

# Results-Based Financing for Health

## What is Results-Based Financing?

Results-Based Financing (RBF) is an instrument that links financing to pre-determined results, with payment made only upon verification that the agreed-upon results have actually been delivered. RBF can help improve both supply- and demand-side performance of health systems striving for Universal Health Coverage. In an RBF program payments are made based on the quantity and quality of health services delivered after verification. (For an example of how RBF can work at a health facility level see the box on page 4). The evidence from a series of countries in Africa indicates that RBF can strengthen core health system functions, increasing the efficiency and accountability of the health system. In many countries the design of RBF programs has included the removal of user fees, thus reducing the financial burden of accessing care.

**Results-Based Financing has expanded rapidly in Africa:** There are currently 3 countries<sup>1</sup> with nationwide programs and 14 countries<sup>2</sup> with ongoing pilots. Six countries are in the advanced planning stage and RBF initiatives are being discussed in 9 countries. Based on a country's specific context and health sector priorities, the World Bank supports the design, implementation and evaluation of RBF programs with financing from the International Development

<sup>1</sup> Sierra Leone, Burundi and Rwanda  
<sup>2</sup> Benin, Zimbabwe, Zambia, Burkina Faso, CAR, DRC, Congo, Kenya, Tanzania, Nigeria, Chad, Cameroon, Malawi, Mozambique

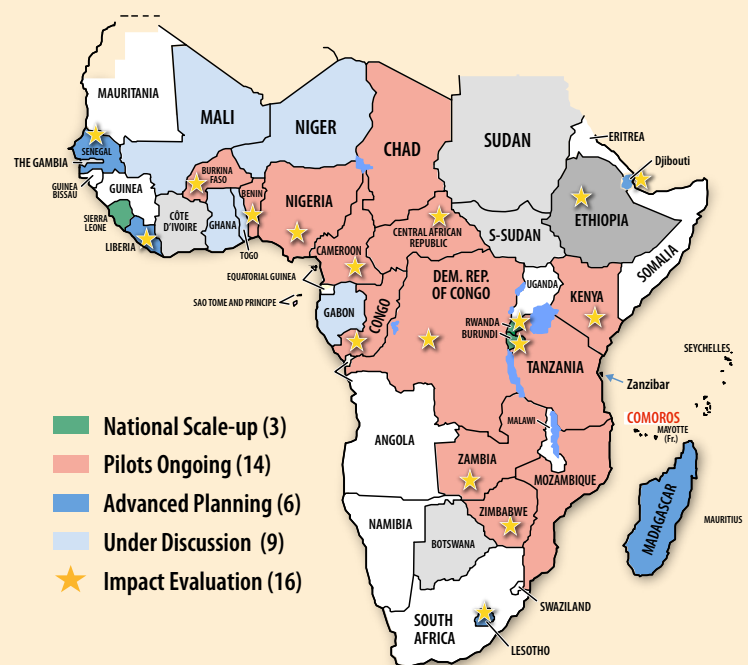
## KEY MESSAGES

- Over the past five years, Results-Based Financing (RBF) for health has been extensively tested in Africa as a promising approach to work towards Universal Health Coverage.
- RBF approaches are achieving good results; increasing coverage as well as quality of services while targeting resources to vulnerable populations.
- A well-designed RBF program can strengthen core health system functions, increasing value for money and accountability of the health system.
- In many countries the design of RBF programs has included removing user fees, thus improving financial access for essential health services.

Association (IDA) and the Health Results Innovation Trust Fund. All the programs are accompanied by

rigorous impact evaluations. Figure 1 shows the scale of RBF programs in Africa in 2013.

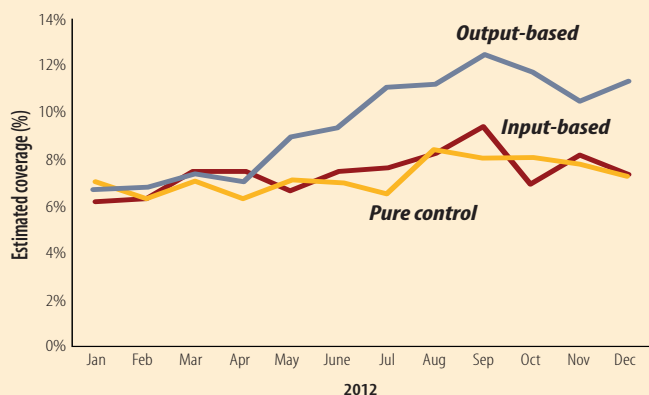
**Figure 1: Africa 2013: Scaling up RBF Programs**



