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# Reallocating Government Spending to Reduce Income Inequality: Panel Data Evidence from the Middle-Income Countries

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# Reallocating Government Spending to Reduce Income Inequality: Panel Data Evidence from the Middle-Income Countries

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## Abstract

This paper is the first to examine the theoretically ambiguous inequality impact of financing social spending sectors through cuts in the remaining sectoral expenditures of the national government budget within middle-income countries. Employing panel data analysis based on a disaggregated dataset of 51 middle-income countries covering 11 years (2005-2015), we find that: (i) the income gap can be reduced if the education sector is financed by cuts in public spending on the transport and communication sector, the defence sector, and other sectors; (ii) it is possible to reduce inequality with all percentiles benefiting. We also split the sample by national income levels, and reveal that: (iii) the equalizing role of government spending reallocations in favour of the agricultural sector becomes manifest in the subsample of upper middle-income countries; (iv) the inequality-reducing impact of spending reallocations towards the social protection and health sectors becomes clearer in the subsample of lower middle-income countries. More importantly for policymaking and in the long run, (v) such reallocations tend to reduce inequality within both the upper and lower middle-income countries. We therefore conclude that greater consideration should be given to the redistributive effects of government budget reallocations than is typically the case.

*Keywords:* middle-income countries, income inequality, reallocation of government expenditure, education sector, health sector, social protection sector

*JEL codes:* E62, H53, O15

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## 1 Introduction

The persistent and increasing divide between the “rich” and the “poor”, although never completely out of the academic debate,<sup>1</sup> has resurged to the highlight in the economic literature in the recent years (Piketty, 2013; Atkinson, 2015; Alvaredo et al., 2017). While being a global trend, this divide has been particularly acute within middle-income countries: middle-income developing countries are the most unequal among all groups of countries. Moreover, inequality is significantly higher within middle-income countries in sub-Saharan Africa compared to middle-income countries in Europe and Central Asia (United Nations, 2015). Figure 1, depicting the 51 middle-income countries in our sample in 2015, shows that in Russia the level of inequality, measured by the Atkinson inequality index (Atkinson, 1970), was 30.43, while in South Africa it was, 75.17, i.e., two times and half higher. The reduction of inequality has, therefore, become an increasingly important focus of policymakers at different levels. For instance, while in the past the International Monetary Fund (IMF) was criticised for its strong focus on the so-called “Washington consensus”, according to which distributional considerations were of secondary relevance, more recently it has placed substantial effort to outline the negative consequences of inequality on both economic growth and macroeconomic stability (Clements et al., 2015). In those middle-income countries where poverty rates have decreased substantially with economic growth in the past three decades, there is an increased emphasis that further growth should be more inclusive and should benefit much larger sections of society.<sup>2</sup> Public support for redistribution has also increased since 2010, as shown by increasing numbers of people in both advanced and developing countries agreeing with the statement that “incomes should be made more equal” than with the statement that “we need larger income differences as incentives for individual effort” (Clements et al., 2015).

One way to achieve this objective is to fund inequality-reducing social spending sectors through public debts (see, e.g., Furceri et al., 2016; Salotti and Trecroci, 2018). However, this kind of funding is not always available nor particularly desirable. Indeed, while not yet fully recovered from the 2007–2009 Global Financial Crisis (GFC), all countries in the world were unexpectedly hit by the COVID–19 pandemic in 2020, which sparked a severe global economic contraction (see, e.g., O’Brien and Gilligan, 2013; Gurría, 2020), and then the war of Russia in Ukraine in 2022, which created huge uncertainty all over the world, with sky-rocketing prices of energy and food, in particular, and a return of high inflation, as in the 1970s. Consequently, opportunities for loans are increasingly becoming unavailable as foreign lenders and investors reduce lending during periods of economic downturn (see, e.g., Love, 2013).

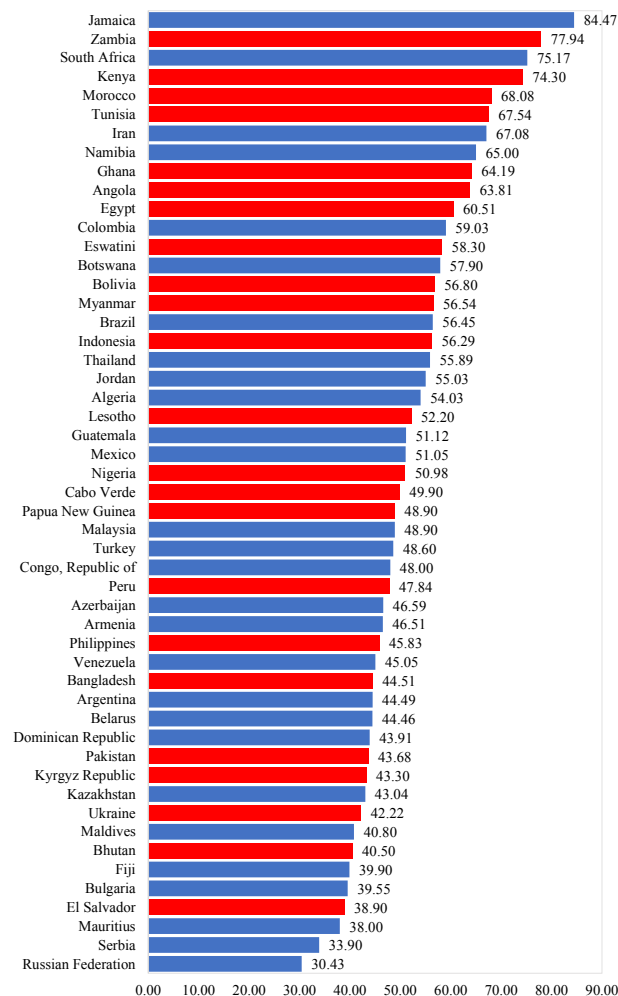
Funding income inequality reductions through public debt is also undesirable, for at least two reasons. First, when loans are available, multilateral lending agencies and countries often award them along with unfavourable conditions. For example, the loan agreement may permit the lender to exhibit a huge influence on the policies of the borrowing country. It is not uncommon for loan contracts to be accompanied by clauses requiring the borrowing country to implement policies that turn out to be detrimental to its economy in the long run. For instance, the adverse economic implications associated with the structural adjustment programs, which the IMF and the World Bank stipulated as a condition for granting loans to low- and middle-income countries, are well documented (see, e.g., Cavanagh and Mander, 2003; Oberdabernig, 2010). Second, many middle-income countries are currently faced with limited fiscal space. For most middle-income countries, the sustainability of a high debt-to-GDP ratio (shown in Figure 2) is additionally threatened by a high share of short-term debt, currency depreciation pressures, fall in the price of primary commodities in international markets and the possible rise in interest rate in the United States (US), which could heighten the cost of debt-servicing (United Nations, 2015).

