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Increasing African agency in the design of Performance Based Financing

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Billions of dollars are channelled each year to African governments by external funders, from global institutions such as the World Bank and Global Fund to support health systems. Much of the money is provided in the form of "Performance Based Financing" (PBF) schemes. In 2013/4 we reviewed the decision making on and design of these PBF schemes, including through interviews with officials in Africa and at Africa regional and global levels. This brief explains what PBF schemes are and the reasons for their popularity. It presents the positive and negative features of and views expressed on PBF. It presents a set of questions national authorities should take into account when negotiating any PBF type scheme within health systems and makes recommendations for African officials who wish to improve the design and implementation of PBF schemes to support national health system goals.

Participation and partnership in global health policy

Participation refers to the interactions between stakeholders at local, national, regional and global levels in shaping policy and practice. To explore whether and how policy goals of participation and partnership are put into practice in global health policy, we studied how World Bank and Global Fund for AIDS TB and Malaria (GFATM) performance based financing initiatives were introduced to and applied in the health systems of three east and southern African countries: South Africa, Tanzania, and Zambia.

What is performance based financing?

Performance based financing (or PBF) refers to the idea of transferring funding or material goods on condition that particular actions are taken or predefined performance targets achieved. PBF is promoted by leading global funders as a way to reform the way health systems are planned, financed, coordinated and steered; particularly in low and middle-income countries to improve the efficiency and effectiveness of health financing.

PBF is popular with external funders as it is seen to promote health reform in a way that is locally-owned, accountable and based on ''South / South learning''. For this, performance targets and indicators should be developed through the active participation of local actors from the bottom-up; rather than being set by global institutions from the top-down.

There is limited systematic research on how far this is being achieved in practice. Documented evidence suggests that PBF has incentivised targeted health outputs and increased accountability mechanisms in some settings, generating support for the approach. At the same time, in practice, achieving these effects needs substantive investment in health information systems to avoid restricting funding for weaker services who may be in areas of highest need. PBF has been found to be more successful when targeted on tightly focused health interventions, like payment per patient seen, and not on broad whole-of-system targets, where it is difficult to isolate and track individual variables. This can compromise quality of care, and vertical PBF schemes can create 'health silos' that are not always fully integrated into comprehensive primary health care.

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How is PBF perceived?

Given these different outcomes, depending in part on national context, government officials and health service stakeholders in the three countries surveyed gave both positive and negative views of PBF:

As positive views, PBF schemes were reported to:

- fulfil the need for health funding
- curb corruption in management of funds
- increase effectiveness and accountability in the delivery of aid funds
- increase value for money in health financing, and
- facilitate the monitoring of global institution interventions in health.

However, negative views were also raised. PBF schemes were seen to be

- not 'South / South' learning, but 'buying' behaviour through cash incentives
- an overly simplistic 'one-size fits all' solution to complex contexts and systems
- largely elite driven with limited space for participation at all levels
- a new form of 'structural adjustment' and
- bringing unintended consequences such as: distortion of national health priorities; 'gaming' and 'cherry-picking' of conditions for treatment; creating 'perverse incentives' and hidden costs in health services.

Despite positive intentions to achieve bottom-up participation, we found that PBF initiatives are largely elite driven (top-down) with limited space for input on their design. The full report on the research provides further detail on these findings.

Negotiating PBF approaches that align to national goals

African actors can enhance positive effects and reduce negative consequences of such schemes in their health systems. The table overleaf suggests the questions to raise and issues to be addressed in negotiating the design of PBF schemes with external funders.

Crowded TB clinic, Khayalitsha, Cape Town © Dorette Baaitjies, 2009

Negotiating PBF: Questions and areas for negotiation

Questions to ask	Areas for negotiation		
What type of funding scheme do you want for your health system?	Check whether PBF fits the specific context and needs of your health system and which of the projected positive outcomes are feasible.		
What is the evidence base to suggest PBF might (not) work?	With mixed results on PBF in practice, it is important to thoroughly examine what has and has not worked elsewhere and what conditions and capacities affected practice and outcomes in other settings to assess the relevance for your context.		
What are the needs of your health system?	What evidence is being used about 'actual conditions on the ground', on health patterns, capacities and available resources? PBF demands robust monitoring and evaluation systems. What investment will be made in this so realistic targets are set and for proper accounting and evaluation.		
What do you want PBF to achieve? What short and long term changes?	How well is PBF embedded within the national health strategy and plan, and what are its links to national goals, including for equity in the system.		
Do you want PBF to be sustainable?	What will happen when external funding is phased out? What are the plans for national take-over?		
Can you use domestic funding to gain extra leverage in discussions about PBF?	The less dependent you are on external funds, the more power you have to set terms in PBF design, implementation and evaluation.	Less developed health system	Easier to create a PBF programme; but risks creating silos in health service areas
		More developed health system	Harder to develop PBF; blends with other more dominant funding modes.
What are the alternatives to PBF?	Explore and fully debate all financing options; with their pros and cons in relation to overall health system aims. Identify the limits that PBF (and other approaches) have in addressing system needs.		
What systems exist for critical discussions nationally on PBF?	Make links and obtain the input needed to help to positively modify PBF processes before they are implemented and as programs develop.		
Do communities/ health professionals have the information and means to feedback within the health system?	A problem found with PBF is a lack of clear and known mechanisms for how to report failings or problems. Acknowledging and responding to problems will increase the likelihood of success in meeting stated targets and national health goals.		
What space is there to acknowledge that a particular system might not be appropriate?	Make sure the right people are involved in the discussions on PBF, and put in place conditions and processes for genuine disagreement to be raised and addressed. Ensure monitoring systems allow for on-going feedback loops and forums for debate.		

Recommendations for strengthening African agency

Despite PBF being driven and led by external funders, our research indicates that there is space for greater African agency in its design and implementation. We suggest that countries use that space to better align PBF to national health systems and to avoid its negative consequences. To achieve this we propose that east and southern African countries:

- **Promote debate on the design and implementation of PBF:**
  Forums can be set up (locally, nationally and regionally) to debate PBF programs, to review evidence emerging on their design and implementation and to raise and address areas of genuine disagreement.
- **Build more inclusive governance mechanisms**
  Multi-sectoral bodies were found to support more positive outcomes from PBF. It is thus vital to bring in academics, researchers and health personnel of various disciplines and levels in the design, implementation and evaluation of PBF. Leaving out key sectors may cause demand or resource side problems that will affect long-term success.
- **Strengthen communication between different institutions and different levels of the health system on PBF**
  Having feedback loops and forums for review of PBF will benefit both design and implementation, by drawing input from relevant national institutions affected by PBF policies or that could make input to them, and from those implementing these systems.
- **Build regional exchange and cooperation on PBF**
  Exchange and review of evidence and experience at regional level can inform more co-ordinated negotiation on PBF at the regional level and in the Africa group at the global level. This strengthens African agency in negotiations and increases knowledge of conditions, contexts and factors affecting PBF application.
- **Hold partners accountable**
  PBF also applies to external funder operations, so use the brokerage of UN agencies or international consultants to hold development partners to account.
- **Be selective**
  Turn down proposals that contradict national policies and system goals.
- **Design new frameworks**
  Develop and negotiate through regional institutions and the Africa group at World Health Assembly global frameworks and options that draw from good practice within the region and that better align to the needs of African health systems. Longer term change calls for new approaches in Sustainable Development Goals and other global frameworks on the goals and measures for financing health.

References and resources

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