Myanmar 2019/20 Social Welfare Budget Brief

KEY MESSAGES

- Spending on social welfare in Myanmar has been consistently and significantly increasing since FY 2017-18, following years of budgetary stasis. Increased funding has been largely due to investment in the Maternal and Child Cash Transfer (MCCT) programme, the Social Pension (SP) programme and Early Childhood Care and Development (ECCD). Spending in Rakhine State is significantly higher in comparison to any other state/region, due to the MCCT roll-out and other service delivery that the DSW has prioritised in the state.

- The two largest programmes – MCCT and Social Pension – account for an ever-increasing proportion of total departmental expenditure. In FY 2017-18, the two programmes accounted for 42 per cent of total DSW spending, increasing to 63 per cent in 2019-20. The DSW is introducing and expanding cash and in-kind support to other vulnerable groups from FY 2019-20 onwards, relying to a lesser extent on institutional services.

- Despite these significant recent increases, the overall percentage of the national budget dedicated to social welfare (0.49 per cent[1]) is still very low compared to other countries in the region. There is a need to continue expanding fiscal space for the sector in order to effectively deliver on strategic priorities as set out in key policies and plans, specifically for most vulnerable groups including children and women.

- Even with significant increases in budget allocation to social welfare in recent years, execution rates remain high. The DSW has been able to spend at least 98 per cent of its allocated budget both on capital and recurrent items in recent years. This is likely explained by the nature of spending, as a significant portion has been channelled via cash transfers, which is relatively more straightforward to execute.

- As the budget for social welfare continues to increase, so too must the capacity of DSW to spend efficiently and monitor the effectiveness and equity of this spending. Institutional capacity and human resources within DSW, including social work case managers, are limited at both the national and subnational level – there is a need for finance and capacity to reinforce one another over time. Improvements to planning, budgeting, monitoring and evaluation systems and processes will be important in this regard.

1 This calculation excludes expenditures incurred by SEEs and any other spending outside of Union Fund Account

Introduction

The Myanmar 2019/20 Social Welfare Budget Brief was produced under the cooperation with the Budget Department of the Ministry of Planning, Finance and Industry (MoPFI) to roll-out Public Finance for Children initiatives; implemented under the strengthening Public Financial Management of the Ministry of Social Welfare, Relief and Resettlement (MSWRR), particularly with the Department of Social Welfare (DSW), with guidance and technical assistance from UNICEF Myanmar.

The Myanmar Sustainable Development Plan 2018-30 highlights the need for improved transparency of budgets to enable better stakeholders engagement in policy and planning processes. The MSDP also recognises the need for a transition towards a policy-based budgeting approach. This means strengthening the connection between strategic policies and plans and budget allocations, as well as improving the presentation of budgetary information so that it can be analysed more effectively. In line with these objectives, several sector ministries/departments – such as Education, Health and Social Welfare – are working closely with the MoPFI to strengthen their budgeting practices and improve fiscal transparency.

This budget brief is an important step forward for the Department of Social Welfare in achieving these objectives. Since 2017, the DSW has received very significant increases in its share of the national budget, which has enabled the roll-out of new flagship programmes. With an increase in budget, the DSW has also taken steps to improve internal budget processes. Building on these achievements to date, this budget brief aims to achieve two key objectives: first, to present a concise and accessible overview of social welfare spending patterns to different stakeholders involved in the sector; and second, to contribute to the existing evidence base for informing decision making around future resource allocation, building on the work conducted to date by the Finance and Administration department and others within DSW.

The analysis in the brief is based on expenditure incurred by the Department of Social Welfare (DSW) – one of three departments within the Ministry of Social Welfare, Relief and Resettlement (MSWRR). The timeline for most of the analysis spans from Financial Year (FY) 2014-15 to FY 2018 (mini budget). It also includes data on budget allocations for FY 2018-19 and FY 2019-20 – especially for DSW's larger "flagship" programmes. Recently, the Department of Rehabilitation (DoR) was established in MSWRR, taking over functions from DSW and DDM, from FY 2018-19 onwards. However, since the time period for expenditure analysis in this brief is prior to FY 2018-19, all spending on rehabilitation up to FY 2018/19 was budgeted for under the DSW and is therefore included in the analysis.

The brief is structured into three key segments: firstly, it provides an overview of the policy and institutional context of the DSW in Myanmar; secondly, it examines the evolution of DSW spending priorities over recent years; and thirdly, it sets out some key policy recommendations based on the analysis.

Social Welfare Context in Myanmar

The Department of Social Welfare is the focal agency in Myanmar for providing public services and assistance to vulnerable groups. This includes complementary support to improving the health and nutrition of infants and pregnant women; promotion of early childhood development; and preventative, protective and rehabilitative services to vulnerable women, children, youth, people with disabilities and the elderly. Where DSW is unable to provide services directly, it often provides resources to voluntary organisations across the country to provide social services. In delivering these services, the DSW collaborates with several other public institutions, in particular the Ministry of Education (e.g. pre-primary schooling), the Ministry of Health and Sports (e.g. nutritional education) and the Ministry of the Union Government (e.g. operational support for the delivery of cash transfers).

DSW's mandate has expanded rapidly in recent years following the introduction of new plans and policies. These include the National Social Protection Strategic Plan (2014), the National Strategy for Development of Persons with Disabilities (2016-2025), the Early Childhood Care and Development (ECCD) Strategic Plan (2017-2021), the Child Rights Law and various others (see Figure 2). These strategies and plans represent a major turning point in the history of DSW and for the scale and type of services it delivers. In the last three years alone, the DSW has made major strides in the design and implementation of several high-profile programmes, envisioned in these strategies, in order to address gaps in service delivery (see Box 2).

Historically, DSW has focused primarily on providing basic institutional services – such as orphanages, youth training schools and women's development centres.

BOX 1 Myanmar – key statistics

- Children represent 34% of total population
- Only 81% of births are registered
- As many as 29% of children under the age of five continue to be stunted and 8% severely stunted, while around 7% are wasted and 1% severely wasted
- Total fertility rate is 2.3; infant mortality is 40 per 1,000 live births; under five mortality rate is 50 for 1,000 live births.
- Maternal mortality remains higher than the rest of ASEAN countries at 227 per 100,000 live births
- Up to 5.7% of children aged 5-17 years are engaged in child labour
- According to the Census (2014), approximately 2.3 million people live with disabilities
- 4.5 million older persons (8.9% of total population) aged 60 years or older
- 20% of children age 36-59 months are currently attending an organized early childhood education programme, with significant variance between eg age groups, location, etc [MDHS 2015-16].

The current extent of service delivery is highly correlated to the trends in resource allocations: up until the end of FY 2016-17, DSW accounted for less than 0.1 per cent of total government expenditure. This contrasts with other social sectors in Myanmar, such as education and health, whose budgets have been steadily increasing since 2011 – illustrated in Figure 1 below. After FY 2016-17, allocations to DSW have increased significantly, with the expansion driven by the implementation of new laws, policies and strategies for vulnerable groups.

This is particularly true for those reflected in the Government's commitment to build a comprehensive and integrated social protection system, resulting in a significant expansion to the Department's mandate and geographical footprint across Myanmar.[2]

The DSW has five divisions of which three are directly related to service provision: Child and Youth, Women's Development and Social Protection. The Planning and International Relations division is primarily responsible for coordinating the contributions of international partners, data collection, managing the development of the departmental plan and coordinating the departmental capital budget. The division is also responsible for managing institutions supporting People with Disabilities (PWDs). Finally, the Finance and Administration Division is responsible for putting together the departmental

Figure 1 DSW Expenditure in comparison to MoE and MoHS, FY 2011-12 to FY 2017-18 (million Kyats)[3]

