5 ACCOUNTABILITY = RESULTS

One final critical part of ensuring that public services meet the needs of the poorest, and act as an anti-inequality weapon, is ensuring that governments and aid donors are held accountable for their spending and its results by citizens, for which budget transparency is essential. The draft SDGs acknowledge the case for this by setting targets so that governments:

‘16.6 Develop effective, accountable and transparent institutions at all levels
16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels
16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.’

The need for greater transparency in the SDGs is also widely acknowledged through the post-2015 debate around a ‘data revolution’. However, much of the discussion focuses on outcome and results indicators, and fails to specify the need for transparent budget information, so that the inputs, or ‘means of implementation’, in terms of government and donor spending, can be tracked by citizens at the earliest possible stages.

Sections 2–4 of this report have repeatedly stressed that tracking the spending on existing MDGs is difficult due to low transparency, that the new targets of the SDGs require even greater transparency, that the behaviour of donors and other funding sources (including government revenue) also needs to be much more transparent and that the need to tackle inequality of all types requires even greater transparency and accountability on allocation decisions and actual spending implementation.

This section, therefore, makes the case for why greater budget accountability is one of the most powerful tools in producing MDG (and potentially SDG) results. It begins by assessing the current state of budget transparency in terms of availability of data on spending which can be linked to the MDGs. It then discusses the qualitative and quantitative evidence supporting the argument that greater accountability increases results (shifting the debate beyond transparency as an end in itself). Finally, it suggests how incremental low-cost ‘quick wins’ could rapidly advance budget accountability, increasing the amounts and effectiveness of spending and making this one of the most powerful ‘data revolution’ steps to achieve the SDGs.

DATA AVAILABILITY IS IMPROVING RAPIDLY

Figure 5.1 shows the countries for which GSW has data, and the breakdown of levels of data available in each country for the areas GSW analyses (i.e. for each sector, planned and actual, and split into sources of financing and types of financing). GSW currently tracks 66 countries, and has given priority to low-income and (although to a lesser extent) lower-middle income countries, whose development plans are more closely related to the MDGs. This represents an increase of 14 countries since the 2013 GSW report. Among these 66 countries:

• 28 of the total 34 low-income countries are included. GSW continues to lack data for Chad, Eritrea, Guinea, Myanmar, North Korea and Somalia. In addition, we have been unable to update data for the Gambia due to a reduction in the level of budget transparency since 2013.
• 30 of the 50 lower-middle-income countries are included, with four new countries since 2013 – El Salvador, Guatemala, India and Swaziland. We have been unable to update data for Nigeria due to a reduction in the level of transparency on decentralised state spending.
• Eight are upper-middle-income countries, with six new countries since 2013 (Colombia, Dominican Republic, Ecuador, Jamaica and Peru). South Africa will be added to these shortly.

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Overall data availability by country

As shown in Figure 5.1, there is major variation across countries in the proportion of data available to track and analyse spending on the MDGs.

- The vast majority of countries (68%) have improved or sustained their data availability since 2013.
- Four countries (Jamaica, Nepal, Peru and Swaziland) have 100% of data available.
- Ten countries (Afghanistan, Armenia, Côte d’Ivoire, DRC, Guatemala, Honduras, Mozambique, Nicaragua, Togo and Uganda) have 80% or more of their data available.
- Fifteen countries have 60–80% of data available (Bangladesh, Burkina Faso, Cape Verde, Colombia, El Salvador, Guyana, Kenya, Liberia, Moldova, Rwanda, Solomon Islands, Sri Lanka, Tonga, Vanuatu and Yemen).
- Twenty-eight countries have 40–60% of data available (Benin, Bhutan, Burkina Faso, Cambodia, Cameroon, CAR, Congo, Dominican Republic, Ecuador, Ethiopia, Ghana, Guinea-Bissau, Haiti, India, Jordan, Kiribati, Madagascar, Malawi, Mali, Papua New Guinea, Samoa, São Tomé and Príncipe, Senegal, Sierra Leone, Solomon Islands, Timor Leste, Zambia and Zimbabwe).
- Six countries have 20–40% of data available (Burundi, Lesotho, Niger, Tajikistan, Tanzania and Yemen).
- Five countries have 20–0% of data available (Comoros, Djibouti, Nigeria, Occupied Palestinian Authorities and the Gambia).

In addition to the countries in the database, GSW has conducted scoping work to assess how countries present their data and the prospects for expanding the GSW database for a further 52 countries, including 15 high-income countries. This means that GSW has analysed data availability for a total of 124 – low-, middle- and high-income – countries. This gives a reasonably comprehensive picture across all income levels. GSW aims to scale up to around 80 countries in its database over the next two years.

