

RESULTS BASED FINANCING

ENGAGING COMMUNITIES TO STRENGTHEN SYSTEMS IN FRAGILE CONTEXTS

In 2001, Cordaid was the first organization to introduce Results Based Financing (RBF) for health in Sub-Saharan Africa. We have since played a catalytic role in the expansion of RBF in health, which is now being used in more than 20 countries on the African continent. Since 2012, Cordaid has introduced RBF in the education and security & justice sectors. At present, we are involved in RBF programs in 13 countries. Where possible, Cordaid works with and through existing structures and institutions and plays the role of facilitator. In this way, we help to build resilient and sustainable public systems, even in complex and unstable settings.

What is RBF?

Results Based Financing is a system strengthening approach that introduces checks and balances along the service delivery chain, encouraging better governance, transparency and enhanced accountability. It achieves this by linking payments directly to performance. Contrary to traditional input funding, service providers (such as hospitals, schools or courts) receive their payment on the basis of agreed indicators and verified output. A detailed monitoring and evaluation system is set up to track and award performance. Money is paid directly to the institutions on the basis of their actual output and performance. They are autonomous in how they spend the funds in order to achieve their own aims (e.g. better medical equipment, renovation of classrooms, new police uniforms, staff training, salary premiums, etc.). RBF motivates service providers to deliver more services of higher quality and promotes entrepreneurship.

Inefficiencies in the organization of these services and the use of resources – from national to local level – are also important causes. Cordaid believes that public sector reform needs to go beyond inputs. While the availability of trained nurses, textbooks or courts are crucial, public systems work better when standards, responsibilities, financing and incentives are clear and aligned to defined goals, and outcomes are measured and monitored.

Restoring the social contract: Due to poor service delivery and the breakdown of the rule of law in fragile regions, citizens' trust in the state and its institutions is often minimal. RBF helps to rebuild and strengthen the social contract between citizens and the state. Communities are actively engaged in determining the indicators, verifying the output delivered by schools, clinics, tribunals, courts, or police posts under RBF contract. This improved social accountability helps to restore relationships between citizens, service providers and the state.

'After the start of RBF, health personnel became more motivated, working conditions improved and the hospitals and clinics started to function better. We can see real evidence that this strategy really works if we compare regions where RBF was introduced with regions without RBF'

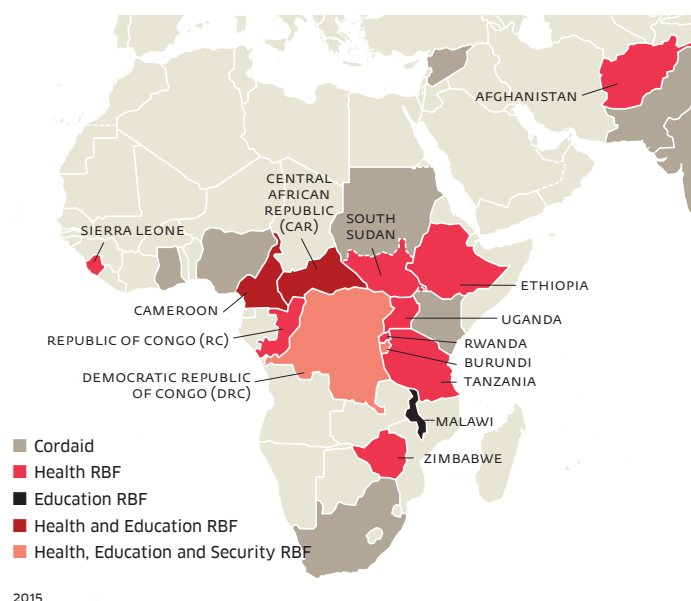
Dr. Mwanza Nangunia Nash, Minister of Health,
South Kivu province, DRC

Why RBF?

Cordaid's mission is to build flourishing communities in fragile contexts. The transformative nature of the RBF approach fits our aim of achieving and sustaining improved access to and quality of social services by engaging communities and end-users in the process.

Strengthening systems: The fact that millions of people in fragile regions are deprived of healthcare, education and justice is not only due to a chronic underfinancing of public services.

FOOTPRINT OF CORDAID RBF IN AFRICA



How does RBF work?

The RBF approach is based on the conviction that all actors in the chain – donors, ministries, public institutions, NGOs, private parties, communities and end-users – play a role in improving the system. Take the example of RBF in the education sector:

- Together with a local partner (the ‘purchasing agency’), Cordaid discusses with the ministry of education the objectives to be achieved and the related indicators.
- Participating schools design a business plan how to maximize their performance on the agreed indicators.
- To guarantee transparency and accountability, school performance is measured and monitored by the ministry and verified by the purchasing agency.
- Both the ministry and the purchasing agency interview the beneficiaries (parents and students) to verify whether the quality of the service they have received complies with the RBF contract. Actively engaging communities empowers them to have a say in their children’s education and ask for better results.
- Schools are paid according to the verified performance outcomes by the purchasing agency.
- Transparency and accountability are maximized by publishing the performance data of all schools through Cordaid’s open data system (see page 3).

