



1 **Does Renewable Energy Consumption and Health Expenditures**  
2 **Decrease Carbon Dioxide Emissions? Evidence for sub-Saharan**  
3 **Africa Countries**

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21 **Does Renewable Energy Consumption and Health Expenditures**

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25**Abstract:** This paper employs panel methodological approaches to explore the link between  
26per capita carbon dioxide (CO<sub>2</sub>) emissions, per capita real gross domestic product (GDP),  
27renewable energy consumption, and health expenditures as health indicator for a panel of 42  
28sub-Saharan Africa countries, spanning the period 1995-2011. Empirical results support a  
29long-term relationship between variables. In the short-run, Granger causality reveals the  
30presence of unidirectional causalities running from real GDP to CO<sub>2</sub> emissions, to renewable  
31energy consumption, and to health expenditures, and bidirectional causality between  
32renewable energy consumption and CO<sub>2</sub> emissions. In the long-run, there is a unidirectional  
33causality running from renewable energy consumption to health expenditures, and  
34bidirectional causality between health expenditures and CO<sub>2</sub> emissions. Our long-run  
35elasticity estimates document that both renewable energy consumption and health  
36expenditures contribute to the reduction of carbon emissions, while real GDP leads to the  
37increase of emissions. We recommend these countries to pursue their economic growth and  
38invest in health care and renewable energy projects, which will enable them to benefit from  
39their abundant wealth in renewable energy resources, improve the health conditions of their  
40citizens, and fight climate change.

41**Keywords:** Carbon dioxide emissions; renewable energy consumption; health expenditures;  
42panel econometrics; sub-Saharan Africa.

43**JEL classification:** C33; I15; Q42; Q54; O55.

#### 441. Introduction

45The World Health Organization (WHO, 2015) argues that 18% of global carbon dioxide  
46(CO<sub>2</sub>) emissions are attributed to energy and to the fuel used by the residential sector. The  
47expansion of greenhouse gas emissions is a serious danger on the environment and on human  
48health. It is estimated that the adoption of cleaner technologies for renewable energy  
49production (solar, wind, geothermal, biogas, etc.) can substantially reduce emissions of  
50climate change pollutants by about 0.4-0.9 billion tons of CO<sub>2</sub> emissions between 2010 and  
512020.

52 Moreover, there is much consideration that health care facilities play an important role  
53in combating climate change. In fact, health care facilities have been estimated to represent  
54between 3% and 8% of the climate change footprints in developed countries (WHO, 2011).  
55However, there are no health sector estimates on a national level across South-East Asian and  
56Sub-Saharan African countries. Both electricity access and hospital electricity consumption  
57data in countries of South-East Asia and sub-Saharan Africa reflect far lower energy use rates  
58compared to developed countries (USAID ECO-III Project, 2009). In addition, it has been  
59estimated that between 200,000 and 400,000 hospitals and health clinics in developing  
60countries have no electricity or have unreliable electric supplies (WHO, 2015).

61 Sub-Saharan African countries are rich in renewable resources, while investment  
62projects in renewable technologies are crucially needed for the development of their  
63economies. The installation of photovoltaic solar panels or wind turbines could be a good idea  
64to feed health facilities in electricity. Moreover, encouraging developing countries to adopt  
65clean technologies turns out to be a good policy to stimulate higher health quality and  
66decrease carbon emissions levels to combat global warming.

67 This paper considers the dynamic causal links between carbon dioxide emissions,  
68economic growth, renewable energy consumption, and health expenditures as health indicator

69in the case of a panel framework. We will discuss the interactions that might exist between  
70renewable energy consumption and health expenditures and their environmental impact by  
71considering a sample of sub-Saharan Africa countries. We firmly believe that there is no panel  
72empirical study that has considered the dynamic links between renewable energy consumption  
73and a health indicator. This study has the objective to fill this gap, particularly on focusing on  
74sub-Saharan Africa countries which have low health indicators compared to developed  
75countries, and have insufficient investments in renewable energy projects while being rich in  
76renewable energy resources.

77 The remaining of the paper is organized as follows. Section 2 is about literature  
78review. Section 3 describes the used data set and the empirical methodology. Section 4  
79presents the empirical results, and Section 5 provides a discussion of the obtained findings.  
80Finally, Section 6 concludes the paper with policy recommendations.

