

How external debt burdens are helping drive cuts in spending on healthcare and education



October 2026

1. Summary

This research analyses how overall public spending, and education and health spending, have changed in 61 low- and lower-middle-income countries with data, between 2019 and 2025. It finds that on average the first five years of the decade have been a period of stagnation. Overall public spending has increased by just 5% since 2019, less than 1% a year. Education spending has barely increased at all, just 1% higher in 2025 than 2019. Health spending has increased by 11% between 2019 and 2025.

The situation is on average worse in higher external debt burden countries. For the 27 low- and lower-middle-income countries the IMF says are in external debt distress or at high risk of being so, between 2019 and 2025:

- Overall public spending **has been cut** by a median average of 2%
- Education spending **has been cut** by 8%
- Health spending **has been cut** by 1%.

For 27 moderate risk countries, the situation has been better:

- Overall spending is up by a median average of 11%
- Education spending has increased by 14%
- Health spending has increased by 20%

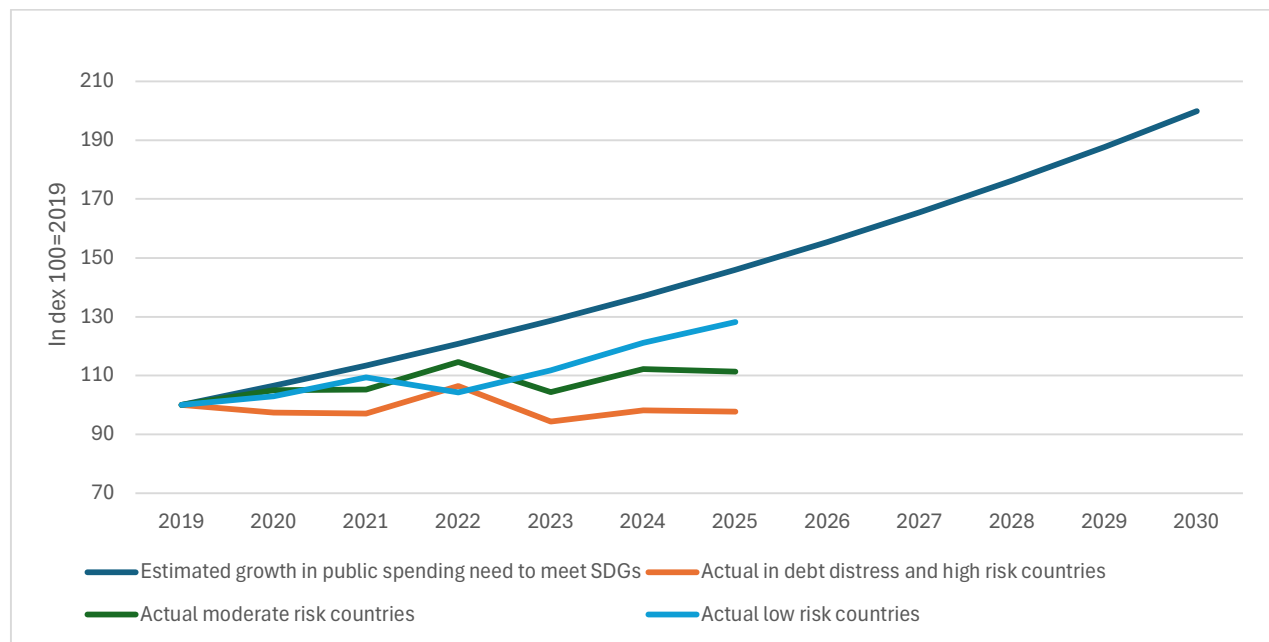
There are only 7 low risk countries with data, so a very low sample size. In those:

- Overall spending is up 28%
- Education spending **has been cut** by 4%
- Health spending has increased by 36%

There are many factors which influence government spending, and various individual country circumstances. However, the evidence here is that people in lower-income countries have, on average, suffered from stagnating public spending, including on key social services, in the first half of the 2020s. In countries with worse external debt burdens, people are on average experiencing cuts. People in countries with lower debt burdens are more likely to see increases in spending.

