

TERMS OF REFERENCE

TURKEY: Hospital PPP Programme - Technical and Project Management Support

1. BACKGROUND

In 2006, The Turkish government has commenced a large scale hospital facilities management PPP programme (the “**Programme**”) to deliver 29 new hospitals using a PPP approach with a goal of modernising its existing hospital infrastructure to bring it up to international standards and improving the efficiency of the Turkish healthcare system.

Under this model, the corresponding hospital infrastructure will be constructed, managed and maintained by private concessionaires under facilities management PPPs, while clinical services will remain the responsibility of Turkey’s Ministry of Health (“**MoH**”). The PPP contractor will not take medical revenue and services risks because it will not be providing medical treatment or clinical services, nor will it be responsible for any patient interface, including, for example patient billing/collections. Instead, the PPP contractor will be compensated by MoH based on (1) availability of infrastructure facilities; and (2) provision and maintenance of certain support equipment (for example laboratory, imaging, sterilisation and disinfection) and support services (notably rehabilitation, linen and laundry, catering, waste management, building and land services, extraordinary maintenance and repair).

Each project under the Programme is carried out by a special purpose vehicle (“**SPV**” or the “**Project Company**”), owned by the relevant project sponsors. To date, MoH has successfully awarded 21 projects under the Programme with a total investment cost of EUR 11.3 billion; 15 of the 21 projects have successfully reached financial close representing total project costs of EUR 7.3 billion. Each concession was awarded by the MoH at the conclusion of a tender process and is documented in a project agreement” (the “**Project Agreement**”) between the awarded Project Company and the MoH. Under the Project Agreement, the Project Company undertakes to design and construct a health facility (i) containing a specified number of beds and (ii) in accordance with all other requirements set out in the tender as well as in the Project Agreement itself. Upon completion, the Project Company receives quarterly Availability Payments (“**APs**”) for the facility and monthly Service Payments (“**SPs**”) for the various support services.

To date, the EBRD has committed EUR 653 million under the Framework to nine projects. Those nine projects are at different stages of implementation as of today.

All of the PPP hospital projects, include the design, construction, equipping, financing and maintenance of integrated Health Facilities pursuant to 28-year concessions (with a 36 or 42 months construction phase and 25-year operations phase) awarded by the MoH. For the construction of the facilities the Project Company enters into a lump sum engineering procurement & construction (“**EPC**”) contract with a construction joint venture established by the Sponsors on an arms-length basis. Under the EPC contract the Project Company will pass down all design and construction related risks and responsibilities under the PPP Agreement to the EPC contractor. In parallel, for the operation, maintenance and provision of the services, the Project Company enters into an Operation and Maintenance (“**O&M**”) agreement with an O&M joint venture established by the Sponsors.

Given the scale of the Bank’s portfolio, the Bank is wishes to engage a consultant (the “**Consultant**”) to assist the EBRD project team in strengthening its project implementation supervision capacity, in

particular in the area of monitoring the technical process of projects during the construction period (five sub-projects of the Bank).

2. OBJECTIVES

The overall objective of the Assignment is to support the Bank in its project management functions with a view to ensuring to the maximum extent possible the timely and effective implementation of the projects in line with the contract requirements. To this end, the Consultant will identify any key problems which may threaten implementation and advise the Bank on remedial measures so that corrective action can be taken, taking into account the project agreement and financial agreement structure under the hospital PPP scheme.

3. SCOPE OF WORK

The role of the Consultant is to provide independent review and advice to the Bank in connection with the design, and construction, of the five healthcare PPP projects which are currently under the construction phase.

A close and coordinated relationship between the Project Companies, EPC Contractors, the Bank, the LTA and other advisors will be essential for the provision of quality project management services at an appropriate cost and effort level. Thus, during the term of the engagement, the Consultant must liaise and communicate diligently with all participants mentioned above, provide ad hoc advice to the Bank, attend – as reasonably requested by the Bank– meetings regarding technical aspects of the Project (i.e. at construction sites, EBRD HQ, or any location determined by the key parties involved in the projects), attend conference calls and update technical related information, including the preparation of reports and presentations as reasonably required by the Bank, on an on-going basis.