81

## 822. Literature review

83 Our research is related to the literature dealing with renewable energy consumption,  
84economic growth, and CO<sub>2</sub> emissions, and that dealing with health indicators  
85and pollutant emissions. Earlier empirical analysis discuss the interdependence between  
86renewable energy consumption and economic growth (e.g., Sadorsky, 2009; Apergis and  
87Payne, 2010a, 2010b, 2011; among others) or between renewable energy consumption and  
88CO<sub>2</sub> emissions (e.g., Apergis et al., 2010; Menyah and Rufael, 2010; Ben Jebli et al., 2015a;  
89Ben Jebli et al., 2016; Ben Jebli and Ben Youssef, 2015; among others). These previous  
90empirical studies document that the presence of Granger causality as well as the direction of  
91causality between output, renewable energy consumption and carbon emissions depends on  
92the selected data, the considered period, and the used econometric method. Nevertheless, most  
93of these studies agree on the causality between renewable energy consumption and economic

94growth and the positive impact of renewable energies on both economic growth and the  
95environment.

96 Several other determinants (i.e., trade, tourism) of carbon emissions have been taken  
97into consideration in the recent literature. Trade is considered as an important factor of  
98pollution emission that deserves more attention. For a panel of the organization of  
99economic cooperation and development (OECD) countries, Ben Jebli et al. (2016)  
100illustrate that increasing trade or renewable energy consumption reduces carbon emissions,  
101recommending that more trade and more renewable energy consumption are efficient  
102strategies to combat global warming in these countries. They explain this effect of  
103trade by its positive effect on per capita GDP and by the inverted U-  
104shaped environmental Kuznets curve (EKC) hypothesis verified by this panel of  
105OECD countries. Other studies have considered that tourism might have an important  
106impact on environmental conditions. Ben Jebli et al. (2015a) provide a model that investigates  
107the dynamic causal links between CO<sub>2</sub> emissions, output, combustible renewables and waste  
108consumption, and international tourism in the case of Tunisia. Their results highlight that both  
109combustible renewables and waste consumption, and international tourism contribute to the  
110increase of carbon emissions. They attribute this finding to the increase in food  
111consumption, energy for transport, cooling, and heating, and that  
112transforming wastes into energy generates CO<sub>2</sub> emissions.

113 Some of these studies on renewable energy have been of interest to sub-Saharan  
114Africa. Ben Jebli et al. (2015b) examine the role that renewable energy consumption can play  
115in the mitigation of emissions. These authors consider a panel of 24 sub-Saharan Africa  
116countries and make use of panel cointegration methodologies in their analysis. They  
117recommend that the benefits from technology transfers through trade exchanges are a good  
118path to increase their renewable energy use and decrease carbon emissions levels.

119Additionally, for a panel of 51 sub-Saharan Africa countries, Ozturk and Bilgili (2015)  
120examine the long-run dynamics between GDP growth and biomass energy consumption.  
121Their evidence shows a significant impact of biomass consumption on GDP growth.

122 The literature lacks of empirical studies investigating the relationship between health  
123indicators and any other variable such as economic growth or carbon emissions. Jerrett et al.  
124(2003) explore the relationship between health care expenditures and environmental factors in  
125Canada (i.e., for 49 counties of Ontario) using a sequential two stage regression model to  
126control for variables that may affect such expenditures. Their results document that both total  
127toxic pollution emitted and per capita municipal environmental expenditures display  
128significant relationships with health expenditures. In addition, these authors suggest that  
129counties with higher pollution emission levels demonstrate higher per capita health  
130expenditures, while those that spend more on defending environmental quality levels  
131demonstrate lower expenditures on health care. Lu et al. (2017) investigate the  
132dynamic relationship between environmental quality, economic  
133development, and public health in China by considering a panel data from  
13430 Chinese provinces for the period 2002-2014. They show a negative  
135effect of environmental pollution on public health. However, education and  
136medical conditions participate significantly to economic growth and public  
137health promotion.

