



Building Blocks Performance Based Financing



PBF Building Blocks

- What is PBF?
- Principles
- Strategic approach
- Does it work?
- Question for participants



What is Performance Based Financing?

- Crucial: an increased focus on **results** or **performance**
- An approach consisting of several building blocks (instruments, principles and strategies) to improve health systems
- The more building blocks are combined, the higher the success rate
- It is **not** a “trick” that solves all problems



Principles – Market Approach

- Payments based on services delivered (Performance) rather than input
- Increased competition to avoid monopolies and unequal power relations
- Health care cannot fully function as a free market, some regulation will be necessary



Result: Increased Quality / efficiency



Principles – Autonomy

- Professionals have more freedom to decide about the most effective way to use resources
- Internal management becomes more important; management will be supported by a toolbox or capacity building
- Payments by financial transactions and not “in kind”



Result: Increased efficiency / services adjusted to context



Principles – Contracting

- Agreement between provider and purchaser
- Clarity about roles and responsibilities
- Clarity about payments, targets and quality standards
- Decentralized level (staff not paid centrally)
- Individual providers



Result: Transparency / accountability



Principles – Purchaser Provider Split

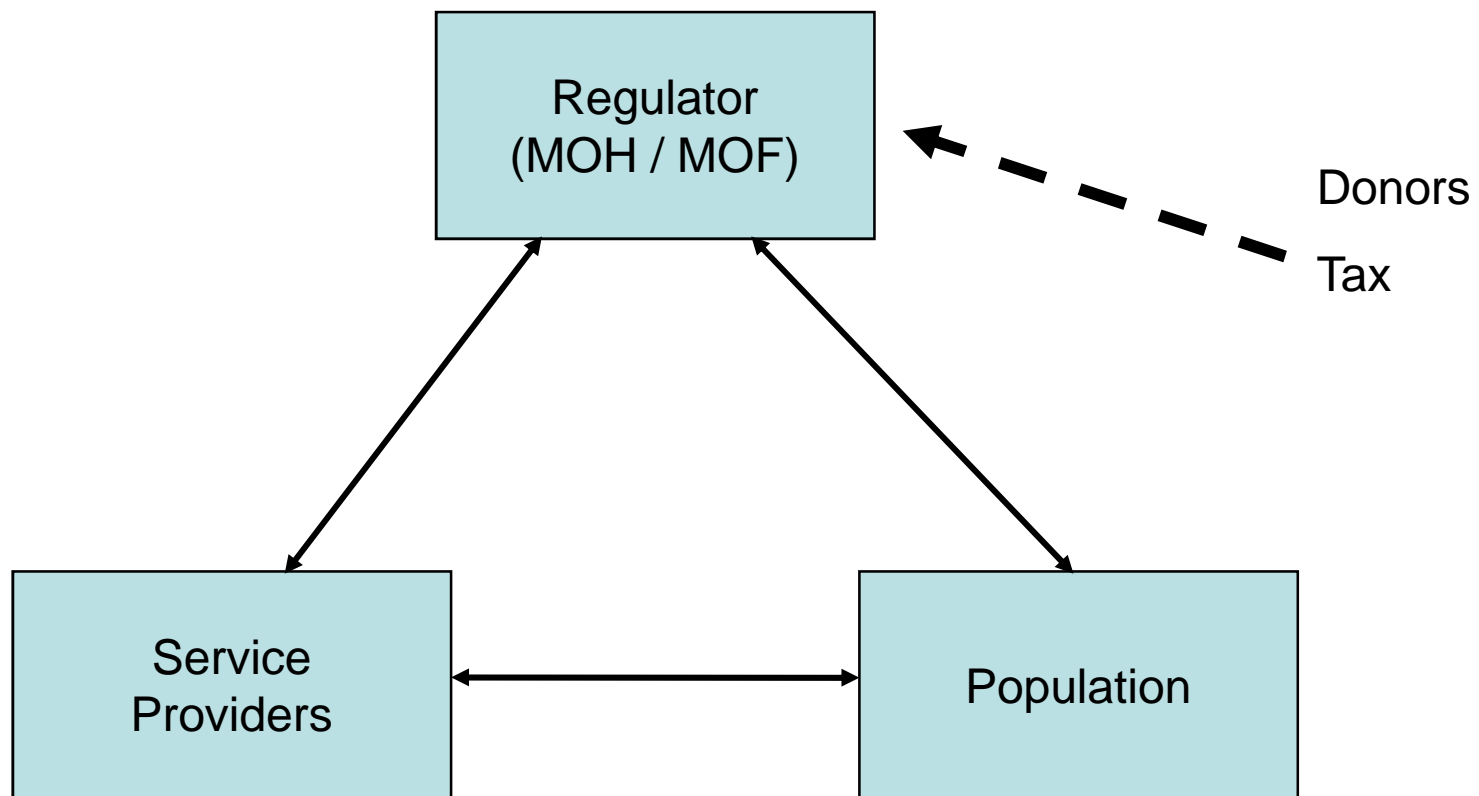
- If there is a contract there need to be two parties – purchaser monitors contract
- Often not the case (monopoly)
- The regulator oversees the contracting
- Purchasing can be organized within the public or private system as long as it is separated from regulator and provider