## RBF STRENGTHENS KEY HEALTH SYSTEM FUNCTIONS

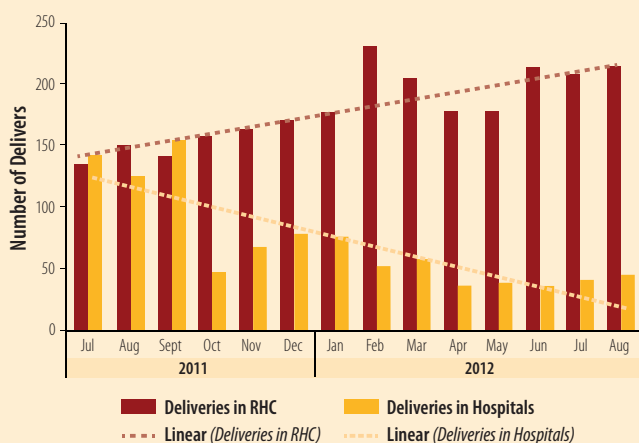
**Accountability:** RBF programs make health systems more accountable by shifting the focus from inputs to results. Linking payments to performance strengthens the governance of the system and allows ongoing monitoring of the results that government and partner resources are ‘buying’. There is strong evidence that linking financing to results produces better outcomes than similar financing without the link to results. Figure 2 shows this effect in health facilities in Zambia.

**Figure 2: Zambia: Increase in coverage of institutional deliveries in districts with performance-based financing and districts with input-based financing**



**Efficiency:** RBF can be used as an instrument to improve efficiency in the health system. For example, by setting the payments high for services (such as deliveries) performed at health centers, RBF increases efficiency by allowing hospital resources to be used for complicated care. This has been the experience in Zimbabwe (Figure 3). In Rwanda, RBF reduced the gap between provider knowledge and practice

**Figure 3: Zimbabwe: Increase in number of deliveries at primary care level**



of appropriate clinical procedures by 20 percent, implying a large gain in efficiency<sup>3</sup>.

**Equity:** There are multiple channels by which RBF programs can improve equity. Many programs provide remoteness bonus to facilities in the remote areas. In Burundi, program’s investment has allowed remote provinces to catch up with the better off in terms of improving quality of care. As shown in figure 4, the variation across provinces in quality of care becomes narrow over time.

## RESULTS

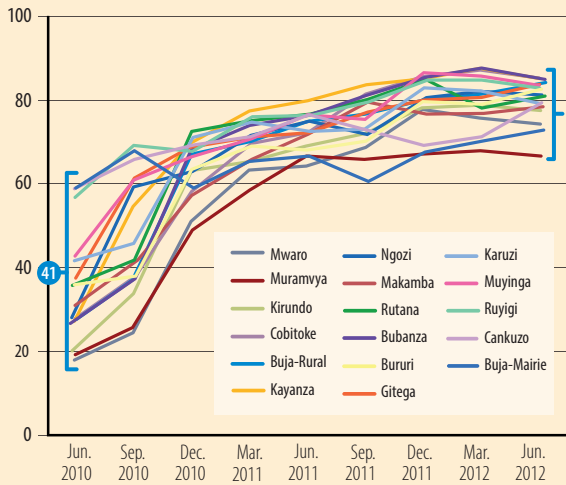
RBF programs increase quantity and quality of maternal and child health services. Evidence from a randomized trial in Rwanda shows that the RBF program has a positive impact on health outcomes, and quality. The evaluation showed a significant increase in coverage of institutional deliveries and preventive care visits for children in the facilities with performance-based financing as compared to the baseline and the control facilities receiving the same amount of funds but not linked to performance<sup>4</sup>. Similar results were found in the analysis of operational data<sup>5</sup> from several other programs, including Burundi, DRC, Zimbabwe and Zambia. Figure 7 shows an example from Burundi and Zimbabwe, demonstrating a large increase in the number of post-natal care visits compared to the first quarter of the performance-based financing program.

In Rwanda, the impact evaluation showed a significant increase in quality of care in facilities with performance-based financing as compared to control facilities. This finding is very important as it shows that under RBF both quantity of services and quality can improve at the same time. An analysis of operational data from several other countries is showing a promising pattern of improvement in quality scores in RBF facilities. Figure 8 shows the Nigeria example.

