

FINANCING THE SOCIAL PROTECTION AGENDA OF THE SUSTAINABLE DEVELOPMENT GOALS IN MYANMAR

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BACKGROUND (I)

- **Myanmar's rapid transformation**
 - **Democracy:** Thein Sein's reforms since 2011, NLD in power since 2016
 - **Peace:** Nationwide Ceasefire Agreement (2015) but important groups still out; active conflict in Kachin and Shan States, violence in Rakhine.
 - **Economic development:** growth (7.2% in 2015); poverty (over 25% in 2010); inequality (Gini 20-29 in 2010). Natural resources mostly in border States



BACKGROUND (II)



Key constraints to meeting the SDGs

- **Regional disparities:** poor infrastructure, particularly in remote States. Different needs, different outcomes.
- **Parallel service provision:** Union vs. Ethnic authorities, MoH vs. SSB, SSB vs. MoF
- **Low human development:** MMR: 178. Children U5: 25% underweight, 35% stunted. Socioeconomic disparities in access and outcomes.

METHODOLOGY/ APPROACH

- How can the social protection agenda of the SDGs contribute to Myanmar's transformation? It provides an opportunity for **Myanmar to redesign its social contract**
- **Myanmar's social protection system**
 - Supply-side service provision
 - Access to services
 - Social protection schemes
 - Gaps
 - Policy options to close the gaps
 - Fiscal space analysis

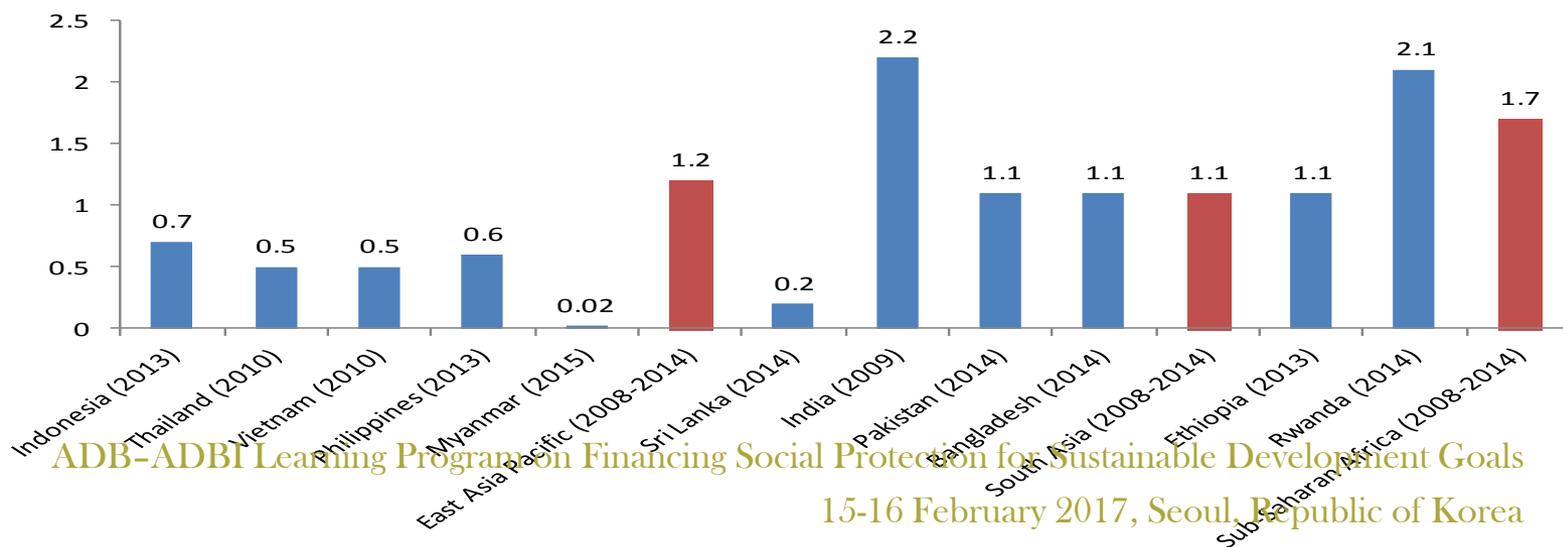


RESULTS (I)

