Infrastructure costing and VFM considerations

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Infrastructure considerations in economic evaluation

Priority setting -- assume fully functional health infrastructure (e.g. WHO CHOICE)
Decision making -- assume current capacity continues (e.g. traditional HTA)

Buy out constraints

Work within constraints
Infrastructure considerations in planning

- Economic costs
- Financial costs
- Raising finances

Where does the data come from?

- Minimal global sources
- International construction surveys have underrepresentation of African region
- No standards of equipment to be included in costing
- Running costs generally separated
- Average capital to ongoing expense ratios assumed to hold from other settings
VFM for Investment vs procurement

- Should I invest in the decision
  - VfM – CEA or CBA
  - Prioritization
  - Investment cases

- How should I procure the option
  - VfM – includes both quality and cost considerations
  - Different perspective – whose?

HOW to procure…the PPP question

**PPP**s
- Large, complex and long term projects
- Capacity to allocate appropriate significant risk to the private sector
- Capacity to transfer significant non-core services to the private sector

**Traditional Procurement**
- Design and Construction
- Operate and Maintain
- Alliance
- Build Own Operate
- Managing contractor

Value For Money

Diagram from OECD
Case study: Brampton Civic Hospital, Canada

Neo Institutional Economic Framework

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VfM from a PPP perspective

- The “best value for money” consideration in a PPP needs to use a cost-benefit framework
  - i.e. net positive gain to society

Cost of PPP versus public sector comparison → Offset of Risk → ...Health Outcomes?
How could we consider health outcomes as part of the VFM/PPP framework?

….and should we?

….should investment decisions involve procurement considerations?

….can we develop a framework to incorporate the “how” into the “what”?

….should access and improved performance contain quantitative components in VfM analyses?