In terms of the way data are presented and the percentage of planned spending data available, the 124 countries fall into seven groups (as shown in Figure 5.2 below):
• On the left-hand side of the chart are the 22 countries (16 low- and middle-income and six oil-producing high-income countries) for which we have been able to source no data (apart in some cases from overall total spending), and which have therefore been omitted from the GSW database. In many of these, detailed spending data are secret and not subject to any freedom of information laws.

• Next come 31 countries which have breakdowns available by sector or ministry, allowing them to have 42% of planned spending data on average. They do not disaggregate ministerial or sectoral spending, thereby making it very difficult to identify spending on gender, primary education, social protection or WASH, which are split across several ministries or hidden as part of a ministry.

• The third bubble represents 27 countries which split data by sub-sector or departments within ministries/agencies. This allows them to show much more clearly splits for most of the MDG sectors, bringing data availability to 63%. However, for this group, it is sometimes still not possible to analyse gender, primary education, social protection or WASH, if institutions are not split this way.

• The fourth bubble represents 20 countries which disaggregate spending by programme. This enables access to an average 85% of data, but there are still some ways in which programmes are classified (notably failing to identify beneficiaries clearly enough) which make the remaining data hard to find.

• The fifth bubble represents a very small group of countries (only five) which are virtually ‘MDG ready’. They present data by programme and by beneficiaries and potential results, allowing, for example, identification of gender spending or different levels of education spending. They allow us to find 95% of data on average, and are in many ways ready for the challenge of the SDGs and tackling inequality.

• The sixth and seventh bubbles represent many high-income countries, especially those which have implemented ‘budget transparency’. They have too much data available and therefore we cannot include them in the GSW database because it is impossible to piece the data together in a way which shows totals in MDG sectors. Large parts of their spending is decentralised across multiple government agencies. While a few aggregate this into a national picture, and therefore fall into categories 3–5, some only aggregate one or two levels of government, and many produce no aggregated numbers and often allow decentralised agencies to adopt different budget formats, making it necessary to add up confusing numbers from 100+ spending units. Many of these are high- or middle-income countries which do not acknowledge that their spending should have anything to do with the MDGs, though in principle the SDGs will apply to all countries, regardless of income level, implying that they need to do more to be accountable for progress. Therefore, theoretically, this may imply the need to be able to better aggregate their spending in a way which demonstrates spending according to the SDGs.
This classification also allows us to see what each group would need to do to advance further in making their spending accountable, as well as how much progress in data availability there has been. From here, identifying the relatively straightforward, rapid and low-cost steps that would allow countries in each category to improve their data, the following must be priorities:

- The first group should be encouraged to publish spending data – preferably by programme (which would increase their data availability by 85%, but at least by sub-sector (63%).
- The second and third groups should be encouraged to disaggregate spending further (into sub-sectors or programmes within agencies), which could increase their data availability by 21–43%.
- The fourth group should be encouraged to conduct full programme budgeting specifying the beneficiaries and results, increasing data by 10%.
- The fifth group should focus on moving on to becoming fully ‘SDG ready’, with more detailed programmatic work (for example, on nutrition and smallholder agriculture), as well as assessing the impact on inequality.
- The sixth and seventh groups need to classify their data in line with the SDGs and to aggregate the different levels of government (while of course also continuing to publish the more disaggregated levels so that sub-national progress can be tracked). This would increase data availability by 80–100% per country.

**WHICH DATA ARE AVAILABLE?**

Overall, GSW’s analysis of data availability for 2014 confirms the patterns described in the 2013 report, while showing major improvements in all categories. The overall availability of information across all categories of the GSW database rose from an average of 45% in 2013 to 60% in this report, representing a 15% or around one-third improvement since 2013, and for a 25% larger group of countries. GSW estimates that around 30 countries have ‘improved their group’ (based on the above groupings), moving closer to the centre of the chart and therefore are able to be better analysed, in the last three years.

**Data availability by source of finance and type of spending**

Data on total spending are the easiest to find across countries, which in understandable given that this is the most basic of information. Of the 66 countries in the GSW database, all have information on planned overall expenditure (though data for the Gambia and Nigeria are not available for the most recent years). Less available – at only 76% – is information on total government actual expenditure, which is an important barometer of commitment to implement spending plans.

Data on sectors and sub-sectors, which are vital to track MDG-related spending (and will also be for the SDGs), are less readily available in many countries. This is generally because countries have not structured budget classification systems to link to MDGs or national development objectives, but are classified according to the ministry or agency implementing the spending.

