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# WHERE IS THE FISCAL SPACE FOR CHILDREN?

Review of social sector budgets in selected countries  
in South Asia, East Asia and the Pacific Islands



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# List of acronyms

<b>ADB</b>	Asian Development Bank
<b>BARMM</b>	Bangsamoro Autonomous Region in Muslim Mindanao
<b>BISP</b>	Benazir Bhutto Income Support Programme
<b>CPIA</b>	Country Policy Institutional Assessment
<b>DSSI</b>	Debt Services Suspension Initiative
<b>EA</b>	East Asia
<b>EAP</b>	East Asia and Pacific
<b>EAPRO</b>	East Asia and Pacific Regional Office
<b>ECT</b>	Emergency cash transfer
<b>ESARO</b>	UNICEF Eastern and Southern Africa Regional Office
<b>EU</b>	European Union
<b>GDP</b>	Gross Domestic Product
<b>GEM</b>	Global Education Monitoring
<b>GNI</b>	Gross National Income
<b>ILO</b>	International Labour Organization
<b>IMFWEO</b>	International Monetary Fund World Economic Outlook
<b>LDC</b>	Least Developed Country
<b>LMICs</b>	Low- and Middle-Income Countries
<b>MIC</b>	Middle-Income Country
<b>MoE</b>	Ministry of Education
<b>MoF</b>	Ministry of Finance
<b>OBI</b>	Open Budget Index
<b>ODA</b>	Overseas Development Assistance
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PFM</b>	Public Financial Management
<b>PICs</b>	Pacific Island Countries
<b>RBD</b>	Regional Budget Dashboard
<b>ROSA</b>	Regional Office for South Asia
<b>SA4</b>	South Asia Four
<b>SAI</b>	Supreme Audit Institution
<b>SDGs</b>	Sustainable Development Goals
<b>UCLG</b>	United Cities and Local Governments
<b>UMIC</b>	Upper Middle-Income Countries
<b>UNESCAP</b>	United Nations Economic and Social Commission for Asia and the Pacific
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNESCO UIS</b>	UNESCO Institute of Statistics
<b>WB</b>	World Bank
<b>WEO</b>	World Economic Outlook
<b>WHO</b>	World Health Organization

# Executive summary

The decisions governments make regarding the budget allocation towards social policies, programmes and services are directly related to the well-being and development of children and are central to child rights. Social sector investments are a powerful indicator of the readiness of the governments to translate policy priorities into tangible results for children and their families.

The Asia region is home to nearly 60 per cent of the world's population (around one third in East Asia and Pacific and 24 per cent in South Asia), including more than half of the world's children (around 27 per cent in East Asia and South Asia). The region is marked by considerable diversity in peoples, cultures, natural environments, economies, political systems and development potential.

The region, as whole, witnessed significant economic growth and development, leading to progress in population outcomes, including decreased poverty, increased life expectancies and declining child mortality over the past decades. Yet, underinvestment in public social programmes, such as health care, education and social protection, and compounded pressures by the COVID-19 pandemic and other external shocks, have led to gaps in coverage and funding, thus disproportionately affecting vulnerable members of the population—including children.

***Where is the Fiscal Space for Children?*** is a regional study produced under the European Union – UNICEF Public Finance Facility in South Asia and East Asia. It examines trends in social sectors' spending – health, education and social assistance – in selected countries in three subregions, namely South Asia, East Asia and the Pacific Islands, for the period 2017-2021. It identifies gaps against international and regional benchmarks and establishes strategic policy recommendations to address those gaps and bring sustainability in social sectors' investment.

**The current economic, social and political shocks and pressures, coupled with climate change pose significant threats to the social and economic progress made in the past 30 years and have raised the levels of inequality among and within countries.** Following years of economic growth, countries in both regions have experienced deceleration during the COVID-19 pandemic and are now slowly recovering, with asymmetric recovery between and among countries in the three subregions.

Poverty is also on the rise, with children still representing more than 40 per cent of the extremely poor in South and East Asia. Despite progress, learning targets are not being met and barriers to equitable access still exist, with nearly 45 per cent of the students in half of the countries still not meeting the minimum proficiency level in reading at the end of primary schooling. Learning loss will have significant long-term consequences for today's students and even the wider society if students are unable to make these up.

While progress has been made with regards to maternal, new-born and child health, still countries in the regions face disruptions in health services due to closures and lockdowns, affecting routine immunization services and other essential services. The prevalence of triple burden of malnutrition continues to be the highest across Asia, compared to other regions.

The three regions have provided social protection programmes through largely tax-financed social assistance. While coverage has expanded, a huge share of the population remains excluded from such benefits and child equity of tax finance social assistance schemes continues to be a challenge. All of these continue to prevent children to reach their best potential. Reversing human capital gains may not be expected as quickly as needed.

Against this backdrop, the combination of declining or, at best, stalled government revenues, rising debt stress, health emergencies and natural events, as well as civil unrest, are expected to continue to exert continuous pressures on the economic, social and policy priorities of the countries and the corresponding fiscal space. Countries in the East Asia and Pacific region have increased their **debt levels** to finance COVID-19 mitigation programmes and subsequent external shocks.

As this newly acquired debt will have to be serviced in the years to come, and against a background of slower than expected economic recovery and economic contractions projected by the IMF, available fiscal space for social sectors will come under pressure. The crisis in Ukraine further puts countries before the difficult choice to either contain inflation or safeguard the recovery; and protecting the poor or building financial buffers.

The trends in social sector budgets for education, health and social assistance point to gaps even before the COVID-19 pandemic, and indications are that these may have further deteriorated over time.

The **education sector** in all three subregions has witnessed mostly average negative net change, with a trend of slow adjustment. This indicates a possible disinvestment in education as a result of the pandemic. Such a trend is very dangerous for the region, especially in times where the implications of the long-term learning loss need very urgent attention and if unaddressed might have long term human capital loss consequences for the countries in all the subregions.

The **health sector** has observed a slow but continuing prioritization of investment, with most countries showing resilient prioritization. For the majority of countries, the net change is positive, indicating a possible persistent increased attention to health.

The sector of **social assistance** has witnessed an initial increase, followed by a decrease in investment but continuing prioritization of investment in the sector remains key. On average, the net change is almost zero indicating that the attention to social protection investment was only temporary, not systemic, and driven only by the need to respond to the shocks.

Beyond these trends, there are also complex public finance management systems, where policy consideration, access to data, credibility, equity and participation in the budget cycle continue to prevent the generation for the required fiscal space to fully reflect policy priorities for children and their families.

*So **where is the fiscal space for children?** Increasing the efficiency and equity of the health, education and social protection sectors in South Asia, East Asia and the Pacific will be high priority in the years to come, thus putting additional pressure on the fiscal space for the social sectors. Protection of social sector spending in the region should not be understood as a zero-sum game, limited only within the realm of the main social sectors. Rather, following the lessons learnt from the fiscal responses during the pandemic, the governments are encouraged to first and foremost strike a balance between investing in social sectors and other areas of spending in order to meet the needs of citizens and to promote sustainable development. The overall fiscal space decisions should align with sectoral priorities.*

In Education, the additional fiscal space would need to unlock pro-equity public financing to education; prioritize public funding to foundational learning; monitor and ensure equitable education aid allocation; and invest in innovative ways of delivering education to complement gaps in existing public funding, through multiple and flexible pathways, including quality digital learning.

For Health, the additional fiscal space should continue to protect investments in primary health care with a longer-term goal to bridge the existing gaps in funding, as well as discovering opportunities for efficiency gains in the sector; and to ensure equitable distribution of health outcomes across the population, given the high levels of health inequalities visible in all countries. As such equity must be central to all health sector investment decisions; and ensuring data on health allocations at subnational level would be critical to understand targeting of the health budget at provincial levels and to establish to what extent the budget allocations are in line with health equity aims.

For Social Assistance, ensuring the sustainability of the schemes already adopted during COVID is key, especially those facing a risk of de-investment; continued advocacy and technical assistance for ongoing monitoring of the social assistance budget, including at national and subnational level; obtaining the full picture on the size and quality of data on social assistance is also key.

Social sector budgets therefore require reprioritization in national fiscal space, accompanied by deeper reforms in the public finance management systems in the countries, such as access and improved monitoring of budget data at central and subnational level and improved budget credibility and efficiency of the social sector budgets. The establishment of solution-oriented partnerships, such as the Public Finance Facility for South and Southeast Asia, provides the solution-oriented instruments that support governments in their policy and fiscal space decisions on how to accelerate human development outcomes for their citizens.

**Reprioritization** of the social sectors in the national fiscal space in times of compounded shocks, while a challenging proposition, has the potential to yield positive developmental outcomes and well-being for citizens, including children and particularly those living in poverty. It can affect future levels of poverty and inequality as social programmes and services play a crucial role in reducing poverty and addressing income inequality. In the long-term, investment in the social sectors will further boost human capital development and enhance the potential for economic growth.

A child's life will now be looking up, childhood will be back on track in the region.



# 1. Introduction







The decisions governments make regarding the extent to which and how to fund social policies, programmes and services are directly related to the well-being and development of children. The commitment to do so is guided by Article 4 of the Convention on the Rights of Child and General Comment 19 which encourage governments to invest “to the maximum extent of their available resources”, while observing the principles of effectiveness, efficiency, equity, transparency and sustainability. Despite overall commitments, gaps in coverage and allocations for social services continue to exist. Their identification requires continuous public finance-based analysis and advocacy and remains a core commitment of UNICEF and its partners at country, regional and global levels.

**The EU-UNICEF Public Finance Facility for South Asia and Southeast Asia** was established in late 2019 with the aim of supporting public finance-based evidence generation and advocacy in seven countries from South and Southeast Asia for protecting the social sector spending of national governments. The search for strong and relevant public financed-based solutions for bottlenecks in the key social sectors prompted the need to analyse both country and regional social sector allocations of government budgets against regional and global benchmarks. Many resulting barriers preventing children from achieving their best potential can be linked to public financial management (PFM) challenges and to insufficient allocations to services deemed central to child rights, such as education, health and social protection.

The present report aims to establish the first regional benchmarking of social sector allocations for the countries in the South Asia, and East Asia and Pacific regions;\* to identify key bottlenecks and opportunities for finding fiscal space in a situation of compounded shocks; to identify priority areas for UNICEF and national partners; to provide a platform for discussion among the national partners, the EU and UNICEF in the countries under review on the state of affairs of social sector spending; and to identify key policy areas for prioritization and future strategic engagement.

## 1.1 What this report IS and what it IS NOT?

The present report tries to capture the current situation with social sector spending in selected countries from South Asia, and East Asia and Pacific regions. It also aims to focus on key programme challenges and financial challenges in public policy, as identified during data collection, for specific sectors. Another goal is to identify areas requiring attention by both the Regional Office and country offices regarding the prioritization of the country response to public finance challenges in sectors that have been identified.

This report is not aiming to provide official measurement of the Sustainable Development Goal (SDG) indicators on social sector spending under SDG 1.

\* Per UNICEF definition, East Asia (EA) countries include Cambodia, China, Indonesia, DPR Korea, Lao PDR, Malaysia, Mongolia, Myanmar, Papua New Guinea, Philippines, Thailand, Timor-Leste, Viet Nam. Pacific Island countries (PICs) include Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Niue, Nauru, Palau, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu. South Asia (SA) countries include Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

# 2. Structure of the report





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**Chapter 3** looks at the scope and methodology of the Regional Budget Report which presents an analysis of government allocations in key social sector budgets – education, health and social assistance – in selected countries in South Asia, East Asia and the Pacific. This includes all East Asian low- and middle-income countries, 5 out of 25 Pacific countries and 4 South Asian countries (Bangladesh, Nepal, Pakistan and Sri Lanka).

**Chapter 4** examines the fiscal space in East Asia, the Pacific and four South Asian countries and includes a broad overview of fiscal space, government budgets and public debt, and the priorities in social sector allocations and investments.

**The next three chapters – 5, 6 and 7** – each focus on three sectoral budget analyses – education, health and tax-financed social assistance – separately. The analysis for each sector also presents data for the budgets, with a commentary provided on the sustainability of the political and fiscal space for the particular sector. For each sphere, the analysis presents the divergences between the regions, EA, PICs and SA4. **Chapter 8** offers an analysis of the budget processes in the countries in the region with key observations on transparency and access to data.

The report concludes with reflections on the challenges of prioritization and strategic directions on how to bring all the sectors together to achieve sustainability of investment in education, health and social assistance in the three subregions. **The annexes** contain key sources of data and more detailed budget comparisons between the countries in South Asia, East Asia and the Pacific Islands.

# 3. Scope and methodology





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### 3.1 Scope

The Regional Budget Report presents an analysis of government allocations<sup>1</sup> in key social sector budgets – education, health and social assistance in the selected countries in South Asia, East Asia and the Pacific. The budget report covers most EAP countries (all East Asian low- and middle-income countries (LICs and MICs) and 5 out of 25 Pacific countries), and only 4 South Asian countries (Bangladesh, Nepal, Pakistan and Sri Lanka).<sup>2</sup> The Budget Report focuses on the public allocations<sup>3</sup> in three social sectors – education, health and social assistance.

**Education sector** covers all education levels from the primary to tertiary. In some countries, pre-school education has been included in the primary education allocation, while in others it was reported separately. Non-formal and vocational education have been excluded from the current analysis.

**Health sector** budget covers health services from primary to tertiary care. This study has focused on all health-care provision funded by the national budget, such as medical care providers, drug distribution and other provision of health services to the population. The classical definition of the health sector usually includes medical insurance, but the current analysis excludes this data, as it does not form part of the public budget.<sup>4</sup>

The **social protection sector** has been primarily financed through tax-financed social assistance, i.e. in-kind or cash transfers to vulnerable individuals and groups who are without an adequate support, such as single parent families, the homeless, physically and in other way disadvantaged individuals.<sup>5</sup> In reporting budgetary allocations for social assistance programmes the listing provided in the respective national budgets has been followed.<sup>6</sup>

<sup>1</sup> The report focuses on government allocations to the education, health and tax-financed social assistance sectors, as data on actual allocations was not available for the target period, 2017-2021. In most countries audited expenditure data is not publicly available at all, or it takes over three years to obtain the government financial report tabled before the Parliament. Budget execution data is for all five years, 2017-2021 and includes: Bangladesh, China, Fiji, Indonesia, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga and, to some extent, Pakistan.

<sup>2</sup> The current report was developed under the European Union-UNICEF cooperation agreement on a Public Finance Facility (PFF) for South Asia and Southeast Asia. Originally, only seven countries participated in the PFF – Bangladesh, Cambodia, Lao PDR, Myanmar, Nepal, Pakistan and Sri Lanka. In order to give a fuller picture to the extent possible on the social sector budgets in both regions, the current report covers data beyond the original seven countries where such data was available. The remaining countries for the Regional Office for South Asia (ROSA) are Bhutan, India and the Maldives. Data collection for these countries was difficult due to transparency and governance issues.

<sup>3</sup> The focus in this Budget Report will be on the budget allocations, as data on actual spending is usually released two to three years following its realization.

<sup>4</sup> The World Health Organization (WHO) has defined the health system as ‘consisting of all organizations, people and actions whose primary intent is to promote, restore or maintain health’ (see WHO, *Everybody’s Business – Strengthening Health Systems to Improve Health Outcomes: WHO’s Framework for Action*, WHO, Geneva, 2007).

<sup>5</sup> See United Nations Children’s Fund (UNICEF), UNICEF’s Global Social Protection Programme Framework, UNICEF, New York, 2019, for a more comprehensive discussion.

<sup>6</sup> In most cases, the budgets presented to the Parliament did not provide many details on the programmes themselves, but did yield a summary figure allocated to the social sector ministries. In Viet Nam, the full budget document presented to the Parliament is not published, but only a simplified version of the budget proposal.

## 3.2 Methodology

The methodology for the budget analysis presented in this report follows the UNICEF Guidelines adopted by UNICEF HQ and UNICEF East and Southern African Regional Office (ESARO),<sup>7</sup> with a substantive level of adaptation involved due to the limited data available for some of the analytical categories. It presents social sectors' budget data for the five-year period, 2017-2021, for all 21 LICs and MICs, in order to help understand the status quo before and during the COVID-19 period. The report provides a snapshot of the actual budgetary allocations and the three social sector and spending trends, where and when available.

The analysis is presented for three main groups of countries: In our sample there are 12 East Asian countries (EA) (Cambodia, China, Indonesia, Lao PDR, Malaysia, Mongolia, Myanmar, Papua New Guinea, Philippines, Thailand, Timor-Leste and Viet Nam), 4 South Asian countries (SA4) (Bangladesh, Nepal, Pakistan and Sri Lanka) and 5 small Pacific Island Countries (PICs) (Fiji, Samoa, Solomon Islands, Tonga and Vanuatu). For the clusters, the arithmetical mean is applied to determine the average value for each subregion (SA4, EA and PICs).<sup>8</sup>

While this approach is not strictly followed by the United Nations, it has been adopted due to the common characteristics among the countries, as well as the possible clustering of programme responses. The report also presents cross-country comparisons for the sectors along all the indicators, which are included in [Annex B, Figures 1-14](#).

The Report uses a close approximation for the SDG indicator 1.a.2. (see [Box 1](#)) to present the overall levels of social sector spending. The authors wish to flag here that the current analysis is only an approximation, as it uses the data publicly available from national governments, which may not fully accord with the definition and calculation methods of the indicator, as per the existing SDG methodology on indicator 1.a.2. available in the UN metadata repository.<sup>9</sup>

### Box 1. SDG Indicators for measuring social spending<sup>10</sup>

#### Goal 1. End poverty in all its forms everywhere

**Target 1.a.** Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.

- > **Indicator 1.a.1.** Total official development assistance grants from all donors the focus on poverty reduction as a share of the recipient country's gross national income
- > **Indicator 1.a.2.** Proportion of total government spending on essential services (education, health and social protection

Source: <https://unstats.un.org/sdgs/metadata>

Additionally, the budget is presented as a percentage of the overall government budget and the gross domestic product (GDP) for the respective countries. Where data is available, the per capita allocations are presented. The budgets are calculated in current prices.

Similar to the approach adopted by UNICEF's Office of Research – Innocenti's Programme Group,<sup>11</sup> the data for the social sectors is also measured against existing international benchmarks, as indicated in [Box 2](#), to facilitate understanding of the existing gaps.

<sup>7</sup> Budget briefs, UNICEF Eastern and Southern Africa Regional Office (see <[www.unicef.org/esa/documents/budget-brief-guidelines](http://www.unicef.org/esa/documents/budget-brief-guidelines)>).

<sup>8</sup> For purposes of the present report arithmetic mean is understood as a sum of all the values in the given set, divided by the number of observations.  
<[unstats.un.org/sdgs/metadata/files/Metadata-01-0a-01.pdf](https://unstats.un.org/sdgs/metadata/files/Metadata-01-0a-01.pdf)>

<sup>9</sup> Other SDG indicators on spending are outlined in SDG 1.b.1.

<sup>11</sup> UNICEF, *Shortfalls in Social Allocations in Low- and Middle-income Countries: COVID-19 and Shrinking Finance for Social Spending*, UNICEF Office of Research – Innocenti, Florence, 2022.

## Box 2. Minimum social allocations benchmarks<sup>i</sup>

### Education

**International benchmark:** To allocate between 4 and 6 per cent of GDP and/or at least 15 to 20 per cent of total public expenditure on education (Incheon Declaration and Framework for Action, 2015). With reference to the Addis Ababa Action Agenda (2015).

**Cost estimate:** The Global Education Monitoring Report (2015) estimated that low- and lower-middle-income countries need to increase spending to 6.3 per cent of GDP to deliver universal pre-primary, primary and secondary education (UNESCO, 2015: Education Finance Watch, 2021)<sup>ii</sup>

### Health

**Regional benchmark:** 15 per cent of the annual budget should go the health sector (Abuja Declaration, 2001 for African Union countries; World Health Organization, 2011).

**Cost estimate:** Between 5 and 7.5 per cent of GDP required to provide universal health coverage for low- and middle-income countries based on various estimates (WHO, 2010; Jowett et al., 2016; Rottingen et al., 2014, Stenberg et al., 2017).

### Social Protection

**Cost estimate:** while there are no internationally agreed benchmarks, ILO calculates the cost of a universal package of four social protection benefits for low- and middle-income countries as 3.3 per cent of GDP. This would cover the following benefit: children, maternity, disability, old age, as well as administrative costs (ILO World Social Protection Report, 2020-2022).

<sup>i</sup> While these costings and benchmarks have been published by regional and international bodies, they may not be accurately representing the adequate spending requirements in any given country.

<sup>ii</sup> <https://unstats.un.org/sdgs/metadata>

For each sector, the report addresses the following themes depending on data availability: budget allocations; prioritization of each sector in total government budget; investment levels and trends against international benchmarks; private spending (out-of-pocket or household spending); per capital allocations; credibility of the budget; decentralization; fiscal response to COVID-19; access and quality of data; opportunity for efficiency gains in the respective sector, followed by conclusions.

In this Budget Report nominal values have been reported. All data in local currency units have been translated to US dollars to enable a comparison. In principle, this translation should reflect inflation, as generally inflationary pressures have an adverse effect on the foreign exchange rate, as the national currency weakens vis-à-vis a major foreign (international) currencies. In Asia, the US dollar has been a major international currency for decades. Moreover, Asia has experienced relatively stable inflation of around 2.3 per cent on average for East Asia and 4.3 per cent for South Asia, in the period observed in this Regional Budget Report.<sup>12</sup> Only recently, in 2022, has it peaked at 5.5 per cent and dropped to 5 per cent, which is an excellent performance compared to the US and Europe at well over 9 per cent.<sup>13</sup>

<sup>12</sup> See data series for Asia and the Pacific at: <[data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?locations=Z4](https://data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?locations=Z4)>; and for South Asia at: <[data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?locations=8S](https://data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?locations=8S)>

<sup>13</sup> See <[www.cnbc.com/2022/08/16/inflation-in-asia-has-peaked-morgan-stanley-says.html#:~:text=%E2%80%9CAsia's%20average%20inflation%20peaked%20at,9%25%2C%E2%80%9D%20he%20added](https://www.cnbc.com/2022/08/16/inflation-in-asia-has-peaked-morgan-stanley-says.html#:~:text=%E2%80%9CAsia's%20average%20inflation%20peaked%20at,9%25%2C%E2%80%9D%20he%20added)>

The potential for increased technical efficiency gains is often high in the social sectors across the EAP region. Drawing on international comparative performance benchmarking indicators, first introduced by Farrell,<sup>14</sup> the efficiency of inputs spending within primary education, secondary education and health are analysed for countries in both regions for which data is available. By utilizing this efficiency scoring mechanism, the potential for efficiency savings is shown, with a greater efficiency savings potential the further the efficiency score is removed from 1.<sup>15</sup>

**For the Education sector, the following themes are covered:**

- Analysis of government education allocations trends, with a discussion on the ability of the countries in three regions to reach the international benchmarks<sup>16</sup> for education expenditure (4-6 per cent of GDP and 15-20 per cent of the national budget); gaps for the countries against the benchmarks and the impact of COVID-19 on public education spending; presentation and discussion of the credibility of the education budgets for selected countries; composition of the education budget for selected countries (as per available data); exploration of the decentralized budgets for education; equity in education; and overall access/availability of data in education.
- In most cases it refers to the national, i.e. central government budget, with China providing a consolidated government budget. Budget execution data are not always available and often the financial reports of the government are not published and presented for the general public. In some countries, the budget estimates may provide an unaudited report on the expenditure, while presenting the budget estimates for the next year. If this is the case, the standard delay is two to three years. In most cases reviewed in the present report, published budget estimates were used to ascertain the expenditure and execution for the budget.
- While the authors recognize that private/household investment is important for achieving educational outcomes, the report uses secondary data to only take note of the trends in private allocations for education for the Asia and Pacific countries. A deeper analysis in this respect remains beyond the purview of the current report.

**For the Health sector, the following themes are covered:**

- Analysis of government health allocations trends, with a discussion on the ability of the countries in three regions to reach the international benchmarks<sup>17</sup> for health expenditure (5-7.5 of GDP and 15 per cent of the national budget); gaps for the countries against the benchmarks and the impact of COVID-19 on public health spending; presentation and discussion of the credibility of the education budgets for selected countries; composition of the health budget for selected countries (as per available data); exploration of the decentralized budgets for health; equity in health; and overall access/availability of budget data in health.
- In addition to government spending on health and given the growing importance of private allocations to health, the Report presents a holistic picture of current health expenditure, including private sector allocations on health, using the World Health Organization (WHO) Global Health Expenditure Database.<sup>18</sup>

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<sup>14</sup> M. J. Farrell, 'The measurement of productive efficiency', *Journal of Royal Statistical Society, Series A, General*, 120, part 3, 1957, pp. 253-281.

<sup>15</sup> "Our input-output model specification (consistent with S. Herrera and G. Pang, 'Efficiency of Public Spending in Developing Countries: An Efficiency Frontier Approach', World Bank, Policy Research Working Papers, 2005; or F. Grigoli and J. Kapsoli, 'Waste Not, Want Not: The Efficiency of Health Expenditure in Emerging and Developing Economies', IMF Working Paper, 2013) uses adult educational levels measured by the average years of schooling for the population older than 15 years. We prepared separate estimates for primary and secondary education. We used net enrolment rates as outputs and public spending and the teacher-pupil ratio as inputs. All spending variables are expressed in 2011 PPP US dollars." See J. Kapsoli and I. Teodoru, *Benchmarking Social Spending Using Efficiency Frontiers*, International Monetary Fund, Washington D.C., 2017.

<sup>16</sup> Seven indicators were selected for monitoring and benchmarking of SDG 4. They include: (i) Minimum learning proficiency in reading and mathematics (SDG 4.1.1); (ii) Completion rate, by education level (SDG 4.1.4); (iii) Out-of-school rate, by education level (SDG 4.1.5); (iv) Participation rate in organized learning one year before primary (SDG 4.2.2); (v) Percentage of trained teachers, by education level (SDG 4.c.1); and (vi) Share of government expenditure on education (SDG 1.a.2); and (vii) Government expenditure on education as share of GDP. Due to insufficient data available, the authors have chosen to focus on the indicators (vi) and (vii).

<sup>17</sup> Seven indicators have been selected for monitoring and benchmarking of SDG 4. They include: (i) Minimum learning proficiency in reading and mathematics (SDG 4.1.1); (ii) Completion rate, by education level (SDG 4.1.4); (iii) Out-of-school rate, by education level (SDG 4.1.5); (iv) Participation rate in organized learning one year before primary (SDG 4.2.2); (v) Percentage of trained teachers, by education level (SDG 4.c.1); and (vi) Share of government expenditure on education (SDG 1.a.2); and (vii) Government expenditure on education as share of GDP. Due to insufficient data available, the authors have chosen to focus on the indicators (vi) and (vii).

<sup>18</sup> See <[apps.who.int/nha/database](https://apps.who.int/nha/database)> (Data is available from 2000 to 2019, at the time of writing, July 2022)



## For Social Assistance, the following themes are covered:

- Analysis of public allocations trends for social assistance, with a discussion on the ability of the countries in three regions to reach the minimum investment of 3.3 per cent of GDP needed for the key 4 social protection schemes and respective gaps; the impact of COVID-19 on social assistance spending; decentralization and child equity; and overall access/availability of budget data in health.
- In line with International Labour Organization (ILO) and UNICEF definitions, the social assistance allocations analysis covers the following benefits: children, maternity, disability, old age and also associated administrative costs.<sup>19</sup> The analysis covers only tax-financed social assistance, (including non-contributory pension schemes when they are publicly recorded in the budget).

## 3.3 Limitations

The **main limitations** of the Report stem from the low level of robustness and availability of public budget data. To address that issue, the authors have provided a special chapter regarding access to and quality of budget data.

- Analysis of the social assistance allocations trends, with a discussion on the ability of the countries in three regions to reach the minimum investment as per international benchmarks<sup>20</sup> for education expenditure (4-6 per cent of GDP and 15-20 per cent of the national budget), gaps in prioritization and investment against the benchmarks and the impact of COVID-19 on education spending.
- The large number of countries under consideration, which differ in size, level of economic development and political and economic transparency have also contributed to the overall complexity.
- The response to the COVID-19 pandemic has also shown a high level of diversity alongside the presented averages for the subregions. It is important to also look into the country situation for specific conclusions/recommendations.
- The classical guidelines for budget briefs are designed for application at the national level. Therefore, the level of ambition and breadth of the current analysis have been adjusted to present an overarching, snapshot picture of budgetary trends in two regions. A comparison along these lines is not possible and needs to be further explored at country level.
- For the education sector, the lack of public availability of budgetary data, especially in terms of level of spending, decentralization and economic classification of the budget.
- In most countries, the recurrent and capital budgets have been reported together, except for a few countries where the recurrent and capital budget are reported separately and often not consolidated in the budget presented before the parliament.
- Total government budget figures have been reported, as it was not possible to distinguish between the recurrent and development (capital/investment) budget in all countries. This means that a more detailed analysis of the allocation destination would not be possible.

<sup>19</sup> See F. Durán-Valverde et al., *Financing Gaps in Social Protection, Global Estimates and Strategies for Developing Countries in Light of the COVID-19 Crisis and Beyond*, ILO Working paper 14, International Labour Organization, Geneva, 2020; Durán-Valverde et al., *Measuring Financing Gaps in Social Protection for Achieving SDG Target 1.3 Global Estimates and Strategies for Developing Countries*, ESS – Working Paper No. 73, International Labour Organization, Geneva, 2019; and ILO, *World Social Protection Report 2020–22: Social protection at the crossroads – in pursuit of a better future*, ILO, Geneva, 2021.

<sup>20</sup> Seven indicators have been selected for monitoring and benchmarking of SDG 4. They include: (i) Minimum learning proficiency in reading and mathematics (SDG 4.1.1); (ii) Completion rate, by education level (SDG 4.1.4); (iii) Out-of-school rate, by education level (SDG 4.1.5); (iv) Participation rate in organized learning one year before primary (SDG 4.2.2); (v) Percentage of trained teachers, by education level (SDG 4.c.1); and (vi) Share of government expenditure on education (SDG 1.a.2); and (vii) Government expenditure on education as a share of GDP. Due to insufficient data available, the authors have chosen to focus on the indicators (vi) and (vii).

- The authors acknowledge that the 2030 Agenda for Sustainable Development requires both public and private resources. The present budget analysis uses mostly officially available public, mostly central, budget data collected through the UNICEF country offices in three regions. However, as private expenditure on health and education have been on the rise for the regions under review<sup>21</sup> the authors have included an additional secondary analysis to create an understanding of the magnitude and importance of private allocations for the sector.
- The Budget Report has used the budgets in current prices and to provide the comparison it reported on the social sector budgets as a percentage of GDP and as a percentage of the budget. In the years under consideration most of countries in the sample exhibited low, one-digit inflation. Only in allocations per capita was the calculation done twice, i.e. at nominal values (current prices) and at real values (constant, 2017 prices). However, in both cases the allocations per capita showed the same trend, although the growth reported was less than the figure stated in nominal, current values.
- For health, although efforts strove to make the briefs as comprehensive as possible in data collection, in a few instances (Myanmar, Nepal and Pakistan) data reflect central government allocations. This may not represent a major issue, as health allocations are mostly concentrated at central level. The report does not look closely into compulsory and voluntary health insurance schemes.

### 3.4 Data sources

Key data sources used for the present report per country are listed in [Annex A, Table 1](#) and [Annex A, Table 2](#). The different countries in the region have adopted different approaches to data publication. All the data is organized in a Regional Dashboard which comprises public data cleared by the national governments in each participating country.

Macroeconomic data has been collected from the International Monetary Fund (IMF) World Economic Outlook (WEO) database, April 2022 version. Data has been triangulated by considering other internationally available databases, such as the UNESCO Institute of Statistics (UIS), the World Bank (WB) Development Indicator Database, the Organisation for Economic Co-operation and Development (OECD) statistics, and others. Where public expenditure studies were available for respective countries they were considered if published recently and if they made reference to the years under consideration in this Budget Report.

The budget data was obtained through open-source search, including publicly available information on budgets in 21 countries presented in the sample, on websites of the Ministry of Finance (MoF),<sup>22</sup> Ministry of Education (MoE), Ministry of Health (MoH), National Parliament. On this basis, data was compiled on the national and sectoral budgets, the strategies and policies of three social sector budgets and on any other information that would provide further insight into budgetary processes and practices.<sup>23</sup>

The initial data collected was validated with national partners through the UNICEF country offices or, in some cases, through discussions with national partners directly. In case of divergence, the data was adjusted to match the data figures used at the national level by national partners. A disclaimer: shortly before the publication of the present report, the UNESCO Regional Office for Asia and the Pacific published the report, *Education Financing in Asia and the Pacific*. The authors took note of the differences between the data reported here and the education budget execution data reported by UIS.

<sup>21</sup> So-called 'out-of-pocket expenditures/expenses'.

<sup>22</sup> In the context of this report, MoF is any ministry that is in charge of budgets and/or budgetary affairs (for instance, in the case of Fiji, Ministry of Economy); and by analogy MoE refers to any ministerial departments that are in charge of public education, whether they are centralized in one unit, or multiple units coordinate the education sector.

<sup>23</sup> All available sources per country have been included in the annexes.

Data on public health allocations was collected from the national budgets provided in the public domain – websites of the ministries in charge of budget (predominantly the Ministries of Finance) and/or national parliaments. An initial plan to secure the audited annual report from the respective governments to collect budget execution data has not materialized, as the information was not available at the MoF, parliamentary and the SAI websites. Yet, where possible, budget execution data was obtained through budget speeches which all reported unaudited data.

For health sector spending, the public data from national governments was complemented by data from international organizations (WB, Asian Development Bank (ADB), WHO, and others), where possible, mostly to corroborate primary data collected through the UNICEF country offices on the ground. Data collected through an open search exercise was validated by the UNICEF country offices in the respective regions.

All data on social assistance in this report comes from the annual budgets of respective countries spanning 2017 to 2021. The data was extracted from a series of documents, the list of which can be found in [Annex C, Table 1](#) and [Annex B, Figure 10 and Figure 11](#). These budgets mostly include fiscal position ‘social transfers’ wherever possible across the government. If the programmes were publicly listed, they were included in the current analysis. However, in a number of cases, programmatic information was not provided, hence it was necessary to resort to the government entity in charge of social protection/assistance.

In the majority of the countries, the key counterpart has been the Ministry in charge of Labour and Social Affairs. The depth and breadth of the social assistance programmes differs significantly across the countries. [Annex C, Table 1](#) provides a comprehensive list of social programmes per country.<sup>24</sup> In a few instances (primarily for the PICs) data was partly collected from National Parliament websites.<sup>25</sup>

Similar to education budgets, data collection for social assistance has proven challenging due to lack of data transparency and incompleteness; and also the fact that often the realms of social protection/assistance are a topic of political debates in the respective countries.<sup>26</sup> In addition, depending on the national public financial management systems, some social assistance/protection programmes are funded and administered by extrabudgetary bodies in “off-balance” sheets, and thus difficult to trace under the publicly available reports at the websites of ministries in charge of finance/budgetary matters.



<sup>24</sup> See also International Policy Centre for Inclusive Growth and UNICEF, *Social Protection in Asia and the Pacific: Inventory of non-contributory programmes*, Brasília: IPC-IG and UNICEF, 2019.

<sup>25</sup> See Annex 9.1.

<sup>26</sup> For instance, a department in charge of social security and pensions may wish to see pensions reported as social spending, while MoF will report only the public non-contributory schemes as social assistance spending.

# 4. Macro-economic and fiscal situation in East Asia, the Pacific and four South Asian countries





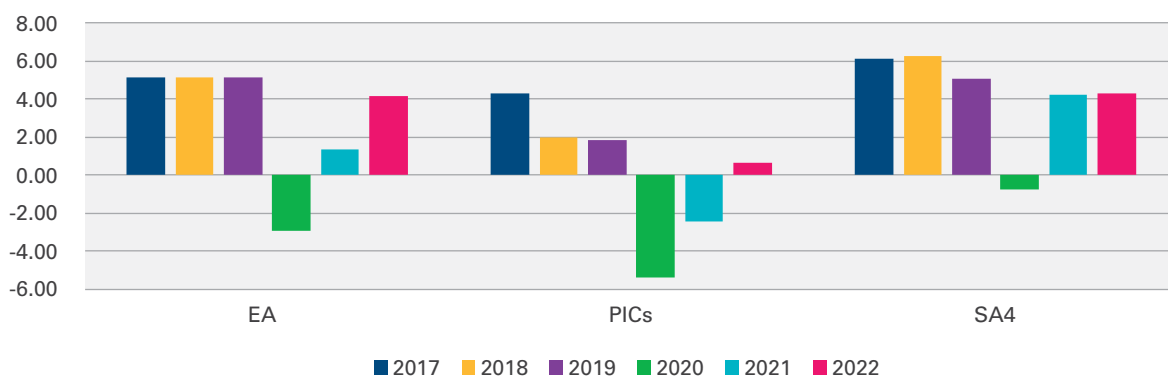
## 4.1 Economic growth and development: An overview

For several years the East Asia and Pacific has been the most dynamic region in the world. It is the home of the most populous country and of the second largest economy in the world, China, and of the Pacific Island countries (with small economies and populations that per se limit growth). The prolonged COVID-19 pandemic during 2020-2022 negatively impacted the countries as economic growth slowed down, the fiscal space narrowed and investment in addressing the medical and social consequences of the COVID-19 pandemic further stretched already strained national resources.

In the last two decades the GDP per head in current prices almost tripled and reached US\$11,478 per head.<sup>27</sup> Some countries also attained middle-income status and have been progressing towards upper middle-income status (e.g. Indonesia, Malaysia, Thailand and Viet Nam).

As illustrated in **Figure 1** below and in the graphs in **Annex B, Figure 1**, the countries have recorded exemplary growth rates and the majority have been able to sustain this growth over a prolonged period. However, the COVID-19 pandemic also showed that further structural reforms were needed if a return to high growth was to take place in the post-pandemic period. Structural reforms should enable boosting the output potential and eliminating the human, physical and digital bottlenecks identified.

**Figure 1. GDP growth in the Asia-Pacific region**



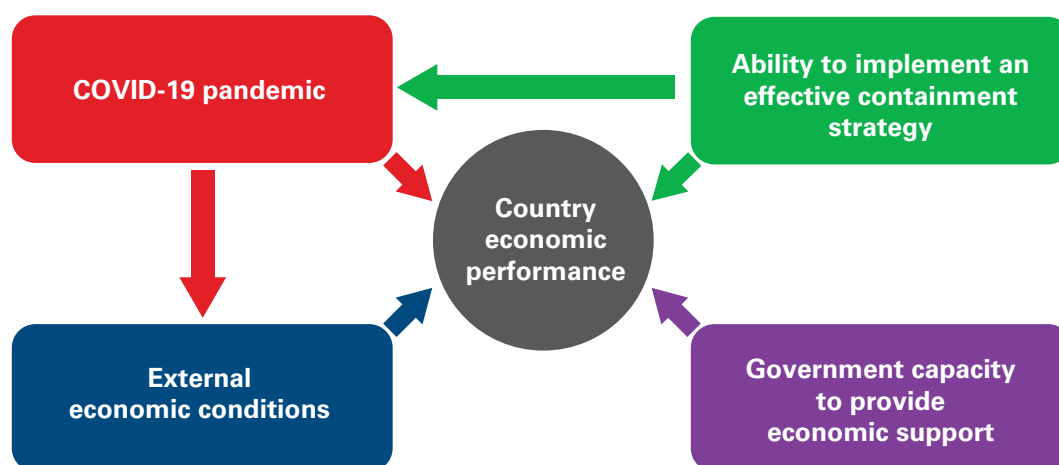
**Source:** Authors' calculations based on the IMF World Economic Outlook (WEO) Database, October 2022

<sup>27</sup> The average also includes advanced EAP economies: Australia, Brunei Darussalam, Hong Kong, Japan, Korea New Zealand, Singapore and Taiwan (Province of China). Source: World Bank Development Indicators. Database, see <[data.worldbank.org/indicator/NY.GDPPCAPCD?locations=Z4](https://data.worldbank.org/indicator/NY.GDPPCAPCD?locations=Z4)>

The Region experienced a major contraction in 2020 as shown in [Figure 1](#), primarily due to the lockdown and overall downturn in economic activities. South Asian economies that recorded the highest growth rate prior to the COVID-19 pandemic suffered least from the economic slowdown in 2020. They will be the first to recover and would take the lead again from 2021/2022, as per IMF projections.<sup>28</sup> The Small Pacific Islands' economies, which experienced minimal growth in the two years prior to the pandemic, suffered the most in 2020, and began recovering only in 2022. The PICs were heavily exposed due to the significant contribution of a single industry, tourism, to GDP, which will suffer globally until intentional travel returns to normal.

The IMF revised several projections pertaining to PICs and some EA countries (e.g. Myanmar, the Lao PDR) for the April to October 2021 period, with further corrections made in April and October 2022, are due to several factors. These included low vaccination rates; the COVID-19 pandemic and associated lockdowns in China; structural problems that the pandemic had brought to the fore; and ultimately, the ongoing conflict between Russia and Ukraine from February 2022, as shown in [Figure 2](#).<sup>29</sup>

**Figure 2. Compounded factors affecting the economic recovery of countries in South Asia, East Asia and the Pacific**



Source: East Asia and Pacific Economic Update, April 2022

## 4.2 Fiscal space: government revenues

Policy research establishes the following measures for improving the fiscal space: 1. Reallocating public expenditures; 2. Increasing tax revenues; 3. Increasing spending efficiency; 4. Expanding social security coverage and contributory revenues; 5. Lobbying for aid and transfers; 6. Eliminating illicit financial flows; 7. Using fiscal and foreign exchange reserves; 8. Managing debt: borrowing or restructuring existing debt; and 9. Adopting a more accommodative macroeconomic framework.<sup>30</sup>

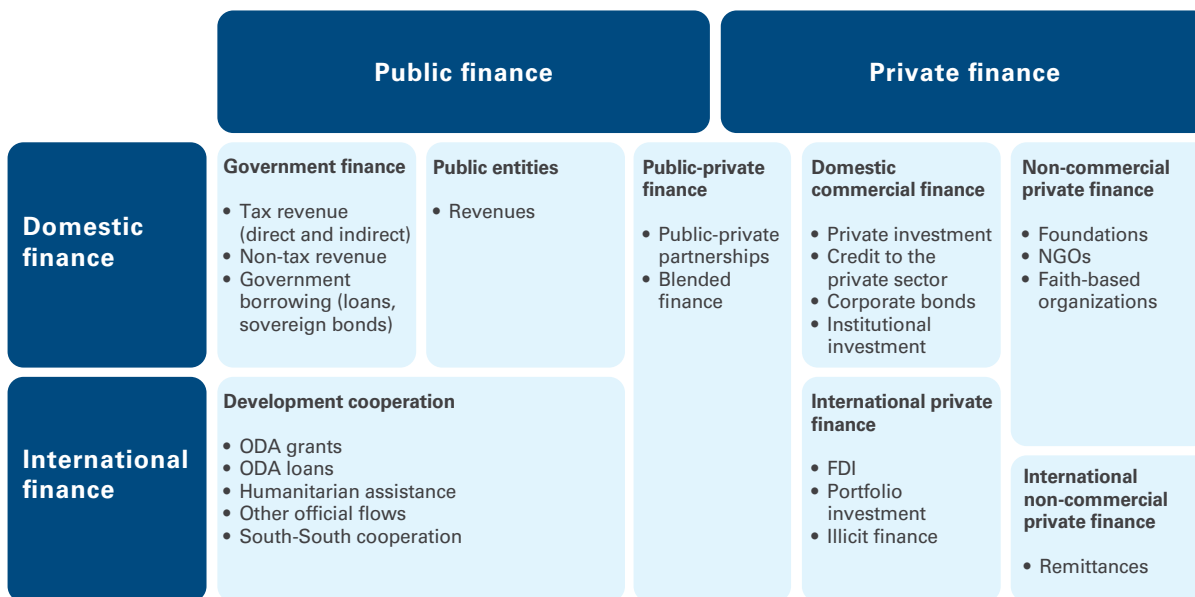
Domestic public revenues are the most prominent development financing source and as such have to be made more efficient and equitable, including more gender responsive.

<sup>28</sup> See International Monetary Fund (IMF), *World Economic Outlook, October 2022: Counting the Cost-of-Living Crisis*, IMF, Washington D.C., 2022.

<sup>29</sup> See Asian Development Bank (ADB), *Asian Development Outlook (ADO) 2022: Mobilizing Taxes for Development*, ADB, Manila, 2022.

<sup>30</sup> I. Ortiz, M. Cummins and K. Karunanethy, *Fiscal Space for Social Protection and the SDGs Options to Expand Social Investments in 187 Countries*, ILO, UNICEF and UN WOMEN, Geneva and New York, 2017.

**Figure 3. Sources of development finance**

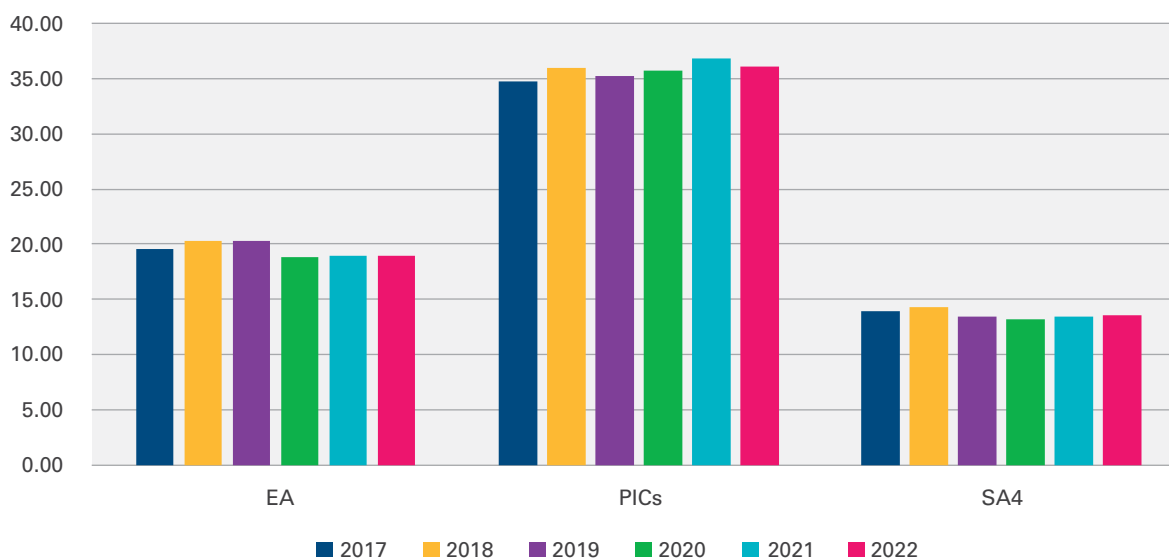


Source: Development Finance Assistance Guidebook, October 2020

The slow recovery has also affected countries’ capacity to expand their fiscal space. Lockdowns and a serious slowdown in economic activities, especially in early 2020, led to the drop in revenues for all the governments, except those of PICs.<sup>31</sup>

The set of policy options for expanding the fiscal space during the pandemic at the disposal of the government has been very limited and often implemented uncritically, following the measures implemented in more advanced economies. Policy contextualization, the instrument applied to implement a policy, is equally important.

**Figure 4. Public (general government) revenues as a percentage of GDP**



Source: International Monetary Fund, World Economic Outlook Database, October 2022.

<sup>31</sup> Public revenues have dropped somewhat faster than GDP, although the drop can be at least partially due to the shifts in fiscal policies. In the case of PICs, international assistance played important role in levelling the aggregate public revenues.

As shown in **Figure 4**, the different groups of countries had diverging experiences in terms of levels of revenue: public revenues in most of the regions had a slight drop in 2020 and 2021: in EA countries the revenues stood at about 22-23 per cent, while in South Asia, even pre-pandemic, they did not exceed the minimum of 15 per cent, needed to sustain investment in public services.<sup>32</sup> Public revenues in PICs are currently about 35 per cent of GDP which is higher than the OECD average tax-to-GDP ratio of 33.5 per cent recorded in 2020.<sup>33</sup>

The IMF has stated that the economic contraction, loss of tourism revenues and counter-cyclical fiscal measures generally widened fiscal deficits in 2021.<sup>34</sup> Lower revenues from tourism and commodity exports narrowed the tax base and ultimately led to a deteriorated fiscal position for most countries in the Pacific.

For instance, Fiji was expected to record a large deficit in 2021, mainly due to the fall in tourism revenues. Significant falls have also been estimated for Samoa, Tonga and Vanuatu.<sup>35</sup> Experiencing higher fiscal deficits, PICs will have to borrow more. Indeed, the average public debt in the Pacific islands was expected to rise by 5 percentage points and reach about 39 per cent of GDP in 2021. Fiji, Samoa and Tonga will use the Debt Service Suspension Initiative (DSSI), established by the Group of Twenty, Paris Club, the IMF and World Bank, to stabilize their fiscal position.

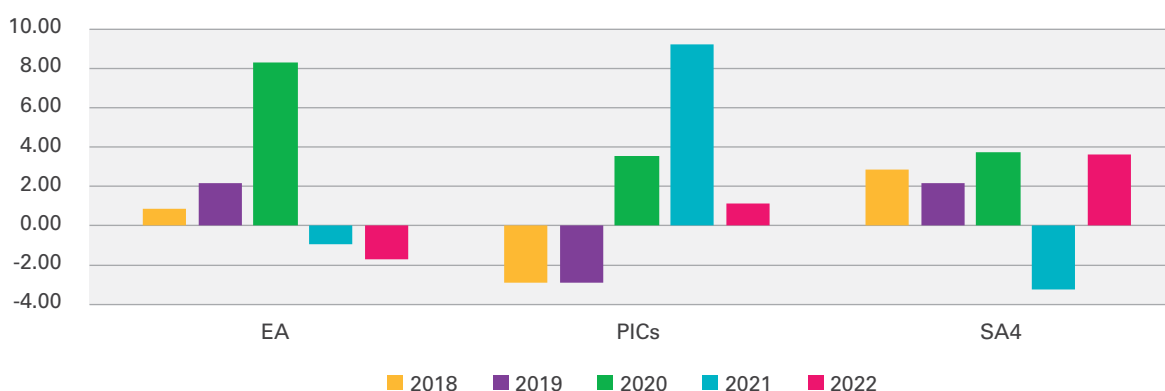
### 4.3 Government budget allocations as a percentage of GDP

General government allocations provide an indication of the size of government. The variation in this measure demonstrates the differences in delivering public goods and services and providing social protection; but not necessarily differences in resources spent. Government allocations are measured as a percentage of GDP, or in terms of US dollar per capita.<sup>36</sup> In other words, the higher the government spending, the better offer of public goods and services. Similarly, if a particular sector attracts a higher proportion of the general government budget, the more goods and services may be offered in that sector.

The current section presents the picture of the government budgets as a percentage of GDP, and in terms of the overall size of the social sectors in relation to the government budgets.

Although the government budgets have decreased in real terms, the degree of variability differs, with countries experiencing the biggest contraction in 2020 across all the sub-regions, as shown in **Figure 5**. Contractions in GDP have been reflected in the budgets that the countries had approved. Examples include countries that have suffered a decrease of up to 10 per cent (such as Tonga, the Philippines, Nepal and Myanmar) and those that experienced a much bigger decrease (such as Fiji, the Solomon Islands and Timor-Leste). Other countries have experienced minor budget growth (for country data see **Annex B, Figure 5**).

**Figure 5. Annual government budget increases/decreases (median), EA countries, PICs and SA4 countries, 2017-2022**



**Source:** Authors' calculations, based on UNICEF EAPRO PFM Dashboard Data (2021 data do not include China, Lao PDR and Myanmar) nominal budget changes.

<sup>32</sup> The World Bank believes that a minimum tax to GDP ratio of 15 per cent is needed to invest in public services, <[blogs.worldbank.org/governance/getting-15-percent-addressing-largest-tax-gaps](https://blogs.worldbank.org/governance/getting-15-percent-addressing-largest-tax-gaps)>

<sup>33</sup> Organisation for Economic Co-operation and Development (OECD), *Revenue Statistics 2021 Initial impact of COVID-19 on OECD Tax Revenues*, Paris, 2021.

<sup>34</sup> See IMF, *Regional Economic Outlook: Asia and Pacific Navigating Waves of New Variants: Pandemic Resurgence Slows the Recovery*, IMF, Washington D.C., 2021.

<sup>35</sup> See IMF, *Pacific Islands Monitor, Issue 15*, IMF – Asia-Pacific Department, Washington D.C., 2021.

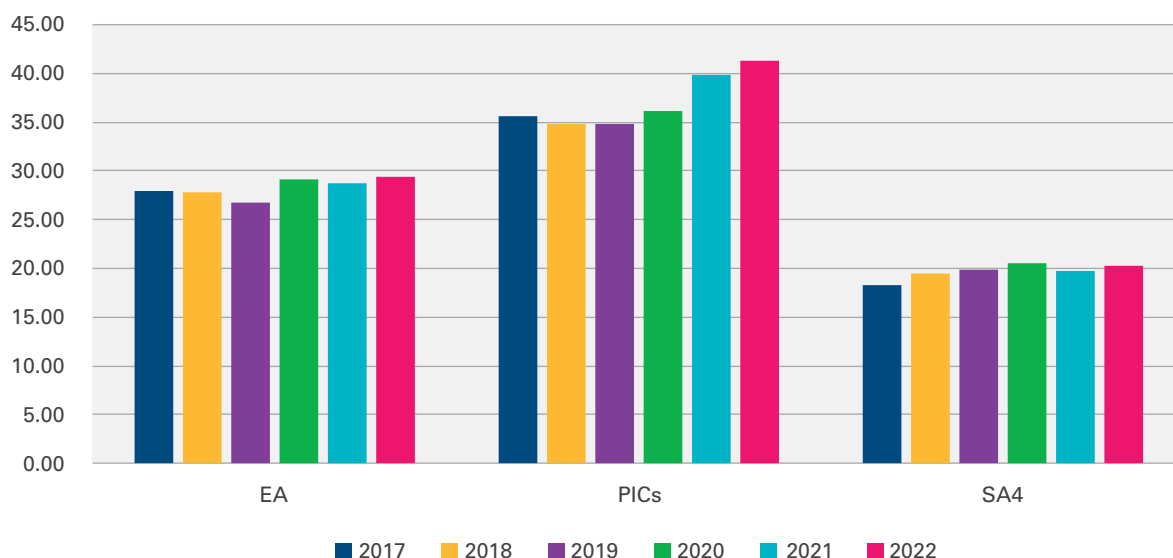
<sup>36</sup> OECD, *Government at Glance*, 2021, Paris, 2021.