In contrast to these figures, analysis by the IMF in 2019 suggested that lower-income countries would need to double real public spending per person by 2030 (i.e. increase by 100%) to meet Sustainable Development Goals in education, health, roads, electricity, water and sanitation.¹

Graph 1. Growth needed in public spending needed to meet the Sustainable Development Goals, contrasted with actual growth in spending by debt risk category



This means public spending in debt distress and high risk countries was already 50% less in 2025 than needed to meet the Sustainable Development Goals. This is a gap of over \$200 billion in these 27 countries alone.²

Modelling by the Universities of St Andrews and Leicester has found that debt relief which reduces external debt payments to 10% of government revenue could prevent the deaths of 380,000 children and 35,000 mothers, put over 1 million children through primary school and give 15 million people access to clean water.³

2. Overall changes in public spending

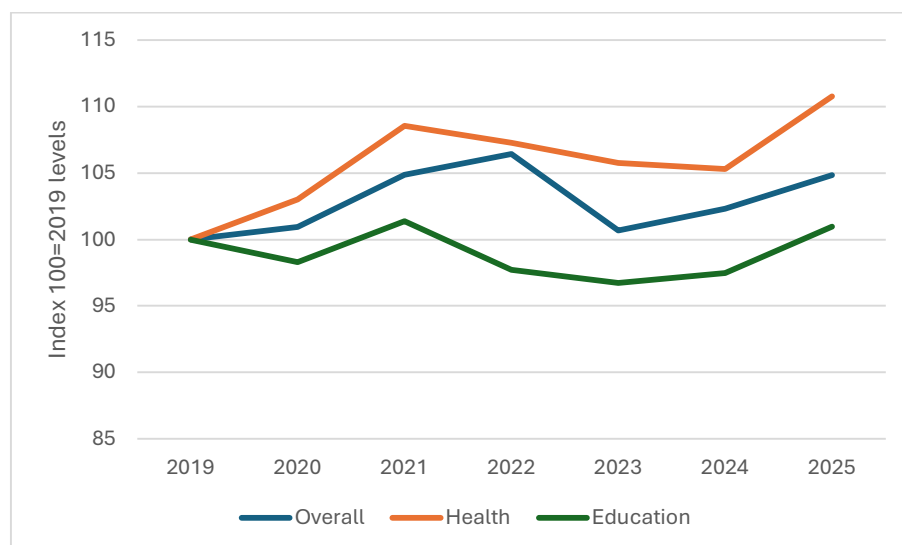
This research looks at how overall public spending, and spending on healthcare and education, has changed in low- and lower-middle-income countries between 2019 and 2025. It covers 61 countries where we found data covering public spending, education and health spending. We chose 2019 as the starting point to see how public spending has changed since the Covid pandemic hit. Starting in 2019 also removes any potential distortions from increased spending during the pandemic.

In this research, ‘public spending’ means real (inflation-adjusted) public spending per person, not including interest payments. Health and education spending means real spending per person.

Throughout we use the median averages because the mean averages are heavily distorted by large increases on 2019 levels in Chad and Somalia. In Chad these increases are because 2019 spending was very low due to the country’s debt crisis which began in the mid-2010s. In Somalia there have been large percentage increases in public spending as the government has steadily increased its capacity from a very low base after being formed in 2012.

On average in the 61 countries, 2019-2025 has been a period of stagnation. Overall public spending has increased by just 5% since 2019, less than 1% a year. Education spending has barely increased at all, just 1% higher in 2025 than 2019. Health spending has increased by 11% between 2019 and 2025.

Graph 2. Change in public spending in 61 lower income countries, 2019-2025, median



3. Changes in spending by debt risk category

The IMF rates countries external debt situation as ‘in debt distress’, ‘high risk’, ‘moderate risk’ and ‘low risk’.

For the 27 countries in debt distress or at high risk of being so, between 2019 and 2025:

- Overall public spending **has been cut** by a median average of 2%
- Education spending **has been cut** by 8%
- Health spending **has been cut** by 1%.

