Ministry of Foreign Affairs

Navigating Colombian Healthcare Infrastructure Expansion

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NAVIGATING COLOMBIAN HEALTHCARE INFRASTRUCTURE EXPANSION

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Executive summary

The current administration of Gustavo Petro has proposed several reforms as the principal axis of its government plan. One of them is the health care reform that aims at guaranteeing access to quality health services for the entire population. Its primary focus is to turn to a system based on primary care administered entirely by the public sector. In order to achieve this purpose, major infrastructure and technology investments are planned at the local, regional and national levels. These investments will be made by the public sector, representing a change away from the private investment driven model that was seen in Colombia for over three decades.

This creates a number of opportunities for companies in the healthcare sector that can present solutions that meet the country's healthcare needs. For example, the construction of new high complexity hospitals in different regions of the country, but also the adaptation and improvement of the existing ones. Additionally, the construction, adaptation, expansion and replacement of several Primary Care Centers also represents a great opportunity for the private sector.

The purpose of this study is to identify these opportunities in order to explore business opportunities for Dutch companies in the healthcare sector. Opportunities were found for three different types of projects: large- scale projects, medium-sized projects and Primary Care Centers. The largest projects are mainly new constructions or heavy enlargements of high complexity hospitals throughout the country, of which the first has been constructed, and the second is currently being tendered. They are projects of over 23.5 million EUR and will be structured by the National Infrastructure Agency (ANI) and subsequently contracted by local and regional governments. The medium-sized projects are lower complexity public hospitals and clinics or high complexity public hospitals that do not need investments over 23.5 million EUR. Finally, around 2500 Primary Care Centers (CAPs) are expected to be built, rebuilt, improved, refurbished, upgraded or otherwise. CAPs are small healthcare outposts providing basic services nationwide and specifically in remote regions; new CAPs will be constructed especially in areas where there is no or insufficient coverage.

After identifying these opportunities, the stakeholder field was mapped. Stakeholders from both the public and private sectors and from both Colombia and the Netherlands were considered. This identification of actors was also essential to propose possible strategies in the search for positioning the Dutch private sector in the country.

Different interviews with experts in the field were conducted to confirm our findings and gather information not available online. Moreover, finished tender processes were reviewed. Specifically, the Public-Private Partnership of the Hospital of Bosa, the first large-scale project under the new model, was used as a case study to understand how these projects are executed. One of the lessons learnt from this process is that demanding financial criteria were required and as a result large and experienced international companies presented proposals. Based on our research, we found that these large-scale projects of 23.5+ million EUR constitute the most interesting opportunities for the Dutch private sector. While for certain companies the medium-sized and Primary Care Centers may also be interesting, our positioning strategy is based on the large-scale projects.

In order to make the most of these opportunities, there are two possible strategies for Dutch companies. One is to form a consortium in order to directly present proposals to the large tenders. However, due to the size and complexity of these projects and characteristics of the Dutch private sector, we identified that there is a very limited number of companies that could lead a consortium of this type.

The other strategy is to act as a supplier to those companies winning the large tenders. These companies will contract out large parts of the project to third parties, usually tendering out on invitation. In the case of the Hospital of Bosa, we found that the winning consortium only did the base construction by themselves, and contracted everything else out: from design to medical equipment, and from administrative furniture to hydraulic equipment to sanitation. We call these contracts Tier 1 subcontracting.

The tenders in Tier 1 are so large that within them, more products and services are subcontracted out. Most notably, the medical equipment tender was won by an integrator who then contracted different companies for different types of equipment, notably Philips for imaging equipment and Telecom Bedrijfscommunicatie for communication equipment. The design tender was also quite large, and while this time it was won by a small consortium, in future projects it is not unthinkable that subcontracting will take place here as well.

To position Dutch companies for these tenders, both the first tier as well as the second tier of subcontracting after the awarding of the PPP tender, we have designed an 8-step plan:

1. Informative session for Dutch companies
2. Prepare Spanish-language brochure of Dutch offer
3. Round-table events with the principal bidders and integrators
4. Meeting with relevant national actors such as ANI, ADRES, Ministry of Healthcare
5. Selecting of most relevant regions for conversations with regional/local governments, and subsequent planning of these conversations
6. Going to sector events to promote Dutch companies among broader sector
7. Webinars or other events with different ANDI Chambers and their members
8. Speed-dating with possible local partners

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1. Introduction

The new Colombian government came with many changes. President Petro´s National Development Plan (Plan Nacional de Desarrollo or PND), a document comparable to the coalition accords in the Netherlands, lays out his plans for his 4-year governing term from 2022 – 2026. Along with reforms such as the pensions reform and labor reform, the healthcare reform is currently being negotiated in congress. In the PND, the government speaks of changes to primary care as well as of infrastructure expansion throughout the Colombian territory, from large to medium-sized cities as well as in smaller municipalities. This research project revolves around this reform and specifically the infrastructure expansion in Colombian healthcare. This represents major opportunities to the Dutch private sector, and this project aims to identify these and to explore the possibility of the formation of a public-private consortium to capitalize on these opportunities and for Dutch companies to make a positive impact in Colombian healthcare.

In order to understand these changes and identify the principal opportunities in the sector, this study will answer 4 four main research questions:

- How can Dutch companies contribute with their knowledge to the Colombian policy making process?
- Of the many announced projects, which should be prioritized by a possible Dutch consortium?
- Will there only be tenders or is there a possibility for direct appointment of preferred suppliers?
- Can foreign companies participate in national tenders? If not, how can Dutch companies partner up with Colombian companies to participate in tenders or become subcontractors?

This study was carried out by using a qualitative methodological approach and the use of selected data collection methods such as literature review and semi-structured interviews. During the literature review the most important documents and information were collected from various recognized sources. Documents such as the reform text, the National Development Plan (Plan Nacional de Desarrollo or PND), tender documents for infrastructure projects already in the tendering process, and the statements made by government officials in speeches were analyzed.

On the other hand, the field research included qualitative interviews with a variety of actors from the public and private sectors, from which different perspectives were obtained. Through these interviews, the gaps in the information collected during the desk research were filled and clarified, as well as verifying the information found during the desk research phase. Lastly, the interviews also served to get informal reactions to the reforms from the public as well as private sector. While the literature review provided us with official information regarding the reform process, these reactions were valuable to gauge the sentiment present in different actors regarding these changes and their effects.

The study is subdivided into five phases. Firstly, the current healthcare is described, as well as the changes to it proposed in the reform. Secondly, we present a comprehensive overview of all the newly announced projects. These can be divided in the largest projects (>23.5 million EUR), mid-sized projects, and smaller projects for primary care centers. Thirdly, we compiled the stakeholders, reaching an overview of those public and private sector actors which are important to the process. We also identified the most relevant Dutch companies in the sector that could take part in the identified opportunities. Fourthly, taking into account this list of announced projects, we made a selection of the ones with the highest potential. Finally, after having selected the high-potential projects, we developed a strategy for Dutch companies to participate, whether it be as consortium partner for the large tenders, or as a supplier to the winning consortia.

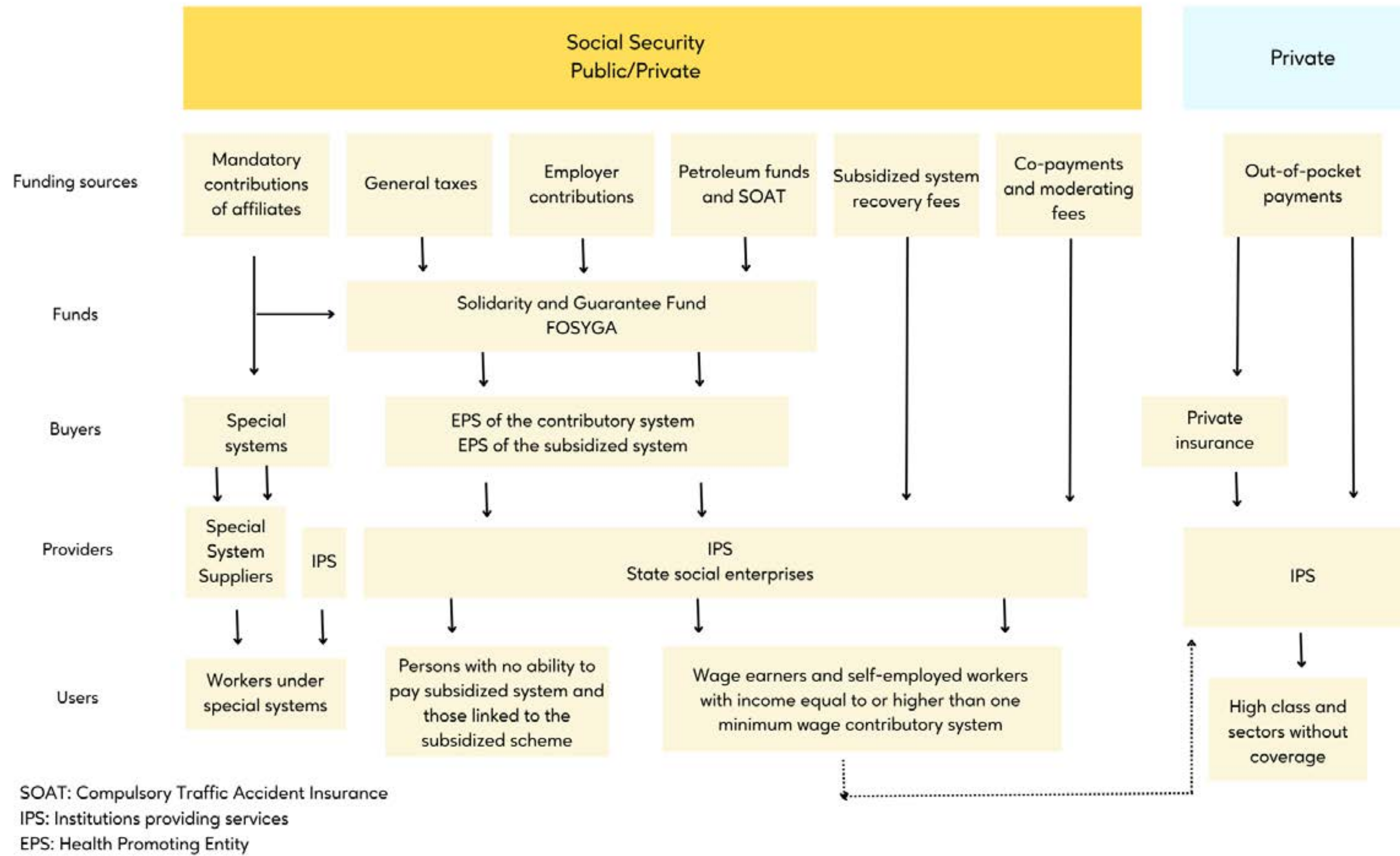
2. Understanding the policy changes in Colombian healthcare sector

