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KEY MESSAGES

- Basket funds are a mechanism for pooling funds from various sources, typically governments, donors and the private sector to support priorities and ensure adequate resource allocation for agreed upon program areas.
- In Nigeria, select states established basket funds to address barriers to primary health care financing, resulting from inconsistent prioritization of health, weak budget implementation, and lack of transparency and accountability in the use and allocation of public resources.
- Early experiences from two states in Nigeria, Zamfara and Kano, indicate that basket funds help ensure the availability of funds to implement primary health care plans, and also enhance accountability while creating transparency in how, when, and where funds are disbursed.
- With time and evidence of success, basket funds have the potential to address primary health care financing in Nigeria and other countries facing similar challenges.

INTRODUCTION

This paper describes the basket fund mechanism as a potential remedy to the prevailing concerns about availability and allocation of PHC budgets in Nigeria and reviews how these funds have changed PHC financing and program implementation in states where they are already operational. Finally, this article considers the possible advantages and disadvantages of basket funds and examines any foreseeable barriers to widespread country adoption.

Primary health care (PHC) is at the cornerstone of the Nigerian healthcare system. Given the high burden of infectious diseases and related morbidity and mortality in Nigeria, a robust preventative care system is essential for improving health outcomes, lowering costs and increasing health equity. Many of Nigeria's health policies and development plans are rooted in the 1978 Alma Ata Declaration, which calls upon countries to develop and strengthen PHC systems in order to protect and promote the health of their people.[1]

In 1992, the National Primary Health Care Development Agency (NPHCDA), a parastatal of the Federal Ministry of Health in Nigeria, was established for the single purpose of improving the country's primary health care system.[2] Policies are formulated and adopted by NPHCDA at the federal level, and implemented by the Local Government Authorities (LGAs) of each state. When LGAs received financial autonomy in the 1980s, by extension, they also became the principle funding source for PHC service delivery.[3] Policymakers believed increased proximity would enhance the government's responsiveness to local needs and improve the quality of PHC services delivered within its jurisdiction.[4]

However, contrary to expectation, these goals remain far from being realized today. Over the years, the state of PHC has gradually deteriorated with shortages in financing lying at the core of the delivery challenges (Fig 1).[5] Inadequate transfer of resources to LGAs, and poor transparency and accountability in how LGAs prioritize, allocate and release funds for PHC has constrained health facilities from delivering quality care.[4,6–8] Despite sufficient budgets at the time of planning, health facilities frequently operate without adequate financial resources and are unable to provide basic PHC services as required by NPHCDA.[6] In addition, challenges with poor documentation of state and LGA expenditures on health, and the fragmented delivery of PHC between state and local agencies have led to inefficient use of limited resources.[3,8,9] The unreliable funding flow has disrupted multiple facets of PHC delivery and contributed to unfavorable health outcomes.[6,10,11]

To swiftly address some of these pervasive PHC challenges, in 2011, the National Council on Health accepted a memo by the Honorable Minister of Health that called for system-wide reform. This reform integrates all aspects of PHC -- finance, management and implementation -- under one state-level authority known as the State Primary Health Care Development Agency or Board (State PHC Agency).[12] The reform proposes the establishment of clear budgetary and disbursement mechanisms to address financing barriers for PHC delivery.[12] Although reform processes are underway, many states have yet to implement solutions for financial barriers. An assessment by NPHCDA in 2014, found that 21 out of 37 states, including the Federal Capital Territory, still lacked a dedicated budget process for PHC.[13]

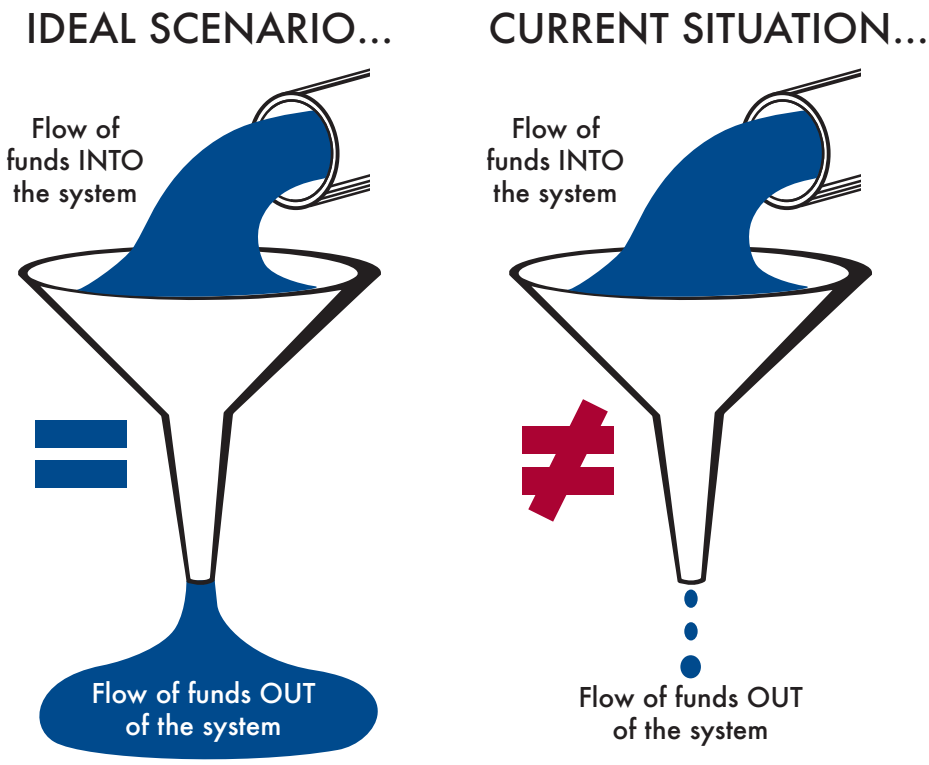
Relatedly, the new National Health Act, addresses PHC funding challenges in several ways, including the establishment of a Basic Health Care Provision Fund that will enable the federal government to match state and LGA provisions for PHC.[14] Among some national and state policymakers, a highly discussed option of channeling and combining these funds is through a state-level pooled fund called the basket fund, which has been implemented in some states to strengthen the PHC budgetary processes.[15]

