

PUBLIC EXPENDITURE

A tool to reduce inequity

References

CURRENT SITUATION (latest available data)

- Better situation
- Above average
- Below average
- Worse situation
- Insufficient data

EVOLUTION (since 1990 or closest available year)

- ➔ Significant progress
- ➔ Slight progress
- || Stagnant
- ➔ Slight regression
- ➔ Significant regression

Complete table at: www.socialwatch.org/statistics2007

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	PUBLIC HEALTH EXPENDITURE (% of GDP)	PUBLIC EDUCATION EXPENDITURE (% of GDP)	TOTAL DEBT SERVICE (% of GNI)	MILITARY EXPENDITURE (% of GDP)
—	Afghanistan (—)	0.7 ➔			
➔	Albania (95)	3.0 ➔	2.9	1.0	1.4 ➔
➔	Algeria (95)	2.6		6.1 ➔	2.8
—	Andorra (—)		2.6		
	Angola (—)	1.5	2.6	7.8 ➔	5.0 ➔
➔	Antigua and Barbuda (—)	3.4	3.8 ➔		
➔	Argentina (94)	4.3 ➔	3.5	6.0	1.0
➔	Armenia (96)	1.4	3.2	2.8 ➔	2.7
—	Aruba (—)		5.1		
	Australia (99)	6.5 ➔	4.8		1.8
	Austria (99+)	7.8	5.5		0.7
➔	Azerbaijan (91)	0.9	2.5 ➔	2.2 ➔	2.1
	Bahamas (—)	3.4	3.6		0.7
	Bahrain (99)	2.7			4.3
	Bangladesh (57)	0.9	2.5	1.3	1.1
	Barbados (99)	4.5	6.9	3.3 ➔	0.9
➔	Belarus (97)	4.6	6.0	2.3 ➔	1.2
	Belgium (99+)	6.9 ➔	6.2		1.2
➔	Belize (91)	2.7	5.4	23.0 ➔	1.4 *
	Benin (73)	2.5	3.5 ➔	1.6	
—	Bermuda (—)		1.9 ➔		
➔	Bhutan (69)	3.0 ➔	5.6	0.8	
➔	Bolivia (80)	4.1 ➔	6.4 ➔	5.9 ➔	1.9
	Bosnia and Herzegovina (—)	4.1 ➔		2.6	1.8 ➔
➔	Botswana (91)	4.0 ➔	10.7 ➔	0.5 ➔	2.5 ➔
	Brazil (89)	4.8 ➔	4.1 ➔	8.1 ➔	1.6
	Brunei Darussalam (97)	2.6	4.4 ➔		6.6
➔	Bulgaria (97)	4.6 ➔	4.2	21.5 ➔	2.4
➔	Burkina Faso (71)	3.3 ➔	4.7 ➔	0.9	1.5
➔	Burundi (56)	0.8	5.1 ➔	5.0	0.0 ➔
➔	Cambodia (59)	1.7 ➔	1.9	0.5 ➔	1.8
➔	Cameroon (70)	1.5	1.8 ➔	4.9	1.3
	Canada (99)	6.8 ➔	5.2 ➔		1.1
	Cape Verde (92)	3.9 ➔	6.6 ➔	3.5 ➔	0.7
	Central African Republic (—)	1.5	1.9	0.4 ➔	1.1
➔	Chad (43)	1.5 ➔	2.1	1.4	0.9 ➔
	Chile (99)	2.9	3.7	7.3 ➔	3.8
	China (93)	1.8	1.9	1.2	2.0
	Colombia (89)	6.7 ➔	4.8 ➔	8.7	3.7 ➔
	Comoros (72)	1.6	3.9	1.0	
	Congo, Rep. (80)	1.2	2.2 ➔	3.0 ➔	1.4
➔	Costa Rica (96)	5.1	4.9 ➔	3.1 ➔	
➔	Cote d'Ivoire (77)	0.9	4.6 ➔	3.0 ➔	1.6

