

TC Document

I. Basic Information for TC

▪ Country/Region:	PERU
▪ TC Name:	Proinversion health sector PPP Projects preparation
▪ TC Number:	PE-T1516
▪ Team Leader/Members:	Astesiano, Gaston Team Leader; Lembo, Carolina Maria Alternate Team Leader; Astorga, Ignacio Jose (SCL/SPH); Mendoza Benavente, Horacio (LEG/SGO); Sorio, Rita Elizabeth (SCL/SPH); Alvarez Pagliuca, Claudia Patricia; Astesiano, Gaston; Castrosin, Maria Pilar; Leduc, Denis; Lembo, Carolina Maria; Melisa Gonzalez Bustos Team Leader; Lembo, Carolina Maria Alternate Team Leader; Astorga, Ignacio Jose (SCL/SPH); Mendoza Benavente, Horacio (LEG/SGO); Sidore, Alessandro (VPS/ESG); Sorio, Rita Elizabeth (SCL/SPH); Alvarez Pagliuca, Claudia Patricia; Astesiano, Gaston; Castrosin, Maria Pilar; Leduc, Denis; Lembo, Carolina Maria; Melisa Gonzalez Bustos Team Leader; Lembo, Carolina Maria Alternate Team Leader; Astorga, Ignacio Jose (SCL/SPH); Sidore, Alessandro (VPS/ESG); Alvarez Pagliuca, Claudia Patricia; Astesiano, Gaston; Castrosin, Maria Pilar; Leduc, Denis; Lembo, Carolina Maria; Melisa Gonzalez Bustos
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	12/21/2021
▪ Beneficiary:	Agencia de Promoción de la Inversión Privada - Perú - PROINVERSION
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Global Infrastructure Facility(FGI)
▪ IDB Funding Requested ¹ :	US\$350,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	26 months starting from the signing of the Contingent Recovery Agreement between the beneficiary and the IDB
▪ Required start date:	01/15/2022
▪ Types of consultants:	Firms and consultants
▪ Prepared by Unit:	VPC/PPP-Private-Public Partnership Unit
▪ Unit of Disbursement Responsibility:	VPC/PPP-Private-Public Partnership Unit
▪ TC included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	N
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Social inclusion and equality

II. Objectives and Justification of the TC

2.1 **Objective.** The goal of this TC is to support the Peruvian government – through its Agency for the Promotion of Private Investment (PROINVERSION)² in the elaboration

¹ To be delivered as a lump sum.

² PROINVERSIÓN is a specialized technical body, attached to the Ministry of Economy and Finance, which promotes private investment through Public-Private Associations for their incorporation into public

of the transaction phase activities and tender of two specialized hospitals under the PPP model in Piura and Chimbote, in the Department of Piura and Ancash respectively.

- 2.2 This TC consists in the continuity of the support that IDB VPC/PPP Team provided to PROINVERSION as from July 2019 under the TC (ATC/OC-16389-RG, ATC/OC-17971-RG and ATC/ME-16085-RG) for the preparation, structuring and tender of the Piura and Chimbote Specialized hospitals projects.
- 2.3 The hospital PPP projects will contribute to reduce the gap in healthcare infrastructure and services in regions where there are very few high complexity hospitals attention (i.e. Piura) or where the infrastructure is obsolete and the existing hospital does not cover all medical disciplines as it should be according the regional epidemiological profile. Therefore, the project main objective is to implement the necessary infrastructure and provide, through ESSALUD management, services to prevent cancer, hypertension and cardiovascular diseases, diabetes, depression, anxiety, chronic kidney diseases, and chronic respiratory diseases among others.
- 2.4 The government, through ESSALUD, the Peruvian entity in charge of social security and health services in the country, will provide comprehensive outpatient clinical services: hospitalization, intensive care, cardiovascular, neurosurgery, hemodialysis, imaging, pathological anatomy, clinical pathology, and emergency while the private operator will focus on specialized clinical/diagnosis infrastructure services, hard facilities (building maintenance services) and soft facilities (support services, such as cleaning, catering, laundry, and security).
- 2.5 **Coordination process and Funding.** The IDB PPP Team (VPC/PPP) was established to coordinate PPP activities within the Bank. In this sense, the PPP Unit became the liaison team with the FGI (The Global Infrastructure Fund)³. Proinversión, with the support of the IDB PPP Team applied to access FGI resources up to US\$350,000, in order to support the Beneficiary through a contingent recovery technical cooperation with specialized transaction advisory service during the transaction phase of the project. On December 2021, the FGI approved the IDB's application, including the contingent recovery modality as explained in paragraph 4.3 below.
- 2.6 **Strategic Alignment.** The TC is consistent with the IDBG 2025 Vision – as it promotes public and private sector synergies to enhance the role of the private sector as a driver of growth and a partner in implementing development agendas – and with the IDB's Updated Institutional Strategy (UIS) (AB-3190-2) through the following pillars: (i) increasing resource mobilization, by supporting well-structured PPPs interventions; and (ii) social inclusion and equality, by promoting the provision of infrastructure that gives the population access to services and better living conditions. Also, this TC is aligned with the health sector framework document (GN-2735-9) and the Strategy on Social Policy for Equity and Productivity (GN-2588-4). In addition, the TC is consistent

services, public infrastructure, assets, projects and State companies. More information:
<https://www.proinversion.gob.pe/>

³ In 2016, the IDB Board of Directors approved that the Bank would become one of the FGI's technical partners (GN-2841), and an agreement was signed to that end between the World Bank (FGI's trustee) and the IDB on April 15, 2016.

with the Sustainable Infrastructure Strategy for Competitiveness and Inclusive Growth (GN-2710-5), to support the construction and maintenance of a socially and environmentally sustainable infrastructure, contributing to increase the quality of life, through the encouragement of innovatively channels of private financing. Also, this TC is aligned with the Country Strategy (Peru Strategy 2017 – 2021 – GN-2735-12) through two pillars: (i) improve the available infrastructure and (ii) Improve access to and quality of health care services. Furthermore, this TC is aligned with the FGI eligibility criteria, as it generates development impact, contributing to the improvement of service quality and increased coverage (GN-2841).