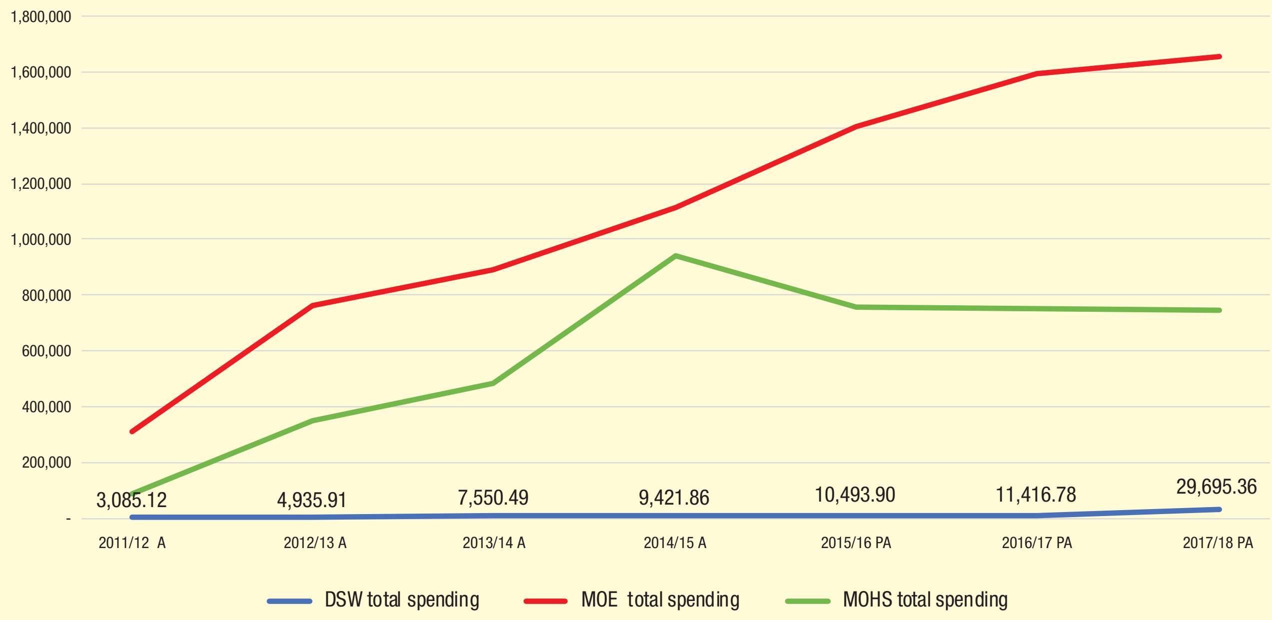


Figure 2 DSW's Core Objectives, Policies and Divisions

Objectives

- To contribute towards the social objective, "Uplift of health, fitness and education standards of the entire nation"
- To contribute towards the development of human resources
- To assist those who are facing social problems
- To take preventive measures to control occurrence of social problems
- To turn out voluntary social workers
- To give assistance to the State in some way by implementing social development tasks and giving social assistance

Policies

- National Social Protection Strategic Plan, 2015-2024
- The National Strategy for Development of Persons with Disabilities, 2016-2025
- The Early Childhood Care and Development Strategic Plan, 2017-2021
- The National Strategic Plan for Advancement of Women, 2013-2022
- The National Strategic Plan for Early Childhood Intervention, 2017-2021
- Child Rights Law (2019)

Divisions & Key Functions

- Child and Youth: ECCD, Children, Youth and Elderly
- Women: Women's Care including referral services and institutional care
- Social Protection: MCCT and Social Pension
- Finance and Administration: budget preparation, execution and reporting
- Planning and IR: coordination, data collection, planning and PWDs

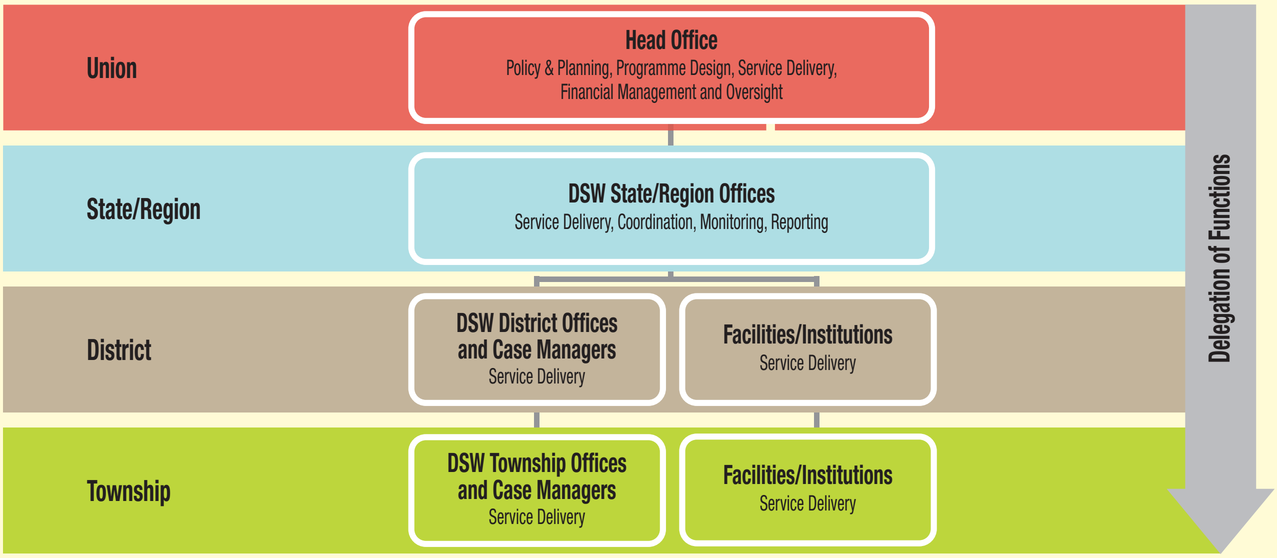
2 The strategy aims to 'expand an adaptive and systems-based social safety net and extend social protection services throughout the life-cycle, focusing on the provision of a package of standard protections to vulnerable groups'.

3 Source: MoPFI Budget Database

budget and overseeing its execution, as well as broad public financial management and various administrative functions.

At the sub-national level, the presence of DSW is growing rapidly. The department maintains offices in all 15 states/regions, 46 districts (out of 74) and 107 townships (out of 330) as of October 2019. Much of this expansion has been off the back of new programmes (e.g. MCCT), which requires local presence to implement effectively. The subnational offices are also responsible for key service delivery activities, such as organising trainings and outreach activities, managing referrals and overseeing institutional facilities (e.g. pre-primary schools, residential nurseries). A portion of the staff are designated as Social Work Case Managers (SWCMs) and play a crucial role in supporting service delivery. Subnational offices report on financial and administrative matters to the Finance and Administration Division at Head Office and liaise with the respective divisions within the department on specific service delivery matters. The state/region government has limited authority over DSW activity at the sub-national level and does not typically contribute to the DSW budget.

Figure 3 **DSW's Administrative Structure**



MSWRR Spending Overview

The Department of Social Welfare is one of three Departments within the MSWRR – the others being the Departments of Disaster Management and Rehabilitation, in addition to the Minister's Office. The organisational mandate of the MSWRR is *"to fulfil the social needs of the citizens of the Republic of the Union of Myanmar and to conduct disaster management activities in accordance with international standards"*.[4] The principal area of focus for the Department of Disaster Management (DDM) is the provision of relief for victims of natural disasters, as well as preventive measures aimed at reducing the impact of individuals at risk from disaster. The Department of Rehabilitation (DoR) was formed in January 2018 and is responsible for rehabilitation of victims of human trafficking, ex-drug addicts, child soldiers, groups affected by natural disasters, among others. The Department's role is still nascent, and it is primarily vested with responsibilities that were previously managed by the DSW and the DDM.

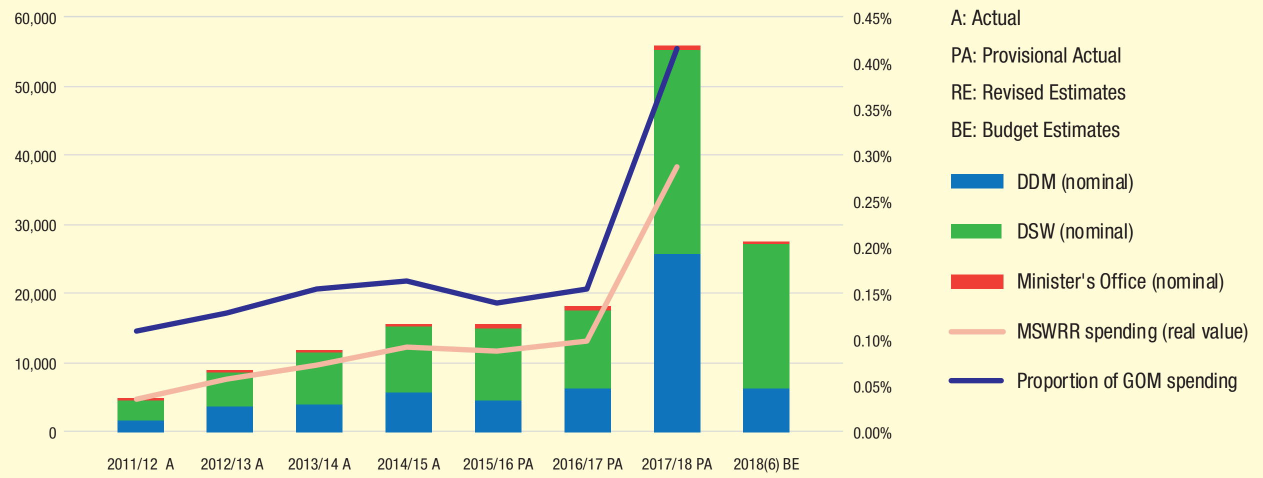
Since 2011/12, DSW has accounted for approximately 60 per cent of the Ministry's overall spending. Specifically, recurrent spending by the DSW has, on average, accounted for the largest share – 48 per cent – of the Ministry's spending between 2011/12 and 2017/18. This is followed by DDM's recurrent spending which has accounted for 23 per cent of total expenditure (on average across years). Volume of capital expenditure by both departments has varied from one year to another depending on the nature of construction works. Allocations and spending by the Minister's Office, which is the key liaison between the Departments and the Ministry of Planning, Finance and Industry, has remained low given that its expenditure is limited to staff salaries and office costs.

