Results Based Financing: a paradigm shift for health systems in low-income countries

May 2014

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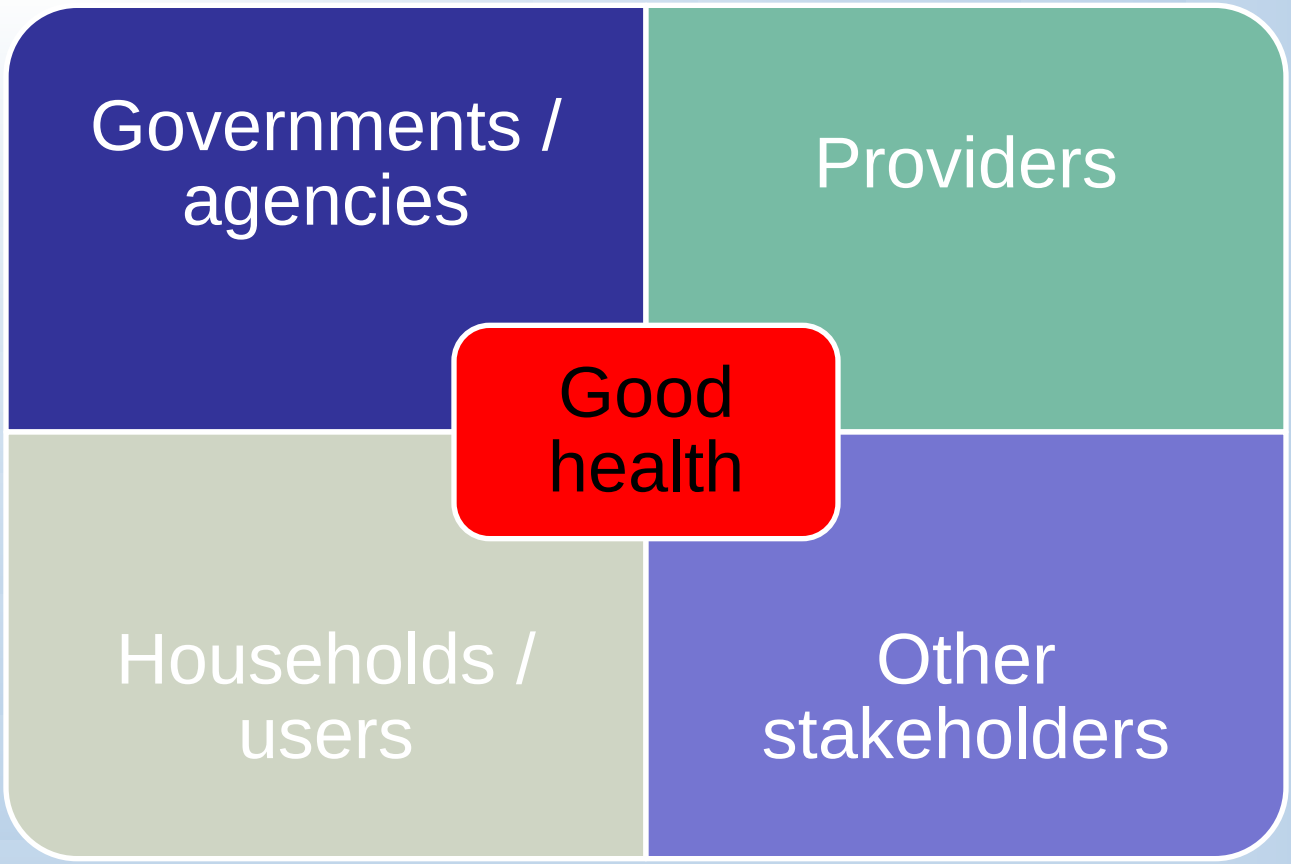
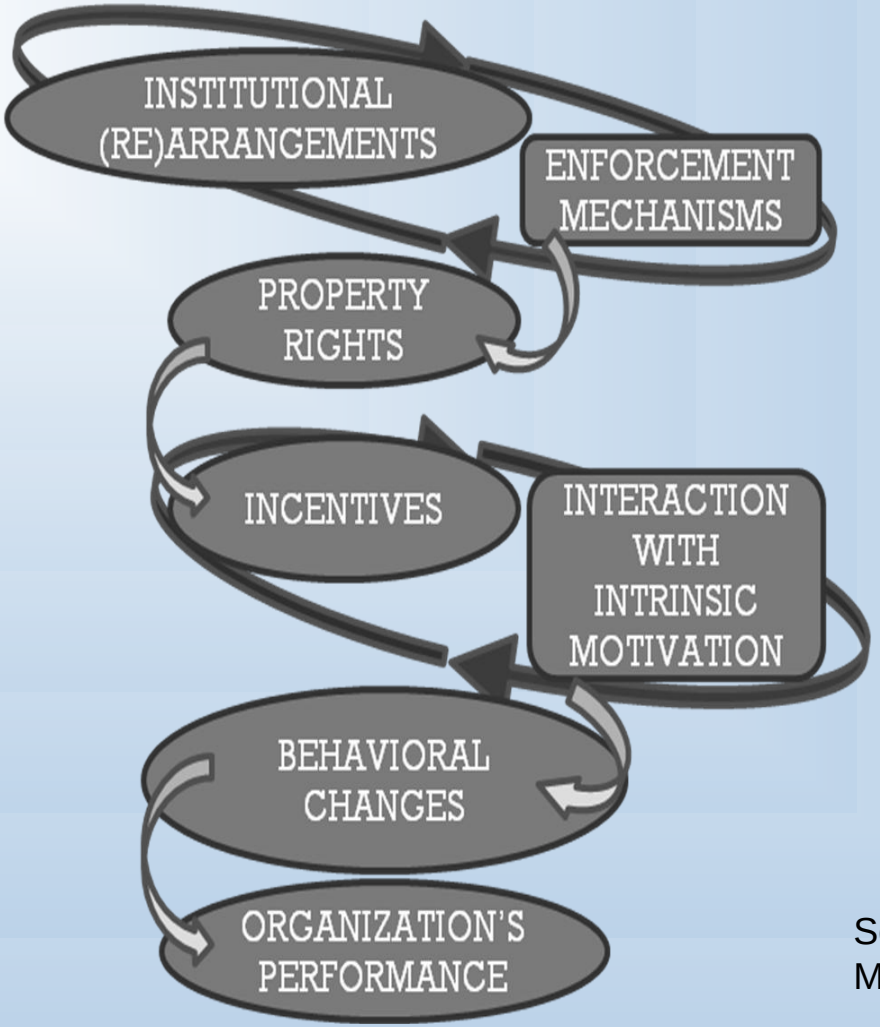
Observation 1:
Health: outcome of a co-production process