For 27 moderate risk countries, the situation has been significantly better:

- Overall spending is up by a median average of 11%
- Education spending has increased by 14%
- Health spending has increased by 20%

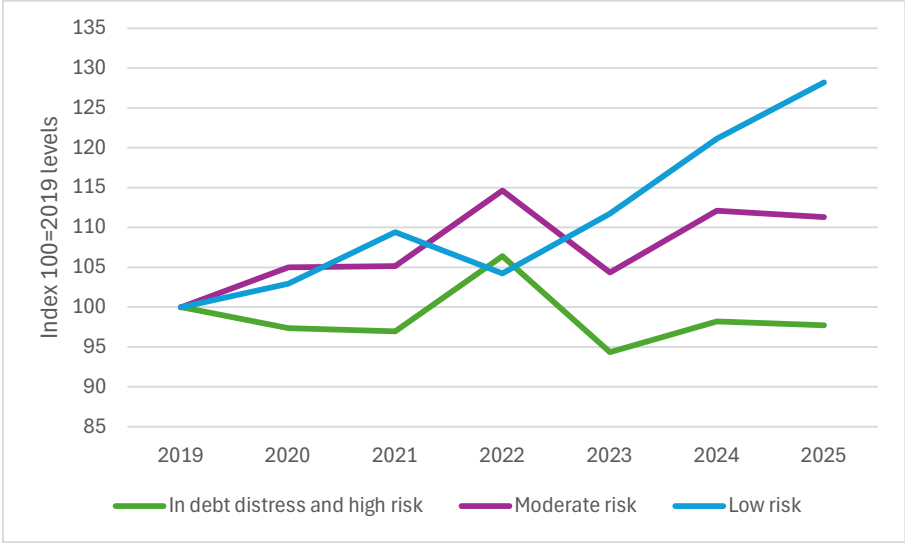
There are only 7 low risk countries with data. In those:

- Overall spending is up 28%
- Education spending **has been cut** by 4%
- Health spending has increased by 36%

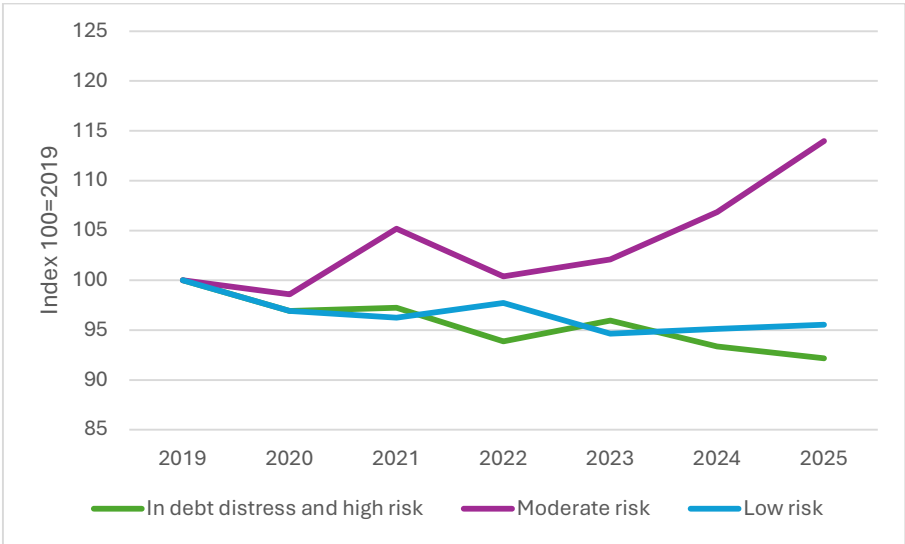
Seven countries is a small sample size, but education spending in these low risk countries is the one area which breaks the pattern of lower debt risk equalling higher public spending. The pattern does still hold for overall spending and health spending though.

There are many factors which influence government spending, and various individual country circumstances. Also change between 2019 and 2025 only captures a snapshot. However, the evidence here is that people in lower-income countries have, on average, suffered from stagnating public spending, including on key social services, in the first half of the 2020s. In countries with worse external debt burdens, people are on average experiencing cuts. People in countries with lower debt burdens are more likely to see increases in spending.

