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HEALTH SYSTEMS REPORTER: contracting for health service delivery in fragile states

23 January 2007

produced by the [IDS Health and Development Information](#) team in collaboration with [Eldis](#) and the [DFID Health Resource Centre](#)

This is our monthly email bulletin, bringing together research to inform policy debates on health in developing countries.

The Health Systems Reporter aims to provide readers with a more in-depth look at a particular area of health policy. This month's theme is on [contracting for health service delivery in fragile states](#). The bulletin also features summaries of new documents and other additions to the [Health Systems Resource Guide](#).

[Health Systems Reporter archive](#) - an archive is now available on the Health Systems Resource Guide. See previous issues of the Health Systems Reporter at www.eldis.org/healthsystems/archive.htm

All documents listed below are available free on the web. If you are unable to access any of these materials online and would like to receive a copy of a document as an email attachment, please contact r.wolfe@ids.ac.uk.

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Feature: contracting for health service delivery in fragile states

Fragile states comprise 14 per cent of the world's population but account for almost half of all child deaths and a third of maternal deaths. Fragile states are defined as countries affected by conflict, emerging from conflict and/or lacking the capacity to adequately deliver essential services including basic health care. In these situations, non-state actors such as private companies, faith-based organisations, international and national non-governmental organisations (NGOs), play key roles in providing these services and supporting systems.

One mechanism through which non-state actors are employed to deliver health care is contracts -- these are processes where actors bid for the right to provide specific services on behalf of the government. The rationale for contracting agreements is that bidding stimulates competition among providers resulting in improved quality, increased efficiency and greater equity in service delivery. However, there are several concerns with using this approach in fragile states: governments might not have the capacity to issue, design and monitor contracts; competition may not exist to encourage providers to deliver efficient services; and NGOs may not be able to scale up their activities.

Despite these concerns, evidence suggests that where contracts with NGOs have been implemented effectively, there has been some success in improving basic health care. In Cambodia, the government employed NGOs to manage maternal and child health services leading to increases in antenatal care, greater access to nutritional supplements, and more availability of 24 hour services. In Afghanistan, payments to NGOs were tied to performance and measured against indicators to ensure effective service delivery. Results suggest that non-state providers have rapidly expanded access to basic services in underserved areas.

In Afghanistan and Cambodia, the contracting approach has been an effective model for utilising the services of NGOs to deliver health care; however, it is likely that these successes are partly the result of NGOs already being present in the countries on a large scale. Further investigation is required to assess if this contracting model of health service delivery can provide similar benefits in other contexts, and questions remain over whether the approach is a sustainable solution towards creating an effective health system.

For more information see:

- Section on health service delivery
www.eldis.org/healthsystems/delivery/index.htm
- Key issues guide on service delivery in difficult environments
www.eldis.org/healthsystems/sdde/index.htm
- DFID Health Resource Centre section on health service delivery
www.dfidhealthrc.org/publications/health_service_delivery.html
- id21 health: NGOs take on health services in Afghanistan
www.id21.org/health/h1np2g3.html

Recommended readings on contracting for health service delivery in fragile states

Contracting for primary health services: evidence on its effects and a framework for evaluation

Authors: Liu, X.; Hotchkiss, D.; Bose, S.; Bitran, R.; Partners for Health Sector Reform/plus

Produced by: Partners for Health Reformplus (PHRplus) (2004)

This paper, produced by Partnerships for Health Sector Reform/plus, discusses the effectiveness of contracting out primary care services as a tool for health reform. The paper provides a short history of contracting out, a discussion of its advantages and disadvantages, and a review of the available literature on the impact of contracting out. The authors note that there is a lack of evaluation research on the success of contracting-out, and a lack of conclusive evidence that contracting out improves overall health sector efficiency. They present a new conceptual framework and a set of indicators for monitoring and evaluating contracting-out interventions, with the aim of encouraging and facilitating further research in this area.

