A GUIDE TO CONTRACTING FOR HEALTH SERVICES DURING THE COVID-19 PANDEMIC

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A Guide to Contracting for Health Services During the COVID-19 Pandemic

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ACRONYMS

AFRO	Regional Office for Africa
EMRO	Regional Office for the Eastern Mediterranean
IFC	International Finance Corporation
LMIC	Low- and middle-income countries
RFP	Request for Proposal
PAHO	Pan American Health Organisation
PPD	Public-Private Dialogue
PSA	Private Sector Assessments
SEARO	South-East Asia Regional Office
WHO	World Health Organization
WPRO	Regional Office for the Western Pacific

EXECUTIVE SUMMARY

Government authorities seek to increase the capacity of health systems to respond to COVID-19 while maintaining access to essential health services. Drawing on private sector resources is critical as, in many countries, it is a dominant provider of health services, including for the poor. One important tool for increasing capacity in this way is *contracting*.

This primer offers a practical introduction to contracting the private sector in support of national COVID-19 responses. Its target audience is policymakers in low- and middle-income countries (LMICs) that have, at this time, limited experience of using contracts for health services but are expected to do so in the emergency conditions created by COVID-19.

The guidance does not advocate for contracting as a solution for all countries. Policymakers should use the manual to inform their own decisions about whether to use this tool. If policymakers decide not to use contracting, there are several other options for enhancing public-private sector coordination during the emergency.

If they do choose to use contracting to contain and mitigate the adverse health impacts of the pandemic, they often need to act quickly. They may not have time to develop organisational capacities, deploy 'normal' competitive procurement processes, or enter into fully comprehensive contracts. Nor can authorities always rely on the market to respond flexibly.

This guidance acknowledges these realities but seeks to ensure that, even in the emergency context, authorities can nonetheless (1) act lawfully, reasonably and with integrity (2) identify how the sub-optimal context gives rise to certain risks, and (3) formulate a comprehensive policy framework to mitigate these, and thus make a success of contracting in spite of the constraints they face.

The guidance outlines a step-by-step process to *contract in an emergency setting* organized according to four steps:

1) Define the purpose and structure of the contract;

2) Plan the procurement process;

3) Procure and sign the contract; and

4) Monitor the contractual relationship.

The guidance concludes by suggesting that, through this process, authorities can *institutionalise* new capacities, activities, and ways of working that will strengthen current response efforts and help them *build back better* - **strengthening core health system functions** so that future emergencies can be effectively tackled, and the momentum behind **long-term objectives, such as Universal Health Coverage (UHC), can be regained and accelerated.**

INTRODUCTION

Governments are seeking to increase the capacity of health systems to respond to COVID-19 while maintaining access to essential health services. Drawing on private sector resources is critical. In many countries, the private sector is the dominant provider of health services, including for the poor(*1*). It is estimated that the private sector provides 40 per cent of all health care in the PAHO, AFRO, and WPRO regions, 57 per cent in SEARO, and 62 per cent in EMRO(*2*).

This situation highlights the importance of effective governance of the private sector to optimize and coordinate the use of health system resources. One important tool for achieving this objective is contracting. Contracts for health services establish a legal agreement between a public authority and private sector entity, in which the latter undertakes to deliver an agreed set of tasks, in a given location (or for a specified population), over a defined period of time. Contracting can be used by public authorities to (a) purchase health services to increase a country's response capacity and (b) regulate private sector entities by determining their activities such as the quality and price of the services they provide.

In the emergency conditions created by COVID-19, public authorities can use contracts with the private health sector to achieve important health system objectives. Examples of these objectives include:

- Expanding access to COVID-19 testing and treatment, including for the poor and other underserved groups;
- Relieving pressure on public health sector facilities by having the private sector deliver essential health services not related to COVID-19, such as urgent surgeries, maternity services, or cancer treatments;
- Leveraging additional capacity to fill public sector capacity gaps, e.g. providing access to technological solutions such as tele-medicine, providing extra quarantine facilities, and offering support services and 'cold chain' supply services for, and/or provision, of vaccination programmes; and
- Aligning the operations of the private health sector with national response strategies, including ensuring that the private health sector complies with all relevant clinical, infection control and reporting standards.

Countries – including some LMICs – already use contracts to address health system objectives. In LMICs, this work often focuses on informal agreements between the public sector and the private (e.g. Memoranda of Understanding or social