

Performance Based-Contracting for Health in Liberia



First steps of Performance Based Contracting

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Notes Slide 1:



Objectives

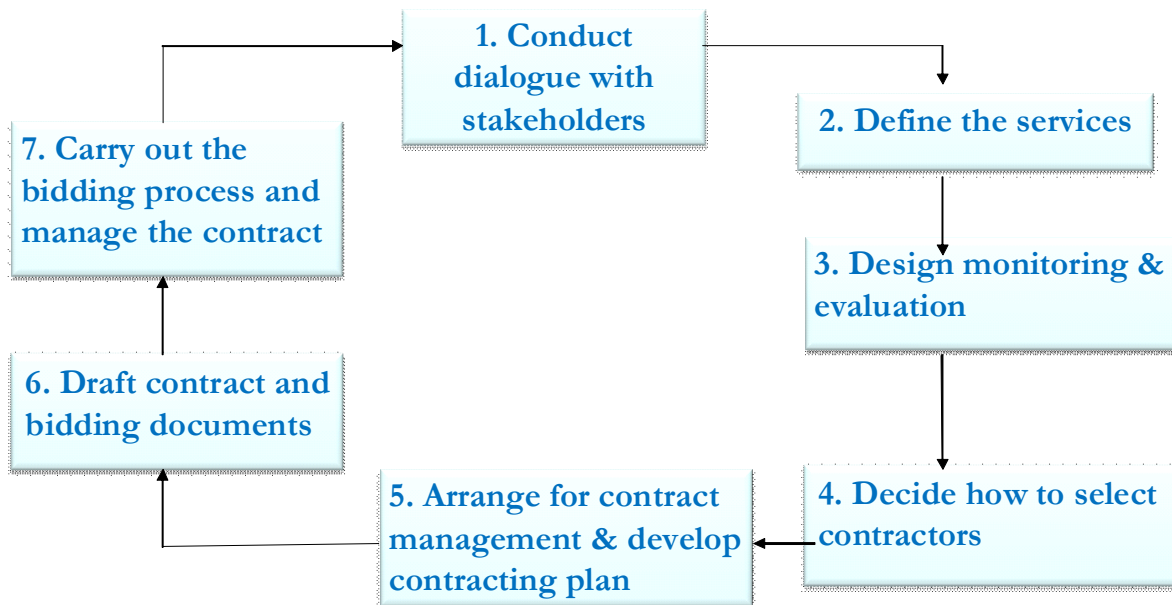
1. Describe the seven steps of contracting
2. Tell who should be involved at each step
3. Make input in the design of PBC for Liberia

Notes Slide 2:

The Seven Steps of Contracting



*From: Performance-Based Contracting in Health Services in Developing Countries- A Toolkit,
Loevinsohn, World Bank 2008*



Notes Slide 3:

There are 7 steps in contracting, as described in 'Performance-Based Contracting in Health Services in Developing Countries- A Toolkit' by B. Loevinsohn, World Bank 2008.

These steps will be briefly elaborated on.

Step 2. Defining the Services



- What are the needs and the goals?
- Consider equity and quality of care
- Define the scope of work (incl. the services, location, etc.)
- Select performance indicators (priorities, ensure SMART)
- Pricing of indicators

Notes Slide 4:

Step 1 is to conduct dialogue with stakeholders and the current awareness workshop is an important example.

Step 2 focuses on defining the services (described in the Scope of Work) based on needs and goals of the organization, with attention to equity and quality of care.

Subsequently, the performance indicators can be selected which are to reflect priorities and be SMART (Specific Measurable, Attributable, Realistic and Time-bound)-a pricing will be attached to the indicator achievements.

Step 3. Design the Monitoring & Evaluation



- What data will be collected and how to monitor and evaluate?
- Baseline data (What? How?)
- Budget for M&E

Notes Slide 5:

Vital for the implementation of PBC is the M&E design which defines what data will be collected, how and when.

Ensuring a budget is available to carry out these activities is most important.

Step 4. Decide How to Select Contractors



- Competitive or not?
- Selection process
 - selection criteria
 - selection committee
 - capacity assessments

Notes Slide 6:

Step 4 revolves around decisions on how to select contractors- i.e. will this be done competitive or not, and what selection process will be followed: what are the criteria on which to select if a proposal and its implementer will be successful or not- who will be in the committee making the selection?

It is furthermore recommended that capacity assessments are carried out to ensure the potential implementer does have the capacity to deliver the requested services.

Step 5. Arrange for Contract Management



- Define Responsibility and Authority of Contract Management Unit
- Develop a written contract manual (or plan)

Notes Slide 7:

Managing the contracts is a specific role. This is often placed with a Contract Management Unit – of whom the responsibility and authority needs to be clearly defined. Assessing the capacity to carry out this task is important.

A contract manual is to be developed describing the contract implementation plan

Step 6. Draft the contract & bidding document



- Describe levels of autonomy –
Autonomy enables improving performance AND being held accountable for results
- Lump sum versus line-item budget (fixed price or cost reimbursement)
- Protecting interests of both parties
- Reporting and other responsibilities (e.g. user fees, capacity building, etc.)
- Formulate Request For Proposals (RFP)

Notes Slide 8:

The bidding document (and the subsequent contract) are to describe clearly what levels of autonomy the different parties will have as being accountable for results also requires the party to be able to make changes and decisions so as to improve the performance.

Decisions are to be made whether this will be a lump-sum budget as one only pays for the results or whether there will be a line-item budget. The budget can either be fixed price or cost reimbursement.

The interest of the different parties should be protected while responsibilities are to be clarified e.g. in relation to reporting but also, for example, whether the contracted party is allowed to ask for user fees, has to carry out capacity building or not.

The Request For Proposals can then be formulated.

Step 7. Carry out the bidding process and manage the contract



- Review proposals
- Design contract, negotiate and then award
- Regular reviews of contract and its implementation
- Evaluate contract performance

Notes Slide 9:

The bidding process will be carried out as per the process described in step 4.

The contract can be drafted and negotiated with the selected parties and awarded upon agreement.

Contract management to ensure regular reviews of contracts and its implementation is vital as is evaluating contract performance. Ensuring capacity is available to carry out these tasks is important.