The framework focuses on four types of factors: (1) the attributes of the contracting-out intervention, such as the types of services covered, the contract duration and contract payment mechanisms; (2) the external environment, including characteristics of the overall health sector, as well as of the financial and legal settings in which the intervention takes place; (3) responses of providers and purchasers both within and outside the contracting-out scheme; and (4) the impact of the contracting-out intervention, measured in terms of effect on access, equity, quality and efficiency of health services. [adapted from author]

Available online at: http://www.phrplus.org/Pubs/Tech053_fin.pdf

Buying results: contracting for health service delivery in developing countries

Authors: Loevinsohn, B.; Harding, A.

Produced by: The Lancet (2005)

This article, published in the Lancet, examines the effectiveness of contracting out health care delivery to non-state entities including NGOs, universities, and for-profit companies in developing countries. It discusses the potential benefits and anticipated difficulties of contracting, and examines the extent to which these have occurred during implementation. Using data from ten developing countries the paper finds that contracting for delivery of primary care and nutrition services can be very effective and that improvements can be achieved rapidly. Contractors provided greater quality care and achieved better coverage than the government even in poor and remote areas.

The paper concludes that under real world conditions and at a large scale, contracting has achieved impressive and rapid results. The authors recommend that future efforts at contracting should continue to include rigorous evaluations to better determine its effectiveness, obtain robust estimates of the effect size, and test it under various conditions. Such operational research should also address remaining issues such as the effects of contracting on equity, the usefulness of performance-based bonuses, its cost-effectiveness compared with grants to NGOs, and different approaches to establishing the price of contracts. [adapted from author]

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Available online at: <http://www.thelancet.com/journals/lancet/article/PIIS0140673605671401/fulltext>

Literature review of non-state provision of basic services

Authors: Moran, D.; Batley, R.

Produced by: International Development Department, University of Birmingham (2004)

This paper, by the International Development Department at the University of Birmingham, reviews the recent literature on non-state provision of health, education, and water and sanitation services, focusing on how government and civil society relate to the providers of those services. The non-state sector in health provision is defined as all providers that exist outside the public sector whether their aim is philanthropic or commercial, and whose activities are intended to treat illness or prevent disease. The paper discusses arguments for state and non-state provision of health care: non-state providers may present opportunities for more competitive, cost-effective, accessible and responsive provision. However, there are concerns over the quality of care provided by unregulated, informal and often 'less than fully qualified' practitioners.

The paper suggests strategies to integrate informal providers into health care systems and ways of improving service delivery. Contracting is discussed as an approach where the government and non-services providers can work together. When contracts with NGOs or firms have been implemented effectively they have had some success. However, this success is limited by weak government bodies and institutional weaknesses which restrict government capacity to contract. These include: opposition by public service unions; weak non-state actors unable to compete for contracts; and corruption.

Available online at: <http://www.idd.bham.ac.uk/research/Projects/service-providers/Literature%20Review%202012April04.pdf>

Contracting for health: evidence from Cambodia

Authors: Bloom, E.; Bhushan, I.; Clingingsmith, D.; et al

Produced by: Brookings Institution (2006)

This Brookings Institution report assesses the impact of contracting out the management of government health services to NGOs in Cambodia. The contracts specified targets for maternal and child health service improvement. Contractors were required to provide all preventative, promotional and curative health care services mandated for a district, and were responsible for services at district hospitals, sub-district health centres and remote health posts. The paper finds that contracting programme caused large increases in the services outcomes targeted by it: receipt of vitamin A by children under 5 was increased by 42 per cent and receipt of antenatal care by pregnant

women increased by 36 per cent.

The report also finds evidence of improved management of government health centres particularly in the availability of 24-hour service, the actual presence of staff scheduled to be there, supervisory visits, and the presence of supplies and equipment. The programme led individuals to reduce visits to untrained service providers such as drug sellers and traditional healers. The authors conclude that overall, the contracting project was very effective in improving service delivery in the project area.

