

GREEN BUILDING INVESTMENT FACTSHEET: HEALTHCARE



European Bank
for Reconstruction and Development

EBRD'S GREEN ECONOMY TRANSITION (GET) APPROACH DELIVERS FOR HEALTHCARE

The EBRD's Green Economy Transition (GET) approach aims to turn challenges in financing the health sector into solid and ideally green investment opportunities with clear economic, environmental and social benefits. The EBRD intends to increase its volume of green financing from an average of 24 per cent over the previous 10 years to 40 per cent by 2020. This factsheet focuses on EBRD GET support for healthcare projects.

Since 2006, the EBRD has provided almost €24 billion of green investments in countries of operations, including about €2 billion of green investments in buildings and €510 million specifically in the healthcare sector.

This included investments in both public and private hospitals, diagnostic centres and specialised clinics and even entire healthcare campuses.

DELIVERING QUALITY HEALTHCARE BUILDINGS

Demand for health services has been growing steadily in countries where EBRD invests. The growth in total public and private health expenditure per capita has been faster than their respective GDP growth. As a result, governments are struggling to maintain and control cost, quality of care and access to care in light of demographic changes, a shift in disease patterns and the need for new healthcare technologies. Yet, average expenditure on health per capita in EBRD countries of operations was just 29 per cent of the OECD average. Lack of access to healthcare emerges as a major regional 'transition gap'.

The Bank has developed substantial experience of financing the healthcare sector. Forms of debt, equity, bond investments and structured finance through Public-private Partnerships (PPPs) provided financing channels to offer a financing solution for countries in the EBRD region who are looking for a high quality healthcare services and infrastructure that are high energy performance and lower cost to run.

EBRD investments have been complemented by Donor funded technical assistance and policy dialogue initiatives. These among others included support for Project Implementation Units, Monitoring Support of PPPs, and Value for Money Methodology setting provided to public authorities interested to invest in the healthcare sector. Green investment opportunities were assisted by energy audits, feasibility or pre-feasibility studies, trainings and capacity building activities related to energy management of healthcare facilities.

Following the success of several of its hospital projects, the EBRD is currently working with national authorities to replicate the hospital PPP model in other of its countries of operations, including Croatia, Kazakhstan and Romania, and is considering also extending the approach to other types of public buildings. In addition the Bank is looking for opportunities to finance private healthcare providers for specialised infrastructure and services missing or at lower rate in the region.

PUBLIC-PRIVATE PARTNERSHIPS (PPP): A WELL-ESTABLISHED SOLUTION FOR HEALTH INFRASTRUCTURE

- **PPP projects focus solely on hospital infrastructure** which is designed, built and maintained by a private concessionaire. This can include facilities management services and other support services, like energy management, not directly linked to healthcare provision.
- **The relevant ministry of health** remains the sole provider of clinical services and remunerates the concessionaire with a stream of 'availability payments' over the lifespan of the PPP.

CASE STUDY: TURKEY'S PPP FRAMEWORK FOR HOSPITALS

In 2014, Turkey's Health Ministry PPP programme was launched with total investments of €12 billion to deliver 60+ new hospitals with more than 50,000 beds. EBRD offered financing on commercial terms under A/B financing structure¹ to interested concessionaires upon conclusion of specific hospital PPP tenders.

EBRD also provided the Turkish Ministry with technical support for 'value for money' analysis on PPP structures, as well as contract monitoring support to train a dedicated unit to monitor the development of the PPP framework inside the Ministry.

As part of the EBRD engagement, the Bank has assisted the Ministry with establishing advanced technical requirements at levels of best industry practice to help improve energy performance.

TOTAL BUDGET	4,842 (Euro M)
EBRD LOAN	667 (Euro M)
GET INVESTMENT IN BUILDINGS	505 (Euro M)
ENERGY SAVINGS	600,000+ MWh per year.
CO ₂ SAVINGS	over 400,000 + tonnes of CO ₂ equivalent per year.

GREEN BUILDING INVESTMENT FACTSHEET: HEALTHCARE



European Bank
for Reconstruction and Development

EBRD's GREEN BOND FINANCED HEALTHCARE BUILDINGS (2006-mid 2017)

Number of Countries with Healthcare Programmes:	10
Number of projects funded:	20
Aggregate Project Investment Amount (Euro M):	5,300+
Aggregate EBRD Investment Amount (Euro M):	790+
Aggregate EBRD Green Investment Amount (Euro M):	510+

CASE STUDY: MEDPARK CHISINAU, MOLDOVA

In 2010, EBRD provide a loan to Health Forever International to assist in the construction of 'Medpark'; Moldova's first private hospital to meet international standards, which has been instrumental at expanding the availability of quality affordable healthcare services.

The bank assisted the hospital in the implementation of advanced energy efficiency technologies which have enabled it to save significant amounts of energy and CO₂.

TOTAL BUDGET	15.4 (Euro M)
EBRD LOAN	7.4 (Euro M)
GET INVESTMENT IN BUILDINGS	0.6 (Euro M)
ENERGY SAVINGS	3,610 MWh per year.
CO ₂ SAVINGS	1,328 tonnes of CO ₂ equivalent per year.



GET SUPPORT AVAILABLE FOR HEALTHCARE PROJECTS

Technical assistance for energy audits, prefeasibility or feasibility studies, master planning and capital investment appraisal*

PPP Framework for public buildings: Development of infrastructure using private sector resources and

Green/Climate property bonds: Proceeds are earmarked to support projects in the healthcare sector where proceeds are used for

Policy instrument: Engagement and support of public authorities interested to invest in development or up-grade of healthcare infrastructure*

Development of structured finance products applicable in the healthcare sector: Energy Performance Contracting (EPC), development of typical contracts, templates and implementation requirements applicable for Energy Service Companies (ESCOs)

FinTech: Advanced technology focused mechanisms for incentives in project finance investments*

* Non-financing instruments

EMERGING HEALTHCARE TRENDS FOR THE FUTURE

- Surveys in the EBRD region indicate a high level of dissatisfaction among people with regard to the delivery of health care services implying strong investment needs;
- Healthcare costs are rising - as a result of aging populations but the introduction of new technologies and efficient buildings can help to balance these increased costs:
 - Governments, increasingly see private sector alternatives such as PPPs as improving life-cycle asset management, while improving efficiency and quality in the delivery of services and health infrastructure;
- Green buildings with standard energy efficiency renovations also deliver health cost savings (less illness) estimated by an EU survey at €33-€73 billion per year by 2020:
 - Greater green building and energy efficiency renovations, in hospitals and outside, can potentially double these savings.

For further questions please contact:

Matthew Jordan-Tank,
Associate Director, Head of Infrastructure
Policy and Project Preparation
jordantm@ebrd.com

Alex Hadzhiivanov
Associate Director,
Energy Efficiency and Climate Change
hadzhiia@ebrd.com