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<sup>1</sup>See, e.g., the famous Presidential address of Anthony Atkinson to the Royal Economic Society in 1996, titled: “Bringing Income Distribution in from the Cold” (Atkinson, 1997).

<sup>2</sup>See also the extensive material and collection of research in the IMF website section on “The IMF and Income Inequality”: <https://www.imf.org/en/Topics/Inequality>.

Figure 1: Atkinson Measure of Inequality for Middle-Income Countries, 2015



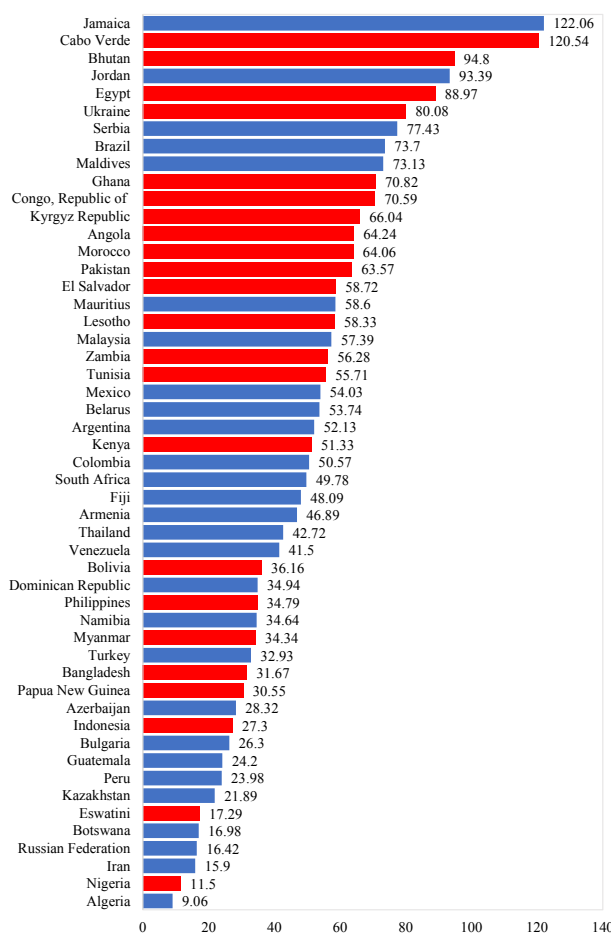
Note: Figure 1 is created using the Global Consumption and Income Project Database. The Atkinson inequality measure ranges on a scale from 0 (perfect equality) to 100 (perfect inequality). The blue bars represent upper middle-income countries while the red bars represent lower middle-income countries.

Moreover, the [IMF \(2017\)](#) observes that further delays in reducing the debt-to-GDP ratio could prevent growth-enhancing spending, crowd out investment by private firms and impact negatively on the foreign sector. Accordingly, policymakers in middle-income countries are faced with the task of adequately funding inequality-reducing social spending sectors while simultaneously ensuring debt sustainability.

Therefore, in this paper, we ask whether government spending reallocations across sectors are equality-enhancing or not and, more specifically, whether it is possible to identify some spending sectors that can be associated with a relatively more pronounced income-equalizing effect than other sectors. To address this question, we use a panel of 51 middle-income countries to evaluate the inequality impact of financing social spending sectors through cuts in the remaining sectoral expenditures in the period between 2005 and 2015, in effect, leaving the level of total government expenditure unchanged. We employ the recently released Statistics on Public Expenditure for Economic Development (SPEED) Database and define the social spending sectors following [Oxfam/DFI \(2017\)](#): social protection sector, health sector, education sector, and the agriculture sector.<sup>3</sup> Three other sectors are considered for financing the social spending sectors: defense sector, transport and communication sector, and “other” sectors.

<sup>3</sup>While [Oxfam/DFI \(2017\)](#) notes that the social protection, health and education sectors traditionally provide the pillars for inequality-reducing spending, it also adds that spending on the agricultural sector is equally essential for reducing the income gap within developing countries, since a

Figure 2: Public Debt as a Percentage of GDP in Middle-Income Countries, 2015



Note: Figure 2 is created using the IMF Historical Public Debt Database. The blue bars represent upper middle-income countries while the red bars represent lower middle-income countries.

We assess the impact of spending reallocation on both a summary index of inequality (the Atkinson index) as well as on three different parts of the distribution, representing three “ideal” income groups: the relatively poor (represented by the 10th percentile), the middle-income group (the 50th percentile) and the relatively rich (the 90th percentile). Moreover, we carry out sensitivity analysis by using two other summary measures of inequality (the Gini coefficient and the Theil index) and three other percentiles of the income distribution (the 20th, 40th and 80th percentiles). We also look at whether the results change when we split the whole sample of middle-income countries into upper and lower middle-income countries.

For the sample of middle-income countries as a whole, we find that reallocation to the education sector is associated with a reduction in income inequality. Interestingly, all the three income groups, including the middle and the relatively rich groups, benefit from such reallocation. We further find that the equalizing impact of spending reallocations differ depending on the income level of the country. In the case of upper middle-income countries, spending reallocations towards the agricultural sector improve equality while, for lower middle-income countries, it is spending reallocations towards the social protection and health sectors that increasing equality. In the long run, and most importantly for policymakers, reallocations towards the social spending sectors tend to reduce inequality within both the upper and lower middle-income countries.

considerable percentage of the less privileged in these countries are employed by this sector. Accordingly, our work also considers the inequality impact of spending reallocations in favour of the agricultural sector.

The rest of the paper is organized as follows. Section 2 examines the related literature. Section 3 outlines the methodology and data. Section 4 discusses the results. Section 5 provides extensive robustness checks. Section 6 summarizes and concludes. An appendix, finally, contains more detail on our methodology, data and findings.

## 2 Related Literature

In this section, for the four social spending sectors, we summarize both the theoretical and empirical literature on the relationship between the specific social sector spending and inequality. The empirical studies are reported in the respective Tables 1-4, which distinguish between those that find an equalizing effect (in the upper panel A of the tables) and those that do not find an equalizing effect (in the lower panel B) from the reallocation of spending to the respective sector. The tables also summarize the methodology employed by the studies and some of their key limitations. Largely, our literature review builds out of empirical papers focusing on developing countries.