Available online at: http://www.cid.harvard.edu/bread/papers/0605conf/bread0605_clingingsmith.pdf

Performance based partnership agreements for the reconstruction of the health system in Afghanistan

Authors: Ridde, V.

Produced by: the Lancet (2005)

This paper, published in the Lancet, explores the effects of privatisation and contracting out of health services. It focuses on Performance-based Partnership Agreements (PPAs) - a system used in Afghanistan to sub-contract the delivery of health services to non-governmental organisations (NGOs), where payments are tied to performance and measured against indicators. The paper highlights several challenges concerning contracting-out including: setting up an evaluation mechanism and management information system; lack of corruption; political stability; and the risk of pursuing profit at the expense of profitability. Ethical issues raised by PPA intervention in Afghanistan are also discussed.

The paper concludes that it is not possible to compare between the performance of public and private sectors in health service provision in Afghanistan: valid comparisons in Northern countries, where information systems exist, have become feasible only recently. The authors make several recommendations to organisations involved in or considering the advantages of PPAs: NGOs involved in contracting out must press for a participatory process for defining performance indicators, and the performance of a health system should be evaluated in terms of its responsiveness - i.e. how far it is able to take into account patients' demands, reactions and requests.

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Available online at: <http://www.thelancet.com/journals/lancet/article/PIIS0140673602118733/fulltext>

Other documents from the health systems resource guide

The lost children of universal access: issues in scaling up HIV testing and counselling

Authors: Wong, V.; Macleod, I.; Gilks, C.; et al

Produced by: Vulnerable Children and Youth Studies (2006)

This paper, by Vulnerable Children and Youth Studies, reviews national HIV testing and counselling (HTC) policies and technical guidelines aimed at children in countries with a high prevalence of HIV. HTC is essential for increasing access to treatment, care, support and prevention. However there are gaps in current tools and guidance on providing HTC to infants and children. The paper finds that only 35 per cent of national policies offer details specific to HTC and children. Further, more specific guidance is required on children in many issues including: informed consent, child counselling, discrimination/stigma/child's rights, diagnosis issues, access and confidentiality.

The paper concludes that whilst some guidelines and policies have been developed around HTC and children, in many countries significant obstacles and corresponding needs exist and need to be addressed if children are to benefit from the move to universal access. The authors recommend that national policies must be updated to better reflect the needs relating to infant and child diagnosis of HIV. People who implement policies should be provided with specific, country-level guidance about consent, counselling and confidentiality needs.

Available online at: <http://www.informaworld.com/smpp/content~content=a749289369~jumptype=rss>

Bangladesh: NGO and public sector tuberculosis service delivery -- rapid assessment results

Authors: Guda, D. R.; Khandaker, I. U.; Parveen, S. D.; Whitson, T.

Produced by: Quality Assurance Project (QA) (2004)

This paper by the Quality Assurance Project presents the results of a rapid assessment of the Bangladesh service delivery system for TB-DOTS (directly observed treatment for tuberculosis). It examines various aspects of both government and NGO (non-governmental organisations) managed systems including: awareness raising efforts; case detection; cure rate; physical facilities; technical capacity; record keeping; and referrals. The paper finds that only one in three NGO clinics offered diagnostic services, but all of them offered treatment, follow-up and referral services. Government health care facilities offer the complete set of TB-DOTS services, such as diagnosis (including laboratory testing), treatment, follow-up and patient referral. Laboratory facilities were unavailable in two-thirds of NGO clinics, and those having the facilities lacked external quality assurance and related quality improvement efforts.

The paper makes several recommendations to achieve the case detection target of 70 per cent and cure rates of 85 per cent. They suggest that it is important to provide all people in Bangladesh with information about the risks of TB and when and how to seek diagnosis; referral services need to be strengthened, especially by NGO clinics lacking diagnostic services and/or in rural areas; all clinic staff working in the TB control programme should be trained in TB-DOTS through basic, refresher, leadership, and on-the-job training.