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←	Croatia (97)	6.1	←	4.7		13.2	←	1.6	→
	Cuba (99)	5.5		9.8					
→	Cyprus (99+)	2.6		7.4	→			1.5	→
→	Czech Republic (99)	6.5	→	4.5	→	5.0		1.8	
	Denmark (99+)	7.1		8.4	→			1.4	
→	Djibouti (78)	4.4		7.9	→	2.3		4.3	→
←	Dominica (94)	4.2		5.0	←	6.6	←		
	Dominican Republic (85)	1.9		1.8		3.2		0.6	
	Ecuador (81)	2.2	→			12.0		2.4	
→	Egypt (90)	2.2				2.8	→	2.8	→
	El Salvador (80)	3.5		2.8		4.0		0.6	→
←	Equatorial Guinea (59)	1.2		0.6	←	1.0	→	2.1 *	←
→	Eritrea (67)	1.8	←	5.4	→	2.1	←	19.3	→
←	Estonia (99)	4.0		5.7	←	12.8	←	1.6	
→	Ethiopia (50)	2.7		5.0	→	0.8		3.1	→
→	Fiji (99)	2.9		6.4		0.6	→	1.2	
	Finland (99+)	5.7	→	6.5				1.2	
→	France (99+)	8.2	→	5.9				2.5	
→	Gabon (82)	3.1		3.9	→	1.5	→	1.4	→
	Gambia (70)	1.8		2.0	←	6.5	→	0.3	
→	Georgia (95)	1.5		2.9	→	2.9	←	3.1	←
	Germany (99+)	8.2		4.7				1.4	
→	Ghana (66)	2.8		5.4	→	2.7	→	0.7	
	Greece (99+)	4.2		4.0	→			4.5	
	Grenada (92)	5.0	→	5.2		7.5	←		
	Guatemala (72)	2.3				1.5	→	0.4	
	Guinea (68)	0.7		2.0		5.0		2.9	
←	Guinea-Bissau (—)	1.3		5.2		11.3	←	3.1	←
→	Guyana (81)	4.4		8.5	→	4.4	→	0.8 *	
	Haiti (—)	2.9	→			1.4		0.1 *	
→	Honduras (76)	4.0				4.8	→	0.6	
—	Hong Kong (—)			4.2	→				
→	Hungary (97)	5.7	→	5.9		22.9	←	1.3	
→	Iceland (99+)	8.3	→	8.1	→			0.0	
	India (71)	0.9		3.7		3.0		2.9	
	Indonesia (85)	1.0		0.9		6.5	→	0.9	
	Iran (91)	3.2	→	4.7		1.3		4.5	←
—	Iraq (79)	4.2	→						
→	Ireland (99+)	5.7	→	4.5				0.6	
	Israel (99+)	6.1		7.3				7.9	→
→	Italy (99)	6.5	→	4.9	→			1.8	
	Jamaica (95)	2.8	←	4.5		10.8	→	0.7	
←	Japan (99+)	6.3		3.7	←			1.0	
	Jordan (99)	4.7		4.9	←	4.7	→	7.7	→
←	Kazakhstan (95)	2.3		2.3	←	25.5	←	1.1	
→	Kenya (68)	1.8		6.7		1.3	→	1.5	
	Kiribati (88)	12.7	→	16.5	→				
—	Korea, DPR (—)	3.0							
	Korea, Rep. (99)	2.9	→	4.6				2.6	
→	Kuwait (99)	2.2		5.1				5.7	→
←	Kyrgyzstan (96)	2.3		4.4	←	5.4	←	2.8	←
→	Lao, PDR (58)	0.8		2.3	→	6.6	←	2.1	→
	Latvia (99)	4.0	→	5.3	→	19.8	←	1.7	
→	Lebanon (96)	3.2		2.6		16.5	←	3.8	→
→	Lesotho (69)	5.5	→	13.4	→	3.1		2.4	→