Observation 2:
It is about behaviors – incentive matters



Source: Bertone & Meessen 2013

RBF: many options

- Incentives
  - at country level: Cash On Delivery
  - At provider level: Performance Based Financing (PBF)
  - At household level: conditional cash transfer
  - At user level: family planning voucher for poor women

PBF – the story (1998-2013)

- Cambodia
- Rwanda
- Central Africa
- The *Health Results Innovation Trust Fund*

PBF: a reality in Africa

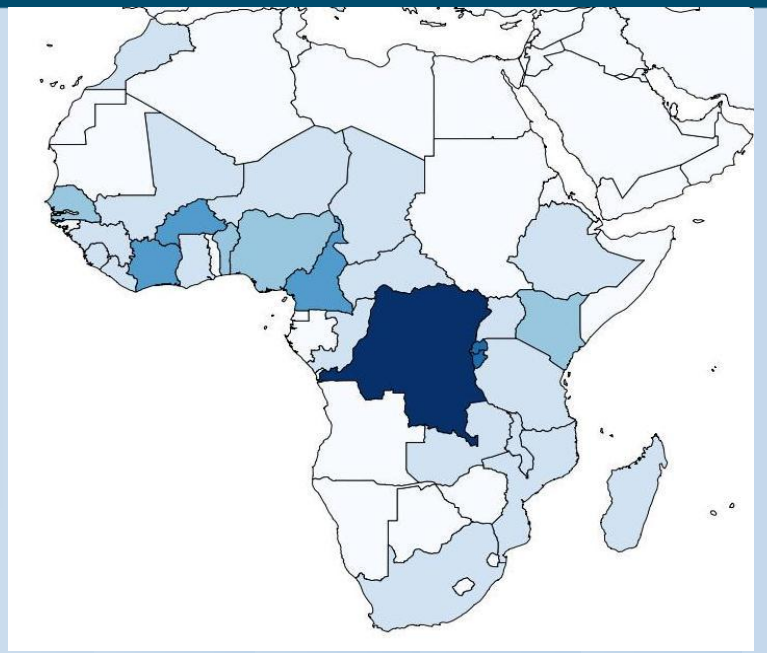
PBF: an African community of experts

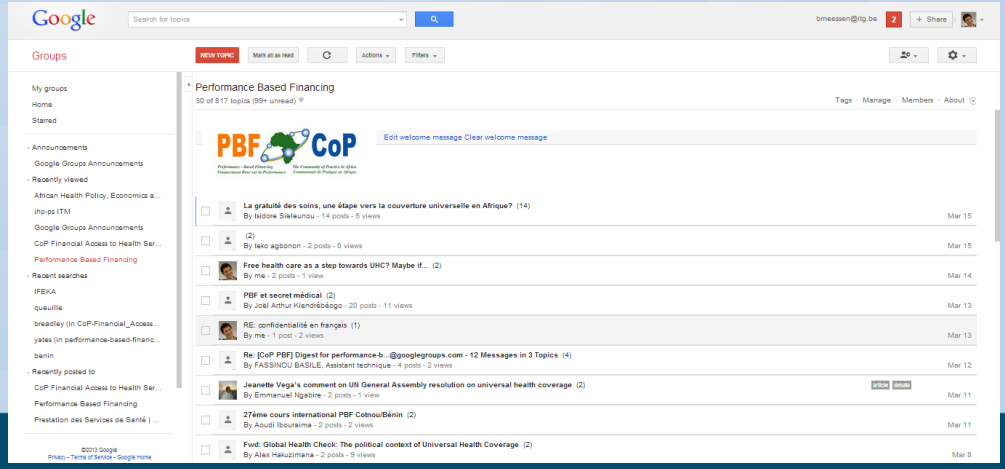
- A virtual group of 1,200+ experts

PBF CoP

Performance - Based Financing
Financement Basé sur la Performance

The Community of Practice in Africa
Communauté de Pratique en Afrique





PBF: an African agenda

Countries will :

- *"Improve efficiency in health systems (…) including the introduction of measures such as results based financing (RBF) and incentives to enhance transparency and performance and reduce wastage"*

(Tunis Declaration, 2012)

PBF = a reform of provider payment

	Number provided	Unit price ($)	Total earned ($)
Child fully vaccinated	100	5	500
Skilled birth attendance	20	10	200
Curative care <5 years	1,000	0.5	500
Total before correction			1,200
Remoteness Bonus	+ 50%		1,800
Quality correction	x 60%		**1,080**

$1,080 available for:

- Health facility operation costs (supplies, maintenance, outreach etc) – about 40% of funds
- Performance bonus to health workers – about 60% of funds

… which secures key strengths of previous strategies

- Primary health care
- Community participation
- Key role for the State (incl. strategic purchasing)

… but also dares to reform the health sector

PBF – many spill-over effects

- Real SWAp
- Public finance reform
- Public sector reform
- New approach to decentralisation in the health sector
- Integration of the private sector
- New ecosystem enhancing effectiveness of other interventions

Challenges

- Agencies: adapt your instruments, approaches & expertise.
- All of us: work together to find the right mix of approaches.
- Accompany countries – from pilot to long term sustainability.

How you can contribute?

- Join existing schemes.
- Inform experts of your agencies.
- Support knowledge building.

Conclusion

- RBF: health system strengthening strategy focused on results.

- Many ways to support the momentum.

PBF improves efficiency

Efficiency :

- Allocative efficiency: Funding is targeted on **cost-effective interventions**
- Technical efficiency: strong incentive for **greater effort**, better management, innovation.
- Transactional efficiency: concern for **low transaction costs** (eg. direct transfer to health facilities).

PBF improves equity & accountability

But can also improve

- equity:
  - formula to target specific groups (e.g. Burundi) or geographical areas.

- transparency and accountability:
  - Stress on verification
  - Possible to benchmark performance
  - Transparency of funding flows

A paradigm shift?

- The most structured proposition for health systems in LICs for 25 years.
- It fits well with the new agenda for results (MDGs…).
- It shares common points with New Public Management introduced in the nineties in several OECD countries.

A paradigm shift?

	Old paradigm	New paradigm
Primary health care	YES with some of the same strengths and limits (e.g. lack of attention to non-medical determinants)	
Community participation	*	** but could be stronger
Attention to results	*	*** but could be even stronger
Role of the state	The ubiquitous State	The strategic State
Private-for-profit sector	Excluded	Can be included
Public finance reform	Not necessary	Necessary
Mechanisms	Reliance on planning, leadership and public service ethos	Recognition of the importance of incentives (incl. autonomy) – overreliance?
Theoretical back up	Public & development planning	New Institutional Economics
Values	Trust in the civil service & relationship	Individual responsibility & market

Diversity of RBF Interventions