Dr. Pramod Kumar Meherda, IAS
Commissioner-Cum-Secretary
Health & Family Welfare Department
Government of Odisha
Bhubaneswar - 751001

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No. 29385/SHFW , dated 22-11-2017
ME-11-m-3/15(Pt.)

Dear Sir / Madam,

Subject: Investor Conference on Odisha Affordable Healthcare Project.

Government of Odisha in the Health & Family Welfare Department have resolved to enhance the Affordable Healthcare Services within Odisha. To achieve this objective, the department proposes to develop hospitals at 19 locations across Odisha on design, build, finance, operate and transfer basis through Public Private Partnership (PPP) mode. The hospitals will be a mix of green field and brown field sites.

In light of above, the department is organizing **1st Investor Conference** for discussing key features of the project with potential investors, with the aim of taking feedback which may be considered while finalizing the project structure and the bid documents. The details of the Investor Conference are as below:

(a) Date: 28th November, 2017
(b) Time: 11:00 AM
(c) Venue: IDCO Conference Hall in 5th floor of Annex Building , IDCO Towers, Janpath, Bhubaneswar
(d) Website for Information: http://health.odisha.gov.in/PDF/2017/29385.pdf

The department is inviting participation from hospitals, healthcare services providers, organization involved in healthcare, private equity funds, financial institutions, infrastructure companies, etc.

In this context, you are requested to attend this conference. Confirmation of your participation may be intimated through email with subject line "Investor Conference for Odisha Affordable Healthcare Project", specifying, (a) name of the organization, and (b) name and designation of the person(s) attending the conference, to the following officials by3:00 PM (IST) 27th November, 2017 :

a) Dr. Ajit Kumar Mishra, Additional Secretary, Department of Health & Family Welfare, Government of Odisha, Email: ajitkumishra1961@gmail.com
b) With a copy to:
Dr. Pranav Mohan, Investment Officer – Health, International Finance Corporation
Email: pmohan4@ifc.org

We look forward to meeting you in the said Investor Conference as scheduled above at Bhubaneswar for a meaningful discussion on this flagship PPP project of Government of Odisha in the sector of Affordable Healthcare.

Yours sincerely,

21/XI/2017

(Dr. Pramod Meherda)

"We want to become the investment destination of choice by continuously creating and delivering outstanding opportunities for business growth, fostering all-round socio-economic development of the State and its people"

Shri Naveen Patnaik
Hon'ble Chief Minister

ODISHA
NEW OPPORTUNITIES

Odisha Affordable Healthcare Project

(Developing Hospitals under Public Private Partnership – PPP Mode)

Health & Family Welfare Department, Government of Odisha

invites

Hospital Operators, Healthcare Service Providers and Project Financiers to participate in the

Investor Consultation Workshop

Venue : IDCO Conference Hall, 05th Floor, Annex Building, IDCO Towers, Janpath, Bhubaneswar

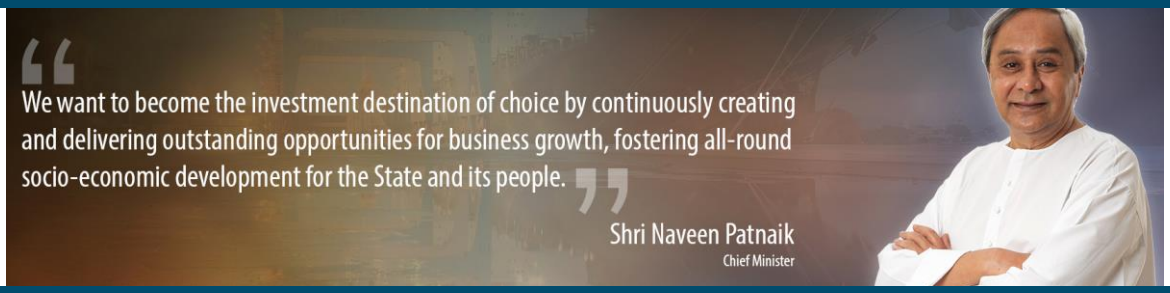
Date & Time : 28th November 2017 (Tuesday) at 11 A.M.