138

### 1393. Data and empirical methodology

#### 1403.1. Data

141Annual data are obtained from the Word Bank (2015) online database for a panel of 42 sub-  
142Saharan Africa countries<sup>1</sup>, spanning the period 1995-2011. The variables used for the

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11<sup>1</sup>The selected countries are: Angola – Benin - Botswana – Burkina Faso - Burundi - Capo Verde - Cameroon –  
12Central Africa - Chad - Comoros – Congo Dem – Congo Rep – Ivory Cost – Equatorial Guinea - Eritrea -  
13Ethiopia - Gabon - Gambia - Ghana - Guinea – Guinea-Bissau - Kenya - Madagascar - Malawi - Mali -

143empirical study are per capita carbon dioxide emissions ( $CO_2$ ) measured in metric tons of oil  
144equivalent, per capita real gross domestic product ( $Y$ ) measured in constant 2005 prices,  
145renewable energy consumption ( $RE$ ) measured as a share of total final energy consumption,  
146and health expenditures ( $HE$ ) measured as a share of total GDP. Depending on data  
147availability, our empirical analysis includes the maximum number of observations.

148

### 1493.2. Empirical methodology

150Our empirical analysis considers a model that examines the dynamic causalities between  $CO_2$   
151emissions, real GDP, renewable energy consumption and health expenditures. Precisely, we  
152consider that health expenditures can have an important impact on the environmental  
153situation. Thus, our empirical model is developed as follows:

154

$$155 \quad CO_{2it} = f(Y_{it}, RE_{it}, HE_{it}) \quad (1)$$

156

157The natural logarithmic transformation of Eq. (1) yields the following  
158equation:

159

$$160 \quad LNCO_{2it} = \alpha_i + \beta_1 t + \delta_{1i} LNY_{it} + \delta_{2i} LNRE_{it} + \delta_{3i} LNHE_{it} + \varepsilon_{it} \quad (2)$$

161

162Where  $LN$  denotes logarithmic transformations,  $i = 1, \dots, N$  for each country  
163in the panel,  $t = 1, \dots, T$  denotes the time period, and  $\varepsilon$  denotes the

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16Mauritania - Mauritius – Mozambique- Namibia - Niger - Nigeria - Rwanda - Seychelles – Senegal - Sierra  
17Leone – South Africa - Sudan - Swaziland - Tanzania - Togo - Uganda – Zambia.

164stochastic error term. The parameter  $\alpha_i$  allows for the possibility of  
165country-specific fixed effects.

166 Before testing the integration order of the studied time series, it is  
167essential to proceed testing the degree of cross-sectional dependence  
168(CD) through the statistic recommended by Pesaran (2004). The residual  
169statistic test of Pesaran (2004) allows selecting which panel unit root tests  
170can be chosen: either first-generation unit root tests (traditional panel unit  
171root tests) or second-generation unit root tests. Traditional panel unit root  
172tests of the first generation used in the present study are five: Breitung  
173(2000), Levin et al. (2002), Im et al. (2003), Fisher Augmented Dickey and  
174Fuller (ADF, 1979), and Phillips and Perron (1988). The employment of the  
175second generation unit root test developed by Pesaran (2007) is more  
176suitable for testing the stationary proprieties of variables. The cross-  
177sectional augmented IPS (CIPS) unit root test, developed by Pesaran  
178(2007), supports the null hypothesis of a unit root, while the alternative  
179hypothesis suggests that the variable is stationary. The Pesaran (2004)  
180test is computed from the augmented Dickey and Fuller (1979) regression  
181corresponding to each variable in the model. This statistic is measured as  
182an average of all pair-wise correlation estimated coefficients. The null  
183hypothesis of the CD test suggests that the residual cross-section is  
184independent, while the alternative hypothesis reveals that the residual is  
185dependent.

186 Next, to determine the integration order of the analysis variables, it  
187is needed to examine the cointegration between them. If the variables are  
188integrated of order one, we investigate the presence of a long-run

189association within a heterogeneous panel using Pedroni's (2004) panel  
 190cointegration approach. The null hypothesis is that there is no  
 191cointegration, while the alternative hypothesis is that variables are  
 192cointegrated. All the tests are running with individual intercept and  
 193deterministic trend. The deviation to the long-run relationship is  
 194determined by the residuals presented in equation (2).

195 If there is a long-run relationship between variable, then we estimate  
 196the long-run coefficients using both the fully modified ordinary least  
 197squares (FMOLS) approach proposed by Pedroni (2001, 2004), and the  
 198dynamic ordinary least squares (DOLS) methodological approach  
 199developed by Kao and Chiang (2001) and Mark and Sul (2003). Both of  
 200these methodologies are substantially effective because they take  
 201explicitly into account the endogeneity of regressors, and they correct for  
 202serial correlation.