### 2.1 Social Protection Sector

Table 1: Studies on the Social Protection Sector

(a) Studies that Find an Equalizing Effect of the Social Protection Sector				
Author	Objective and Data	Methodology	Impact and Findings	Critique
<a href="#">Hoy and Sumner (2016)</a>	Uses data for 2015 and 2016 to determine how long it would take for global poverty to be eradicated if developing countries were to rely solely on economic growth.	IMF World Economic Outlook projections along with the <a href="#">Ravallion (2016)</a> Consumption Floor Formula.	Inequality can be reduced if policymakers ensure an efficient redistribution of social expenditures while reducing disequalizing expenditures.	Does not rigorously consider the impact of government spending on different percentile income shares.
<a href="#">Odusola (2017)</a>	Investigates the role of fiscal policy in inequality reduction within African countries over the period 1990-2012.	OLS	Policies which facilitate well targeted social contributions have been instrumental to reducing inequality within the African continent.	Heterogeneity across time and space is not rigorously addressed.
(b) Studies that Do Not Find an Equalizing Effect of the Social Protection Sector				
Author	Objective and Data	Methodology	Impact and Findings	Critique
<a href="#">López et al. (2010)</a>	Researches the redistributive impact of allocating more funds towards public social spending within a sample of 40 low-income countries over the period 1980-2004.	IV-SUR	Social spending has an ambiguous impact on income inequality.	The use of IV-SUR is more applicable to long panels (i.e. a panel data analysis wherein the number of time periods is greater than the number of countries).
<a href="#">Cornia and Martorano (2012)</a>	Examines inequality trends in developing regions over the period 1980-2010.	Least Squares Dummy Variables technique as well as the 3SLS technique.	Social protection as a percentage of government expenditure has an unclear impact on inequality.	Does not give adequate consideration to key determinants of inequality such as population density.
<a href="#">Sharimakin et al. (2015)</a>	Investigates the respective roles of labour productivity and social contributions on inequality reduction in Nigeria over the period 1981-2013.	Autoregressive Distributed Lag model.	Social contributions do not have a significant impact on inequality.	Fails to examine the avenues through which fiscal space can be expanded to allow for adequate spending on equalizing social spending sectors.

Some studies predict that expenditures on the social protection sector reduce inequality because they are customarily targeted at the poor ([Whiteford, 2008](#); [Anderson et al., 2017](#)). Correspondingly, they argue that achieving



a significant reduction in inequality requires that spending on this sector be targeted towards the poorest of the poor, therefore reflecting a Rawlsian social welfare function (Rawls, 2009). Some other studies predict that expenditures on the social protection sector may be accompanied by some inequality-increasing effects, by encouraging the low-income recipients to be entirely dependent on the transfers and decrease their work-hours relative to those of high-income earners (Niehues, 2010). In addition, Benabou (2000) and Kerr (2014) theorize that when public spending on the social protection sector is low and there exist capital market imperfections, investment opportunities would be grossly unequal, thereby increasing inequality. In sum, the ultimate impact of social contributions is theoretically ambiguous, and remains an empirical question. Table 1 reports the findings of 5 empirical studies specifically on the social protection sector, covering a period of time that goes from 1980 to 2015 overall. Three of these studies do not find a significant equalizing effect from the social protection sector.

## 2.2 Health Sector

On one hand, some theories predict that expenditures on the health sector reduce inequality because they enable the low-income groups to save or gainfully invest expenditures they would have incurred on healthcare. Over time, this would result in higher earnings of the low-income groups, which may, ultimately, have an equalizing impact on the income distribution (Verbist et al., 2012). On the other hand, other theories suggest that corrupt public officials may embezzle the expenditures allocated to this sector, thereby preventing the low-income groups from benefiting adequately from such expenditures, and inequality may in fact increase (Alesina, 1998). Accordingly, the ultimate impact of the health sector may be difficult to predict in theory, so again, an empirical investigation is worthwhile. Table 2 reports the findings of 4 empirical studies related to the equalizing effect of the health sector, again covering a period of time from the 1980 to 2014 overall. Here as well, the overall results are ambiguous. Leaving aside the analysis for specific countries, those that study a range of low-income countries found both a positive impact of health spending on equality, as is the case of Ospina (2010) for 19 Latin America countries over two decades, and a negative one, as in Lustig (2016) for 28 low and middle-income countries but only in 2010.

## 2.3 Education Sector

The link between expenditure on the education sector and the income distribution has often emphasised the positive theoretical impact on the acquisition of human capital and higher degrees and its associated likelihood to be gainfully employed. Ultimately, this would reduce the income gap between the high- and low-income groups (Becker, 1964). Other theories, however, show that expenditures on the education sector may be hijacked by the high-income groups or not properly targeted towards the low-income groups, and this may eventually increase inequality (see, e.g., Tanzi, 1974; Hausmann and Rigobón, 1993; Schwartz and Ter-Minassian, 2000). The extent to which expenditures on education might be equalizing or not would depend on the amount of this expenditure. On one hand, if low, it would enable only a few individuals to possess relevant educational qualifications, and as such the premium on them would be very high as would be their earnings. On the other hand, these expenditures may reduce inequality if they increase over time, and consequently result in a high supply of highly educated individuals. As a corollary, the premium placed on them may reduce and ultimately result in a reduction in their earnings, and thus a decline in inequality (Knight and Sabot, 1983). In sum, the ultimate impact of the education sector may not be straightforward theoretically either. Table 3 summarizes 6 empirical studies, four of which find no significant equalizing effect. Interestingly, the overall time period covered by these studies is quite long, beginning from 1950, and the set of countries covered is generally wider than for other sectors.

Table 2: Studies on the Health Sector

(a) Studies that Find an Equalizing Effect of the Health Sector

Author	Objective and Data	Methodology	Impact and Findings	Critique
<a href="#">Ospina (2010)</a>	Investigates the redistributive impact of public spending within 19 Latin American countries over the period 1980-2000.	2SLS and GMM techniques.	Public expenditure on healthcare has an equalizing impact on income distribution.	The use of the GMM technique is more applicable to short panels (i.e. a panel data analysis wherein the number of countries is greater than the number of time periods).
<a href="#">Hounsa et al. (2019)</a>	Examines the redistributive effects of government spending in Mali and Niger for the year 2014.	The Commitment to Equity (CEQ) methodology.	Government expenditure on healthcare reduces income inequality.	Does not rigorously consider the inequality impact of the health sector on different percentile income shares.

(b) Studies that Do Not Find an Equalizing Effect of the Health Sector

Author	Objective and Data	Methodology	Impact and Findings	Critique
<a href="#">De La Fuente et al. (2017)</a>	Analyses the impact of fiscal policy on inequality and poverty in Zambia in 2015.	Commitment to Equity (CEQ) methodology.	Highly valued public health services are more accessible to the rich relative to the poor and hence, spending on such services tends to be regressive.	Does not rigorously examine the avenues through which fiscal space can be expanded to allow for adequate expenditure on social spending sectors.
<a href="#">Lustig (2016)</a>	Investigates the impact of fiscal policy on inequality and poverty in 28 low and middle-income countries for 2010.	Commitment to Equity (CEQ) methodology.	Inequality may not decline if the quality of healthcare provided by the government is low or benefits the high-income groups more than the low-income groups.	Does not adequately consider the possible long-term impact of the public health services on inequality.

