

Using Myanmar's supplementary budget to respond to and recover from COVID-19, and reimagine a better future for children

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Globally, the COVID-19 pandemic continues to claim lives and livelihoods. And the crisis is battering essential services that secure the education and protection of children, often with deadly costs. The most vulnerable children – such as those affected by poverty, exclusion or family violence – are facing even greater risks, cut off from existing support.

In Myanmar, the socio-economic impact of COVID-19 could affect¹ public financing and result in a reduced level of services provided by the Government. Thus, with the COVID-19 outbreak still unfolding and as the Union Parliament examines the supplementary budget, the importance of allocating sufficient resources to address the short and long-term impacts

of COVID-19 on children's health, well-being, development and prospects cannot be stressed enough. Investment in social services (particularly in health, disaster management, social welfare and education programmes) that overwhelmingly depend on the allocations of the Union Budget, is the first line of action in response to the COVID-19 crisis.

This year especially, in addition to setting aside emergency funds for the immediate response of COVID-19, the supplementary budget should be seen as an opportunity to prioritize key programmes that provide universal, lifecycle and integrated services for all people in Myanmar, with a focus on vulnerable children and their families.

1. A direct effect can be as a result of the slow-down in economic activities of public companies, reducing the speed of public projects and resulting in low execution of public funds. Indirectly, a slow economy will generate less revenues for the financing of the public budget and it will reduce

Children in Myanmar

- 31.2% of childhood population live in poor households (5.3 million children) and 34% are just above the poverty line, at risk of falling below because of shocks.
- Between 100 and 150 children under the age of five die every day
- Only 6 out of 10 children under 1 year of age receive their full immunization on time
- One in three children under the age of 5 are stunted (experiencing physical and cognitive growth failure) because of malnutrition
- 25% of children (over 4 million) live in households that do not use improved toilet facilities
- Half of schools do not have appropriate water and sanitation facilities
- 3.6 million children were out of school at the time of the 2014 census – almost 25% of the school-aged population
- More than 1.2 million children aged 5-17 are working, and on average they work 52 hours per week
- The combined total funding allocated to health, education and social welfare in Myanmar is the lowest in the ASEAN region and among the lowest in Asia.

Why invest in children in the response to the COVID-19 outbreak?

The COVID-19 crisis is a child rights crisis. Children are less likely to get sick from the virus, but we must act now so they do not become the hidden victims, bearing the brunt of the long-term impacts of this crisis.

The costs of the pandemic for children are immediate and, if unaddressed, may persist throughout their lives. But there are also things we can fix. By working together, we can

ensure COVID-19 does not threaten social and economic development for a long time to come and help make families and communities more resilient. This starts with resisting the temptation to deprioritize investment in our future. In fact, we must do the opposite – taking this opportunity to build back better and greener; investments in education, child protection, health and nutrition, and water and sanitation will reduce the damage caused by COVID-19 and avoid future crises. And we must listen to children and young people, working alongside them to design a better future.

