



RESULTS-BASED FINANCING FOR HEALTH (RBF)

Afghanistan

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PROJECT NAME: Health Sector Emergency Reconstruction and Development Project**TIME PERIOD:** June 2003-June 2007**LENDING INSTRUMENT:** Specific Investment Loan (SIL)**PROJECT ID:** P078324**TTL:** Emanuele Capobianco**RBF COMPONENT OR PROJECT:** Project**UNIT:** SASHD**AMOUNT (USD):** \$59.6 million**PILOT (Y/N):** No

Characteristic	Description
RATIONALE	With the removal of the Taliban government at the end of 2001, the Afghan health system faced enormous challenges. Around 50% of children were malnourished, the under-5 mortality was 257, and the maternal mortality rate was 1,600. Poor physical infrastructure (13% of the population had access to safe drinking water and 12% had access to adequate sanitation facilities), poor health service quality and access to care (about one-third of health facilities had been damaged by war or earthquake and only about 30% of the facilities offered a comprehensive package of maternal and child health services) were contributing factors, as were poor accountability mechanisms.
OBJECTIVE OF THE RBF	The development objectives of the project were to: <ul style="list-style-type: none"> (i) assist the Ministry of Public Health (MOPH) to achieve its stated goals of reducing the rates of infant and child mortality, maternal mortality, child malnutrition, and fertility through expanding delivery of the Basic Package of Health Services (BPHS) and increasing equity in the delivery of services; (ii) strengthen the Government by increasing MOPH's stewardship over the sector including a greater role in healthcare financing, coordination of partners, and supervision of NGO work; and (iii) build the capacity of Afghan health workers to provide and manage health services. Since 90% of rural Afghans live in areas where health services are provided by contracted NGOs, the RBF was introduced to improve the quality of service provided by these NGOs.
BENEFICIARIES	Residents of rural Afghanistan that access basic health services provided through the contracted NGOs.
INTERVENTION	The project supports the implementation of a Basic Package of Health Services through Performance-based Partnership Agreements (PPAs) between the Ministry and NGOs.
TYPE AND AMOUNT OF INCENTIVE PROVIDED	In addition to the lump-sum payment that is paid to NGOs in six-monthly installments under their service contracts, there are incentives in the form of annual performance bonuses, once-off performance bonuses paid at the end of the contract period, and the threat of contract termination. An annual performance-based bonus of up to 1% of the contract value is awarded to each NGO that achieves more than or equal to 10 percentage points more than its previous year's performance on a Balanced Scorecard (BSC). NGOs, whose annual performance is considered poor, meaning that they are among the lowest-ranked on the BSC, are called in for performance discussions that include the development of an action plan designed to improve performance. <i>(continued on next page)</i>

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	<p>This plan is informed not only by BSC data, but also by HMIS data and field-monitoring. Eventually, if performance fails to improve, poor performers may have their contracts terminated (which happened once to an international NGO) or not continued (which happened once to a local NGO).</p> <p>At the end of the multi-year contract period, those who manage to achieve a 30% improvement over their performance at the start of the contract period may receive an additional 5% of the contract value as a bonus. This once-off bonus is calculated on the basis of an index consisting of coverage and quality measures (on the BSC). In addition, bonuses are paid to provincial health officials, based on the performance of NGOs, to help to align incentives.</p>
INDICATORS AND TARGETS FOR RECEIVING PAYMENT	<p>Facility performance is measured using a Balanced Scorecard (BSC) of six domains (namely patients and community; staff; capacity for service provision; service provision; financial systems; overall vision) comprising 29 indicators. Facilities are rated on a scale of 0-100. The annual performance bonuses are paid on the basis of performance on these six domains. The once-off bonus at the end of the contract period is paid on the basis of an index that adjusts the BSC measure by coverage.</p>
MONITORING AND VERIFICATION PROCESS	<p>Annual health facility surveys using the Balanced Scorecard, and conducted by independent third party teams, determine annual payments. Additional data, from the HMIS and spot checks of households and facilities, inform the development performance-orientated action plans for the weakest performers.</p>
CONTRACTUAL ARRANGEMENTS	<p>NGOs are competitively selected by the Ministry of Public Health. Detailed service delivery contracts are signed with NGOs that specify the indicators of performance and the rules according to which payment will be made. The Ministry manages the contracts through a Grants and Contracts Management Unit (GCMU).</p>
EVALUATION STRATEGY AND RESULTS	<p>The experience so far has revealed good results. For example, between 2003 and 2006, among other outcomes, quality of care increased by 32% , delivery by skilled birth attendants more than doubled, and contraceptive prevalence and the utilization of antenatal care tripled.</p>