Nevertheless, some sectors have relatively complete ‘planned’ sector data, with education at 97% and agriculture at 88%, reflecting the fact that these sectors are generally covered by clear separate ministries or agencies. They have not improved much – by 3–5% – because they were already very high in 2013. Other sectors – social protection (72%), environment (65%) and WASH (55%) – are harder to calculate because they are often split across multiple ministries and agencies, but there have been increases of 7–10% in these sectors.119

Actual sector spending data are much lower on average (33%), and for all sectors (i.e. 76% education, 45% health, 40% agriculture – see figure 5.4). The main reason for this gap is that some countries do not publish actual spending data broken down by sector. Even more are subject to long delays, of 2–3 years, because final actual data have to be approved by national audit courts before they can be published.
Data on types of expenditure should also allow citizens to judge whether their government is spending more on recurrent costs or investment and, if disaggregated even further, would allow analysis of such aspects as wage bills or equipment costs. Analysis of the split between recurrent and investment spending is vital to assess whether investment spending is adequately increasing service provision or productivity, and whether recurrent spending is supporting recurrent costs or maintenance.

However, sector-specific data disaggregated in this way are relatively unavailable. In most countries, the lack of these data reflects: 1) a separation of responsibilities between recurrent and investment budgets, with the former details being held in finance ministries and the latter in planning ministries or commissions, which can hamper the compilation of joint data (though other countries with similar splits manage to put data together successfully); and/or 2) lack of reporting from donors on the progress of projects. There need to be greater efforts to compile overall disaggregated budgets and to enhance donor reporting.

Data on sources of funds allow citizens to judge whether their government is allocating its own funds to particular sectors, or relying on donor funding, allowing them to see whether their government is reducing its aid dependence, the degree to which donors are supporting national priorities in different sectors and (given aid volatility) the likely sustainability of spending.

Can spending be disaggregated to track equity?

Even more of a challenge is further disaggregation to track more detailed MDG (and potential SDG) targets. Very few countries identify who they are targeting with spending – sectorally, spatially or by beneficiary – the best performers being the five countries in group 5 in Figure 5.2. For example, GSW has found that only 46% of countries split education by level in a way which means that primary education can be identified as separate from total spending, even though primary education has been the main MDG focus for the last 15 years. Similarly in the agriculture sector (as also discussed in Section 2), it is very hard to track MDG-oriented spending, separating out nutrition or support to smallholders (particularly vital as country studies have shown that government support is often mainly aimed at large commercial export-oriented farming). In the health sector, it is virtually impossible to disaggregate spending by type of disease or beneficiary related to the MDGs (e.g. maternal and child health); and in the water sector, there is virtually no separate tracking of sanitation spending.

As also raised in Section 2, the extensions of this disaggregation needed to track the post-2015 SDGs are even less prevalent. For instance, work carried out by GSW in 2014 to try to disaggregate education
spending in 45 low- and middle-income countries found that very few countries are ready for the education SDGs in terms of tracking pre-primary education or early childhood development (only 13 countries); special education (only nine); vocational and technical education (15); or adult education and literacy (seven).^{120}

Some of these problems can be resolved by ‘programme budgets’, which match spending plans to specific programme objectives, beneficiaries and outcomes. This would help to organise plans, budgets, budget implementation reports and actual spending data, audits and impact reports around reporting systems on intended (and actual) beneficiaries by age, gender, income, region and other classifications designed to ensure equity. Only around 25 developing countries publish such budgets – with varying degrees of focus on beneficiaries and outcomes.

ACCOUNTABILITY DELIVERS RESULTS

GSW and its partners, the International Budget Partnership (IBP) and Oxfam, have recently conducted research to examine whether increasing fiscal transparency and accountability have increased spending and MDG results, in order to draw lessons to help inform the debate about the ‘data revolution’ in the post-2015 discussions.^{121} This research points to a growing body of evidence that suggests that transparency, expenditure monitoring and accountability have contributed to increases in spending on, and results related to, the MDGs.

Over the last decade, there has been a strong move by many governments to more ‘open government’, including a presumption that most governments will make all documents and data – including those on plans and budgets – transparently available to their citizens; and a proliferation of ‘right to information’ or ‘freedom of information’ laws in 100 countries (up from just 12 in 1990). But transparency is not an end in itself – for it to deliver results, it requires complex processes of accountability to work effectively.

