

Uzbekistan Imaging Public-Private Partnership Project

Teaser / Project Information

April 2024



Creating Markets, Creating Opportunities

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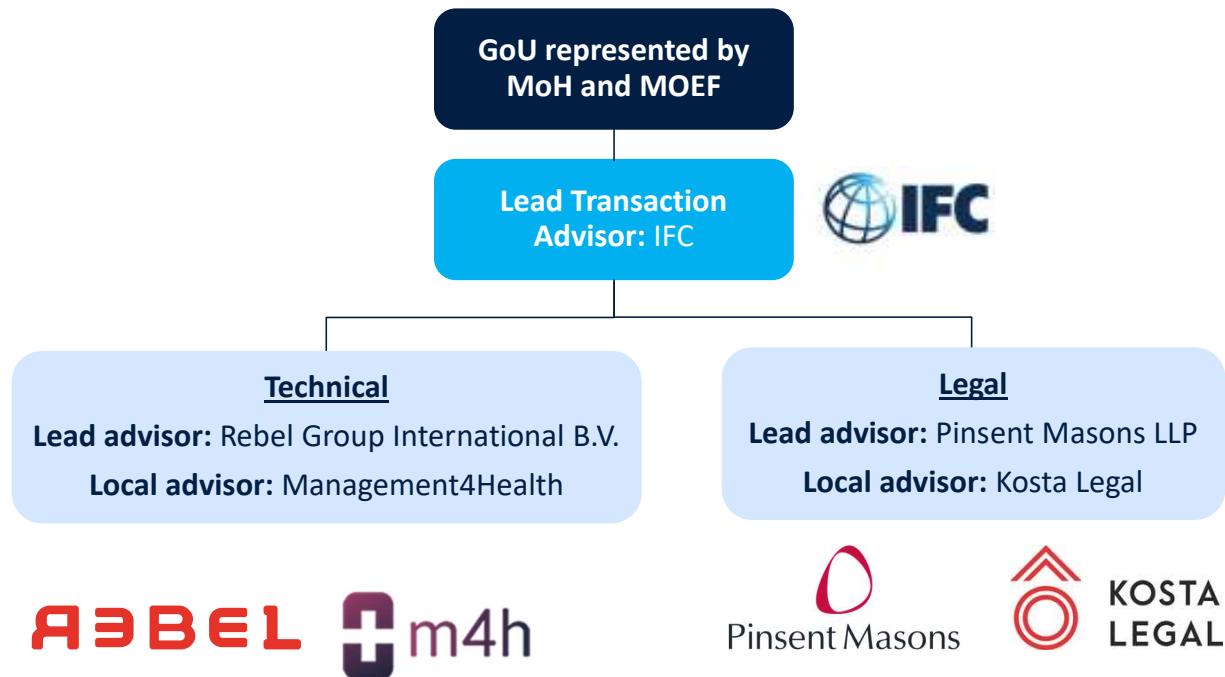
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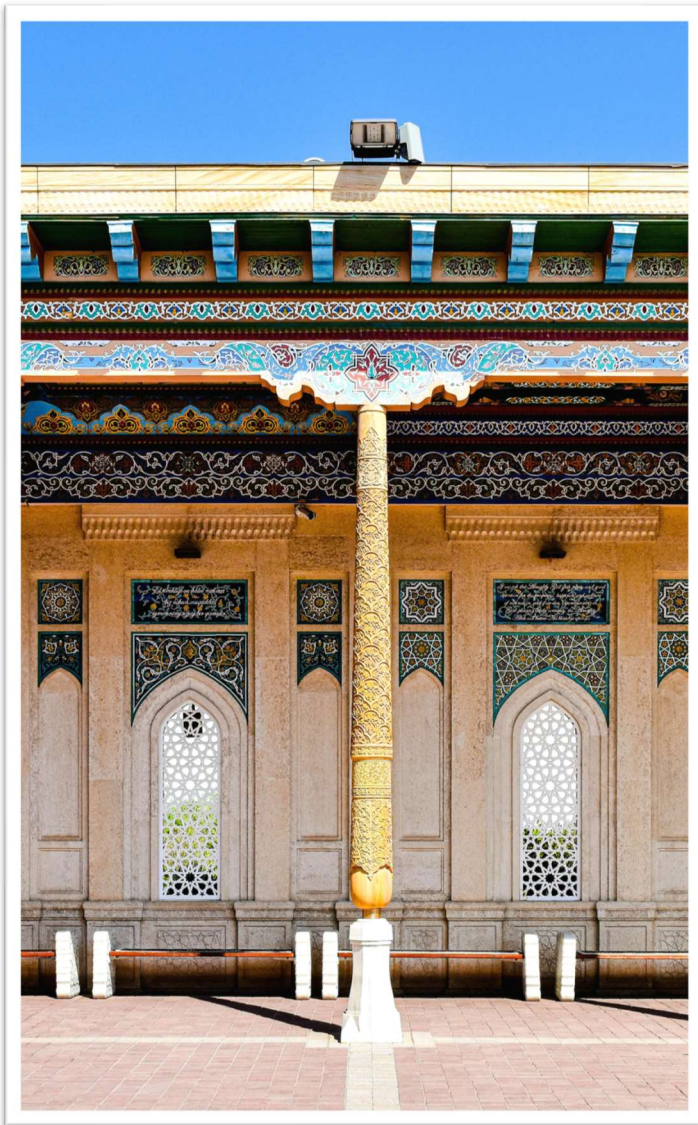
Executive Summary

