

A NOVEL PPP ARRANGEMENT TO STRENGTHEN PRIMARY AND SECONDARY SERVICES IN NORTH WESTERN PROVINCE, ZAMBIA

Concept Note

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Proposition A favourable regulatory framework, motivated government officials and enthusiastic mining companies helps shape the setting for a novel PPP arrangement that will structure and leverage public and private resources to serve public and private interests. A comprehensive assessment of the mining corridor will provide the evidence base to enable government actors to respond strategically to health needs and impacts in areas of mining.

Overview

Geography: Copper Belt and North Western Provinces, Zambia

Timeframe: ASAP

Health focus: Primary and secondary health services and facilities

Brief description: To develop an enhanced, integrated health system to provide quality public and private healthcare across the North Western Province, the programme would be delivered through a unique hybrid of a Regulated PPP (RPPP)* and a PPP for Development (PPP4D)†. The RPPP will be between government, a private healthcare provider and mining companies as well as their contractors and suppliers to provide significantly enhanced provincial (second-level), some district (first-level) and peri-urban health services. The PPP4D will bring together mining companies; other businesses, including contractors and suppliers of mining companies; government authorities; and NGOs to support the wider primary healthcare system, including rural health clinics.

* A Regulated PPP (RPPP) is a contract between government and a private company or consortium in which the private entity, through its core business, provides public infrastructure and/or services, often with an upfront investment, to be paid by the government or end users over a significant time.

† A PPP for Development (PPP4D) combines the resources and competencies of government, business, NGOs and other stakeholders to achieve both development and (non-core) business benefits.

This approach sees the RPPP bringing in the necessary additional capacity (both infrastructure and service) to upgrade and operate hospital care while leveraging the guaranteed business and health budgets of the mining industry and requirements for private care from others to support the RPPP's financial viability. The PPP4D also leverages the CSR budgets and other resources of companies (both mining and other industries) to support the wider health system. The PPP4D will build on and integrate the current support provided to the public health sector by First Quantum Minerals and other mining companies, contractors and suppliers in North Western Province. This includes support to district hospitals and rural health centres.

The private healthcare provider may also manage the network of provincial, district and rural health service provision to ensure an integrated, efficient system in which patients are treated at the appropriate level of facility. Last but not least, the evidence base on health impacts and health needs related to mining will be strengthened through a comprehensive assessment of the mining corridor.

Major partners: Government of Zambia, healthcare operator, mining companies, other industry, NGOs and other healthcare providers

Context

Recognised as a lower-middle income country in 2011, Zambia has an extensive history in mining, from pre-colonisation through privatisation more recently. Throughout this time, mining has been part and parcel of community life, a source of wealth and employment, and an organisational basis for social service delivery. In much of Zambia, mining houses and the “company town” provided significant levels of education and health services to their staff. The economic opportunities created by mining continue to provide impetus for economic migration and population movement in line with mining operations

Due to the nature of the work, in Zambia as in other countries, health has a special role in mining for staff and community alike. Where occupational health and safety are essential elements of workplace productivity, they are an increasingly central element of the employer-employee contract as well as a regulatory requirement. Similarly, the health aspect of environmental risk management is a regulatory obligation in terms of mining affected communities, with corporate social responsibility as the basis for social risk mitigation and social licence to operate. Ironically, while the origins of community-oriented mining health programming in occupational health may be reason for misalignment in some programmes, this may also provide a window of opportunity for realigning mining's investment in health to better serve public as well as private interest.

As outlined in the National Health Strategic Plan 2011-15[‡] and earlier plans, the Government of Zambia has an ambitious agenda for reaching a set of country-specific health goals and objectives through a range of evidence-based policy and programmes consistent with internationally recognised best practice. Despite significant progress, health system performance and health outcomes have yet to yield results in practice. Among others, key indicators of health related to infectious diseases; reproductive, maternal, new and child health; are lagging. Fundamental challenges relate to constraints in capacity as much as finance. Determinants include a dearth of qualified human resources, where on average there is a 41 percent gap between staffing and

[‡] National Health Strategic Plan 2011-2015. Ministry of Health. 2011.

establishment across the board, including a 62 percent gap in physicians and clinical officers.[§] Additional capacity gaps relate to infrastructure and management, *e.g.* forecasting, supply management and logistics. A recurrent theme in the National Health Strategic Plan to overcome these constraints is a set of references to the private sector and the need to find PPP and other innovative mechanisms for health service financing and delivery.