Whether or not this occurs depends crucially not only on data availability, but also on space for civil society engagement, political will and government capacity. Case studies across a number of countries show that increased transparency has often been a major factor in increased and improved MDG budget allocations. This includes studies on agriculture in Ghana and Nigeria; education in Argentina, Burkina Faso, the Dominican Republic, India, Korea, Malawi and Tanzania; health in Armenia, Korea, Sierra Leone, South Africa and Zambia; maternal health in Mexico, social protection in South Africa; water and sanitation in Sierra Leone; and marginalised tribal groups in Gujarat and Dalits across India.^{122}

Transparency has also often contributed to more effective and efficient spending, leading to improved outcomes, through tracking surveys in more than 15 countries, including Malawi and Uganda, and quality of service delivery surveys in more than 10 countries.^{123} Other social accountability tools have also contributed to more effective and efficient spending: social audits in India and Kenya; citizen report cards in India and Tanzania; procurement tracking in the Philippines; and auditing of actual spending by civil society organisations (CSOs) in Mexico, the Philippines, Tanzania and South Africa.^{124} These cases show dramatic increases in the share of funds reaching schools, clinics and water points, as well as delivery of results.

These findings are supported by broader, multi-country studies on the impact of transparency and accountability.^{125} However, they also indicate that higher spending and better outcomes depend on a complex web of factors. Transparency is insufficient without accountability, which in turn depends on both supply and demand factors:^{126}

- Demand factors include civil society space, access to information on plans and budgets, media freedom and laws mandating participatory planning and budgeting processes. It also includes how

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vocal and strong citizen voice and action to hold government accountable is, which depends on the maturity and capacity of civil society actors, including their technical and advocacy skills.

- Supply factors include state responsiveness, such as degree of democratisation, political will to deliver spending and results, decentralisation and broader political accountability mechanisms. Government capacity to deliver transparency, through parliaments, anti-corruption and public sector procurement and auditing agencies, and procedures and skills for planning, budgeting and delivering on the basis of performance goals are also vital ‘supply side’ issues.

In general, demand and supply need to go together. However, cases such as Rwanda, where government leadership and high capacity to deliver reforms have increased spending and results without major civil society action, show that this is not necessarily the rule. In addition, although there have been few successful civil society activities in countries with very low civil society space (as measured by the CIVICUS Enabling Environment Index), accountability often produces results in countries with average-to-low space. This indicates that budget accountability may be a vital lever to broaden civil society space.

Many case studies point to the importance of critical ‘trigger events’, such as corruption scandals, economic crises, elections or changes of political regime. External influences, such as the MDGs, participatory Poverty Reduction Strategies or donor inputs into social accountability, have also been highly influential – which should be a lesson when looking to the implementation frameworks for the SDGs.

For sustained impact, it is also important that participation and accountability are fostered across the whole planning, budgeting and delivery cycle to ensure that there are overall and sector development plans. These plans require costed spending to reach the goals; medium-term outcome/performance-based budgets with high allocations; in-year spending reports to track actual spending; participatory mechanisms to track spending and fight corruption; transparent procurement and value-for-money checking processes; and performance auditing and incidence analysis reports.

**Box 6: Transparency can contribute to improved allocations and results**

**Budget transparency = allocation to disadvantaged groups**

In India, the law requires that a percentage of spending should be targeted to support Dalits (‘untouchables’). In practice, however, this has often been disregarded. The National Campaign for Dalit Human Rights (NCDHR) pushed the government to introduce a specific budget code to track spending on programmes targeted to Dalits. Using this code, NCDHR helped to uncover US$140 million of funds being diverted to cover the costs of the 2010 Commonwealth Games. Following a public outcry, the government returned the funds to Dalit programmes.

**Revenue transparency = allocation to MDG spending**

After discovering oil, Ghana passed a law that requires oil revenues to be managed transparently. However, the US$2 billion of oil revenues subsequently raised did not translate into increased public investment. In 2013, CSOs launched the ‘Oil4Food’ campaign, which called for oil revenues to be invested in supporting smallholder farmers. The campaign convinced the government to commit 15% of oil revenues to smallholder agriculture.

**Transparency and accountability = allocation to health**

In Zambia, the ‘Vote Health’ campaign used a pre-election period to demand a dramatic increase in health spending. This was based on government data which showed that the government was falling way short of the agreed target (15% of spending). This generated significant media coverage, widespread public engagement and political commitments by most candidates. Following the elections, the new President raised spending by 45%, removed user fees and employed 2,500 more health workers.
Transparency and accountability = better allocations and results

In Malawi, the Civil Society Coalition for Quality Basic Education has a long history of tracking education spending, including by conducting questionnaires with teachers and officials at the community level. This has helped to increase funds to special education, reduce rural-urban spending disparities, accelerate disbursement of teachers’ salaries and bring Malawi close to achieving MDG2 on primary education.132

Quantitative evidence: accountability raises spending levels and results

Despite severe data limitations, past quantitative analyses have provided some preliminary evidence that transparency is associated with better health and water outcomes, and that higher spending can improve MDG outcomes.133

More systematic analysis is now possible, due to new or recently updated datasets on spending and transparency (see Box 7). Using these data (alongside the existing World Development Indicators for MDG outcomes), GSW has examined three relationships: 1) whether greater budget transparency is associated with better production of MDG data; 2) whether this is associated with higher spending on MDG sectors; and 3) whether higher MDG spending is associated with better MDG outcomes.

