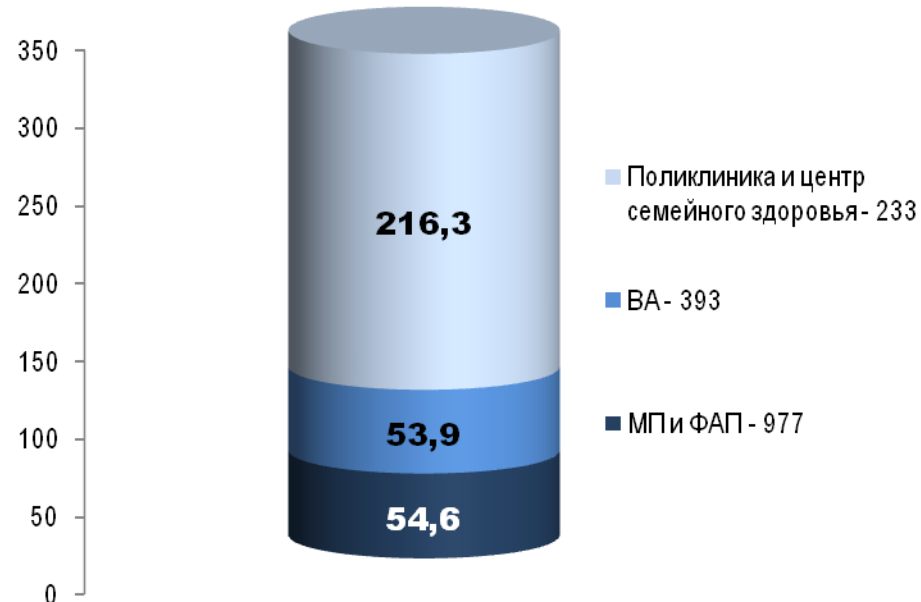
WB project «Technology transfer and institutional reforms in health care system» .
Subcomponent A.2.2 Restructuring of health facilities network, hospital autonomy and PPP

Expert evaluation of investment needs by «Sanigest Internacional»

Inpatient facilities
643 bln KZT



Outpatient facilities 324,8 bln KZT



Current development of the health care sector

FREE CHOICE OF A HEALTH FACILITY IS ENSURED

In 2014 the right of free choice of a health facility was exercised by about 800 000 of people, out of which 46% were rural inhabitants. Realization of this principle helped to remove all interregional boundaries and it is particularly important for citizens living in interregional areas.

COMPETITIVE ENVIRONMENT FOR HEALTH CARE PROVIDERS IS CREATED

- Competitive environment was created to ensure equal conditions for private and public health care providers for SGBP provision;
- The share of private sector for provision of SGBP was expanded and reached 27.4% in 2014 (14% in 2010)

INNOVATIVE HEALTH TECHNOLOGIES ARE INTRODUCED

- Tertiary care availability has been ensured;
- Tertiary care is being transferred to regions;
- Effective cardiological and cardiac surgery service was created (*number of cardiac surgeries was increased from 7000 to 70000 a year*);
- Transplantology is developing (in 2009 – 4 kidney transplantations, in 2014- 117
- Organs transplantology is developed (*in 2012. - 65, in 2014. - 225*)

NEW MANAGEMENT AND FINANCING FORMS ARE INTRODUCED

- DRG, global budget, complex capitation: funds for outpatient and polyclinic care (OPC) are consolidated at the republican level;
- Extra funding of 17 billion of KZT for OPC was allocated;
- Inequal distribution of SGBP at the outpatient level among regions has been eliminated;
- Differentiated remuneration of health professionals has been introduced

Key objectives of health care

According to the National Plan “100 concrete steps for realization of 5 institutional reforms, President Nazarbayev set the following objectives: :