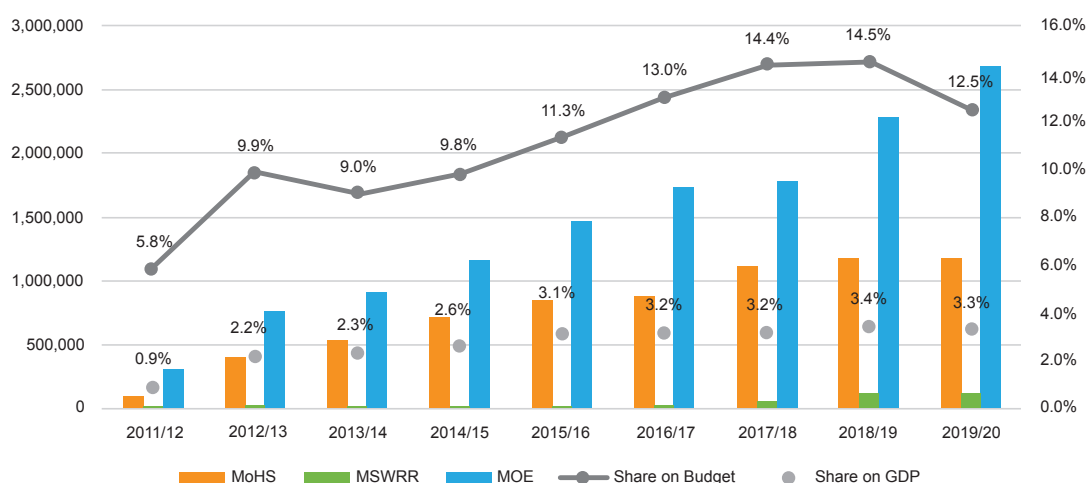
WE MUST ACT NOW SO CHILDREN DO NOT BECOME THE HIDDEN VICTIMS, BEARING THE BRUNT OF THE LONG-TERM IMPACTS OF THE COVID-19 CRISIS.

The COVID-19 Economic Relief Plan (CERP) of Myanmar also asserts that “our nation’s economic response should not involve cutting down our social services or increasing taxes on labour and investment”. Rather, there should be space to provide additional resources, such as the supplementary budget, to allow for the expansion in coverage of services, protection, and support to vulnerable people as well as re-prioritization of programmes targeting children and youth, as this ensures the highest possible rate of return for investments in the country’s future.

What was allocated to the social sectors in the 2019-20 Union Budget?

In the last decade, Myanmar has allocated an increasing proportion of funds to its social sectors, starting from 5.8% of its Union budget in 2011/12 to a recent 12.5% in 2019/20 social sectors’ expenditure.

Share of the Union budget by social Ministries sector and as a share of total GDP



Note: Left scale = Dimension of the Union budget (million Kyats) / Right Scale = Share of the Union budget

More recently, this increase has become flatter, likely as a consequence of the growing volume of the Union budget². Certainly, the increase has remained flat on the GDP, just beyond 3% for the last 5 years. This is illustrated in the chart below:

The 2019/2020 Union Budget included significant investments to scale-up the role of the public sector in pursuit of socio-economic development. The budget allocations to traditional social sectors (Ministries of Education (MoE), Health and Sports (MoHS), Social Welfare, Relief and Resettlement (MSWRR)) have all increased nominally - but their share in the total budget has reduced from the previous fiscal year, from 14.5 to 12.5%³.

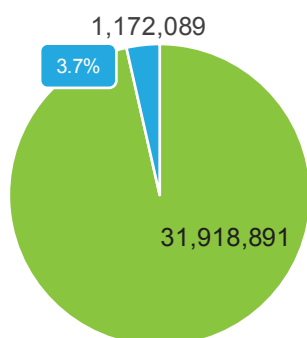
Public health, disaster management and social welfare, together with education, are the key sectors to strengthen the Myanmar government-led response to the emergency. Since these sectors have little capacity to generate their own revenues, they have relied hugely on the Union budget allocations for their operations.

More than ever, now is the time to allocate sufficient resources to address the short and long-term impacts of COVID-19 on children’s health, well-being, development and prospects as well as to protect the future of Myanmar.

Health

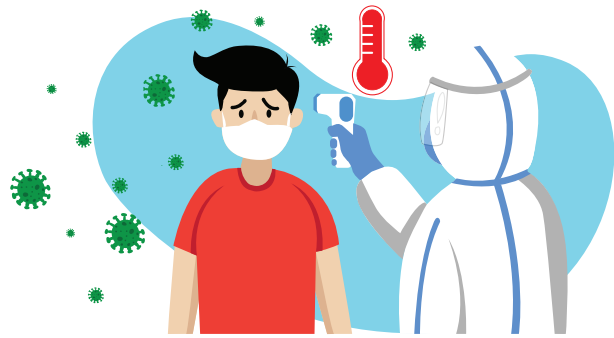
Budget: The 2019-2020 budget provides the Ministry of Health and Sports (MoHS) with 1,172 billion Kyats, or 3.7% of the total Union budget, compared to the 4.6% in the 2018-2019 budget. Although the nominal allocations have recently increased, the share of the budget allocated to MoHS has decreased in the recent past.