There is no articulated SP system in Myanmar

- Policies: existent but done in ministerial silos, little or no input from Regions and States
- Programs (2014/2015): Coverage: 3.2% of pop; SA only 0.1%.
Spending: 0.6% of GDP, 1.7% of gov. spending; SA only 0.02% of GDP.
Development partners: bulk of SA provision
- Systems: Many parallel systems. No large-scale payments systems.
Manual information management

Social assistance spending (% of GDP), selected developing countries



RESULTS (II)

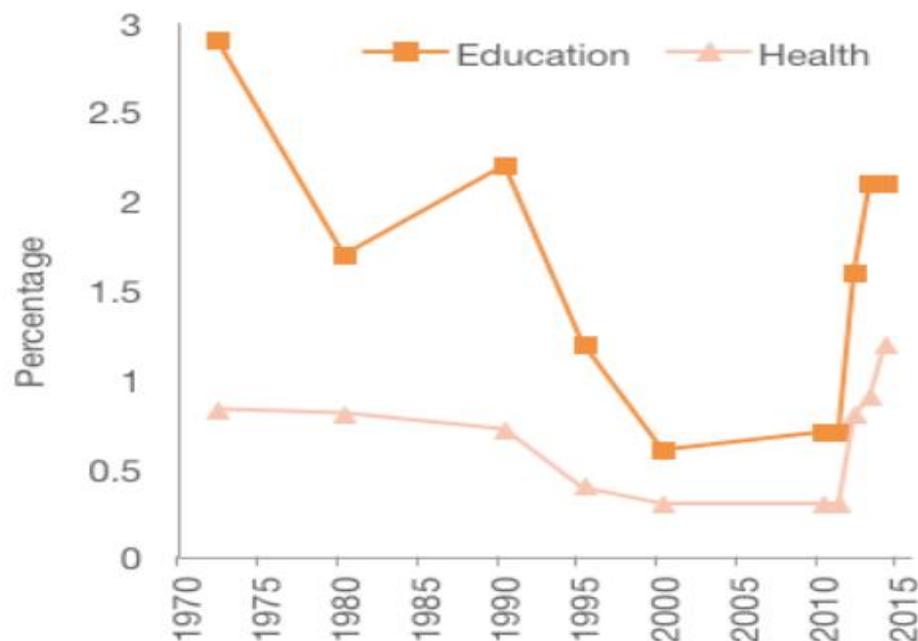
Coverage is minimal and/or inadequate within target groups

Health	Children	Working-age	Old Age
<ul style="list-style-type: none">• Social Security Medical Care Scheme (MoL; formal sector workers; 2.44% of the pop 15-59)• Ministry of Health schemes	<ul style="list-style-type: none">• Stipends program (MoE; poor children; 1.5% of the pop 10-19)• Scholarships and textbooks (MoE; 100% children in primary school but only provides MMR 1,000/year (USD 0.8))	<ul style="list-style-type: none">• Social Security Scheme (MoL; formal sector workers; 2.44% of the pop 15-59)• Invalidity and work injury, survivor, and compensation, Pensions scheme (MoF; civil servants; 0.45% of pop age 15-59)	<ul style="list-style-type: none">• Pensions scheme (MoF; civil servants; 18.84% of pop 60+)• Social pensions (MoSW; 41% of pop 90+; USD 15/year)• Social Security Old-age Superannuation Pension Scheme (not yet active)



RESULTS (III)

Supply-side investments need to go hand in hand with the expansion of demand-side SP investments: gradual expansion



- **More spending:** only part of the story
- **Harmonization** of service delivery
- **Decentralization** of functions and resources
- **Efficiency:** more preventive and public health spending; better distribution of resources to underserved areas; better financing: pooling resources for health; improved admin systems
- **Absorbing capacity:** constrained by management capacity (e.g. rural areas) and availability of qualified personnel (e.g. teachers)

RECOMMENDATIONS: WHAT (I)

1. Develop the foundations of an SP system

• The backbone of a potential SPF in Myanmar is composed of:

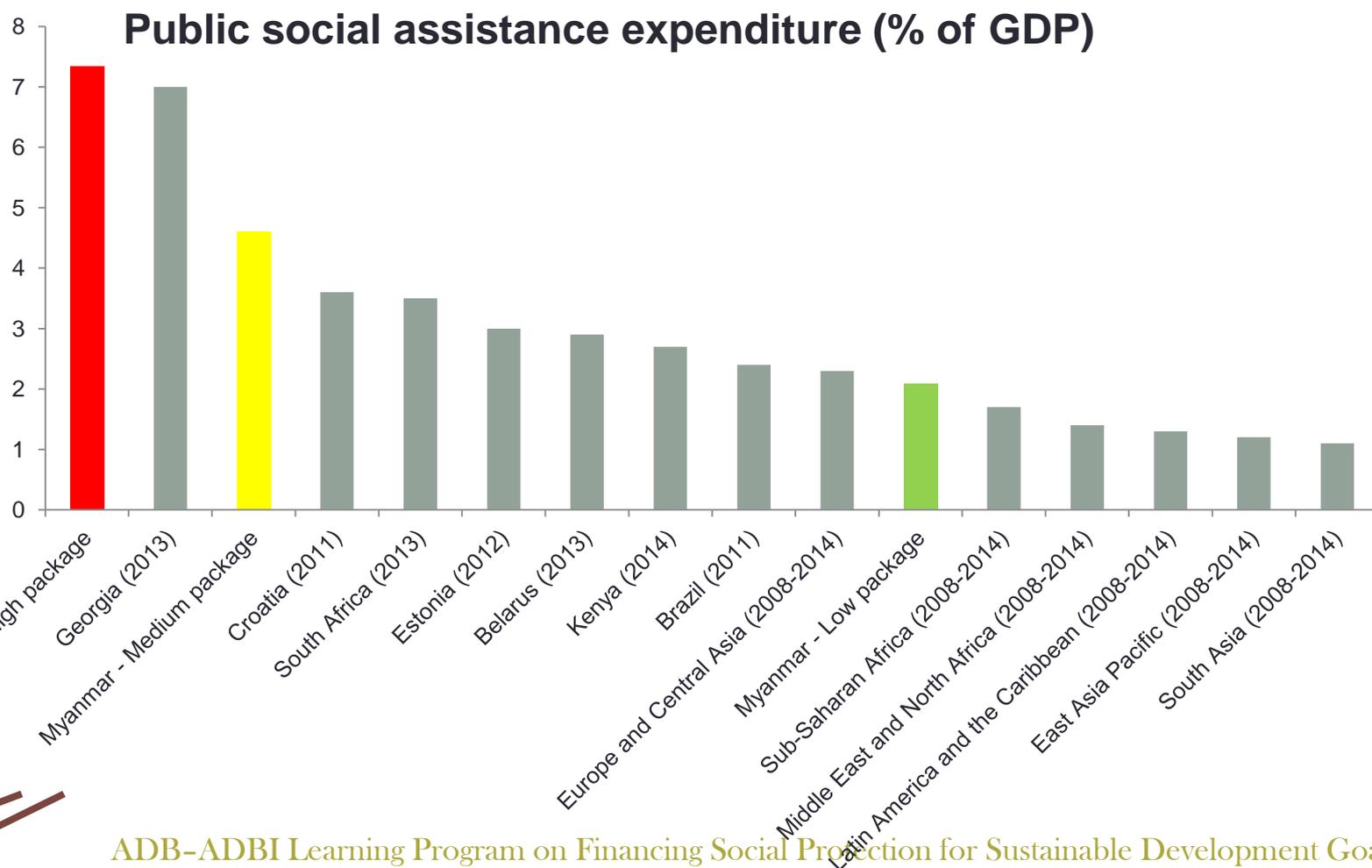
- Expanded Social Security Medical Care Scheme
- Social health protection
- Cash transfers to mothers and infants
- School stipends
- Public works programs
- Social pensions

• Packages differ in design and coverage:

- Means-testing
- Benefit levels

	Package		
	Low	Medium	High
Total % GDP by 2024	2.09	4.61	7.34
Total % Gov spending by 2024	6.57	14.85	23.43