Result: Checks and balances thus Increased Quality / efficiency



Principles – Purchaser Provider Split





Principles – Equity

- Subsidies will be used to lower prices
- In addition: Equity funds, isolation bonuses, vouchers
- PBF can be used in combination abolishment of service fees
- Insurance schemes with exemption for most vulnerable



Result: Accessibility for the most vulnerable



Principles – Community involvement

- Independent community organisations involved in monitoring and verification
- Community representatives are involved in boards overseeing the implementation of PBF



Result: Services are matching patient needs /
Checks and balances / More transparency



Strategic approach

- a thorough situational analysis
- an implementation plan
- plan for auditing monitoring and verification
- an exit strategy



Strategic approach – Situational Analysis

- Household survey: quality of services, purchasing power and health seeking behaviour
- Stakeholder analysis: power relations, capacity of organisations to be involved in PBF
- Political analysis: willingness to decentralize, stands towards autonomy



Strategic approach – Implementation plan

- How to implement the building blocks – step by step
- Not all need to be implemented at the same time
- What if some building block cannot be implemented?
- Who needs to be involved?



Strategic approach – Audits, monitoring and evaluation

- Output: registers are checked by purchaser
- Community verification / satisfaction
- Quality assurance (regulator)
- Repeated household surveys
- HMIS/SNIS
- Counterverify purchaser



Strategic approach – Exit Strategy

Who will take over funding the PBF system?

- Government
- Other donors (harmonization)
- Insurance

Who will be the purchaser in Future?

- Government
- Independent NGO
- Insurance



Performance Based Financing – Does it Work?

- An evaluation of Cordaid programmes in 5 different countries:

J. Toonen, A. Canavan, P. Vergeer, R. Elovaino: Performance-based financing for health, Lessons from Sub-Saharan Africa, KIT publishers 2009

- World Bank impact evaluation Rwanda:

Christel Vermeersch, Jennifer Sturdy: Impact Evaluation of Performance-based Financing for Health Services in Rwanda, Health Synthesis Report, May 2009



