**DOES PUBLIC HEALTH SPENDING AND GOVERNANCE MATTER FOR GROWTH IN AFRICA? LESSONS FROM NIGERIA**

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**ABSTRACT**

Positive correlate among health investment, health and economic growth necessitates public policy action through increased health investment as means of improving aggregate health for growth and development; also of importance is useful role of good governance. Unfortunately the goal of universal health coverage (UHC) for most countries in Africa is yet to be attained due to inadequate health financing and poor quality of governance, to the extent that widespread poor growth performances among countries in the region may find explanation in inadequate health financing and poor governance. Health financing for most countries in Africa have consistently fallen short of the African Union (AU) health funding commitment of 15% of annual budgetary allocation to the health sector. Secondly, political processes and decisions condition available resources which shape the state of infrastructure particularly health infrastructure, and socioeconomic conditions. In turn, this determines individuals’ level of exposure to health risks and their capacity to actively contribute to productive activity for growth stimulation and sustainability. As the second largest economy in Africa, Nigeria’s consistent poor ranking in the Transparency International’s global corruption perception index is a major concern for growth. High prevalence of corruption means that, in the midst of inadequate health financing, significant proportion of funds allocated for health do not trickle down to productive health investments such that, it adversely affects genuine growth efforts. Against this backdrop, this study added to existing literature in the context of Nigeria, by theoretically applying the Solow augmented Mankiw-Romer-Weil structural model in examination of impact of size of government expenditure, and governance quality in the health sector, on economic growth. Autoregressive Distributed Lag (ARDL) model was adopted in estimation. Findings show that poor governance quality adversely affects growth and this reduces the capacity of health spending to stimulate growth. On the basis of this, it is the conclusion of the study that public investment in the health sector as a definition of government size is vital for Universal Health Coverage needed for economy-wide growth and sustainable development in Nigeria.

**KEYWORDS:** Public Health Spending, Governance, Economic Growth, Solow augmented Mankiw-Romer-Weil Structural Model, Nigeria.