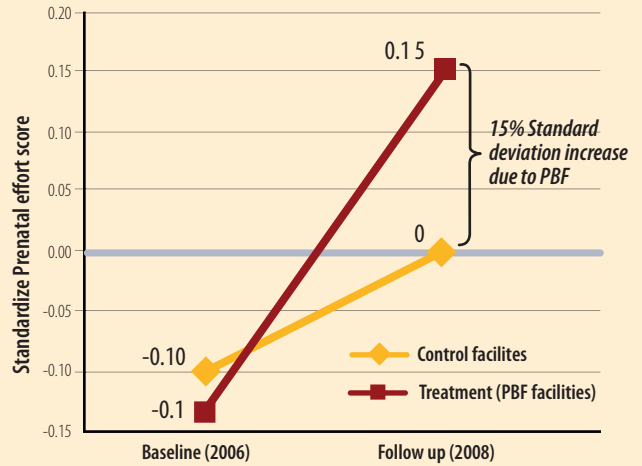
The impact evaluation from the Rwanda Performance-based financing program shows the all-important link between the increase in quantity and quality of services and better health for people. It examined the effect of performance incentives for health care providers to provide more and higher quality care in Rwanda on child health outcomes. The incentives had an important and statistically significant effect on the weight-for-age of children aged 0 – 23 months and on the height-for-age of children aged 24 – 49 months.

3 Gertler, P. and C. Vermeersch (2012). Using Performance Incentives to Improve Health Outcomes. Policy Research Working Paper WPS6100. Washington DC, The World Bank  
 4 Basinga, P., P. Gertler, et al. (2011). “Effect on maternal and child health services in Rwanda of payment to primary health-care providers for performance: an impact evaluation.” The Lancet 377: 1421-1428. Gertler, P. and C. Vermeersch (2012). Using Performance Incentives to Improve Health Outcomes. Policy Research Working Paper WPS6100. Washington DC, The World Bank. Walque, D. d., P. J. Gertler, et al. (2013). Using Provider Performance Incentives to Increase HIV Testing and Counseling Services in Rwanda. Policy Research Working Paper No 6364. Washington DC, The World Bank.  
 5 The majority of the data except from Rwanda is operational data. Impact evaluations in those countries are ongoing.

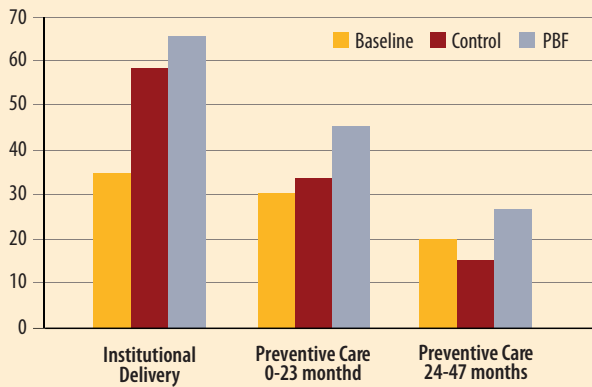
**Figure 4: Burundi – Improved Quality Scores over Time and Reduced Variation / Greater Equity**



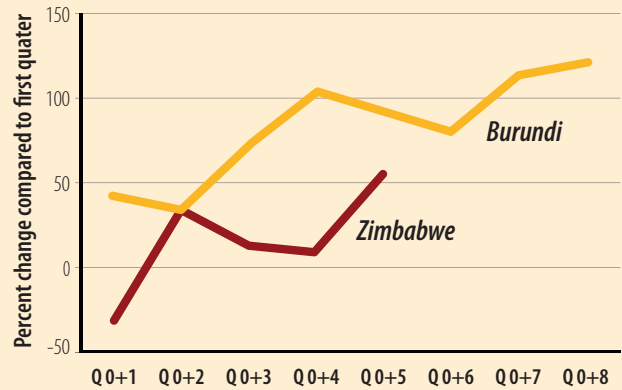
**Figure 5: Increase in Quality of Care in RBF Facilities in Rwanda**



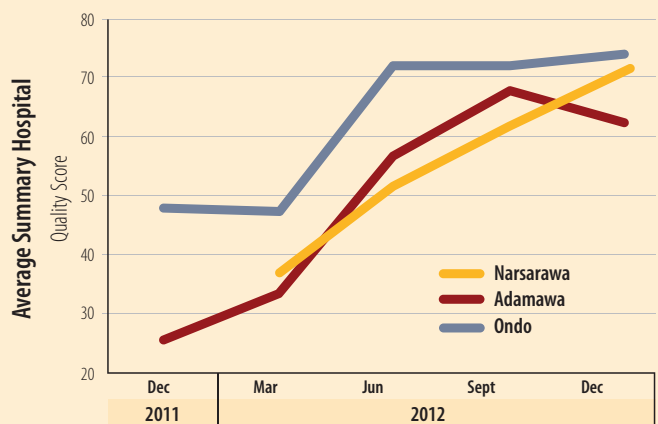
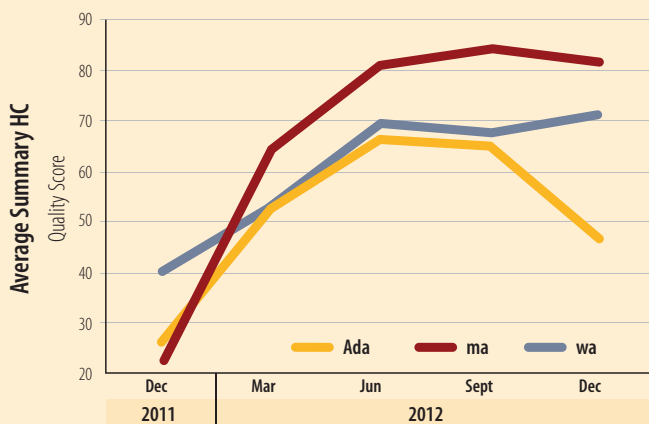
**Figure 6: Increase in coverage of services in performance-based financing districts as compared to baseline and control districts (receiving input-based financing)**



