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Assessing the Association between Quality of Governance and Health Outcomes? Evidence from Developing Countries

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Abstract: Good governance is a main determinant of human capital formation in an economy. Better quality of governance deeply affects education, health outcomes, and other socio-economic outcomes, ultimately improving the human capital. Various dimensions of governance can influence the capacity of governments to convert public resources into effective services. The study has tried to find out the link between quality of governance and health outcomes in developing countries and also to find the important dimensions of governance that are strongly associated with health outcomes. The study revealed that governance and health outcomes often have a positive link. The future studies may study the interaction of governance and health expenditure on maternal and child health across a regional group such as Sub-Saharan Africa using disaggregated governance dimensions. Very few of the studies have tried to find out the relationship between governance and child health outcomes; especially, no such study is there that tries to find the link between quality of governance and child health inequalities.

Keywords: Quality of governance, Health outcomes, Human capital, Infant Mortality Rate, Public Expenditure.

INTRODUCTION

As indicated in the reports of the UN, universal health coverage by the economies is still a dream even if plenty of programs were launched in the past years to combat major infectious diseases. To achieve this objective, the countries need to do heavy investments in health infrastructure and ensure that the benefits reach the most vulnerable and are not skewed towards those who have easy access, like the richer, urban, or more educated ones. Good governance is a main determinant of human capital formation in an economy. As better quality of governance deeply affects education, health outcomes, and other social and economic outcomes, ultimately improving human capital. Various dimensions of governance can influence the capacity of governments to convert public resources into effective services. Stronger and better governance has proven to improve life expectancy, reduce infant mortality, and reduce maternal mortality. Especially regulatory quality, control of corruption, and government have proven to play a major role in better health outcomes in countries like West Africa (Kouadio, 2025). On the contrary, inadequate health outcomes have been linked to poor budg*et al*location and institutional quality in Nigeria. Researchers have found that well-governed economies effectively utilize the public health expenditure allocated to them and ensure overall well-being (Solanke *et al*., 2026).

Nadpara and Samanta (2015) found that corruption in health care had a detrimental effect on life expectancy and infant mortality rate in a study of 15 OECD and 15 non-OECD nations for the period 1996-2011, which shows the importance of good governance for nations. Tiwari *et al*. (2023) used quantile regression, which revealed that in order to improve the health outcomes in the economy, the quality of governance plays a more important role than health expenditure.

The countries across the world have prioritized improving health outcomes as an economic policy goal, consistent with the UN Sustainable Development Goals (SDGs) and national development plans. As is also stated in Goal 3 of the SDGs, it is required for every United Nations member to achieve good health and well-being for all. As per the reports of the UN, 134 countries had already met the SDG target on U-5 mortality, which is an indicator of better health outcomes. Enhanced institutional quality plays a vital role in ensuring improved healthcare services for various population groups and vulnerable sections of the society, including pregnant mothers, children, and the elderly (Hadipour *et al*., 2023). This highlights the need for effective health expenditure strategies by policymakers and deep research by the scholar on finding out what the major areas of governance are leading to better health outcomes and reduced health inequality.

This study aims to find the answers to the following research questions:
RQ1. What is the relationship between quality of governance and health outcomes in developing countries?

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RQ2. Which dimensions of governance are most strongly associated with health outcomes?

The significance of this study lies in its potential to contribute to the growing body of literature on governance and health outcomes. By shedding light on the linkages between quality of governance and health outcomes, policymakers of the developing nations will get insights on how to design effective governance that aims to promote better health and well-being.

THEORETICAL BACKGROUND

Despite having a rich background, the concept of governance has not reached any consensus and has not come so far. Governance is not at all a monolithic concept; it comprises many other dimensions that interact with various other factors leading to different outcomes. The quality of institutions not only impacts the functioning of that institution but also leads to better and effective results, such as better social services, higher economic growth, lower inequalities, and many more. According to the Institutional Theory (North, 1990), social outcomes are significantly influenced by the effectiveness of institutions' rules, regulations, and governance structures. Effective governance enhances child health outcomes and guarantees accountability, transparency, and resource efficiency in the delivery of healthcare services. The Public Choice Theory (Buchanan & Tullock, 1962) highlights the corrupt practices brought about by the self-interest and personal gains of political and administrative elites. Reducing these activities and making effective use of public monies for healthcare services may be made possible by governance mechanisms like the checks and balance system.

