STRENGTHENING HEALTH SYSTEMS THROUGH PBF

> Pregnancy check-up at a health clinic in Uganda.

Maternal deaths can be prevented with well-known, high-quality healthcare practices to prevent and manage maternal complications. However, due to health system constraints, these simple and affordable solutions are not accessible to many women, especially poor women living in remote areas. Cordaid is determined to strengthen health systems by addressing constraints to improve the delivery of essential healthcare and critical sexual and reproductive health (SRH) services to hard-to-reach people, amongst others, by promoting performance-based financing (PBF).

"Every day, almost 800 women die from preventable causes related to pregnancy and childbirth. Maternal death occurs almost every two minutes. Sub-Saharan Africa alone accounts for around 70% of maternal deaths."

World Health Organization Fact Sheet 2024

WHAT IS PBF?

Performance-based financing (PBF) aims to strengthen the health system by alleviating constraints in health system building blocks: service delivery; health workforce; health information system; medical products, vaccines, and technologies; health financing; leadership and governance; and community engagement. By strengthening the building blocks, PBF can improve the utilisation and quality of health services for the poorest and most vulnerable people, especially those in isolated, rural areas.

The essence of PBF is a direct link between funding and results: contrary to a traditional input financing system, healthcare facilities receive their payments only after their output has been verified. Yet PBF is more than just a change in the way healthcare facilities are paid: it is a health system reform strategy built on many years of experience in countries in Africa, and beyond. It introduces checks and balances, motivates staff, promotes entrepreneurship, and involves governmental departments, private parties, and communities.

HOW DOES PBF WORK IN PRACTICE?

Health facilities are contracted on a bi-annual basis after they have developed a business plan, in which they prioritise their investments. Monthly, the reported health facility service data is independently verified by a verification agency. If the difference between reported and verified data exceeds a certain error

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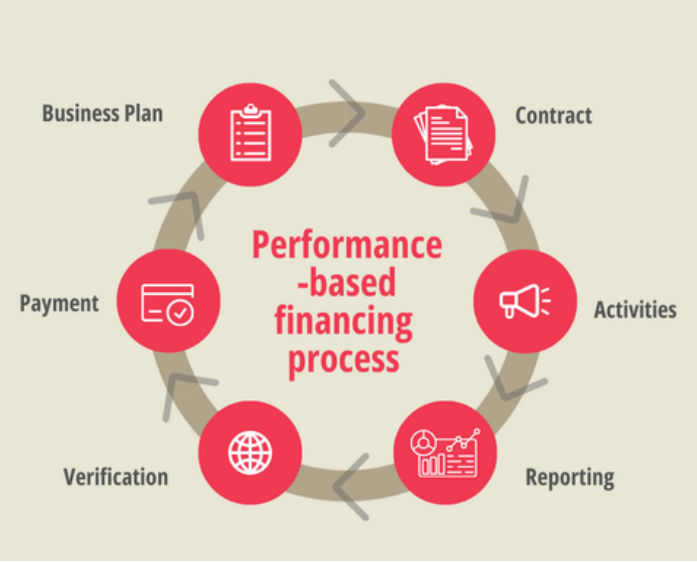
margin (for example, 5% or 10%), no payment is made for that service that month. Each quarter, the quality of care is independently verified through a technical evaluation at the facility and by evaluating the patient's satisfaction.

Based on the verified results, health facilities receive additional funding, typically on top of their regular government budget. Part of the payment can be used for salary top-ups to motivate staff, while the majority of the payment should be used for investments proposed in the facility business plans.

This additional budget is entirely dependent on performance, in terms of:

- Quantity of key health services provided
- Quality of key health services provided
- Reliability of data
- Satisfaction of patients

The incentivised health services are aligned with national policies and selected in close collaboration with national and local stakeholders to strengthen the system.



> Figure 1: Performance-based financing process.

WHY PBF?