In this chapter we will outline the changes in the Colombian healthcare sector that are coming about as a result of the Petro administration. This administration outlined their plans in the National Development Plan 2022 - 2026 (PND), and later proposed a healthcare reform that is currently being discussed in Congress.

President Gustavo Petro is the first left-wing president Colombia has had, and his plans reflect this. His plans are all about increasing equity and equality, as well as a larger role for the public sector. His PND was presented in February 2023 and the law to put the plans into practice was approved by Congress in May 2023.

In this chapter we will first explain the health system currently in place and then the expected changes.

2.1 The Colombian Health system: an overview of the current system and its proposed reform



Source: Guerrero R., Gallego A., Becerril-Montekio V. and Vásquez J. Sistema de Salud de Colombia. 2011

The central axis of the Colombian health system is the General Social Security Health System (SGSSS). The SGSSS has two main subsystems: the contributory system and the subsidized system. The contributory system covers salaried workers, pensioners and self-employed workers with incomes equal to or greater than one minimum wage. These workers pay a monthly contribution in the form of a percentage of their salary. The subsidized system covers all people without the ability to pay. Additionally, there are some special systems that include employees of the Armed Forces, the National Police, the Colombian Oil Company (ECOPETROL), public schools and universities.

Next to these public systems, there are private insurance policies that are known as complementary plans or prepaid medicine. These plans are used by people of higher socio-economic status and include the possibility of treatment at home, specialists on demand, private rooms in case of hospitalization, etc.

Each person is obligated to affiliate to the SGSSS through a Health Promoting Entity (EPS), public or private, which is in charge of offering, as a minimum, the Mandatory Health Plan (POS). The majority of these EPS´s are currently private insurance companies. These companies' contributions, along with all the other funding sources of the social security system are then deposited in a common fund, called the Administrator of Resources of the General Social Security Health System (ADRES). Funding sources include the mandatory contributions made by the affiliates, general taxes, contributions made by the employers, among others.

Each year, the government establishes a certain amount of money per person, which the ADRES transfers to the EPSs according to the amount of affiliates they have. This amount of money is known as the Capita Payment Unit (UPC for its acronym in Spanish). With this money, the EPS´s must guarantee the care of its affiliates when they request it. For this purpose, the EPS´s contract different Institutions Providing Services (IPS). IPS´s are clinics, hospitals, laboratories, etc. These entities directly provide care to the people in Colombia. Depending on your EPS, you will go to a certain IPS when you need treatment. Sometimes, EPS´s will create their own IPS or buy out existing ones, instead of contracting them year after year. IPS´s may also be available for individual appointments outside of an insurance program.

This existing system is set to change. President Petro was inaugurated in august 2022 and his administration has proposed a reform to the system in order to guarantee and improve the provision of health services as a universal right. It is important to note that the reform has not been signed into law yet. Petro does not have a majority in Congress, meaning every reform is being extensively debated. This reform was proposed last year and after two debates and eliminating 10 of the 143 proposed articles, the Chamber of Representatives (Colombia´s lower house, comparable with the Dutch Second Chamber) approved the proposal on the 5th of December, 2023. Now, the Senate has to approve it for the reform to be signed into Colombian law. It is expected that after the Senate´s review process, it will be approved and signed into law around June. If and when it is approved, this law will change many things in the system outlined above. At the same time, we learned from our interviews that many of the policies described in the reform are already being enacted, be it by decree, regulations, or other instruments that the government has without being a full formal healthcare reform.

2.2 Reform details

This reform targets two major areas: the way people are taken care of and the way resources are managed.

2.2.1 Patient care model

The care model proposed by the reform is a system based on primary care. Primary care is a deficient area under the current system, especially in rural areas. This is because it is not cost-effective or profitable for private companies to exploit health centers in small communities with limited infrastructure. All interviewees we spoke to, public or private, from healthcare providers to equipment suppliers and policy-makers, agreed that this is one of the strong points of the reform. Health outcomes in principal cities are very good in Colombia, but large parts of the territory have unacceptable outcomes due to the fact that there is simply no healthcare available.

The aim is to reach better coverage through a more public system. This will be done by transferring insurance resources to the creation of a network of Primary Care Centers (CAPs) throughout the country, installed territorially at reasonable distances from all inhabitants to ensure access to health services to the whole population. These centers have a focus on preventive and predictive medicine, and will provide outpatient care and implement public health programs. This is called “territorialized health” by the administration. The government aims to have 2,500 CAPs throughout the Colombian territory, which will be made up of public, private and mixed entities. According to the reform, health services will be provided through Integrated and Comprehensive Health Services Networks (RIISS for its acronym in Spanish). These networks will ensure health services on a regional basis and throughout the territory.

Within this change of the patient care model, there are several necessities. Of course, there is the construction of new CAPs and the recovery and/or updating of existing primary care centers that are outdated. We will discuss this at length in the next chapter. However, it is clear that even with a nation-wide network of CAPs, there is a need for technology to ensure healthcare for all through telemedicine, mobile health units, and other possible solutions.

Another priority for the government within the care model is what they call Promotion and Prevention. This preventative and predictive healthcare is also looking for innovative ways to shape healthcare provision and to prevent the necessity for complex care in the first place.

2.2.2 Resource management

The other major change in the Colombian healthcare system relates to resource management. The government wants to centralize the collection and management of funds. It is likely that these changes will lead to the EPS´s nearly disappearing from the Colombian health system. Instead of leaving everything to the EPS´s, resources will be executed directly by the national Health System Resources Administrator, ADRES, with direct monthly transfers to the CAPs and other healthcare providers. This means that the EPS´s will not be in charge anymore of the collection of the contributions and its administration. They would cease to perform tasks such as managing risk and organizing care groups.

This reform aims to address the financial deficits in which some EPS’s currently find themselves. As a consequence of the way in which the health system has been managed in recent years, the EPS´s have not been financially sustainable. According to interviews with sector experts, EPS´s were spending about 101-103% of revenues in the last few years. This means that the EPS´s have not been able to fully pay the healthcare providers that they contract, meaning that there are debts owed by the EPS’s to the IPS´s. This is especially the case for public hospitals, which are state owned companies which

were also contracted by the EPS´s. This gives the government a stick behind the door to force the EPS´s to cease to exist, even if the reform does not pass.

So, what will happen to the EPS´s? In short, it is not clear. It is clear that those EPS´s that own their own IPS´s will need to vertically disintegrate them from their insurance activities. These IPS´s may be owned by the same shareholders, but cannot be exclusive to a certain insurer and need to be formally independent from them. It seems that there is an exception for lower complexity centers, yet this is not completely clear at the time of writing.

Another thing the EPS´s will continue to do is to be ´health managers´. They will accompany the patient through their ´customer journey´ and refer them to different entities depending on the nature of the care they need. Finally, the EPS´s may still offer private health insurance plans, outside of the public health system.

All of this means that the system will be more centralized and there will be less differences in quality between different EPS´s, as the ADRES will be the entity contracting all the different healthcare providers or IPS´s. Another problem that the government aims to solve with this centralization of healthcare, is the separation of information systems. Currently, all different EPS´s and even IPS´s manage their own information systems, meaning that patients need to bring their medical records to all different appointments. With the centralization, the government aims to implement a central information system.

Regarding infrastructure, experts that Holland House Colombia spoke to while developing this study expected the centralization to lead to reduced investments in the private sector, and greatly increased investments in infrastructure in the public sector. According to an association of private healthcare providers, the private sector may be disincentivized because they feel that they are not guaranteed a certain number of clients, as they do not form part of an EPS anymore. On the other hand, the public sector has already announced and is executing large investments, from low complexity centers such as CAPs to full hospitals. Experts we spoke to expect that public hospitals will be the most benefited by this centralized system, as they will receive the largest and most reliable patient flows. In the next chapter, we will dive into these investments.

3. Mapping out the announced infrastructure projects

In this chapter, the infrastructure investments planned by the current government will be outlined. While the reform speaks of investments, many of these investments are not dependent on whether the reform passes or not.

A public policy advisory firm that we interviewed, told us that a lot of the budget is already earmarked, and can be spent under the law implementing the National Development Plan (PND) of Petro´s government. They also showed us that the government is implementing parts of its plans through resolutions and decrees. This was confirmed by other experts we interviewed.

