

# PUBLIC EXPENDITURE

## The need to invest in people

**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
- ➔ Regression
- ➔ Major regression

Complete table at: [www.socialwatch.org/statistics2008](http://www.socialwatch.org/statistics2008)

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 (52)	0.7 ➔			
➔	Albania (94)	3.0 ➔	2.9	1.0	1.4 ➔
➔	Algeria (94)	2.6		6.2 ➔	2.8
	Andorra (—)	4.9	2.6		
	Angola (62)	1.5	2.6	7.8 ➔	5.0 ➔
➔	Antigua and Barbuda (—)	3.4	3.9 ➔		
	Argentina (98)	4.4 ➔	3.8	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 (—)	7.8	5.5		0.7
➔	Azerbaijan (85)	0.9	2.5 ➔	2.1 ➔	2.0 ➔
	Bahamas (99)	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 (99)	4.6	6.0	2.3 ➔	1.2
	Belgium (99)	6.9 ➔	6.1		1.2
➔	Belize (93)	2.7	5.4	23.0 ➔	1.4*
	Benin (68)	2.5	3.5 ➔	1.6	
—	Bermuda (—)		1.9 ➔		
	Bhutan (78)	3.0 ➔	5.6	0.8	
➔	Bolivia (80)	4.1 ➔	6.4 ➔	5.8 ➔	1.9
	Bosnia and Herzegovina (—)	4.1 ➔		2.6	1.8 ➔
➔	Botswana (92)	4.0 ➔	10.7 ➔	0.5 ➔	2.5 ➔
	Brazil (92)	4.8 ➔	4.4 ➔	7.4 ➔	1.4
	Brunei Darussalam (100)	2.6			6.6
	Bulgaria (99)	4.6 ➔	4.2	21.1 ➔	2.4
➔	Burkina Faso (64)	3.3 ➔	4.7 ➔	0.8	1.3
➔	Burma/Myanmar (76)	0.3	1.3 ➔		1.3 ➔
➔	Burundi (58)	0.8	5.1 ➔	5.1	0.0 ➔
➔	Cambodia (66)	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 (93)	3.9 ➔	6.6 ➔	3.4 ➔	0.7
	Central African Republic (65)	1.5		0.4 ➔	1.1
	Chad (42)	1.6 ➔	2.1	1.3	0.8 ➔
	Chile (100)	2.9	3.5	7.0 ➔	3.7
	China (90)	1.8	1.9*	1.2	2.0
➔	Colombia (90)	6.7 ➔	4.8 ➔	8.7 ➔	3.7 ➔
	Comoros (79)	1.6	3.9	1.0	
	Congo, DR (69)	1.1 ➔		3.1	2.1
	Congo, Rep. (79)	1.2	2.2 ➔	2.7 ➔	1.4
➔	Costa Rica (94)	5.1	4.9 ➔	3.2 ➔	
➔	Côte d'Ivoire (79)	0.9	4.6 ➔	3.1 ➔	1.6

