



# WORLD HEALTH ORGANIZATION

**EXECUTIVE BOARD**  
**109th Session**  
**Provisional agenda item 3.3**

**EB109/5**  
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## **The role of contractual arrangements in improving health systems performance**

### **Report by the Secretariat**

1. At the 107th session of the Board, the member from Chad, Dr Mbaiong, initiated a discussion on nongovernmental health care providers.<sup>1</sup> Board members exchanged information on the experiences of their governments in working in health care with both the private sector and civil society organizations. There was discussion of the nature of the contractual arrangements that might be entered into in order to assure optimum use of the potential of the private sector. Members also stressed the need for effective stewardship by the State of such arrangements. The Board agreed to return to the subject in January 2002.
2. Following the Board discussion, a technical reference document on contractual approaches was drafted and consultations took place with different partners, in addition to WHO's regional offices (some members of the Executive Board, and stakeholders institutions and agencies).
3. Recent studies have revealed a wide variety of situations in which contractual arrangements are used to achieve a broad range of objectives in the provision of health care.
  - Some are based on the delegation of responsibility; these correspond to situations in which actors prefer to delegate, by contract, their responsibility to another that will act on their behalf. These are mainly public service concessions and links with the supervisory authorities.
  - Others are based on purchases; they correspond to situations in which the actors who control the financial resources prefer to purchase the provision of services rather than use their funds to produce the services themselves. Such experiences have often been simple service contracts for non-medical activities: building maintenance, catering for patients or hospital laundry. Increasingly they involve the management of health facilities, the provision of health activities (control of tuberculosis or leprosy, integrated management of childhood illness or combating malnutrition), or even relations between health service providers and health insurance agencies.
  - Others are based on cooperation; these correspond to situations in which, having determined where their synergy lies, partners contribute jointly to the attainment of a common goal. This

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<sup>1</sup> See document EB107/2001/REC/2, summary record of the ninth meeting.

type of contractual arrangement may concern relations between health care institutions, the health care network approach, and agreements within a local health care system on mechanisms such as strategic planning or sector-wide approaches.

4. As highlighted in *The world health report 2000*, greater autonomy in decisions relating to purchasing and service provision shifts some responsibility away from central or local government. However, it creates new tasks for government in assuring that both purchasing and provision are carried out in accordance with overall policy. It is especially necessary to ground each contractual arrangement within the national health policy.

5. Sufficient expertise is necessary in order to fulfil the tasks of oversight and regulation of private sector and nongovernmental health service providers. Rapid technological advances enable the fast, inexpensive handling of vast amounts of information, thus making it easier in principle for stewards to visualize the whole health system. Techniques such as systems of accreditation can ensure that the actors involved possess the necessary skill to improve the performance of the health system. At the same time incentives must be included that are sensitive to performance. Policies need to recognize the balance between the autonomy of providers and their accountability.

6. Accumulated experience of practices such as contracting is now becoming available, from both developing and developed countries. However, each country needs to evaluate that experience in order to analyse effects on health, responsiveness and distribution of the financial burden. An evidence base needs to be built up from these evaluations in order to identify best and worse practices.

7. During the discussion at the 107th session of the Board, a possible draft resolution for the Health Assembly was tabled on the subject of contractual arrangements. The Board agreed to reconsider a resolution, at the present session. One option would be for contractual arrangements to be the subject of a Board resolution, which could then immediately be brought to the attention of all Member States by the Director-General.

## **ACTION BY THE EXECUTIVE BOARD**

8. The Board is invited to consider adoption of the following draft resolution:

The Executive Board,

Noting that a number of countries have sought to strengthen the performance of their health system by the development of contractual arrangements with the private sector and nongovernmental organizations;

Recognizing the importance of government stewardship of such contractual arrangements;

1. INVITES Member States to share their experiences on establishment of contractual arrangements involving private sector and nongovernmental organizations in the provision of health services;

2. REQUESTS the Director-General to develop an evidence base so as to permit the evaluation of the impact of differing types of contractual arrangements on the performance of health systems and the identification of best practices;

3. FURTHER REQUESTS the Director-General to provide support to Member States in developing capacities and expertise in accreditation, licensing and registration of private sector and nongovernmental organizations in the health sector.

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