Knowing this, the infrastructure projects can be divided in three categories:

1. The largest projects for the most complex hospitals. Budgets go from 23.5 million EUR (100 billion COP) upwards.
2. Medium-sized projects. These are hospitals of levels 1, 2 and sometimes 3, with budgets under 23.5 million EUR.
3. CAPs. The Primary Care Centers are the smallest projects individually, yet have a large overall budget.

This chapter will be structured along the lines of these three categories.

3.1 Large-scale projects

One of the pillars of President Petro´s administration is the large-scale implementation of Public-Private Partnerships. For this, the National Infrastructure Agency (ANI) has received a new role. Traditionally, the ANI was focused exclusively on mobility and trade infrastructure projects such as roads, bridges, tunnels and concessions for ports. The government has decided to apply ANI´s expertise in public private partnerships in a broader manner. The ANI has received what they call their ´social´ portfolio, consisting of water treatment & sewage, education, and healthcare.

President Petro´s government has determined that in the coming years, 0,8% of national GDP (around 2.1B EUR) needs to be applied to these social public-private partnerships. In healthcare, all projects with a value of over 100 billion COP, or 23.5 million EUR, will be led by the ANI. The process for these projects is as follows:

Project timeline ANI (own illustration)

First, the base structuring of the tender is done. In this stage, the necessities and specifications of the project are determined. This base structuring can be done by different entities, such as the National

Development Financier (FDN) or National Planning Department (DNP). Sometimes it is also done by international organizations such as the IFC, or possibly by ANI themselves. In any case, these structuring projects are usually outsourced to third parties. In our interview with a public entity, they said Dutch companies are very welcome to participate in the tender processes for the structuring assignments.

This is followed by final structuring by ANI itself. In total, the structuring process usually takes a bit over a year. This is followed by the tendering of the project, which takes 5 months on average. This may be done by the ANI, by the Ministry of Health, or by regional or local governments accompanied by the ANI.

Finally, the project will be tendered out. Here it is important to note that the winning consortium needs to provide financing, design, construction and maintenance of the infrastructure and the equipment. The hiring of doctors, nurses, other staff and provision of medical services to patients is not included in the project. The ANI will pay the CAPEX in a couple large sums within the first years of starting the project, and the OPEX will be paid out on a year-by-year basis until the end of the maintenance period, usually between 15-25 years.

The ANI has already defined a portfolio of nine mature projects within the healthcare sector. These projects can be divided in three categories:

1. To be structured in the short term:
    - University Hospital of el Valle (Cali)
    - Regional Hospital of Orinoco (Yopal)
    - Hospital Materno Infantil of Cúcuta
2. Structuring will be tendered out on very short notice (February 2024):
    - New Hospital Simón Bolívar (Bogotá)
3. Structured and ready to tender:
    - Hospital of Fusagasugá
    - Hospital Rafael Calvo of Cartagena
    - Hospital Cancerológico of Bogotá
    - Hospital Regional of Barrancabermeja
4. Currently being tendered:
    - Hospital of Engativá (Bogotá)

Within these nine projects, the National Infrastructure Agency has given 5 specific projects the most priority. On the following pages, more information regarding these five can be found.

Hospital of Fusagasugá

Responsibilities of contractor: design, construction, financing, infrastructure, refurbish, reinforcement, maintenance and oversight of the project itself.
Base structuring: The Government of Cundinamarca.
Services at Hospital: overall high complexity hospital with also a side university purpose.
Location: Fusagasugá, Cundinamarca.
Bidding date: Next few months (2024).
CAPEX: 73.094.552 EUR

Hospital Materno Infantil of Cúcuta

Responsibilities of contractor: design, construction, financing, infrastructure, refurbish, reinforcement, maintenance and oversight of the project itself.
Base structuring: International Financial Cooperation (IFC).
Services at hospital: medium and low complexity surgical services, focused on maternal and child care.
Square meters to be expanded / constructed: 21.000
Beds: 140
Estimated benefited population: 780.000
Location: Cúcuta
Bidding date: To be confirmed
CAPEX: 55.701.471 EUR

Hospital IMI - Materno Infantil in Bogotá

Responsibilities of contractor: design, construction, financing, infrastructure, refurbish, reinforcement, maintenance and oversight of the project itself.
Base structuring: National Development Financier (FDN).
Services at hospital: maternal care and perinatal diseases. Likewise, emergency care, surgery - oncology, leading imaging tests equipment, pediatrics, hospitalization, outpatient clinic and sterilization center.
Square meters to be expanded / constructed: 11.771
Beds: 113
Estimated benefited population: 286.410
Location: Bogotá D.C.
Bidding date: To be confirmed
CAPEX: 39.109.543 EUR

Hospital of Engativá

Responsibilities of contractor: design, construction, financing, infrastructure, refurbish, reinforcement, maintenance and oversight of the project itself.
Base structuring: National Department of Planeation (DNP).
Services at hospital: emergency care, also focused on clinical laboratories with leading imaging tests equipment.
Square meters to be expanded / constructed: 38.490
Beds: 220
Estimated benefited population: 271.914
Location: Bogotá D.C.
Bidding date: Bidding in process
CAPEX: 23.702.753 EUR

Hospital Simón Bolívar

Responsibilities of contractor: design, construction, financing, infrastructure, maintenance and oversight of the project itself.
Base structuring: National Development Financier (FDN).
Services at hospital: cardio metabolic medical care, burned people and also operations as a university hospital. In addition, pediatrics and neonatal care.
Square meters to be expanded / constructed: 46.789
Beds: 408
Estimated benefited population: 340.201
Location: Bogotá D.C.
Bidding date: To be confirmed
CAPEX: 88.885.326 EUR

3.2 Medium-sized projects

After these largest projects, there is a cohort of smaller projects that will be executed directly by regional governments, local governments and Social State Enterprises (ESEs, these are state companies that usually manage a (cluster of) hospital(s) in a certain region). These projects are generally for lower complexity public hospitals and clinics, or for high complexity public hospitals that do not need investments over 23.5 million EUR.

Many regional governments, local governments and ESEs have ideas for new constructions or improvements to existing hospitals. Some even had plans on the shelf, yet needed guidance to come to a final product. This is why in 2022, the Ministry of Health of Colombia organized the First Health Infrastructure and Equipment Fair. Here, the above-mentioned entities were invited by the central government to present their proposals. The Ministry of Health helped them to achieve feasibility with its final guidance at the fair. Because of this, 15 projects achieved feasibility with a combined budget of over 108 million EUR. According to our interview with a public health entity, some of these projects have started during the last months, while others are expected to be tendered out soon. The Ministry

of Healthcare aims to keep helping regional & local governments as well as ESEs to finalize structuring their improvement projects. However, we were told that there are so many ideas, that it is impossible to execute them all.

The fifteen projects that achieved feasibility at the Fair are the following:

INFRASTRUCTURE PROJECTS	TOTAL COSTS
CONSTRUCTION OF THE EXPANSION OF THE EMERGENCY ROOM AND HIGH COMPLEXITY INFRASTRUCTURE OF THE STATE SOCIAL ENTERPRISES IN SAN RAFAEL UNIVERSITY HOSPITAL IN TUNJA	28.666.682
ADJUSTMENT TO THE PROJECT: CONSTRUCTION OF THE METALLIC TOWERS AND SUPPLY OF THE AIR CONDITIONING AND MECHANICAL VENTILATION SYSTEM FOR THE TOWER AND PLATFORM OF THE STATE SOCIAL ENTERPRISE HUS	9.253.457
REPLACEMENT OF INFRASTRUCTURE OF THE SAN ANTONIO DE CHIA HOSPITAL	19.248.041
CONSTRUCTION, FIXED EQUIPMENT AND ENDOWMENT OF THE HOSPITAL OF THE GULF OF MORROSQUILLO IN THE MUNICIPALITY OF COVEÑAS, DEPARTMENT OF SUCRE	9.041.925
CONSTRUCTION OF THE COMPLETION OF THE MATERNAL-CHILD AND HIGH COMPLEXITY TOWER OF THE STATE SOCIAL ENTERPRISE AT THE HERNANDO MOCALENO UNIVERSITY HOSPITAL, DEPARTMENT OF HUILA	15.549.962
CONSTRUCTION OF THE NEW HEALTH CENTER IN THE MUNICIPALITY OF ANAPOIMA	4.859.908
CONSTRUCTION OF THE PHYSICAL INFRASTRUCTURE OF THE GENERAL OUTPATIENT SERVICES, DIAGNOSTIC SUPPORT AND THERAPEUTIC COMPLEMENTATION, DELIVERY CARE AND ADMINISTRATIVE AREA OF THE SOCIAL ENTERPRISE OF THE STATE OF THE HOSPITAL SAN LUCAS EL MOLINO	1.694.972
CONSTRUCTION OF A LOW COMPLEXITY HOSPITAL FOR THE MUNICIPALITY OF CÓRDOBA	4.390.420
REPLACEMENT AND EXPANSION OF THE SURGERY AND PEDIATRICS AREA OF THE CARLOS HOLMES TRUJILLO HOSPITAL IN CALI	725.767
REPLACEMENT OF THE PHYSICAL INFRASTRUCTURE OF THE STATE-OWNED SOCIAL ENTERPRISE, COROMORO SANTANDER	3.151.492
REPLACEMENT OF THE PHYSICAL INFRASTRUCTURE OF THE STATE SOCIAL ENTERPRISE, SAN JUAN DE DIOS DEPARTMENTAL HOSPITAL, CUMARIBO SITE	5.199.910
CONSTRUCTION OF THE NEW SAN JOSÉ HEALTH CENTER IN THE MUNICIPALITY OF LEYVA, DEPARTMENT OF NARIÑO	2.973.574
CONSTRUCTION OF THE NEW HEALTH CENTER IN THE MUNICIPALITY OF CHITAGA, DEPARTMENT OF NORTE DE SANTANDER	2.091.404
REPLACEMENT OF THE INFRASTRUCTURE FOR THE EMERGENCY SERVICES, CLINICAL LABORATORY, RADIOLOGY, AT THE STATE SOCIAL ENTERPRISE, HOSPITAL SAN ANTONIO DE SOATA, DEPARTMENT OF BOYACÁ	4.226.790
CONSTRUCTION AND EQUIPPING OF THE NEW HEALTH CENTER OF SAN JOSÉ DE ALBAN, DEPARTMENT OF NARIÑO	2.816.035