- The Government of Uzbekistan (GoU) acting through the Ministry of Economy and Finance (MoEF) and the Ministry of Health (MOH) wishes to attract a qualified private operator to finance, refurbish, equip and operate several existing diagnostic imaging departments as well as hire and train medical staff to provide efficient and quality contemporary imaging services to patients in three regions of Uzbekistan under a long-term public-private partnership (PPP) agreement.
- The three regions include Kashkadarya, Namangan, and Jizzakh. The project is envisioned to use a digital PACS system across locations to enable remote reading, and better use of specialized equipment in a hub-and-spoke manner.
- The objective of the GoU is to attract a qualified private operator to help increase access to quality imaging care, and to benefit from the private sector investment and expertise. The Project is of high priority for the Government, as part of its strategy to improve the quality of public healthcare for patients in the country.
- The International Finance Corporation (IFC), a member of the World Bank Group, was appointed by the GoU as the Lead Transaction Advisor to assist with the preparation and structuring of the PPP Project and with selecting a private partner through a competitive tender process in line with the Uzbekistan PPP Law.
- IFC, together with a team of specialized technical and legal consultants, MoH, MoEF, is currently in the process of determining the market interest in the transaction (“Market Sounding”).
- Following the Market Sounding and detailed due diligence, the GoU intends to launch a tender.
- The purpose of this presentation is to introduce the opportunity to potential investors. The details related to the structure of the PPP Project are in the process of discussion and are subject to change.
- IFC has already assisted the MoF and MoH in the **successful tender process for the Dialysis PPP for three regions** in 2020 covering 1,100 patients and is currently working on two other projects including a hospital PPP as well as a radiotherapy PPP project.

Uzbekistan Imaging PPP Project Preparation

- IFC PPP Transaction Advisory has been retained by the Ministry of Health (MoH) of Uzbekistan to act as Lead Transaction Advisor to conduct the due diligence, structure the transaction and prepare the tender. IFC has appointed legal (Pinsent Masons, Kosta Legal) and technical (Rebel Group) advisors.
- The Project is led by the MoH and MoEF from the GoU side.