PRIMARY HEALTH CARE FINANCING IN NIGERIA

LGAs fund facility-level primary health care services, primary education, water and sanitation, and local roads and transportation.[16] To finance these activities, most LGAs rely on federal statutory allocations that are routed through State Joint Local Government Accounts (SJLGAs).[17,18] Every state has a Joint Account Allocation Committee (JAAC), which oversees the SJLGA and determines financial allocations for each LGA based on criteria including population size, social development indicators, and internal revenue efforts.[17]

Inadequate allocation of funds by the state or LGA have led to incomplete LGA disbursements and limited LGAs from successfully executing needed tasks.[17,18] Misallocation of funds happen due to a number of reasons. Sometimes funds are reallocated to competing priorities, and at other times problems arise because of mismanagement. One common challenge is the sharing of favors between LGA Chairmen and state political party leaders, which has resulted in the depletion of SJLGA funds.[18]

FIGURE 1: FLOW OF FUNDS IN THE SYSTEM



CHALLENGES

1. Weak budgetary processes
2. Mismanagement of funds
3. Lack of financial accountability

Due to weak accounting practices and poor public participation in decision-making, LGA Chairmen exercise complete autonomy over the local government's unearmarked funds. Programs and priorities are often subjected to political and administrative interference. Inadequate planning processes coupled with poor prioritization of healthcare impede the flow of PHC funds.[9,17,18] A survey in Kogi State revealed that 42% of health facility staff were unpaid for six months despite sufficient budgetary allocations to their respective LGAs.[19]

Even though national health policies strongly recommend LGAs establish a budget-line for PHC, it is unclear how many LGAs have operationalized one to finance key health priorities.[15] **Where these budgets do exist, their implementation is not always guaranteed, delay or non-release of budgeted funds is commonly observed.**[4,5] As a result, the success of PHC greatly depends on individual leaders and their political will. When PHC is prioritized by LGA Chairmen, dedicated funds follow. However, ensuring consistent funding can be challenging when PHC activities are off-budget, making them difficult to control through ordinary budgeting processes and vulnerable to changes in political leadership.

In order to safeguard funding for key priorities, some programs implemented a "deduction at source" mechanism where a portion of the LGA allocation was directly deducted from the SJLGA and transferred into a separate account. This process translated LGA political will into actionable funding as available resources were appropriated to ensure execution of budgeted activities. It was first successfully implemented in the education sector to protect primary school teachers' salaries that were vulnerable to misallocations at the state and LGA levels.[3] In 2011, Zamfara operationalized this concept by establishing a state basket fund where PHC funds were pooled and directly disbursed to LGAs. Recognizing Zamfara's early success in accelerating the flow of funds for PHC, the 2013 National Routine Immunization Strategic Plan recommended that all states adopt a basket fund model to ensure sustainable financing for PHC and routine immunization services.[15]

BASKET FUNDS AS A POTENTIAL SOLUTION TO ADDRESS PHC FINANCING AND THE FLOW OF PHC FUNDS

These "baskets" can be compared to other pooled-funding mechanisms such as the Sector Wide Approach (SWAp) promoted by the World Bank in the 1990s.[20] Like SWAps, basket funds are government-led mechanisms that pool and manage funds from multiple contributors to finance shared priorities.[20] However, unlike SWAps that are implemented at the national level, basket funds are operationalized at the state and local levels to primarily finance PHC, a subnational responsibility.[20] These

funds systematically ring-fence allocations for PHC, assuring predictable funding and keeping funding levels independent of the variability in political prioritization for PHC.