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	PUBLIC HEALTH EXPENDITURE (% of GDP)	PUBLIC EDUCATION EXPENDITURE (% of GDP)	TOTAL DEBT SERVICE (% of GNI)	MILITARY EXPENDITURE (% of GDP)
→	Liberia (—)	3.6 →		0.2 "	7.5 "
→	Libya (—)	2.8 →	2.7		1.9 →
←	Lithuania (97)	4.9 "	5.2 "	10.3 ←	1.8 "
→	Luxembourg (97)	7.2 →	3.6 "		0.9 "
—	Macao (—)		2.3 "		
←	Macedonia, FYR (97)	5.7 "	3.4 ←	4.2 ←	2.2 "
→	Madagascar (63)	1.8 →	3.2 "	1.6 →	1.4 "
→	Malawi (63)	9.6 →	5.8 →	4.7 →	0.7 "
→	Malaysia (98)	2.2 →	8.0 →	7.6 →	1.9 "
→	Maldives (86)	6.3 →	7.1 "	4.6 "	
→	Mali (66)	3.2 →	4.3 →	1.7 "	1.9 "
→	Malta (99+)	7.0 →	4.5 "		0.7 "
←	Marshall Islands (94)	14.7 →	11.8 ←		
→	Mauritania (75)	2.0 "	2.3 ←	3.5 →	1.0 →
"	Mauritius (99)	2.4 "	4.5 "	4.5 →	0.2 "
→	Mexico (94)	3.0 →	5.8 →	5.8 "	0.4 "
→	Micronesia (—)	6.5 →	7.3 "		
"	Moldova (96)	4.2 →	4.3 "	7.6 ←	0.3 "
—	Monaco (—)	7.5 →	4.4		
←	Mongolia (96)	4.0 ←	5.3 ←	2.5 →	1.7 →
→	Morocco (78)	1.7 "	6.7 →	5.3 →	4.3 "
"	Mozambique (61)	2.7 ←	3.7 →	1.5 →	1.4 →
→	Myanmar (73)	0.3 "	1.3 →		1.3 →
"	Namibia (86)	4.7 "	6.9 "		3.1 →
"	Nepal (55)	1.5 "	3.4 →	1.6 "	2.0 "
"	Netherlands (99+)	5.7 →	5.3 "		1.6 "
"	New Zealand (99+)	6.5 →	6.8 "		1.0 "
"	Nicaragua (74)	3.9 "	3.1 "	3.6 ←	0.7 →
"	Niger (55)	2.2 "	2.3 "	1.1 →	1.1 "
"	Nigeria (63)	1.4 "		10.2 →	0.9 "
"	Norway (99+)	8.1 →	7.7 "		1.6 "
"	Oman (97)	2.4 "	3.6 "	4.3 "	12.2 →
→	Pakistan (60)	0.4 "	2.3 "	2.3 →	3.4 →
→	Palau (—)	8.8 "	10.3 →		
←	Panama (91)	5.2 "	3.8 "	14.5 ←	1.0 * "
→	Papua New Guinea (73)	3.0 "		9.6 →	0.5 →
"	Paraguay (85)	2.6 ←	4.3 →	6.7 "	0.8 "
←	Peru (86)	1.9 ←	2.4 "	7.5 ←	1.2 "
"	Philippines (77)	1.4 "	3.2 "	9.2 "	0.8 "
→	Poland (99+)	4.3 →	5.6 "	11.6 ←	1.8 "
→	Portugal (99+)	7.0 →	5.9 →		2.1 "
←	Qatar (97)	1.8 "	1.6 ←		
"	Romania (96)	3.4 "	3.6 "	7.1 ←	2.1 →
"	Russian Federation (97)	3.7 "	3.7 "	5.6 ←	3.7 →
→	Rwanda (51)	4.3 →	3.8 →	1.1 "	2.2 →
←	Samoa (97)	4.1 ←	4.5 ←	5.9 ←	
—	San Marino (—)	5.8 ←			
"	Sao Tomé and Príncipe (78)	9.9 →		14.4 ←	
→	Saudi Arabia (95)	2.5 ←	6.8 "		8.2 →
→	Senegal (72)	2.4 →	5.4 →	2.4 →	1.5 "
"	Seychelles (—)	4.6 →	5.4 "	8.4 ←	1.8 →
"	Sierra Leone (—)	1.9 "	3.8 ←	2.1 →	1.1 "
"	Singapore (—)	1.3 "	3.7 "		4.7 "
←	Slovakia (—)	5.3 "	4.4 "	13.2 ←	1.8 "

