Funds

This module is under final review by the PHCPI Partnership and may be subject to change.

The “Funds” strategy addresses the availability and management of funds at health facilities to meet the recurrent and fixed costs associated with delivering health services. It discusses a range of public financial management processes, from budget formation to budget execution, that influence facility-level funds availability and management. It focuses on facilities that receive government funds (or a combination of government and other funds, such as private or donor funds) to manage operations and provide services. In addition to discussing facility-level financial management issues, this strategy acknowledges the reality that many financial processes influencing the facility level take place at higher levels of the system.
Funds are a key input of strong primary health care systems

Social Determinants & Context (Political, Social, Demographic & Socioeconomic)
### What can you learn about Funds from the Improvement Strategies?

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<td><strong>How do I assess my performance?</strong></td>
<td><strong>How do I get started?</strong></td>
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<td><strong>What it is:</strong> Learn more about the core principles and goals of Funds.</td>
<td><strong>What it is:</strong> Learn more about some indications that improvements might be relevant in your context and what you can achieve by focusing improvements on Funds.</td>
<td><strong>Case studies:</strong> Learn from implementation approaches and challenges in other country contexts.</td>
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<td><strong>Relevance to PHC:</strong> Learn about Funds’ role in PHC improvement.</td>
<td><strong>Vital Signs Profile:</strong> Use the information in your Vital Signs Profile to help determine relevant areas for improvement.</td>
<td><strong>Tools and Resources:</strong> Explore and identify useful tools and resources relevant to Funds.</td>
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<td><strong>What to ask:</strong> Use guiding questions to help determine how you might begin to plan and enact reforms in your country context.</td>
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*Guided by the above considerations and relevant resources, start to build out an improvement plan with your CE lead and/or focal point.*
Goals & Outcomes

✓ **Adequate supply, accessibility, and quality of PHC services:** The availability of funds and how funds reach facilities can shape the supply, accessibility, and quality of services, resulting in flexibility or constraints for primary care providers.

✓ **Responsiveness to population health needs:** Facility managers’ ability to budget, manage, and track funds at the facility level can impact health care providers’ ability to be responsive to changing disease burdens and patient needs.
Funds – How do I assess my performance?

Learn more about whether you should focus on Funds in the Vital Signs Profile.
How do I assess my performance?

Use the information in the Vital Signs Profile to help determine relevant areas of improvement.
How do I assess my performance?

Use the information in the Vital Signs Profile to help determine relevant areas of improvement.
How do I assess my performance?

Use the information in the Vital Signs Profile to help determine relevant areas of improvement.
What are other indications that Funds might be an appropriate area of focus?

Other Indications

- Only a small percentage of the overall health sector budget reaches primary care facilities due to broader inefficiencies and/or leakages in budget transfer systems, leading facilities to have little funding available to meet operational costs aside from health worker salaries, including budgets for outreach services and communities.

- Budget allocation for primary care facilities is based on historical spending levels, rather than need based, due to challenges in health budget formulation processes at the national level (i.e. variability in annual amounts allocated to the health sector, weak evidence on actual costs, etc.) or poor facility-level financial management of such budgets.

- Facility managers and staff lack training in financial management and/or face other disbursement challenges, such as little ability or training in how to hire and fire staff locally and pay staff on time (leading to issues with absenteeism or workforce shortages), and/or and adjust quantities of medicines and other supplies based on local needs.

- Facilities may lack the information systems, such as financial management information systems, to track and manage funds.
Funds – What is it?

Learn more about the core principles of Funds and what you can achieve by focusing improvements.
What are Funds?

**Funds** includes the availability, control, and appropriate management of funds at the facility level to address recurrent and fixed costs incurred at the facility, including payment of staff salaries.
What is Facility Infrastructure?

**Funds** includes the availability, control, and appropriate management of funds at the facility level to address recurrent and fixed costs incurred at the facility, including payment of staff salaries.

What should I know before beginning improvements?

**How are facility budgets set?**
Facility budgets provide an outline for how a given amount of money is intended to be spent. Budget preparation exercises help facilities estimate how much funding they will have available and how they will use that funding. A facility’s ability to set budgets may vary and will depend on their authority to manage their own finances.

**How do funds get to frontline facilities?**
To support high-quality PHC, funds need to reach frontline facilities in a timely and predictable manner, and in full. But in many LMICs, challenges with getting public funds to lower-level facilities are common. Personnel, operational, and capital funds often reach facilities in different ways and have different challenges associated with disbursement.

**How are funds managed at facilities?**
Facility financial management systems track revenues and expenditures and ensure that resources are not wasted and that desired results are achieved. Strong financial management systems also help identify when underperformance is due to inefficiency or insufficient funding.
What is Facility Infrastructure?