LITERATURE REVIEW

Author (year)	Topic	Objectives	Methodology	Findings
Hu & Mendoza (2013)	"Public health spending, governance and child health outcomes: revisiting the links"	An analysis of determinants of child health outcomes in developing economies for a period of 1960-2005	Pooled OLS, fixed effects, Instrumental variable model	Government expenditure as well as government governance reduces the child mortality in the study
Nadpara & Samanta (2015)	"An empirical examination of the effect of corruption on health outcomes"	What effect does corruption in health care have on health outcomes	Panel data estimation	Corruption in health care has detrimental effects on health outcomes (especially, on life expectancy and infant mortality rate). That too bigger impact in underdeveloped and developing countries than in richer, developed ones.
Osakede (2021)	"Public health spending and health outcome in Nigeria: the role of governance"	To analyze the relation between public health spending and health outcome in Nigeria over the period of 1980- 2017	Time series, and 2SLS	Expenses of public health were found to significantly have no effect on health outcome other than when interacted with governance quality
Bunyaminu *et al*. (2022)	The effect of health expenditure on average life expectancy: does government effectiveness play a	This study investigates the impact of total health expenditure on life expectancy and moderating role of	Dynamic panel-GMM	Health expenditure has a positive significant influence on life expectancy. the moderating effect of government

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	moderating role?"	government effectiveness in a panel of 43 African countries from 2000 to 2018.		effectiveness health expenditure reduces life expectancy.
Tiwari *et al*. (2023)	"Political determinants of health: (Re)Examining the role of governance in reducing maternal Mortality"	Re-examines the relationship between three variables namely, governance, health expenditure and maternal mortality on a panel of 184 countries from 1996 to 2019	Fixed Effect Panel Data Regression, GMM dynamic panel, Quantile Regression, Path Regression Analysis using Structural Equation Modelling (SEM)	Health expenditure and quality of governance improves maternal health. Health expenditure is effective in countries with lower levels of MMR
Hadipour *et al*. (2023)	"What is the role of institutional quality in health outcomes? A panel data analysis on 158 countries from 2001-2020"	The impact of various governance indicators on infant mortality rate and life expectancy	PCA, GMM	Governance quality has more pronounced impact on life expectancy than infant mortality rate. More prominent impact in high income countries.
Azimi *et al*. (2023)	"A global perspective on the governance-health nexus"	The impacts of good governance quality on the health expenditures, weather it is governmental expenses or per-capita out of pocket of health	CS-ARDL	Better governance has significantly positive impact on the health expenditure of government and out of pocket expenditure on health in the long run, effects of CGI are lower in high-income countries and vice a versa
Kouadio (2025)	"Effects of governance quality on health outcomes in West African countries"	To establish a link between governance quality and outcomes of health in 15 west African countries during 1996-2022.	Instrumental Variables Two-Stage Least Squares (IV-2SLS)	All of the indicators of governance have a positive association with better health outcomes, like lower U-5, maternal mortality, crude death rate and better life expectancy.
Huynh and Nguyen (2025)	"Multi-dimensional impact of governance quality on child health outcomes: empirical insights from Vietnam"	To check the impact of various governance dimensions on health indicators in 63 Vietnam's provinces during 2006-2021	Random effects model and pooled-OLS models.	Governance had a pronounced impact on U5 mortality rate than on IMR. Dimensional impact on IMR was stronger for local participation, public service delivery and vertical accountability.
Solanke *et al*. (2026)	"The interaction effect of health expenditure	The interactive impact of institution	GMM	Increasing health expenditure when

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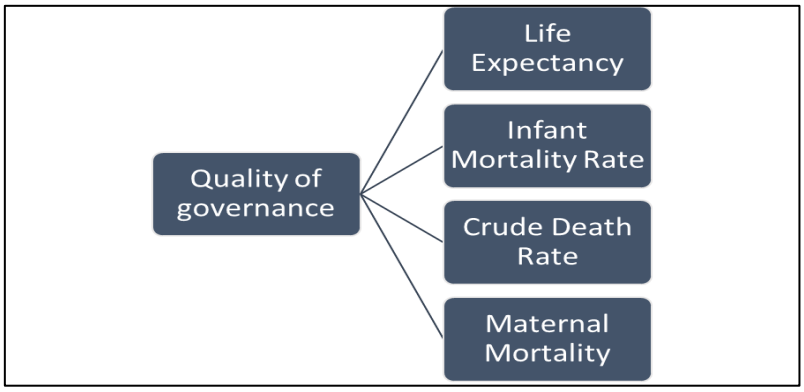
	and institutional quality on maternal and child health in Nigeria between 1978 and 2023"	quality indicators, and outcomes of government health expenditure in Nigeria.		combined with strong institutional quality not only improves maternal health outcomes but also child health outcomes in Nigeria.

A number of studies have studied the relationship of healthcare expenditure and health outcomes (Nadpara & Samanta, 2015; Solanke *et al*., 2026; Osakede, 2021), highlighting the importance of government expenditure in reducing health inequalities in developing countries. A substantial empirical literature links governance with average health outcomes. Most of the studies have found a positive link between governance and health. Kouadio (2025) shows that all governance indicators are associated with lower under-five mortality, lower maternal mortality, a lower crude death rate, and higher life expectancy in 15 West African countries. Hu & Mendoza (2013) find that both government spending and governance reduce child mortality. Nadpara & Samanta (2015) show the reverse: corruption harms health, mainly life expectancy and infant mortality.

Conceptual Framework

The theoretical background of the relationship between governance quality and the various health outcomes is found in the understanding of the institutional theory of North (1990). As per the theory, a well-performing institution will have better implementation of policies and effective utilization of resources, leading to better health outcomes. Another theory can act as a foundation, which is given by Buchanan and Tullock (1962). As per them, good governance will ensure a check on the ineffective utilization of resources and will reduce corruption in the economy.