Box 7. New data sources allow improved analysis

Since 2010, new or recently updated datasets have dramatically improved prospects for quantitative analysis of the relationship between budget transparency, MDG spending and MDG outcomes.

- On budget transparency, the International Budget Partnership updated and expanded the coverage of its Open Budget Index (OBI) in 2012, to rank 100 countries based on the availability of eight key budget documents.
- On MDG spending data availability, Development Finance International has developed rankings for 95 countries, based on the availability and level of detail of budget data in 2013. On MDG-related spending, the Government Spending Watch database, developed by DFI and Oxfam, brings together budget data for 70 countries for 2008–13, disaggregated by MDG sector. In addition, the IFPRI Statistics of Public Expenditure for Economic Development (SPEED) database has recently been updated to track expenditures through 2010 for 80 countries.

The main findings were that:

- MDG expenditure tracking is more feasible in more transparent countries. Countries with more transparent budgets on average also produce better-quality data for MDG tracking, as shown by a strong correlation between the OBI and the DFI budget data availability index.
- The link between transparency and MDG spending allocations is complex. Across the whole sample, more transparent countries do not on average allocate a higher share of the budget to education, health or water. However, countries which have recently significantly improved transparency have also shown sharp improvements in MDG spending allocations.
- Countries with higher expenditure on the MDGs have better MDG outcomes. There is a strong positive correlation between per capita spending on education and health and MDG outcomes for these sectors. This remains significant even after controlling for income levels. However, looking only at low- and middle-income countries, income overrides this association.
- Countries that have seen a strong improvement in budget transparency in the past decade have also increased MDG spending faster and have seen faster MDG progress.

Nevertheless, the research also found that much stronger results might well be produced if spending data were even more closely linked to each MDG result; if datasets were more comprehensive to provide 

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bigger data sample; and if there were reliable ways to measure the enabling factors, including civil society space, public participation in the budget process and government capacity and commitment.

**IMPLICATIONS FOR MONITORING POST-2015**

Discussions are currently under way on how progress should be monitored on the post-2015 framework and the SDGs, and on success in mobilising the ‘means of implementation’ (including financing). The need for a ‘data revolution’ has been reiterated throughout the post-2015 processes, but if the international community – and parliaments and citizens worldwide – are to have a clear view of what is happening, this ‘revolution’ must ensure some low-cost, rapidly implementable steps to improve the monitoring of all aspects of budgets to enable better scrutiny. This needs to also include information on government revenues, aid and other external and domestic budget financing. As shown above, this can be expected to have a major impact on both spending levels and ultimately (and importantly) on outcomes.

There are four sets of ‘quick wins’ which could dramatically accelerate progress in this area:

1. **Publishing documents and data that governments already produce**: As shown by IBP’s Open Budget Survey and Tracker, timely, accessible and comprehensive publication of budget documents can occur with no or little extra time and cost. These documents would need to include (if available) the Pre-Budget Statement, Executive’s Budget Proposal, Enacted Budget, Citizens Budget, In-Year Report, Mid-Year Review, Year-End Report and Audit Report.

2. **Improving and publishing data and documents on spending**:
   - Improved matching of spending with each of the post-2015 SDGs by each country improving its disaggregation or aggregation in budgets, e.g. publishing sub-sectoral disaggregation with common codes; programme/results-based budgets, etc. Plans to improve data must be tailored to what is feasible in each country, along the lines of the improvements discussed in relation to Figure 5.2 above;
   - Publishing in-country regional disaggregations of spending so as to facilitate tracking of whether allocations are combating in-country inequalities (e.g. urban-rural, poorest regions);
   - More timely publication of ‘actual’ spending reports by accelerating validation and auditing processes, and by publishing ‘preliminary’ unaudited data where necessary;
   - Publishing ‘budgets by beneficiary’, combining ‘gender-responsive’ and ‘child-responsive’ data; analysing the degree of gender/age equality in spending as well as inclusion of other groups such as the disabled, elderly, etc.

3. **Improving and publishing data and documents on revenue**:
   - More detailed annual publication of revenue receipts by type of tax, sector, size of enterprise, etc.;
   - Systematic annual publication of revenue losses (otherwise known as ‘tax expenditures’) occurring due to exemptions and incentives, as well as of lists of companies granted exemptions;
   - Publication of national tax codes and the compilation of a global database on tax rates and thresholds to monitor global harmful competition;
   - Regular analysis of the ‘incidence’ of tax (and spending) policies to assess whether they are combating inequality;
   - Publication by all development financing institutions of the tax revenues mobilised by the projects they are funding, and of the exemptions they have requested for projects (and the reasons for these).