In nominal terms, total spending by the MSWRR has increased eleven-fold since FY 2011/12 – increasing from 4.9 billion Kyats ($3.2m) to 55.8 billion Kyats ($36.5m) in FY 2017-18. In real terms, spending has increased eight-fold from 4.6 to 38.3 billion Kyats[5]. However, as a proportion of total government spending, growth remained stagnant until FY 2016-17, fluctuating between 0.11% and 0.16% before increasing significantly in FY 2017-18 to account for 0.41% of the total GoM budget.

4 See: http://www.mswrr.gov.mm/index.php/main/home

5 Real terms are calculated in 2011 prices

Figure 4 **MSWRR spending by Department and as a proportion of total GoM spending (million Kyats)**[6]



Within this broad context, the remainder of this budget brief focuses on how the Department of Social Welfare's mandate and spending priorities has evolved since FY 2014/15.

Social Welfare Spending Trends

Since FY 2014-15, total DSW spending has more than tripled, from 9.4 to 30.5 billion Kyats in FY 2017-18. The share of recurrent spending in DSW's total spending has increased from 70.8 per cent in FY 2014-15 to 90.8 per cent in FY 2017-18 and further to 97 per cent in the 2018 mini budget[7] (see Figure 5). The dominance of recurrent spending is indicative of the nature of DSW spending, which tends to be focused more on cash and in-kind support (e.g. cash transfers, contributions) and services that are human resource intensive (e.g. social workers, vocational trainers, pre-primary schoolteachers, facility managers); while capital does not tend to follow any pattern and investments tend to be one-off. Spending on salaries constituted the largest portion of DSW's recurrent budget until FY 2017-18. Further significant increases to DSW's recurrent spending since FY 2017-18 can be attributed to the introduction of the two flagship programmes, Maternal and Child Cash Transfer (MCCT) and Social Pension (SP), (recorded within 'Education and Social Expenses ' in DSW's budget) – together, they accounted for the largest share of DSW spending (42.3 per cent) in FY 2017-18.

Figure 5 below presents DSW's expenditure by economic classification.[8] **Aside from Education and Social Expenses, spending on all other current budget items has increased only incrementally since FY 2014-15.** Spending on salaries has varied between 4 to 4.5 billion Kyats from FY 2015-16 onwards. It increased significantly, almost doubling, from FY 2014-15 to FY 2015-16 due to government-wide salary increases.

Allocations to travel allowance (TA), goods and services and maintenance have seen incremental increases as well, with slightly higher increases in the FY 2017-18. However, as a proportion of DSW's total budget, spending on other recurrent items have decreased over this time period, especially in FY 2017-18. This can be attributed more to the introduction of MCCT and SP than a reduction in nominal spending on other items.

Contributions form a crucial stream of DSW's spending, accounted for within its recurrent budget – they refer to in-kind support by DSW to voluntary organisations delivering services, including community-based groups, such as contributions to orphanages, vocational training schools for different vulnerable groups and homes for the elderly. As illustrated in Figure 5, spending on contributions has increased more than two-fold over the four year period, making it an increasingly important channel of DSW's expenditure. In FY 2017/18, it was the third biggest item of the department's spending, after Education and Social Expenses and salaries.

Even with significant increases to its budget allocation in recent years, DSW execution rates (spending as a proportion of allocation) have remained high. The DSW has been able to spend at least 98% of its allocated budget both on capital and recurrent items. Figure 5 illustrates DSW's execution rate (ER) – the proportion of DSW's recurrent and capital budget allocation that was spent at the end of the FY.

6 Source: MoPFI Budget Database. Note: The bars represent the nominal value. Real value calculated using nominal values and the GDP deflator with 2011 as the base year. MSWRR totals include current, contribution and capital expenditure only. Interest payments and expenditure from the financial account are excluded on account of their relative insignificance. The RHS y-axis indicates MSWRR spending as a proportion of GoM spending. Total GoM spending is based on IMF figures and excludes SEE expenditure. DOR is not reflected in the graph as it was only formed in FY 2018-19.

7 It is possible that the allocation to the capital budget was lower in the mini budget given the challenge of completing construction projects in a six-month time period.

8 The GoM's economic classification divides recurrent spending into 8 categories and capital spending into 3 categories. These are further explained in Box 2 below.

Figure 5 **Spending by economic classification, FY 2014/15 – FY 2018 (million Kyats)**[9]

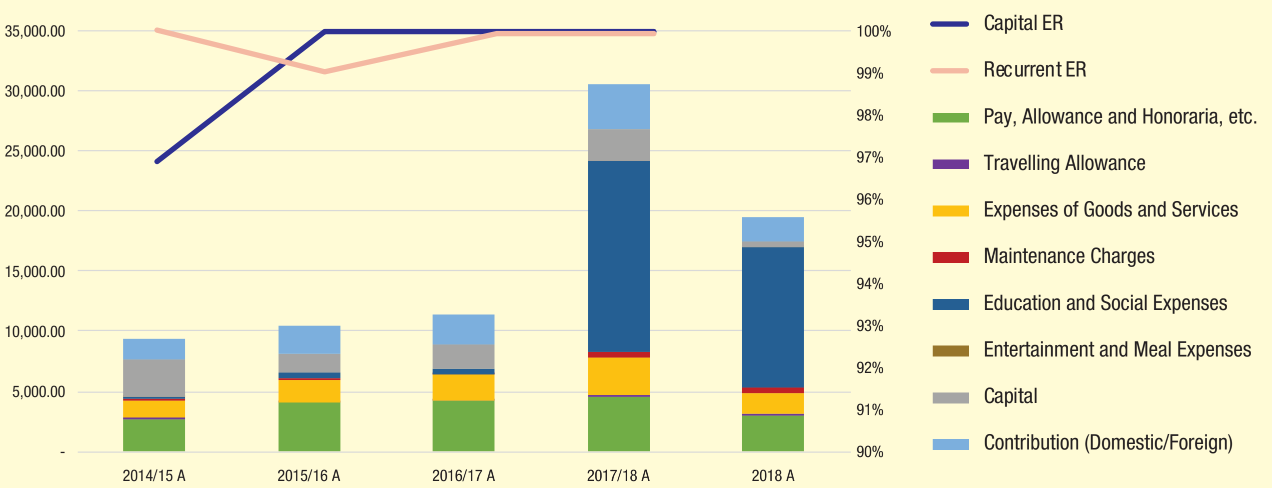
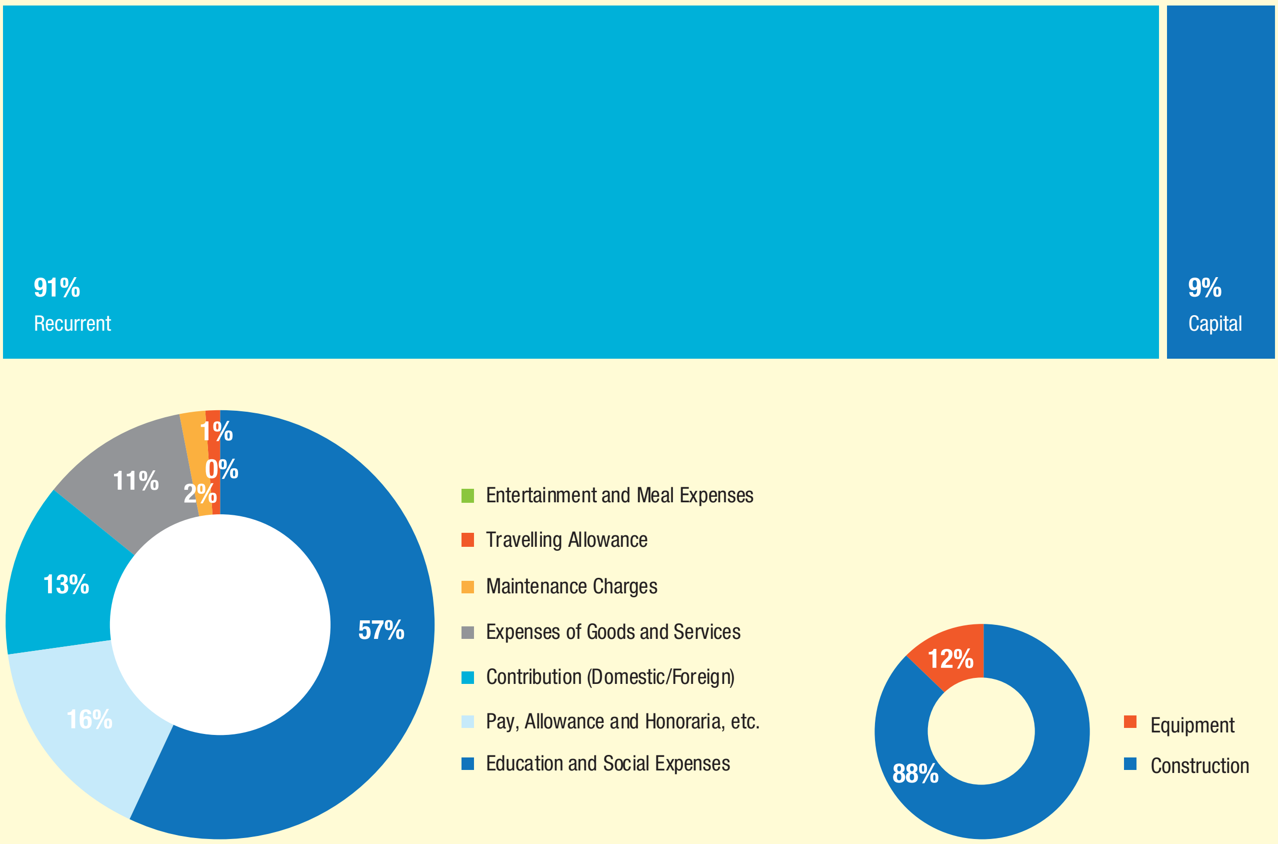