***Values are expressed in EUR**
Source: MINSALUD

3.3 Primary Care Centers (CAPs)

As mentioned in the previous chapter, the Primary Care Centers (CAPs) are one of the central pillars of the healthcare plans of the Petro administration. The administration has designated over 1.6 billion EUR to these centers over the next four years. With this money, 2.500 CAPs will be built, rebuilt, improved, refurbished, upgraded or otherwise. CAPs will be constructed in areas where there is no or insufficient coverage, and existing infrastructure will be upgraded or refurbished. With these actions, the government hopes to provide primary care services throughout the Colombian territory. At the same time, the Colombian territory is so extensive and some places are so remote, that mobile healthcare and telemedicine solutions will remain very relevant even with these infrastructure expansions.

On the next page, a table can be seen with the plans of the construction of CAPs over the next five years. Here we can see that the distinction is made between Main Urban CAPs, Main Rural CAPs, Urban Satellite CAPs and Rural Satellite CAPs.

Currently, the exact distribution of CAPs is not completely clear yet. This will be outlined in the Master Plan for Investments in Health Infrastructure and Equipment. According to the experts we spoke to and confirmed by the public sector, this Master Plan will be published in June.

At the same time, slowly but surely, some CAPs have already started to be built. The government has finished 20 CAPS, 32 other CAPS are currently in construction and another 11 will be constructed in the short term.

There are three main avenues for construction of the CAPs. The first is that the national government transfers the funds to regional & local governments or to the ESEs. This will be done in the case that these entities have the funds and capabilities to structure the roll-out of the CAPs within their jurisdiction by themselves. The second avenue is what the government calls ´keys-in-hand´. This is where the local authorities are not capable or do not have the funds to execute the plans by themselves. Here, the national government steps in to fund, design, and construct the CAPs, to then hand over the keys (hence keys-in-hand) to the local authorities for the operation of the CAPs. Finally, in case that there are really small upgrades needed, for projects under 162.000 EUR, the national government transfers this money to local community councils, who will be able to source labor and materials locally.

Primary Care Center's (CAP) Projection of Interventions per Year

Estimated Number of Interventions

#	Type	2022	2023	2024	2025	2026	Total
1	Main Urban CAPs	Replacement: 2 New: 0 Expansion: 2 Adaptation: 0	Replacement: 22 New: 14 Expansion: 1 Adaptation: 1	Replacement: 25 New: 0 Expansion: 230 Adaptation: 0	Replacement: 14 New: 0 Expansion: 230 Adaptation: 0	Replacement: 0 New: 0 Expansion: 178 Adaptation: 0	Replacement: 63 New: 14 Expansion: 641 Adaptation: 1
3	Main Rural CAPs	Replacement: 1 New: 0 Expansion: 0 Adaptation: 0	Replacement: 2 New: 9 Expansion: 0 Adaptation: 20	Replacement: 16 New: 50 Expansion: 120 Adaptation: 75	Replacement: 16 New: 50 Expansion: 120 Adaptation: 75	Replacement: 14 New: 20 Expansion: 81 Adaptation: 35	Replacement: 49 New: 129 Expansion: 321 Adaptation: 205
2	Urban Satellite CAPs	Replacement: 0 New: 0 Expansion: 0 Adaptation: 0	Replacement: 0 New: 3 Expansion: 0 Adaptation: 0	Replacement: 2 New: 0 Expansion: 2 Adaptation: 0	Replacement: 0 New: 20 Expansion: 0 Adaptation: 0	Replacement: 0 New: 7 Expansion: 0 Adaptation: 0	Replacement: 0 New: 50 Expansion: 0 Adaptation: 0
4	Rural Satellite CAPs	Replacement: 0 New: 1 Expansion: 0 Adaptation: 63	Replacement: 15 New: 16 Expansion: 0 Adaptation: 49	Replacement: 70 New: 80 Expansion: 150 Adaptation: 24	Replacement: 70 New: 80 Expansion: 150 Adaptation: 24	Replacement: 29 New: 41 Expansion: 96 Adaptation: 63	Replacement: 184 New: 218 Expansion: 396 Adaptation: 229
Subtotal		69	152	866	849	564	2500

4. Outlining the stakeholder field

In this chapter, the stakeholder field will be outlined, starting with the Dutch side, and followed by the Colombian side. The Dutch list of stakeholders is an initial list based on companies active in Colombia, complemented by some that we added due to their expertise and the specific necessities in Colombia.

4.1 Dutch stakeholders

4.1.1 Private actors

- **Topicus:** is a Dutch software company on a mission to connect citizens, healthcare professionals and financiers. Topicus tries to contribute towards a (better) balanced healthcare system by early detection of communicable diseases and non-communicable diseases, improving the limitation of future healthcare consumption and costs. This service perfectly suits the government idea around preventative healthcare, as well as the idea for an unified information system.

- **MeduProf-S:** Offers services related to courses for medical staff in different disciplines like nursing, medical imaging, laboratory, physiotherapy and speech therapy. In addition, the School of Infection Control & Waste Management aims to give fast return on investment with auditing, training and consultancy on Hygiene awareness, Hospital Waste Management and Infection Control. This might be of interest to be able to properly train all health professionals needed in the new system, especially in rural areas, where well-trained human capital is scarce.

- **Deerns:** Deerns offers an integral design approach that takes into account all aspects, including real estate efficiency, cost-effectiveness and the well-being of medical staff. Deerns offers Health Care solutions which are future proof, sustainable and smart. They are mainly focused on creating green and smart hospitals. Deerns may be of value in the structuring of infrastructure projects.

- **Philips:** Philips is a leading health technology company focused on improving people's health and well-being, and enabling better outcomes across the health continuum – from healthy living and prevention, to diagnosis, treatment and home care. Philips leverages advanced technology and deep clinical and consumer insights to deliver integrated solutions. Headquartered in the Netherlands, the company is a leader in diagnostic imaging, image-guided therapy, patient monitoring and health informatics, as well as in consumer health and home care. Philips provides services in more than 100 countries, and has been active in Colombia for many decades.

- **Delft Imaging:** Delft Imaging owns the world's first CAD software for TB screening, designed to help non-experts detect TB more accurately and cost-effectively. Likewise, they have

mobile clinics, digital x-rays and maternity solutions like the BabyChecker, a device that uses cutting-edge AI to ensure safer pregnancy experiences. Delft Imaging owns various useful solutions for the health system in Colombia, not only in basic medical centers such as the CAP's but also in high complexity hospitals, and for mobile solutions in remote areas.

- **Signify:** Formerly known as Philips Lighting, Signify is a company considered world leader in high-quality and energy-efficient lighting systems and services. According to the Colombian Ministry of Health, complete electrical solutions are required in their plans in rural areas with deficiency of basic services.

- **Amsterdam UMC, Faculty of Medicine VU:** Leading medical center that combines complex high-quality patient care, innovative scientific research, and education of the next generation health care professionals. They hardly believe that health care practice, research and education belong together, with each shaping and informing the other. Academic centers with specialized knowledge are well received, regarding transfer of knowledge as an outstanding issue to improve the local system. VUMC has been active in Colombia with the exchange of doctors in training.

- **Erasmus MC:** Is the national evaluation unit for the breast, cervical and colorectal cancer screening programs in the Netherlands. Besides evaluation, their expertise is found in implementing, monitoring and enhancing cancer screening programs. Erasmus MC conducts interdisciplinary research in the effectiveness of screening and prevention, including large-scale screening trials concerning the effect of screening. Erasmus MC also provides guidance in the development of public health policies on screening, based on micro-simulation modeling (MISCAN). This helps predict favorable and unfavorable effects of screening as well as costs. Erasmus MC has been active in Colombia in a similar manner as VUMC.

- **Telecom Bedrijfscommunicatie:** Sending blood bags, clinical samples, ward supplies, medicines like cytostatics or other hospital goods require a specialized medical pneumatic tube system. Systems for cash handling, logistics and industry have different characteristics. For over 30 years 70% of their customers are hospitals and medical clinics, resulting in a knowledge organization with a dedicated focus and a specialized system. Most recently, Telecom Bedrijfscommunicatie´s technology was implemented in the Hospital de Bosa, a large newly built hospital in Bogotá that was the first hospital to be built under the new PPP construction of the Colombian government. As we will explain in a future chapter, this hospital serves as an example for all future PPP projects in the Colombian healthcare sector (and as a case study for this study).

- **Dutch Health Architects:** Designs quality healthcare facilities around the world, is a Joint Venture of two leading Dutch architectural firms, Gortemaker Algra Feenstra architects and engineers and EGM architects, both specialized in healthcare architecture. The company field of work stretches from homes for the elderly and nursing homes to general hospitals

and university hospitals. Apart from the healthcare designs for the international and domestic market, DHA is experienced in urban planning, designing buildings for governmental institutions, housing and office buildings.

