USAID'S STRENGTHENING PUBLIC FINANCIAL MANAGEMENT IN LATIN AMERICA AND THE CARIBBEAN (PFM-LAC)

Analysis of Public Expenditure in Latin America and the Caribbean

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List of Acronyms and Abbreviations

Acronym	Definition
AR	Argentina
CL	Chile
CO	Colombia
COFOG	Classifications of the Functions of Government (United Nations)
CPI	Corruption Perception Index
CR	Costa Rica
DO	Dominican Republic
EC	Ecuador
GDP	Gross domestic product
GT	Guatemala
HDI	Human Development Index
HN	Honduras
IMF	International Monetary Fund
JM	Jamaica
LAC	Latin America and the Caribbean
MX	Mexico
n.e.c.	Not elsewhere classified
NI	Nicaragua
PE	Peru
PFM	Public Financial Management
PMF-LAC	USAID's Strengthening Public Financial Management in Latin America and the Caribbean project
PY	Paraguay
SV	El Salvador
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime

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Latin America and the Caribbean Public Expenditure Analysis

This document is an overview of public expenditure and development outcomes in fourteen Latin America and the Caribbean (LAC) countries. It compares expenditure, as a percentage of gross domestic product (GDP) and per capita, in selected sectors to the sector and income group averages across the 14 countries. The document also examines potential relationships between sector spending and development outcomes, such as the Human Development Index (HDI) of the United Nations Development Programme (UNDP) and the Corruption Perception Index (CPI) published by Transparency International, among others.

Methodology

The following 14 countries were selected based on the availability of data during the years covered in this analysis (2009 to 2012) and in an effort to provide a broad, comparative view of LAC countries. The countries are grouped into three income groups, as classified by the World Bank:[1] high income, upper-middle income, and lower-middle income economies.

Income Group	Countries Selected
High-Income	Chile (CL)
Upper-Middle Income	Argentina (AR), Colombia (CO), Costa Rica (CR), Dominican Republic (DO), Ecuador (EC), Jamaica (JA), Mexico (MX), and Peru (PE)
Lower-Middle Income	El Salvador (SV), Guatemala (GT), Honduras (HN), Nicaragua (NI), and Paraguay (PY)

This document includes data collected from the countries' Ministry of Finance (or equivalent), Budget Transparency (or equivalent) web portals, and other public databases, such as those compiled by the World Bank, the Inter-American Development Bank, and the International Monetary Fund (IMF). It also draws on information gathered for the "Public Financial Management Practices in Latin America and the Caribbean: A Review of Trends, Challenges, and Opportunities for Improvement" report, prepared under a separate activity of the Strengthening Public Financial Management in Latin America and the Caribbean (PFM-LAC) project.

A precondition for the analysis that follows is the availability of expenditure data presented according to the sectors to be examined. This document uses the Classification of the Functions of Government (COFOG) from the IMF Government Finance Statistics Manual 2001. COFOG

[1] The World Bank: Country and Lending Groups, available at http://data.worldbank.org/about/country-classifications/country-and-lending-groups. Further detail is provided below.

is an international standard for classification to allow for a consistent classification and comparison across countries. Since COFOG classifies expenditures in the System of National Accounts by the purpose for which they are intended (i.e., education, health, etc.), it also allows for analysis of expenditure in terms of desirable outcomes (e.g., higher school enrollment rates, lower mortality rates, etc.).

Under COFOG, expenditures with a common broad purpose are placed in a Sector. The prefix "7" in the three-level numbering system for the sector denotes "outlays" as the principal government activity. The next two digits indicate the sector, such as health (07) or social protection (10). The fourth digit further classifies the sector into functions, such as hospital services (073) or sickness and disability (101). The fifth digit indicates a sub-function, such as nursing and convalescent home services (0734) or disability (1012).

This document analyses data for the selected countries included the following COFOG sectors: General Public Services (701), Public Order and Safety (703), Health (707), Education (709), and Social Protection (710).

- **General Public Services** includes expenditure that cannot be attributed to a specific function, such as the office of the prime minister, the senate, the administration of taxes, and related basic research. It also includes external affairs and diplomatic and consular missions, as well as spending on foreign aid and the registration of voters. Expenditure that can be attributed to a specific function, such as ministerial offices, is not included in this sector.
- **Public Order and Safety** includes expenditure on police services, fire protection services, civil and criminal courts, and related research and support activities, such as planning, budgeting, and the preparation and enforcement of related legislation.
- **Health** includes expenditure on medical products and equipment, outpatient services, hospital services, public health services (e.g., the inspection of health facilities and the distribution of health information), and related research, planning, budgeting, and the preparation and enforcement of related legislation.
- **Education** includes expenditure on the provision and administration of all levels of education, as well as related inspection (except health), research, planning, budgeting, and the preparation and enforcement of related legislation.
- **Social Protection** includes transfers and expenditure on services provided to individuals and households for reasons of sickness and disability, old age, family and children, unemployment, housing, or social exclusion, and similar benefits provided to survivors, as well as related research, planning, budgeting, and the preparation and enforcement of related legislation.

These sectors were selected for three reasons. First, a preliminary screen of available expenditure data showed that data were available for these sectors for the selected countries and years. Second, it was possible to map existing data as reported to these COFOG sectors. Third, there were readily available outcome indicators for the selected COFOG sectors.

Some of the selected countries did not report expenditure data to the IMF using COFOG. In such cases, the authors made an effort to re-classify expenditures according to COFOG, using the administrative classifications, as noted throughout the report. The data in this report are entirely comprised of actual expenditure, as reported by the 14 countries.

Outcome indicators were selected based on the availability of data for all years and selected countries, as well as the suitability to support analysis in specific sectors. Several indicators were included in order to contrast overall public perceptions of the efficiency in public expenditure with actual levels of public expenditure. A description of each indicator follows:

Indicator	Description	Source[2]
Corruption Perception Index	CPI ranks countries based on how corrupt their public sector is perceived to be. A country's score indicates the perceived level of public sector corruption on a scale of 0 – 100, where 0 indicates that the country is perceived as highly corrupt and 100 indicates the country is perceived as clean.	Transparency International
Government Effectiveness	Government effectiveness is an aggregate index of indicators, which includes indicators related to the stability in power of cabinet officials, the quality of the bureaucracy, the extent of bureaucratic red tape, the wastefulness of government expenditure, etc. Some of the indicators considered in the index are based on polls of experts. Others are based on wider surveys. The index ranges between 2.5 and -2.5. A higher score indicates perceptions of a more effective government. A value of 0 indicates the average of the world sample.	World Bank
Government Waste	Government waste measures the wastefulness of public spending on a scale from 1 to 7. Higher values indicate a less wasteful government.	World Economic Forum
Homicide Rate	Intentional homicide count and rate per 100,000 in population.	UNODC
Hospital Beds	The Hospital Beds indicator is an average of all inpatient beds available in public, private, and specialized hospitals and rehabilitation centers per 100,000 people. In most cases, beds for both acute and chronic care are included.	World Bank
Human Development Index	HDI is a composite index that combines three indices: life expectancy, educational attainment, and income to come up with a composite index. HDI can be between 0 and 1, with higher values indicating longer life expectancy, higher educational attainment, and/or higher income.	UNDP
Human Development Index, Gender Inequality	The Gender Inequality Index captures the loss of achievement due to gender inequality in three dimensions: reproductive health, empowerment, and labor market participation. Values can be between 0 and 1, with higher values indicating greater gender inequality.	UNDP
Human Development Index, Inequality Adjusted	The Inequality-adjusted Human Development Index (IHDI) is the discounting of HDI for inequality. The IHDI can be interpreted as the actual level of human development (accounting for inequality), while the HDI is the potential human development that could be obtained if achievements were distributed equally among residents. IHDI values use the same scale as HDI (from 0 to 1), but are lower than HDI values for each country to indicate per capita achievement that is "wasted" as a result of inequalities in the distribution of achievement.	UNDP

[2] Sources are further detailed in Annex III.

Indicator	Description	Source[2]
Income Level	Low-income economies are defined as those with a gross national income (GNI) per capita of $1,045 or less in 2013. Lower-middle income economies are those with a GNI per capita of more than $1,045 but less than $4,125. Upper-middle income economies are those with GNI per capita of more than $4,125 but less than $12,746. High-income economies are those with a GNI per capita of $12,746 or more. This definition changes year after year, but the definition for the current (2015) fiscal year is used in this study, as it is most easily available.[3]	World Bank
Infant Mortality	Infant mortality rate is the number of infants dying before reaching one year of age, per 1,000 live births in a given year.	World Bank
Infrastructure	Quality of Overall Infrastructure is the average of rankings given by business executives to general infrastructure in the country. Executives rank general infrastructure from 1 to 7 as part of an opinion survey conducted by the World Economic Forum, with a higher score indicating perceptions of better infrastructure.	World Economic Forum
Institutions	A composite of a number of indices in the Global Competitiveness Index, including ones for the protection of property rights, government efficiency, crime, auditing and reporting standards, and the burden of government regulation. Values are between 1 and 7, where a higher value indicates perceptions of better institutions.	World Economic Forum
Poverty	Percentage of the population living below $1.25 a day in 2005 international prices, purchasing power parity terms.	World Bank
Reliability of Police	Average responses of business executives surveyed to the following question (scale of 1 to 7): Police services (1= cannot be relied upon to protect businesses from criminals, 7= can be relied upon to protect businesses from criminals). This question is a part of the World Economic Forum's Executive Opinion Survey carried out for the Global Competitiveness Report.	World Economic Forum
Secondary Enrollment	Secondary Enrollment refers to the percentage of the population of secondary education age that is enrolled in secondary education.	UNESCO
Under-5 Mortality	Mortality indicates the probability per 1,000 live births that a newborn baby will die before reaching the age of five, if subject to current age-specific mortality rates.	World Bank

[3] One notable change is that Chile became a high-income economy only in 2013. Chile was an upper-middle income economy during the period examined in this study.

Expenditure and Outcome Patterns

This section examines the potential relationship between spending in the sectors under discussion and outcome indicators. High-level comparisons are based on expenditure as a percentage of GDP and per capita. We do not examine the statistical significance of relationships and do not devise theoretical models that explain the causality of spending and outcome relationships. Further examination would require that: 1) explanatory variables (expenditure) be made comparable by, for example, adjusting per capita GDP for purchasing power parity; 2) theoretical models be developed so that dependent variables (outcomes) are properly explained; and 3) statistical significance be quantified. Further examination may also require that the sample size be expanded.

The figures presented in this section shows how outcome indicators relate to per capita expenditure. Each figure includes three dimensions, two of which are represented by the horizontal and the vertical axis of the figure and one of which is represented by the size the figure bubbles. By convention, the size of the bubbles represents per capita expenditure or, on occasion, expenditure as a percentage of GDP.

Upper-middle income countries are identified in green, low middle income countries are in orange and high income countries (Chile) are presented in blue.

	High income countries
	Upper-middle income countries
	Low-middle income countries

Prior to highlighting potential relationships between expenditure and desirable outcomes, one should make the observation that many of the countries examined do not uniformly classify expenditure according to the COFOG functions. Broader adoption and usage of the classification set would enable independent researchers and government analysts to assemble larger data sets and to perform more rigorous analysis of expenditure and the impact of public sector expenditure on the outcomes of each sector.

Government Effectiveness

Countries with higher per capita combined expenditure in the sectors under discussion generally had higher levels of perceived government effectiveness. Of the 14 countries selected, Chile scored highest, with an effectiveness rating of 1.25 and average per capita expenditure during 2009-2012 of $2,262 ($2,221 excluding public debt transactions). The Dominican Republic and Ecuador, the lowest scoring countries within their income group, had effectiveness rates of -0.55 and -0.51, respectively, and per capita expenditure of $733 and $1,139, respectively ($490 and $1,009 excluding public debt transactions). In general, upper-middle income countries were perceived as being more effective than lower-middle income counties.

Figure 1 shows the scores of the 14 countries in the Public Institutions Index and Government Effectiveness against the sum of per capita expenditure in the sectors under review (size of bubbles), excluding public debt transactions. Larger bubbles appear closer to the upper right corner in this figure, indicating a potential relationship between higher per capita expenditure and higher scores in both indices. In addition, the bubbles are aligned near a trend line that slopes from the lower left corner to the upper left corner, which indicates a close relationship between higher scores in Government Effectiveness and higher scores in the Public Perception Index.

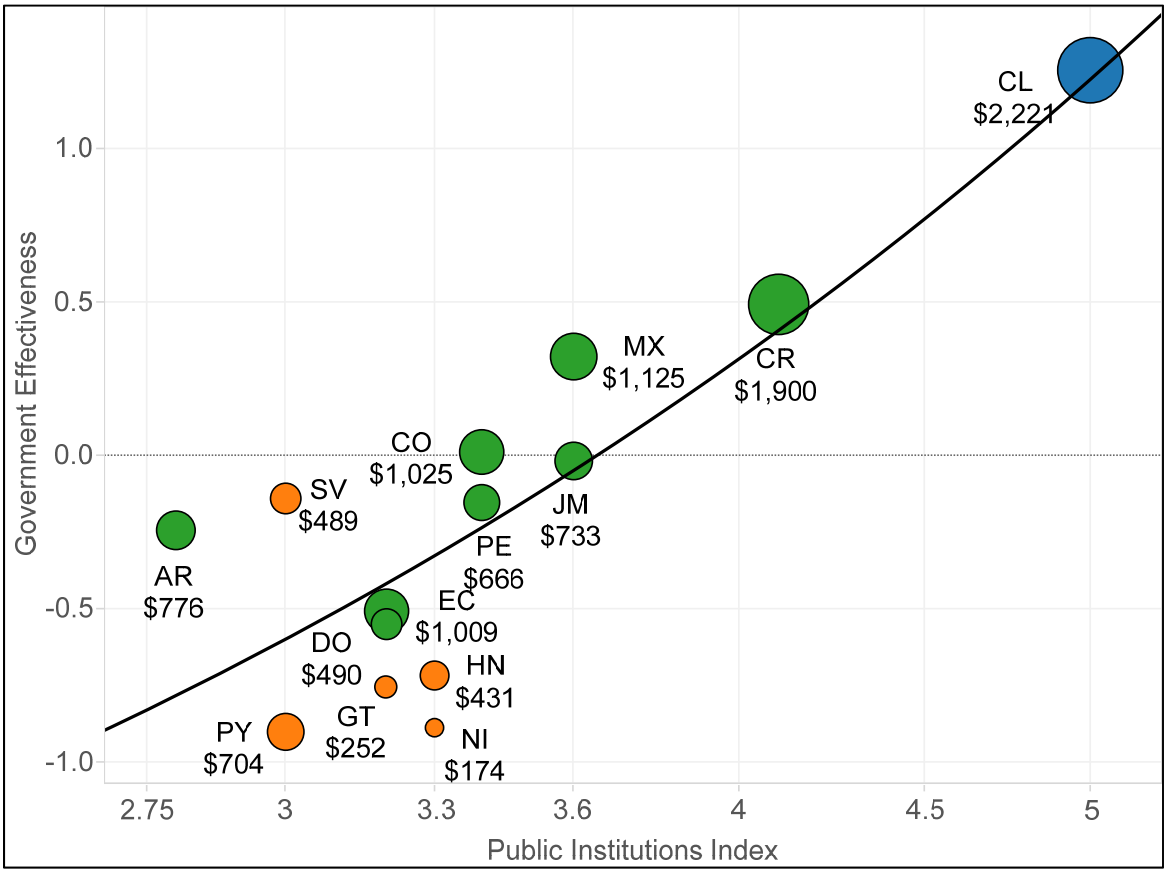


Figure 1: Government Effectiveness scores in 2012 and Public Institutions Index scores in 2012 vs. combined average annual per capita expenditure during 2009-2012 in the sectors under discussion (size of bubbles)

Similar observations were made for other indicators related to perceptions of government effectiveness, such as the Corruption Perception Index and Government Waste.

Interestingly, a relationship may exist between government effectiveness and expenditure on Social Protection and, to a lesser extent, expenditure on Education and Health. Figure 2 indicates that countries with higher per capita expenditure on Social Protection (size of the bubbles) were perceived as both being more effective and having better public institutions. Paraguay and Argentina were interesting cases in the lower-middle and upper-middle income groups, respectively – as in Figure 1 – as they had high expenditure per capita in the sector, but received low scores in both Government Effectiveness and the Public Institutions Index. Jamaica was also an interesting case, given its low expenditure on Social Protection, but average Government Effectiveness and Public Institution Index scores.

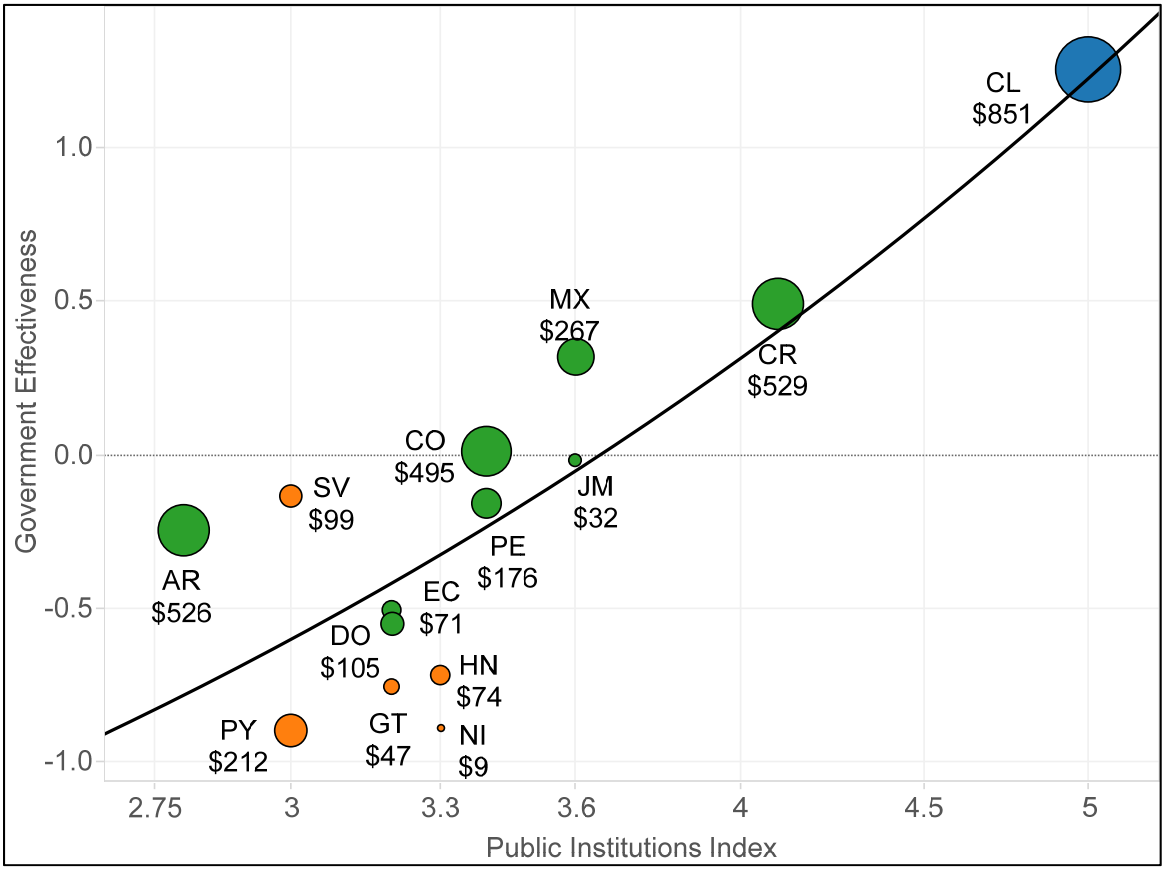


Figure 2: Government Effectiveness scores in 2012 and Public Institutions Index scores in 2012 vs. average annual per capita expenditure on Social Protection during 2009-2012 (size of bubbles)

Human Development

Figure 3 presents the relationship between UNDP's HDI and total per capita expenditure in the selected sectors, with the size of the bubbles reflecting expenditure as a percentage of GDP. The trend in this figure suggests that, as per capita expenditures increased (along the horizontal axis), HDI scores also tended to increase (along the vertical axis). Chile emerged at the top of the group with HDI of 0.819, while Guatemala and Nicaragua had the lowest HDI scores of 0.581 and 0.599, respectively.

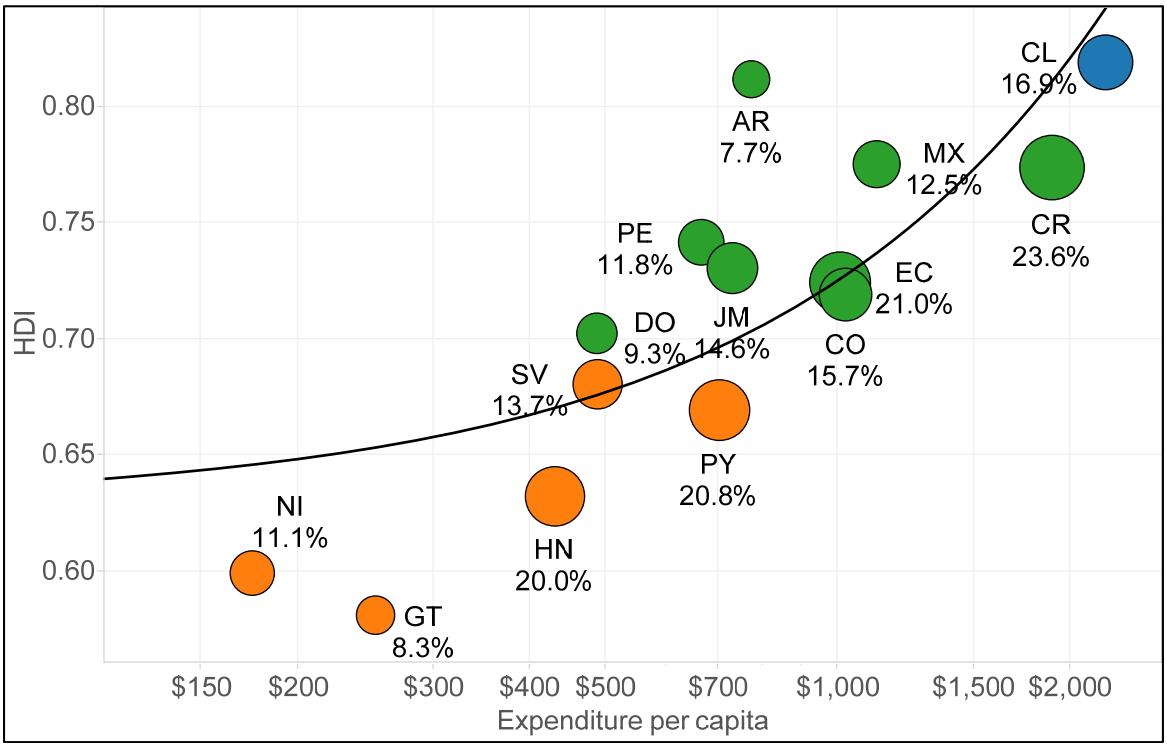


Figure 3: HDI scores in 2012 vs. combined average annual per capita expenditure and average expenditure as a percentage of GDP during 2009-2012 in the sectors under discussion (size of bubbles)

Figure 4 presents expenditure per capita only on Social Protection (horizontal axis) and expenditure as a percentage of GDP only on Social Protection (size of bubbles). Larger bubbles in Figure 4 are concentrated in the upper portion of the graph, indicating that higher expenditure on Social Protection as a percentage of GDP may contribute to higher HDI scores.

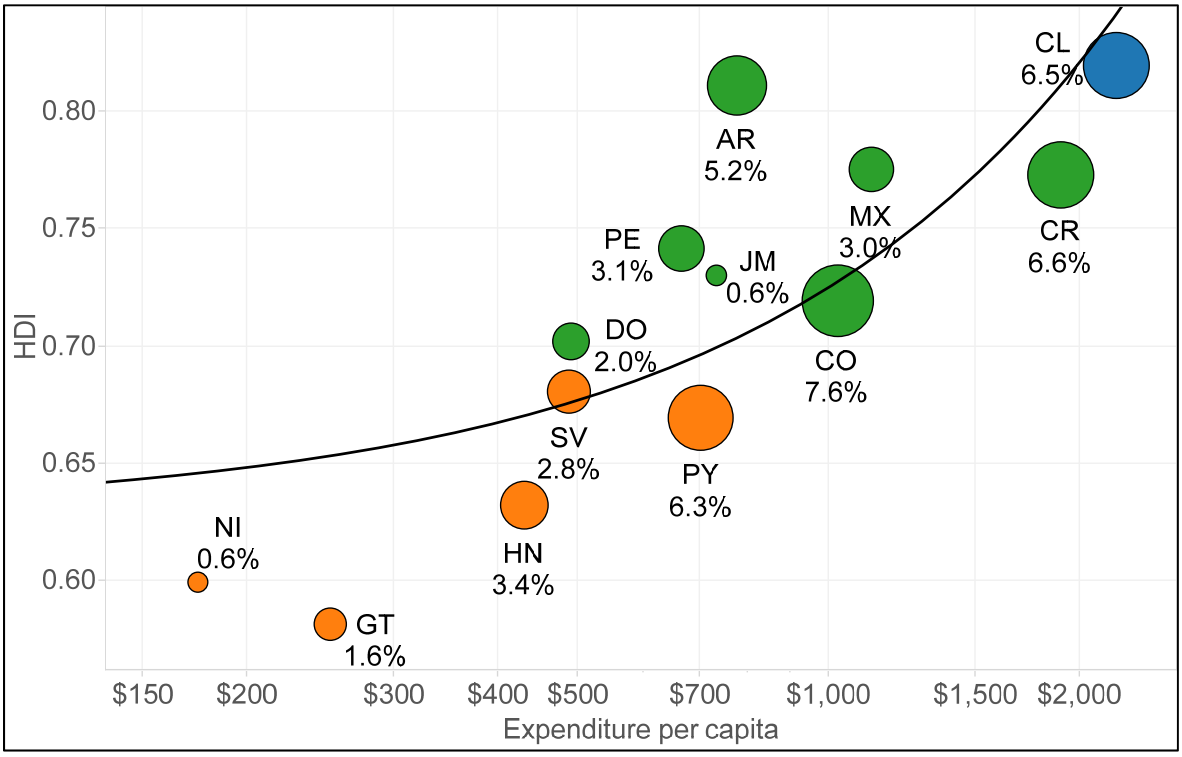


Figure 4: HDI scores in 2012 vs. average annual per capita expenditure and average expenditure as a percentage of GDP on Social Protection during 2009-2012 (size of bubbles)

Public Order and Safety

The analysis of Public Order and Safety expenditure and outcome indicators indicated no relationship between spending on Public Order and Safety and indicators such as homicide rate and the reliability of police. Figure 5 shows homicide rates (horizontal axis) and reliability of police scores (vertical axis) against per capita expenditure in this sector (size of bubbles). There is no observable pattern that aligns the size of bubbles along the horizontal or vertical axis. This finding seems to contradict the conventional thinking regarding increasing budgets in this sector as a way of reducing the incidence of violent crime.

Honduras' relatively high reliability of police score was of interest, given its low spending in this sector and its high homicide rate. Argentina was also of interest, since it demonstrated a very low homicide rate as well as very low reliability of police scores. Argentina's spending on Public Order and Safety, including on police services, was also low in comparison to peers. Jamaica spent significantly on Public Order and Safety ($150 per capita annual average) and specifically on police services ($148), but received average scores for reliability of police and demonstrated a high homicide rate.

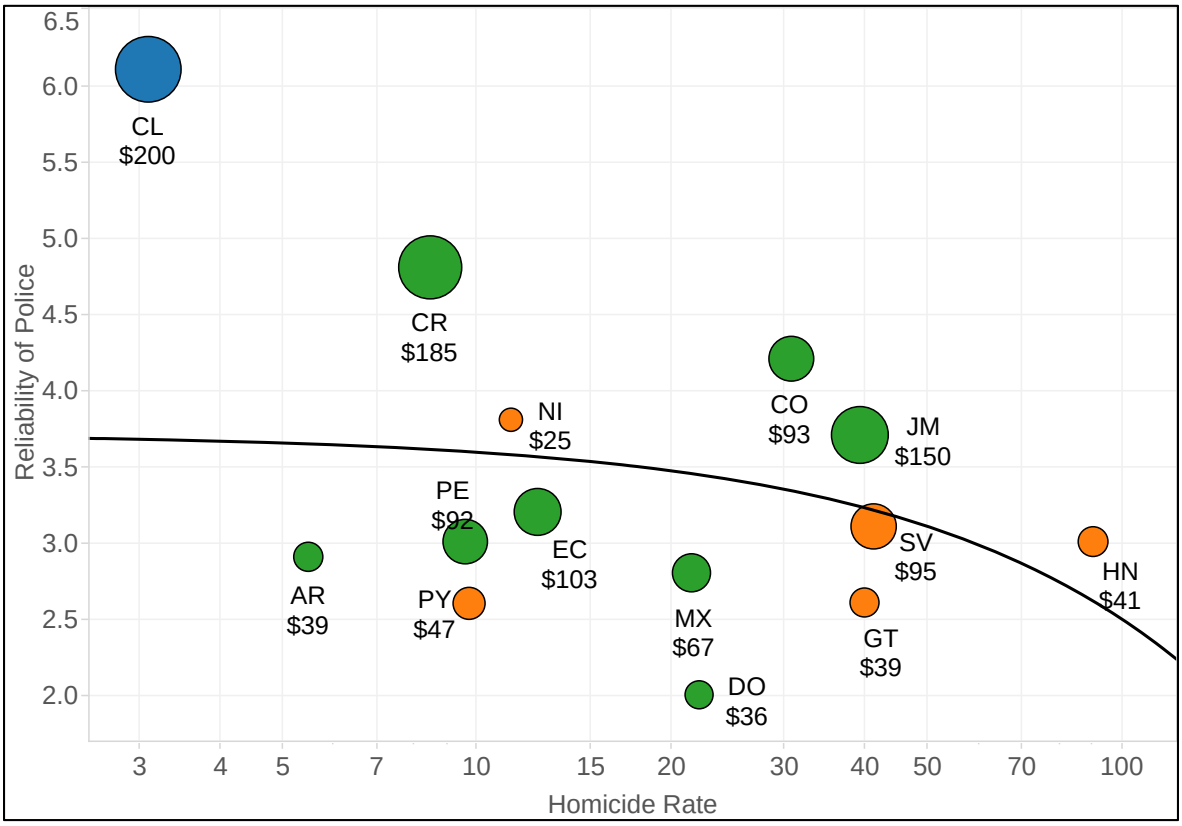


Figure 5: Homicide Rates in 2012[4] and Reliability of Police scores in 2012 vs. average annual per capita expenditure on Public Order and Safety during 2009-2012 (size of bubbles)

[4] Except Argentina, the homicide rate of which was for 2010.

Expenditure by Income Group

Figure 6 shows average combined expenditure in the selected sectors as a percentage of GDP (bars) and per capita (symbols) in each of the income groups during 2009-2012. Excluding public debt transactions, expenditure per capita increased during the time period, by 50% in the lower-middle income group, 46% in the upper-middle income group, and 41% in Chile. Expenditure as a percentage of GDP increased in the lower- and upper-middle income groups, but decreased in Chile, by 2.2, 0.6, and -1.4 percentage points, respectively. The 2012 level of per capita expenditure in the lower-middle income group was similar to the level of per capita expenditure in the upper-middle income group in 2009.

The combined expenditure in the sectors under discussion was higher in upper-middle income countries in per capita terms, but similar to that of lower-middle income countries as a percentage of GDP. As discussed below, lower-middle income countries spent more as a percentage of GDP on General Public Services and Social Protection than upper-middle income countries, but less on Public Order and Safety, Health, and Education.

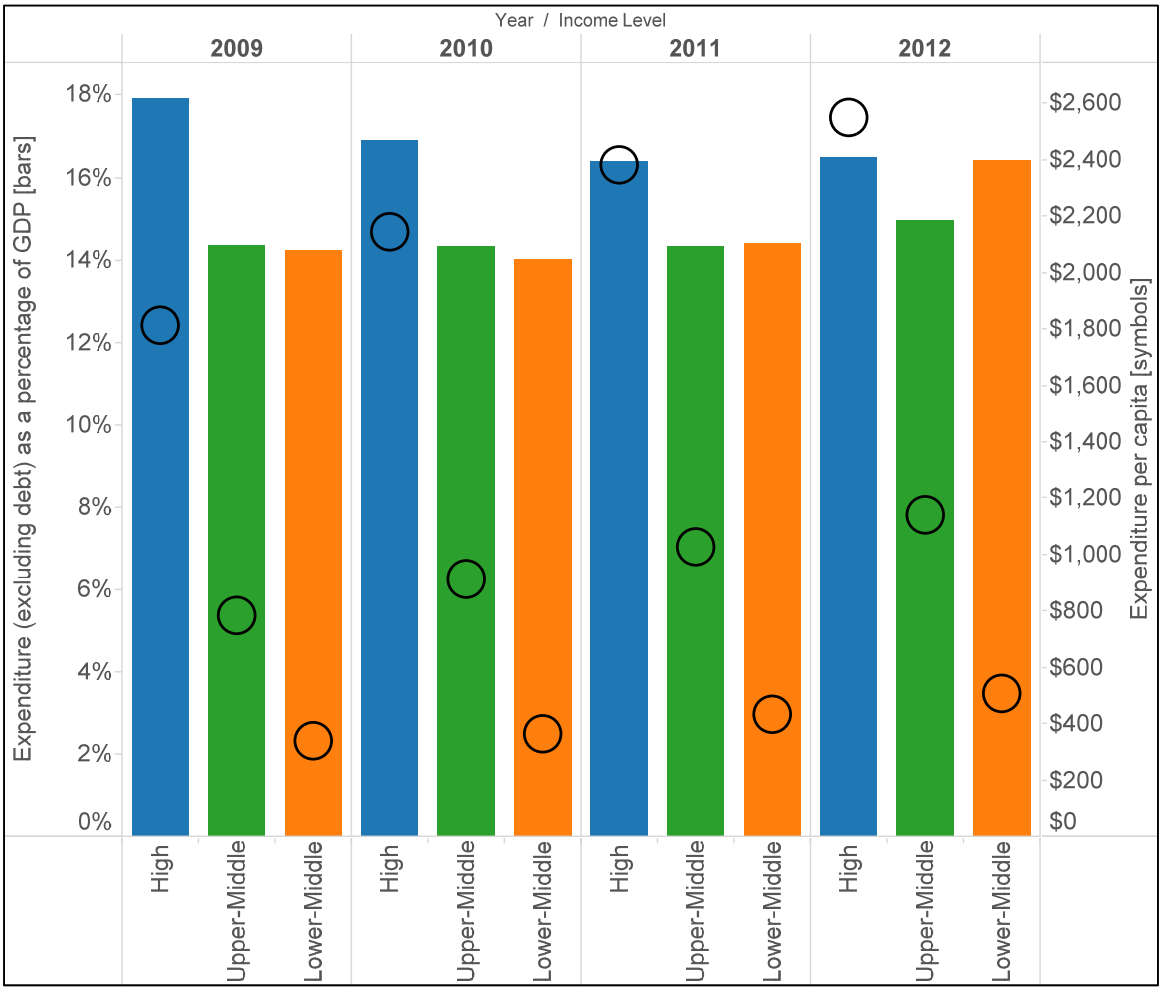


Figure 6: Average expenditure in the income group as a percentage of GDP and per capita

Upper-Middle Income Group

During 2009-2012, the average annual per capita expenditure by the upper-middle income countries on General Public Services (excluding public debt transactions), Public Order and Safety, Health, Education, and Social Protection per capita was $193, $96, $151, $250, and $275, respectively (3.2%, 1.5%, 2.2%, 3.8%, and 3.7% as a percentage of GDP). Spending during the first three years was highest in Education, while spending in 2012 was highest in Social Protection. Spending throughout the period was consistently lowest in Public Order and Safety.

Expenditure per capita increased consistently across all sectors between 2009 and 2012, at an average of 13% per year. This increase was highest in Social Protection (16% per year) and lowest in Education (11% per year). Combined expenditure in the sectors under discussion as a percentage of GDP increased slightly, by 0.6 percentage points during the four-year period, excluding public debt transactions. As indicated in Figure 7, increases of 0.2 percentage points were observed in General Public Services, Public Order and Safety, and Social Protection. Expenditure on Health increased by 0.1 percentage points. Expenditure on Education fell by 0.1 percentage points.