Figure 6 below provides a more detailed disaggregation of the composition of recurrent and capital budget in the FY 2017-18. "Pay and allowance and honoraria" relates to salaries for all DSW staff recruited at the Union and sub-national levels. Similarly, travelling allowance includes domestic and international travelling allowance to all DSW staff. Goods and services mostly include allocation to office equipment, stationaries, costs related to holding conferences, workshops and meetings. Maintenance and repair relates to costs associated with carrying out maintenance works and small-scale renovations works at the Union and sub-national levels. Education and Social Expenses includes spending on cash transfers (to people with disabilities, mother circle groups, MCCT, Social Pension) as well as training, outreach activities and any other relief efforts towards different vulnerable groups.

Figure 6 **Composition of DSW Recurrent and Capital Spending, FY 2017/18**



Source: DSW spending summary and authors' calculations

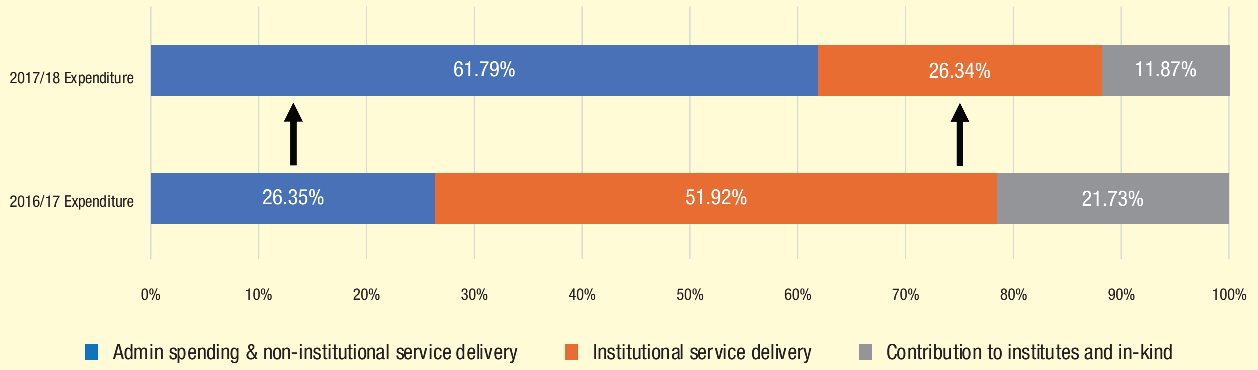
9 Source: DSW Finance Division. Note: Execution rate is spending measured as a proportion of revised estimates. Since execution data for FY 2018 is not yet available, execution rate only calculated till FY 2017/18.

Composition of the Social Welfare Budget

This section discusses DSW's spending across different service delivery categories and how it has evolved over recent years. A notable feature of the DSW's recent spending, especially since FY 2017-18, is the prioritisation of spending on non-institutional services. Figure 7 presents a snapshot of the changing proportion of spending on institutional and non-institutional services from FY 2016-17 to FY 2017-18.

The share of DSW's spending on institution-based services has declined from 52% to 26% from one year to another; this is because most of the increase to DSW's budget since FY 2017-18 has been to cash transfer programmes increasing the overall proportion of non-institutional services. A further disaggregation is presented and discussed below in Figure 8.

Figure 7 **Increasing proportion of spending on non-institution services**[10]



BOX 2 **Current and capital expenditure (left-scale), and share of capital expenditure on total (right-scale)**

Institutional services refer to facilities and institutions providing services to vulnerable groups largely outside the confines of local communities – such as orphanages and centres for the elderly. In the DSW budget classification system the following are included under institutional services: (i) ECCD; (ii) Child and Youth; (iii) Rehabilitation; (iv) Women's Care; (v) Elderly; (vi) Social Welfare Training Institute; and (vii) Disabilities. This includes spending on salaries, operating expenses for staff working within the facilities. Table 1 further lists all services provided within each of these categories.

Non-institutional services refer to services that are not primarily delivered via a facility or institution and are typically community-based, such as foster care, counselling and case management services for the protection of children, women and disabled. In the DSW budget classification system the following are included under non- institutional services: (i) social protection (cash transfers); (ii) cash support to People with Disabilities (PWDs) accounted for within 'disabilities' (in Figure 8) and (iii) 'administration and non-institution-based service delivery'. The latter includes a range of services provided directly to vulnerable groups, such as support to mother circle groups, salaries to case managers, travel costs, cash support to landmine victims etc.

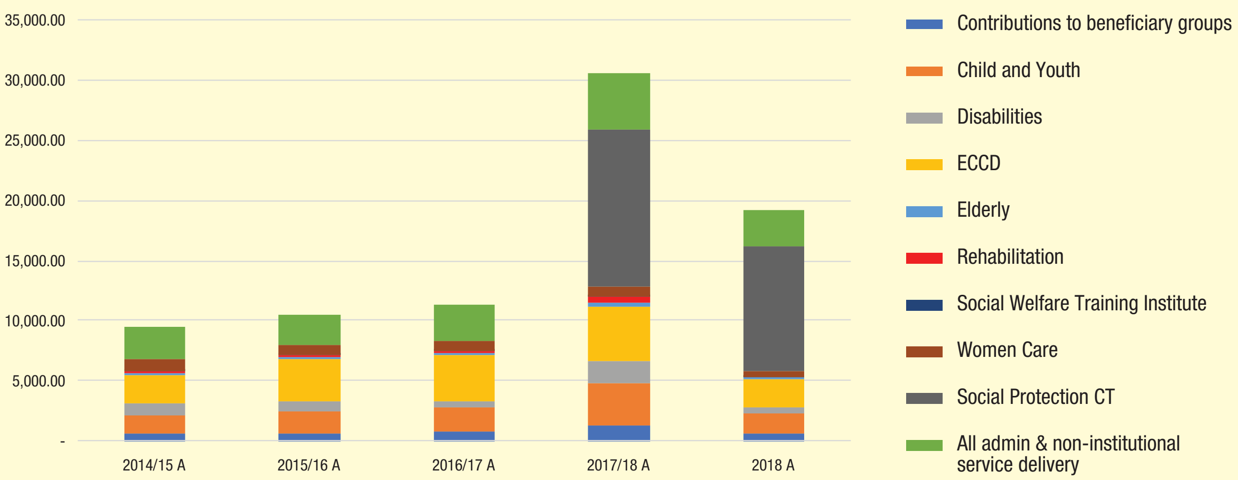
Due to the way the DSW's budget is currently classified, services that fall outside the traditional institution-based model of care are recorded in this latter category at both Union and sub-national levels. As a result, non-institution and administration spending are grouped together. For instance, spending on services such as travel allowance to case managers are recorded within other line items that also include allowances to staff at DSW Offices at the sub-national and Union level, making it difficult to differentiate between genuine service delivery spending and administrative expenditures.