- **Medify:** This company produces software to clarify healthcare for both patients and healthcare professionals. The core of Medify is the digital healthcare communication solutions through its software, able to present interactive visual information 3D to patients on any device, while gathering the patient data for healthcare professionals to use.

- **Resonandina**: Resonandina is a Dutch multinational with operations in Latin America, the Caribbean and Asia. They offer a unique pay-per-use model for costly medical equipment, adjustable to any new or established medical centers, without heavy capital investment upfront, responsibility, or worries of expensive recurring maintenance costs.

- **Rebel Group**: Rebel Group works on the issues of the future in the worlds of sustainability, transportation, urban development, the social sector, and healthcare. Rebel Group works together to develop public-private partnerships (PPPs), innovative financing arrangements and procurement and transactional advisory processes. In healthcare, Rebel Group focuses on preventive care and primary care. Rebel advises governments, health insurers and care providers in the concretization and calculation of agreements.

4.1.2 Public actors

Several public sector actors in the Netherlands can be of value. Principally, the Embassy of the Kingdom of the Netherlands will be valuable for the positioning of the Dutch private sector. In a smaller manner, the Ministerie van Volksgezondheid might be of value with a form of knowledge exchange.

4.2 Colombian stakeholders

4.2.1 Private actors

As described in chapter 2, the private sector plays a key role in Colombia's current health system. In 1993, Law 100 was enacted, which gave life to the *Health Promoting Entities* (EPS for its acronym in Spanish). Before this law, only 23% of the population had access to the healthcare system through social security. Nowadays, 99% of the country's population is affiliated to the system. Apart from the EPS´s, the private IPS´s are important actors as well.

4.2.1.1 Health Promoting Entities (EPS)

The *Health Promoting Entities* are responsible for the affiliation and registration of members and the collection of their contributions. They mainly organize and guarantee the provision of the Mandatory Health Plan (POS by its acronym in Spanish). These entities are in charge of making the respective transfers to the ADRES, which is where the resources of the Social Security Health System are administered. Thus, people are affiliated to them and are covered by their intermediation to access medical services.

The most important of the EPS is Nueva EPS. This is because it is for nearly 50% owned by the Colombian state. The other 50%-plus-one is private social capital of Cafam, Colsubsidio, Compensar, Comfandi, Comfenalco Valle and Comfenalco Antioquia. These are social insurance companies, which manage employee and employer contributions. Nueva EPS is a key company in the Colombian health system, as it has a large national government shareholding. In addition, according to the Ministry of Health, it is the EPS with the largest number of affiliates as it currently has more than 10 million affiliated patients (4.6 million are in the contributory system and another 5.4 million in the subsidized system). According to our interview partners, Nueva EPS will likely be the only EPS to mostly survive the reform process.

4.2.1.2 Service Providing Institutions (IPS)

The Service Providing Institutions are hospitals, clinics and other health centers. Formally, IPS´s are "all the entities, associations and/or people, whether public, private or mixed, that are authorized to provide partially and/or totally the procedures required to comply with the Mandatory Health Plan (POS); whether in the contributory or subsidized regime" (Alcaldía de Bogotá). According to ANDI, there are a total of 11.342 IPS in the country, of which only around 900 are public. It is important to note that under the new system, currently private IPS´s will stay private. The difference is that they will now be contracted directly by the central government, instead of by EPS´s.

4.2.1.3 Associations

In terms of associations of the private health sector we can identify:

- Asociación Nacional de Empresarios de Colombia (ANDI)
  This association is the most important business association in Colombia, comparable to VNO-NCW in the Netherlands. Within ANDI, (sub)sectors are represented by different chambers within the association. For the health sector there are 3 different chambers, each with its own members which may be Colombian or international companies:

  - Chamber of Health Care Institutions: this chamber is composed of more than 30 private clinics and hospitals of different levels of complexity, clinical laboratories, outpatient and home care, diagnostic imaging centers, among others. Among its affiliates we can mention Fresenius Medical Care, Messer, Baxter, SYNLAB, Fundación Cardioinfantil, Los Cobos Medical Center and Clínica Colsanitas.

  - Chamber of Health Insurance: this chamber represents the health insurance sector, EPS of the contributory and subsidized regime and entities that offer voluntary health plans (policies, prepaid, complementary plans, home care). Among its most important affiliates Sura, Colmédica, Compensar, EPS Sanitas, Nueva EPS and Coomeva can be found.

  - Chamber of Medical Devices and Health Supplies: this chamber is composed of national and international companies providing medical devices and supplies, including manufacturers, importers and distributors of medical devices and health

supplies, biomedical and diagnostic equipment. Among its affiliates we can mention Philips, Abbott, Johnson & Johnson, Siemens, Bayer, 3M, Alcon and Braun.

- Colombian Association of Integral Medicine Companies (ACEMI)
  ACEMI, by its acronym in Spanish, was created in 1992 with the purpose of representing all different kinds of private health insurance companies including providing private insurances outside of the public system, EPS´s of the contributive regime, EPS´s of the subsidized Regime and private ambulances. Its mission is "to promote, support, defend, represent and integrate the private initiative, especially of its associates, in the insurance and management of health benefit plans, as a legitimate and fundamental instrument for the development of the Colombian health system" (ACEMI). This entity and its members have the most to lose under the current changes.

4.2.1.4 Integrators

With the health sector reform, the tendering process with the public sector for the required Public-Private Partnerships will be crucial. In this process, there is often a party known as an integrator. These parties will aim to win the large tenders, and are experts in the entire tender management process, from the search and selection to the submission, follow-up and/or filing of appeals. As they do not have the capabilities or technology to fulfill all the parts of the tender by themselves, they are also in charge of identifying potential suppliers for different aspects of the project. Because of this, integrators or tender managers are relevant stakeholders for Dutch companies wishing to be suppliers of some of the major infrastructure projects that are foreseen.

4.2.2 Public actors

In terms of public actors, we can identify entities at the national, regional and local levels.

4.2.2.1 National level

- Ministry of Health and Social Protection
  The Ministry of Health and Social Protection is the highest national governmental institution for the health sector. It is in charge of formulating, directing and coordinating policies, actions, plans, programs and projects on health and social protection in order to contribute to the wellbeing of the inhabitants of the Colombian territory.

- National Superintendence of Health
  The National Superintendence of Health is the entity in charge of enforcing compliance with the health system's regulations. For this purpose, it monitors the EPS´s and other companies that provide insurance to the population, as well as public and private clinics and hospitals. Additionally, it monitors the health secretariats to ensure that they comply with their functions. The entity's management is focused on three main activities: inspection, surveillance and control.

- The Administrator of Resources of the General Social Security Health System (ADRES)
  The ADRES is an entity attached to the Ministry of Health and Social Protection. It was created to guarantee the adequate flow of resources and the respective controls. According

to the reform, this entity will play a key role in the Colombian health system as it will be in charge of executing the Primary Care resources with direct monthly transfers to public, private or mixed health care providers (IPS´s).

- National Infrastructure Agency (ANI)

The ANI has the purpose of:

> “planning, coordinating, structuring, contracting, executing, managing and evaluating concession projects and other forms of Public Private Partnership - PPP, for the design, construction, maintenance, operation, administration and/or exploitation of public transportation infrastructure in all its modes and related or related services and the development of public private partnership projects for other types of public infrastructure when expressly determined by the National Government with respect to infrastructure similar to those set forth in this article” (ANI)

However, the National Development Plan (PND) 2022-2026 granted an exceptional delegation so the agency is able to assume the role of structuring, awarding and construction of multi-sector projects prioritized by the national government. The aim of this delegation is to transfer the entity's experience for the development of key infrastructure in the health, education and basic sanitation sectors.

All the major hospital infrastructure projects will be carried out by this agency taking into account their vast experience at the local level with major infrastructure projects. The ANI will carry out all healthcare projects with a budget of more than 23,5 million EUR through their PPP modality.

4.2.2.2 Regional governments, Mayors’ Offices and Territorial Health Secretariats

These levels of governance are in charge at the local and regional levels of formulating, executing and evaluating the policies, strategies, plans, programs and projects of the health sector and of the General System of Social Security in Health, in accordance with legal provisions at the national level.

Under the current reform plan, these entities could play a major role as they will be in charge of the regional networks for health service delivery and also the necessary investments in infrastructure within their respective regions. As this reform aims to guarantee the provision of health services to all Colombians, regardless of how remote or distant their area of residence may be, local governments will play an important role in ensuring this.

In cases where the local and regional governments have the financial and technical capacity to develop projects, these entities may be in charge of tendering and monitoring processes for small and medium-sized public works in the health sector. For large projects, the ANI will take the lead, yet regional and local governments may be important in the tendering and execution phases.

4.2.2.3 Social State Enterprises (ESEs)

Composed by Service Provider Institutions (IPS), ESEs are regional public companies responsible for providing healthcare services. These remain important even after the changes, as they provide healthcare services as a public service at state expense. Likewise, ESEs will get the chance to invest in their infrastructure, from buildings to equipment.

4.3 Unions, Civil Society and Academia

- Labor unions

The labor unions are an important actor of the proposed new regulation as the project will focus on the workers' labor system as it will seek to improve the working conditions of doctors, nurses and other health professionals.