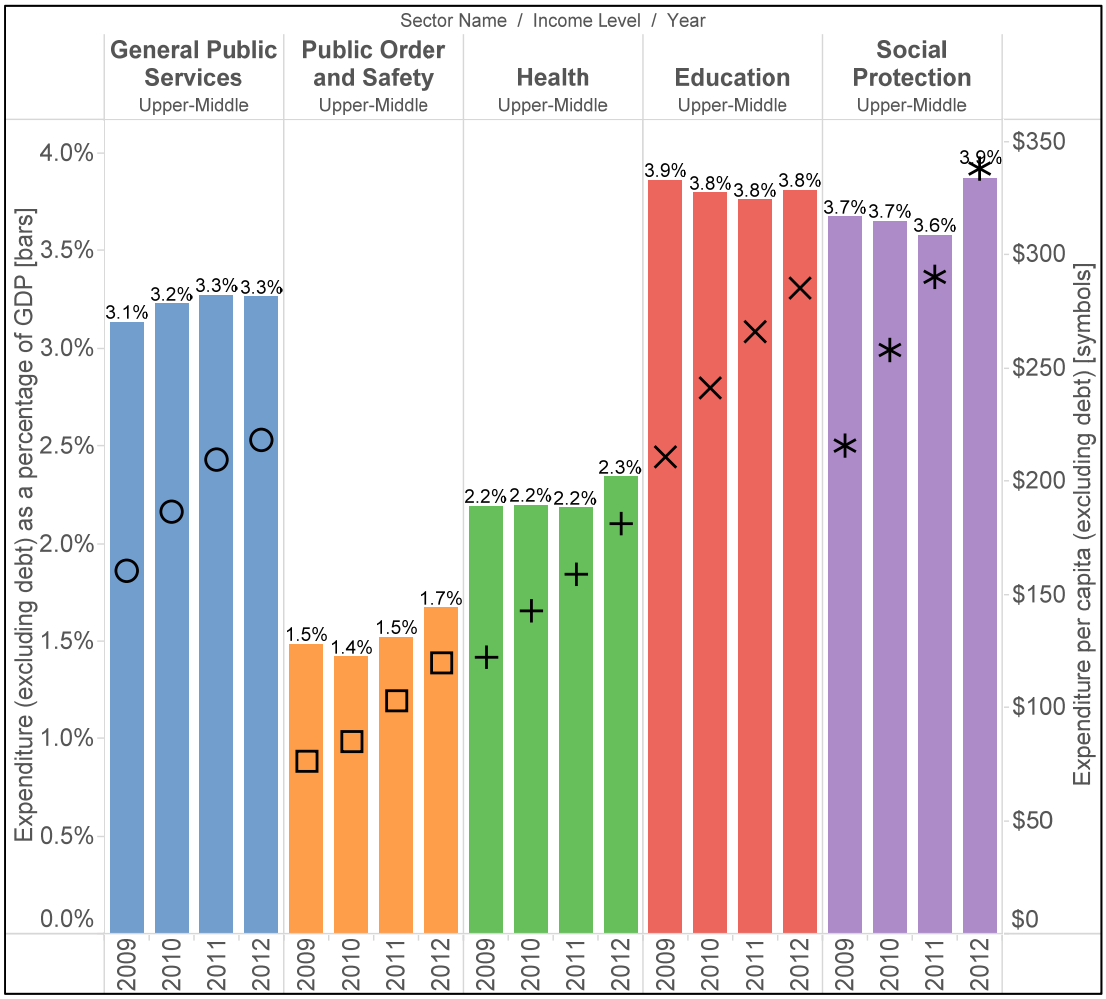


Figure 7: Expenditure in the upper-middle income group as a percentage of GDP and per capita

Lower-Middle Income Group

During 2009-2012, in the lower-middle income countries, the average annual expenditure on General Public Services (excluding public debt transactions), Public Order and Safety, Health, Education, and Social Protection per capita was $83, $50, $69, $120, and $88, respectively (2.9%, 1.8%, 2.6%, 4.6%, and 2.9% as a percentage of GDP). Spending during the period was consistently highest in Education and lowest in Public Order and Safety.

Expenditure per capita increased consistently across all sectors between 2009 and 2012, at an average of 15% per year. This increase was highest in General Public Services (24% per year) and lowest in Education (8% per year). Figure 8 shows changes in expenditure as a percentage of GDP. Expenditure as a percentage of GDP increased significantly in General Public Services (1.1 percentage points) and Social Protection (0.8 percentage points), increased slightly in Public Order and Safety and Health (0.2 percentage points), and decreased in Education (-0.1 percentage points).

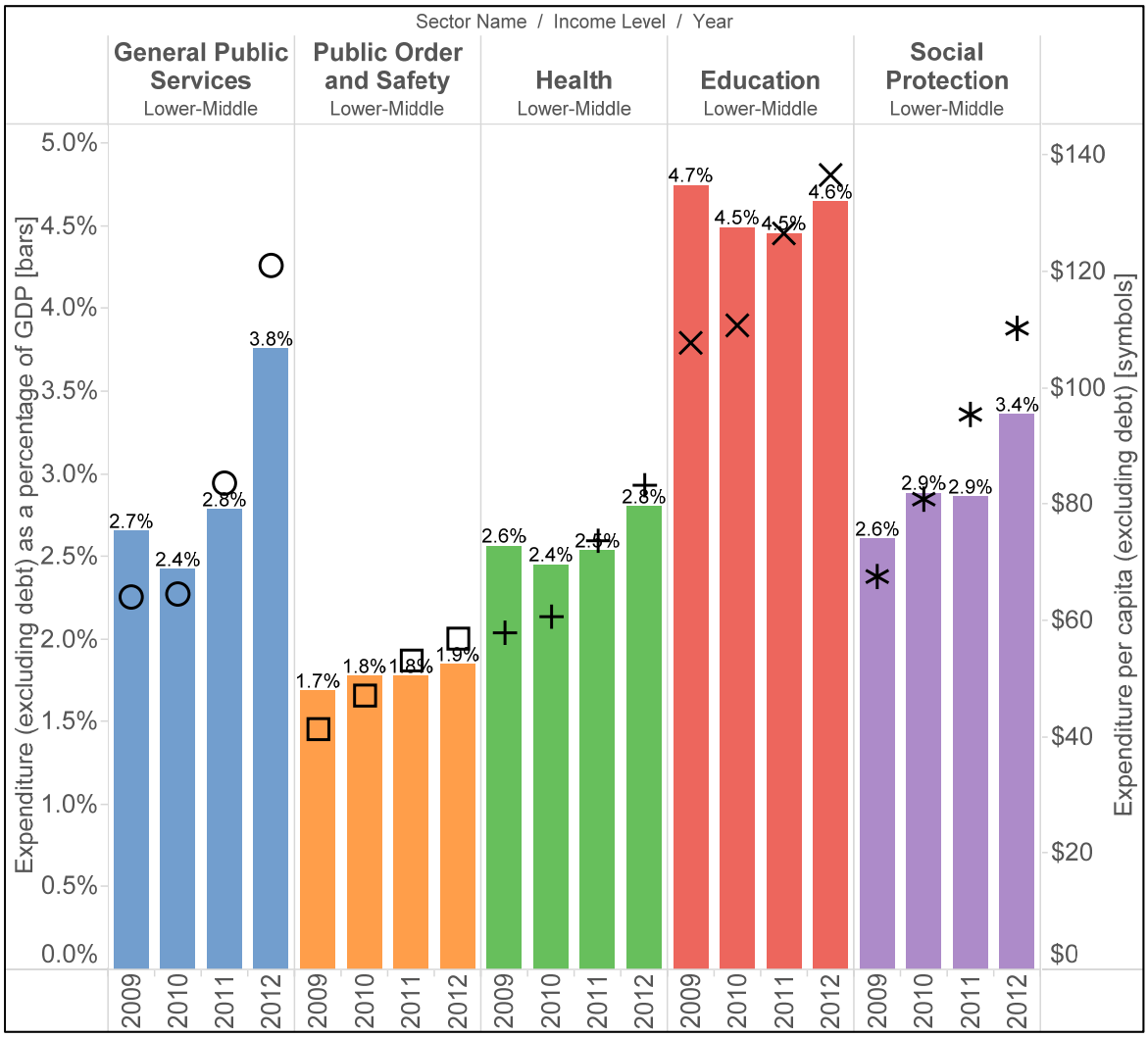


Figure 8: Expenditure in the lower-middle income group as a percentage of GDP and per capita

Country Profiles for Further Examination: Chile, Nicaragua and El Salvador

Chile was the only high income country in this study[5] and demonstrated high expenditure and high outcome indicator scores. Of the remaining countries included in the analysis, Nicaragua and El Salvador were interesting cases. Nicaragua had low expenditure per capita relative to its peer countries and lagged in most indicators. El Salvador also had low expenditure per capita but, in contrast, exhibited high scores in many of the key socio-economic indicators.

- Of the 14 countries in this study, Nicaragua had the lowest expenditure per capita in the sectors under discussion,[6] with an annual average of $174 (excluding public debt transactions), and consistently scored low on every socio-economic indicator. It had the second lowest HDI of the 14 countries with a score of 0.599 (second to Guatemala with 0.581), the second lowest score in the Government Effectiveness indicator with an index of -0.89 (second to Paraguay with -0.90), the lowest number of hospital beds per 100,000 persons at 0.9, and the lowest secondary school enrollment rate at 46% in 2010 (Guatemala's rate was the same).
- El Salvador was able to achieve relatively high scores in several indicators despite its low expenditure – both as a percentage of GDP and per capita. El Salvador demonstrated relatively low expenditure per capita in the sectors under discussion, with an annual average of $489 (excluding public debt transactions). Yet, its performance in terms of infant mortality, perceptions of public institutions, government waste, infrastructure quality, corruption, and HDI was consistently above the lower-middle income country averages.

[5] According to current income group definitions (fiscal year 2015). Chile was an upper-middle income country during 2009-2012.

[6] Combined as well as in each sector, excluding Health. Argentina had the lowest average annual per capita expenditure on Health.

Expenditure by Sector

Over the four-year period, the 14 countries examined demonstrated the highest expenditure on General Public Services and the lowest expenditure on Public Order and Safety, both in per capita terms and as a percentage of GDP.

All sectors showed an increase in per capita expenditure across the four-year period, with Social Protection exhibiting the highest increase ($198 in 2009 to $301 in 2012, for an average annual increase of 15%) and Education exhibiting the lowest increase ($189 in 2009 to $256 in 2012, for an average annual increase of 11%). Education was the only sector that decreased as a percentage of GDP during the period examined, by 0.1 percentage points over the whole period. Social Protection showed the highest increase, 0.4 percentage points between 2009 and 2012.

General Public Services (701)

Average annual expenditure on General Public Services for the 14 countries in this study was approximately 7.0% of GDP and $360 per capita. The upper-middle income countries included in this study spent more as a percentage of GDP and per capita on General Public Services (8.8% of GDP; $511 per capita) than lower-middle income countries (5.3% of GDP; $152 per capita).

Expenditure in this sector was overwhelmingly dominated by public debt transactions (7017), at 4.1% of GDP or $209 per capita, as is reflected in Figure 10 below. Excluding public debt transactions, average expenditure as a percentage of GDP in this sector over the period was slightly higher in the upper-middle income group (3.2% of GDP) than in the lower-middle income group (2.9% of GDP), as shown in Figure 9. Annual expenditure in this sector per capita in the two income groups, excluding public debt transactions, was $193 and $83, respectively. Average expenditure on public debt transactions (7017) also had the most notable difference between income groups, as indicated in Figure 9. It reached 5.6% of GDP or $318 per capita for the upper-middle income group versus 2.3% of GDP or $69 per capita for lower-middle income countries. This difference was largely due to Jamaica's public debt, which was significantly larger than any other country in the sample (25.5% of GDP or $1,271 per capita versus 5.6% of GDP or $366 per capita for Colombia, the next highest). When Jamaica was excluded, the upper-middle income group's average public debt transaction expenditure fell to 2.8% of GDP or $182 per capita.

The growth of spending in the sector was higher for lower-middle income countries than for upper-middle income countries (1.1 percentage points versus 0.2 percentage points, respectively, excluding public debt transactions). Ecuador and Paraguay were interesting cases. Excluding public debt transactions, Ecuador had the highest expenditure as a percentage of GDP in this sector, at 11.5% of GDP or $555 per capita. Paraguay had the largest growth rate in this sector for the four-year period, increasing from 3.3% of GDP in 2009 to 8.2% of GDP in 2012.

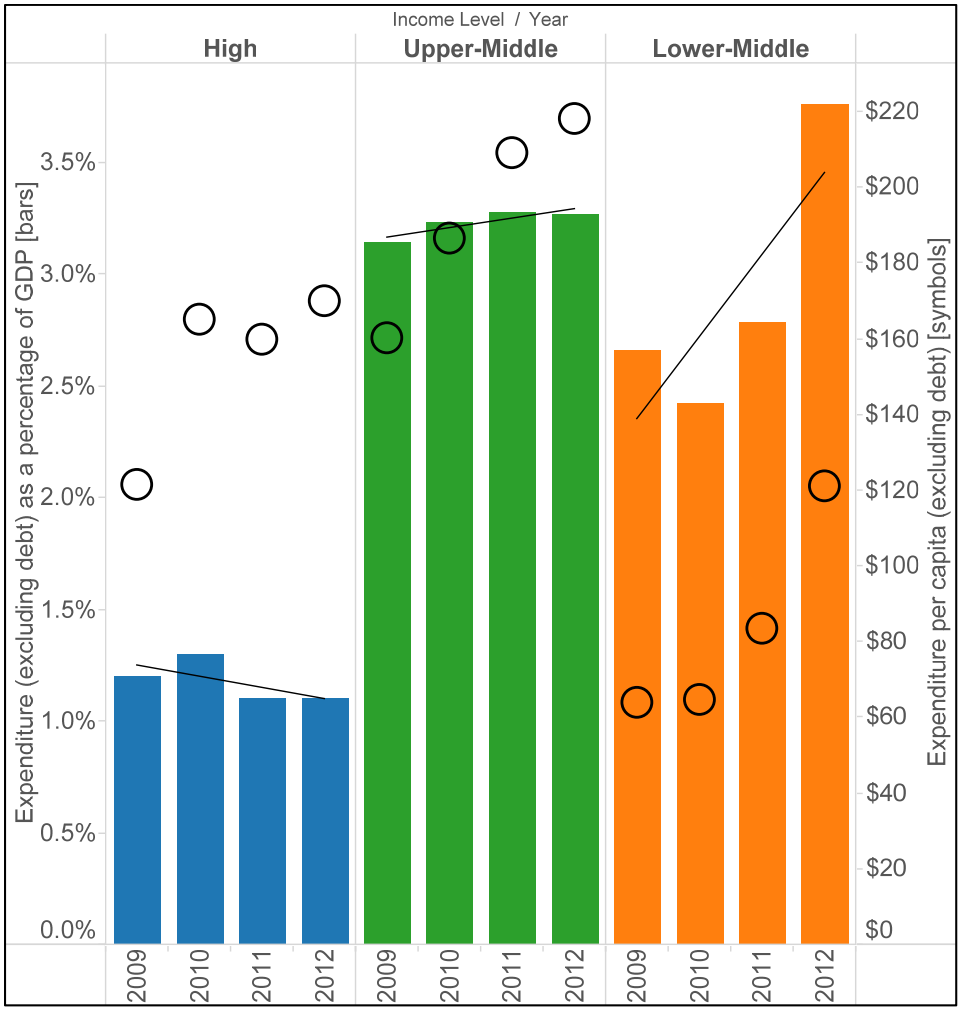


Figure 9: Average expenditure on General Public Services as a percentage of GDP and per capita in each income group during 2009-2012

Spending by Function

Function ID	Description
7011	Executive and Legislative Organs, Financial and Fiscal Affairs, External Affairs
7012	Foreign Economic Aid
7013	General Services
7014	Basic Research
7015	R&D General Public Services
7016	General Public Services N.E.C
7017	Public Debt Transactions
7018	Transfers of a General Character Between Different Levels of Government

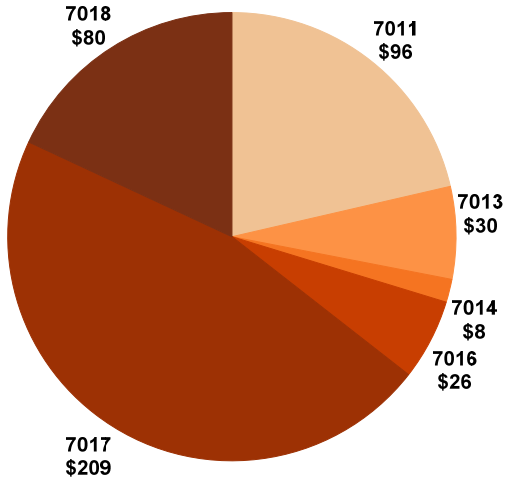


Figure 10: Average annual per capita expenditure on General Public Services by function during 2009-2012[7 8]

All countries reported some level of disaggregation of expenditure on General Public Services using the functional classifications above.[9] Public debt transactions (7017) were the largest functional expenditure in this sector, averaging $209 per capita per year or 4.1% of GDP per year. As noted above, public debt transactions remained the largest functional expenditure when Jamaica was excluded from the computations. Excluding public debt transactions, the largest functional expenditure in the sector was in executive and legislative organs, financial and fiscal affairs, and external affairs (7011), which averaged $96 per capita or 2.0% of GDP per year over the four years. The lowest functional expenditure was in basic research (7014), which averaged $8 per capita or 0.1% of GDP.

Overall, expenditure in all functions trended upward, with the exception of executive and legislative organs, financial and fiscal affairs, external affairs (7011). As a percentage of GDP, this function decreased in 2012 to levels lower than those in 2009, primarily because Ecuador likely reclassified expenditure from 7011 to 7016.[10] Annual per capita spending on General Public Services, excluding public debt transactions, increased in all countries, except in Guatemala, where it decreased from $45 in 2009 to $34 in 2012. As a percentage of GDP, this

[7] Foreign economic aid (7012) and R&D general public services (7015) were excluded from the figures and analysis, as only Ecuador reported using these functional classifications and the reported amounts were zero.

[8] Certain countries changed the functional categories they used to report expenditure in this sector during 2009-2012. Since some functional categories were underrepresented in specific years, the sum of the annual per capita averages of functional expenditures did not match the annual per capita average in the sector.

[9] All countries reported using the function public debt transactions (7017) and all countries but Nicaragua reported using function executive and legislative organs, financial and fiscal affairs, external affairs (7011). Nine countries reported using the general services (7013) and five-to-six countries reported using the classifications basic research (7014), general public services n.e.c. (7016), and transfers of a general character between different levels of government (7108).

[10] The data for Ecuador showed a sharp decrease in 2012 in spending as a percentage of GDP in 7011, but a sharp increase in spending on 7016. There is no other evidence that Ecuador reclassified expenditure.

decrease was 0.7 percentage points over the four years. Paraguay's expenditure in this sector as a percentage of GDP increased significantly, by 4.9 percentage points during the four years.

Expenditure in this sector as a percentage of GDP was slightly higher in the upper-middle income group than in the lower-middle income group (3.2% vs. 2.9% of GDP excluding public debt transactions). In per capita terms, the upper-middle income group spent significantly more that the lower-middle income group ($193 vs. $83 per capita annually). Excluding public debt transactions, expenditure on General Public Services grew significantly in lower-middle income countries (1.1 percentage points over the four years), but modestly in upper-middle income countries (0.2 percentage points).

Indicators

Since expenditure on General Public Services supports the general government administration, the authors examined the potential relationship between this expenditure, excluding public debt transactions, and perceptions of government effectiveness and corruption. The data did not indicate such relationships.

- The average Corruption Perception Index score for lower-middle income countries was 31. Paraguay's and El Salvador's expenditure in this sector were somewhat similar, at 4.6% and 3.0% of GDP or $160 and $106 per capita, respectively, but these two countries demonstrated the minimum and maximum Corruption Perception Index scores, at 25 and 38, respectively. The average Corruption Perception Index score for upper-middle income countries was 37. Argentina and Costa Rica spent the least in this sector, at 0.8% and 1.1% of GDP or $81 and $86 per capita, respectively, but demonstrated one of the lowest and the highest scores of 35 and 54, respectively. The lowest scores were those of the Dominican Republic and Ecuador, at 32 each. Ecuador's expenditure in this sector was highest, at 11.5% of GDP or $555 per capita, while the Dominican Republic's expenditure was 2.5% of GDP or $129 per capita. Chile's Corruption Perception Index score was 72. Chile spent 1.2% of GDP or $154 per capita on General Public Services, excluding public debt transactions.
- The average government effectiveness score for lower-middle income countries was -0.68. The minimum and maximum scores were -0.90 and -0.14 for Paraguay and El Salvador, respectively. As noted above, these countries spent similar amounts on General Public Services, excluding public debt transactions. The average government effectiveness score for upper-middle income countries was -0.08. The Dominican Republic and Ecuador demonstrated the lowest scores, at -0.55 and -0.51. Cost Rica demonstrated the highest score at 0.49. Chile scored 1.25.

Public Order and Safety (703)

Expenditure on Public Order and Safety averaged 1.6% of GDP and $87 per capita for the 14 countries during 2009-2012. Lower-middle income countries had higher levels of expenditure as a percentage of GDP than upper-middle income countries (1.8% of GDP vs. 1.5% of GDP, respectively), but lower per capita expenditure levels ($50 vs. $96). Expenditure in this sector increased overall over the four year time frame across countries by similar margins (0.17 percentage points for lower-middle income countries and 0.16 for upper-middle income countries). Somewhat significant increases in expenditure as a percentage of GDP occurred in Colombia and Guatemala (0.9 and 0.7 percentage points, respectively, over the four-year period). The largest decrease was observed in Jamaica (-0.3 percentage points).

Jamaica spent the most as a percentage of GDP in this sector (3.0% annual average), and Chile had the highest per capita expenditure ($200 annual average). Argentina spent the least as a percentage of GDP (0.4%), and Nicaragua had the lowest per capita expenditure ($25).

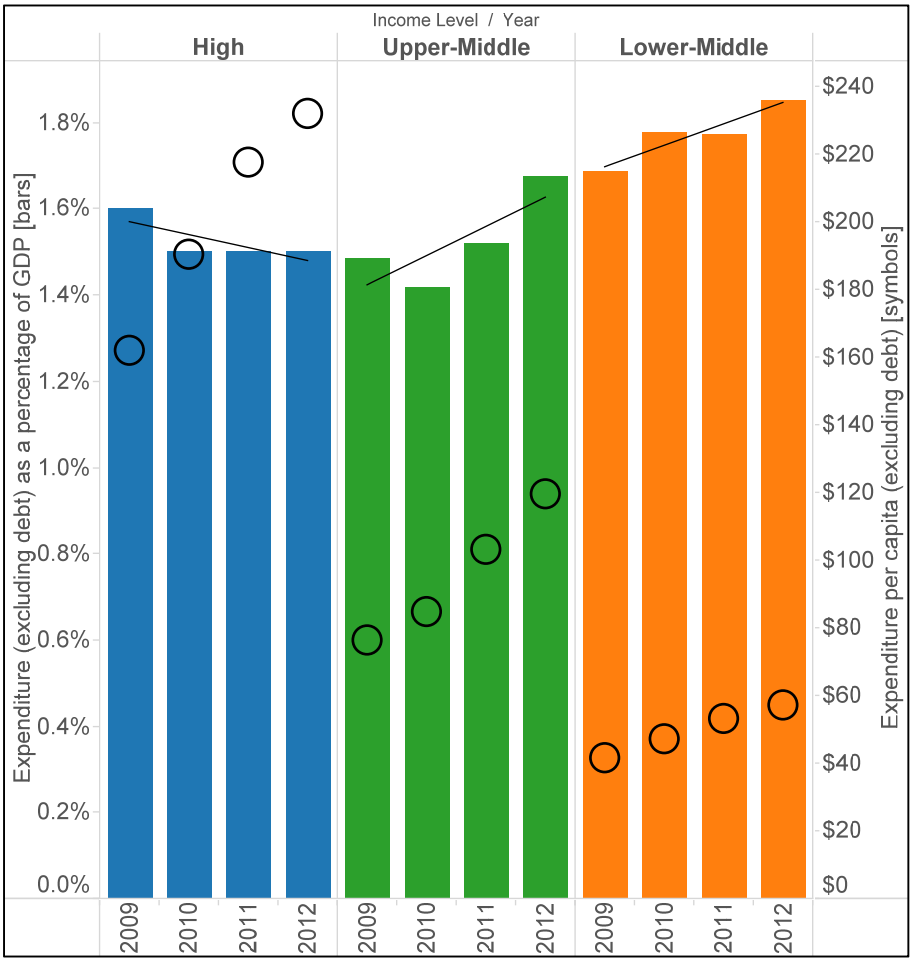


Figure 11: Average expenditure on Public Order and Safety as a percentage of GDP and per capita in each income group

Spending by Function

Function ID	Description
7031	Police Services
7032	Fire-Protection Services
7033	Law Courts
7034	Prisons
7035	R&D Public Order and Safety
7036	Public Order and Safety N.E.C

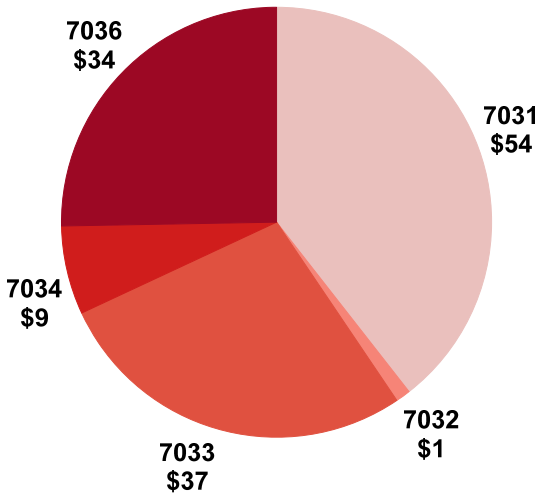


Figure 12: Average annual per capita expenditure on Public Order and Safety by function during 2009-2012[11] [12]

Ten of the 14 countries reported expenditure in this sector using some of the functional classifications above. For these countries, the highest average expenditure occurred in police services (7031), at $54 per capita annually or 0.9% of GDP. Jamaica spent significantly more on police services than the remainder of the countries in this study in per capita terms ($118 annual average). Spending on police services in Ecuador and Mexico was relatively high as a percentage of GDP (2.3% and 1.4%, respectively). Excluding fire protection services (7032)[13], the lowest average expenditure occurred in prisons (7034) at $9 per capita or 0.1% of GDP.

Expenditure in these functions as a percentage of GDP was relatively constant between 2009 and 2012, with decreases of 0.1 percentage points in police services (7031), law courts (7033), and public order and safety not elsewhere classified ((7036).

Indicators

Indicator scores varied significantly within and between the two income peer groups. The average homicide rate in lower-middle income countries was 38.5 per 100,000 of population (the minimum and maximum rates were 9.7 and 90.4 for Paraguay and Honduras, respectively). The average homicide rate in upper-middle income countries was 18.7 (the minimum and maximum rates were 5.5 and 39.3 in Argentina and Jamaica, respectively). Chile's intentional homicide rate was 3.1 per 100,000 of population. The average score for the reliability of police for lower-middle income countries was 3.0 (the minimum score was 2.6 for Guatemala and Paraguay each; the maximum score was 3.8 for Nicaragua). The average score for the reliability of police for

[11] The function R&D public order and safety (7035) was excluded from the figures and analysis. Only Ecuador reported using this classification and only in 2012. The reported amount was zero.

[12] Certain countries changed the functional categories they used to report expenditure in this sector during 2009-2012. Since some functional categories were underrepresented in specific years, the sum of the annual per capita averages of functional expenditures did not match the annual per capita average in the sector.

[13] Only Ecuador and Honduras reported spending on fire-protection services (7032), at an annual average of $1 per capita.

upper middle income countries was 3.3 (Argentina demonstrated the lowest score of 2.8 and Costa Rica demonstrated the highest score of 4.8). Chile's reliability of police score was 6.1.

There was no immediately apparent relationship between expenditure on Public Order and Safety and homicide rates or the perceptions of the reliability of police, as shown in Figure 5 above.[14] Spending on Public Order and Safety, on the other hand, seemed to be related to CPI and government waste, as shown on Figure 13. Ecuador, Mexico and Peru represent interesting cases, as they had relatively high expenditure per capita in this sector, but relatively poor scores on these indicators.

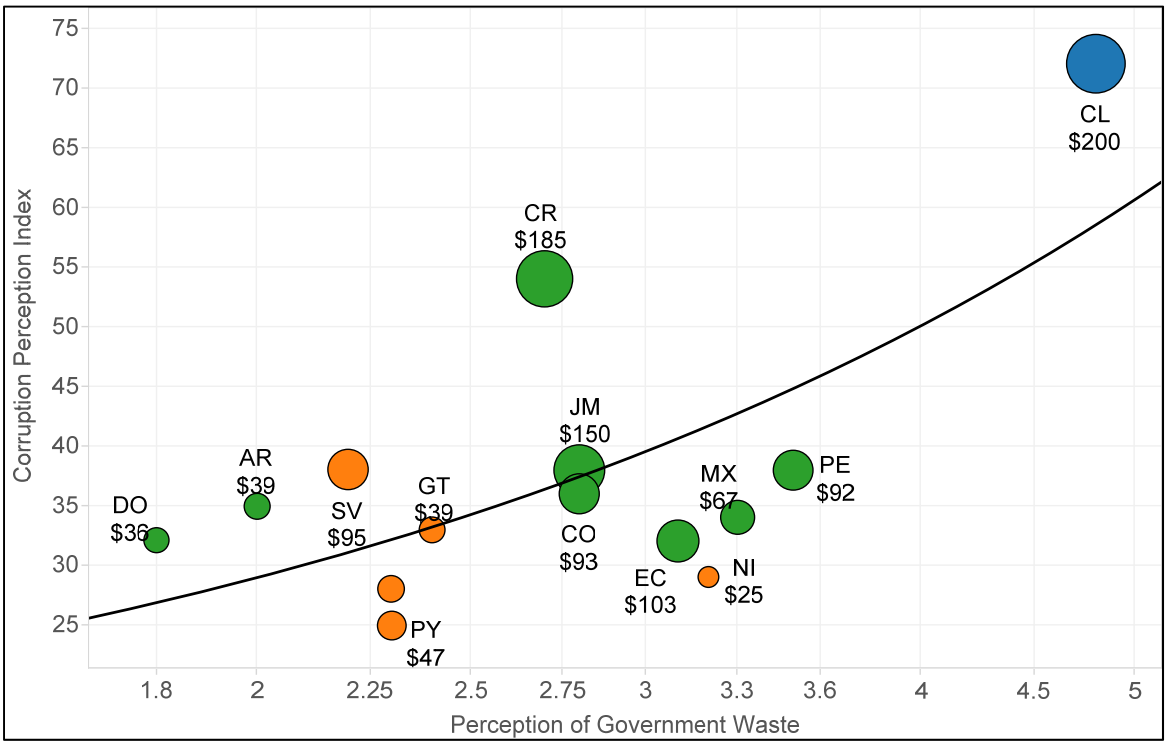


Figure 13: Corruption Perception Index scores in 2012 and Government Waste scores in 2012 vs. average annual per capita expenditure on Public Order and Safety during 2009-2012 (size of bubbles)

[14] The highest (negative) correlation, albeit not statistically significant, was found, in fact, between homicide rates and spending on education.

Health (707)

Overall, expenditure on Health averaged 2.5% of GDP and $145 per capita annually for the years 2009 to 2012 in the 14 countries examined. Costa Rica's expenditure in this sector, at 6.6% of GDP annual average and $532 per capita, was disproportionately larger than the expenditure of other countries. The second highest was Chile, with 3.7% of GDP and $484 per capita annual averages.

Countries in the lower-middle income group spent 2.6% of GDP on Health. Countries in the upper-middle income group spent 2.2% of GDP. Excluding Costa Rica, however, the upper-middle income group average was only 1.6% of GDP. In terms of per capita expenditure, the upper-middle income group outspent the lower-middle income group ($151 per capita versus $69 per capita, respectively).

Expenditure on Health as a percentage of GDP increased slightly during the four years, by 0.2 percentage points. This increase occurred largely in 2012 and was observed across income groups. Paraguay was the only country in which a significant change was observed during the period. Expenditure on Health in Paraguay increased as a percentage of GDP by 1.0 percentage point during the four-year period.

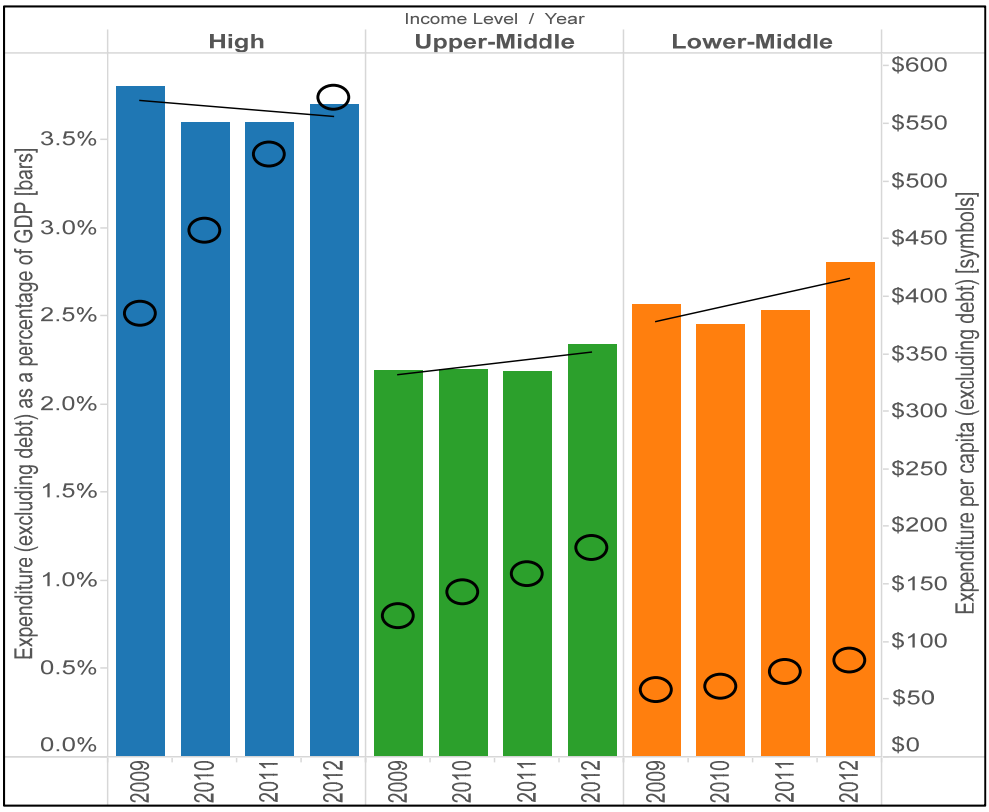


Figure 14: Average expenditure on Health as a percentage of GDP and per capita in each income group

Spending by Function

Function ID	Description
7071	Medical Products, Appliances and Equipment
7072	Outpatient Services
7073	Hospital Services
7074	Public Health Services
7075	R&D Health
7076	Health N.E.C.

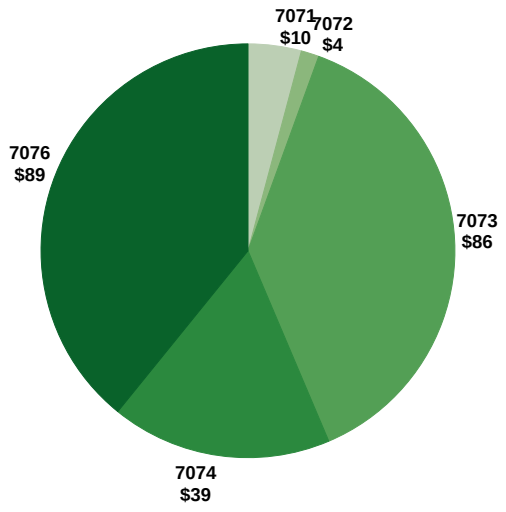


Figure 15: Average annual per capita expenditure on Health by function during 2009-2012[15] [16]

Six of the countries examined did not provide expenditure figures by functional classification for the Health sector. As a result, the function with the highest expenditure was health not elsewhere classified (n.e.c.) (7076), at $89 per capita annually or 1.6% of GDP. The remaining spending on Health was primarily reported in hospital services (7073), at $86 per capita or 1.1% of GDP, and public health services (7074), at $39 per capita or 0.8% of GDP.[17] [18]

Expenditure by functional classification was relatively constant during the period. In the lower-middle income group, expenditure on public health services (7074) decreased somewhat notably from a 1.9% of GDP average in 2009 to 1.4% of GDP average in 2010. Only El Salvador and Paraguay reported using this functional classification in 2009. Guatemala and Honduras began reporting by this functional classification in 2010. Expenditure on public health services (7074) as a percentage of GDP in Guatemala and Honduras was lower than that of El Salvador and Paraguay, which contributed to the decrease in the average spending on this function in 2010.