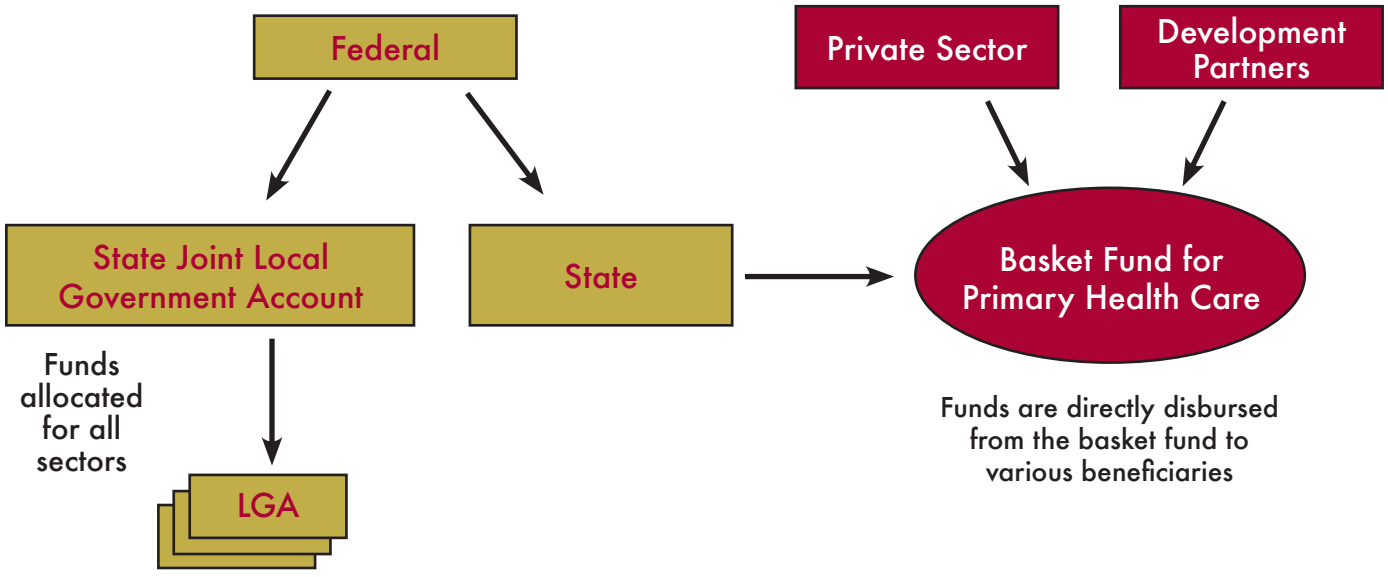
While basket funds offer a viable alternative to the current financial arrangement for PHC, establishing one has implications. Like with any new intervention, some actors in the political landscape benefit whereas others lose depending on how it affects their level of power, authority, decision space, and access to information and resources.[21] Given the chequered relationship between states and LGAs, LGA Chairmen may hesitate to cede a portion of their budget to the basket fund, which may be viewed as a state-level account where local leadership has little influence over how funds will be used. Similarly, they may be concerned about the misapplication of basket funds by state level decision makers. From the other perspective, state leadership may be reluctant to directly advocate for LGA participation in the basket fund because it may be seen as interference with LGA activities. Therefore, establishing the basket fund requires informed advocacy by key opinion leaders that are well-respected and trusted by the state and LGA officials. In addition, political will and public support by this leadership are important for creating an enabling environment to establish the fund.

Though political feasibility can be challenging, with advocacy and political will, two states in Nigeria, **Zamfara and Kano, successfully established basket funds for PHC in 2009 and 2013, respectively.** The Zamfara experience became a model of successful PHC financing and motivated Kano to establish a basket fund. Other states such as Bauchi and Yobe are in the process of setting up their own funds.

A basket fund is a pooled fund, typically from government, donors and private sector, that is channeled into a specific sector, for example, healthcare. Basket fund participants agree upon the priorities and allocate resources to selected program areas a priori. Similar to the process implemented in the education sector, healthcare basket funds may draw directly from the SJLGA account for PHC and interested donors and the private sector contribute directly to the basket fund (Fig 2).

The development of the **Zamfara basket fund** was spearheaded by the Partnership for Reviving Routine Immunization in Northern Nigeria - Maternal Newborn and Child Health Initiative (PRRINN-MNCH), a program supported by the United Kingdom Department for International Development.[22] Operationalizing the Zamfara basket fund took approximately two years. Achieving consensus on the basket fund budget was a lengthy process. The government financed approximately 80% of the basket fund budget and supplemented the remaining