## 2.4 Agricultural Sector

A key objective of public spending on the agricultural sector is to create jobs and enhance income growth within the sector. Usually, an increase in spending on the agricultural sector within a developing country is expected to reduce income inequality ([Oxfam/DFI, 2017](#)). This is because a considerable percentage of those engaged in the agricultural sector within developing countries often belong to the low-income group. As this group benefits from the expenditures on the agricultural sector, the income gap between the rich and the poor shrinks. Nonetheless, government spending on the agricultural sector may have disequalizing impacts if they get appropriated by the politically connected. For example, [Beegle and Christiaensen \(2019\)](#) show how social contributions aimed at subsidizing farm inputs are often captured by the wealthy. Table 4 reports the findings of four relevant empirical studies, which are, unfortunately, about four specific countries and a rather limited time period.

The literature review which we undertook in the present section reveals that the empirical work on the avenues for funding social spending sectors is rather scanty, and only a handful of such papers exist (see, e.g., [López et al., 2010](#)). Moreover, to the best of our knowledge, existing econometric studies on middle-income countries do not focus on identifying sectoral expenditures that can be associated with an income-equalizing effect when reallocated towards social spending sectors, leaving the total spending unchanged and therefore within a neutral fiscal policy stance. Our main contribution, then, consists in attempting to fill in this gap, at least by the empirical findings we show to be robust, and which we discuss in the remainder of the paper.

Table 3: Studies on the Education Sector

## (a) Studies that Find an Equalizing Effect of the Education Sector

Author	Objective and Data	Methodology	Impact and Findings	Critique
<a href="#">Odedokun and Round (2004)</a>	Examines the determinants of economic disparity in 35 developing countries over the period 1960–2000.	OLS with robust standard errors proposed by <a href="#">White (1980)</a> .	Government spending towards increasing school enrolment contributes meaningfully towards bridging the income gap between the rich and the poor.	Due to the use of the OLS technique, it fails to rigorously address potential heterogeneity across time and space.
<a href="#">Coady and Dizioli (2018)</a>	Investigates the redistributive impact of a rise in school enrolment within a sample of advanced economies and emerging countries in Asia, Africa, Latin America and Europe over the period 1980–2010.	OLS, SURE, Fixed Effects and GMM.	Inequality reduces in developing countries with an increase in the mean years of school attendance for individuals aged 25.	Fails to examine the avenues through which fiscal space can be expanded to allow for adequate funding of social spending sectors.

## (b) Studies that Do Not Find an Equalizing Effect of the Education Sector

Author	Objective and Data	Methodology	Impact and Findings	Critique
<a href="#">Castelló and Doménech (2014)</a>	Investigates the trends of income and education inequality over the period 1950–2010, within a sample of 146 countries drawn from several continents.	OLS, Fixed Effects and some Instrumental Variables techniques.	Spending towards increasing the average years of school attendance increases inequality if the prospects of earning higher income rises as higher levels of education is pursued.	Does not give adequate consideration to key determinants of inequality such as taxation revenue.
<a href="#">Battistón et al. (2014)</a>	Examines the impact of the education sector on inequality within a sample of eighteen Latin American countries over the period 1990–2009.	Microsimulation using individual earnings equations.	Spending towards increasing school enrolment widens the income gap. This disequalizing effect would remain persistent unless the funding of education sector is well targeted.	Fails to rigorously examine the impact of public education spending on the percentile income shares of different income groups.
<a href="#">Coyne (2015)</a>	Examines the redistributive impact of the lecture hours devoted to learning the official language of a country's previous colonizer using 33 African countries	OLS	Secondary school enrolment has no significant impact in bridging the income gap.	Due to the use of the OLS technique, this study does not rigorously address potential heterogeneity across time and space.
<a href="#">Sturm and De Haan (2015)</a>	Investigates the impact of economic freedom on income distribution over the period 1971–2010, within a large sample of countries drawn from Asia, Europe, Latin-America, Africa, North America and Oceania.	OLS and Fixed Effects	Income inequality does not respond to increases in the proportion of the population possessing high school qualifications.	The main results are obtained using the market Gini index as a measure of inequality, yet the market Gini index only provides information about the income distribution prior to transfers and taxes.

Table 4: Studies on the Agricultural Sector

## (a) Studies that Find an Equalizing Effect of the Agricultural Sector

Author	Objective and Data	Methodology	Impact and Findings	Critique
<a href="#">Rocchi et al. (2013)</a>	Investigates the redistributive impact of the liberalization of the agricultural sector in Syria using the National Agricultural Policy Centre of Damascus for 2004.	Social Accounting Matrix (SAM) modelling.	Inequality and poverty may increase with the elimination of funds aimed at stabilizing the prices of agricultural commodities.	Does not give sufficient consideration to key determinants of inequality such as corruption and trade openness.
<a href="#">Younger and Benin (2013)</a>	Analyses the inequality and poverty consequences of increasing the budgetary share of the agricultural sector in Ghana using Ghana Living Standards Survey, for 2012–2013.	Simulations analysing the return to agricultural spending within the cocoa and non-cocoa sub-sectors.	Public spending on the agricultural sector is highly progressive. It also has the tendency to reduce inequality and poverty considerably.	Does not consider the means through which fiscal space can be expanded in order to increase funding towards the agricultural sector.

## (b) Studies that Do Not Find an Equalizing Effect of the Agricultural Sector

Author	Objective and Data	Methodology	Impact and Findings	Critique
<a href="#">Viet (2010)</a>	Examines the impact of the agricultural sector on inequality and poverty in Vietnam using the Vietnam Household Living Standard Surveys for 2002 and 2004	Fixed Effects.	Crop production, forestry and livestock production have no clear impact on income inequality.	Fails to investigate the impact of agricultural spending on different income percentiles.
<a href="#">Wang et al. (2019)</a>	Investigates the redistributive effect of agricultural subsidies in Bhutan using household surveys collected by the authors in 2017.	OLS.	Agricultural subsidies are often hijacked by the wealthy and thus have potential disequalizing effects.	Fails to examine the potential long-term impact of agricultural subsidies on income inequality.