Indicators

Higher expenditure per capita in the Health sector, mainly in the high and upper-middle income groups appeared to be related to lower under-5 morality rates and higher average numbers of hospital beds per 1,000 people. This is reflected in Figure 16, which illustrates the relationship

[15] The nonzero amounts reported in function 7075 (R&D public order and safety) were small and averages appear as zero.

[16] Certain countries changed the functional categories they used to report expenditure in this sector during 2009-2012. Since some functional categories were underrepresented in specific years, the sum of the annual per capita averages of functional expenditures did not match the annual per capita average in the sector.

[17] Only Ecuador and Guatemala reported spending on medical products, appliances, and equipment (7071) and outpatient services (7072). The corresponding annual per capita averages were $10 and $4.

[18] The discrepancy between the ratio of per capita expenditure on hospital services (7073) and on public health services (7074) and the ratio of expenditure as a percentage of GDP on these two functions is due to the fact that Paraguay reported expenditure on public health services (7074) at an average of 2.9% of GDP, but did not report expenditure on hospital services (7073).

between hospital beds per 1,000 people, under-five mortality rate, and per capita expenditure (with bubble size denoting average per capita expenditure). Lower-middle income countries demonstrated worse outcomes than upper-middle income countries (higher mortality rates, at 23.4 vs. 17.9 per 1,000 live births, and lower number of average hospital beds, at 0.9 vs. 1.9 per 100,000 people). In general, smaller per capita expenditure on health in Argentina was an exception to the trend. Argentina reported very low ($43) per capita expenditure, but demonstrated a very high average of hospital beds (4.7 per 100,000 people) and very low under-5 mortality rates (14.2 per 1,000 live births).

Ecuador and the Dominican Republic reported higher average numbers of hospital beds when compared to their income group peers (1.6 and 1.7 per 100,000 people, respectively), and yet they had higher under-5 mortality rates than all other upper-middle income groups (23.3 and 27.1 per 1,000 live births, respectively). El Salvador, on the other hand, had low per capita expenditure ($73) and a relatively low average of hospital beds (1.1 per 100,000 people), but had a lower under-5 mortality rate than the rest of the countries in its income peer group (15.9 per 1,000 live births) and the majority of upper middle income countries.

Figure 16: Hospital beds per 1,000 people in 2012[19] and Under-5 mortality rate per 1,000 live births in 2012 vs. average annual per capita expenditure on Health during 2009-2012 (size of bubbles)

[19] 2012 data except for the following countries, the data for which were from 2011: Chile, Dominican Republic, Ecuador, Guatemala, Mexico, and Paraguay.

There also appeared to be a positive relationship between per capita expenditure on Health and HDI and infant mortality, which can be observed in Figure 17. Bubble size in the graph denotes per capita expenditure on Health. Guatemala, Nicaragua, and Dominican Republic had the three highest rates of infant mortality, with the first two registering the lowest per capita expenditure on Health. Chile and Costa Rica had the lowest infant mortality rates of the group (7.8% and 8.6%, respectively), but they also ranked at the top in per capita expenditure ($484 and $532 annual averages, respectively). Argentina was an interesting case again, with one of the lowest per capita expenditures ($43 annual average), but among the top three in both HDI and low infant mortality (0.811 and 12.7%, respectively).

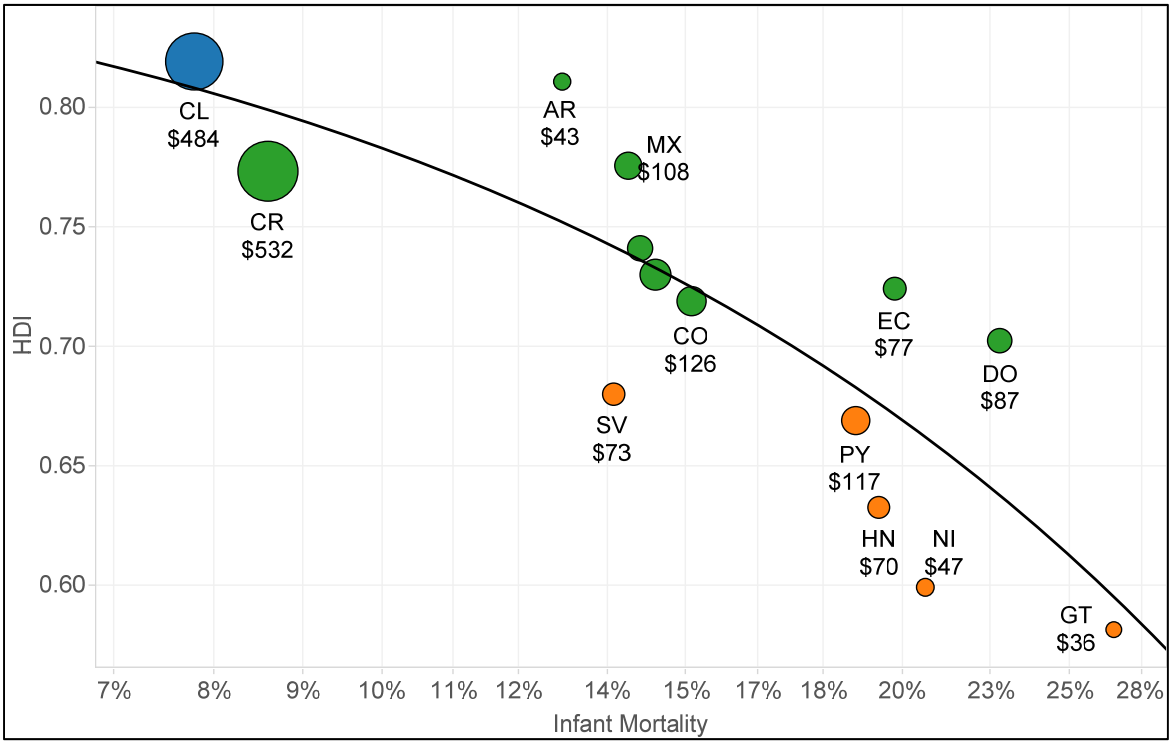


Figure 17: HDI scores in 2012 and Infant Mortality rates in 2012 (size of bubbles) vs. average annual per capita expenditure on Health during 2009-2012

There also seemed to be a positive relationship between expenditures in Health and perceptions of government effectiveness, lower corruption, and better public institutions. This relationship was less apparent in the upper-middle income group. Further examination is needed, as the sample size of lower-middle income countries was relatively small.

Education (709)

Expenditure on Education averaged 4.1% of GDP or $224 per capita in the 14 countries annually during 2009-2012. The Education sector was the only sector, in which expenditure as a percentage of GDP fell between 2009 and 2012, by 0.1 percentage points. Expenditure per capita increased, from $189 in 2009 to $256 in 2012. Somewhat larger increases in expenditure on Education as a percentage of GDP were observed in the Dominican Republic and Paraguay (0.6 percentage points for each between 2009 and 2012). Significant decreases were observed in Jamaica and Nicaragua (1.1 and 0.8 percentage points, respectively).

The lower-middle income group outspent the upper-middle income group as a percentage of GDP (4.6% of GDP versus 3.8% of GDP respectively). In both groups, expenditure as a percentage of GDP declined by 0.1 percentage points over the four year period. Per capita expenditure was higher in the upper-middle income than in the lower-middle income countries, at $250 per capita and $120 per capita respectively. Costa Rica and Honduras had the highest expenditure levels in their respective income groups, at 7.1% of GDP and 7.6% of GDP respectively. The lowest spending as a percentage of GDP in the upper-middle income group was in Argentina (0.9% of GDP over the four-year period). Guatemala demonstrated the lowest level of spending as a percentage of GDP in the lower-middle income group (3.0% of GDP).

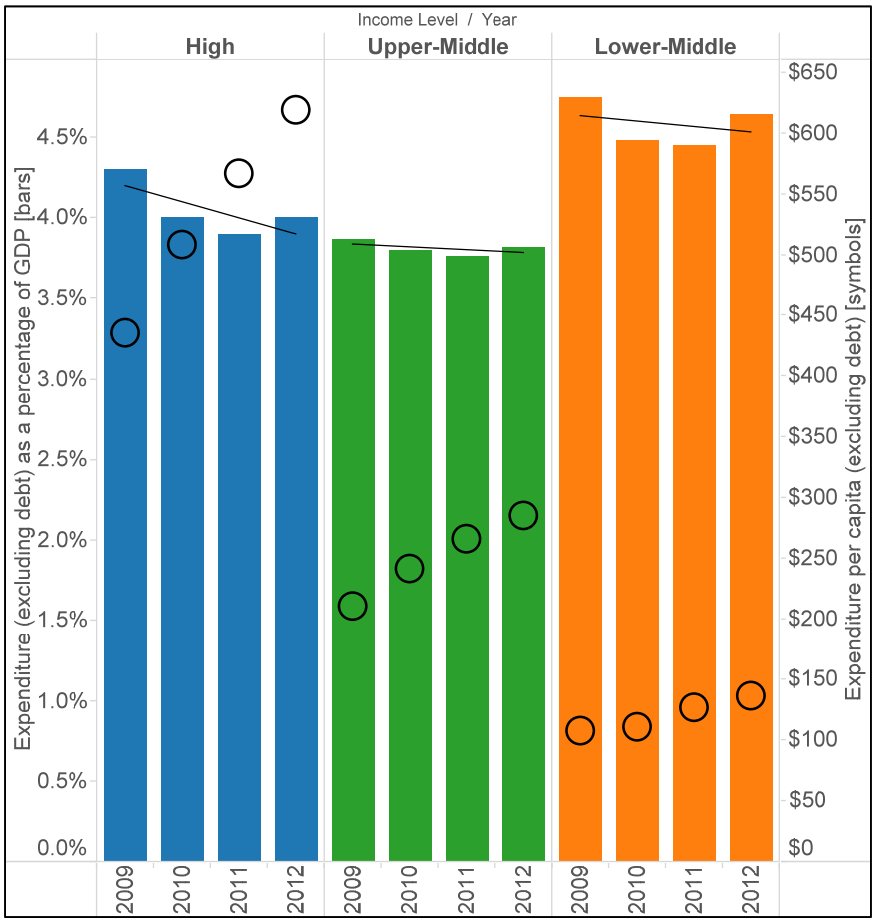


Figure 18: Average expenditure on Education as a percentage of GDP and per capita in each income group

Spending by Function

Function ID	Description
7091	Pre-Primary and Primary Education
7092	Secondary Education
7093	Post-Secondary Education
7094	Tertiary Education
7095	Education Not Definable by Level
7096	Subsidiary Services to Education
7097	R&D Education
7098	Education N.E.C

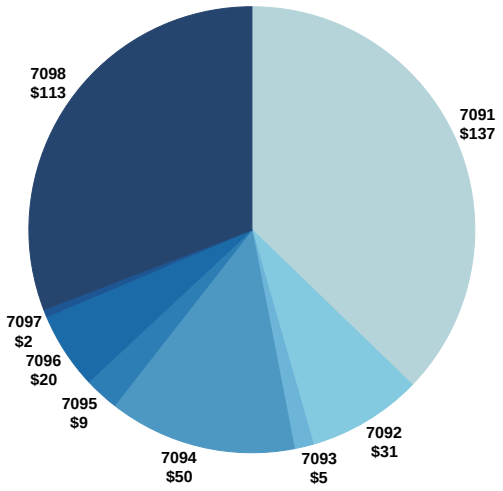


Figure 19: Average annual per capita expenditure on Education by function during 2009-2012[20]

Few of the countries examined provided expenditure data by functional classification, and there were a variety of approaches to classifying expenditure in this sector.[21] As a result, the functional classification with the highest expenditure was pre-primary and primary education (7091), at $137 per capita annually or 1.8% of GDP. Spending on education n.e.c. (7098) was the second highest, at $113 per capita or 2.4% of GDP.[22]

Expenditure across functions was relatively constant in the upper-middle income group. Expenditure on R&D for education (7097) saw a spike in 2011 driven by Ecuador, but fell back to its previous levels by 2012. Expenditure in the lower-middle income experienced a large decrease in education n.e.c. (7098), offset by large increases in secondary education (7092).

[20] Certain countries changed the functional categories they used to report expenditure in this sector during 2009-2012. Since some functional categories were underrepresented in specific years, the sum of the annual per capita averages of functional expenditures did not match the annual per capita average in the sector.

[21] All countries reported expenditure in education n.e.c. (7098). Seven countries reported expenditure in each of primary education (7091), secondary education (7092), and tertiary education (7094). Only four countries reported expenditure using any of the other functions.

[22] The discrepancy between expenditure as a percentage of GDP and expenditure per capita in functions 7091 and 7098 are due to the fact that only seven countries reported expenditure in 7091, whereas all countries reported expenditure in 7098.

Indicators

Upper-middle income countries and Chile had higher levels of secondary school enrollment. This is depicted in Figure 20. Higher expenditure as a percentage of GDP did not appear to be related to better enrollment rates. Argentina was an interesting case, as the country had both low average expenditure as a percentage of GDP and low per capita expenditure on Education (0.9% and $86, respectively), but an above average secondary enrollment rate of 84%. Nicaragua demonstrated a low secondary enrollment rate (46%) and the lowest per capita expenditure ($64 annual average), as well as below average expenditure as a percentage of GDP (4.1%).

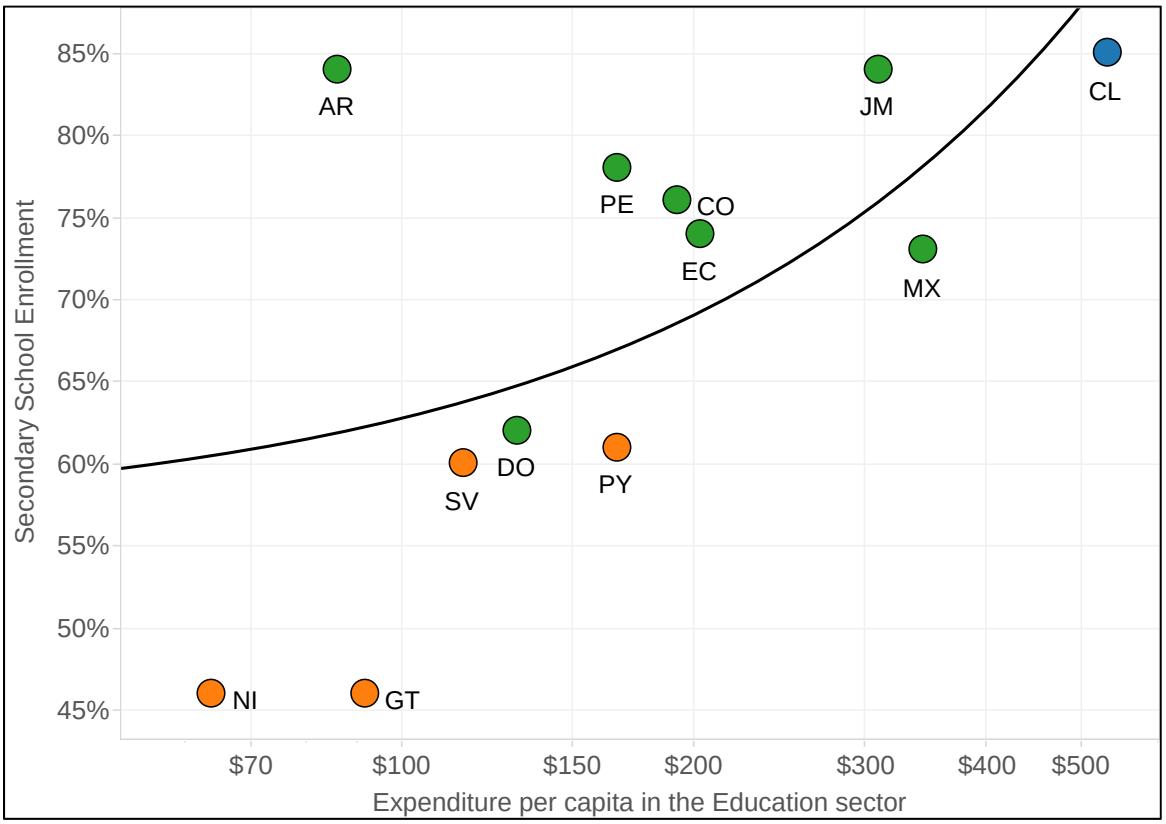


Figure 20: Secondary Enrollment rates in 2011[23] vs. average annual per capita expenditure on Education during 2009-2012

[23] 2011 data, except for the following countries, the data for which were from 2010: Argentina, Guatemala, Jamaica, Nicaragua, and Paraguay. Data for Costa Rica and Honduras were not available.

Social Protection (710)

Expenditure on Social Protection averaged 3.6% of GDP or $250 per capita annually in the 14 countries during 2009-2012. The upper-middle income group outspent the lower-middle income group, both in terms of average expenditure as a percentage of GDP (3.7% and 2.9%, respectively) and average per capita amounts ($275 and $88, respectively). Colombia significantly outspent all other countries as a percentage of GDP (7.6% of GDP during the four-year period). The lowest expenditure as a percentage of GDP was observed in Jamaica and Nicaragua (0.6% of GDP in each during the four-year period).

Significant changes were observed in a number of countries over the four-year period. Expenditure on Social Protection as a percentage of GDP increased significantly in Argentina and Honduras, by 2.3 and 2.8 percentage points, respectively. Significant decreases, of 0.8 and 1.1 percentage points, were observed in Chile and Costa Rica. Average expenditure as a percentage of GDP increased both in the upper-middle and lower-middle income groups, by 0.2 and 0.8 percentage points, respectively.

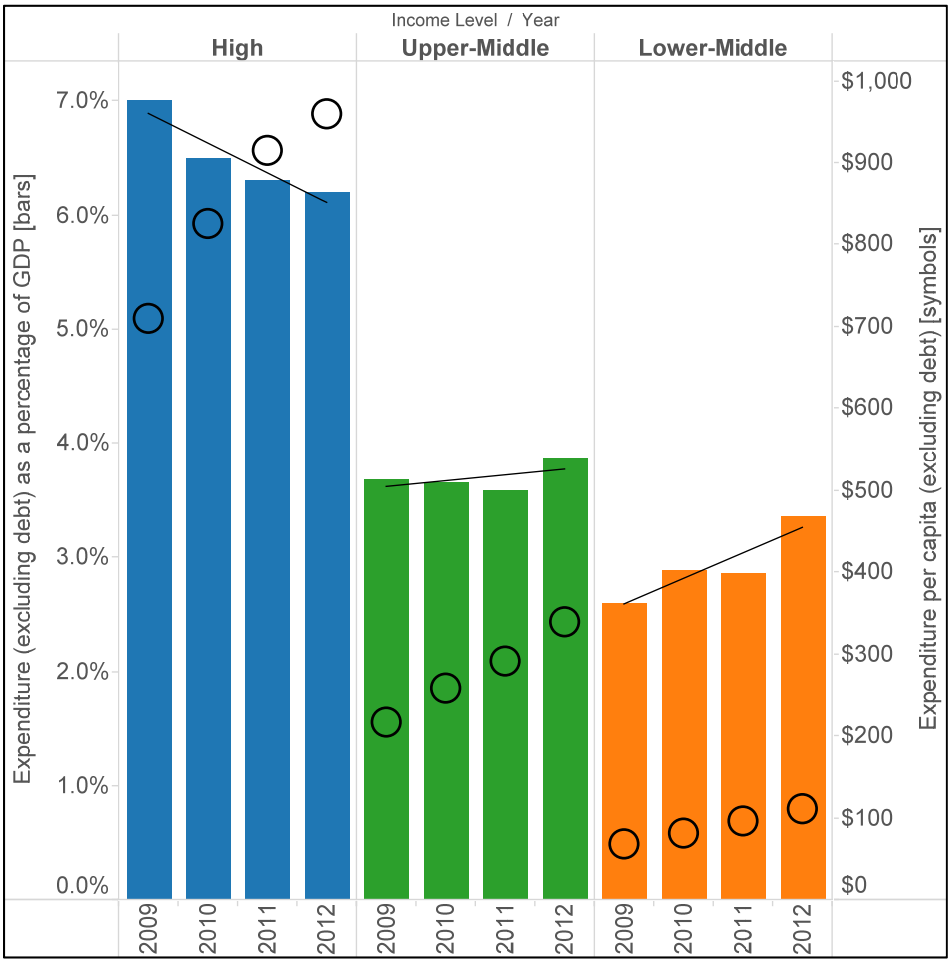


Figure 21: Average expenditure on Social Protection as a percentage of GDP and per capita in each income group

Spending by Function

Function ID	Description
7101	Sickness and Disability
7102	Old Age
7103	Survivors
7104	Family and Children
7105	Unemployment
7106	Housing
7107	Social Exclusion N.E.C
7108	R&D Social Protection
7109	Social Protection N.E.C

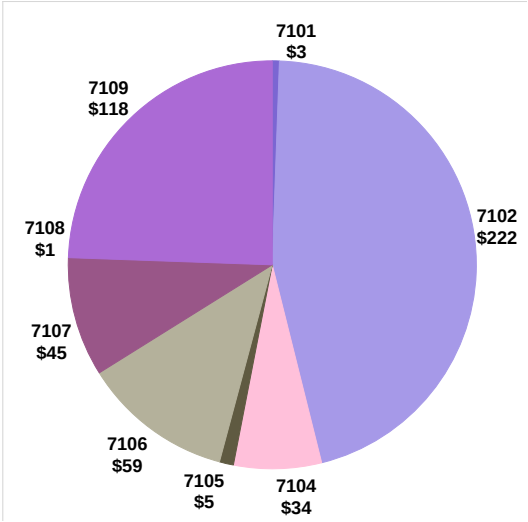


Figure 22: Average annual per capita expenditure on Social Protection by function during 2009-2012[24] [25]

Eight of the countries provided expenditure data by functional classification for the Social Protection sector[26], and they generally differentiated between expenditure on social security and pensions (classified in this report either into the old age (7102), unemployment (7105), social exclusion n.e.c. (7107), and social protection n.e.c. (7109) functions). The functional classifications with the highest level of expenditure in this sector were old age, at $222 per capita or 2.7% of GDP, and social protection n.e.c., at 2.0% of GDP or $118 per capita. Argentina was an interesting case in this category, as the country spent significantly more per capita in Social Protection than in any other sector (six times as much as the next highest sector).

Indicators

There was no apparent relationship between per capita spending on Social Protection and poverty levels or between spending on Social Protection as a percentage of GDP and poverty levels, as seen in Figure 23. Notwithstanding, Colombia presented an interesting case, with expenditure as a percentage of GDP and per capita higher than many of its peers, but a high percentage of its population (8.2%) living below $1.25 PPP per day.

[24] Only Guatemala reported expenditure on survivors (7103) and only in 2012. The reported amount was zero. This function was excluded from the figure.

[25] Certain countries changed the functional categories they used to report expenditure in this sector during 2009-2012. Since some functional categories were underrepresented in specific years, the sum of the annual per capita averages of functional expenditures did not match the annual per capita average in the sector.

[26] All countries reported expenditure in social protection n.e.c. (7109). Five countries reported expenditure in old age (7102), unemployment (7105), and social exclusion n.e.c. Less than three countries reported expenditure in the remaining functions.

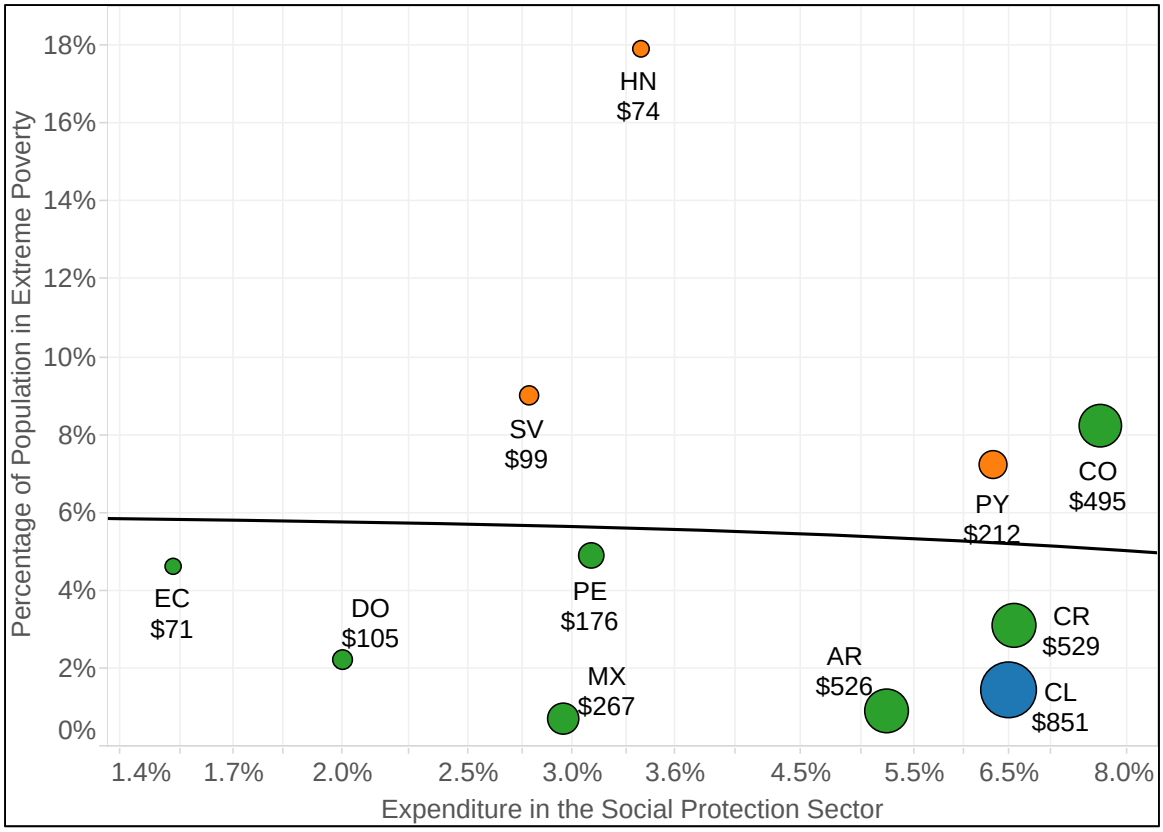


Figure 23: Percentage of the population living below $1.25 (PPP) per day in 2010[27] vs. average annual expenditure on Social Protection as a percentage of GDP and per capita during 2009-2012 (size of bubbles)

Higher expenditure on Social Protection appeared to be related to perceptions of less government waste, better government effectiveness, and a better perception of public institutions, more so than expenditure in other sectors. Higher expenditure on Social Protection also appeared to be related to a higher inequality adjusted HDI (a higher level of development with less inequality).[28]

[27] 2010 data except for the following countries, for which data were from 2009: Chile, Costa Rica, El Salvador, and Honduras. Data for Guatemala, Jamaica, and Nicaragua were not available.

[28] The inequality adjusted HDI of a country is lower than the HDI score of a country, to signify losses due to the unequal distribution of development accomplishments. Notwithstanding, a higher inequality adjusted HDI is still more desirable than a lower inequality adjusted HDI.

I. Annex – Country Details

The following 14 annexes present country-specific detail on each of the countries examined for this report.

1. Argentina (AR)
2. Chile (CL)
3. Colombia (CO)
4. Costa Rica (CR)
5. Dominican Republic (DO)
6. Ecuador (EC)
7. El Salvador (SV)
8. Guatemala (GT)
9. Honduras (HN)
10. Jamaica (JM)
11. Mexico (MX)
12. Nicaragua (NI)
13. Paraguay (PY)
14. Peru (PE)

1. Argentina

The World Bank country and lending group classification places Argentina in the upper-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	309	370	448	477	491	377	342
Nominal GDP growth (%)		0.2	0.2	0.1	0.0	-0.2	-0.1
Real GDP growth (%)	0.9	9.2	8.9	1.9	4.9	-0.7	2.9
GDP per capita (US$)	7,698	9,076	10,852	11,439	11,628	8,834	7,942
GDP per capita growth (%)		0.2	0.2	0.1	0.0	-0.2	-0.1
Government expenditure (% of GDP)	18.9	19.2	20.2	22.1	23.4	23.0	22.7
Government expenditure growth (%)		0.0	0.1	0.1	0.1	0.0	0.0
Government revenue (% of GDP)	18.4	19.4	18.9	20.1	21.4	21.2	21.2
Government revenue growth (%)		0.1	0.0	0.1	0.1	0.0	0.0

Table 1: Argentina – GDP and government finances[29]

Indicator	Argentina	Upper-Middle Income Average[30]
Corruption Perception Index (0-100)	35	37
Government Effectiveness (-2.5-2.5)	-0.25	-0.08
Government Waste (1-7)	2.0	2.8
Homicide Rate (per 100,000 of population)	5.5	18.7
Hospital Beds (per 1,000 population)	4.7	1.9
Human Development Index (0.304-0.955 in 2012)	0.811	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.380	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.653	0.571
Infant Mortality (%)	12.7	15.2
Infrastructure Quality (1-7)	3.4	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	0.9	3.5
Public Institutions Index (1-7)	2.8	3.4
Reliability of Police (1-7)	2.9	3.3
Secondary School Enrollment (% of population of enrollment age)	84	76
Under-5 Mortality (per 1,000 newborn)	14.2	17.9

Table 2: Argentina – indicator scores[31]

[29] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[30] Average for the upper-middle income countries included in this study.

Data

The Government of Argentina classifies public expenditure into the following sectors:

1. Public Administration (Administración Gubernamental)
2. Defense and Security (Servicios de Defensa y Seguridad)
3. Social Services (Servicios Sociales)
4. Economic Services (Servicios Económicos)
5. Public Debt (Deuda Publica)

Expenditure data include the following public sector entities:

- Central government entities
- Decentralized entities

The Government of Argentina does not use COFOG classifications. The following assumptions were used:

COFOG Classification	Government of Argentina Classification
General Public Services	Public Administration (Administración Gubernamental)
	Public Debt (Deuda Publica)
Public Order and Safety	Interior Security (Seguridad Interior)
	Penal System (Sistema Penal)
Health	Health (Salud)
Education	Education and Culture (Educación y Cultura)
Social Protection	Social Assistance (Promoción y Asistencia Social)
	Social Security (Seguridad Social)

[31] 2012 values except: Homicide Rate (2010), Percent of Population on Less than $1.25 a Day (PPP) (%) (2010), and Secondary School Enrollment (2010).

Expenditures

Figure 24 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Argentina. Further detail on each sector is provided below.

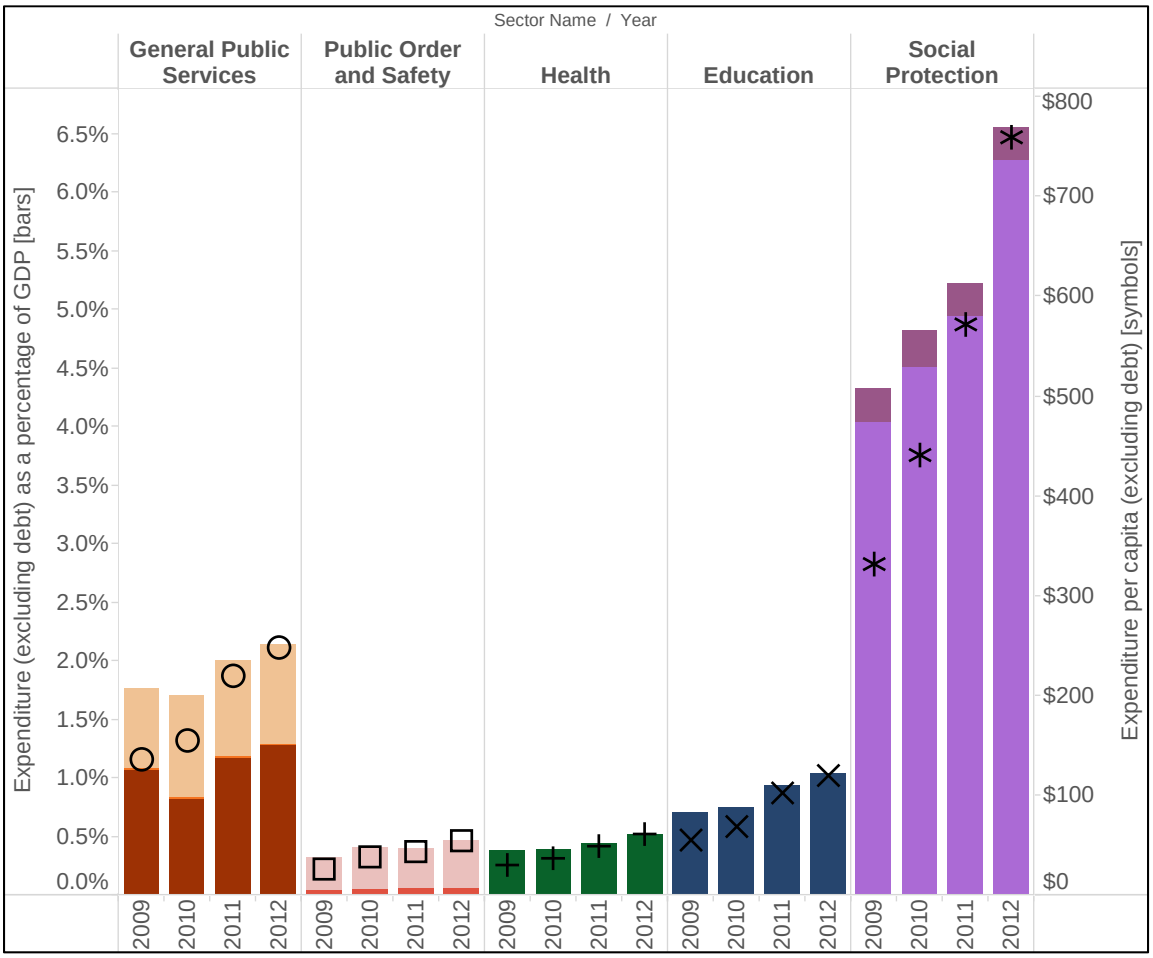


Figure 24: Argentina – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 1.9% of GDP or $189 per capita (0.8% of GDP or $81 per capita excluding public debt transactions).[32] In comparison, the averages for all countries in the upper-middle income group included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Expenditure in the sector increased as a percentage of GDP by 0.3 percentage points during the period (0.1 percentage points excluding public debt transactions).

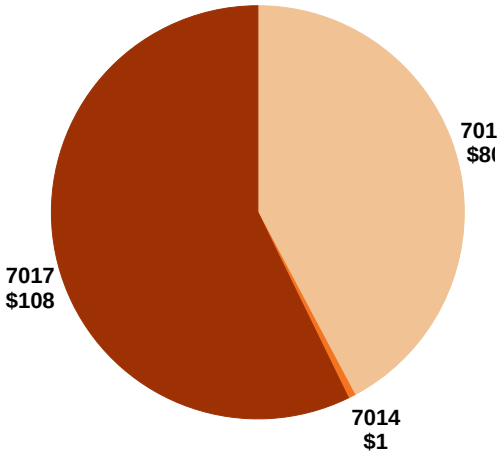


Figure 25: Argentina – average annual per capita expenditure in General Public Services by function during 2009-2012

Expenditure was highest in the public debt transactions (7017) function and lowest in the basic research function (7014), at 1.1% and less than 0.05% of GDP, respectively or $108 and $1 per capita annually. Spending increased as a percentage of GDP in both public debt transactions (7017) and executive and legislative organs, financial and fiscal affairs, external affairs (7011), by 0.2 percentage points each. Spending on basic research remained constant.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 0.4% of GDP or $38 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 1.5% of GDP or $96 per capita. Expenditure in this sector increased as a percentage of GDP by 0.2 percentage points during the period.

