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Are Wealthy Countries Always Healthy? Health Outcomes and Public Health Spending Nexus in Nigeria

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Abstract

Nigeria is the most populous country in Africa and the eight most populous nation in the world. She is currently the largest economy in Africa. Nigeria is considered to be relatively wealthy in terms of oil reserves; however, the level of poverty is still very high because of corruption and mismanagement. This study investigates the impact of public health expenditure on health outcomes in Nigeria, 1985–2019. Empirical results from the Classical Regression Analysis reveal that health expenditure by the government reduces under-5 mortality rate significantly and improves life expectancy. Furthermore, immunization against measles was found to reduce under-5 mortality rate, while prevalence of HIV reduces life expectancy. The study therefore recommends that there is need for government expenditure on health to be targeted at areas that will improve health outcomes significantly. With adequate funding and proper monitoring, a resource-abundant nation like Nigeria, can become healthier. However, if this is not done, the wealthy may not be healthy after all.

Keywords

public, health, spending, outcomes

Background and Motivation

The major goal of many economies in the world is to achieve sustainable economic growth and development. To accomplish this goal, certain variables which have the capacity of helping the economy to grow and develop will have to be put in place. Good health has been seen as one of the important variables and necessary conditions for the attainment of growth and development of any economy (Hlafa et al., 2019; Ogunjimi & Adebayo, 2018). A healthy workforce is known to be a productive workforce; therefore, the quality of health in the economy determines the kind of economic activities that will be inherent in the economy. Nigeria is the most populous country in Africa and the eight most populous nation in the world. She is currently the largest economy. Nigeria is considered to be relatively wealthy in terms of oil reserves; however, the level of poverty is still very high because of corruption and mismanagement. Taxes are unrequited because benefits provided by the government to taxpayers are not in proportion to their payment, while the corruption perception of the country remain overtime high. The human capital development (health and education) remains weak leading to under investment in health care funding also caused by fluctuation in oil revenue. The country was ranked 27th largest economy in terms of nominal GDP and 24th largest in terms of purchasing power parity in the world with debt to GDP ratio of 16.075% in 2019 by the World Bank.

Many scholars in Africa and Nigeria in particular have linked health to economic growth. For instance, Onisanwa (2014) and Anyanwu and Erhijakpor (2007) found that health indicators influence the growth of the Nigerian economy positively in the long run. Thus, health indicators have a long run impact on the growth of the Nigerian economy. According to Jack (1999), as cited by Agbatogun and Taiwo (2010), one way in which health affects the growth of the economy is by increasing the productivity of labor since the productivity of labor depends on the physical and mental capabilities, investment in human capital (health and education), and so on. Therefore, since health is considered one of the necessities for achieving growth and development of the economy, any policy that will help to improve health in the economy will be very vital.

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Table 1. Health Outcome Indicators in Nigeria and Some Other Developing Countries.

Country	SBR 2009	NMR 1990	NMR 2011	U5MR 2011	U5MR 2015	MMR 2011	MMR 2015
Botswana	16	21	11	52	44	159	129
Bangladesh	36	52	26	47	38	228	176
Burkina Faso	26	41	34	107	89	408	371
Cameroon	26	36	33	101	88	652	596
Comoros	27	40	32	83	74	376	335
Congo	26	35	32	56	46	494	442
Cote d'ivore	27	47	41	106	93	715	645
Egypt	13	20	7	28	24	39	33
Gabon	17	32	24	61	51	317	291
Ghana	22	38	29	72	62	320	319
Mauritania	27	40	43	95	85	704	602
Niger	23	49	32	116	96	635	553
Nigeria	42	51	39	126	109	824	814
South Africa	20	26	19	50	41	154	138

Source. World Health Statistics (2013) and World Development Indicators (2015).

The general health status and outcomes all over the world and Nigeria in particular is measured by life expectancy, maternal mortality rate, under-5 mortality rate, infant mortality rate, still birthrate, crude death rate, and morbidity rate. According to World Health Organization (WHO, 2016b) statistics, Nigeria is ranked 187 out of 191 countries in its ranking of the world's health system performance. Nigeria is just better than four countries (Democratic Republic of Congo, Central African Republic, Myanmar and Sierra Leone) out of 191 countries. Countries like Chad (178th), Cameroon (164th), Botswana (169th), Niger (170th), South Africa (175th), and Ghana (135th) are all ranked ahead of Nigeria. According to Tandon et al. (2016), the performance of the countries was based on their ability to achieve a broader set of health system outcomes which include improvement in population health, financing of health care, and so on.

The main reason why Nigeria has a health system that has performed poorly is because the primary health care in Nigeria which is the most important level of care has been left to the weakest level of government and this gave rise to weak and disorganized health care system thus affecting population health (Osain, 2011). To show more clearly the health status of the Nigerian economy, Table 1 compares some health outcome indicators in Nigeria to that of some other developing countries.

The Table 1 shows the health outcome indicators of some developing economies. SBR represent still birthrate, NMR represent neonatal mortality rate, U5MR represent under-5 mortality rate, and MMR represent maternal mortality ratio. From the Table 1, Nigeria has the highest maternal mortality ratio, highest under-5 mortality ratio and highest still birthrate as compared with other countries in the table. Also, countries like Burkina Faso which is ranked 183, Uganda which is ranked 166, Cameroon which is ranked 153 in health system performance all have better health outcomes compared with Nigeria for the various years from under comparison.

Investment in health, on the other hand, has been shown by many scholars to have a statistically significant effect on health outcome indicators (life expectancy, mortality, morbidity, etc.) of the Nigerian economy. For instance, studies like Okeke (2014), Nwankwo (2012), Orji et al. (2015), Novignon et al. (2012), Anyanwu and Erhijakpor (2007), Makute and O'Hare (2015), and so on have shown that public health spending has a relationship with public health outcomes. However, the nature of these relationships still remains an empirical puzzle that needs to be validated with recent data. Public health spending or public expenditure on health refers to expenditure on health care incurred by public funds. Public funds include that of local, state, regional, and federal Government bodies and social security schemes. Thus, public health care spending has a vital role to play in improving the health status of the Nigerian economy. According to Abimbola (2012), the financing of health care in Nigeria is highly connected to the funds that flow from the federation account. Funds are shared between levels of government following a constitutionally agreed formula. Health care financing in Nigeria is done by both government and private sectors. Public health expenditure in Nigeria according to Lambo (2015) is less than $8 per capita compared with the $34 recommended internationally. Also, according to World Bank Statistics (2016), expenditure on public health as percentage of total government expenditure is 8.1%, public health expenditure as percentage of total health expenditure (both private and public) is 25.1%, and public health expenditure as percentage of GDP is only 3.6%. Out-of-pocket expenditure on health in Nigeria, on the other hand, is 95.7% of expenditure on private health and 71.6% of the