

STRENGTHENING HEALTH SERVICES & THEIR COORDINATION THROUGH A PPP IN TETE PROVINCE

Concept note

28/02/2013

Proposition: Rehabilitate and upgrade the Provincial hospital, as well as key aspects of district hospitals, to provide improved services through a PPP that will leverage public and private resources to strengthen government capacity to provide high-quality health services to the wider public while at the same time serving the needs of mining companies in the region. This partnership will also serve to establish and reinforce a mechanism for improving the coordination of public and private health programme investments. Moreover, stakeholders at the national level identified the need to consider how existing legal instruments can be translated into a more coherent sectoral policy framework, with requisite policy instruments and associated operational support.

Overview

Geography: Tete Province, Mozambique

Timeframe: Start the partnership development process ASAP

Health issue focus: Improving the capacity of Tete Provincial Hospital and aspects of district hospital to respond to health needs and reinforce the means for improving coordination of public and private health investments

Brief description: Largely because of mining activity, Tete Province is among Mozambique's most dynamic regions. While the focus is still on exploration and only a small fraction of companies present have started production, the prospects of Tete continuing to be a key engine of economic transformation and growth are high.

The influx of mining companies and their workers has brought both risks and opportunities in regard to health. While increasing economic prospects it also provides an additional burden on an already overstretched health system. Many mining companies commit to ensuring high-quality healthcare for their employees, particularly expatriates, but the current system is unable to meet their needs.

Therefore mining company employees, as well as others who can afford to, opt for healthcare in neighbouring countries (including South Africa and Malawi).

Facilitated by the Mining Health Initiative (MHI) key stakeholders have started discussions about how a regulated public-private partnership (RPPP)* could improve the government's capacity to provide health services to the region, thus benefitting both communities and mining companies as follows:

- Decreased cost of medical evacuation, both direct and indirect (through productive time saved)
- Easier and faster access to treatment
- Cross-subsidisation of public healthcare through private contributions
- Economies of scale

Therefore it is suggested that public and private resources are leveraged to increase capacity, quality and the range of services offered at Tete Provincial hospital. Key mining and health stakeholders have agreed to establish a complementary Provincial Public Private Partnership Forum (PPPPF) to facilitate coordination and collaboration of health and development in the region. Moreover, based on additional discussion with stakeholders at the national level, there is a need to consider how existing legal instruments can be translated into a more coherent sectoral policy framework, with requisite policy instruments and associated operational support.

Major partners: Government of Mozambique; mining companies; public and private (including private not-for-profit) providers of healthcare; civil society

Context†

Since peace was established in Mozambique two decades ago, political stability and rapid economic growth (average growth rate of 8% over the last 15 years) have characterised Mozambique's development. Nevertheless, Mozambique is ranked 184 out of 187 countries on the UNDP Human Development Index.

The economy of Mozambique is highly dynamic: with the start of large-scale coal production and the discovery of important natural gas deposits, the country is beginning to more fully exploit its vast mineral potential. Given that almost 80% of the population works in agriculture, the rapid expansion of the extractive industries sector has the power to radically change the Mozambican economic landscape. This presents enormous opportunities for development, but also risks.

The last few years have seen an increasing number of natural resource discoveries soon followed by new mining projects. Prominent amongst these are several coal mining projects, particularly those by Vale and Rio Tinto in Tete Province, a province which has therefore increasingly come into the economic and political spotlight.

* 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.

† Sources include insights shared by key informants as well as: UNDP Human Development Indicators; Rosenfeld, D. (2012). The coal mining sector in Mozambique: A simple model for predicting government revenue; VdA Newsflash 2011; Third National Poverty Assessment, 2010;

Mining activity is concentrated in Moatize district of Tete Province. While some companies have started production several years ago, around 100 projects are currently in the exploration stage. In other words, the level and nature of investment are still in the process of being defined. Coal mines in the region have already created more than 7,000 new jobs directly.

In August 2011 the Law on Public Private Partnerships (PPP), Large Scale Projects (LSP) and Company Concessions (CC) was published. Aimed at attracting investment as well as economic and social development to the country, this Law establishes guidelines for the awarding process, implementation and monitoring of these three modalities.

The following nine mining projects appear likely to go ahead:

Mine	Owner	Production start date	Maximum coking coal production capacity	Maximum thermal coal production capacity
Ncondezi	Ncondezi	2014	0	10.5
Revuboe	Revuboe	2015	5.1	3.4
Minas Moatize	Beacon Hill	2011	0.72	1.64
Benga	Rio Tinto	2012	6	4
Zambeze	Rio Tinto	2014	13.5	9
Moatize phase 1	Vale	2011	8.58	2.6
Moatize phase 2	Vale	2015	8.58	2.6
ENRC Estima	ENRC	2013	6	4
Jindal	JSPL	2013	3	2
Total			51.48	39.74

Background

The Mining Health Initiative has aimed to identify, analyse and promote good practice in mining health programming and partnerships. To this effect it has conducted research at the global and national level and held a variety of both formal and informal consultations.

