



Sustainable Financing for Health:

A User Guide for African Governments

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This user guide is based on research funded by the Gates Foundation. The findings and conclusions contained within are those of the authors and do not necessarily reflect the positions or policies of the Gates Foundation.

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Chapter 4: Health Finance and Key Performance Indicators

Key Takeaways

Global health institutions, such as the Global Fund, Gavi, and the World Bank, continue to play a crucial role in the health sector and can be considered key partners in discussions on financing instruments outlined in this User Guide.



Understanding the composition of health spending is crucial for matching financing tools with the appropriate type of health expenditure, ensuring that resources are utilised efficiently.



Health-related key performance indicators (KPIs) are applied across various financing instruments. They can determine interest rates, ensure debt-swap savings are appropriately directed, and measure and incentivise service delivery and asset functionality in public-private partnerships (PPPs).



The four key components of KPI selection are controllability, observation, absolute or relative measures, and frequency and lag, each of which serves a purpose in making KPIs relevant, measurable and achievable.



KPI selection is intrinsically linked to the instrument to which it is tied, with PPPs being primarily focused on operational effectiveness. In contrast, sustainable finance instruments and debt swaps employ KPIs to measure broader health system outcomes.

Setting Health Priorities

Governments set their health priorities through a combination of long-term planning processes and annual budget cycles. These processes are designed to align health goals with broader national development objectives, while ensuring that public resources are used effectively and transparently. For those engaging with the health sector - whether from Ministries of Finance (MoFs), development institutions, or debt management offices - understanding how these priorities are set is essential for navigating the financing landscape and identifying where different instruments can add value.

National Development Plans (NDPs) form the broadest and most strategic layer of this process. These 5- to 10-year visions outline a country's economic and social transformation objectives, with health typically embedded as a core pillar of human capital development. They set the direction of travel: expanding access to essential services, improving the health workforce, strengthening disease control, or modernising infrastructure. While these plans are often ambitious, they signal government commitment and serve to provide an important reference point for investors and partners seeking alignment with national priorities.

Below the national vision sit sector-specific frameworks, most notably the national health sector strategic plans. These multi-year plans translate high-level aspirations into concrete priorities for the health system, defining service delivery goals, workforce needs, infrastructure requirements, digital health plans, and the reforms necessary to improve efficiency and equity. They guide Ministries of Health (MoHs) in preparing annual budgets, shaping investment cases, and coordinating support across development partners. Complementing these are targeted strategies for major disease areas or system needs, such as national HIV strategies, reproductive and maternal health plans, immunisation strategies, or human resources for health plans.

These documents provide detailed, measurable targets that inform both government and partner financing decisions.

While these plans are comprehensive, not every activity is funded immediately. Each year, MoHs must translate their strategic priorities into an annual budget submission that reflects available fiscal space, existing commitments, and the realities of implementation capacity. As a result, long-term plans remain partly aspirational, with only a subset of priorities incorporated into the government budget at any given time. Understanding this pipeline, from long-term vision to sector strategies and annual budgets, is essential for anyone looking to support or finance health investments. It reveals not only what a country hopes to achieve, but also which priorities are ready for investment and which require sustained dialogue, planning, and resourcing. MoHs can use these costed and prioritised plans to make a case for inclusion in financing instruments.

The remainder of this chapter provides the practical foundation for engaging with health financing instruments. It begins by outlining the global health institutions (GHIs), such as the Global Fund, Gavi, and the World Bank, that play a central role in shaping and supporting health investments across Africa, before summarising the major budget categories and types of activities commonly funded within the health sector. The chapter then introduces the key performance indicators (KPIs) that underpin many of the financing tools described in this User Guide. These indicators provide the measurable link between resources and results, helping governments structure agreements that reward progress, strengthen accountability, and align financial terms with tangible improvements in population health.

International and Domestic Financing for Health

The Evolving Role of Global Health Initiatives

Global health institutions such as Gavi, the Global Financing Facility, and the Global Fund to fight AIDS, tuberculosis and malaria (Global Fund), have been instrumental in improving health outcomes and strengthening health systems across Africa. Although they continue to play a vital role, their focus is evolving. Increasingly, these institutions act not only as sources of grant financing but also as platforms for co-financing, technical support, and transition planning.

As countries move toward greater domestic resource mobilisation, GHIs are shifting from gap-fillers to enablers, helping governments design sustainable investment cases, align donor contributions with national priorities, and strengthen data and accountability systems. Their programmes now serve as building blocks for more integrated, country-led financing approaches, paving the way for mechanisms such as sustainability-linked loans, debt swaps, and PPPs to complement and reinforce existing health investments. The main active GHIs in Africa are treated below.

THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA

The Global Fund is a multilateral financing mechanism that mobilises and disburses resources to fight HIV/AIDS, tuberculosis and malaria, while strengthening health

pandemic preparedness. It operates on a country-led model, meaning African governments and civil society set priorities through country coordinating mechanisms (CCMs). Countries that benefit from Global Fund support operate under a performance-based grant model, where country ownership plays a key role through the CCMs. Funds are channelled through Principal Recipients (e.g. MoHs, Non-Government Organisations (NGOs) or United Nations (UN) agencies). Global Fund programmes cover disease prevention, diagnosis, and treatment, and also strengthen health systems (supply chains, labs, community health workers).

GAVI, THE VACCINE ALLIANCE

Gavi focuses on routine immunisation, introducing new vaccines, and strengthening immunisation systems. It provides vaccine subsidies, and receiving countries contribute co-financing based on income level. Gavi utilises a pooled procurement system in collaboration with the United Nations Children's Fund (UNICEF) Supply Division and the World Health Organisation (WHO) to negotiate vaccine prices and ensure supply security. Gavi develops multi-year immunisation plans and funds vaccine-delivery infrastructure (cold chain, logistics, digital systems, workforce training). A key feature is that, as countries become wealthier, they gradually assume full vaccine financing.

THE GLOBAL FINANCING FACILITY (GFF)

The GFF, launched in 2015 and hosted by the World Bank, supports countries to improve reproductive, maternal, newborn, child, and adolescent health and nutrition (RMNCAH-N). It aims to catalyse domestic financing and align donor investments for long-term sustainability. Countries develop a national investment case - a prioritised plan linking health and nutrition goals with financing strategies that will define the GFF's support as a combination of grant funding and World Bank loans. The GFF operates through a single national platform that unites ministries, donors, civil society, and the private sector under one financing framework.

The table below provides a summary of the focus areas and operating models for each of these entities. All three have significant links with MoHs and MoFs on the continent, although they often do not have staff based in country. Instead, they provide support through established, in-country governance mechanisms.

	Global Fund	Gavi	Global Financing Facility
Main function	Disease programmes	Preventive immunisation	Health system financing backbone
Core purpose	HIV, TB, malaria, and health systems	Vaccination and immunisation systems	RMNCAHN and health financing reform
Delivery Model	Grants via Country Coordinating Mechanisms (CCMs)	Vaccine co-financing and supply partnerships	Blended financing with World Bank loans
Health System Role	Funds workforce, labs, procurement, surveillance	Builds immunisation cold chains, logistics, and data	Strengthens health financing, data, and budgeting
Key Implementers	MoHs, NGOs, Civil Society, and UN agencies	MoHs, NGOs, UNICEF, and WHO	MoFs and MoHs, World Bank
African Coverage	~45 countries	~40 countries	~30 countries

Table 4.1: Mapping of the Largest Global Health Institutions

These institutions do not provide debt or credit enhancement solutions (see [Chapter 7: The Use of Public-Private Partnerships in Healthcare Projects](#)). However, they can play an essential convening role in designing financing instruments and in bringing together international and domestic stakeholders. They are a potential trustworthy partner to help create and monitor programme activities, providing credibility to in-country execution. Specifically, these institutions could act as third-party implementers for debt swaps (see [Chapter 6: Debt-for-Health Swaps](#)) and provide oversight on programme execution and data quality for sustainable debt instruments (see [Chapter 5: Sustainable Finance Instruments](#)).

Components of a Health Budget to be Financed

For MoFs and other financial planners, health budgets can sometimes appear complex - a mix of recurrent costs, capital investments, and programmatic expenditures that do not always align neatly with health objectives and outcomes. Yet, understanding the composition of health spending is crucial for identifying which areas are best suited to different financing solutions. Health systems rely on a range of inputs, including infrastructure, equipment, digital systems, healthcare workers, pharmaceuticals, energy and utilities, as well as service delivery contracts, training programmes, and community-based interventions. Each category carries distinct financing charact-

eristics - some suited to long-term capital instruments, while others are suited to results-based or blended approaches.

The table below provides an overview of everyday activities within the health sector. It does not aim to be exhaustive, but rather to illustrate different elements of a typical health budget - such as infrastructure upgrades, supply-chain improvements, workforce investments, and preventive health programmes. Policymakers can identify the specific type of expenditures that require financing and match them with the appropriate financing tool, ensuring that limited resources are used strategically and sustainably.