### 3 Methodology and Data

#### 3.1 Model Specification

$$I_{it} = \alpha + \sum_{j=1}^n \beta P_{i,j,t-1} + \rho T_{i,t-1} + \varphi Z_{i,t-1} + \chi_i + \theta_t + \varepsilon_{it} \quad (1)$$

Equation (1) specifies our modelling approach. For each country  $i$  observed at time  $t$ , the dependent variable  $I_{it}$  is an index of income inequality. We start with the Atkinson index as a summary measure of inequality.<sup>4</sup>  $P_{i,j,t-1}$  denotes the share of total government spending on sector  $j$ .  $T_{i,t-1}$  stands for the share of total government expenditure in GDP. Total government expenditure is the sum of the expenditures incurred on all sectors  $j$  ranging from 1 to  $n$ .  $Z_{i,t-1}$  collects the control variables. Following Acosta-Ormaechea and Morozumi (2017) and Doumbia and Kinda (2019), our study mitigates any endogeneity bias arising from potential reverse causality by taking a one-year lag of all regressors.  $\chi_i$  represents the country fixed effects and  $\theta_t$  the time fixed effects;  $\alpha$ ,  $\beta$ ,  $\rho$  and  $\varphi$  are vectors that collect the parameter estimates, and  $\varepsilon_{it}$  captures the error term. Notice that each of the sectoral expenditures is expressed as a share of the sum of all sectoral expenditures (i.e., total government expenditure), and since  $\sum_{j=1}^n \beta P_{i,j,t-1} = 1$ , perfect multicollinearity would arise if each of them is included in a regression model (see e.g., Devarajan et al., 1996; Gupta et al., 2005; Bose et al., 2007; Acosta-Ormaechea and Morozumi, 2017; Doumbia and Kinda, 2019; Chu et al., 2020). Accordingly, the share of total spending for one sector is always excluded from the regressions. Subsequently, the expenditure incurred on each sector would be measured in relative terms, specifically, in terms of their share within total expenditure. The exclusion of a given sector – let's say sector  $f$  – due to perfect multicollinearity, implies that this omitted sectoral expenditure for  $f$  would instead be measured by the sectoral expenditures that are left in the model, and this is how the impact of the reallocation from sector  $f$  to sector  $j$  is measured. In such a scenario, the resulting coefficients of the remaining sectors (following the exclusion of  $f$ ) thus tell us what happens to the left-hand side variable (i.e., income inequality), when the expenditure that would have been allocated to  $f$  is redirected towards the remaining sectors. When sector  $f$  is omitted from equation (1), the resulting equation becomes:

$$Gini_{it} = \alpha + \sum_{j=1}^{n-1} (\beta_j - \beta_f) P_{i,j,t-1} + \rho T_{i,t-1} + \varphi Z_{i,t-1} + \chi_i + \theta_t + \varepsilon_{it} \quad (2)$$

Notice that  $\frac{\partial Gini_{it}}{\partial P_{i,j,t-1}} = (\beta_j - \beta_f)$  represents the difference between the marginal effect of  $j$  and  $f$ . Accordingly,  $(\beta_j - \beta_f)$  captures the marginal effect<sup>5</sup> on inequality of reallocating spending from sector  $f$  towards  $j$ . Put differently,  $(\beta_j - \beta_f)$  captures the coefficient of  $j$  when financed by cuts in the expenditures allocated to  $f$ . In the analysis, we devote special attention to the redistributive effect of reallocating spending towards the social protection sector, the health sector, the education sector and the agricultural sector.

In evaluating the impact of government spending reallocations on the different income groups, we also replace the inequality index with three distinct percentile income shares, capturing three different income groups. We use the fixed effects estimator, where Driscoll and Kraay (1998) standard errors are employed in adjusting for potential heteroscedasticity and autocorrelation within the residuals. Further discussion concerning the model specification is provided in Appendix A.1.

<sup>4</sup>See section 3.2 for more details on the dependent variable.

<sup>5</sup>Appendix A.1 shows that the resulting coefficients of the sectors that are left in the model actually represent the difference between their marginal effect (when sector  $f$  is left in the model) and the marginal effect that would be obtained for sector  $f$  if it were left out of the model.

As noted in section 2, there is no consensus regarding the redistributive impact of social spending sectors. Therefore, we employ a two tailed test, where the null hypothesis is that financing social spending sectors through cuts in the remaining sectoral expenditures has no significant impact on inequality.

## 3.2 Sample Selection and Measurement of Variables

To examine the redistributive effect of financing social spending sectors through cuts in the remaining sectoral expenditures, we employ the Statistics on Public Expenditure for Economic Development (SPEED) Database for 51 middle-income countries over the period 2005–2015. This sample comprises 28 upper and 23 lower middle-income countries, based on the classification of the World Bank in 2019.<sup>6</sup> We employ panel data analysis in annual frequency. Through the inclusion of time and country fixed effects, panel data analysis makes it possible to account for the redistributive impacts of existing policy changes over time and across countries.

### 3.2.1 Dependent Variables

In examining the redistributive effects of reallocating government spending towards social spending sectors, we start with the Atkinson inequality measure. Although in the sensitivity analysis, in Appendix C, we replace the Atkinson index with the Gini coefficient and the Theil index, it is important here to discuss in some detail the rationale for the Atkinson index as the dependent variable. As pointed out by Atkinson (1970), and later on demonstrated by Weymark (1981) and Yaari (1987), underlying any measure of income inequality is some concept of social welfare; more specifically, the family of rank-dependent measures of inequality reflects an underlying social welfare value. However, while for the other measures it remains implicit, the Atkinson index explicitly reveals this value.<sup>7</sup> This is done through the parameter  $\epsilon$  in the index, which is defined as:

$$A_{\epsilon}(y_1, \dots, y_n) = \begin{cases} 1 - \frac{1}{\mu} \left( \frac{1}{N} \sum_{i=1}^N y_i^{1-\epsilon} \right)^{\frac{1}{1-\epsilon}} & \text{for } 0 \leq \epsilon \neq 1 \\ 1 - \frac{1}{\mu} \left( \prod_{i=1}^N y_i \right)^{\frac{1}{N}} & \text{for } \epsilon = 1 \end{cases} \quad (3)$$

where  $y_i$  is individual income and  $\mu$  is mean income.  $\epsilon$  is referred to as the inequality aversion parameter, because it regulates the sensitivity of the implied social welfare losses arising from inequality. For  $\epsilon = 0$ , there is no aversion to inequality and the marginal increases in income produce as much social welfare whether they go to a poor or rich individual. For  $\epsilon = \infty$ , there is infinite aversion to inequality and the marginal social welfare of income of the poorest individual is infinitely larger than that of any richer individual. We believe this property of the Atkinson index to be particularly important in a welfare analysis such as the one undertaken here, where we aim to assess the equalizing effect of government's spending reallocations. Indeed, this goes back to the point of Dalton (1920), which inspired Atkinson's work on the measurement of inequality, according to which it is not the distribution of income as such that matters, but its effects on the distribution of, and the total, economic welfare. As indices of inequality are not purely statistical objective devices but are intrinsically linked to normative views, the Atkinson index, making explicit the different views about social justice, is particularly appropriate to our analysis on the equality effect of government welfare spending reallocations. Data on the Atkinson index are retrieved from the Global Consumption and Income Project Database. The database computes the Atkinson index with an inequality aversion parameter ( $\epsilon$ )

