

Financing research theme | Nigeria

Title	Increasing fiscal space and effect on public health spending: a case study in Lagos State, Nigeria
Researchers	Dr Hyacinth Ichoku, Mr Chijioki Okoli, Dr Obinna Onwujekwe
Institutions	Health Policy Research Group, Nigeria
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Background

In sub-Saharan Africa, expanding the resource base to meet the financing requirements for universal health coverage is a major challenge. In Nigeria, for instance, between 1999 and 2003 tax revenue was only 7% of Gross Domestic Product compared with a minimum figure of 15% recommended by the International Monetary Fund for developing countries. These low tax revenues are associated with low compliance and enforcement, weak revenue administration, low taxpayer morale, and poor governance and corruption. However, Lagos State in Nigeria stands out as a case where internal revenue generation has improved dramatically since 1999.

Purpose of the research

RESYST research will examine how Lagos State succeeded in increasing tax revenue and to what extent this increment in tax revenue has impacted on financing of healthcare in the State.

More specifically, the study aims to:

- Document the changing sources and levels of tax revenue from 2000 to 2012
- Explore the factors contributing to increased tax revenue collection
- Explore whether the increase in tax revenue collection impacted on government allocations to the health sector and enabled health system strengthening
- Summarize the lessons for other low and middle income countries.

Study methods

The project will adopt a mixed methods approach.

- This study will use quantitative methods to describe trends in general tax revenue, government spending on the health sector and on other sectors and to compare growth in these variables relative to growth in Gross Domestic Product.
- Key informant interviews will explore the contextual factors, tax policies, actors and processes accounting for improved tax revenue, and to gain insights into whether allocations to the health sector were affected by improved tax revenue generation, and why and how this occurred.

Related research

RESYST researchers are also conducting studies in Kenya and South Africa 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.

Contact

Hyacinth Ichoku,
Health Policy Research Group,
College of Medicine,
University of Nigeria,
Enugu, Nigeria.
hichoku@yahoo.com

<http://resyst.lshtm.ac.uk>