203 The last step of the empirical analysis involves testing short- and  
 204long-run causalities between CO<sub>2</sub> emissions, real GDP, renewable energy  
 205consumption and health expenditures through the two steps procedure  
 206recommended by Engle and Granger (1987). The estimation of the  
 207dynamic vector error correction model (VECM) is given as follows:

208

$$209 \begin{bmatrix} \Delta LNCO_{2it} \\ \Delta LNY_{it} \\ \Delta LNRE_{it} \\ \Delta LNHE_{it} \end{bmatrix} = \begin{bmatrix} \chi_1 \\ \chi_2 \\ \chi_3 \\ \chi_4 \end{bmatrix} + \sum_{p=1}^q \begin{bmatrix} \theta_{11p} & \theta_{12p} & \theta_{13p} & \theta_{14p} \\ \theta_{21p} & \theta_{22p} & \theta_{23p} & \theta_{24p} \\ \theta_{31p} & \theta_{32p} & \theta_{33p} & \theta_{34p} \\ \theta_{41p} & \theta_{42p} & \theta_{43p} & \theta_{44p} \end{bmatrix}$$

210(3)

$$\begin{matrix}
211 \\
212
\end{matrix}
\times \begin{bmatrix} \Delta LNCO_{2it-1} \\ \Delta LNY_{it-1} \\ \Delta LNRE_{it-1} \\ \Delta LNHE_{it-1} \end{bmatrix} + \begin{bmatrix} \varphi_1 \\ \varphi_2 \\ \varphi_3 \\ \varphi_4 \end{bmatrix} ect_{it-1} + \begin{bmatrix} \mu_{1it} \\ \mu_{2it} \\ \mu_{3it} \\ \mu_{4it} \end{bmatrix}$$

213Where  $\Delta$  is the first difference operator; the autoregressive lag length,  $q$ ,  
214is determined by the Schwarz Information Criterion (SIC);  $\mu$  is a random  
215error term;  $ect$  is the error correction term derived from the long-run  
216relationship of equation (2). We consider the pairwise Granger causalities  
217tests for the short-run relationships. These tests are established by the  
218significance of the F-statistics. Moreover, the computed t-statistics of the  
219lagged  $ect$  corresponding to each equation presented in the VECM are  
220designed to examine the significance of the long-run relationships.

221

#### 2224. Empirical analysis

223The results of the CD test are reported in Table 1 and indicate the  
224rejection of the null hypothesis of no cross-section dependence in the  
225panel.

226

227**Table 1. Pesaran (2004) Covariate Augmented Dickey-Fuller (CADF) tests**

Variables	t-bar	cv10	cv5	cv1	Z[t-bar]	P-value
LNCO <sub>2</sub>	-2.028	-2.030	-2.110	-2.250	-1.893	0.029**
LNGDP	-2.158	-2.030	-2.110	-2.250	-2.720	0.003***
LNRE	-1.993	-2.030	-2.110	-2.250	-1.673	0.047**
LNHE	-2.073	-2.030	-2.110	-2.250	-2.176	0.015**

229Notes: “\*\*\*”, “\*\*” indicate statistical significance at the 5% and 1%, respectively. The estimates include both a constant and a trend. t-bar test indicates the  
230truncated values of student statistic,  $N, T = (42, 17)$ , with “N” denoting the number of countries and “T” indicating the time span. Number of observations = 630.  
231Under the null hypothesis of cross-sectional residual independence, the Pesaran (2004) test is augmented by one lag. “cv” denotes the critical value provided by  
232Pesaran (2004) at the 10%, 5% and 1% significance levels.

233

234 Thus, the traditional unit root tests (first-generation) provide bias of  
 235 estimation. So, it is desirable to use the second generation unit root tests  
 236 to check for the order of integration of each analysis variable. The panel unit  
 237 root tests results of the first and the second generation are reported in Table 2. These findings  
 238 indicate that all the variables under investigation are integrated of order one.

