

SECRET

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MEMORANDUM FROM HONORABLE COMMISSIONER BAUCHI STATE MINISTRY OF HEALTH ON STATE GOVERNMENT'S EFFORTS IN IMPROVING HEALTH FINANCING IN BAUCHI STATE.

PURPOSE

The purpose of the memorandum is to inform Council on Bauchi State Government's effort in improving Health Financing in the State.

INTRODUCTION

The availability of financial resources to provide equitable and quality care is key to Bauchi state's achievement of Universal Health Coverage. In an effort to explore additional sources of revenue for the state to improve its health sector performance and also provide health insurance coverage to its population through the state contributory healthcare scheme, the SMOH with the support of USAID-HFG Project conducted a fiscal space analysis of the state.

ISSUES AND JUSTIFICATION

The fiscal space analysis reveals many potential sources of revenue as follows: -

- (i) The 2015 figures show that raising the proportion of health expenditure as a share of total government expenditure from the current 8.7% to 15% will potentially bring in additional 5.3 billion naira to the health sector.
- (ii) A second prospective source of additional revenue for Bauchi state is the earmarked funds for health. The principal source of funds for the state contributory healthcare scheme Equity Fund is 1% state Consolidated Revenue Fund (CRF). Therefore, once the scheme takes off the state will potentially have an additional 785 million naira for health insurance in 2018.
- (iii) Similarly, State Health Trust Fund will be getting 1% LGA Total Revenue Fund monthly in addition to 5% state IGR. Following the assent to the bill, the fund would potentially generate an additional 661 million naira.
- (iv) Bauchi state has a dedicated fund which has been established to cater for orphans and vulnerable children, and there have been ongoing discussions to earmark 15% of the fund for the purchase of services through the state contributory healthcare scheme. If this is realized, it is estimated to bring in additional 46.4 million naira.
- (v) On the other hand, Internally Generated Revenue (IGR) formed 8.3% of Bauchi state's total revenue in 2015, one of the lowest in the country. However, the state is making efforts to increase its IGR; based on the 2015 figures, raising IGR to 15% of total revenue will bring an additional 3.1 billion naira to the state coffers, part of which can be channeled to the health sector.
- (vi) Bauchi state has had two tranches of debt relief in 2017, which totals 13.7 billion naira. If the state considers dedicating 15% of the discretionary fund, which forms 25% of the total, to the health sector, it will bring in an additional 513.7 million naira.
- (vii) Finally, Federal statutory allocations to Bauchi state have historically been above 50 billion naira. However, the economic slowdown experienced by the country lowered the state's allocation to about 40 billion naira. With ongoing implementation of the Economy Recovery and Growth Plan, the allocation could rise to pre-economic crisis level, which will bring additional 10 billion naira revenue to the state. At 16% allocation to health, there is a potential for additional 1.6 billion naira for health.

Bauchi state's fiscal space analysis shows the state has the potential to generate the total sum of about 9 billion naira for health which could be used to fill identified gaps in the state's Health sector

CONCLUSION

It was based on the above fiscal space analysis outcome the Bauchi State Government decided to come up with strategies that will Improve the Public Sector spending on health, mobilize extra-resources from Private Sector as part their corporate social responsibilities to the people of the state, reduce the out of pocket expenditure to the barest minimum and ensure judicious utilization of international Donor support. These strategies are expected to improve financing of Health Care Services in Bauchi State as well as improve the health Indices of the State.

PRAYERS

Council is hereby invited to note as follows:

1. Bauchi State Government has made ***Improving Funding to Health Sector through Innovative financing mechanisms, accountability and transparency*** as one of the 5point Health Agenda of the Currents Administration Lafiya Garkuwa.
2. The State Government in the years 2016, 2017 and 2018 has consistently allocated 15-16% of the States Total Annual Budget to Health Sector in line with 2001 Abuja Declaration, and that efforts are on-going to ensure that the budgetary release match the allocation.
3. The Government has also passed a law to provide for the establishment of Bauchi State Health Trust Fund charged with the responsibility for collection of certain percentage of the States Internally Generated Revenue (IGR) managing and disbursing the funds to Public Health Institutions in the State. This is aimed at improving budgetary release.
4. The Bauchi State Government has reached advanced stage in the establishment of the State Health Insurance Scheme tagged Bauchi State Health Contributory Scheme to be managed by Bauchi State Health Contributory Management Agency. The Executive bill that initiated the scheme was passed by Bauchi State House of Assembly and signed into Law by the Executive Governor. The State has also finalized the development and costing of the Minimum Service Package for the scheme. Establishment of the Agency has reached an advanced stage and is expected to be operational by 1st week of July 2018.
5. The State Ministry of Health has formed a Health sector Donors Forum which includes Heads of State Health MDAs, State Program Officers, Representative of All International Donors & Partners and Civil society Organizations working in the Health Sector, State planning Commission and all relevant Stakeholders. The forum meets on quarterly basis and is aimed at improving efficiency and cost effectiveness for services through integration and harmonization of programs to reduce duplications and wastes of time, money and energy.
6. There is also in place, the Bauchi State Standing Committee on Corporate Social Responsibility (CSR) for the health sector that will mobilize more resources into the health Sector from Private establishments like Banks, Communication Companies, Oil & Gas organizations, Philanthropists etc.
7. The Bauchi State Ministry of Health has also established a State Health Financing Working Group with membership from all relevant stakeholders that broadly review periodically all aspects of Health Financing in Bauchi State and advise appropriately.

**HONORABLE COMMISSIONER FOR HEALTH, BAUCHI STATE
JUNE, 2018**