The Country

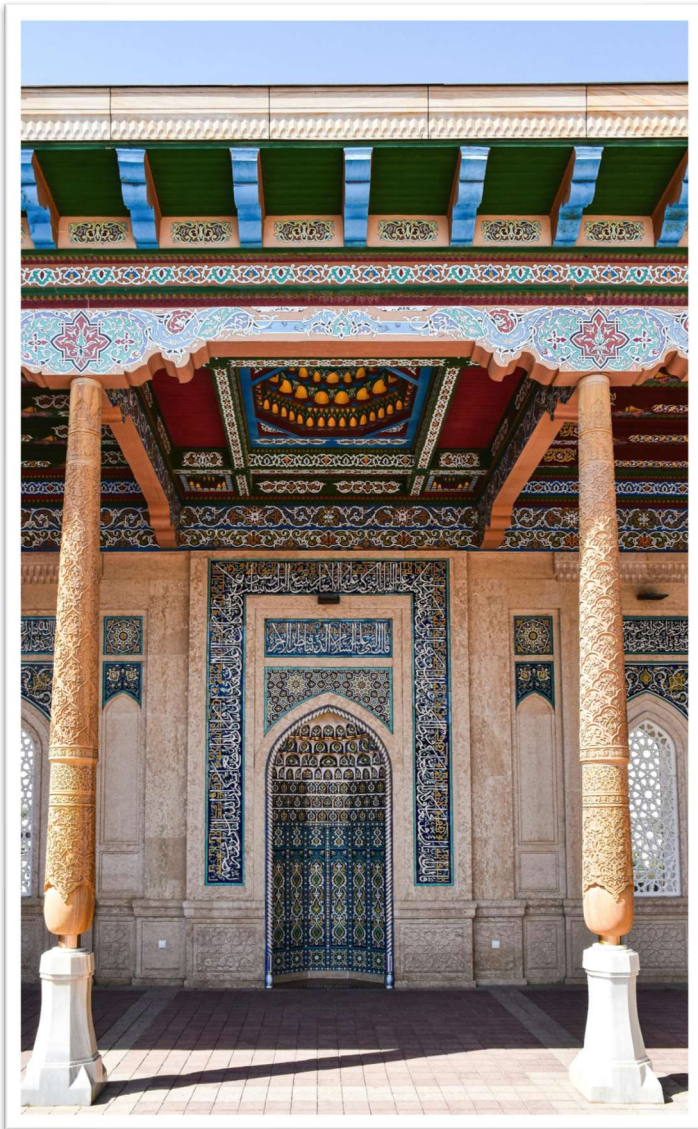
Uzbekistan At-a-Glance

- The country has the potential to become the largest economy in Central Asia given its natural resources and the government’s commitment to promoting private sector-led growth and population.
- Large FX reserves and low and affordable foreign debt provide a cushion against the global market volatility.
- Top reforms implemented since 2016: Liberalization of prices, cutting customs tariffs and moving to a floating exchange-rate regime, restructuring state enterprises, reforming the tax system, improvement in bureaucratic processes, expansion of social safety nets, simplification of visa regimes, etc.
- The government has adopted new legislation to promote competition and PPPs and already has several success stories across sectors, including in health.



Country snapshot

Population	34.9 M (most populous in Central Asia)
GDP per capita	US\$ 2,255 (2022)
GDP growth	5.7% (2023), 3.1% (2022), 6.2% (2021)
Expenditure on health	6.7% of GDP (2020)
Significant gas resources	1.5 - 1.6B tons of oil equivalent (2022)
Sovereign Ratings (2023)	Moody's: Ba3 (stable), Fitch: BB- (stable)



The Situation

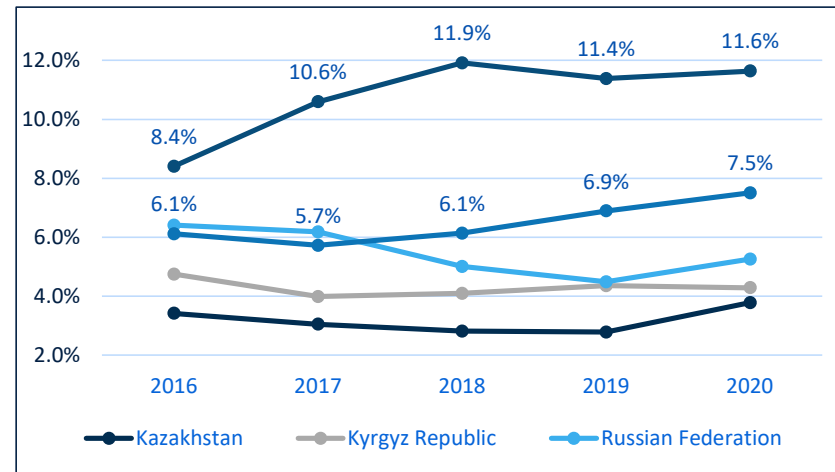
Key Sector Challenges

- Non communicable diseases (NCD) such as cancer, cardiovascular disease, diabetes and chronic respiratory disease are an increasing public health and development challenge in Uzbekistan and are responsible for 85% of all deaths in the country.
- The probability of premature death (before the age of 70 years) from one of the four major NCDs for a person living in Uzbekistan was more than 1 in 4 in 2015.
- Premature death, morbidity and disability associated with NCDs have a negative impact on socioeconomic development.
- This in turn is causing a surge in healthcare costs and social care and welfare support needs, as well as contributing to reduced productivity.
- In 2016, the government was estimated to have spent 2.1 trillion sum on treatment for the four main NCDs.