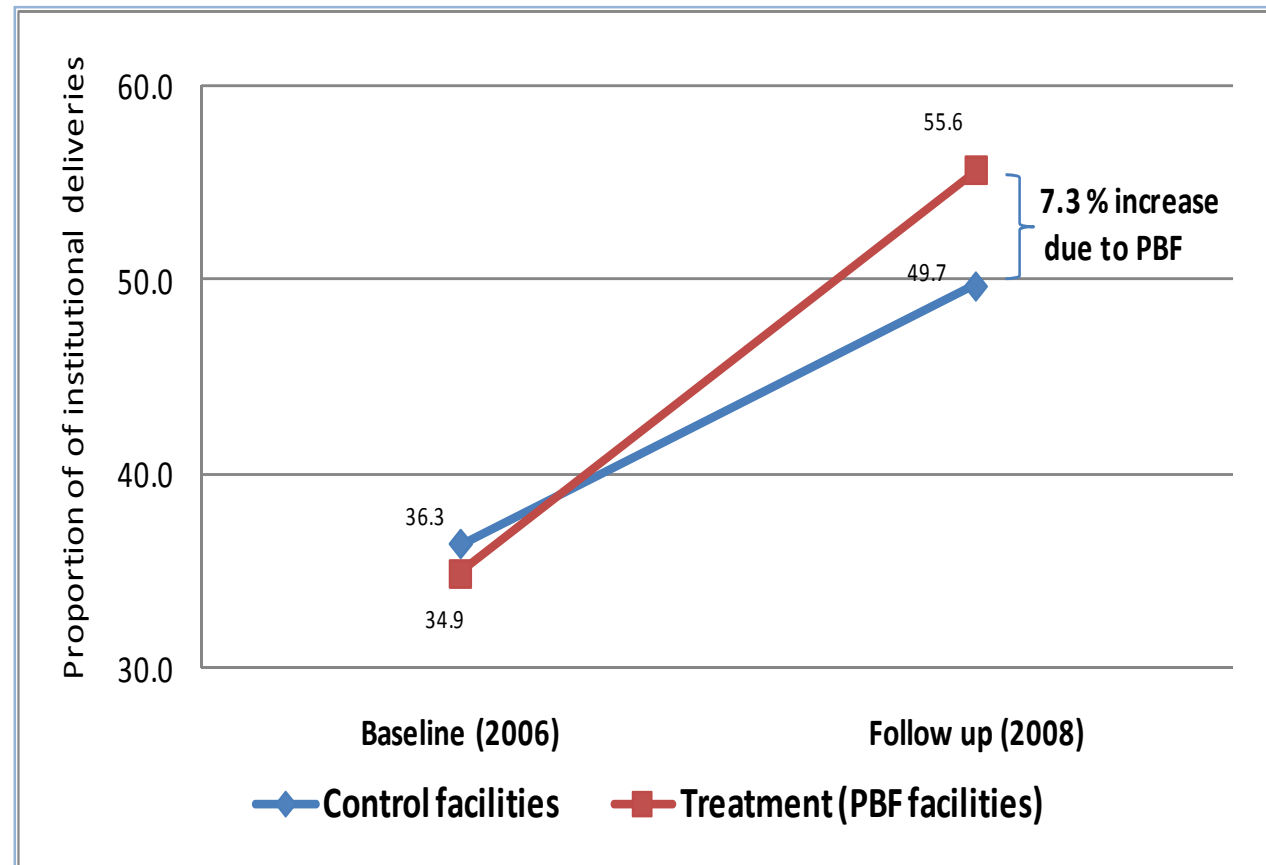
Performance Based Financing – Does it Work?

- An evaluation of Cordaid programs in 5 different countries:
 - PBF *can be* instrumental in achieving better results
 - Increase in staff motivation
 - Better results in fragile context
 - Better results if a systematic approach is used
 - It is a catalyst for institutionalizing
 - Further research in relation to costs (TA needed)
 - Further research in relation to HRM



Performance Based Financing – Does it Work?