4. **Improving and publishing data on aid and other budget financing**:
   - Accelerating efforts at compatibility/similar codings between IATI and national aid and budget reporting systems, to ensure that IATI and aid monitoring systems are useful for budget planning;
   - Automatic reporting via the DAC and IATI of whether specific aid and other official finance flows are ‘on-budget’ in recipient countries, to make global statistics more relevant to/compatible with national accountability;
• Accelerating efforts to improve country-level collection of data from providers of development finance, including South–South cooperation and CSOs/foundations;
• Publishing and tracking all loan agreements and their implications for debt service and crowding out of post-2015 spending;
• Publishing ‘off-budget’ contingent liabilities such as public-private partnership agreements which could have major implications for potential debt service.

Finally, it is worth noting that a lack of data is mostly due not to governments’ lack of willingness to make information available, but to a lack of technical capacity or institutional ability to change traditional budget practices. There will need to be a dramatic scaling up of capacity-building support to governments in this area – in which GSW can play a part – so that they are able to produce their own data for national and global monitoring. As part of that, CSOs should focus more on comparative analysis and research. There will also need to be a concerted process among UN agencies to ensure much more ‘real-time’ monitoring of budgets and means of implementation, rather than the current lengthy surveys which take 2–3 years to deliver results.

Lack of data also reflects insufficient demand from parliaments and citizens. Again there is no lack of will to receive such data. Instead, it is often the case that such groups are not sufficiently informed of best practice in other countries or of what is technically possible, or sufficiently well organised to demand data powerfully and successfully. GSW will be working more intensively during 2015–16 on building citizen pressure and voice, working with country coalitions to build their knowledge and capacity to more effectively hold their governments accountable, using the data we collect to put tools in the hands of citizens which can ‘turn numbers into nurses’ and become a key weapon in the fight against poverty and inequality.

NOTES

1 The eight MDGs range from halving extreme poverty rates to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015. They form a blueprint agreed to by all the world’s countries and all its leading development institutions. More information on the MDGs is available here: http://www.un.org/millenniumgoals/
2 For more information on the seven sectors that GSW tracks and their links to the MDGs, visit: http://www.governmentspendingwatch.org/campaigns-and-advocacy/8-govt-spending-site/28-about-spending-goals
3 M. Martin and R. Watts (2013) ‘Putting Progress at Risk? MDG spending in developing countries’, available here: http://www.governmentspendingwatch.org/research-analysis/latest-analysis/51-mdg-spending-in-developing-countries. GSW data have also been utilised in numerous other reports and analyses by civil society organisations (i.e. Global Campaign for Education, Oxfam, Save the Children International and WaterAid) and UN agencies (UN Women, UNESCO GMR).
4 The GSW database examines all low-income countries (LICs) and lower-middle-income countries (LMICs) that have data that are transparently available and analysable. It also analyses some upper-middle-income countries (UMICs). The long-term plan of GSW is to incrementally expand data into all developing countries (where data are available). Of the 66 countries in the GSW database where budget information is available, 28 are LICs, 29 are LMICs and nine are middle-income countries (MICs).
5 Available at: http://www.governmentspendingwatch.org/spending-data
7 For a general overview of expenditure data definitions and sources, please visit the sources and data section of the GSW website here: http://www.governmentspendingwatch.org/spending-data/8-govt-spending-site/7-definitions-and-sources
This section of the report carries out an in-depth analysis of only six of the seven MDG sectors that GSW tracks, and leaves out an analysis of MDG-related gender spending (the seventh GSW MDG sector). After analysing spending on gender, the GSW team concluded that the data available were too weak to draw robust conclusions or new trend analysis (not already covered by the GSW 2013 report). However, this does raise serious concerns by the GSW team around data on gender budgets and allocations by governments: therefore we cover gender more extensively in section 4, in terms of the lack of gender-sensitive budgeting and the implication for inequality, and in section 5 in a discussion around the lack of data transparency.

Data in this section are sourced from the latest IMF World Economic Outlook, Regional Economic Outlook and country documents available on the IMF website as of 28 February 2015.

Spending on the MDGs is defined as spending on the seven sectors analysed in this report – agriculture and food, education, environment, health, social protection, gender and WASH. Due to a lack of data in some sectors, the total level of MDG spending presented in this section may be a slight underestimate.

‘Spending on MDGs’ is used regularly throughout this report as shorthand to refer to spending across the seven sectors that GSW tracks.