Cause of death, by non-communicable diseases (% of total)

Country	2000	2010	2015	2019
Kazakhstan	79.6%	81.5%	84.0%	86.7%
Kyrgyz Republic	73.6%	76.9%	80.1%	81.6%
Russian Federation	83.1%	86.3%	87.6%	89.3%
Uzbekistan	72.5%	80.4%	82.9%	85.2%
World	60.8%	67.6%	71.2%	73.6%

Current health expenditure (% of GDP)



Current condition of diagnostic imaging services offered in public health care facilities

- Imaging diagnostics is critical in tracing and treatment of non-communicable or chronic diseases and, although access to medical imaging services play a crucial role in the successful treatment of NCDs, the Uzbek population struggles to access quality imaging services in public hospitals.
- The low level of service is primarily attributed to poor availability of modern radiological equipment, particularly high-end machines like CT and MRI, inadequate maintenance, the absence of contemporary quality assurance systems, and a limited number of specialized staff trained to operate and interpret advanced scanners.
- Current equipment capacity falls short of international benchmarks, with hospitals acknowledging a diagnostic capacity shortage and underutilization of existing capacity.
- These factors will continue to put pressure on the capacity of Uzbekistan’s health system to respond to the increasing demand.

Benchmark for CT Machines

Regions	CT machines per million	*Reference countries	Regional population (1 Jan 2023)	Extra machines needed to reach benchmark
Kashkadarya	3.7	13	3.5 mln	34
Jizzakh	3.4	13	1.5 mln	14
Namangan	3.0	13	3.0 mln	30
Total	3.4	13	8.0 mln	78

Benchmark for MRI Machines

Regions	MRI machines per million	*Reference countries	Regional population (1 Jan 2023)	Extra machines needed to reach benchmark
Kashkadarya	2.3	7	3.5 mln	16
Jizzakh	0.7	7	1.5 mln	9
Namangan	1.3	7	3.0 mln	17
Total	1.6	7	8.0 mln	42

**The reference countries include Turkey, Russia and Kazakhstan*

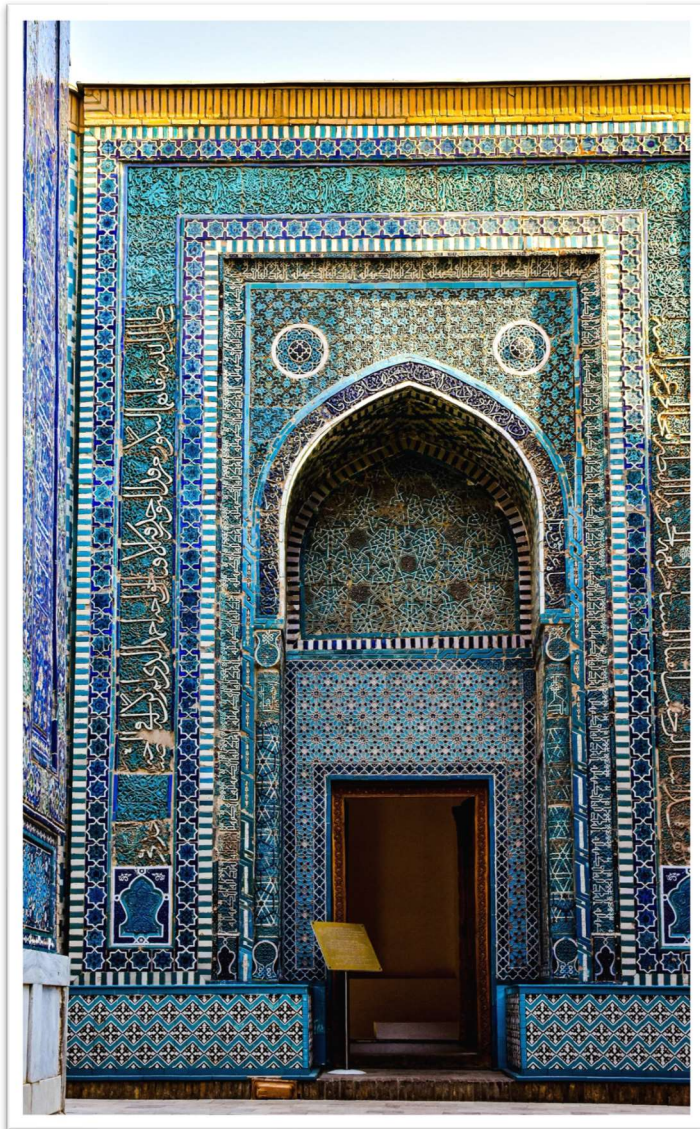
Estimated demand based on number of ‘vulnerable’ patients shows a clear need for diagnostic imaging services