- Civil society: there is an array of civil society organizations that are stakeholders in the healthcare sector. A selection of these:
    - Patient Organizations
    - Colombian Medical Federation
    - Ethnic communities
    - Organizations of the disabled population
    - LGBTIQ+ communities
    - Women's issues and gender perspective representation
    - Farmers' Associations

- Academia

There are 63 medical schools in Colombia. Out of these, 18 are public and 45 are private. Among the best universities in the field are the National University of Colombia, the ICESI University, the Pontificia Universidad Javeriana and Los Andes University. All of these universities have their own university hospitals and several partnerships with other health centers.

Moreover, the academic sector has been very active in the different discussion forums on the new health reform.

4.4 Relevant international actors

International organizations have been accompanying the Colombian government and its institutions in the challenges that the new reform will bring. Institutions such as the World Bank, the Inter-American Development Bank and the Development Bank of Latin America and the Caribbean (CAF). For example, the IADB has accompanied the National Infrastructure Agency in order to adapt their capabilities to social infrastructure projects. In addition, partnerships have been sought with these institutions in the field of technical cooperation for the structuring of large projects.

From the private sector, the presence of foreign investors is not seen to a large extent in health insurance, but it is in the provision of products and services. These include services such as the EMI home care service, which is owned by the Danish Falk Group and the Spanish-based Keralty Group.

Big companies such as Bayer, Novonordisk, Pfizer, Astrazeneca and of course Philips have presence in the country.

5. Selecting the high-potential projects

5.1 Public-private partnerships in the healthcare sector

As mentioned above, for large infrastructure projects, the Colombian administration has envisaged a larger role for the private sector in the form of public-private partnerships. This is evidenced by the special assignment given to the ANI to take charge of these projects, expanding their mandate from transport infrastructure to social infrastructure such as schools, water treatment plants and most importantly for this study, hospitals. In interviews with public sector actors, they confirmed that any project above 100 billion COP (23,5 million EUR) will be executed through Public-Private Partnerships of public initiative and overseen by the ANI.

We have selected these projects as the most interesting for the Dutch private sector, and in this chapter, we will outline It is important to note that there will be no direct appointment for these projects. All public-private partnerships will go through a tendering process. This process has already started and some examples of this model can be found in the city of Bogotá.

The principal example and the one we will use as a case study for this project is the Hospital of Bosa. In December of 2023, the administration of Bogotá presented the new Hospital of Bosa, the first hospital built in Colombia thanks to a public-private partnership (PPP). The construction of the hospital was awarded to the Spanish consortium INORIN, made up of the Spanish Grupo Ortiz (90%) and the Peruvian company INCOT S.A.C. (10%). The consortium was responsible for the design and construction and is currently responsible for the maintenance, operation and financing as the project will run for 18 years. It is important to highlight that the consortium contracted Philips as one of its suppliers of medical equipment, in this case for imaging equipment.

From the beginning of its construction, different kinds of sustainable materials were incorporated, which led to LEED Silver level certification (Leader in Energy Efficiency and sustainable Design). In addition, it has a Waste Water Treatment Plant (WWTP) for the reuse of rainwater and grey water, which is reused in sanitary appliances and for the irrigation system for green areas. The Hospital obtained recognition internationally with the "Social Infrastructure Financing of the Year'' at the Latin Finance awards 2022 and an honorable mention in the 2020 P3Awards as the best social infrastructure project.

But this project is not only a success due to its awards. More importantly, it was 11.3% cheaper than planned, and completed 6 months ahead of schedule. Finishing early and under budget is a large exception with public works in any part of the world, and Colombia is no exception. This confirmed the government´s ideas about PPPs being an important and useful tool for social infrastructure, and kickstarted many other projects. Because of its success, it is an example for many of these projects; and for our study. In the next sub-chapter, we will dive deeper into the Hospital of Bosa and what Dutch companies can learn from the process.

5.2 The Hospital of Bosa: a case study

For this sub-chapter, we have analyzed the tender documents as well as the contract for the Hospital of Bosa. This is public information in Colombia and can be found through a government information system.

Some of the requirements for the pre-selection of companies interested in participating in the tender were:

- Experience in obtaining resources to finance infrastructure projects totaling at least 69 million euros
- Experience in hospital construction
- Financial capacity with a minimum net worth of 28 million euros, plus a maximum debt ratio (> 0.9 for financial corporations and > 0.8 for all others)
- Legal capacity

From the 12 pre-selected companies, four bids were formally received. The evaluation criteria were as follows:

Criteria	Score
Technical proposal	190
Incentive to domestic industry and reciprocity	100
Incorporation of disabled personnel	10
Economic proposal	700
Total	1000

From this project, we can observe that the economic proposal is the category that awards the highest number of points to the tenderer. Reviewing the evaluation of the economic proposals, we identified that the scores are given in relation to the proposal that presents the lowest budget. This means that the full score is awarded to the proposal with the lowest budget and this serves as the basis for scoring the other proposals.

Under the category ´´technical proposal´´, points are awarded for the inclusion of environmentally sustainable and innovative technologies. In this category, 180 points can be gained if the proponent offered LEED Silver certification and an 10 points if the proponent committed to the use of new raw materials or substitute materials to replace asbestos fiber.

For the category of ´´incentive to domestic industry and reciprocity´´, points can be obtained according to the percentage of national goods incorporated in the infrastructure. Finally, there is the category of ´´incorporation of personnel with disabilities´´. Here points can be obtained through the presentation of a certificate from the Ministry of Labour that confirms and accredits the number of disabled workers.

5.3 Lessons from Bosa and current tenders

Since the Hospital of Bosa was such a success, other tenders have started as well. In these tenders, the ANI has learned from its experience with Bosa, and made minor changes to the tenders. One example is the inclusion of additional criteria for giving points to the tenderers. For example, the tender for the Hospital of Engativá is currently open and the evaluation of the offers awards

additional scores depending on construction and operating experience. Construction experience takes into account items such as experience on construction for the provision of hospital health services, of at least one operating room, one ICU area and one emergency room. In addition, this tender offers points if at least one of the members proves that it is a business led or owned by women.

In both PPP projects, the services that are provided by the private partner are:

- Design, construction and financing
- Operation and maintenance service
- Comprehensive service for biomedical equipment, including procurement and installation
- Comprehensive service for industrial equipment, including procurement and maintenance of industrial hospital equipment.
- Comprehensive clinical furniture management service, including acquisition, administration and maintenance.
- Supply of technological infrastructure for the support of installations associated with projects
- Provision of cleaning and sanitation services, solid and hospital waste management, security and surveillance services

According to the ANI, these examples of terms and conditions for PPP's can serve as a model for future tendering of concessions of the other hospital infrastructure projects.

In terms of financing, we can take the bidding process for the Engativá Hospital as an example. The payment schedule is programmed to start payments only when the first stage of the tendered units has finished construction and enters into operation. In the case of Engativá, there are two stages leading to two functional units of the hospital. The payment schedule is programmed to start payments in 2025 after the first stage of construction is completed, and when this part of the new construction will enter operation. The CAPEX payments will be spread out over the full payment period and will be paid out on a year-by-year basis together with the OPEX until the end of the maintenance period, in this case by 2033. The same will be the case for the second stage, when this functional unit is finished by 2027. At this point OPEX and CAPEX payments will start.

The following chart explains how the payments will be done taking into account the delivery and start of operations of each of the functional units from the beginning of the contract until the end of the consortium's operating period. It is important to note that the consortium must have considerable financial backing since payments will be made upon completion of construction or upon commencement of operations. Before this point, the consortium must finance everything by themselves.

Authorized Future Funds:	213 M (USD)

CAPEX:	59 M (USD)
OPEX:	154 M (USD)

2024 - 2025	Design and construction of the first functional unit
2025 - 2027	Construction of the second functional unit
2025 - 2033	Operation and Maintenance Stage of the 1º functional unit, payments for CAPEX and OPEX related to this unit
2027 - 2033	Operation and Maintenance Stage of the 2º functional unit, payments for CAPEX and OPEX related to this unit

6. Developing the winning strategy

When positioning the Dutch business sector, it is relevant to differentiate between the stakeholders and resulting strategy, depending on the type of project of interest. For large-scale projects, it is different than for the medium-sized and primary care center projects. In this chapter, we will go into the largest projects first and in the most depth, to then continue with the medium-sized and small projects, ending with a concrete plan to capitalize on these opportunities.

For large-scale projects, it is necessary to identify if the company wants to be part of the consortium directly or if it wants to work as a supplier. In order to be part of the consortium. We will first discuss the option of being in the consortium tendering for the full project directly, and then continue with the option of being a supplier.

