

Bringing primary health care under one roof

8. Sustainable Funding

Checklist

- Has your state released a Primary Health Care (PHC) Board 'take-off' grant?
- Has your state established a dedicated budget process for planned PHC expenditure?
- Does your state have a system for tracking the release of budgeted funds?
- Has your state developed mechanisms for receiving contributions from different organisations?
- Has your state set up a pooled fund for services/ operations

The PHC Under One Roof financial process

Financial resources are an essential ingredient in ensuring the success of the PHCUOR changes. All states understand there is a financial process, driven by the PHC Board:

- * plans are developed and costed
- * these costed plans are included in the state budget
- * once approved, the funds are released timeously and tracked.

The PHC Board will also develop an effective monitoring and evaluation (M&E) system and provide for an independent annual audit to ensure the PHC Board can show state government how the money has been spent and with what effect and impact

Under the proposed National Health Act, every state will have a single Primary Health Care Board. This Board will oversee and ensure the implementation of the state's approach to primary health care. Each state can decide how its PHC Board will operate, and what it will be called, provided it conforms to mandatory requirements in the final National Health Act.

Key elements of the PHC Under One Roof policy

- Integration of all PHC services delivered under one authority
- A single management body with adequate capacity to control services and resources, especially human and financial resources
- Decentralized authority, responsibility and accountability
- The three ones principle: **one** management, **one** plan and **one** monitoring and evaluation system
- An integrated and supportive supervisory system
- An effective referral system between and across the different levels of care
- Enabling legislation and regulations

to improve quality and increase access to health care services

Options for financial management

Some states have adopted pooled funding mechanisms. This allows the state, local government agencies (LGAs) and development partners to contribute to the management and running of services provided by the PHC Board. These funding mechanisms need adequate checks and balances to ensure that money is spent according to the detailed budget in the annual operational plan.

In other states, the PHC Board becomes a line in the government budgeting system and has to draft memorandums for the Governor's approval when it wants to draw down budgeted money.

Whatever options are chosen, it is critical that the PHC Board develop appropriate financial processes and procedures to cost plans, budget for activities and ensure that the money allocated is released and spent wisely in terms of the detailed budget in the annual operational plan and that expenditure/releases from government is tracked and audited. This needs to be outlined in a financial manual developed by the Board management team and approved by the Board governing body.

Steps to success

Step 1 Develop the capacity to plan, budget and track the release of funds.

Step 2 Create a planning and budgeting committee.

Step 3 Explore the options for creating pooled funds. Pooled funds allow different groups, for example state, LGAs and development partners, to commit funds to a process that is transparent and accountable, controlled by the management team and has sufficient checks and balances to satisfy all the contributors.

Recommendations

Ensure there is adequate capacity for annual planning and budgeting

Most states have poor capacity when it comes to annual planning and budgeting and plans are often rolled over from year to year. It is vital that the PHC Board develop the capacity for annual planning and budgeting, including the development of viable annual operational plans.

Implement effective M&E and audit systems

If policy makers and politicians are not made aware of how allocated funds have been utilised and what differences the funds have made, they might not be prepared to be as generous in the future. The PHC Board needs to develop an effective M&E system with indicators showing outputs, outcomes and impact and an independent audit process.

Track the release of budgeted funds

Budgeted funds often go unreleased and thus unspent, resulting in the frustration of PHC development plans. There are many causes for failure to spend agreed budgets. The PHC Board needs to develop the capacity to track and measure, and to ensure that budget performance gets proper attention by the governing body and management team.

Focus on procurement

Procurement systems are often weak, or may be poorly understood by new managers. Managers may need training to understand the steps and time required to order supplies and equipment.



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www.prrinn-mnch.org
Email: info@prrinn-mnch.org