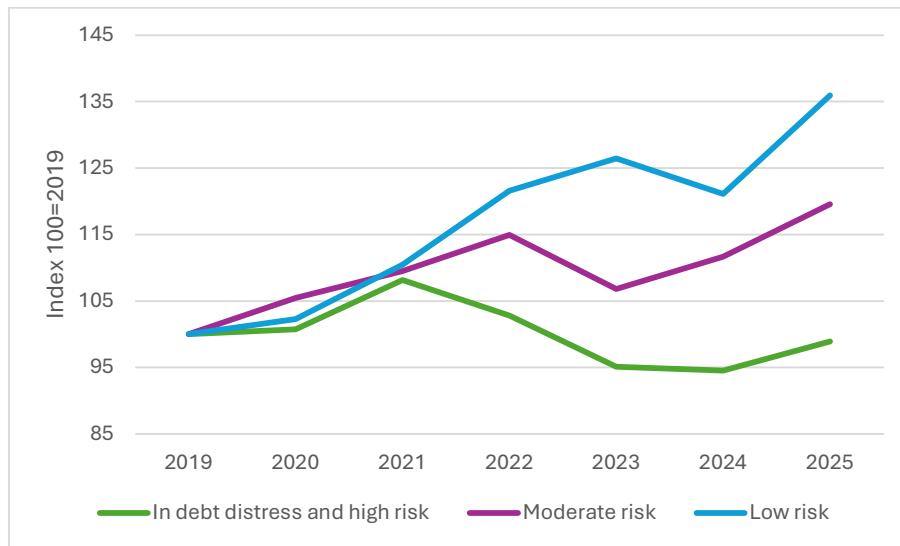
Graph 3. Change in overall public spending by IMF debt risk rating, 61 countries, 2019-2025, median



Graph 4. Change in education spending by IMF debt risk rating, 61 countries, 2019-2025, median



Graph 5. Change in health spending by IMF debt risk rating, 61 countries, 2019-2025, median



4. Change in spending by alternative category

As a double check on this pattern, and because the ‘low risk’ group is so small, we have also split countries into three other groups:

- In debt distress or high risk, where external debt payments between 2020 and 2025 are over 15% of government revenue (14 countries)
- High risk countries where external debt payments have averaged less than 15% of government revenue, and moderate risk countries where external debt payments have averaged over 15% of government revenue (20 countries)
- Moderate risk countries where external debt payments have averaged less than 15% of government revenue, and low risk countries (27 countries)

This finds the same pattern – the worse the debt burden, the more likely a country is to have seen cuts in spending, and the less the debt burden, the more likely a country is to have increases.

For the 14 countries in debt distress or at high risk, with high debt payments, between 2019 and 2025:

- Overall public spending **was cut** by a median average of 2%
- Education spending **was cut** by 9%
- Health spending **was cut** by 13%

For the group of 20 high risk countries with lower debt payments and moderate risk countries with higher payments:

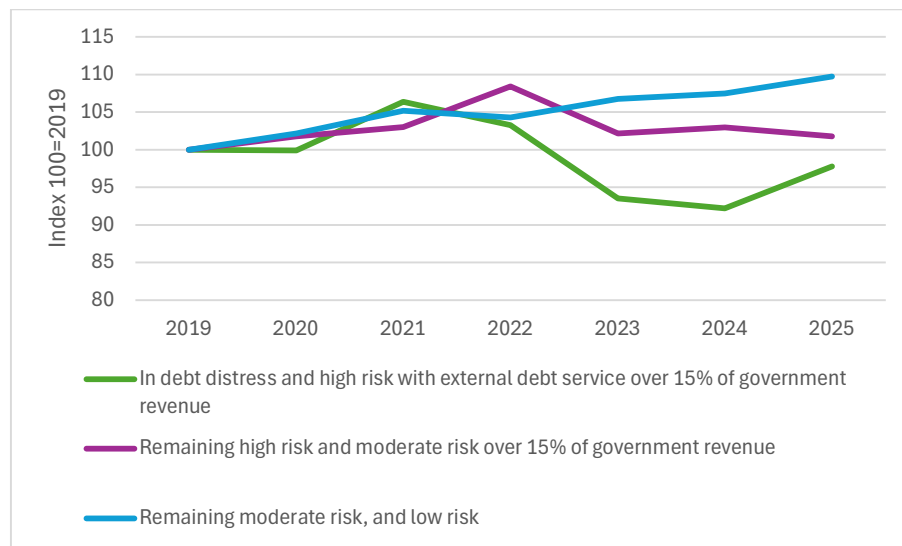
- Overall public spending increased by a median average of 2%
- Education spending increased by 13%
- Health spending increased by 13%

For the group of 27 moderate risk countries with lower debt payments, and all low risk countries:

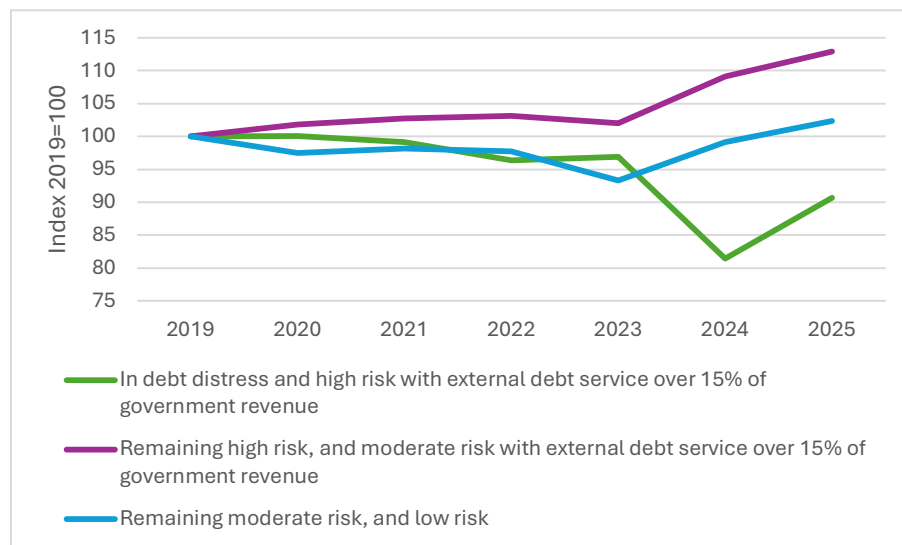
- Overall public spending increased by a median average of 10%
- Education spending increased by 2%
- Health spending increased by 22%

These groupings show the same pattern of higher debt burdens equalling lower public spending. Again, the only outlier from this pattern is education spending in the lowest debt burden group only increasing by 2% between 2019 and 2025.

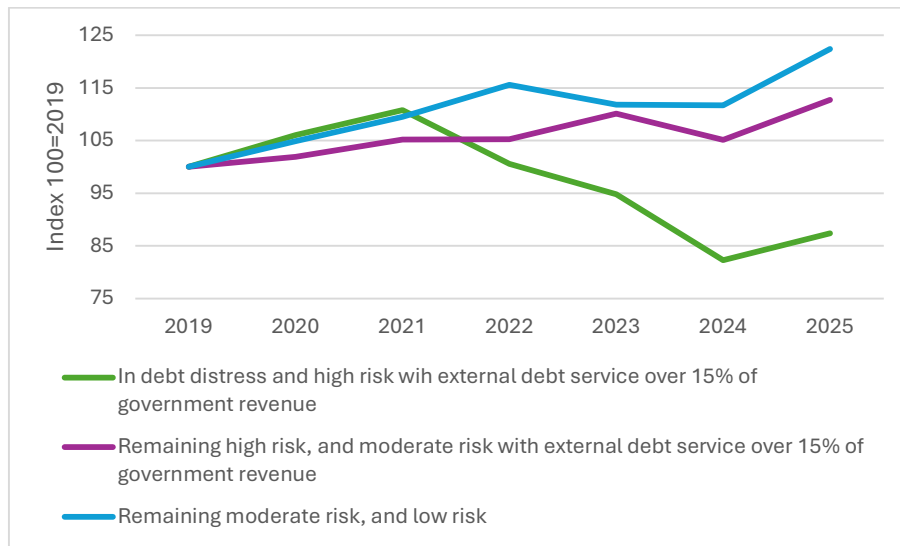
Graph 6. Change in overall public spending by alternative debt burden rating, 61 countries, 2019-2025, median



Graph 7. Change in education spending by alternative debt burden rating, 61 countries, 2019-2025, median



Graph 8. Change in health spending by alternative debt burden rating, 61 countries, 2019-2025, median



A recent academic study for 105 low- and middle-income countries between 2005 and 2019 found that increases in public external debt service led to a relative decrease in the amount health systems are funded by governments, and an increase in the amount they are funded by households – e.g. through user fees.⁴

5. Data sources

Inflation and population data is from the IMF World Economic Outlook database.

Overall public spending data is from IMF country reports.

Education and health spending data is usually from national government budget documents.

All data and sources by country are in a spreadsheet available at https://debtjustice.org.uk/wp-content/uploads/2026/09/Public-spending_09.26.xlsx

The 61 low- and lower-middle-income countries included in the research are listed in the table below. Income status is as of June 2026.