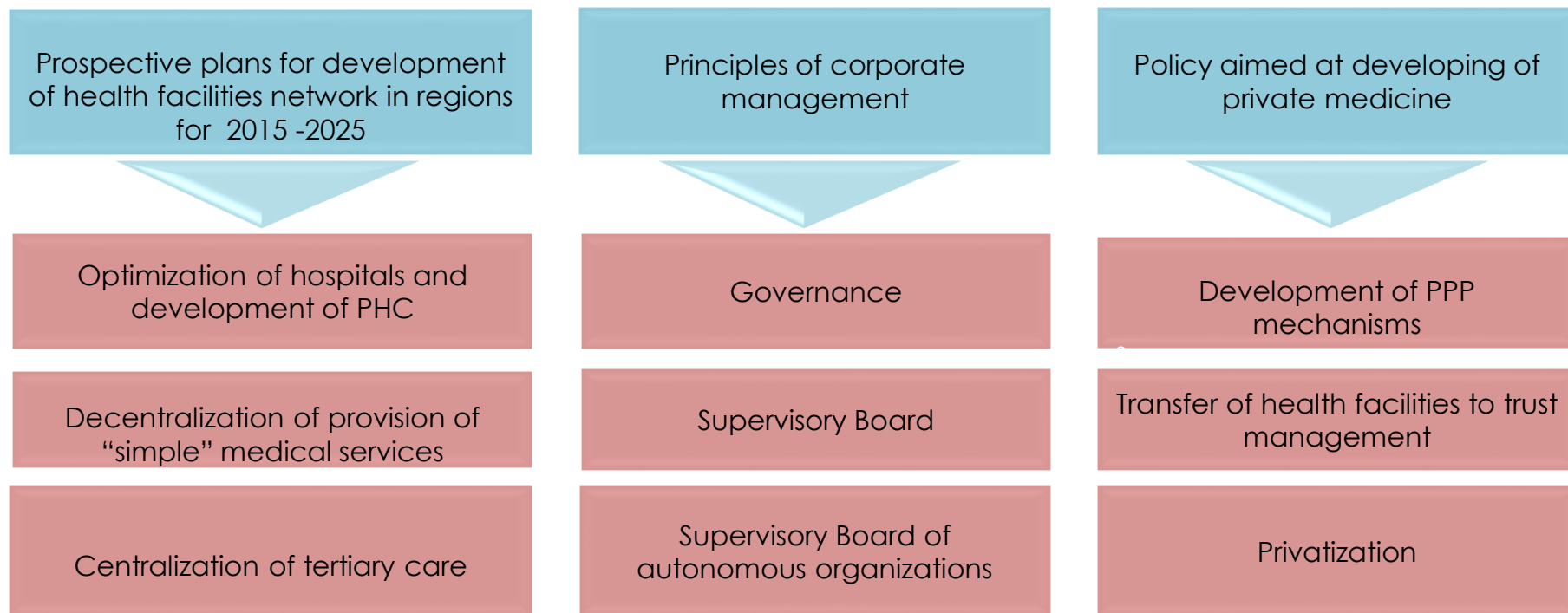
1. Introduction of the mandatory social health insurance. Priority financing of the primary health care.

2. Development of private medicine, introduction of corporate management in medical organizations

3. Establishment of the Joint Committee on health care quality within the MoHSD of RoK. Main objective – introduction of best practice standards for medical services (treatment protocols, training of HR, drug supply, quality control and care accessibility).

In this regard PPP is becoming an active tool for realization of these objectives.

STRATEGIC DIRECTIONS OF HEALTH CARE DEVELOPMENT IN KAZAKHSTAN



Public organizations

- 100% budget funding
- Insufficient financing prevents from developing innovations, technologies and procurement of modern medical equipment
- Current treatment methods become obsolete
- Lack of incentives for health professionals

Health care objects transferred to PPP and trust management

- Use of innovation technologies to ensure provision of quality medical services
- Efficient management
- Introduction of modern treatment methods
- Involvement of highly qualified specialists

PUBLIC - PRIVATE PARTNERSHIP

Public-private partnership (PPP) – is a form of cooperation between the public sector authority and private sector companies aimed at financing, creating, reconstructing and (or) using of social infrastructure facilities.

Aim of PPP in health care- attraction of private funds for development of health care infrastructure and improvement of quality of medical and non medical services

PPP mission – reallocation of responsibilities and risks associated with development of sectors which were traditionally part of the government responsibility

PPP Benefits



Government gets a modern infrastructure, reduces its own direct costs for maintenance of health facilities, shares some risks with private sector.



Population is the main beneficiary. They receive better quality of services and optimal “cost-benefit” ratio.



Private sector expands its potential for a stable and long-term business. Reduces commercial risks as it shares responsibility with the public sector.

New forms of PPP in accordance with a bill on “Public and Private Partnership”

- ✓ Contracts for technology development, creation of a development prototype, experimental industrial work and limited production
- ✓ Life cycle contracts

Minor forms of PPP :

- ✓ Trust management of public property
- ✓ Leasing of public property
- ✓ Service contracts
- ✓ Other contracts related to PPP



Shortening of time frames for project preparation
Less need in investment
Increase of a number of projects

Favorable conditions for investment in health care sector of Kazakhstan

Public support of private partners:

- government concession liabilities are not subject to sequestration;
- state guarantee on infrastructure bonds concession;
- state guarantees for loans attracted to finance concession projects;;
 - transfer of exclusive intellectual property rights to a private partner;
 - provision of in-kind grants;
 - Government will be a guaranteed consumer of some amount of goods (works, services).
- co-financing of concession projects;

Sources of cost recovery and income of the concessionaire:

- Compensation of investment costs;
- Payment of operating costs;
- Management fee;
- Fee for availability

