

**AMENDMENT NO.1
TO CONSULTANCY AGREEMENT**

THIS AMENDMENT NO.1 (the “**Amendment**”) is made on the 1 day of September 2020

BETWEEN:

- (1) **Steward Health Care International S.L.** a company incorporated in Spain with Spanish Tax ID [REDACTED] whose registered office is at [REDACTED], Spain (“**Steward**”); and
- (2) **Canberra International GmbH** a company incorporated in Switzerland with company number [REDACTED] whose registered office is at [REDACTED] Switzerland (the “**Consultant**”).

Individually referred to herein as a “**Party**” and collectively referred to as the “**Parties**”.

WHEREAS Steward and the Consultant had entered into certain Consultancy Agreement effective as of 1 June, 2020 (the “**Agreement**”);

WHEREAS Steward has requested the Consultant to perform a feasibility study for the development of healthcare system in the Republic of North Macedonia and in the Republic of Moldova;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound hereby, the Parties hereto agree as follows:

1. The Consultant will develop a professional independent feasibility study to evaluate current and projected market conditions of the healthcare system (the “**Feasibility Study**”) in the Republic of North Macedonia and in the Republic of Moldova. Required minimum quality parameters for the Feasibility Study of potential investment in acute inpatient health care and the analyses required for its development are given in the Attachment to this Amendment and forms an integral part thereof.
2. Based on the scope, Steward shall pay the Consultant:
 - (i) €160,000 (inclusive of any value added tax or other taxes and duties where applicable) for the performance of the Feasibility Study for the development of healthcare system in the Republic of North Macedoniaand
 - (ii) €160,000 (inclusive of any value added tax or other taxes and duties where applicable) for the performance of the Feasibility Study for the development of healthcare system in the Republic of Moldova.
3. The Consultant will issue the invoice upon completion and handover the Feasibility Study. The maturity of the invoice is 14 days.

4. Except as specifically set forth in this Amendment, all other terms and conditions to the Agreement as set forth herein are hereby ratified and affirmed and shall remain in full force and effect.

EXECUTED by:
Steward Health Care International S.L.
acting through its duly authorised
representative

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in the presence of:

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Signature of witness

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} Address
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} Occupation

EXECUTED by:
Canberra International GmbH
acting through its duly authorized
representatives

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ASAD SHAUKAT ALI

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Attachment - Required minimum quality parameters for the feasibility study of investment in acute inpatient health care:

- A. Technical analysis
- B. Financial-economic analysis
- C. Legal analysis

A. Technical analysis

Technical analysis should focus on the development of Regional Healthcare Model (RHM). The aim is to develop a framework of solutions that are fit for purpose and to form the basis for bid evaluation. RHM has to offer a range of possible solutions regarding:

- quantity and the nature of health services, taking into account the possibility of deinstitutionalizing and distributing the provision of health care to other hospitals or outpatient clinics, development of eHealth, telemedicine and electronic health records
- how best to deploy resources and improve operating efficiency of the healthcare providers, e.g. from the needs of employees and their competencies in relation to their productivity and the efficiency of the use of key parts of the infrastructure
- how best to invest in the development of modern healthcare facilities that will facilitate the delivery of high-quality patient care and improve patient quality and safety outcomes.
- how best to align supply with demand for healthcare services under a RHM approach; including the location and type of facilities throughout a region and deployment of providers to insure patient access to services both routine and specialty.
- evaluation of the uncertainty of future quantitative and qualitative demand and model how to achieve operational and infrastructure flexibility to eliminate these uncertainties

The RHM should be based on an analysis of current demand from health services, personnel, operating costs and revenues. Long-term demographic forecasts will be used to extrapolate future demand conditions for rationalization of health care providers in the regions. In particular, the RHM should address:

- a) future demand for in-patient hospitalization, surgical procedures, diagnostic and imaging procedures, emergency room visits and outpatient visits based on projected demographic trends, taking into account future trends in development of healthcare provision
- b) key supply and production parameters from physical space for healthcare provision (operating theaters, inpatient wards, training rooms, laboratories, diagnostic centers, etc.), staffing and competences. Several variant solutions are expected based on operational efficiency and the use of these spaces.
- c) floor areas of key building zones (compartments, functional groups including circulating spaces and technical facilities) defined in previous step. Alternative solutions should be prepared on the basis of different logistic and functional principles and they should include a description of the relationships among the objectives in quality, operational efficiency, future flexibility and spatial economization
- d) assigning floor surfaces to building typologies (key parts of the hospitals, primary care centers and other providers in the regions).
- e) investment costs, which should include investment needs calculations for the different functional unit typologies, breakdown into investments in buildings and at the same time, it is necessary to calculate with the required additional investment over the lifetime of the entire project, including the expected renovations. Alternative solutions

should be prepared from view of the different lifespan of the individual functional units of the hospital.

- f) non-financial qualitative assessment of project benefits

Regional healthcare development should be a model example of modernization of the health system. The key requirement is to achieve project goals in health, education, science and health research through the implementation of innovative solutions and addressing key health challenges effectively, thereby contributing to long-term goal of health policy and long-term sustainability of quality health care. To achieve these aims, the feasibility study must be firmly anchored to the international best practices and research in health systems and hospital design. The report must include:

- a clear description of the evidence bases to the latest international best practices on the modelling and analytical methods that will show awareness, understanding and active participation in the current applied research in functional modelling of regional healthcare systems
- structured argumentation about the scope and the nature of models and the methodologies that will be used in the preparation of RHM which will ensure the long-term fulfilment of the project objectives
- a detailed description of the overall modelling framework, its hierarchical structure, and the components to be used in the implementation of the feasibility study, including the design of the anticipated measures to ensure compatibility, integration of data and data sets.

