



# Brookings: Global Spending On SDGs Now Exceeds \$20 Trillion

Sustainable Development is rapidly degrading Capitalism and Free Enterprise with massive malinvestment to realize the Utopia-based 17 SDGs specified by the UN's 2030 Agenda.

"Malinvestment is a mistaken investment in wrong lines of production, which inevitably lead to wasted capital and economic losses." (Ludwig von Mises) Malinvestment causes booms and bubbles, which are currently seen throughout the world. □ TN Editor

Pouring several colors of paint into a single bucket produces a gray pool of muck, not a shiny rainbow. So too with discussions of financing the Sustainable Development Goals (SDGs). Jumbling too many issues into the same debate leads to policy muddiness rather than practical breakthroughs. Financing the SDGs requires a much more disaggregated mindset: unpacking the specific issues, requiring specific resources, in specific places.

In a forthcoming paper, we zoom out on the global SDG financing landscape in order to zoom back in on country-specific contexts and gaps. In particular, we consider how much the world’s governments are already spending on SDG-related issues every year, how spending varies across income levels, and how the spending patterns link to country-by-country estimates of needs. We focus on the public sector due to its lead responsibility for tackling both the public goods and the “no one left behind” issues embedded in the SDGs and the 2015 Addis Ababa Action Agenda on financing for development, the latter including a “social compact” commitment to provide universal access to basic services. This research can be considered as complementary to assessments of where the private sector can best contribute to SDG financing. Below we summarize some preliminary findings, noting that all results are subject to refinement as we complete the analysis.

## **1. GLOBAL PUBLIC SECTOR SDG SPENDING IS ALREADY MORE THAN \$20 TRILLION PER YEAR**

Our first key finding is that, as of 2015, governments around the world were already spending approximately \$21 trillion per year on SDG-related sectors: health, education, agriculture, social protection, infrastructure, justice, and conservation. If recent global economic trends continue under a business-as-usual scenario, SDG-related public spending (hereafter described more simply as “SDG spending”) likely reaches \$33 trillion or more by 2030, in constant dollar terms. In other words, global SDG spending in the public sector alone will grow by around \$12 trillion per year, simply through the world’s ongoing processes of economic growth.

Does this extra \$12 trillion per year of SDG spending tell us anything about prospects for SDG achievement? Not at all. The global aggregates are about as useful as tracking world rainfall totals when trying to grow a plant in the Sahel. First of all, as Figure 1 shows, the majority of current global SDG spending is taking place in high-income countries, telling us very little about how well each dollar is linked to SDG outcomes in each of those countries, and telling us even less about

financing adequacy in lower-income countries. Second, a majority of the SDG spending growth out to 2030 is likely to take place in fast-growing upper-middle-income countries (UMICs), but this again tells us little about how the new resources might shape better SDG outcomes in those places, or what will generate outcomes in less economically prosperous places.

In lower-middle-income countries, we estimate that total SDG spending will increase from around \$780 billion in 2015 to more than \$1.9 trillion in 2030. This is spread across a population likely to grow from 2.9 billion people to 3.5 billion people over the same period, equivalent to a growth in per capita spending from around \$265 to around \$530. Meanwhile, in low-income countries (LICs) with even faster population growth, we estimate that SDG-related spending will increase from only around \$70 billion in 2015, roughly \$115 per capita, to almost \$180 billion in 2030, roughly \$210 per capita. This per capita figure works out to a steady 4 percent annual growth rate in the LICs.

Altogether, these numbers indicate considerable growth in SDG spending across income levels. But the huge variations in orders of magnitude also underscore how little the multitrillion-dollar growth in global annual SDG spending aggregates mean, for instance, in the world's poorest countries.

## **2. SDG SPENDING RISES PROPORTIONATELY WITH GDP PER CAPITA**

Delving a layer deeper, our research draws attention to the limits even of considering averages by country income category. As shown in Figure 2, there is a clear relationship between public SDG spending and GDP per capita. For every dollar of higher income, countries have, on average, a correspondingly higher level of average SDG spending. Importantly, when drawing a line through the cross-section, its slope is greater than one, suggesting that SDG spending rises faster than GDP per capita. For every 10 percent higher level of average GDP per capita, we find average SDG spending to be 13 percent higher.

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