



# Completion Report

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Project Number: 47141-002  
Technical Assistance Number: 8575  
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## Thailand: Piloting Public–Private Partnerships in the Social Sectors

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TA No., Country and Name		Amount Approved: \$1,000,000	
TA 8575-THA: Piloting Public–Private Partnerships in the Social Sectors		Revised Amount: Not Applicable	
Executing Agency	Source of Funding	Amount Undisbursed:	Amount Utilized:
Ministry of Public Health	Technical Assistant Special Fund–Others	\$184,112	\$815,888
TA Approval Date: 13 December 2013	TA Signing Date: 4 February 2014	Fielding of First Consultant: 16 June 2014	TA Completion Date Original: 31 December 2015    Actual: 31 March 2016 Account Closing Date Original: 31 December 2015    Actual: 13 May 2016

**Description:**

As an upper-middle-income country, Thailand is aspiring to achieve high-income status within the next decade. However, Thailand's unmet demand for social services has a serious impact not only on productivity and achievement of sustainable economic growth, but also, on poverty reduction. The country's social indicators have improved steadily, but significant disparities remain with unequal access to resources and social services. Available public sector funding is also inadequate. As a result, the public–private partnerships (PPPs) modality is seen as an important means of improving efficiency and the effectiveness of service delivery to citizens.

In 2011, ADB provided the Ministry of Public Health (MOPH) with initial PPP-related technical assistance (TA) that reviewed PPP-related health policies, conducted a rapid sector diagnostics analysis and PPP project identification program. This initial ADB assistance provided a useful foundation for further work but was limited due to lack of an effective PPP legal and regulatory framework in Thailand. A new legal framework for PPP called the Private Investments in State Undertakings (PISU) Act, developed with ADB support, was enacted in April 2013. It is expected that the new Act will help to mobilize private investment in public economic and social infrastructure projects. After the enactment of the new PPP Act, the Government of Thailand has ordered all line ministries to focus on PPP modality for their investment project. MOPH identified a list of its projects to deliver public services by using PPPs; however, having no experience in developing PPP projects, MOPH has formally requested further support from ADB to help them identify, assess, and develop PPP investment projects in the health sector. ADB also considered that capacity development on PPP modality is needed for MOPH staff.

**Expected Impact, Outcome and Outputs:**

The main impact of the capacity development TA (CDTA) was to increase private sector engagement in the health sector for the delivery of efficient and quality services. The expected outcome was to identify a MOPH PPP project pipeline and commence PPP project development. The desired outputs of the CDTA included: (i) enabling environment for PPP in health sector strengthened; (ii) capacity of MOPH to identify and develop PPP projects enhanced; and (iii) PPP project prefeasibility studies prepared.

**Delivery of Inputs and Conduct of Activities:**

Formulation of the CDTA and terms of reference for the consultants were adequate to achieve the objectives and relevant to addressing the main issues to promote PPP schemes in the health sector and built capacity at the MOPH to identify and assess possible PPP projects. A consulting firm with 6 international consultants and 4 national consultants was mobilized in June 2014. Consulting services under the CDTA were increased from the original plan of 41 person-months to 50 person-months of international and national inputs over a period of 24 months to accommodate the additional request during project implementation. In order to improve cooperation with MOPH, as the executing agency (EA), the administration of CDTA was delegated from Southeast Asia Department Human and Social Development Division (SEHS) to Thailand Resident Mission (TRM) in January 2015. The delegation was appreciated by the EA and strengthened the collaboration between MOPH and ADB.

During mid-2015, the sub-legislation under the PISU Act was endorsed which permitted ministers of line ministries to approve PPP projects worth less than B1 billion. Based on this new sub-legislation, the EA requested ADB to recruit additional individual consultants to assist in preparing a prefeasibility study to identify bankable PPP projects worth less than B1 billion in the following areas (i) laboratory service; (ii) hemodialysis center; and (iii) picture archiving and communication system (PACS). One international and three national consultants were recruited on an individual basis and mobilized in September 2015. The consultants conducted comprehensive surveys and prepared a useful report summarizing possible PPP business opportunities and providing good guidance to assess the feasibility of PPP projects. The EA was satisfied with the performance of the consultant team. The performance of the consulting firm was satisfactory in terms of its technical knowledge. The performance of MOPH, as the EA, was satisfactory in terms of being closely involved in the implementation of the CDTA, allocating full-time staff to work with the consultants, and providing support in the form of meeting room and office facilities. Lastly, the performance of ADB staff was considered to be highly satisfactory given their direct involvement in the

implementation of the CDTA and their close coordination with the consultants, as well as all relevant stakeholders. TRM actively coordinated with the EA and provided guidance to the consulting firm and the individual consultants to ensure effective and smooth implementation of the CDTA. Frequent meetings and sharing of the draft reports also assisted with smooth implementation and transfer of knowledge to Government counterparts. The actual completion date of the TA was extended three months to give sufficient time for payment and administrative works.