**Figure 7: Percentage increase in number of post-natal care visits compared to the first quarter in Burundi and Zimbabwe**



**Figure 8: Overall quality score in health centers and hospitals in Nigeria**



## NEXT STEPS

Many countries with performance-based financing pilots are exploring ways to scale up and sustain these programs. Based on evidence from evaluations and operational data, policy makers have various opportunities for effectively moving forward the dialogue around RBF in the broader sectoral discussions.

- 1. Financial Sustainability:** In order to ensure longer-term sustainability of RBF, it must be considered part and parcel of a broader and more comprehensive health financing strategy. A few ways in which RBF could be financed in future include: (i) linking future civil servant salary increases to performance (through RBF); or (ii) investing some proportion of the capital budget in making existing facilities function better (through RBF).
- 2. Integration of RBF into Government Systems:** RBF mechanisms and principles need to be integrated into the public health system and government financial system. This has happened in a few countries such as Burundi where the

**Table 1: The effect of performance incentives on child health outcomes in Rwanda — Average Z-scores [0-23 months]**

	Baseline	Control	PBF	Difference
Ht. for Age 0-23 months	-0.03	-0.2	-0.04	0.16
Wt. for Age 0-23 months	-0.31	-0.18	0.35	0.53
Ht. for Age 24-47 months	-1.95	-1.8	-1.55	0.25
Wt. for Age 24-47 months	-0.75	0.69	0.72	0.03

government is financing 52 percent of the cost of RBF. In a number of other countries, RBF is now a line item in the health budget. This will ensure RBF is aligned with the overall objectives and design of country systems.

- 3. Harmonizing the Use of Donor Funds:** Aligning external funding to support performance-based payments based on results could increase the impact of donor financing. This has been done with funds from the Global Fund, PEPFAR and GAVI. This can be a model for harmonizing other donor funds as well.

Moving forward, the financial sustainability of successful RBF programs needs to be considered as

part of a comprehensive financing strategy for the health sector.

## QUESTIONS TO MINISTERS

- What kind of additional information would be helpful to you in thinking about the role of RBF in your health system?
- What are the measures you would need to take to integrate the RBF approach in the wider health financing agenda?
- How can institutions like the World Bank and other partners be helpful in this process?

### Box 1: How RBF works – A Simplified Example

- Defining a Package of Services:** A package of priority services is defined at the national level and an analysis takes place to determine the fees associated with delivering these services. A key element of the design is the separation of functions between the purchaser of the services and the verifier of services.
- Paying for Quantity and Quality:** Individual health facilities are provided funds based on the quantity and quality of services they produce. The total amount for volume of services is adjusted for the remoteness of the facility (**equity bonus**), as urban or peri-urban facilities could earn a disproportionate amount. The total would also be adjusted by a **quality correction** based on a checklist administered at the facility every quarter.

#### Example of Performance Based Financing (PBF) in a Health Facility

- Verification:** Before the funds are paid to the health facility, the quantity of services provided is verified. In addition, an independent organization visits a number of randomly selected patients from the registers in their homes to see whether they received the service listed in the health facility's register.

- Use of Funds:** The funds earned by the health facility can be used for: (i) health facility operational costs, (ii) performance bonus for health workers according to defined criteria; and (iii) savings. The facility has substantial autonomy in how to use the funds but has to keep proper accounts.

Service	Number Provided	Unit Price	Total Earned
Child fully vaccinated	100	\$5	\$500
Skilled birth attendance	20	\$10	\$200
Curative care <5 years of age	1,000	\$0.5	\$500
<b>Total</b>			<b>\$1,200</b>
Remoteness (Equity) Bonus	+50%		\$1,800
Quality correction	60%		<b>\$1,080</b>

This brief is a product of the staff of the International Bank for Reconstruction and Development/The World Bank, prepared ahead of Africa Health Forum 2013: Finance and Capacity for Results, an event co-hosted by the World Bank and the U.S. State Department Office of Global Health Diplomacy, in collaboration with Harmonization for Health in Africa. The findings, interpretations, and conclusions expressed in this brief do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent, or of any of the hosting entities and partners.

