

Financing research theme | Kenya

Title	Creating fiscal space for health: a case study of improved tax administration and its implications for health spending in Kenya
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Background

Kenya is currently considering options for achieving universal health coverage. At present, the health sector relies on out-of-pocket payments and donor funding as the major sources of health funding. This raises serious concerns for the long term sustainability of the health system; however, the Kenyan government has been slow to change existing financing arrangements – partly because of concerns about its ability to raise additional domestic funds to support the health sector. Despite the perceived limitations of domestic sources of funding, Kenya has recorded remarkable improvements in tax revenue collection since the change in government in 2002.

Purpose of the research

This study will examine whether changes to the tax administration system have strengthened fiscal space and contributed to increased health sector spending in Kenya. It will document the processes and mechanisms that were put in place to support increased revenue collection, and assess the extent to which this increase has translated into higher spending in the health sector. Specifically, the research aims to:

- Document the changing sources and levels of tax revenue in Kenya from 2002 to 2012
- Explore what factors contribute to increased tax revenue collection from 2002 to 2012
- Explore the extent to which the increase in tax revenue collection has impacted on government allocations to the health sector and enabled health systems strengthening

It is envisaged that results from this study will inform policy debates in Africa about revenue sources for universal coverage, and that the Kenyan experience may help and inform policy in other countries that are struggling to increase their tax base.

Study methods

The study will use a mixed-methods approach, combining both quantitative and qualitative data. Methods include:

- Quantitative data collated from documents by the Kenya Revenue Authority, Kenya Ministry of Finance-Treasury and the Ministries of Medical Services and Public Health and Sanitation and all other government sectors.
- Approximately 23 semi-structured key informant interviews with officials from all relevant Ministries and organizations.

Related research

RESYST researchers are also conducting studies in South Africa and Nigeria (Lagos State) to look at expanding fiscal space by increasing the effectiveness of tax collection systems.

Lessons from the three studies will be drawn together for other countries struggling to increase their fiscal space for health.

Publications

Fiscal Space for Health: a review of the literature. *RESYST Working Paper 1* (2012), Timothy Powell-Jackson, Kara Hanson and Di McIntyre.

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