North Western Province

With an area of 125,826 km² and an estimated population of more than 700,000^{**}, the seven districts of North Western Province, of which Solwezi is the capital, represent something of a new frontier in Zambia. With confirmed, economically viable mineral deposits, major green and brown field sights are under development by internationally listed firms, bringing along a range of smaller firms and allied providers. Significant population movement has accompanied the progress of sites from development to production. To accommodate production requirements, companies are essentially building new towns, with commensurate investment in infrastructure, including health.

Specific objectives and activities

1. Undertake a strategic assessment of the context in Zambia to more precisely specify the scope of work: this includes reviewing experience as well as scope in Copper Belt Province as well as North Western Province
2. Significantly upgrade Solwezi General Hospital to provide provincial second-level hospital services, co-locating a private wing to fulfil mining company requirements and cross-subsidise public services, and associated Urban Health Centres to provide peri-urban primary care services
3. Upgrade a number of district first-level hospitals to provide better public services, co-locating a private wing to fulfil mining company requirements and cross-subsidise public services,
4. Upgrade the provision of services by Rural Health Centres
5. Ensure a more effective and efficiently managed integrated health system network that will provide quality healthcare at the appropriate level
6. Expand the evidence base on health impacts and health needs related to mining through a comprehensive assessment of the mining corridor

Key partners

Partner	Driver / interest	Resources
Government of Zambia	<ul style="list-style-type: none"> •Mandate to deliver quality public health care 	<ul style="list-style-type: none"> •Health care budget •Existing infrastructure •Existing service capacity •Health regulator
Private healthcare provider	<ul style="list-style-type: none"> •Core business 	<ul style="list-style-type: none"> •Infrastructure delivery •Health care service delivery •Network management capacity
Mining companies	<ul style="list-style-type: none"> •Provide quality healthcare 	<ul style="list-style-type: none"> •Budget to support the healthcare of its workers

[§] National Human Resources for Health Strategic Plan 2011 – 2015. Ministry of Health. 2011.

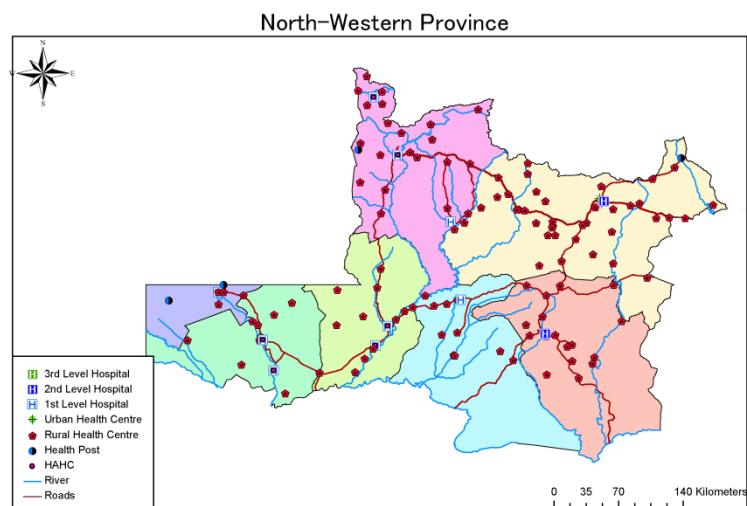
^{**} Zambia 2010 Census of Population and Housing. Central Statistical Office. 2011.

	<ul style="list-style-type: none"> to workers • Support health in mining-affected communities • CSR/ensure their social license to operate 	<ul style="list-style-type: none"> • CSR budget to support the community • Convening power
IT/Telecoms industry	<ul style="list-style-type: none"> • CSR/marketing opportunity • New markets • Testing out new technologies 	<ul style="list-style-type: none"> • Provision of technology to support stronger tele-diagnosis
Other industry	<ul style="list-style-type: none"> • Need for quality health care for their workers • CSR support of the community 	<ul style="list-style-type: none"> • Employee healthcare budgets to utilise private health services • CSR budgets to sponsor health care facilities
NGOs and other relevant stakeholders	<ul style="list-style-type: none"> • Support of their mission 	<ul style="list-style-type: none"> • Existing healthcare delivery capacity • Knowledge and understanding of local community needs

How it will work

Objective 1: Upgrade Solwezi General Hospital

A cornerstone of the North Western Province plan is the rehabilitation and upgrading of services at Solwezi General Hospital. As one of two Ministry of Health designated Second-Level Hospitals in North Western Province, Solwezi General is intended to fulfil a range of functions related to internal medicine, general surgery, paediatrics, obstetrics and gynaecology, dental, psychiatry and intensive care services; referral



centres for the first-level hospitals, the provision of technical back-up and training functions; and stabilisation of cases requiring tertiary referral or medical evacuation. However, in its current state, the hospital does not fully satisfy either MoH specifications or mining company expectations for care. Companies are therefore obliged to provide extraordinary service options beyond what ought to be necessary at a cost that is prohibitive at best.