- Uzbekistan has a defined basic benefits package that includes free-of-charge primary and emergency care for the entire population.
- The package also includes care for “socially significant and hazardous” conditions and specialized (including hospital) care for certain population categories defined as vulnerable for the different levels of hospitals.
- These groups are of substantial size, and it is estimated that for all three regions, a large share of the population would fall under the category of vulnerable patients and would be entitled to state-provided health care treatments.
- It is expected that demand will rise with increased access, and as doctors discover more applications for imaging services. In addition, the GoU is moving towards Universal Health Coverage, indicating the likelihood of diagnostic imaging services being covered for an even broader spectrum of patients in the future.

Designated patient groups categorized as vulnerable

No.	Category / Hospital level
1	Orphans
2	Individuals with I and II group of disability
3	Individuals disabled since childhood
4	Disabled individuals and participants in the war of 1941-1945, and individuals equated to them
5	Participants of the labor front during the war of 1941-1945
6	Non-working pensioners
7	Disabled individuals who took part in the liquidation of the Chernobyl disaster
8	Soldiers-internationalists
9	Family members recognized as low-income families through the information system “Unified Registry of Social Protection”
10	Individuals with socially significant diseases (tuberculosis, oncological diseases, malignant neoplasms, sexually transmitted diseases, AIDS, leprosy, mental illnesses)
11	15-17 years old adolescents and individuals of draft age (18-27 years old) according to the directions of draft commissions

Note: The above categories of vulnerable patients are applicable at a regional multidisciplinary medical centers, whereas a wider coverage is provided at Republican Level Specialized Medical Facilities.



The Project

Preliminary Structure

- **Project Strategic Importance:** The project is an integral component of the Government of Uzbekistan's broader health sector reform, aiming to enhance diagnostic imaging services and deliver high-quality healthcare across all regions of Uzbekistan.
- **Project Objective:** Increase the availability of imaging equipment within public hospitals, improve the quality, productivity and efficiency of imaging services; thus, equipping the Uzbek health system to provide better treatment of NCDs that will result in improved health outcomes and increased socioeconomic development.
- **Project Planned Locations:** based on the analysis, **Kashkadarya**, **Namangan**, and **Jizzakh** were prioritized by the Government for the Project. The following criteria were used in prioritization:
 - Highest unmet demand for diagnostic imaging services;
 - Potential to cover unmet demand in neighboring Oblasts; and
 - Commercial attractiveness and population density total population in the 3 oblasts only present 22% of country's population.



Population of Uzbekistan (million)		
No.	Region	2022
1	Namangan region	3.00
2	Kashkadarya region	3.48
3	Jizzakh region	1.48
4	Surkhondaryo region	2.81
5	Khorezm region	1.96
6	Andijan region	3.32
7	Samarkand region	4.12
8	Ferghana region	3.98
9	Republic of Karakalpakstan	1.98
10	Bukhara region	2.01
11	Navoi region	1.06
12	Syrdarya region	0.90
13	Tashkent city	2.96
14	Tashkent region	2.99