**Funds** includes the availability, control, and appropriate management of funds at the facility level to address recurrent and fixed costs incurred at the facility, including payment of staff salaries.

What are some key steps to improving Facility Infrastructure?

- **Implement both top-down and bottom-up budgeting**
  Countries may improve the budgeting process by moving to a combination of top- and bottom-up budgeting. To develop evidence-based allocation criteria, countries can use benefit incidence analysis to understand how much poor areas benefit from government spending.

- **Create facility bank accounts to streamline fund transfers**
  Successful budget execution involves coordinating and streamlining funds transfers between the national, sub-national, and facility level. Establishing facility bank accounts and making direct payments to facilities can efficiently move funds to front-line providers. This will require increasing facilities’ capacities to manage, track, and report on funds.

- **Provide training and financial management guidelines to support facility managers in budget forecasting and reporting**
  To effectively manage facility budgets, managers must have the capacity to engage in proactive planning and forecasting, and to account for and report on expenditures incurred at the facility level, such as by training them in management of a cash book.
Visual aid: Funds

**Funds**

Facilities receiving government funds need the capacity to manage their budgets effectively, to ensure they can provide high-quality and responsive services.

**Managing Facility Funds**

Strong financial management systems allow facilities to manage and track funds effectively, comparing spending to estimated budget allocations and adjusting as needed.

**Strengthening Financial Management Capacity**

Facility managers need the capacity and training to engage in proactive planning, forecasting, and budgeting, and to account for and report on expenditures.

**Increasing Autonomy to Manage Funds**

Frontline facility managers need the authority to function as funds managers that can change the mix of spending on inputs and services, based on patient needs.

**Facility Budget Estimates Should Reflect:**
- Burden of disease
- Population size
- Fertility rates
- Costs
- Demographics

**Components of Health Facility Budgets**

- Personnel: Staff salaries and fringe benefits
- Operations: Non-personnel inputs required to run the facility
- Capital Spending: Infrastructure improvements
Funds – How do I get started?

Funds

This module is under final review by the PHCPI Partnership and may be subject to change.

The “Funds” strategy addresses the availability and management of funds at health facilities to meet the recurrent and fixed costs associated with delivering health services. It discusses a range of public financial management processes, from budget formation to budget execution, that influence facility-level funds availability and management. It focuses on facilities that receive government funds (or a combination of government and other funds, such as private or donor funds) to manage operations and provide services. In addition to discussing facility-level financial management issues, this strategy acknowledges the reality that many financial processes influencing the facility level take place at higher levels of the system.

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<th>What others have done</th>
<th>What to ask</th>
<th>How to succeed</th>
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</table>

Derive information from **What others have done**, **What to ask** and the **Tools and Resources** tool to help determine where and how you might begin to plan and enact forms in your country context.
Planning for improvement in your context

The guidance and recommendations described within the Funds module are not intended to provide a one-size-fits-all solution.

The considerations involved in planning and implementing strategies will depend on your local context.

Sample activities

- **Consider** implementation challenges and approaches in other country contexts
- **Understand how the features of your health system**, such as how decisions get made and the role of the private sector, will impact your improvement plans
- **Identify** key elements that need to be in place to support improvements
- **Use the guiding questions in the Improvement Strategies** to spur thinking about Funds in your country context and stimulate ideas for improvement
- **Start to develop** an improvement plan
The specific considerations involved in planning and implementing strategies will depend on your local context.

The questions listed may be a useful starting place to determine how you might begin to plan and enact reforms in your context.

Sample questions

☐ What percentage of the health budget reaches primary care facilities?
Questions to ask to help you get started

The specific considerations involved in planning and implementing strategies will depend on your local context.

The questions listed may be a useful starting place to determine how you might begin to plan and enact reforms in your context.

Sample questions

☐ What percentage of the health budget reaches primary care facilities?

☐ How are funds allocated across primary care facilities?
Questions to ask to help you get started

The specific considerations involved in planning and implementing strategies will depend on your local context.

The questions listed may be a useful starting place to determine how you might begin to plan and enact reforms in your context.

Sample questions

☐ What percentage of the health budget reaches primary care facilities?

☐ How are funds allocated across primary care facilities?

☐ What is the capacity of frontline managers to manage funds effectively at the facility level?
Questions to ask to help you get started

The specific considerations involved in planning and implementing strategies will depend on your local context.

The questions listed may be a useful starting place to determine how you might begin to plan and enact reforms in your context.