RSVP :
Additional Secretary, H&FW (+91 9437203707) Investment Officer, IFC (+ 91 9910013679)
email: **pmohan4@ifc.org**

For further details, please visit: **http:/health.odisha.gov.in/PDF/2017/29385.pdf**

ODISHA
NEW OPPORTUNITIES

GOVERNMENT OF ODISHA
REPUBLIC OF INDIA
DEPARTMENT OF HEALTH & FAMILY WELFARE



Affordable Healthcare Project
(Developing Hospitals Under Public Private Partnership Mode)

Project Proponent:

Department of Health & Family Welfare
Government of Odisha,
State Secretariat, Sachivalaya Marg,
Bhubaneswar, Odisha 751001, India
Tele/Fax: +91 (674) 2390674
Website: http://health.odisha.gov.in/

Contact Person:
Dr. Ajit Kumar Mishra
Additional Secretary
Email: ajitkumishra1961@gmail.com

Project Advisor:

International Finance Corporation,
The World Bank Group
Maruti Suzuki Building, 3rd Floor,
1, Nelson Mandela Marg, Vasant Kunj,
New Delhi -110070, India
Ph. No.: +91 (11) 4111 1000 / 3000
Website: www.ifc.org

Contact Person:
Dr. Pranav Mohan, Investment Officer - Health
Email: pmohan4@ifc.org