The Government of Zambia will enter into an RPPP with a Private Consortium Partner (PCP) who will upgrade the infrastructure of Solwezi General Hospital and operate the hospital. The mining companies will be a third partner group, providing some funding towards construction, and utilising the hospital to provide appropriate healthcare for its workers. In addition, the General Hospital will have a private health care wing to service both mining companies' needs and other private health needs.

Currently, mining companies operate a number of their own health facilities because they cannot get a guaranteed level of service from public health provision. There are also a number of cases each month where mining employees have to be medevaced and treated outside of the country at considerable cost. By providing more specialist services and a private health wing, the Solwezi General Hospital can cover a significant portion of mining company needs. With the PCP able to guarantee the level of service the mining companies require, the mining companies can reassign their budgets to guarantee a minimum income to the PCP.

The income from the mining companies, along with further private healthcare provision income and government health budget will provide sufficient revenue for the financial sustainability of the arrangement.

Objective 2: Upgrade a number of district hospitals

Outside of Solwezi district, in mining districts where there is sufficient local demand for private health care from the mining companies, there is the potential for the district hospital to be run as an RPPP along similar lines to the provincial hospital. Through a co-location RPPP arrangement, the private facilities required by the mine would be used to provide an income stream to support a better-equipped and better-serviced hospital. Here again, the standard of care required by the mine would be guaranteed by the service provider company. Depending on demand in the district, other private patients may also subsidise the delivery of quality public services.

Objective 3: Upgrade the provision of services by Rural Health Centres

Rural Health Centres are currently run by government, NGOs, and in some cases by contractors (private or NGO) on behalf of mining companies. Their quality varies, as does their connection with the rest of the network.

According to stakeholders^{††}, there is likely to be untapped interest from companies beyond the mining companies (*e.g.*, contractors, transport providers, supermarkets) to sponsor local Rural Health Centres as part of companies' CSR / community investment and/or marketing. Through the creation of a PPP4D incorporating interested companies, government and NGO healthcare providers, a North Western Province Health Partnership would significantly raise the quality of service in the Rural Health Centres. With companies financially sponsoring a proportion of Centres as part of the partnering agreement, current government funding to those Centres could be relocated to others which are unable to attract sponsorship, thereby increasing their level of care.

In addition, a number of other businesses may contribute in non-financial ways. For example, logistics companies or companies that run a distribution network (such as Fast Moving Consumer Goods) could provide distribution support for medicine and other supplies^{††}.

At present, District hospitals are treating many patients who could in theory be treated by Rural Health Clinics. Through the improvement in those clinics, [and eventually through the use of tele-diagnosis, for example], there will be an easing of pressure on the District health facilities, freeing

^{††} Multi-stakeholder Mining Health PPP Planning Workshop, 24-25 January 2013, Solwezi, Zambia

^{††} See also list of partners and their interests above. For example, In a further stage, IT companies could provide the technology to support tele-diagnosis.

them up to focus on cases which could not be treated by the clinics and making considerable savings.

Although this PPP4D is not necessarily reliant on the Provincial and District Hospital RPPP taking place, it would benefit from a combination of institutional momentum associated with the RPPP as well as improved management of the whole health system.

Objective 4: Ensure a more effective and efficiently managed integrated health system network

Included within the RPPP contract would be the management of the health system network. The private healthcare provider may therefore also manage the network of provincial, district and rural health services to ensure an integrated, efficient system in which patients are treated at the appropriate level of facility.

Consideration will be given to the flow of patients and information, and to capacity building as well as development of guidelines in line with government policy.

Objective 5: Expand the evidence base on health impacts and health needs related to mining

There is currently no comprehensive understanding of health needs in the mining corridor, or indeed of the health impacts of mining, both positive and negative. This limits the government's ability for strategic guidance and stewardship.

A comprehensive assessment is therefore envisaged to improve understanding of health impacts of mining and health needs in the mining corridor. The evidence base thus developed will enable the Government of Zambia to respond to both health needs and impacts in a strategic manner.

Key challenges

1. Do the numbers stack up? The initial feasibility study (phase 0 in IFC terminology) will need to model and test financial feasibility.
2. Is interest really adequate? The initial feasibility study will need to assess public and private will, providing adequate contractual assurance of mutual accountability and respective interest protection.