2.7

III. Description of activities/components and budget

3.1 To achieve the proposed objectives, the following components will be developed.

3.1.1 **Component 1. Report, contracts and bidding documents updated.** The component 1 consists in the hiring of consulting firms and individuals that will be responsible to support PROINVERSION in activities that shall include the update of the i) financial/economical, ii) legal and iii) technical components of the PPP contracts, tender documents and technical reports of the hospital projects based on market feedback and government authorities involved in the project

3.1.2 **Component 2. Promotion and bidding process implemented.** Activities such as support the government during all stages of the promotion and the bidding process will be financed under this component. This includes without limiting promote the project, support Proinversion in meetings with public entities or private interested parties, presentation of the project to third parties, advise Proinversion in reviewing proposals and realize change and elaborate support to changes in the tender documents. The activities provided by the consulting firm will end with the award of the project.

3.2 The total TC budget is US\$ 350,000.00 (FGI resources), intended to finance technical assistance under the contingent recovery modality. The distribution of costs is presented in the following table:

Indicative Budget

Activity/Component	Description	FGI Funding	Counterpart Funding	Total Funding
Component 1	Report, contracts and bidding documents updated	250,000.00	0.00	250,000.00
Component 2	Promotion and bidding process	100,000.00	0.00	100,000.00
Total		350,000.00	0.00	350,000.00

IV. Executing agency and execution structure

- 4.1 **Executing Agency.** By request of the Beneficiary, the IDB, through VPC / PPP, will be the executing agency of this TC and will be in charge of comprehensively executing both components. VPC / PPP will act as the UDR for the consultancy contracts. VPC/ PPP will oversee the supervision and monitoring activities of the TC. Due to the nature of the TC, focused on customer support, execution by the IDB is justified given its experience and knowledge on best practices and applicable methodologies in PPPs in the region.
- 4.2 **Procurement.** All activities to be executed under this TC have been included in the Procurement Plan -see Annex IV- and will be contracted in accordance with IDB policies as follows: (a) AM-650 for individual consultants; (b) GN-2765-4 and its Guidelines OP-1155-4 for consulting firms for services of an intellectual nature; and (c) GN-2303-28 for logistics and other related services.
- 4.3 **Contingent recovery modality.** This operation has been designed as a contingent recovery TC, under which the reimbursement to the Bank will be as follows⁴:
- 4.3.1 If the PPP project successfully reaches commercial close⁵, the reimbursement will be 100% of the costs incurred by the Bank in consultancies for the execution of the technical cooperation. In this case, the Beneficiary will include in the respective bidding documents of the PPP project such arrangements (amount and due period) to ensure that the amounts foreseen to finance the PPP project structuring and transaction will be reimbursed.
- 4.3.2 If the technical cooperation is terminated at any stage by mutual agreement between the IDB and the Beneficiary because: (a) the PPP project is found to be non-viable, based on project preparation, appraisal, and structuring work; or (b) at transaction stage the project does not receive a viable bid: no reimbursement will be required.
- 4.4 **Execution period.** The execution and disbursement period of the TC will be 26 months starting from the signing of the Contingent Recovery Agreement between the beneficiary and the Bank.
- 4.5 **Intellectual Property.** The Bank will own all intellectual property rights over the products resulting from the consultancies contracted under this TC. At the request of the Beneficiary, the bank may grant licenses or transfer/assign intellectual property related to the products of the consultancies financed with this TC resources, according to the Bank's norms and procedures. The project team will coordinate with LEG any necessary arrangements for that purpose.

V. Major issues

⁴ These reimbursement arrangements have been authorized by the FGI and are in accordance with its Operating Guidelines.

⁵ Commercial close, for the purposes of this operation, is understood the signature of the concession or PPP contract between the Beneficiary and the respective winning bidder

- 5.1 The main risk of this TC is related to political risk. Even if the country has been going through political turmoil during the past months, the new government in place approved the start of the transaction phase under the same conditions, which is a good sign of continuity. It demonstrates that, as of now, changes in political decisions regarding the project are unlikely. Also, the Peruvian health system weaknesses has been exposed during the COVID-19 pandemic generating sever criticism due to its lack of infrastructure capacity to receive patients. The health sector is critical in Peru and there is growing consensus on the need for private investments to increase and improve service provision in the long term.
- 5.2 Complementarily, another risk may be related to a low-quality structuring of the project that may, in turn, lead to a potential lack of interest from the market to participate in the bidding process. This risk has been mitigated by selecting a highly competitive consulting firm with experience in structuring successful concession projects, this, together with strong promotion activities will assure that during the bidding process the project will be attractive for the market.

VI. Exceptions to Bank policy

- 6.1 There are not exceptions to Bank's policy.

VII. Environmental and Social Strategy

- 7.1 The proposed TC will have no environmental or social impacts, as it will not finance direct investments in infrastructure ([EESR Report](#) and [E&S Screening Filter](#)). However, the TC may finance feasibility studies and associated environmental and social analysis, which terms of reference and outputs will be consistent with the applicable requirements of the IDB's Environmental and Social Policy Framework.

Required Annexes:

[Request from the Client - PE-T1516](#)

[Results Matrix - PE-T1516](#)

[Terms of Reference - PE-T1516](#)

[Procurement Plan - PE-T1516](#)