In Mozambique, following a case study conducted of Kenmare's health programme inside and outside of the fence in the Nampula region as well as consultation workshops in Maputo and Tete, a two-day planning workshop was held in Tete in January 2013. The present concept note builds on discussions and initial agreements at the workshop.

Goals

1. Improve health service provision in Tete Province of Mozambique
2. Improve coordination and collaboration of all key mining health stakeholders in the Province

Guiding principles

The following three overarching principles are seen as key:

1. Health programmes run by industry inside and outside of the fence must seek alignment and

harmonisation with government policies and priorities from the outset, thus aiming to contribute to health system strengthening from the start.

2. This requires a partnership approach from the programme design stage onwards, ensuring transparency, equity and mutual benefit
3. Strong monitoring and evaluation systems, including consistent collection, utilisation and sharing of data are necessary to understand programme impact on employees and communities alike, facilitate communication and create synergy

Key partners

The following key partners have been identified:

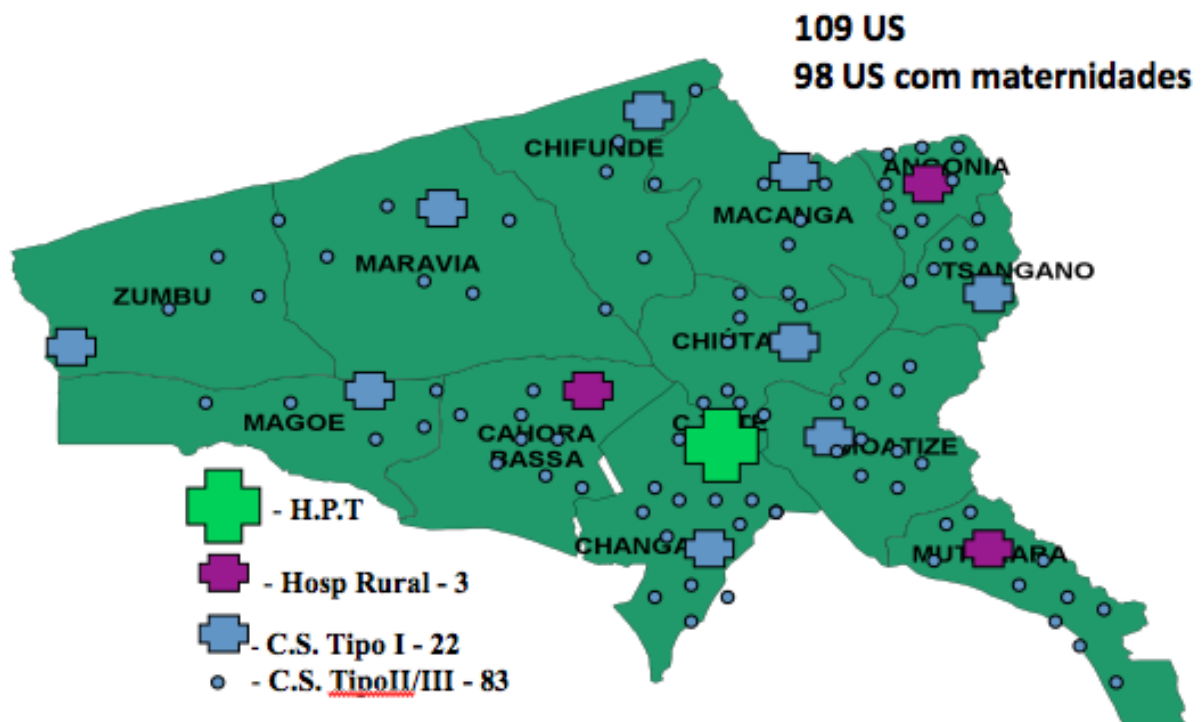
Partner	Resources	Interest	RPPP Role
MINING COMPANIES	<ul style="list-style-type: none"> •Financial •Systems •Capacity building •Expertise in operational health and safety 	<ul style="list-style-type: none"> •Availability of quality health services •Publicity •Social license 	<ul style="list-style-type: none"> •Utilisation of service •Contribution of infrastructure, equipment or other
PUBLIC SECTOR	<ul style="list-style-type: none"> •Financial •Human •Existing infrastructure •Health system view •Health management 	<ul style="list-style-type: none"> •Sectoral regulation and stewardship •Improving access •Improving service quality 	<ul style="list-style-type: none"> •Clear definition of output •Funding the RPPP
PRIVATE HEALTHCARE PROVIDER	<ul style="list-style-type: none"> •Skills and expertise in health management, infrastructure, etc. •Human •Network of sub-contractors 	<ul style="list-style-type: none"> •Profit (may also be not-for-profit) 	<ul style="list-style-type: none"> •Contractual responsibility to deliver infrastructure and services as per agreement with government