6.1 Positioning of the Dutch private sector as part of the consortium

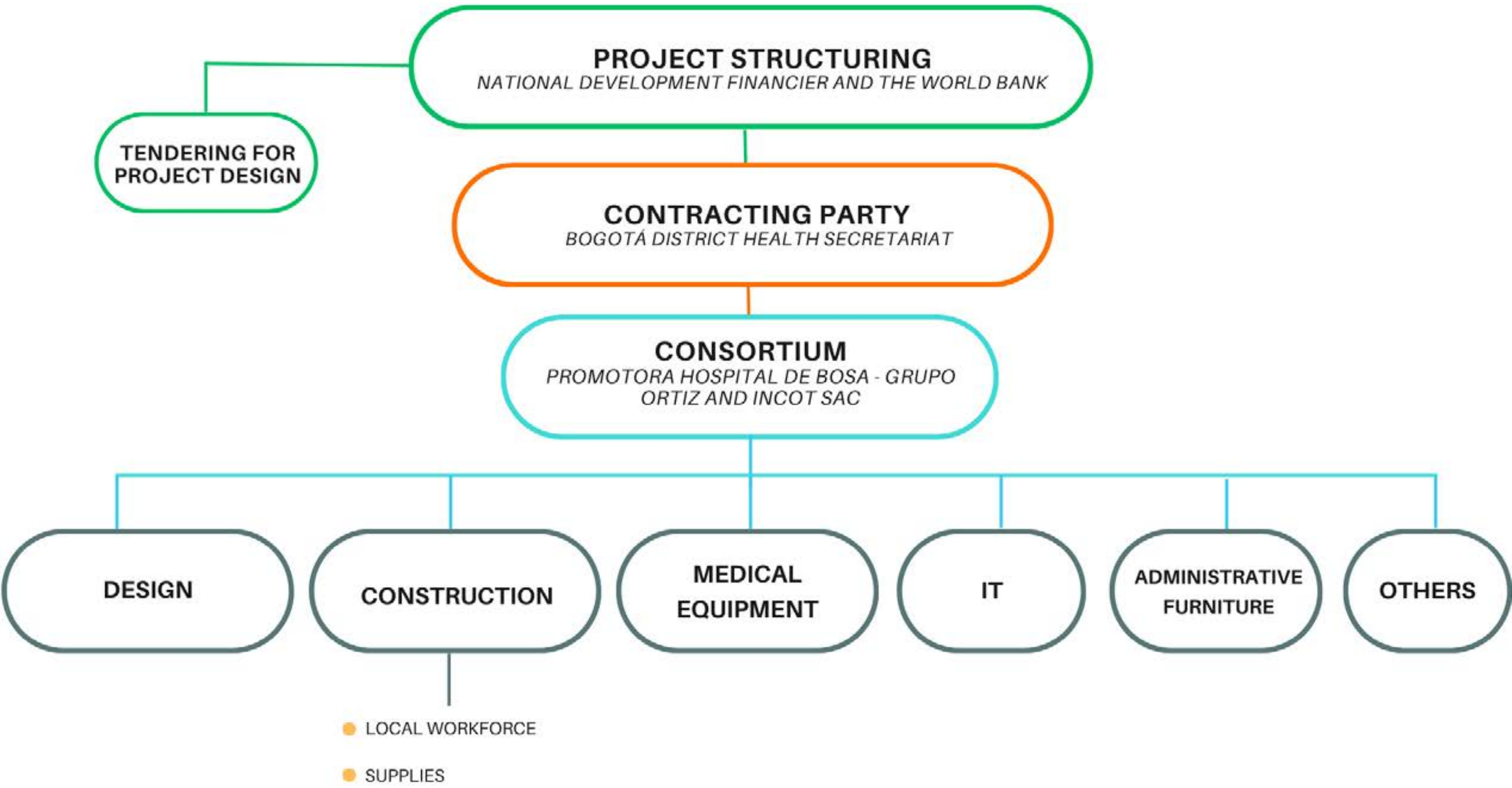
According to a private sector expert, to obtain the large infrastructure projects, working together with a local partner is crucial. As is the case in many countries, bidding in Colombia is not simple, due to the various licensing, permit and other bureaucratic procedures involved in these projects. A local partner may use their experience with the Colombian public bidding processes to ensure a smooth(er) process. This was confirmed by a public sector representative, who told us that the main learning point of the Hospital of Bosa consortium was that they did not have a local partner.

According to our research, the best type of local partner would be a construction company. Next to their experience with large tenders, they are also more common than other types of companies; there are no large healthcare equipment companies in Colombia, for example. An expert from the private sector agreed with this, and said that engaging in temporary joint ventures with local construction companies is a clever move while tendering as a foreigner. The combination of Colombian experience with Dutch knowledge and technology may prove to be a strong one.

Looking at the Dutch sector, it is imperative that a large multinational participates in the consortium as a ´leader´ of the Dutch sector. This is because only this type of company theoretically has the financial and administrative size to lead such a consortium. We have spoken to several companies. While they are very interested in a common Dutch approach, they are simply not in the condition to lead the tendering process or in many cases to be a valid equal to a large Colombian or international construction company.

Taking this information into account, another strategy must be devised for the Dutch private sector to participate in these projects. While they will not directly participate in the tender process, those that will cannot do everything by themselves. Many aspects will be contracted out to third parties. The process to be followed to position the Dutch companies as important partners for these contracts will be explained using the PPP of the Bosa Hospital as an example.

6.2 Positioning of the Dutch private sector as suppliers



In the above image, we have made a visualization of the contracting process of the largest projects, in this case the Bosa Hospital. As can be seen, the process starts with the structuring of the process. There are various entities that can do this, from the ANI themselves (who will have a role in this process for all future PPP processes in this sector) to other public agencies such as the National Development Financier and IFIs such as the World Bank. Usually, these parties will contract out a large part of the project structuring to a third party. This is often the case for the more technical aspects of the proposal, as these entities have a lot of experience in structuring tenders, but less in each specific sector. This leads to opportunities for Dutch companies such as Deerns, Dutch Health Architects and Rebel Group.

In the case of the Bosa Hospital, the World Bank and the National Development Financier structured the project. However, these are not the contracting parties. Depending on the project and the size

of the city, the local or regional government will be in charge of contracting. In the case of the Bosa Hospital, the Bogotá District Health Secretariat was the contracting party. They were the ones who published the tender and graded the proposals.

Based on how the proposals are graded, the contracting party then contracts the winning consortium. In this case, it was the Promotora Hospital de Bosa, a consortium formed by Grupo Ortiz from Spain and INCOT SAC from Peru. These are construction and engineering firms, with experience in large infrastructure projects like roads, bridges, industrial infrastructure, energy, and also hospitals. This means that they have mainly construction experience, and will contract the rest out to third parties. This can be seen at the bottom of the image. Among the various components of the project, only the construction part is done by Grupo Ortiz and INCOT SAC themselves. The rest is contracted out, and there are various modalities for this.

Design was contracted out to a temporary joint venture (a sort of consortium) of two companies, which together took on this task. While this time, the two companies were able to do it without subcontractors, it is not unthinkable that for another project, another tier of contracting will be opened within the design area. Both for the first as well as second-tier subcontracting, opportunities exist for Dutch design companies such as Deerns, Dutch Health Architects and Rebel Group.

Medical equipment was the largest contract that the Promotora Hospital de Bosa consortium contracted out. In an interview with the Promotora Hospital de Bosa, they told us that there is no one company that can provide all the equipment by itself, due to the varying character of different types of equipment needed for a hospital of this complexity level. This means that there are two types of companies making proposals for this type of contract: one type is the very largest equipment companies (such as Toshiba, Siemens and also Philips) who will be able to provide a substantial amount of the equipment, and fill the gaps with small contracts. The other type is called an integrator. These companies do not necessarily sell or manufacture their own equipment, but are rather experts at the further subcontracting process. They, in turn, can open several tenders for the different types of equipment needed. These companies do not necessarily sell or manufacture their own equipment, but are rather experts at the further subcontracting process. In the case of the Bosa Hospital, a Mexican integrator named Human Corporis won the equipment contract. They, in turn, opened several tenders for the different types of equipment needed. In this case, Philips won the contract for imaging equipment, while Telecom Bedrijfscommunicatie won the contract for communication equipment. It is important to note that Philips, due to their presence in the country, were able to win this contract directly, while Telecom did it through their local partner.

Next to the largest components such as design and equipment, IT, administrative furniture and electrical, hydraulic and sanitation components were also contracted out. IT was contracted out to a single company called Johnson Controls, while local Colombian companies won tenders for administrative furniture.

So how does the Promotora Hospital de Bosa do their contracting? They told us that internal company policy of Grupo Ortiz obligates them to write out tenders for everything. However, they do not publish these tenders online, but rather invite companies from their network through e-mails and other forms of communication. This means that it is fundamental for Dutch companies to get on the radar of the companies that win these large projects, as they might not be aware of the Dutch offer or do not have contact to the companies and will thus not invite them.

They asked us to send them a brochure of Dutch companies and their offer, on the one hand because of the ongoing project in Bosa, where they will be in charge of maintenance and operation for the next years, and on the other hand for future projects. They told us Grupo Ortiz is considering bidding for the Engativá Hospital, the next large project in Bogotá, for which tendering is currently open.

It is important to get on the radar of companies winning these tenders. As they will contract out parts of their contract as well, it is imperative that Dutch companies make contact or raise awareness, mainly with companies in the design and medical equipment sectors. These will also often contract companies based on invitation.

