

**INTERAGENCY WORKING GROUP ON RESULTS-BASED FINANCING (RBF)**  
**UPDATE**

**Edition No. 1, October 2008.**

*This is the first of occasional updates that will keep the members of the Inter-Agency Working Group on Results-Based Financing and other interested partners informed of the latest developments, highlight excellent work, recommend selected readings and summarize exciting projects.*

**Results-based financing defined**

Briefly stated, results-based financing (RBF) for health is cash or goods provided when measurable actions are taken or a defined performance target is achieved.

RBF for health is both an old concept – and a new one. Incentives have long been identified as a key determinant of health-related behaviors such as the practice patterns of health professionals and the utilization of various services by patients. We also have years of experience focusing on results – outcomes, not (just) inputs. Just look at the Millennium Development Goals. What’s relatively new is the excitement about the potential to bring incentives and attention to health results together. Most importantly, policy makers in many low- and middle-income countries (e.g., Argentina, Afghanistan and Rwanda) see potential for applications of results-based financing; NGOs, the private sector and development partners also have demonstrated growing interest.

RBF is an innovative financing strategy that can increase the impact of investments in health by providing a financial or in-kind reward conditional upon achievement of agreed performance goals. RBF is an umbrella term that includes output-based aid, performance-based financing, provider payment incentives, vouchers, contracting that includes particular types of targets, and conditional cash payments and transfers to households. In some countries, RBF may take the form of paying a bonus to health facilities that meet certain quantity or quality targets, such as percent of women delivering in a facility. Other countries are designing their RBF mechanisms to provide incentives and support to the poor to overcome barriers to using services.

RBF is being used in increasingly innovative ways *within* national health programs as a tool to strengthen delivery systems and accelerate progress to achieve MDG 4 and 5. RBF can help focus government and donor attention on outputs and outcomes -- for example, percentage of women receiving antenatal care -- rather than inputs or processes. As some governments design and implement RBF mechanisms they are discovering it reinforces efforts to improve the timeliness, credibility and accuracy of national reporting and monitoring; and helps spur reforms that confer authority and flexibility to local, service-delivery levels, fostering problem-solving where it’s most needed.

## The Health Results Innovation Grant for MDGs 4 and 5

The Government of Norway is the first donor to contribute to this trust fund, with a \$105 million grant over five years. This trust fund supports governments to explore and implement RBF mechanisms to accelerate progress toward MDGs 4 & 5. The funding is through an innovative mechanism that allows donors to leverage IDA credits and Bank staff by linking the trust grant to an IDA project. The Trust Fund is supporting 7-8 countries with significant funding (~\$10-14 million) to design, implement, monitor and evaluate RBF mechanisms. It is also providing seed grants and support for training workshops to enable countries to explore, analyze and take steps to design an RBF work program for their own country. **Plan Nacer** in Argentina and the **First Community Living Standards Program** in Rwanda are two of the national success stories that have catalyzed the interest in RBF as a key means of achieving Millennium Development Goals (MDGs) 4 and 5.

Some of the major mechanisms in RBF are performance-based contracting, conditional cash payments and transfers, voucher schemes, pay-for-performance, and inter-fiscal transfers. The ultimate goals of the grant are three:

- Achieve measurable and verified health results in the pilot countries;
- Allow donors to provide on-budget, unearmarked, pooled resources to governments in return for measurable health results;
- Provide the means for governments and partners to achieve national health goals while increasing the impact of external support.