Programme Type	Example strategic priorities	Description		Added value for the MoF
		Capital Expenditure	Operating Expenditure	
Reproductive, maternal, newborn and child health (Family planning, pregnancy care, immunisation, child treatment)	Family planning service provision		<ul style="list-style-type: none"> *Training the health workforce *FP commodity procurement *Behaviour change communication 	Reducing the birth rate will have downward pressure on health and education budgets
	Local manufacturing for immunisations	*Construction of a factory	<ul style="list-style-type: none"> *Input costs *Running costs 	Potential taxation and employment generation
	Immunisation service delivery	*Procurement of cold chain equipment (fridges, etc.)	<ul style="list-style-type: none"> *Procurement of vaccines *Vaccination campaigns *Improving data systems for tracking *Staff training 	Strong immunisation programme reduces cost and supports pandemic preparedness
Infectious Diseases (TB, HIV, malaria, water & sanitation, neglected tropical diseases)	Disease elimination campaigns	*Investments in laboratory capacity (I.e. equipment/lab sites)	<ul style="list-style-type: none"> *Data and tracking systems improvements *Surveillance systems *Delivery of prevention and treatment activities (e.g. bed nets, trachoma surgeries) 	Disease elimination reduces treatment costs and increases workforce productivity.
	HIV treatment integration	*Investment in testing equipment (CD4 / Viral Load)	<ul style="list-style-type: none"> *Training of staff *Data systems improvements *Procurement of test and treatment commodities *Behaviour change 	Successful HIV treatment reduces the transmission of HIV and improves workforce productivity

Programme Type	Example strategic priorities	Description		Added value for the MoF
Service capacity and access (Health workforce, hospital access, health facility availability, pandemic preparedness)	Construction of new hospitals/health centres to increase access to services	*Hospital/health centre construction *Equipment procurement	*Salaries for hospital staff *Running costs (I.e. utilities)	The construction of hospitals should be considered in the context of spending on preventive care to understand the value for money.
	Health workforce and community health workforce development	*Construction of staff housing	*Salaries for the workforce (including community health workers) *Ongoing training for quality and retention *Incentives/benefits *Pre-service training (I.e. cost of universities)	Moving community health workers into the salaried workforce has a substantial impact on prevention activities and the improvement of health service delivery.
	Pandemic preparedness	*Procurement of laboratory systems	*Coordination mechanism for disease monitoring across animal and human health *Staff trainings *Surveillance (I.e. travel to outbreaks) *Salary for public health institutions (e.g. CDC) *Develop a sample transportation system for lab testing *Strengthen data systems for tracking and surveillance	Pandemic preparedness is essential to respond to localised outbreaks and potential epidemics/pandemics

Table 4.2: Examples of Health Expenditure by Health Programme and Strategic Government Priorities

Key Performance Indicators for Health

Role of Key Performance Indicators for Sustainable Health Financing

KPIs are key components for sustainable finance instruments, debt swaps and PPPs. For sustainably-linked financing instruments (SLFs) (I.e. sustainability-linked loans (SLLs) and sustainability-linked bonds (SLBs)), the KPI target describes which health aspect the instrument targets and links the setting of interest rates relative to achieving the sustainability performance targets (SPTs) for the relevant KPI, such that:

- If the issuer achieves the KPI target, they will benefit from lower interest rates.
- Conversely, they will face higher interest rates if they fail to meet the KPI target.

Hence, a key component of SLFs is the monitoring, reporting, and verification (MRV) system, which tracks the progress of KPIs throughout the instrument's lifetime (see [Chapter 5: Sustainable Finance Instruments](#)).

In debt swaps, KPIs serve as safeguards to ensure that commitments made available through debt reductions are utilised to support projects and initiatives that improve health outcomes. Similar to SLFs, KPI tracking helps creditors verify the impact and therefore shape the scale and acceptability of the debt swap. If these commitments are not fulfilled, issuers will face recourse through contractually agreed-upon remedies (see [Chapter 6: Debt-for-Health Swaps](#)).

In PPPs, KPIs also serve to incentivise the longevity of the asset and good operational performance. This requires monitoring implementation and operations through the

Contract Monitoring Regime, ensuring that parties continue to bear the risk allocation specified in the PPP Agreement (see [Chapter 6: Debt-for-Health Swaps](#)).