10 Source: DSW, Finance Division. Note: 'Contributions' can either be to institutes or direct in-kind donations to vulnerable groups. The budget lines do not allow to distinguish between the two and as a result, they are not grouped with institution or non-institution related spending.

The analyses in this sub-section are based on spending data recorded in separate ledger books/reports for recurrent, capital and contribution spending and collated at the Union level, based on hta-sa reports submitted by spending units.

Figure 8 illustrates that a significant share of DSW spending is accounted for by cash transfers to MCCT and Social Pension (42.3%) since FY 2017-18. Furthermore, spending on 'administration and non-institutional service delivery' has increased almost two-fold since FY 2014-15 with the most significant increase in the FY 2017-18 when it constituted the second biggest item of expenditure (15.35% of DSW spending). This can be attributed to two key developments: (1) expansion of district and township offices, to support operation of the MCCT, Social Pension and other outreach activities; and (2) in FY 2017-18, the DSW provided increased one-off cash support to internally displaced persons (IDPs) and landmine victims across the country. Unlike MCCT and Social Pension, cash support to IDPs and other vulnerable groups is more ad hoc and varies depending on needs every year.

Figure 8 **Composition of DSW spending (recurrent and capital), FY 2014/15 – FY 2018 (million Kyats)**[12]



During FY 2017-18, DSW also provided one-off cash support to people with disabilities amounting to 1.2 billion Kyats (4 per cent of total DSW spending) further contributing to DSW's increasing spend on non-institutional services. Although this is a relatively small share of total DSW spending, it is significantly higher than DSW's spending on institutional care for Persons with Disabilities (PwDs). Similarly, contributions and donations to different beneficiary groups (elderly, orphans, infants) have also almost doubled since FY 2014-15, also accounting for approximately 4 per cent of total DSW spending.

A key area of institutional service delivery that DSW has consistently prioritised since FY 2014-15 is Early Childhood Care and Development (ECCD). Investment in ECCD constituted the third biggest item of spending in FY 2017/18 accounting for 15 per cent of total spending, followed by spending on Child and Youth institutes, which accounted for 11 per cent of total spending in 2017/18. Most ECCD spending – between 85-90 per cent – in the past five years has been on operating pre-schools. The total number of pre-schools staffed and managed by DSW have increased from 74 to 130 since FY 2014-15. Construction or renovation of pre-schools has also been prioritised within DSW's capital budget, accounting for over half of total capital spending.

Furthermore, spending on 'Child and Youth' related institutions has also gradually increased since FY 2014-15, with a more sudden and significant increase in the FY 2017-18. This can be attributed to three key developments: (1) increases in FY 2017/18 to recurrent budget allocation of existing ten youth training schools; (2) voluntary contributions to child and youth care institutions have doubled since FY 2014/15 (from 1.7 to 3.6 billion Kyats); and (3) further increases in 2017/18 was contributed by construction works carried out in three youth schools (although only by a marginal amount). Allocations to institutions for people with disabilities, women's care and development, elderly and rehabilitation of drug addicts have seen marginal changes since FY 2014-15. All four of these categories of service delivery have accounted for an increasingly smaller proportion of total DSW spending over the years.

11 Spending on one-off cash transfers of this nature is recorded by the DSW 'Head Office' category.

12 Source: DSW, Finance Division. Note: 'Contributions to beneficiary groups' relates to 'rice donation' and general welfare contributions to more than one beneficiary group such as women, orphans, youth training schools. All other contributions that could be attributed to one specific beneficiary group is included within that group. The 'disabilities' category relates to both cash support to PWDs and institution-based care.

Note: Total spending figures in Figure 5 and Figure 6 are marginally different because the latter uses spending data after accounting for surrendered amounts on capital projects.

Table 1 **Institutional services provided to different beneficiary groups**[13]

Beneficiary groups	Recurrent Spending	Capital – construction or renovation
ECCD	Salaries and Operation of pre-schools and nurseries	Construction and renovation of pre-schools
Child and Youth	Girls and Boys training schools: salaries and operation; Contributions to primary schools, child and youth care centres	Renovation and/or construction of existing Youth Schools
Women Care and Development	Staff salaries and operation of: Vocational Training for Women (VTW), Women Development Centres (WDC), Care Centres for Women (CWC), Home Science Schools; Contributions to mothers with triplets and vocational schools.	Renovation and/or construction of Home Science Schools
Elderly	Centre for the Aged in Yangon and Contributions to the centre	Renovation of the centre
People with Disabilities (PWDs)	Learning and training schools for the disabled, Schools for the deaf and blind. Cash support to PWDs.	Construction within existing schools
Social Welfare Training Institute	Staff salaries and operation of the institute. The institute is mandated to provide training courses (pre-service and in-service) to all DSW staff working in administrative units and institutions	
Administration and Non-institutional service delivery	Staff salaries and operation of DSW Union, S/R, District and Township Offices; Non-institutional service delivery includes salaries to social work case managers, cash support to mother circle, other vulnerable groups, trainings and outreach activities.	Construction or renovation of District DSW Offices. Construction and purchase of equipment at the Union level.

13 Note: Since FY 2018 (mini budget), institutions responsible for rehabilitation of different vulnerable groups falls within the mandate of the DOR, and hence not reflected within spending in 2018.

BOX 3 How is DSW's capital budget spent across different service delivery areas?[14]

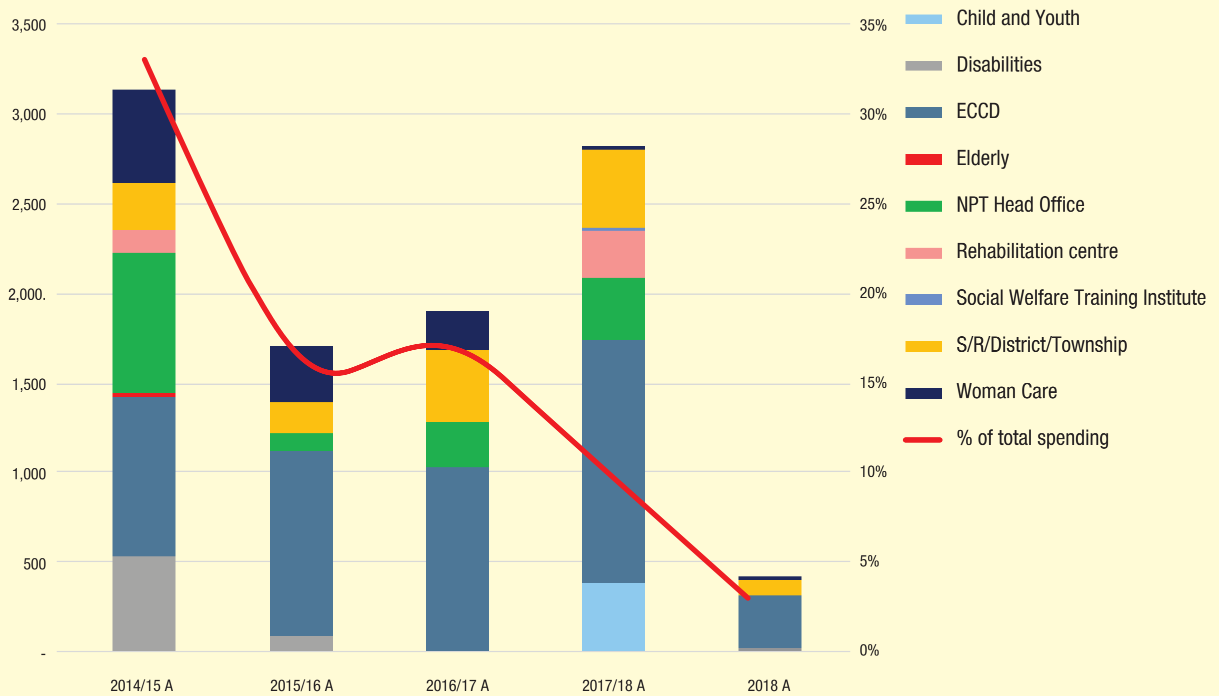
DSW's capital spending can be divided into two main categories – (i) construction works and (ii) purchase of equipment, furniture, office material and vehicles. On average, construction works has accounted for 84% of capital spending whilst purchase of equipment and furniture has accounted for 15% of spending; a minimal proportion of spending has been on vehicles and furniture. Total allocation to the capital budget has decreased as a proportion of DSW's total budget from 32% in FY 2014-15 to 9% in FY 2017-18.