The RBF Trust Fund is being allocated on a competitive basis. Country proposals are reviewed and selected by an independent selection panel. The first 4 projects were selected in early 2008 to support countries to design and implement RBF pilot projects to better achieve maternal, newborn and child health goals. This RBF work is linked to IDA credits with technical support provided by Bank Task Team Leaders:

<b>Country</b>	<b>Task team leader</b>
Afghanistan	Emanuele Capobianco
Eritrea	Rianna Mohammed
Rwanda	Verdon Staines/Patrick Mullen
Zambia	Monique Vledder
Democratic Republic of Congo (DRC)	Patrick Mullen (partial grant)

An additional three RBF pilot projects will be selected by the end of 2008. The additional pilots will include two from Africa and one from the MENA, ECA, or EAP regions. Ten candidate countries – Djibouti, Kyrgyz Republic, Vietnam, Mali, Madagascar, Burundi, Benin, Burkina Faso, Senegal, and Ghana – are eligible to submit proposals by November 26, 2008, when an independent review panel will meet and select three for funding.

**Seed Grants:** Starting in September 2008, the Bank also accepts, on a rolling basis, applications for seed grants of \$50,000 from IDA-eligible countries that are not selected as pilot projects for RBF funding. Proposals are selected four times a year based on (1) the potential of results-based

financing to further national progress towards MDGs 1b, 4 and 5, and (2) the appropriateness of the proposed activity to the level and stage of government interest in results-based financing.

### **Highlights from the World Bank Kigali RBF Workshop, June 23-27, 2008**

Representatives from 12 countries in Africa and South Asia – Afghanistan, Benin, Burundi, Djibouti, DRC, Ethiopia, Madagascar, Rwanda, Senegal, South Sudan, Swaziland, Zambia – convened to learn the basics of results-based financing and share their experiences with the design and implementation of results-based financing mechanisms. Rwanda’s success in designing and implementing results-based financing made Kigali an ideal site for the workshop.

The workshop was structured around USAID’s “Blueprint Guide,” prepared by Rena Eichler, which outlines an iterative process of designing and implementing RBF mechanisms. National and international experts shared information on high-impact maternal and child health interventions; evidence of RBF impact; potential obstacles to RBF implementation; indicators, targets and performance validation in RBF; how to link payment to results; experience in making RBF operational; developing an RBF action plan; and designing and implementing impact evaluations. Of particular interest to the participants was learning from countries which had implemented RBF mechanisms such as Rwanda, Afghanistan and several districts in Zambia. A highlight of the workshop were field visit to 10 health centers where participants could ask questions and see the effect of the Rwanda RBF mechanism and performance incentives on the behavior of health workers and health facilities.

The workshop featured a hands-on exercise with country teams working in small groups to identify national goals and barriers and to tailor RBF designs to the specific health challenges faced by their health systems. Additional information on the Kigali Workshop, plus presentations from the workshop, can be found at the World Bank’s interim web site on results-based financing ([www.worldbank.org/hnp/rbf](http://www.worldbank.org/hnp/rbf)).

### **Results-based Financing Web Site**

An interim results-based financing web site was launched by the Bank in August 2008 ([www.worldbank.org/hnp/rbf](http://www.worldbank.org/hnp/rbf)). The Web site provides an overview of RBF, in addition to information and presentations from recent events such as the Rwanda Workshop, the Interagency Working Group on Results-based Financing and other recent and upcoming events. A more comprehensive Web site will be launched in 2009 with more in-depth information on RBF and the pilots currently supported by the World Bank trust fund.

### **RBF Highlight: Plan Nacer in Argentina**

Argentina suffered an economic crisis from 1997-2002: the poverty rate increased by 20 percentage points and reached 50 percent of the population in 2004. Infant mortality began to climb for the first time in decades. The Government of Argentina and the Bank in 2004 created and jointly funded a maternal and child health (MCH) insurance program called Plan Nacer aiming to provide basic MCH services to the poorest groups in the poorest provinces of the country.

Plan Nacer targeted 600,000 beneficiaries: all pregnant women and children up to age 6 not covered the existing health insurance program. Services are contracted from independent third-party providers both public and private. Funding is disbursed to provincial governments on the basis of enrollment (60 percent) and performance on a set of 10 output-based tracers (40 percent). Freedom to choose providers makes this reimbursement mechanism a demand-side subsidy.

