

## **Public debt, social spending, and well-being in Africa**

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### **Abstract**

Despite extensive research on the effects of public debt on economic outcomes, there is a lack of studies on the channels through which it can impact well-being, especially in Africa. This study aims to fill this gap by examining the influence of public debt on well-being through education and health spending channels in 41 African countries from 2012-2021. We specify a panel equation with an interaction term between public debt and social spending and estimate it employing the Two Stage Least Squares method. Findings show a negative relationship between public debt and well-being which is mitigated by public spending on education and health. The analysis suggests that investing in education or health can counteract the negative effects of public debt on well-being, offering valuable insights for African nations to enhance well-being.