<sup>6</sup>The upper middle-income countries (with per capita income between \$3,996 and \$12,375 per year) include: Algeria, Argentina, Armenia, Azerbaijan, Belarus, Botswana, Brazil, Bulgaria, Colombia, Dominican Republic, Fiji, Guatemala, Iran, Jamaica, Jordan, Kazakhstan, Malaysia, Maldives, Mauritius, Mexico, Namibia, Peru, Russia, Serbia, South Africa, Thailand, Turkey and Venezuela. The lower middle-income countries (with per capita income between \$1,026 and \$3,995 per year) are: Angola, Bangladesh, Bhutan, Bolivia, Cape Verde, The Republic of Congo, Egypt, El-Salvador, Eswatini, Ghana, Indonesia, Kenya, Lesotho, Morocco, Myanmar, Nigeria, Pakistan, Papua New Guinea, Philippines, Tunisia, Ukraine, Zambia and Kyrgyz Republic.

<sup>7</sup>For instance, the Gini coefficient is particularly sensitive to transfers that take place in the central part of the income distribution while the Theil index is particularly sensitive to transfers that take place in the lower end of the income distribution (Atkinson, 2008).

of 2. To understand the impact of government spending reallocations in favour of social spending sectors on different parts of the income distribution, rather than on an overall measure of inequality of the distribution, we replace the Atkinson index with three different percentile income shares. The tenth percentile (10th percentile<sub>*it*</sub>) represents the relatively poor, low-income group, the fiftieth percentile (50th percentile<sub>*it*</sub>) represents the middle-income group and the ninetieth percentile (90th percentile<sub>*it*</sub>) represents the relatively rich, high-income group. Data are obtained from the Global Consumption and Income Project Database. Sensitivity analysis in Appendix D also looks at the 20th, 40th and 80th percentiles.

### 3.2.2 Independent variables

The government sectoral expenditures we focus on include seven sectors: social protection ( $SPS_{it}$ ), health ( $HS_{it}$ ), education ( $ES_{it}$ ), transport and communication ( $TCS_{it}$ ), defence ( $DS_{it}$ ), agricultural ( $AS_{it}$ ) and other sectors ( $OS_{it}$ ). The data for these sectoral expenditures are sourced from the Statistics on Public Expenditure for Economic Development (SPEED) Database, which provides unique information on the composition of total government spending.<sup>8</sup> Each sectoral expenditure is expressed as a share of the sum of all the sectoral expenditures considered.<sup>9</sup> As such, it is impossible to obtain the sum of all the sectoral expenditures when data are missing for one or more sectoral expenditures in any one year. By extension, it becomes impossible to obtain the budget share for each sector. Accordingly, we record missing data for all sectors in any year in which data are missing for one or more sectors. Our analysis also includes controls for various other factors that the literature has found to be associated with the possible impact of spending reallocations on income inequality. Population density has been found to be both positively (Midlarsky, 1982; Midlarsky and Roberts, 1985) and negatively (Campante and Do, 2007; Milanovic, 2018) associated with inequality. Political stability, for which the evidence generally predicts that it aids a more equitable distribution of income, while political instability does the opposite (Bircan et al., 2010). Although the exact impact of unemployment on inequality is unclear, the hypothesis that unemployment is disequalizing is consistently reported in the literature (Parker, 1998). The basis of this hypothesis is that low income households often represent a considerable percentage of those who get retrenched during periods of high unemployment. The resulting decline in their earnings may increase income inequality (Blank et al., 1993). The relationship between GDP per capita and income inequality has a long tradition in economics, dating back to the seminal analysis by Kuznets (Kuznets, 1955). Also, empirical findings built out of micro- and macro-level datasets reveal that financial crises may be accompanied by a rise in income inequality (Baldacci et al., 2002; Kaltenbrunner et al., 2015). We equally include the consumer price index to capture the role of inflation, which is associated with widening income gaps (Fischer, 1993; Braun, 1994) but also with increased earnings for low-income households (Akyol, 2004; Doepke and Schneider, 2006; Camera and Chien, 2014; Adam and Tzamourani, 2016). Finally, we consider revenue from taxation, whose redistributive effect has been found to depend largely on the relative importance of the equalizing direct and disequalizing indirect taxes (Jakobsson, 1976; Fellman, 1976; Wang and Piesse, 2010). Further details regarding each of the variables are provided in Appendix A.2.

### 3.3 Summary Statistics

As shown in Table 5, the income share held increases as the percentile increases, with the 90th percentile accounting for the highest income share. In the estimation sample, it can be seen that lower middle-income countries have a higher average Atkinson index than upper middle-income countries. Also, the maximum Atkinson index among the upper middle-income countries is higher than that of the lower middle-income countries. Meanwhile, the minimum Atkinson index among the lower middle-income countries is considerably greater than that of the upper middle-income countries.

<sup>8</sup>Due to limited data for some countries, our analysis covers the period between 2005 and 2015 and focuses on seven key sectors that are commonly discussed in the literature.

<sup>9</sup>Each sector comprises capital and recurrent expenditures. See Appendix A.2 for details on what is included in each of the sectoral spending.

Table 5: Summary Statistics

	All Middle				Upper Middle				Lower Middle			
	Mean	SD	Min	Max	Mean	SD	Min	Max	Mean	SD	Min	Max
Atkinson Index	57.73	13.22	30.43	84.46	54.90	13.28	30.43	84.46	61.19	12.31	40.18	81.49
10th percentile	1.36	0.61	0.25	2.82	1.49	0.59	0.25	2.82	1.21	0.59	0.35	2.34
50th percentile	5.46	1.09	2.56	8.13	5.72	1.16	2.56	8.13	5.14	0.91	3.71	6.74
90th percentile	15.44	0.88	11.59	18.92	15.52	1.01	11.59	18.92	15.35	0.69	14.16	17.44
SPS	14.34	13.44	0.00	55.22	16.91	12.72	0.12	48.17	10.14	13.57	0.00	55.22
HS	7.96	3.76	0.17	29.35	8.71	3.29	2.01	16.75	6.73	4.15	0.17	29.35
ES	14.02	6.54	1.44	42.82	13.87	6.56	3.12	42.82	14.27	6.50	1.44	33.93
TCS	5.90	6.66	0.07	60.74	6.12	7.46	0.24	60.74	5.56	5.12	0.07	26.21
DS	6.96	4.92	0.07	30.06	7.02	5.17	0.62	30.06	6.86	4.52	0.07	21.40
AS	3.14	2.50	0.23	14.44	2.73	2.06	0.23	9.82	3.81	2.99	0.28	14.44
OS	47.64	17.24	0.00	88.72	44.61	16.83	0.00	82.94	52.60	16.82	17.45	88.72

Table 5 is created using the Global Consumption and Income Project Database and Statistics on Public Expenditure for Economic Development (SPEED) Database. SD represents the standard deviation. Min and Max respectively represent the minimum and maximum observation in the relevant sample. SPS, HS, ES, TCS, DS, AS and OS, represent the respective shares within total expenditure of the social protection sector, health sector, education sector, transport and communication sector, defence sector, agricultural sector and other sectors.