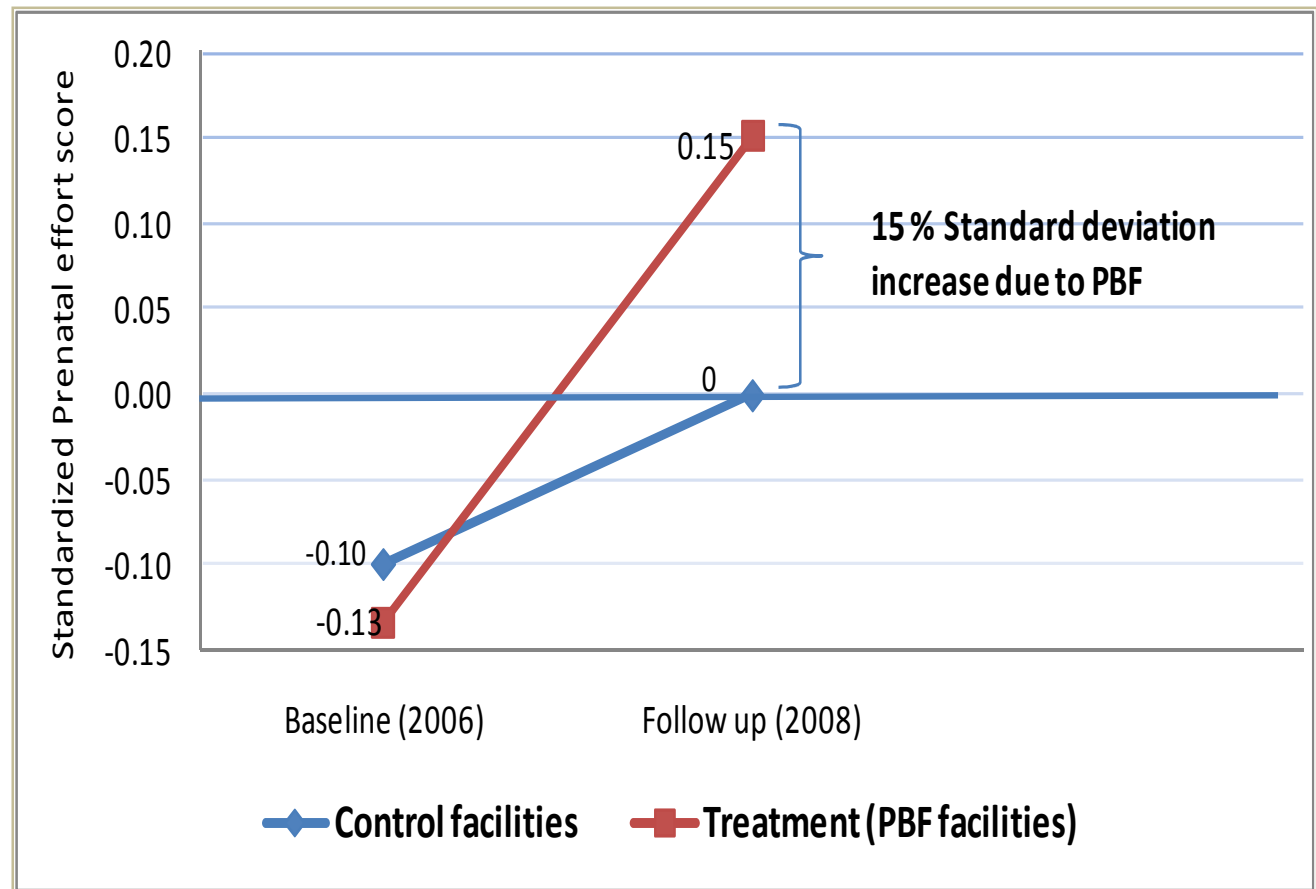
- World Bank evaluation
- Deliveries at the health facility increased overall in Rwanda, but 7% more in PBF facilities





Performance Based Financing – Does it Work?

- World Bank evaluation
- In the last years, PBF has increased prenatal care quality significantly





Performance Based Financing – Does it Work?

- World Bank evaluation:
 - Balanced at baseline
 - Impact on utilization
 - Impact on prenatal quality
 - Reduced child morbidity
 - Effect sizes bigger than most other interventions



Questions for Participants

- What is the best way to organize the purchaser / provider split in your country?
- What is the role of the church in PBF?
- Does PBF enhance good governance? Transparency? Stabilize society?
- Does PBF increase accessibility and quality?
- Does PBF empower patients?
- What are the main risks in your PBF project?
- Can you give examples?



The End