Share of MoHS in 2019/20 Union budget
(Million Kyats)



■ Total expenditure allocations ■ Health and Sports

2. The total Union budget increased by 20 per cent from 2017/18 to 2018/19, and by 29 per cent from 2018/19 to 2019/20
3. The share on the budget 2018/19 is after the approval of the supplementary budget.



What are the implications? Currently, 3 out of every 4 kyats spent on costs related to health services in Myanmar are out-of-pocket expenditures by the population, which is alarmingly one of the highest rates in the world. With the current proposal, the health sector will not be able to follow-up on the critical strategic directions for financing Universal Health Coverage (UHC) in Myanmar, developed in 2018.

Recommendations

To respond to the COVID-19 outbreak:

- Scale-up investment to procure adequate personal protective equipment (PPE)
- Build national capacity by adding human resources such as frontline basic health staff and laboratory personnel, and by increasing incentives;
- Build capacity in infection prevention and control, case management and laboratory equipment
- Build capacity in management and operationalization of quarantine facilities, including equipment of new facilities
- Increase investment for disinfection, monitoring and contact tracing

To build a resilient health system:

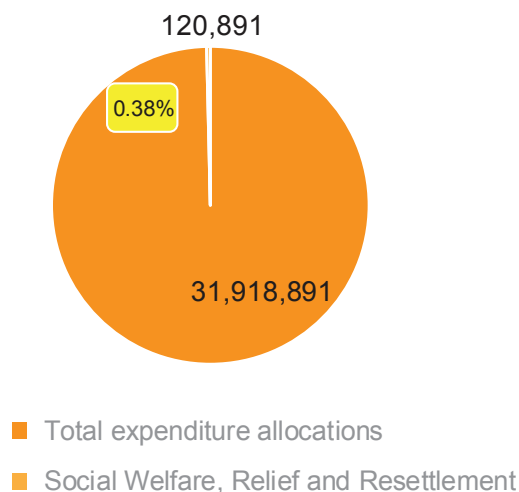
- Re-establish the operationalization of the immunization programme, with enhanced risk-management measures;
- Ensure the continuity of an essential package of health services, including nutrition;
- Continue strong risk communication and community engagement activities that incorporate other key practices to protect and promote health and nutrition of children.

In this light, the Parliament should consider allocating an additional 424 billion Kyats (USD 292 million) to public health, which would bring the share of the MoHS budget to 5% of the total 2019-2020 budget. Additional resources should also be allocated to maintain water, sanitation and hygiene (WASH) services, to ensure families have access to improved water sources and sanitation.

Social welfare, relief and resettlement

Budget: The 2019-2020 budget provided for the Ministry of Social Welfare, Relief and Resettlement (MSWRR) is 121 billion Kyats, or 0.38% of the total Union budget, in line with the share allocated in the budget 2018-2019

**Share of MSWRR in 2019/20 Union budget
(Million Kyats)**



What are the implications? The Ministry of Social Welfare Relief and Resettlement is responsible for almost all disaster management and social protection services that have an impact on children and vulnerable groups. Social protection and social safety nets are essential to protect vulnerable families against the socio-economic impact of COVID-19. Early learning opportunities, focusing on the education of young children (preschool and kindergarten) are also important – especially when their parents become more engaged in economic activities. Across the range of options available to policy makers, social safety nets and particularly social protection represent the most effective tool to protect vulnerable populations from falling into the poverty trap; providing essential support to families that are going through hardship and are particularly vulnerable.

