



COLOMBIA: BOSA HOSPITAL

Until recently, Bosa—a low-income area of 700,000 people in Bogotá—had only one second-tier public hospital with as little as 66 beds. The hospital's equipment and infrastructure were severely damaged and inadequate, resulting in oversaturated urgent care areas and long waiting lines for medical appointments. Residents often had to travel one to two hours to access other public hospitals.

With an urgent need to expand and modernize Bogotá's health infrastructure and services, the Health Secretary of the District of Bogotá (HSDB) launched a health infrastructure and renovation program to build two new hospitals and modernize three existing ones across the city. Bosa Hospital was selected by HSDB as a pilot project under the program to be developed using a Public-Private Partnership (PPP) model. To support them in this endeavor, HSDB retained IFC and Financiera de Desarrollo Nacional (FDN) as lead transaction advisors in 2017.

This series provides an overview of public-private partnership stories in various infrastructure sectors, where IFC was the lead advisor.

IFC
Public-Private Partnerships
2121 Pennsylvania Ave. NW
Washington D.C. 20433
ifc.org/ppp

In December 2019, the concession was awarded to a consortium led by Ortiz Construcciones, which became responsible for the design, financing, construction, equipment replacement, operation of non-medical services, and maintenance of the hospital under an 18-year PPP contract. With construction expected to be completed in the end of 2022, Bosa Hospital will add 215 new beds and help Colombia's broader efforts to expand and improve its healthcare system.

The project was jointly structured by IFC and the Financiera de Desarrollo Nacional (FDN), a local development bank linked to the Ministry of Finance, with the financial support of SECO, the State Secretariat for Economic Affairs of Switzerland.

BACKGROUND

Bogota's health system infrastructure currently faces a huge physical and technological lag. Over 80% of the public hospitals' users live in areas without appropriate facilities and access to needed specialists. As of 2017, the city's bed/inhabitant ratio was around 1.7/1,000, which is half the bed ratio seen in OECD countries (3.5/1,000). The Bosa PPP project will contribute to Bogota's efforts to modernize and increase access to quality public healthcare infrastructure in the city by adding 215 new beds to the health network and offering high-quality medical services for an estimated 293,000 outpatients and 23,000 inpatients per year.

IFC'S ROLE

IFC, in partnership with FDN, acted as the lead transaction advisor for the structuring and tendering of the project.

HSDB's original plan was to structure all five hospital projects as PPPs. Based on an initial assessment carried out by IFC and FDN and the fiscal restrictions then faced by the city, HSDB decided to select the Bosa Hospital as a pilot PPP project. The Santa Clara and Usme hospitals were then procured via traditional public works contracts while the other two hospitals—Simón Bolívar and Instituto Materno Infantil—were designed as PPP projects to be tendered in future years.

IFC's and FDN's role comprised legal, technical, environmental, social, and financial advisory services, including:

- ▶ Conducting detailed due diligence and drafting all the project's tender documents, including the PPP contract and its technical annexes
- ▶ Performing all financial analysis
- ▶ Supporting HSDB through all government approval processes
- ▶ Facilitating dialogues with local and international investors and lenders.

TRANSACTION STRUCTURE

The private operator of the Bosa Hospital is responsible for the design and construction of the hospital and provision and replacement of medical and administrative equipment over the life of the project, as well as provision of supporting services such as cleaning, laundry, maintenance, and Information Technology.

The hospital will have 30,000 m² of construction, 195 hospitalization beds, 15 Intensive Care Units (ICUs), and state-of-the-art medical equipment.

BIDDING

In 2019, HSDB launched a two-phased international competitive selection process. In the qualification phase, 18 firms with hospital or PPP experience formed 12 consortia, demonstrating strong interest in the project. The bidding criteria was based on the lowest required availability payment, with the winning bidder offering a 12% discount. In December 2019, the project was awarded to the Estructura Plural INORIN Bosa Hospital consortium, led by Ortiz Construcciones, a Spanish infrastructure company, and Incot S.A.C, a Peruvian engineering firm.

The PPP contract between the consortium and HSDB was signed in February 2020, making this the first municipal and first social infrastructure PPP in the country. The Bosa Hospital will also be the first public hospital in Colombia to have a LEED (Leadership in Energy and Environmental Design) silver certification for green buildings. The construction of the hospital is expected to be completed in December 2022.

EXPECTED POST-TENDER RESULTS

- ▶ Improved healthcare services for over 300,000 people per year
- ▶ Mobilization of \$85 million of private sector investment

September 2022