IMPACT OF PUBLIC HEALTH EXPENDITURE ON ECONOMIC GROWTH IN KENYA

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ABSTRACT

This study determines the effect of PHE on GDP in Kenya. The study uses estimates of public health expenditure, population growth, inflation, life expectancy and physician, (1990-2012), as well as the economic survey and statistical abstracts for the same years.

The analysis is a time series estimation of the effect of PHE on GDP, so as to explain the minimum amount of funding to be allocated to public health sector which would boost economic growth. The study employs OLS regression and correlation between dependent variable and the independent variables. The study attempts to determine the properties of health care in Kenya, and finds that health care in Kenya is a necessary good and has an elasticity of 0.22% to GDP per capita.

This is to mean that for every 1% increase in PHE, GDP should increase by 0.22%. For the policy makers, this study advice on a suitable strategy for financing healthcare in Kenya as it faces challenges of underfunding and an increased demand of quality and availability of healthcare services that are equitable and affordable for a growing population.

In this study, PHE may simply refer to total public expenses from government budgetary allocation and financial aid that the Kenyan health sector spends annually on health care delivery systems thus has a major impact on economic growth in Kenya.