ODISHA– A GROWING STATE WITH INCREASED FOCUS ON HEALTHCARE SERVICES

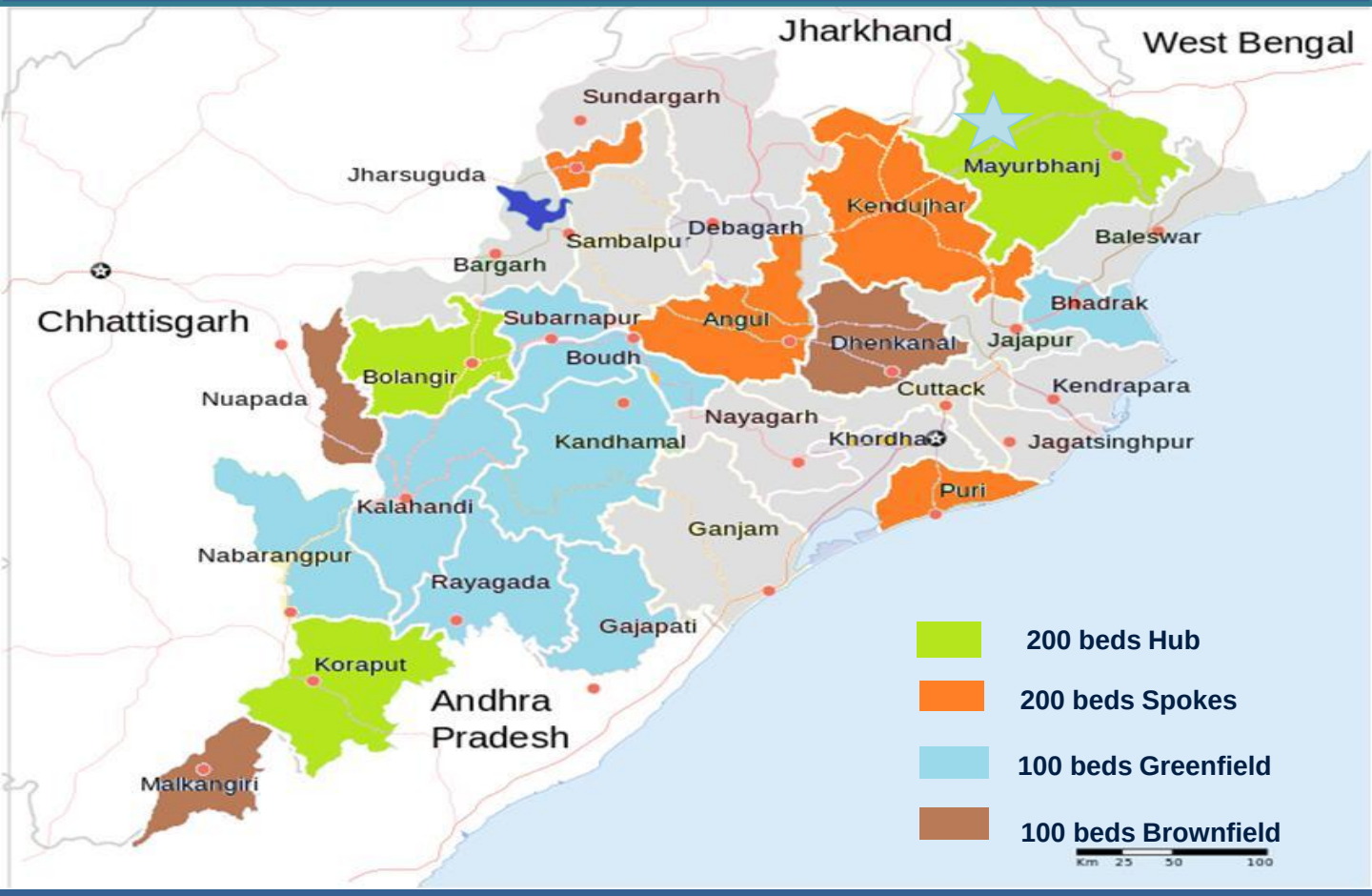
- Odisha is home to 3.5% of India's population with a population of 42 million (2016). Odisha is the 9th largest state by area and 11th largest by population.
- Odisha is one of the mining powerhouses of India with a large and vibrant coal and ore mining and Iron & Steel and Aluminum industry,
- One of the fastest growing and most investor friendly states in India achieving a GSDP growth of 7.94% in FY 2016-17. According to ASSOCHAM: "Odisha is the third most preferred investment destination in India and has significant potential to emerge as the most lucrative State for domestic and global investors"
- Odisha has around 36,000 hospital beds, indicating a gap of 120,000 (77%) hospital beds in the state. At present there is only 0.8 bed available /'000 population against WHO average of 3.5 beds /'000 population for low-mid income countries
- Huge demand for healthcare: Public Sector District Headquarters Hospitals are heavily congested and over utilized with 90% hospitals having an occupancy of more than 100%
- Private healthcare facilities comprise of only 27.59% of the total healthcare facilities in the state, indicating a large headroom for growth of the private sector.
- Healthcare services are generally concentrated in three main districts: Cuttack, Khordha (Bhubaneshwar) and Sundergarh
- Patients from almost all other districts travel many hours to major cities in Odisha or the adjacent states for availing health services indicating a large unmet need in the interiors of the state

Source: Census report 2011, Economic Survey of India 2015-16, Odisha State Economic Survey 2015, Odisha State Budget 2016-17, AHS bulletin 2011-12 Odisha, India MDGs 2015, DMET Odisha, Clinical establishment data Odisha, NHRM MIS analysis, Primary data from all DHH and all major hospitals of Odisha

PROJECT OBJECTIVE: Affordable and Quality Health Care for All in Odisha

- The Government of Odisha intends to enhance equitable access to quality and affordable healthcare services to people across the state
- As a part o this initiative the Government is developing hospitals in 19 locations across Odisha, in partnership with the private sector in a Public Private Partnership (PPP) mode under the Affordable Healthcare Project
- The hospitals will provide secondary and basic tertiary care services and be Organically integrated into Odisha's Public Health System