Despite overall improvement in health status over the last decades, large population groups, particularly in fragile contexts and remote areas, are still deprived of adequate health services. This is not only due to chronic underfunding of (public) healthcare but also failures in the organisation of health systems and inefficient use of scarce resources.

With traditional input financing in many health systems, healthcare facilities receive funding and inputs based on an annual budget plan with stringent line items, leaving little autonomy to allocate funds according to local needs. There is also no specific stimulus to provide more and better services or to reach the hardest-to-reach patients. In contrast, PBF:

- **Motivates** staff through the direct link between the services provided and the payment.
- Shifts **accountability** from merely budget justification to producing results.
- Gives service providers **autonomy** to allocate funds in a way that best matches the reality.
- Can improve **equity** by paying higher subsidies to more remote health facilities.
- Considers the perspective of the **beneficiaries** (through patient satisfaction surveys).
- Strengthens the different **building blocks of the health system.**

ADDRESSING BASIC HEALTH SYSTEM CHALLENGES THROUGH 6 PBF PRINCIPLES

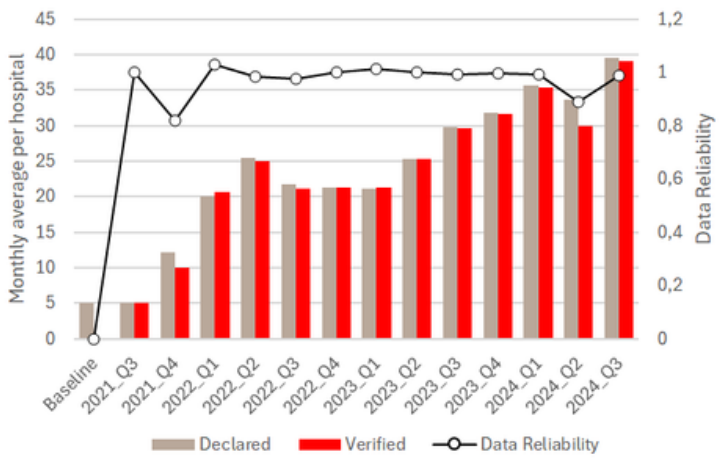
HOW PBF CONTRIBUTES TO HEALTH SYSTEM BUILDING BLOCKS

Health System Building Block	Contribution of PBF
Service delivery	• Improved utilisation and equity of health services • Enhanced quality of care (infrastructure and equipment)
Health workforce	• More motivated and committed workforce due to incentives and improved working environment • Less staff turnover and attrition
Health information systems	• Reliable source data due to independent verification • More data-based decision-making at health facilities and government offices
Medical products, vaccines, and technologies	• Use of subsidies to prevent stock-out of drugs • Purchase of medical and non-medical commodities
Health financing	• Additional funds for frontline health workers • Enhanced efficiency, transparency and accountability of resource allocation • Strategic purchasing of prioritised health services and to enhance quality of care
Leadership et gouvernance	• Strengthened management capacity and collaboration of health facilities and health authorities • Gradual institutionalisation of PBF in several countries
Community engagement	• Engagement of communities through measurement of patient satisfaction • Health facilities incorporate community feedback in their planning

RESULTS

PBF has substantially impacted the improvement of health services in the programmes Cordaid has supported. Some highlights are:

- In **Ethiopia**, PBF was first piloted in 2015 and, after multiple scale-ups, has been enhancing the quality of primary and secondary healthcare services for over 6 million people since 2023. This approach has increased service utilisation in PBF-supported districts, particularly maternal and child health services. More women are now delivering in healthcare facilities—for instance, at hospitals in the pastoralist Borana Zone (Phase III), the average number of skilled deliveries per month rose from 5 during baseline to 40 by Q3 2024 (Figure 2). Additionally, PBF has strengthened overall quality of care and improved data reliability, with 95% of reported services being verified. PBF has also proven to be highly complementary to the Community-Based Health Insurance scheme.