Country	IMF risk rating	External debt service average 2020-2025
Laos	In debt distress	31.9%
Republic of Congo	In debt distress	24.0%
Ethiopia	In debt distress	14.5%
Malawi	In debt distress	12.8%
Sao Tome and Principe	In debt distress	4.7%
Angola	High	48.8%
Sri Lanka	High	35.1%
Egypt	High	34.0%
Pakistan	High	28.1%
Tunisia	High	26.3%
Cameroon	High	18.1%

Kenya	High	18.1%
Guinea-Bissau	High	17.6%
Sierra Leone	High	16.2%
Papua New Guinea	High	15.0%
Niger	High	13.6%
Chad	High	13.1%
Mozambique	High	12.7%
Gambia	High	12.4%
Zambia	High	12.6%
Bolivia	High	11.5%
Central African Republic	High	10.0%
Tajikistan	High	9.3%
Comoros	High	6.7%
Haiti	High	5.1%
Burundi	High	5.1%
Kiribati	High	1.2%
Senegal	Moderate	25.9%
Benin	Moderate	24.9%
Jordan	Moderate	24.0%
Bhutan	Moderate	16.7%
Mauritania	Moderate	15.7%
Ghana	Moderate	15.8%
Tanzania	Moderate	15.2%
Uganda	Moderate	13.8%
Togo	Moderate	13.8%
Nigeria	Moderate	12.3%
Morocco	Moderate	12.1%
Bangladesh	Moderate	11.6%
Rwanda	Moderate	11.0%
Nicaragua	Moderate	10.2%
Madagascar	Moderate	10.2%
Namibia	Moderate	9.8%
Guinea	Moderate	8.6%
Mali	Moderate	7.2%
Kyrgyz Republic	Moderate	6.7%
Eswatini	Moderate	7.0%
Lesotho	Moderate	6.3%
DR Congo	Moderate	5.7%
Burkina Faso	Moderate	5.5%
Vanuatu	Moderate	5.3%
India	Moderate	3.1%
Somalia	Moderate	2.8%
Timor-Leste	Moderate	2.1%
Cote d'Ivoire	Low	24.8%

Honduras	Low	11.9%
Uzbekistan	Low	10.0%
Philippines	Low	8.1%
Vietnam	Low	6.5%
Nepal	Low	3.9%
Solomon Islands	Low	1.9%

The low- and lower-middle-income countries not included in the research are:

Afghanistan: No recent data

Cambodia: Lack of data on health spending.

Djibouti: Lack of data on education and health spending

Eritrea: No data

Lebanon: Lack of data, and inflation too high to produce reliable figures.

Liberia: Spending data in US dollars but inflation includes Liberian Dollar prices.

Myanmar: Not recent enough data from IMF on public spending.

North Korea: No data.

South Sudan: Lack of data, and inflation too high to produce reliable figures.

Sudan: Lack of data, and inflation too high to produce reliable figures.

Syria: No data.

Yemen: Lack of data.

Zimbabwe: Inflation data high and in Zimbabwe gold, but spending data is in US dollars.

References

¹ The IMF estimated that overall spending in LIDCs would need to be 15.4% of 2030 GDP higher by 2030 to meet the Sustainable Development Goals in education, health, roads, electricity and water and sanitation

<https://www.elibrary.imf.org/view/journals/006/2019/003/article-A001-en.xml?utm>

The IMF research did not split this by public and private spending but did say “Specific SDGs were set in development areas for which public intervention is critical, including ending poverty (SDG1) and hunger (SDG2), improving health (SDG3) and education (SDG4), achieving gender equality (SDG5), reducing inequality (SDG10), and enhancing infrastructure (SDGs 6, 7, 9, 11).³ The private sector typically plays a limited role in these areas, in part because the returns on investment may be highly uncertain or may take a long time.”

The IMF research paper included a country case study of Rwanda which estimated that two-thirds of the increase in spending would need to be by the public sector.

We have conservatively assumed 50% of the IMF increase in spending estimate is by the public sector. We have then used IMF World Economic Outlook estimates for real GDP growth and UN estimates for population growth to estimate that this means real public spending per person, the measure we have used in our research, would need to double by 2030 to meet the IMF’s 2019 estimate of spending required to meet the SDGs.

² Calculated from IMF World Economic Outlook database, April 2026 edition

³ https://www.st-andrews.ac.uk/~grade/simulations/debt/GRADE_capping-debt-at-10pct.html

⁴ <https://academic.oup.com/heapol/article/41/7/1049/8690145>