ODISHA AFFORDABLE HEALTHCARE PROJECT OVERVIEW



DETAILS OF THE PROPOSED 19 HOSPITALS

Hospital No	Site Location	Cluster Project/ Individual Project	Beds	Hub/ Spoke	Greenfield / Brownfield
1	Puri	Cluster Project A	200	Spoke	Greenfield
2	Jeypore		200	Hub	Greenfield
3	Angul	Cluster Project B	200	Spoke	Greenfield
4	Barbil		200	Spoke	Greenfield
5	Baripada	Cluster Project C	200	Hub	Greenfield
6	Bhadrak		100	Spoke	Greenfield
7	Bolangir	Cluster Project D	200	Hub	Greenfield
8	Kalahandi		100	Spoke	Greenfield
9	Jharsuguda	Individual Project A	200	Hub	Greenfield
10	Phulbani	Individual Project B	100	Spoke	Greenfield
11	Dhenkanal	Individual Project C	100	Spoke	Brownfield
12	Boudh	Individual Project D	100	Spoke	Greenfield
13	Naupada	Individual Project E	100	Spoke	Brownfield
14	Malkangiri	Individual Project F	100	Spoke	Brownfield
15	Nabrangpur	Individual Project G	100	Spoke	Greenfield
16	Subarnapur	Individual Project H	100	Spoke	Greenfield
17	Rayagada	Individual Project I	100	Spoke	Greenfield
18	Paralakhemundi	Individual Project J	100	Spoke	Greenfield
19	Rairangpur	Individual Project K	100	Spoke	Greenfield

PROJECT TRANSACTION STRUCTURE

ELEMENT	STRUCTURE
Project Structure	• Concession- (Design Build Finance Operate and Transfer - DBFOT)
Concession Duration & Renewal	• 2+30 Years duration, renewal on pre-defined process, if there exists no material breach/default
Private Sector	• Design, finance, construct and equip the Hospital • Manage, operate and maintain the Hospital • Exposed to market risk and partial tariff risk
Government Role	• Provide Grant funding, Referral of Select Patients, monitor • Empanel under OSTF, RSBY/ BKKY/ NHPS/ Other programs • Provide land, brownfield space • Set Tariffs
Land	• 2-4 acres required, unencumbered, located on national or state highway in District Headquarter • Land to be provided to the private sector operator on lease • Mortgage of leasehold rights of the Site as security only for indebtedness to the Senior Lenders under the Financing Agreements for the Hospital
Project Commissioning Phasing ***(****Main construction/ commissioning milestones****)***	i. Completion of earth evacuation, foundation works, super structure upto floor roof casting for 100% bed capacity ii. Completion of civil, services and finishing works, equipment installation, manpower recruitment, statutory clearances for 50% bed capacity – Phase I iii. Completion of civil, services and finishing works, equipment installation, manpower recruitment, statutory clearances for additional 50% bed capacity – Phase II
Hospital Numbers	19 Hospitals (4 cluster pairs plus 11 single sites)
Hospital Configuration	• 200 bed hub hospitals (with Neuro and Cardiac Sciences) • 200 bed spoke, secondary-care hospitals • 100 bed spoke, secondary care hospitals (Greenfield and Brownfield) • Atleast 50% of beds to be General Ward beds
Specialities in Spokes (100 & 200 Beds)	• General Surgery, General Medicine, OB&G, Pediatrics, Orthopedics, Anesthesiology, Ophthalmology, ENT, Dental, Radiology, Pathology, Psychiatry, Dermatology, Critical-care, Emergency & Trauma
Specialities in Hub Hospitals	• As in Spokes PLUS Cardiology (non-invasive only) and Neurosurgery