B. Financial-economic analysis

The financial and economic analysis will include

1. Financial Overview – an analysis of the financial flows in public healthcare providers

This scope of work covers areas to gain detailed knowledge about current financial situation of the existing public healthcare providers. The Advisor shall analyze following:

- a. Analysis of revenues for the years 2016 to 2018, particularly focusing on:
 - Clinical revenues from Public Health Insurance Fund
 - Clinical revenues from other sources – own income, out-of-pocket payments and others
 - Revenues from non-clinical activities (education, research, rental of premises, etc.)
- b. Cost analysis of public healthcare providers for 2016-2018, with emphasis on
 - Personal costs focusing on
 - structure and number of employees breakdown by basic category (physicians, nurses, other medical staff, administration and others)
 - total personnel costs - average monthly costs by individual basic categories of employees
 - Material costs focusing on
 - costs of pharmaceuticals, including the average unit prices
 - costs of the medical material, including the unit prices
 - costs of other material (blood, reagents, etc.)
 - costs of food and average unit cost

- other material costs
 - Energy costs split into gas, water, heating and electricity
 - Services with a focus on cleaning, washing, rental costs, repairs and maintenance, other costs
- c. Analysis of key operational performance indicators for 2016-2018, focusing on:
- total number of completed discharges by departments
 - analysis of outpatient services
 - laboratory and diagnostic services
 - beds breakdown
 - analysis of DRGs provided by each provider
2. Elaboration of economic model of regional healthcare provision including public services and PPP model

The work shall include:

- a. Strategic definition of healthcare services – structure of services provided in each of the region with related cash flow options (per capita payment, fee for services, capitation etc.)
- b. Qualitative Risk Analysis
- Identification of risks during preparation, construction, completion and project operation
 - Quantification of the identified risks using typical risk valuation methods that will be supported / tested by methods such as Optimism Bias
 - Propose risk mitigation strategies (through contracts, trigger structures, financial reserves, design, structure, etc.) and associated risk mitigation costs
 - Division of the risks into two categories - the risks that will always remain public ("Retained risks") and risks that will be transferred to a private partner ("Transferable Risks").
 - Adjusts the cash flow structure of the Project according to the identified risks and strategies to mitigate them.
- c. Quantitative analysis – calculation

The advisor will propose two strategic cases: (i) traditional public healthcare provision model ("PSC Model") and (ii) regional healthcare provision through a PPP model (in one or more variations), jointly supplying the required services by a private partner ("PPP Model").

i. PSC Model Description:

- Identifying all cashflows related to implementation of the Project during the preparation, construction, completion and operation of the Project
- Calculation of net cash flows
- Discounting the resulting net cash flows by a public sector discount rate to determine net present value
- All Risks – retained and transferable will be summarized with aim to set the benchmark of the Public Sector Comparator ("PSC").

ii. *PPP Model Description:*

- Identifying all cashflows related to implementation of the Project during the preparation, construction, completion and operation of the Project.
- Calculation of net cash flows
- Evaluation of different payment mechanisms for the private partner

iii. *Outputs*

Both the PSC model and the PPP Model will serve for comparison in the following fields:

- Public Sector: Advisor will analyze the difference between PPP and PSC variants - value for money ("Value for Money"), whether procurement through PPP is the preferred choice financially (showing cash flow profile) and public sector cash inflows / outflows
- Private Partner: Advisor will analyze financial implications of the indicated payments mechanisms to private partners in the indicative market research (i.e., value for money and financial availability, ability to repay the loans, fulfilment of financial covenants, the expected rate of return). Banks: The Adviser will analyze the ability to repay financial debt and meet related financial covenants in different scenarios.

The financial models for the selected project alternatives will be able to assess the significance of the identified risks and effectiveness of relevant risk mitigation strategies, assess financial strategies based on indication from banks and to evaluate the aforementioned evaluation criteria of MoH.

C. Legal analysis

Any arrangements and structure agreed between the Government/Authority and the concessionaire must comply with the applicable laws. This includes specific laws that apply to healthcare and its regulation and laws on concessions. Both the government and the concessionaire will need to comply with any applicable local government approval requirements and any particular requirements for licences in the delivery of healthcare.

The legal analysis shall consider:

- Acceptable levels of private sector involvement in a defined market
- Public Private Partnership models and their feasibility (Design, Build, Finance, Operate (DBFO), Private Finance Initiative (PFI) and others)
- The various payment models (availability, per capita payment, bed rate etc)
- Any other form of partnership or collaboration.
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- a. Assessment of the current healthcare legal framework and needs/options for changing it as a result of the implementation of the preferred option, with a particular focus on:
 - the existence of substantial health sectoral regulation
 - impact on existing network of relationships in health care providers, staff, patients, health insurance fund, educational institutions, research institutions, debtors, creditors and other shareholders
- b. analysis of the project 's legal impact (i) the international obligations and (ii) the Constitution
- c. proposals for realistic legal structures to enable the implementation of the preferred model
- d. on the basis of documents / information to be delivered by MoH, an assessment of the legal impacts of the transfer of existing healthcare providers and identification of legal instruments / structures supporting smooth transition, settling existing legal relationships specifically staff, patients, health insurance fund, debtors, creditors and others
- e. on the basis of documents / information to be delivered by MoH, an assessment of possible impact of legal relations on existing assets (i.e. asset ownership, administration of state property restrictions on handling property) in the implementation of the Project
- f. risk assessment of private partner bankruptcy and related possibility that project assets become part of the bankruptcy procedures
- g. assessment of the legal aspects of the proposed payment mechanisms between partners
- h. assessment of exit strategies and possibilities of project changes for private and public partner
- i. analysis of state aid issues related to the preferred model
- j. analysis of relevant public procurement methods of PPP project