How it will work

Goal 1: Improve health service provision in Tete Province through an RPPP

In Tete Province, health systems are weak. The population influx related to mining aggravates this problem, causing a number of potential negative impacts for communities in areas of extraction. With 2.3 million inhabitants in a Province covering over 100,000 square kilometres, average population density is relatively low at 21 inhabitants/km².

Tete hospital is the only tertiary health facility in Tete Province, which spans over 500 kilometres from the Zambian border in the West and the border with Malawi in the East, thus necessitating a wide network of health centres. The Provincial Hospital is located in the city of Tete, which constitutes a separate (urban) district of Tete Province. As shown in the map below, besides the Provincial Hospital there are 22 Type I health centres, 83 Type II/III health facilities, as well as three rural hospitals. This equals a total of 109 health centres, 98 of which have maternity clinics.



The level of service and quality companies require cannot currently be met confidently by the public health service, and companies therefore operate privately run facilities that serve their employees and contractors. In addition, companies incur considerable costs for medical evacuation of employees to neighbouring countries, such as to South Africa. Outside of the fence, companies support selected public health facilities in part towards achieving their social license to operate.

The cornerstone of the proposition is therefore to rehabilitate and upgrade Tete Regional hospital to provide improved and expanded health services and become a world-class facility serving the wider region. This will involve constructing and/or rehabilitating existing infrastructure, as well as equipping, operating, maintaining and managing. Expanded services may include imaging diagnostics (Digital X-Rays, CAT Scan, MRI, Echocardiogram, Stress ECG, Ultrasound etc.); a broad spectrum laboratory facility; trauma, acute care; and other services, such as pre- and post-employment screenings for mining companies in the area.

The suggested PPP also involves increasing capacity of the wider health system in Tete Region to provide laboratory and diagnostic services.

Tete city is well placed to house a hospital that acts as a regional centre of excellence, attracting private patients from the wider region, including from neighbouring countries. By re-structuring and leveraging the resources invested in health by government and by the mining industry, synergies and economies of scale may be created that could allow for higher-quality healthcare for both companies and affected communities alike.

It is envisaged that this RPPP will also help establish a model of how extractive industry can meaningfully co-invest in health RPPPs in a way that benefits both industry and development, and that this will set an example and provide lessons of international and global relevance.

Goal 2: Improve coordination and collaboration of mining health stakeholders

Complementing the RPPP described above will be a Public Private Partnership for Development (PPP4D) focusing on improved coordination and collaboration of all key mining health stakeholders.[‡] Coordination and collaboration in regard to health and development programming has been identified as an important gap in the region.

The Provincial Public Private Partnership Forum (PPPPF) will be managed by a steering committee and presided over by the Provincial Governor. It will be action-oriented and focus on health and development initiatives that can be optimised through public-private partnership. Key partners will include the Provincial Government, mining companies, donor agencies and civil society (both non-governmental organisations and individual representatives from both rural and urban communities).

The PPPF will focus on health, including its wider determinants, and specifically address epidemiology, occupational health, nutrition, education, poverty, disasters and technology. Guided by principles of alignment with government strategic plans, financial transparency and community involvement, its specific goals are to:

- Coordinate and structure existing PPPs in mining health and development
- Raise and channel funds for mining health and development
- Promote an evidence-based approach through transparent information systems to report on progress
- Facilitate equitable health systems development across the province

The PPPF will aim to build on existing structures and mechanisms to avoid overlap and duplication wherever possible.

Challenges

- Trust in service quality: Most mining companies demand the highest levels of service quality for their employees, particularly expatriates. Building confidence in local health service provision and thus utilisation of locally available services, particularly to replace medical evacuation abroad, will take some time.
- Relating to the above, benefits from an RPPP involving mining companies can only be maximised if the latter are willing and able to re-structure a significant proportion of current health expenditure towards the new, locally available service.
- Access to the PPP health facility must be granted to and facilitated for wider communities to avoid exacerbating already increasing inequities and to maximise social benefit. Besides the importance of social results per se, their political and security consequences must also be considered.

[‡] 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.