DEMOCRATIC REPUBLIC OF CONGO: RBF SECURITY & JUSTICE

In the South Kivu province in Eastern Congo, insecurity and impunity are widespread. Cordaid’s RBF program helps to improve the performance of public administration, police and justice at local level – and proactively engages women and local communities in this process. Entities across the chain have been contracted: from the provincial ministry of justice and the high court, to the provincial division of internal affairs, peace tribunals and the district police. One of the successes is the revival of the local security committees. They were set up by the government to encourage dialogue between community representatives, local authorities and the police and magistrates.

But in a country plagued by conflict and broken trust, this proved to be a massive challenge. Thanks to RBF, the security committees are now motivated to take their role seriously. They made an analysis of the most pressing security issues – e.g. sexual violence against women, land conflicts, corruption within the security and justice services – and translated this into a local security plan. Indicators were agreed for the different actors, such as the number of police posts in high-risk areas, the number of sexual violence cases transferred from the police to the court within the legal timeframe, or the number of court verdicts according to legal regulations. “RBF can really make a difference in our country,” says Olivier Chibashimba, program manager for Cordaid in South Kivu. “Institutions learn to plan better and because RBF ensures that people who perform according to the set targets are properly paid for their work, a major reason for corruption also disappears. The fact that men and women from the communities now turn up for the committee meetings, means they – often for the first time – feel listened to.”

CORDAID RBF

ENGAGING COMMUNITIES



Social accountability

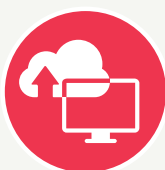


Smart data collection

STRENGTHENING SYSTEMS



Reduced operational costs
increased efficiency



Dashboards
open data & transparency

CENTRAL AFRICAN REPUBLIC: RBF EDUCATION

The violence that started in the Central African Republic in December 2012 pushed the country’s already weak education system into crisis. Many schools closed their doors and some were transformed into military camps. School benches and desks were used as firewood for cooking. “RBF proved to be an efficient instrument in a situation of crisis and fragility,” says Leonilda dos Reis, program manager in Bangui. “Our nationwide program allowed us not only to keep many schools open but also prevent other educational structures from collapsing, like the school inspection system and teacher training facilities.” Cordaid’s RBF program involves the entire education ‘chain’: from the ministry of education and the regional education councils to individual schools and parent associations.

Cordaid supports 141 primary schools through RBF. The new financing approach has made the management of these schools more entrepreneurial in focusing on local needs and has encouraged parents to play a role in defining educational priorities. In the RBF-contracted schools, the attendance rate among girls has increased by 12%. The notion has also taken hold that primary education should be more than just teaching children to read, write and do mathematics. “Good primary education promotes respect and self-esteem,” says education expert Paul Vermeulen. “It encourages a critical attitude and teaches children to work together and to help one another.” In a country divided by conflict the role that education plays in promoting tolerance and shared responsibility cannot be overestimated.

Empowering communities through Open RBF

The RBF approach involves communities to achieve better service delivery and development based on their perspectives of what matters to them most. Open RBF takes this one significant step further. Open RBF responds to the growing call from the open development movement to provide access to accurate and up-to-date information about all aid flows and projects and engage with citizens. Thanks to open development, local communities are no longer merely the recipients of aid. Their role is transformed to that of *customers* who use evidence-based information to set the agenda for their priorities and to evaluate efforts to pursue them.

Open RBF (<http://openrbf.org>) is an open source IT tool to strengthen RBF programs and increase their efficiency and transparency. Take the example of a hospital under RBF contract. The performance of the hospital is measured against the agreed indicators in the RBF contract. This performance is verified and validated each quarter by external verification officers as well as by local communities who provide independent feedback through interviews and mobile devices. All these data are entered into the system, which then calculates the money to be allocated to the hospital.

A fundamental aspect of Open RBF is that, once validated, all data are displayed on the internet for everyone to see and accessible through easy-to-read dashboards (see figure 1). This allows funders to see how resources are allocated, but more importantly, it encourages citizens to engage with a vital development issue. Cordaid is developing this tool in such a way that citizens can have a direct say over the quality of services provided to them. These data are recorded for further analysis by communities and policy-makers. Through the Open RBF system, anyone can follow the budgets, indicators and performance of any clinic or hospital in real time. This information enables citizens to hold their governments to account for their efforts to provide better healthcare for all. The transparency offered by Open RBF helps to restore trust between citizens, local and national governments and private sector service providers.



Figure 1: Dashboard RBF for Healthcare South-Kivu (DRC)

Cordaid RBF services

- Program implementation, e.g. setting up purchasing agencies, procedures, survey tools and verification systems.
- Technical assistance on program design, definition of indicators, subsidy levels, costing and verification systems.
- Developing and providing training for all actors in the chain (ministries, NGOs, service providers).
- Designing tools for enhancing social accountability in RBF, in particular to enhance community's decision rights.
- Promoting innovation in RBF, e.g. mobile data entry, real time dashboards, community feedback loops, e-learning, low cost and standardized deployment, integration of RBF and DHIS2 data systems.
- Monitoring and conducting mid-term reviews and evaluations.