Figure 3 also shows that the average spending on social protection and health sectors is higher in upper middle-income countries compared to lower middle-income countries, while the latter have a substantially larger proportion of spending on other sectors than the former countries.

## 4 Results and Interpretations

Table 6 reports a summary of the main results of the analysis of spending reallocations from the transport and communication sector (TCS), the Defence sector (DS) and the Other sectors (OS) to the Social Protection sector (top panel) the Health sector (second panel), the education sector (third panel) and the Agriculture sector (bottom panel), for the whole sample of middle income countries as well as for the two subsamples of lower middle income and upper middle income countries (the three lines in each panel). The Table focuses on the Atkinson index and the 10th, 50th and 90th percentiles of the income distribution.<sup>10</sup>

Given the enormous amount of data and information, we structure the presentation of the results by focusing on the impact on income inequality from a particular type of sector reallocation, looking also at the three different parts of the income distribution and any potential difference between upper and lower middle-income countries.

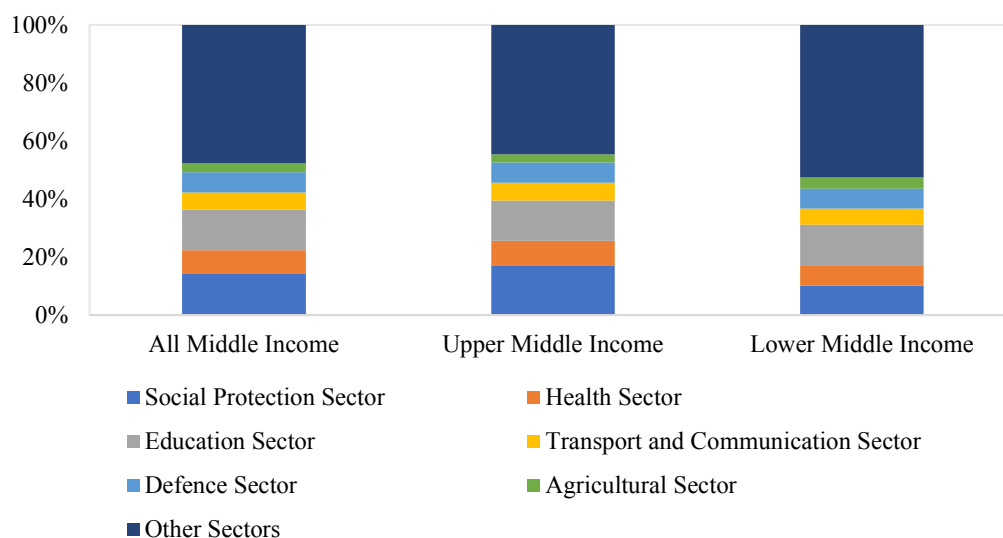
The analysis shows that, within the entire set of middle-income countries, inequality reduces unambiguously only in cases of spending reallocation towards the education sector from all the sectors: the transport and communication sector (TCS), defence sector (DS) and other sectors (OS). The same cannot be said for spending reallocation towards the social protection, health and agriculture sector, where, when significant, the results suggest that inequality increases. Moreover, the equalizing result of spending reallocations towards the education sector does not hold for the subsample of lower middle-income countries. Similarly, while spending reallocations towards the agriculture sector tend to be associated with increases in inequality, particularly significant if from the transport and communication sector and the defence sector, this is the case for the lower-middle income, and not for the upper middle-income countries.

In the subsample of upper middle-income countries and the full sample, spending reallocations towards social protection and health sectors neither reduce inequality nor benefit the low and middle-income groups. However, in

<sup>10</sup>A positive sign under the Atkinson index columns means that overall inequality increases as a result of the specific spending reallocation. A positive sign under the income percentiles columns means that the income share held by the respective percentile increases as a result of the specific spending reallocation. The detailed results are all in Appendix tables B1-B12.



Figure 3: Composition of Government Spending, 2005–2015



Note: Figure 3 is created using the Statistics on Public Expenditure for Economic Development (SPEED) Database

Table 6: Summary of Main Results

Spending Reallocations towards the Social Protection Sector												
	Atkinson			10th Percentile			50th Percentile			90th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
All middle-income	+	+	+	-	-	-	-	-	-	+	+	-
Upper middle-income	+	-	+	-	+	-	-	-	-	+	+	-
Lower middle-income	-	+	+	+	-	-	+	-	-	+	+	-
Spending Reallocations towards the Health Sector												
	Atkinson			10th Percentile			50th Percentile			90th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
All middle-income	+	-	+	-	+	-	+	+	-	+	+	-
Upper middle-income	-	-	+	+	-	-	+	+	-	+	+	-
Lower middle-income	-	-	+	+	+	-	+	+	-	-	-	-
Spending Reallocations towards the Education Sector												
	Atkinson			10th Percentile			50th Percentile			90th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
All middle-income	-	-	-	+	+	+	+	+	+	+	+	+
Upper middle-income	-	-	-	+	+	+	+	+	+	+	+	+
Lower middle-income	+	+	+	-	-	-	-	-	-	-	-	-
Spending Reallocations towards the Agricultural Sector												
	Atkinson			10th Percentile			50th Percentile			90th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
All middle-income	+	+	+	-	-	-	-	-	-	-	-	-
Upper middle-income	-	-	-	+	+	+	+	+	+	+	+	-
Lower middle-income	+	+	+	-	-	-	-	-	-	-	-	-

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01.

lower middle-income countries, reallocations towards the social protection and health sectors have the potential to be equalizing, especially when they come from the transport and communication sector as well as other sectors.