Data on debt servicing are available for 64 countries, and are drawn from IMF LIC-Debt Sustainability Framework and MIC-Debt Sustainability Framework annexes, as well as other budget tables, in IMF staff country reports for 2014 and 2015.

Data on defence spending are available for 44 GSW countries. Information from the Stockholm International Peace Research Institute (SIPRI) at: http://www.sipri.org/research/armaments/miles/miles_database


This is from 1990–92 levels, as measured by FAO.


Spending on agriculture is not necessarily the only measure of spending that can address hunger; however, in the absence of other clear commitments, budgetary lines and sectoral spending which specifically aims to target hunger, this currently serves as the best way to track spending across multiple countries. Moreover, analysts agree that, especially in low-income countries, government support to agriculture can provide crucial support to addressing hunger. Considerable work needs to be done on improving the ability to track spending targeted at addressing hunger and, in the SDGs, spending aimed at reducing hunger, improving nutrition and improving sustainable agriculture. This will be touched on later in Section 5 on data/ transparency issues.

This was initially a five-year commitment and was later reconfirmed to be met by 2015. For more information, see: http://www.nepad.org/nepad/knowledge/doc/1787/maputo-declaration

Data for what countries spend on agriculture vary from figures collected by other agencies, due to different categorisations of spending. For instance, Ghana comes out as having higher spending in reporting to the Comprehensive Africa Agriculture Development Programme (CAADP), as it includes spending on rural roads and development.


The Education For All (EFA) goals are six internationally agreed education goals that aim to meet the learning needs of all children, youth and adults by 2015. An overview of the goals is available here: http://www.un.org/millenniumgoals/education.shtml


Although the target is for GNP, GSW measures the commitment against GDP and how close or how far countries are from meeting the 6% target, to keep consistency across the analysis.


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In this report, ‘social protection’ includes any programme which is a transfer, either in cash or in kind, i.e. a transfer of income or services, from one group in society to another, such as from the working population to the old, the healthy to the sick or the affluent to the poor. Social protection can include a range of policies that provide social safety nets, social funds, social welfare assistance/services, labour market interventions and social insurance programmes (including pensions), which act as an insurance policy against poverty, or a tool for helping the poorest or most vulnerable to manage risks, access basic services or tackle very extreme poverty and hunger (essentially tackle the worst forms of deprivation). GSW’s social protection includes any programme which is a social transfer, either in cash or in kind, i.e. a transfer of income or services, from one group in society to another, such as from the working population to the old, the healthy to the sick or the affluent to the poor. GSW deals with the hunger target of MDG1 through tracking food and agriculture spending. However, social protection spending often tackles extreme poverty and hunger – indirectly by allowing the poor to spend more income on food, or directly by supporting improved nutrition as a sub-goal, especially for marginalised or disaster-hit groups. A lot of extreme nutritional needs are addressed through social protection ministries; this is a very important issue going forward for the SDGs, which will need extensive work.

In this report, ‘social protection’ excludes all social services provided by government that could be classified as education or health, nutrition or WASH. This is consistent with the ‘social transfer’ element of the UN social protection floor concept; however, this clearly excludes other areas included in the UN social protection floor, which guarantees a minimum that, over the life cycle, all in need have access to essential healthcare and basic income security, including access to essential healthcare, including maternity care; basic income security for children, providing access to nutrition, education, care and any other necessary goods and services; and basic income security for persons in active age who are unable to earn

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sufficient income, in particular in cases of sickness, unemployment, maternity and disability. This includes contributory systems which are not included in GSW, as mentioned in the report.

50 Given that social protection programmes are a vital tool in ensuring greater equality and protecting against risk or poverty (as well as fostering a contract between citizen and state), they will be vital to achieving the SDGs, and hence GSW will move towards ensuring a more robust measurement for social protection as one means to track spending on the SDGs.


52 This finding is in line with the ILO’s ‘World Social Protection Report 2014 –15’, which shows that a number of MICs are expanding their social protection systems and many LICs are organising policy dialogue around how to build social protection floors.

53 Ibid.


57 It should be noted that this figure may be well below what is necessary, in 2011 WaterAid estimated that LICs in Africa far from the target would need to spend 3.5% of GDP on WASH to meet the MDGs, and off-track South Asian countries would need to allocate a minimum of 1% of GDP to sanitation. WaterAid (2011) ‘Off-track, off-target: Why investment in water, sanitation and hygiene is not reaching those who need it most’. http://www.wateraid.org~/~media/Publications/off-track-off-target-report-wateraid-america ashx

58 This became known as the eThekwini Declaration commitment; available at: http://www.unicef.org/wash/files/WA_eThekwini_ENGLISH_FINAL.pdf

59 Recommendation from the UN Human Development Report 2006.


63 WHO (2011). This is on the basis of a total need of US$53S billion to be spread over 20 years. UNCTAD (2014) projects a much higher investment gap for access to water and sanitation of some US$260 billion.