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**SOURCE:**  
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←	Croatia (99)	6.1 ←	4.7 =	13.1 ←	1.6 →
=	Cuba (99)	5.5 =	9.8 =		
→	Cyprus (99)	2.6 =	6.3 →		1.5 →
=	Czech Republic (99)	6.5 →	4.4 =	5.0 =	1.8 =
=	Denmark (98)	7.1 =	8.6 →		1.4 =
→	Djibouti (75)	4.4 =	7.9 →	2.4 =	4.3 →
←	Dominica (97)	4.2 =	5.0* ←	6.6 ←	
=	Dominican Republic (88)	1.9 =	1.8 =	3.3 =	0.6 =
=	Ecuador (83)	2.2 →	1.0 ←	12.0 =	2.4 =
→	Egypt (88)	2.2 =		2.8 →	2.8 →
=	El Salvador (79)	3.5 =	2.8 =	4.0 =	0.6 →
←	Equatorial Guinea (59)	1.2 =	0.6 ←	0.1 →	2.1* ←
=	Eritrea (67)	1.8 ←	5.4 →	2.1 ←	19.3 →
←	Estonia (99)	4.0 =	5.3 ←	12.2 ←	1.5 =
→	Ethiopia (54)	2.7 =	6.1 →	0.8 =	3.1 →
→	Fiji (99)	2.9 =	6.4 =	0.6 →	1.2 =
=	Finland (100)	5.7 →	6.5 =		1.2 =
→	France (99)	8.2 →	5.9 =		2.5
→	Gabon (82)	3.1 =	3.9* →	1.6 →	1.3 →
=	Gambia (70)	1.8 =	2.0 ←	6.5 →	0.3 =
=	Georgia (89)	1.5 =	2.9 →	3.0 ←	3.1 ←
=	Germany (100)	8.2 =	4.6 =		1.4 =
→	Ghana (66)	2.8 =	5.5 →	2.7 →	0.8 =
=	Greece (100)	4.2 =	4.3 →		4.5 =
→	Grenada (92)	5.0 →	5.2 =	2.8 =	
=	Guatemala (68)	2.3 =		1.5 →	0.4 =
=	Guinea (66)	0.7 =	2.0 =	4.9 →	2.9 =
←	Guinea-Bissau (61)	1.3 =	5.3*	11.3 ←	3.1 ←
→	Guyana (81)	4.4 =	8.5 →	4.4 →	0.8* =
=	Haiti (—)	2.9 →		1.3 =	0.1* =
→	Honduras (78)	4.0 =		4.8 →	0.6 =
—	Hong Kong (—)		4.2 →		
=	Hungary (99)	5.7 →	5.5 =	22.7 ←	1.3 =
→	Iceland (100)	8.3 →	8.1 =		0.0 =
=	India (71)	0.9 =	3.8 =	3.0 =	2.9 =
=	Indonesia (84)	1.0 =	1.0 =	6.6 →	0.9 =
=	Iran (91)	3.2 →	4.7 =	1.4 =	4.5 ←
—	Iraq (83)	4.2 →			
=	Ireland (100)	5.7 →	4.8 =		0.6 =
=	Israel (100)	6.1 =	6.9 =		7.9 →
→	Italy (99)	6.5 →	4.7 →		1.8 =
=	Jamaica (95)	2.8 ←	5.3 =	10.6 →	0.7 =
=	Japan (99)	6.3 =	3.6 =		1.0 =
=	Jordan (97)	4.7 =	4.9* ←	4.7 →	7.7 →
←	Kazakhstan (98)	2.3 =	2.3 ←	25.5 ←	1.1 =
→	Kenya (71)	1.8 =	6.7 =	1.2 →	1.4 =
→	Kiribati (88)	12.7 →	16.5 →		
—	Korea, DPR (—)	3.0 =			
=	Korea, Rep. (100)	2.9 →	4.6 =		2.6 =
→	Kuwait (98)	2.2 =	5.1 =		5.7 →
←	Kyrgyzstan (95)	2.3 =	4.5 ←	5.3 ←	2.9 ←
=	Lao, PDR (58)	0.8 =	2.3 →	6.6 ←	2.1 →
=	Latvia (99)	4.0 →	5.3 →	19.7 ←	1.7 =
=	Lebanon (95)	3.2 =	2.6 =	17.0 ←	3.8 →