Sample questions

- What percentage of the health budget reaches primary care facilities?
- How are funds allocated across primary care facilities?
- What is the capacity of frontline managers to manage funds effectively at the facility level?
- Is remuneration for health care providers timely and predictable?
Learn from what others have done

**Plan Nacer | Argentina**

Plan Nacer created new payment incentives for provincial governments and providers, resulting in increased service utilization and improved health outcomes.

**Nigeria State Health Investment Project (NSHIP) | Nigeria**

NSHIP provided operating funds directly to providers, improving quality and coverage in three states in Nigeria.
Argentina: At-a-glance context

Argentina’s constitution guarantees UHC for its citizens.

Latin America & Caribbean

Upper – Middle Income
## Argentina: At-a-glance context

<table>
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<tr>
<th>GDP per capita ($PPP)</th>
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<table>
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<th>Percentage of population living under $1.90 per day</th>
<th>Population</th>
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<tbody>
<tr>
<td>8%</td>
<td>1%</td>
<td>44.9M</td>
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</table>
Learn from what others have done: Argentina

Background & rationale

• Before 2004, free health care services were provided through public clinics that were chronically underfunded
  • Provincial governments were responsible for allocating and managing up to 70% of health funding
  • Many people with employer-sponsored insurance received care from private providers

• In 1998, Argentina was hit with a depression that led many private patients to seek care in the government-run health system, overburdening PHC facilities and exacerbating challenges in providing maternal health services to underserved populations.

• This shift to the government-run health system led government leaders to agree that increased coordination across levels of government was needed to improve equity and efficiency in the public system.
Learn from what others have done: Argentina

**Approach**

In 2004, the central government, in partnership with nine provincial governments and the World Bank, launched *Plan Nacer* to cover pregnant women and children under five.

Under *Plan Nacer*, the central government established a new approach to setting provincial budgets, whereby:

- 60% of the budget allocation from the central to provincial level was tied to the number of enrollees in the provincial program.
- Provinces were then allocated a fixed amount per person in exchange for providing a specific benefit package to enrollees.
- The other 40% of the budget was conditional, based on how each province performed on a set of tracer indicators.
- The provinces then transferred operating budgets to public PHC facilities and reimbursed them on a fee-for-service basis for services included in the benefit package.
Learn from what others have done: Argentina

- **Fist contact accessibility:** By linking payment arrangements to the number of enrollees in the program, *Plan Nacer* incentivized provinces to increase the number of people enrolled in the program, helping to increase the reach of services.

- **Workforce retention and motivation:** By linking provider payments to patient utilization of priority services, it also supported effective remuneration and incentivized providers to increase provision of priority services.

- **Flexible facility management:** The central government set overarching guidelines for the use of funds at facilities, and provinces could add additional guidelines to suit their context. Within the guidelines, providers were given autonomy to invest in improving their facilities, helping to ensure that budgets were responsive to local needs.

Strengths

Learn from what others have done: Argentina

- The conditional, results-based payments led to an increase in use of services linked to the tracer indicators.

- According to the Center for Global Development, Plan Nacer averted “approximately 773 neonatal deaths, 1,071 low birth-weight babies, and 25,401 total disability adjusted life years” between 2005 and 2008.

- A survey of participating providers found that direct payments to facilities improved provider motivation, thereby increasing coverage and quality of services. This has translated to increased patient satisfaction among enrollees.

- The monitoring and continuous updating of tracer indicators promoted dialogue between central and provincial governments, or a bottoms-up approach to improvement.

Outcomes & Impact


Learn from what others have done: Argentina

- **Robust financial management systems**: Implementation of the program required new or strengthened financial management, disbursement processes, budget implementation, accounting, and monitoring.

- **Tools for monitoring and evaluation**: Providers were required to report to provinces on the number of enrolled patients and health outcomes, and auditing and verification of clinical records for the conditional payments improved record-keeping and data quality.

- **Leadership training**: *Plan Nacer* providers were given extensive training to ensure managerial competency and independent firms were engaged for quarterly audits.

- **Good governance**: Provincial governments provided support with health planning and ensured that providers had the tools to manage the program effectively.


Nigeria: At-a-glance context

Nigeria’s primary care system suffers from low utilization, inefficiency, and insufficient quality of care, contributing to poor health outcomes.
Nigeria: At-a-glance context

<table>
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<tr>
<td></td>
<td>50%</td>
<td>54%</td>
<td>201M</td>
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Learn from what others have done: Nigeria

Why reforms were needed

• Nigeria has some of the highest rates of maternal, infant, and child mortality in the world.