**Figure 6** shows that Asia and the Pacific countries' government budget allocations have generally been in the range between 18 and 41 per cent of GDP. Variations between the sub-regions are significant. Similar to the situation with the revenues, PICs have had the highest budget allocation to GDP ratio ranging from 36 to 41 per cent.

Due to the extended pandemic, higher budget allocations were recorded in 2022. The budget allocation as a percentage of GDP has been improving post-pandemic, albeit slowly. The East Asian countries are MICs with wide policy options and stronger institutional frameworks, and their macroeconomic performance is better compared to that of the two other sub-regions (SA4 and PICs).

**Figure 6. Government budget as a percentage of GDP, EA countries, PICs and SA4 countries, 2017-2021**



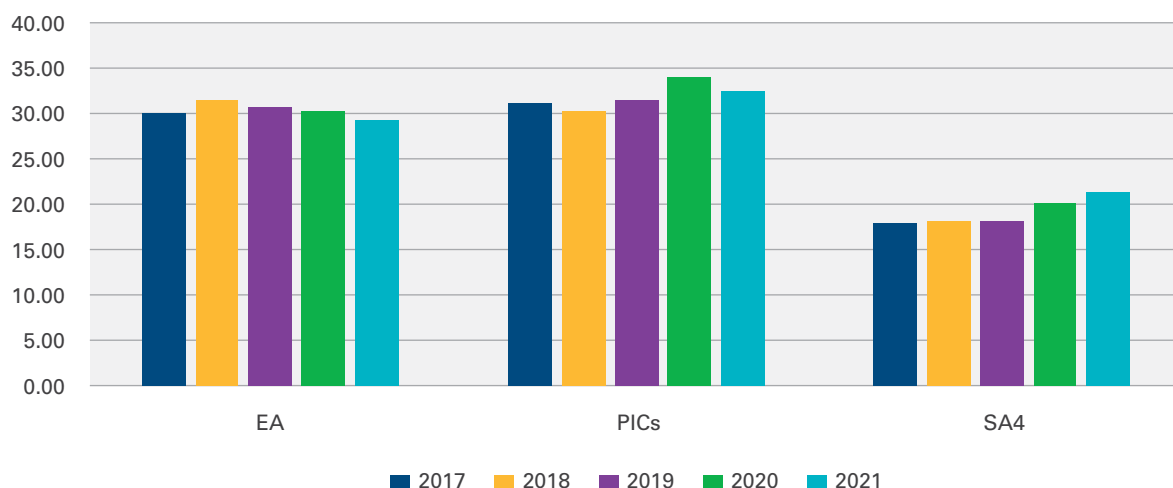
Source: Authors' calculations, based on the IMF World Economic Outlook, October 2022

## 4.4 Prioritization of social sector allocations in the government budget

Calculating the social sector budget as a percentage of the national budget helps to determine the priority that a government places on addressing social issues, such as poverty, health care, and social protection. A higher percentage of the national budget allocated to social sectors generally indicates a greater emphasis on addressing these issues and a commitment to improving the well-being of citizens. This calculation can also be used to compare the social sector spending of different countries and to identify potential disparities in funding and resources for addressing social issues.

**Figure 7** below presents the total social sector budgets for the 3 subregion. The Pacific countries allocate an average of 32.4 per cent of their total budget for the social sectors, followed by East Asian countries with an average of 29.3 per cent. The high level of social allocations by the Pacific islands are probably explained by the significant overseas development assistance (ODA) flows. The four countries in South Asia allocate an average of 21.3 per cent. The data for countries are presented in [Annex B, Figure 6](#).

**Figure 7. Social sector allocations as a percentage of the total government budget, EA countries, PICs and SA4 countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard Data. Accumulated allocations on education, health and social protection/assistance.

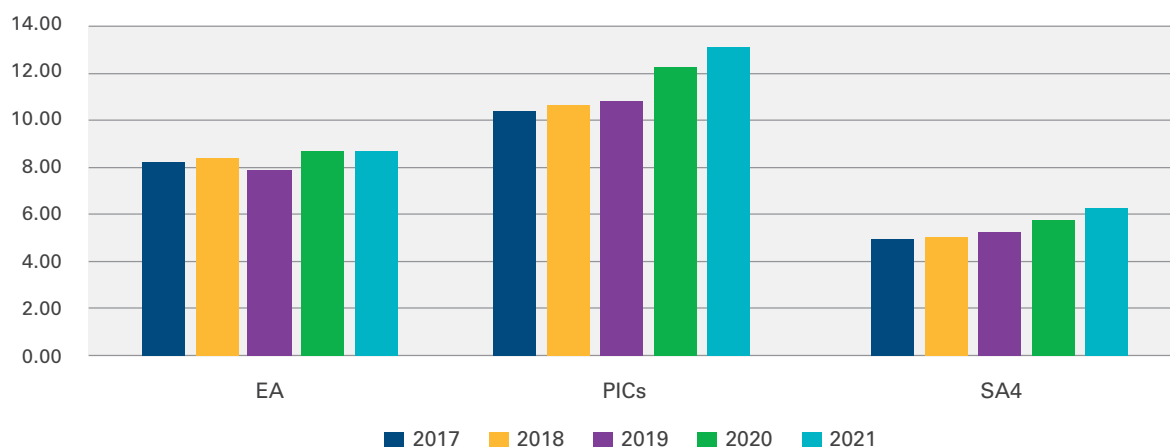
## 4.5 Investment in social sectors

Calculating the social sector budget as a percentage of GDP helps to understand the government’s priorities in terms of social spending in relation to the size of the economy. A higher percentage of GDP allocated to social sectors generally indicates a greater emphasis on addressing social issues and improving the well-being of citizens. It can also be used to measure the country’s ability to support social spending in relation to its economic capacity. This can help identify if the country is investing enough in the social sectors to meet the needs of citizens and to achieve the SDGs.

Figure 8 presents the investment in social sectors – health, education and social assistance - as a percentage of GDP, in each of the three subregions. Despite variability in the level of sectoral investment (with drops recorded in the individual sectors), the total social sector investment has been on the rise: the decline in some sectors was offset by additional investment in others. This together with noticeable variations amongst the countries, contributes to positive aggregate sub-regional results.

The PICs have witnessed a steady increase in social sector investment, with an average of 11.5 per cent of GDP over the period under review. The countries in East Asia followed, with a stable investment in the social sectors averaging 8.6 per cent of GDP, whilst the four countries in South Asia witnessed a slower increase in investment averaging 5.5 per cent of GDP in the period 2017-2021.

**Figure 8. Budgeted social sectors’ allocations as a percentage of GDP, 2017-2021**



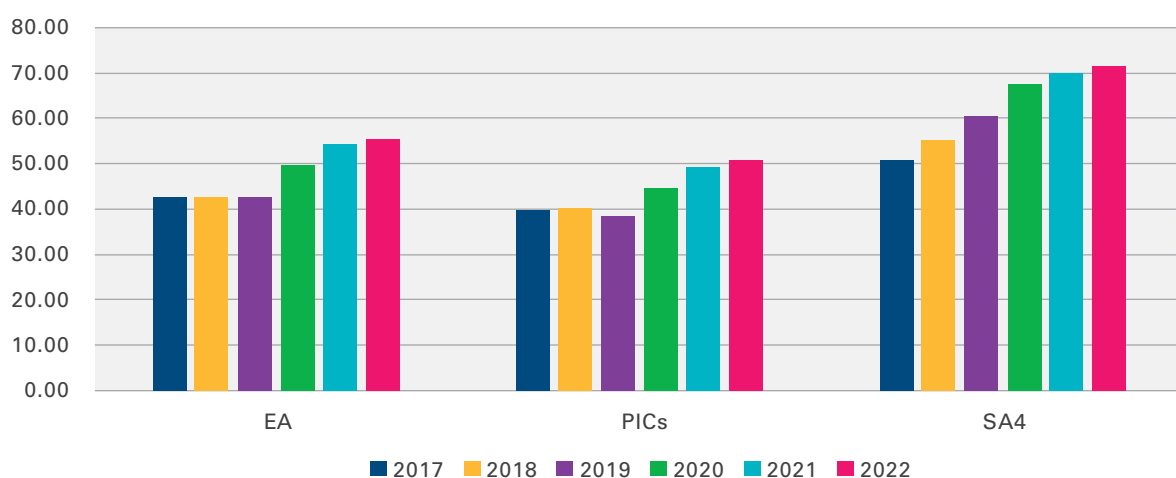
Source: Authors’ calculations, based on the UNICEF EAPRO PFM Dashboard Data. Accumulated allocations on education, health and social protection/assistance.

## 4.6 Government/Public debt

Calculating gross government debt as a percentage of GDP helps to understand the government's level of indebtedness in relation to the size of the economy. It can be used to assess the government's ability to service its debt and to meet its financial obligations. A high debt-to-GDP ratio may indicate that the government may be struggling to meet its financial obligations and may need to implement austerity measures or seek assistance. It also helps to measure the sustainability of the country's debt level over time, as it is an important indicator of the government's ability to meet these obligations in the long term.

Prior to the COVID-19 pandemic Asia and the Pacific had relatively low debt levels of 25 per cent to GDP. However, gross government debt has risen, as demonstrated in [Figure 9](#),<sup>37</sup> and currently all three groups of countries are experiencing an increasing level of indebtedness.

**Figure 9. Gross government debt as a percentage of GDP, EA countries, PICs and SA4 countries, 2017-2022**



**Source:** Authors' calculations based on the IMF WEO Database, April 2022 (projections since 2020 or 2021)

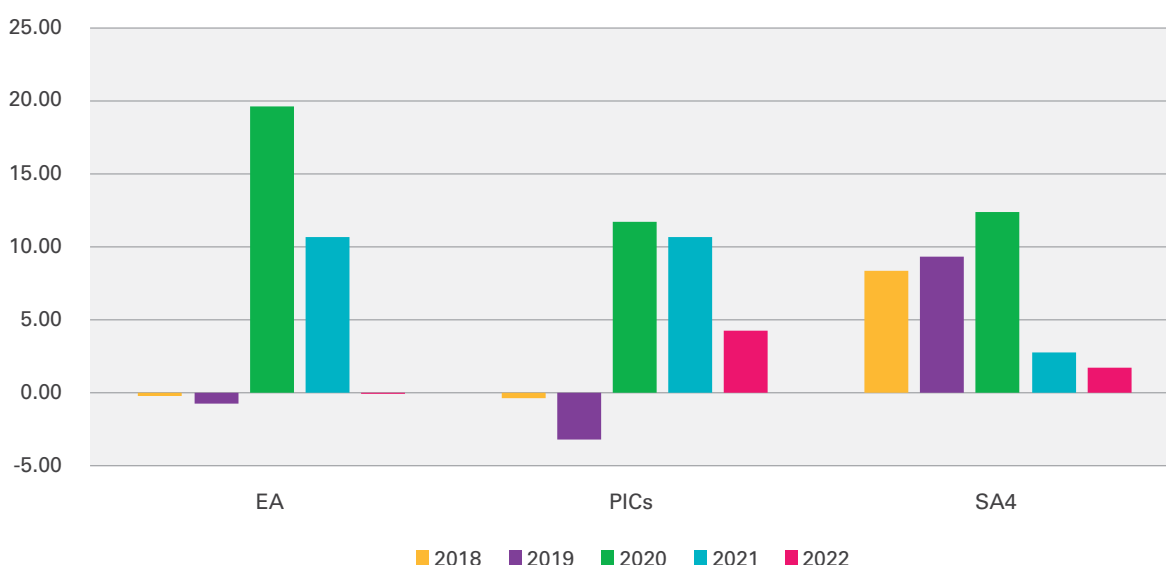
The overview of the debt in East Asian countries, four South Asian countries and the Pacific, presented in [Annex B](#), [Figure 3](#) and [Figure 4](#) shows that two East Asian countries (the Lao PDR and Mongolia) and one South Asian country in our SA4 sample (Pakistan) may be at risk. Sri Lanka itself has already experienced the debt crisis and a default on its debt. Additionally, five other countries face the risk of a debt crisis (Papua New Guinea, Samoa, Tonga and Vanuatu), and Timor-Leste also has to deal with a moderate debt risk. The PICs may be especially vulnerable to the future debt crisis as their post-COVID-19 economic recovery may take longer due to their economic structure characterized by overdependence on a single industry – tourism.

<sup>37</sup> United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) has stated that it is unclear whether developing countries have a fiscal policy space to sustain necessary countercyclical measures and to invest in priority areas, such as health, social protection and digital infrastructure (see United Nations Economic and Social Commission for Asia and the Pacific, *An Assessment of Fiscal Space for COVID-19 Response and Recovery in Asia-Pacific Developing Countries*, MPFD Policy Briefs, No. 116, UNESCAP, Bangkok, 2020).

The level of additional debt stock has been linked with the capacity to raise domestic public finance (i.e. having an efficient taxation system in place). The countries that have had a high-level of public revenues have not needed to acquire debt, and vice versa. For instance, the South Asian countries, which had public revenues in the range of about 14 per cent of GDP, have the highest indebtedness, and PICs with public revenues of up to 36 per cent of GDP, have traditionally had the lowest public debt, among the countries in the region. However, the COVID-19 pandemic has pushed all the groups of countries to a point where they need to acquire additional debt to finance the social and economic recovery. The debt level is expected to decline after 2023, although these projections may have to be revised.

Although the gross debt stock has grown, the annual increases overall have been steady, with just a few spikes. Although one would expect that the sudden increase in the indebtedness took place in 2020, as the pandemic impinged around the globe, the region's borrowing increased significantly (16 per cent on average) in 2019, which was followed by further although lesser (year-on-year) increases in 2020 and 2021.<sup>38</sup>

**Figure 10. Annual gross debt increase, Asia and the Pacific, 2018-2022 (percentage increase)**



**Source:** Authors' calculations based on the IMFWEO Database, April 2022 (projections after 2020 or 2021)

An important issue, related to fiscal space and debt in particular, is the growing cost of servicing debt, especially interest. With inflation pushing the interest rates up, the aggregate costs of servicing debt (repaying principal and interest) will increase. Some countries, especially those with weaker economies, may face tough choices, i.e. having to reduce funding for some public services in order to service the current debt.

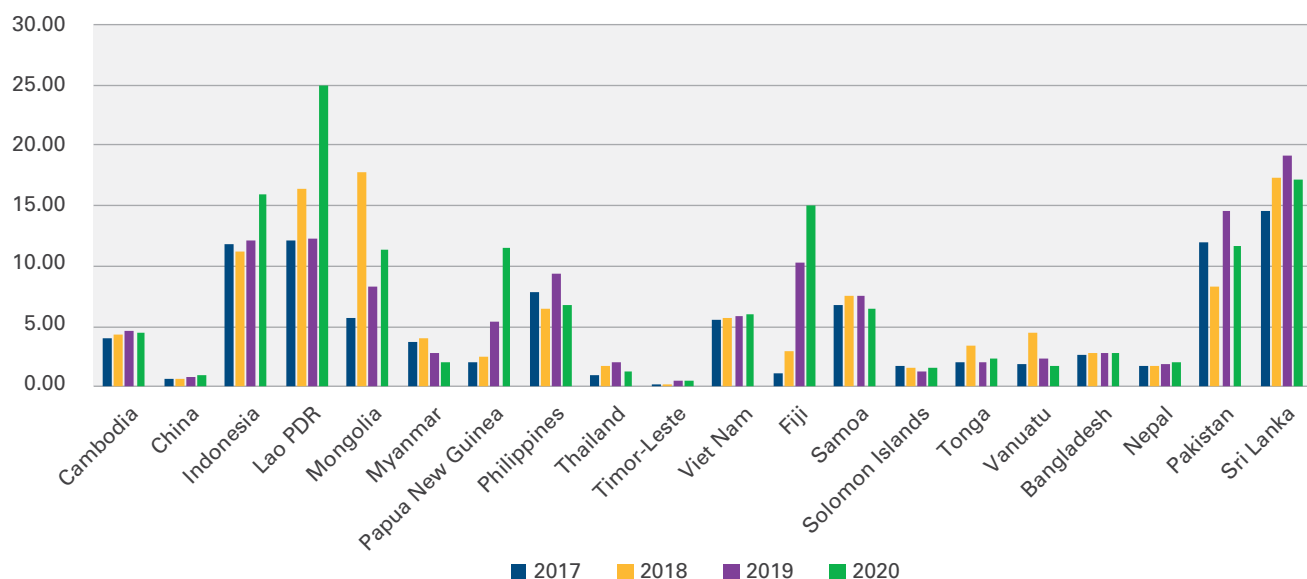
UNICEF has reported that 25 countries, or about one in eight, spent more on servicing debts in 2019 than on the social sectors (education, health and social protection combined).<sup>39</sup> The additional costs of debt will most likely adversely affect social sector allocations even further. Since the problems emerged in 2022, the extent of the challenge is still early to assess. **Figure 11** below illustrates the costs of servicing debt as a percentage of the total government budget.<sup>40</sup>

<sup>38</sup> See <[data.debtjustice.org.uk/](http://data.debtjustice.org.uk/)>

<sup>39</sup> UNICEF, *COVID-19 and the Looming Debt Crisis Protecting and Transforming Social Allocations for Inclusive Recoveries*, New York, 2021.

<sup>40</sup> This figure is based on data on budget allocations from the UNICEF EAPRO PFM Dashboard, and the costs of debt were taken from the World Bank's International Debt Statistics, 2022 edition (International Debt Statistics 2022, World Bank, Washington D.C., 2021).

**Figure 11. Debt servicing costs as a percentage of the total government budget**

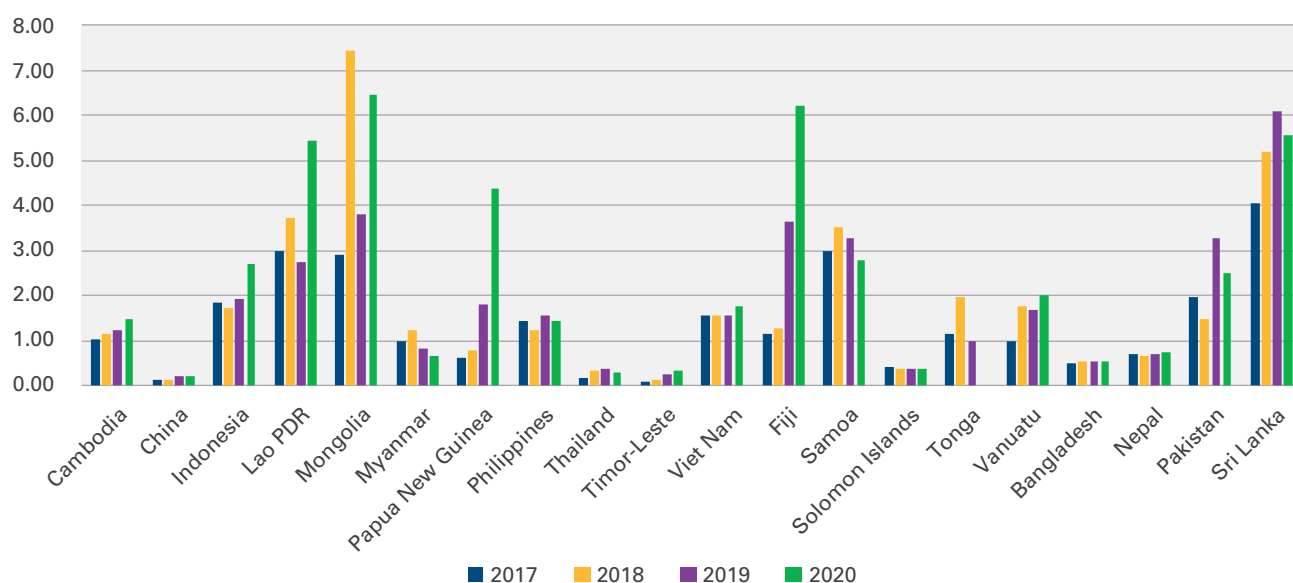


**Source:** Authors' calculations based on budgetary data by the UNICEF EAPRO PFM Dashboard and public debt servicing data (principal and interest due) from the World Bank International Debt Statistics, 2022 (see World Bank, *International Debt Statistics*).

The costs of servicing public debt have been growing for most countries in the three subregions. The major challenge in the near future may be faced by the Lao PDR, which is simultaneously struggling with persistent two-digit inflation. Fiji, Indonesia, Mongolia and Papua New Guinea have also experienced a significant change in debt servicing costs.

Sri Lanka, which has already defaulted on its public debt, has approached 20 per cent of its budget mark, while the Lao PDR is about to spend 25 per cent of the total government budget just to service its public debt. Although this report has looked at the public (and public/government guaranteed) debt, in many Asia-Pacific countries international private debt is growing even faster and may also contribute to future financial instabilities.

**Figure 12. Debt servicing costs as a percentage of GNI**



**Source:** Authors' calculations based on public debt servicing data (principal and interest due) and GNI from World Bank International Debt Statistics, 2022 (see World Bank, *International Debt Statistics*)

The picture of debt servicing costs in East Asia, the Pacific and South Asia is presented in [Figure 12](#) above. Gross National Income (GNI) is a better choice for analysing the costs of international debt servicing than GDP. While GDP reports on all goods and services produced in a country during a calendar year, GNI reports on all the financial inflows that the country has received, including all transfers in foreign currency. Hence it provides a better picture of a country's ability to service its debt.

Again, Lao PDR experienced a major rise in debt in 2020, while the position of Mongolia, Papua New Guinea and Fiji looks even more grave when budgetary outlays are considered. In South Asia, the case of Pakistan is the most concerning as in 2021 it reached 3.6 per cent of GNI. While the total budget for education is 2.02 per cent of GNI, the government allocates more than 50 per cent more on debt servicing than on its total annual budget on education.

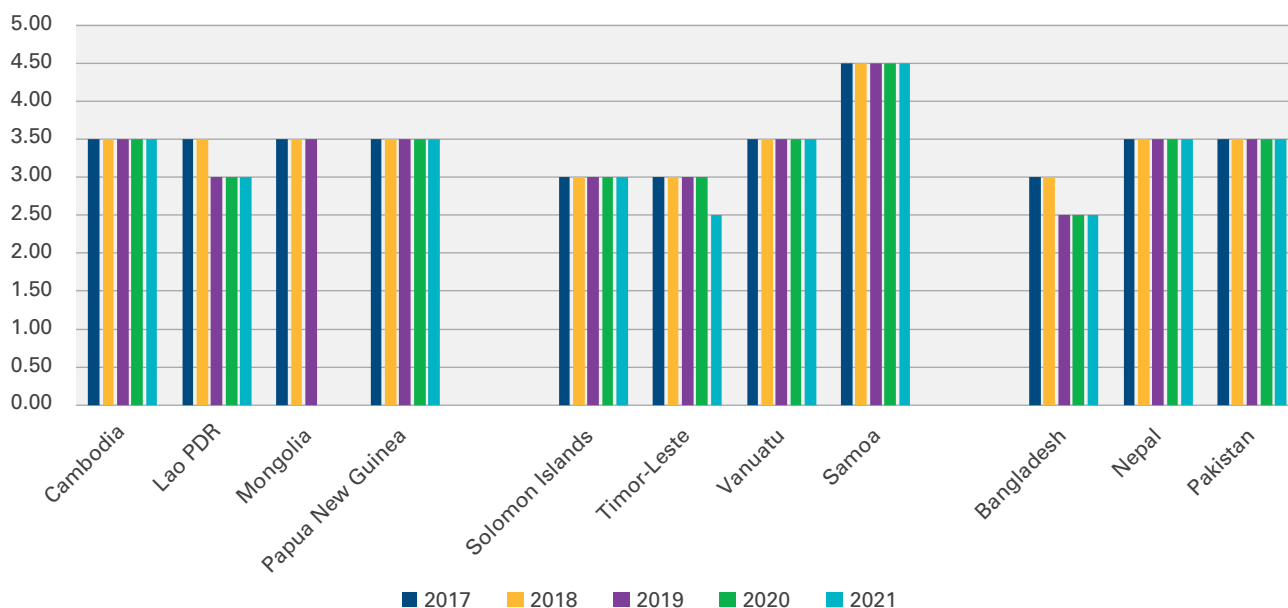


## 4.7 Opportunities for revenue efficiency gains

Efficiency gains can generally occur in two ways: 1) by achieving better outputs for the same level of investment; or 2) by achieving the same outputs at a lower level of investment. It is important to note that efficiency gains are only valid when the quality remains the same, and a reduction in costs should not lead to a reduction in quality-of-service provision.<sup>41</sup>

Improving efficiency by adjusting the input/output ratio can be done by changing allocations within and across social sectors (allocative efficiency), and by improving technical efficiency (i.e. by increasing budget execution rates). **Figure 13** below displays the Country Policy and Institution Assessment (CPIA) efficiency ratings of the countries under review with available data.

**Figure 13. Efficiency of revenue mobilization**



**Source:** CPIA efficiency of revenue mobilization rating (1=low to 6=high) | Data (worldbank.org).

<sup>41</sup> Ibid.

# 5. Education







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## 5.1 Overview of the education outcomes for countries in South Asia, East Asia and the Pacific (2017-2021)

Countries in the Asia and the Pacific region have experienced remarkable progress in providing access to schooling over the past 30 years, yet progress has stalled. First, while enrolment rates in Asia and the Pacific increased over 2017-2021, learning targets are not being met and barriers to education access exist for some groups.<sup>42</sup>

The 2022 SDG Progress Report for the region noted that, “...more than 45 per cent of the students in half the countries do not meet the minimum proficiency level in reading at the end of primary schooling”. This problem is exacerbated for vulnerable population groups, such as children living in poor or rural households and children with disabilities.<sup>43</sup>

In South Asia, despite this progress, there were already an estimated, 31.8 million children out of school in primary and secondary education, the majority of whom were of secondary age, making it unlikely that the SDG target for 2030 for primary or junior secondary school would be reached. Furthermore, despite the high rates of primary level completion, income and geographical disparities continue to persist, thus preventing certain groups of children from reaching their best potential.<sup>44</sup>

These disparities in quality and access to education possibly contributed to the poor performance in learning outcomes. Prior to the COVID-19 pandemic, primary school completion rates had been increasing overall and were above comparable world averages. However, across the region, governments did not comprehensively respond to the needs of all children and gaps persist. For example, primary school completion rates for females in EAP are lower than the population total averages.<sup>45</sup>

Similarly, while percentages of illiterate youth are decreasing in the region, in the case of the small Pacific Island states specifically such progress is not evident. Inclusive education models are not applied to vulnerable populations, such as children with disabilities, who are often unable to access or complete primary education – an example of weak child and social protection systems.<sup>46</sup>

<sup>42</sup> UNESCAP, *Asia and the Pacific SDG Progress Report 2022: Widening disparities amid COVID-19*, UNESCAP, Bangkok, 2022.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid., p. 37.

<sup>45</sup> See <[data.worldbank.org/indicator/SE.PRM.CMPT.FE.ZS?locations=Z4](https://data.worldbank.org/indicator/SE.PRM.CMPT.FE.ZS?locations=Z4)>

<sup>46</sup> Ibid.

Education outcomes were severely impacted by COVID-19, which resulted in unprecedented school closures. On average, schools in the East Asia and Pacific region were fully closed for 18 weeks, as of 28 February 2022. By end February 2022, nearly a third of countries in the region experienced full school closures above the global average of 20 weeks. The total duration of school closures, both fully closed and partially closed, ranged from 0 weeks in Nauru to 87 weeks in Indonesia.

Schoolchildren in the region have lost nearly 400 billion hours of in-person learning. For the four countries in South Asia, the average duration of school closures was 41+ weeks, with Bangladesh recording 61+ weeks of full closure.<sup>47</sup> Except for the Maldives, full school closures across South Asia were longer than the global average and children throughout the region suffered serious disruptions in face-to-face learning.

School reopenings have in a few instances been short-lived, as they were closed again, creating a situation where the full closures of schools was replaced by partial closures. Both national education systems and private schools opted to deliver some distance learning as an emergency measure. In many instances, the national policy stance was missing or was ambiguous, so that it was less than constructive. The school closures led to a halt of the school feeding programme, which left many children without a meal.<sup>48</sup>

Lower-income countries experienced more full school closures. Children from wealthy households had better access to digital technology that allowed them to learn remotely, compared to children from poor households.<sup>49</sup> The combination of prolonged school closures and inadequate remote learning could translate into substantial learning loss, further exacerbating the learning crisis, especially among most vulnerable children, putting them at a further disadvantage and increasing pre-existing inequalities.<sup>50</sup>

The World Bank estimated the loss for the entire East Asia and Pacific region at US\$3.8 trillion,<sup>51</sup> at between US\$622 and at US\$880 billion for South Asia.<sup>52, 53</sup> The additional costs to address the impact of COVID-19 on education in the region represent an increase of 5 to 15 per cent of national education budgets required to achieve SDG 4 targets by 2030.<sup>54</sup> Nearly 5.9 million children in the South and West Asia regions are at risk of not returning to school due to the COVID-19 pandemic.<sup>55</sup>

In terms of prioritization, for the countries where data was readily available (e.g. Cambodia, China, Fiji, Indonesia, the Lao PDR, Malaysia, Mongolia, Myanmar, Nepal, Samoa, Thailand and Viet Nam), education is usually ranked among the top five government allocation priorities for the countries covered in the present report, in terms of policy commitment and resource allocation. For instance, in China education is the third largest sector, following economic affairs and social protection. In Indonesia education is second following general public administration and is even ahead of economic affairs. For South Asia, in Nepal, education is the third sector by allocated resources after economic affairs and general public administration (although these two sectors attract more than 52 per cent of the government budget).

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<sup>47</sup> Education: from school closure to recovery | UNESCO Global monitoring of school closures.

<sup>48</sup> UNICEF, *COVID-19 and School Closures*, New York, 2021; United Nations Educational, Scientific and Cultural Organization (UNESCO) and UNICEF, *Situation analysis on the effects of and responses to COVID-19 on the Education Sector in Asia: Regional synthesis report*, UNESCO Office Bangkok and Regional Bureau for Education in Asia and the Pacific, Bangkok, 2021.

<sup>49</sup> UNICEF, *Preventing a Lost Decade, Urgent action to reverse the devastating impact of COVID-19 on children and young people*, New York, 2021.

<sup>50</sup> UNICEF and UNESCO, *Situation analysis on the effects of and responses to COVID-19*, p. 13.

<sup>51</sup> World Bank, *World Bank East Asia and Pacific Economic Update, April 2020: East Asia and Pacific in the Time of COVID-19*, World Bank, Washington D.C., 2020.

<sup>52</sup> World Bank, *Beaten or Broken, COVID-19 and Informality*, South Asia Economic Focus (October), World Bank, Washington D.C., 2020; Schady et al., *Collapse and Recovery: How the COVID-19 Pandemic Eroded Human Capital and What to Do about It*. World Bank, Washington D.C., 2023.

<sup>53</sup> Estimates for the world are well in excess of US\$17 trillion (see UNESCO, UNICEF and World Bank, *The State of the Global Education Crisis: A Path to Recovery*, Paris, New York and Washington D.C., 2021).

<sup>54</sup> UNESCO and UNICEF, *Situation analysis on the effects of and responses to COVID-19*.

<sup>55</sup> UNESCO, *UNESCO COVID-19 education response: how many students are at risk of not returning to school? Advocacy paper*, Paris, 2020.

## 5.2 Education allocation trends

### 5.2.1 Education budget allocations

The Asia and Pacific region's budgetary allocations to education were steady until the COVID-19 pandemic when education allocations as a percentage of total government allocations and of GDP declined. In nominal terms the losses at country level can be seen, with some losses accumulating to 2030.<sup>56</sup>

Education allocations in all the three subregions have been largely below the internationally recommended 15-20 per cent of the total public allocations or 4-6 per cent of GDP. Education budgets in Asia-Pacific have been marked by minimal changes between 2017-2021. COVID-19 has, however, caused a drop in education funding for most countries in our sample, but in the changes from 2020 to 2021 budget allocations differ widely, as shown in [Annex B, Figure 7](#).

East Asia, the Pacific and South Asia are also the regions with the highest private spending on education. In several countries (especially in South Asia) private sector plays an active role in providing services from preschool to higher education.<sup>57</sup> According to the latest Global Education monitoring report,<sup>58</sup> in Nepal and Pakistan, for instance, private allocations to higher education significantly outweigh public spending. Although governments across the region are investing in education, primarily by hiring more teachers, at the same time private sector investments in education are on the increase.

During the COVID-19 period, the education sector experienced an overall downturn, which only two countries from the PICs managed to reverse, Timor-Leste and Vanuatu.<sup>59</sup>

### 5.2.2 Prioritization of education in government budget

The Education sector in all countries consists of education providers operating in the pre-school, primary, secondary and tertiary sectors. Often pre-school education is reported together with primary education, while some specialized technical and vocational providers may be operating in the secondary and tertiary sectors. The level of disaggregation of budgetary data did not allow gathering data by subsector, thus it was not possible to fully depict allocations per subsector.

In the case of only six countries data allowed some understanding of investment in subsectors to be presented subsequently. Similarly, investment and recurring allocations have been reported as aggregate, not allowing further analysis at present. The analysis of separate education sector budgets, which were not publicly available at the time this study was conducted, may have provided a clearer picture.

In order to meet the commitments to education and delivery on the SDGs and the 2030 Agenda for Sustainable Development, an investment of a minimum 15-20 per cent of the government budget and/or 4 to 6 per cent of GDP is set as an internationally desired benchmark. The picture on the progress in each of the regions varies, as shown in [Figures 14, 16 and 18](#). For the entire country a time series reference is made in [Annex B, Figure 8](#).

Only Malaysia spends more than 20 per cent of the government budget on education. The Philippines, Thailand and Viet Nam allocate more than 15 per cent of the total government budget to education, while China spends just below 15 per cent. With an average 14.3 per cent of the government budget allocated to education, the subregion has still not attained international commitments. In addition, data shows fluctuations over time, especially trends for de-investment in education.

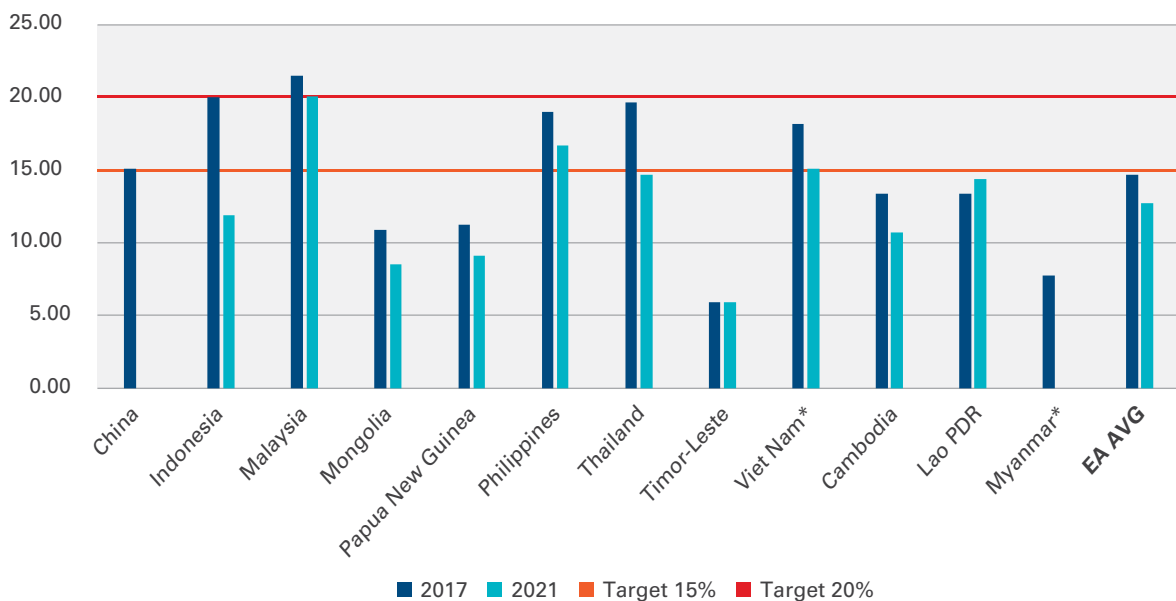
<sup>56</sup> See UNESCO and UNICEF, *Situation analysis on the effects of and responses to COVID-19*.

<sup>57</sup> See T. Béteille et al., *Ready to Learn: Before School, In School, and Beyond School in South Asia*, South Asia Development Forum, World Bank, Washington D.C., 2020.

<sup>58</sup> See UNESCO, *Global Education Monitoring Report 2021/22, Non-state actors in education, Who Chooses? Who Loses?*, 2nd edition, UNESCO, Paris, 2021.

<sup>59</sup> See [Annex B Figures 12 and 13](#).

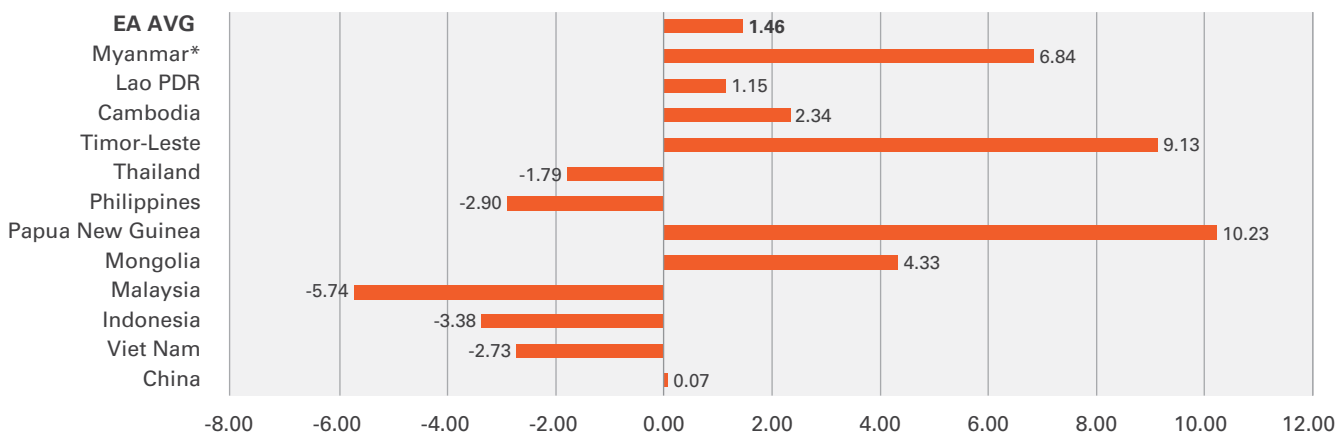
**Figure 14. Government allocations on education as a percentage of total government budget, EA countries, 2017-2021<sup>60</sup>**



Source: UNICEF EAPRO PFM Dashboard

The financing gaps for education are most pronounced in Myanmar and Timor-Leste, as shown in Figure 15, and range between 1 per cent and 10 per cent (the right column shows countries with outstanding gaps, the left – those that have surpassed the benchmark).

**Figure 15. Gaps in financing for education, EA countries, average for 2017-2021**

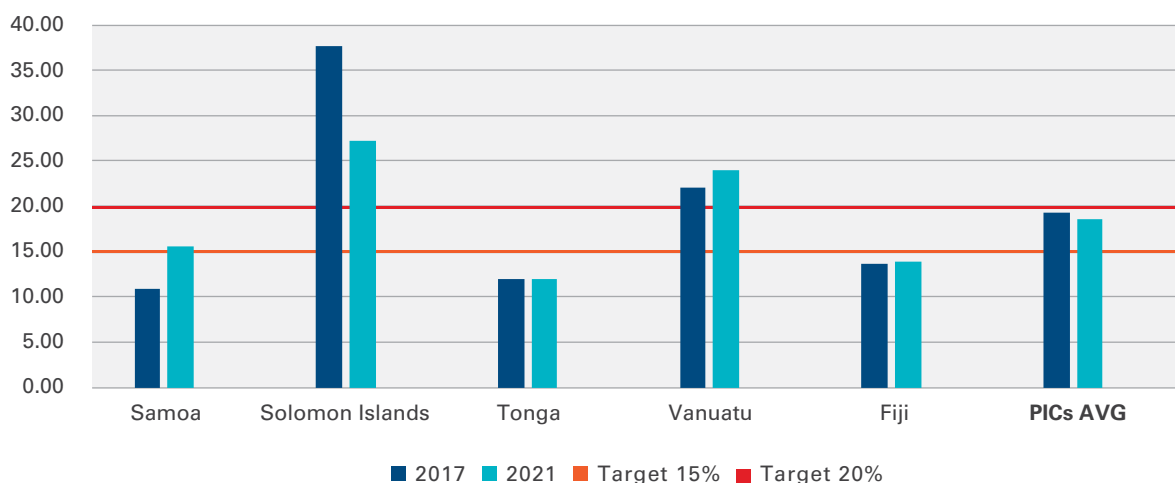


Source: UNICEF EAPRO PFM Dashboard

The Pacific has been marked by even more variability, as growth in one year was followed by a drop in another, with an average of 19.34 per cent of government budgets spent on education. Although the subregion shows a decline in education sector investment, over time, there are significant differences among the countries, as shown on Figure 16, with the Solomon Islands and Vanuatu budget investments well above international averages, while for Samoa and Tonga, average gaps of 1.6 and 3 per cent of the government budget continue to persist, as shown in Figure 17.

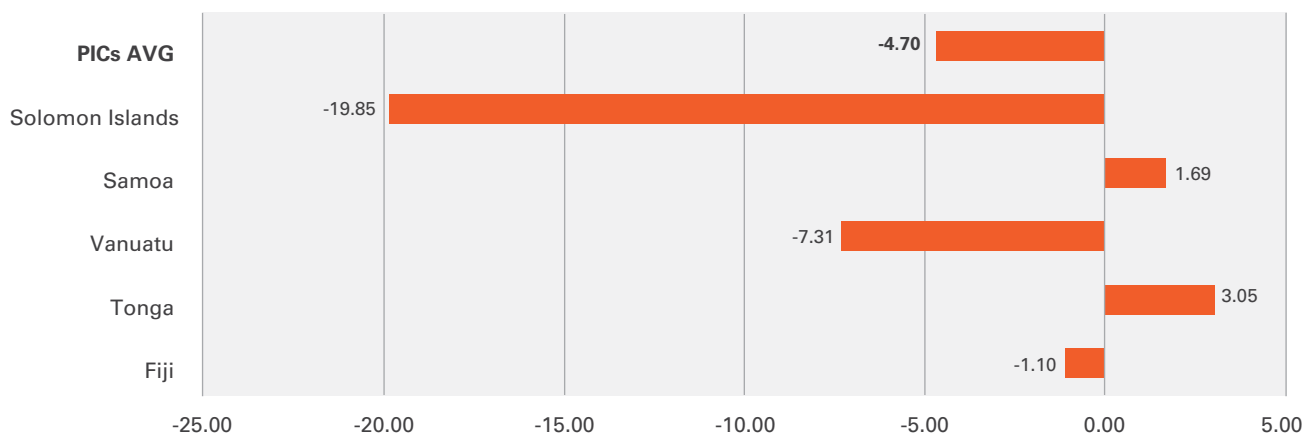
<sup>60</sup> Less than 10 per cent of secondary schools in the country are in government hands.

**Figure 16. Government allocations on education as a percentage of total government budget, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

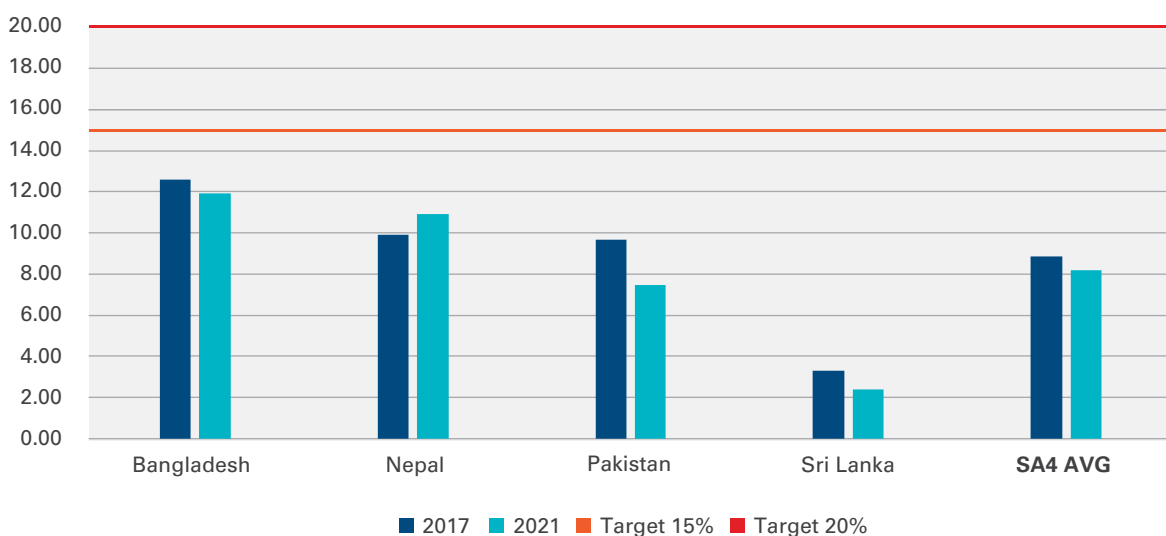
**Figure 17. Gaps in financing for education, PICs, average for 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

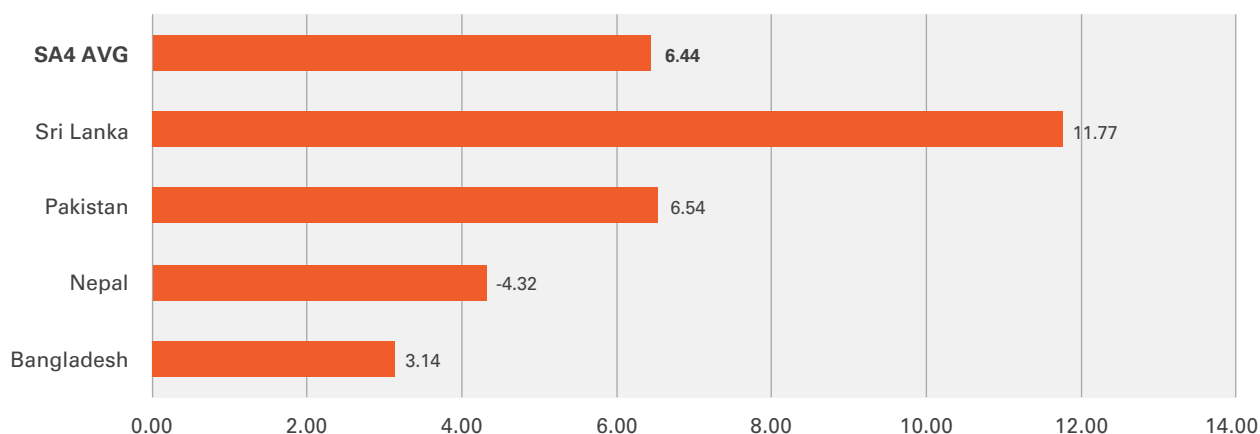
The SA4 have also experienced a decrease over the years, with the exception of Nepal. With an average spending of 9 per cent, they continue to miss their education targets, as shown in [Figure 18](#). Sri Lanka has the largest gaps in financing at 11.7 per cent, followed by Pakistan, Nepal and Bangladesh, as shown in [Figure 19](#).

**Figure 18. Government allocations on education as a percentage of total government budget, SA4 countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

**Figure 19. Gaps in financing for education, SA4 countries, average for 2017-2021**

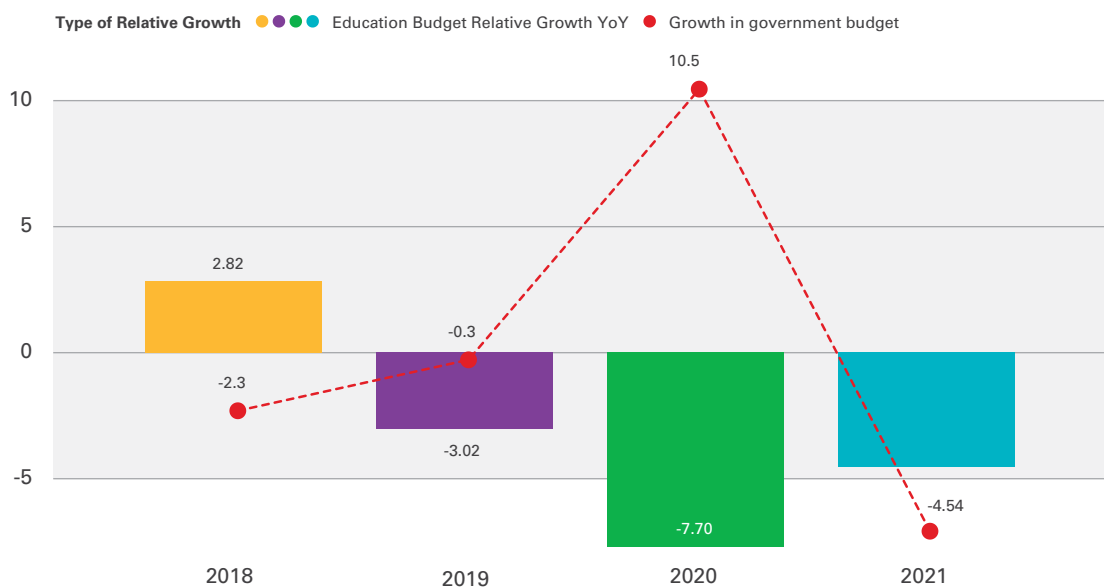


Source: UNICEF EAPRO PFM Dashboard

The three subregions also point to a different picture in terms of the relative growth of the education budgets within the government budgets, as [Figures 20, 21 and 22](#) point out.

Despite a fiscal expansion in 2020, government education budgets in East Asian countries experienced a steady de-prioritization of education, as shown in [Figure 20](#).

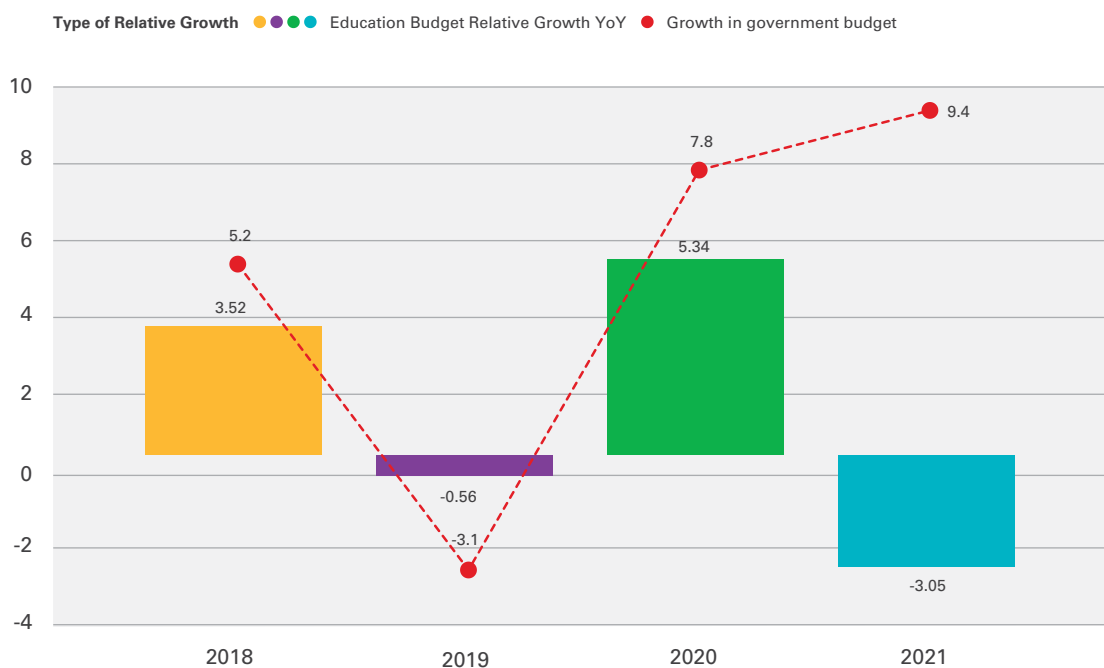
**Figure 20. Relative growth of education budget vs growth in government budget, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

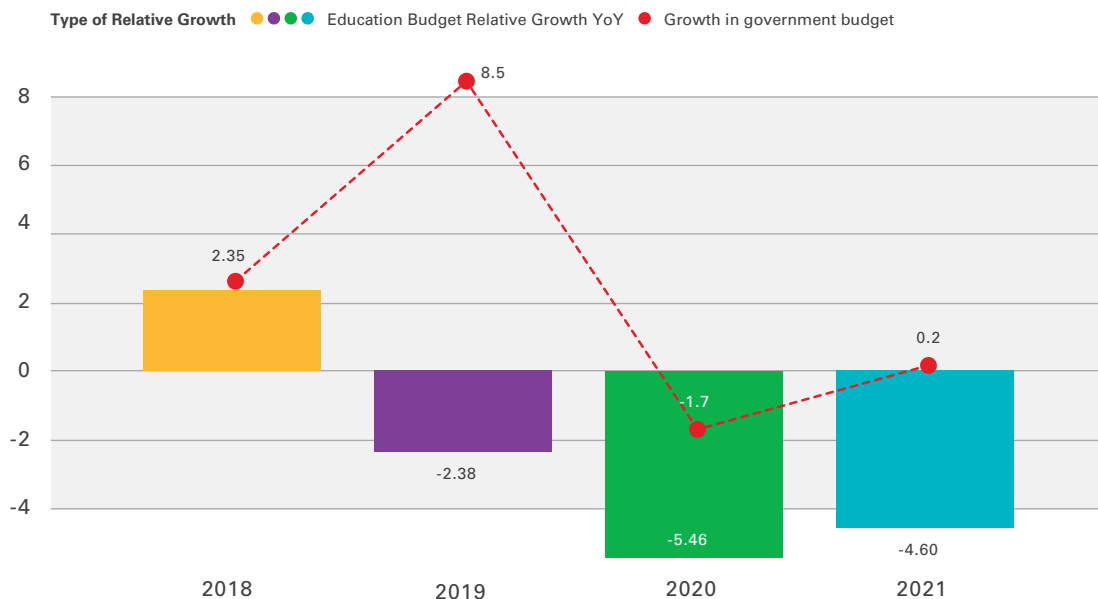
The PICs have experienced a change in prioritization within government budgets over the years. Following a trough in 2019, in 2020 education was prioritized in line with fiscal expansion. However, this is clearly not the case in 2021, despite the fiscal expansion of the budgets in the PICs.