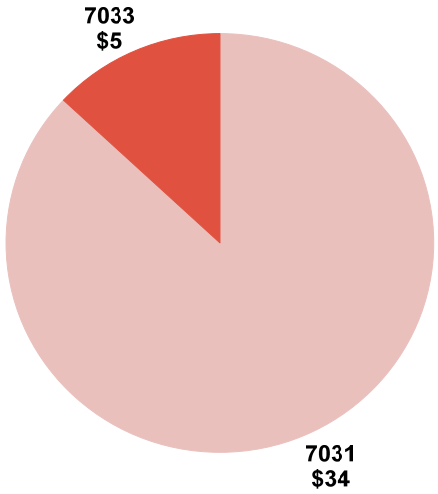


Figure 26: Argentina – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

Argentina's classification of expenditure on Public Order and Safety included police services (7031) and law courts (7033), with average expenditure as a percentage of GDP of 0.3% and 0.05%, respectively, and with average annual per capita spending equal to $34 and $5, respectively. Expenditure in both functions increased as a percentage of GDP by 0.1 percentage points between 2009 and 2012.

[32] To the extent that Argentina changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

Health

Average spending on Health during 2009-2012 was 0.4% of GDP or $42 per capita. In comparison, average spending on Health by the upper-middle income countries included in this study was 2.2% of GDP or $151 per capita. Expenditure in this sector increased as a percentage of GDP by 0.1 percentage points during the period.

Functional classification data for this sector were not available.

Education

Average spending on Education during 2009-2012 was 0.9% of GDP or $84 per capita. In comparison, average spending on Education by the upper-middle income countries included in this study was 3.8% of GDP or $250 per capita. Expenditure in this sector increased as a percentage of GDP by 0.3 percentage points during the period.

Functional classification data for this sector were not available.

Social Protection

Average spending on Social Protection during 2009-2012 was 5.2% of GDP or $526 per capita. In comparison, average spending by the upper-middle income countries included in this study was 3.7% of GDP or $275 per capita. Expenditure in this sector increased as a percentage of GDP by 2.3 percentage points during the period.

Expenditures in Social Protection were classified into social protection not elsewhere classified (n.e.c.) (7109) and social exclusion n.e.c. (7107). Further functional classification was not available. Expenditure was highest in social protection n.e.c. (7109) at 4.9% of GDP of $497 annual per capita average and increased by 2.3 percentage points during 2009-2012. Expenditure on social exclusion n.e.c remained constant, at 0.3% of GDP or $29 annual per capita average.

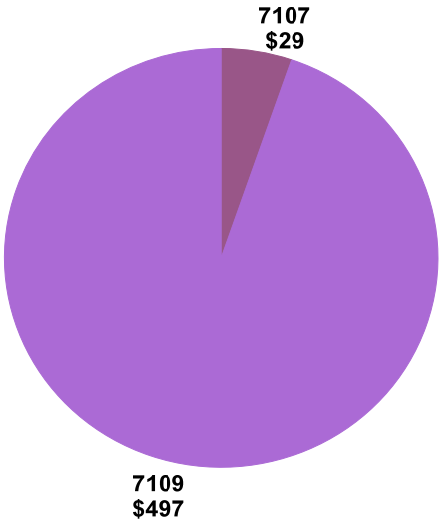
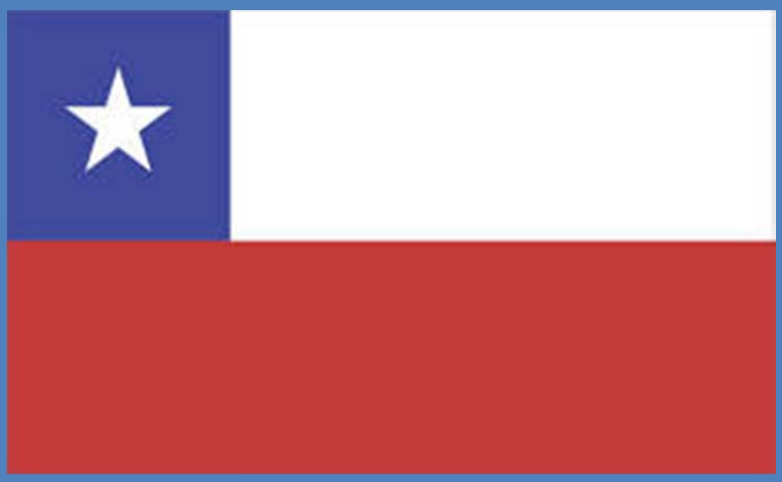


Figure 27: Argentina – average annual per capita expenditure in Social Protection by function during 2009-2012

2. Chile



The World Bank country and lending group classification places Chile in the high income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	172	218	251	266	277	263	276
Nominal GDP growth (%)		0.3	0.2	0.1	0.0	-0.1	0.1
Real GDP growth (%)	-1.0	5.8	5.8	5.4	4.1	3.8	4.4
GDP per capita (US$)	10,195	12,725	14,593	15,310	15,739	14,842	15,436
GDP per capita growth (%)		0.2	0.1	0.0	0.0	-0.1	0.0
Government expenditure (% of GDP)	22.7	21.3	20.6	21.5	21.5	22.1	22.3
Government expenditure growth (%)		-0.1	0.0	0.0	0.0	0.0	0.0
Government revenue (% of GDP)	18.3	21.0	22.1	22.1	20.9	20.7	21.4
Government revenue growth (%)		0.1	0.1	0.0	-0.1	0.0	0.0

Table 3: Chile – GDP and government finances[33]

Indicator	Chile[34]	Upper-Middle Income Average[35]
Corruption Perception Index (0-100)	72	37
Government Effectiveness Index (-2.5-2.5)	1.25	-0.08
Government Waste Index (1-7)	4.8	2.8
Homicide Rate (per 100,000 of population)	3.1	18.7
Hospital Beds (per 1,000 population)	2.1	1.9
Human Development Index (0.335-0.934 in 2012)	0.819	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.360	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.664	0.571
Infant Mortality under 1 year of age (per 1,000 newborn)	7.8	15.2
Infrastructure Quality Index (1-7)	5.4	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	1.4	3.5
Public Institutions Index (1-7)	5.0	3.4
Reliability of Police Index (1-7)	6.1	3.3
Secondary School Enrollment (% of population of enrollment age)	85	76
Under-5 Mortality (per 1,000 newborn)	9.1	17.9

Table 4: Chile – indicator scores[36]

[33] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[34] Since Chile is the only high income country included in this study, Chile's data are compared to the upper-middle income averages.

[35] Average for the upper-middle income countries included in this study.

Data

The Government of Chile classifies public expenditure into the following COFOG sectors:

1. General Public Services (Servicios Públicos Generales)
2. Defense (Defensa)
3. Public Order and Safety (Orden Público y Seguridad)
4. Economic Affairs (Asuntos Económicos)
5. Environmental Protection (Protección de Medio Ambiente)
6. Housing and Community Amenities (Vivienda y Servicios Comunitarios)
7. Health (Salud)
8. Recreation, Culture, and Religion (Actividades Recreativas, Cultura y Religión)
9. Education (Educación)
10. Social Protection (Protección Social)

Expenditure data includes the following public sector entities:

- Central government entities

The Government of Chile uses COFOG classifications.

[36] 2012 values except: Hospital Beds (2011), Percent of Population on Less than $1.25 a Day (PPP) (%) (2009), and Secondary School Enrollment (2011).

Expenditures

Figure 28 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Chile. Further detail on each sector is provided below.

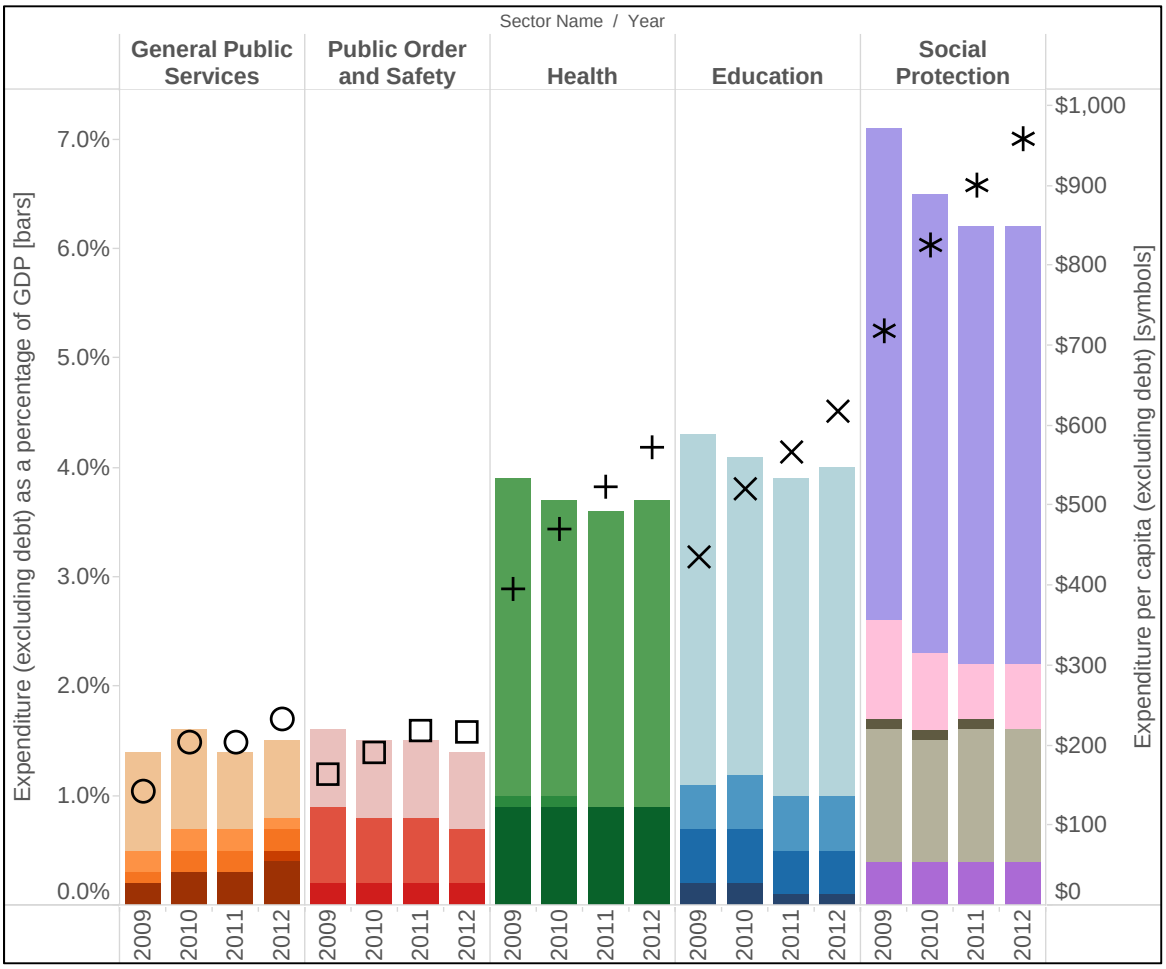


Figure 28: Chile – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 1.5% of GDP or $195 per capita (1.2% of GDP or $154 per capita excluding public debt transactions).[37] In comparison, the averages for all countries in the upper-middle income group, the next closest income group, included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Including public debt transactions, expenditure in this sector increased as a percentage of GDP by 0.1 percentage points during the period. Excluding public debt transactions, expenditure decreased by 0.1 percentage points.

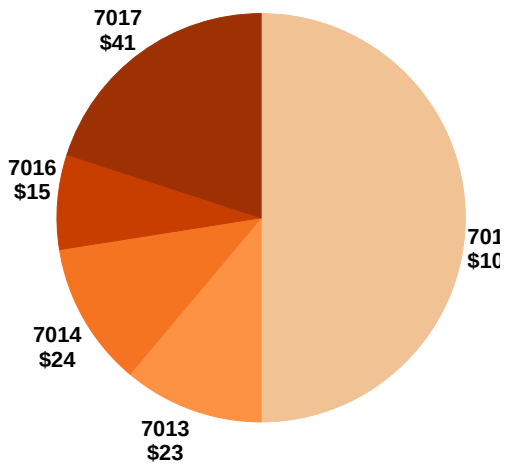


Figure 29: Chile – average annual per capita expenditure in General Public Services by function during 2009-2012

Excluding general public services not elsewhere classified (n.e.c.), expenditure was highest in executive and legislative organs, financial and fiscal affairs, external affairs (7011), at 0.8% of GDP or $104 per capita annual average, and lowest in both the general services (7013) and basic research (7014) functions, at 0.2% and 0.2% of GDP, respectively or $23 and $24 per capita annual averages, respectively. Spending as a percentage of GDP in all functions was relatively stable during 2009-2012. Executive and legislative organs, financial and fiscal affairs, external affairs (7011) demonstrated the largest change as a percentage of GDP – a decrease of 0.2 percentage points.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 1.5% of GDP or $200 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 1.5% of GDP or $96 per capita. Expenditure in this sector decreased as a percentage of GDP by 0.1 percentage points during the period.

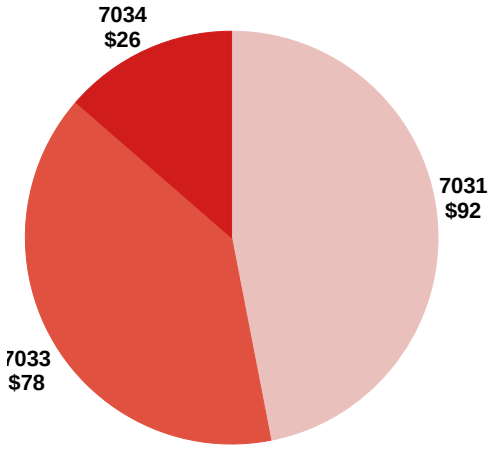


Figure 30: Chile – average annual per capita expenditure in Public Order and Safety by function during 2009-23012

Expenditure on Public Order and Safety was classified into police services (7031), law courts (7033), and prisons (7034) with average expenditure as a percentage of GDP of 0.7%, 0.6%, and 0.2%, respectively ($92, $78, and $26 respective annual per

[37] To the extent that Chile changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

capita averages). Expenditure was relatively stable between 2009 and 2012, with only law courts showing the largest change – a decrease of 0.2 percentage points.

Health

Average spending on Health during 2009-2012 was 3.7% of GDP or $484 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 2.2% of GDP or $151 per capita.
Expenditure in this sector decreased as a percentage of GDP by 0.1 percentage points during the period.

Expenditure on Health was classified into hospital services (7073), public health services (7074), and health n.e.c. (7076) with average expenditure as a percentage of GDP of 2.8%, 0.1%, and 0.9%, respectively ($365, $11, and $119 respective annual per capita averages). Chile discontinued its reporting in public health services (7074) in 2011.
Expenditure on hospital services (7073) decreased by 0.1 percentage points during the four-year period, while expenditure on health n.e.c. remained constant.

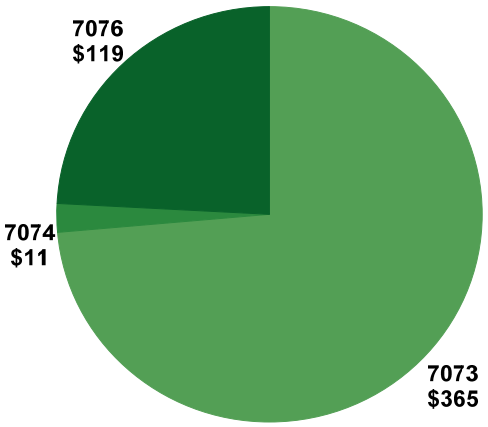


Figure 31: Chile – average annual per capita expenditure in Health by function during 2009-2012

Education

Average spending on Education during 2009-2012 was 4.1% of GDP or $532 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 3.8% of GDP or $250 per capita. Expenditure on this sector decreased as a percentage of GDP by 0.3 percentage points during the four-year period.

Expenditure on Education was classified into pre-primary, primary, and secondary education (combined into 7091), tertiary education (7094), subsidiary services to education (7096), and education n.e.c. (7098). Expenditure as a percentage of GDP was highest in pre-primary, primary, and secondary education (7091), at 3.0% of GDP or $394 annual per capita average and lowest in education n.e.c. (7098), at 0.2% of GDP or $19 per capita. Expenditure on pre-primary, primary, and secondary education decreased as a percentage of GDP by 0.2 percentage points during the period. Expenditure on subsidiary services to education (7096) and health n.e.c. (7098) decreased by 0.1 percentage points each. Expenditure on tertiary education (7094) increased by 0.1 percentage points.

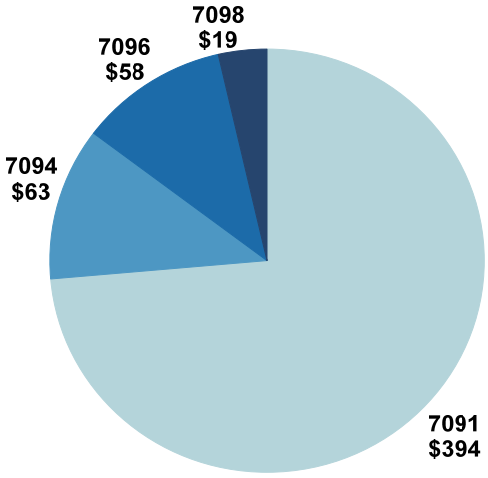


Figure 32: Chile – average annual per capita expenditure in Education by function during 2009-2012

Social Protection

Average spending on Social Protection during 2009-2012 was 6.5% of GDP or $851 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 3.7% of GDP or $275 per capita. Expenditure in this sector as a percentage of GDP decreased by 0.8 percentage points during the four-year period.

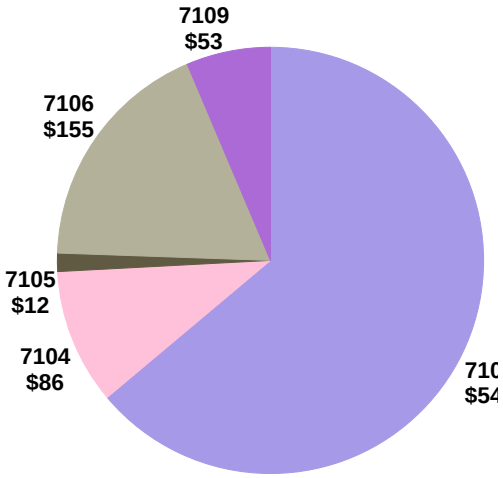


Figure 33: Chile – average annual per capita expenditure in Social Protection by function during 2009-2012

Expenditures in Social Protection were classified into five functions: old age (7102), family and children (7104), unemployment (7105), housing (7106), and social protection n.e.c. (7109). Expenditure was highest in old age (7102) at 4.2% of GDP or $547 annual per capita average. Expenditure was lowest in unemployment (7105), at 0.1% of GDP or $12 per capita. Expenditure on old age (7102) decreased by 0.5 percentage points between 2009 and 2012. Expenditure in family and children (7104) decreased by 0.3 percentage points. Expenditure in other functions remained constant.

3. Colombia

The World Bank country and lending group classification places Colombia in the upper-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	234	287	335	370	378	394	422
Nominal GDP growth (%)		0.2	0.2	0.1	0.0	0.0	0.1
Real GDP growth (%)	1.7	4.0	6.6	4.0	4.7	5.0	4.5
GDP per capita (US$)	5,041	6,093	7,031	7,663	7,732	7,962	8,415
GDP per capita growth (%)		0.2	0.2	0.1	0.0	0.0	0.1
Government expenditure (% of GDP)	29.7	30.1	29.4	28.7	30.8	31.8	31.3
Government expenditure growth (%)		0.0	0.0	0.0	0.1	0.0	0.0
Government revenue (% of GDP)	27.5	27.0	27.6	29.1	30.0	30.3	30.4
Government revenue growth (%)		0.0	0.0	0.1	0.0	0.0	0.0

Table 5: Colombia – GDP and government finances[38]

Indicator	Colombia	Upper-Middle Income Average[39]
Corruption Perception Index (0-100)	36	37
Government Effectiveness Index (-2.5-2.5)	0.01	-0.08
Government Waste Index (1-7)	2.8	2.8
Homicide Rate (per 100,000 of population)	30.8	18.7
Hospital Beds (per 1,000 population)	1.5	1.9
Human Development Index (0.335-0.934 in 2012)	0.719	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.459	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.519	0.571
Infant Mortality under 1 year of age (per 1,000 newborn)	15.1	15.2
Infrastructure Quality Index (1-7)	3.4	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	8.2	3.5
Public Institutions Index (1-7)	3.4	3.4
Reliability of Police Index (1-7)	4.2	3.3
Secondary School Enrollment (% of population of enrollment age)	76	76
Under-5 Mortality (per 1,000 newborn)	17.6	17.9

Table 6: Colombia – indicator scores[40]

[38] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[39] Average for the upper-middle income countries included in this study.

Data

The Government of Colombia classifies public expenditure into the following sectors:

1. Agriculture and Livestock (Agropecuario)
2. Environment and Sustainable Development (Ambiente y Desarrollo Sostenible)
3. R&D (Ciencia y Tecnología)
4. Commerce, Industry, and Tourism (Comercio, Industria y Turismo)
5. Communications (Comunicaciones)
6. Congress (Congreso de la Republica)
7. Culture (Cultura)
8. Defense and Police (Defensa y Policía)
9. Sports and Recreation (Deporte y Recreación)
10. Education (Educación)
11. Public Employment (Empleo Público)
12. General Prosecutor's Office (Fiscalía)
13. Financial Affairs (Hacienda)
14. Financial Affairs – Economic Development Fund (Hacienda – Fondo Adaptación)
15. Social Inclusion and Reconciliation (Inclusión Social y Reconciliación)
16. Statistics (Información Estadística)
17. Intelligence (Inteligencia)
18. Interior Affairs (Interior)
19. Justice and Order (Justicia y del Derecho)
20. Mining and Energy (Minas y Energía)
21. Control Organs (Organismos de Control)
22. Planning (Planeación)
23. President (Presidencia de la Republica)
24. Judicial (Rama Judicial)
25. National Civil Registry (Registraduría)
26. External Affairs (Relaciones Exteriores)
27. Health and Social Protection (Salud y Protección Social)
28. Public Debt Service (Servicio de la Deuda Publica Nacional)
29. Employment Affairs (Trabajo)
30. Transport (Transporte)
31. Housing, Urban and Territorial Affairs (Vivienda, Ciudad y Territorio)

Expenditure data includes the following public sector entities:

- Central government entities

[40] 2012 values except: Percent of Population on Less than $1.25 a Day (PPP) (%) (2010) and Secondary School Enrollment (2011).

- Decentralized entities

The Government of Colombia does not use COFOG classifications. The following assumptions were used:

COFOG Classification	Government of Colombia Classification
General Public Services	Congress (Congreso de la República)
	Public Employment (Empleo Público)
	Financial Affairs (Hacienda)
	Financial Affairs – Adaptation Fund (Hacienda – Fondo Adaptación)
	Statistics (Información Estadística)
	Interior Affairs (Interior)
	Control Organs (Organismos de Control)
	Planning (Planeación)
	President (Presidencia de la Republica)
	National Civil Registry (Registraduría)
	External Affairs (Relaciones Exteriores)
Public Order and Safety	Defense and Police (Defensa y Policía)
	General Prosecutor's Office (Fiscalía)
Health	Health and Social Protection[41] (Salud y Protección Social)
Education	Education (Educación)
Social Protection	Social Inclusion and Reconciliation (inclusión Social y Reconciliación)
	Employment Affairs (Trabajo)

[41] While the government's official budget combines Health and Social Protection, the government's transparency portal separates these two sectors, allowing the authors to place only health-related expenditure in Health and expenditure related to social protection in Social Protection.

Expenditures

Figure 34 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Colombia. Further detail on each sector is provided below.

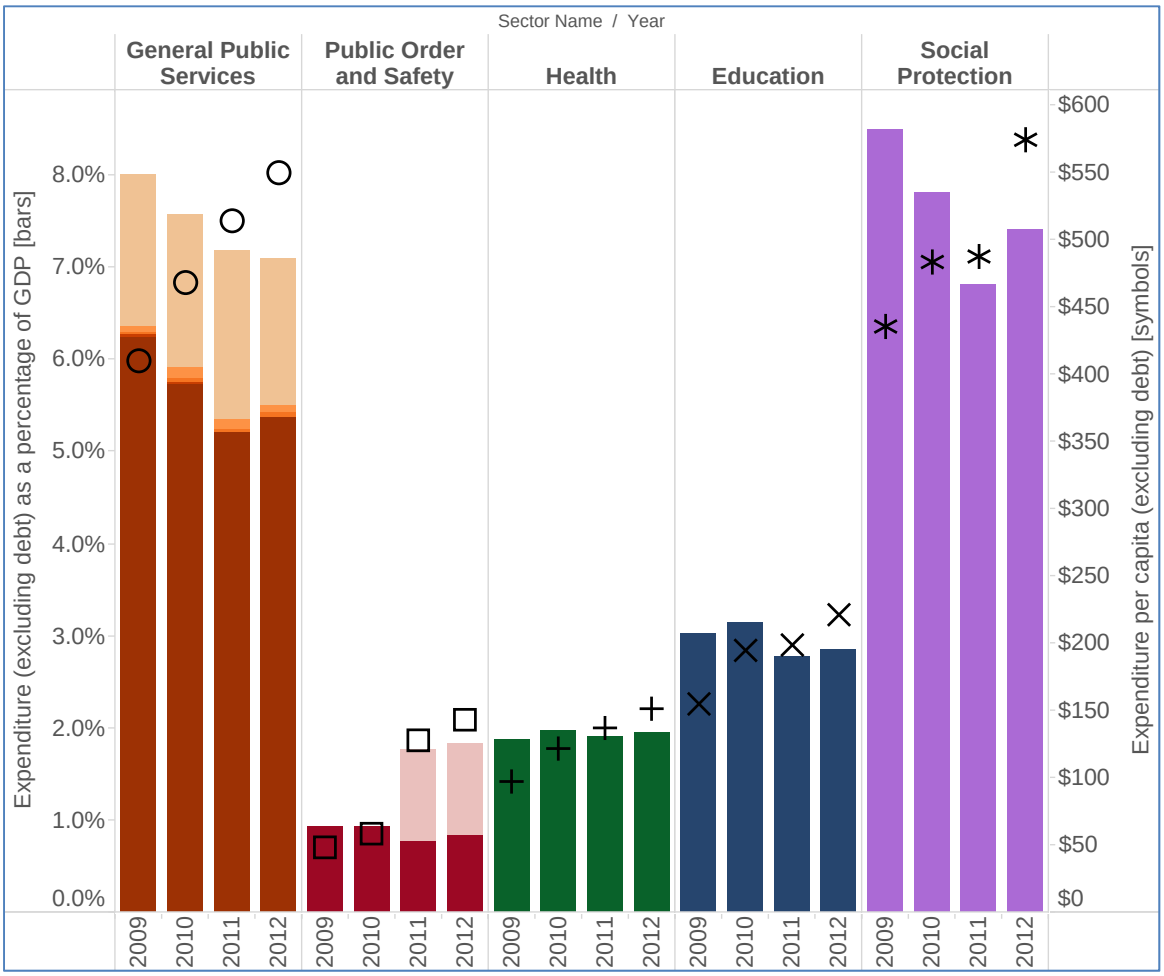


Figure 34: Colombia – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 7.5% of GDP or $485 per capita (1.8% of GDP or $119 per capita excluding public debt transactions).[42] In comparison, the averages for all countries in the upper-middle income group included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Expenditure in this sector decreased as a percentage of GDP by 0.9 percentage points during the four-year period (0.1 percentage points excluding public debt transactions).

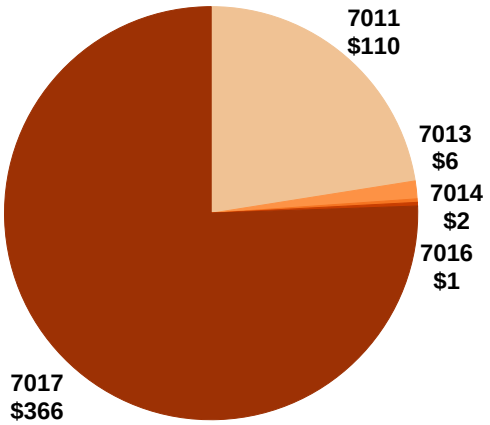


Figure 35: Colombia – average annual per capita expenditure in General Public Services by function during 2009-2012

Colombia reported expenditure on general public services not elsewhere classified (n.e.c.) (7016) only in 2009 and 2010, at an average of less than 0.05% of GDP or $1 per capita annually. Excluding general public services n.e.c. (7016), expenditure was highest in the public debt transactions (7017) function and lowest in the basic research function (7014), at 5.6% and less than 0.05% of GDP or $366 and $2 annual per capita average respectively. The second highest functional expenditure after public debt transactions (7017) was executive and legislative organs, financial and fiscal affairs, and external affairs (7011), at 1.7% of GDP or $110 per capita. Expenditure on public debt transactions (7017) decreased as a percentage of GDP by 0.8 percentage points during 2009-2012. Expenditure on all other functions as a percentage of GDP remained at the same level in 2012 as in 2009.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 1.4% of GDP or $93 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 1.5% of GDP or $96 per capita. Expenditure in this sector increased as a percentage of GDP by 0.9 percentage points during the four-year period.

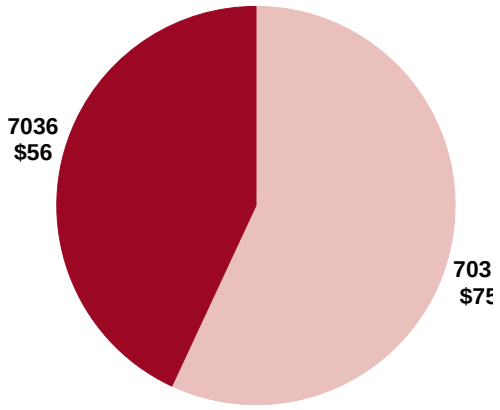


Figure 36: Colombia – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

Expenditure was highest in police services (7031) and lowest in public order and safety n.e.c. (7036), at 1.0% and 0.9% of GDP or $75 and $56 per capita,

[42] To the extent that Colombia changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

respectively. Colombia began to classify expenditure in police services (7031) in 2011. During 2011-2012, expenditure on public order and safety n.e.c. (7036) decreased as a percentage of GDP by 0.1 percentage points. Expenditure on police services (7031) remained constant.

Health

Average spending on Health during 2009-2012 was 1.9% of GDP or $126 per capita. In comparison, average spending on Health by the upper middle income countries included in this study was 2.2% of GDP or $151 per capita. Expenditure on Health as a percentage of GDP remained constant during 2009-2012.

Functional classification data for this sector were not available.

Education

Average spending on Education during 2009-2012 was 2.9% of GDP or $192 per capita. In comparison, average spending on Education by the upper-middle income countries included in this study was 3.8% of GDP or $250 per capita. Expenditure on this sector decreased as a percentage of GDP by 0.1 percentage points during the four-year period.

Functional classification data for this sector were not available.

Social Protection

Average spending on Social Protection during 2009-2012 was 7.6% of GDP or $495 per capita. In comparison, average spending on Social Protection by the upper-middle income countries included in this study was 3.7% of GDP or $275 per capita. Expenditure on this sector decreased as a percentage of GDP by 0.9 percentage points during the period.

Functional classification data for this sector were not available.

4. Costa Rica

The World Bank country and lending group classification places Costa Rica in the upper-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	29	36	41	45	50	49	52
Nominal GDP growth (%)		0.2	0.1	0.1	0.1	0.0	0.1
Real GDP growth (%)	-1.0	5.0	4.5	5.1	3.5	3.7	4.1
GDP per capita (US$)	6,388	7,723	8,774	9,453	10,127	9,727	10,347
GDP per capita growth (%)		0.2	0.1	0.1	0.1	0.0	0.1
Government Expenditure (% of GDP)	17.4	19.5	18.6	18.7	19.6	19.7	19.6
Government Expenditure growth (%)		0.1	0.0	0.0	0.0	0.0	0.0
Government Revenue (% of GDP)	14.0	14.4	14.5	14.4	14.2	14.6	14.9
Government Revenue growth (%)		0.0	0.0	0.0	0.0	0.0	0.0

Table 7: Costa Rica – GDP and government finances[43]

Indicator	Costa Rica	Upper-Middle Income Average[44]
Corruption Perception Index (0-100)	54	37
Government Effectiveness Index (-2.5-2.5)	0.49	-0.08
Government Waste Index (1-7)	2.7	2.8
Homicide Rate (per 100,000 of population)	8.5	18.7
Hospital Beds (per 1,000 population)	1.2	1.9
Human Development Index (0.335-0.934 in 2012)	0.773	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.346	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.606	0.571
Infant Mortality under 1 year of age (per 1,000 newborn)	8.6	15.2
Infrastructure Quality Index (1-7)	3.7	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	3.1	3.5
Public Institutions Index (1-7)	4.1	3.4
Reliability of Police Index (1-7)	4.8	3.3
Secondary School Enrollment (% of population of enrollment age)	N/A	76
Under-5 Mortality (per 1,000 newborn)	9.9	17.9

Table 8: Costa Rica – indicator scores[45]

[43] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[44] Average for the upper-middle income countries included in this study.

[45] 2012 values except: Percent of Population on Less than $1.25 a Day (PPP) (%) (2009).

Data

The Government of Costa Rica classifies public expenditure into the following COFOG sectors:

1. General Public Services (Servicios Públicos Generales)
2. Defense (Defensa)
3. Public Order and Safety (Orden Público y Seguridad)
4. Economic Affairs (Asuntos Económicos)
5. Environmental Protection (Protección de Medio Ambiente)
6. Housing and Community Amenities (Vivienda y Otros Servicios Comunitarios)
7. Health (Salud)
8. Recreation, Culture, and Religion (Servicios Recreativos, Deportivos, de Cultura y Religión)
9. Education (Educación)
10. Social Protection (Protección Social)

Expenditure data includes the following public sector entities:

- Central government entities

The Government of Costa Rica uses COFOG classifications.

Expenditures

Figure 37 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Costa Rica. Further detail on each sector is provided below.

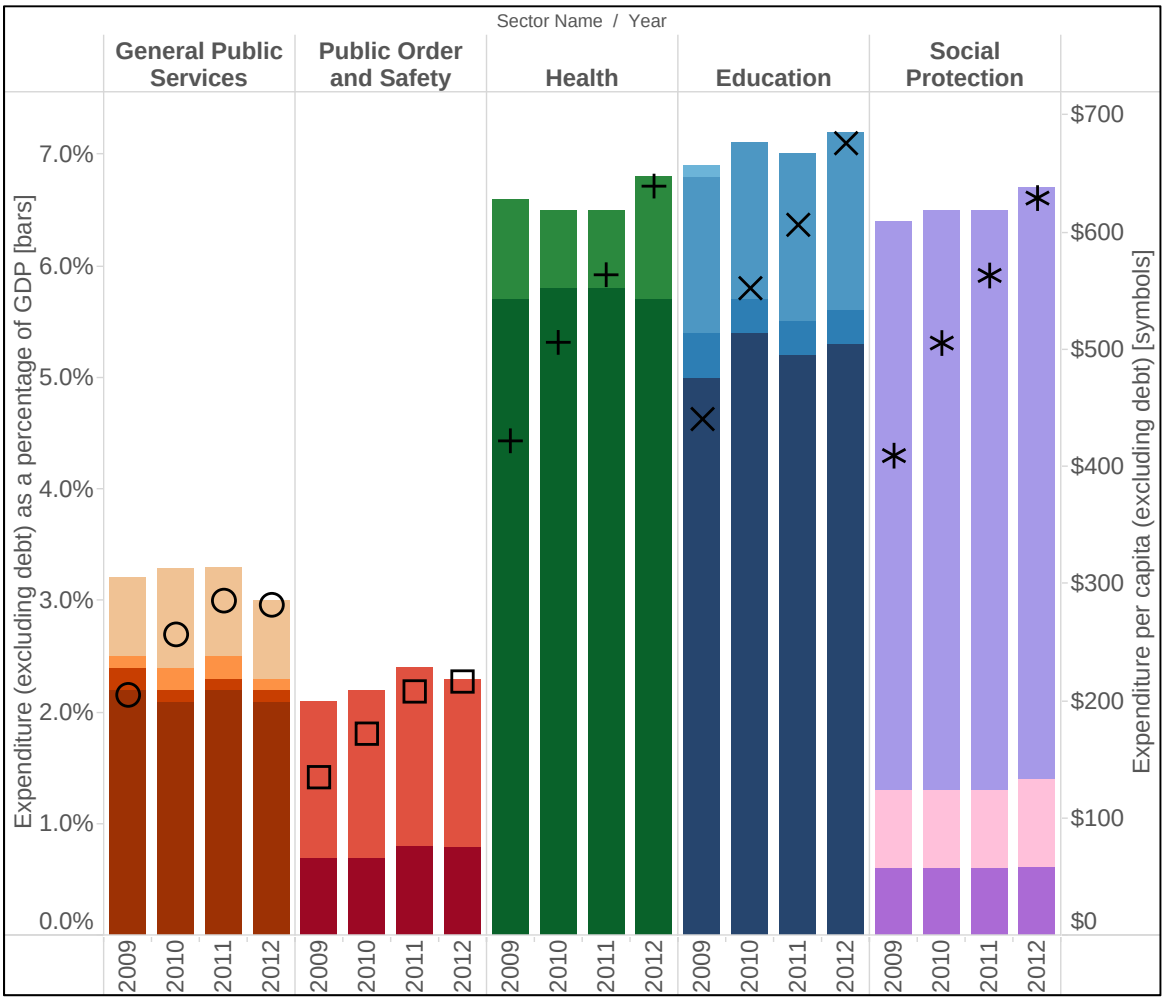


Figure 37: Costa Rica – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 3.2% of GDP or $259 per capita (1.1% of GDP or $86 per capita excluding public debt transactions).[46] In comparison, the averages for all countries in the upper-middle income group included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Expenditure in this sector decreased as a percentage of GDP by 0.3 percentage points during the period (0.1 percentage points excluding public debt transactions).

