

Healthcare Expenditure, Health Outcomes and Economic Growth in Economic Community of West African States (ECOWAS)

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Certification

This is to certify that **Funmilola Victoria, Oniyide** with matriculation number LCU/PG/001574 carried out this research work titled “Healthcare expenditure, Health Outcomes and Economic Growth in Economic Community of West African States (ECOWAS).” in the Department of Economics and Development Studies, Faculty of Management and Social Sciences, Lead City University Ibadan, Oyo State, Nigeria for the award of Master Degree (M.Sc.) in Economics under my supervision and that this has not been previously submitted.

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Dedication

This research work is dedicated to God Almighty, the wisdom of men and all-knowing God, my strong pillar and my source of inspiration who has given me the strength to get it done. This work is also dedicated to my late mummy, Oluwafunmilayo D. Oniyide.

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Abstract

In spite of the funds allocated into healthcare system, expenditure on health is still the lowest in the world both as per capita and as percentage of GDP, there are still high out-of-pocket costs incurred by the citizens and nation's still face a number of development challenges, including poor infrastructure, a high mortality rate. The study empirically investigated the link among healthcare expenditures, health outcomes and economic growth in a panel of 15 countries of ECOWAS within the periods, 2000-2020. The study decomposes healthcare expenditures into four components: national, public, private and external; health outcomes into life expectancy, infant mortality, maternal mortality and under-five mortality; while economic growth is measured by gross domestic product per capita. The parameters are estimated using the pooled mean group (PMG) and granger causality estimators. Based on the pooled mean group results, it was discovered that healthcare expenditure is an important predictor of life expectancy. Thus, healthcare expenditure positively and significantly influences life expectancy in ECOWAS. On the contrary, healthcare expenditures have a negative impact on infant mortality. Meanwhile, the effect of healthcare expenditure on maternal mortality rate and under-five mortality rates is statistically significant, albeit has mixed signs. It was further discovered that healthcare expenditure positively and significantly impacted economic growth. As regards the causality test, income per capita has a bi-causal link with national, private and external healthcare expenditure, while a one-way causal link was found from public healthcare expenditure to per capita income. Also, a uni-directional link exists between healthcare expenditures and life expectancy. Equally, there exist a one-way causation from health outcomes to income per capita. The study recommends that government should increase budget allocation into health sectors as presented during Abuja declaration in April 2001, so as to achieve better health outcomes and sustainable economic growth.

Keywords: Healthcare Expenditures, Health Outcomes, Pooled Mean Group, Granger Causality, ECOWAS

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