

# Putting Progress at Risk? MDG spending in developing countries

Report  
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## Rising **debt** and falling aid force poor countries to cut spending on health and farmers

Poor countries are cutting back spending on agriculture and health due to the global economic crisis, according to a new report launched today.

Despite poor countries' efforts to overcome the crisis by increasing their own revenue-raising efforts, less than 1 in 5 countries are spending the recommended level on agriculture and only 2 of 5 are spending what the World Health Organisation recommends on health.

Although many had managed to increase spending in these areas and in others that benefit poor people such as education, this was funded by a large increase in borrowing. Fears about rising debt, combined with recent aid cuts mean they are now cutting back.

Cuts to agriculture threaten to exacerbate an already dire situation - 1 in 8 of the world's people will go hungry tonight. Reductions in health spending threaten to undermine recent progress in combating malaria and HIV/AIDS and reducing the number of children dying before their fifth birthday.

Putting Progress at Risk, is based on data from a new Government Spending Watch database, a joint venture between Oxfam and Development Finance International which monitors spending in 52 low income countries. It finds that poor countries' lost \$140bn in revenues due to the crisis – a situation compounded in the last two years by aid cuts. As a result, between 2008-13 40 per cent of their extra spending has been funded by borrowing, much of it expensive – for example off-budget private infrastructure finance initiatives and domestic and external commercial bonds.

Matthew Martin, Director of DFI, said: “Developing countries have made huge efforts to overcome the economic crisis and reach the Millennium Development Goals, but the international community has not been delivering on its promises.

“Without higher aid flows, countries are being forced to choose between sharply increasing **debt** burdens or sacrificing spending on food, hospitals and schools.”

Phil Bloomer, Oxfam Campaigns and Policy Director, said: “The idea that developing countries have somehow come through the economic crisis unscathed is wishful thinking. Rising **debt** and falling aid are forcing poor countries to cut support to the poorest at a time when they need additional protection from climate change and rising food prices.

“Dismal levels of investment in agriculture is one of the main reasons why 1 in 8 people in the world are hungry – the evidence is that things may get worse before they get better.”

Oxfam is one of almost 200 organisations which have joined together as the Enough Food For Everyone IF campaign to call for action to tackle hunger at this year's G8.

The database tracks trends in poor countries' expenditure on areas needed to reach the Millennium Development Goals: agriculture, education, environment, gender, health, social protection and water and sanitation. It measures spending against agreed international targets.

Fewer than a quarter of countries are spending what is needed to deliver education for all or to meet targets on water and sanitation.

Spending is also worryingly low on social protection to fight inequality, climate change and gender. Virtually no donors are funding poor country spending on climate change or social protection.

All of these have been identified as key to global development progress after the MDGs expire in 2015, by a UN High Level Panel considering successors to the MDGs, which is co-chaired by David Cameron.

For further information or a copy of the report: Jon Slater 01865 472249/ 07876 476403/ [jslater@oxfam.org.uk](mailto:jslater@oxfam.org.uk)

Notes to editors: The Government Spending Watch database can be viewed at [www.governmentspendingwatch.org](http://www.governmentspendingwatch.org)

The report identifies major gaps in data relating to developing country spending in different areas but this was mainly at a detailed level – eg capital vs concurrent spending. It did not affect the top line conclusions about levels of spending on different sectors.

### Targets

Countries' spending on agriculture is measured against the commitment of African governments to spend at least 10 per cent of national budgets on agriculture by 2008 (the Maputo commitment). The target has been supported by the World Bank. 19 per cent of countries are meeting this target.

Education expenditure is measured against the target to allocate 20 per cent of national budgets to the sector – a target agreed as part of the Education For All Fast Track Initiative. 24 per cent of countries are meeting this target.

Health spending was measured against both the World Health Organisation target of \$30-40 per capita – a rate it calculates is necessary to fund essential interventions to avoid preventable deaths. 37 per cent of countries are meeting this. Only 3 per cent are meeting the Abuja target to allocate 15 per cent of spending to health.

The International Labour Organisation estimates that governments need to spend at least 2.9 per cent of GDP on social protection to provide even basic safety nets. No country is close to meeting that target.

African Union ministers have set a spending target of 0.5 per cent of GDP on water, sanitation and hygiene (WASH) while the UNDP estimate that 1 per cent is needed to halve the proportion of people without access to safe water and sanitation. 23 per cent of countries are spending at least 1.5 per cent of GDP on WASH.

There are no targets on environment or gender.

[reliefweb.int/report/world/putting-progress-risk-mdg-spending-developing-countries](http://reliefweb.int/report/world/putting-progress-risk-mdg-spending-developing-countries)