DSW has prioritised allocation of its capital budget mainly towards improving ECCD services in the past few years. On average, over half of DSW's total capital budget every year has been spent on setting up new pre-schools or extending services and renovating existing pre-schools, as illustrated in Figure 9.

Between FY 2014-15 and FY 2016-17, DSW also prioritised construction (or renovation) of home science institutes for women. This accounted for 10% of total capital spending – a significantly lesser proportion in comparison to ECCD. In FY 2017-18, only two other service delivery categories (other than ECCD) received a sizeable budget allocation, 10% each of total capital spending: renovation of two youth training schools in Yangon and renovation of the rehabilitation centre in Muse.

Figure 9 also illustrates that capital spending at the Head Office level was higher in the FY 2014-15, when it constituted 25% of total spending, but has reduced thereafter to approximately 12% of total spending from FY 2016-17 onwards. In FY 2014-15, spending was spread across construction, purchase of furniture and equipment, although in later years, spending was concentrated more on construction and equipment. Capital spending on DSW district offices has doubled since FY 2014-15 from 114 to 382 million Kyats in FY 2017-18. Most of these relate to renovation, provision of water supply and renovation in existing offices than construction of new buildings.

Figure 9 Composition of capital spending, FY 2014-15 to FY 2017-18 (million Kyats)



Source: DSW spending summary and authors' calculations

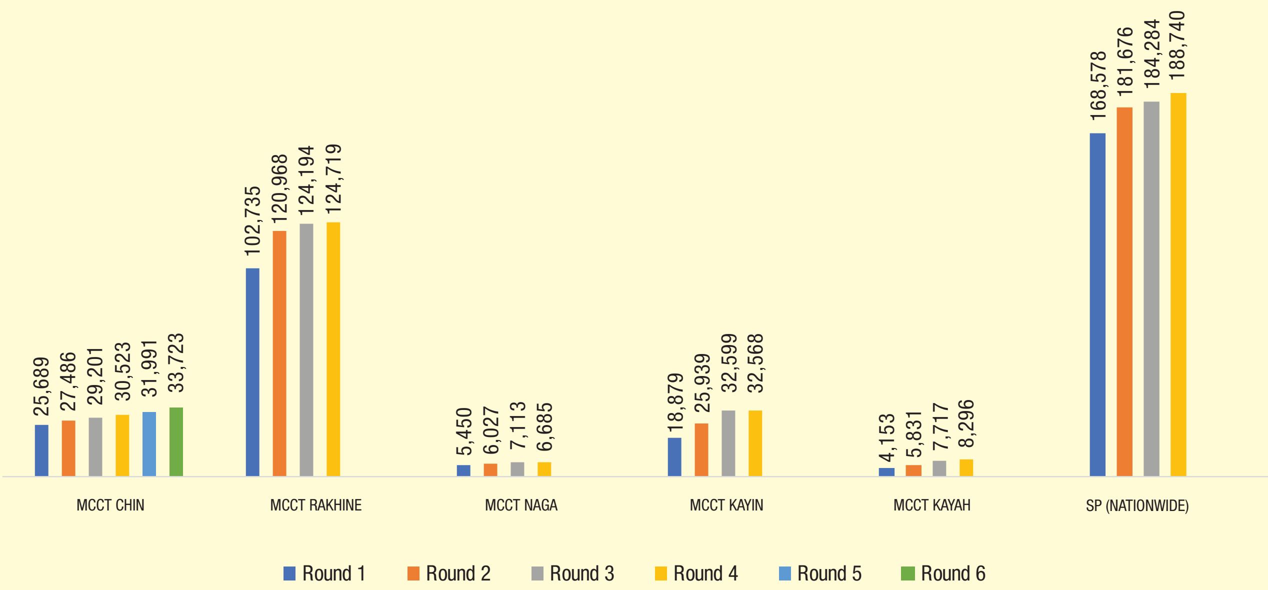
14 Source: Authors calculations, based on spending records in DSW Finance Division.

Cash Transfers in Myanmar

The Maternal and Child Cash Transfer (MCCT) and the Social Pension Programme, introduced in 2017/18, are the largest social protection programmes in Myanmar both in terms of coverage and volume of spending. Previous to this, all other cash support to different vulnerable groups was more ad-hoc and based on needs. The DSW is now gradually expanding similar structured cash support, in line with the Social Protection Costed Sector Plan.

The MCCT was first implemented in Chin state with financial support from the Livelihoods and Food Security Fund (LIFT). In FY 2017-18, the DSW financed the expansion to Rakhine and Naga, followed by further rollouts in Kayin and Kayah in FY 2018-19. In the FY 2019-20, the programme is expected to be expanded to Shan and Ayeyarwady with financing support from the World Bank[15]. The MCCT programme is focused on the first 1,000 days of the life cycle – it aims to empower all pregnant and lactating women with additional purchasing power by providing a cash benefit of 15,000 Kyats per month from pregnancy until a child is up to 24 months of age. The MCCT is universal in nature and is opened to all women within a state/region. [16]

Figure 10 **Number of beneficiaries receiving MCCT and SP in FY 2018/19**[16]



The **National Social Pension (SP)** is a government funded nationwide programme, introduced in the FY 2017-18, providing a monthly benefit amount of 10,000 Kyats to older persons, aged 85 years and above. It is an unconditional, universal cash transfer programme and one of the eight flagship programmes identified in the National Social Protection Strategic Plan (2014). The age limit was reduced from 90 to 85 years old in the FY 2018-19, increasing outreach to beneficiaries from approximately 40,000 in every round in FY 2017/18 to approximately 180,000 beneficiaries in every round in FY 2018/19. Figure 10 indicates beneficiaries reached by both MCCT and SP.

At the Union level, the Social Protection Division under the DSW is responsible for communication, coordination and oversight of the overall implementation of both the MCCT and the SP. Funds for the MCCT and Social Pension are transferred by the DSW Head Office to DSW State/Region Offices and/or District Offices, where present. At the village and ward level, DSW relies heavily on GAD officials for beneficiary identification, registration and distribution of payments in cash.

Figure 11 compares allocation and spending on both programmes against DSW's spending on all other items. MCCT continues to be a growing priority for the DSW – budget allocations have increased more than three-fold from 9.6 billion Kyats in FY 2017-18 to 34.4 billion Kyats planned for FY 19-20. In FY 2018-19, 45.6 per cent of DSW's total budget was allocated to MCCT. Social pension accounts for a lower proportion of the total DSW allocation (15% in 2017/18 and 24% in 2019/20), although total allocation to social pension has grown at a faster rate, increasing five-fold since its inception in the FY 2017-18 from 4.7 to 21 billion Kyats in FY 2019-20.

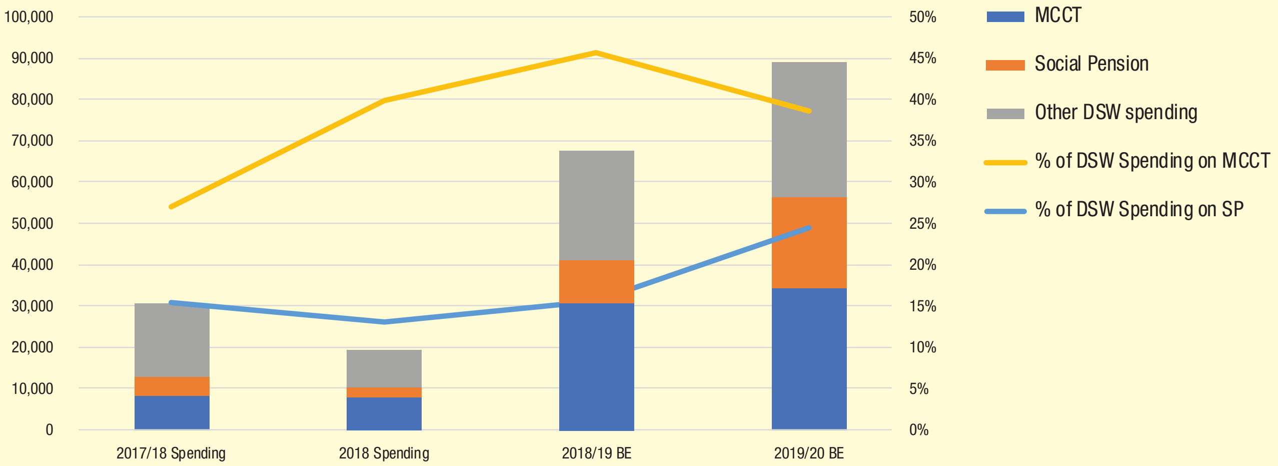
15 World Bank will support the roll-out of the MCCT in Shan State and Ayeyarwady Region through an IDA credit for US$100mn starting from FY 2019/20 till FY 2025/26.