Summary: CURRENT SITUATION (colour) EVOLUTION (arrow-icon)	COUNTRIES (BCI value, 0-100)	PUBLIC HEALTH EXPENDITURE (% of GDP)		PUBLIC EDUCATION EXPENDITURE (% of GDP)		TOTAL DEBT SERVICE (% of GNI)		MILITARY EXPENDITURE (% of GDP)	
	Slovenia (99)	6.6		6.0	→			1.7	
	Solomon Islands (—)	5.6	→	3.3		4.7			
—	Somalia (—)	1.2							
	South Africa (87)	3.5		5.4		2.0		1.4	→
	Spain (99+)	5.7	→	4.3				1.0	
	Sri Lanka (—)	2.0		3.1		1.9	→	2.7	
	St. Kitts and Nevis (99)	3.3		9.3	→	12.2	←		
←	St. Lucia (96)	3.3		5.8	←	4.2	←		
	St. Vincent and Grenadines (95)	3.9		8.2	→	6.0	←		
	Sudan (81)	1.5	→			1.5		2.3	
—	Suriname (85)	3.6							
→	Swaziland (77)	4.0	→	6.2		1.5	→	1.7	
	Sweden (99+)	7.7	→	7.5				1.6	
	Switzerland (99+)	6.7	→	6.1				1.0	
→	Syrian Arab Republic (87)	2.2				0.8	→	6.2	
←	Tajikistan (86)	1.0		3.5	←	3.5	←	2.2	←
	Tanzania (70)	1.7		2.2		1.1	→	1.1	
→	Thailand (—)	2.3		4.2		11.3	←	1.1	
—	Timor-Leste (—)	8.8	→						
	Togo (70)	1.1		2.6	←	0.8	→	1.5	→
→	Tonga (94)	5.0		4.8	←	1.5			
→	Trinidad and Tobago (98)	1.4		4.2		2.8	→	0.5 *	
→	Tunisia (95)	2.8		8.1	→	7.6	→	1.5	
→	Turkey (92)	5.2	→	4.0	→	11.6	←	3.2	←
←	Turkmenistan (—)	3.3				4.1	←	2.9 *	←
→	Uganda (63)	2.5	→	5.2	→	2.0		2.5	
←	Ukraine (97)	3.7	→	6.4		7.2	←	2.4	←
	United Arab Emirates (98)	2.0	←	1.3				1.9	→
	United Kingdom (99)	7.0	→	5.5				2.6	
	United States of America (99)	6.9	→	5.9				4.1	
	Uruguay (95)	3.6		2.2		13.7	←	1.4	→
	Uzbekistan (—)	2.4				5.7	←	0.5	→
→	Vanuatu (85)	3.1		9.6	→	0.7			
	Venezuela (94)	2.0	←			4.0	→	1.1	
→	Viet Nam (90)	1.5				1.9		2.6 *	→
	Yemen (64)	1.9		9.6	←	1.6	→	5.6	→
→	Zambia (75)	3.4	→	2.0		3.5	→	0.6	
←	Zimbabwe (76)	3.5		4.6	←	7.0		3.4	

Note: (*) Data refers to years or periods other than those specified in the indicator definition.

Source: World Development Indicators 2007 website (www.worldbank.org).

For more detailed information on the reference years of the data see complete tables at: www.socialwatch.org/statistics2007

DEFINITION OF INDICATORS:

Public health expenditure (% of GDP): Recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and non-governmental organizations), and social (or compulsory) health insurance funds, as percentage of gross domestic product (GDP).
Last available data: 2001-2005; evolution since 2000.

Public education expenditure (% of GDP): Public spending on public education plus subsidies to private education at primary, secondary, and tertiary levels, as percentage of gross domestic product (based on World Bank and OECD GDP estimates).
Last available data: 2001-2005; evolution since 1991.

Total debt service (% of GNI): Sum of principal repayments and interest actually paid in foreign currency, goods, or services on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the IMF, as percentage of gross national income (GNI).
Last available data: 2001-2005; evolution since 1990.

Military expenditure (% of GDP): (Based on the NATO definition) Includes all current and capital expenditures on the armed forces, including peacekeeping forces; defence ministries and other government agencies engaged in defence projects; paramilitary forces, if these are judged to be trained and equipped for military operations; and military space activities. Expressed as percentage of Gross Domestic Product. Such expenditures include military and

civil personnel, including retirement pensions of military personnel and social services for personnel; operation and maintenance; procurement; military research and development; and military aid (in the military expenditures of the donor country). Excluded are civil defence and current expenditures for previous military activities, such as for veterans' benefits, demobilization, conversion, and destruction of weapons.
Last available data: 2000-2005; evolution since 1990.

PUBLIC EXPENDITURE

A tool to reduce inequity

The real priorities of governments can be seen not just from their declarations and expressions of intent but also, and perhaps more clearly, from an analysis of the resources they allocate in the national budget to different sectors of state activity. Countries have to honour many commitments made in a wide range of international contexts such as the Millennium Summit and previous summit meetings on social matters. Commitments made internationally to take action to improve health and education services should be backed up with significant allocations of resources in national budgets.

In fact, by signing the International Covenant on Economic, Social and Cultural Rights, countries have committed themselves to taking a range of measures including allocating the greatest possible amount of resources to guaranteeing their citizens the free exercise of all their rights. The progressive allocation of resources to social development areas like education and health works towards achieving the commitments governments have made. However, the amount of resources that governments allocate to social programmes is limited by national budget allocations to service the external debt and by maintaining defence spending at a high level.