> Figure 2: Average skilled deliveries at hospital level, Borana Zone Phase III, Ethiopia.

"Our facility has received a big boost from the RBF project which has enabled us to integrate a comprehensive set of responses to SGBV within health services, including confidential screening, emotional and medical support, and referrals to other services that support survivors"

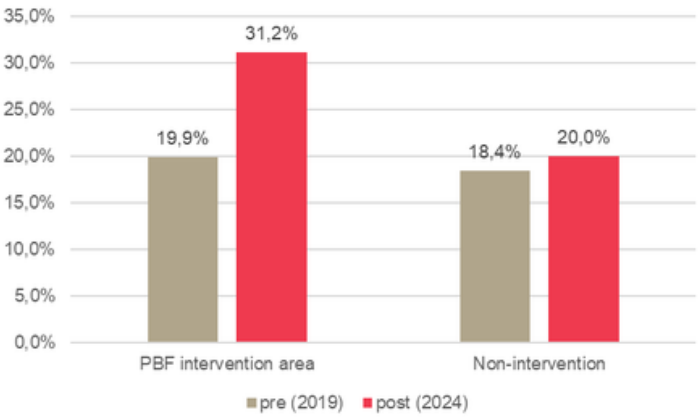
Assistant Nursing Officer, Ikinyi Thomas Taliwa, Kebula Health Centre III

- An evaluation of the programme in **Zimbabwe** shows clear upward trends in implementing districts for antenatal care (ANC) and institutional deliveries. In control districts, the number of services, to the contrary, decreased. As of 2024, the approach, first piloted by Cordaid in 2011, has been thoroughly institutionalised and integrated into Zimbabwean health policies and the Ministry of Health and Child Care structures.

- In **Burundi**, the programme has strengthened the health system in general and improved maternal and child health. The use of modern family planning methods increased by 11.3% compared with a 1.6% increase in non-intervention areas (p=0.014), as shown in Figure 3. The project also positively affected child health, increasing the rate of fully vaccinated children by 8.3% (p=0.021) and reducing the rate of vaccination abandonment by 7.03% (p=0.017) compared to non-intervention areas.

> Countries with current health programmes of Cordaid.

- The HEROES programme in **Uganda**, in collaboration with local government and partners, implements the approach to improve the local health system in selected districts to provide quality and rights-based SRH services, including post-sexual and gender-based violence (SGBV) services. E-vouchers facilitate access to quality post-SGBV and SRH services, including referral, medical, legal, and psychosocial support, and transportation. Facilities used earnings to procure medicines and SRH supplies, strengthen community linkages and referrals and integrate continuous quality improvement initiatives into health service delivery. As a result, the quality of care score increased from <50% in 2020 to 83% in 2024.



> Figure 3: Utilisation of modern family planning methods, Burundi.

> Monitoring blood pressure at Seka health centre in Ethiopia.

CORDAID PBF SERVICES

In 2001, Cordaid was the first organisation to introduce PBF in sub-Saharan Africa. Since then, Cordaid has played a catalytic role in the expansion of PBF and has been involved in PBF programmes in over 15 countries. Our experts provide the following services:

- Programme implementation: setting up contracting and verification agencies, developing project implementation manuals, and developing e-voucher schemes.
- Technical assistance on programme design: definition of indicators, subsidy levels, costing, verification systems and survey tools.
- Developing and conducting trainings for all actors in the chain.
- Monitoring and conducting mid-term reviews, programme evaluations and counter-verifications.
- Digitalisation of data collection and management.

ABOUT CORDAID

Cordaid is an international development and emergency relief organisation, based in the Netherlands with offices in 14 countries. We work in and on fragility and support communities in their efforts to improve health care, education, food security, and justice. Where disaster strikes, we offer humanitarian assistance.

Cordaid is deeply rooted in the Dutch society with more than 260.000 private donors. Cordaid is a founding member of Caritas, CIDSE and member of the ACT Alliance .

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