16 Source: Social Protection Division, DSW; Note: Only MCCT in Chin is supported by donor financing. All others are financed by the DSW. Funds are disbursed to beneficiaries every quarter and hence, four rounds. Although in Chin, funds were disbursed every 2 months.

Even with significant increases in its budget and resultant pressure on existing systems, the DSW has been able to spend majority of funds allocated to both the MCCT and SP programmes. The Department spent 85% of the budget allocated to the MCCT in FY 2017-18 and 100% of the budget allocated in the mini budget (April to September 2018). Similarly, 99% of the budget allocated to social pension was executed in the FY 2017-18 and during the 2018 mini budget.

However, the scale of expansion of the two programmes and GAD's capacity to assist in the delivery necessitates greater consideration of how the current expansion will be sustained. DSW is gradually recruiting more human resources into District and Township Offices, guided by a medium-term HR expansion plan, although fiscal constraints might limit the actual pace of expansion.

Figure 11 MCCT and SP spending, as a proportion of total DSW Spending (million Kyats)[17]



BOX 4 How has DSW's allocation pattern evolved since FY 2017-18?[18]

Figure 11 above highlights a key point about DSW's allocation pattern since FY 2017-18. Allocation to items other than MCCT and Social Pension has almost doubled in FY 2019-20, in comparison to previous years. A part of this increase can be attributed to DSW's expansion at the sub-national level (both salaries & operating expenses) increasing contributions and construction works. But allocation to transfers (excluding MCCT and SP) has received the most significant increase, increasing by almost 20 times since FY 2017-18. Illustrated in table below.

In FY 2019-20, DSW has pursued efforts to significantly expand both cash and in-kind support to vulnerable groups (accounted for within 03 and 05). This includes (i) formalised cash support to PWDs – allocation of 1.4bn Kyats – introduced in 2019-20; (ii) increased cash and nutrition support to mother circle groups (increase of 2bn Kyats in 2019-20); (iii) increased allocation to feeding support to pre-schools and nurseries. DSW has also introduced more training and outreach activities relating to ECCD services, cash support to self-help groups and increased cash support to One Stop Women Support Centre (OSWSC).

Items (in Million Kyats)	2017/18 BE	2018/19 BE	2019/20 BE	% increase
01 – Pay	4,522	7,027	7,696	70%
03 – Goods & Services	3,073	3,542	5,174	71%
05 – Transfers (excludes MCCT and SP)	358.31	2,674	7,352	1952%
Capital	2,784	4,163	5,233	88%
Contributions	3,622	3,700	5,575	54%

17 Source: Social Protection Division, DSW; Note: 2017-18 and 2018 mini budget are based on actual spending; FY 2018-19 and FY 2019-20 is based on allocation. For the FY 2019/20, the allocation amount is based on DSW's budget submissions to MoPFI. At the time of writing, the FY 19-20 budget was approved by the President and the Finance Commission and tabled at the Union Parliament.

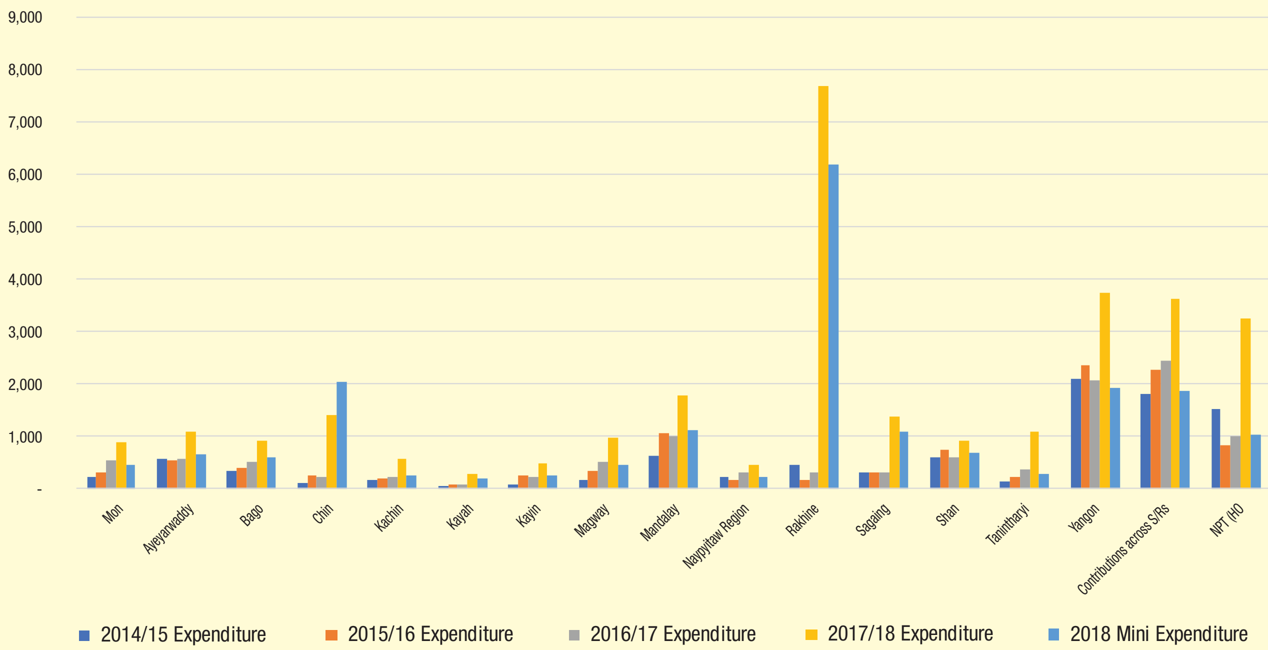
18 The budget for FY 2019/20 was just approved at the time of writing and spending patterns was not yet available for FY 2018-19. Therefore, this is only a preliminary analysis of allocation patterns based on the data available. This will require further analysis towards the end of the financial year.

Social Welfare Expenditure at the Subnational Level

DSW's spending across states and regions has consistently increased since FY 2014-15, although the increase was much higher in the FY 2017-18. In nine states and regions, spending at least doubled in comparison to the previous financial year and in most of the remaining regions, spending increased at least by 50 per cent. Administrative spending increases can be attributed to DSW's growing presence at the sub-national level. In FY 2017-18, DSW recruited staff in 19 districts where it did not have a presence earlier and established presence in 31 Townships for the first time. A total of 19 out of the 31 townships are in Rakhine and Chin States, where MCCT was initiated. The total number of staff recruited at the sub-national level has increased two-fold in FY 2017-18, from 393 to 749.[19]

In relation to service delivery, increased flow of funds to states and regions relates to investment in MCCT, SP, ECCD, Child & Youth institutes (as discussed in sections above). Spending in Rakhine is significantly higher in comparison to any other state/region, due to the MCCT roll-out and other non-institutional service delivery that the DSW has prioritised in the state[20]. Spending in Yangon is relatively higher due to a greater presence of DSW institutes in the Region. Spending accounted for within the DSW head office (NPT HO) includes cash support and all other non-institutional services recorded at the Union level.