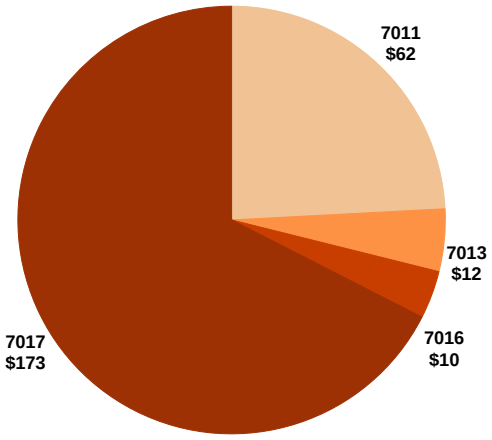


Figure 38: Costa Rica – average annual per capita expenditure in General Public Services by function during 2009-2012

Excluding general public services not elsewhere classified (n.e.c.) (7016), at 0.1% of GDP and $10 per capita, expenditure was highest in public debt transactions (7017), at 2.2% of GDP or $173 per capita, and lowest in general services (7013), at 0.2% of GDP and $12 per capita. Spending as a percentage of GDP in all functions remained stable from 2009-2012, except for decreases of 0.1 percentage points in general public services n.e.c. (7016) and public debt transactions (7017).

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 2.3% of GDP or $185 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 1.5% of GDP and $96 per capita. Spending in this sector increased as a percentage of GDP by 0.3 percentage points during the period.

Expenditure on Public Order and Safety was classified into law courts (7033) and public order and safety n.e.c. (7036), with average expenditure as a percentage of GDP of 1.5% and 0.8% and average per capita expenditure of $121 and $61 per year, respectively. Expenditure in both functions as a percentage of GDP increased between 2009 and 2012 by 0.1 percentage points.

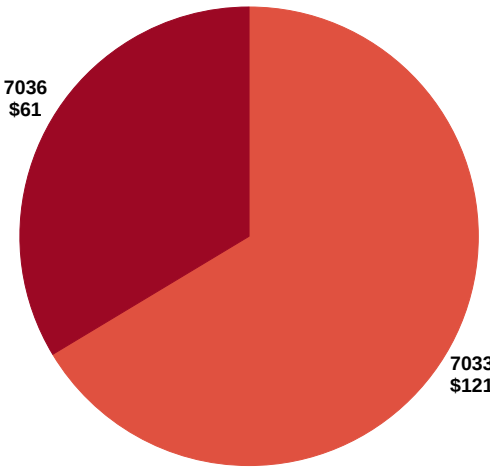


Figure 39: Costa Rica – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

[46] To the extent that Costa Rica changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

Health

Average spending on Health during 2009-2012 was 6.6% of GDP or $532 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 2.2% of GDP or $151 per capita. Expenditure in the sector increased as a percentage of GDP by 0.2 percentage points during the four-year period.

Expenditure on Health was classified into public health services (7074) and health n.e.c. (7076), with average expenditure as a percentage of GDP of 0.9% and 5.8%, respectively, and average annual expenditure per capita of $69 and $463. Expenditure on public health services (7074) as a percentage of GDP increased by 0.2 percentage points between 2009 and 2012. Expenditure on health n.e.c. remained constant.

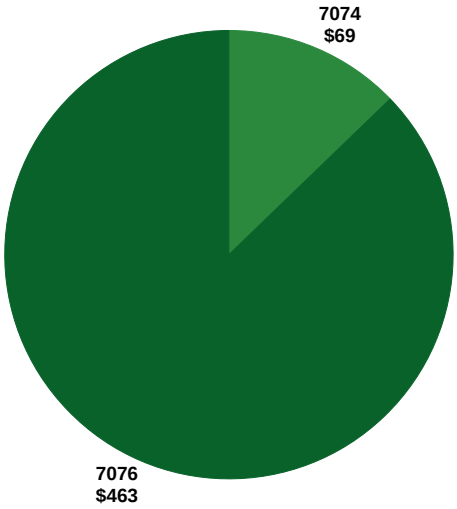


Figure 40: Costa Rica – average annual per capita expenditure in Health by function during 2009-2012

Education

Average spending on Education during 2009-2012 was 7.1% of GDP or $569 per capita. In comparison, average spending on Education by the upper-middle income countries included in this study was 3.8% of GDP or $250 per capita. Expenditure on Education increased as a percentage of GDP by 0.4 percentage points during 2009-2012.

Expenditure on Education was classified into postsecondary nontertiary education (7093) (in 2009 only), tertiary education (7094), education not definable by level (7095), and education n.e.c. (7098). Expenditure was highest in education n.e.c., at 5.2% of GDP or $422 per capita. Excluding postsecondary nontertiary education (7093), expenditure on which was only reported in 2009, the lowest expenditure on education was observed in education not definable by level (7095), at 0.3% of GDP or $26. Expenditure increased over the period in tertiary education (0.1 percentage points) and education n.e.c. (0.3 percentage points) and decreased in education not definable by level (0.1 percentage points).

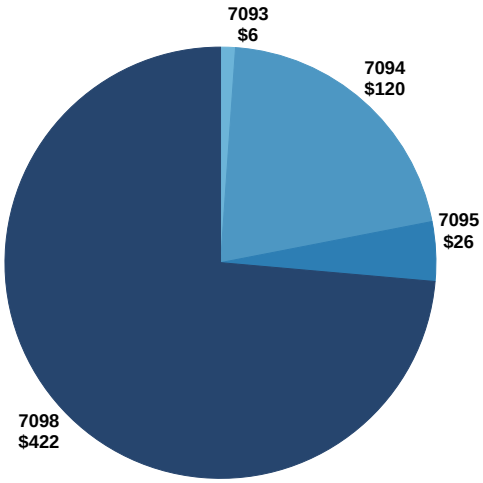


Figure 41: Costa Rica – average annual per capita expenditure in Education by function during 2009-2012

Social Protection

Average spending on Social Protection during 2009-2012 was 6.6% of GDP or $529 per capita. In comparison, the averages for all the countries in the upper-middle income group included in this study were 3.7% of GDP and $275 per capita. Expenditure on this sector increased as a percentage of GDP by 0.3 percentage points during the four-year period.

Expenditures in Social Protection were classified into three categories: old age (7102), family and children (7104), and social protection n.e.c. (7109). Expenditure was highest in old age (7102), at 5.2% of GDP, and lowest in social protection n.e.c. (7109), at 0.6%. Expenditure in all three categories was relatively stable between 2009 and 2012, with slight increases in the old age and family and children functions.

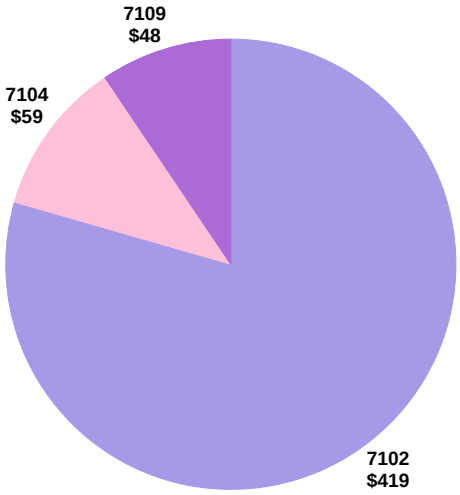


Figure 42: Costa Rica – average annual per capita expenditure in Social Protection by function during 2009-2012

5. Dominican Republic

The World Bank country and lending group classification places the Dominican Republic in the upper-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	46	51	55	59	60	62	66
Nominal GDP growth (%)		0.1	0.1	0.1	0.0	0.0	0.1
Real GDP growth (%)	3.5	7.8	4.5	3.9	4.1	4.4	4.6
GDP per capita (US$)	4,998	5,423	5,774	6,072	6,101	6,187	6,529
GDP per capita growth (%)		0.1	0.1	0.1	0.0	0.0	0.1
Government Expenditure (% of GDP)	16.8	16.3	15.7	19.3	17.7	18.7	18.1
Government Expenditure growth (%)		0.0	0.0	0.2	-0.1	0.1	0.0
Government Revenue (% of GDP)	13.7	13.6	13.5	14	14.9	15.9	15.7
Government Revenue growth (%)		0.0	0.0	0.0	0.1	0.1	0.0

Table 9: Dominican Republic – GDP and government finances[47]

Indicator	Dominican Republic	Upper-Middle Income Average[48]
Corruption Perception Index (0-100)	32	37
Government Effectiveness Index (-2.5-2.5)	-0.55	-0.08
Government Waste Index (1-7)	1.8	2.8
Homicide Rate (per 100,000 of population)	22.1	18.7
Hospital Beds (per 1,000 population)	1.7	1.9
Human Development Index (0.335-0.934 in 2012)	0.702	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.508	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.510	0.571
Infant Mortality under 1 year of age (per 1,000 newborn)	22.8	15.2
Infrastructure Quality Index (1-7)	3.7	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	2.2	3.5
Public Institutions Index (1-7)	3.2	3.4
Reliability of Police Index (1-7)	2.0	3.3
Secondary School Enrollment (% of population of enrollment age)	62	76
Under-5 Mortality (per 1,000 newborn)	27.1	17.9

Table 10: Dominican Republic – indicator scores[49]

[47] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[48] Average for the upper-middle income countries included in this study.

Data

The Government of the Dominican Republic classifies public expenditure into the following sectors:

1. General Services (Servicios Generales)
2. Social Services (Servicios Sociales)
3. Economic Services (Servicios Económicos)
4. Public Debt Interest (Intereses de la Deuda Pública)
5. Environmental Protection (Protección del Medio Ambiente)
6. Debt Amortization (Amortización de Deuda)

Expenditure data includes the following public sector entities:

- Central government entities

The Government of the Dominican Republic does not use COFOG classifications. The following assumptions were used:

COFOG Classification	Government of the Dominican Republic Classification
General Public Services	General Administration (Administración General)
	External Affairs (Relaciones Internacionales)
	Municipal Services (Servicios Municipales)
Public Order and Safety	Public Order and Safety (Justicia y Orden Publico)
Health	Health (Salud)
Education	Education (Educación)
Social Protection	Social Assistance (Asistencia Social)
	Social Security (Seguridad Social)

[49] 2012 values except: Hospital beds (2011), Percent of Population on Less than $1.25 a Day (PPP) (%) (2010), and Secondary School Enrollment (2011).

Expenditures

Figure 43 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in the Dominican Republic. Further detail on each sector is provided below.

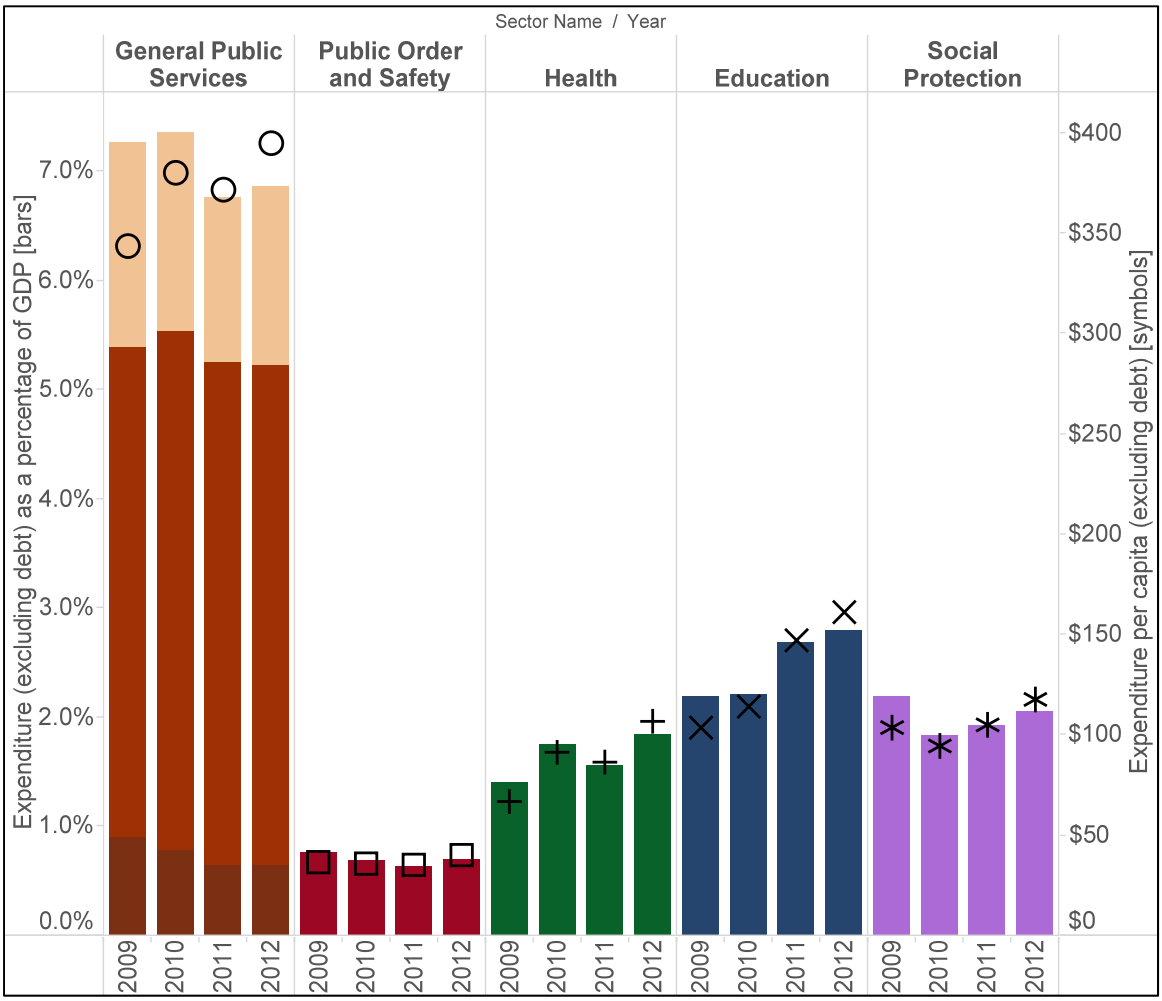


Figure 43: Dominican Republic – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 7.1% of GDP or $372 per capita (2.5% of GDP or $129 per capita excluding public debt transactions).[50] In comparison, the averages for all countries in the upper-middle income group included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Expenditure in this sector as a percentage of GDP decreased by 0.4 percentage points during the four-year period (0.5 percentage points excluding public debt transactions).

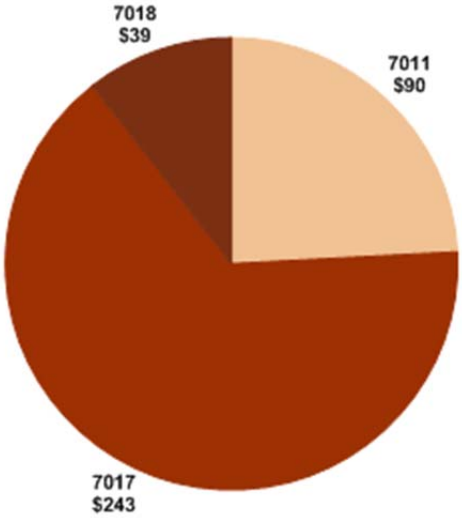


Figure 44: Dominican Republic – average annual per capita expenditure in General Public Services by function during 2009-2012

Expenditure was highest in public debt transactions (7017) and lowest in transfers of a general character between different levels of government (7018), at 4.6% and 0.8% of GDP, respectively, or $243 and $39 per capita. Expenditure on executive and legislative organs, financial and fiscal affairs, external affairs (7011), the second highest function, averaged 1.7% of GDP or $90 per capita. Spending on public debt transactions (7017) increased as a percentage of GDP by 0.1 percentage points during 2009-2012. Spending in each of the other two functions decreased by 0.3 percentage points.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 0.7% of GDP or $36 per capita. In comparison, average spending on Public Order and Safety by the upper-middle income countries included in this study was 1.5% of GDP or $96 per capita. Expenditure on Public Order and Safety decreased as a percentage of GDP by 0.1 percentage points during 2009-2012.

Functional classification data for this sector were not available.

Health

Average spending on Health during 2009-2012 was 1.6% of GDP or $87 per capita. In comparison, average spending on Health by the upper-middle income countries included in this study was 2.2% of GDP or $151 per capita. Expenditure on Health increased as a percentage of GDP by 0.4 percentage points during the four-year period.

Functional classification data for this sector were not available.

[50] To the extent that the Dominican Republic changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

Education

Average spending on Education during 2009-2012 was 2.5% of GDP or $132 per capita. In comparison, average spending on Education by the upper-middle income countries included in this study was 3.8% of GDP or $250 per capita. Expenditure in this sector increased as a percentage of GDP by 0.6 percentage points during the four-year period.

Functional classification data for this sector were not available.

Social Protection

Average spending on Social Protection during 2009-2012 was 2.0% of GDP or $105 per capita. In comparison, average spending on Social Protection by the upper-middle income countries included in this study was 3.7% of GDP or $275 per capita. Expenditure on this sector decreased as a percentage of GDP by 0.2 percentage points during the four-year period.

Functional classification data for this sector were not available.

6. Ecuador

The World Bank country and lending group classification places Ecuador in the upper-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	63	70	80	88	94	101	108
Nominal GDP growth (%)		0.1	0.1	0.1	0.1	0.1	0.1
Real GDP growth (%)	0.6	3.5	7.8	5.1	4.5	4.6	4.5
GDP per capita (US$)	4,464	4,800	5,429	5,872	6,205	6,595	6,981
GDP per capita growth (%)		0.1	0.1	0.1	0.1	0.1	0.1
Government expenditure (% of GDP)	33.0	34.7	39.1	40.5	44.4	43.8	43.6
Government expenditure growth (%)		0.1	0.1	0.0	0.1	0.0	0.0
Government revenue (% of GDP)	29.4	33.3	39.1	39.5	39.6	39.4	39.7
Government revenue growth (%)		0.1	0.2	0.0	0.0	0.0	0.0

Table 11: Ecuador – GDP and government finances[51]

Indicator	Ecuador	Upper-Middle Income Average[52]
Corruption Perception Index (0-100)	32	37
Government Effectiveness Index (-2.5-2.5)	-0.51	-0.08
Government Waste Index (1-7)	3.1	2.8
Homicide Rate (per 100,000 of population)	12.4	18.7
Hospital Beds (per 1,000 population)	1.6	1.9
Human Development Index (0.335-0.934 in 2012)	0.724	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.442	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.537	0.571
Infant Mortality under 1 year of age (per 1,000 newborn)	19.8	15.2
Infrastructure Quality Index (1-7)	3.9	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	4.6	3.5
Public Institutions Index (1-7)	3.2	3.4
Reliability of Police Index (1-7)	3.2	3.3
Secondary School Enrollment (% of population of enrollment age)	74	76
Under-5 Mortality (per 1,000 newborn)	23.3	17.9

Table 12: Ecuador – indicator scores[53]

[51] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[52] Average for the upper-middle income countries included in this study.

Data

The Government of Ecuador classifies public expenditure into the following sectors:

1. General Public Services
2. Defense
3. Public Order and Safety
4. Economic Affairs
5. Environmental Protection
6. Housing and Community Amenities
7. Health
8. Recreation, Culture, and Religion
9. Education
10. Social Protection

Expenditure data includes the following public sector entities:

- Central government entities

The Government of Ecuador uses COFOG classifications.

[53] 2012 values except: Hospital Beds (2011), Percent of Population on Less than $1.25 a Day (PPP) (%) (2010), and Secondary School Enrollment (2011).

Expenditures

Figure 45 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Ecuador. Further detail on each sector is provided below.

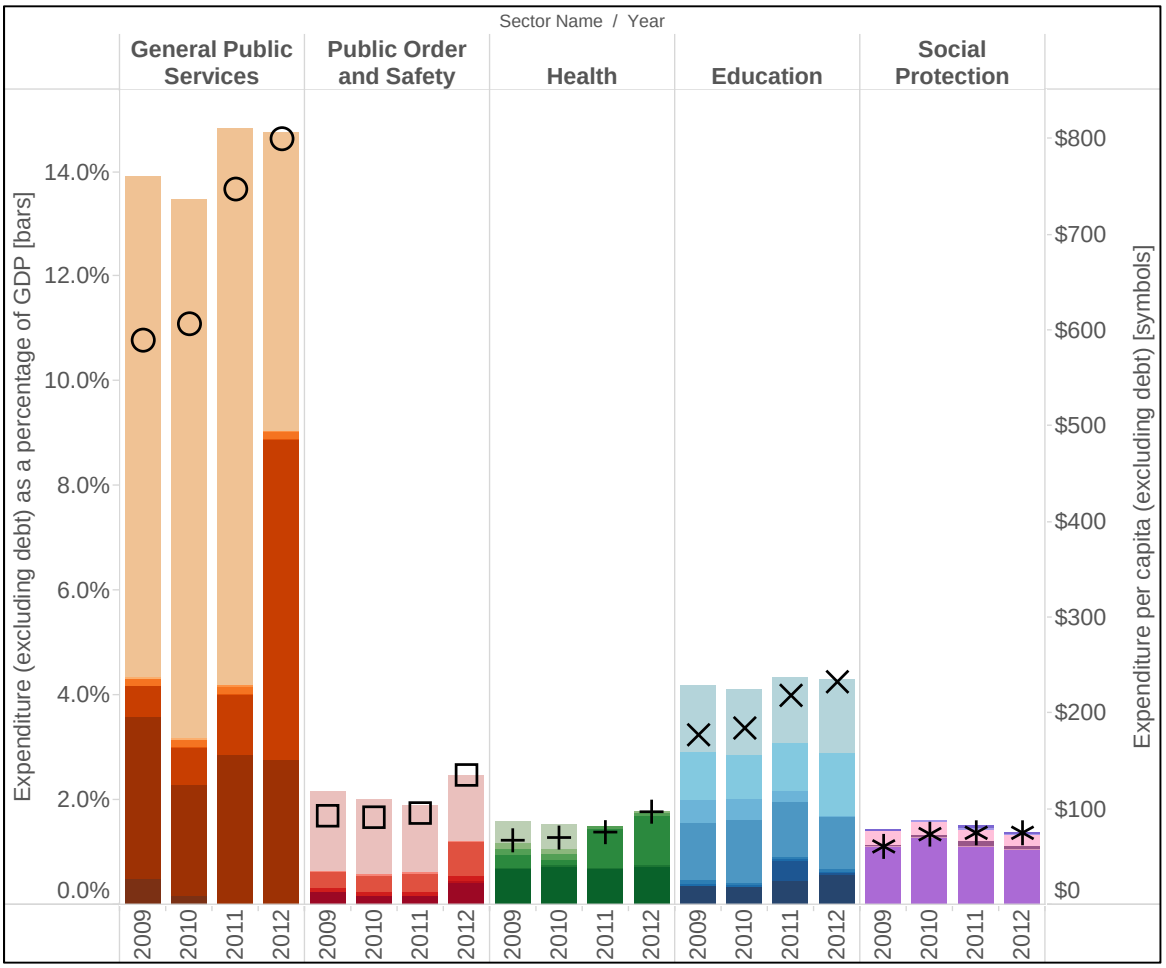


Figure 45: Ecuador – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 14.2% of GDP or $686 per capita (11.5% of GDP or $555 per capita excluding public debt transactions).[54] In comparison, the averages for all countries in the upper-middle income group included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Expenditure in this sector increased as a percentage of GDP by 0.8 percentage points during the four-year period (1.2 percentage points excluding public debt transactions).

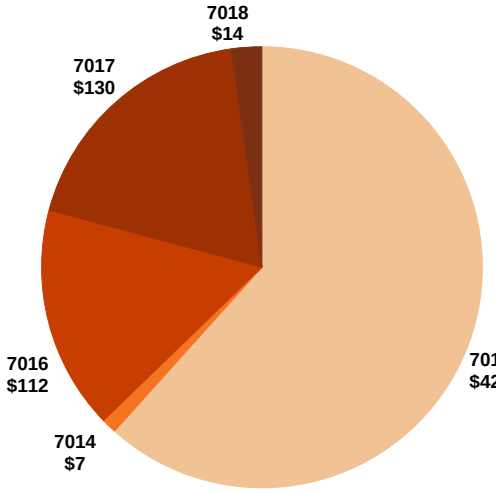


Figure 46: Ecuador – average annual per capita expenditure in General Public Services by function during 2009-2012

Amounts reported by Ecuador in general services (7013) R&D general public services (7015) were small and recorded as zero. Excluding these two functions, expenditure was highest in executive and legislative organs, financial and fiscal affairs and external affairs (7011), at 9.1% of GDP or $429 per capita, and lowest in general services (7014), at 0.1% of GDP or $7 per capita. Spending on executive and legislative organs, financial and fiscal affairs and external affairs (7011) as a percentage of GDP increased by 3.9 percentage points during the four year period, likely due to reclassification of expenditure, in 2012, to general public services n.e.c, (7016), which increased by 5.5 percentage points. Expenditure on public debt transactions (7017) decreased by 0.3 percentage points. Expenditure on other functions remained constant.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 2.1% of GDP or $103 per capita. In comparison, the averages for the countries in the upper-middle income group included in this study were 1.5% of GDP or $96 per capita. Expenditure in this sector increased as a percentage of GDP by 0.3 percentage points during 2009-2012.

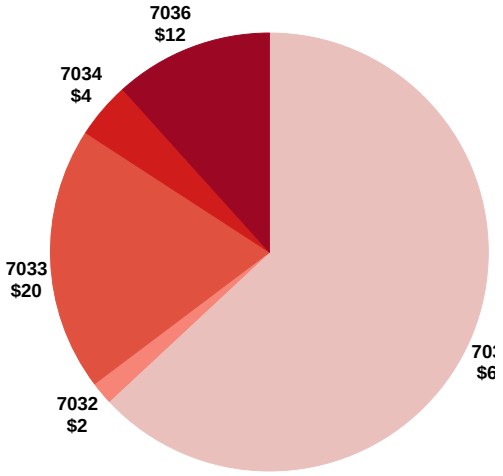


Figure 47: Ecuador – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

Expenditure was highest in police services (7031), at 1.4% of GDP or $65 per capita, and lowest in fire

[54] To the extent that Ecuador changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

protection services (7032), at less than 0.05% of GDP or $2 per capita. Spending as a percentage of GDP in police services (7031) decreased by 0.2 percentage points during 2009-2012, while expenditure on law courts (7033) and public order and safety not elsewhere classified (n.e.c.) (7036) increased by 0.3 and 0.2 percentage points, respectively. Spending on other functions remained constant.

Health

Average spending on Health during 2009-2012 was 1.6% of GDP or $87 per capita. In comparison, average spending on Health by the upper-middle income countries included in this study was 2.2% of GDP or $151 per capita.
Expenditure in this sector increased as a percentage of GDP by 0.2 percentage points during 2009-2012.

Expenditure was highest in the health n.e.c. (7076) function and lowest the R&D health (7075) function, at 0.7% and 0.01% of GDP, respectively, or $35 and less than $1 per capita. Spending as a percentage of GDP increased in public health services (7074) and health n.e.c. (7076) by 0.7 and 0.1 percentage points, respectively. Ecuador discontinued reporting expenditure on medical products, appliances, and equipment in 2011. Expenditure in all other functions remained constant during the period.

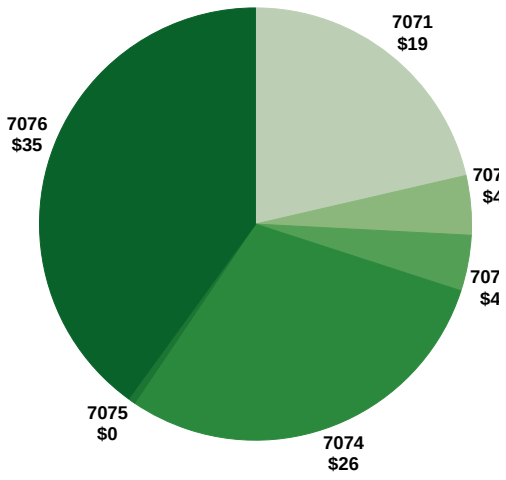


Figure 48: Ecuador – average annual per capita expenditure in Health by function during 2009-2012

Education

Average spending on Education during 2009-2012 was 4.2% of GDP or $203 per capita. In comparison, average spending on Education by the upper-middle income countries included in this study was 3.8% of GDP or $250 per capita. Expenditure in the sector increased as a percentage of GDP by 0.1 percentage points during 2009-2012.

Expenditure was highest in pre-primary and primary education (7091), at 1.3% of GDP or $62 per capita, and lowest in subsidiary services to education (7096), at less than 0.05% of GDP or $1 per capita. Spending as a percentage of GDP increased in pre-primary and primary education (7091) and secondary education (7092) by 0.1 and 0.3 percentage points, respectively. Spending in each of tertiary education

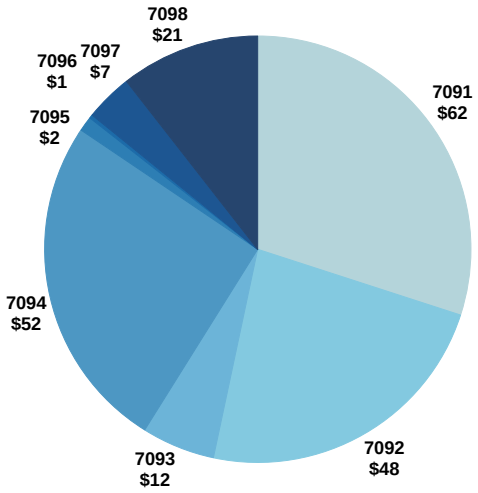


Figure 49: Ecuador – average annual per capita expenditure in Education by function during 2009-2012

(7094) and education not definable by level (7095) decreased by 0.1 percentage points. Expenditure on all other functions remained constant during the period.

Social Protection

Average spending on Social Protection during 2009-2012 was 1.5% of GDP or $71 per capita. In comparison, average spending on Social Protection by the upper-middle income countries included in this study was 3.7% of GDP or $275 per capita. Expenditure in the sector as a percentage of GDP remained at the same level in 2012 as in 2009.

Expenditure was highest in social protection n.e.c. (7109), at 1.1% of GDP or $55 per capita. Expenditure on family and children (7104) was 0.3% of GDP or $12 per capita. Expenditure in the remaining functions was at less than 0.05% of GDP. Spending as a percentage of GDP increased in family and children (7104) decreased by 0.1 percentage points during the period. Spending on the rest of the functions remained the same in 2012 as in 2009.

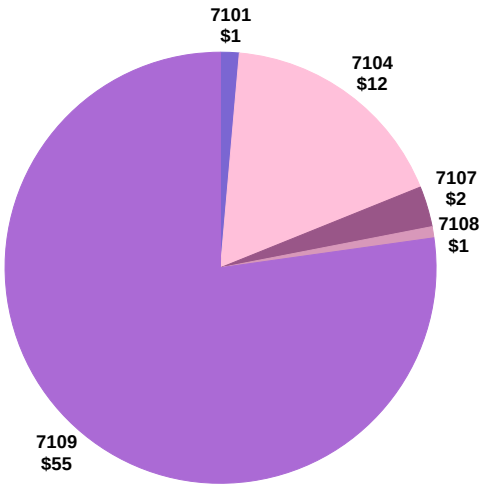


Figure 50: Ecuador – average annual per capita expenditure in Social Protection by function during 2009-2012

7. El Salvador

The World Bank country and lending group classification places El Salvador in the lower-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	21	21	23	24	24	25	26
Nominal GDP growth (%)		0.0	0.1	0.0	0.0	0.0	0.0
Real GDP growth (%)	-3.1	1.4	2.2	1.9	1.7	1.7	1.8
GDP per capita (US$)	3,332	3,455	3,732	3,849	3,851	3,969	4,140
GDP per capita growth (%)		0.0	0.1	0.0	0.0	0.0	0.0
Government expenditure (% of GDP)	23.0	22.8	23.0	22.8	23.2	23.0	23.0
Government expenditure growth (%)		0.0	0.0	0.0	0.0	0.0	0.0
Government revenue (% of GDP)	17.3	18.5	19.1	19.4	19.2	19.5	19.8
Government revenue growth (%)		0.1	0.0	0.0	0.0	0.0	0.0

Table 13: El Salvador – GDP and government finances[55]

Indicator	El Salvador	Lower-Middle Income Average[56]
Corruption Perception Index (0-100)	38	31
Government Effectiveness Index (-2.5-2.5)	-0.14	-0.68
Government Waste Index (1-7)	2.2	2.5
Homicide Rate (per 100,000 of population)	41.2	38.5
Hospital Beds (per 1,000 population)	1.1	0.9
Human Development Index (0.335-0.934 in 2012)	0.680	0.632
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.441	0.479
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.499	0.445
Infant Mortality under 1 year of age (per 1,000 newborn)	13.6	19.8
Infrastructure Quality Index (1-7)	4.4	3.7
Percent of Population on Less than $1.25 a Day (PPP) (%)	9.0	11.4
Public Institutions Index (1-7)	3.0	3.2
Reliability of Police Index (1-7)	3.1	3.0
Secondary School Enrollment (% of population of enrollment age)	60	53
Under-5 Mortality (per 1,000 newborn)	15.9	23.4

Table 14: El Salvador – indicator scores[57]

[55] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[56] Average for the lower-middle income countries included in this study.

Data

The Government of El Salvador classifies public expenditure into the following sectors:

1. Public Administration (Conducción Administrativa)
2. Justice and Security (Administración de Justicia y Seguridad Ciudadana)
3. Social Development (Desarrollo Social)
4. Economic Development (Apoyo al Desarrollo Económico)
5. Public Debt (Deuda Pública)
6. General State Obligations (Obligaciones Generales del Estado)

Expenditure data includes the following public sector entities:

- Central government entities
- Decentralized entities

The Government of El Salvador does not use COFOG classifications. The following assumptions were used:

COFOG Classification	Government of El Salvador Classification
General Public Services	Public Administration (Conducción Administrativa) Decentralized Entities: • Municipal Development Institute (Instituto Salvadoreño de Desarrollo Municipal) • External Affairs (Relaciones Exteriores)
Public Order and Safety	Justice and Security (Administración de Justicia y Seguridad Ciudadana)
Health	Social Development (Desarrollo Social): • Health and Social Assistance (Salud Pública y Asistencia Social) Decentralized Entities: • 30 Hospitals and Health Providers (30 Hospitales y Otras Instituciones Adscritas al Ramo de Salud)
Education	Social Development (Desarrollo Social): • Education (Educación) Decentralized Entities: • University of El Salvador (Universidad de El Salvador)
Social Protection	Decentralized Entities: • Childhood and Adolescence Development Institute (Instituto Salvadoreño para el Desarrollo Integral de la Niñez y la Adolescencia) • Social Security Institute (Instituto Salvadoreño del Seguro Social)

[57] 2012 values except: Percent of Population on Less than $1.25 a Day (PPP) (%) (2009) and Secondary School Enrollment (2011).