RBF: IT WORKS

Results based financing has a positive impact on health and education indicators.¹

- The Democratic Republic of Congo (DRC): between 2005 and 2009, safe deliveries rose from 70% to 97% in RBF facilities. The number of outpatient visits increased from 0,17 to 0,7 per person per year.
- Burundi: the number of assisted deliveries increased from 53% to 82% between 2006 and 2010. This can be attributed to the provision of free services using the RBF system.
- Burundi: the innovative Cordaid pilot in the province of Makamba integrating Community Health Workers in the RBF system for health promotion activities, resulted in an increase of assisted deliveries by more than 30% (January-May 2014).
- Rwanda: a World Bank impact study showed that the increase in the number of safe deliveries in health facilities was 23% higher in RBF districts compared to districts without RBF. Out of pocket expenditures decreased by 62%, indicating that RBF makes health care more accessible for the poor.
- Zimbabwe: in RBF districts the coverage of institutional deliveries increased from 46% to 74% and immunizations from 35% to 62% in 9 months' time (March to December 2012).
- The Central African Republic (CAR): the number of newborn babies vaccinated against polio and TB increased tenfold in RBF clinics between 2010 and 2013 and the number of women giving birth under medical supervision increased from 15% to 50%.
- The CAR: primary schools contracted with RBF showed an average increase in access and retention of pupils of 15% between 2012 and 2014. Community collaboration in school reconstruction after the crisis led to reduced costs and increased ownership.

¹ All sources are available from Cordaid on request

RBF: TURNING PROBLEMS INTO SOLUTIONS

PROBLEM

SOLUTION

LOW JOB DEDICATION AND MOTIVATION

Teachers, doctors and police officers often work under poor conditions, receiving low and irregular salaries. This forces them to seek other sources of income and causes job absenteeism and low job dedication – leading to perverse incentives like under table payments.

LINKING PAYMENT TO PERFORMANCE

RBF encourages social service providers to deliver better services, both in terms of quantity and quality. The additional income can be used to improve facilities and working conditions, buy equipment and materials, or motivate staff of social services.

NO CLARITY ON ROLES AND RESPONSIBILITIES

Social service providers are often unclear about what results are expected of them. When job descriptions and task division are ambiguous, accountability for service delivery becomes a problem.

CONTRACTING

Transparent contracts that specify roles and responsibilities, quality of services and guidelines for accountability are agreed with different actors in the chain: from schools, clinics and police stations to inspection bodies and ministries.

A MISMATCH BETWEEN NATIONAL PLANS AND LOCAL REALITIES

Centrally managed budgets allocated through inputs lead to inefficiencies. National policies often do not fit the local situation, resulting in medical equipment left unused in clinics lacking electricity, or police officers without means of transport.

AUTONOMY FOR LOCAL SERVICE PROVIDERS

Instead of receiving centrally planned in-kind supplies, service providers are free to spend the RBF payments on the priorities that they outlined in their business plans. This autonomy creates ownership and triggers entrepreneurship among local management and staff.

NO CHECKS AND BALANCES

The regulation, purchase and delivery of services are often all concentrated in one body, that is, the ministry of health, education or justice. The consequent lack of checks and balances as well as of a 'customer's voice', leads to suboptimal resource allocation and other inefficiencies within the health, education and legal systems.

PURCHASER-PROVIDER SPLIT

An independent purchasing agent contracts the service provider. The regulatory authority, often a ministry, focuses on policy and quality assurance. In recent RBF models, payments to service providers are made by a central fund. The purchaser verifies performance (quantity) at local level. Quality is verified by inspectors and local communities.

UNEQUAL ACCESS

With centrally managed input financing certain groups are bound to have less access to public services than others: children from poor households, orphans or children with HIV/Aids have worse access to education; adolescents have poor access to SRH services, and women who are victims of human rights violation rarely have access to legal support.

EQUAL ACCESS BONUSES

RBF promotes equal access, for instance by awarding extra payments to schools or clinics in remote areas that serve the poorest households, or by giving bonuses to clinics that provide youth-friendly SRH services. Thanks to these bonuses teachers, health providers and assigned lawyers are encouraged to stay and provide services to underserved citizens.

END USERS HAVE NO POWER

Without an empowered community voice, health providers, police officers or school managers cannot respond to the needs of the community. Parents for instance may not enroll their children in school when they consider the school curriculum irrelevant or the school environment is unsafe for their daughters.

END USER EMPOWERMENT

RBF entails the training of community groups and representatives in discussing relevant indicators for service delivery and conducting satisfaction surveys. End-users are also included in verification of output. RBF encourages community participation, which improves the quality of service delivery and boosts social accountability.

ABOUT CORDAID

Cordaid is the Catholic Organisation for Relief and Development Aid, with its headquarters in the Hague and country offices in 11 countries. It has been fighting poverty and exclusion in the world's most fragile societies and conflict-stricken areas for a century. It delivers innovative solutions to complex problems by emphasizing sustainability and performance in projects that tackle security and justice, health and economic opportunity. Cordaid is deeply rooted in Dutch society with more than 300,000 private donors. Cordaid is a founding member of Caritas Internationalis and CIDSE.

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