Figure 12 **Spending in States and Regions, FY 2014/15 – FY 2017/18 (million Kyats)[21]**



19 Furthermore, 246 staff were also recruited to pre-schools institutions in FY 2017/18.

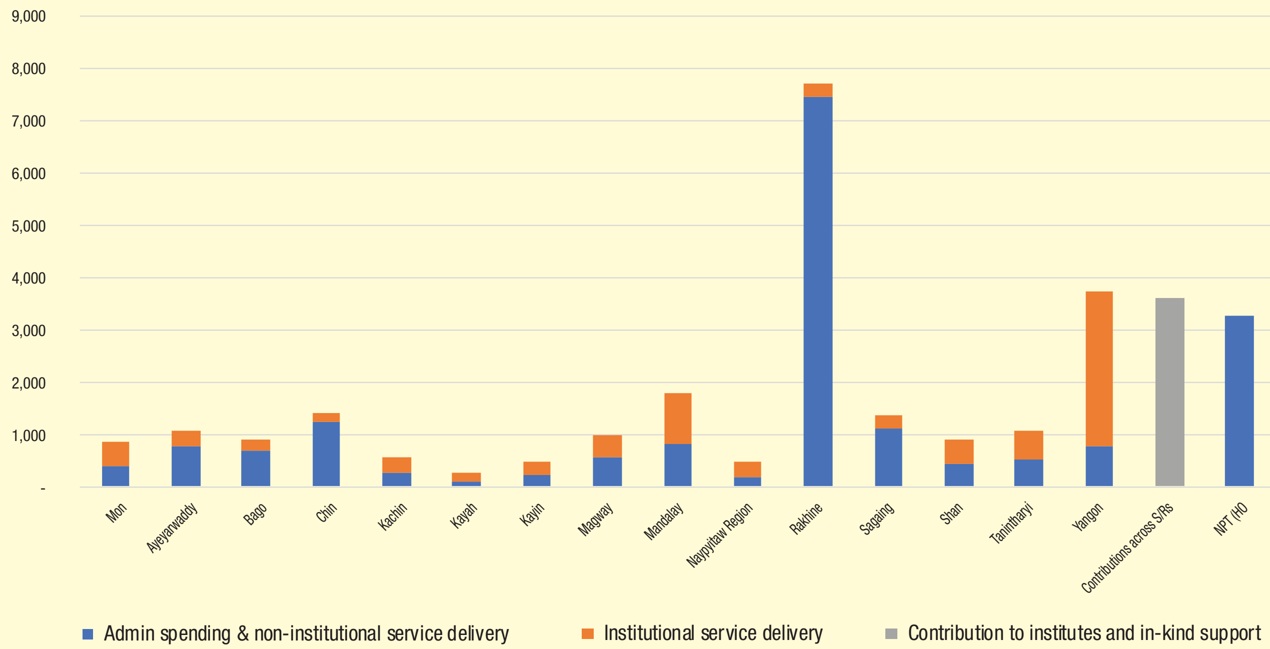
20 The number of beneficiaries that have received the cash transfer in Rakhine are more than double than Chin – 28,100 mothers were registered and receiving the cash transfer in Chin whilst 69,800 received the transfer in Rakhine, as of January 2019.

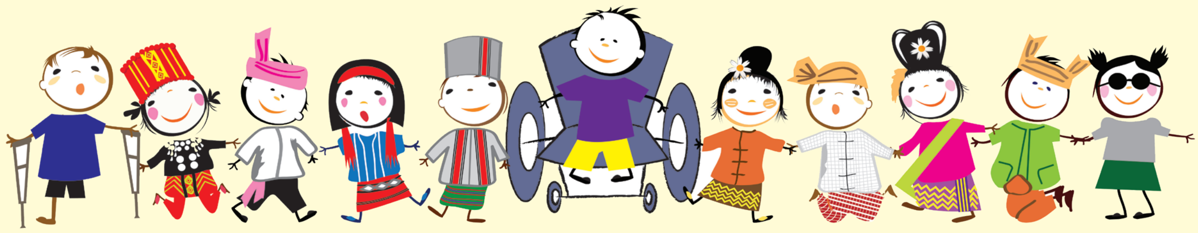
21 Source: authors adaptation based on DSW spending data. Note 1: numbers include all spending within a state/region – i.e., it includes spending by institutions within the state/region and spending by all sub-national offices on non-institutional service delivery, HR costs and office operating expenses. NPT (H.O) refers to spending at the Head Office whilst NPT U.T is similar to spending in other state/region offices. Note 2: Chin spending includes LIFT funding for MCCT. Note 3: Contributions across states and regions refers to all voluntary contributions through the DSW to different vulnerable groups across Myanmar – some of these contributions are directly to beneficiary groups such as support to mothers with triplets and in-kind donations, and some are to institutions such as orphanage and care centres.

Figure 13 below attempts to make a distinction between institutional spending within every state/region and all other spending (grouped together as administration and non-institutional service delivery). Although institutional service delivery accounts for more than 50% of spending in nine states and regions (out of 15), these states and regions typically account for a relatively smaller proportion of total DSW spending in comparison to spending by states such as Chin and Rakhine. [22]

A significant portion of DSW institutes are concentrated in more urban regions such as Yangon and Mandalay, especially institutions providing ECCD services and support to children and youth. For instance, 30 (out of 129) pre-schools are located in Yangon as well as the ECCD training centre, both accounting for 25% of total ECCD spending in Myanmar. Spending on pre-schools in Mandalay accounted for almost 10% of total ECCD spending, on average across the years, as opposed to other states and regions which only account 2-3% of total spending. Similarly, five out of ten training schools for youth are located in Yangon and two are located in Mandalay.

Figure 13 **Institutional and non-institutional spending by State/Region in FY 2017-18 (million Kyats)[22]**





22 Source: authors adaptation based on DSW spending data. Note: Institutional service delivery includes spending on all institutions within the state/region. Administration and non-institutional includes all spending by the State/Region, District and Township Offices within a State/Region. This includes spending on salaries, office operation, travelling allowance but also funds transferred for MCCT, SP and any other services that sub-national units are required to implement or manage.

Key Policy Issues

The level of detail in the analysis of expenditure trends remains bounded by the existing budget classification and the limited data disaggregation. In particular, the inability to distinguish spending on general administration (e.g. office expenses) from non-institutional service delivery (e.g. travel allowances for social work case managers) remains an hindrance in the expenditure reporting system. Broader efforts in conjunction with the MoPFI will be needed to improve this situation in the coming years as the government-wide PFM reform activities continue. Nevertheless, it will remain crucial to continue taking stock of spending patterns based on existing reporting systems, especially given ongoing shifts in allocation patterns (for e.g. institutional vs non-institutional shifts) and increases to budget allocation – something that the present Budget Brief has tried to do.

Despite receiving significant increases to its budget allocation, DSW allocations remain low as a proportion of total GoM spending, especially in comparison to Ministries such as Education and Health and Sports. There is a need for an increase in fiscal space to roll-out existing flagship programmes nationwide, as well as new initiatives stemming from the new Child Rights Law. At the same time, there is an operational risk that increased spending can strain existing systems and impact accountability. DSW's budget allocations doubled from FY 2017/18 to FY 2018/19 and further increased by 33 per cent in the FY 2019/20. The DSW will, therefore, require significantly higher levels of operational capacity especially in the form of additional personnel at the sub-national level. Continuing efforts to support transparency and accountability for the use of funds (e.g. through enhanced financial reporting and narrative budget submissions) will facilitate this process.

The introduction of flagship programmes such as the MCCT and Social Pension have tilted the balance of expenditure towards non-institutional services. This is further supported by increased investment towards cash transfers by development partners (for e.g. World Bank and LIFT funding to the MCCT) in recent years. Up to FY 2016/17, the majority of DSW's investments was focused on ECCD, followed by spending on administration and institution-based services. However, the introduction of MCCT and SP has resulted in an increasing proportion of spending on cash support to vulnerable groups. In FY 2017-18, the two programmes accounted for 42 per cent of total DSW spending and this has increased to 63 per cent in FY 2019-20. In addition, while maintaining significant increases to MCCT and SP, the DSW has significantly increased its recurrent budget allocation to items outside of these two programmes in FY 2019-20. It is still too early to assess the impact of this expansion, but points to the continuing expansion of DSW service delivery and improved coverage both geographically and in the types of services it delivers.

While significant improvements have been made, there are increasing opportunities to advance. As well as continuing to invest in introducing new activities and programmes set out in the various existing policy documents, the DSW may consider improving the quality of existing services and monitoring systems in order to improve citizens' satisfaction with services received. This will mainly require increased human resources and strengthened capacity – from case managers to administrative staff at different levels including at the Union level. Furthermore, measures could be taken to assess the effectiveness and equity as well as operational efficiency of flagship programmes to feed into decision making around budget allocation in subsequent years.

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List of abbreviations

DSW	Department for Social Welfare
DDM	Department of Disaster Management
DR	Department for Rehabilitation
ECCD	Early Childhood Care and Development
ER	Execution Rate
FY	Financial Year
GOM	Government of Myanmar
IMF	International Monetary Fund
LIFT	Livelihoods and Food Security Fund
MCCT	Maternal and Child Cash Transfer
MDA	Ministries Departments and Agencies
MOE	Ministry of Education
MOHS	Ministry of Health and Sports
MoPFI	Ministry of Planning, Finance and Industry
MSDP	Myanmar Sustainable Development Plan
MSWRR	Ministry of Social Welfare, Relief and Resettlement
NSPSP	National Social Protection Strategic Plan
PFM	Public Financial Management
PWD	Person with Disabilities
SEE	State-Owned Economic Enterprise
SP	Social Pension

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