239

240 **Table 2. Panel unit root tests**

Variables	LLC	Breitung	IPS-Wstat	ADF-Fisher	PP-Fisher	CIPS
LNCO <sub>2</sub>	-4.78529***	0.18632	-0.997	112.097**	124.921***	-0.941
ΔLNCO <sub>2</sub>	-18.3929***	-8.82959***	-15.0842***	339.582***	406.300***	-1.893**
LNNGDP	-0.97333	3.65085	3.67476	95.6005	330.571	-1.375
ΔLNNGDP	-15.8750***	-5.34773***	-12.3034***	283.222***	395.982***	-2.720***
LNRE	-1.92367**	2.11714	1.89343	80.5532	112.239**	-0.890
ΔLNRE	-16.3697***	-6.58400***	-12.9784***	300.337***	423.476***	-1.673**
LNHE	-0.97333	3.65085	0.12066	96.4758	77.0851	-2.176**
ΔLNHE	-15.8750***	-5.34773***	-12.3034***	283.222***	395.982***	-3.816***

242 Notes: "\*\*", "\*\*\*" denote statistical significance at the 5% and 1%, respectively. Δ denotes first differences.

243

244 Next, the long-run cointegration properties are explored through the cointegration tests of  
 245 Pedroni (2004). Table 3 reports the results of seven tests. They illustrate and confirm the  
 246 presence of cointegration across the variables under study.

247

248 **Table 3. Pedroni panel cointegration tests**

Alternative hypothesis: common AR coefs. (within-dimension)				
	Statistic	Prob.	Weighted Statistic	Prob.
Panel v-Statistic	0.690224	0.2450	-1.181825	0.8814
Panel rho-Statistic	0.816451	0.7929	1.007946	0.8433
Panel PP-Statistic	-5.592538	0.0000***	-5.743409	0.0000***
Panel ADF-Statistic	-6.243037	0.0000***	-6.244811	0.0000***
Alternative hypothesis: individual AR coefs. (between-dimension)				
	Statistic	Prob.		
Group rho-Statistic	3.563427	0.9998		
Group PP-Statistic	-6.673381	0.0000***		
Group ADF-Statistic	-6.068990	0.0000***		

250 Notes: "\*\*\*" indicates statistical significance at the 1% level.

252 In the following stage of the empirical analysis, the long-run elasticities are computed using  
 253 both FMOLS and DOLS methodologies. The estimations include both an intercept and a  
 254 deterministic trend. The results are reported in Table 4 and they document that all coefficients  
 255 are statistically significant at the 1% level. In addition, the results of the two methodologies  
 256 are very close. According to these elasticity estimates, real GDP is positively associated with  
 257 increased pollution levels caused by carbon emissions, while both renewable energy  
 258 consumption and health expenditures contribute to lower levels of emissions in the long-run.  
 259 In particular, the FMOLS long-run estimates highlight that a 1% increase in real GDP leads to  
 260 increases in carbon emissions by 1.09%, while a 1% increase in renewable energy  
 261 consumption and in health expenditures leads to lower carbon emissions by 0.29% and  
 262 0.21%, respectively.

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268 **Table 4. Long-run panel estimates**

<b>Variables</b>	<b><i>LN</i>GDP</b>	<b><i>LN</i>RE</b>	<b><i>LN</i>HE</b>
<b>FMOLS</b>	1.091937 (0.0000)***	-0.289687 (0.0000)***	-0.210902 (0.0000)***
<b>DOLS</b>	1.047998 (0.0000)***	-0.321844 (0.0000)***	-0.174733 (0.0003)***

270 Notes: "\*\*\*" indicates statistical significance at the 1% level. P-values are in parentheses.

271

272 Next, the results of the causality tests for both the short- and the long-run relationships are  
 273 reported in Table 5. According to the significance of the F-statistics of the pairwise Granger  
 274 causality results, in the short-run, there is bidirectional causality between carbon emissions  
 275 and renewable energy consumption. There are also unidirectional causalities running from  
 276 real GDP to CO<sub>2</sub> emissions, health expenditures, and renewable energy consumption. In the

277long-run, the error correction terms for the carbon emissions and health expenditures  
 278equations are statistically significant at the 1% level, indicating that there is bidirectional  
 279causality between these two variables. In addition, there are long-run unidirectional causalities  
 280running from: i) economic growth and renewable energy consumption to CO<sub>2</sub> emissions; ii)  
 281economic growth and renewable energy consumption to health expenditures.