Figure 2: CURRENT FLOW OF FUNDS FOR PHC THROUGH A BASKET FUND

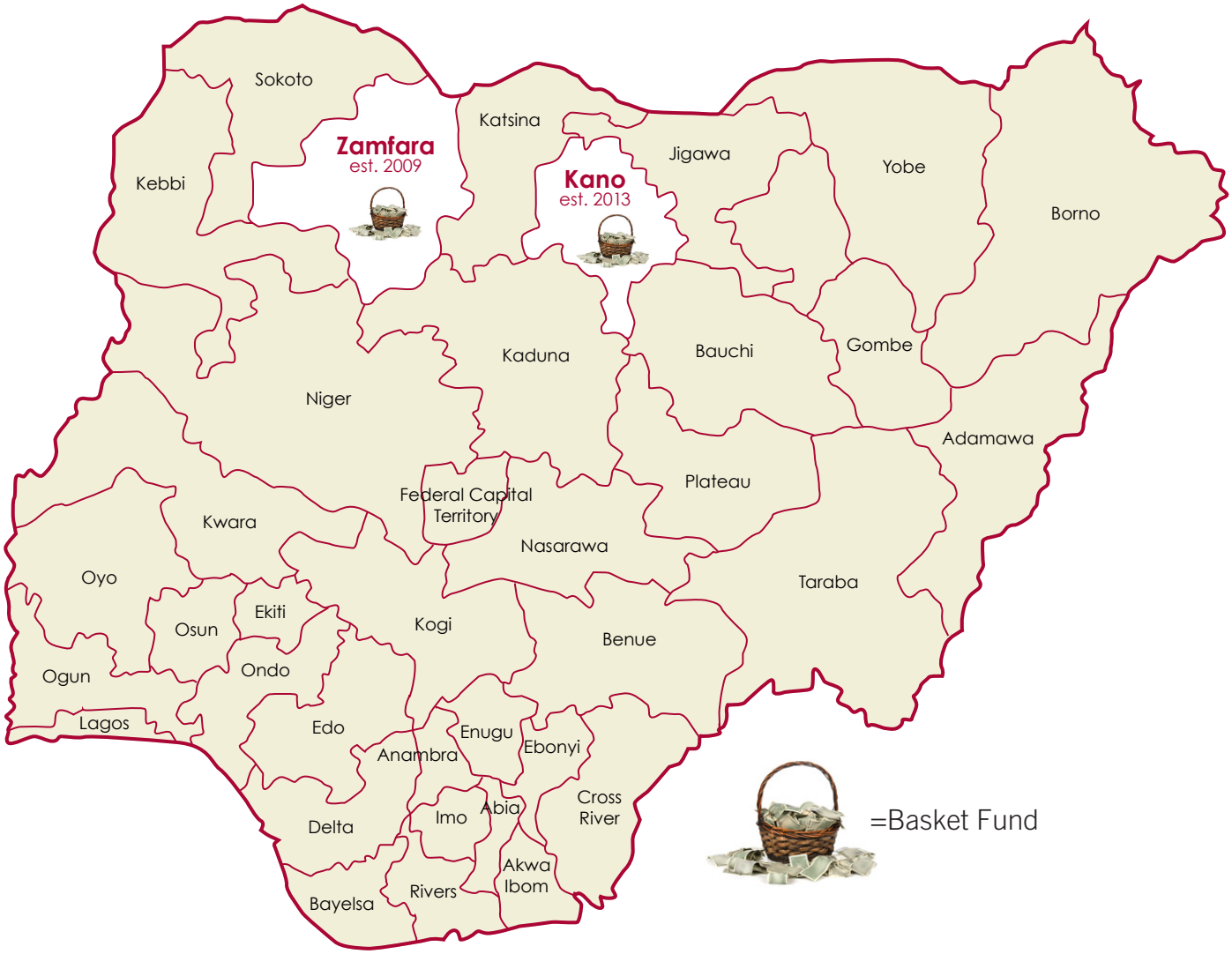


with the Immunization Services Support (ISS), cash support from the GAVI Alliance to strengthen routine immunization efforts in Nigeria. Despite initial challenges, the Zamfara basket fund secured a stable budget to finance operational activities for routine immunization, such as immunization outreach and vaccine distribution to health facilities. Due to widespread public support, other PHC programs have also joined the basket, including the Nigeria Midwives Service Scheme, a national initiative that mobilizes midwives to rural health facilities.

Established three years later in 2012, the **Kano basket fund** is a tripartite agreement between Kano State, the Bill and Melinda Gates Foundation (BMGF) and Dangote Foundation, a philanthropic arm of the Dangote Group.[23] In contrast to Zamfara's experience, a high level of political will expressed by the Deputy Governor and his standing as a key opinion leader among LGA Chairmen compressed the timelines of operationalizing the basket fund to six months. In addition, catalytic monetary support by partners enabled the basket fund to finance both capital and operational expenditures for routine immunization. This translated to a higher level of partner contribution to the basket fund budget in the early years, with support gradually tapering off over a three-year period. By 2016, the basket fund will be fully financed and run by the Kano government.[23]

Both the Zamfara and Kano basket funds were structured around a robust priority-setting and budgetary process, guided by an expenditure and disbursement allocation plan, and protected by a system of checks and balances. The financial management and governance structures of the two funds are described below.

This data has been gathered from one-on-one interviews and workshop discussions with government officials and partners involved with the Zamfara and Kano basket funds. Analyses were also supplemented with a comprehensive document review. All data was collected between November 2013 and April 2014.



FINANCIAL MANAGEMENT FRAMEWORK FOR BASKET FUNDS

The financial management framework consists of two basic components that improve PHC funding and promote accountability: (i) an annual and/or multi-year budgeting process and (ii) an expenditure and disbursement plan.

i. Annual and Multi-Year Budgeting Process

Outlining and agreeing upon a budget for the basket fund is a fundamental step of the financial management framework. Two main factors drive the size and scope of the basket fund budget: 1) the PHC priorities of the state and local governments, and 2) the availability of funding. Balancing these factors require reassessing immediate needs based on impact and feasibility, and finding common ground among all participants.

States complete an annual budgeting process for programs to be supported by the basket funds, and some also determine three to five year budget projections. The costing and budgeting exercise, while time-consuming, is important for identifying resource gaps and applying risk mitigation strategies to ensure sufficient funding for program priorities.

The total budget and respective priorities for the Zamfara and Kano basket funds were identified through a series of iterative discussions among partners and costed in collaboration with state and local government officials that were familiar with PHC program delivery costs. Budget-line expenditures for routine immunization delivery, a primary focus of both the Zamfara and Kano basket funds, were adapted based on the 1, 2, 3 immunization strategy (1 in-facility immunization session per week, 2 outreach events by a health facility per month and 3 LGA supervisory visits to health facilities per month). While useful in costing out Zamfara's outreach budget, modeling analyses indicated that this strategy would be insufficient for reaching the 80% of immunization coverage target in Kano. Consequently, a 1, 4, 3 strategy was implemented in Kano, where each facility was funded to conduct four outreach visits per month instead of two.

