

## Performance-based financing in Rwanda

The Government of Rwanda, with support from donors, has recently scaled up several innovative programmes that transfer conditional grants from the central government to municipalities for the purchase of essential health outputs. The health programme includes three principal elements:

**Community partnerships in health:** This transfers resources (about US\$0.25 per capita) directly to municipalities to engage, via a performance-based contract, community-based institutions, non-governmental organizations, health promoters, private health-care providers and other related services to deliver essential interventions at the household and community levels. A performance contract called IMIHIGO – a traditional word that has become synonymous with accountability in government services throughout the country – is signed between the President of Rwanda and district mayors on behalf of their constituencies every year. The services delivered under this approach are simple and low cost, focusing on the promotion of improved health and hygiene practices, behaviour-change interventions, and such preventive services as distribution of insecticide-treated mosquito nets, oral rehydration therapy, nutritional supplementation and safe water systems.

These partnerships were introduced in several districts during 2005 and have been scaled up at the national level since 2006 using treasury funds. The central government signed performance contracts with the 30 municipalities in April 2006 and selected coverage of insecticide-treated nets

as the lead performance indicator. Marked results have been achieved since its inception. An evaluation undertaken in June 2007 found that utilization of mosquito nets by children under age five had increased from 4 per cent in 2004 to more than 70 per cent in 2007. The number of cases of malaria has decreased dramatically, emptying paediatric wards, and population-based surveys using blood tests show a dramatic decrease in malaria prevalence. Policymakers rate the situation as unprecedented and are working now at a strategy to eliminate malaria altogether.

**Health centres:** This strand transfers resources (about US\$1 per capita in 2007, or about 15 per cent of government resources apportioned to health) to primary care centres through a performance-based contract. The scheme was initially piloted in two provinces, Butare and Cyangugu, with the support of non-governmental organizations and bilateral aid from 2002. The performance-based contract includes indicators related to adequate coverage (quantity), as well as effective coverage (quality) of services. An evaluation has shown a significant increase in utilization of health services, including immunization and assisted deliveries, in the provinces where the contracts had been implemented compared with provinces that were not covered by the contracts.

The Government of Rwanda subsequently decided to gradually expand the programme to other provinces, incorporating lessons from the pilots. In 2005, budget

allocations for the programmes were apportioned to two provinces that had undertaken the pilot schemes. The following year, the programme was expanded nationwide and fully transferred to the national budget, and it directly linked service delivery, results and payment.

A steering committee has been established in each province to independently monitor the performance of the health centres using lot quality sampling and satisfaction survey techniques. The results of the independent verification directly affect the amount of funding received by each centre. Again, results from the centres were impressive, with immunization coverage rates of 95 per cent and increases in the annual utilization of services from 0.4 visits per capita in 2004 to 0.7 per capita in 2006 and in assisted deliveries from 29 per cent in 2000 to 52 per cent in 2006. The full impact of these schemes on health outcomes is being evaluated through a randomized controlled prospective design. The programme has also been expanded to all district hospitals of the country.

**Health micro-insurance schemes:** *Mutuelles* – informal micro-insurance schemes that pool funds from community members to cover a package of basic health services provided by health centres and for the transfer of patients, if needed, to referral hospitals – have been piloted successfully during the past decade. Their aim is to smooth the cost of health services for members, eliminating the hardship of making out-of-pocket payments.

*Mutuelles* have an important role in intermediating between health centres, district hospitals and the general population. Evaluations show they are more effective when they have strong community participation in their governance structures and make payments to the health centres on a per capita basis, essentially transferring all insurance risk to the health centres.

Initially, the focus was on building administrative and management support and technical capacity, including training and development of appropriate tools. But since 2006, the Rwandan Government has transferred funds (about US\$0.15 per capita) to cover premiums for the poorest people in the community, who are identified on the basis of a participatory poverty assessment called *Ubudehe*. Rwanda has systematically supported the expansion of *mutuelles*, which covered about 70 per cent of the population in 2007, up from 7 per cent in 2003. Enrolment of the poor in *mutuelles* is a key indicator in the performance-based contract signed by the mayor and the president. The Government is also engaged in creating municipal pooled funds, as well as a national fund for reinsurance financed by contributions from formal workers.

*See References, page 108.*