

PORTUGUESE OPPORTUNITIES
NEW PPP FOR THE CONSTRUCTION OF THE ALGARVE
CENTRAL HOSPITAL

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In August 2025, the Prime Minister of Portugal announced the Government's intention to launch an international public tender for the construction of the new Central Hospital of Algarve (*Hospital Central do Algarve*) under a Public-Private Partnership scheme (PPP) in October 2025.

At the occasion, the Prime Minister stated that the new hospital would involve an investment of €800 million. Construction is expected to begin in 2027 with the hospital scheduled to be fully operational by 2030.

BACKGROUND INFORMATION

The Prime Minister's announcement follows an aborted tender for the construction of the Algarve Central Hospital launched in 2008 that was ended in 2022. At the time, the construction of the hospital represented an investment of €250 million, with a total cost to the State of €267 million over the course of the concession.

The first tender included the design, project, construction, supply and installation of equipment, financing and maintenance of the hospital building for a period of 30 years. The tender also included energy and supply management, and management of the parking facilities. In addition, the tender contemplated support services (e.g., sterilisation, catering, laundry, cleaning, waste management, security, and infection control) for a period of 7 years from the date the hospital building became operational.

In 2009, following the prior qualification phase, Teixeira Duarte and a consortium led by Edifer were chosen to present their best and final offers (BAFO).

The project derailed in 2011 when Portugal sought a bailout from the European Union, the European Central Bank and the International Monetary Fund, resulting in the suspension of the Algarve Central Hospital along with many other investment projects.

In 2021, a technical evaluation of the procedure was conducted. The Central Administration of the Health System (ACSS, I.P.) determined that a thorough revision of the functional program was

necessary for relaunching the project to ensure alignment with current standards in hospital care provision, particularly in relation to clinical and technological advancements.

In 2023, a project team was created by Project Support Technical Unit to study and prepare the PPP for the construction of the Algarve Central Hospital, which conducted a comprehensive review and reformulation concerning the area of influence, care profile, activity projection, and project sizing requirements for the new hospital. This technical review was approved by the Minister of Health's Order 1661/2024 of 2 February 2023, setting the key objectives of the new Algarve Central Hospital.

The technical review report highlighted the need to strengthen outpatient surgical services and to modernise and integrate technological advancements. The report also recommended, based on the expertise gained within the public hospital network, a reassessment of the inpatient care framework, including an increase in bed capacity to address the extended average duration of medical stays, driven by rising life expectancy, greater complexity of conditions, and the prevalence of multiple severe comorbidities.

NEW ALGARVE CENTRAL HOSPITAL MAIN REQUIREMENTS

Based on the technical review conducted in 2023, the Government established the functional profile and sizing for the project, setting a minimum capacity requirement of 742 beds, which includes:

- 619 conventional inpatient beds;
- 36 psychiatric inpatient beds;
- 10 child and adolescent psychiatric inpatient beds; and
- 77 special inpatient beds (i.e. 39 adult intensive care, 6 paediatric intensive care, 6 cardiology intensive care, 9 stroke unit beds, and 17 neonatal care beds).

The new hospital is also expected to have the following facilities and capacities:

- Home hospitalisation;
- Palliative care;
- 18 operating theatres;
- 74 consultation rooms;
- Maternity block with 10 rooms; and
- Various day hospitals.

In addition, the tender is likely to include the provision of the following medical equipment:

- 3 CT scanners;
- 3 MRI machines;
- 3 angiography systems;
- 1 PET/CT scanner;
- 1 gamma camera;
- 2 linear accelerators: and
- 1 brachytherapy unit.

The provision of reserved spaces to accommodate various types of additional equipment in the future are expected to also be part of the tender requirements.

PPP MODEL FOR THE NEW ALGARVE CENTRAL HOSPITAL

The specifications of the new PPP are not yet known. However, it is foreseeable that the Government will use one of two PPP models that were used in the hospital sector in the past:

- **Design, Build, Finance and Operate (DBFO).** Under this model, the private partner was responsible for the design, construction, financing and operation of the hospital and entered into two contracts with the State: one for the construction and maintenance of the hospital facilities for 30 years and another for the healthcare service management for around ten years (e.g. Hospital de Cascais (2008), Hospital de Braga (2009), Hospital de Vila Franca de Xira (2009) and Hospital de Loures (2010)).
- **Design, Build, Finance and Maintain (DBFM).** Under this model, the private partner's role is limited to the design, construction, financing and maintenance and the clinical management remains entirely with the State (e.g. Lisboa Oriental Hospital).

The last PPP in the hospital sector in Portugal was the Lisbon Oriental Hospital awarded in 2022. This PPP was based on the Design, Build, Finance and Maintain (DBFM) model.

Regarding the Algarve Central Hospital, it remains uncertain at this stage which PPP model (DBFO or DBFM) will be implemented; however, considering the change in Government in 2024, either of the two models may be selected.

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