

Innovating Hospital Financing in Kenya: Insights from Nakuru's Facility Improvement Fund Model

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Abstract:

The Nakuru County Government Department of Health has implemented a hospital financing model, the Facility Improvement Fund (FiF), for over eight years. Backed by a legal notice, this model enables 16 public health facilities to generate and retain revenue, which they reinvest into operations, development projects, and service improvements that enhance patient care and broaden service options.

The FiF model faces notable challenges; firstly, the county government has struggled to provide adequate technical and support staff. As a result, the facilities have had to allocate some of the revenue to cover salaries and wages, putting a strain on infrastructure and service development resources. Secondly, the facilities must pay careful attention to all aspects of good governance; failure to do so may cause tensions between the board and management, jeopardising future development and service delivery.

Thirdly, weak governance mechanisms may heighten the risk of revenue leakage and misalignment between facility management boards and wider health leadership.

The Nakuru County Government experience demonstrates that the facility improvement fund's benefits significantly outweigh its challenges, providing a viable pathway to sustainable, high-quality health service delivery.

This paper will share Nakuru's experience, providing practical insights, lessons learned, and recommendations relevant to other policymakers and health system managers seeking innovative financing solutions in resource-limited settings. It will show innovation and efforts to improve health service delivery in an African context.