Government Objectives

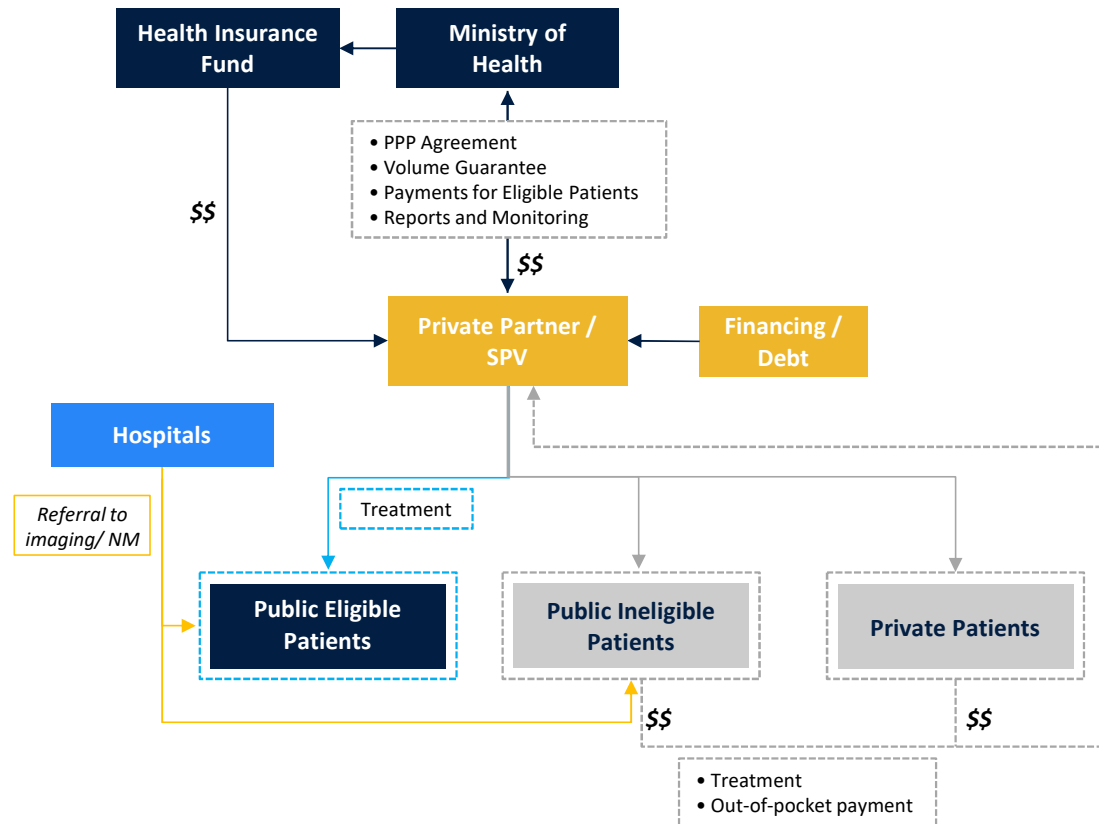
By implementing the Uzbekistan Imaging PPP project and introducing Private Sector Participation (“PSP”), MoH aims to:



Envisaged Transaction Structure (1/2)

Grantor	Government of Uzbekistan represented by the Ministry of Health (MoH)
Regions	Jizzakh, Namangan, Kashkadaria
PPP Scope	Finance, refurbish, equip, staff, maintain, and operate 3 to 4 radiology departments per region
PPP Duration	10 to 15 years of operations (TBC)
Technology scope	<ul style="list-style-type: none"> - X-Ray (incl fluoroscopy), Ultrasound (incl doppler, 3D/4D), CT, MRI, PET-CT, SPECT - Production of radioisotopes in a cyclotron
Tender structure	<ul style="list-style-type: none"> - Aimed at national and international bidders, preferably in combination - Following Uzbekistan PPP law (RFQ, RFP)
Private Partner scope	<ul style="list-style-type: none"> - Take over existing radiology departments (premises, staff, equipment) - Construct new imaging diagnostics facilities where needed (e.g., for PET-CT/SPECT CT) - Operate and maintain the new radiology departments in line with KPIs and deliver imaging diagnostics services
Public Partner scope	<ul style="list-style-type: none"> - Hand-over of existing radiology departments - Provision of plots to expand radiology departments - Pay to private operator for the guaranteed number of patients for each region referred by the selected hospitals or from other hospitals in the region - Support for speedy permit processing
Revenues	<ul style="list-style-type: none"> - Payment from the Government for vulnerable patients - For self-paying patients and medical tourists: market prices

Envisaged Transaction Structure (2/2)



- The Government may provide land plots suitable for the expansion of the existing facilities.
- The private operator will be delivering care in line with set quality indicators and submit performance reports.
- Diagnostic imaging services are included in the State Benefits Package for certain categories of vulnerable patients.
- The PPP will include a form of minimum volume/payment guarantee by the Government. The private partner can also provide treatment at market rate to public (ineligible) patients and private patients who are willing to pay out-of-pocket.

*Note: The above is only the draft structure and is subject to change.

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Thank You!