

PORTUGUESE OPPORTUNITIES

ALGARVE CENTRAL HOSPITAL

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The public tender for the new Central Algarve Hospital is now underway. The new hospital will follow built under a public-private partnership (PPP) covering the hospital's design, construction, financing, maintenance and operation.

With a base value of €426.6 million and a 30-year term, the project will be developed in *Parque das Cidades* (Faro/Loulé) and will serve around 297,000 residents, with increased demand during peak tourism periods.

The private partner will be responsible for the construction of the hospital infrastructure and the non-clinical services, while clinical services will remain under public management.

The tender notice has been published in the Official Journal of the European Union ([available here](#)).

I. The project

The Central Algarve Hospital is one of the most significant healthcare infrastructure projects currently underway in Portugal.

The project follows a DBFOM model, under which the private partner is responsible for the design, construction, financing, operation and maintenance of the hospital infrastructure.

The hospital complex must include:

- a minimum of 742 inpatient beds;
- specialised care units;
- diagnostic, surgical and outpatient facilities; and
- technical infrastructure, parking and a heliport.

The project will serve a resident population of approximately 297,000 people, rising to more than one million during peak tourist periods, which underscores its strategic importance for the region.

The management agreement which will be entered into between the project company and the contracting authority will have a duration of 30 years.

2. Procurement procedure

The procedure includes multiple stages:

- submission of tenders;
- evaluation of the tenders;
- negotiation with shortlisted bidders;
- submission of best and final offer; and
- final award decision.

The initial tender must include, among others, the following documents:

- European Single Procurement Document (ESPD);
- declaration of acceptance of the Specifications (*Caderno de Encargos*);
- financial proposal, including proposed annual payments;
- preliminary design (*Estudo Prévio*); and
- breakdown of partial prices for construction works.

The award will be based on the most economically advantageous proposal, taking into account the quality criterion and its relevant sub-criteria and the price criterion.

A performance bond (*caução*) equal to 5% of the expected net present value of the payments to be made by the contracting authority during the first third of the contract term will be required to be delivered to secure the proper performance of the management agreement.

3. Eligibility and requirements

Bidders must comply with the standard requirements applicable to public procurement procedures, including the absence of any impediments. No financial or technical requirements are imposed as a condition to participate.

The successful bidders must incorporate a Portuguese public limited company (*sociedade anónima*), governed by Portuguese law and with its registered office in Portugal, which will be responsible for the implementation of the project.

The project company must have a minimum share capital of €1,000,000 and an exclusive corporate purpose aligned with the project.

The project company must maintain, throughout the duration of the management agreement, an exclusive corporate purpose strictly limited to the activities covered by this agreement.

4. Hospital design and construction

The preliminary design must be submitted by the project company within 180 days of the effective date of the management agreement, followed by the full execution design within 180 days of its approval.

The project company is responsible for identifying all land use constraints and ensuring that they are duly reflected in the design.

The preliminary design must be reviewed and approved by the contracting authority within 60 days.

Construction must be carried out in accordance with the approved design, within the agreed timeframe, and in full compliance with the contractual requirements.

The hospital must enter into operation within 37 months from the effective date of the management agreement.

The project company must comply with all licensing, certification and regulatory requirements necessary for the proper performance of its obligations under the management agreement.

5. Operation and maintenance

During the operational phase, the private partner is responsible for the maintenance and operation of the hospital infrastructure.

This includes carrying out all necessary repairs, renewals, replacements, adaptations and upgrades to prevent obsolescence and ensure the continuous and proper functioning of the hospital complex.

The project company must also allocate the necessary human, technical and financial resources to ensure compliance with the management agreement.

6. Remuneration

The project company will be entitled to an annual remuneration in consideration for the availability of the hospital infrastructure and the performance of the contracted activities.

The remuneration includes a base component and a variable component, the latter reflecting deductions based on performance levels. It is designed to cover all obligations under the management agreement, with no additional payments due.

The remuneration will be due after the beginning of the operation of the hospital infrastructure.

Payments will be made through monthly instalments corresponding to 90% of the estimated annual remuneration, followed by a final reconciliation once the actual amount is determined, taking into account inflation and performance adjustments.

7. Financing

The project company will bear full responsibility for securing all financing required to place the hospital into operation, as well as to support its long-term maintenance obligations. This includes raising sufficient equity and arranging debt financing on commercially acceptable terms, without any guarantee, support, or financial commitment from the contracting authority beyond the availability payments contractually agreed.

The project company must ensure that the financing structure is fully compliant with the Specifications (*Caderno de Encargos*). All financing arrangements must be entered into prior to the execution of the management agreement.

The finance documents are subject to prior review and approval by the contracting authority. The project company must ensure that such arrangements do not restrict, condition, or otherwise impair its ability to perform its obligations under the project documents, nor limit the contracting authority's contractual rights, including step-in or termination rights.

The project company remains fully liable for financing risk throughout the contract term, including refinancing risk, changes in market conditions, or increased financing costs.

8. Next steps

Applications are open until 24 August 2026.

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