Expenditures

Figure 51 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in El Salvador. Further detail on each sector is provided below.

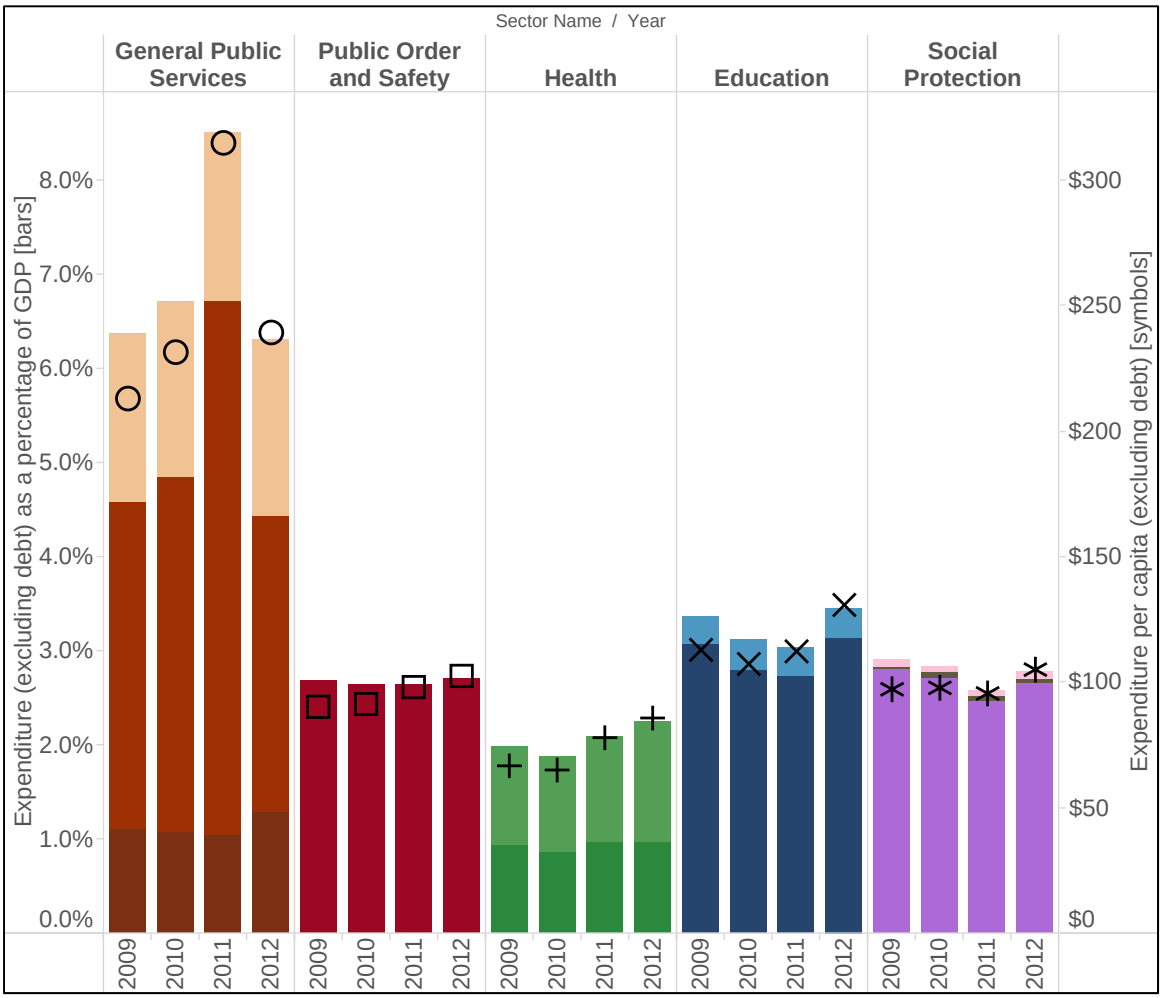


Figure 51: El Salvador – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 7.0% of GDP or $250 per capita (3.0% of GDP or $106 per capita excluding public debt transactions).[58] In comparison, the averages for all countries in the lower-middle income group included in this study were 5.3% of GDP or $152 per capita (2.9% of GDP or $83 per capita excluding public debt transactions). Including public debt transactions, expenditure in the sector decreased as a percentage of GDP by 0.1 percentage points during the period. Excluding public debt transactions, expenditure increased by 0.3 percentage points.

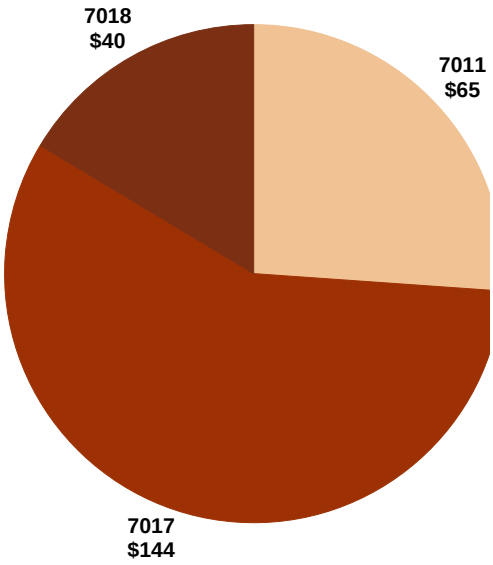


Figure 52: El Salvador – average annual per capita expenditure in General Public Services by function during 2009-2012

Expenditure was highest in public debt transactions (7017), at 4.0% of GDP and $144 per capita, and lowest in transfers of a general character between different levels of government (7018), at 1.1% of GDP or $40 per capita. Expenditure on Executive and legislative organs, financial and fiscal affairs, external affairs (7011) averaged 1.8% of GDP or $65 per capita. Spending as a percentage of GDP decreased in public debt transactions (7017) by 0.4 percentage points and increased in executive and legislative organs, financial and fiscal affairs, external affairs (7011) and transfers (7018) by 0.1 and 0.2 percentage points, respectively.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 2.7% of GDP or $95 per capita. In comparison, average spending on Public Order and Safety by the lower-middle income countries included in this study was 1.8% of GDP or $50 per capita. Expenditure on Public Order and Safety as a percentage of GDP remained at the same level in 2012 as in 2009.

Functional classification data for this sector were not available.

58 To the extent that El Salvador changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

Health

Average spending on Health during 2009-2012 was 2.1% of GDP or $74 per capita. In comparison, average spending on Health by the lower-middle income countries included in this study was 2.6% of GDP or $69 per capita. Expenditure on Health increased as a percentage of GDP by 0.3 percentage points during the four-year period.

Spending was classified into hospital services (7073) and public health services (7074), averaging 1.1% and 1.0% of GDP during 2009-2012, respectively, or $40 and $33 per capita annually. Expenditure on hospital services (7073) as a percentage of GDP increased by 0.3 percentage points over the four years. Expenditure on public health services (7074) increased by 0.1 percentage points.

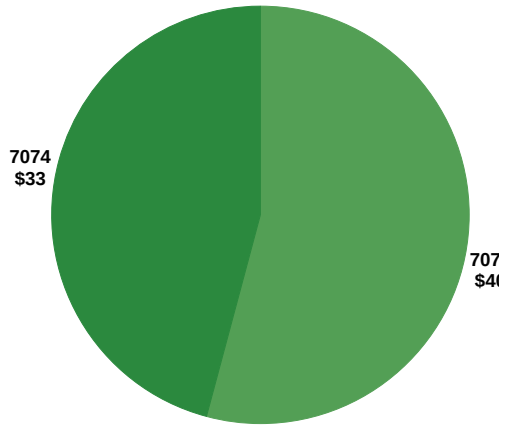


Figure 53: El Salvador – average annual per capita expenditure in Health by function during 2009-2012

Education

Average spending on Education during 2009-2012 was 3.2% of GDP or $116 per capita. In comparison, average spending on Education by the lower-middle income countries included in this study was 4.6% of GDP or $120 per capita. Expenditure on Education increased as a percentage of GDP by 0.1 percentage points during the four-year period.

Although the government of El Salvador provided some information on funds disbursed to public universities (about 0.3% of GDP), functional classification data for this sector were not available.

Social Protection

Average spending on Social Protection during 2009-2012 was 2.8% of GDP or $99 per capita. In comparison, average spending on Social Protection by the lower-middle income countries included in this study was 2.9% of GDP or $88 per capita. Expenditure on Social Protection decreased as a percentage of GDP by 0.1 percentage points during the period.

Although the government of El Salvador provided some information on funds disbursed under the family and children (7104) and unemployment (7105) functions, averaging 0.07% and 0.05% of GDP, respectively, functional classification data for this sector were not available.

8. Guatemala

The World Bank country and lending group classification places Guatemala in the lower-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	38	41	48	50	54	59	64
Nominal GDP growth (%)		0.1	0.2	0.1	0.1	0.1	0.1
Real GDP growth (%)	0.5	2.9	4.2	3.0	3.7	3.4	3.5
GDP per capita (US$)	2,695	2,891	3,242	3,337	3,471	3,711	3,920
GDP per capita growth (%)		0.1	0.1	0.0	0.0	0.1	0.1
Government expenditure (% of GDP)	14.2	14.5	14.4	14	13.8	13.9	13.8
Government expenditure growth (%)		0.0	0.0	0.0	0.0	0.0	0.0
Government revenue (% of GDP)	11.1	11.2	11.6	11.6	11.7	11.6	11.4
Government revenue growth (%)		0.0	0.0	0.0	0.0	0.0	0.0

Table 15: Guatemala – GDP and government finances[59]

Indicator	Guatemala	Lower-Middle Income Average[60]
Corruption Perception Index (0-100)	33	31
Government Effectiveness Index (-2.5-2.5)	-0.76	-0.68
Government Waste Index (1-7)	2.4	2.5
Homicide Rate (per 100,000 of population)	39.9	38.5
Hospital Beds (per 1,000 population)	0.6	0.9
Human Development Index (0.335-0.934 in 2012)	0.581	0.632
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.539	0.479
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.389	0.445
Infant Mortality under 1 year of age (per 1,000 newborn)	26.5	19.8
Infrastructure Quality Index (1-7)	4.4	3.7
Percent of Population on Less than $1.25 a Day (PPP) (%)	N/A	11.4
Public Institutions Index (1-7)	3.2	3.2
Reliability of Police Index (1-7)	2.6	3.0
Secondary School Enrollment (% of population of enrollment age)	46	53
Under-5 Mortality (per 1,000 newborn)	32.0	23.4

Table 16: Guatemala – indicator scores[61]

[59] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[60] Average for the lower-middle income countries included in this study.

[61] 2012 values except: Hospital Beds (2011) and Secondary School Enrollment (2010).

Data

The Government of Guatemala classifies public expenditure into the following sectors:

1. General Public Services (Servicios Públicos Generales)
2. Defense (Defensa)
3. Public Order and Safety (Orden Público y Seguridad Ciudadana)
4. Disaster Planning (Atención a Desastres y Gestión de Riesgos)
5. Economic Affairs (Asuntos Económicos)
6. Environmental Protection (Protección Ambiental)
7. Housing and Community Amenities (Urbanización y Servicios Comunitarios)
8. Health (Salud)
9. Recreation, Culture, and Religion (Actividades Deportivas, Recreativas, Cultura y Religión)
10. Education (Educación)
11. Social Protection (Protección Social)

The Government of Guatemala uses COFOG classifications.[62]

[62] With the exception of "Disaster Planning," which is not a COFOG classification.

Expenditures

Figure 54 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Guatemala. Further detail on each sector is provided below.

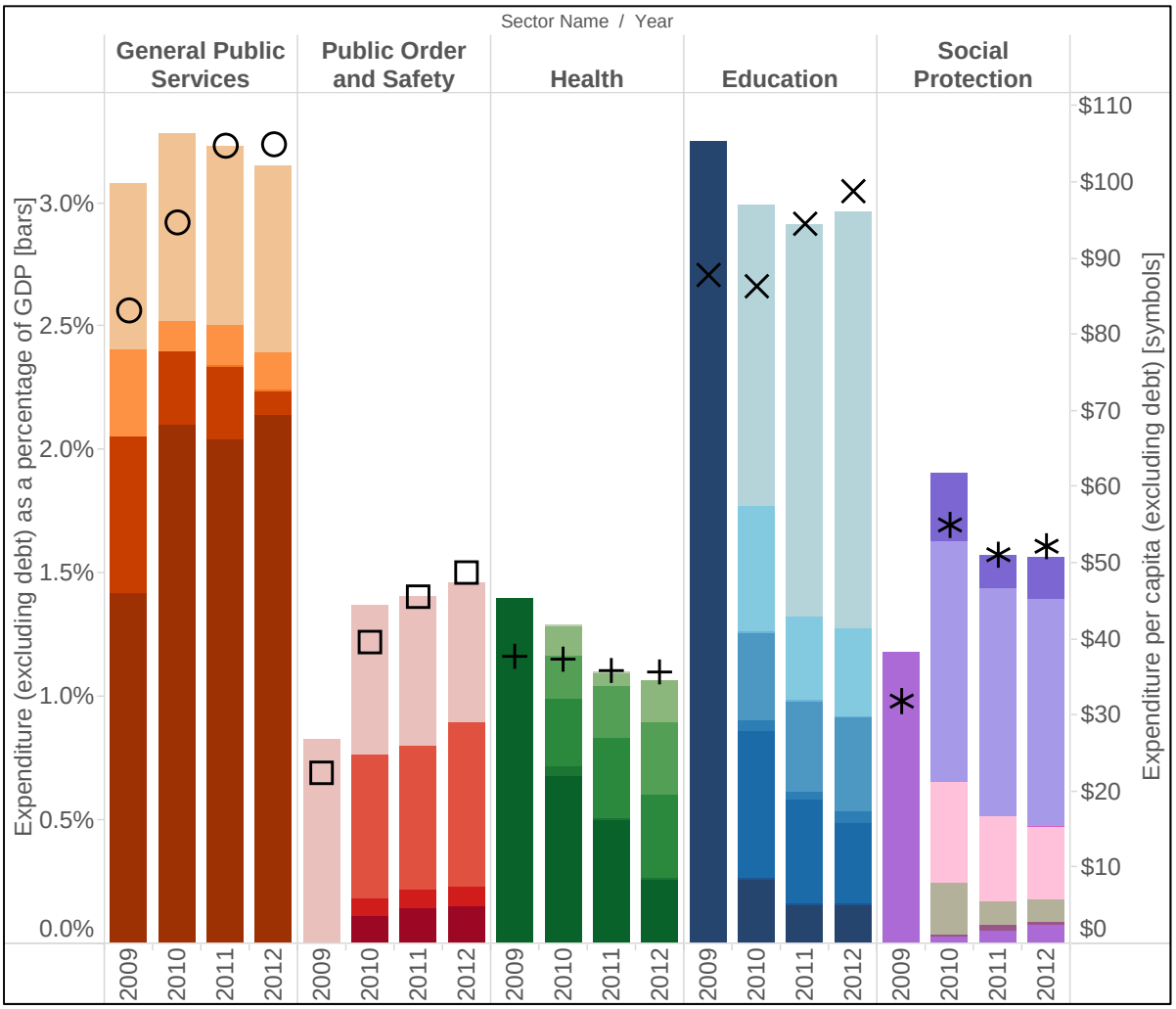


Figure 54: Guatemala – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 3.2% of GDP or $97 per capita (1.3% of GDP or $38 per capita excluding public debt transactions).63 In comparison, the averages for the countries in the lower-middle income group included in this study were 5.3% of GDP or $152 per capita (2.9% of GDP or $83 per capita excluding public debt transactions). Expenditure in this sector as a percentage of GDP remained at the same level in 2012 as in 2009. Excluding public debt transactions, expenditure decreased by 0.7 percentage points.

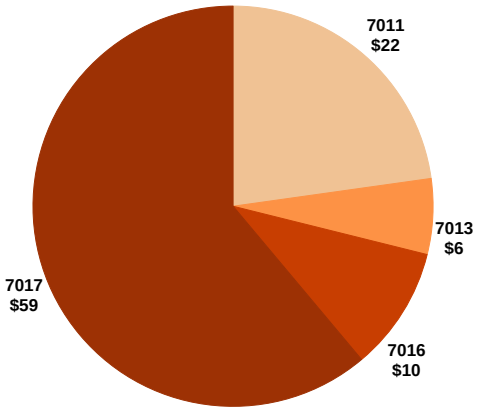


Figure 55: Guatemala – average annual per capita expenditure in General Public Services by function during 2009-2012

Expenditure was highest in public debt transactions (7017), at 1.9% of GDP and $59 per capita annually. In 2011, Guatemala began reporting expenditure on basic research (7014), but amounts were reported at zero. Excluding public debt transactions (7017) and basic research (7014), expenditure was highest in executive and legislative organs, financial and fiscal affairs, external affairs (7011), at 0.7% of GDP or $22 per capita, and lowest in general services (7013), at 0.2% of GDP or $6 per capita. Spending increased as a percentage of GDP in public debt transactions (7017) and executive and legislative organs, financial and fiscal affairs, external affairs (7011) by 0.5 and 0.1 percentage points, respectively. Expenditure on general services (7013) and general public services not elsewhere classified (n.e.c.) (7016) decreased by 0.1 and 0.5 percentage points, respectively.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 1.3% of GDP or $39 per capita. In comparison, average spending on Public Order and Safety by the lower-middle income countries included in this study was 1.8% of GDP or $50 per capita. Expenditure in the sector increased as a percentage of GDP by 0.7 percentage points during the four-year period.

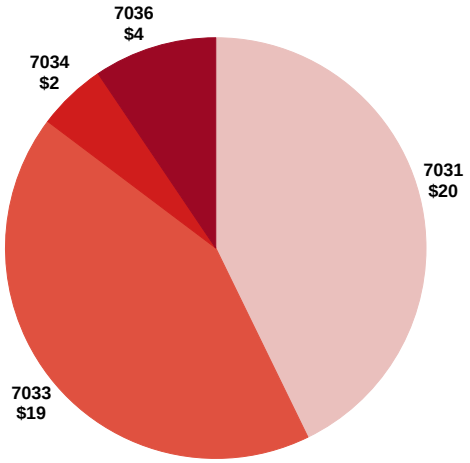


Figure 56: Guatemala – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

Expenditure was highest in the police services (7031) and law courts (7033), at 0.6% of GDP each and $20

[63] To the extent that Guatemala changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

and $19 per capital annually, respectively. Expenditure was lowest in prisons (7034), 0.1% of GDP or $2 per capita. Spending as a percentage of GDP increased in law courts (7033) and public order and safety n.e.c. (7036), by 0.1 percentage points each during the four-year period. Spending on police services (7031) decreased by 0.2 percentage points. Spending on prisons (7034) remained constant.

Health

Average spending on Health during 2009-2012 was 1.2% of GDP or $37 per capita. In comparison, average spending on Health by the lower-middle income countries included in this study was 2.6% of GDP or $69 per capita. Expenditure in the sector decreased as a percentage of GDP by 0.3 percentage points during 2009-2012.

Expenditure was highest in health n.e.c. (7076), at 0.7% of GDP or $20 per capita annually, and public health services (7074), at 0.3% of GDP and $10 per capita. Expenditure was lowest in outpatient services (7072), at 0.1% of GDP or $4 per capita. In selected years, Guatemala reported expenditure in medical products, appliances and equipment (7071) and R&D health (7075), but the reported amounts were small and recorded as zero. Spending on health n.e.c. (7076) decreased as a percentage of GDP by 1.1 percentage points during 2009-2012. Spending on outpatient services (7072) and hospital services (7073) increased by 0.1 percentage points each. Spending in the remaining categories was constant during the four-year period.

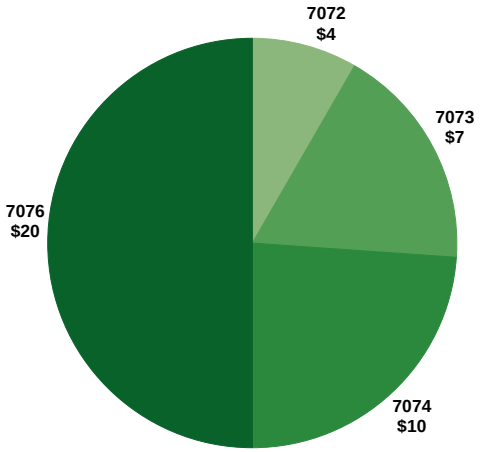


Figure 57: Guatemala – average annual per capita expenditure in Health by function during 2009-2012

Education

Average spending on Education during 2009-2012 was 3.0% of GDP or $92 per capita. In comparison, average spending on Education by the lower-middle income countries included in this study was 4.6% of GDP or $120 per capita. Expenditure in this sector decreased as a percentage of GDP by 0.3 percentage points during 2009-2012.

Expenditure was highest in pre-primary and primary education (7091), at 1.5% of GDP or $48 per capita annually, and lowest in education not definable by level (7095), at less than 0.05% of GDP and $1 per capita. Guatemala reported expenditure on

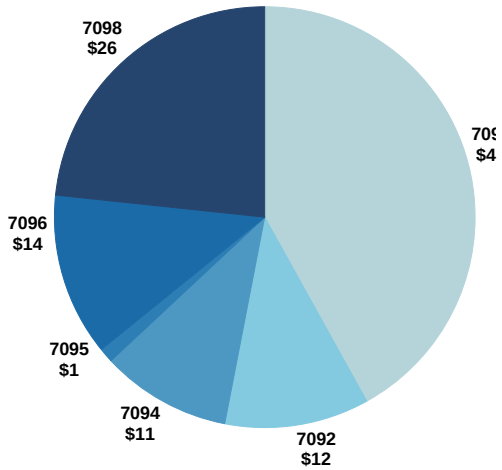


Figure 58: Guatemala – average annual per capita expenditure in Education by function during 2009-2012

postsecondary nontertiary education (7093), but the amounts were small and recorded as zero. Spending on secondary education (7092), subsidiary services to education (7096), and education n.e.c. (7098) as a percentage of GDP decreased by 0.1, 0.3, and 3.1 percentage points, respectively, while pre-primary and primary education (7091) increased by 0.5 percentage points over the period. Expenditures in the remaining categories remained constant.

Social Protection

Average spending on Social Protection during 2009-2012 was 2.8% of GDP or $99 per capita. In comparison, average spending on Social Protection by the lower-middle income countries included in this study was 2.9% of GDP or $88 per capita. Expenditure on Social Protection increased as a percentage of GDP by 0.4 percentage points during 2009-2012.

Expenditure was highest in old age (7102), at 0.9% of GDP or $29 per capita annually, and lowest in housing (7106), at 0.1% of GDP or $4 per capita. Expenditure in social exclusion n.e.c. (7107) was reported starting in 2010, but at small amounts and recorded as zero. Spending on social protection n.e.c. (7109) decreased as a percentage of GDP by 1.1 percentage points during the four-year period. Spending in nearly all other functions decreased by 0.1 percentage points each, except for spending on social exclusion n.e.c. (7107), which remained constant.

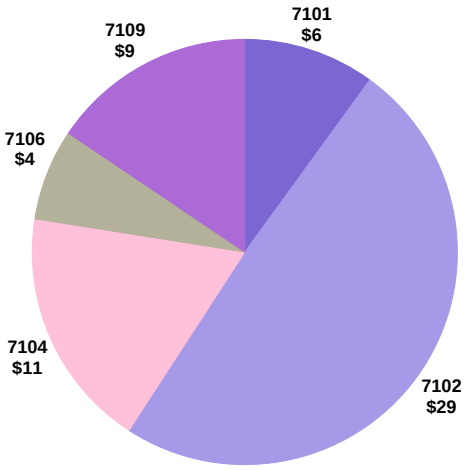


Figure 59: Guatemala – average annual per capita expenditure in Social Protection by function during 2009-2012

9. Honduras

The World Bank country and lending group classification places Honduras in the lower-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	14	16	18	18	19	20	20
Nominal GDP growth (%)		0.1	0.1	0.0	0.0	0.0	0.0
Real GDP growth (%)	-2.4	3.7	3.8	3.9	2.6	3.1	3.3
GDP per capita (US$)	1,931	2,069	2,255	2,334	2,315	2,355	2,357
GDP per capita growth (%)		0.1	0.1	0.0	0.0	0.0	0.0
Government expenditure (% of GDP)	23.1	21.5	21.6	22.6	24.4	22.1	21.3
Government expenditure growth (%)		-0.1	0.0	0.0	0.1	-0.1	0.0
Government revenue (% of GDP)	17.1	16.9	17.0	16.6	16.7	16.6	16.8
Government revenue growth (%)		0.0	0.0	0.0	0.0	0.0	0.0

Table 17: Honduras – GDP and government finances[64]

Indicator	Honduras	Lower-Middle Income Average[65]
Corruption Perception Index (0-100)	28	31
Government Effectiveness Index (-2.5-2.5)	-0.72	-0.68
Government Waste Index (1-7)	2.3	2.5
Homicide Rate (per 100,000 of population)	90.4	38.5
Hospital Beds (per 1,000 population)	0.7	0.9
Human Development Index (0.335-0.934 in 2012)	0.632	0.632
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.483	0.479
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.458	0.445
Infant Mortality under 1 year of age (per 1,000 newborn)	19.4	19.8
Infrastructure Quality Index (1-7)	3.7	3.7
Percent of Population on Less than $1.25 a Day (PPP) (%)	17.9	11.4
Public Institutions Index (1-7)	3.3	3.2
Reliability of Police Index (1-7)	3.0	3.0
Secondary School Enrollment (% of population of enrollment age)	N/A	53
Under-5 Mortality (per 1,000 newborn)	22.9	23.4

Table 18: Honduras – indicator scores[66]

[64] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[65] Average for the lower-middle income countries included in this study.

[66] 2012 values except: Percent of Population on Less than $1.25 a Day (PPP) (%) (2009).

Data

The Government of Honduras classifies public expenditure into the following sectors:

1. General Public Services (Servicios Públicos Generales)
2. Defense and Security (Defensa y Seguridad)
3. Economic Affairs (Asuntos Económicos)
4. Environmental Protection (Protección del Medio Ambiente)
5. Housing and Community Amenities (Vivienda y Servicios Comunitarios)
6. Health (Servicios de Salud)
7. Education, R&D, Culture, and Recreation (Educación, Investigación, Cultura y Actividades Recreativas)
8. Social Protection (Protección Social)
9. Public Debt (Deuda Pública)

The Government of Honduras does not use COFOG classifications. The following assumptions were used:

COFOG Classification	Government of Honduras Classification
General Public Services	General Public Services (Servicios Públicos Generales)
Public Order and Safety	Defense and Security (Defensa y Seguridad)
Health	Health (Servicios de Salud)
Education	Education, R&D, Culture, and Recreation (Educación, Investigación, Cultura y Actividades Recreativas)
Social Protection	Social Protection (Proteccion Social)

Expenditures

Figure 60 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Honduras. Further detail on each sector is provided below.

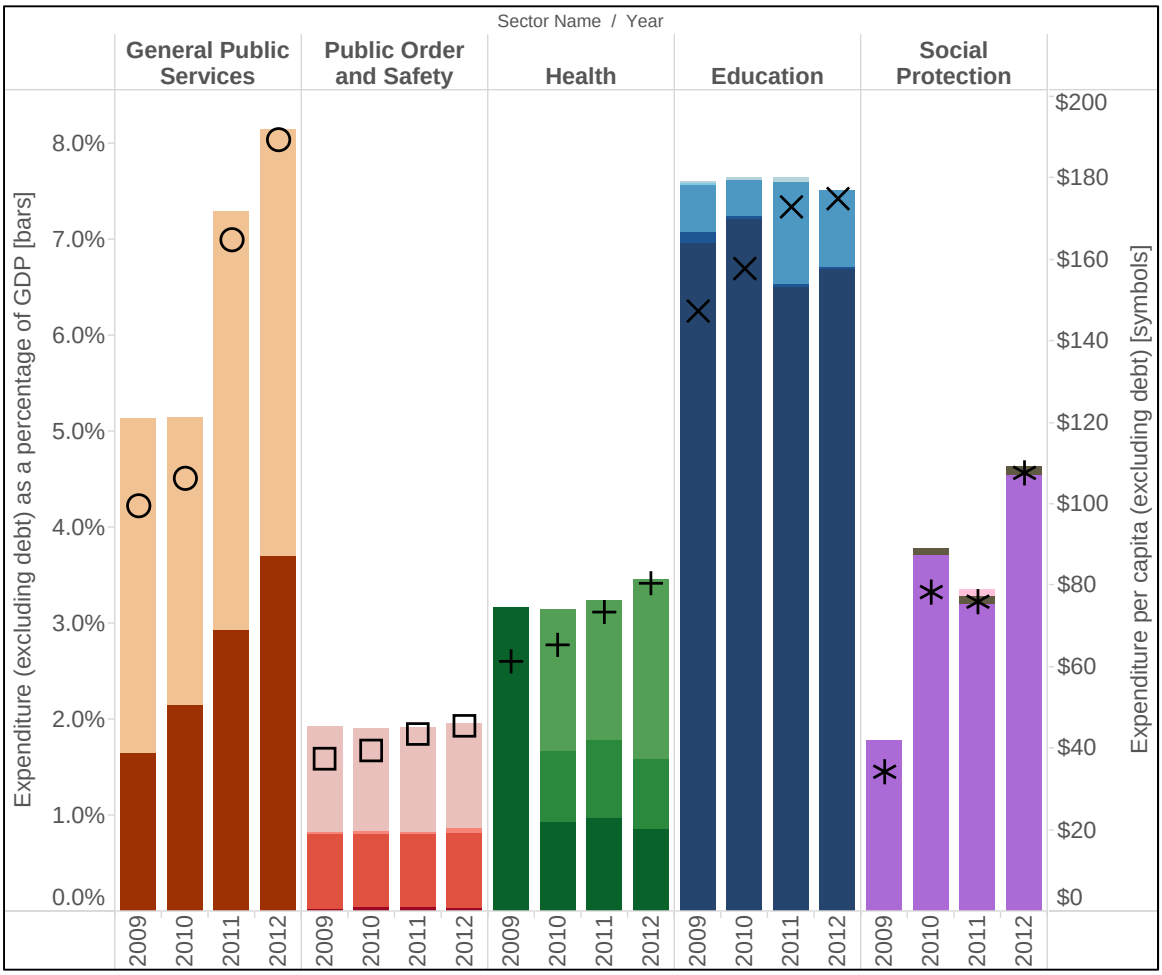


Figure 60: Honduras – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 6.4% of GDP or $140 per capita (3.8% of GDP or $83 per capita excluding public debt transactions). In comparison, the averages for the countries in the lower-middle income group included in this study were 5.3% of GDP or $152 per capita (2.9% of GDP or $83 per capita excluding public debt transactions). Excluding public debt transactions, expenditure on General Public Services decreased as a percentage of GDP by 0.7 percentage points during 2009-2012. Including public debt transactions, expenditure in this sector remained at the same level in 2012 as in 2009.

Functional classification data for this sector were not available.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 1.9% of GDP or $41 per capita.[67] In comparison, average spending on Public Order and Safety by the lower-middle income countries included in this study was 1.8% of GDP or $50 per capita. Expenditure on Public Order and Safety as a percentage of GDP increased by 0.7 percentage points during 2009-2012.

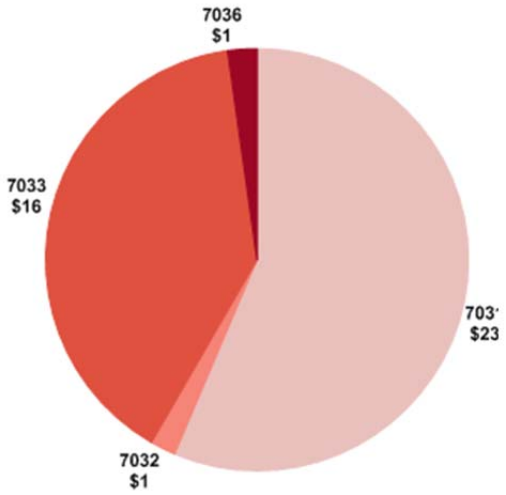


Figure 61: Honduras – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

Expenditure was highest in the police services function (7031), at 1.1% of GDP or $23 per capita annually, and lowest in the fire protection services function (7032) and public order and safety not elsewhere classified (n.e.c.) (7036), at less than 0.05% of GDP or $1 per capita each. Spending in all functions remained relatively constant during the four-year period.

Health

Average spending on Health during 2009-2012 was 3.3% of GDP or $70 per capita. In comparison, average spending on Health by the lower-middle income countries included in this study was 2.6% of GDP or $69 per capita. Expenditure on Health

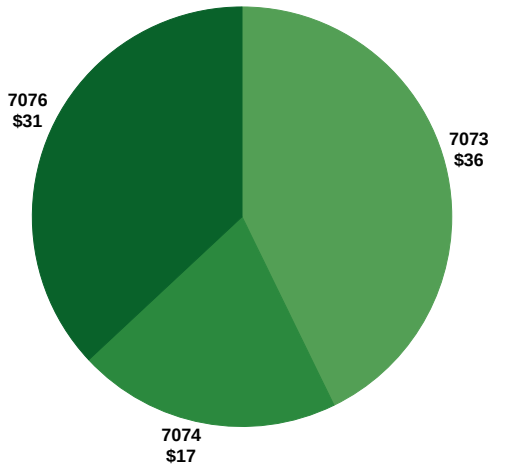


Figure 62: Honduras – average annual per capita expenditure in Health by function during 2009-2012

[67] To the extent that Honduras changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

increased as a percentage of GDP by 0.3 percentage points during 2009-2012.

Spending levels were somewhat similar in hospital services (7073) and health services n.e.c. (7076), at 1.6% and 1.5% or $36 and $31 annual per capita average, respectively. Expenditure on public health services (7074) was 0.8% of GDP or $17 per capita. Expenditure on hospital services (7073) as a percentage of GDP increased by 0.4 percentage points. Expenditure on health services n.e.c. (7076) decreased by 2.3 percentage points. Expenditure on public health services (7074) remained constant.

Education

Average spending on Education during 2009-2012 was 7.6% of GDP or $163 per capita. In comparison, average spending on Education by the lower-middle income countries included in this study was 4.6% of GDP or $120 per capita. Expenditure on Education decreased as a percentage of GDP by 0.1 percentage points during the four-year period.

Although the Government of Honduras provided some information on funds disbursed to educational institutions of various levels averaging about 0.3% of GDP, functional classification data for this sector were not available.

Social Protection

Average spending on Social Protection during 2009-2012 was 3.4% of GDP or $74 per capita. In comparison, average spending on Social Protection by the lower-middle income countries included in this study was 2.9% of GDP or $88 per capita. Expenditure on Social Protection increased as a percentage of GDP by 2.8 percentage points during 2009-2012.

Although the government of Honduras provided some information on funds disbursed under the family and children (7104) and unemployment (7105) functions, averaging about 0.07% and 0.08% of GDP, respectively, functional classification data for this sector were not available.

10. Jamaica

The World Bank country and lending group classification places Jamaica in the upper-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	12	13	14	15	14	14	14
Nominal GDP growth (%)		0.1	0.1	0.0	0.0	0.0	0.0
Real GDP growth (%)	-3.4	-1.4	1.4	-0.5	-0.1	1.3	1.7
GDP per capita (US$)	4,491	4,900	5,346	5,480	5,299	5,220	5,331
GDP per capita growth (%)		0.1	0.1	0.0	0.0	0.0	0.0
Government expenditure (% of GDP)	38.6	33.2	32.0	29.9	28.0	N/A	N/A
Government expenditure growth (%)		-0.1	0.0	-0.1	-0.1	N/A	N/A
Government revenue (% of GDP)	27.5	26.8	25.6	25.8	27.5	N/A	N/A
Government revenue growth (%)		0.0	0.0	0.0	0.1	N/A	N/A

Table 19: Jamaica – GDP and government finances[68]

Indicator	Jamaica	Upper-Middle Income Average[69]
Corruption Perception Index (0-100)	38	37
Government Effectiveness Index (-2.5-2.5)	-0.02	-0.08
Government Waste Index (1-7)	2.8	2.8
Homicide Rate (per 100,000 of population)	39.3	18.7
Hospital Beds (per 1,000 population)	1.7	1.9
Human Development Index (0.335-0.934 in 2012)	0.730	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.458	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.591	0.571
Infant Mortality under 1 year of age (per 1,000 newborn)	14.4	15.2
Infrastructure Quality Index (1-7)	4.2	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	N/A	3.5
Public Institutions Index (1-7)	3.6	3.4
Reliability of Police Index (1-7)	3.7	3.3
Secondary School Enrollment (% of population of enrollment age)	84	76
Under-5 Mortality (per 1,000 newborn)	16.8	17.9

Table 20: Jamaica – indicator scores[70]

[68] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[69] Average for the upper-middle income countries included in this study.