**Figure 21. Relative growth of education budget vs growth in government budget, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

**Figure 22. Relative growth of education budget vs growth in government budget, SA4 countries, 2017-2021**



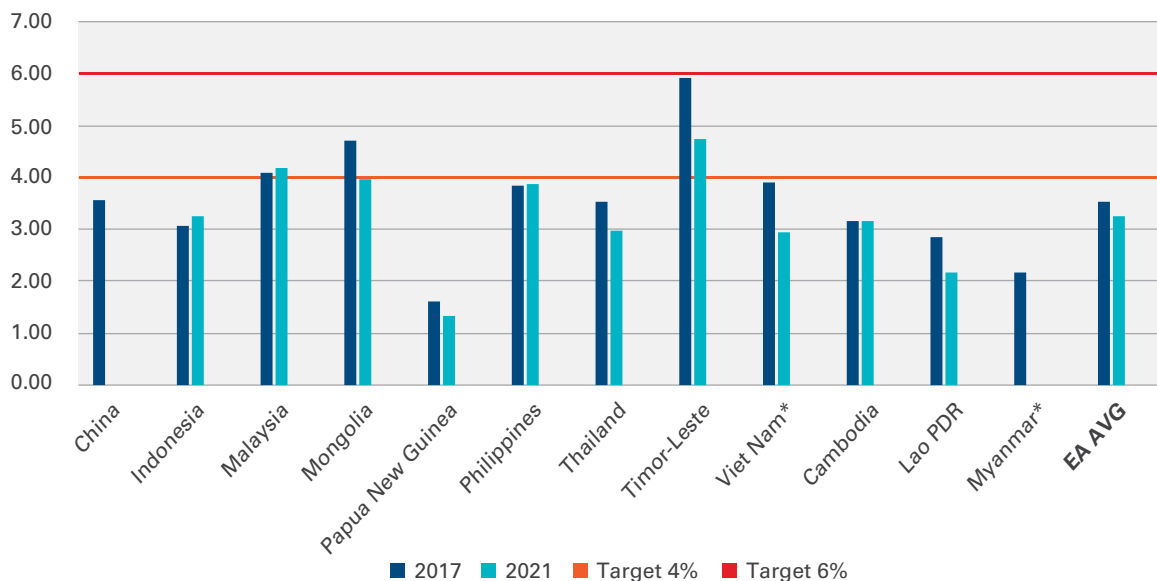
Source: UNICEF EAPRO PFM Dashboard

### 5.2.3 Level of investment in education

The level of prioritization in education is further highlighted by the investment level in education as a percentage of GDP in each of the three subregions, as presented in [Figures 23, 25 and 27](#) below, which are followed by an analysis of the prioritization and investment gaps. Reference to full country data is presented in [Annex B, Figure 9](#).

To start with, all the countries in the EA group are still underperforming in terms of national investments in education, as shown in [Figure 23](#). Two important trends are noticeable: first, with an average of 3.6 per cent, countries continue to fail to meet the global benchmarks of investment in education as a percentage of GDP; secondly, there is a trend of de-investment in education in six of the countries.

**Figure 23. Government allocations on education as a percentage of GDP, EA countries, 2017-2021, with education sector benchmarks**

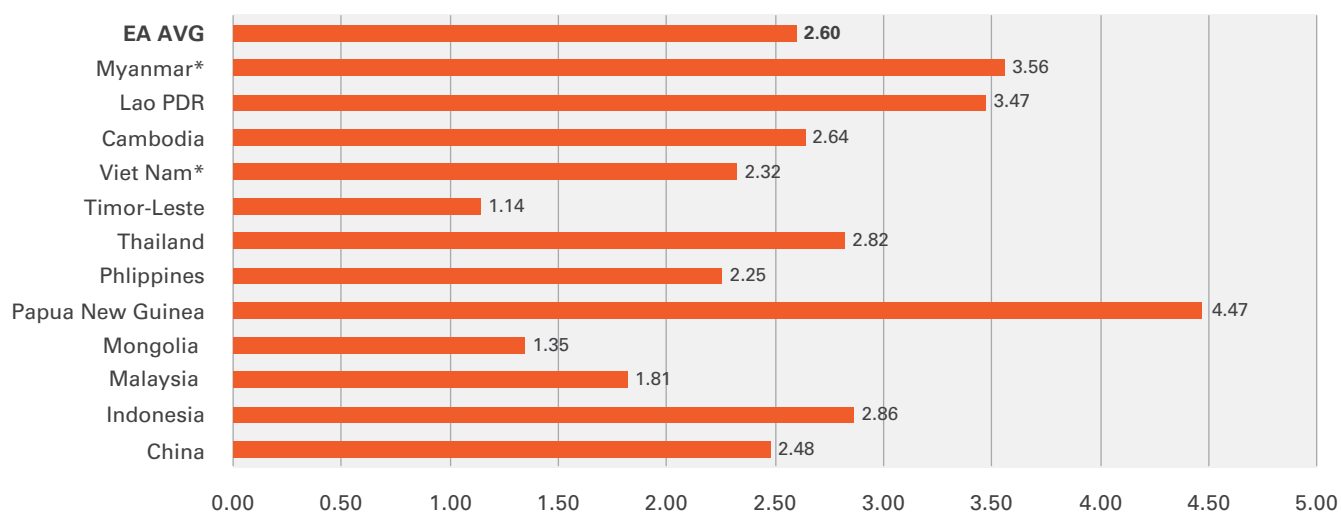


Source: UNICEF EAPRO PFM Dashboard



On average, as shown in [Figure 24](#), Myanmar and Papua New Guinea show the biggest gaps with 3.6 and 4.5 per cent respectively. Mongolia and Timor-Leste show the lowest gaps of 1.5 and 1.1 per cent of GDP respectively.

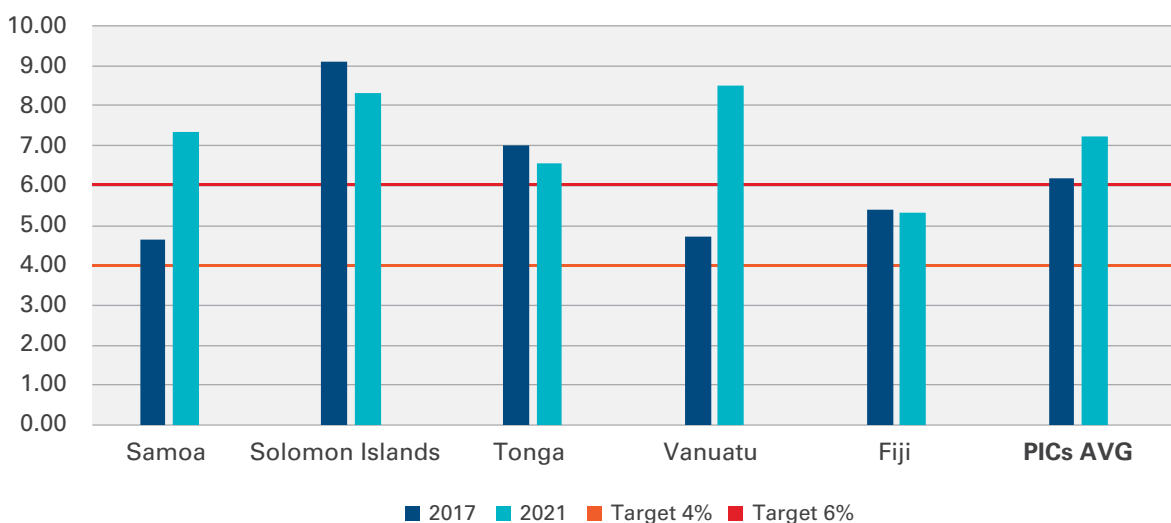
**Figure 24. Gaps in investment in education, EA countries, average for 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

The data from the PICs presents a different picture. With an average investment of 6.7 per cent of GDP, the PICs have had the highest allocations in education, as shown in [Figure 25](#). However, one should note that the PICs are heavily reliant on ODA.

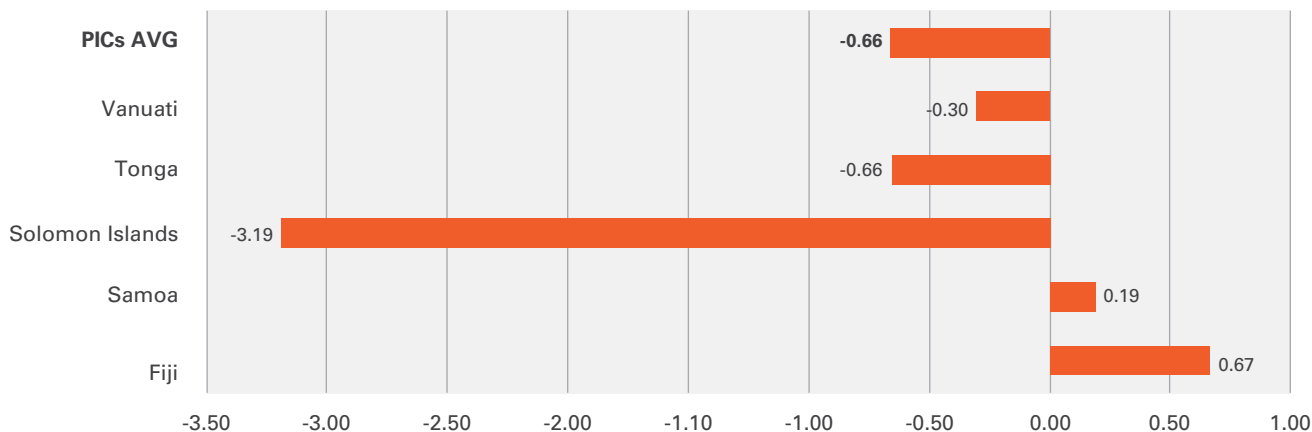
**Figure 25. Government allocations on education as a percentage of GDP, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

Figure 26 shows that when measured against the 6 per cent benchmark, only two countries show gaps of less than 1 per cent of GDP. While the picture is encouraging overall, it is important to ensure that these levels of investment are sustained over time, more importantly, that they are increasingly covered by domestic resources.

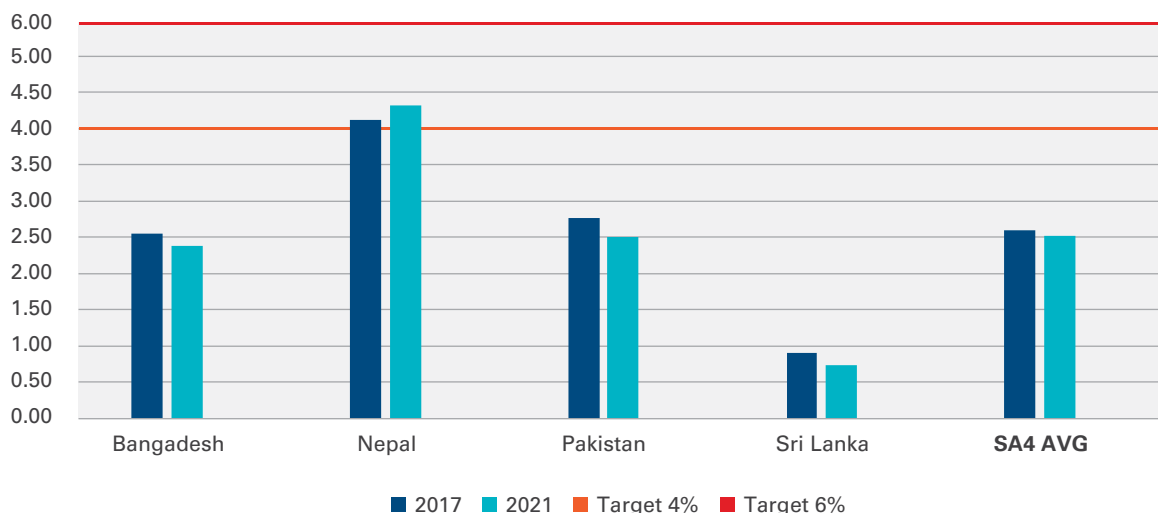
Figure 26. Gaps in investment in education, PICs, average for 2017-2021



Source: UNICEF EAPRO PFM Dashboard

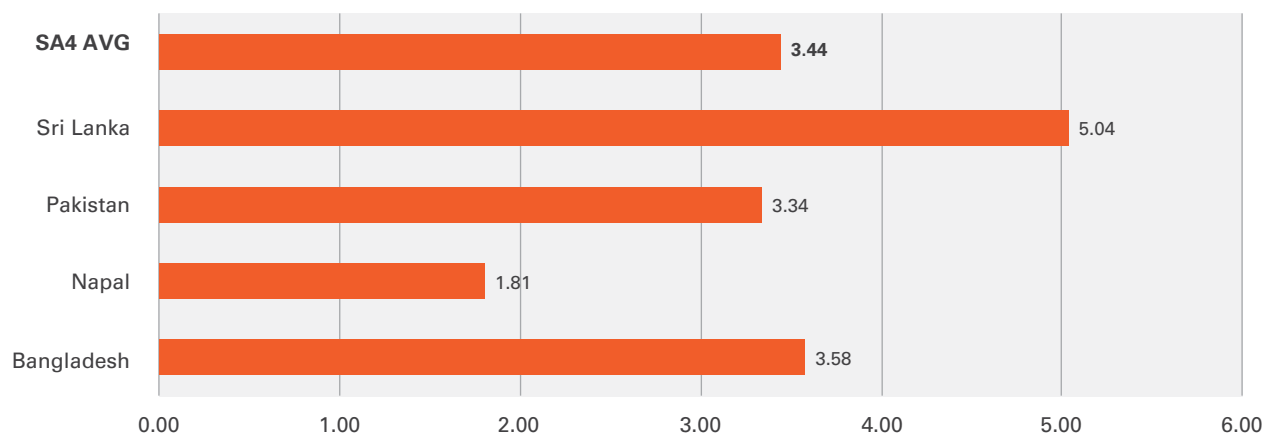
The SA4 invest an average of 2.6 per cent in education. Only Nepal has shown a consistent increase of investment in this sector, although it does not meet the international benchmark of 6 per cent of GDP. The other countries are constantly under the 4 per cent benchmark and even showed signs of de-investment during the COVID period, a trend shown in Figure 27. The biggest gap is the case of Sri Lanka with 5.04 per cent of GDP, and the lowest gap in investment is in Nepal with 1.8 per cent of GDP, as shown in Figure 28.

Figure 27. Government allocations on education as a percentage of GDP, SA4 countries, 2017-2021



Source: UNICEF EAPRO PFM Dashboard

**Figure 28. Gaps in investment in education, SA4 countries, average for 2017-2021**

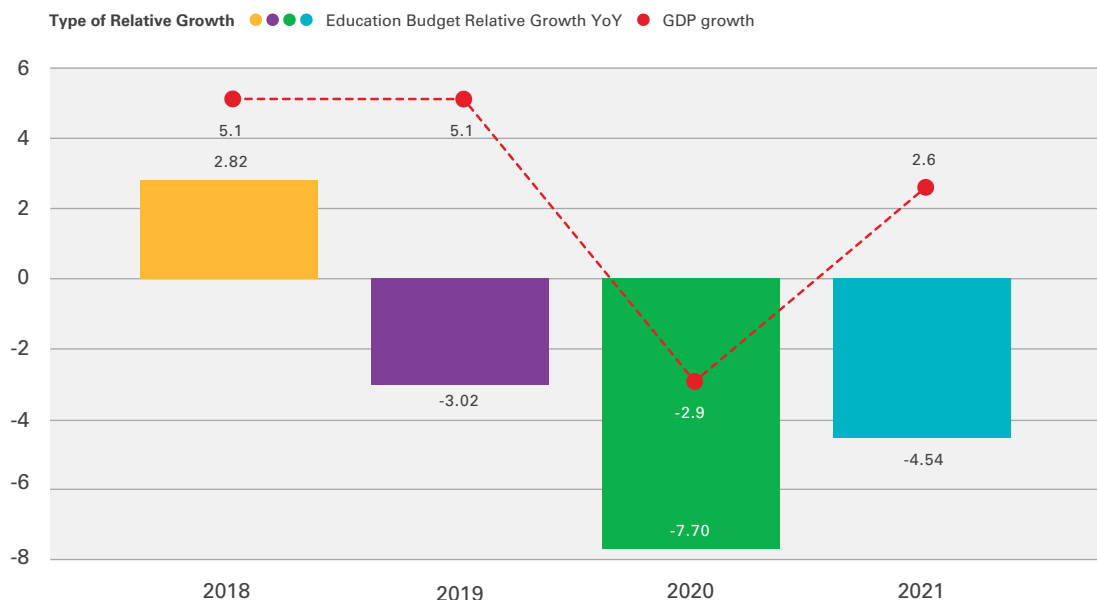


Source: UNICEF EAPRO PFM Dashboard

Further analysis of the relative growth of the health budget vs growth in GDP, as presented in [Figures 29, 30 and 31](#), confirms the trend in de-investment in education, which has not been reversed despite the rise in GDP growth.

For the case of the South Asian countries, investment in the budget grew as rapidly as GDP in the early years before COVID but was followed by sharp de-investment trends in the first years of COVID. The recovery of the education budget has been much slower than the recovery in GDP growth.

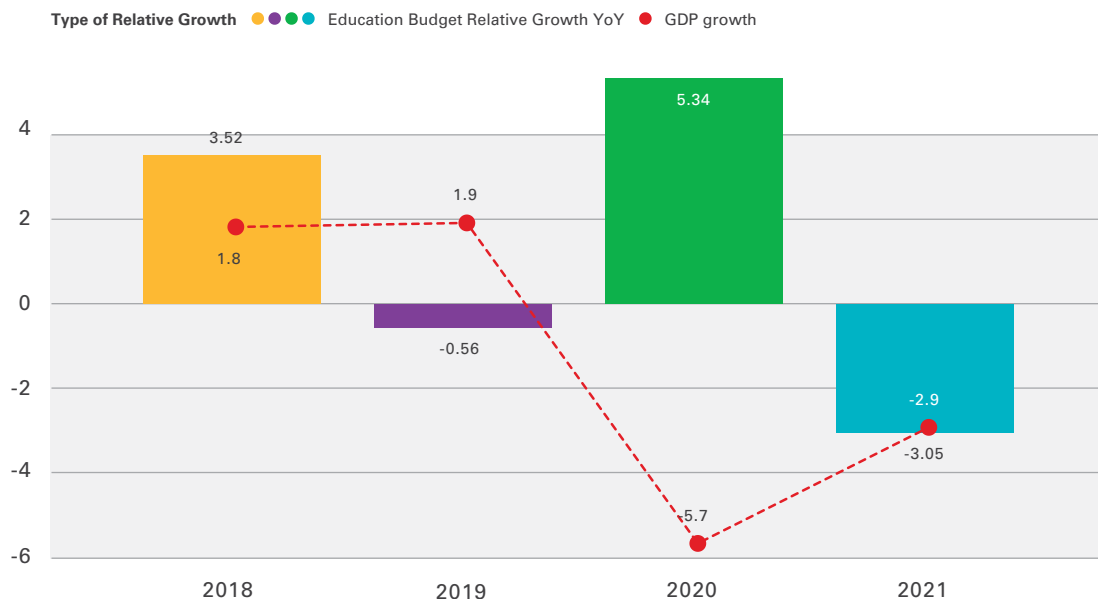
**Figure 29. Relative growth of education budget vs GDP growth, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

For the Pacific countries the education budget followed the rise in GDP in 2018, that was then followed by a de-investment in 2019 prior to COVID-19. The budget grew in 2020, despite the fall in GDP, but decreased in 2021, in line with GDP fluctuations.

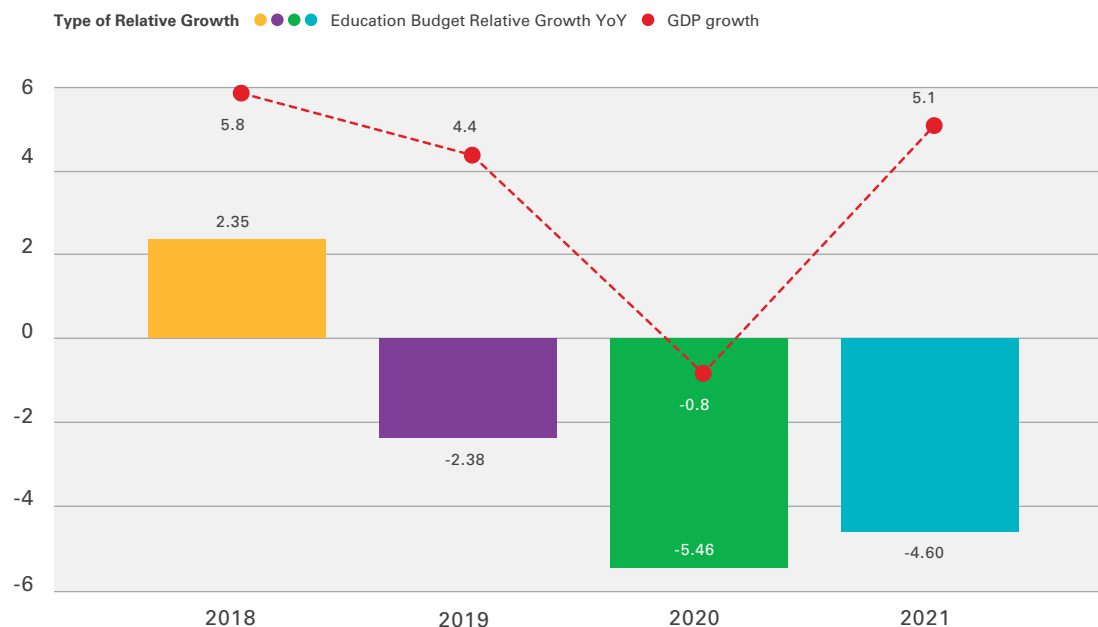
**Figure 30. Relative growth of education budget vs GDP growth, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

For the Pacific countries the education budget followed the rise in GDP in 2018, that was then followed by a de-investment in 2019 prior to COVID-19. The budget grew in 2020, despite the fall in GDP, but decreased in 2021, in line with GDP fluctuations.

**Figure 31. Relative growth of education budget vs GDP growth, SA4 countries, 2017-2021**

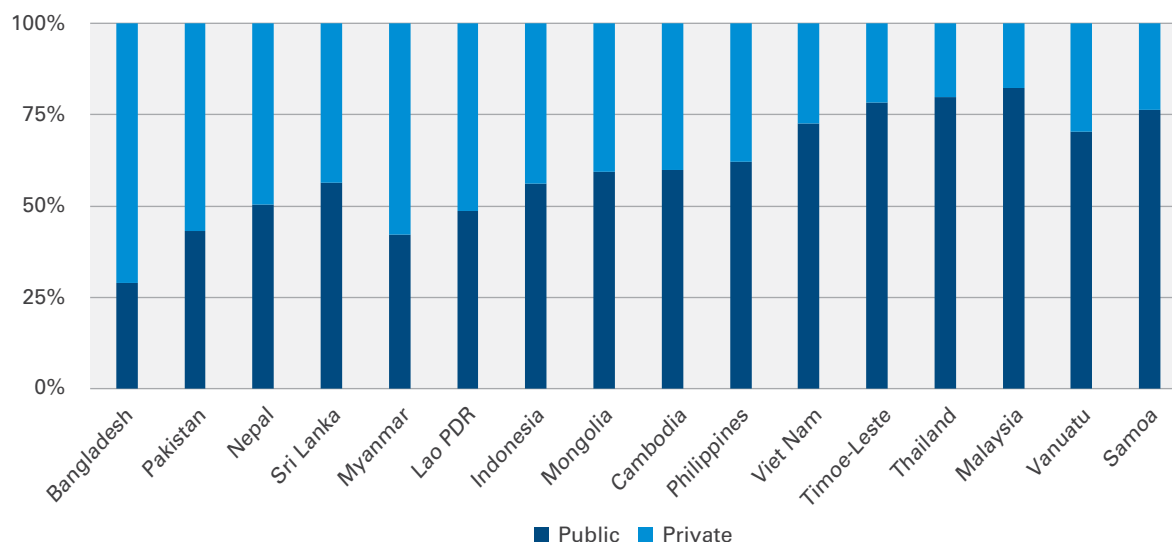


Source: UNICEF EAPRO PFM Dashboard

## 5.2.4 Private spending for education

In most countries the government is the main investor in education, although private sector participation in education is growing in all countries and at all levels – from early childhood education to higher education. In some countries, the government may support education in non-state providers with a grant (e.g., PICs) in others it may consider different forms of partnership in securing the educational provision at the desired level. Low investment in public education in Bangladesh<sup>61</sup> has increasingly forced concerned parents to enrol children in private schools and pay significant school fees.<sup>62</sup>

**Figure 32. Education expenditures as share of GDP, by source (public/private (household) and country)**



Source: Global Education Monitoring (GEM) Report, UNESCO, June 2022.<sup>63</sup>

Households spend a significant amount to support their children’s education, and this amount is increasing over time. As **Figure 32** shows, on average, households account for 55 per cent of the total education expenditures in the SA4 countries; 35 per cent in the selected countries in EA and about 27 per cent for the PICs. Further exploration per country and temporal trends is required to better understand the dynamics between the public and private sources of education funding and how they address equity.<sup>64</sup>

<sup>61</sup> Less than 10 per cent of secondary schools in the country are in government hands.

<sup>62</sup> See <[www.aa.com.tr/en/asia-pacific/parents-in-bangladesh-forced-to-choose-expensive-private-schools/2473939](http://www.aa.com.tr/en/asia-pacific/parents-in-bangladesh-forced-to-choose-expensive-private-schools/2473939)>

<sup>63</sup> UNESCO, *Global Education Monitoring Report 2021/22*. Estimations are based on household survey data from countries with at least one observation during 2012-2018; GEM StatLink. Source: GEM Report team analysis based on national household budget survey reports and UIS and OECD data.

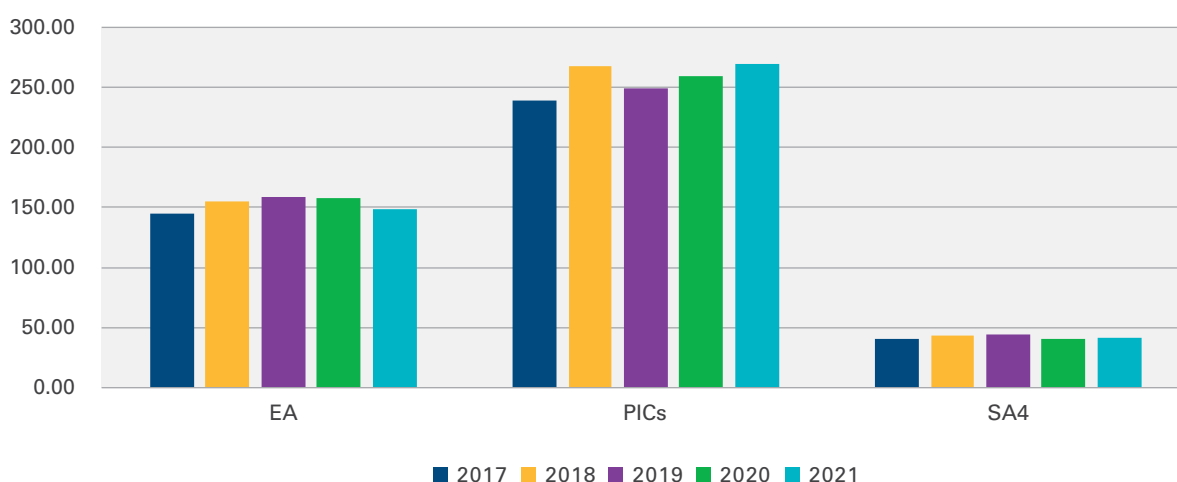
<sup>64</sup> Ibid.

## 5.2.5 Per capita allocations on education

Education allocations are usually expressed in allocations per pupil/student. However, due to a full set of enrolment data and budgetary allocations per level of education, the comparative analysis has been conducted for allocations per head of population (i.e. per capita), and per a young person below 24.<sup>65</sup> The latter approach has also been used in other UNICEF publications.<sup>66</sup>

The Pacific Island countries are allocating the most on education (from primary to tertiary),<sup>67</sup> around US\$250 per head of population; followed by East Asia, which spends about US\$153 per head of population. South Asia is at the bottom, with allocations of about US\$40 per head of population, as shown in [Figure 33](#).<sup>68</sup>

**Figure 33. Budget allocations per head of population (in US\$, current prices)**



Source: UNICEF EAPRO PFM Dashboard. Data is for children in the system

At country level, spending on education per head of the total population shows even greater disparities among the countries in the region, than those reported between the subregions. Countries that have a higher level of development and those that are heavily dependent on development assistance (mainly PICs) invest more in education than other peers in the sample. China, where 95 per cent of educational expenditures are covered by the regional (provincial) budgets, has been the second-best performer, and although facing the severe challenges of the COVID-19 pandemic, it has been steadily increasing its investment in education.

All other countries, except for Bangladesh, experienced a drop in investment in the public education sector in 2020, with many recovering in 2021. Also, the smaller countries, with less diversified economies and a limited set of policy options, have experienced more variability in both their general and educational budget allocations.<sup>69</sup>

<sup>65</sup> Data provided by UNESCO (see <[data.uis.unesco.org/](https://data.uis.unesco.org/)>).

<sup>66</sup> See UNESCO, *Global Education Monitoring Report 2021/2022*.

<sup>67</sup> Allocations focus on public expenditures on education as the Budget Report focuses on public allocations in the social sectors only.

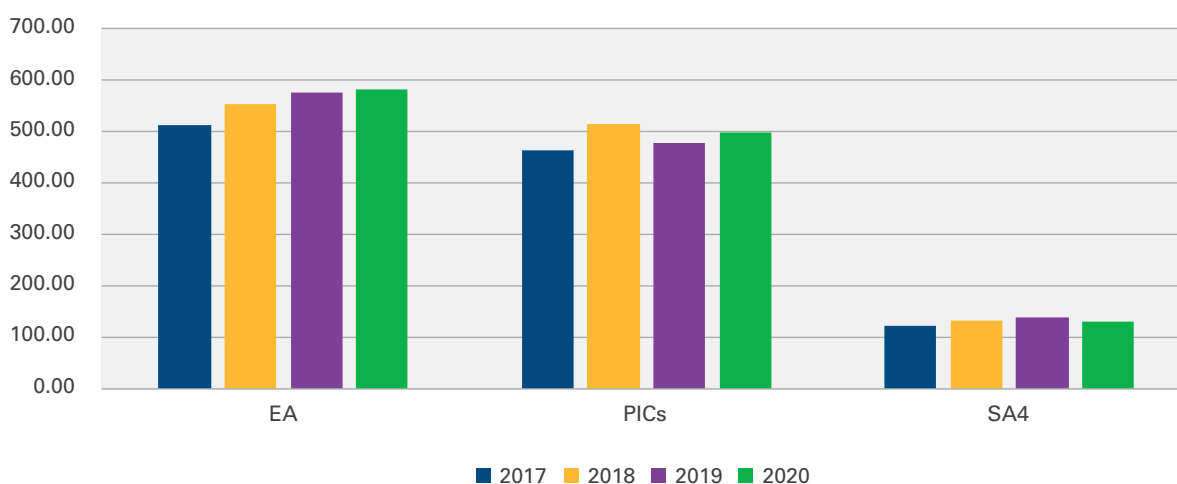
<sup>68</sup> Note: per head of population, not per student or youth.

<sup>69</sup> S. Herbert, *Development indicators and the Small Island Developing States*, K4D Helpdesk Report, Institute of Development Studies, Brighton, 2019.

In the absence of the full data set on enrolments for the countries in the sample, the proxy was employed, where the allocations per head of youth (children and youth below 24 years) was calculated for the individual countries and three subregions, as shown in **Figure 34**. Data was provided by UIS,<sup>70</sup> and partial enrolment data was available that allowed limited analysis of allocations per student at three major education levels – primary, secondary and tertiary.

The comparative analysis of subregions shows that East Asia spends the most on education, followed by PICs and, finally, South Asia. Differences between individual countries are significant, where, for instance, Thailand, as the best performer, spends from US\$1,300 to US\$1,400 per child. In several countries, we could see oscillations, but the overall trend has been positive, with a few percentage decreases in some years, mainly in South Asia and the PICs.

**Figure 34. Expenditure per child/youth in the Asia-Pacific region, 2017-2020 (in US\$)**



Source: UNICEF EAPRO PFM Dashboard and UIS

At the global level, allocations per student in primary education range from US\$168 in low-income countries to US\$8,363 in high-income countries showing a huge funding gap of over fiftyfold.<sup>71</sup> In upper secondary education the gap is 'only' twenty-five-fold and, for tertiary education – sixfold. Globally, allocations per student show that the cost per student in tertiary education is 93 per cent of GDP per capita in LICs, 41 per cent in LMICs and about 25 per cent in UMICs and HICs.<sup>72</sup>

<sup>70</sup> See <[data.uis.unesco.org/#](https://data.uis.unesco.org/#)>. Demographic data: a) Population aged 14 years and younger; and b) Population aged 14-24. These two sets have been merged into a single unit and one can reasonably infer youth below 24 years may be fully involved in the education process (with all the usual caveats, i.e. children who may be outside the school system).

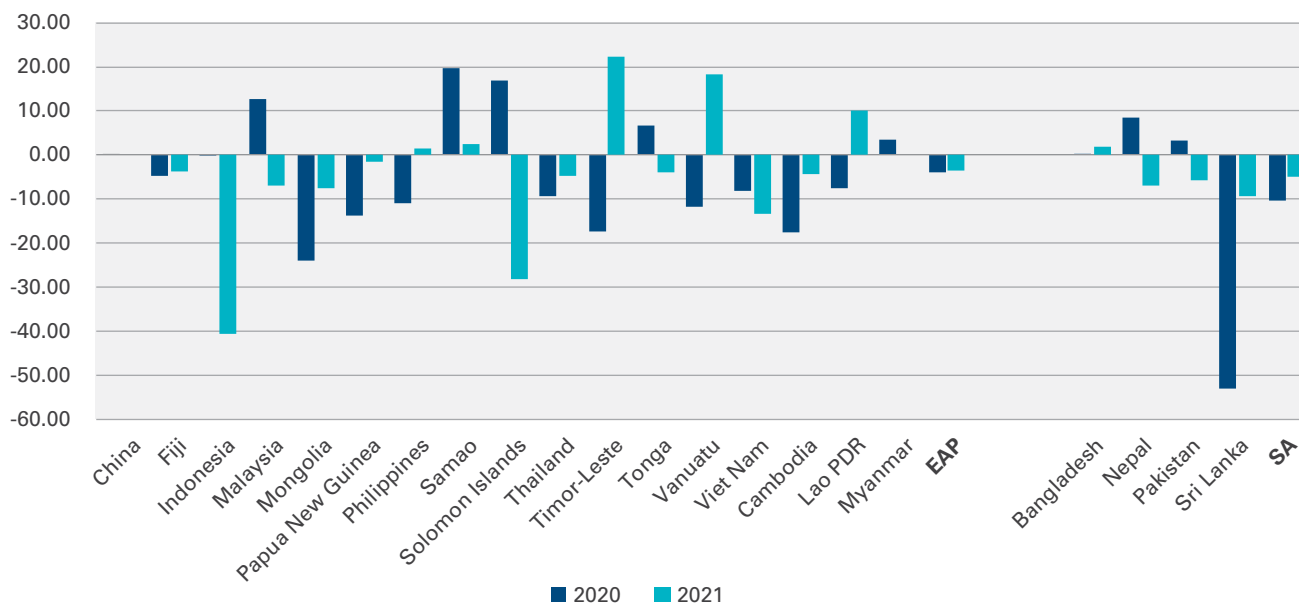
<sup>71</sup> UNESCO, *Global Education Monitoring Report 2021/2022*.

<sup>72</sup> Ibid., Globally primary education attracts 1.4 per cent of GDP, followed by tertiary education which commands 0.8 per cent, lower secondary with 0.7 per cent; upper secondary is allocated 0.6 per cent of GDP and pre-primary education - 0.3 per cent.

## 5.3 Influence of COVID-19 on education allocations

Figure 35 below presents the change in education budget allocations in the total governments' budget during the COVID-19 pandemic, i.e. between 2019 and 2020 and between 2020 and 2021, respectively. While the SA4 experienced a drop in both years, EA and PICs experienced a modest growth in 2020 and a slight decrease in 2021.

**Figure 35. Relative year-on-year change in education budget allocations, as a percentage of total government budget, 2020-2021**



Source: UNICEF EAPRO PFM Dashboard

During the COVID-19 pandemic and the immediate post-pandemic period, the three subregions witnessed a drop in their education budgets, at least in one of two years (2020 and 2021), with the exception of Bangladesh, China and Timor-Leste. In the case of the Lao PDR, the level of investment has been almost constant, with a negligible rise in the recurring education budget. Overall, 9 out of 21 countries recorded a drop in both years, including traditionally sound performers such as Malaysia, Mongolia and Thailand.

As highlighted previously in the section on the relative growth of government and education budgets for the East Asian countries, the relative drop in the education budget was in line with the decrease in government budgets. For the PICs, the education budgets increased in parallel with the increase in government budgets in 2020, but the sector has been deprioritized despite the fiscal expansion. For the four South Asian countries, the education budget followed the fiscal contraction and slow recovery of the government budget.

## 5.4 Composition of education sectors

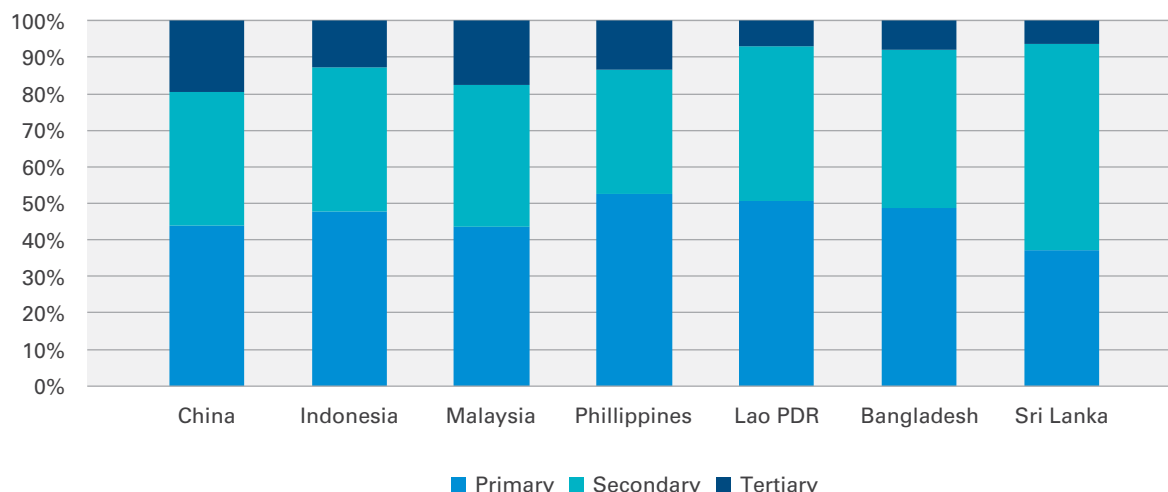
A brief overview of government budgets suggests that economic affairs (economic sector policy interventions)<sup>73</sup> receives the largest portion of the budget, often up to and over 25 per cent of the budget. In Myanmar, the economic sector received almost 42.69 per cent of the public allocations in 2017. In Nepal and Thailand, the economic sector received close to one third of the government budget for the same year. However, despite the focus on education, delivery on SDG4 has not been at a level to meet the 2030 deadline.<sup>74</sup>

<sup>73</sup> It encompasses different policy measures aimed at promoting major national industries, job creation, assistance to agriculture, allowable economic subsidies, assistance to state-owned enterprises and others

<sup>74</sup> UNESCO and UNICEF, *Five-Year Progress Review of SDG 4 – Education 2030 in Asia-Pacific*, UNESCO Bangkok, UNICEF EAPRO and UNICEF Regional Office for South Asia, Bangkok, 2022.ent.



**Figure 36. Allocations per education level (primary, secondary and tertiary), 2017 (selected countries)**



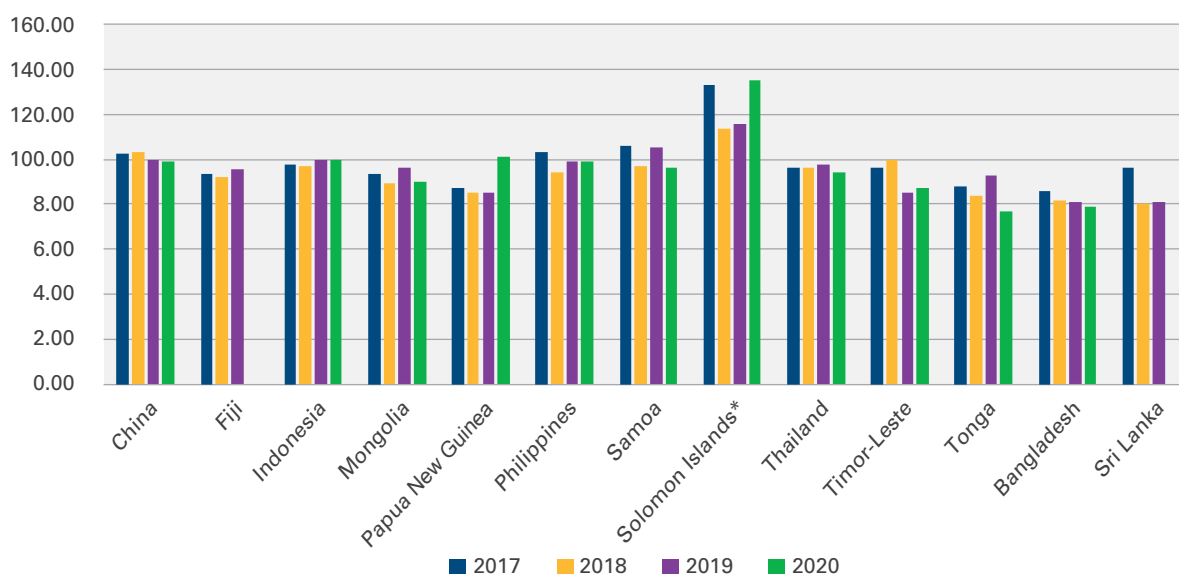
Source: UNICEF EAPRO PFM Dashboard

Data on allocations per level of education (primary, secondary and tertiary), as shown in [Figure 36](#), has been limited and only seven<sup>75</sup> out of 21 countries have provided some data, with only five providing data for primary, secondary and tertiary education (Fiji, Malaysia, Philippines and Tonga), but only for 2017 and 2018. The fiscal year 2017 was consequently chosen as it was the year with the largest comparative dataset.

## 5.5 Credibility of the education sector budget

The roll-out of education budgets has been sound, with compliance rates of over 90 per cent in most countries for which data was available (13 countries,<sup>76</sup> as shown in [Figure 37](#)).<sup>77</sup> In most cases it refers to the national budget, i.e. central government budget, with China providing a consolidated government budget.

**Figure 37. Education budget execution data, where available, EA countries, PICs and SA4 countries, 2017-2020**



Source: UNICEF EAPRO PFM Dashboard

<sup>75</sup> Cambodia, Malaysia, Philippines, Viet Nam; Fiji, Papua New Guinea and Tonga; Bangladesh, Nepal, Pakistan and Sri Lanka.

<sup>76</sup> Bangladesh, China, Fiji, Indonesia, Mongolia, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Tonga.

<sup>77</sup> Bangladesh, China, Fiji, Indonesia, Mongolia, Pakistan, Papua New Guinea, Philippines, Samoa, Solomon Islands (original budget data were considered, not the reviewed and amended budgets), Sri Lanka, Thailand, Timor-Leste and Tonga.

In the case of China, Philippines and Samoa, the education budgets overperformed as implementation was over 100 per cent in 2017.<sup>78</sup> Several countries have had issues with poor budget execution (Bangladesh, Sri Lanka, Timor-Leste and Tonga). In the case of Bangladesh, the performance has been steady ranging between 80 and 90 per cent, while Papua New Guinea had implementation rates often at below 50 per cent.

Interestingly, the health sector faced fewer problems with roll-out. In the case of the social protection budget, data was not readily available for many countries, which meant no conclusion could be made beyond anecdotal referencing. In the case of the Solomon Islands, the authors considered the originally approved budget to ensure consistency among countries, while being fully aware that the country routinely reviews its budget at least once a year.

The execution rate above 100 per cent can possibly be explained by the time lags in reporting execution data. For consistency, initial allocations only were reported in this analysis. However, authors accept that countries have gone through additional budget revisions, which are not publicly available and thus not reflected in this report.

All countries in the sample are MICs, with China, Fiji, Malaysia, Thailand and Tonga being UMICs, as per the World Bank's methodology.<sup>79</sup> The UMICs in the sample have somewhat better execution rates (over 96 per cent), but this aspect needs further exploration at country level. Tonga has shown a variable budget execution performance over the observed five-year span.

Overall, the execution rates of education budgets are similar and marginally better than that of central government budgets. In the majority of the countries the COVID-19 pandemic led to a decline in education budget execution.<sup>80</sup> This fact suggests poor execution institutional capacity, poor governance and weak accountability. This is especially the case for the South Asian countries, as in many cases the allocated budgets have not been assigned. On the other hand, a budget execution rate of over 100 per cent suggests poor planning capacity, which is also a weakness and needs attention.

## 5.6 Decentralization and education spending

Decentralization has been high on the agenda of many Asia-Pacific countries since the 1990s. The intensity and speed with which central government functions and resources were transferred to the subnational governments varies from country to country. However, the trends of the fast rise of megacities, high population growth and diverse territorial organizational models are common for many of the countries across the regions and subregions.

The three groups of countries offer different experiences in that respect. For instance, in most East Asian countries the majority of the population will be concentrated in cities only after 2050, while Bangladesh and Nepal in South Asia and Cambodia in East Asia will still have majority rural populations after 2050.<sup>81</sup>

Nepal is an interesting case of how decentralization has worked in education. First, the country has increased its investment in education significantly, from US\$483.37 mn in 2012/2013 to US\$1,421.53 mn in 2019/2020, and US\$1.6 bn in 2022/2023.<sup>82</sup> It represents an average annual growth rate of 5.5 per cent, taking into account an inflation rate of 7.5 per cent over the same period (2017-2021).

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<sup>78</sup> The current report uses the originally approved government budgets. However, in some countries few reviews of the budget have taken place and original estimates have been used resulting in budget implementation rates of over 100 per cent.

<sup>79</sup> See <[data.worldbank.org/country/XT](https://data.worldbank.org/country/XT)>

<sup>80</sup> For example, the Philippines, Sri Lanka and Tonga.

<sup>81</sup> International Fund for Agricultural Development, *An Outlook on Asia's Agricultural and Rural Transformation, Prospects and options for making it an inclusive and sustainable one*, IFAD, Rome, 2019.

<sup>82</sup> See <[nepaleconomicforum.org/key-highlights-of-budget-2022-23/#:~:text=The%20budget%20has%20allocated%20NPR,to%20the%20previous%20fiscal%20year](https://nepaleconomicforum.org/key-highlights-of-budget-2022-23/#:~:text=The%20budget%20has%20allocated%20NPR,to%20the%20previous%20fiscal%20year)>.

Although the education budget has grown significantly, the education sector is still heavily underfunded. Therefore, a federalization agenda and commitment to education require additional earmarked resources. Overall, education decentralization is in line with the broader ongoing federalization process for Nepal. In line with this, the share of the total School Sector Development Plan budget for 2019/2020, managed by three tiers of the government, is as follows:

- Local governments 96.72 per cent
- Provincial governments 0.29 per cent
- Federal government 8.13 per cent

Fiscal decentralization has followed administrative decentralization, and the Asia-Pacific region as a region has relatively high fiscal decentralization scores. The share of subnational public allocations in the region averages 9.6 per cent of GDP and 35.4 per cent of public spending.<sup>83</sup> This is comparatively higher than the world averages of 8.6 per cent of GDP and 24.1 per cent of public spending.<sup>84</sup> In fact, the Asia-Pacific region (PICS and EA) overall spends more at subnational level than Europe in terms of general government expenditures; although per cent-wise less in terms of GDP (Europe spends 26 per cent of public expenditure and 11 per cent of GDP at the subnational level).

However, averages may also paint a somewhat skewed picture. For instance, China, Indonesia and Viet Nam have very strong subnational allocations of 91.2, 47.7 and 54.2 per cent, respectively. Thailand and Philippines also spend 19.1 per cent and 14.9 per cent of the government budget at a subnational level on education respectively.<sup>85</sup> Taking this data into consideration for the aggregate government budget, it seems that the subnational level government spends a higher percentage on education. While some countries have steady subnational allocations over the years (China, Indonesia, Viet Nam), others are more volatile (e.g. the Lao PDR and Mongolia).

**Table 1. Central and subnational education allocations as a percentage of the total education budget, 2017-2021 (percentage)**

Level of Government	2017		2018		2019		2020		2021	
	Central	Subnational	Central	Subnational	Central	Subnational	Central	Subnational	Central	Subnational
China	5.17	94.83	5.44	94.56	5.27	94.73	4.62	95.38	0.00	0.00
Malaysia	100.00	0.00	100.00	0.00	100.00	0.00	100.00	0.00	100.00	0.00
Mongolia	28.50	71.50	39.42	60.58	46.18	53.82	29.20	70.80	32.13	65.87
Tonga	35.09	64.91	37.35	62.65	32.44	67.56	39.31	61.69	42.13	57.87
Viet Nam	7.78	92.22	7.36	92.64	6.29	93.71	6.55	93.45	4.83	95.17
Nepal	51.38	48.62	34.44	65.56	39.87	60.13	32.72	67.28	33.38	66.62

Source: Authors' calculations based on the UNICEF EAPRO PFM Dashboard data

<sup>83</sup> Data available at <[www.sng-wofi.org/](http://www.sng-wofi.org/)>

<sup>84</sup> OECD and United Cities and Local Governments (UCLG), *2019 Report of the World Observatory on Subnational Government Finance and Investment – Key Findings*, OECD and UCLG, Paris and Barcelona, 2019.

<sup>85</sup> Ibid.

Education, together with social protection, transport and economic affairs, are the most decentralized sectors. However, budget and budget expenditure data are not readily available in the public domain. Data was only collected/available for six countries in the sample of 21 Asia-Pacific countries. For instance, for the sample presented in [Table 1](#) above, the average subnational budget allocation for education was 61.98 per cent in 2017. However, as with the general data for the region, this average does include China where 94.83 per cent of education spending happens at the subnational level, and Malaysia, where 100 per cent of education budget allocations are covered from the central government budget.

Over time, a minor increase in expenditures on a subnational level has taken place, and in 2019 the sample's average was 65.61 per cent. Similar trends may be observed across the countries, although some years recorded a dip in spending at subnational level (Mongolia), but the countries in question recovered in the subsequent year. Although data is not available for all 21 countries in the sample, it is reasonable to assume that significant levels of expenditures are allocated to the subnational level.

For the countries for which subnational budgets were reported, considerable geographical disparities and gaps in education spending within a country may be observed. These countries usually fail to target equity-based resources towards the marginalized regions/areas, where more resources should be committed to meet educational outcomes. As been documented by Manuel et al.,<sup>86</sup> the difference in spending per region (subnational government unit) can range from over 1.5 times to almost seven times.<sup>87</sup>

## 5.7 Access to data, monitoring and oversight of education budget allocations

Education allocations are monitored and reported as any other sectoral spending, i.e. the expenditure data for several previous years is presented comparatively when the new budget estimates are tabled before Parliament, for approval. The Ministries of Finance and/or the Treasury Departments are overseeing the execution process, although this is a role that Ministries of Education should be assuming progressively. The current situation is most likely the consequence of the current institutional settings and endorsed practices, where finance matters are overseen by MoF exclusively. However, with the exception of very few countries where PERs have been undertaken, no national budget execution analysis for education has been found.<sup>88</sup>

Education sector spending was generally included in national budgets, but only in a few countries, where national budgets had elements of programme budgeting (Fiji, Sri Lanka, among others), was it possible to establish the final uses of the budgetary allocations. Efficacy, efficiency and value-for-money studies have not been readily available in the public domain, even if they were conducted.

As this report has noted, transparency in budgets in the Asia-Pacific is fairly weak. For a number of countries, some improvement has been observed (in the case of Cambodia, China, Mongolia, Myanmar, Timor-Leste and Viet Nam), while others experienced significant decline (Bangladesh, Fiji, Nepal and Sri Lanka).<sup>89</sup> Investment in the education statistics capacity of the countries is one of the key needs, if education finance policy is to be well-informed and budgetary allocations made more equitable, efficient and effective.

At present data is sketchy and reported occasionally and with many gaps. Investment in better enrolment data collection and in the disaggregation of the education budget data per level of education would certainly improve education sector planning in the region, encourage regional benchmarking and better-informed policymaking in both general government and within the education sector.

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<sup>86</sup> See M. Manuel et al., *Subnational investment in human capital*, Overseas Development Institute, London, 2019.

<sup>87</sup> Or in the case of Ghana the student-staff ratio can vary between 4 and 10 times among the districts, *Ibid.*, p. 20.