282

283**Table 5. Granger causality results**

Dependent variable	Short-run				Long-run
	$\Delta LNCO_2$	$\Delta LNGDP$	$\Delta LNRE$	$\Delta LNHE$	$ECT$
$\Delta LNCO_2$	-	14.0653 (0.000)***	2.33007 (0.0981)*	0.75342 (0.4712)	-0.022163 [-2.60600]***
$\Delta LNGDP$	0.33763 (0.7136)	-	0.28296 (0.7536)	1.07810 (0.3409)	0.004517 [1.35238]
$\Delta LNRE$	3.72682 (0.0246)**	6.33115 (0.0019)***	-	0.68090 (0.5065)	0.007282 [3.60173]
$\Delta LNHE$	1.02720 (0.3586)	2.30900 (0.1000)*	0.67698 (0.5085)	-	-0.011391 [-2.54914]***

285 Notes: "\*\*\*\*", "\*\*\*", "\*" indicate statistical significance at the 1%, 5% and 10%, respectively. p-values are in parentheses.

286 Statistics are computed for the case where both an intercept and a deterministic trend are included. Lag length selection is  
 287 based on the SIC criterion with a max lag of 2.

288

## 2895. Discussion

290 In this section we discuss the results earlier reached by our empirical study. The dynamic  
 291 causal linkages between carbon emissions, real GDP, renewable energy consumption, and  
 292 health expenditures have been investigated for a panel of sub-Saharan Africa countries. The  
 293 causalities results are summarized in Figure 1.

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**Real GDP**

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**CO<sub>2</sub> emissions**

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301  
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**Health  
Expenditures**

**Renewable  
Energy**

304 Fig.1. Short-(continuous line) and long-run (discontinuous line) Granger causalities

305

306 They point out the presence of a unidirectional short-run causality running from real GDP to  
307 carbon emissions which is consistent with the results reached by Ben Jebli and Ben Youssef  
308 (2015) for the case of Tunisia, and Jalil and Mahmud (2009) study on China. Indeed,  
309 economic growth needs energy (fossil or renewable) that has an immediate impact on CO<sub>2</sub>  
310 emissions. Our long-run parameter estimates show that per capita GDP has a positive impact  
311 on per capita carbon dioxide emissions. This result is consistent given that the majority of  
312 sub-Saharan Africa countries have not yet reached the required level of per capita real GDP  
313 that allows reduced per capita emissions levels.

314 Causality results also reveal a bidirectional short-run causality between renewable  
315 energy consumption and carbon emissions, meaning that any increase in the share of  
316 renewable energy consumption affects the emission of pollution, and this latter has an impact  
317 on renewable energy consumption even in the short-term. This finding is consistent with that  
318 reached by Apergis et al. (2010) for the case of a panel of 19 developed and developing  
319 countries, but is not in line with that presented by Menyah and Rufael (2010) who find the  
320 absence of causality between carbon emissions and renewable energy consumption in the case  
321 of the United States. Moreover, and as shown by the majority of the literature, an increase in  
322 the share of renewable energy consumption reduces carbon emissions in the long-run.

323 There is a short-run unidirectional causality, without feedback, running from economic  
324 growth to renewable energy consumption, which is consistent with the conservation

325hypothesis. Furthermore, causality results illustrate the presence of a short-run unidirectional  
326causality running from real GDP to health expenditures, indicating that, in the short-run,  
327economic growth can cause health expenditures, while the reverse does not hold. Any  
328augmentation in the economic activities added values in this area shortly contributes to  
329increases in expenditures reserved to health care. This also means that these countries don't  
330spend sufficiently in health care because of budgetary constraints. Our result is consistent  
331with that of Erdil and Yetkiner (2009) for most low- and middle-income countries. However,  
332it is not similar to the result of Amiri and Ventelou (2012) who find that bidirectional  
333causality between health expenditures and GDP is predominant for OECD  
334countries.

335 In the long-run, the interdependence between carbon emissions and health  
336expenditures is found to be bidirectional, indicating a strong correlation between pollution and  
337health expenditures. It is evident that less CO<sub>2</sub> emissions, which means a better quality of the  
338air that we breathe, has a beneficial impact on health. This is what found Lu et al. (2017)  
339for a panel of Chinese provinces by showing a negative effect of  
340environmental pollution on public health. In addition, our long-run elasticity  
341estimates show that an increase in health care expenditures as a share of total GDP reduces  
342carbon emissions. This is probably due to the less polluting health care sector with respect to  
343the other economic sectors in these considered countries because it is more efficient in fossil  
344energy use and/or uses more renewable energy.