Recommendations

To strengthen the role of **social protection** in the response and recovery from COVID-19:

- Co-finance and launch the Maternal and Child Cash-Transfer (MCCT) programme in Shan State and Ayeyarwady Region;
- Increase the amount of cash transferred under the MCCT programme to boost the purchasing power of pregnant women/lactating mothers;

- Invest in the Government systems by increasing the operational costs of cash transfers;
- For people with disabilities not in receipt of a disability grant but who are receiving the MCCT grant or a social pension, top up their allowances by an additional 16,000 kyats per month. A person with disabilities, who is an immediate caretaker of a child benefitting from MCCT, should also be eligible for this top-up benefit.
- Roll-out the disability grant and certification/registration of Persons and Children with Disabilities (P/CWDs) in Kayin State, as per the Coasted Social Protection Sector Plan.
- Invest in social workforce strengthening and prioritise key social services such as mental health support.

To strategically allocate the necessary resources to **Early Childhood Care and Development (ECCD)**:

- Support the expansion of the Department of Social Welfare's structure at township levels;
- Strengthen the MSWRR's supervisory functions, in regard to quality assurance of ECCD schools;
- Improve ECCD trainings with the support of qualified professionals and/or institutions;
- Establish ECCD Policy implementation institute.

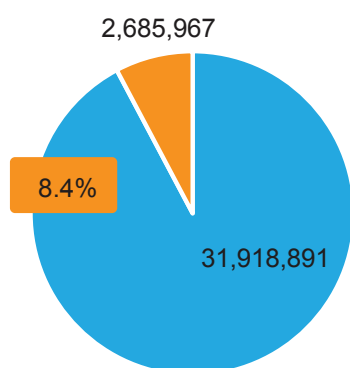
In the short-term, and taking account the above recommendations, the Parliament should consider allocating an additional 198 billion Kyats (USD 137 million) to bring the share of MSWRR to 1% of the total Union budget.



Education

Budget: The Union Budget Law 2019-2020 allocated 8.4% of the budget to education, compared with 8.8% in the last fiscal year, indicating that important steps towards the national target are being missed. The National Education Law (NEL), which was revised in 2015, established that the target for budget allocations to the education sector should be 20% of public expenditure.

Share of MoE in 2019/20 Union budget
(Million Kyats)



■ Total expenditure allocations ■ Education

What are the implications? Education is one of the most strategic investments that a Government can make in order to ensure a solid human capital for the country's socio-economic development. Insufficient investment in education now will lead to greater loss, requiring the Government to take even stronger actions to catch up in the future. In an emergency response such as COVID-19, there are risks that children who are already marginalized and not receiving quality and inclusive education will be further disadvantaged.

Recommendations

To ensure the education system has the capacity to support continuity of learning, scale up investment to:

- Ensure a safe and healthy school environment for students, learners, teachers and facilitators in preprimary, primary and secondary, before, during and after the re-opening of the school;
- Increase the availability of qualified teachers;
- Set up a system to provide 'distance' teacher education and digital education platforms for formal and non-formal education;
- Provide extra support to children who are disadvantaged including children affected by conflict, out of school children to realize the Ministry's 'no one left behind' policy, as a measure to achieve inclusive education.

The Parliament should consider allocating an additional increase of 6%, corresponding to 134 billion Kyats (USD 87 million) to at least maintain the education budget at the same proportion of the budget as in 2018-2019.

What you can do as Parliamentarians as you review the supplementary budget ...

- Use the national budget as a catalytic tool to respond to and recover from the impacts of COVID-19;
- Protect the budget of key social sectors – they are an investment in children's lives and Myanmar's future;
- Take a strategic, needs-based approach to identify where funds should be reallocated by considering the impacts of COVID-19 on estimated revenues and expenditure;
- Once approved, continue monitoring how much of the budget is used for essential interventions to limit the short- and long-term impact of COVID-19 and avoid future crises.