Available online at: <http://www.qaproject.org/pubs/PDFs/ORRBanglatb.pdf>

Promoting equitable health care financing in the African context: current challenges and future prospects

Authors: McIntyre, D.; Gilson, L.; Mutyambizi, V.

Produced by: EQUINET: Network for Equity in Health in Southern Africa (2005)

This Equinet paper evaluates how health services are currently funded, explores recent trends in health care financing and identifies lessons from the health care financing experience of African countries. The paper shows that the current level of health care funding from government tax revenue is relatively low in most African countries -- in the majority of countries the health sector share of total government expenditure is below 10 per cent. One of the single largest sources of financing is that of out-of-pocket payments (OPP) which exceed 25 per cent of total health care expenditure in more than three-quarters of sub-Saharan African countries.

The paper recommends several actions in relation to health care financing within the African context including: explicit commitments by governments to move away from out-of-pocket funding of public health sector services; efforts to increase tax revenue through improved tax collection mechanisms; implementing effective mechanisms for identifying the poor and other vulnerable groups; equitable allocation of funds that are mobilised to ensure that all citizens have access to health services irrespective to whether they reside in a rural or urban area.

Available online at: <http://www.equinetafrica.org/bibl/docs/DIS27fin.pdf>

The stop TB strategy: building on and enhancing DOTS to meet the TB related Millennium Development Goals

Authors: WHO

Produced by: WHO Tuberculosis Programme (2006)

This World Health Organization paper defines the Stop TB Strategy which underpins the second global plan to stop TB (2006-2015). The goal of the strategy is to reduce dramatically the global burden of TB by 2015. It aims to achieve universal access to high-quality diagnosis and treatment; reduce the suffering and socioeconomic burden associated with TB; protect poor and vulnerable populations from TB; and support development of new tools and enable their timely and effective use. The Stop TB strategy has six principle components: pursue high quality DOTS (directly observed treatment) expansion; address TB/HIV and other challenges; contribute to health system strengthening; engage all care providers; empower people with TB; enable and promote research.

The paper highlights the strategies that are required to achieve these outcomes and discusses ways of measuring global progress and impact. The MDG and related Stop TB Partnership targets include three impact indicators: incidence, prevalence and death rates. Achieving targets requires increased and sustained financing for TB control and financing needs to be monitored and evaluated at sub-national, national and international level.

Available online at: http://www.who.int/tb/publications/2006/who_htm_tb_2006_368.pdf

Disparities in parasitic infections, perceived ill health and access to health care among poorer and less poor schoolchildren of rural Côte d'Ivoire

Authors: Raso, G.; Utzinger, J.; Silue, K.D.; et al

Produced by: Tropical Medicine & International Health (Journal) (2005)

This article examines inequities in health between school children in rural communities in Cote d'Ivoire. It investigates disparities in parasitic infection, perceived ill health (symptoms and diseases), and access to formal health services among poorer and less poor children. The paper finds that poorer school children have a higher infection prevalence and intensity of hookworm infection compared to the less poor children. The poorest school attending children lived significantly further away from formal health services than their richer counterparts. As a consequence they are less likely to seek treatment and have access to preventative measures such as insecticide treated bed nets.

The paper concludes that there is a great need to improve access to early diagnosis and effective treatment for this rural population. In particular, efforts are needed to reach the most disadvantaged segments of populations. The authors suggest that improving access to preventative and curative medicine, clean water and improved sanitation, coupled with sound hygiene behaviour education, will have significant effects in decreasing the burden of diseases and will help alleviate poverty.

Available online at: <http://www.blackwell-synergy.com/doi/full/10.1111/j.1365-3156.2004.01352.x?cookieSet=1>

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- Health Resource Guide - www.eldis.org/health
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- HIV and AIDS Resource Guide - www.eldis.org/hivaids

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Eldis is funded by DFID, Sida, SDC and NORAD, and hosted by the Institute of Development Studies, Sussex, UK.

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