To be able to position the Dutch companies, we have made an initial list of important companies, divided in three categories:

- bidders (for the largest projects, they are all foreign construction companies yet all have experience in Colombia)
- local design and consulting companies (for the design aspects)
- medical equipment integrators

This list was made based on the recent bidding processes in the country as well as our knowledge of the sector:

Name	Type of organization	Country	Website
BIDDERS			
COPASA	Construction and services company. Has submitted proposals for tenders directly in Colombia.	Spain	S.A. de Obras y Servicios, COPASA (copasagroup.com)
PRODEMEX	Company in the construction and infrastructure generation sector. Has submitted proposals for tenders directly in Colombia.	Mexico	PRODEMEX
Grupo Ortiz	Investment, operation and construction of international infrastructure and energy concessions. Has submitted proposals for tenders directly in Colombia.	Spain	Desarrollo de Infraestructuras Sostenibles	Grupo Ortiz
IBT GROUP LLC	Development of public and private projects, especially in the health, infrastructure, water, and energy sectors. Has submitted proposals for tenders directly in Colombia.	United States, Peru	Our Culture	IBTGroup - Culture of excellence
INCOT SAC	Engineering and construction company. Has submitted tenders directly in Colombia.	Perú	Inicio (incot.com.pe)
LOCAL DESIGN AND CONSULTING COMPANIES			

Arquitectura Inteligente	Consulting in hospital infrastructure design.	Colombia	Diseño Hospitalario | Arquitectura Inteligente +Arquitectos
CURE Y CIA	Hospital architecture services, consulting and construction projects.	Colombia	CURE Y CIA SAS | Arquitectura Hospitalaria, Consultoría y Construcción de Proyectos
Colombian Association of Hospital Architects and Engineers	Research and dissemination of knowledge related to hospital architecture and engineering.	Colombia	ACAIH
Chaher	Structuring and financing of projects, architecture and engineering in health infrastructure. Also represents foreign companies and works with Telecom Bedrijfscommunicatie in this capacity.	Colombia	CHAHER SAS: Acerca de | LinkedIn
Condiseño	Design, projection and management of architectural processes, with experience in hospitals.	Colombia	https://condiseno.co/
MEDICAL EQUIPMENT INTEGRATORS			
Dominion Global	Global integrated projects and services company.	Spain	Integración tecnológica en hospitales - Dominion (dominion-global.com)
SIBIM	Biomedical Service and Integration.	Mexico	Tienda en línea Especializada en Equipo Médico I SIBIM (sibimsa.mx)
Allers Group	Integrated supply solutions for the healthcare sector.	Colombia	Nosotros - Allers
Human Corporis	Comprehensive infrastructure and operational services to public and private companies and institutions in the health area.	Mexico	Participación en proyectos llave en mano y APP (humancorporis.com.mx)

It would be pertinent to establish contact with these companies to familiarize them with the Dutch cluster of healthcare sector suppliers. Below, an 8-step plan will be proposed for positioning. First, we will have a look at the positioning for the medium-sized projects and the CAPs.

6.3 Positioning of the Dutch private sector for medium-sized projects and CAPs

It is expected that the medium-sized and smaller projects, both small Primary Care Centers and hospitals of levels 1 and 2 of complexity, will be managed by local or regional administrations. The entity in charge of these health care units will depend on the target population. For example, for low and medium complexity centers or hospitals intended to serve a municipality or city, the local mayor's office will be in charge. However, for high(er) complexity hospitals intended to serve populations of several municipalities and with a regional vocation, they will be managed at the regional level. This is why an approach to local and regional governments, especially the Secretaries of Health, will be very important in order to be aware of the projects that have priority and that will be put out to contract. There are existing links between the Colombian public sector and the Dutch healthcare sector that can be built upon. In Colombia, the Netherlands has been a point of reference in the field of health, especially in education, insurance and service provision.

In the case of these regional and local governments, it is hard to position the Dutch healthcare sector with all of them. With 32 departments, a capital district and 1100+ municipalities, a selection should be made. This should be done based on the plans of the governments for where the most interesting projects will be located, as well as which ones would best fit the Dutch offer. After making this selection, each selected regional/local government will be contacted for a meeting, if needed in cooperation with the Dutch Embassy. During these meetings, contact will be made with the Health Secretary of the regional/local government, and Dutch solutions and expertise will be introduced. Next to the Health Secretaries, another important actor might be the ADRES, who will be responsible for distributing all of the national healthcare funds if the reform passes.

6.4 Netherlands Positioning Team

In the previous two sub-chapters, we saw that the Dutch private sector would need to be positioned with certain private sector actors for the largest projects, and with regional and local governments for medium-sized and smaller projects. A common approach with a dedicated team may be pertinent to reach the largest number of actors and strong positioning for our companies in Colombia.

The private sector may do this by themselves, appointing certain people of certain companies. However, the risk is that this leads to an individual approach, in turn leading to less results. Individually, the companies may be able to position themselves with certain integrators and/or regional governments. Using a common approach, the effect will be larger and we will be able to put more Dutch companies on the map with (nearly) all of the integrators and regional governments.

Holland House Colombia would be a strong option. Its network, presence in the country and large team enable it to conduct outreach activities and attend events to represent the Dutch private sector. It is also not a subsidized entity; it is fully funded by the private sector. This means it has greater flexibility to conduct positioning activities for certain companies, without receiving complaints down the line of other companies that maybe were not aware at the time.

6.5 8-step plan for public awareness

As described above, the most important thing for Dutch companies is to make Colombian actors aware that they are (interested in being) active in Colombia and of their solutions themselves. At this moment in time, lobbying or advocacy activities are not the most appropriate actions for

positioning of Dutch companies. While these actions are a useful tool for positioning as such, the Colombian policy making process is too far along at the current moment in time. Moreover, many of the people making the decisions regarding policy are not the same people who execute the actions or sign the contracts later on in time.

Based on this, we recommend an 8-step plan to create public awareness and position the Dutch private sector among as many of the relevant actors as possible.

1. Informative session for Dutch companies

This first action is crucial for multiple reasons. First of all, it is useful to gauge interest from the different Dutch parties and define the core group of Dutch companies pursuing activities in Colombia. Secondly, it gives those companies who we do not know that well the opportunity to present themselves and their solutions.

2. Prepare Spanish-language brochure of Dutch offer

For many of the following actions, it would be of great value to have a brochure of the Dutch offer in the Spanish language. It should be a short document with key information about the products and services of each Dutch company interested in working in the Colombian healthcare sector. This can be distributed digitally and physically at different events. Tender managers may use this to determine who to invite for which tenders.

3. Round-table events with the principal bidders and integrators

To position Dutch companies with those parties which will participate in the tenders for the largest hospitals, we recommend organizing round-table events with the largest amount possible of these parties. As they are not that many, it should be possible to reach the majority. During these events, familiarity with Dutch solutions and the faces that go with them will be generated.

4. Meeting with relevant national actors such as ANI, ADRES, Ministry of Healthcare

While not the direct decision-makers for those opportunities most interesting to the Dutch sector, these parties hold significant importance in the general Colombian health system. Moreover, the Ministry of Health will directly execute some of the CAPs under their ´key-in-hand´ modality. These meetings would not need the direct participation of Dutch companies, but could be executed by Holland House Colombia, who tell them about the Dutch companies and their solutions.

5. Selecting of most relevant regions for conversations with regional/local governments, and subsequent planning of these conversations

For medium-sized projects and CAPs, positioning is necessary with regional and local governments. As described above, in this step an analysis would be made to select the most interesting regions and municipalities to contact the Health Secretary for a meeting. During these meetings, open contact lines will be established with the Health Secretary of the regional/local government, and Dutch solutions and expertise will be introduced

6. Going to sector events to promote Dutch companies among broader sector

This step relates to the companies with which we need to make contact for the positioning in the 2nd and 3rd tier assignments. These companies are smaller and more specific, and thus there are more of them. By going to congresses, trade fairs and other networking events, the Netherlands Positioning Team can get to know them and put the various Dutch companies on their radar.

7. Webinars or other events with different ANDI Chambers and their members

Another way to contact the companies which will be present for the assignments which come after the public-private partnership, is to connect with the different Chambers of the ANDI, the national business association of Colombia. For example, the Chamber of Medical Devices and Health Supplies holds many different members who will be providers for these new infrastructure expansions, and may need help for certain aspects of assignments. It might be possible to organize webinars with this and other chambers, or to network by becoming a member and going to any events they organize.

8. Speed-dating with possible local partners

Another good way to ensure being on the radar for different tenders, is to have a local partner that represents you. A good partner will always be aware of the various ongoing projects in the country, and might know the tender manager personally, or at least know how to get in touch with the company who won the project. To get to know possible local partners, one or multiple (virtual) speed-dating event(s) could be organized, in which Dutch and Colombian companies get to know each other and see whether there could be a match for future cooperation.

7. Conclusion

Due to policy of the current Colombian government and seemingly independent of if the healthcare reform passes or not, major changes are foreseen in the Colombian system, especially in terms of healthcare infrastructure across the country. From a model driven by private investment, the government will pursue a public sector driven model, investing in new construction, renewal and adjustment of everything from high-complexity hospitals to medium-sized hospitals and Primary Care Centers.

A number of opportunities arise from this. Among these opportunities, we have identified that the largest projects are the ones that should be prioritized by the Dutch private sector. These are the projects that are worth more than 23.5 million EUR and will be led by the National Infrastructure Agency. These projects mainly regard high complexity hospitals and will be contracted under Private-Public Partnerships, there is no possibility for a direct appointment due to the magnitude of the projects. The contemplated projects are currently at different stages: some are to be structured in the short term, others are structured and ready to tender and one of them is currently being tendered.

In order to make the most of these opportunities, there are two possible strategies for Dutch companies. One is to form a consortium in order to directly make proposal to the large tenders. However, due to the size and complexity of these projects and characteristics of the Dutch private sector, we identified that there is a very limited number of companies that could lead a consortium of this type.

The other strategy is to do exactly this: act as a supplier to those companies winning the large tenders. These companies will contract out large parts of the project to third parties, usually tendering out on invitation. To position Dutch companies for these tenders, we have designed an 8-step plan:

1. Informative session for Dutch companies
2. Prepare Spanish-language brochure of Dutch offer
3. Round-table events with the principal bidders and integrators
4. Meeting with relevant national actors such as ANI, ADRES, Ministry of Healthcare
5. Selecting of most relevant regions for conversations with regional/local governments, and subsequent planning of these conversations
6. Going to sector events to promote Dutch companies among broader sector
7. Webinars or other events with different ANDI Chambers and their members
8. Speed-dating with possible local partners

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