Institutional interaction scheme in implementation of national PPP projects

- The Ministry of Health and Social Development of the Republic of Kazakhstan - industry assessment, planning of national concession projects

- Akimats (Health Departments) – planning of local concession projects

- PPP implementation Centers – development and implementation of concession projects

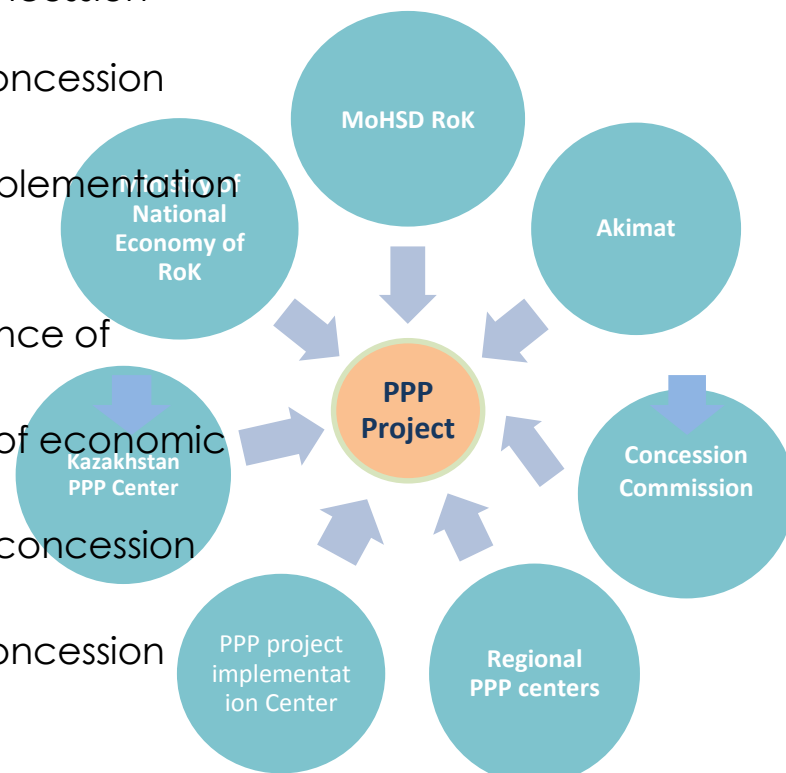
- Regional PPP centers – development and maintenance of concession projects(through Health Departments)

- Ministry of National Economy of the RK – conclusion of economic concession projects

- "Kazakhstan PPP Center" – economic assessment of concession projects

- Concession Commission – review and selection of concession projects, bids, negotiations with tender participants

- Republican Center for Health Development – methodological and consultation assistance in PPP in health care



Pilot projects on use of PPP mechanisms in health care of RoK

Total number of projects: 20

At republican level: 2

At regional level: : 18



Hospitals -6



Outpatient facilities - 14

Notes:

Approx. cost of projects in investment period:

Outpatient facilities: 1 – 2,5 bln KZT;

Inpatient facilities: 13 – 14 bln KZT;

University clinics: 17 bln KZT.

STAGIES OF REALIZATION OF PPP PROJECTS IN HEALTH CARE SECTOR OF RoK

#	Name of project	Development of investment proposal	Development of concession documents	Project assessment	Tender
Outpatient facilities					
1	Polyclinic for 500 visits per shift in Kaskelen, Almaty oblast				
2	Polyclinic for 500 visits per shift in Taldykorgan				
3	Polyclinic for 500 visits per shift in Aktau				
4	Polyclinic for 500 visits per shift in microdistric Kaitpas, Shymkent				
5	Polyclinic for 500 visits per shift in Astana				
6	Center of family health for 150 visits per shift in Zheleznodorozhny village, Astana				
7	Center of family health for 150 visits per shift in Kokral-2 village, Astana				
8	Center of family health for 150 visits per shift in Ondiris village, Astana				
9	Polyclinic for 500 visits per shift in Kyzylorda				
10	Polyclinic for 250 visits per shift in Atyrau				
11	Polyclinic for 250 visits per shift in Arkalyk, Kostanai oblast				
12	Polyclinic for 250 visits per shift in Rudny, Kostanai oblast				
13	Treatment and diagnostic center in Kokshetau				
14	Children's dental policlic for 500 visits per shift in Aktobe				
Inpatient facilities					
15	Multiprofile city hospital with 300 beds in Aktau				
16	Multiprofile city hospital with 300 beds in Ust-Kamenogorsk				
17	Childrens city hospital with 200 beds in Semei				
18	University clinic for 300 beds of RSE KNMU after Asfendiyarov, Almaty				
19	University clinic for 300 beds of RSE KSMU, Karaganda				
20	Multiprofile city hospital with 300 beds in Kyzylorda				

Notes:

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Thank you for your attention!