Basket funds in Zamfara and Kano also budgeted for broader health system processes that would require additional resources to execute a comprehensive routine immunization program. Many activities were recommended in the Reaching Every Ward strategy.[24] Funds in both states were budgeted for supervision, vaccine distribution, cold chain maintenance, community mobilization in villages, monitoring and evaluation, meetings, and other administrative activities.

Kano, which benefited from a large budget, adopted a four-year stepwise budgetary process for refurbishing the routine immunization system in the state. In the first two years (2013-2014), the basket fund financed capacity building activities, such as training human resources, revamping health facilities, and improving the cold chain infrastructure. In the remaining two years (2015-2016), funds will strengthen routine immunization program processes, including vaccine delivery, logistics, data management and community mobilization. Due to limited funds, the Zamfara basket fund completed an annual budgeting process, which funds recurrent, operational program activities relating to vaccine delivery. The budget was developed during the first year of implementation and has remained consistent since then.

The annual budgetary process and multi-year budget projections have enabled Kano to establish recurrent budgetary codes for PHC activities in the State PHC Agency budget. Though a recurring budget code has not been established in Zamfara's state budget, the basket fund has ensured consistent funding levels for PHC.

Once the basket fund annual budgets are finalized, they are allocated to administrative or program tiers depending on the activities they implement. In Zamfara and Kano, state allocations are based on the frequency of specific activities, such as supervision and review meetings. LGAs receive allocations based on the number of health facilities that fall within their jurisdiction.

ii. Expenditure and disbursement plan

Budget allocations from the state basket fund are executed through an expenditure and disbursement plan, which explicitly delineates the program activity and responsible officer for each disbursement. Previously, budget allocations were not specified for activities nor were they disbursed to program officers, leaving room for mismanagement of funds. With the basket fund, allocations are made using a direct disbursement mechanism (DDM), where program funds are directly channeled from the primary basket fund account to the bank accounts of different program entities at the state, local and health facility levels. In addition, two measures are put in place to safeguard against misuse of funds at the beneficiary level. First, each bank account is required to have two co-signatories, and second, funds are only disbursed once the previous tranche of unused funds are returned. Where direct disbursement is not possible, local accountants or financial clerks are leveraged to ensure timely accounting, disbursement and retirement of new and unused funds.

In Zamfara, direct disbursements are limited to the state and LGAs because most health facilities had limited access to banking services when the basket fund was introduced (Fig 3). Representatives from the State Ministry of Health (Director of PHC and Permanent Secretary), State Ministry of Health Local Government and Chieftaincy Affairs (Director of PHC and Permanent Secretary) and the World Health Organization (state representative) are the

Figure 3: FLOW OF PHC FUNDS THROUGH THE ZAMFARA BASKET FUND

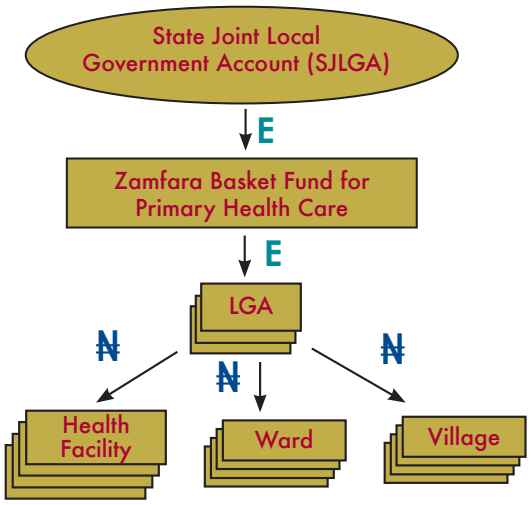
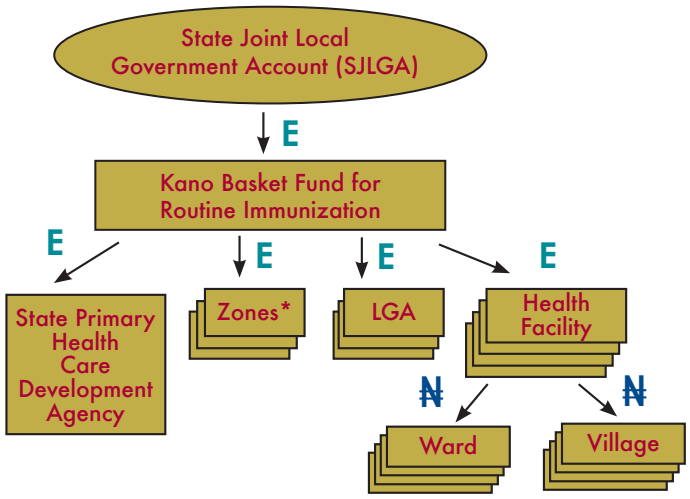


Figure 4: FLOW OF PHC FUNDS THROUGH THE KANO BASKET FUND



E = Electronic Transfer

₦ = Cash Transfer

Differences in disbursement mechanisms between Zamfara and Kano are related to the accessibility of banking infrastructure when each basket fund was established.

*Zones refer to the aggregation of LGAs that were created by Kano State PHC Agency/Board for administrative convenience.

signatories to the state-level basket fund. The LGA Director of PHC and financial clerk are signatories to the basket fund account at the LGA.

