Paper 3. Rebasing of GDP: Fiscal implications for health financing in Kenya, a country case study

**Overview:** Kenya recently moved from low- to lower-middle-income status, as a result of the rebasing of its GDP in 2014. Along with the new income designation, Keyna potentially faces new health financing challenges as international partners may reduce the amount of development assistance for health to the country. The AfHEA undertook analysis to assess the health and finance implications of this transition, and identify opportunities for Kenya to continue to improve health sector performance as the sources of its health finance shift.

**Session Objectives:**

* To summarize the estimated funding gap for Kenya’s health system, particularly emphasizing funding needs relative to health outcome targets
* To discuss the implications of the decline in donor funding on priority health interventions in Kenya
* To outline promising approaches for increasing fiscal space for the health sector

**Methods:** Analysis included fiscal space analysis, trend analysis, literature review, and policy analysis. To complete the analysis, data was drawn from the following sources: Treasury data; Ministry of Health health and finance data; Government budgetary data, and others.

**Key Findings:** Similar to the Ghana analysis the Kenya case study sought to estimate the funding gap in the Kenyan health sector as well as identify likely sources of additional revenue for the health sector. The findings show that Kenya faces a total health system financing gap of about ksh 207,561 million. This gap will have important repercussions for the ability of Kenya to achieve convergence. Specifically, our analysis demonstrates that the areas of child health, maternal health, HIV/AIDS, and TB treatment and prevention are all expected to be negatively affected by the financing gap. Our analysis identified three opportunities for generating additional revenues that could be allocated to the health sector. These include: (i) enhanced tax revenue (ii) improved health system efficiency and (ii) enhanced private-public partnerships.

**Presenter:** Dr. Bernadette Wanjala