

3. DOMESTIC EXPENDITURE ON HEALTH AND EDUCATION

A summary of trends in domestic expenditure on education and health is given under topics 7 and 8. This box gives further details, compares the trends in these two sectors, and also provides some regional comparisons, as well as a comparison with ODA volumes.

Trends in expenditure

Expenditure on health and education has increased significantly since 2000. Combined public expenditure on health and education now exceeds US\$ 100bn (and US\$ 150bn if private expenditure in health is included), and represents over 20% of public expenditure, and between 6-7% of GDP. In both cases the main determinant has been rising GDP, feeding through to rising government budgets. In the case of health, public expenditure has also risen as a proportion of government budgets, accounting for its faster rate of increase overall.

Public expenditure on health has thus risen faster - from US\$ 13.6bn in 2000 to 43.3bn in 2009 (about 92% in real terms). This was driven by a combination of rising GDP, an increase in domestic revenue as a proportion of GDP, and an increase from 8.2% to 8.8% of government budgets. The result was an increase in public expenditure on health from 2.3% to 2.8% as a share of GDP. The sum of private and public expenditures in health has increased from US\$ 31.8bn in 2000 to 90.7bn in 2009, rising from 5.4% to 6.1% of GDP.

Expenditure on education has also increased significantly, from US\$ 22.3bn in 2000 to 61.6bn in 2009 (about 43% in real terms). Although the rate of increase has been slower, public expenditure on education is still significantly higher than public expenditure on health – though below combined public and private expenditure. The increase was driven almost entirely by rising GDP, combined with an increase in domestic revenue as a proportion of GDP, but offset by a fall in expenditure on education from 14.3% to 12.1% of government budgets. Public expenditure on education fell from 4% to 3.8% of GDP, lagging slightly behind GDP growth.

Comparison with Official Development Assistance (ODA)

For Africa as a whole, domestic expenditure is significantly greater than ODA in both sectors – although much more so in the case of education (US\$ 61.8bn in 2009 compared to ODA of US\$4.24bn) than health (US\$43.3bn in 2009 compared to ODA of US\$8.29bn). The calculations have been made using World Bank data on expenditure, and UN demographic data, alongside OECD data on ODA.

Per capita expenditure

At the same time, population has also risen by close to 20% - from 809 to 997 million - over the decade since 2000. However the increase in expenditure has been more than sufficient to keep pace with this, and public expenditure per capita has still risen in real terms, faster in the case of health - from US\$ 16.8 to US\$ 43.4 in current prices - around 52% in real terms, though more slowly in the case of education - from US\$ 27.6 to US\$ 60.4 in current prices - around 11% in real terms.

Regional comparisons

Compared to other regions, Africa spends a broadly similar share of the government budget on health compared to East Asia and the Pacific, and a higher proportion of its GDP. But this is offset by its lower GDP and the level of per capita expenditure is still below that of East Asia and the Pacific. It is similarly below that of other regions which spend a higher proportion of their government budgets and GDP.

The picture on education is similar. Africa spends a broadly similar share of the government budget and higher proportion of its GDP on education compared to both South Asia, and East Asia and the Pacific. Expenditure per capita is indeed higher than South Asia, but still lower than East Asia and the Pacific (because of this region's higher GDP). It is similarly below that of other regions which spend a higher proportion of their government budgets and GDP.