345 Our study highlights the presence of a long-run unidirectional causality running from  
346renewable energy consumption to health care expenditures. This constitutes an interesting  
347result because the relationship between a health indicator and renewable energy has not been  
348previously investigated by the literature. This finding points out the role that renewable  
349energy can play in the health care of sub-Saharan population, given that the region is

350characterized by a wealth of unexploited renewable resources. Moreover, access to health care  
351can be improved and turn to be more reliable through renewable energy systems. If countries  
352of this area exploit their renewable resources efficiently, they will gain at least on two sides:  
353their fossil energy bills and air pollution levels will be considerably reduced. This will enables  
354them to save money for health care expenditures and improve the quality of the health  
355conditions of their citizens. Thus, these countries should encourage the installation of modern  
356renewable energy projects (solar, wind, geothermal) in the health care sector for many uses as  
357heating, air conditioner, electricity generation, etc. These projects are extremely important for  
358poor countries in this region, as access to conventional electricity by health facilities is not  
359always easy, especially when the health facility is far from the big cities.

360

#### 3616. Conclusions and policy implications

362This paper investigates the dynamic causal links between carbon dioxide emissions, real  
363GDP, renewable energy consumption, and health expenditures as an indicator of health for a  
364panel of 42 sub-Saharan Africa countries, spanning the period 1995-2011. Our empirical  
365analysis uses a number of methodologies in relevance to panel data, including 2<sup>nd</sup> generation  
366panel unit root tests, panel cointegration approaches, panel long-run estimates, and panel  
367causality tests to check out for the interaction between the considered variables.

368 Empirical findings document that the variables under consideration are cointegrated.  
369The FMOLS and DOLS long-run parameter estimates highlight that both renewable energy  
370consumption and health expenditures contribute to lower carbon emissions levels, while  
371economic growth increases CO<sub>2</sub> emissions. Short-run Granger causality tests suggest the  
372presence of bidirectional causality between renewable energy and carbon emissions, and a  
373unidirectional causality running from economic growth to health expenditures, renewable  
374energy consumption, and CO<sub>2</sub> emissions. The presence of long-run bidirectional causality

375between health expenditures and carbon emissions is detected. In addition, the existence of a  
376long-run unidirectional causality running from renewable energy consumption to health care  
377expenditures is established. This is a worth considering result as the relationship between a  
378health indicator and renewable energy has not been previously investigated by the literature.

379         Given the above mentioned econometric results and the specificities of the considered  
380panel of countries in terms of socio-economic development and wealth in renewable energy  
381resources, we propose the following policy recommendations: *i)* Economic growth is the royal  
382road to combat global warming, to ameliorate the health of citizens, and to encourage  
383renewable energy use. Indeed, the inverted U-shaped EKC hypothesis, enables us to think that  
384with a continuous economic growth these countries will reach a certain level of per capita  
385GDP leading to a decrease in their per capita CO<sub>2</sub> emissions. In addition, such economic  
386growth provides money for investing in health care and in renewable energy projects, which  
387are expected to ameliorate the health of citizens and reduce carbon emissions; *ii)* Encouraging  
388renewable energy use has a considerable and beneficial impact on the health of citizens and  
389on climate change. Indeed, most of these considered countries are rich in unexploited  
390renewable energy resources. So, if they exploit their renewable energy resources efficiently,  
391they will gain at many sides: their fossil energy bills will be considerably shortened enabling  
392them to save money for health care expenditures and improve the quality of the health  
393conditions of their citizens. In addition, more renewable energy consumption leads to a  
394reduction in carbon dioxide emissions with its beneficial impact on the health of citizens. The  
395realization of renewable energy projects is extremely important for the poor countries of this  
396region, because the access to conventional electricity by health facilities is not always  
397possible, especially when the health facility is far from the big cities.

398         Although the easy recommendation is the expansion of renewable energy projects, this  
399is not highly viable for these countries, because of cash constraints and lack of supply

400infrastructure. Therefore, it would be a very good opportunity for further research to explore  
401potential financing mechanisms that will promote renewable energy expansion, without  
402jeopardizing the growth path of those countries in the sub-Saharan Africa region. Indeed,  
403these projects will allow the further stimulation of their production growth, advancing their  
404health quality, and eliminating pollution levels caused by carbon emissions.

405

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