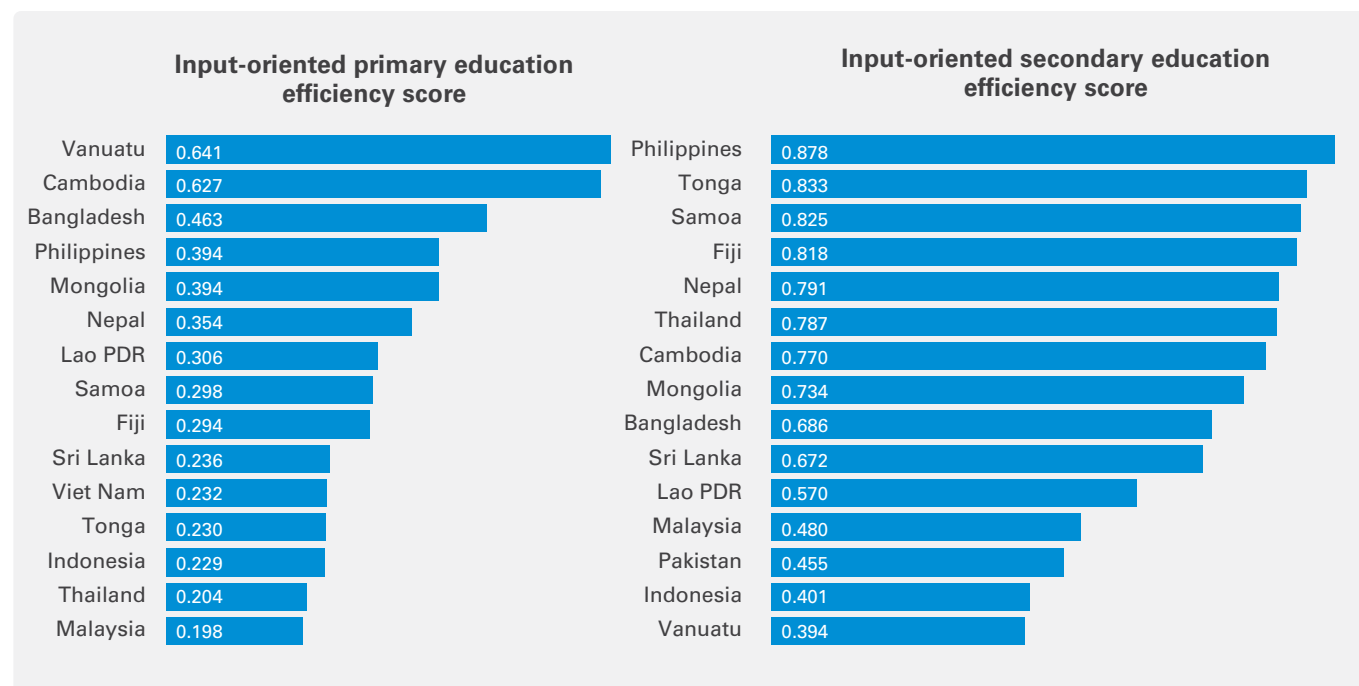
<sup>88</sup> Recent PERs were conducted for Cambodia (2019), Indonesia (2020), Mongolia (2018), Myanmar (2017), Timor-Leste (2021) and Viet Nam (2017). The data coverage is usually up to 3-4 years before actual publication, hence covering one or two years in our sample.

<sup>89</sup> See Open Budget Index results presented in [Figure 87](#). Not all the countries in the sample are covered in the Open Budget Index.

## 5.8 Opportunities for efficiency gains

Given the constrained fiscal space in all three regions, countries will need to continue looking at ways to protect the prioritization of education in their national budgets, with a possibility of exploring how to reap efficiency gains from the different education sectors, as per [Figure 38](#) below.

**Figure 38. Primary and secondary education efficiency score, EAP region where data is available<sup>90</sup>**



**Source:** J. Kaposli and I. Teodouru, Benchmarking Social Spending Using Efficiency Frontiers. IMF Working Paper No. 17/197, World Bank, Washington D.C., 2017.

For example, in the case of the Philippines, the score of 0.394 (39 per cent) on primary education efficiency means that inputs into primary education could be reduced by 61 per cent “without a marked reduction in the output”. Similarly, for secondary education, the Philippines received a score of 0.878 (87 per cent) on secondary education efficiency, meaning that inputs into secondary education could be reduced by 18 per cent “without a marked reduction in the output”.

## 5.9 Education budget for 2017-2021: Conclusions

The present analysis provides opportunities for exploring fiscal space gains in education, especially in a situation of a constrained fiscal space. The present should not be seen as counter-logical to the overall objective to protect and/or increase the allocations to the social sectors, as countries experience different situations with their fiscal space.

- Countries in the Asia and Pacific region have experienced remarkable progress in access to and participation in schooling over the past 30 years, yet the COVID-19 pandemic and other external shocks have significantly challenged the gains made for children – both in terms of access and of quality of learning.
- Despite the strong commitment to achieve SDG 4 in all of the countries in the three subregions, nevertheless, few countries have crossed or moved closer to the international benchmarks, when assessed against the SDG 4 indicators.

<sup>90</sup> Ibid.

- **East Asian countries** allocate an average of 14.3 per cent on education, with only Malaysia showing consistent prioritization in that respect, and Indonesia having crossed this benchmark prior to the pandemic, but with reversed levels of investment after that. The Lao PDR, Philippines, Thailand and Viet Nam follow in that respect, but are still showing gaps in fulfilling international commitments. In terms of investments in education relative to the size of the economy, only Timor-Leste reached the international benchmarks in 2017, but together with the rest of the countries is still away from the benchmarks. The average gap for East Asia countries is around 1 per cent of GDP. In fact, almost all countries in the group have experienced a de-investment trend in education.
- The **PICs** show a different picture, with an average budget allocation of 19.34 per cent to education. The Solomon Islands and Vanuatu have shown consistent prioritization of education in their budgets, while the remaining small islands have registered consistent growth towards the targets. The five PICs exhibit different results, most probably because of the contribution of ODA to their spending.<sup>91</sup> Relative to the size of their economies, the PICs have consistently prioritized education, and on average all the islands, except Fiji, have allocated more than 6 per cent of their government budget allocations to education.
- The **four South Asian countries** show the largest gaps in terms of prioritization, with an average allocation of 9 per cent in their national budgets. Bangladesh comes closest to international benchmarks, followed by Nepal and Pakistan. Relative to the size of the economy, all countries invest below 4 per cent of GDP, with only Nepal going above it but below 6 per cent.
- **Households' contribution to education expenditure in all three subgroups is considerable and varies between 27 per cent for the PICs to 55 per cent for the SA4.** While further data is needed on where private allocations are focused, the increased private costs for education may put the achievement of SDG 4 at risk, given that the states have committed to prioritize free universal primary and secondary education and equity.
- While the analysis in this chapter shows variations per country in fiscal years during the pandemic period (FY 2020-2021 and FY 2021-2022), overall, the gaps in education allocations have at best been sustained and/or increased during the COVID period. If unattended, this may have critical implications for addressing the learning loss of children during the pandemic, and overall, for the achieving of SDG 4 in the long run. Globally, low- and lower-middle income countries appear more likely to have cut education allocations in response to the pandemic. UNESCO estimates that COVID-19 increased the annual financing gap needed to achieve universal quality education in low- and lower-middle-income countries by 35 per cent.
- Beyond investment gaps, underperformance of the education budget, which is also linked with the budget credibility for most of the reviewed countries, remains high. However, education budget execution data is not readily available. Budget execution data for 13 countries was taken from the budget estimates, and no audited government financial report was available.
- **Decentralization:** The Asia-Pacific region countries are decentralizing rapidly, but fiscal decentralization and data to support it are still somewhat lagging. In the case of a few countries where data on national and subnational education allocations was available, over 65 per cent of education allocations were made at the subnational level. As countries are further progressing towards decentralized service delivery, more efforts would be needed to ensure transparency of decentralized financing, as this will play a critically important role in funding social services and bringing policies closer to the citizens.

It is also important to ensure that data is collected, processed and utilized at the subnational level to facilitate decision-making, implementation and monitoring thereby reducing subnational governments' excessive reliance on central government statistical capacity.

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<sup>91</sup> See <[data.worldbank.org/indicator/DT.ODA.ODAT.PC.ZS?locations=S2](https://data.worldbank.org/indicator/DT.ODA.ODAT.PC.ZS?locations=S2)>

- **Countries have shown opportunities for efficiency gains in education and countries should further explore this as part of their evidence generation and advocacy.**
- **Budget data and monitoring:** Budget data availability and monitoring remains low and requires attention. These would require reporting and understanding the expenditure implications for the different functions and levels of the education system, as well as comprehensive, timely and granular data at central and subnational levels. The countries in SA4 (except Sri Lanka) and at least half of the countries in EA are highly decentralized and thus understanding the education allocations/overall allocations requires the relevant data disaggregated for decentralization and equity. However, such data is rarely available, and if available, there is a considerable time lag.



# 6. Health







## 6.1 Overview of the health outcomes for selected countries in South Asia, East Asia and the Pacific (2017-2021)

While progress has been made regarding maternal, newborn and child health, the under-five mortality rate, for example, continues to decline.<sup>92</sup> Immunization coverage and performance rates are declining, with only 14 of the 26 countries in the region reaching the global immunization coverage target of 90 per cent in 2018.<sup>93</sup>

Low rates of vaccination coverage were exacerbated by the COVID-19 pandemic, during which regular immunization campaigns faced delays or halted. Low vaccination coverage recently resulted in several localized measles and polio outbreaks in Indonesia, Myanmar, the Pacific Islands and Papua New Guinea.<sup>94</sup> Globally and in the region, years of progress in childhood immunization were eroded in less than two years of the pandemic.

Child outcomes vary within the region, revealing inequitable development and vulnerabilities. For example, child malnutrition remains a major concern in the EAP region with stunting and wasting affecting 17 and 6 million children respectively. While the average prevalence of stunting in the EAP region is 11 per cent, rates are much higher in the East Asia subregion, reported at 25 per cent.<sup>95</sup> Similarly, WASH coverage, while increasing in the region, has been progressing at varying rates between population quintiles. There is a growing consensus that equity gaps such as these are a driving force behind the current learning crisis.

Health and well-being are two key areas of the Sustainable Development Goals, in particular SDG 3. Other spheres are also significant: financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all in order to achieve universal health coverage. Investment in both preventive and curative medicine is important, especially as the costs of health have been rising worldwide. While HICs have fairly well-performing systems which have been seriously tested and have showed a high level of resilience during the recent COVID-19 pandemic, the health systems of developing countries, especially LDCs, have struggled to perform at a satisfactory level.<sup>96</sup>

<sup>92</sup> UNICEF, 2019 Annual Report East Asia and the Pacific Regional Office, UNICEF EAPRO, Bangkok, 2019.

<sup>93</sup> Ibid.

<sup>94</sup> Ibid.

<sup>95</sup> Ibid.

<sup>96</sup> In context of SDG efforts, universal health care has two important dimensions: service coverage and financial protection (see SDG 3.8): “Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.” (See <[www.who.int/data/gho/data/themes/topics/indicator-groups/indicator-group-details/GHO/sdg-target-3.8-achieve-universal-health-coverage-\(uhc\)-including-financial-risk-protection](http://www.who.int/data/gho/data/themes/topics/indicator-groups/indicator-group-details/GHO/sdg-target-3.8-achieve-universal-health-coverage-(uhc)-including-financial-risk-protection)>)

Investment in both preventive and curative medicine is important, especially as the costs of health have been rising worldwide. While HICs have fairly well-performing systems which have been seriously tested and have showed a high level of resilience during the recent COVID-19 pandemic, the health systems of developing countries, especially LDCs, have struggled to perform at a satisfactory level.

The health-care systems in South Asia, East Asia and the Pacific are extremely diverse: they range from those where public investment is dominant (some PICs) to those where out-of-pocket investments and private health-insurance prevail (all SA4). Overall, the health systems in all three groups of countries (SA4, EA and PICs) are heavily dependent on private spending; they employ some form of user/patient charges; have poor coverage in rural areas; and the quality of service is often problematic, especially for users from marginal groups.<sup>97</sup>

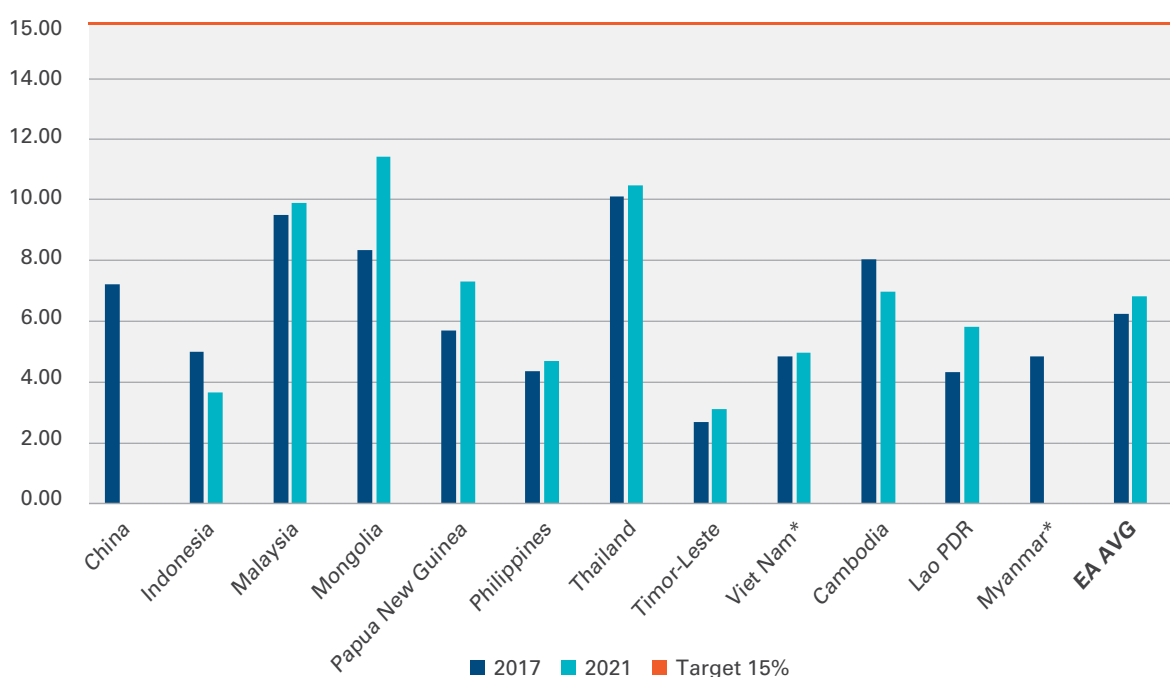
Private allocations on health in SA4 prevails more than in the other subregions and these countries allocate less for health in the government budgets than EA and PICs. International development partners' assistance plays an important role in the case of PICs, less so in EA and SA4.

## 6.2 Prioritization of health in national budget

Few of the governments in all three subregions have lived up to their Abuja commitments on prioritizing health in national budgets, as shown in [Figures 39, 41 and 43](#). A full picture of health spending as a percentage of the government budget per country is available in [Annex D, Figure 1](#). Resources committed in the national budget to the Ministry of Health have been considered as the health budget. Those countries, which have some other government health agencies/authorities, such as Papua New Guinea, have also been included in the total health budget allocations.

With an average spending of 6.5 per cent of the budget, the countries in East Asia are still far from the Abuja target of investing 15 per cent of the government budget on health, as shown in [Figure 39](#). Mongolia and Malaysia, have the lowest gaps of 5 and 5.6 per cent respectively, while Timor-Leste shows the biggest gap of 12 per cent, as shown on [Figure 40](#).

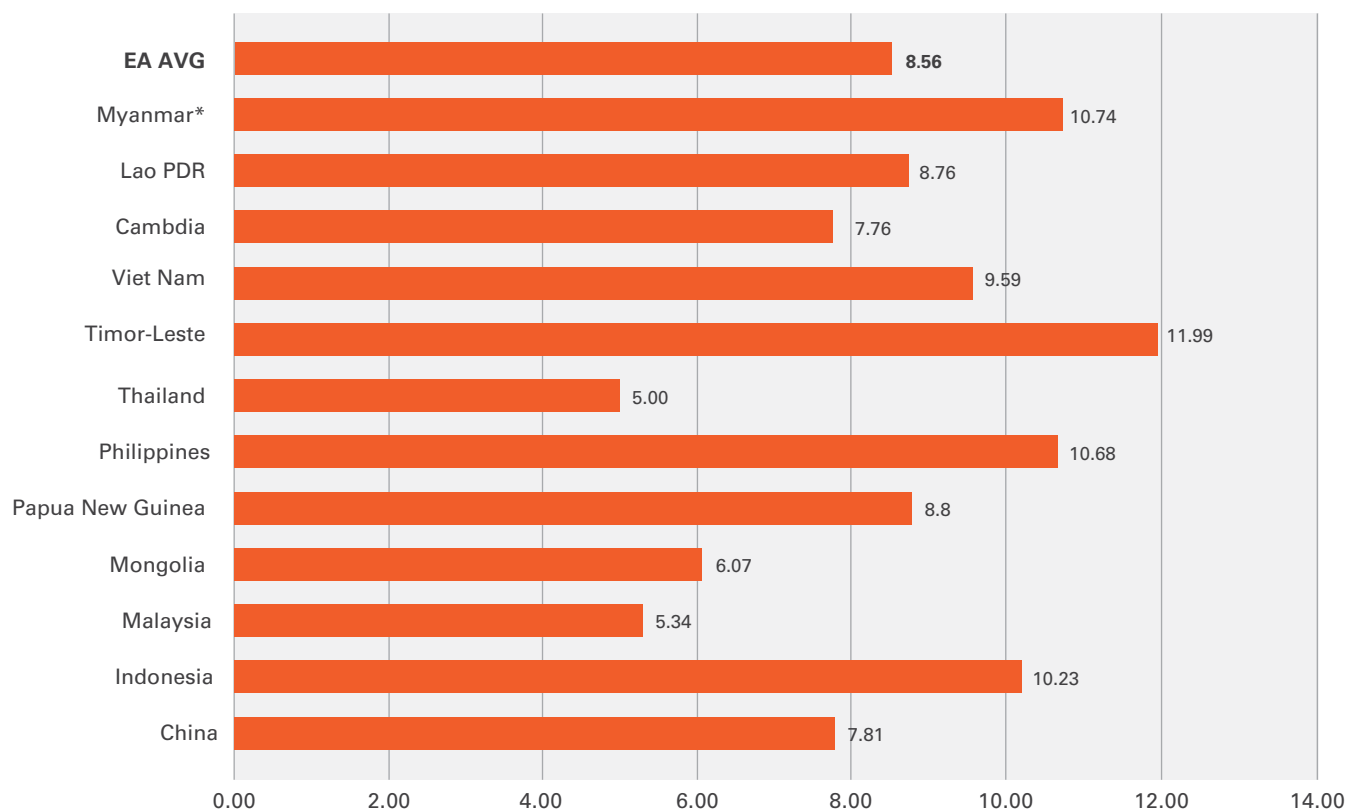
**Figure 39. Government allocations on health as a percentage of total government budget, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

<sup>97</sup> See, for instance, C. Bloch, *Social Allocations in South Asia—An Overview of Government Expenditure on Health, Education and Social Assistance*, International Policy Centre for Inclusive Growth and UNICEF, Brasília, 2020 ;Tandon, et al., *Economic Impact of COVID-19: Implications for Health Financing in Asia and Pacific*, HNP Discussion Paper, World Bank, Washington D.C., 2020; UNICEF, *Regional Cross Country Public Health Expenditure Analysis and Benefit Incidence Analysis: A Regional Report on Cambodia, Lao PDR and Myanmar*, UNICEF EAPRO, Bangkok, 2020.

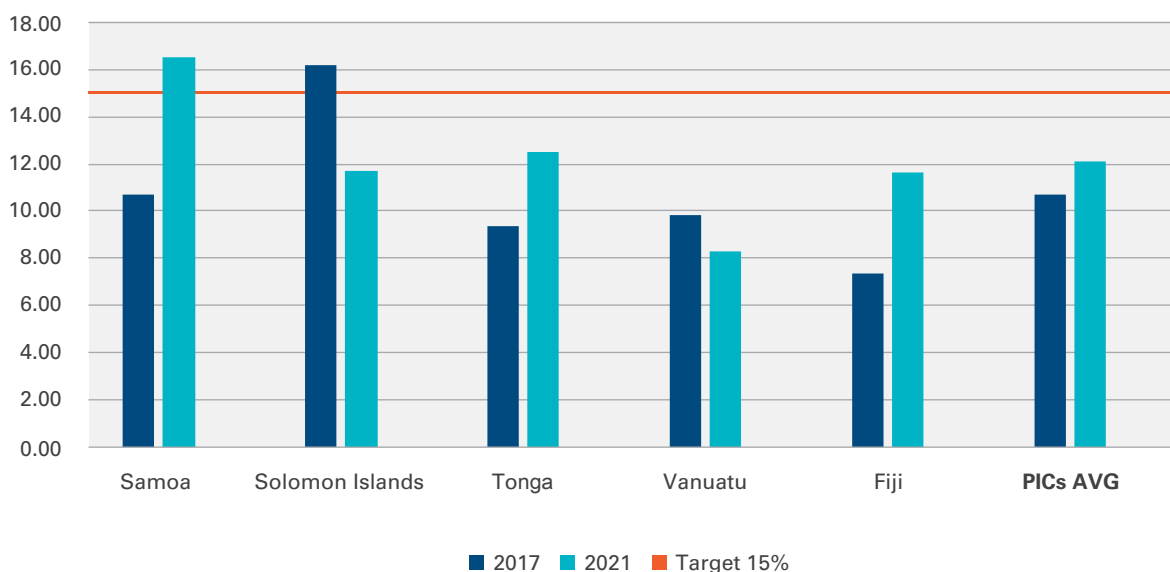
**Figure 40. Gaps in health financing, EA countries, average for 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

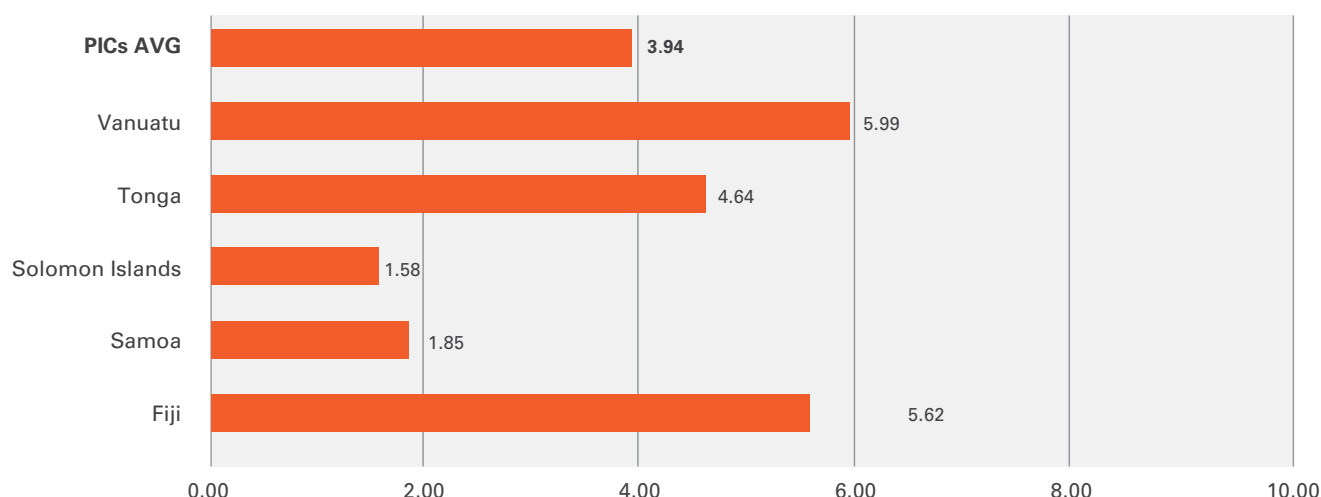
The picture is slightly better for the PICs, which spend an average of 11.06 per cent on health. Samoa alone, only in 2021, invested more than 15 per cent in the health sector at 16.06 per cent, as well as the Solomon Islands before the COVID-19 period, as shown in [Figure 41](#). On average, the biggest gaps are in Fiji and Vanuatu at 5.6 and 6 per cent, respectively, while the lowest gap is in the Solomon Islands, as shown in [Figure 42](#).

**Figure 41. Government allocations on health as a percentage of total government budget, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

**Figure 42. Gaps in health financing, PICs, average for 2017-2021**

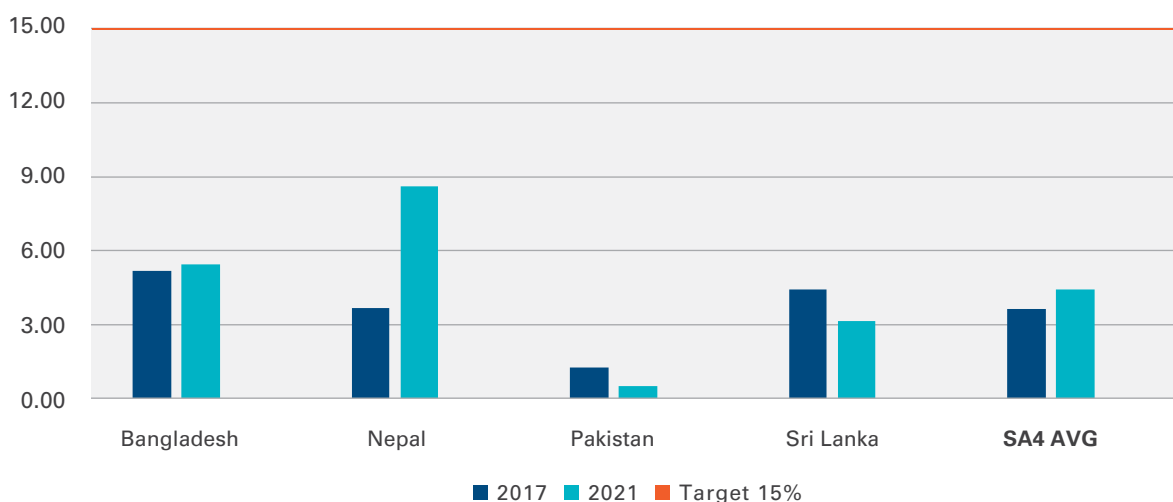


Source: UNICEF EAPRO PFM Dashboard

As shown on **Figure 43**, the four South Asian countries allocate an average of 3.9 per cent from their budget on health, and health allocations are less of a priority compared to other regions.<sup>98</sup> Nepal has significantly increased its investment in health over the reported period moving closer to the Abuja benchmarks. Pakistan bottoms the list, with investment in recent years below one per cent at the central government level.<sup>99</sup>

To battle the COVID-19 pandemic, Pakistan opted for a special funds model rather than adjust the annual health budget. In the case of centralized countries, all medical facilities are usually controlled by the Ministry of Health directly, while in decentralized countries different levels of services are provided and funded by subnational governments. Pakistan had the biggest gap in spending at nearly 13 per cent of the government budget, followed by Sri Lanka. Nepal had the lowest figure with 7.6 per cent of the government budget, as shown in **Figure 44**.

**Figure 43. Government allocations on health as a percentage of total government budget, SA4 countries, 2017-2021**

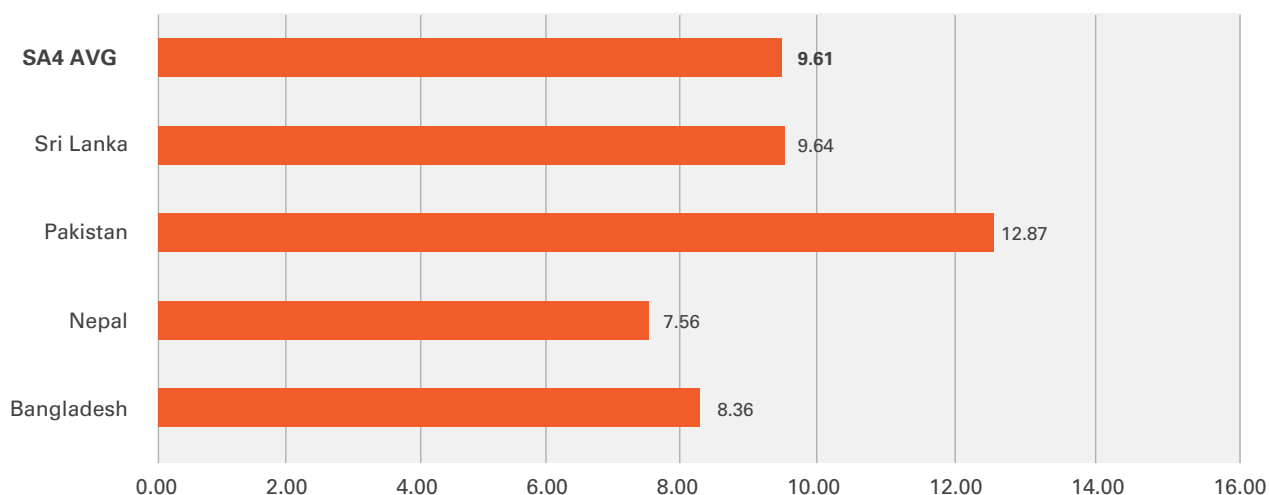


Source: UNICEF EAPRO PFM Dashboard

<sup>98</sup> Bloch, *Social Allocations in South Asia*.

<sup>99</sup> However, only the central government budget has been captured in this Budget Report, and it is possible that the subnational governments do invest noticeably in health (although health is usually a central government investment). For OECD countries, social sector allocations (education, health and social protection) total 57 per cent of total government spending (see <[www.oecd.org/social/expenditure.htm](http://www.oecd.org/social/expenditure.htm)>).

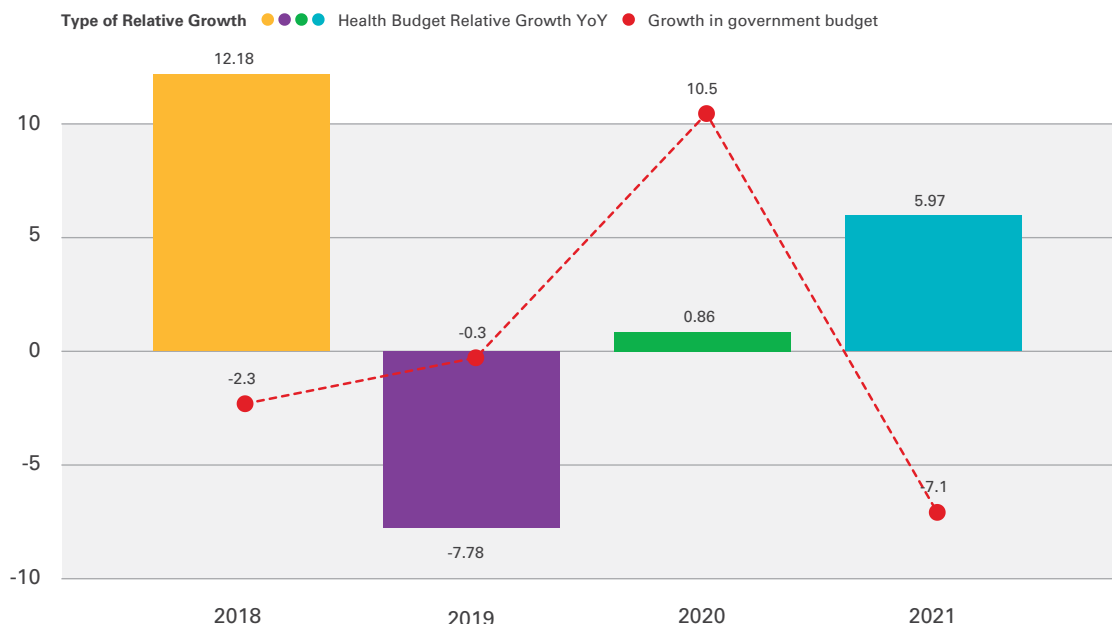
**Figure 44. Gaps in health financing, SA4 countries, average for 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

Further analysis of the relative growth in the health budget for each of the three subregions points to a growing prioritization of health in government budgets. First, as shown on [Figure 45](#), the health allocations for the countries in EA had only grown slightly at the start of the COVID-19 period, but experienced a substantive increase, despite contraction in the government budgets in the subregion.

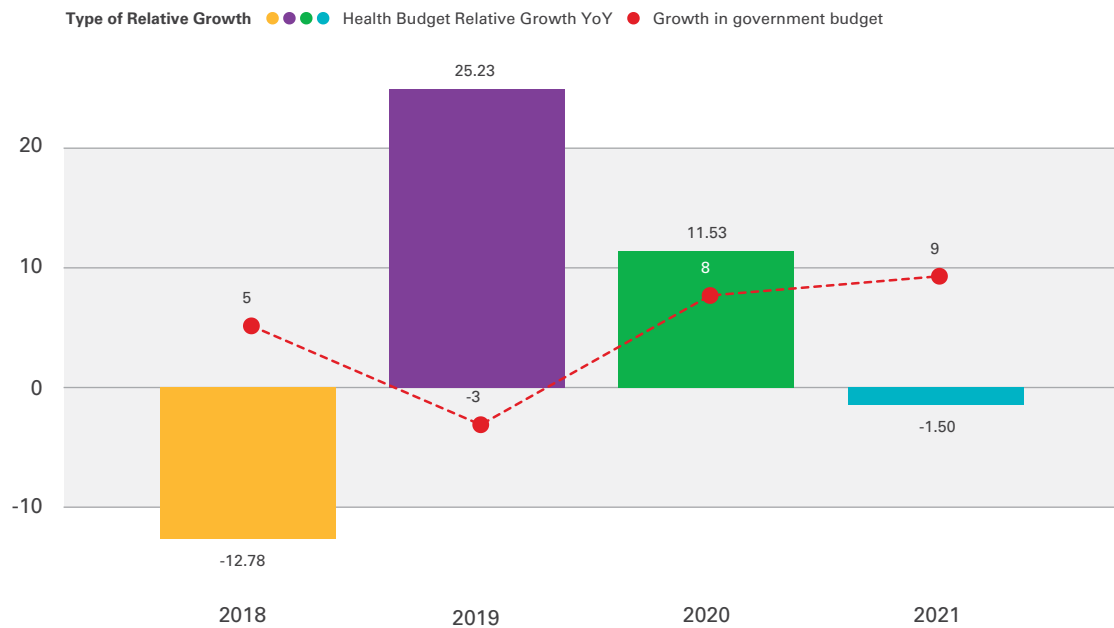
**Figure 45. Relative growth of health budget vs growth in government budget, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

Despite the expansion in government budgets between 2019 and 2021 in the PICs, health allocations fluctuated with a spike in 2020, driven by COVID-19 related investments, which, unfortunately, had less priority in 2021, as shown in [Figure 46](#).

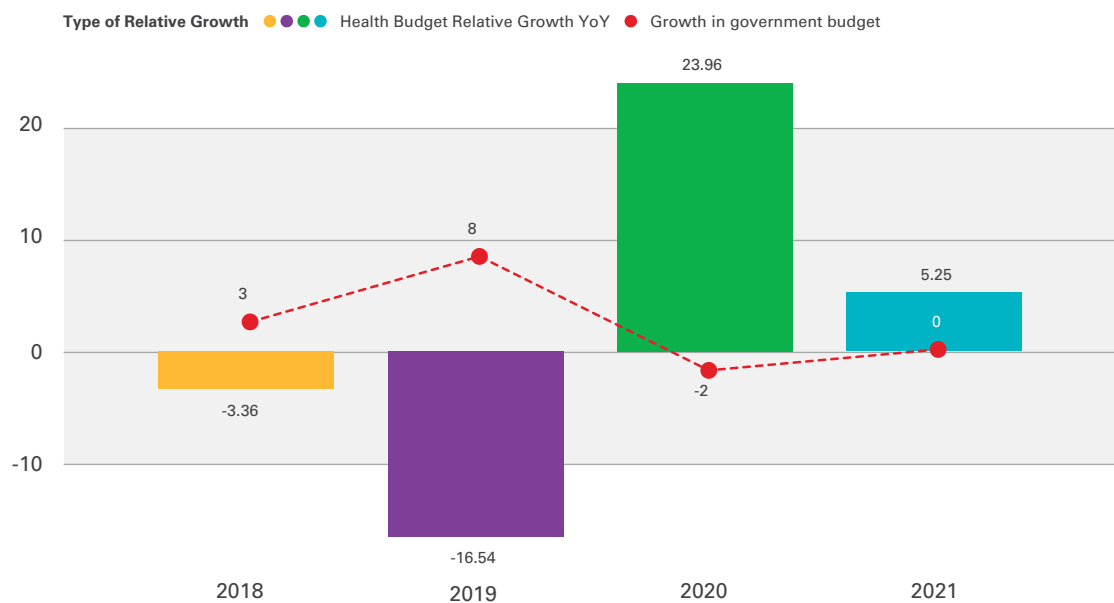
**Figure 46. Relative growth of health budget vs growth in government budget, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

Finally, in the South Asian countries' budget health was deprioritized between 2017 and 2019. During COVID-19, health was a greater priority, despite an overall decline in the government budget following slower growth 2021, as shown in [Figure 47](#).

**Figure 47. Relative growth of health budget vs growth in government budget, SA4 countries, 2017-2021**



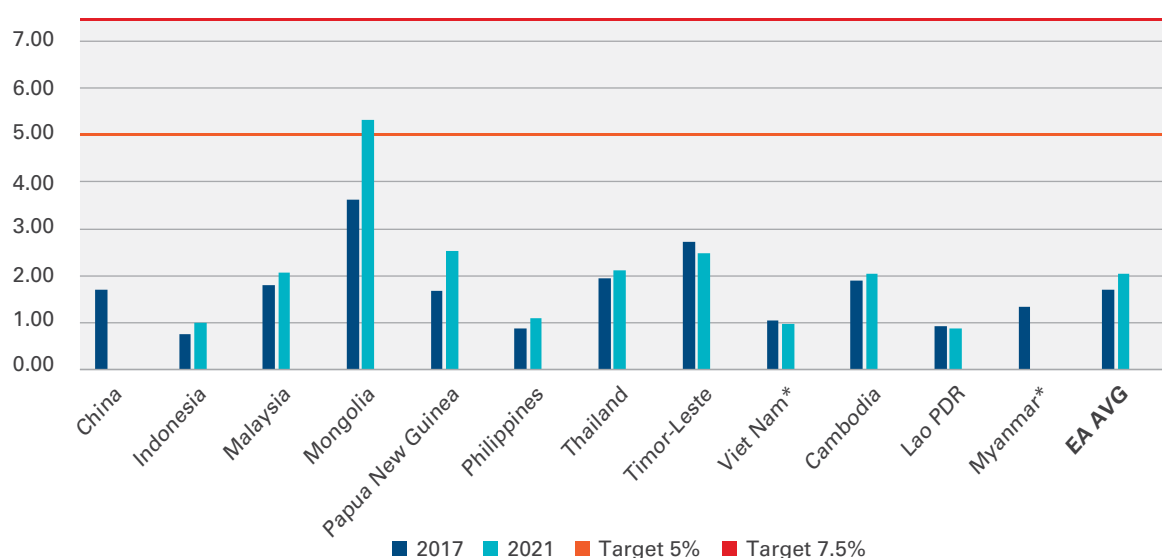
Source: UNICEF EAPRO PFM Dashboard

## 6.3 Level of investment in health as a percentage of GDP

There is significant variability in the level of health allocations across the three subregions. Most governments, with the exception of three of the countries in this report, are failing to invest sufficiently to ensure the provision of universal health coverage, as shown in [Figures 48, 50 and 52](#).<sup>100</sup> The country data can be seen in [Annex D Figure 2](#). Health allocations as a percentage of GDP (2017-2021). Health systems are diverse and allocation patterns are even more so. The PICs, Samoa and Tonga, which are heavily dependent on development assistance, lead in terms of investment, while South Asian countries invest the least at below one per cent.

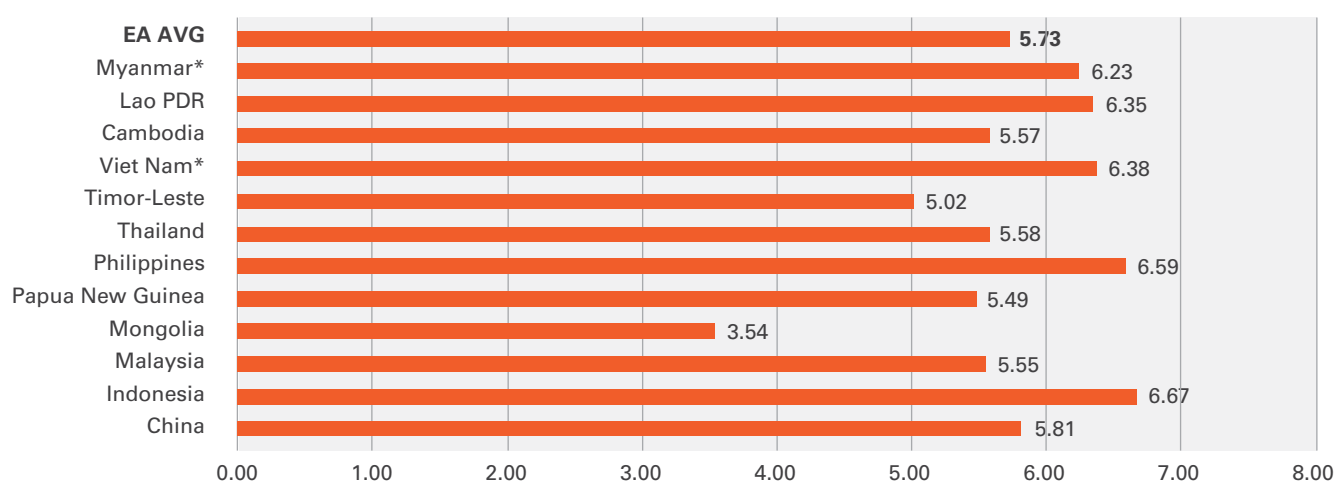
First, EA countries invest an average of 1.8 per cent of GDP. Mongolia is the only country that has managed to cross the lower benchmark for investment. For the remaining countries consistent gaps remain despite a slow increase, as shown on [Figure 48](#). Interestingly, Mongolia has the lowest investment gap of 3.5 per cent of GDP, while Indonesia has the highest gap of 6.7 per cent, as shown in [Figure 49](#).

**Figure 48. Government allocations on health as a percentage of GDP, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

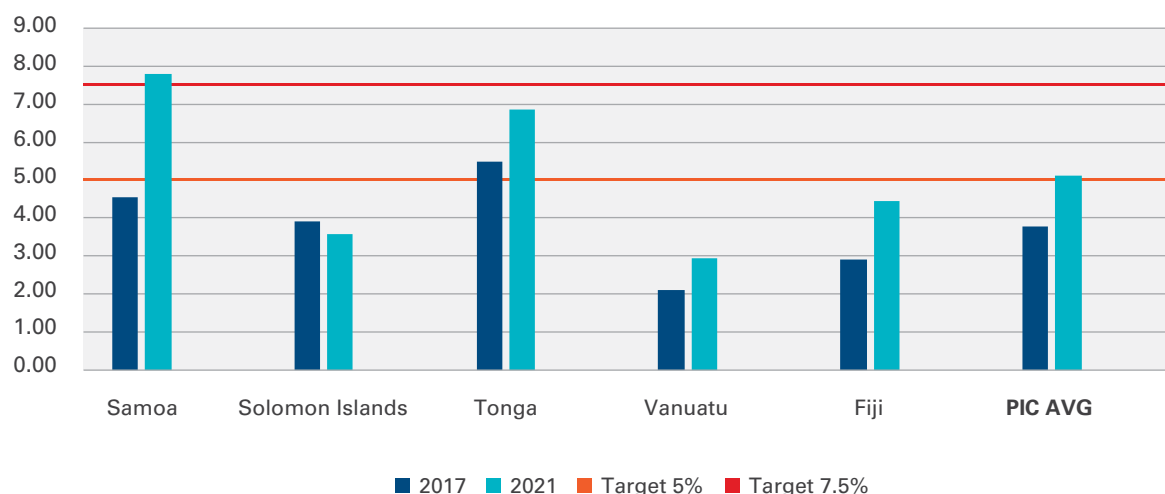
**Figure 49. Gaps in investment health, EA countries, average for 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

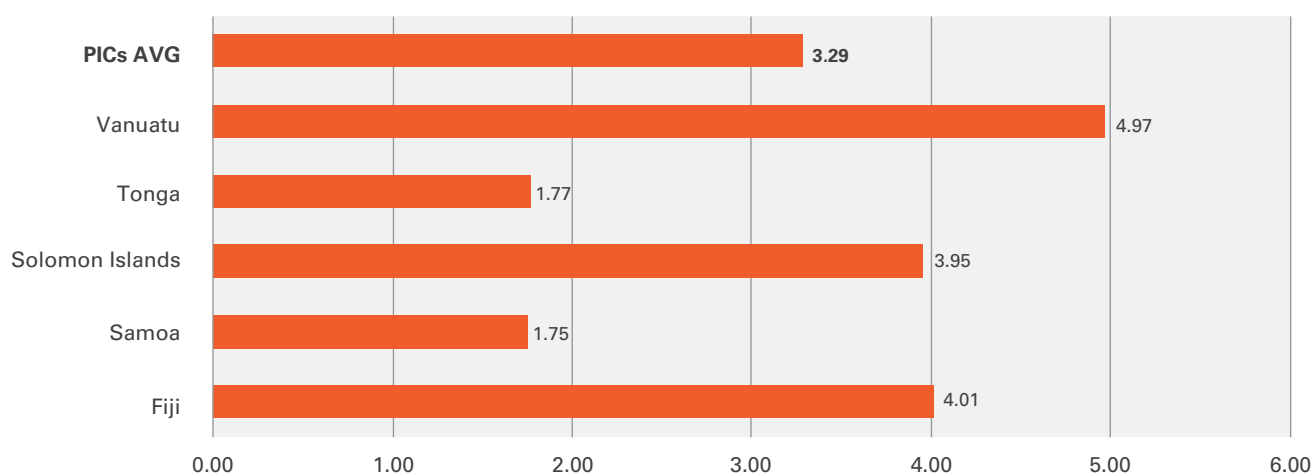
<sup>100</sup> Cost estimates: Based on various estimates, between 5 and 7.5 per cent of GDP is required to provide universal health coverage for low- and middle-income countries.

**Figure 50. Government allocations on health as a percentage of GDP, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

**Figure 51. Gaps in investment in health, PICs, average for 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

The SA4 countries invested the least in health, i.e. an average of 1.2 per cent of GDP. They have, nevertheless, recorded significant growth over time. Most importantly, all the subregions also sustained growth in 2021 and will most likely exhibit the same trend in 2022. Pakistan has invested well below one per cent of GDP on health, together with Bangladesh which has nearly reached 1 per cent. Nepal is leading among the SA4 group, as shown in [Figure 52](#).

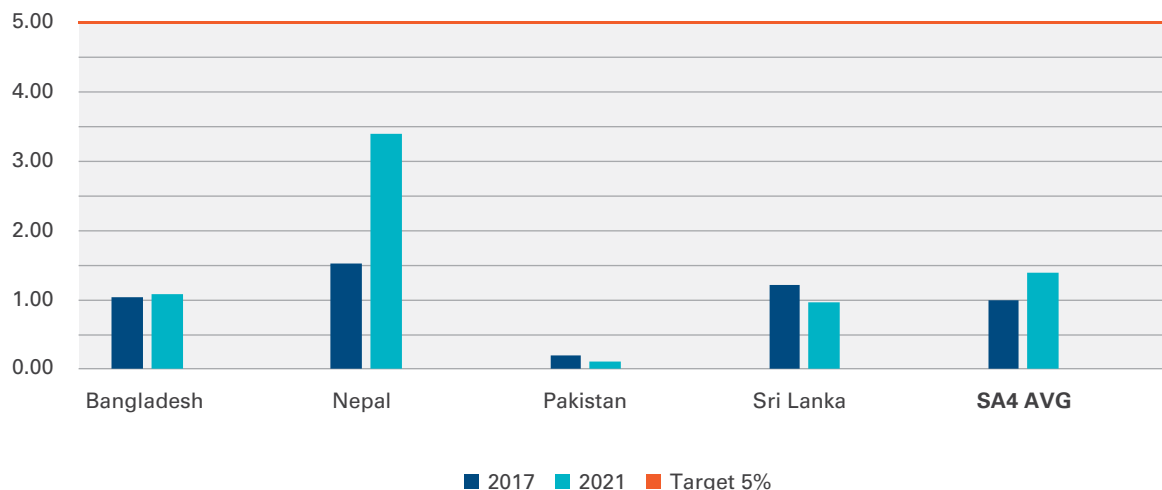
Sri Lanka was one of the best performers in the region, as the government allocations on health contributed to 43 per cent of total health allocations in the country, while in many other South Asian countries public health allocations accounted for less than half of the total such allocations. However, the debt crisis in Sri Lanka has led to de-investment in health. On average Pakistan still shows the highest gaps in investment in health with 7.38 per cent of GDP, followed by Sri Lanka and Bangladesh with 6.4 and 6.5 per cent respectively, as shown in [Figure 53](#).

<sup>101</sup> Based on preliminary data reported for a few countries in the sample.

<sup>102</sup> Bloch, *Social Allocations in South Asia*.

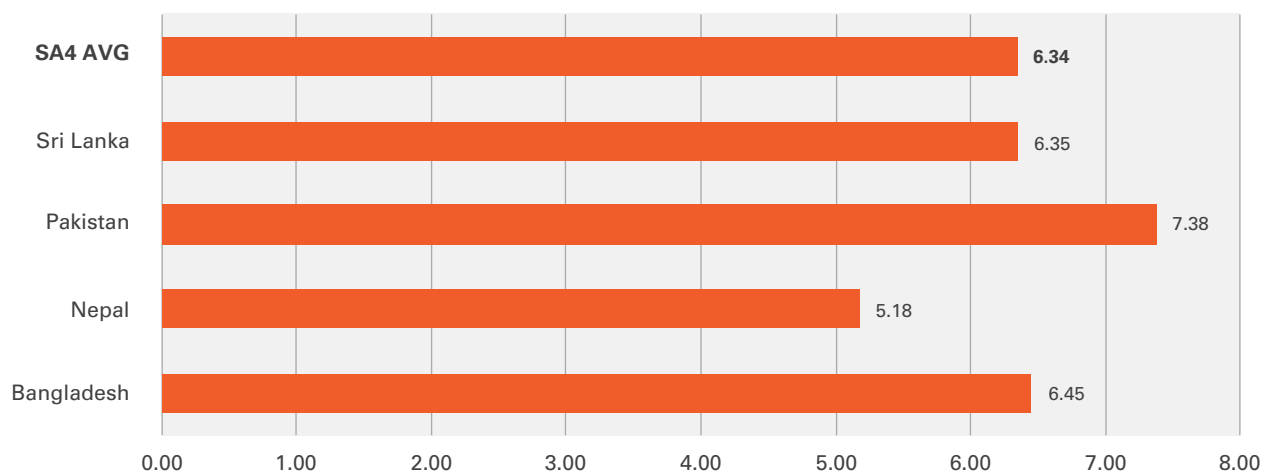


**Figure 52. Government allocations on health as a percentage of GDP, SA4 countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

**Figure 53. Gaps in investment in health, SA4 countries, average for 2017-2021**

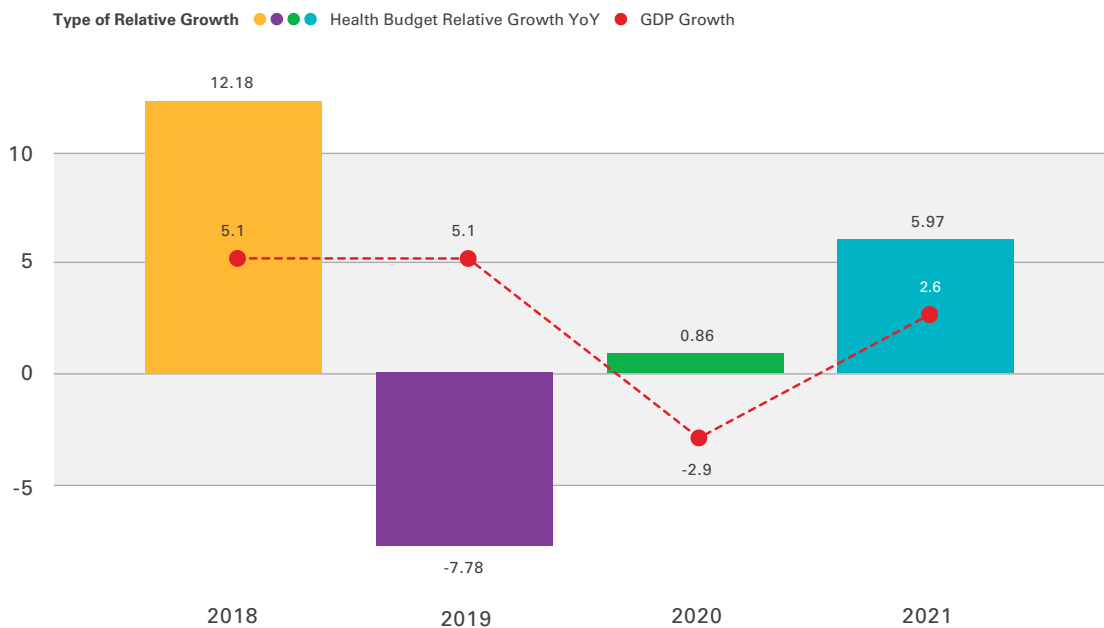


Source: UNICEF EAPRO PFM Dashboard

Further analysis of the relative growth of the health budget versus growth in GDP shows the level of prioritization of health allocations in the government budget for each of the subregions, as shown in [Figures 54, 55 and 56](#).

East Asian countries have continued to increase their investment in health, in line with GDP growth, as shown in [Figure 54](#). Health budgets have experienced a steady upward trend despite the fluctuations in GDP growth, possibly driven by the COVID-19 response.

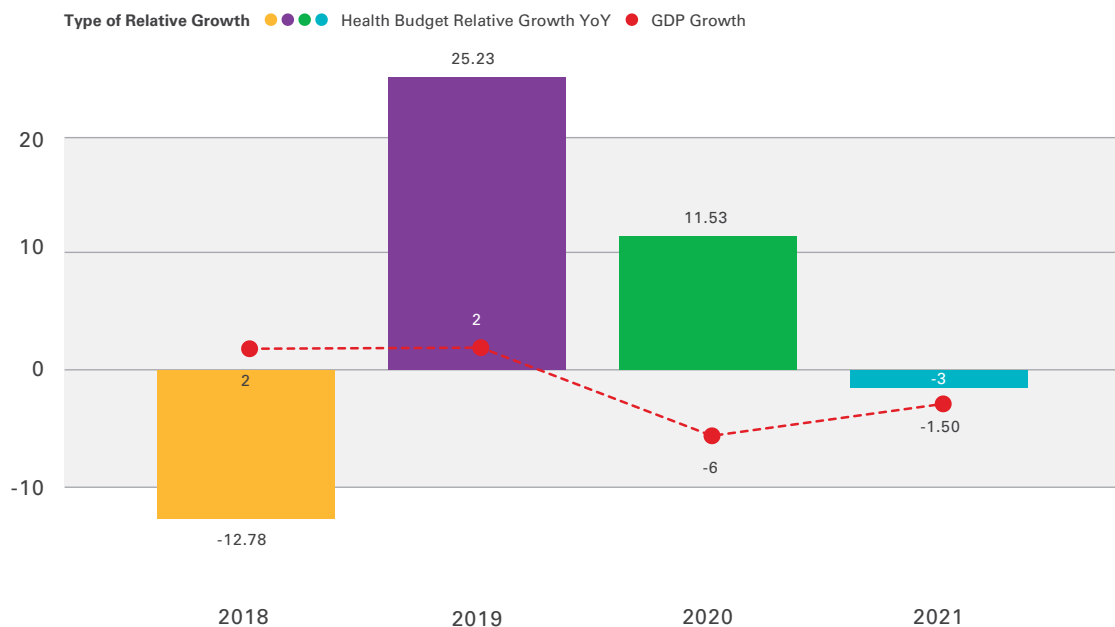
**Figure 54. Relative growth of health budget vs GDP growth, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

For the PICs, the analysis points to a clear de-investment trend in health, despite the fact that GDP growth resumed between 2021 and 2022, as shown in [Figure 55](#).