This is why public expenditure is a crucial aspect when it comes to analyzing social development. Decisions about where resources are to be allocated have repercussions throughout society, but their effect is felt more in the poorest sectors because these people depend directly on public services and tend to suffer more when there are budget cuts. Public expenditure is a tool that can increase or reduce inequity, and its redistributive consequences can make a powerful impact.

In recent years, the monitoring of commitments and goals that countries have assumed has begun to be accompanied by different proposals for analyzing the budget, which have come mainly from civil society organizations. In each different national context it is very interesting to compare the level of budget allocations for social development with other expenditure, and also to analyze how this has evolved in function of goals that have been set to enable the population to fully exercise their rights.

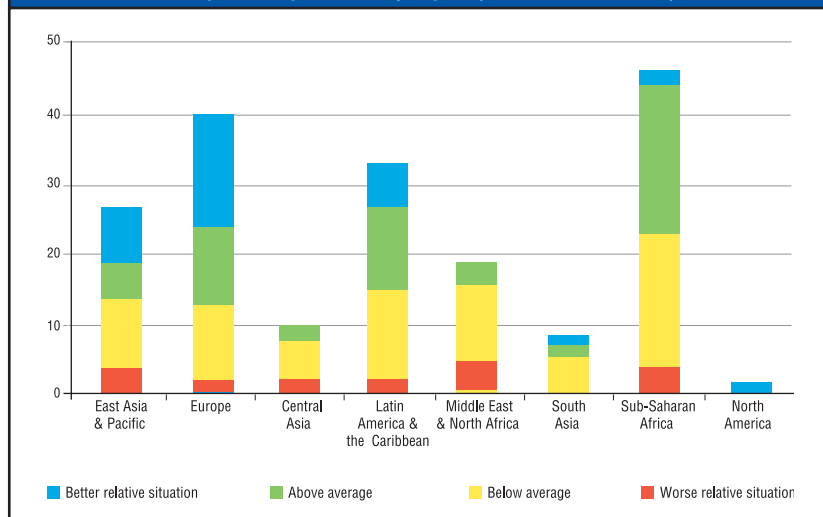
The biggest differences between the countries in the worse and better situations emerge in expenditure on health. On average, the countries in the worse situation allocate only 1.8% of GDP to this area, whereas the average for the countries in the better situation is 6.7%.

One area of expenditure that seriously compromises investment in development is debt servicing. The countries in the worse situation allocate an average of 8.3% of their budget to this, which is nearly three times higher than the average allocation in the countries in the better situation. In fact, the countries in the worse situation spend five times more on debt servicing than on health services.

Averages by indicator of countries in better and worse relative situations in public expenditure

		Public health expenditure (% of GDP)	Public education expenditure (% of GDP)	Total debt service (% of GNI)	Military expenditure (% of GDP)
Worse relative situation	Average	1.8	3.0	8.3	3.6
	Number of countries	13	13	8	12
Better relative situation	Average	6.7	7.1	2.9	1.1
	Number of countries	33	29	11	25
Total	Average	3.8	4.9	5.4	2.2
	Cantidad de países	178	160	132	155

Current situation in public expenditure by region (number of countries)



Current situation and evolution in public expenditure (number of countries)

	←	↔		→	→	Total
Countries in worse situation	1	1	6	5	0	13
Countries below average	0	16	35	25	0	76
Countries above average	0	4	23	27	1	55
Countries in better situation	0	2	16	13	1	32
Total	1	23	80	70	2	176

A geographical analysis of this dimension shows that the countries that allocate the least resources to social development are not concentrated in any one particular region, as is the case with other social indicators. Nevertheless, it can be seen that in Europe a high proportion of the countries are in the better relative position, whereas not one country from the Middle East, North Africa or Central Asia is in this group. The situation in South Asia is unfavourable as most of the countries in that region are below the world average, but there is one exception, the Maldives, whose budget allocations place it in the better relative situation group.

Given that the distribution of public expenditure has effects that are felt over time, the recent evolution of these indicators shows a scenario that is very worrying. The structure of expenditure has evolved in a positive way in fewer than half of the world's countries (only 72 out of 176). Only two countries, Botswana and Malawi, have made significant progress, and 24 have regressed. The country that has regressed the most is Guinea-Bissau, which is in the worse relative situation. ■