[70] 2012 values except: Secondary School Enrollment (2010).

Data

The Government of Jamaica classifies public expenditure into the following sectors:

1. General Government Services
2. Defense Affairs and Services
3. Public Order and Safety Services
4. Public Debt Management Services
5. Social Security and Welfare Services
6. Education Affairs and Services
7. Health Affairs and Services
8. Information and Broadcasting
9. Housing
10. Community Amenity Services
11. Art and Culture
12. Other Social and Community Services
13. Industry and Commerce
14. Agriculture
15. Mining
16. Energy
17. Roads
18. Physical Planning and Development
19. Transport and Communication Services
20. Other Economic Services
21. Local Government Administration
22. Unallocated

Expenditure data includes the following public sector entities:

- Central government entities
- Decentralized entities

The Government of Jamaica does not use COFOG classifications, but for the purposes of this analysis, the following assumptions apply:

COFOG Classification	Government of Jamaica Classification
General Public Services	General Government Services
	Local Government Administration
Public Order and Safety	Public Order and Safety Services
Health	Health Affairs and Services
Education	Education Affairs and Services
Social Protection	Social Security and Welfare Services

Expenditures

Figure 63 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Jamaica. Further detail on each sector is provided below.

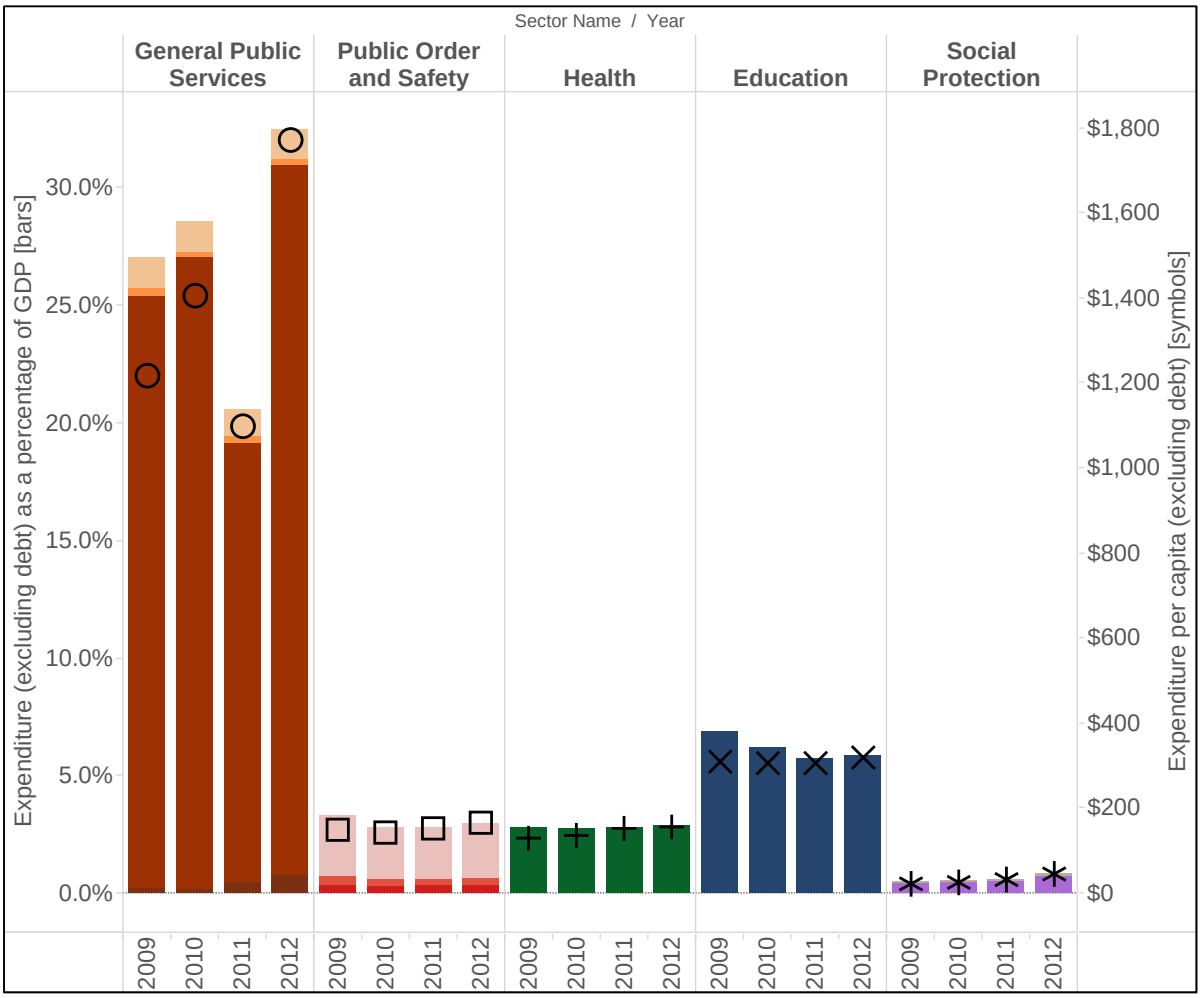


Figure 63: Jamaica – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 27.2% of GDP or $1,372 per capita (2.0% of GDP or $100 per capita excluding public debt transactions).[71] In comparison, the averages for all countries in the upper-middle income group included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Expenditure in this sector, including public debt transactions, increased as a percentage of GDP by 5.4 percentage points during 2009-2012. Excluding public debt transactions, expenditure increased by 0.4 percentage points during the four-year period.

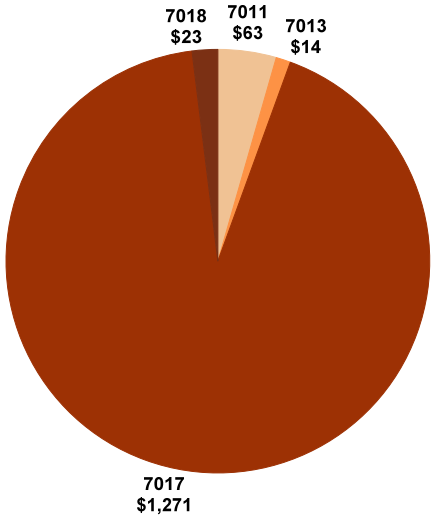


Figure 64: Jamaica – average annual per capita expenditure in General Public Services by function during 2009-2012

Expenditure was highest in public debt transactions (7017) and lowest in the general services (7013) function, at 25.2% and 0.3% of GDP and $1,271 and $14 per capita annually, respectively. Excluding public debt transactions, the highest expenditure levels were in executive and legislative organs, financial and fiscal affairs, external affairs (7011), at 1.3% of GDP or $63 per capita. Spending as a percentage of GDP in executive and legislative organs, financial and fiscal affairs and external affairs (7011) decreased during the period by 0.1 percentage points. Expenditure on public debt transactions (7017) and transfers of a general character between different levels of government (7018) increased during 2009-2012, by 5.0 and 0.5 percentage points, respectively. Spending on general services (7013) remained constant.

Public Order and Safety

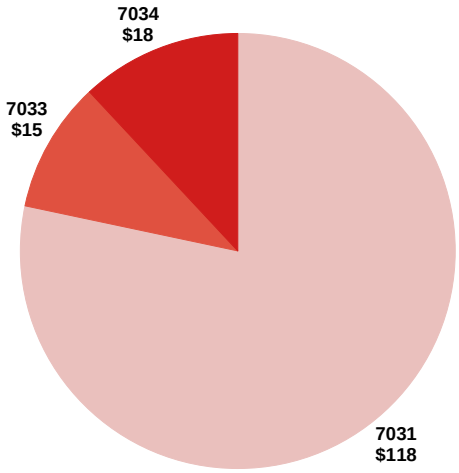


Figure 65: Jamaica – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

Average spending on Public Order and Safety during 2009-2012 was 3.0% of GDP or $150 per capita. In comparison, the averages by the upper-middle income group countries included in this study were 1.5% of GDP or $96 per capita. Expenditure in this

[71] To the extent that Jamaica changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

sector decreased as a percentage of GDP by 0.3 percentage points during the four-year period.

Expenditure was highest in police services (7031), at 2.3% of GDP or $118 per capita annually. Expenditure in the other two functions was similar, at 0.3% of GDP each or $15 and $18 in law courts (7033) and prisons (7043), respectively. Spending as a percentage of GDP decreased in police services (7031) and prisons (7034), by 0.2 and 0.1 percentage points, respectively. Spending on law courts remained the same.

Health

Average spending on Health during 2009-2012 was 2.8% of GDP or $142 per capita. In comparison, average spending on Health by the upper-middle income countries included in this study was 2.2% of GDP or $151 per capita. Expenditure on Health as a percentage of GDP remained constant during the period, except for a 0.1 percentage points decrease in 2010 and a corresponding increase in 2011.

Functional classification data for this sector were not available

Education

Average spending on Education during 2009-2012 was 6.2% of GDP or $309 per capita. In comparison, average spending on Education by the upper-middle income countries included in this study was 3.8% of GDP or $250 per capita. Expenditure in this sector decreased as a percentage of GDP by 1.1 percentage points during the four-year period.

Functional classification data for this sector were not available.

Social Protection

Average spending on Social Protection during 2009-2012 was 0.6% of GDP or $32 per capita. In comparison, average spending on Social Protection by the upper-middle income countries included in this study was 3.7% of GDP or $275 per capita. Expenditure on Social Protection increased as a percentage of GDP by 0.3 percentage points during the four-year period.

Although the government of Jamaica provided some information on funds disbursed under the housing (7106) and social protection not elsewhere classified (n.e.c.) (7109) functions, averaging about 0.1% and 0.6% of GDP, respectively, functional classification data for this sector were not available.

11. Mexico

The World Bank country and lending group classification places Mexico in the upper-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	895	1,051	1,171	1,186	1,261	1,323	1,439
Nominal GDP growth (%)		0.2	0.1	0.0	0.1	0.0	0.1
Real GDP growth (%)	-4.5	5.1	4.0	3.7	1.3	2.4	4.0
GDP per capita (US$)	8,045	9,341	10,288	10,310	10,849	11,256	12,113
GDP per capita growth (%)		0.2	0.1	0.0	0.1	0.0	0.1
Government expenditure (% of GDP)	25.6	25.1	25	25.1	25.9	26.6	26.6
Government expenditure growth (%)		0.0	0.0	0.0	0.0	0.0	0.0
Government revenue (% of GDP)	23.3	22.3	22.5	22.5	23.6	23	23.5
Government revenue growth (%)		0.0	0.0	0.0	0.0	0.0	0.0

Table 21: Mexico – GDP and government finances[72]

Indicator	Mexico	Upper-Middle Income Average[73]
Corruption Perception Index (0-100)	34	37
Government Effectiveness Index (-2.5-2.5)	0.32	-0.08
Government Waste Index (1-7)	3.3	2.8
Homicide Rate (per 100,000 of population)	21.5	18.7
Hospital Beds (per 1,000 population)	1.5	1.9
Human Development Index (0.335-0.934 in 2012)	0.775	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.382	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.593	0.571
Infant Mortality under 1 year of age (per 1,000 newborn)	13.9	15.2
Infrastructure Quality Index (1-7)	4.4	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	0.7	3.5
Public Institutions Index (1-7)	3.6	3.4
Reliability of Police Index (1-7)	2.8	3.3
Secondary School Enrollment (% of population of enrollment age)	73	76
Under-5 Mortality (per 1,000 newborn)	16.2	17.9

Table 22: Mexico – indicator scores[74]

[72] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[73] Average for the upper-middle income countries included in this study.

Data

The Government of Mexico classifies public expenditure into the following sectors:

1. Government Administration (Gobierno)
2. Economic Development (Desarrollo Económico)
3. Social Development (Desarrollo Social)
4. Other Sectors (Otras no Clasificadas en Funciones Anteriores)

Expenditure data included the following public sector entities:

- Central government entities
- Decentralized entities

The Government of Mexico does not use COFOG classifications. The following assumptions were used:

COFOG Classification	Government of Mexico Classification
General Public Services	Government Administration (Gobierno): • Government Policy (Coordinación de la Política de Gobierno) • Legislation (Legislación) • External Affairs (Relaciones Exteriores) • Transfers between Different Levels of Government (Transferencias, Participaciones y Aportaciones entre diferentes Niveles y Ordenes de Gobierno) • Other General Services (Otros Servicios Generales)
Public Order and Safety	Government Administration (Gobierno): • Public Order and Security (Asuntos de Orden Público y de Seguridad Interior) • Justice (Justicia)
Health	Social Development (Desarrollo Social): • Health (Salud)
Education	Social Development (Desarrollo Social): • Education (Educación)
Social Protection	Social Development (Desarrollo Social): • Social Protection (Protección Social) • Other Social Issues (Otros Asuntos Sociales)

[74] 2012 values except: Hospital Beds (2011), Percent of Population on Less than $1.25 a Day (PPP) (%) (2010), and Secondary School Enrollment (2011).

Expenditures

Figure 66 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Mexico. Further detail on each sector is provided below.

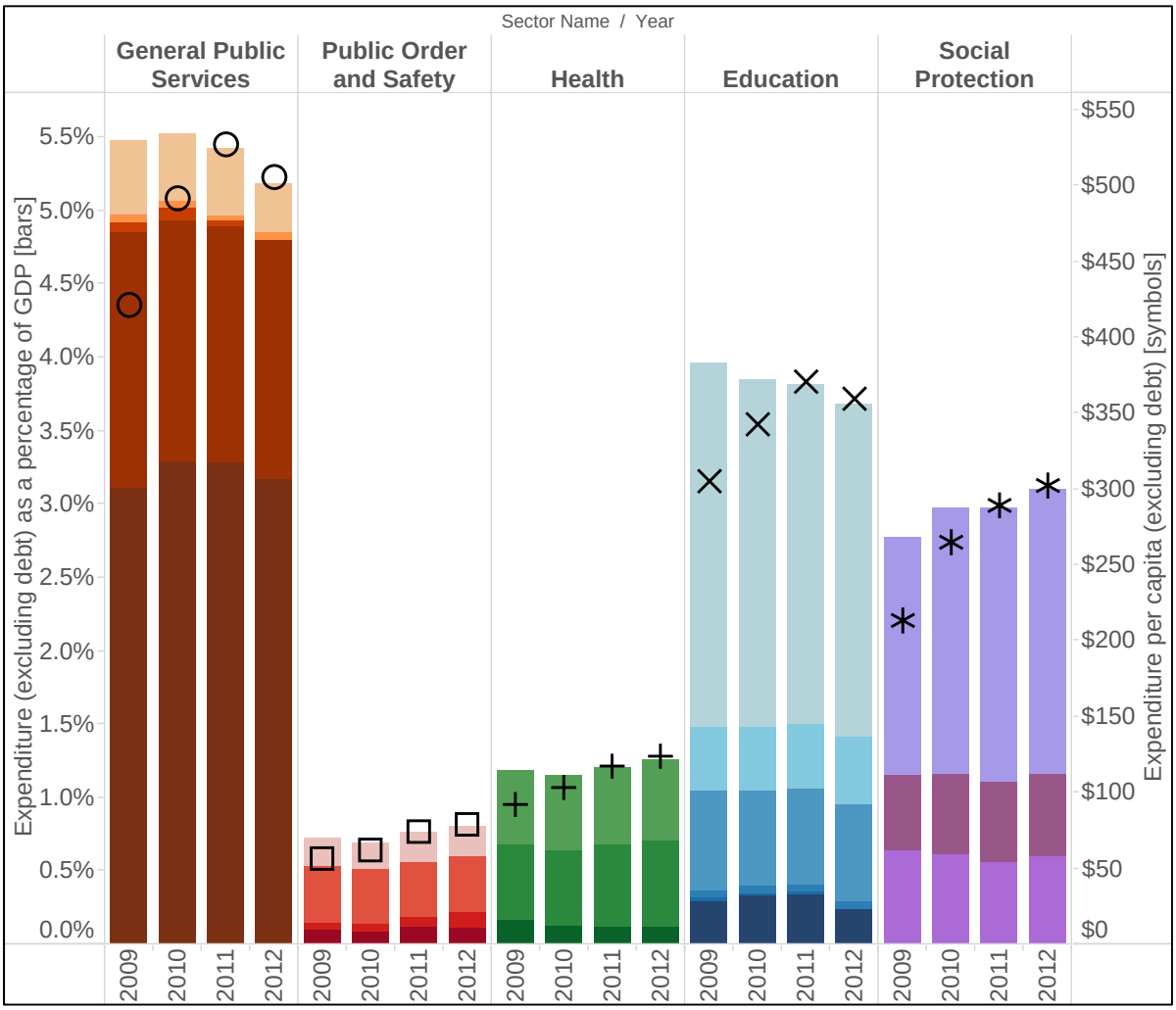


Figure 66: Mexico – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 5.4% of GDP or $486 per capita (3.8% of GDP or $338 per capita excluding public debt transactions).[75] In comparison, the averages for countries in the upper-middle income group included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Including public debt transactions, expenditure in this sector decreased as a percentage of GDP by 0.3 percentage points during 2009-2012. Excluding public debt transactions, the decrease was 0.1 percentage points.

Expenditure was highest in transfers of a general character between different levels of government (7018), at 3.2% of GDP or $290 per capita annually, and lowest in general services (7013), at less than 0.05% of GDP or $4 per capita. Spending on all functions as a percentage of GDP remained relatively constant, with a 0.1 percentage point increase in transfers of a general character between different levels of government (7018) and decreases in executive and legislative organs, financial and fiscal affairs, external affairs (7011) and public debt transactions (7017) of 0.2 and 0.1 percentage points, respectively.

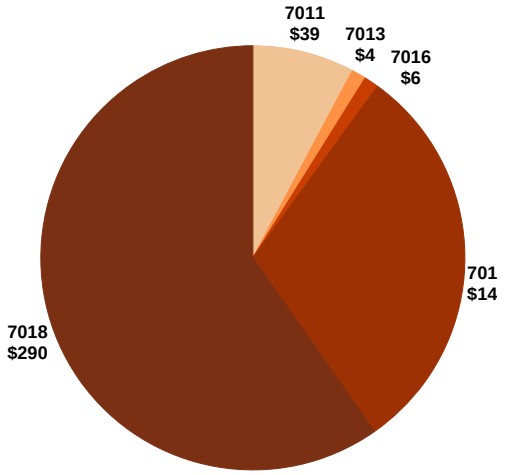


Figure 67: Mexico – average annual per capita expenditure in General Public Services by function during 2009-2012

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 0.7% of GDP or $67 per capita. In comparison, the averages for the countries in the upper-middle income group included in this study were 1.5% of GDP and $96 per capita. Expenditure on Public Order and Safety increased as a percentage of GDP by 0.1 percentage points during 2009-2012.

Expenditure was highest in law courts (7033) and lowest in prisons (7034), at 0.4% and 0.1% of GDP or $34 and $6 per capita annually. Expenditure in prisons (7034) increased as a percentage of GDP by

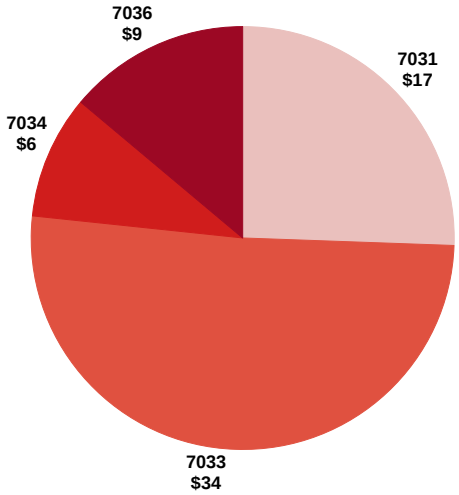


Figure 68: Mexico – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

[75] To the extent that Mexico changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

0.1 percentage points. Expenditure in all other functions was constant throughout the period.

Health

Average spending on Health during 2009-2012 was 1.2% of GDP or $108 per capita. In comparison, the averages for the countries in the upper-middle income group included in this study were 2.2% of GDP or $151 per capita. Expenditure on Health increased as a percentage of GDP by 0.1 percentage points during 2009-2012.

Expenditure on Health was classified into hospital services (7073), public health services (7074), and health not elsewhere classified (n.e.c.) (7076) with average expenditure as a percentage of GDP of 0.5%, 0.6%, and 0.1%, respectively, or $47, $50, and $11 per capita annually. Expenditure in hospital services (7073) as a percentage of GDP remained constant during the four-year period. Expenditure on public health services (7074) increased by 0.1 percentage points. Expenditure on health n.e.c. (7076) decreased by 0.1 percentage points.

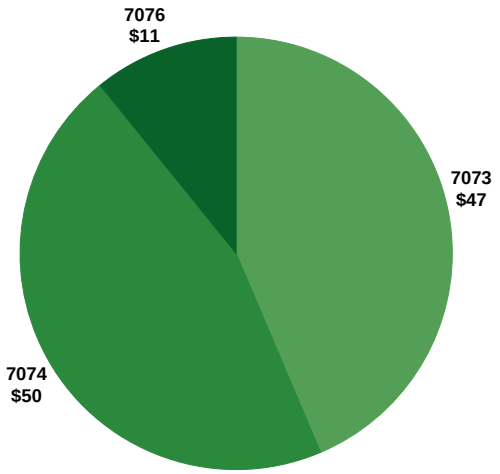


Figure 69: Mexico – average annual per capita expenditure in Health by function during 2009-2012

Education

Average spending on Education during 2009-2012 was 3.8% of GDP or $344 per capita. In comparison, average spending on Education by the upper-middle income countries included in this study was 3.8% of GDP or $250 per capita. Expenditure in this sector decreased as a percentage of GDP by 0.3 percentage points during the four-year period.

Expenditure was highest in pre-primary and primary education (7091) and lowest in subsidiary services to education (7096), at 2.4% and less than 0.05% of GDP or $212 and $2 per capita, respectively. Expenditure levels as a percentage of GDP decreased in pre-primary and primary education (7091) and education n.e.c. (7098), by 0.1 percentage points each. Expenditure in secondary education (7092) increased by 0.1 percentage points. Expenditure in other functions remained the same.

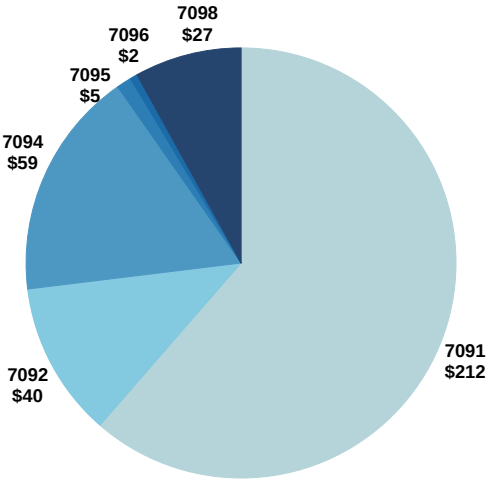


Figure 70: Mexico – average annual per capita expenditure in Education by function during 2009-2012

Social Protection

Average spending on Social Protection during 2009-2012 was 3.0% of GDP or $267 per capita. In comparison, the averages for the countries in the upper-middle income group included in this study were 3.7% of GDP and $275 per capita. Expenditure on Social Protection increased as a percentage of GDP by 0.3 percentage points during 2009-2011.

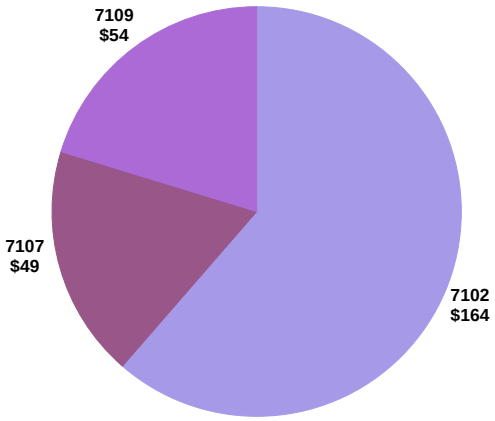


Figure 71: Mexico – average annual per capita expenditure in Social Protection by function during 2009-2012

Expenditures in Social Protection were classified into old age (7102), social exclusion n.e.c. (7107), and social protection n.e.c. (7109). Expenditure was highest in old age (7102), at 1.8% of GDP or $164 per capita annually, and lowest in social exclusion n.e.c. (7107), at 0.6% of GDP or $49 per capita. Expenditure in both of these functions as a percentage of GDP increased, by 0.3 and 0.1 percentage points, respectively. Expenditure in social protection n.e.c remained constant.

12. Nicaragua

The World Bank country and lending group classification places Nicaragua in the lower-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	8	9	10	11	11	12	13
Nominal GDP growth (%)		0.1	0.1	0.1	0.1	0.1	0.1
Real GDP growth (%)	-2.8	3.3	5.7	5.0	4.6	4.5	4.5
GDP per capita (US$)	1,421	1,515	1,650	1,745	1,845	1,944	2,044
GDP per capita growth (%)		0.1	0.1	0.1	0.1	0.1	0.1
Government expenditure (% of GDP)	25	24.8	25.7	25.9	25.5	25.4	25.2
Government expenditure growth (%)		0.0	0.0	0.0	0.0	0.0	0.0
Government revenue (% of GDP)	24.0	24.3	25.8	25.6	24.4	24	23.6
Government revenue growth (%)		0.0	0.1	0.0	0.0	0.0	0.0

Table 23: Nicaragua – GDP and government finances[76]

Indicator	Nicaragua	Lower-Middle Income Average[77]
Corruption Perception Index (0-100)	29	31
Government Effectiveness Index (-2.5-2.5)	-0.89	-0.68
Government Waste Index (1-7)	3.2	2.5
Homicide Rate (per 100,000 of population)	11.3	38.5
Hospital Beds (per 1,000 population)	0.9	0.9
Human Development Index (0.335-0.934 in 2012)	0.599	0.632
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.461	0.479
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.434	0.445
Infant Mortality under 1 year of age (per 1,000 newborn)	20.6	19.8
Infrastructure Quality Index (1-7)	3.4	3.7
Percent of Population on Less than $1.25 a Day (PPP) (%)	N/A	11.4
Public Institutions Index (1-7)	3.3	3.2
Reliability of Police Index (1-7)	3.8	3.0
Secondary School Enrollment (% of population of enrollment age)	46	53
Under-5 Mortality (per 1,000 newborn)	24.4	23.4

Table 24: Nicaragua – indicator scores[78]

[76] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[77] Average for the lower-middle income countries included in this study.

[78] 2012 values except: Secondary School Enrollment (2010).

Data

The Government of Nicaragua classified public expenditure into the following sectors:

1. Public Administration (Administración Gubernamental)
2. Defense, Public Order, and Security (Defensa, Orden Público y Seguridad)
3. Education (Educación)
4. Health (Salud)
5. Social Services (Servicio Social y Asistencia Social)
6. Housing and Community Services (Vivienda y Servicio Comunitario)
7. Recreation, Culture, and Religion (Servicio Recreativos, Culturales y Religiosos)
8. Economic Services (Servicios Económicos)
9. Debt Service (Servicio de la Deuda)

Expenditure data included the following public sector entities:

- Central government entities
- Decentralized entities

The Government of Nicaragua does not use COFOG classifications. The following assumptions were used:

COFOG Classification	Government of Nicaragua Classification
General Public Services	Public Administration (Administración Gubernamental)
Public Order and Safety	Defense, Public Order, and Security (Defensa, Orden Público y Seguridad)
Health	Health (Salud)
Education	Education (Educación)
Social Protection	Social Services (Servicio Social y Atencion Social)

Expenditures

Figure 72 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Nicaragua. Further detail on each sector is provided below.

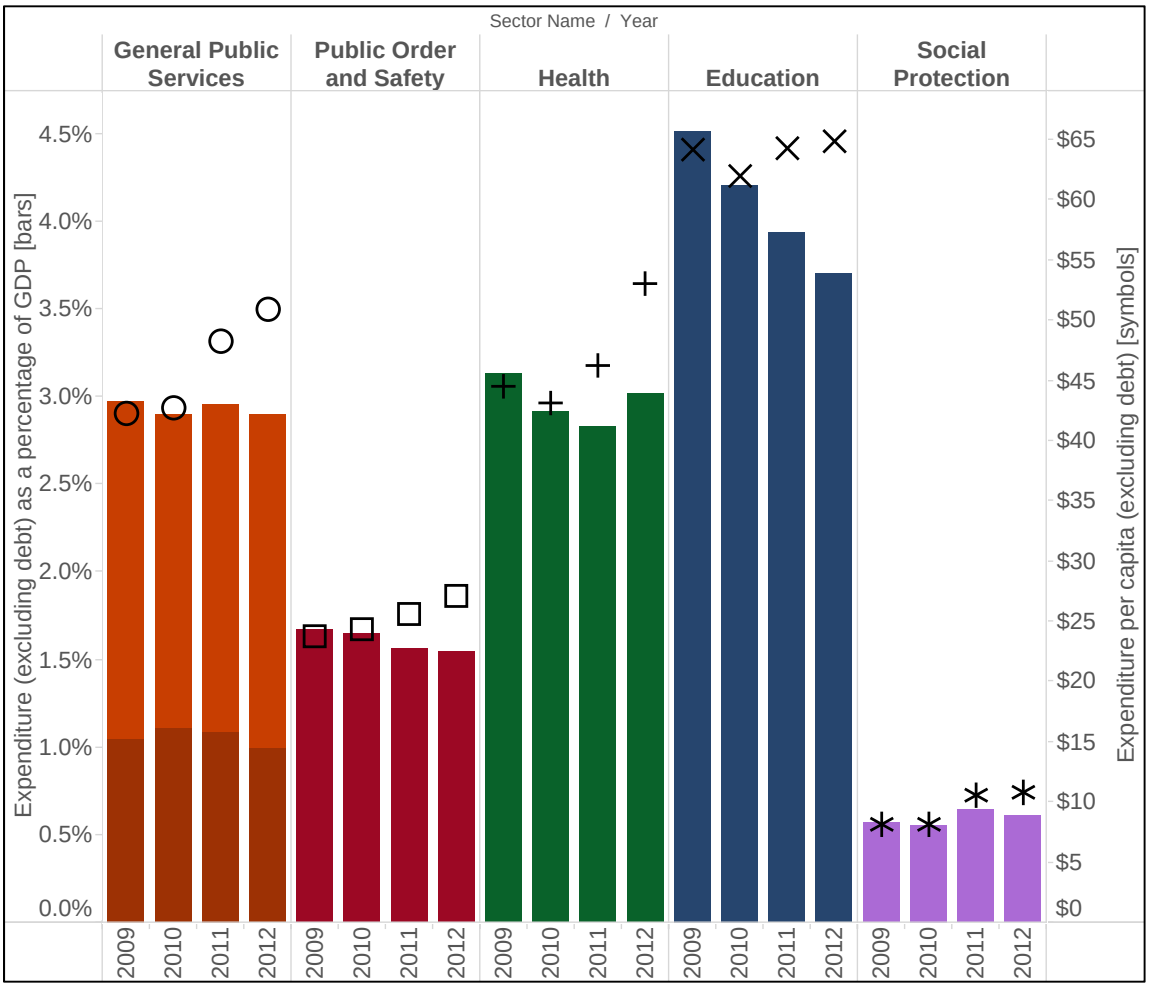


Figure 72: Nicaragua – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education	7011, 7012, 7013, 7014, 7015, 7016, 7018
□ General Public Services	7031, 7032, 7033, 7034, 7035, 7036
+ Health	7071, 7072, 7073, 7074, 7075, 7076
× Public Order and Safety	7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098
✱ Social Protection	7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 2.9% of GDP or $46 per capita (1.9% of GDP or $29 per capita excluding public debt transactions). In comparison, the averages for the countries in the lower-middle income group included in this study were 5.3% of GDP or $152 per capita (2.9% of GDP or $83 per capita excluding public debt transactions). Expenditure on General Public Services, including public debt transactions, decreased as a percentage of GDP by 0.1 percentage points during 2009-2012. Expenditure excluding public debt transactions remained constant.

Functional classification data for this sector were not available.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 1.6% of GDP or $25 per capita. In comparison, average spending on Public Order and Safety by the lower-middle income countries included in this study was 1.8% of GDP or $50 per capita. Expenditure on Public Order and Safety decreased as a percentage of GDP by 0.2 percentage points during the four-year period.

Functional classification data for this sector were not available.

Health

Average spending on Health during 2009-2012 was 3.0% of GDP or $47 per capita. In comparison, average spending on Health by the lower-middle income countries included in this study was 2.6% of GDP or $69 per capita. Expenditure in this sector decreased as a percentage of GDP by 0.1 percentage points during the four-year period.

Functional classification data for this sector were not available.

Education

Average spending on Education during 2009-2012 was 4.1% of GDP or $64 per capita. In comparison, average spending on Education by the lower-middle income countries included in this study was 4.6% of GDP or $120 per capita. Expenditure in this sector decreased as a percentage of GDP by 0.8 percentage points during the four-year period.

Functional classification data for this sector were not available.

Social Protection

Average spending on Social Protection during 2009-2012 was 0.6% of GDP or $9 per capita. In comparison, average spending on Social Protection by the lower-middle income countries included in this study was 2.9% of GDP or $88 per capita. Expenditure on Social Protection as a percentage of GDP remained constant throughout the four-year period.

Functional classification data for this sector were not available.

13. Paraguay

The World Bank country and lending group classification places Paraguay in the lower-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	16	20	25	25	29	31	35
Nominal GDP growth (%)		0.3	0.3	0.0	0.2	0.1	0.1
Real GDP growth (%)	-4.0	13.1	4.3	-1.2	14.4	4.9	4.1
GDP per capita (US$)	2,490	3,084	3,803	3,671	4,250	4,525	4,969
GDP per capita growth (%)		0.2	0.2	0.0	0.2	0.1	0.1
Government expenditure (% of GDP)	17.5	15.9	17.3	20.8	19.2	18.1	17.7
Government expenditure growth (%)		-0.1	0.1	0.2	-0.1	-0.1	0.0
Government revenue (% of GDP)	17.6	17.1	18.1	19.0	17.2	16.9	17.0
Government revenue growth (%)		0.0	0.1	0.0	-0.1	0.0	0.0

Table 25: Paraguay – GDP and government finances[79]

Indicator	Paraguay	Lower-Middle Income Average[80]
Corruption Perception Index (0-100)	25	31
Government Effectiveness Index (-2.5-2.5)	-0.90	-0.68
Government Waste Index (1-7)	2.3	2.5
Homicide Rate (per 100,000 of population)	9.7	38.5
Hospital Beds (per 1,000 population)	1.3	0.9
Human Development Index (0.335-0.934 in 2012)	0.669	0.632
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.472	0.479
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	N/A	0.445
Infant Mortality under 1 year of age (per 1,000 newborn)	18.8	19.8
Infrastructure Quality Index (1-7)	2.6	3.7
Percent of Population on Less than $1.25 a Day (PPP) (%)	7.2	11.4
Public Institutions Index (1-7)	3.0	3.2
Reliability of Police Index (1-7)	2.6	3.0
Secondary School Enrollment (% of population of enrollment age)	61	53
Under-5 Mortality (per 1,000 newborn)	22.0	23.4

Table 26: Paraguay – indicator scores[81]

[79] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[80] Average for the lower-middle income countries included in this study.

Data

The Government of Paraguay classified public expenditure into the following sectors:

1. Public Administration (Administración Gubernamental)
2. Security Services (Servicios de Seguridad)
3. Social Services (Servicios Sociales)
4. Economic Services (Servicios Económicos)
5. Debt Service (Servicio de la Deuda Publica)
6. Regulation and Control (Servicio de Regulación y Control)

Expenditure data included the following public sector entities:

- Central government entities
- Decentralized entities

The Government of Paraguay does not use COFOG classifications, but for the purposes of this analysis, the following assumptions apply:

COFOG Classification	Government of Paraguay Classification
General Public Services	Public Administration (Administración Gubernamental) excluding Judiciary (Judicial)
Public Order and Safety	Security Services (Servicios de Seguridad): • Interior Security (Seguridad Interior) • Judiciary (Judicial) • Investment in Security Sector (Inversión Sector Seguridad) • Security without Discrimination (Seguridad sin Discriminar)
Health	Social Services (Servicios Sociales): • Health (Salud)
Education	Social Services (Servicios Sociales): • Education and Culture (Educación y Cultura)
Social Protection	Social Services (Servicios Sociales): • Social Promotion (Promoción y Acción Social) • Social Security (Seguridad Social) • Other Social Services (Otros Servicios Sociales)

[81] 2012 values except: Hospital Beds (2011), Percent of Population on Less than $1.25 a Day (PPP) (%) (2010), and Secondary School Enrollment (2010).