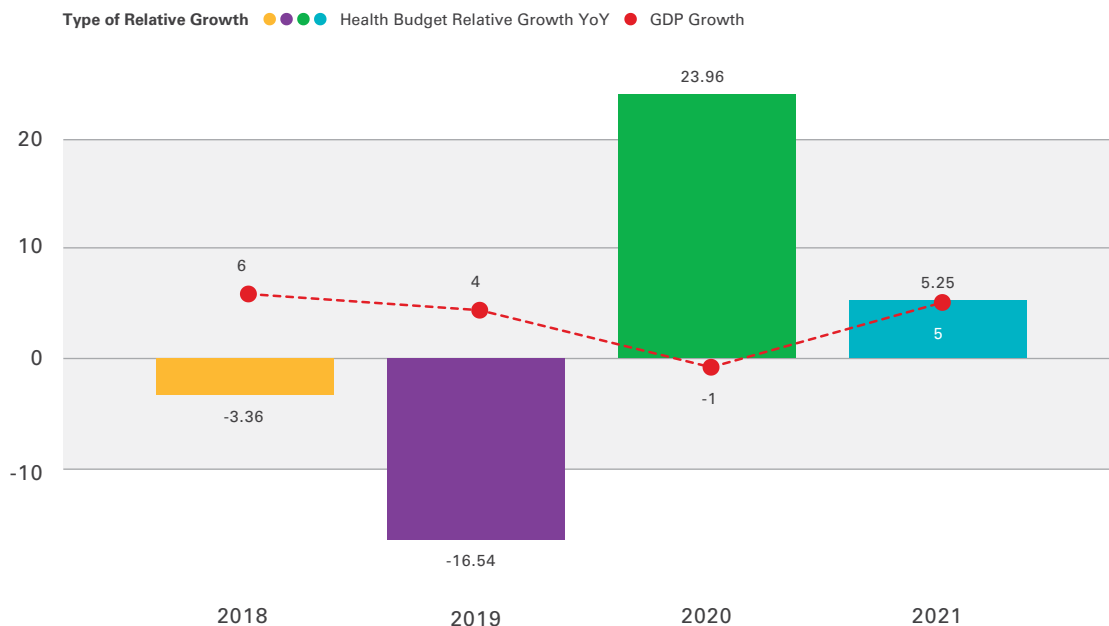
**Figure 55. Relative growth of health budget vs GDP growth, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

Finally, the four South Asian countries face a similar trend of de-investment in health, as shown in [Figure 56](#).

**Figure 56. Relative growth of health budget vs GDP growth, SA4 countries, 2017-2021**

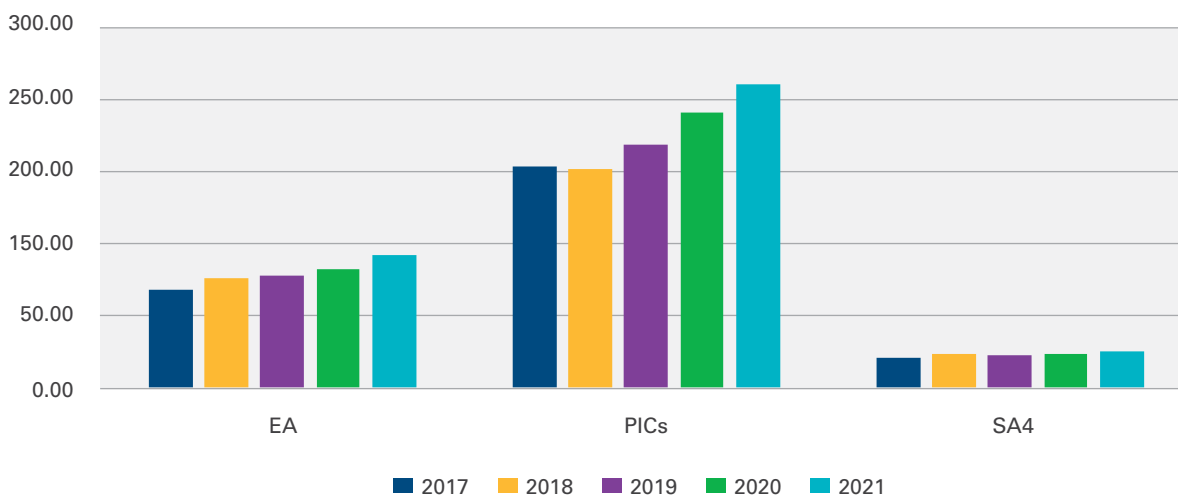


Source: UNICEF EAPRO PFM Dashboard

## 6.4 Per capita allocations on health

Investment in health per capita shows similar trends. Overall, there was a rise in allocations per capita in the last five years (2017-2021), as shown in [Figure 57](#) below. In most countries the allocations resumed in 2020, with a slight drop reported in 2021. Full data is available in [Annex D, Figure 3](#). Countries in the Pacific are still leading, with the South Asian countries having the least allocations. At the level of individual countries, Samoa and Vanuatu are the biggest spenders. In terms of allocations per head, the growth is less noticeable as the additional allocations are effectively offset by a significant population growth, especially in South Asia.

**Figure 57. Health allocations per head of population, EA countries, PICs and SA4 countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

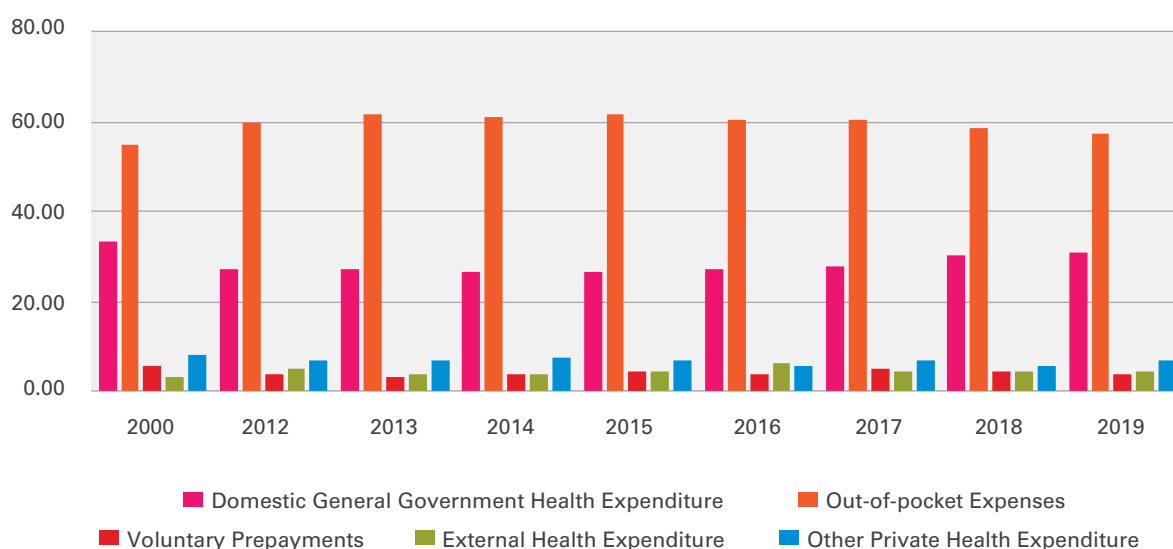
Although the subregions show a steady, sustained growth, allocations per head differ widely on a country-by-country basis. In fact, eight countries invest less than US\$50 per head of population in health. Only two already mentioned PICs invest more than US\$300 (see [Annex D, Figure 3](#)). Over US\$200 are invested in Fiji and Malaysia, while China, despite the largest budget in nominal terms (US\$533.13 billion), spent US\$183.64 per capita for health in 2020, with an annual budget growth between 8 and 9 per cent recorded during 2017-2020.

With inadequate funding the public health system can offer only very basic health services in often not well-developed health facilities. This can be ameliorated by a mix of public and private health provision that is not captured in the public budget.

## 6.5 Composition of health expenditures

Health-care financing in East Asia and the Pacific comes from public government spending, private sector spending and direct out-of-pocket payments. Given the overall low levels of government health allocations, private allocations continue to dominate health expenditures in most countries in all the subregions. [Figure 58](#) below displays the proportion of current health expenditure in South Asia by expenditure type. Rates of out-of-pocket allocations remain high in South Asia at nearly 60 per cent, placing the burden of payment for health-care services directly on the population. This disproportionately affects existing vulnerable and marginalized populations.

**Figure 58. Health financing in SA4 countries, 2000-2019 (as a percentage of current health expenditures)**



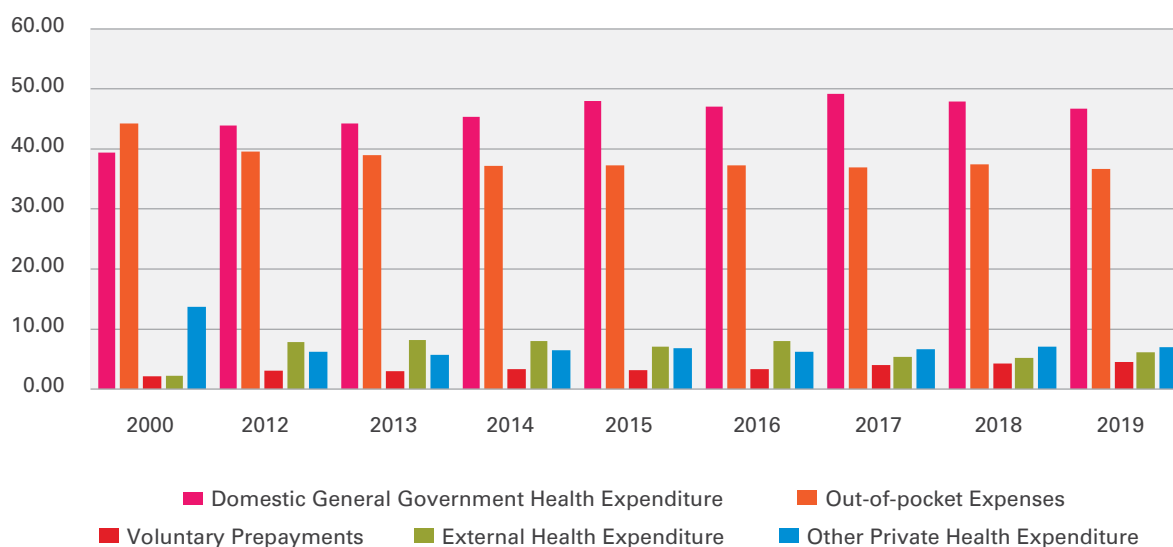
Source: WHO Global Health Expenditure Database

Out-of-pocket expenditures also play a prominent role in financing health in East Asia. However, at the regional level they have been in a steady decline since 2001 and accounted for about 35 per cent of total health allocations in 2019, as shown in [Figure 59](#).

Countries with the lowest levels of current health expenditures per capita also tend to have high levels of out-of-pocket spending. For example, Myanmar has extremely high out-of-pocket costs making up 75.95 per cent of current health expenditures in 2019. These low levels of financial protection for health-care allocations can impoverish vulnerable members of the population due to catastrophic health expenditures.

Data also reveals that the female-headed households and the number of disabled persons or children under five in the household increase the risk of catastrophic health expenditures in Myanmar.<sup>103</sup> In Cambodia and China, more than one in 20 households spend more than 25 per cent of their total income on health, an international benchmark measure of catastrophic health-care spending.<sup>104</sup>

**Figure 59. Health financing in EA countries, 2000-2019 (as a percentage of current health expenditures)**



Source: WHO Global Health Expenditure Database

In the case of PICs, the out-of-pockets expenses have been in the range of 10-12 per cent for most years since 2000s, as shown in Figure 60. Public funding in the last 20 year has dropped over 20 per cent (from over 80 per cent to over 60 per cent), with external health expenditures growing over time and now accounting for 20 per cent of total health expenditures. Interestingly, voluntary pre-payments have grown over threefold between 2000 and 2015, but have remained more or less steady, accounting for about 3.5 per cent in current health expenditures.

The PICs invest more in public health than South Asia and East Asia,<sup>105</sup> and, in contrast to these two subregions, have small participation levels in current health expenditures in terms of both out-of-pocket expenditures and voluntary pre-payments. The importance of external financing for other social sectors, especially education, in PICs has also been reported.<sup>106</sup>

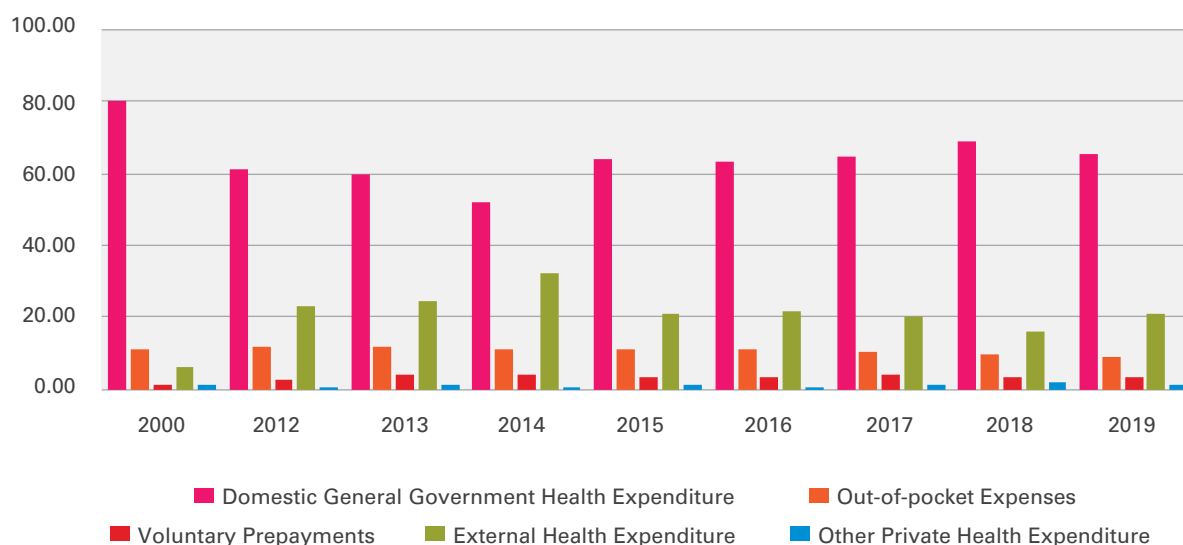
<sup>103</sup> C-Y Myint, M. Pavlova and W. Groot, 'Catastrophic health care expenditure in Myanmar: policy implications in leading progress towards universal health coverage', *International Journal for Equity in Health*, Vol. 18, No. 118, 2019, pp. 1-13.

<sup>104</sup> UNESCAP and ILO, *The Protection We Want: Social Outlook for Asia and the Pacific*, Bangkok, 2021.

<sup>105</sup> SA4 and 12 countries in EA only as they have been included in the sample considered in this Budget Report.

<sup>106</sup> See the education section of this Regional Budget Report.

**Figure 60. Health financing in the PICs, 2000-2019 (as a percentage of current health expenditures)**



Source: WHO Global Health Expenditure Database

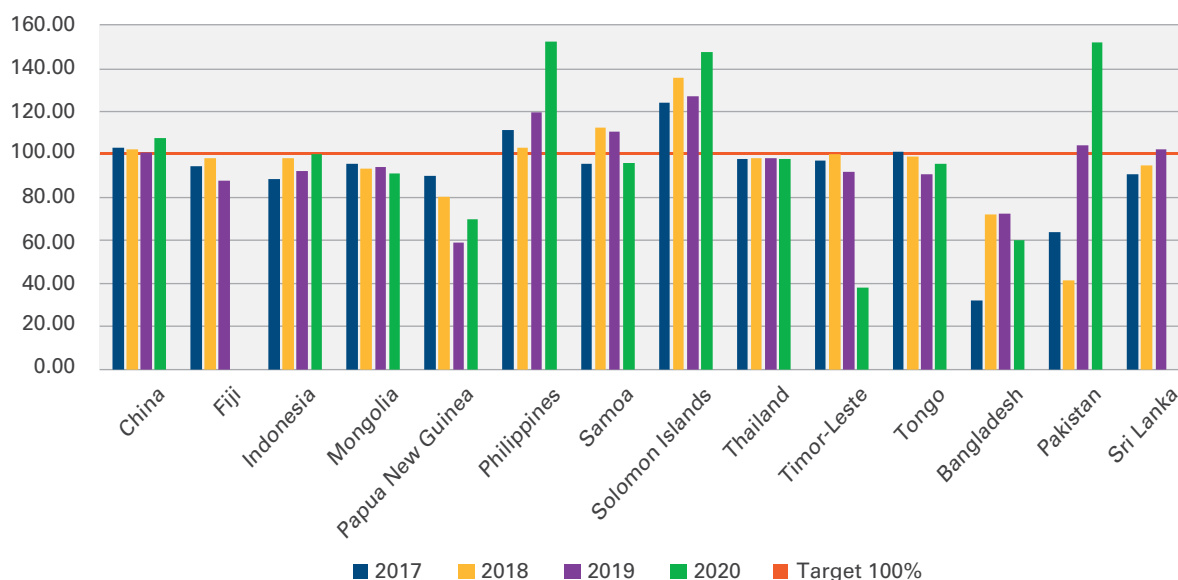
## 6.6 Credibility of the health budget

Data on the budget execution for the period under consideration in the report has been rather limited. For the majority of the countries the audited final accounts of the governments for a fiscal year have not been readily available on the websites of the MoF, Parliaments and/or Supreme Audit Institutions.

Budget execution data has been collected from the budget estimate documents, where available. In principle, the budget execution data is delayed by two to three years, and often reported as probable (most likely due to the external audit not being completed).

The present report has used the initially approved budget for consistency purposes across the entire group and across all social sectors; and it does not capture subsequent changes with regard to budget implementation. Hence this is presented as over 100 per cent.

**Figure 61. Health budget execution rates, selected countries, EA countries, PICs and SA4 countries, 2017-2020**



Source: UNICEF EAPRO PFM Dashboard

Health budget execution has been good in most countries for which data is available, with budget implementation in the range of 90 to 100 per cent, as shown in [Figure 61](#) above. In a few instances, the execution has been substandard, suggesting that there were problems with the capacity to execute and/or to absorb the budget. Also, there was a surge in allocations in 2021, due to extra resources needed to address COVID-19 pandemic challenges.

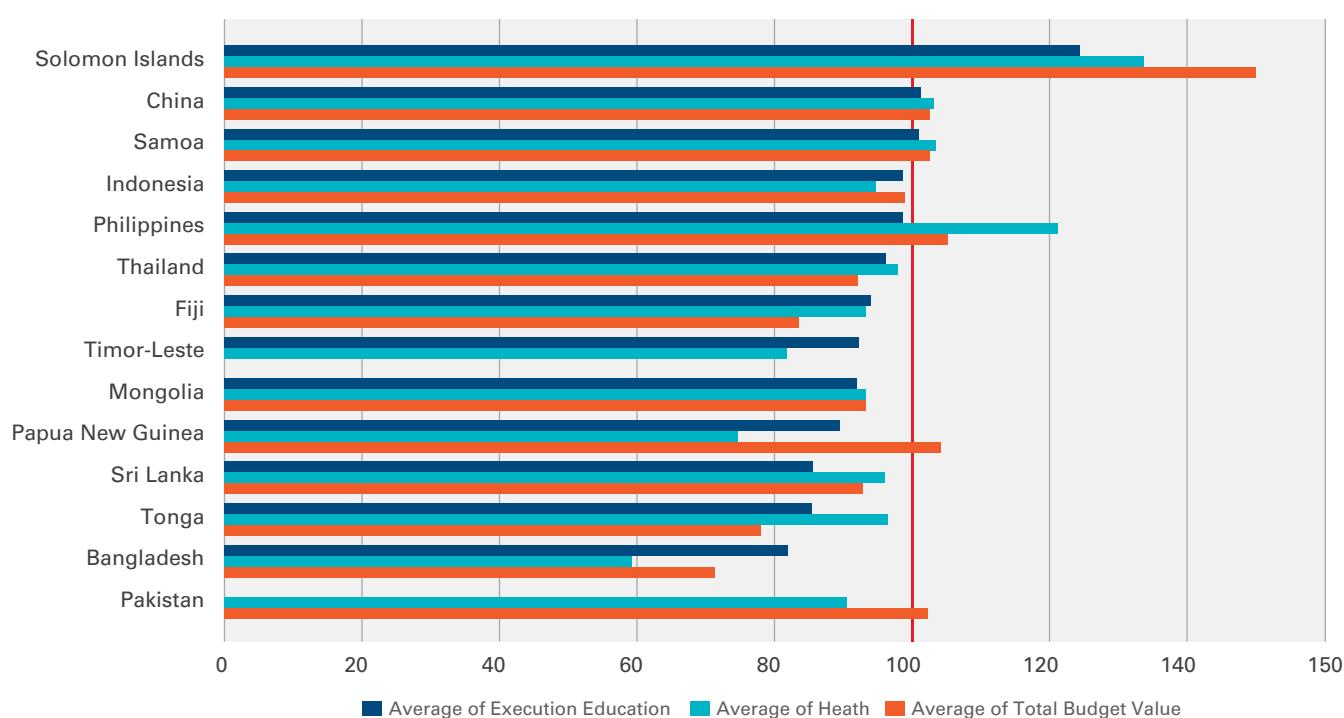
In the case of some PICs (most notably the Solomon Islands) the budget execution rate has been systematically over 100 per cent suggesting volatility in the budget, most probably due to its frequent rebalancing. These findings are different from global evidence on health budget execution which found that LMICs health budget execution was between 85 to 90 per cent.<sup>107</sup>

[Figure 62](#) shows a comparison between the budget execution for health and education and the total government budget in all countries under review. Between the two sectors, education shows better execution. The superiority of the education sector budget execution may be explained by its labour intensity, i.e. that the major expenditures are for the salaries of teaching staff. Overall, both health and education budget execution seem to be line with the execution of the total budget, except for cases of the Solomon Islands and Papua New Guinea for the total government budget and the Philippines for the health budget.

Further exploration at the country level would be needed to establish why execution of the health budget is worse than for education, while also factoring in various budget revisions. A possible explanation may be that there were significant capital development outlays and payments had to be made, which had a positive impact on execution, although no evidence for this conclusion has been forthcoming. Health has been promoted as a national priority in many countries, and this high execution rate can also be a sign of that commitment. It may also be due to the impact of the COVID-19 pandemic and the prioritization of health under external pressures. However, solid evidence that explains this difference is missing.

Another point is that a surge in spending took place in 2021, due to extra resources needed to address the challenges of countering the COVID-19 pandemic. In the case of some PICs, most notably the Solomon Islands, the budget execution rate has been systematically over 100 per cent suggesting volatility in the budget, most probably due to frequent rebalancing of budgets.

**Figure 62. Health and education budget execution rates vs total government execution rates – a comparison**



Source: EAPRO budget tracker

<sup>107</sup> M. Piatti-Fünfkirchen et al., *Budget Execution in Health: Concepts, Trends and Policy Issues*, World Bank and WHO, New York and Geneva, 2021.

## 6.7 Decentralization

South Asia, East Asia and the Pacific countries have pursued the path of decentralization for a number of years. As such they are one of the most decentralized regions in the world.<sup>108</sup> However, despite this generally high level of decentralization, the budgetary data segregated at the expenditure levels is limited and does not shed much light on the level of spending on health. For the countries where data was available, the subnational governments played a prominent role in financing health, as shown in [Table 2](#) below. For instance, in China health spending is almost entirely funded by the subnational government (i.e. the provinces). A similar situation may be found in Viet Nam, while in other countries the participation is somewhat lesser, but still significant.

The central government normally takes care of the national level, as a rule highly specialized referral hospitals, and may have some control over the district level hospitals. Other services are usually funded and provided for by the subnational government. In the case of Sri Lanka, for instance, there are some district hospitals that are controlled by MoH, while other district hospitals are managed by the provinces. In the case of Timor-Leste, there are a ever-growing number of regional health authorities and there is also a hospital management agency, adding an additional layer of complexity to the health system's organization and functioning.<sup>109</sup>

**Table 2. Central and subnational government health allocations (in percentages), Asia and the Pacific, selected countries, 2017-2020**

Country/ Year	2017		2018		2019		2020	
	Central	Subnational	Central	Subnational	Central	Subnational	Central	Subnational
China	0.98	99.02	7.72	98.63	11.08	98.53	1.52	98.48
Indonesia	59.33	24.23	73.42	26.58	72.95	27.13	73.52	26.40
Malaysia	100.00	0.00	100.00	0.00	100.00	0.00	100.00	0.00
Mongolia	89.18	12.83	89.77	10.23	89.58	10.41	89.52	10.48
Viet Nam	17.46	82.54	18.27	81.73	16.80	83.20	16.92	83.08
Lao PDR	39.05	60.94	47.76	41.42	41.31	58.69	49.40	50.60
Nepal	–	–	65.99	34.00	66.70	33.30	72.22	27.78

Source: UNICEF EAPRO PFM Dashboard. Implementation data is only reported for Viet Nam.

A trend has emerged – establishing regional (subnational) health authorities and decentralizing hospital services. However, data on service delivery at primary, secondary and tertiary health levels have been unavailable in the countries concerned to corroborate the central vs subnational allocations on health.

<sup>108</sup> See OECD and UCLG, *2019 Report of the World Observatory on Subnational Government Finance and Investment*.

<sup>109</sup> Based on the health-related sections of the government budget in the respective countries (see budget estimates).



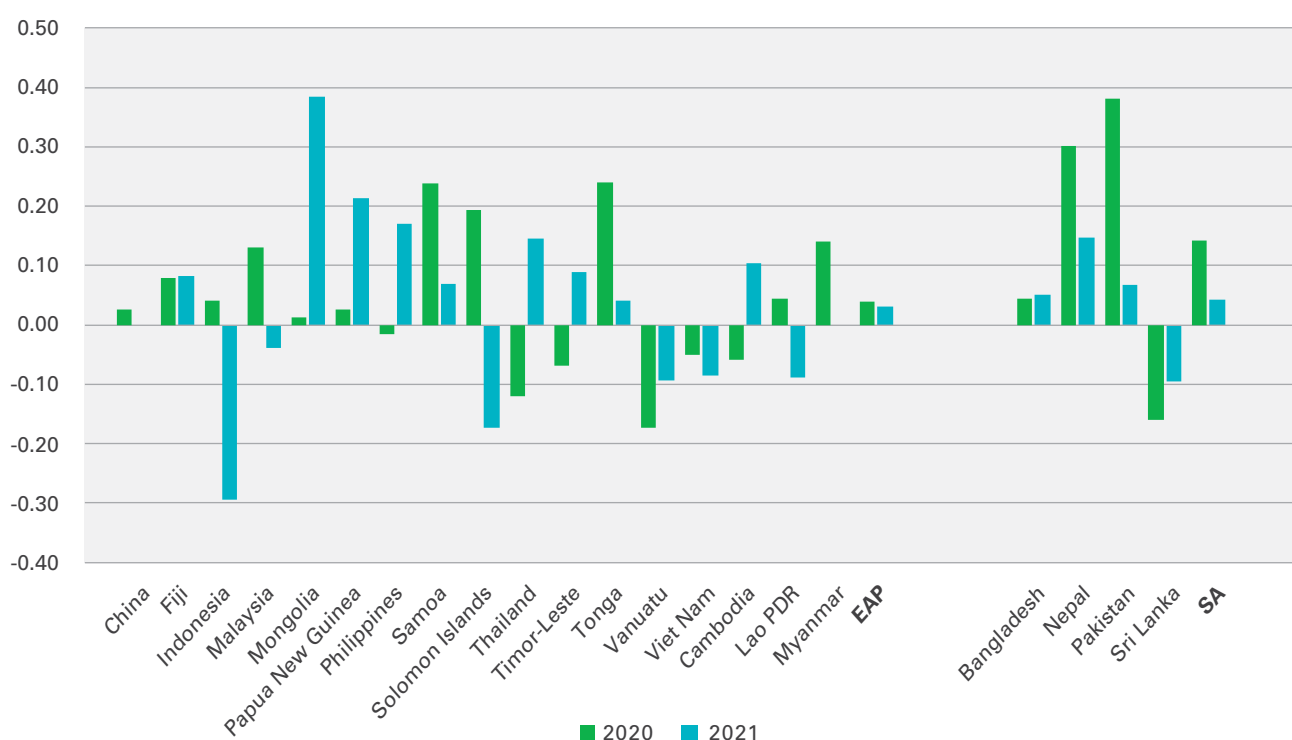
## 6.8 The fiscal response to COVID 19–health allocations

In 2020 the allocations increased in all three subregions as the countries had to address the challenges of the COVID-19 pandemic. The additional allocations on health were captured by the national budget, although indications showed that some COVID-19 health-related allocations were off-budget.<sup>110</sup> However, it is difficult gauge how much the increase in health allocations in PHC resulted in a sustainable increase of overall health sector allocations, and whether they would continue in the post-COVID-19 era.

The major concern in the current geopolitical and economic situation of global inflation, the fossil fuel price explosion and the economic impact of the ongoing conflict in Ukraine is their impact on the rising poverty and on the socio-economic vulnerability of households which may result in the need to raise social assistance budgets significantly.

Health allocations were prioritized during the COVID-19 pandemic, with almost all the countries facing an increase in allocations, as shown in **Figure 63**. Fiji, Mongolia and Papua New Guinea in EAP and Bangladesh in SA4 recorded growth in both years. Health allocations in Vanuatu and Viet Nam decreased in 2020 and 2021. Overall, it would be important to monitor the level of sustainability of health investments and, more significantly, to assess to what extent they helped to prioritize investments in primary health care needed to achieve health-related SDGs.

**Figure 63. Relative year-on-year change in health budget allocations, as a percentage of total government budget, 2020-2021**



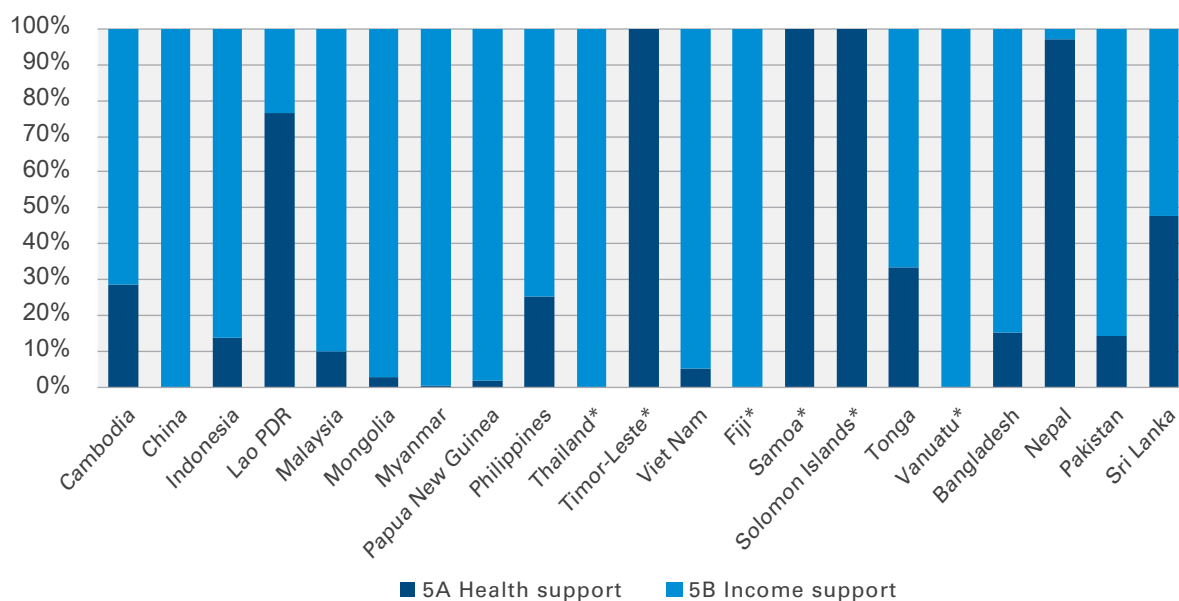
Source: UNICEF EAPRO PFM Dashboard

The above scenario is in line with the earlier analysis in this section linking the relative growth of the health budget with the relative growth of government budgets in each of the subregions. For East Asia, the health budget at first grew more slowly compared to government budgets, a trend that continued in 2021 despite the fiscal contraction in the subregion. For the PICs, the health budgets experienced faster growth compared to government budgets, a trend that was not sustained as government budgets expanded in 2021. For the four South Asian countries, health budgets experienced a big spike in 2020, followed by normalization against stalled government budgets.

<sup>110</sup> As reported globally in the IMF COVID-19 pandemic policy response database, see <[www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19](http://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19)>

## 6.8.1 Composition of allocations during COVID-19 period

**Figure 64. COVID-19 health and income support measures, EA countries, PICs, and SA4 countries, 2020-2021**



**Note:** \*Denotes that the segregated data in 5A or 5B was not available

**Source:** ADB COVID-19 Policy Database

From early 2020 to late 2021 national governments worldwide adopted various policies and measures to mitigate the impact of COVID-19 and to protect the population and economy, as shown in [Figure 64](#) above. A set of measures was introduced ranging from classical fiscal support (reduction in taxes, reprogramming the tax payments, forfeiting some public revenues) to direct support to the population through additional social support spending. Similarly, the health system received an additional injection of resources to cope with the challenges presented by the pandemic.

In almost all countries additional investments in health due to COVID-19<sup>111</sup> were allocated via the government budgets, although in some instances off-budget interventions were reported. In a few cases, the World Bank provided off-budget support, especially for PICs.<sup>112</sup> It is difficult to predict how much of this additional investment in health will have a longer-term impact and will lead to a sustained higher level of health spending. In fact, possible fiscal freezes may have an adverse impact on such financing and result in a reduction in health budgets in many developing countries.<sup>113</sup>

Given the gaps in health (such as still inadequate funding of primary health care, an ineffective network of secondary hospitals and funding not always being available to the tertiary health-care sector), spending in South Asian and East Asian countries and prioritization of health investment remain at the top of the list for improving human capital.

## 6.9 Equity in health allocations for the three subregions

In the case of the Asia-Pacific region, income inequality and extensive social exclusion have often been listed as causes for hindering development across the region. Regional difficulties with meeting the SDG3 targets suggest that the high inequality of health service coverage may be a cause. As poverty and income inequality persist as challenges, so do other types of social exclusion, such as those related to access to public services. It is clear that vulnerable categories of the population do not benefit as much as others from investment in health, probably more than in other social sectors where such challenges also persist.

<sup>111</sup> See ADB, COVID-19 Policy Database (country-per-country listing).

<sup>112</sup> See IMF and ADB databases for more information.

<sup>113</sup> A. Tandon et al., *Economic Impact of COVID-19: Implications for Health Financing in Asia and Pacific*, World Bank Working Paper, 2020.

A study by Saito et al.<sup>114</sup> on South Asia finds a significant pro-rich distribution of general health care utilization among all the service providers, especially among private providers. They find that, despite the provision of free services by public health-care providers, there is no evidence of the poor making more use of public health services.

As per a systematic review conducted by Asante et al.,<sup>115</sup> using benefit incidence analysis and financing incidence analysis in low- and middle-income countries, of the 24 studies included, five were from South Asia (Bangladesh, India, Nepal, Pakistan and Sri Lanka). In Bangladesh, Nepal and Pakistan, they found a pro-rich distribution at both primary health care and hospital levels, making the distribution in these countries firmly pro-rich. In the case of Sri Lanka, they found that both primary health care and hospital services were pro-poor, although inpatient care was marginally pro-rich.<sup>116</sup>

A study on benefit incidence analysis in health three countries in EA suggests that serious inequalities are also present,<sup>117</sup> not only in terms of income disparities and inability to pay, but also of access to services. In almost all countries health fees (participation in health costs) are applied, which may also have an additional adverse effect on the poor and vulnerable/marginalized social groups. For instance, in the case of the Lao PDR, user fees do not change the situation, and the poor remain worse off. However, in the case of Cambodia, the situation is different as a significant proportion of fee revenues are collected from the better off.<sup>118</sup>

Poor access to services in general and in rural areas in particular is also an issue to be dealt with. Also, geographical disparities have been reported in both South Asia (especially for the SA4 grouping) and in East Asia.<sup>119</sup> Detailed analysis of allocations on a subnational level may allow a better understanding of allocation patterns vis-à-vis their impact on equality. In fact, it has been suggested that aggregate national data may paint a different picture compared to the one that is provided by analysing regional allocations.<sup>120</sup> In other words, regions that are more urban may provide far better health services than those that are predominantly rural. Health inequalities are especially visible when national and regional progress towards SDG3 is considered.<sup>121</sup>

## 6.10 Data availability and access

The present report has also pointed to the issue of data availability. Although general government budget publications provide overall allocations on health, they do not often provide detailed budget allocations/spending. Moreover, the funding per level of service is not always easy to detect, as many budgetary positions are rather too general.

In the case of well-decentralized countries, the issue of total government allocations emerges, as often the health budgets may not be fully consolidated. Another related problem is that significant health initiatives may be financed off-budget, and hence may not be reflected in the formally approved health budget and in health sector financial reports. Most recently, during the COVID-19 pandemic, off-budget financing was extensively used.

Better data generation and analysis is necessary to strengthen health advocacy, i.e. on increased investment for health, at the national level. Data is also needed for delivering a more efficient system and ensuring that the public does not overpay for a service provided. The value-for-money principle, although formally observed, has not necessarily delivered.

Better efficiency would ensure that more optimum health outcomes are achieved with the current level of investment and with more resources for improvement and growth. These will be needed to address the ongoing and pending demographic challenges in the Region, namely an ageing population, changing patterns in the burden of diseases, migrations, urbanization and other factors.<sup>122</sup>

<sup>114</sup> E. Saito et al., 'Inequality and inequity in healthcare utilization in urban Nepal: a cross-sectional observational study', *Health Policy and Planning*, Vol. 31, No.7, 2016, pp. 817–824.

<sup>115</sup> A. Asante et al., 'Equity in Health Care Financing in Low- and Middle-Income Countries: A Systematic Review of Evidence from Studies Using Benefit and Financing Incidence Analyses', *PLoS One*, Vol. 11, No. 4, 2016, e0152866.

<sup>116</sup> UNICEF, *Social Allocations in South Asia – An Overview of Government Expenditure on Health, Education and Social Assistance*, New York, 2020.

<sup>117</sup> UNICEF, *Regional Cross Country Public Health Expenditure Analysis and Benefit Incidence Analysis*.

<sup>118</sup> Ibid.

<sup>119</sup> Bloch, *Social Allocations in South Asia and United Nations Children's Fund, Regional Cross Country Public Health Expenditure Analysis and Benefit Incidence Analysis*.

<sup>120</sup> Bloch, *Social Allocations in South Asia*.

<sup>121</sup> See interactive UN database at <[sdg-tracker.org/good-health](https://sdg-tracker.org/good-health)>

<sup>122</sup> V. Chongsuvivatwong et al., 'Health and Health-care Systems in Southeast Asia: Diversity and Transitions', *The Lancet*, Vol. 377 No.(9763), 2011, pp. 429-37.

## 6.11 Opportunities for efficiency gains in the health sector

Although health administration-related costs are relatively low in the countries of South Asia, East Asia and the Pacific, compared to the OECD average,<sup>123</sup> the health system, like the education sector, may benefit from improved efficiency and delivered efficiency gains, as shown in [Figure 65](#).<sup>124</sup>

**Figure 65. Efficiency scores, output oriented health, for countries with available data**



Source: J. Kapsoli and I. Teodoru, *Benchmarking Social Spending Using Efficiency Frontiers*, International Monetary Fund, Washington D.C., 2017.

## 6.12 Health budget, 2017-2021: Conclusions

- **The countries in East Asia** allocated an average of 6.46 per cent of their budgets to health. While all the countries in the region prioritize health while remaining below international benchmarks, within those parameters Mongolia is leading, followed by Thailand and Malaysia. These countries approximate closest to the international benchmark, while Timor-Leste is the farthest. In terms of the average allocations of 1.8 per cent of GDP for health in East Asian countries, this is far from meeting the minimum investments in primary health care. The average gap for the countries in the subregion for the entire period is 8.6 per cent, with Timor-Leste having the highest level at 12 per cent of government budget, and Thailand the lowest at 5 per cent.
- Progress has been made regarding maternal, newborn and child health – for example, the under-five mortality rate continues to decline and other areas relating to child rights and protection tend to either improve or decline,<sup>125</sup> especially after the COVID-19 pandemic. To ensure these trends remain positive or do not decline further, focused and consistent investment in primary health services is needed in all subregions.
- Health allocations in South Asian, East Asian and Pacific countries have ignored international benchmarks: during 2017-2021, on average, countries under review in the present report spent less than 5-7.5 per cent of GDP on health, far less than the recommended 15 per cent of the total government budget.
- **The Pacific Islands**, with an average of 11.06 per cent of their government budgets allocated to health, come closest to the Abuja benchmarks out of all the three subregions. Only Samoa invested in line with minimum spending of 7.5 per cent of GDP, followed closely by Tonga. The rest of the countries in the Pacific are still below the required minimum investment for essential health services. The average gap in budget prioritization for health against the Abuja benchmark for the PICs for the period under review is 3.9 per cent, with Vanuatu experiencing the highest gap of 3.9 per cent and the Solomon Islands – 1.6 per cent.

<sup>123</sup> Ibid.

<sup>124</sup> Kapsoli and Teodoru, *Benchmarking Social Spending*.

<sup>125</sup> UNICEF 2019 Annual Report. East Asia Pacific Regional Office, 2022, see <<https://www.unicef.org/media/90206/file/EAPR-2019-ROAR.pdf>> (accessed on 27 April 2022).

- **The four South Asian countries** allocate an average of 3.89 per cent in the government budget showing insufficient prioritization of health. Only Nepal, with an allocation slightly below 10 per cent, comes closest to international benchmarks. In terms of overall investment in the economy, the SA4 invest an average 1.2 per cent of GDP for the four countries in South Asia, which leaves considerable gaps in terms of reaching the international benchmark of 7.5 per cent of GDP for middle-income countries, and the world average of 10 per cent of GDP. The average gap in health allocations for the four countries for the period stands at 9.6 per cent of total government budget, with Pakistan facing the highest level at 13 per cent and Nepal with the lowest one at 7.5 per cent.
- Out-of-pocket expenditures, which in general are regressive and hurt the poor more, are slowly increasing across all countries under review, averaging 38.01 per cent for East Asia, 9.65 for PICs and 58.79 per cent for the SA4 for 2017-2019. For South Asia, the out-of-pocket expenditure on health outmatches the public investment, while for East Asia, the out-of-pocket expenditures remain relatively high, although below public expenditures. For the PICs, government expenditures still remain quite high, above out-of-pocket expenses in health.<sup>126</sup>
- Health budget allocations/expenditures, among social sectors, are usually the second highest after education, and well above those for social protection. Despite the recent rise in investment in health, mainly to provide additional medical services in combating the COVID-19 pandemic, better targeting of investment towards primary health care remains a priority. During the COVID-19 period, only the East Asian countries managed to maintain prioritization of the health budget as part of the government budget. Both the PICs and the SA4, experienced growth in 2020, a trend followed either by de-prioritization (case of PICs), or slower growth (case of SA 4).
- **The performance of the health budget is also influenced by budget credibility.** Establishing health budget credibility has proven challenging due to lack of reported execution data for most of the countries under review, and frequent rebalancing, especially during the COVID-19 period, which makes it difficult to determine the spending level. Further analysis can be undertaken at country level in that respect when official data becomes available.
- The health budget has shown a lower level of credibility compared to education. This is in contrast with international findings on health budgets' credibility and merits further exploration at country level. The frequent and regular budget reviews, especially in PICs, although not so uncommon in other subregions, suggest there is a low institutional capacity to plan well, poor governance and accountability and an inability to exercise an efficient control over public finances.
- **Decentralization** in health has advanced in many countries in the region, but only a few countries under review have the relevant data on allocations at subnational level. For others, however, such as Papua New Guinea and Timor-Leste, the research shows a growth in the number of regional health authorities which suggests a strong trend in decentralization, but data to support further analysis is unavailable.
- **Budget data and monitoring:** Budgets are regularly reviewed and in several countries the budgets are revised to include new challenges and commitments. Most frequent changes have been happening in the PICs, as the small countries tried to address the health challenges of the pandemic in a dynamic way. Monitoring and regularly reviewing the budgets improves fiscal discipline and enables the government to intervene in the areas with higher impact factors.

<sup>126</sup> Author's calculations based on WHO Global Health Expenditure Database.

# 7. Social assistance





## 7.1 Overview of the social assistance outcomes for selected countries in South Asia, East Asia and the Pacific (2017-2021)

Following the ILO definition ('Social Protection for All'), also endorsed by UNICEF,<sup>127</sup> social protection is *'about people and families having security in the face of vulnerabilities and contingencies, it is having access to health care, and it is about working in safety.'*<sup>128</sup> Social protection is defined as a human right and is approached in a lifecycle and categorical manner: social protection before actively working, social protection during one's working years and social protection after a life of work. So, we may support a mother and child, provide temporary unemployment, assistance for temporary incapacitation, a pension and assistance for permanent incapacity to work.

The Asia and Pacific countries (East Asia and the PICs) have gone a long way in providing social protection programmes, although there is still much room for improvement. The listing of social protection programmes in Asia-Pacific<sup>129</sup> shows that there are countries which still do not cover a full range of social protection benefits, but only a few (Lao PDR, Myanmar, Papua New Guinea, Samoa, the Solomon Islands, Timor-Leste and Vanuatu). This is in contrast to other countries that provide all the standard social protection interventions, including support to minorities and marginalized groups, not only the poor.<sup>130</sup>

SDG1 – "No Poverty" focuses primarily on addressing extreme and severe poverty (US\$1.90 and US\$3.20 per day, per person).<sup>131</sup> Research, however, suggests that if governments offered universal coverage for child benefits, disability benefits and old-age pensions at a basic benefit level, poverty rates would significantly drop across the regions.<sup>132</sup> Despite the existence of international social security standards, international consensus on how to realize them is still lacking.<sup>133</sup> The expectations and level of provision are nationally defined, and SDG 1.3 acknowledges this by calling on countries to "implement nationally appropriate systems".<sup>134</sup>

<sup>127</sup> UNICEF, *UNICEF's Global Social Protection Programme Framework*, New York.

<sup>128</sup> A. Bonilla García and J. Gruat, *Social protection: a life cycle continuum investment for social justice, poverty reduction and development*, ILO, Geneva, 2003 (Preface).

<sup>129</sup> IPC-IG and UNICEF, *Social Protection in Asia and the Pacific: Inventory of non-contributory programmes*, Brasília: International Policy Centre for Inclusive Growth and UNICEF, 2019.

<sup>130</sup> All other countries in the sample (i.e. Bangladesh, China, Indonesia, Malaysia, Mongolia, Nepal, and others.)

<sup>131</sup> From late 2022, new poverty thresholds of US\$42.15 and US\$43.65 will be used.

<sup>132</sup> UNESCAP and ILO, *The Protection We Want*.

<sup>133</sup> The Conventions and Recommendations, which make up the ILO's standards framework on social security, set out minimum standards of protection to guide the development of benefit schemes and national social security systems, based on good practices from all regions of the world. They are therefore based on the principle that there is no single model for social security, and that it is for each country to develop the required protection.

<sup>134</sup> 'Target 1.3: Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable; Indicator 1.3.1: Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims and the poor and the vulnerable' (see </unstats.un.org/sdgs/metadata/>).

Despite the rapid growth in East Asia and the Pacific, the social protection systems are still “riddled with gaps”,<sup>135</sup> with nearly half the region lacking social protection coverage. Explanation of this assessment stems from historical underinvestment, high rates of informal employment and the narrow focus of non-contributory schemes, which target the poor, often difficult to reach, and, finally, the very programmes are riddled with excessive red tape. Another related problem is that, in contrast to health and education, social protection/assistance definitions vary from country to country. The situation is further compounded by global trends, such as ageing, migration, urbanization, technological progress, disasters and climate change.<sup>136</sup>

A catalogue of the social protection provision for Asia and the Pacific compiled by UNDP and UNICEF in 2019 shows that the number of programmes and their scope and range varied significantly.<sup>137</sup> For instance, Vanuatu offers one programme (School Grants Scheme), while Bangladesh has over 100,<sup>138</sup> aside from the 12 social assistance programmes listed in [Annex C, Table 1](#), although spending on social protection was only 5.75 per cent of the government budget during the observed period.

Most comprehensive ‘programme approaches’ include both life cycle and categorical schemes addressing all the stages of the work cycle. In the Solomon Islands, free basic education is seen as a social protection programme. In fact, this is also true for most of the PICs. In a few other countries, education sector interventions, such as provision of food to students, are classified as social protection programmes.

In the case of South Asia, most countries have adopted statutory frameworks for social protection.<sup>139</sup> However, only Nepal and Sri Lanka have enacted social protection laws in the region, while Bangladesh, Pakistan and Sri Lanka do not yet have a general legal framework to support expansion of social protection systems based on rights-based approach.<sup>140</sup> Moreover, even in countries where legal coverage has expanded, a huge share of the population are excluded from social assistance.

Moreover, even in countries where legal coverage has expanded, an extensive share of the population remains excluded from social assistance. An even lower share of the population benefits from contributory social protection, as informality remains an important obstacle across South Asia. Estimates of the size of informality for selected countries suggest that the share of informal employment in the region ranges from 70 per cent in Sri Lanka to 94 per cent in Nepal, and that nearly all employment in agriculture is informal.<sup>141, 142</sup> These workers are rarely covered by social insurance and thus constitute a vulnerable group that urgently needs to be included in further social assistance expansions.<sup>143</sup>

This is the highest coverage rate of children among South Asian countries, followed by Bangladesh (29.4 per cent) and Nepal (22.9 per cent). The coverage of children in Pakistan is far below 15 per cent. Some of the existing child programmes in these countries, such as the Nepal’s Child Grant, the Bangladesh’s Improved Maternal and Child Benefit Programme, Pakistan’s *Nashonuma* and the Education Stipend programme could provide grounds for further coverage expansion. However, for child-sensitive social protection, guaranteeing adequate level of benefits is just as important as ensuring coverage. Thus, despite the high relative coverage of children, if household needs are not covered adequately or equitably, social protection programmes cannot be child sensitive.

In line with the initial methodology, the current chapters only present and analyse nationally confirmed data about tax-financed social assistance from all the countries under review. The authors acknowledge that ILO data provides a more comprehensive picture on social protection spending, which also includes the contributory pensions, but these have been left out of the current analysis to ensure consistency with the dataset used in the report<sup>144</sup> and reflected in the UNICEF EAPRO PFM dashboard.

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<sup>135</sup> UNESCAP and ILO, *The Protection We Want*.

<sup>136</sup> *Ibid.*, p. v.

<sup>137</sup> International Policy Centre for Inclusive Growth IPC-IG and UNICEF, *Social Protection in Asia and the Pacific: Inventory of non-contributory programmes*, IPC-IG and UNICEF, Brasília, 2019.

<sup>138</sup> For a most recent, comprehensive list of social protection programmes in Bangladesh, see Government of the People’s Republic of Bangladesh, 2021.

<sup>139</sup> L. Lazzarini, *Social Protection Legislative Frameworks in South Asia from a Children’s Rights Perspective*, Research Report, No. 55, International Policy Centre for Inclusive Growth, Brasília, 2020.

<sup>140</sup> *Ibid.*, p.78.

<sup>141</sup> Informality, in this context, means no access to social insurance (contributory), therefore these groups should be covered by social assistance (tax-financed) with a subsequent need for increased public expenditure.

<sup>142</sup> See International Labour Organization, *Asia-Pacific Employment and Social Outlook 2018 Advancing decent work for sustainable development*, ILO, Geneva, 2018.

<sup>143</sup> ADB, *Social Protection for Informal Workers in Asia*, Manila, 2016.

<sup>144</sup> For more details on data, check section 3.3 data sources.

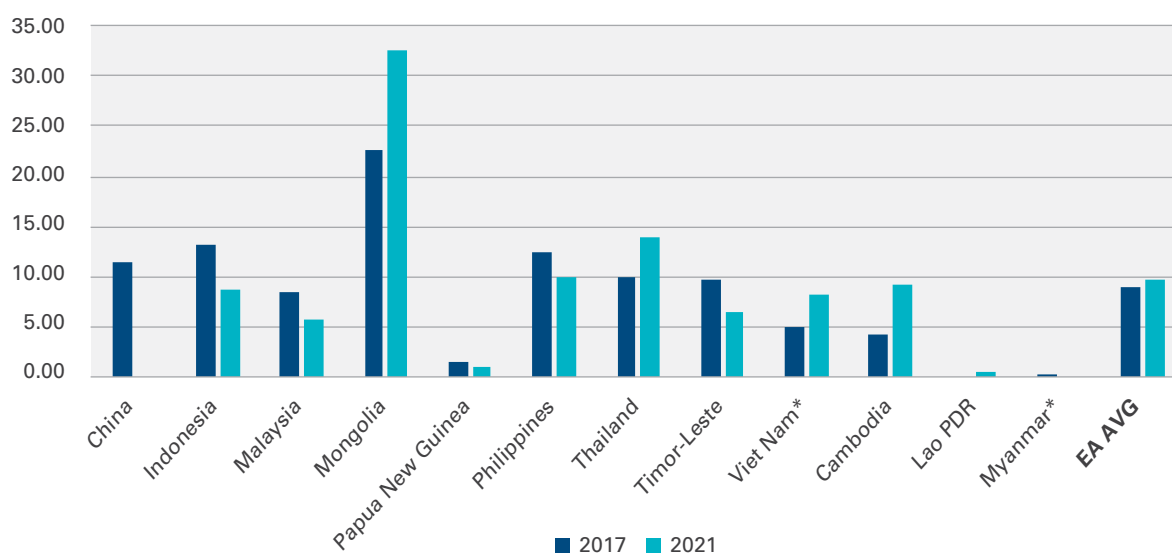


## 7.2 Level of prioritization of tax-financed social assistance in national budgets

National government allocations in all three subregions vary significantly, as shows in [Figures 66, 67 and 68](#). Full data for all countries is available in [Annex B, Figure 10](#). East Asia and some of the countries in South Asia spend more than the international average allocations on social protection for upper middle-income countries (UMICs) of 8 per cent of the total government budget.<sup>145</sup> Compared to health and education investments, social assistance budgets are by far more volatile.<sup>146</sup>

On average East Asian countries allocate 9.8 per cent in the government budget on tax- financed social assistance. Mongolia has been the leader reaching nearly 33 per cent of the government budget allocated for social assistance in 2021, followed by Thailand, Cambodia and China, as shown in Figure 66. China had allocations about 12 per cent during the period which increased year-on-year, although marginally. Interestingly, over 95 per cent of social protection is provided for by the subnational-level governments.