Improvement in the governance quality can have a great impact on reducing mortality and improving overall health, especially for the most vulnerable, which will ultimately result in better well-being and reduced inequalities.



Findings and Interpretation

Firstly, the studies have tried to find an association among the variables of governance/institutional quality with the health outcomes. The majority of the studies of the corpus have found a positive link between governance and health. Kouadio (2025) shows that all governance indicators are associated with lower under-five mortality, lower maternal mortality rates, a lower crude death rate, and higher life expectancy in 15 West African countries using Instrumental Variables Two-Stage Least Squares (IV-2SLS). Hu & Mendoza (2013) found that both government expenses and the quality of governance have reduced the child mortality rates in the studied corpus. Nadpara & Samanta (2015) show the reverse: corruption harms health, mainly life expectancy and infant mortality.

Secondly, the study found that public health spending works mainly through governance. Several studies find that spending alone does little unless institutions are strong. As in the work done by Osakede (2021), they showed that public health spending has no significant impact on Nigeria's health outcomes in Nigeria except when interacted with governance quality. Solanke *et al*. (2026) find that higher spending combined with strong institutions improves maternal and child health in Nigeria. Tiwari *et al*. (2023) find that both health expenditure and governance improve maternal health and that spending is most effective where maternal mortality is already lower.

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The third aspect shows the effect depends largely on the country's income level and on which outcome is measured. Nadpara & Samanta (2015) found the effect of the corruption was comparatively stronger and larger in developing and underdeveloped countries than in developed ones. Governance affects life expectancy more than infant mortality (Hadipour *et al*., 2023) and affects under-five mortality more than infant mortality (Huynh & Nguyen, 2025).

Hadipour *et al*. find the impact is stronger in high-income countries, whereas Azimi *et al*. (2023) find that governance raises health spending, with effects that differ by income group. Another aspect of the review finding was that the dimensions of governance matter differently.

In Vietnam, local participation, public service delivery, and vertical accountability had the strongest effects on infant mortality (Huynh & Nguyen, 2025). At last, one contradictory finding was found by Bunyaminu *et al*. (2022), showing that health expenditure raises life expectancy across 43 African countries, but that government effectiveness as a moderator reduces this effect.

Governance is the channel that turns spending into results. The pattern across Nigeria, Africa, and global panels suggests that money by itself does not improve health. Where institutions are weak, funds are lost to corruption, poor targeting, and inefficiency. Where they are strong, spending reaches services such as immunization, antenatal care, and clinics. Governance matters most for vulnerable populations. Maternal and child outcomes respond strongly because they depend on functioning public services. Weak institutions in low-income settings cost the most in these areas. Different findings can reflect different contexts and measures. The stronger effect in high-income countries (Hadipour *et al*.) versus the larger corruption penalty in poor countries (Nadpara & Samanta) is not necessarily a contradiction. Studies use different governance measures (PCA indices, WGI, corruption indicators) and different outcomes. The Bunyaminu result may reflect the measurement of government effectiveness, spending composition, or interaction terms in a dynamic panel. It should be noted as an exception, not dismissed.

Methods strengthen but do not settle causality. Most studies use GMM, 2SLS, or other instrumental approaches to address endogeneity, since healthier societies may also build better institutions. Results are broadly consistent, but the quality of instruments varies, so conclusions about causation should be stated with caution.

The reviewed literature consistently shows that governance quality improves health outcomes, while corruption worsens them (Nadpara & Samanta, 2015; Kouadio, 2025). Health expenditure alone has limited effect and becomes effective mainly when combined with strong institutions (Osakede, 2021; Solanke *et al*., 2026; Tiwari *et al*., 2023). Effects differ by income level and health indicator (Hadipour *et al*., 2023; Huynh & Nguyen, 2025), and Bunyaminu *et al*. (2022) report a contrary moderating result. These findings suggest that improving health outcomes requires both adequate funding and effective institutions.

CONCLUSION

Stronger and better governance has proven to improve life expectancy, reduce infant mortality, and reduce maternal mortality. Spending is converted into results through the channel of governance. The trend in Nigeria, Africa, and international panels indicates that financial resources by themselves do not enhance health. Funds are lost due to inefficiency, poor targeting, and corruption in areas with inadequate institutions. Spending reaches services like clinics, prenatal care, and vaccinations, where they are robust. For vulnerable groups, governance is particularly important. Due to their reliance on efficient public services, maternal and child outcomes are highly responsive. In low-income environments, weak institutions are the most expensive. Different metrics and situations may yield different results. The results highlight the necessity of thorough governance reforms and provide guidance for successful public health initiatives in emerging nations. Existing studies look at governance and spending separately, at single countries (i.e., Nigeria, Vietnam), or at broad panels. Few studies have used disaggregated governance features to examine the relationship between governance and health spending on mother and child health across a regional group like Sub-Saharan Africa. Hence, highlighting the need to do future studies on the same.

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