An inception report prepared by the consulting firm was submitted in August 2014 and presented a detailed work plan and deliverables agreed with ADB and the EA. An interim report was delivered in September 2015 and highlighted the main issues that more efforts are required to strengthen awareness and knowledge on developing bankable PPP projects within MOPH. Therefore, the approach was adjusted to include a series of workshops and brainstorming sessions to provide more guidance and information on economic, legal and institutional aspects to identify, assess and develop PPP projects. In November 2015, the draft final report was produced to present the consulting firm's findings and recommendation. The final report that was submitted by the consulting firm in December 2015 provided specific policy, legal and institutional recommendations, as well as, identified potential projects that could be considered as PPP bankable projects. The final report prepared by the individual consultant team was also submitted in December 2015. Under this report, the methodology used to develop the prefeasibility studies was presented and key legal and budgetary issues of the Thai PPP framework were discussed. Overall, these reports were well-structured, timely, and focused on key issues.

#### **Evaluation of Outputs and Achievement of Outcome:**

Achievement of the outcome and key outputs of the CDTA was generally successful. The TA helped to improve the overall understanding and pre-requisites of PPP schemes and business opportunities at the MOPH and contributed to establish institutional procedures to identify and assess potential PPP opportunities. MOPH set up a high-level Committee chaired by the Deputy Permanent Secretary to oversee all PPP activities in the health sector. MOPH PPP-Transaction Support Unit (TSU) was also established under the Bureau of Health Administration, the Office of Permanent Secretary, and acts as the secretariat of the Committee. According to the new PPP Act, the Committee approved the MOPH PPP policy framework and proposed to the national PPP unit under the Ministry of Finance. The TA team prepared a list of bankable PPP proposals below B1 billion and provided clear recommendations for further processing. The TA outcome was achieved. The consulting firm undertook a prefeasibility study for the following projects (i) Mid-size general hospital at Nakhon Pathom; and (ii) Medical Excellence Center under the Department of Medical Services. The firm claimed that a full feasibility could not be developed as comprehensive information on project scope and demand assessments were limited. In addition, prefeasibility studies were prepared by the individual consultant team: (i) MRI center in Surat Thani Hospital; (ii) CT center in Ratchaburi Hospital, and (iii) Hemodialysis center in Ratchaburi Hospital.

During the 4<sup>th</sup> quarter of 2015, both consulting teams organized series of three awareness workshops to present their main findings and recommendations related to piloting PPP projects in the health sector. The purpose of these workshops was to improve the overall awareness on legal and regulatory frameworks related to PPPs and the general understanding on PPP concepts, principles, and modalities. These workshops also presented pilot case studies which have useful information on approaches to develop, assess, and select bankable PPP projects. More than 50 staff from MOPH, provincial administrators, and hospital managers participated in each workshop. Overall, the CDTA was implemented effectively and efficiently as all major outputs were delivered on time and within budget.

#### **Overall Assessment and Rating:**

Based on the evaluation of outputs and outcome achieved under the CDTA, the CDTA is rated overall as successful.

#### **Major Lessons:**

During the TA implementation government requested more detailed analyses, legal advice and capacity building support, which was not foreseen during the TA preparation. In order to allow more flexibility and timely respond to government's request, it would have been of advantage to reserve more project funding for individual national consultants, who are familiar with the Thai circumstances and can provide efficient services and advice based on emerging demand. Adjusting work schedules and agreeing on contract variations with the international firm was time consuming and less efficient. In general, more funding for individual national consultants would have been more efficient. Establishing an enabling environment for PPP in the social sector is a complex subject and creates new responsibilities and skills for most government officials. Providing efficient support to build capacity and strengthen understanding of PPP matters require sound knowledge of Thai laws, regulations and institutional environments and efficient communication and language skills.

#### **Recommendations and Follow-Up Actions:**

Based on the good results and successful cooperation with TRM, MOPH recently submitted a formal request to ADB seeking a succeeding technical support in preparing at least two viable PPP projects and assisting MOPH in the development of a PPP Master Plan for the health sector. ADB is underway to prepare the continued support for engaging private sector in the health sector for the delivery of efficient and quality services.