Results to date have been excellent. Enrollment increased from 50,000 in January 2005 to about 440,000 in January 2007. The Government of Argentina and the Bank have agreed to expand the program to other provinces. Early indications suggest that the infant mortality rate among the targeted population has declined faster than in the country as a whole.

*This note on Plan Nacer is based mainly on an article by Lars Johannes in the March 2007 edition of OBAApproaches, published by the Global Partnership on Output-Based Aid (GPOBA). For more information on GPOBA, go to [www.gpoba.org](http://www.gpoba.org).*

### **Upcoming Events:**

- October 20-24 – Workshop on RBF design and implementation for country teams will be held in Kigali, Rwanda. Participants from roughly 8 countries are expected: Eritrea, Ghana, Kyrgyz Republic, Lesotho, Liberia, Mongolia, Sierra Leone, and Tanzania. The workshop will be comprised of country teams who are interested in learning more about results-based financing and particularly, the Rwanda experience. Country teams will have the opportunity to think through issues on designing and implementing RBF mechanisms to achieve their national health strategy. The goal of this workshop is to increase knowledge and facilitate the implementation of results-based financing systems that are effective at improving child and maternal health.
- **December 16 – Second meeting of the Interagency Working Group on Results-based Financing for Health will be hosted by the Government of the Netherlands and will take place in either Amsterdam or The Hague. The Government of the Netherlands will host a dinner the night of December 15<sup>th</sup>. Invitations will be sent out shortly.**
- December 17—The Institute of Tropical Medicine in Antwerp, Belgium will hold a one day workshop on “Performance-based Financing in the Health Sector: Relevant and Feasible in Low Income Countries?” NGOs, bilaterals, and multilaterals will be invited to this workshop. All IWG members are invited to attend.

- January 19-23 – Workshop on Pay for Performance, sponsored by USAID, AUSAID, CGD, NORAD and the World Bank will be held in Ahmedabad, India. This workshop welcomes 16 teams of three “stakeholders” from countries in Asia. For more information, see: Expressions of interest can be submitted on-line at: <http://healthsystems2020.org/section/topics/finance/p4p/workshop> by October 29, 2008. The workshop will support competitively selected participant groups from Afghanistan, Bangladesh, Cambodia, East Timor, India, Indonesia, Nepal, Pakistan, Philippines, Papua New Guinea, and Vietnam. Countries can have more than one team attend the workshop but teams will be competitively selected.

### **Interagency Working Group on Results-Based Financing Co-chairs**

- **Amie Batson** is a Senior Health Specialist in the Health, Nutrition, and Population Unit of the World Bank with more than 15 years experience in innovative financing for health. She is leading the Bank’s work on results-based financing for health, a program designed to integrate incentives into the health system to improve results. She is also leading the work on innovative financing mechanisms for health with a particular focus on vaccines and immunization.
- **Ruth Levine** is an internationally recognized expert on global health and health policy, now Vice President at the Center for Global Development, Washington, DC where she leads the global health policy research program. She is a health economist with experience designing and assessing the effects of social sector programs in Latin America, East Africa, the Middle East, and South Asia. She is co-author, with Rena Eichler, of the forthcoming book, *Performance Incentives in Global Health: Potential and Pitfalls*.

**Recommended Reading:** This month we feature an article by Sadia Chowdhury, of the World Bank: “Educating mothers for health: Output-based incentives for teaching oral rehydration in Bangladesh,” which can be found at: <http://www.gpoba.org/docs/11ch6.pdf>

**Reader comments and suggestions – we want to hear from you!** Please send us information about projects, RBF success stories (and failures), your questions, comments, suggestions, and ideas for recommended reading. Send e-mails or documents to [Ameasham@worldbank.org](mailto:Ameasham@worldbank.org) and [Rbskolnik@Worldbank.org](mailto:Rbskolnik@Worldbank.org).