

Health Expenditures and Health Outcomes in Africa: A Causal Analysis

Yacobou SANOUSI & Mamadou BOUKARI

^aUniversité de Kara, FaSEG, BP43, Kara, Togo. Email : syacobou@gmail.com

^bUniversité de Kara, FaSEG, BP43, Kara, Togo. Email: mamadou.boukari@gmail.com

Abstract

This paper applies the most recently developed Granger non-causality test in heterogeneous panels to investigate the causality relationships between health expenditures and four health outcomes (infant mortality rate (IMR), child mortality rate (CMR), life expectancy (LE) and maternal mortality rate (MMR)) in Africa during the 2000-2016 period. The data come from the World Development Indicators database. The results of the analysis indicate that there is a bidirectional causality relationship between health expenditures and health outcomes (IMR, MMR, LE) at the continental level. The same pattern exists between health expenditures and each of health outcomes in the western and southern regions. The causality runs from health expenditures to CMR at continental level. In the central and northern regions, there is unidirectional causality running from health expenditures to life expectancy. In the eastern region, MMR does Granger cause health expenditures. In addition, our results suggest that health expenditure in Africa should be increased as it improved the health status of the population. Public sector health funds must be appropriately and efficiently used, and accountability and transparency regarding spending of public health funds should be ensured. This paper contributes to the literature by investigating adequately the causal link between HE and HO in Africa both at the continental and regional levels.

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Keywords: Health expenditures, health outcomes, Granger causality, Africa.