64 As discussed in more detail in the section on education above, no reliable estimates exist for the funding needs for the education SDGs. The US$2 billion figure quoted here is a very substantial underestimate.


66 Developing country data from IMF WEO database, October 2014. GSW country data from GSW database.


68 Data downloaded from the OECD CRS database on 10 March 2015, at http://stats.oecd.org/Index.aspx?ThemeTreedId=3#


71 A more detailed document showing all the calculations in this section and listing all the sources and definitions for the data is available on request from DFI.


74 Some authors have suggested that South–South providers should agree to targets linked to GNI, but providers have long rejected this as being a set of targets applicable to DAC/OECD donors, and this does not look likely to change for the FFD 2015 agreement.
These are by no means the only potential sources of global tax revenues – others have suggested taxes on mobile telephony, information technology and tobacco. It is important to note that they are also increasingly being implemented by developing countries themselves, supplementing their own budget revenues.


OECD DAC 2013 aid figures, latest available: http://www.oecd.org/dac/stats/

DFI/WaterAid (forthcoming); and WaterAid (2011) ‘Off-track, off-target’. op. cit., based on case studies by DFI.


Ibid.


OEC (2011) ‘Special Focus: Inequality in Emerging Economies (EEs)’.


Ibid. Unpublished calculations based on the methodology and model developed in L. Chandy (2013) op. cit.


Wilkinson and Pickett’s research focused on OECD countries (a grouping of rich countries), yet the same negative correlation between inequality and social well-being holds true in poorer countries.


This figure is taken from Oxfam International’s report ‘Working for the Many’ (2014). it is based on work by N. Lustig (2012) on inequality in Latin America, which found that investing in public services has a significant impact on tackling inequality, even in countries where taxation is regressive and not fulfilling its redistributive potential, as shown in this graph.

It is evident that similar analysis of spending on smallholder agriculture, nutrition and WASH would reach the same conclusions, but such analysis has not yet been conducted, in part due to data problems.


The relationship between health and inequality is complex, but it is widely acknowledged that health outcomes are worse for the poorest, and in more unequal societies. See M. Marmot (2008) ‘Report of the Commission on Social Determinants of Health’. Meanwhile inequality in health is threatening progress on UHC and is worsening in many developing countries. See Committee for Development Policy, ‘Implementing the Millennium Development Goals: Health Inequality and the Role of Global Health Partnerships’.

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106 Ibid.
107 Lesotho has been badly hit by the slowdown in the South African economy and by a large reductions in receipts from the Southern African Customs Union (SACU).
112 See the UNESCO World Inequality Database on Education (WIDE) for the completion rates of different economic quintiles. http://www.education-inequalities.org/
114 See, for example, UNICEF (2010) ‘Narrowing the Gaps to Meet the Goals’.
116 GSW is rigorous in answering the question of how much data is available, excluding data which are not deemed to be of sufficient quality or comprehensiveness to include in the GSW database – especially where data include only a small sub-component of spending on a particular MDG or where there is not enough disaggregation to make it possible for GSW to identify data linked to an MDG.
118 This is based on availability of data according to the seven different sectors which GSW tracks online, including agriculture, education, environment, gender, health, social protection and WASH. We have measured each country’s performance against each of these, in spite of not covering gender in great detail in the report (because the data availability is so weak), and we have judged all countries across all these areas – hence the percentage across these seven areas is calculated in terms of data available for the different segments in these sectors (i.e. capital/recurrent, donor/government) and for budgeted and actual data.
119 Some apparently MDG-oriented spending may also not be relevant. For example, water spending may also be targeted at a number of non-MDG-related activities including water conservation or large dams whose primary purpose is generating energy – so we exclude this spending where possible.
121 This study is based on a joint paper produced by DFI, the International Budget Partnership and Oxfam in October 2014, ‘From Numbers to Nurses: Why Budget Transparency, Expenditure Monitoring, and Accountability are Vital to the Post-2015 Framework’, and a more detailed background study prepared for IBP and DFI by Rebecca Simson. More details of this analysis will be available shortly in R. Simson (forthcoming) ‘Transparency for Development: the relationship between budget transparency, MDG spending and results’, available at www.internationalbudget.org and www.govemmentspendingwatch.org

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advocacy/water-and-sanitation; and South Africa health: http://internationalbudget.org/publications. For Ghana, India, Malawi and Zambia, see additional sources in notes 16–19.


127 See http://www.civicus.org/eei/ for more details of the index and its results.