Principles of KPI Selection for Sustainable Debt Instruments

The selection of KPIs is critical for setting goals and incentives for the issuers. This is particularly evident for SLFs, where the achievement of KPIs has a direct impact on the cost of debt; however, the same criteria apply to health bonds, loans, and debt swaps. Developing health KPIs that are economically and financially material for a government can positively affect the whole economy in the long term.

While not a focus of this chapter, it is worth mentioning that, in addition to the KPI selection, the carrots and sticks of an SLF ultimately depend on its SPT (see Box A on the following page). This target-setting exercise is not trivial and must be conducted with the country's own economic context, priorities, history, and peers in mind. One way to identify strong targets is to use the [Feasibility and Ambitiousness \(FAB\) framework](#), developed by the World Bank. The [FAB dashboard](#) is a tool that enables users to conduct an assessment for a KPI of their choice, provided it is covered in the World Bank's [Sovereign Environmental, Social and Governance \(ESG\) Data Portal](#).

Four key dimensions should be considered when selecting a KPI for these instruments:

Controllability. KPIs serve a dual purpose. First, they define what indicator the instrument aims to improve, which is then formalised as the SPT. Second, they set the carrots and sticks (see Box A on the following page) for the issuer to ensure the SPT is reached. The controllability principle (see Nobel Prize lecture by Bengt Holmström (2016) on [Pay for Performance and Beyond](#)) is a helpful guideline for selecting KPIs, as the MoH will be unlikely to commit to a target if the outcome is driven mainly by outside or predetermined factors, such as life expectancy, and not only influenced by national policy action. The concept of controllability is closely related to attributability described in [Flugge et al. \(2021\)](#)

Box A: The “Carrots and Sticks” of Sustainability-Linked Financing

The controllability principle states that KPIs in SLFs should reflect outcomes that the issuer can meaningfully influence. For governments, this principle is central because they are risk-averse and accountable for the use of taxpayer resources. If a KPI is heavily driven by external shocks, such as global food prices or extreme weather, the government may face financial penalties despite taking all reasonable policy actions. This reduces willingness to issue sustainability-linked instruments and weakens the credibility of the financing structure.

To address this, KPIs should be selected or constructed to isolate the portion of performance that is within governmental control. For example, suppose a government aims to improve nutrition outcomes. In that case, the metric should be defined in a way that removes exogenous price effects or focuses on controllable drivers such as distribution efficiency, targeted safety-net coverage, or domestic programme delivery. Designing KPIs in this way protects the issuer from uncontrollable volatility, aligns incentives between the government and investors, and increases the feasibility of adopting SLF at scale.

(For an explanation of the controllability principle in the context of nutrition-related KPIs, see Wang and de Smit (2026, forthcoming),² or in the context of forestry KPIs, see Wang et al (2023).)

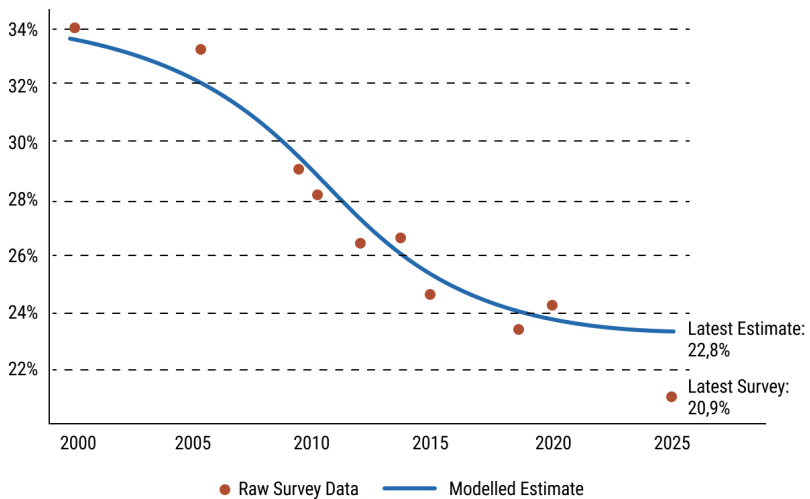
Observability. KPIs require annual observation frequencies that can be reported and verified. Ideally, these KPIs have historical data and comparable data in peer countries. Measurement errors need to be accounted for, as they may lead to SPTs or commitments being reached or broken despite being within the margin of error of surveys. Box B describes the specific challenges when relying on KPIs that use modelled estimates.