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→	Lesotho (72)	5.5 →	13.4 →	3.1 =	2.4 →
→	Liberia (65)	3.6 →		0.2 =	7.5 =
→	Libya (98)	2.9 →	2.7*		1.9 →
←	Lithuania (99)	4.9 =	5.2 =	10.8 ←	1.8 =
=	Luxembourg (97)	7.2	3.6*		0.9 =
—	Macao (—)		2.3 =		
←	Macedonia (96)	5.7 =	3.5 ←	4.2 ←	2.2 =
→	Madagascar (61)	1.8 →	3.2 =	1.6 →	1.4 =
→	Malawi (62)	9.6 →	5.8 →	4.7 →	0.7 =
→	Malaysia (99)	2.2 →	6.3 =	7.5 →	1.9 =
=	Maldives (86)	6.3 →	7.1 =	4.7 =	
→	Mali (69)	3.3 →	4.3 →	1.7 =	1.9 =
→	Malta (100)	7.0 →	4.5 =		0.7 =
←	Marshall Islands (93)	14.7 →	11.8 ←		
→	Mauritania (66)	2.0 =	2.3 ←	3.5 →	1.0 →
=	Mauritius (98)	2.4 =	4.5 =	4.5 →	0.2 =
→	Mexico (94)	3.0 →	5.4 →	5.8 =	0.4 =
→	Micronesia (—)	6.5 →	7.3*		
=	Moldova (96)	4.2 →	4.3 =	7.3 ←	0.3 =
	Monaco (—)	7.5 →	4.5		
←	Mongolia (95)	4.0 ←	5.4 ←	2.2 →	1.7 →
→	Morocco (79)	1.8 =	6.8 →	5.3 →	4.3 =
=	Mozambique (66)	2.7 ←	3.7 →	1.5 →	1.3 →
=	Namibia (85)	4.7 =	6.9 =		3.0 →
=	Nepal (65)	1.5 =	3.4 →	1.6 =	2.0 =
=	Netherlands (100)	5.7 →	5.4 =		1.6 =
=	New Zealand (98)	6.5 →	6.5 =		1.0 =
=	Nicaragua (72)	3.9 =	3.1 =	3.6 ←	0.7 →
=	Niger (52)	2.2 =	2.3 =	1.1 →	1.1 =
=	Nigeria (63)	1.4 =		10.5 →	0.9 =
=	Norway (100)	8.1 →	7.7 =		1.7 =
=	Oman (99)	2.4 =	3.6 =	4.3 =	12.3 →
→	Pakistan (64)	0.4 =	2.3 =	2.2 →	3.3 →
→	Palau (99)	8.9 =	10.3 →		
←	Panama (91)	5.2 =	3.8 =	14.5 ←	1.0* =
→	Papua New Guinea (68)	3.0 =		8.5 →	0.5 →
=	Paraguay (85)	2.6 ←	4.3 →	6.7 =	0.8 =
←	Peru (86)	1.9 ←	2.4 =	7.5 ←	1.3 =
=	Philippines (77)	1.4 =	2.7 =	9.3 =	0.8 =
=	Poland (100)	4.3 =	5.4 =	11.7	1.8 =
=	Portugal (99)	7.0 →	5.7 =		2.2 =
←	Qatar (96)	1.8 =	1.6 ←		
=	Romania (96)	3.4 =	3.4 =	7.2 ←	2.1 →
=	Russian Federation (98)	3.7 =	3.6 =	5.6 ←	3.7 →
→	Rwanda (53)	4.3 →	3.8 →	1.1 =	2.2 →
←	Samoa (97)	4.1 ←	4.5 ←	5.9 ←	
—	San Marino (—)	5.9 ←			
—	Sao Tome and Principe (82)	9.9 →			
=	Saudi Arabia (97)	2.5 ←	6.8 =		8.2 →
→	Senegal (71)	2.4 →	5.4 →	2.4 →	1.5 =
=	Serbia and Montenegro (—) <sup>1</sup>	7.3 →	3.3* ←	4.9 ←	2.7 →
=	Seychelles (—)	4.6 →	5.4 =	8.1 ←	1.7 →
=	Sierra Leone (61)	2.0 =	3.8 ←	2.1 →	1.1 =
=	Singapore (91)	1.3 =			4.7 =