RECOMMENDATION: WHAT (II)



RECOMMENDATIONS: WHAT (III)

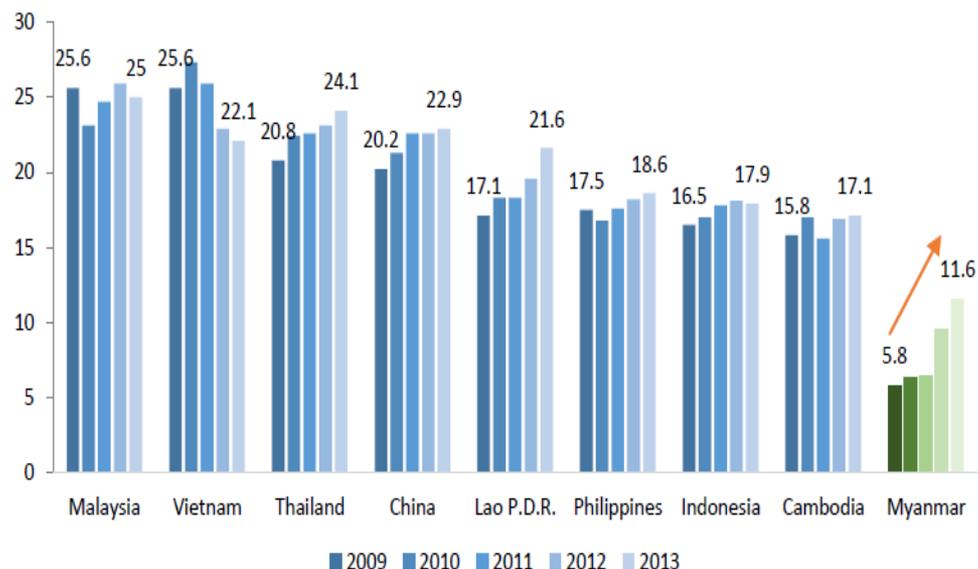
2. Facilitate the evolution of administrative systems through simple yet well-designed, scalable programs

- Learn from SA pilots implemented through government systems (stipends and maternal voucher)
- Learn from DP-led SA pilots: public works
- Align with current public financial management and civil service reforms
- Coordination between the social security, pensions, and universal health coverage reforms
- “Latecomer” advantage: coordinated approaches to benefit delivery, beneficiary databases, and delivery platforms (e.g. area-based along household-based programs).

RECOMMENDATIONS: HOW (I)

