

Abstract

The allocation of a country's budget to healthcare is a reflection of its priorities and commitment to the well-being of its citizens. In this research, the author examines how governance and institutional quality impact the efficiency of public health spending, focusing on countries within the Economic Community of West African States. To gauge the efficiency of public health spending, the study uses a proxy variable: out-of-pocket-expenditure. Governance and institutional quality is measured with six indicators that are voice and accountability, control of corruption, govt. effectiveness, regulatory quality, rule of law and political stability. Data for the panel analysis was collected from sources such as the Worldwide Governance Indicators (WGI), World Development Indicators (WDI), and the World Health Organization (WHO) websites. Data is for the time period of 2002-2020 on annual frequency. The research employs an AutoRegressive Distributed Lag (ARDL) model to estimate the regression model. The long-term results are highly significant, indicating that good governance can effectively reduce out-of-pocket healthcare expenses. Furthermore, the findings suggest that increasing the healthcare budget also contributes to a decrease in out-of-pocket expenditure.

Keywords

Health, governance, institutional quality, panel data, public healthcare, government expenditure