**Figure 66. Social assistance budget allocations as a percentage of total government budget, EA countries, 2017-2021**



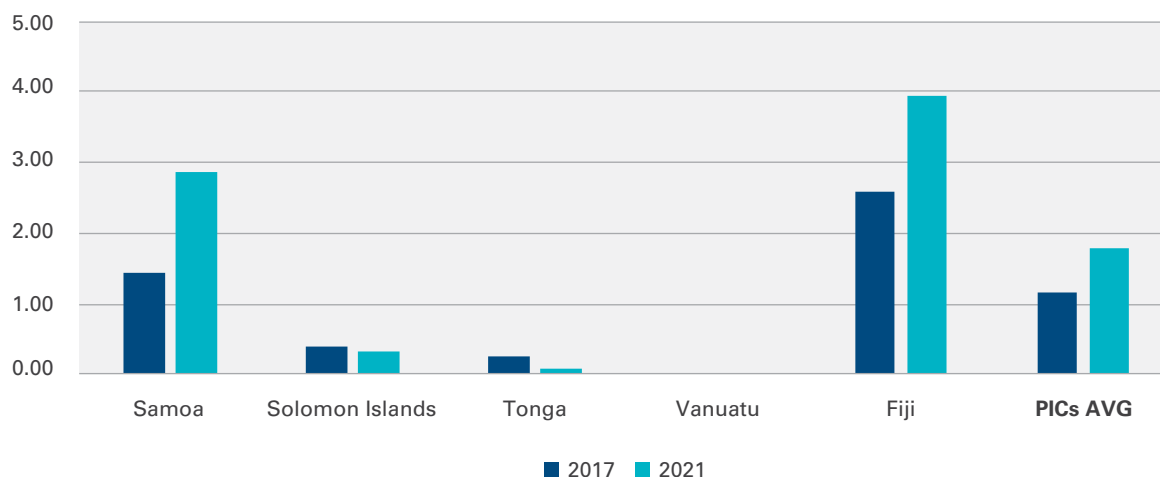
Source: UNICEF EAPRO PFM Dashboard

The Pacific countries, despite slow growth, continued to experience a low average investment of 1.45 per cent of the national budget, as shown in [Figure 67](#). Within the subregion, Fiji was the leader with investment until 2020 rising to 4.3 per cent of its national budget. Samoa followed, with a sharp increase in 2021. The Solomon Islands and Tonga had very low levels of prioritization of social assistance in their budgets. Social assistance budget increases in PICs during the COVID-19 pandemic have largely been externally financed and in the post-COVID-19 period social assistance has been again deprioritized, as the focus has been on regaining economic growth and investment in economic activities.

<sup>145</sup> See ILO, *World Social Protection Report 2020–22: Social protection at the crossroads – in pursuit of a better future*, Geneva, 2021.

<sup>146</sup> For instance, in Pakistan social protection/assistance allocation by the Central Government alone has grown from 0.01 per cent of GDP to 0.5 per cent of GDP in 2019, i.e. over fiftyfold.

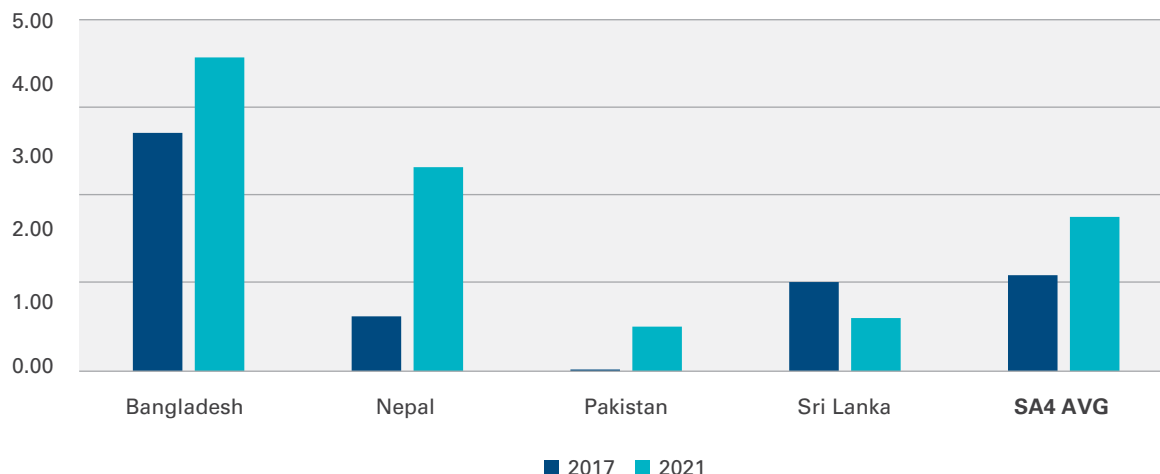
**Figure 67. Social assistance budget allocations as a percentage of total government budget, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

Finally, the four South Asian countries allocated an average of 6.7 per cent of their budget on social assistance. Bangladesh enjoyed a steady prioritization of investment, reaching nearly 18 per cent in 2021, followed by Nepal which experienced a sharp rise in social assistance investment in 2021 of up to 11.5 per cent. Pakistan has slowly, yet steadily, increased its prioritization. Sri Lanka is at risk of de-prioritization given the situation with the country's heavy indebtedness, as shown in [Figure 68](#). The IMF programme for Sri Lanka is expected to have a strong focus on social protection and human capital development, and hopefully to address this issue.

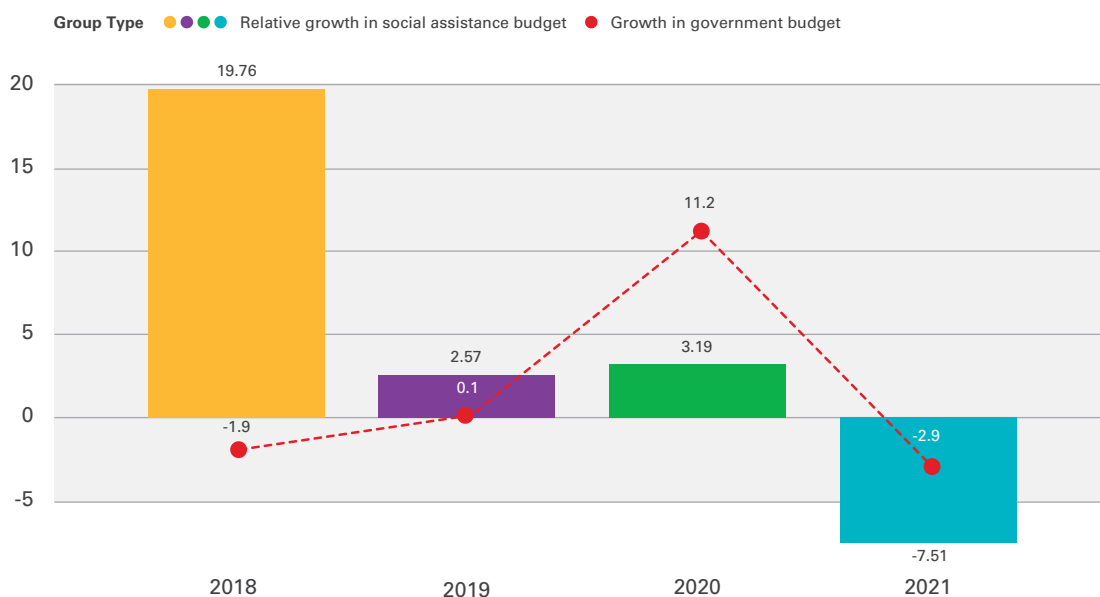
**Figure 68. Social assistance budget allocations as a percentage of total government budget, SA4 countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

[Figures 69, 70 and 71](#) present the relative growth of social assistance budgets within government budgets. For the countries in East Asia, the rate of growth before COVID-19 for social assistance was higher than the growth in the national budgets during the pre-COVID years. During the COVID-19 period, however, the social assistance budget was still growing in line with the growth in the national budget, followed by a sharp de-prioritization in 2021.

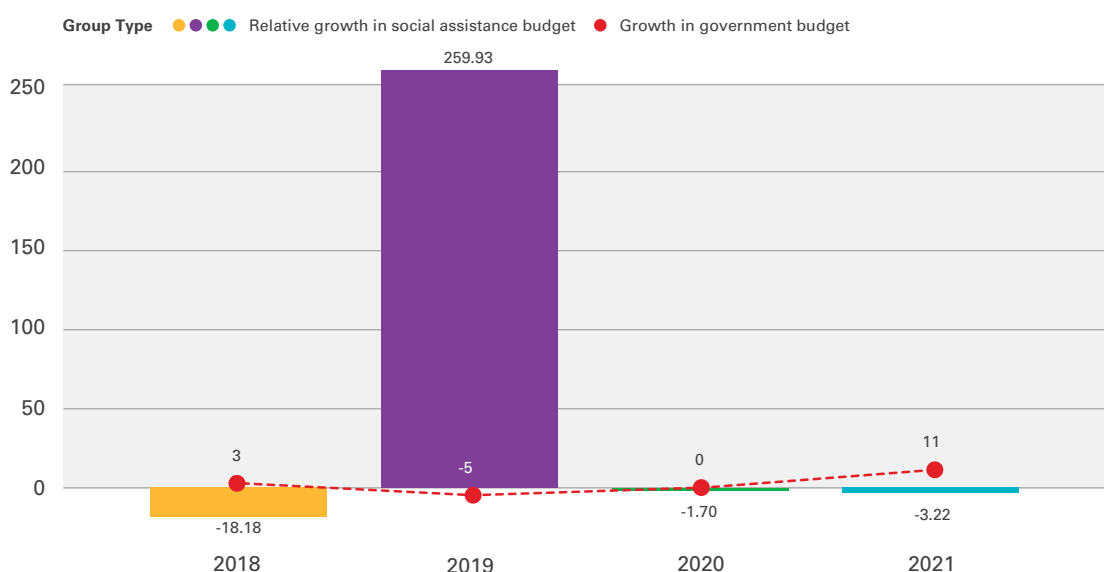
**Figure 69. Relative growth of budget for social assistance vs growth in government budget, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

Prioritization of social assistance in the budgets of the PICs has been very slow and largely in line with the slow growth of government budgets in almost all the countries under review, as shown in Figure 70. The only country that stands out with a huge fluctuation rate is Tonga which experienced a sharp increase in its budget in 2019, possibly explained by the one-off survey on disability funded by donors, but this was followed by a sharp de-prioritization at the beginning of the COVID-19 period and very slow growth in 2022, despite the overall increase in government budgets in the region.

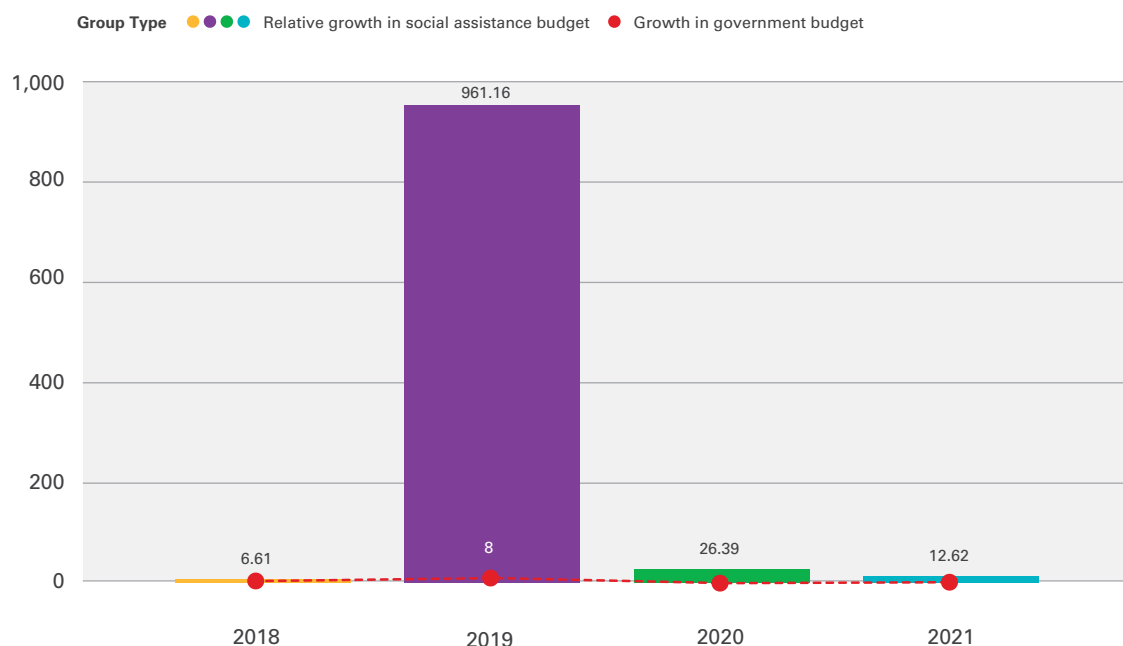
**Figure 70. Relative growth of budget for social assistance vs growth in government budget, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

The situation is similar in the SA4 countries. Their budget growth has been very slow, and prioritization of social assistance has followed this pace, especially for the COVID-19 years, as shown in [Figure 71](#). Pakistan is the only country experiencing a huge jump in prioritization, which dramatically increased in 2019, mostly under the recommendations of the IMF Extended Funding Facility to protect social protection spending rather than enhancing coverage and outreach.

**Figure 71. Relative growth of budget for social assistance vs growth in government budget, SA4 countries, 2017-2021**



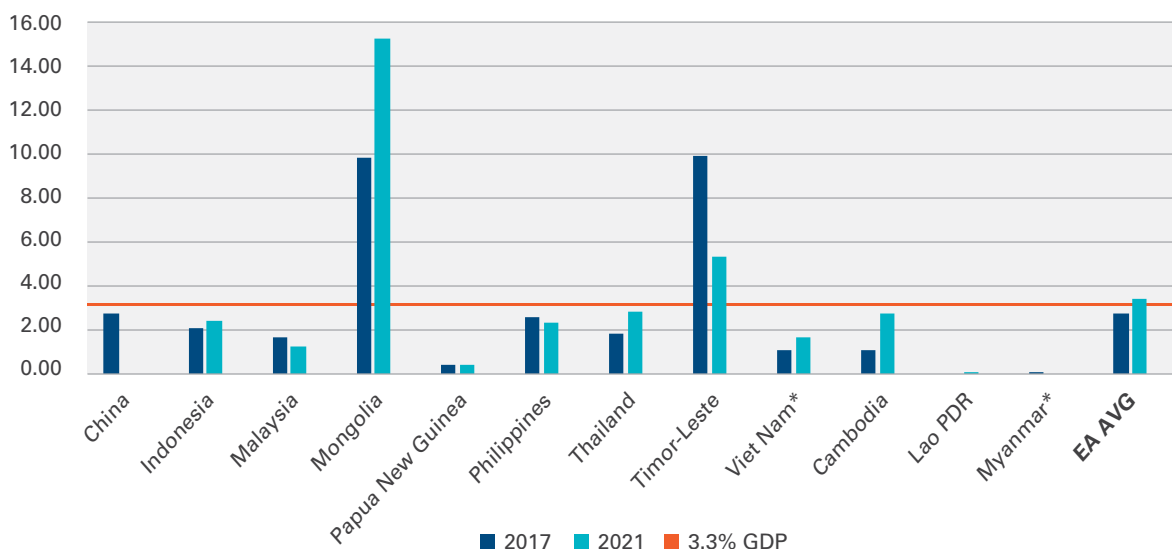
Source: UNICEF EAPRO PFM Dashboard

### 7.3 Level of investment in tax-financed social assistance

Tax-financed social assistance continues to be a low priority for all three subregions, with a few exceptions, as shown in [Figures 72, 74 and 76](#). Full data for all countries can be found in [Annex B, Figure 11](#).

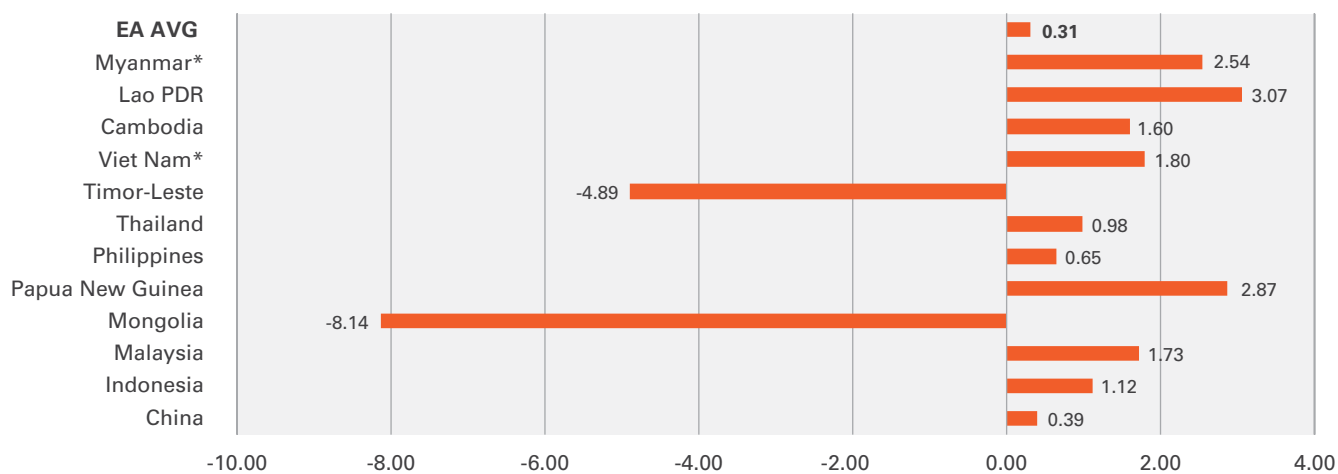
With an average spending of 3 per cent for social assistance, clearly East Asian countries have consistently prioritized investment in social assistance. Only Mongolia and Timor Leste have managed to invest more than the minimum investment of 3.3 per cent of GDP required for securing universal social protection benefits, as shown in [Figure 72](#). On the positive side, Cambodia, the Philippines, Thailand and Viet Nam are on a path to reach the minimum, as shown in [Figure 73](#). The Lao PDR has the highest gap of 3 per cent of GDP.

**Figure 72. Investment in social assistance as a percentage of GDP, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

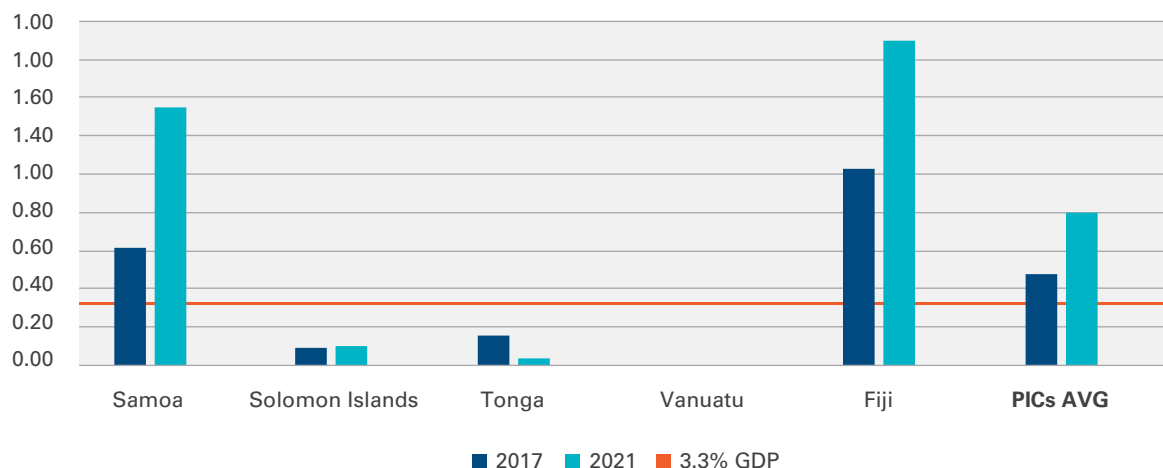
**Figure 73. Gaps in social assistance investment, EA countries, average for 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

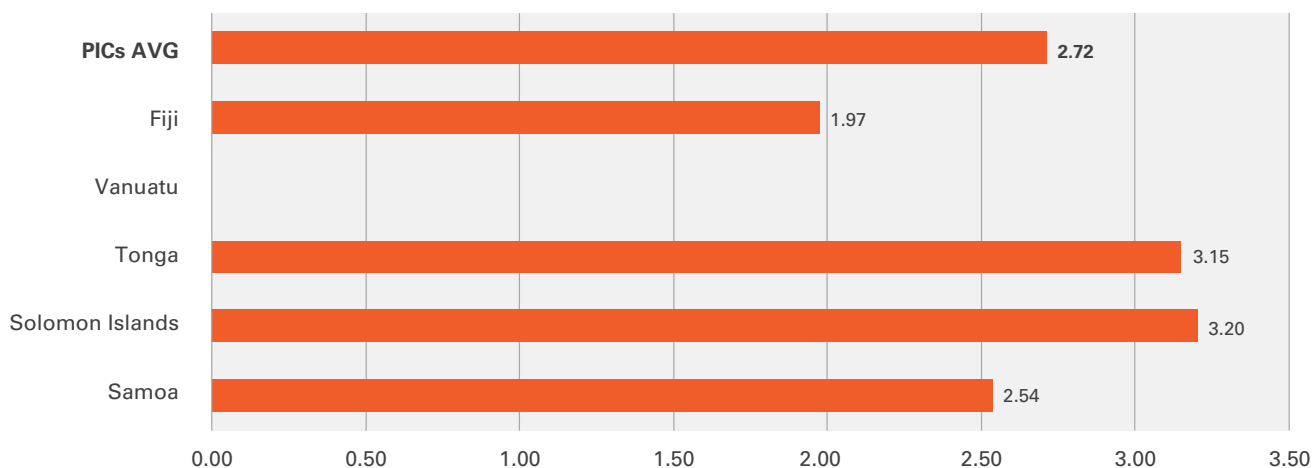
With an average spending of 0.6 per cent of GDP, the Pacific countries had a very low performance as per [Figure 74](#) below. Fiji and Samoa were an exception in that respect, demonstrating an increase in investment in social assistance over time. Yet all of the countries had considerable investment gaps with regards to the minimum investment needed for social protection benefits. The Solomon Islands experienced the highest investment gap of 3.2 per cent of GDP, and Fiji, with a gap of 2 per cent, is approaching the benchmark required for an SP package investment, as shown in [Figure 75](#).

**Figure 74. Investment in social assistance as a percentage of GDP, PICs, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

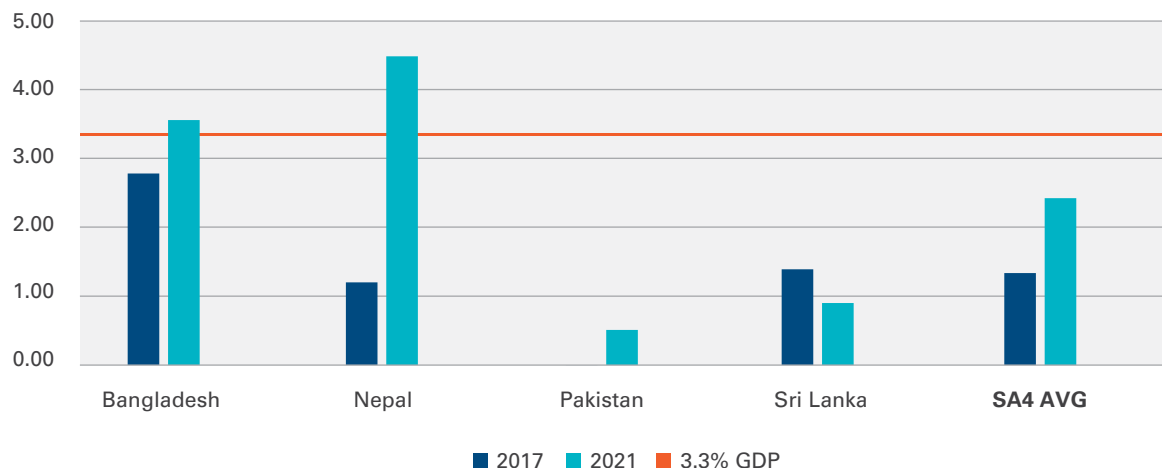
**Figure 75. Gaps in social assistance investment, PICs, average for 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

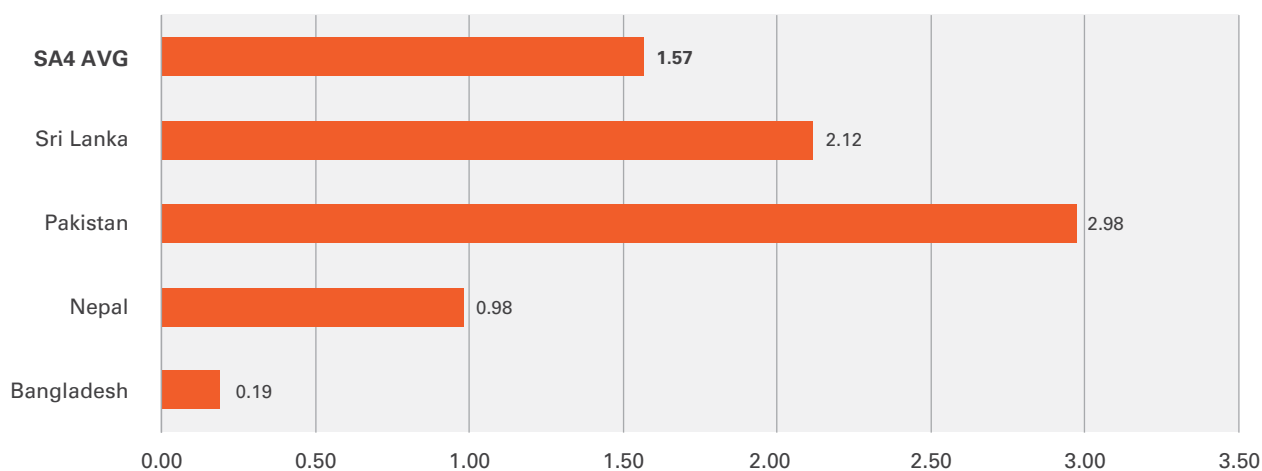
The four countries in South Asia invest an average of 1.7 per cent of their GDP in social assistance. Bangladesh and Nepal are leaders in that respect with an investment above 3.3 per cent of GDP, as shown in [Figure 76](#). Despite the initial increases, Sri Lanka is facing a challenge in relation to its de-investment in social assistance. Although Pakistan still had the largest gap of nearly 3 per cent of GDP, the country has steadily prioritized social protection, followed by Sri Lanka with 2.1 per cent, as shown in [Figure 78](#).

**Figure 76. Investment in social assistance as a percentage of GDP, SA4 countries, 2017-2021**



**Note:** Pakistan’s investment in social assistance in 2017 was 0.01 per cent of GDP. The data for Pakistan for 2017 was 0.01 per cent of GDP (it does not appear on the graph).  
**Source:** UNICEF EAPRO PFM Dashboard

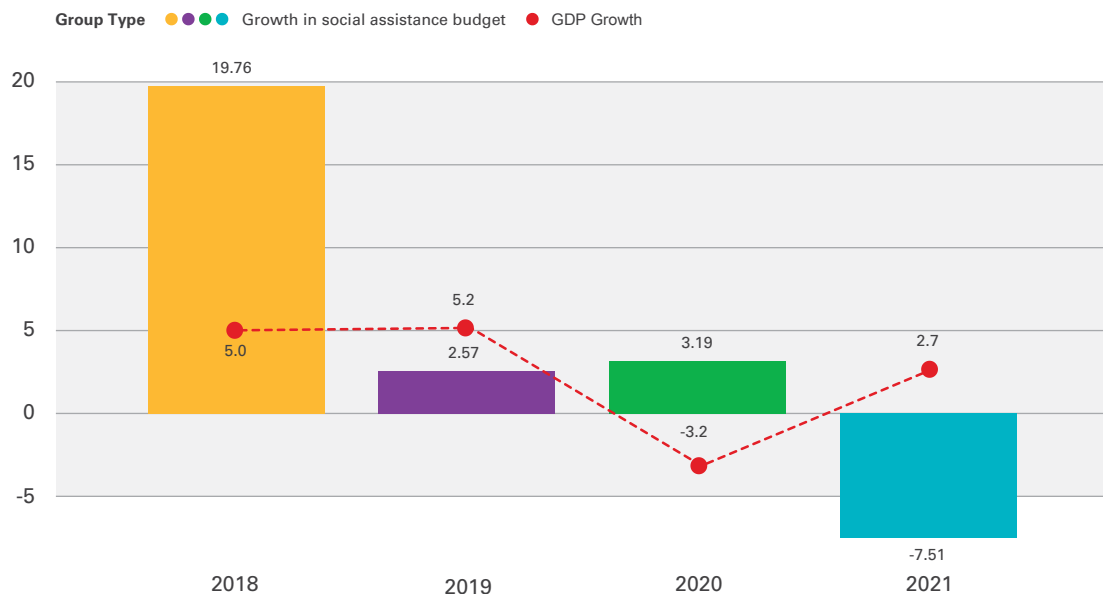
**Figure 77. Gaps in social assistance investment, SA4 countries, average for 2017-2021**



**Source:** UNICEF EAPRO PFM Dashboard

Further analysis of the relative growth of the social assistance budget vs growth in GDP indicates the level of prioritization of social assistance in budgets, as shown in [Figures 78, 79 and 80](#). For the countries in East Asia, investment in social assistance followed a downward path, with a small correction during the first year of COVID-19, as shown in [Figure 78](#).

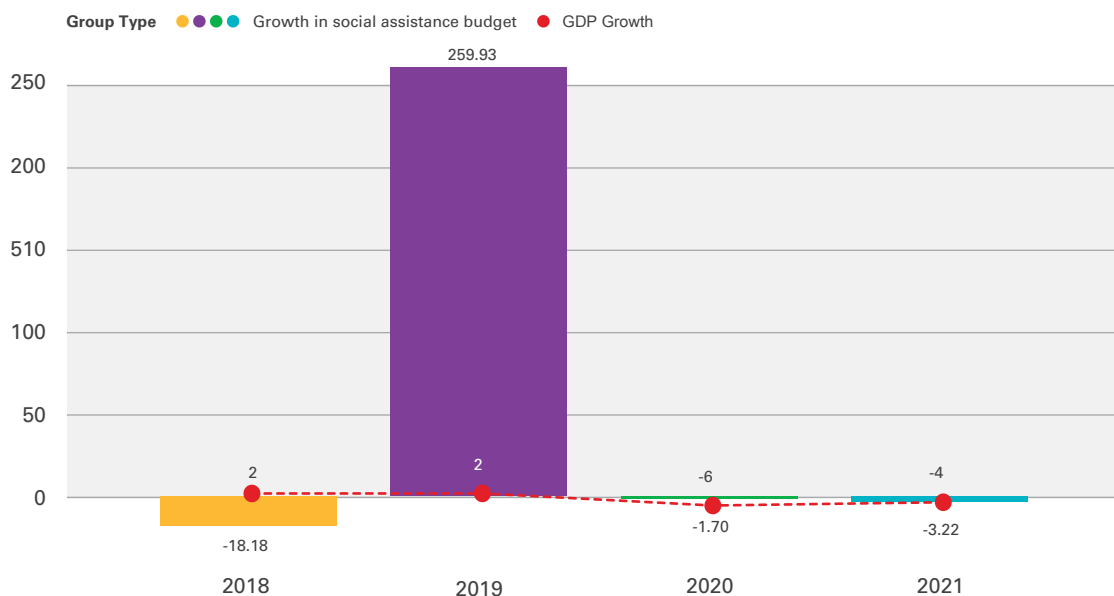
**Figure 78. Relative growth of social assistance budget vs GDP growth, EA countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

The PICs also saw a decline in investment in social assistance, with the exception of Tonga in 2019, which received ODA-support for a disability survey in 2019. Overall, this downturn in such investment was in line with the decline in GDP, as shown in [Figure 79](#).

**Figure 79. Relative growth of social assistance budget vs GDP growth, PICs, 2017-2021**

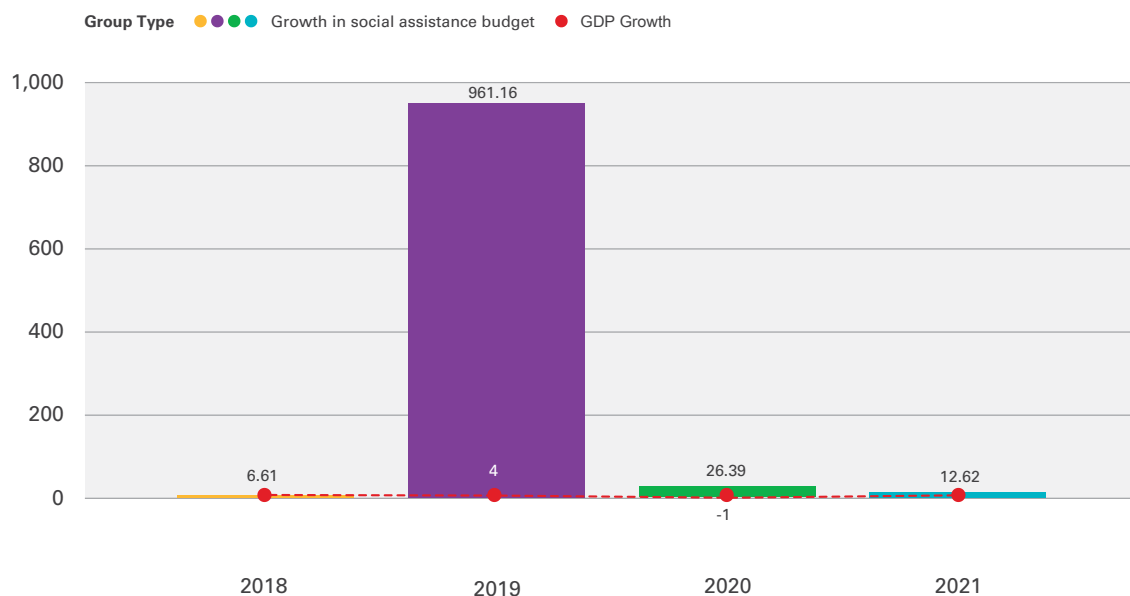


Source: UNICEF EAPRO PFM Dashboard

Finally, for the SA4, the growth has been slow and the investment in social protection has kept the same pace, with the exception of 2019 when Pakistan sharply increased its investment in social assistance, as shown in [Figure 80](#).



**Figure 80. Relative growth of social assistance budget vs GDP growth, SA4 countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

## 7.4 Spending per capita on social assistance

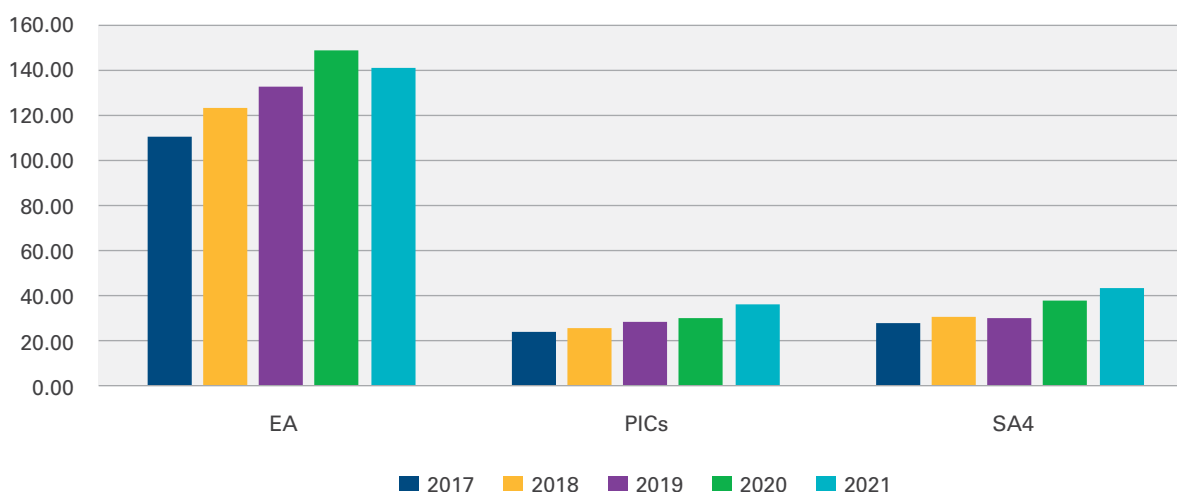
When social assistance allocations are considered on a per capita basis at a country level, the picture becomes complex. China, Mongolia and Tonga spent more than US\$300 per head, while Timor-Leste increased social assistance allocations year-on-year and reached the US\$200 threshold. All the countries that are performing well have been constantly increasing their per head investment. Nepal, which has been growing its social assistance budget annually, is still allocating little on a per capita basis. Even though the government has increased the Child Grant amount to NPR532 (equivalent to US\$4.16) per month in FY 2021/2022, the benefit is still relatively low compared to other allowances.

All the South Asian countries spend well below US\$50 per head of the population suggesting that the social assistance programmes benefits can still be improved. In some countries, social assistance interventions may provide daily revenue of less than the current international poverty line of US\$1.90.<sup>147</sup>

East Asia spends the most on social assistance among the subregions, or US\$ 131.36 per head on average over 2017-2021, followed by SA4, which spent US\$33.97 and the PICs that spent US\$28.91 on social assistance, as shown in Figure 81. Allocations per head have generally grown over time, and although some occasional annual dips may occur, investment in social assistance is expected to grow, especially for the SA 4 which are increasingly investing in this area.

<sup>147</sup> S. Handayani, *Poverty Dimension of the Social Protection Index: Assessing Results for Asia and the Pacific*, ABD Briefs, No. 22, May 2014, for the previous threshold of US\$1.25 and will grow to US\$2.15 in 2022.

**Figure 81. Social assistance allocations per capita (in US\$), EA countries, PICs and SA4 countries, 2017-2021**



Source: UNICEF EAPRO PFM Dashboard

## 7.5 Credibility of social assistance budget

The execution of the social assistance budget differs widely across the countries, as the coverage itself differs from country to country. In a handful of countries social assistance may be centralized in one ministry or department. Often the social assistance programmes are managed by several different ministries and executed in a decentralized manner. In some cases, especially in the PICs, the MoF transfers the social payments directly from the special, dedicated account. This complexity in budget execution often creates a tracking and tracing problem of all social assistance spending.

## 7.6 Decentralization and social assistance

Social assistance is one of the top three or four areas where decentralization has advanced the most.<sup>148</sup> In fact, it is ranked second in terms of participation in the subnational budget.

Subnational governments in the three subgroups of the South Asia and East Asia regions are very diverse.<sup>149</sup> They range from a highly fragmented municipal landscape with fewer than 3,000 inhabitants in Mongolia and the Philippines to highly populated municipalities with over 200,000 inhabitants on average in Malaysia. The provision of public services, including social assistance, therefore may differ, along with the administrative capacity of the subnational governments.

However, despite its importance for understanding the social assistance allocations, data on subnational social sector allocations has been incomplete in most countries. In a few instances, even the central budget allocations on social assistance were not reported or only partially reported. In the case of China, subnational governments administer over 95 per cent of social protection, while in Viet Nam the figure varies between 37 to 50 per cent.

<sup>148</sup> OECD and UCLG, 2019 *Report of the World Observatory on Subnational Government Finance and Investment*.

<sup>149</sup> Ibid. For individual country profiles and overall review of decentralization at an individual country level.

Below are examples of successful cases of social assistance provision at the subnational level:

## 7.6.1 Philippines – The case for shock responsive social protection in the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM).

BARMM is an autonomous region in the southern Philippines established in 2019 following the ratification of the Bangsamoro Organic Law. BARMM is the Philippines' poorest region and has the country's worst human development index. To address persistent poverty and vulnerability, several social protection programmes are being implemented.

While BARMM has largely relied on the national government to fund most of its social protection programmes during the first years since its establishment, the regional government has recently started to finance and roll out several cash transfer programmes through its Ministry of Social Services and Development.

According to the Bangsamoro Organic Law, the Bangsamoro government has the power to create its own sources of revenue and to levy taxes, fees and charges consistent with the principles of equity, accountability, administrative simplicity, harmonization and economic efficiency. During the transition years of the new BARMM government, the region's budget was composed of three main sources of revenue: 1. Annual Block Grant; 2. Special Development Fund; and 3) its share in national taxes.

The financing of the regular social protection in BARMM is divided between the national government and the Bangsamoro government. While the national flagship programmes – e.g. the *Pantawid Pamilyang Pilipino Programme* (4Ps), social pension and Sustainable Livelihoods Programme – are designed and financed by the national government, the regional programmes – e.g. the UPBP, orphans' assistance and disability assistance – are financed by the BARMM government via budget allocations to the Ministry of Social Services and Development.

Given the high and persistent developmental needs of the BARMM population, however, the MSSD's budget has been considered relatively low. This constraint affects the ability of the ministry to implement and finance larger-scale social protection programmes. Consequently, the existing regional social protection programmes in BARMM currently reach a relatively small share of the population.

In addition, in the past, BARMM has faced challenges of funding national social protection programmes due to delays in budget transfers from the national Department of Budget and Management. In 2019, for example, the national budget allocated for the national social protection programmes was delayed by six months, resulting in interruptions to beneficiary transfers and unpaid salaries. While the Bangsamoro Organic Law's new administrative arrangements streamlined this process, there are still questions around the sustainable financing of national social protection programmes in BARMM, for which the BARMM government will continue to be reliant on national funding.

## 7.6.2 Pakistan – Political decentralization and implications for social protection in Pakistan

The process of devolution in Pakistan is considered as the bedrock of the institutional structure for social protection in the country. Much has been said about the implications of the devolution for the political decentralization and efficiency of public services.<sup>150</sup> Several studies<sup>151</sup> have warned that in Pakistan the provincial authorities cannot be expected to take on more responsibilities unless they receive more revenue. As a response to the challenges posed by the devolution of competencies in the social sector, several provinces opted to create their own social protection authorities.

<sup>150</sup> Social Policy and Development Centre (SPDC). *Social Development in Pakistan. Annual Review 2006-07. Devolution and Human Development in Pakistan*. SPDC: Karachi, 2007; Shah, A. *The 18th Constitutional Amendment: Glue or Solvent for Nation Building and Citizenship in Pakistan?* The Lahore Journal of Economics, 17: SE (September 2012): pp. 387–424. The Lahore Journal of Economics: Lahore, 2012; Kugelman, M. *Decentralisation in Pakistan: the lost opportunity of the 18th amendment*. NOREF: Oslo, 2012.

<sup>151</sup> Kugelman, M. *Decentralisation in Pakistan: the lost opportunity of the 18th amendment*. NOREF: Oslo, 2012.

## The National Social Protection Policy Framework

This new framework, approved in 2017, underpinned this process. The Framework is in turn operationalized through corresponding Provincial Social Protection Policies. As a third step, every province is mandated to prepare its own Social Protection Strategy to operationalize the policy. Although it is expected that under this new framework the federal government retains its flagship social assistance programme, the Benazir Income Support Programme (BISP). Under the new sectoral configuration, the provincial governments are entitled to top BISP's benefits up or to design complementary programmes.

### 7.6.3 Bangladesh – Decentralized social protection system<sup>152</sup>

In Bangladesh, local administrations play a critical role in social protection provision, yet such obligations are not commensurate with the financial and human resources. The financial resources are allocated in a highly centralized manner at the Ministry of Social Welfare level, and among all the ministries, they allocate limited resources to programme management, including budgeting, management, enrolment, delivery and accountability. Therefore, very basic supervision could be offered for the implementation of the social protection programmes at local level.

The ministry also deploys staff at the union level – the lowest government level in Bangladesh to implement the social protection programmes, including identification, enrolment and delivery. The caseload for social workers at union level is huge, leaving limited time for their engagement with the beneficiaries. In addition, the capacity of the social workers at union level needs to be strengthened in order to meet the requirements of the current digitalized social protection process.

## 7.7 Equity: social assistance allocations for children<sup>153</sup>

Although investment in child-sensitive social protection has been gaining traction and speed in a number of countries in the region, child and family benefits are still uncommon and the number of children and families covered remains low overall. Prior to COVID-19, major non-contributory social assistance schemes, which served as the groundwork for new emergency relief measures, could only be found in China, Malaysia, Mongolia, Myanmar, the Philippines and Thailand in East Asia and Nepal, Pakistan and Sri Lanka in South Asia.<sup>154</sup>

A recent systematic review of social protection responses in the East Asia and the Pacific also brought attention to the child sensitivity of the social protection schemes. The study found coverage for children to be low, which is highlighted by the very low level of public expenditures for child social protection schemes in the pre-COVID period, as shown in [Figure. 82](#).<sup>155</sup>

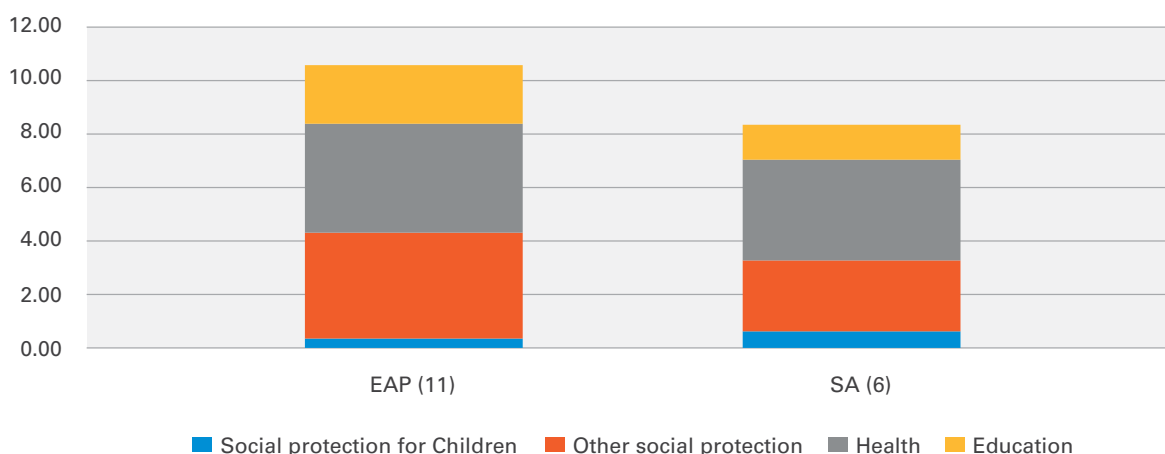
<sup>152</sup> World Bank. 2021. Bangladesh Social Protection Public Expenditure Review (PER). Dhaka and Washington, DC: World Bank Group.

<sup>153</sup> Child-sensitive social protection interventions refer to those which avoid, reduce and/or mitigate social and economic risks to children, at the earliest possible stage of the risk; account for specific risks related to age, gender, and other vulnerabilities that children face throughout the life cycle; mitigate the impacts of shocks, exclusion and poverty on children and their families; and ensure equity and inclusivity among families and children, including for those belonging to marginalized groups.

<sup>154</sup> C. De Neubourg, J. Karpati and M. Carrera, 'Social Protection during Covid-19 in East Asia and the Pacific: A Systematic Review'. UNICEF EAPRO, Bangkok, 2021. (Unpublished background paper)

<sup>155</sup> Save the Children, *A Foundation to End Child Poverty: How universal child benefits can build a fairer, more inclusive and resilient future*, Save the Children, London, 2020.

**Figure 82. Public expenditure on social protection for children compared to expenditures in other areas<sup>156</sup>**



Source: Save the Children analysis based on ILO/WHO/UNESCO

A regional review by Save the Children in 2020 pointed to low levels of public investment on social protection for children with 0.32 per cent of GDP spent on children in East Asia and Pacific, and 0.57 per cent for countries in South Asia. Future expansions of social assistance in both regions would need to further consider how to better prioritize children.

## 7.8 The fiscal response to COVID-19 social assistance

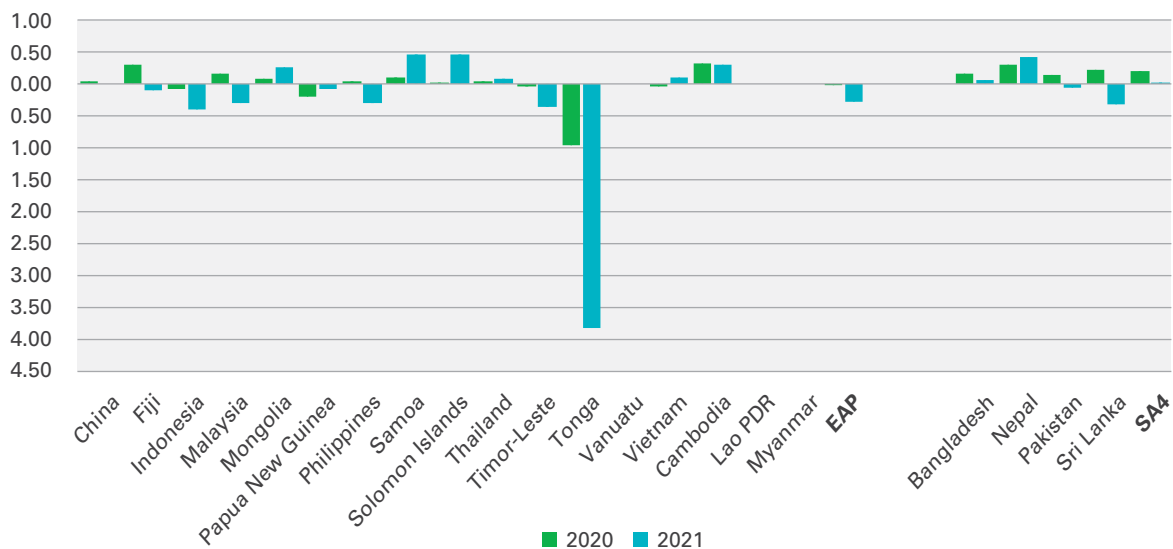
### 7.8.1 Fiscal space during the COVID years

A deeper look into the change of budgets for South Asia after the onset of COVID-19 shows the initial prioritization of social assistance investment in most of the countries under review, probably also marking an opening political space for social assistance. Yet as [Figure 83](#) shows, only a few countries have managed to sustain the investment (Nepal in South Asia, Cambodia, Mongolia, Thailand and Viet Nam in East Asia and Samoa from the PICs). For the few countries that have reported their 2022 budget, the allocation for social assistance was set to continue to increase (Indonesia, Papua New Guinea and the Philippines).<sup>157</sup> It will be important to continue and to note whether the growth in social investment assistance will be reversed in terms of volume and pace.

<sup>156</sup> Ibid. Adapted for the regions under review.

<sup>157</sup> However, Mongolia has experienced a drop of 17.54 per cent, after a few years of exponential growth of well over 20 per cent annually.

**Figure 83. Relative year-on-year change in social assistance budget allocations, as a percentage of total government budget, 2020-2021**

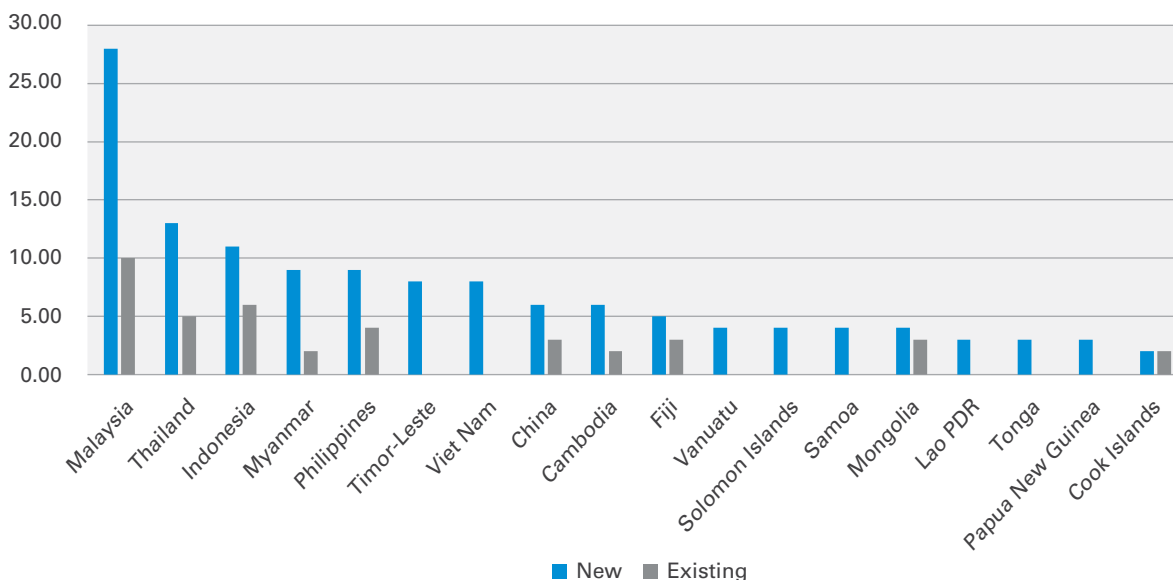


Source: UNICEF EAPRO PFM Dashboard

## 7.8.2 Existing and new social assistance schemes during COVID

Opening the political and fiscal space for social assistance during COVID, involved the adoption of new schemes in several countries in East Asia and the PICs, as shown in [Figure 84](#).