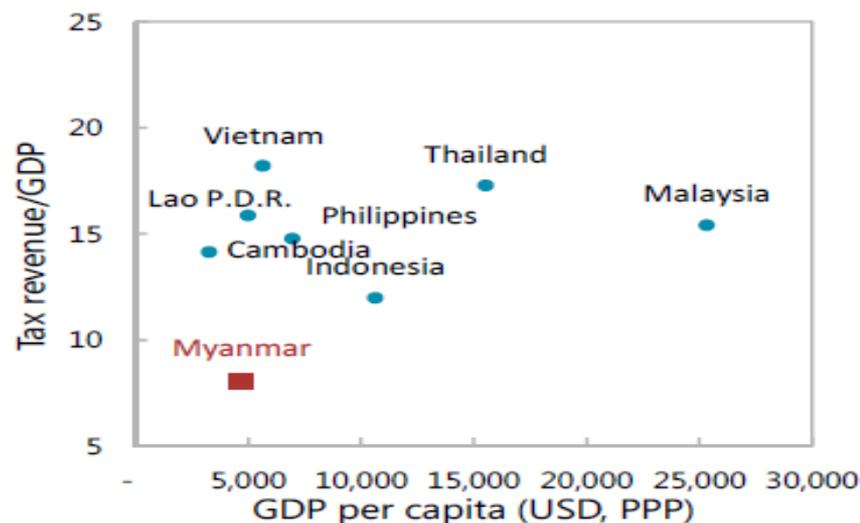
1. Mobilization of new resources

Govt. revenue, % of GDP 2009-2013



SEA Countries

Tax revenues and GDP per capita 2014



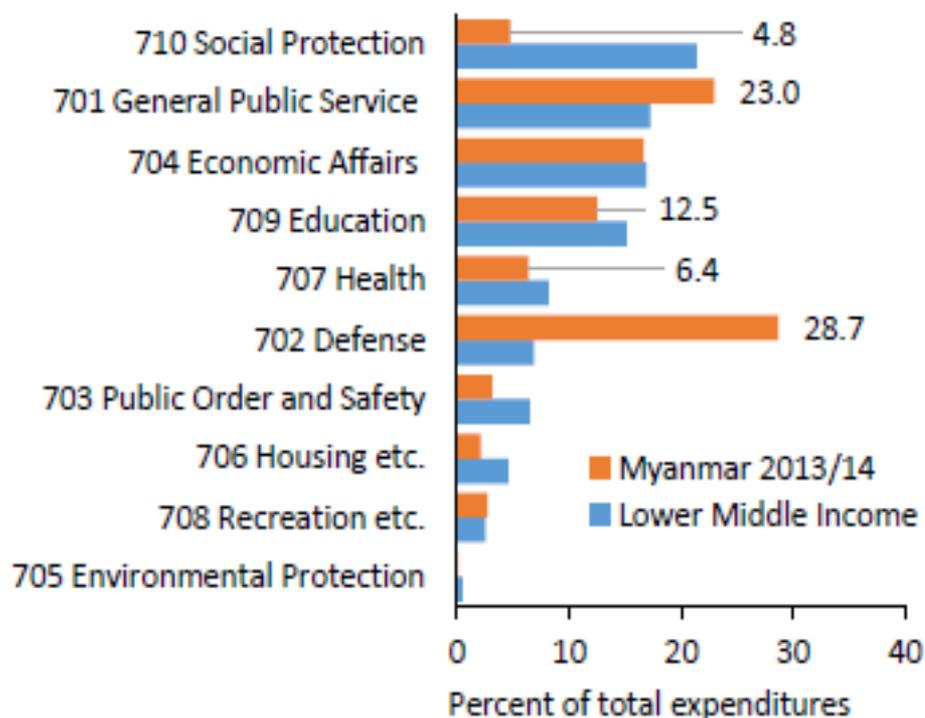
Sources: IMF Fiscal Monitor, Ministry of Finance BOOST database and World Bank staff estimates.

Including SEE profits: 20.9% of GDP in 2015

RECOMMENDATIONS: HOW (II)

2. Reallocation and decentralization of resources

Govt. function, % of expenditure 2013-2014



- **Intergovernmental transfers:** increased from 0.6 of GDP in 2011/12 to 2.3 percent in 2014/15; 14.6 percent of the 2014/15 union budget
 - **Poverty Reduction Fund:** potential for evidence-based resource allocation

RECOMMENDATIONS: HOW (III)

3. Limited share of beneficiary contributions and donor-financing in the mix

a) Contributions:

- Civil service pension to become contributory, increased contributions for SS scheme. But:
 - limited options and guidelines on investments
 - underdeveloped financial sector and information systems
 - uncertain governance arrangements
- Focus on strengthening systems before expanding the contributory base

b) Donor financing:

- Already there: WFP and LIFT are major players, WB and DFTA supports MoE, WB and others support MoH... Momentum: how to work with and through government
- Focus on technical expertise, pooling resources for initial investments, develop government systems rather than using own structures

RECOMMENDATIONS (summary)

- **What:** Supply-side investments in health and education and a basic SP package to cover all components of the SPF (2.1% of GDP by 2024)

- Expanded Social Security Medical Care Scheme
- Social health protection
- Cash transfers to mothers and infants
- School stipends
- Public works programs
- Social pensions

How: Myanmar's financing mix

- Better allocation of existing government resources (defense)
- To-up decentralized funds to states and regions
- Increased government revenue: progressive direct taxes such as income, property, and rent (particularly in the case of SEEs); additional indirect taxes (e.g. alcohol, tobacco)
- Better channeling of donor support: pooling resources and technical support for fully government-owned social assistance provision



Thank you!