PROJECT TRANSACTION STRUCTURE

ELEMENT	STRUCTURE
Capacity Reserved for Select Patients (Government patients)	• No explicit physical capacity reserved for Select patients • Select patients to be treated in General Wards, subject to availability of beds • Private Partner free to treat market patients as well
Viability Grant Funding (VGF) to be provided by the Government	• FIXED AMOUNT equal to 30% or 70% of the Project Cost • Amount depending on type of hospital and district • To be paid linked to construction and commissioning milestones
Additional VGF (AVGF) to be provided by the Government post commissioning	• Bid Criteria: • To be paid out in 6 tranches from Year 3-7 of Effective date • Negative number allowed (“premium” to be paid to the Government) • Amount of AVGF or “Premium” in any year can be as per individual requirements and business projections of the bidder (subject to limits)
Full Commissioning Grant	• Fixed Grant to be paid upon commissioning of 100% of capacity by year 6 post effective date
Convergence with State/ National Insurance Programs	• Be integrated with state/ national programs OSTF/ NHPS/ RSBY • Tariffs may be revised to reflect quality of the facilities
Tariffs for Select Patients (for In-patient services only, including diagnostic services)	• Select patients will be patients referred by the government or patients availing benefits under Social health insurance/ assurance programs • All Select Patients to be treated in General Wards only • Any Select patient who are enrolled in RSBY/ BKKY or prevailing social insurance programs will be treated at the rates under the program • OSTF patient swill be treated at OSTF prescribed rates • All other Select patients to be treated at CGHS rates as applicable
Tariffs for Non-Select/ Private Patients (for In-patient services)	• Market rates as determined by the private partner
Tariffs for Out Patient Services (including consultation and diagnostic services)	• Market rates as determined by the private partner
Quality	• All greenfield sites to conform to and become accredited with National Accreditation Board for Hospitals and Healthcare Facilities (NABH), India
Tariff Risk Mitigation	• Private partner provided downside protected for limited period against reduction in tariff rates or major policy changes

MILESTONES LINKED TO GRANT PAYMENTS

Tranche	Milestone	Estimated years from the Effective Date	Grant Type
1	Completion of structure of 100% of target capacity (will have sub-tranches)	1	• Fixed payment based on Hospital type
2	Completion of building with finishing necessary to operate 50% of target capacity (will have sub-tranches) including plumbing, façade, STP, WTP, Fire fighting, electrical and safety	2	• Fixed payment based on Hospital type
3	Commissioning of operations (at least 50% of target capacity to be made operational)	2	• Variable, to be quoted by bidder • Fixed payment in cases with high Grant contribution
4	First anniversary of operations	3	• Variable, to be quoted by bidder
5	Second anniversary of operations	4	• Variable, to be quoted by bidder
6	Third anniversary of operations	5	• Variable, to be quoted by bidder
7	Fourth anniversary of operations AND commission 100% of capacity	6	• Variable, to be quoted by bidder
8	Fifth anniversary of operations with tranche 7 paid	7	• Variable, to be quoted by bidder
A	Fixed Payment Commissioning of 100% planned capacity within year 6 of Effective Date– Will lapse in case of (not considered for evaluation)	6	• Fixed payment based on Hospital type

Things to Note:

- Milestones 1 and 2 will have four sub-milestones each to allow for frequent payments
- Bidders will be free to quote any amount, positive (implying grant needed) or negative (implying premium payment) in any of the tranches 3 to 8, subject to limits and exceptions
- All payments will be made through escrow account, with Grant payments deposited one year in advance into the escrow account to ensure payment security
- Broad space, built-up area and material specifications have been provided
  - 200 bed: Hospital 120,000 sq ftt and Staff Accommodation: 80,000 sqft
  - 100 bed: Hospital: 70,0000 sqft and Staff accommodation: 45,000 sqft

