PUBLIC SOCIAL EXPENDITURE

In 2015, public social expenditure-to-GDP ratios varied considerably across the Asia/Pacific region, but were generally well below the OECD average (Figure 5.10). Average social protection spending in the Asia/Pacific region was about one-third of the average in the OECD as a whole. Public social spending in Japan, New Zealand and Australia is close to 20% of GDP, and around 10% of GDP in Korea, and Mongolia. By contrast, public spending on social protection is around 2% of GDP in Bangladesh, Cambodia, Lao PDR and Myanmar.

The distribution of social spending also varies across countries (Figure 5.11). On average, public spending on social insurance accounts for almost half of social spending; health expenditure account for more than one third; and, social assistance for about one fifth. However, there are large variations across countries: many Asia/Pacific economies have relatively young populations compared to OECD countries (see Figure 3.5), which helps to explain relatively small spending pension insurance benefits (Pensions: coverage and replacement rates).

In many Asia/Pacific countries, social insurance supports cover the relatively small public and formal sectors, and does not cover the large group of informal workers and/or self-employed workers and the elderly population who had little opportunity to contribute to pension schemes in the past. In all, social insurance benefits in many Asia/Pacific countries do not benefit the poor. Social insurance (which includes pensions) accounts for about 65% of reported social protection expenditure in Azerbaijan and Malaysia whereas it is less than 5% in Myanmar and Timor-Leste. Social Assistance (including assistance for elderly, child welfare, disability, welfare assistance) usually accounts for a relatively small share of reported social protection expenditure. Health accounts for more than two third of social expenditure in Myanmar, Bhutan, Cambodia, Papua New Guinea and Lao PDR whereas in Armenia and Azerbaijan only one fifth is dedicated to health related risks. Active labour market programmes play a relatively small role, except in Bangladesh where ALMPs account for around 15% of reported social protection expenditure (Figure 5.11).

Considering absolute poverty rates in low- and middle-income countries it appears that countries with higher public social expenditure tend to be those with lower absolute poverty rates (Figure 5.12). This suggests that public social spending helps to alleviate disadvantage and enhances equity.

Data and measurement

Public social expenditure concerns the provision of cash, in-kind and fiscal support to households and individuals. To be included in social spending, programmes have to involve compulsion in participation or interpersonal redistribution of resources, and address one or more contingencies, such as low income, old age, unemployment or disability. Social spending is public when general government controls the relevant financial flows.

Data on social protection for OECD countries were taken from the OECD Social Expenditure Database (SOCX). Public social spending for Asia/Pacific countries as in Figure 5.8, from the Asian Development Bank’s Social Protection Indicator, as cleaned for partial health data, and include general government expenditure on health as taken from the WHO (World Health Organisation) Global Health Expenditure Database. Data for OECD countries are taken from the OECD Social Expenditure Database (SOCX). For Kazakhstan, Hong Kong, China and India data were taken from the ILO World Social Protection Report 2017-2019.

Public spending on education is not regarded as within the social domain, and spending data are generally not included here. Measurement issues affect the recording of data on public social protection expenditure, in particular regional/local social spending programmes are not always reflected in the available statistics for a country, e.g. as for India, and the data here may therefore underestimate public social effort. Social expenditure data coverage may differ between ADB, ILO and OECD, in term of countries and broad policy area, and therefore reported aggregate (regional) indicators of social spending by the different organisations are not the same. For data on poverty see indicator Poverty.
Figure 5.10. **Public social expenditure across the Asia/Pacific region are generally well below the OECD average**

Public social protection expenditure as a % GDP, 2015/17 or latest year available


Figure 5.11. **Social spending distribution varies across countries**

Public social protection expenditure by broad programme area, % GDP

Source: See Figure 5.10.

Figure 5.12. **Public social spending and poverty**

Share of population living with less than USD 1.9 per day, 2017 or latest

Source: See Figure 5.10.