Absolute or relative measures. KPIs are often available in two formats. First, in absolute numbers (e.g. number of nurses) and second, in relative terms (e.g. number of nurses per 100,000 population). The former tends to be more accurate as the denominator of the second (e.g. population statistics) may come from a different source and introduce new sources of measurement errors and survey uncertainties. However, the benefit of relative numbers is that it facilitates comparison with peer countries.

2. Wang and de Smit. (2026, forthcoming). *Sustainability-Linked Financing with Health KPIs in Africa*. World Bank Policy Research Working Paper.

Box B: Challenges with health KPIs based on modelled estimates

A recurring challenge in health-sector KPIs is that the underlying data are often sparse, noisy, or inconsistent across sources. To address these limitations, international agencies publish modelled estimates that systematically fill data gaps and produce long-run trajectories that are internally consistent across time and countries. These approaches impose a degree of smoothness on the data and aim at identifying generalisable trends across countries. Before the issuance of the debt instrument, this stability can help characterise a business-as-usual (BAU) trajectory and serve as a benchmark against which future progress or policies can be assessed, without allowing single irregular observations to skew the picture (see the blue line in the figure below).



After the debt is issued, during monitoring and evaluation, these same properties can make modelled estimates inappropriate for use as KPIs. KPIs are intended to track meaningful departures from the BAU path. Yet, modelled estimates are designed to down-weight abrupt changes, even when those changes may reflect genuine policy action or structural shifts. Smoothing techniques such as penalised splines or mixed-effects models are used with the explicit intention of limiting volatility and outliers. While these methods eventually adjust to new patterns that persist, they are not designed to capture rapid movements that may be critical for assessing the outcomes of policy change. For this reason, when evaluating impacts or determining the achievement of SPTs, alternative data sources such as unmodelled survey data can provide a clearer signal of real-time change (see the last red dot in the figure above). However, we should note that survey data can carry its own uncertainties. For details, see Wang and de Smit (2026, forthcoming).

Frequency and lag. The KPIs should be observed at least annually. If the KPIs are reported with a significant lag, it will introduce complications with the carrot and sticks (see Case Study below), which in turn weakens the financial incentive structures. The lag should also account for the time necessary to verify the KPIs.

EXAMPLES OF HEALTH KPIS FOR SUSTAINABLE DEBT INSTRUMENTS

Unless the sustainable debt instruments are used to fund a specific PPP project, health KPIs for SLFs, use of proceeds (UoPs), and debt swaps typically address system-wide issues. This section describes three health KPIs in the context of the lifecycle of a health outcome, starting from the high-level national policy, to the observable activities, outputs and outcomes, and the final impact measure. We also describe the suitability of the three financial instruments for each step of the health improvement journey, borrowing the terminology of the [Donabedian framework](#).

The examples provided below were chosen to be illustrative. The indicators chosen for debt instruments will need to be considered and evaluated on a case-by-case basis, in line with the country's context, health priorities, and data availability and quality. For example, indicators on TB, immunisation or health facility access could equally be considered, based on data availability.

As seen in the examples below, health bonds and loans are typically aligned with activity-level interventions, which can be easily mapped and tracked within the budget. Investors in an SLF are generally interested in more outcome- or impact-oriented data; however, the MoH must propose indicators that are within their control to influence and that have strong data systems capable of regular updates. Debt swaps are the most versatile instrument and can incorporate KPIs from different levels, including policy or legal commitments from the government. As with SLFs, they will require strong data systems that can be monitored and verified for each indicator.

Step	Policy Commitment	Process			Outcome
KPI / Policy	Plan to integrate HIV test and treatment into the benefit package and national insurance plan	Number of health workers trained in HIV testing and treatment	Number of people tested for HIV Number of people on Treatment	% of people on ART who achieved viral suppression	HIV new incidence rate
Controllability	High	High	High	High	Medium
Observability	High	High	Medium	Medium	Low
Health Bond/Loan	✗		✗	✗	✗
SLF	✗	✗			✗
Debt Swaps					✗

Table 4.3: Reduction of HIV Incidence Rate

Reduction of HIV incidence rate (Table 4.3). In the case of HIV, the incidence rate may not be ideal for the SLF instrument or debt swap in cases where it relies on prevalence surveys that are not conducted annually. Where data quality is strong for the number of people tested and treated for HIV or the % of people on antiretroviral therapy (ART) who are virally suppressed, these could serve as strong KPIs for SLF and debt swaps.