**Figure 84. New and existing programmes for social assistance during COVID-19 in EA countries and the PICs<sup>158</sup>**

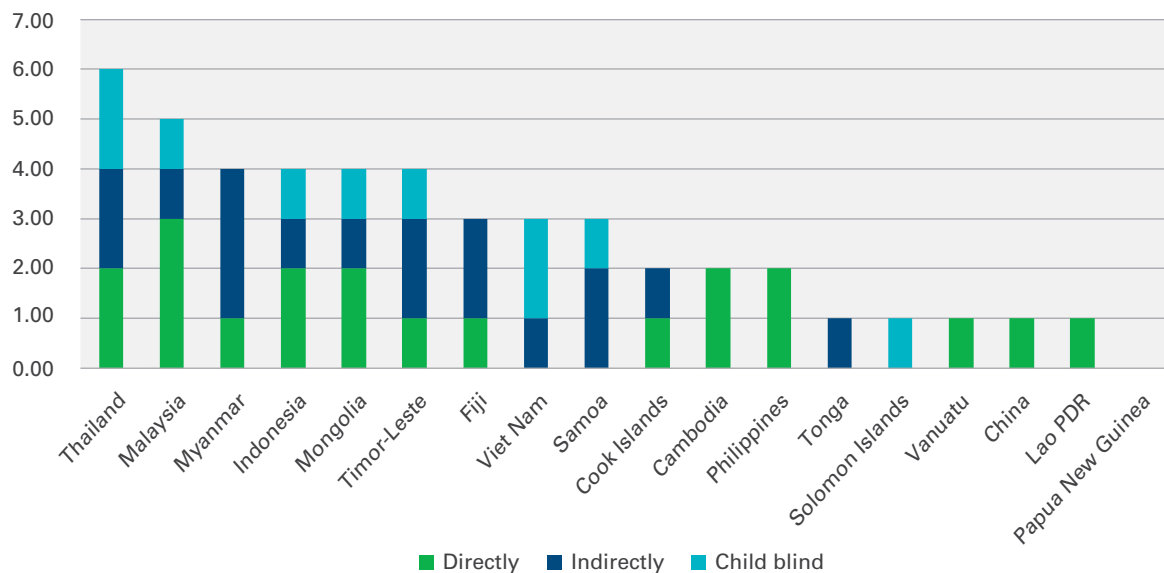


Source: De Neubourg, et al. Social Protection during Covid-19 in East Asia and the Pacific: A Systematic Review, (unpublished), Background paper, UNICEF EAPRO, Bangkok, 2021.

<sup>158</sup> C. De Neubourg et al., Social Protection during Covid-19 in East Asia and the Pacific: A Systematic Review, (unpublished), Background paper, UNICEF EAPRO, Bangkok, 2021.

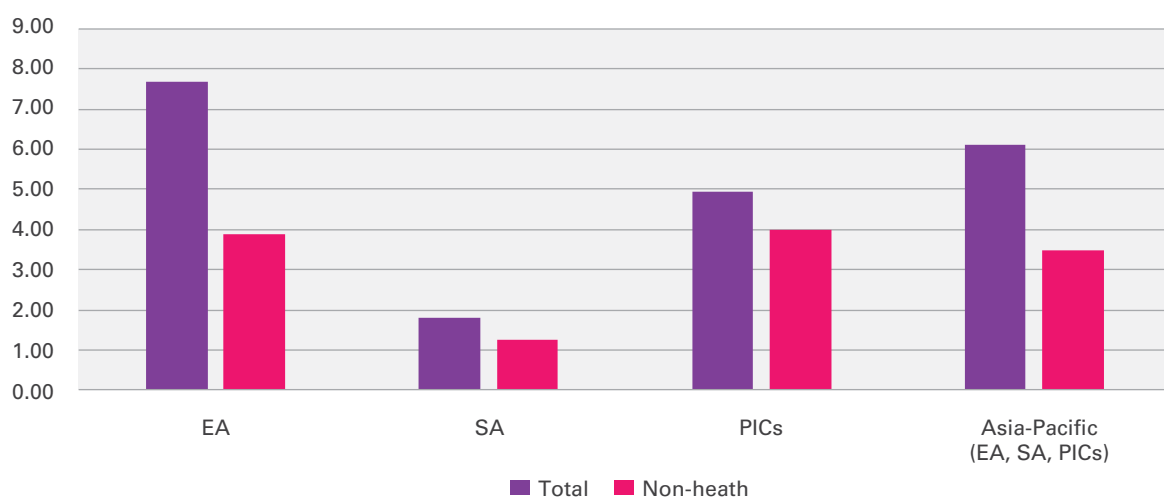
Pandemic-related social assistance, which was not child-specific, delivered to households varied in terms of its child-sensitivity. It exposed significant coverage gaps, which may have left a significant share of children vulnerable, as shown in [Figure 85](#).

**Figure 85. Child sensitivity of newly adopted schemes**



**Source:** De Neubourg, C.; Karpati, J., and Carrera, M., After shock: Building More Inclusive and Child-Sensitive Social Protection Systems in the Post-Covid Era in East Asia and the Pacific Region, (unpublished), Background paper, UNICEF EAPRO, Bangkok, 2021.

**Figure 86. COVID-19-related allocations (non-health), Asia and the Pacific, 2017-2021**



**Source:** IMF's COVID-19 Fiscal Policy Database

In responding to the socio-economic challenges of the COVID-19 pandemic, Asia-Pacific countries reacted aptly, especially compared to the challenges of the 2007-2008 financial crisis.<sup>159</sup> For instance, Indonesia, Malaysia and Thailand prepared the most comprehensive stimulus packages in the region surpassing US\$99 billion, the Philippines and Viet Nam spent over US\$27 billion, while Cambodia, the Lao PDR and Mongolia allocated US\$4 billion or less, in 2020/2021.<sup>160</sup> Among Pacific Island countries, Fiji and Papua New Guinea implemented the largest stimulus packages, between US\$0.6 billion and US\$1.6 billion, with all the other PICs allocations under US\$0.3 billion, for COVID-19 stimulus packages.<sup>161</sup>

As expected, the socio-economic crisis unleashed by the Covid-19 pandemic has shown that countries with the better administrative and organizational infrastructure were more successful in both designing and implementing the COVID-19-related measures. Samoa for instance, had a problem with the ID system for its citizens, which adversely affected the implementation of the social support programme. To build a good register, it offered about US\$19 to every citizen who registered.<sup>162</sup>

Similarly, in the Philippines the government faced a few setbacks with the 'Social Amelioration Programme', one of the largest social protection responses to COVID-19 worldwide. Despite its national coverage, with 64 per cent of the population receiving compensation for the loss of income due to the lockdowns, the SAP could not completely offset the income shock<sup>163</sup> and the programme faced many operational challenges during the implementation process.<sup>164</sup>

The COVID-19 pandemic made many other countries expand their coverage either horizontally by including new populations and/or vertically by increasing existing benefits. These measures were mostly with limited scope and duration (time limited). Timor-Leste for example, launched its first near-universal cash transfer programme ('*Umba ba Kain*'). The payment took the form of a one-off cash transfer of US\$200 to all households with a monthly income of less than US\$500 in all the 452 villages in the country.<sup>165</sup> The total cost of the programme was US\$60 million.

Countries in South Asia introduced new programmes or leveraged existing delivery channels to provide income support to those facing livelihood losses during the COVID-19 pandemic. Many pre-existing social protection programmes were scaled up to support vulnerable groups by identifying and enrolling new beneficiaries, or by providing additional top ups on regular benefits, and in some cases both. In the case of Pakistan's *Emergency Cash* programme, it was leveraged to provide top-ups and expand horizontally with one of the largest expansions globally.

In Sri Lanka, a total of 5.4 million transfers were delivered in April 2020 during the first round of emergency cash transfer (ECTs), which was expanded to almost 5.7 million transfers in the second round (May 2020), following appeals from previously excluded households (GoSL 2020a). The response was noteworthy, given that it was announced a mere 10 days after the imposition of the curfew and reached an estimated 66 per cent of Sri Lankan households.<sup>166</sup>

The government adjusted its largest cash transfer programme, Samurdhi, which targets poor households, aiming to alleviate poverty. The coverage of the programme was increased by automatically providing an additional ECT of LKR5,000 to all beneficiary families and those on the waiting list, a total of 600,339 households.

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<sup>159</sup> ADB, *COVID-19 and Social Protection in Asia and the Pacific: Projected Costs for 2020–2030*, Manila: ADB, 2021.

<sup>160</sup> ADB, *Asian Development Outlook*.

<sup>161</sup> Ibid.

<sup>162</sup> U. Gentilini et al., *Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures*, World Bank, Washington D.C., 2020.

<sup>163</sup> UNICEF, *COVID-19 and the Looming Debt Crisis*.

<sup>164</sup> See <[blogs.worldbank.org/eastasiapacific/realizing-transformational-trilogy-social-protection-delivery-philippines](https://blogs.worldbank.org/eastasiapacific/realizing-transformational-trilogy-social-protection-delivery-philippines)>

<sup>165</sup> See <[www.unicef.org/timorleste/stories/adding-governments-social-protection-response-cash-plus-scheme](https://www.unicef.org/timorleste/stories/adding-governments-social-protection-response-cash-plus-scheme)>

<sup>166</sup> UNICEF, *Tackling the COVID-19 economic crisis in Sri Lanka: Providing universal, lifecycle social protection transfers to protect lives and bolster economic recovery*, UNICEF Sri Lanka, Colombo, 2020.



Other existing social assistance programmes were also expanded to ensure social protection reached the most vulnerable, including the Senior Citizens' Allowance, the Disability Allowance, Kidney Disease Allowance and the Farmers' Pension Scheme and Fishermen's Insurance scheme.<sup>167</sup>

In the initial response package announced by the South Asian governments during phase 1 of the lockdown, only a few social protection responses directly responded to the pandemic's impact on children. In Nepal, the coverage of the existing Child Grants programme was expanded to an additional 11 districts along with a 33 per cent increase in the benefit amount. Aside from programmes announced along with response packages, Pakistan launched the *Nashonuma* programme, a conditional cash transfer for children under 23 months of age in August 2020.

The measures addressing the COVID-19 socio-economic challenges were often initially planned as one-off interventions, but over time they were expanded and implemented in phases. For instance, in Thailand a programme that allowed residents to enjoy a 50 per cent discount on food products had three distinctive phases since its launch, but they were not planned from the outset.<sup>168</sup> The Programme over time expanded to include a larger portion of population, and in phase 3 over 31 million beneficiaries were added. A similar experience may be found in other countries in the region, where temporary measures were extended, and programmes reinforced.<sup>169</sup>

In some cases, COVID-19 measures and programmes assisted in launching and expanding the programmes for vulnerable groups. For instance, migrant workers, who would be usually excluded from the standard social programmes, were given support during the pandemic. In Fiji, a one-off support was provided for informal workers.<sup>170</sup>

Overall, one can conclude that the expansion of social programmes and coverage due to the COVID-19 pandemic also set the stage for more comprehensive and inclusive social protection programmes in the future. In most countries the funding of COVID-19 related programmes came from the budget through budget increases and reallocations. In some, such as Pakistan, the source of funding was a combination of budgetary shifts and special off-budget programme.



<sup>167</sup> UNICEF and IPC-IG, *Social protection responses to COVID-19 in Sri Lanka*, Policy Brief, UNICEF and IPC-IG Sri Lanka, Colombo, 2022.

<sup>168</sup> The Nation, Thailand, <[www.nationthailand.com/in-focus/40002012](http://www.nationthailand.com/in-focus/40002012)>

<sup>169</sup> For instance, support for the workers in tourism and garments sectors in Cambodia, see <[www.dfdl.com/resources/covid-19-hub/cambodia-additional-measures-to-support-private-sector-workers-revive-the-post-covid-19-economy-round-8/](http://www.dfdl.com/resources/covid-19-hub/cambodia-additional-measures-to-support-private-sector-workers-revive-the-post-covid-19-economy-round-8/)>

<sup>170</sup> World Bank, US\$50 Million Boost to Fiji's Social protection system to address the unemployment impacts of COVID-19, <[www.worldbank.org/en/news/press-release/2021/02/09/us50-million-boost-to-fijis-social-protection-system-to-address-employment-impacts-of-covid-19](http://www.worldbank.org/en/news/press-release/2021/02/09/us50-million-boost-to-fijis-social-protection-system-to-address-employment-impacts-of-covid-19)>

## 7.9 Social assistance budget for 2017-2021: Conclusions

- **The East Asia and Pacific regions** have experienced growth in social protection, yet the systems on the ground are still “riddled with gaps”,<sup>171</sup> with nearly half of region lacking social protection coverage. COVID-19 has opened an unprecedented political and policy space for social protection, which, however, has not been fully translated into a sustainable fiscal space so far. Many of the countries in the three subregions continue to invest below the international benchmarks.
- **The countries in East Asia**, allocated an average of 9.8 per cent in the government budget on tax-financed social assistance. Mongolia devoted nearly 33 per cent of its government budget to social assistance in 2021, followed by Thailand, Cambodia and China. East Asian countries had the highest investment with an average 3.2 per cent of GDP. On average, countries in this subregion had a very low **investment gap** level – less than 1 per cent – with China, the Philippines and Thailand, witnessing the lowest levels of 0.4 per cent, 0.7 per cent and 1 per cent of GDP respectively, while the Lao PDR was the furthest from reaching an adequate investment level to cover the cost of the universal social assistance package with a nearly 3 per cent investment gap.
- **The countries in the Pacific** experienced a slow growth in prioritization of the social assistance budget, which has averaged 1.45 per cent. Within the subregion, Fiji is the leader with investment until 2020 rising to 4.3 per cent of its national budget. Samoa followed, with a sharp increase in 2021. The Pacific countries invested the least on social assistance at about 0.6 per cent of GDP in the last five years. The average investment gap for achievement of the universal social protection package stood at 2.7 per cent which is higher than EA, with the Solomon Islands experiencing the highest gap of 3.2 per cent and Fiji the lowest at 2 per cent.
- **The four South Asian countries** also experienced low but increasing prioritization of social assistance in their budgets over the years, with an average allocation of 6.7 per cent. Bangladesh has enjoyed a steady prioritization of investment, reaching nearly 18 per cent in 2021, followed by Nepal which experienced a sharp rise in social assistance investment in 2021 of up to 11.5 per cent. Pakistan has also seen a slow and steady prioritization of social protection starting from a very low initial level. The SA4 also continued the trend of underinvestment in social assistance, with an average of about 1.7 per cent of GDP. In terms of investment gaps, Pakistan witnessed the highest level of nearly 3 per cent, and Bangladesh came closer to the minimum investment requirements with 0.1 per cent.
- **COVID-19 has opened an unprecedented political space** and support for tax-financed social protection policies and has increased the speed of adoption of such schemes.
- **Despite the initial budget increases in 2020 for tax-financed social assistance**, very few countries show signs of fiscal sustainability thanks to the schemes adopted during COVID, notably Cambodia, Mongolia and Thailand from EA and Samoa from the PICs; and Nepal from the SA4 countries. The rest of the countries show trends of de-investing in social assistance in the post-COVID period. Given the increasing number of external shocks, impacting the macro and fiscal stability in the world, it will be important to sustain the social protection investments as part of the countercyclical policies initiated during COVID-19.
- **The variation of public allocations on social assistance** within the countries in South Asia, East Asia and the Pacific raises equity concerns, which have only been worsened by the pandemic and recent emergency and disaster contexts. Despite some degrees of child sensitivity of the social assistance policies in the region, investments in child-specific social assistance schemes, such as the Universal Child Grants, require further attention and advocacy.

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<sup>171</sup> UNESCAP and ILO, *The Protection We Want*.

- **Social assistance budget credibility** has proven difficult to establish with limited budget execution data and low levels of allocations, social protection may not have been a target of constant budget reviews and rebalancing. If the countries wish to sustain and increase social protection investments, establishing budget credibility merits increased attention at country level.
- Similar to health and education sectors, in the case of social assistance, **data at the subnational level** was incomplete and available for only six countries in East Asia. From all countries under review, only China has 95 per cent of its allocations on social assistance, mostly at the subnational level. In all other countries the central government plays a greater role involving allocations of over 60 per cent of the social assistance budgets. With more countries moving towards administrative and fiscal decentralization in all three subregions, it would be useful to invest further in data on subnational allocations on social assistance for all the countries.
- **Budget data and monitoring:** The evolution of the social protection systems in the region, and in dynamic fashion during COVID, have not yet translated into a stable and available system for quality social protection budget data which allows monitoring at national and subnational level. This is particularly challenging as some of the schemes during COVID have been off-budget and may not have been recorded into the overall budget reporting. It would thus be important to continue and invest in social protection budget monitoring over time.



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# 8. Budgets in the region: cycles and access to data





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## 8.1 Budget cycles

The budget, as a strategic and financial/fiscal planning document, is managed by the Ministry of Finance (or a multisector ministry where finance is part of the portfolio that is usually linked with national planning), or a related Ministry (such as the ministry of economy in the case of Fiji), or a specialized government department (the Department of Budget Management in the case of the Philippines). On average, the budgetary process lasts between 8 and 10 months, from the first communication issued by the MoF (or its equivalent) to the start of the budget implementation/execution. The process is usually interactive, where ministries, departments and agencies are engaging with MoF in defining the budget proposal, within the ceilings set by the latter.

The budgetary process is increasingly becoming more transparent, and countries are investing in building parliamentary capacity, as the highest national democratically elected body, to engage in the budgetary process, not just to endorse the budget proposed by the government. Parliamentary scrutiny is becoming more robust, it takes longer for the Parliament to deliberate budgets and members are more engaged in the process. Budgetary information is provided on the parliamentary website and citizens' budgets are produced in a number of countries.

Countries produce mainly "budget in brief" publications, and in some cases, Citizens' Budget briefs. The depth and scope of each of these depends on the respective audience. Although the Citizen's Budget is usually written in a more accessible style, it does not provide all the information that the Budget-in-Brief may offer. Unfortunately, both publications are still not a routine practice in all the countries, but rather sporadic exercises, often, it seems, linked to the funding provided by an international development partner.

**Table 3. Budget/Fiscal year in selected Asian countries**

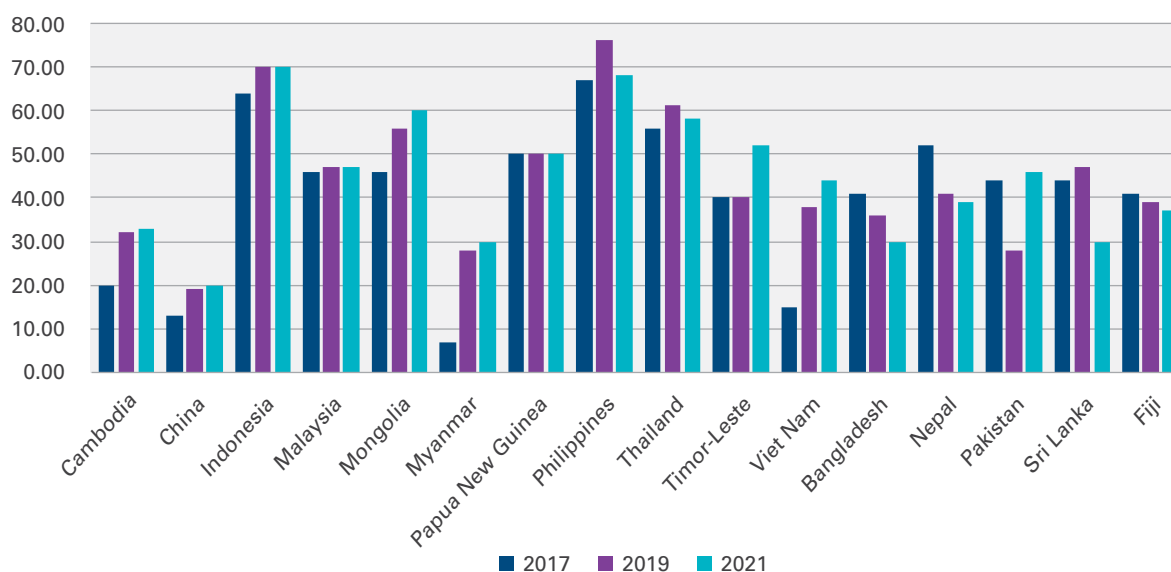
Budget/Fiscal Year	Country
1 January – 31 December	Cambodia, China, Indonesia, Malaysia, Mongolia, Papua New Guinea, Philippines, Solomon Islands, Timor-Leste, Vanuatu, Viet Nam
1 April – 31 March	Myanmar, Sri Lanka
1 July – 30 June	Bangladesh, Pakistan, Samoa, Tonga
16 July – 15 July	Nepal
1 August – 31 July	Fiji
1 October – 30 September	Lao PDR, Thailand

Source: Ministries/Departments in charge of budgeting in the respective countries

## 8.2 Budget transparency, access to data and budget credibility

Transparency and accountability demonstrate a high level of societal benefits, and ultimately make public finance systems more effective. Achieving social consensus also strengthens the implementation of policies and provide for better impact. Unfortunately, countries in the Asia-Pacific region have low transparency scores and are largely at the bottom of the international transparency tables. The best result is for the Philippines (76), followed by Indonesia (70), while the worst performer is China scoring only 19, as shown in [Figure 87](#). Lao PDR, Samoa, Solomon Islands, Tonga and Vanuatu are not part of the review. Three countries (Cambodia, Myanmar and Viet Nam) have improved significantly and transited from a group with scant/non-existent budget transparency to the group with limited transparency.<sup>172</sup>

**Figure 87. Open budget index (OBI) for Asia-Pacific countries**



Source: Open Budget Survey<sup>173</sup>

Budgets are publicly available, but the level of information varies greatly. For instance, most South Asian countries will provide an array of budgetary documents, from the Budget Speech to the detailed budgetary estimates for all the budgetary users, conforming fully to IMF standards (e.g., Fiji, Malaysia, Philippines). In some PICs, almost no budgetary information will be provided apart from the narrative of the budget (appropriation) law (for instance, Solomon Islands), possibly with some estimates. Economic budget classification is also not reported by the majority of countries, or it is reported for the ‘whole government’, but not necessarily for the individual units (ministries).

The engagement of different stakeholders in the budgetary process is again something that is becoming a practice, although rather slowly, as direct proof cannot be found in budget documents themselves. Some level of public consultation may be present, but there is still a long way to go. In the case of Cambodia, a national NGO provided information on the government revenues in expenditures in both the local language (Khmer) and in English. Some of the citizens’ budget publications have also been produced by the third sector with the funding provided by the development partners (Myanmar), while in other countries the MoF may be an author of the publication (or Budget-in-Brief).

<sup>172</sup> International Budget Partnership, Open Budget Survey 2019, International Budget Partnership, Washington D.C., 2019; *Open Budget Survey 2021*, Washington D.C., 2021.

<sup>173</sup> See [www.internationalbudget.org/open-budget-survey](http://www.internationalbudget.org/open-budget-survey); Legend: Extensive – 81-100; Substantial – 61-80; Limited – 41-60; Minimal – 21-40; Scant or Non-existent – 0-20.

Budget information is primarily produced in the local language(s), although increasingly in the last few years the information may be provided in English. Also, databases with budgetary information may be available (e.g. Thailand). It seems that in many countries there is a delay in endorsing the annual government financial report, and audit reports are still not available publicly even in the countries with a high level of transparency (Malaysia, Nepal, Philippines and Thailand,). In principle, the countries that publish full budgetary estimates are demonstrating the highest level of transparency and openness in the budget process and in expenditure reporting.

Key gaps in publicly available budget data refer mostly to the use of economic classifications, and, if available, will usually report on the allocations at 'the whole-of-government' level, with no specification for sectors, subsectors or budgetary users. Data on central vs subnational allocations may also be limited, despite the advancement of decentralization in some of the countries across Asia.

Nevertheless, some countries (mainly in East Asia – Malaysia, Thailand) allocations are predominantly made at the central government level, especially in the social sectors, while decentralization has been taking place in South Asia; or there are countries with significant subnational spending. For instance, in China, the subnational allocations make up over 95 per cent of total social sector spending.

However, despite the significant improvements, the issue of loss and lack of data and data comparability remains a problem that will have to be addressed before any regional initiatives are launched and transparency promoted. The public data used in the present report has been collected from the official sites of the ministries in charge of finance, parliaments, central statistical offices and central banks. In the case where there were multiple sources, a triangulation approach has been used and the differences were minimal if any. Macroeconomic data have been used from the IMF World Economic Outlook Database (WEO – October 2022) to ensure consistency across the country set. In a few cases it was possible to compare WEO Data with national forecasts and the differences were minimal.

A budget's credibility is difficult to assess, as execution data is not readily available for most countries in this study's sample. Moreover, the COVID-19 pandemic also created additional delays in reporting. Budget execution data was collected from the budget proposals, which provided an overview of the allocations for the previous years. The authors used actual data in reporting the budget execution, just as UNICEF EAPRO reported the initially approved budget estimates, rather than the subsequent revisions.

This decision was made to secure consistency across the set, and to avoid the possible situation where some countries would publish revised estimates, while others may not publish the changes. For instance, the Solomon Islands revises its budget several times every year, but the data provided is limited.<sup>174</sup>

In several countries access to both the approved budget and executed budget data was found to be a challenge, so the allocated budget data were used in the Budget Report. In the case of Cambodia and Viet Nam it was necessary to operate with one data set – budget execution data. Certainly, Asia-Pacific countries must invest more in budget transparency and better communication with the citizenry. However, the challenge that data presents is not specific to fiscal affairs, but extends to other areas, which can be seen when reporting on SDG progress across the board, in all 17 SDGs. Further work on improving data robustness and integrity and overall transparency is required and merits further attention.

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<sup>174</sup> National Parliament of the Solomon Islands, Parliament approves the 2023 National Appropriation Bill 2022, 14 December 2022, <[www.parliament.gov.sb/index.php?q=node/286](http://www.parliament.gov.sb/index.php?q=node/286)>

# 9. General conclusion and policy recommendations







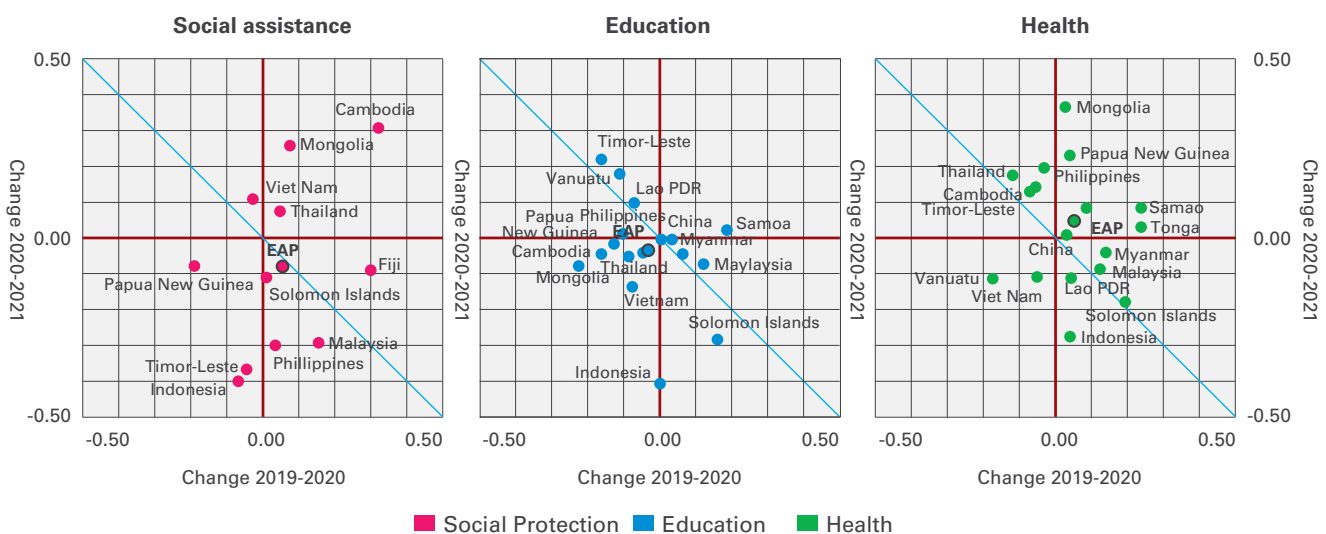
## 9.1 The challenge of prioritization: avoiding the zero-sum game trap?<sup>175</sup>

This report highlighted the crucial role of social sectors in protecting the health and well-being of citizens and addressing the socioeconomic impacts of the pandemic. The COVID-19 pandemic brought increased attention to the importance of social sectors, particularly health care, as well as other social programmes and services that support vulnerable populations. By combining data collected over multiple years, it made possible to discern various trends in the prioritization of social sectors within national budget agendas. Through the use of budgetary data, specifically sectoral allocations as a percentage of the national budget, the dynamic analysis of changes between fiscal years below provides insights into different trends of prioritization across various countries in the Asia-Pacific region. For each sector, the analysis identifies countries that have increased or decreased sectoral allocations across two different time periods, namely between FY 2019-2020 and between FY 2020-2021. Based on these trends, four distinct scenarios of investment and prioritization of social sectors in the budget have been identified:

- Resilience: continuous increase in sectoral allocation across both fiscal years
- Slow adjustment: decrease in sectoral allocation in the first time period, followed by an increase in the second fiscal year
- Temporary adjustment: increase in sectoral allocation only in the first fiscal year, followed by a decrease in the second year
- De-prioritization: continuous reduction in sectoral allocation across both fiscal years

To visually represent these trends, the data between FY 2019-2020 and between FY 2020-2021 has been plotted on [Figure 88](#). The four quadrants in each sectoral graph identify four different possible trends: Resilience (top right), Slow adjustment (top left), Temporary adjustment (bottom right), and De-prioritization (bottom left).

**Figure 88. Trends in de-prioritization of social sectors as a percentage of national budgets (last two years of COVID)**



Source: Andrea Rossi (2022) based on Regional Budget Dashboard

<sup>175</sup> This chapter is an extract of the analysis done at the UNICEF EAPRO Regional Management Team meeting in 2022 under the title *Broken Track in East Asia and Pacific: Regional Economic Outlook*. For the full explanation of the methodology, the graphs, the results and policy implication see: Andrea Rossi, *Trends in De-prioritization of Social Sectors in Asia and Pacific*, UNICEF EAPRO Policy Working Paper, 2023.

The analysis of the three sectors of education, health, and social assistance yields three distinct scenarios and various prioritization options.

- **The education sector** has witnessed mostly average negative net change, with a trend of slow adjustment. This points to a **possible disinvestment in education** as result of the pandemic. Such a trend is very dangerous for the region, especially in times where the implications of the long-term learning loss need very urgent attention. If unaddressed it might have long term human capital loss consequences for the countries in all the subregions. As highlighted in the last World Bank Regional Outlook, “Persistence of poverty from learning losses will exceed the contemporaneous crisis-induced poverty shock for many countries. The drag on growth could persist for decades if unaddressed—even though the implications of learning loss for aggregate growth may appear modest within any one year”.<sup>176</sup>
- Overall, the **health sector** has observed a small yet continuing prioritization of investment, with the majority of countries showing **resilient prioritization** (top right quadrant of **Figure 88**). For the majority of countries, the net change is positive, indicating a possible persistent increased attention to health.
- The **social assistance sector** has witnessed an initial increase, followed by a decrease in investment and then a small but continuing prioritization of investment in the sector. On average, the net change is almost zero indicating that the attention to social protection investment was only temporary, not systemic, and driven only by the need to respond to the shock.

The behaviour of social sector investments in the region has demonstrated the importance of looking broadly at the investments needed to reverse all the losses in human capital gains reached in the region in a holistic manner, essential to maintain inclusive and sustainable economic growth. The protection of social sector spending in the region should not be understood as a *zero-sum game*, limited only within the realm of the main social sectors. Rather, the lessons of the fiscal responses during the pandemic predicate the urgency for the governments to strike a balance between investing in social sectors and other areas of spending in order to meet the needs of citizens and to promote sustainable development.

Social sector budgets therefore require reprioritization in national fiscal space, accompanied by deeper reforms in the public finance management systems in the countries, such as access and improved monitoring budget data at central and subnational level and improved budget credibility and efficiency of the social sector budgets. The establishment of partnerships, such as the Public Finance Facility for South and East Asia, provides the solution-oriented instruments that support governments in their policy and fiscal space decisions on how to accelerate human development outcomes for their citizens.

## 9.2 Key strategic policy recommendations

Capitalizing on the gains of the existing fiscal space would require a concerted action on behalf of UNICEF, EU and partners in several different directions to improve transparency, efficiency, equity and domestic revenue for the social sectors.

To start with, UNICEF, EU and partners should continue their advocacy for ensuring transparency of social sector budgets, in line with their commitments under the Convention on the Rights of the Child. Despite the advancement of many countries in all subregions, still subnational and sectoral budget data requires further attention and support in providing an updated picture on the existing budget gaps in achieving child outcomes.

Secondly, domestic revenue mobilization should be improved, especially in South Asian countries where even pre-pandemic the levels did not exceed the minimum of 15 per cent needed to sustain investment in public services.<sup>177</sup> While the revenue levels of the East Asia and Pacific region are higher, exploring revenue generation measures that can support sustainable sector spending, and tax revenue that does not harm the poor segments of the population, such as corporate income tax and taxes that are more progressive so that the poorest do not bear most of the tax, will be needed.

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<sup>176</sup> World Bank, Poverty and Shared Prosperity Report, 2022, <Poverty and Shared Prosperity 2022> ([worldbank.org](http://worldbank.org))

<sup>177</sup> The World Bank position is that a minimum tax to GDP ratio of 15 per cent is needed to invest in public services, <[blogs.worldbank.org/governance/getting-15-per-cent-addressing-largest-tax-gaps](https://blogs.worldbank.org/governance/getting-15-per-cent-addressing-largest-tax-gaps)>

Furthermore, efficiency gains within the respective sectors, especially education and health, are highly necessary. Identifying and realizing opportunities to improve allocative and operational efficiency requires robust diagnostics and analytics, but also a political process that is usually most effectively driven through the relationship between the Ministry of Finance and social sector ministries. With respect to domestic revenue, it can play an important role both in reminding governments of their commitments to allocation norms and in identifying feasible pathways to increasing the revenue share allocated to social sectors.

Ministries of Finance are typically more amenable to increasing budget allocations to social sectors when they are persuaded that those investments are generating returns in an efficient and equitable way, and they have a strong working relationship with social sector ministries. The focus on improving efficiency and equity can therefore link strongly to advocacy and technical support for increased budget allocations.

Similarly, UNICEF and EU, together with partners, bring a global reputation and a suite of world class tools (such as benefit incidence analysis) in the identification of areas for improving equity, and in identifying and advocating for solutions. Often, political momentum to improve efficiency can be linked to opportunities to improve equity, so processes around efficiency and equity can usefully be linked and be mutually reinforcing.

Further investment in the reforms related to programme-based budgeting and the establishment of a credible Medium-Term Expenditure Framework could benefit the needed budget discipline and planning for prioritization of key social sectors in the mid- and long-term.

Based on the above, specific policy recommendations concerning the sectors are as follows:

#### **Education:**

- The priorities for the subregions are in line with the global recommendations for transforming education with equitable financing: Most critically, unlock pro-equity public financing to education; prioritize public funding to foundational learning; monitor and ensure equitable education aid allocation; invest in innovative ways of delivering education to complement gaps in existing public funding, through multiple and flexible pathways, including quality digital learning.<sup>178</sup>
- To be able to fund education in the future, the governments have to ensure the steady growth in public (government) revenues, more effective and efficient use of allocated resources, better integration of the private providers within the system, and a broader commitment to investment in infrastructure and maintenance of the capital stock.
- Better integration of ODA to deliver on the national education policies is also a must. Also, in some countries (most notably the Philippines) off-budget funds have also been used to soften the blows initiated by the COVID-19 pandemic. Looking for the resources that have been outside the budget, may also be another, alternative step in securing more stable, long-term investment in the education sector, and ensuring that the major volatility shifts are avoided.
- The current status of teachers' salaries, as part of the overall education budget, usually represents the highest share of government's expenditures in the sector and requires further investigation in the future. These have been quite affected during the COVID-19 crisis and merit a deeper probe and comparison between these three subregions and around the world to identify best practices.
- Continue to advocate for prioritization of the education sector at a national and subnational level in the countries under the present review, in line with the macro- and fiscal space. Through advocacy, position education at the centre of national fiscal stimuli packages and annual budgets, alongside health, nutrition, social protection and WASH.

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<sup>178</sup> UNICEF, *Transforming Education with Equitable Financing Findings Using 2010-2022 data*, New York, 2023.

- Explore and engage in the additional evidence generation which may demonstrate how to reap an additional fiscal space for education, both from the revenue side and through engaging in efficiency analysis and reprioritization of the different functions of the education sector.
- Improve the timeliness and quality of education expenditure data through greater transparency, using standardized tools and protocols and strengthening education modules in household expenditure surveys.

#### **Health:**

- Continue the evidence generation and advocacy for protecting investments in primary health care with a longer-term goal to bridge the existing gaps in funding and discovering opportunities for efficiency gains in the sector.
- Efforts to achieve a more equitable distribution of health outcomes across the population will be most critical, given the high levels of health inequalities visible in all countries. As such, equity must be central to all health sector investment decisions.
- Support for collecting data on health allocations at subnational level would be critical to understand targeting of the health budget at provincial levels and to establish to what extent the budget allocations are in line with health equity aims.
- Consistent with the overall issue of credibility of the social sectors' budgets in the three subregions, further institutional strengthening, better accountability and intensive capacity-building are needed to improve the health system governance and its financial performance, including budget execution.
- Following the changes in budget spending related to COVID-19 in the health sector, provide full transparency on fund utilization during the pandemic.
- Since the speed and volumes of procurement in the health sector challenged the national procurement system, further research in public finance management would also need to consider the amount of fiscal space that goes into procurement. Relatedly, analysis of public investment in vaccination procurement – COVID-19 and overall vaccinations for children to bring them back on track with the immunization calendar – will be an important piece of any future evidence and advocacy efforts.

#### **Social assistance:**

- Countries need to continue advocacy and technical assistance for ongoing monitoring of the social assistance budget, including at national and subnational level.
- Countries should prioritize obtaining the full picture on the size and quality of social assistance data, including a complete picture on the equity investment in social assistance. Special attention is required to combine all different relevant sources together to provide the full picture of investments at country level.
- Continuous fiscal space analysis is needed to ensure the sustainability of the schemes already adopted during the COVID-19 pandemic, especially those facing a risk of de-investment. This analysis should be linked with the broader work on advocacy for increased revenues and reprioritization of the fiscal space for protecting social sector allocations in times of compounded shocks.
- Setting up strategies, along with national partners, on how to close the financing gap for social assistance and engage in policy advocacy with partners to address these. In these efforts, a greater and more gradual focus should be placed on consolidating existing social protection programmes, increasing coverage and improving the registries to achieve efficiency in spending.

## Budget cycles and data

- The budget cycle is continuous, and all relevant stakeholders have an opportunity to engage in effective advocacy at every point, from the preparation of a budget circular in the first three months of the budget year, to month 10 or 11 of the budget cycle when the national parliaments are deliberating the budgets and enacting budget laws. While this is practiced on a continuous basis in some countries, consistency and continuity will be required for all three subregions as a whole.
- Supporting the national governments to develop further their own capacities to establish informed, data-driven decision-making and their ability to effectively plan and manage budgets may also be an opportunity to contribute and influence the government internal processes.
- Access to equity data is not immediately available, therefore the generation of data with an equity angle should be considered.
- More attention should be devoted to the development of a medium-term expenditure framework, rather than look at the development of an annual budget, as has been the case traditionally. Engagement with medium-term planning and programme-based budgeting processes might ensure better results over a longer period.

For all of the above, strong partnerships with governments, donors, the private sector and academia, while leveraging comparative advantages at country and regional level, would be required to keep the commitments for children on track.



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# Annexes



## Annex A: Main sources of information and online presence

Annex A, Table 1. List of sources used for budget (by country)

No.	Country	Sources/ Documents	Web-link
1.	Bangladesh	Budget Speech Budget at Glance Annual Financial Statement	< <a href="http://mof.gov.bd/site/page/9ea7529b-c8ef-49b5-8b8e-87ef72a2b3ec/Budget-Speech">mof.gov.bd/site/page/9ea7529b-c8ef-49b5-8b8e-87ef72a2b3ec/Budget-Speech</a> >
2.	China	MoF website <i>China Statistical Yearbook</i>	< <a href="http://www.mof.gov.cn/en/data/202011/t20201126_3630686.htm">www.mof.gov.cn/en/data/202011/t20201126_3630686.htm</a> > < <a href="http://www.stats.gov.cn/tjsj/ndsj/2020/indexeh.htm">www.stats.gov.cn/tjsj/ndsj/2020/indexeh.htm</a> >
3.	Cambodia	Budget-in-brief (in Khmer) NGO website data (file)	< <a href="http://mef.gov.kh/documents-category/publication/budget-in-brief/">mef.gov.kh/documents-category/publication/budget-in-brief/</a> > < <a href="http://www.cambodanbudget.org">www.cambodanbudget.org</a> >
4.	Fiji	Budget Estimates	< <a href="http://www.economy.gov.fj/index.php?option=com_content&amp;view=article&amp;layout=edit&amp;id=83">www.economy.gov.fj/index.php?option=com_content&amp;view=article&amp;layout=edit&amp;id=83</a> >
5.	Indonesia	Presentation on Budget 2021 <i>Statistik Indonesia</i> (Yearbook)	< <a href="http://www.kemenkeu.go.id/informasi-publik/uu-apbn-dan-nota-keuangan/">www.kemenkeu.go.id/informasi-publik/uu-apbn-dan-nota-keuangan/</a> > < <a href="http://www.bps.go.id/publication/2020/04/29/e9011b3155d45d70823c141f/statistik-indonesia-2020.html">www.bps.go.id/publication/2020/04/29/e9011b3155d45d70823c141f/statistik-indonesia-2020.html</a> > (latest available edition)
6.	Lao PDR	Government Budget Plan (Revenue and Recurrent Expenditure Plans) For the Fiscal Year 2021 Government Budget Implementation 2019	< <a href="http://www.mof.gov.la/index.php/en/publications-and-statistics/">www.mof.gov.la/index.php/en/publications-and-statistics/</a> > Official state gazette
7.	Malaysia	(Budget) Touchpoints (in Eng.) <i>Statements:</i> b42 Health (in Malay) b48 Women/Soc. Sec. (in Malay) b63 Education (in Malay) b64 Higher Education (in Malay)	< <a href="http://belanjawan2021.treasury.gov.my/index.php/en/">belanjawan2021.treasury.gov.my/index.php/en/</a> > < <a href="http://belanjawan2021.treasury.gov.my/index.php/en/ap-2021">belanjawan2021.treasury.gov.my/index.php/en/ap-2021</a> >
8.	Mongolia	MoF website Statistical Office website	< <a href="http://mof.gov.mn/data_grid/budget/123/2020http://1212.mn/tables.aspx?tbl_id=DT_NSO_2002_055V1&amp;A1_select_all=0&amp;A1SingleSelect=_1_2&amp;YearY_select_all=0&amp;YearYSingleSelect=_2020_2019&amp;viewtype=table">mof.gov.mn/data_grid/budget/123/2020http://1212.mn/tables.aspx?tbl_id=DT_NSO_2002_055V1&amp;A1_select_all=0&amp;A1SingleSelect=_1_2&amp;YearY_select_all=0&amp;YearYSingleSelect=_2020_2019&amp;viewtype=table</a> >
9.	Myanmar	Myanmar Annual Fiscal Data Summary according to Myanmar Accounting Method and Myanmar Annual Fiscal Data according to IMF's Government Finance Statistics Analytical Method 2020	< <a href="http://www.mopfi.gov.mm/en/content/budget-news">www.mopfi.gov.mm/en/content/budget-news</a> >
10.	Nepal	Budget Speech	< <a href="http://moeap.p1.gov.np/index.php/budget-speech">moeap.p1.gov.np/index.php/budget-speech</a> >
11.	Pakistan	Budget in Brief Annual Budget Statement Performance Based Budget	< <a href="http://www.finance.gov.pk/fb_2021_22.html">www.finance.gov.pk/fb_2021_22.html</a> >
12.	Papua New Guinea	Treasurer's Budget Speech Budget, Vol. I and II	< <a href="http://www.treasury.gov.pg/html/national_budget/2021_20National%20Budget.html">www.treasury.gov.pg/html/national_budget/2021_20National%20Budget.html</a> >

No.	Country	Sources/ Documents	Web-link
13.	Philippines	People's Budget BESF Statements: B5 (a, b, c), B6 (a, b, c), B7, B8, B9 National Expenditure Programme (Vol 1 and 2)	< <a href="http://www.dbm.gov.ph/index.php/dbm-publications/budget-of-expenditures-and-sources-of-financing-besf">www.dbm.gov.ph/index.php/dbm-publications/budget-of-expenditures-and-sources-of-financing-besf</a> >
14.	Samoa	Budget Address Approved Budget	< <a href="http://www.mof.gov.ws/budget-address/">www.mof.gov.ws/budget-address/</a> >
15.	Solomon Islands	Appropriation Bill (not available for all the years)	< <a href="http://solomons.gov.sb/ministry-of-finance-and-treasury/budget-documents/">solomons.gov.sb/ministry-of-finance-and-treasury/budget-documents/</a> >
16.	Sri Lanka	Budget Speech Budget (Vol. 1 and 2)	< <a href="http://www.treasury.gov.lk/budget">www.treasury.gov.lk/budget</a> >
17.	Thailand	MoF online database (in Thai)	< <a href="http://dataservices.mof.go.th/menu8?id=3">dataservices.mof.go.th/menu8?id=3</a> >
18.	Timor-Leste	Government Budget – Budget Overview (book 1) Citizens' Budget	< <a href="http://www.mof.gov.tl/category/documents-and-forms/budget-documents/state-budget-2021-approved/?lang=en">www.mof.gov.tl/category/documents-and-forms/budget-documents/state-budget-2021-approved/?lang=en</a> >
19.	Tonga	Budget Statement Master Budget	< <a href="http://www.finance.gov.to/budgetpublication">www.finance.gov.to/budgetpublication</a> >
20.	Vanuatu	Budget, Vol. 1	< <a href="http://doft.gov.vu/index.php/widgetkit/budget-speech">doft.gov.vu/index.php/widgetkit/budget-speech</a> >
21.	Viet Nam	Some partial reports on MoF website of limited use Internal UNICEF CO Viet Nam document	< <a href="http://mof.gov.vn/webcenter/portal/btcvn/pages_r/m/gjoi-thieu-bo/tchcbmy/vngnschnhc">mof.gov.vn/webcenter/portal/btcvn/pages_r/m/gjoi-thieu-bo/tchcbmy/vngnschnhc</a> > < <a href="http://ckns.mof.gov.vn/SitePages/home.aspx#ListReport">ckns.mof.gov.vn/SitePages/home.aspx#ListReport</a> >

**Annex A, Table 2. Types of sources of data for the countries – as per the budget transparency classification**

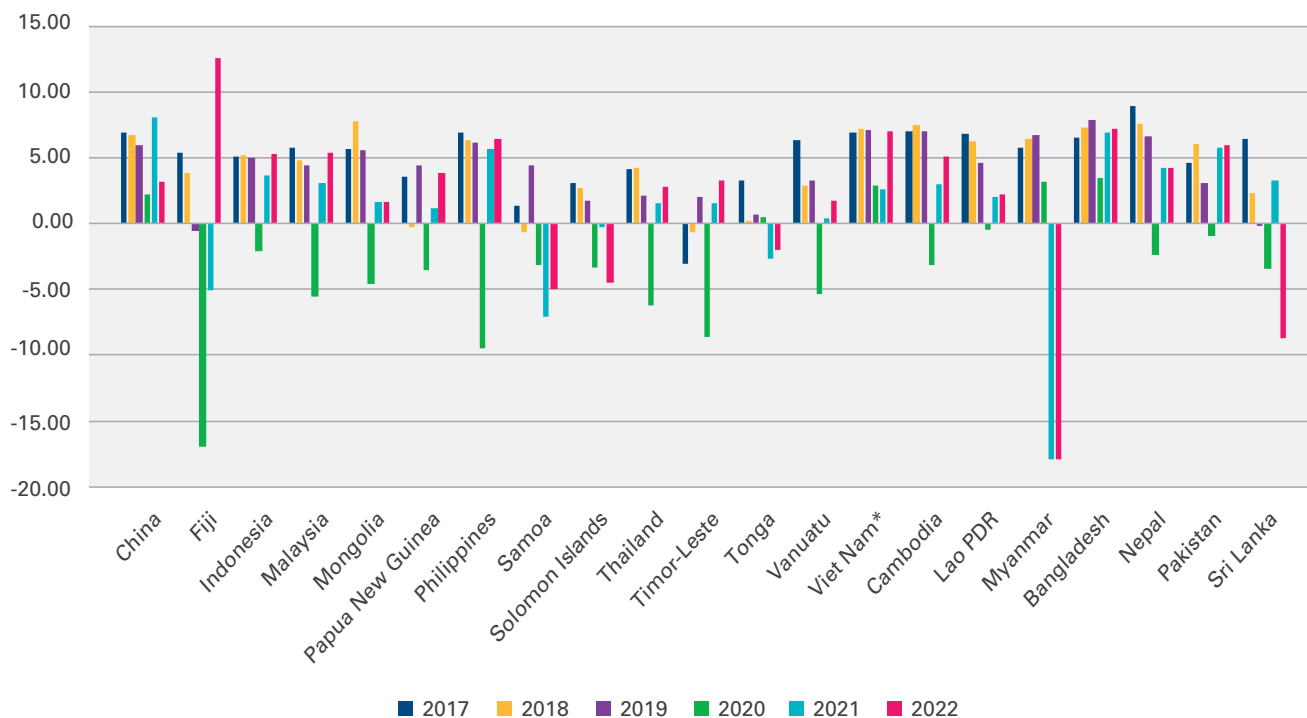
Country	IMF	MOF annual budget speech	Budget estimates	Budgets briefs	Citizens briefs	(Audited) annual reports	Statistics annual	UNICEF CO data
Bangladesh	Y	Y	Y	Y				
Cambodia	Y			P	P			P
China	Y							Y
Fiji	Y	P	Y	Y				
Indonesia	Y			P				Y
Lao PDR	Y				P			P
Malaysia	Y	Y	Y	Y				Y
Mongolia	Y							Y
Myanmar	Y	P	P		P			
Nepal	Y	Y	Y	Y				Y
Pakistan	Y	Y	Y	Y		Y	Y	
Papua New Guinea	Y	Y	Y					
Philippines	Y	Y	Y	Y				Y
Samoa	Y	Y	Y					
Solomon Islands	Y	P	P					
Sri Lanka	Y	Y	Y	Y				Y
Thailand	Y			Y				Y
Timor-Leste	Y	P	Y					
Tonga	Y	P	Y			Y	Y	
Vanuatu	Y		P					
Viet Nam	Y							Y

**Legend:** Y-Yes, used; P- Used partially (not available for all the fiscal years)



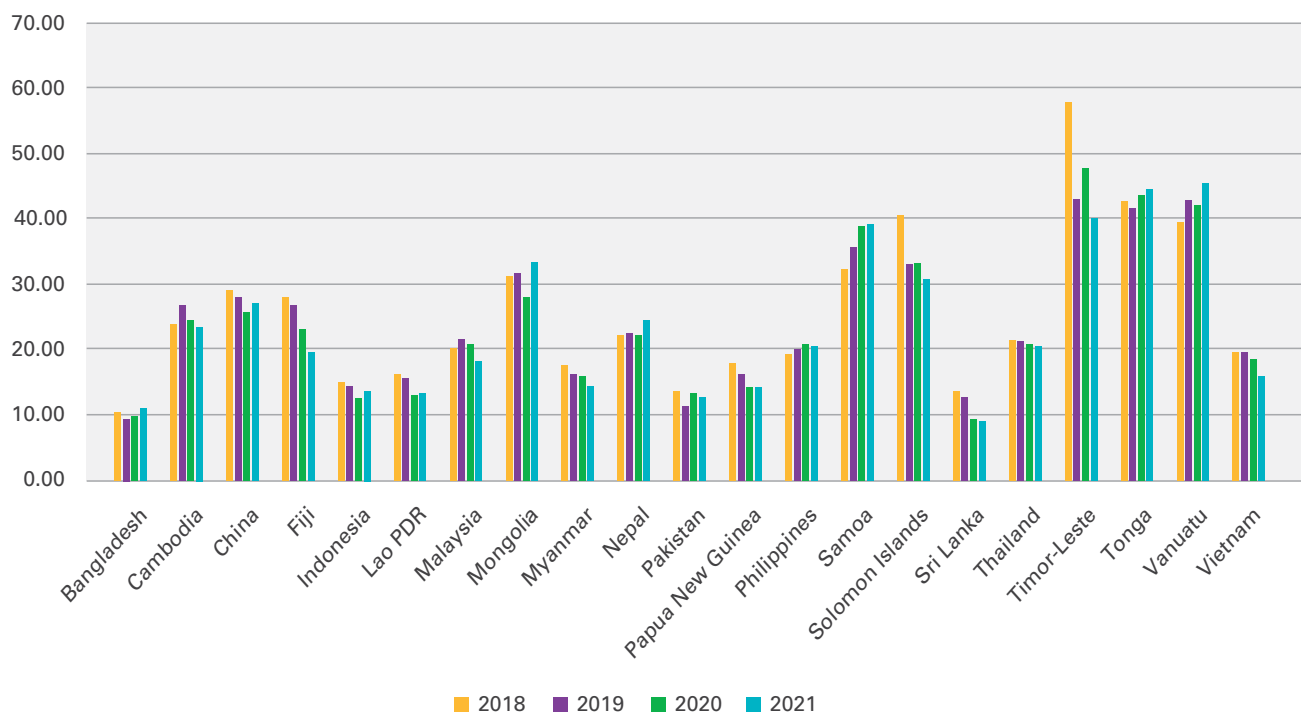
## Annex B: Country data figures

Annex B, Figure 1. Real GDP growth in EA countries, PICs and SA4 countries (by country)



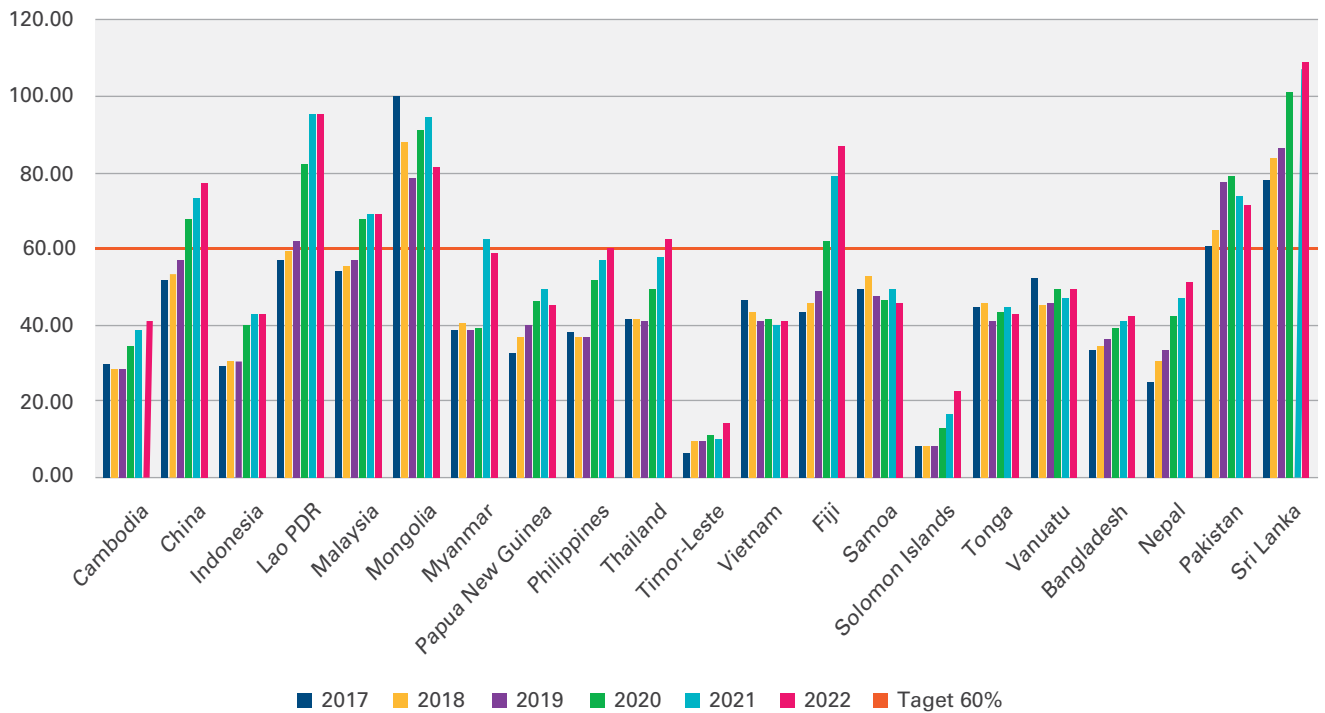
Source: IMF WEO Database (October 2022)