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←	Slovakia (97)	5.3	4.3	12.9	1.7
	Slovenia (99)	6.6	6.0		1.7
	Solomon Islands (82)	5.6	3.3*	4.7	
—	Somalia (—)	1.2			
	South Africa (89)	3.5	5.4	2.0	1.4
	Spain (99)	5.7	4.3		1.0
	Sri Lanka (98)	2.0		1.9	2.7
	St Kitts and Nevis (95)	3.3	9.4	12.2	
←	St Lucia (98)	3.3	5.8	4.3	
	St Vincent and Grenadines (93)	3.9	8.2	6.0	
	Sudan (76)	1.5		1.5	2.2
—	Suriname (86)	3.6			
→	Swaziland (77)	4.0	6.2	1.6	1.7
	Sweden (100)	7.7	7.4		1.6
	Switzerland (97)	6.7	6.0		1.0
→	Syria (94)	2.2		0.7	6.3
←	Tajikistan (85)	1.0	3.5	3.5	2.2
	Tanzania (73)	1.7	2.2*	1.0	1.0
	Thailand (96)	2.3	4.2	11.3	1.2
—	Timor-Leste (60)	8.8			
	Togo (71)	1.1	2.6	0.8	1.6
	Tonga (95)	5.0	4.8	1.9	
→	Trinidad and Tobago (95)	1.4	4.2	2.4	0.5*
	Tunisia (95)	2.8	7.3	7.7	1.5
	Turkey (92)	5.2	4.0	11.6	3.2
←	Turkmenistan (—)	3.3		4.1	2.9*
→	Uganda (59)	2.5	5.2	2.0	2.5
←	Ukraine (99)	3.7	6.4	6.9	2.4
	United Arab Emirates (99)	2.0	1.3		1.9
	United Kingdom (99)	7.0	5.4		2.6
	United States of America (99)	6.9	5.9		4.1
	Uruguay (96)	3.6	2.6	13.9	1.4
	Uzbekistan (—)	2.4		5.4	0.5
→	Vanuatu (87)	3.2	9.6	0.7	
	Venezuela (95)	2.0		3.9	1.1
→	Vietnam (90)	1.5		1.9	2.7*
—	West Bank and Gaza (—)	7.8			
	Yemen (61)	1.9	9.6	1.4	5.0
→	Zambia (73)	3.5	2.0	3.5	0.6
←	Zimbabwe (80)	3.5	4.6*	7.0	3.4

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#### 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. Expressed 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. Expressed as percentage of gross domestic product (based on World Bank and OECD GDP estimates).  
Last available data: 2001/2006; 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. Expressed as percentage of gross national income (GNI).  
Last available data: 2004/2005; 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. 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. Expressed as percentage of gross domestic product (GDP).  
Last available data: 2000/2005; evolution since 1990.

Methodological notes and guidelines at the end of the section.

## PUBLIC EXPENDITURE

### The need to invest in people

The public budget is the basic framework on which the socioeconomic development model of a country is built, since it establishes criteria for distributing income and determines political priorities. Commitments made by governments on social development goals and, specifically, on the reduction of poverty, should have a counterpart in the allocation of resources in the budget for the implementation of policies.

Since the World Summit for Social Development in 1995 there has been agreement between most governments over the importance of social development and human welfare in economic growth: investments in human capital stimulate economic development while promoting social equity and helping fight poverty.

As a framework for action the countries that attended the summit proposed placing human beings at the very core of development and guide the economy to satisfy their needs. They committed themselves to “enhancing social development throughout the world so that all men and women, especially those living in poverty, may exercise the rights, utilize the resources and share the responsibilities that enable them to lead satisfying lives and contribute to the well-being of their families, their communities, and humankind.”<sup>1</sup>

Likewise, in the Millennium Declaration (2000), Heads of State and of Government expressed their concern over making the right to development a reality, particularly for those who live in extreme poverty. In this sense, it mentions that the adoption of policies and measures applicable to the needs of each national reality together with good management and transparency in public affairs may contribute to the attainment of this goal as well as the Millennium Development Goals.

Therefore, the allocation of resources for the efficient running of public services will have a positive impact, above all, on the lives of people with the greatest deficiencies, helping make their rights a reality.

The analysis of the structure of public expenditure is, therefore, a valuable tool when evaluating the social development of countries. The budget allocated to health and education policies leads directly to the attainment of agreed social goals, while the expenditure allocated to maintaining the military and servicing the external debt and its interests reduces budget availability for the social development area.