Disbursements to program officers at the LGA, health facility, and village levels are made by financial clerks. Even though disbursements are made in cash, financial clerks are responsible for delivering monthly disbursements and retiring unused funds every month. Previously, program officers were responsible for managing funds as well as delivering care, which in some instances, introduced bias in fund allocations. Financial clerks have removed that partiality and improved the tracking of funds. With the expansion of financial service points in the state, Zamfara's basket fund could alleviate the accounting burden placed on financial clerks by implementing a direct disbursement system at multiple administrative levels as done in Kano.

In Kano, direct disbursements are made to officers at the state, zonal, LGA and health facility levels through bank accounts with signatories at the state (Executive Secretary, Deputy Director of Immunization and Chief Accountant) and zonal level (PHC Coordinator and Zonal Accountant), and co-signatories at the LGA (PHC Officer and Head of LGA PHC Advisory Committee) and health facility (PHC Office in Charge, Health of Ward Development Committee or equivalent) [Fig 4]. Linking every health facility, LGA and zone to a banking service was a lengthy process in Kano. Bank accounts had not been established at any administrative tier and antiquated state financial laws, which were written before electronic banking was available, provided minimal guidance. Introducing a direct disbursement mechanism required instituting a novel financial management system. The State Accountant General was critical in operationalizing the direct disbursement mechanism and navigating the financial landscape of the state.

IMPLICATIONS OF A BASKET FUND ON FINANCIAL MANAGEMENT

Compared to the existing system, basket funds have improved budgetary and financial disbursement mechanisms and expanded the fiscal space for PHC in Zamfara and Kano. The implementation of line-itemized budgets has encouraged consistent funding levels for PHC, which were often allocated reactively, after repeated advocacy visits to LGA Chairmen. Furthermore, **the financial framework has encouraged proactive budgeting, allocation and disbursement of funds to responsible PHC program officers.** With greater access to available funds, program officers are able to better plan, coordinate and implement health activities. Basket funds have also closed the resource gap, and increased transparency within the system. Now, lapses in the system can be identified and rectified. For example, in Zamfara missed allocations for community mobilization activities were immediately recognized by village heads (beneficiaries) and reported to appropriate authorities. The tracking and management of funds has also improved. For example, shifting the task of disbursing and retiring funds from health program officers to financial clerks in Zamfara has allowed staff to focus on their core competencies.

GOVERNANCE STRUCTURE

The oversight and management processes of the basket fund are integrated into the existing primary health care governing mechanisms at the local and state levels. In areas where these processes are weak, the basket fund provides additional technical and fiscal support.

The basket funds in Zamfara and Kano have strived to build a robust governance structure by engaging a responsive management team and employing feedback mechanisms, like regular meetings to resolve arising problems and address unmet needs. In certain situations, existing governing bodies were realigned to ensure that the basket fund was situated in the appropriate agency responsible for primary health care services. In Kano, for example, the basket fund supported the establishment of the State PHC Agency, the legal governing structure of the basket fund according to NPHCDA guidelines.[12] Similarly the Zamfara basket fund, which currently resides in the State Ministry of Local Government and Chieftaincy Affairs (SMLG&CA), will be transferred to the State PHC Agency as soon as it is functional.

Since basket funds reside and are managed at the state level, they are able to leverage strategic guidance from state-level working groups and task forces that consist of senior leadership from the State Ministry of Health, State PHC Agency and development experts. In Kano, for example, the State Immunization Team prepares the basket fund's annual work plans and budgets. These are in turn reviewed by the Task Force, which is comprised of the Deputy Governor, Honorable Commissioner of Health, and other state leaders.[23] Similarly, a state-wide task force, co-chaired by the Commissioner of SMLG&CA and Commissioner for Health, has been engaged with the Zamfara basket fund.

In order to maintain continued transparency and accountability for the funds, the State has also programmed additional funds to conduct annual financial audits. Audits, specifically, allow state level teams and partners to review accounting books, request documentation reports, and ensure verifiable use of funds. While formal audits have not been conducted in each state, foreseeable challenges include weak record-keeping and delays with the retirement of unused funds.

State level governing bodies have been supported by external management personnel to facilitate the establishment and implementation of the basket fund. In Zamfara, PRRINN-MNCH and World Health Organization (WHO) provided the state with technical assistance from the initial stages of advocacy to the advanced stages of implementation. Also as a signatory to the state level basket fund, WHO brings additional accountability and oversight. In Kano, a Program Implementation Unit consisting of partners and seconded government employees was established for a one year period to support the development of the work-plan in accordance with the outlined basket fund priorities.[23] Though the length of participation varied in Zamfara and Kano, the support teams in both states play an important role in building capacity and ensuring a smooth transition to the basket fund processes.

Routine monitoring and evaluation also create additional layers of oversight and financial accountability of the basket fund. During visits, existing supportive supervision teams at the state and LGA levels in Zamfara and Kano ensure budgeted allocations translate to program implementation. The direct disbursement mechanism also enhances financial accountability among state and local beneficiaries as the flow of funds can be traced and matched to specific bank account signatories.

