USING RESULTS-BASED FUNDING TO DRIVE HEALTH EQUITY

ACTION GLOBAL HEALTH ADVOCACY PARTNERSHIP

SOCIAL FINANCE

ACTION, a global health advocacy group, and Social Finance, a non-profit that develops innovative financing solutions to social problems, have partnered to identify best practices and develop recommendations to ensure equity and a focus on the poorest through results-based funding mechanisms.

PRIORITIZING EQUITY IN GLOBAL HEALTH

Important strides have been made in global health over the last 20 years, but progress has not been evenly distributed. Major gaps exist in health access and quality for disadvantaged populations, who may be disadvantaged because of their income level, gender, geographic location, ethnicity, or other factors.

While some inequalities are unavoidable, ***inequity*** is attributable to social determinants that are within the capacity of societies to moderate. Development funding can be allocated in ways that increase or reduce inequities, independent of overall health results.

Given scarce funding to solve complex development challenges, funders must make critical choices about global health funding allocation that affect many lives.

Increasingly, development policymakers are exploring a range of results-based funding (RBF) approaches as a way to improve funding efficiency and effectiveness. RBF refers to a range of contractual arrangements that involve a transfer of funds in exchange for the delivery of specified results. When implemented well, RBF can increase the results focus, rigor, recipient autonomy, and flexibility of development programs. But, poorly conceived contracts can create incentives to work with populations or individuals who are relatively less marginalized and represent "quick wins." RBF has been widely tested in global health, with overall positive results. When designed well and with an equity focus, RBF can also be a driver for improved health equity.

Results-based funding comes in many forms and terms are not consistently used. The key features of an RBF program are ***who*** is being paid and ***what*** they are being paid for. **Table 1** outlines a range of common donor-funded approaches which focus on the ***supply*** side and aim to incentivize health providers to improve results.

Table 1. Types of Results-based Funding Mechanisms

TYPE	APPROACH	SOURCE OF RESULTS-BASED FUNDING	RECIPIENT OF FUNDS	SOURCE OF UPFRONT FINANCE	RESULTS TARGETED
CASH ON DELIVERY / RESULTS-BASED AID	Payment for measurable progress against country goals	Bilateral or multilateral donor agencies	Partner government	Various – sourced by partner government	Outcomes through enhanced governance
RESULTS-BASED FINANCING / OUTPUT-BASED AID / PAY FOR PERFORMANCE	Payments linked to specific results metrics	Governments, bilateral and/ or multilateral donor agencies	Service providers	Various – sourced by service provider; often come in part from outcome funder	Outcomes or outputs through improved service provider performance
SOCIAL / DEVELOPMENT IMPACT BOND	Risk capital provides up-front financing for service delivery with payments from donors and/or governments for impact achieved	Governments, bilateral and/ or multilateral donor agencies	Investors and some-times service providers	Outcomes-based investment	Improved outcomes through adaptive service delivery and rig-orous programme management

ENSURING RESULTS-BASED FUNDING DRIVES HEALTH EQUITY

The health sector holds some of the longest-standing examples of results-based funding. RBF has been used in health to motivate staff, focus attention on and provide evidence of measurable results, strengthen information systems, build local capacity to manage and deliver health systems, and, most importantly, to improve health outcomes.

Overall, RBF in health has produced positive results, particularly when programs are designed with a focus on outcomes, rigorous measurement, recipient autonomy, and flexibility.[1] When there has been a focus on reaching disadvantaged populations, RBF has helped to improve equity—and has considerable potential to do so further.

1 The World Bank. 2013. *Results-Based Financing for Health*. http://siteresources.worldbank.org/INTAFRICA/Resources/AHF-results-based-financing.pdf; Grittner, A. *Results-based financing: Evidence from performance-based financing in the health sector*. German Development Institute, 2013; Eichler, R. and R. Levine. *Performance Incentives for Global Health: Potential and Pitfalls*. Center for Global Development, 2009.

Programs in a range of geographies have shown that results-based payment mechanisms can create incentives to reach poor and vulnerable populations and focus on the outcomes that matter most for them (**boxes 1 and 2**).

However, better equity through RBF is not a given. A common concern with results-based approaches is that they may create incentives to reach the populations that are easiest to work with and achieve only short-term measurable gains. Therefore, certain features must be in place to mitigate risks and unintended consequences as well as to ensure that equity remains at the center of program goals.

For more information, please look at our full report on RBF for health equity, which is available for download at WWW.ACTION.ORG.

BOX 1: SALUD MESOAMERICA INITIATIVE

The Salud Mesoamerica Intiative is a large-scale example of a results-based funding program that was set up specifically to address maternal and child health inequities in eight countries.* The $114 million, 5-year initiative aims to draw attention to health inequities and create incentives for countries to re-program domestic resources toward key services for vulnerable populations. Through the use of both census and household survey data, it identified low-income and indigenous communities that had worse health outcomes than national and regional averages.

