Assessing the Technical Efficiency of health Expenditures in Low and Middle-Income Countries: New Approach through the Partial Frontier Analysis

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The paper investigates the technical efficiency of health expenditures in 87 low- and middle income countries over the period 1995-2012. The partial frontier analysis is used to assess the efficiency scores in output and input orientations by assuming the Variable Returns-to-Scale. Two traditional inputs, such as public and private health expenditures per capita and two environment inputs such as the urbanization rate and the GDP per capita are used. The output is a composite index computed through a Principal Component Analysis. The findings reveal the presence of potential efficiency gains for the improvement of health status and for the enlargement of fiscal space of health. It appears that efforts are made in favor of health enhancement in view of used health expenditures. The potential efficiency gains for the enlargement of fiscal space for health declined over these last years. Furthermore, despite the needs to enlarge the fiscal space for health, we find more interesting for the countries to aim for greater health outcomes in view of health expenditures. The evidences suggest promoting the improvement of health expenditures efficiency.