IMPLICATIONS OF A BASKET FUND ON GOVERNANCE STRUCTURE

A reliable governance structure is equally important as the financial management framework for the sustainability and success of basket funds. Government leadership and ownership of the basket fund has raised the profile of the initiative and the PHC programs it supports and also expedited program implementation processes. **By leveraging and strengthening existing governing processes, the basket fund has reenergized the governance structure of the state and created visibility around how, when and where funds are allocated in the healthcare system.** Key personnel that may have previously been oblivious to PHC funding and activities, now have an opportunity to examine budgets, review expenditures, and ask questions about funding allocations. To optimize the delivery and quality of health services, supportive supervision activities have been crucial for training health facility staff on how to effectively fund and implement programs. In many ways, the basket fund has promoted a minimum standard of excellence, which previously was lacking across health facilities in a LGA or the state.

THE BASKET FUND COMPARED TO OTHER FINANCING MECHANISMS

Aside from basket funds, Nigeria has considered and implemented many approaches to improve PHC financing at the subnational level, including community-based health insurance (CBHI), result-based financing (RBF) and public-private partnerships (PPPs). These mechanisms have different strengths and weaknesses that could be tailored to meet the various resource and capacity needs of the state and LGAs (Table 1).

CBHI pools low insurance premiums from community members and creates a common fund that often provides access to select preventive services. While CBHI has been

Table 1: REVIEW OF SELECT FINANCING OPTIONS IMPLEMENTED IN NIGERIA

Financing Option	Description	Advantages	Disadvantages
Basket Funds	• Pooled funding arrangement for shared PHC priorities • Aims to improve PHC funding flow from LGAs, the state government and interested stakeholders	• Acts on improving disbursement and financing management mechanisms • Introduces financial controls (auditing, direct disbursements) to create transparency and efficiency	• Significant political will from state and LGAs required to establish fund • Difficult to find champion(s) to liaise between partners and facilitate establishment processes
Community-Based Health Insurance Program	• Common fund created by pooling low insurance premiums from community members	• Community participation increases ownership and demand for health services • Protects against catastrophic health spending	• Transfers funding responsibility from government to citizens • Might require external funding to subsidize the start-up and sustain coverage costs
Results Based Financing	• Provides incentives to achieve desired goals • Rewards high performers with monetary or non-monetary incentives	• May be applied to address any program or priority, including, those tailored to improving program performance, health system efficiency, health outcomes etc. • Enhances positive accountability	• Requires strategic program design to appropriately match incentives with decision-making ability • Strong data management needed to track and measure performance
Public Private Partnership	• Program that is funded or delivered through a partnership between government and private sector to address a common goal	• Ability to leverage the technical expertise of the private sector on specific work areas • Minimizes the public sector's borrowing and financial risk	• Added administrative responsibility of managing and implementing the partnership • Requires equal commitment by government and partners

associated with improvements in healthcare utilization and health outcomes, there have been challenges with high attrition rates among providers and enrollment of sufficient participants to mitigate risks.[25] CBHI has the potential to reduce the incidence of catastrophic health expenditures, but its effect on PHC financing outcomes in Nigeria is unclear. Studies conducted in other countries indicate this impact has been modest.[26,27]

RBF, based on the concept of providing incentives for achieving desired goals, offers another innovative solution to the PHC financing problem in Nigeria. When designed appropriately to match incentives with decision-making ability, RBF programs may improve efficiency, equity, and performance among other indicators.[28] The National State Health Investment Project (NSHIP), an RBF program, is currently being implemented in Adamawa, Nasarawa and Ondo to improve the access of women to better quality health services.[29] The project rewards positive performance by health workers and institutes, and addresses some systemic bottlenecks to strengthen accountability and improve innovation.[29] Though NSHIP results are not yet available, RBF programs that are well-structured and have strong data collection processes can provide a promising way forward. They can address some of the most urgent PHC delivery challenges, which can improve the performance of health workers and the type of care they deliver.[28,30]

The country has also participated in various health PPPs ranging from delivery of treatments to health insurance partnerships. These partnerships enable the public sector to finance and deliver programs by minimizing financial risk while harnessing the private sector's expertise. Recently, two states in Nigeria established contracts with the private sector to deliver vaccines to health facilities – a key solution identified to overcome transportation barriers.[5] Some drawbacks of PPP include administrative burdens of implementing the partnership and difficulties in acquiring political buy-in from the partner government. Despite these challenges, PPPs have demonstrated feasibility in Nigeria.

Unlike the aforementioned approaches, basket funds primarily act to improve disbursement and reimbursement processes of PHC financing without increasing the overall budget. They aim to build capacity, strengthen financial management practices, and boost accountability within the health system by engaging key decision-makers and program implementers. Frequently, basket funds are also able to successfully fundraise for priorities by pooling government and donor funds for shared priorities. Despite these upsides, establishing a basket fund requires a significant amount of political will and success is often contingent on government buy-in.

INFLUENCING CHANGE: BENEFITS AND CHALLENGES OF BASKET FUND PROGRAMS IN NIGERIA

BENEFITS

Though no formal assessment has been performed in Zamfara or Kano, anecdotal evidence indicates improvements in the financial management and priority-setting processes of each state. Since basket funds address system-wide problems, intermediate process indicators measuring changes in data management, demand generation and service delivery provide the most relevant measures of success.