Annex B, Figure 2. Government budget annual change, EA countries, PICs and SA4 countries, 2017-2021



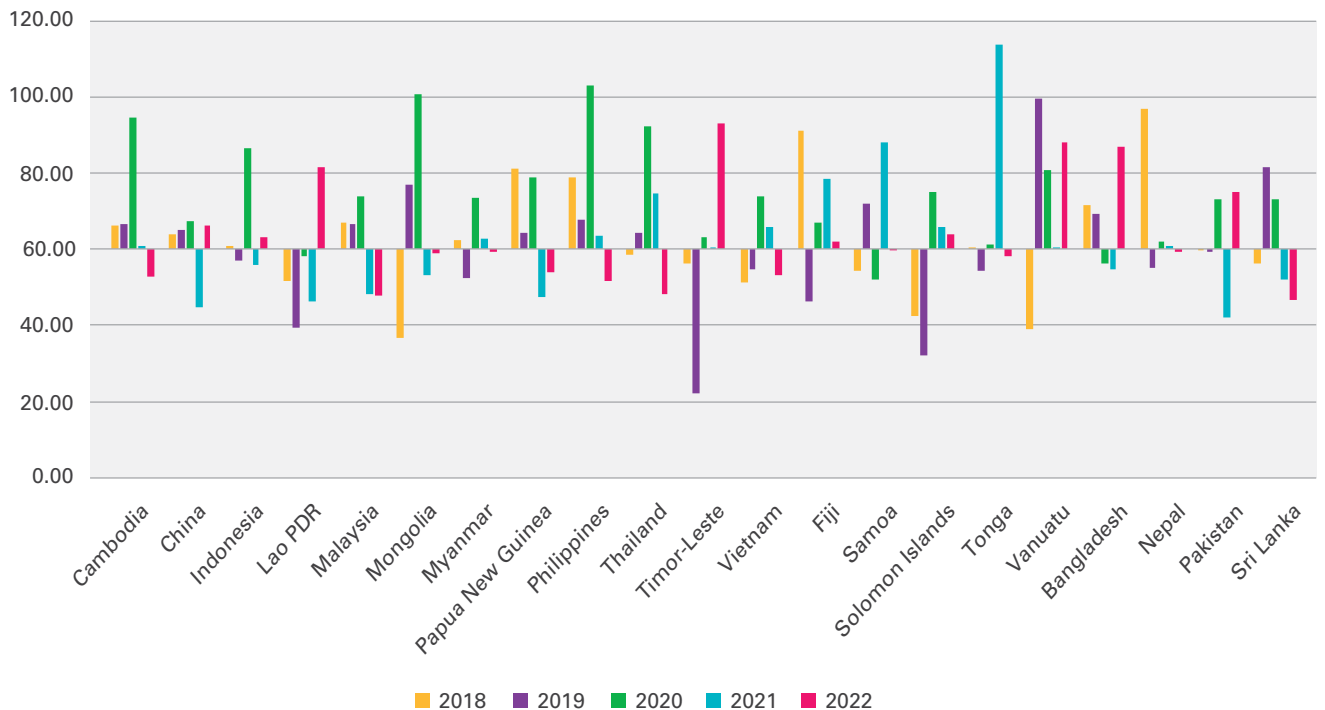
Source: IMF WEO Database (October 2022)

**Annex B, Figure 3. Gross government debt as a percentage of GDP, EA countries, PICs and SA4 countries, 2017-2022**



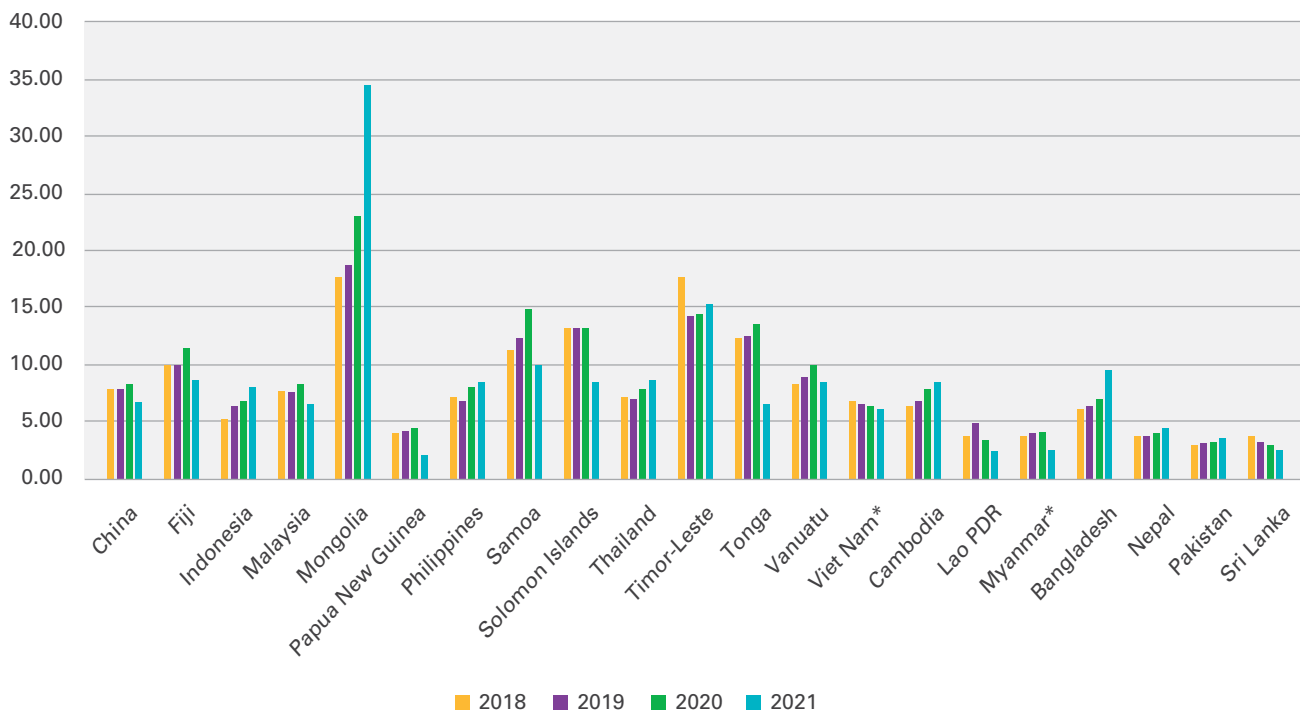
Source: IMF WEO Database (October 2022)

**Annex B, Figure 4. Government budget annual change, EA countries, PICs and SA4 countries, 2017-2022**



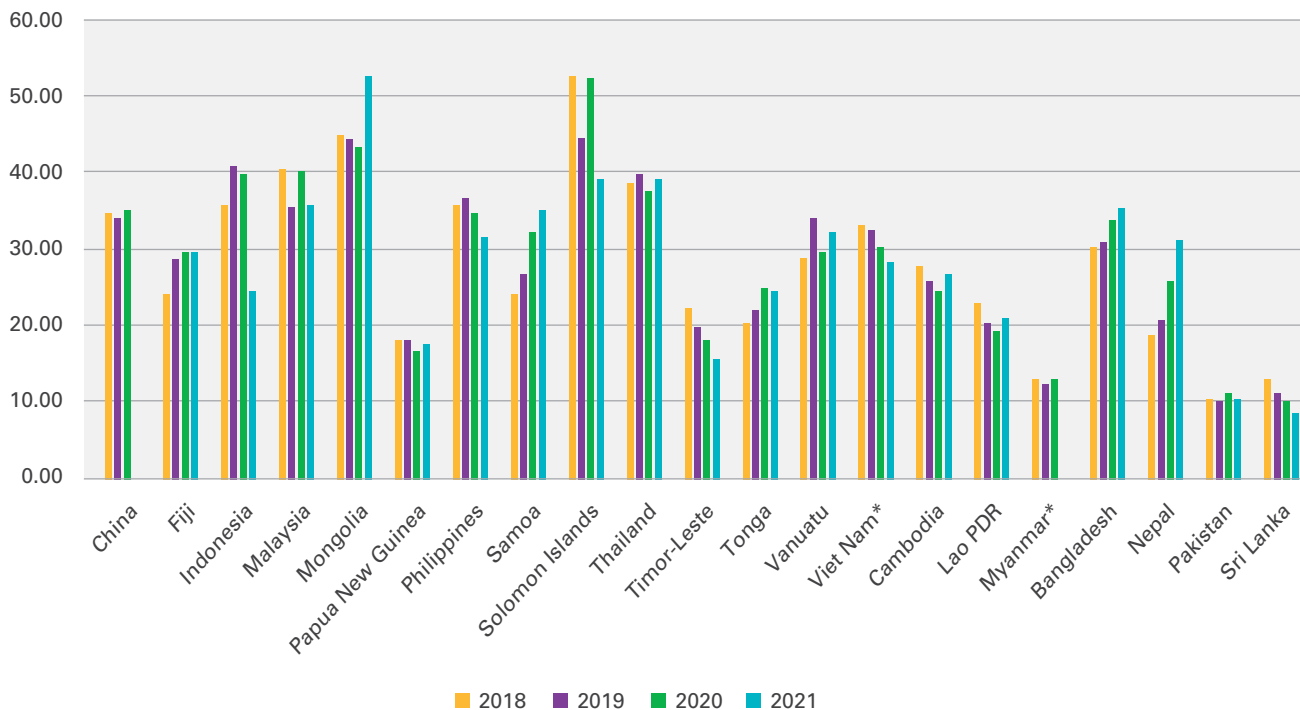
Source: UNICEF EAPRO PFM Dashboard Data

**Annex B, Figure 5. Social sectors allocations as a percentage of GDP, EA countries, PICs and SA4 countries, by country, 2017-2021**



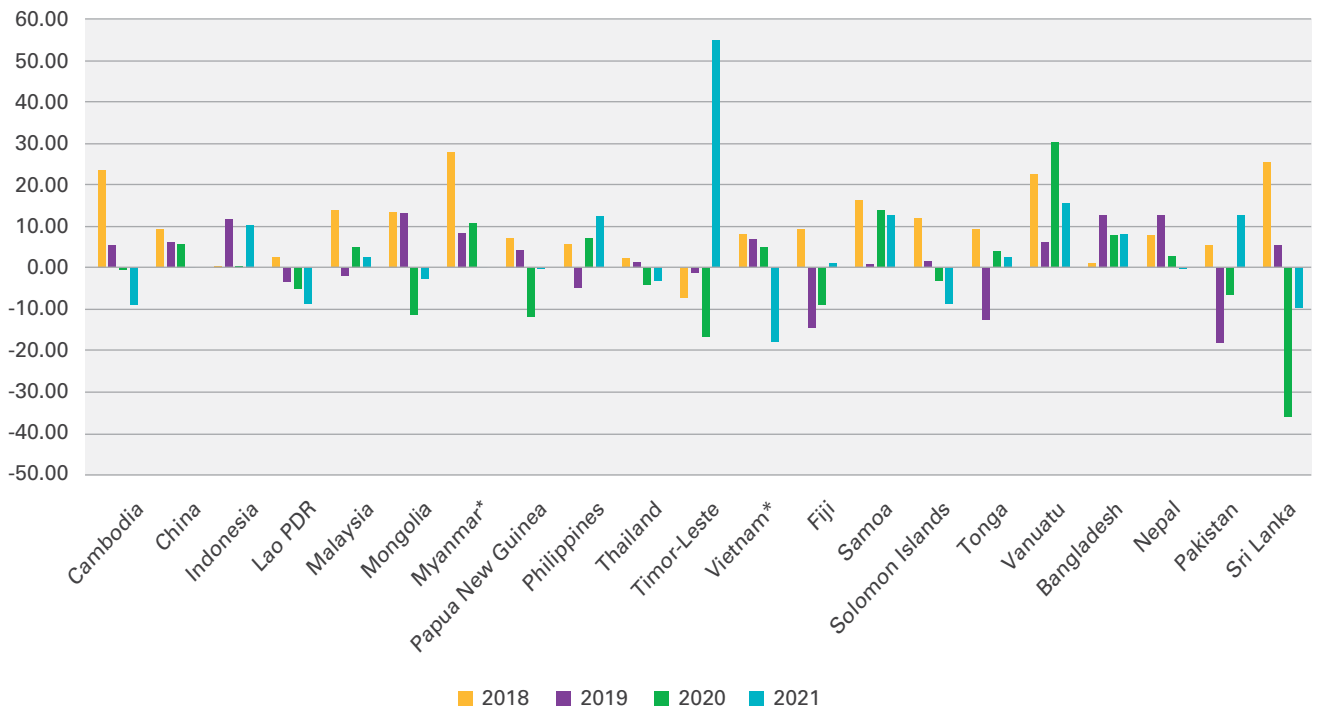
Source: UNICEF EAPRO PFM Dashboard Data

**Annex B, Figure 6. Social sector allocations as a percentage of total government budget, EA countries, PICs and SA4 countries, by country, 2017-2021**



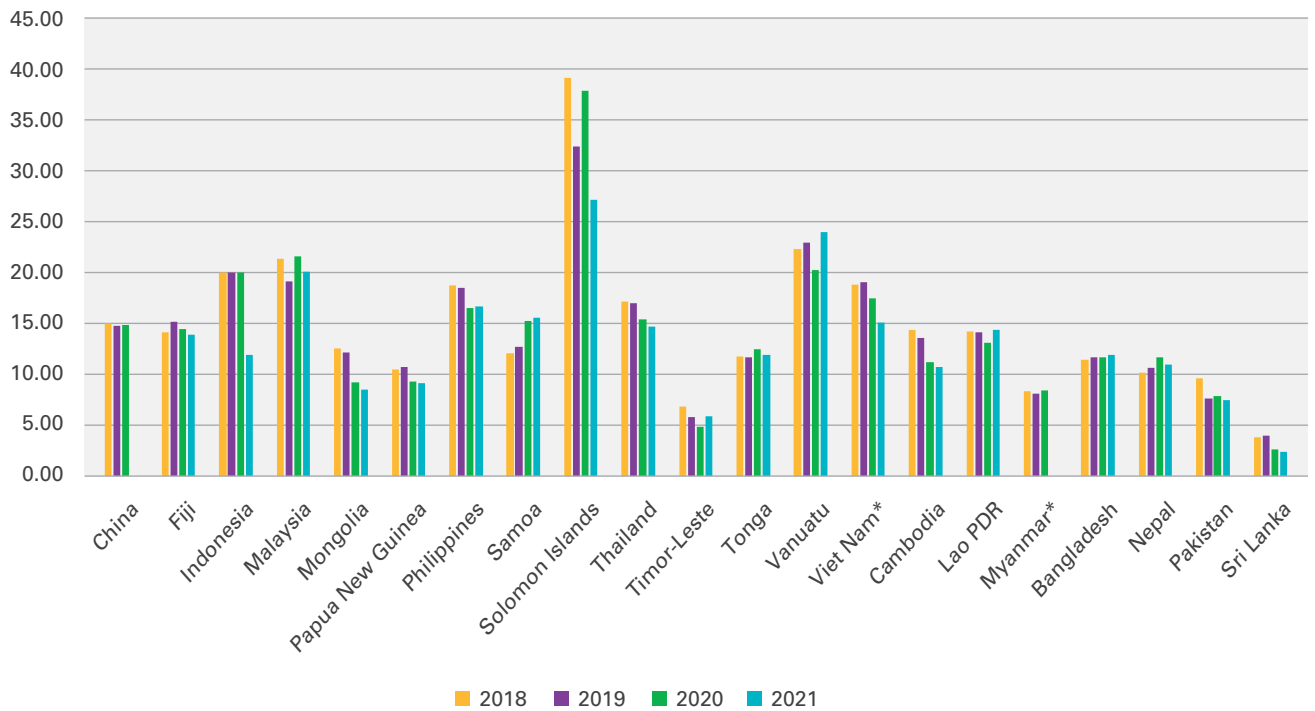
Source: UNICEF EAPRO PFM Dashboard Data

**Annex B, Figure 7. Education budget annual change, EA countries, PICs and SA4 countries, 2017-2021 (per country)**



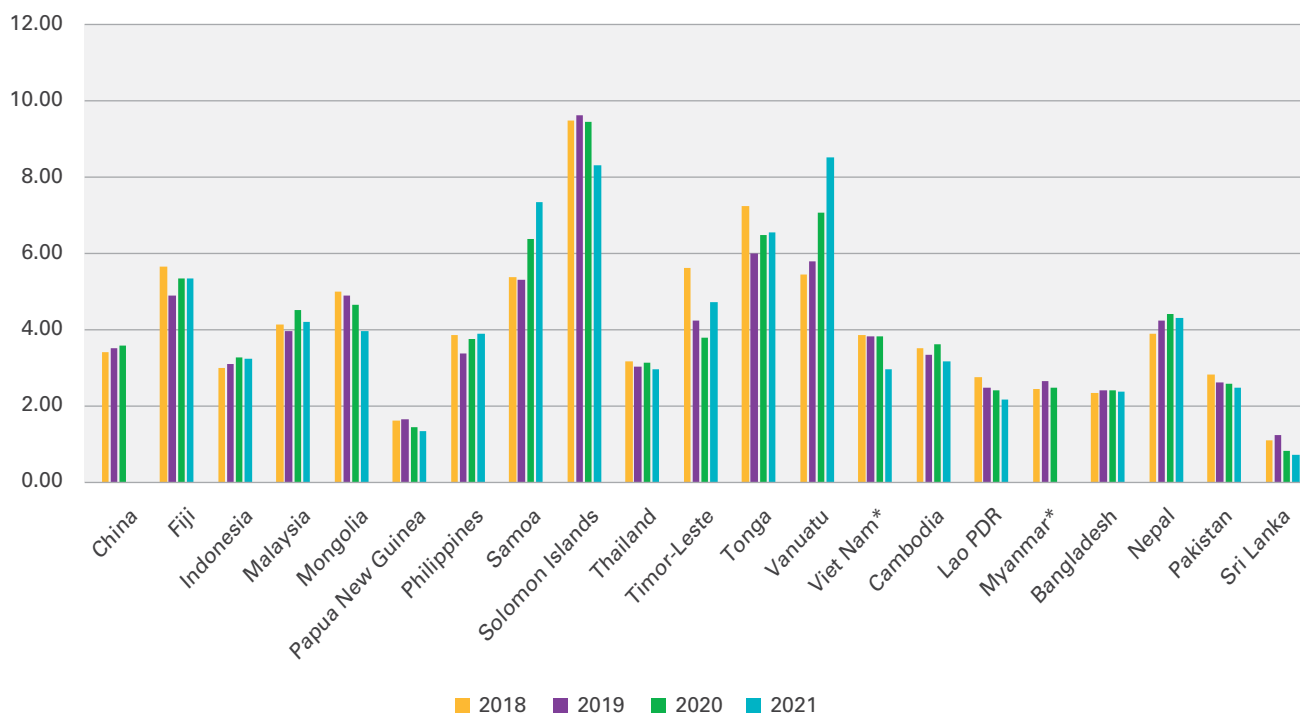
Source: UNICEF EAPRO PFM Dashboard Data

**Annex B, Figure 8. Education allocations as a percentage of the government budget, EA countries, PICs and SA4 countries, 2017-2021 (per country)**



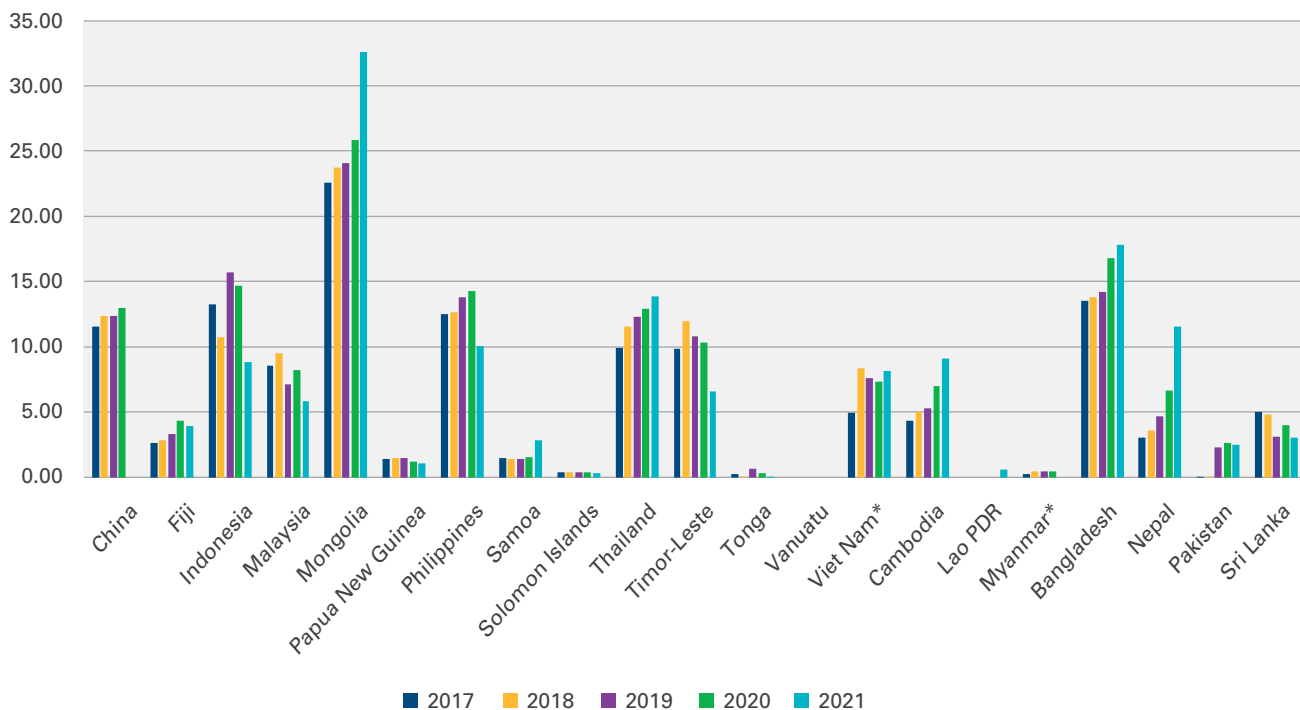
Source: UNICEF EAPRO PFM Dashboard Data

**Annex B, Figure 9. Education allocations as a percentage of GDP, EA countries, PICs and SA4 countries, 2017-2021 (per country)**



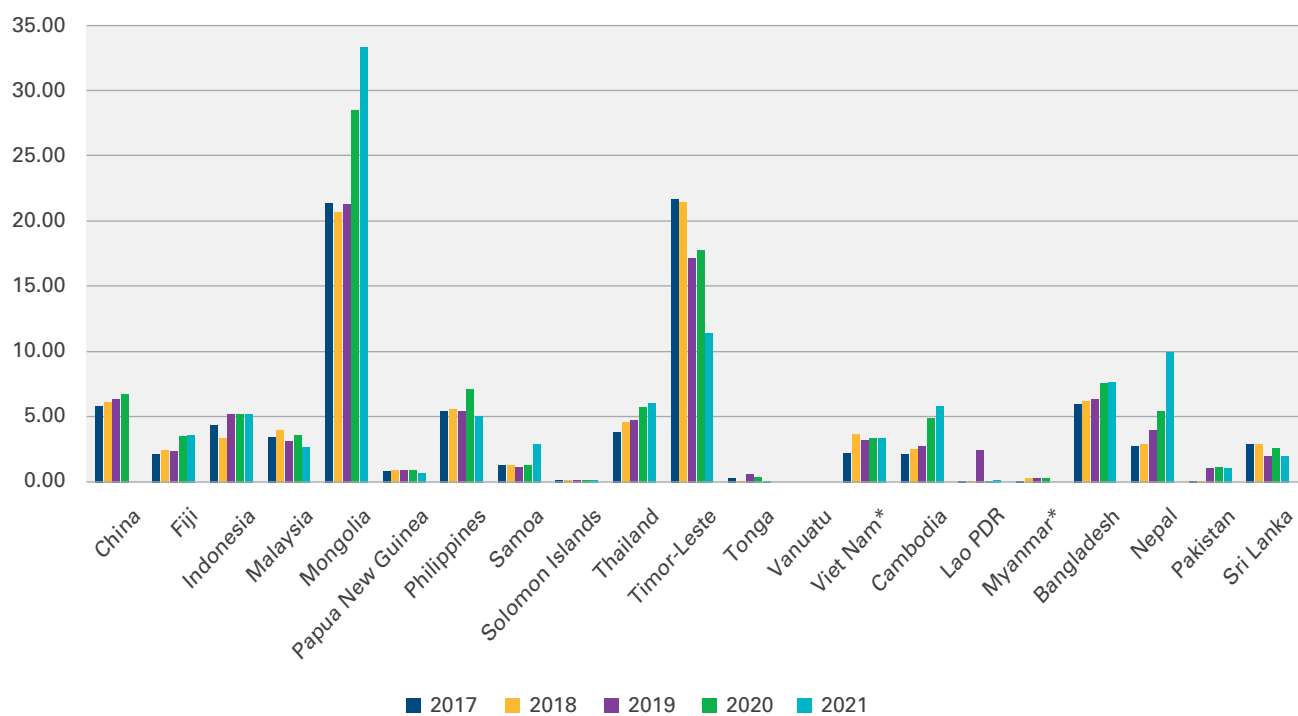
Source: UNICEF EAPRO PFM Dashboard Data

**Annex B, Figure 10. Allocations on social assistance, as a percentage of the national budget, EA countries, PICs and SA4 countries, 2017-2021 (per country)**



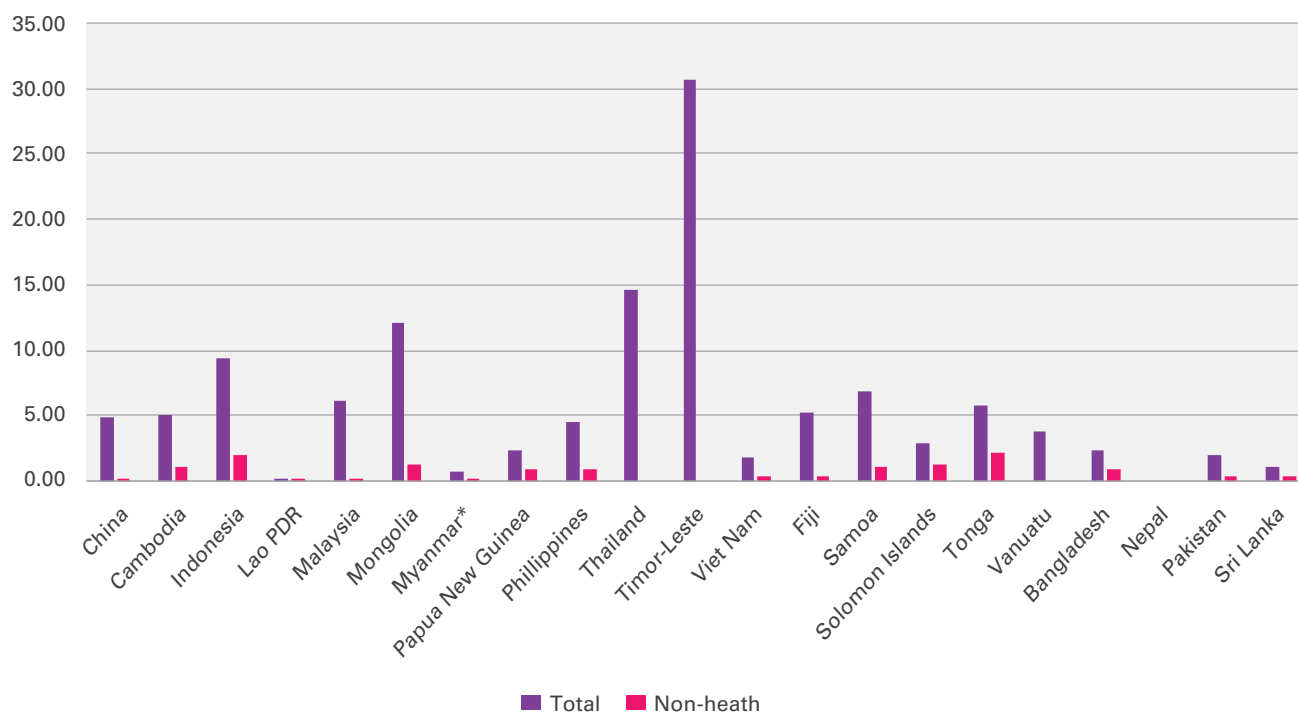
Source: UNICEF EAPRO PFM Dashboard Data

**Annex B, Figure 11. Allocations on social assistance, as a percentage of GDP, EA countries, PICs and SA4 countries, 2017-2021 (per country)**



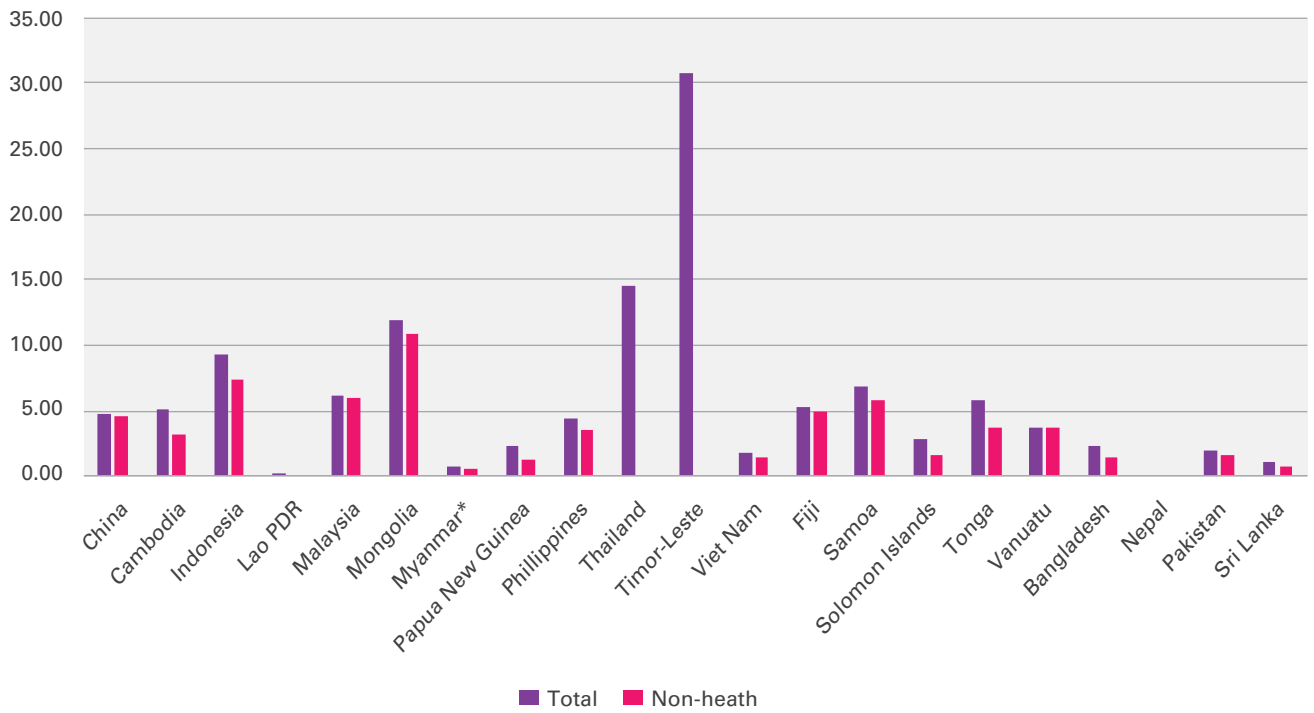
Source: UNICEF EAPRO PFM Dashboard Data

**Annex B, Figure 12. COVID-19 related additional expenditure, non-health, EA countries, PICs and SA4 countries, 2020-2021**



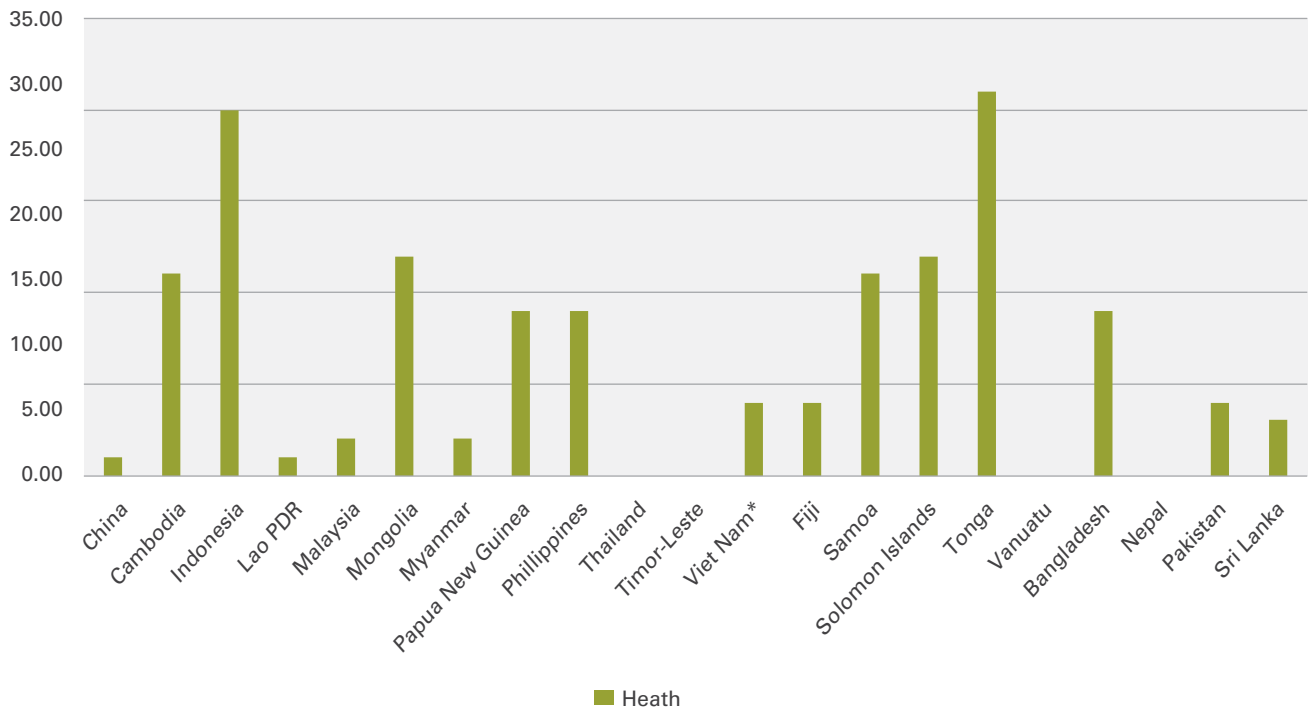
Source: IMF Fiscal Policy Database

**Annex B, Figure 13. COVID allocations, non-health, by country**



Source: IMF Fiscal Policy Database

**Annex B, Figure 14. COVID allocations, health, by country**



Source: IMF Fiscal Policy Database

## Annex C: Types of social assistance programmes included under the review

**Annex C, Table 1. List of tax-financed social assistance programmes in SA4 countries, EA countries and PICs covered in the analysis, per country**

Subregion	Country	Social Protection Programmes
East Asia	China	<ol style="list-style-type: none"> <li>1. Education, Housing, Medical and Temporary Assistance Programmes</li> <li>2. Minimum Livelihood Guarantee (MLG, or Dibao)</li> <li>3. National Nutrition Improvement Programme (NNIP) or Nutritious Lunch Programme</li> <li>4. Tekun Programme for the Destitute</li> </ol>
East Asia	Mongolia	<ol style="list-style-type: none"> <li>1. Allowance for Mothers and Children</li> <li>2. Child Money Programme (CMP)</li> <li>3. Food Stamp Programme</li> <li>4. School Lunch Programme</li> <li>5. Social Welfare Allowances</li> <li>6. Social Welfare Pensions and Allowance for the Elderly and the Disabled</li> <li>7. Social Welfare Service Allowance for the Elderly with State Merits</li> </ol>
South Asia	Bangladesh	<ol style="list-style-type: none"> <li>1. Allowance for Financially Insolvent Persons with Disabilities</li> <li>2. Employment Generation Programme for the Poorest (EGPP)</li> <li>3. Higher Secondary Stipend Programme (HSSP)</li> <li>4. Husband-Deserted, Widowed and Destitute Women Allowance (HWDWA)</li> <li>5. Maternity Allowance for the Poor Lactating Mothers</li> <li>6. Old-age Allowance Programme</li> <li>7. Primary Education Stipend Programme (PESP)</li> <li>8. Public Food Distribution System (PFDS)</li> <li>9. School Feeding Programme in the Poverty-prone Areas</li> <li>10. Secondary Education Sector Investment Programme (SESIP)</li> <li>11. Secondary Education Stipend Programme (SESP)</li> <li>12. Work for Money (WFM)</li> </ol>
South Asia	Nepal	<ol style="list-style-type: none"> <li>1. Aama Programme (Safe Motherhood Programme)</li> <li>2. Child Grant</li> <li>3. Disability Grant</li> <li>4. Endangered Indigenous Peoples Allowance or Endangered Ethnicity Grant</li> <li>5. Karnali Employment Programme (KEP)</li> <li>6. National School Meals Programme (NSMP) and Food for Education</li> <li>7. Old Age Allowance (OAA) or Senior Citizen's Allowance</li> <li>8. Rural Community Infrastructure Work (RCIW)</li> <li>9. Scholarships</li> <li>10. Single Women's Allowance</li> </ol>
South Asia	Pakistan	<ol style="list-style-type: none"> <li>1. Benazir Income Support Programme (BISP) or National Cash Transfer Programme (NCTP)</li> <li>2. Electricity Subsidies</li> <li>3. Pakistan Bait-ul-Mal</li> <li>4. Pakistan FATA Temporarily Displaced Persons Emergency Recovery Project</li> <li>5. Prime Minister National Health Programme (PMNHP)</li> </ol>
South Asia	Sri Lanka	<ol style="list-style-type: none"> <li>1. Divineguma Programme</li> <li>2. Financial Support to Elderly or Elderly Assistance Programme (EAP)</li> <li>3. National Secretariat for Persons with Disabilities Programmes</li> <li>4. National Supplementary Food Programme (Thriposha)</li> <li>5. Public Welfare Assistance Allowance (PAMA)</li> <li>6. School Feeding Programmes</li> </ol>
East Asia	Cambodia	<ol style="list-style-type: none"> <li>1. Disability Allowance</li> <li>2. Health Equity Fund</li> <li>3. Productive Assets and Livelihood Support (PALS)</li> <li>4. Scholarships</li> <li>5. School Feeding Programme</li> </ol>
East Asia	Indonesia	<ol style="list-style-type: none"> <li>1. Bantuan Langsung Sementara Masyarakat (BLSM—Unconditional Cash Transfer Programme)</li> <li>2. Beras untuk Rakyat Sejahtera or Rastra (Rice for the Prosperous Population); Jaminan Kesehatan Nasional (JKN—National Health Insurance Programme); Penerima Bantuan Iuran component (PBI—Non-Contributory Health Insurance)</li> <li>3. Programme Indonesia Pintar (PIP—Smart Indonesia Programme)</li> <li>4. Programme Keluarga Harapan (PKH—Family Hope Programme)</li> <li>5. Programme Kesejahteraan Sosial Anak (PKSA—Social Cash Transfer for Disadvantaged Children)</li> </ol>

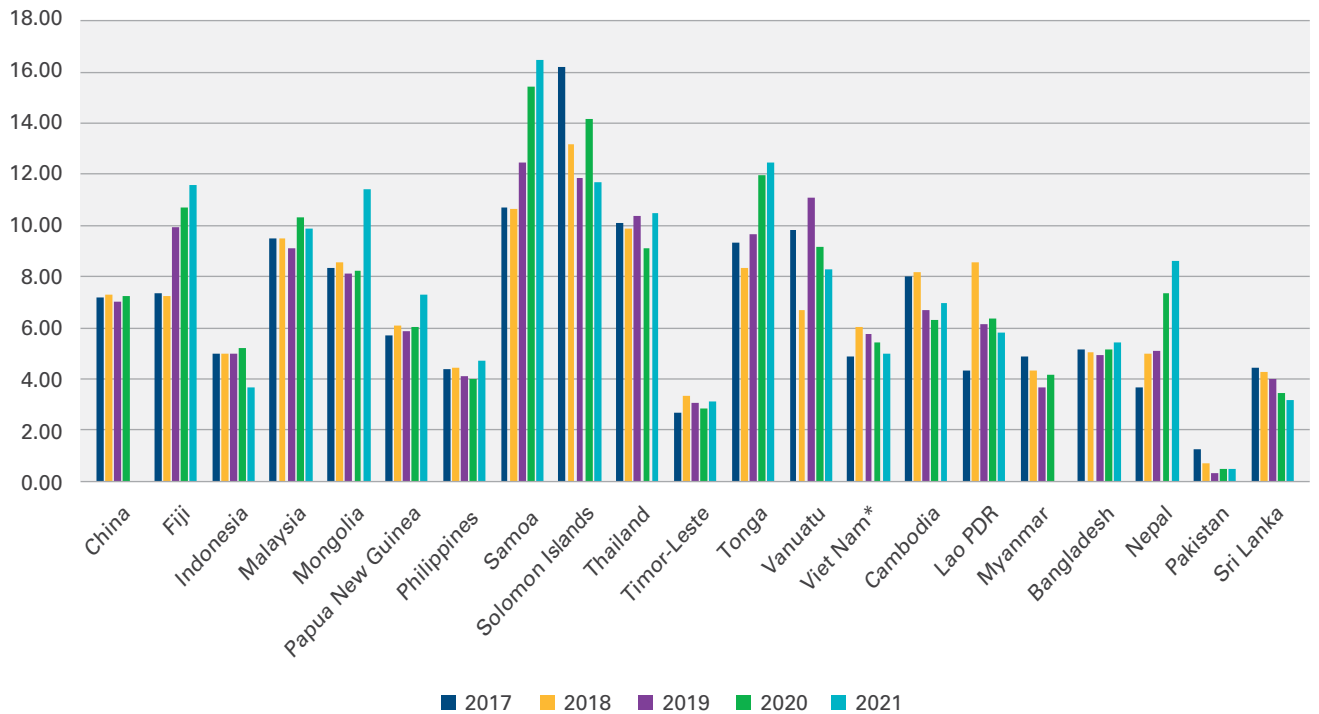


Subregion	Country	Social Protection Programmes
East Asia	Lao PDR	1. Health Equity Fund (HEF) 2. National School Meals Programme (NSMP)
East Asia	Malaysia	1. Assistance for People Living with Disabilities 2. Bantuan Orang Tua (Elderly Assistance Scheme) 3. Bantuan Rakyat 1 Malaysia (BR1M)
East Asia	Myanmar	1. National School Feeding Programme (NSFP) 2. Social Pension 3. Student Stipends Programme
East Asia	Papua New Guinea	N/A
East Asia	Philippines	1. Integrated Livelihood and Emergency Employment Programme (DILEEP) 2. National Health Insurance Programme 3. Pantawid Pamilya, Pantawid Pamilyang Pilipino Programme (4Ps) 4. Rice Subsidy Programme of the National Food Authority (NFA) 5. School-based Feeding Programme 6. Social Pension for Indigent Senior Citizens 7. Supplementary Feeding Programme
East Asia	Thailand	1. Allowances for people living with disabilities 2. Allowances for people living with HIV/AIDS 3. Child Support Grant 4. School Lunch Programme (SLP) 5. Universal Coverage Scheme (UCS) 6. Universal Pension Scheme
East Asia	Timor-Leste	1. Bolsa da Mãe (Grant for Mothers) 2. Programa de Alimentação Escolar (School Feeding Programme) 3. Subsídio de apoio a Idosos e Inválidos (SAII, Pension for Elderly People and People with Disabilities)
East Asia	Viet Nam	1. Allowance for HIV and AIDS 2. Child Benefits 3. Disability Benefits 4. Electricity and Fuel Subsidies (Cash Transfer) 5. “Cơ hội thoát nghèo truyền kiếp” – “Opportunity to Move out of intergenerational Poverty” 6. School Stipends 7. Social Health Insurance (SHI, non-contributory component) 8. Social Pension Scheme
PICs	Fiji	1. Bus Fare Subsidy 2. Care and Protection 3. Food Voucher for Rural Pregnant Women 4. Poverty Benefit Scheme 5. Social Pension Scheme
PICs	Samoa	1. Senior Citizens Benefit Fund 2. School Fee Grant Scheme
PICs	Solomon Islands	1. Free Basic Education
PICs	Tonga	1. Aged-care Service for the Elderly 2. Disability Welfare Scheme (A'uki ai cash assistance) 3. Early Intervention Services 4. Social Welfare Scheme
PICs	Vanuatu	1. Schools Grants Scheme

Source: International Policy Centre for Inclusive Growth and United Nations Children's Fund, *Social Protection in Asia and the Pacific: Inventory of non-contributory programmes*, IPC-IG and UNICEF, Brasília, 2019.

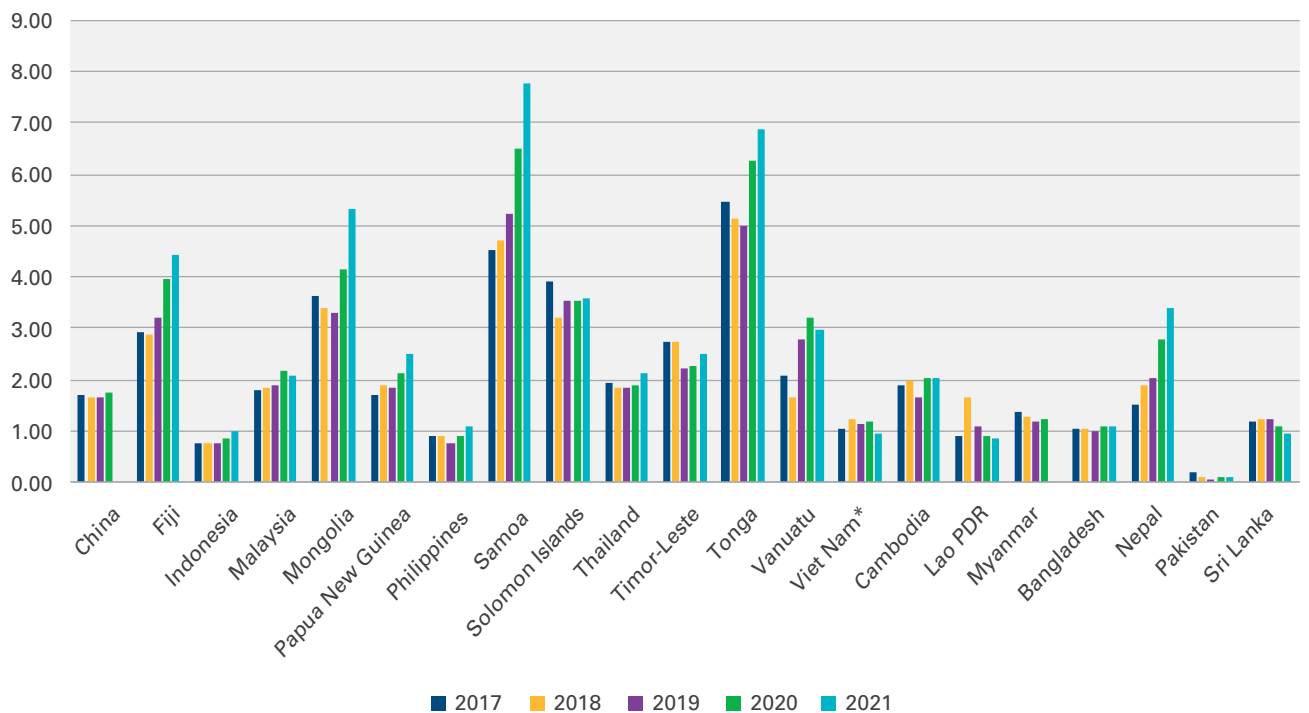
## Annex D: Health allocations for South Asia and East Asia – country tables

Annex D, Figure 1. Health allocations as a percentage of the government budget, 2017-2021



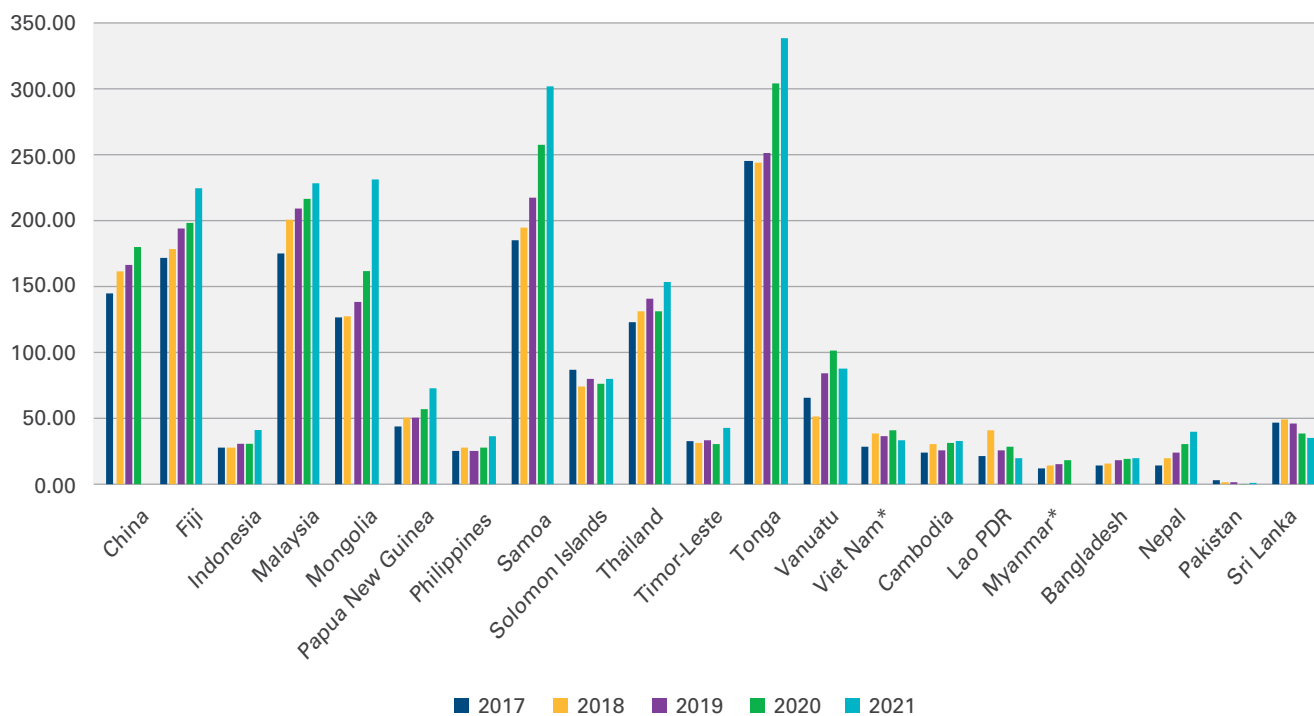
Source: UNICEF EAPRO PFM Dashboard

Annex D, Figure 2. Health allocations as a percentage of GDP, 2017-2021



Source: UNICEF EAPRO PFM Dashboard

Annex D, Figure 3. Health allocations per capita, 2017-2021



Source: UNICEF EAPRO PFM Dashboard

## Annex E: Risk assessment for the countries

Annex E, Table 1. Risk assessment for EA countries, PICs and SA4 countries

Country	JDC Risk (2021)	IMF Risk (2022)	Government External Debt Payment (2021)	Net Creditor/ Debtor (2020)	Private External Debt (2020)	Current Account Balance (2021)
Cambodia	No risk identified	Low	6.7	-78	35.7	-21.3
China	No risk identified	N/A	1.1	14	15.2	1.6
Indonesia	No risk identified	N/A	17.8	-26	11	-15.7
Lao PDR	In debt crisis	High	40.9	-84	30.3	-6.2
Malaysia	No risk identified	N/A	N/A	5	-54.3	3.8
Mongolia	In debt crisis	N/A	15.6	-287	190.3	-8.5
Myanmar	No risk identified	Low	6	-42	39.8	-0.8
Papua New Guinea	Risk of public and private debt	High	12	-77	49	22.2
Philippines	No risk identified	N/A	27	-45	7.6	-0.6
Thailand	No risk identified	N/A	0.5	11	30.9	-0.5
Timor-Leste	No risk identified	Moderate	1.7	1125	33.8	-31.9
Vietnam	No risk identified	N/A	7.5	-9	13.3	1.8
Fiji	No risk identified	N/A	9.8	-131	11	-15.7
Samoa	Risk of public debt	High	6	-37	12.3	-13
Solomon Islands	No risk identified	Moderate	2	0	12.8	-5.8
Tonga	Risk of public debt	High	3	-10	40.1	-1.3
Vanuatu	Risk of public debt	Moderate	13.7	0	107.3	-6.9
Bangladesh	No risk identified	Low	6.3	-13	5.8	-1.1
Nepal	Risk of public debt	Low	3.5	8	1.5	-8.3
Pakistan	In debt crisis	N/A	27	-45	7.6	-0.6
Sri Lanka	In debt crisis	N/A	60.1	-65	24.8	-3.2



**United Nations Children's Fund**

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