ELIGIBILITY CRITERIA

	Capacity Criteria (will be adjusted in case of award of a project)	Cluster Project	200 Bed Individual Hospital Project	100 Bed Individual Hospital Project
1.	Total Licensed Beds under management	300	300	100
2.	Net Worth (in INR million) for immediately preceding financial year ending March 31, 2017	300	300	100
3	Average annual Turnover (in INR million) for immediately preceding 2 (two) financial years ending March 31, 2017..	900	900	300
	Eligibility Criteria **(to be evaluated only once and will not be adjusted in case of award)**			
5	Total NABH (or other reputed international accreditations- JCI, Canada, Australia, Japan, UK & South Africa) accredited beds under management (eligibility only)	50	50	NA
6	Interventions performed in basic secondary care specialities (specified per speciality)	5,600	5,600	3,200
7	Key Secondary care Specialists employed by the bidder	12	12	6

Provision of Consortium:

- A Bidder can be an entity or a group of entities i.e. a Consortium
- Bidders can form different Consortium with different partners for different Cluster Project and/or an Individual Projects
- A Consortium can have a maximum of 4 members
- A Consortium will be required to have:
  - i. Lead Financial Member: Will be required to meet 50% of the Financial Capacity
  - ii. Lead Technical Member: Will be responsible for operating the project
- In case the Bidder is a Consortium, only those members' experience and capacity will be evaluated for satisfaction of the minimum eligibility criteria (for the concerned project) who will hold at least 10% equity in the Special Purpose Vehicle (if the concerned project is awarded to the Consortium)

BID PROCESS

Overview:

- Single stage bidding process simultaneously for all 19 sites
- Automatic registration for all cluster/ individual project on purchasing of bid documents once
- In case of a Consortium, only 1 member of such Consortium will be required to have completed the registration process
- Registered bidders may choose to obtain an information binder containing detailed market information on all 30 districts of Odisha on submission of a non-disclosure undertaking

Bidding

- Registered bidders can place bids for however many cluster/ individual project as desired
- Separate technical and financial bids to be placed for each cluster/ individual project
- Financial Bids will be evaluated in a pre-ordered sequence only for those Bidder who satisfy the Minimum Eligibility Criteria
- In case a bidders wins a project, its technical and financial capacity will be reduced accordingly to adjust its eligibility for future projects

Selection Process

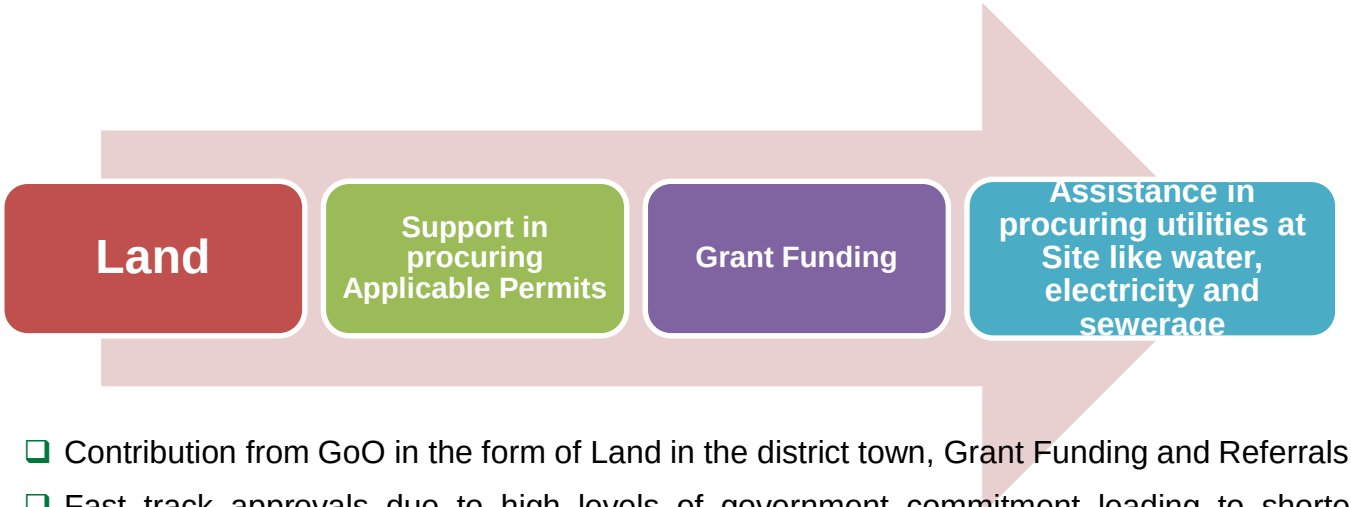
- In case a bidder wins two or more projects, a financial incentive will be provided
- Bidders will be required to quote any value of Additional Grant requested from the Government OR Premium offered to be paid to the Government for each Tranche from Tranches 3 to 8 (Subject to limits and certain exceptions)
- The bid can be in any combination of Grant request/ Premium offer for the individual Tranches and becomes binding on both parties in case bid is successful