The introduction of basket funds has reduced political meddling in decision-making, streamlined the flow of PHC funds and replenished PHC budget line deficiencies in both states. Now with basket funds, states and LGAs can make PHC program allocations on budget. The decrease in number of cash-based transactions coupled with the implementation of direct disbursement mechanism has also significantly reduced opportunities for financial leakage. As funds flow to responsible program officers, Zamfara has seen a higher frequency of planned supervision visits, better data collection and reporting, and fewer vaccine stock outs across health facilities.[22] Such improvements have increased the demand for applying the basket fund framework to other PHC programs. Recently, Zamfara began disbursing funds for the National Midwives Service Scheme through the basket fund. Visible progress has been made in Kano as well. Infrastructural renovations, including the implementation of a refurbished cold chain system in the state, have empowered health facilities to deliver quality vaccines. As the performance and delivery of basket-supported PHC programs improves in Zamfara and Kano, positive effects on health indicators, such as vaccination coverage are also expected.

Basket funds provide an unparalleled forum for the government and development partners to collaborate and coordinate their financing efforts. Through discussions, partners can reduce duplicative funding and in many cases expand the fiscal space for shared PHC priorities. In Kano, pooling funds from the state government, development partners and the private sector enabled the state to revamp its cold chain system, which would have been unlikely without financial support.

At every step in the process, government ownership has been imperative for basket fund success. Unlike vertical programs that often function autonomously and in isolation from the broader national health system, basket funds integrate with and strengthen the national health system by working with government decision-makers and formulating processes that enhance the effectiveness of the health system. The alignment of basket fund priorities with the government's health agendas creates sustainability. For example, in Zamfara, the basket fund remained viable despite changes in political leadership. The election of a new State Governor often means the reshuffling of program priorities and shifts in funding. However, the synergy of the basket fund with the existing government priorities made it a valuable, effective component of the primary health care system.

CHALLENGES

Despite some of these apparent advantages, the adoption of state-level basket funds has been slow. While there is a general sense of what basket funds are, many policymakers lack a comprehensive understanding of the purpose, processes and benefits of establishing a basket fund. Without proper documentation and dissemination of technical details, identifying champions and mobilizing political will has been difficult. The role of a political champion is particularly crucial for catalyzing the establishment of the basket fund. For example, in Zamfara and Kano, the Permanent Secretary of the Ministry of Local Government and Chieftaincy Affairs and the Deputy Governor, respectively, liaised between LGAs, the state government and development partners, and facilitated meetings to garner the political will needed to operationalize the fund.

Alleviating financing problems through the basket fund is a step towards improving the quality and delivery of PHC programs in the state. However, successfully

implementing and integrating the basket fund processes into the existing system is a complex and resource-intensive process. Initial obstacles were first observed at the health facility level. Though health facility staff had access to funds, many lacked experience with apportioning funds to various facility-run programs. These facilities also followed weak record-keeping and accounting practices, which significantly debilitated the state's ability to conduct financial audits. Staff attrition also became a daunting challenge. The loss of an employee was a setback for the basket fund because with it came a slew of tasks for the basket fund program manager and the new trainee.

As basket funds become well-established, it will be important for basket fund management teams to revisit the basket fund budget and priorities. The current "one size fits all" allocation method, which is based on fixed inputs, such as, number of health facilities, does not capture the differences in health status and priorities across LGAs. While this formulaic approach has been effective in the absence of data on program status and performance, as new data emerges, basket funds should tailor funds to meet LGA-specific health priorities. Recalibrating allocations based on context-specific indicators will be resource intensive, but very important for continuing and sustaining basket fund gains.

The management teams in Zamfara and Kano have expressed interest in revising inputs to prepare for the next iteration of their state's basket fund budget. Kano plans to develop the budget using a bottom-up approach based on feedback from health facilities and focus on building technical capacity among health staff. When the allocations are reviewed in Zamfara and Kano, the management teams also intend to leverage the presence of development partners to align priorities and harmonize programs in accordance with a common state strategy.

CONCLUSION

Given the diversity of challenges facing every state, the basket fund provides a basic structural foundation for financial management which can be adjusted and adapted to varying states' needs. Early experiences indicate that basket funds can provide temporary relief to PHC financing problems at the local and state levels. In order to expedite the adoption of basket funds, disseminating information on the purpose, role and process of establishing and implementing basket funds will be important. The federal government can advance adoption by incentivizing local and state decision-makers to establish the fund. To make this actionable, matching federal funds for PHC can be granted by monitoring state and LGAs commitments to the state-level basket fund.

This process can also be accelerated if packaged with the State PHC Agency reform that already recommends states and LGAs to contribute to a pooled fund for PHC. Contributions from the private sector would add an extra layer of accountability.

As basket funds are implemented across states, measuring progress will help expand an evidence-base that is currently very sparse. For example, indicators on vaccine availability, changes in demand for vaccines, and improvement in immunization coverage would appropriately assess a basket fund's performance for RI in the context of provision, utilization and coverage as well as inform new basket fund budgets. It will be equally important to identify the extent to which basket funds address PHC program bottlenecks as well as how they positively or negatively interact with the health system at-large. For example, does the basket fund undermine the accountability of LGAs to deliver on programs that lie outside the fund?

As the country embraces basket funds, it will be crucial to develop a comprehensive PHC financing strategy to address deep-rooted challenges such as LGA accountability, which go beyond the scope of the basket fund. With strong leadership and advocacy, basket funds can be a part of a multi-pronged approach, which can improve PHC financing and help Nigeria achieve her vision of PHC for all.

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