Expenditures

Figure 73 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Paraguay. Further detail on each sector is provided below.

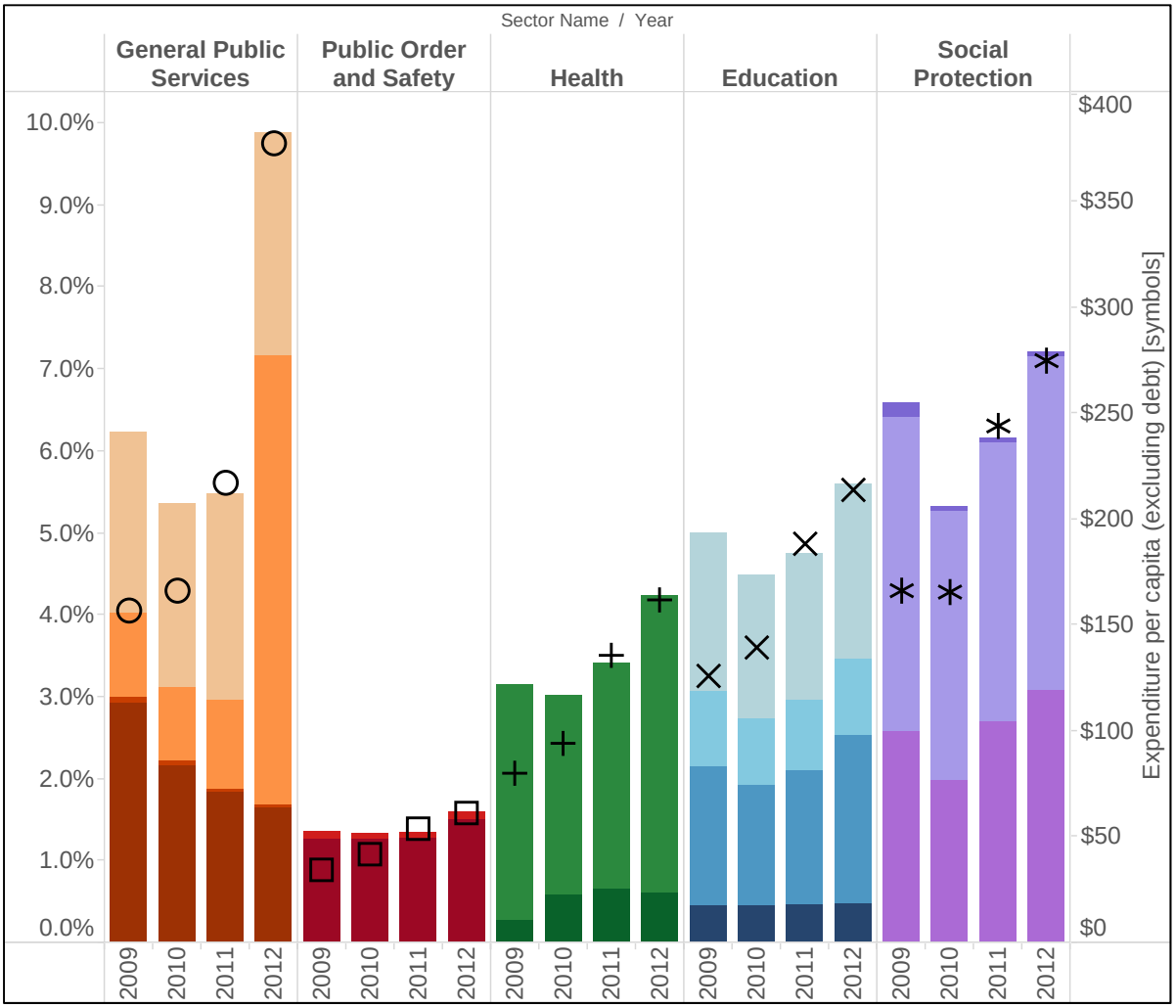


Figure 73: Paraguay – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education	7011, 7012, 7013, 7014, 7015, 7016, 7018
□ General Public Services	7031, 7032, 7033, 7034, 7035, 7036
+ Health	7071, 7072, 7073, 7074, 7075, 7076
× Public Order and Safety	7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098
✱ Social Protection	7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 6.7% of GDP or $229 per capita (4.6% of GDP or $160 per capita excluding public debt transactions).[82] In comparison, the averages for the countries in the lower-middle income group included in this study were 5.3% of GDP or $152 per capita (2.9% of GDP or $83 per capita excluding public debt transactions). Including public debt transactions, expenditure in this sector increased as a percentage of GDP by 3.7 percentage points during 2009-2012. Excluding public debt transactions, expenditure increased by 4.9 percentage points.

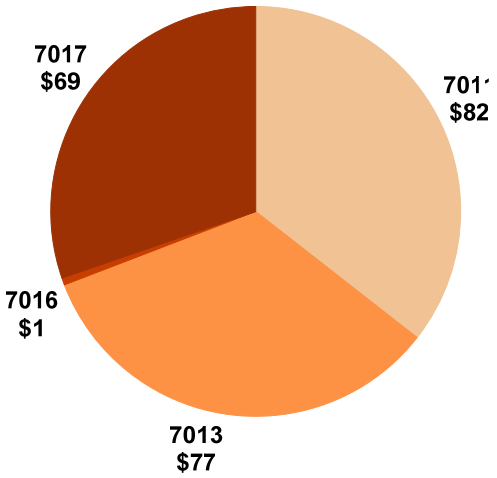


Figure 74: Paraguay – average annual per capita expenditure in General Public Services by function during 2009-2012

Expenditure was highest in executive and legislative organs, financial and fiscal affairs, external affairs (7011), at an average of 2.4% of GDP or $82 per capita annually, and lowest in general public services not elsewhere classified (n.e.c.) (7016), at less than 0.05% of GDP and $1 per capita. In 2009 and 2010, Paraguay also recorded expenditure in transfers of a general character between different levels of government (7018), but the amounts were small and recorded as zero. Expenditure in executive and legislative organs, financial and fiscal affairs, external affairs (7011) and general services (7013) as a percentage of GDP increased by 0.5 and 4.5 percentage points, respectively. Expenditure in general public services n.e.c., (7016) and public debt transactions (7017) decreased by 0.1 and 1.3 percentage points, respectively.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 1.4% of GDP or $48 per capita. In comparison, average spending on Public Order and Safety by the lower-middle income countries included in this study was 1.8% of GDP or $50 per capita. Expenditure on Public Order and Safety increased as a percentage of GDP by 0.2 percentage points during the four-year period.

Although the government of Paraguay provided some information on funds disbursed to prisons (7034), (about 0.1% of GDP), functional classification data for this sector were not available. This sector only grew between 2011 and 2012, where public order and safety n.e.c. (7036) increased by 0.2 percentage points.

[82] To the extent that Paraguay changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

Health

Average spending on Health during 2009-2012 was 3.5% of GDP or $117 per capita. In comparison, average spending on Health by the lower-middle income countries included in this study was 2.6% of GDP or $69 per capita. Expenditure on Health increased as a percentage of GDP by 1.0 percentage point during 2009-2012.

Paraguay classified most expenditure under public health services (7074), averaging 2.9% of GDP or $99 per capita over the four-year period. All remaining expenditure was classified under public health n.e.c. (7076), at 0.5% of GDP or $19 per capita. Expenditure in both functions as a percentage of GDP increased, by 0.5 and 0.3 percentage points, respectively.

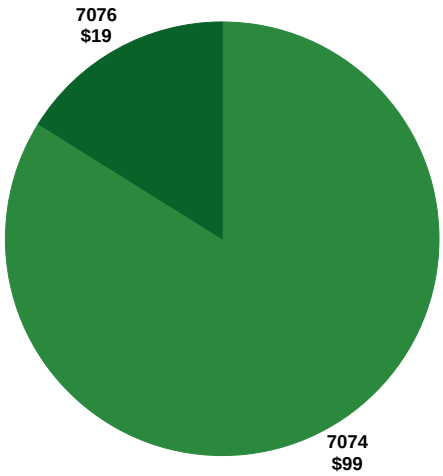


Figure 75: Paraguay – average annual per capita expenditure in Health by function during 2009-2012

Education

Average spending on Education during 2009-2012 was 5.0% of GDP or $167 per capita. In comparison, average spending on Education by the lower-middle income countries included in this study was 4.6% of GDP or $120 per capita. Expenditure on Education increased as a percentage of GDP by 0.6 percentage points during 2009-2012.

Expenditure was highest in pre-primary and primary education (7091) and lowest in education n.e.c. (7098), at 1.9% and 0.5% of GDP or $64 and $16 per capita annually. Expenditure on pre-primary and primary education (7091) and (7094) as a percentage of GDP increased by 0.2 and 0.3 percentage points during the four-year period. Expenditure in the rest of the functions remained at the same level.

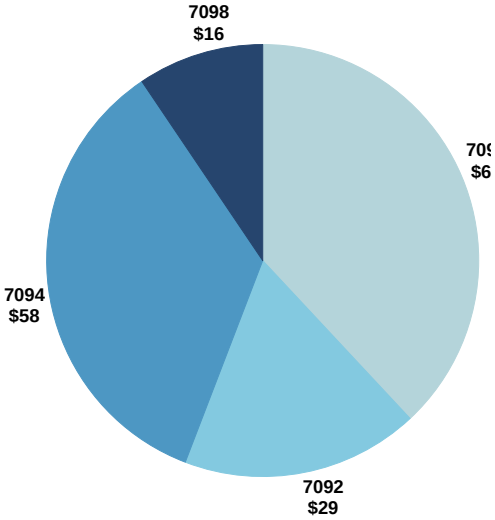


Figure 76: Paraguay – average annual per capita expenditure in Education by function during 2009-2012

Social Protection

Average spending on Social Protection during 2009-2012 was 6.3% of GDP or $212 per capita. In comparison, average spending on Social Protection by the lower-middle income countries included in this study was 2.9% of GDP or $88 per capita. Expenditure on Social Protection increased as a percentage of GDP by 0.6 percentage points during the four-year period.

Expenditure was highest in old age (7102), at 3.6% of GDP or $122 per capita, and lowest in sickness and disability (7101), at 0.1% of GDP and $3 per capita. Expenditure in old age (7102) and social protection n.e.c. (7109) as a percentage of GDP increased by 0.3 and 1.5 percentage points, respectively. Expenditure in sickness and disability (7101) decreased by 0.2 percentage points.

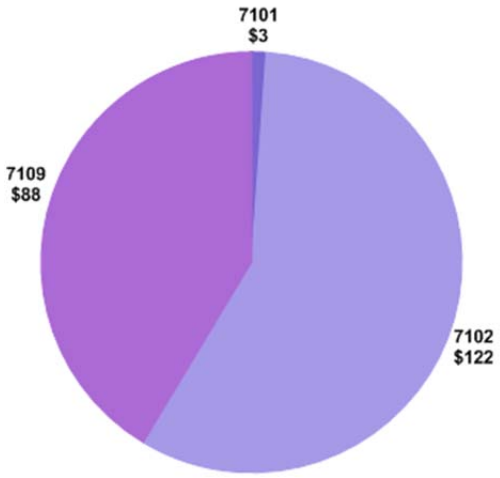
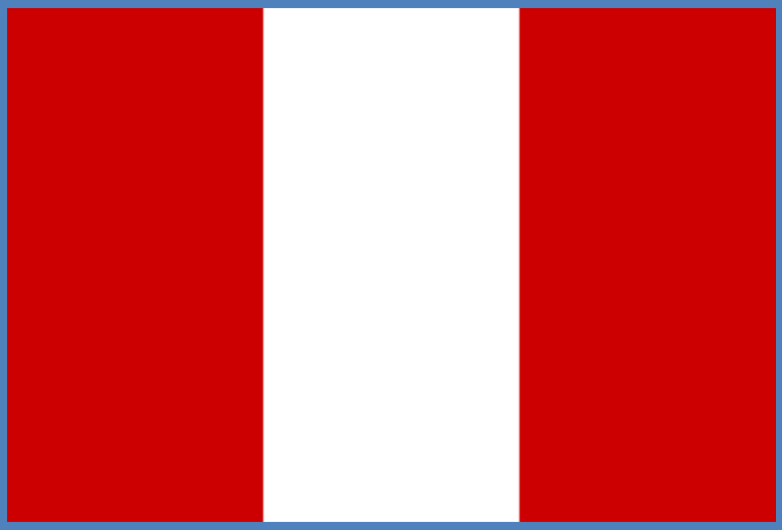


Figure 77: Paraguay – average annual per capita expenditure in Social Protection by function during 2009-2012

14. Peru



The World Bank country and lending groups classifications place Peru in the upper-middle income group.

	2009[a]	2010[a]	2011[a]	2012[a]	2013[b]	2014[c]	2015[c]
GDP							
Nominal GDP (US$ bn)	127	154	177	200	207	214	229
Nominal GDP growth (%)		0.2	0.1	0.1	0.0	0.0	0.1
Real GDP growth (%)	0.9	8.8	6.9	6.3	5.0	4.8	5.5
GDP per capita (US$)	4,291	5,127	5,806	6,481	6,619	6,763	7,141
GDP per capita growth (%)		0.2	0.1	0.1	0.0	0.0	0.1
Government expenditure (% of GDP)	30.0	29.6	28.8	29.0	30.8	30.9	30.9
Government expenditure growth (%)		0.0	0.0	0.0	0.1	0.0	0.0
Government revenue (% of GDP)	28.2	29.1	30.8	31.2	31.6	31.3	31.3
Government revenue growth (%)		0.0	0.1	0.0	0.0	0.0	0.0

Table 27: Peru – GDP and government finances[83]

Indicator	Peru	Upper-Middle Income Average[84]
Corruption Perception Index (0-100)	38	37
Government Effectiveness Index (-2.5-2.5)	-0.16	-0.08
Government Waste Index (1-7)	3.5	2.8
Homicide Rate (per 100,000 of population)	9.6	18.7
Hospital Beds (per 1,000 population)	1.5	1.9
Human Development Index (0.335-0.934 in 2012)	0.741	0.747
Human Development Index, Gender Inequality (0.045-0.747 in 2012)	0.387	0.420
Human Development Index, Inequality Adjusted (0.183-0.894 in 2012)	0.561	0.571
Infant Mortality under 1 year of age (per 1,000 newborn)	14.1	15.2
Infrastructure Quality Index (1-7)	3.4	3.8
Percent of Population on Less than $1.25 a Day (PPP) (%)	4.9	3.5
Public Institutions Index (1-7)	3.4	3.4
Reliability of Police Index (1-7)	3.0	3.3
Secondary School Enrollment (% of population of enrollment age)	78	76
Under-5 Mortality (per 1,000 newborn)	18.2	17.9

Table 28: Peru – indicator scores[85]

[83] Economist Intelligence Unit – Fiscal Indicators http://www.eiu.com/default.aspx; a = actual, b = Economist Intelligence Unit estimate, c = Economist Intelligence Unit forecasts

[84] Average for the upper-middle income countries included in this study.

Data

The Government of Peru classifies public expenditure into the following sectors:

1. Legislature (Legislativa)
2. External Affairs (Relaciones Exteriores)
3. Planning and Administration (Planeamiento, Gestión y Reserva de Contingencia)
4. Defense and National Security (Defensa y Seguridad Nacional)
5. Public Order and Safety (Orden Público y Seguridad)
6. Justice (Justicia)
7. Work (Trabajo)
8. Commerce (Comercio)
9. Tourism (Turismo)
10. Agriculture (Agropecuaria)
11. Fishing (Pesca)
12. Energy (Energía)
13. Mining (Minería)
14. Industry (Industria)
15. Transportation (Transporte)
16. Communications (Comunicaciones)
17. Environment (Ambiente)
18. Water Supply (Saneamiento)
19. Housing and Urban Development (Vivienda y Desarrollo Urbano)
20. Health (Salud)
21. Culture and Sport (Cultura y Deporte)
22. Education (Educación)
23. Social Protection (Protección Social)
24. Social Security (Previsión Social)
25. Public Debt (Deuda Pública)

Expenditure data includes the following public sector entities:

- Central government entities
- Decentralized entities

The Government of Peru does not use COFOG classifications, but for the purposes of this analysis, the following assumptions apply:

COFOG Classification	Government of Guatemala Classification
General Public Services	Legislature (Legislativa)

[85] 2012 values except: Percent of Population on Less than $1.25 a Day (PPP) (%) (2010) and Secondary School Enrollment (2011).

COFOG Classification	Government of Guatemala Classification
	External Affairs (Relaciones Exteriores)
	Planning and Administration (Planeamiento, Gestión y Reserva de Contingencia)
Public Order and Safety	Public Order and Safety (Orden Público y Seguridad)
	Justice (Justicia)
Health	Health (Salud)
Education	Education (Educación)
Social Protection	Social Protection (Protección Social)
	Social Security (Previsión Social)

Expenditures

Figure 78 shows expenditure on General Public Services, Public Order and Safety, Health, Education, and Social Protection during 2009-2012 in Peru. Further detail on each sector is provided below.

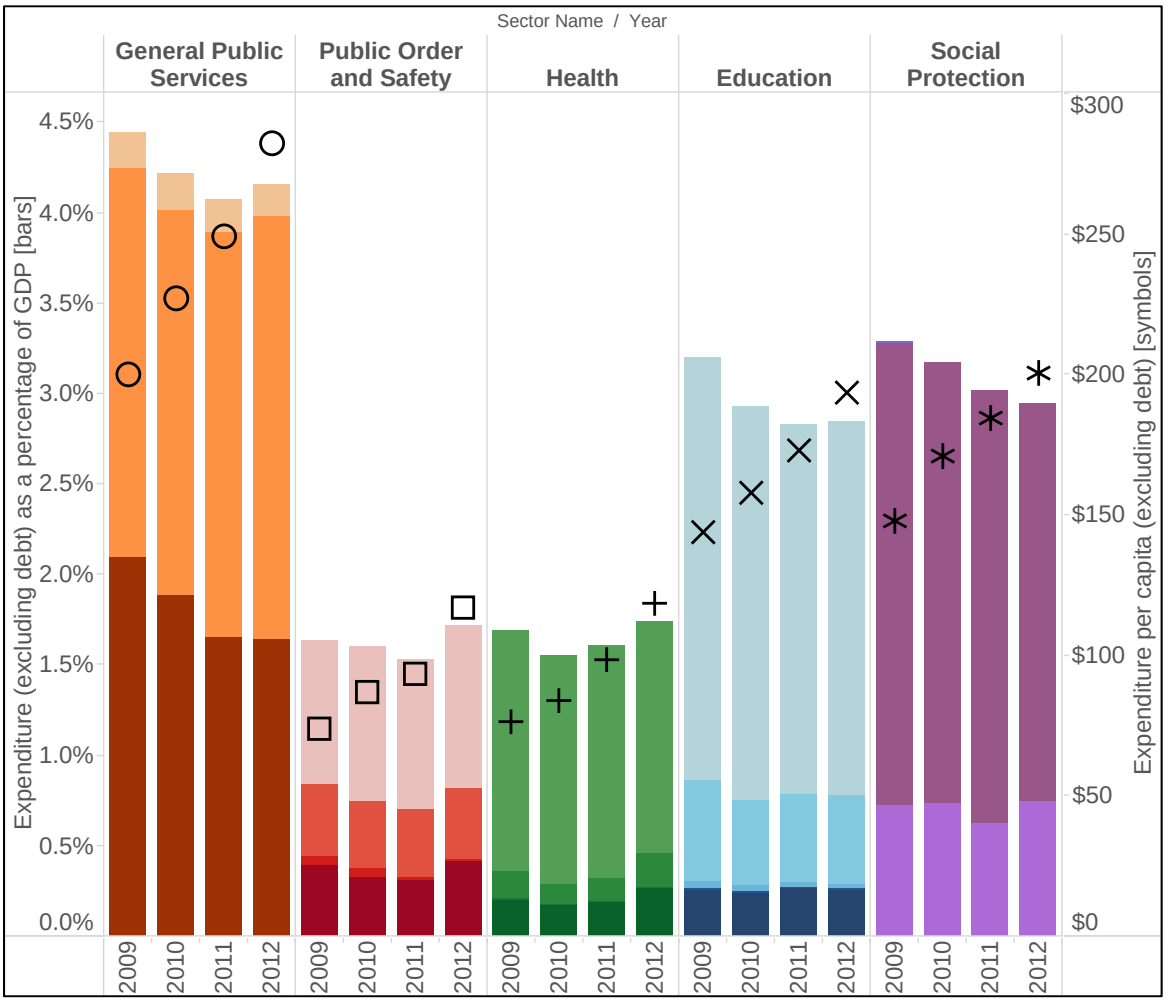


Figure 78: Peru – average expenditure per capita and as a percentage of GDP by sector and function

Expenditure per capita	Expenditure as a percentage of GDP by function
○ Education □ General Public Services + Health × Public Order and Safety ✱ Social Protection	7011, 7012, 7013, 7014, 7015, 7016, 7018 7031, 7032, 7033, 7034, 7035, 7036 7071, 7072, 7073, 7074, 7075, 7076 7091, 7092, 7093, 7094, 7095, 7096, 7097, 7098 7101, 7102, 7103, 7104, 7105, 7106, 7107, 7108, 7109

General Public Services

Average spending on General Public Services during 2009-2012 was 4.2% of GDP or $239 per capita (2.4% of GDP or $137 per capita excluding public debt transactions).[86] In comparison, the averages for the countries in the upper-middle income group included in this study were 8.8% of GDP or $511 per capita (3.2% of GDP or $193 per capita excluding public debt transactions). Including public debt transactions, expenditure on General Public Services decreased as a percentage of GDP by 0.2 percentage points during 2009-2012. Excluding public debt transactions, expenditure increased by 0.2 percentage points.

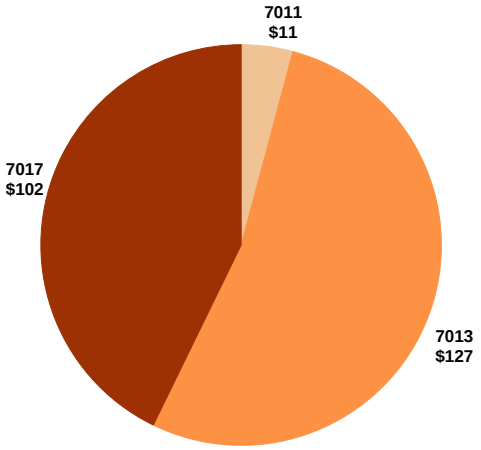


Figure 79: Peru – average annual per capita expenditure in General Public Services by function during 2009-2012

Expenditure was highest in general services (7013), at 2.2% of GDP or $127 per capita annually, and lowest in executive and legislative organs, financial and fiscal affairs, and external affairs (7011), at 0.2% of GDP or $11 per capita. Spending on public debt transactions (7017) decreased as a percentage of GDP by 0.5 percentage points during the period. Spending on general services (7013) increased by 0.1 percentage points. Spending on executive and legislative organs, financial and fiscal affairs, and external affairs (7011) remained constant.

Public Order and Safety

Average spending on Public Order and Safety during 2009-2012 was 1.6% of GDP or $93 per capita. In comparison, the averages for the countries in the upper-middle income group included in this study were 1.5% of GDP or $96 per capita. Expenditure on Public Order and Safety increased as a percentage of GDP by 0.1 percentage points during the four-year period.

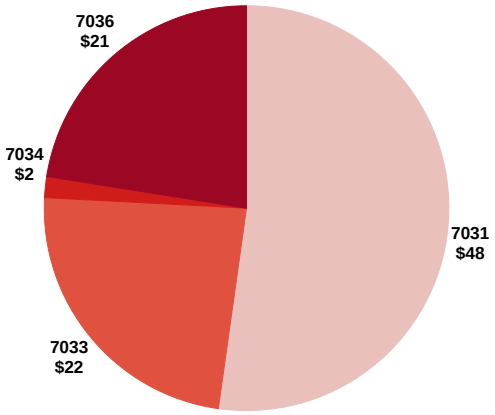


Figure 80: Peru – average annual per capita expenditure in Public Order and Safety by function during 2009-2012

Expenditure was highest in police services (7031), at 0.8% of GDP or $48 per capita, and lowest in prisons (7034), at less than 0.05% of GDP or $2 per capita. Spending as a percentage of GDP in police services (7031) increased during 2009-2012 by 0.1 percentage points. Spending in the rest of the

[86] To the extent that Peru changed the functional categories used to report expenditure during 2009-2012, certain functional categories may be underrepresented in the computation of averages. The sum of the annual per capita averages of functional expenditures in each sector may not match the annual per capita average in that sector.

functions remained constant.

Health

Average spending on Health during 2009-2012 was 1.7% of GDP or $94 per capita. In comparison, average spending on Health by the upper-middle income countries included in this study was 2.2% of GDP or $151 per capita. Expenditure in the sector as a percentage of GDP remained at the same level in 2012 as in 2009.

Expenditure was highest in hospital services (7073), at 1.3% of GDP or $73, and lowest in public health services (7074), at 0.1% of GDP or $8 per capita. Peru reported spending on R&D health (7075), but reported amounts were small and recorded as zero. Spending as a percentage of GDP increased in public health services (7074) and health services not elsewhere classified (n.e.c.) (7076) during 2009-2012, by 0.1 percentage points each.

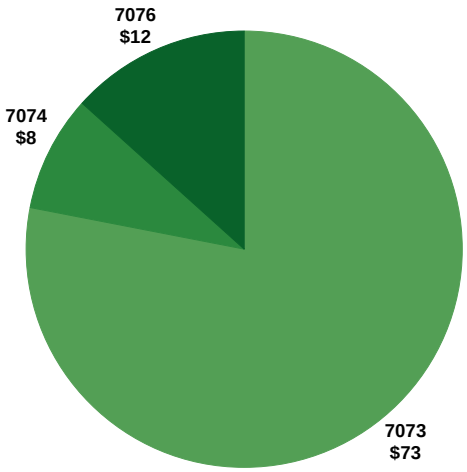


Figure 81: Peru – average annual per capita expenditure in Health by function during 2009-2012

Education

Average spending on Education during 2009-2012 was 2.9% of GDP or $167 per capita. In comparison, average spending on Education by the upper-middle income countries included in this study was 3.8% of GDP or $250 per capita. Expenditure on Education decreased as a percentage of GDP by 0.4 percentage points during 2009-2012.

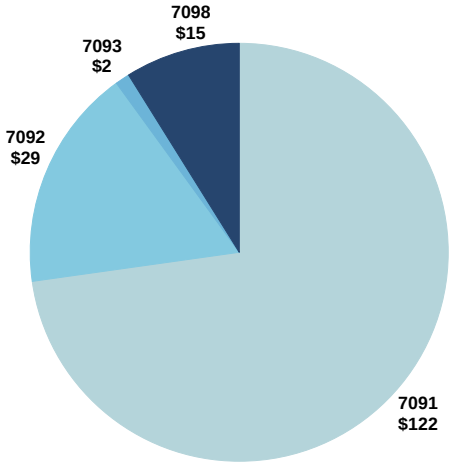


Figure 82: Peru – average annual per capita expenditure in Education by function during 2009-2012

Expenditure was highest in pre-primary and primary education (7091), at 2.2% of GDP and $122 per capita annually, and lowest in postsecondary nontertiary education (7093), at less than 0.05% of GDP or $2 per capita. Peru reported spending on R&D education (7097), but reported amounts were small and recorded as zero. Spending as a percentage of GDP decreased in pre-primary and primary education (7091) and secondary education (7092) by 0.2 and 0.1 percentage points, respectively. Spending in the rest of the function remained at the same level in 2012 as in 2009.

Social Protection

Average spending on Social Protection during 2009-2012 was 3.1% of GDP or $176 per capita. In comparison, average spending on Social Protection by the upper-middle income countries

included in this study was 3.7% of GDP or $275 per capita. Expenditure on Social Protection decreased as a percentage of GDP by 0.4 percentage points during the four-year period.

Although the government of Peru provided some information on funds disbursed under the social exclusion n.e.c. (7107) and social protection n.e.c. (7109) functions, averaging about 2.4% and 0.7% of GDP, respectively, functional classification data for this sector were not available.

II. Annex – COFOG Reference

COFOG	COFOG Description
701	01 GENERAL PUBLIC SERVICES
	01.1 EXECUTIVE AND LEGISLATIVE ORGANS, FINANCIAL AND FISCAL AFFAIRS, EXTERNAL AFFAIRS
	01.2 FOREIGN ECONOMIC AID
	01.3 GENERAL SERVICES
	01.4 BASIC RESEARCH
	01.5 R&D GENERAL PUBLIC SERVICES
	01.6 GENERAL PUBLIC SERVICES N.E.C.
	01.7 PUBLIC DEBT TRANSACTIONS
	01.8 TRANSFERS OF A GENERAL CHARACTER BETWEEN DIFFERENT LEVELS OF GOVERNMENT
702	02 DEFENSE
	02.1 MILITARY DEFENCE
	02.2 CIVIL DEFENCE
	02.3 FOREIGN MILITARY AID
	02.4 R&D DEFENCE
	02.5 DEFENCE N.E.C.
703	03 PUBLIC ORDER AND SAFETY
	03.1 POLICE SERVICES
	03.2 FIRE-PROTECTION SERVICES
	03.3 LAW COURTS
	03.4 PRISONS
	03.5 R&D PUBLIC ORDER AND SAFETY
	03.6 PUBLIC ORDER AND SAFETY N.E.C.
704	04 ECONOMIC AFFAIRS
	04.1 GENERAL ECONOMIC, COMMERCIAL AND LABOUR AFFAIRS
	04.2 AGRICULTURE, FORESTRY, FISHING AND HUNTING
	04.3 FUEL AND ENERGY

COFOG	COFOG Description
	04.4 MINING, MANUFACTURING AND CONSTRUCTION
	04.5 TRANSPORT
	04.6 COMMUNICATION
	04.7 OTHER INDUSTRIES
	04.8 R&D ECONOMIC AFFAIRS
	04.9 ECONOMIC AFFAIRS N.E.C.
705	**05 ENVIRONMENTAL PROTECTION**
	05.1 WASTE MANAGEMENT
	05.2 WASTE WATER MANAGEMENT
	05.3 POLLUTION ABATEMENT
	05.4 PROTECTION OF BIODIVERSITY AND LANDSCAPE
	05.5 R&D ENVIRONMENTAL PROTECTION
	05.6 ENVIRONMENTAL PROTECTION N.E.C.
706	**06 HOUSING AND COMMUNITY AMENITIES**
	06.1 HOUSING DEVELOPMENT
	06.2 COMMUNITY DEVELOPMENT
	06.3 WATER SUPPLY
	06.4 STREET LIGHTING
	06.5 R&D HOUSING AND COMMUNITY AMENITIES
	06.6 HOUSING AND COMMUNITY AMENITIES N.E.C.
707	**07 HEALTH**
	07.1 MEDICAL PRODUCTS, APPLIANCES AND EQUIPMENT
	07.2 OUTPATIENT SERVICES
	07.3 HOSPITAL SERVICES
	07.4 PUBLIC HEALTH SERVICES
	07.5 R&D HEALTH
	07.6 HEALTH N.E.C.
708	**08 RECREATION, CULTURE AND RELIGION**
	08.1 RECREATIONAL AND SPORTING SERVICES
	08.2 CULTURAL SERVICES

COFOG	COFOG Description
	08.3 BROADCASTING AND PUBLISHING SERVICES
	08.4 RELIGIOUS AND OTHER COMMUNITY SERVICES
	08.5 R&D RECREATION, CULTURE AND RELIGION
	08.6 RECREATION, CULTURE AND RELIGION N.E.C.
709	**09 EDUCATION**
	09.1 PRE-PRIMARY AND PRIMARY EDUCATION
	09.2 SECONDARY EDUCATION
	09.3 POST-SECONDARY NON-TERTIARY EDUCATION
	09.4 TERTIARY EDUCATION
	09.5 EDUCATION NOT DEFINABLE BY LEVEL
	09.6 SUBSIDIARY SERVICES TO EDUCATION
	09.7 R&D EDUCATION
	09.8 EDUCATION N.E.C.
710	**10 SOCIAL PROTECTION**
	10.1 SICKNESS AND DISABILITY
	10.2 OLD AGE
	10.3 SURVIVORS
	10.4 FAMILY AND CHILDREN
	10.5 UNEMPLOYMENT
	10.6 HOUSING
	10.7 SOCIAL EXCLUSION N.E.C.
	10.8 R&D SOCIAL PROTECTION
	10.9 SOCIAL PROTECTION N.E.C.

III. Annex – Data Sources

External Sources	
IMF, IMF e-Library Data	http://elibrary-data.imf.org/
Transparency International, Corruption Perception Index	http://www.transparency.org/research/cpi/overview
UNDP, Human Development Index	http://hdr.undp.org/en/content/human-development-index-hdi
UNICEF, Secondary Education Data	http://data.unicef.org/education/secondary
UNODC, Global Study on Homicide 2013	http://www.unodc.org/documents/gsh/pdfs/2014_GLOBAL_HOMICIDE_BOOK_web.pdf
World Bank, World DataBank	http://data.worldbank.org/
World Bank, Worldwide Governance Indicators	http://info.worldbank.org/governance/wgi/index.aspx#reports
World Economic Forum, The Global Competitiveness Report 2012-2013	http://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf
World Economic Forum, The Global Enabling Trade Report 2012	http://www3.weforum.org/docs/GETR/2012/GlobalEnablingTrade_Report.pdf
Self-Reported Data	
Argentina	Ministry of the Economy's Citizen Portal: http://sitiodelciudadano.mecon.gob.ar/sici/cb01_destino_gasto.html
Chile	Budget Directorate Portal: http://www.dipres.gob.cl/594/w3-channel.html http://www.dipres.gob.cl/594/articles-109128_doc_pdf.pdf
Colombia	http://www.minhacienda.gov.co/portal/page/portal/HomeMinhacienda/presupuestogene

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Costa Rica	Ministry of Finance Portal: http://www.hacienda.go.cr/docs/5239d51c73d7f_FUNCIONAL%202012%20PARA%20PUBLICAR.pdf
Dominican Republic	Transparency Portal: http://www.portaldelciudadano.gov.do/
Ecuador	Ministry of Finance Portal: http://www.finanzas.gob.ec/ejecucion-presupuestaria/
El Salvador	Fiscal Transparency Portal: http://www.transparenciafiscal.gob.sv/portal/page/portal/PCC/Seguimiento_Pres_Gto_Area_Gestion/Areas_de_Gestion_2013.pdf
Guatemala	http://www.minfin.gob.gt/archivos/liquidacion/diciembre2013.pdf http://www.minfin.gob.gt/archivos/liquidacion/diciembre2012/diciembre_2012.pdf http://www.minfin.gob.gt/downloads/prespuesto_liquidaciones/2011/final_diciembre2011.pdf http://www.minfin.gob.gt/downloads/prespuesto_liquidaciones/2010/liquida_ene_dic_2010.pdf http://www.minfin.gob.gt/archivos/liquidacion/liquida2009/48.pdf
Honduras	http://www.sefin.gob.hn/?p=451 http://www.sefin.gob.hn/wp-content/uploads/2011/03/Evaluacion_IV_2010/Ingresos.html http://www.sefin.gob.hn/wp-content/uploads/Presupuesto/2011/Evaluacion/Ingresos.html http://www.sefin.gob.hn/wp-content/uploads/2013/informes/cuarto_trimestre2012/principal.html http://www.sefin.gob.hn/wp-content/uploads/2013/08/PRESUPUESTO-CIUDADANO-2013-v201.pdf http://www.sefin.gob.hn/wp-

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Mexico	http://www.transparenciapresupuestaria.gob.mx/ptp/contenidos/?id=16&group=Preguntas&page=%C2%BFPara%20qu%C3%A9%20gasta?
Nicaragua	http://www.hacienda.gob.ni/documentos/presupuesto/informes
Paraguay	http://isdatabank.info/boost_paraguay/ http://www.hacienda.gov.py/web-contabilidad/index.php?c=306
Peru	http://apps5.mineco.gob.pe/transparencia/mensual/default.aspx?y=2013&ap=ActProy