Financial Bid Evaluation

- Project will be awarded on the basis of the lowest Net Present Value (NPV) of Grant (sum of VGF and Additional VGF) requested by a bidder for a project
- Time period specified against the tranche number be used and the value discounted at 8%

	Tranche No. (t)	1	2	3	4	5	6	7	8
A	Years Post Effective Date (n)	1	2	2	3	4	5	6	7
B	Bid Value quoted by Bidder (V)	v1 (Fixed Grant) (pre-defined)	v2 (Fixed Grant) (pre-defined)	v3 (Additional Grant / Premium) (as quoted by the Bidder)	v4 (Additional Grant / Premium) as quoted by the Bidder)	v5 (Additional Grant / Premium) as quoted by the Bidder)	v6 (Additional Grant / Premium) as quoted by the Bidder)	v7 (Additional Grant / Premium) as quoted by the Bidder)	v8 (Additional Grant / Premium) as quoted by the Bidder)
C	Present Value (PV)	PV1	PV2	PV3	PV4	PV5	PV6	PV7	PV8
D	Present Value Formula	PV= vn/{(1+8/100)^(n-1)}							
E	Net Present Value (NPV) or "Bid Value"	NPV = Sum [PV (E) + PV (F)] = G							

SUPPORT FROM THE GOVERNMENT



- Contribution from GoO in the form of Land in the district town, Grant Funding and Referrals
- Fast track approvals due to high levels of government commitment leading to shorter payback period
- Operational and Market risk sharing by the Government to allow for early stabilization
- Flexibility for private developer in planning the development options and design features

You are cordially invited to attend the Investor Conference for the Affordable Healthcare Project in Public Private Partnership Mode

On: November 28, 2017 **Time:** 11 AM to 3 PM

Venue: IDCO Conference Hall, 5th floor of Annex Building , IDCO Towers, Janpath, Bhubaneswar, Odisha, India

Website: http://health.odisha.gov.in/news_events.asp .

RSVP (on or before 4 PM IST, November 27, 2017)

Dr. Ajit Mishra **Additional Secretary** **Department of Health & Family Welfare** **Email: ajitkumishra1961@gmail.com**	**Copy to:** **Dr. Pranav Mohan** **International Finance Corporation** **Email: pmohan4@ifc.org**

Disclaimer: The Authority reserves the right to not invite any person that has not made an application pursuant to this announcement, to attend the investor conference. The Authority reserves the right to require additional information from any interested party, at its absolute discretion. The Authority reserves the right to modify, cancel, suspend or terminate any aspect of its proposal to undertake the development of any or all of the hospitals in the project or any part thereof, for any reason and without giving prior notice.

IFC | International Finance Corporation
World Bank Group

Project Advisor to the Government of Odisha

IFC's team of experts:

- Cyril Amarchand Mangaldas (Legal Consultants)
- Medica Synergie Pvt. Ltd. (Health Sector Specialists)
- Jones Lang LaSalle Property Consultants (India) Pvt. Ltd (Infrastructure Specialists)