



**Spanish Trust Fund for Impact Evaluation and Results-based Management in  
Human Development Sectors  
(SIEF)**



**Cluster Fund**

**Performance Based Contracting (PBC) for Health Service Delivery**

*The Spanish Trust Fund for Impact Evaluation (SIEF) is a €10.4 million program funded by Spain, complemented with \$1.5million from the United Kingdom, to support the World Bank in evaluating the impact of innovative programs to improve human development (HD) outcomes. The SIEF supports prospective, rigorous evaluations in eligible developing countries, impact evaluation training, publications, and dissemination of results.*



**Policy Questions**

- How does the introduction of case-based payment for patient services impact the quality and performance of county hospitals?
- Do pay-for-performance schemes increase the quantity of contracted health services delivered?
- Does pay-for-performance contracting decrease the quantity or quality of non-contracted services provided?
- How are health indicators impacted through improved access to higher quality services?
- Do average household out of pocket expenditures per service decline as a result of pay-for-performance contracting?

**Background & Context**

Lack of services - insufficient geographical coverage, inadequate numbers of health staff, lack of motivation or training among healthcare workers, and lack of health and nutritional supplies – represents an important factor contributing to poor health indicators. Each year, nearly 11 million children in developing countries die before the age of five, most from causes that are readily preventable in rich countries: acute respiratory infections, diarrhea, measles and malaria.<sup>1</sup> Constraints on public budgets and human resources for health and education mean that governments need cost-effective ways of drawing on private and non-profit sectors for delivery of services and getting the best performance out of publicly paid providers.

The World Bank's World Development Report (WDR) 2004 argued incentives for delivering high quality care and responsiveness to patients need to be strengthened. The evidence base on how best to encourage service providers in developing countries to expand the quantity and improve the quality of coverage is limited. There is similarly weak evidence about effective means of encouraging the private sector to play an expanded role in health service delivery in low-income countries.

Pay-for-performance contracts offer a means by which the government can align the payment structure of health centers with service outputs and health outcomes. These contracts are intended to motivate better patient outcomes by tying providers' remuneration to specific targets for service delivery quality and quantity. A primary focus of many of these interventions is improved maternal and child health. Each program will include explicit indicators to measure the

<sup>1</sup> Building a Better World. World Bank. 2007.

impact of improved health services delivery on health outcomes of mothers and children. This cluster is promoting rigorous impact evaluations of new programs across five countries that are introducing performance based contracts for health service delivery to both public and private providers.

### **SIEF-funded Impact Evaluations**

**Argentina** – *Plan Nacer* aims to reduce infant and maternal morbidity and mortality by increasing access to high quality prenatal, post natal and child medical care in Argentina. This IE tests three key hypotheses related to the *Plan Nacer* program, namely that *Plan Nacer*: (1) Increases the coverage of health services; (2) increases the quality of health services, and (3) Improves health outcomes for pregnant women and children 0 to 6 years.

**China** – This impact evaluation is evaluating the introduction of case-based payment in county hospitals and set fee-based payment for township health centers and village clinics in China. A secondary aim of the evaluation is exploring how the impacts of basic payment reforms are modified by complementary reforms and “enhancements” to basic provider payment reforms.

**Rwanda** – This IE is studying a new PBC scheme for health care services being implemented in Rwanda for basic preventive and curative care services and for HIV/AIDS treatment. The study is evaluating the effects of PBC on the quality and quantity of health services delivered, average household out-of-pocket expenditures for health services, and its impact on health indicators.

**Turkey** – This study evaluates whether the introduction of a pay-for-performance system linked to quality indicators has a positive impact on health care quality. Specific questions will be answered pertaining to quality and quantity of health service delivery, cost of health services, and health outcome improvement.

**Benin** – As part of its PRSC, Benin is setting up performance-based management contracts, whereby health care facilities receive payment after hitting specified targets and a pay-for-performance scheme encouraging health workers (via a conditional allowance) to relocate to rural, underserved areas. This evaluation is examining whether performance-based incentives increase health care utilization, especially among the poor and how powerful a PRSC is in impacting health care utilization and delivery.

<b>Performance Based Contracting for Health Service Delivery</b>	<b>Country</b>	<b>Budget</b>
Provincial Maternal - Child Health Investment Project	Argentina	\$ 164,766
Paying for performance in China's health sector	China	\$ 400,000
Evaluation of Performance-based Contracting for General Health and HIV/AIDS Services	Rwanda	\$ 134,800
Impact Evaluation of Pay-for-Performance (P4P) in the Health Sector in Turkey	Turkey	\$ 198,217
PRSC impact on maternal health	Benin	\$ 296,400
	<b>Total</b>	<b>\$ 1,194,183</b>