• Getting adequate funds to front-line providers is an underlying contributor to these challenges:
  • Only 66% and 72% of personnel budgets were executed in Ekiti and in Niger states respectively.
  • When personnel costs are excluded from the PHC budget, the review found that an estimated $0.07 per capita in Ekiti and $0.04 per capita in Niger reached PHC facilities.
  • Low levels of budget execution and a retention of those resources at each level of government are common reasons why facilities do not receive budgeted funds. This drives facilities towards depending on user fee revenue to cover their expenses, exacerbating access challenges for patients who cannot pay.
Learn from what others have done: Nigeria

Approach

In 2011, the Nigeria State Health Investment Project (NSHIP), a partnership between the Government of Nigeria and the World Bank, began testing new ways to get funds to front-line providers to improve PHC performance. NSHIP changed how primary care funds were allocated, delivered, managed, and reported on in participating public facilities.

Under NSHIP, facilities began receiving quarterly grant transfers for operational costs, disbursed directly to facility bank accounts that could be accessed by the facility manager. Some facilities received funds as a block grant. To test the effect of performance-based payments, some facilities also received additional performance grants tied to the quality and quantity of services provided.
Learn from what others have done: Nigeria

- **The NSHIP program had a measurable impact on PHC in participating facilities**, including improvements in quality and coverage. Improvements were also seen in facility infrastructure.

- **The timeliness’s of NSHIP payments was correlated with increases in the quantities of services provided.**

- **An evaluation of the program concluded** “providing operating budgets to health facilities, allowing them to spend the funds on their perceived priorities, systematic supervision using a QSC [quality score card] and strengthened management and governance at LGA [local government], state and federal levels were the main reasons for the success of NSHIP”.

- **Many of NSHIP’s approaches have now been institutionalized in Nigeria’s Basic Health Care Provision Fund**, a nationwide initiative funded from 1% of Nigeria’s consolidated federal revenue.

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Outcomes & Impact

Learn from what others have done: Nigeria

- Providers now had more autonomy to allocate and spend funds on allowable costs within the facility, such as maintenance, procuring additional medicines and supplies, and hiring contract staff.

- Facility managers had to develop business plans to guide this spending and were required to report on how they utilized the funds. The performance-based financing (PBF) facilities could use up to 50% of their quarterly payment for staff performance bonuses. 22

- Facility development committees at the community level, along with state PHC development agencies, worked to ensure that funds were spent appropriately and reflected the needs of patients.

Strengths

Learn from what others have done: Nigeria

- Financial management and record keeping were a challenge in PHC facilities and few facilities had dedicated financial officers that were trained in record keeping.
Recap: Funds

System
- Governance & Leadership
- Primary Health Care Policies
- Quality Management Infrastructure
- Social Accountability

Health Financing
- Payment Systems
- Spending on Primary Health Care
- Financial Coverage

Adjustment to Population Health Needs
- Surveillance
- Priority Setting
- Innovation & Learning

Inputs
- Drugs & Supplies
- Facility Infrastructure
- Information Systems
- Workforce

Service Delivery
- Population Health Management
  - Local Priority Setting
  - Community Engagement
  - Empowerment
  - Proactive Population Outreach
- Facility Organization & Management
  - Team-based Care Organization
  - Facility Management Capability & Leadership
  - Information Systems Use
  - Performance Measurement & Management Outreach
- Access
  - Financial
  - Geographic
  - Timeliness
- High Quality Primary Health Care
  - First Contact Accessibility
  - Continuity
  - Comprehensiveness
  - Coordination
  - Person-centered

Outputs
- Effective Service Coverage
  - Health Promotion
  - Disease Prevention
  - RMNCH
  - Childhood Illness
  - Infectious Disease
  - NCDs & Mental Health
  - Palliative Care

Outcomes
- Health Status
- Responsiveness to People
- Equity
- Efficiency
- Resilience of Health Systems

Social Determinants & Context (Political, Social, Demographic & Socioeconomic)
Recap: Funds

STRONG PRIMARY HEALTH CARE INCLUDES...

Funds

Facilities receiving government funds need the capacity to manage their budgets effectively, to ensure they can provide high-quality and responsive services.

MANAGING FACILITY FUNDS
Strong financial management systems allow facilities to manage and track funds effectively, comparing spending to estimated budget allocations and adjusting as needed.

Strengthening financial management capacity
Facility managers need the capacity and training to engage in proactive planning, forecasting, and budgeting, and to account for and report on expenditures.

Increasing autonomy to manage funds
Frontline facility managers need the authority to function as fund managers that can change the mix of spending on inputs and services, based on patient needs.

Components of health facility budgets
- Staff salaries and fringe benefits
- Non-personnel inputs required to run the facility
- Infrastructure improvements

Burden of disease
- Population size
- Fertility rates
- Costs
- Demographics

Financial management guidelines
- Management of a cash book
- Forecasting and reporting processes

TRAINING INC