The program seeks to reduce the barriers between demand and access to services, in addition to improving the quality of services for the poorest 20 percent of the population. Results indicators vary across countries according to the needs of the poor. This includes output indicators such as whether or not health facilities have the equipment necessary for pre- and post-natal care in poorer geographies, and

BOX 1: SALUD MESOAMERICA INITIATIVE (CONT.)

outcome indicators such as reductions in anemia. Governments make an upfront funding contribution and the program—with funding from the Gates Foundation, Carlos Slim Health Institute, Inter-American Development Bank, and the Spanish Government—reimburses governments for up to half of their contributions if results targets are met.

* The eight countries are Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and Mexico (state of Chiapas). www.saludmesoamerica2015.org

Source: Mokdad et al. 2015. *Salud Mesoamerica 2015 Initiative: design, implementation, and baseline findings*. Population Health Metrics. https://pophealthmetrics.biomedcentral.com/articles/10.1186/s12963-015-0034-4.

BOX 2: RESULTS-BASED FUNDING IN CAMEROON

A World Bank-supported RBF program in Cameroon funds health centers and hospitals with the aim of improving the use and quality of health services. A pilot program implemented in 2012 in four districts in the northwest region of the country aimed to deliver a defined health package, with a focus on child and maternal health and communicable diseases, on a results basis. Output indicators were set centrally by the Ministry of Health and spanned a range of services, from family planning and antenatal care, to tuberculosis and sexually transmitted disease detection and treatment.

To incentivize equitable provision of services, higher payments were triggered for services delivered for free to "poor and vulnerable" persons. The program also took into account the geographic accessibility of health centers—and the population density and poverty levels of the area—when calculating results payments. Health centers could receive up to 30 percent higher payments as an "equity bonus" for operating in poorer areas. The bonuses were flexible over time, accounting for changes in the population and wealth of the area. Health centers under the program had autonomy on how to spend the RBF funding, although no more than 50 percent could be used for staff incentives. Since 2012, the World Bank has supported performance-based funding in Cameroon to reach a national scale.

Sources: Consortium AEDES/IRESCO, 2012. http://www.fbrcameroun.org/cside/contents/docs/Procedure_Manual.pdf; http://www.worldbank.org/en/news/press-release/2014/06/24/world-bank-expanded-health-care-services-rural-poor-families-cameroon

Results-based funding programs are more likely to be successful and to drive improved equity if they are designed with the following six recommendations in mind:

1 Target poor/disadvantaged populations

Programs should invest the resources to identify where marginalized populations with unmet health needs are located. This may require geographic or community-based targeting where priority populations are co-located and more sophisticated methods of targeting, for example through household surveys, where they are not.[2]

Programs which do not have a sole equity goal, but seek to ensure equity while focusing on improving health outcomes for a broader population, should at the outset identify sub-populations with the most acute health needs and target program resources accordingly.

2 Focus on outcomes

As much as possible, programs should focus on health outcomes that reflect improved health and better quality services for poor and disadvantaged populations. Programs should measure results at a disaggregated level to understand whether outcomes improve for key populations.

For example, the Salud Mesoamerica Initiative (SaludMesoamerica2015.org) identified health indicators for which outcomes were worse for the poorest 20 percent of the population. The program pays governments for improvements in health outcomes, such as reduced anemia, according to the country context. It also pays for improved results on interim output indicators such as whether health facilities are equipped to serve local populations.

3 Reward progress not just absolute success

Success metrics should be designed to incentivize reaching disadvantaged populations. This could include paying more for services delivered to these populations and paying for improvements, not just absolute success.

For instance, some programs have paid for each person served such as for each child who receives a vaccine or each woman who accesses family planning services. This means that a health facility is rewarded for any improvements it can make, not just whether or not it reaches an overall target. Paying for each level of progress creates incentives to continue making efforts to reach the hardest to reach.

4 Allow implementers flexibility to deliver interventions

To be most effective, RBF programs should allow flexibility for providers to adapt services according to the varied and changing needs of target populations throughout program implementation. Such flexibility could be particularly important for engaging and supporting disadvantaged and hard-to-reach populations.

The Impact Bond model is one way to enable an appropriate level of service flexibility and adaptation by removing the need for outcomes funders to also provide pre-financing for services. Impact Bond programs are pre-financed by private investors, who are paid back by donors or governments in proportion to success but only if pre-defined outcomes are met.

5 Engage governments to identify priorities that fit within health plans

To ensure that program impacts are sustainable, governments should be involved from the beginning of the program's design even if the government is not a direct program funder. At a minimum, programs should work with governments to identify priority populations and outcomes.

Learnings generated from RBF programs should also be used to inform future policy decisions and programs, including how best to address the needs of disadvantaged populations.

6 Independently verify outcomes to ensure credibility

In order for program results to be credible, outcomes data should be measured, or at least verified, by an independent third party before payments are made. RBF can help to create the incentives for good data collection on needs and program outcomes for disadvantaged populations.

2 New survey tools, such as the Progress out of Poverty Index® (PPI®), are making it easier to target disadvantaged populations and understand their needs.