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Macroeconomic outlook for South and Southeast Asia

The COVID-19 pandemic and subsequent economic crisis have led to substantial increases in government debt and debt service costs, as economic growth slowed, and government revenues fell. The rise in global interest rates has served to exacerbate the cost of debt in most countries in the region – and across the world.

This has put significant pressure on governments' finances, many of whom have responded by cutting allocations to key social sectors. This is despite pre-existing gaps in social sector spending, the total of which is among the lowest of any region in the world.

Social sector spending is essential to support sustainable long-term economic growth through the development of human capital. If social sector spending is not prioritized, there is a risk of increased inequality and lower economic growth.

It is essential that social sector budgets are protected, with emphasis put on progressive and sustainable revenue generation measures. Governments must ensure that social sector spending is insulated from wider austerity measures, and work to ensure that taxes are collected quickly, efficiently and equitably, with the burden falling on those who can afford to pay.



16%

average annual gross debt increase in 2020 in South and Southeast Asia.



1/4 of the world's children live in South and Southeast Asia.

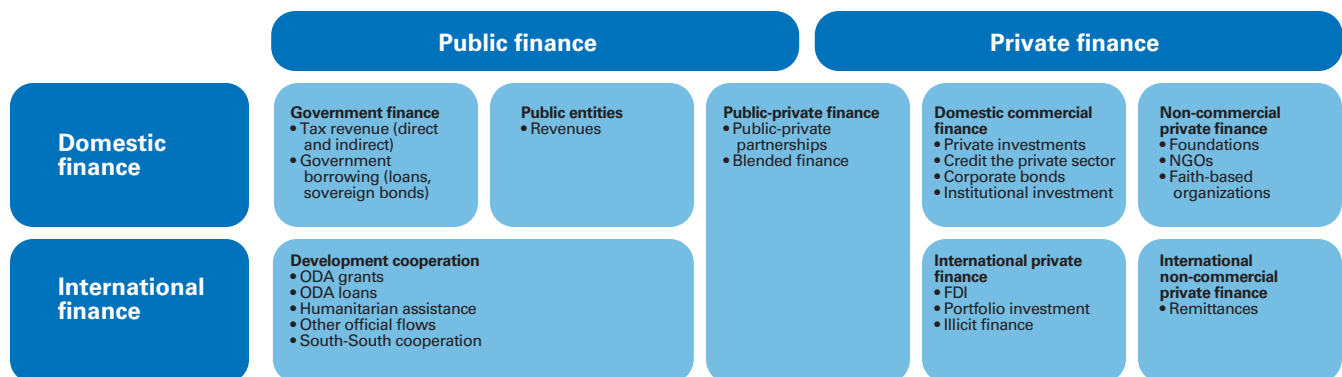


Most disaster-affected region on earth: South and Southeast Asia.



10 countries spend more than 5% of their total government budget on debt servicing in South and Southeast Asia.

Sources of development finance



Find out more from the EU and UNICEF's Where is the fiscal space for children? Review of social sector budgets in selected countries in South Asia, East Asia and the Pacific Islands: <https://www.unicef.org/eap/media/13231/file>

Find out more about the EU-UNICEF Public Finance Facility for South and Southeast Asia: <https://www.unicef.org/eap/eu-unicef-public-finance-facility-south-and-southeast-asia>