The Consultant will provide assistance and support to the Bank in assessing and managing the risks related to the project implementation. In this capacity, the Consultant will provide project management overview of all the different tasks and functions to be completed by the LTA and the EPC Contractor, the LTA coordination and overall technical supervision coordination, under the overall guidance and supervision of the Bank.

The Consultant will be in charge, among other things, of the following:

- Review all relevant project documents and due diligence reports on key technical aspects of the project based upon information and documents made available.
- Review the LTA's scope of work and propose revisions, if required.
- Attend meetings onsite with the support of the LTA to ascertain detailed status of work.
- In consultation with the EBRD, instigate and organise or attend regular meetings with the EPC Contractor to discuss over all progress of the construction works or call additional meetings where urgent discussions and decisions have to be taken with respect to project implementation and prepare meeting minutes.
- Review, evaluate and comment on any relevant report and technical material prepared by the project parties including inter alia but not limited to (i) construction original baseline schedule, (ii) the Project Company's planned schedule, (iii) updated schedules and modifications including change order requests, (iv) LTA monthly construction reports and exhibits for the evaluation and communication of schedule delays, costs and remaining as-planned work.

- Assess the durations of construction tasks, procurement of equipment, any construction acceleration plan (if applicable) including variances between planned and impacted schedule.
- Review the LTA's construction progress report to analyse the actual progress versus the original plan and confirm whether or not milestones and deadlines are likely to be kept / achieved.
- Provide ongoing schedule review and evaluation support to the Bank through project completion via regularly scheduled monthly site visits and conduct site inspections as necessary.
- Assess Occupational Health & Safety (OHS) management practice for the construction activities and if any shortcomings propose remediation to assure no-tolerance to construction worker OH accident.
- Liaise directly with the LTA, EPC Contractor and the Project Company in all construction related activities that might have an impact in the successful completion of the works on time and on budget.
- Assess and participate in the commissioning process of the hospitals and attending the tests together with the supervisor of works and/or the independent technical certifier;
- Assess the impact in the projects of any changes, extra work and /or delays in order to determine the impacts to the project schedule (if applicable) and opine in the responsibility.
- Attend meetings with the Bank on an as-needed basis, make presentations and participate in roundtable discussions, if required.
- Alert the Bank of any emerging problems of a contractual, technical, or financial nature, which have the potential to jeopardise the achievement of the project objectives and advise the Bank and project parties on timely appropriate corrective action.

4. IMPLEMENTATION ARRANGEMENTS

The Consultant is expected to conduct periodic site visits and monitor or supervise the EPC contractor to meet their respective obligations in order to deliver the objectives in line with their contractual obligations and planned schedule. This would also involve building a good working relationship with each of the respective EPC contractors as well as the Lender's Technical Advisors ("LTA").

The Consultant shall carry out the tasks stated herein through coordination and management provided by as the EBRD Operation Leaders. The Bank reserves its right to require the Consultant to suspend work, either temporarily or for longer period.

Location

Field work: The Consultant is required to periodically (**at least** monthly) travel to the project sites for the respective projects.

Commencement date and period of execution

The Consultant shall start work as soon as possible following the execution of the contract and no later than 7 calendar days following it. The overall duration of the Assignment is expected to be 12 months but could be subject to modification in accordance with the projects' implementation.

Office accommodation

The Consultant should provide their own office, communications, interpretation/translation, and other assignment-related logistical support.

The Consultant shall be responsible for making all other necessary arrangements needed to for the Assignment implementation.

5. REPORTING

(i) Monthly reports

The Consultant shall provide monthly reports to EBRD. This document shall indicate the current status of the project implementation It shall highlight progress, evolution and changes since the previous issuance. It shall also underline issues and delays encountered by the Consultant in completing the Assignment.

As the beginning of the Assignment, the Consultant shall propose to and agree with EBRD a format for the monthly reports.

(ii) Ad-hoc information

In addition the Consultant will provide the EBRD with a range of technical information on an ad-hoc basis, as EBRD may require in association with the Project implementation matters.