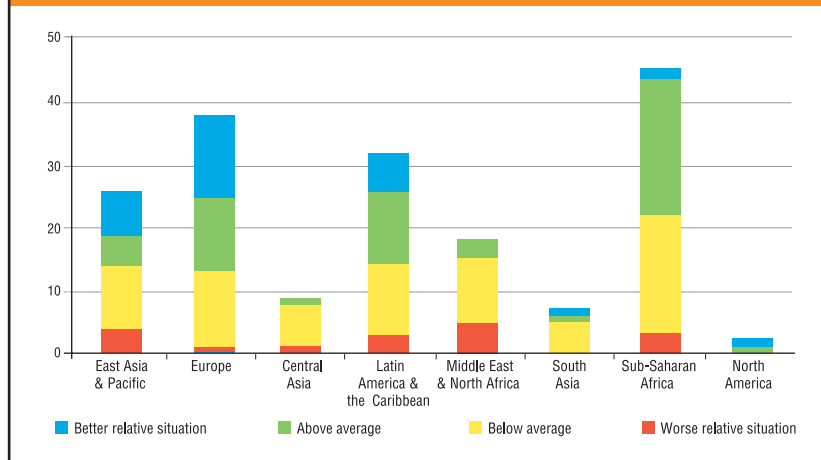
According to the systematization of information contained in the table “Public expenditure: The need to invest in people”, averages presented in Chart 1 show that public expenditure in health of countries in the better relative situation is four times as much as those in the worse situation; the latter allocate on average 1.8% of their GDP to public health policies, while those in the better situation allocate 6.8%.

1 World Summit for Social Development, Copenhagen Declaration.

**CHART 1. 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	2.6	8.7	3.3
	Number of countries	17	14	10	16
Better relative situation	Average	6.8	7.3	3.1	1.0
	Number of countries	29	26	9	22
Total	Average	3.8	4.8	5.3	2.2
	Number of countries	180	159	133	157

**CHART 2. Current situation in public expenditure by region (number of countries)**



**CHART 3. Current situation and evolution in public expenditure (number of countries)**

	←	↔		→	→	Total
Worse relative situation	1	2	12	2	0	17
Below average	0	15	43	17	0	75
Above average	0	4	29	23	1	57
Better relative situation	0	1	19	8	1	29
<b>Total</b>	<b>1</b>	<b>22</b>	<b>103</b>	<b>50</b>	<b>2</b>	<b>178</b>

This marked difference is repeated in the public budget allocation for education: the countries in the better situation allocate on average 7.3% of GDP while those in the worse position allocate 2.6%.

Resources allocated to the payment of external debt and military expenses are high in countries in the worse relative situation (8.7% and 3.2%) and lower in the better positioned countries (3.1% and 1%). Even the average external debt service of countries with the greatest deficiencies registers an average increase of 0.4% in relation to the 2007 Social Watch Report. This group spends almost five times as many resources for debt payment than for the health assistance of their citizens. This relation is in inverse proportion in countries in the better relative situation, which dedicate more than double the expense on public debt to health policies.

Europe is the region with the largest number of countries (13) with an efficient allocation of public expenditure, although the proportion of countries in the region below world average is also high, including Georgia, which is in the worse relative situation.

As to the number of countries in a better relative situation, the regions that follow Europe, though at a distance, are East Asia and the Pacific and Latin America and the Caribbean, respectively with seven and six countries in the most favourable position. There are no countries in Central Asia or in the Middle East and North Africa in this position.

Sub-Saharan Africa is the region with the largest number of countries below the world average or in the worse relative situation, excepting Malawi, which is not only among those countries in the better relative situation, but which in a short period of time has allocated significantly progressive resources to the health area.

The evolution of public expenditure (Chart 3) shows a discouraging scenario: less than one third of countries evince some progress in budget assignment. Most of them register neither progress nor regression; among these, more than half remain stationary below average or even in the worse situation. A further 23 countries regressed in their expenditure structure, with Guinea-Bissau in the worst relative situation. ■