Step	Policy Commitment	Process			Outcome
KPI / Policy	Health workforce development plan addressing key challenges (retention, brain drain)	Number of health colleges built, and students enrolled (in collaboration with the Ministry of Education)	Number of doctors/nurses per 1,000 population	Retention rate for public health workers	Patient satisfaction surveys (measuring quality of care)
Controllability	High	High	Medium	Medium	Medium
Observability	High	High	High	Medium	Low
Health Bond/Loan	✗		✗	✗	✗
SLF	✗			✗	✗
Debt Swaps					✗

Table 4.4: Improving the Access to and Quality of the Health Workforce

Improving the access to and quality of the health workforce (Table 4.4). In this example of the health workforce, the indicators available for the SLF may be more limited. Given that the retention rate is complex to influence and even more challenging to monitor (due to limitations in the HRIS data system), the outcome indicator may not be suitable for the SLF. However, the ratio of doctors or nurses to the population could be a good option, as this is an internationally recognised indicator with reasonably robust underlying data.

The retention rate may be selected for the debt swap. If this is a key priority for the government, additional indicators or support will be provided to improve data quality on this indicator.

Step	Policy Commitment	Process			Outcome
KPI / Policy	Guidelines produced to promote exclusive breastfeeding	Number of School-based deworming campaigns run	Number of children who have taken deworming treatment	Prevalence of under-5 stunting	Under-5 mortality rate
Controllability	High	High	High	Low	Low
Observability	High	High	High	Medium	Medium
Health Bond/Loan	✗		✗	✗	✗
SLF	✗	✗		✗	✗
Debt Swaps				✗	✗

Table 4.5: Improving Children’s Health and Nutrition

Improving children’s health and nutrition (Table 4.5). In this example for child nutrition and under-five mortality rate, the country may not feel confident in its ability to influence under-5 stunting with a health-only intervention, as this is a multi-sectoral effort. Additionally, data collection methods for this indicator, as well as the under-5 mortality rate, rely on surveys and may not be updated frequently enough to be used in an SLF or debt swaps. In this case, focusing on the provision of services, such as deworming campaigns or deworming coverage, may be preferable, provided there is strong data availability.

FURTHER EXAMPLES OF HEALTH KPIS

The KPIs shown above are selected from a larger set of health-related KPIs provided by the WHO. They are indicative examples. Countries should consider their own data and priorities when identifying KPIs that are appropriate for their specific financing instruments.

A comprehensive list of KPIs is forthcoming from Wang and de Smit (2026)³ identifying a shortlist of standardised health indicators that satisfy a set of data availability criteria, which include temporal coverage, country coverage, average and median lag, controllability, and observability for countries in Latin America, sub-Saharan Africa and the Asia Pacific.

Principles of KPI Selection for PPPs

PPPs are fundamentally concerned with the transfer of risk. If the private partner does not manage their operations effectively, they may incur financial losses in the form of penalties and payment deductions. If this persists, they may also face termination of their contract. This is typically incorporated into the payment and performance quality regime for a PPP, which generally addresses two matters: the availability of the facility and the quality of services being delivered.

Measurement is conducted through a series of quality indicators (QIs), with availability assessed through technical and operational tests (referred to as availability indicators (AIs)), which determine whether a health facility (e.g. a hospital, laboratory, hospital wing, or health centre) is available or not. As availability payments are, by definition, made for the available facilities, this means that part or all of the availability payment is at risk if the private partner does not keep the entire facility available at all times.

Performance is measured through a series of performance indicators (PIs), some of which are generic (e.g. infection control) and others that are specific to the facility's clinical services profile (e.g. cardiology-specific PIs). If the private partner persistently fails to meet some or all of its PIs, it can stand the risk of the PPP Agreement being terminated.

3. Wang and de Smit. (2026, forthcoming). *Sustainability-Linked Financing with Health KPIs in Africa*. World Bank Policy Research Working Paper.

The most critical patient safety and clinical outcome parameters are used to calculate and apply payment deductions from the due payments. These are referred to as KPIs.

Therefore, the selection of AIs, PIs, and KPIs is critical for setting goals and incentivising good performance. AIs, PIs and KPIs need to be realistic and representative, reflecting safety and quality of care standards. If QIs are set too harshly, they can render a PPP transaction unbankable or significantly impact the risk margins and/ or cost of capital. This is because harsh QIs can attract significant penalties and payment deductions. It is therefore advisable to set the measures, drawing on realistic practical experience, and to incorporate alongside them a realistic notification and rectification regime, which at the same time safeguards patient and people safety. Financial modelling is used to calibrate the penalty deduction mechanism and set the penalty deduction quantum such that the financial impact on the private partner is limited.