We now turn to the results for the three social groups. Beginning with the full sample, our results reveal the 10th percentile benefits from reallocations towards the education sector from the transport and communication sector, defence sector and other sectors. Moving on to the income share held by the 50th percentile, the middle-class equally benefits from reallocations to the education sector from the transport and communication sector as well as other sectors. Meanwhile, the 10th and 50th percentiles lose out from transfers to the social protection and health sectors from the transport and communication sector as well as the defence sector. However, the income share held by the 90th percentile increases with reallocations towards the social protection sector from the transport and communication sector as well as other sectors. For example, reallocations from the transport and communication sector as well as other sectors towards the social protection sector benefit the 90th percentile without any detectable impact on the 10th and 50th percentiles. Also, the 90th percentile benefits from reallocations towards the education sector from the transport and communication sector as well as other sectors. The redistributive impact of other spending reallocations is either ambiguous or reduces the income share held by the 90th percentile.

Within the subsample of the upper middle-income countries, we find that inequality reduces in those countries that finance the education sector with cuts in the expenditures allocated to the transport and communication sector as well as other sectors. Unsurprisingly, these inequality reducing reallocations increase the income share held by the 10th and 50th percentiles. Also, both the 10th and 50th percentiles benefit from reallocations towards the agricultural sector from other sectors. Additionally, the 50th percentile equally gains from reallocations towards the agricultural sector from the transport and communication sector. Similar to the results for the combined sample, we find that spending reallocations towards the social protection and health sectors neither reduce inequality nor benefit the 10th and 50th percentiles in the subsample of upper middle-income countries. Instead, such reallocations have the tendency to benefit the 90th percentile without reducing inequality. For example, reallocations from the transport and communication sector as well as other sectors towards the social protection and health sectors do not reduce inequality but positively benefit the 90th percentile without any noticeable effect on the low- and middle-income groups.

In the case of lower middle-income countries, we find that reallocations towards the social protection and health sectors increase the income share held by the 10th percentile. More specifically, this share increases when the social protection sector and the health sector are financed by cuts in the transport and communication sector. The income share held by the 50th percentile increases when the health sector is funded by cuts in other sectors, while the redistributive impact of the spending reallocations on the 90th percentile is either ambiguous or associated with a reduction in its income share.

Overall, the analysis provided suggests that when we look at the three social groups, identified by the three different parts of the income distribution, again the most significant results appear in the case of spending reallocations towards the education sector. In fact, all the three percentiles experience an increase in their share of income as a result of spending reallocations from the transport and communication sector, defence sector and other sectors to the education sector with some interesting provisos. For example, on one side, reallocations from the transport and communication sector, as well as other sectors, towards the education sector, tend to reduce inequality as well as impact positively on the 10th, 50th and 90th percentile income shares in the case of the upper middle income-countries and the full sample, while the share of income of the three social groups decreases in the case of lower middle-income countries. This is interesting for two reasons. One is because the reduction in the overall measure of inequality in the income distribution applies to the upper middle-income countries but not to the lower middle countries. Second, it is associated with increases in the income held by the relatively poor, the middle income, but also the relatively rich group. Therefore, the decrease in income inequality overall must have come at the expense of other parts of the income distribution. On the other side, reallocating spending away from the defence sector to the education sector is also equalizing but, this time, only the 10th percentile benefits from such a reallocation.

Our specification also includes controls for a set of factors the literature has found to be relevant. In most cases, the control variables that are overall inequality-reducing are found to also benefit the 10th percentile. By contrast, the control variables that are inequality-increasing often reduce the income share held by the 10th percentile and/or benefit the 90th percentile. Overall, our empirical findings on the income inequality effects of the control variables are consistent with many related studies. Total government expenditure generally reduces inequality and this is consistent with the findings of [Claus et al. \(2012\)](#), which suggest that inequality reduction may fall if a huge share of total government spending is allocated towards raising the incomes of the poor. Further, the findings for population density are in tandem with those of [Campante and Do \(2007\)](#) and [Milanovic \(2018\)](#), which explain the exceptional circumstances under which inequality reduces as population density increases. Additionally, most of the findings for per capita income provide support for [Kuznets \(1955\)](#) inverted-U hypothesis, which predicts a non-linear relationship between the level of income and inequality. Likewise, the results for unemployment are similar to those of [Blank et al. \(1993\)](#), which predict that unemployment increases inequality. Similarly, the findings for inflation are consistent with those of [Camera and Chien \(2014\)](#), which indicate that inflation reduces inequality if a moderate increase in the general price level is occasioned by a rise in the prices of goods and services produced by low-income groups. Also, the results obtained for taxation revenue are analogous to those of [Jakobsson \(1976\)](#), which indicates that inequality may fall if progressive taxes make up a substantial percentage of taxation. Additionally, the findings for the GFC are consistent with those of [Baldacci et al. \(2002\)](#) and [Kaltenbrunner et al. \(2015\)](#), predicting that a financial crisis can be associated with an increase in inequality. Finally, the results for political stability are in agreement with those of [Bircan et al. \(2010\)](#), which suggest that political stability aids equitable distribution of income.

## 5 Robustness Checks

We run six robustness checks: we use the Gini coefficient and the Theil index, instead of the Atkinson index; we look at three additional points in the distribution, the 20th, 40th and 80th percentiles; we add further controls to the regression to account for trade openness, corruption and incumbent government's party orientation; we look at the long-run impact of spending reallocations and, finally, we interact sectoral spending with a range of institutional variables, such as government effectiveness and regulatory environment. We start by assessing changes to the dependent variable side. First, we replace the Atkinson index with the Gini and the Theil index as a measure of income inequality for our dependent variable.<sup>11</sup> This is important to understand the extent to which the results depend on the measure of inequality adopted, being well known that different measures of income inequality could provide different rankings of distributions. The results are shown in Appendix C. Generally, the findings for the middle-income countries as a whole remain unchanged, with inequality reducing following spending reallocations in favour of the education sector.

Second, we look at the impact of spending reallocations on three additional percentiles, the 20th, the 40th and the 80th percentiles, representing three new versions of the relatively poor, median and rich sections of the income distribution respectively. Consistent with previous results, we find that the 20th, 40th and 80th percentiles benefit from spending reallocations towards the education sector (Appendix D).

We then look at the impact of changes to the right-hand side of the model specification. First, we include trade openness, corruption, and incumbent government's party orientation as additional control variables.<sup>12</sup> The results, shown in Appendix E, suggest that, with the inclusion of these variables, the impact of the spending reallocations on inequality, and on the different income groups, largely remains unchanged.

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<sup>11</sup>Data for both variables are obtained from the Global Consumption and Income Project database.

<sup>12</sup>Data on these variables are respectively retrieved from the Our World in Data database, the Worldwide Governance Indicators (WGI) and the Database of Political Institutions (DPI).

We also run additional robustness tests by using 2- and 4-year lead values of the dependent variables in order to examine the long run impact of the spending reallocations, as shown in Appendix F and G respectively. Generally, reallocations towards the education sector remain equalizing for the sample of the middle-income countries as a whole. Additionally, with the use of 4-year lead values of the Atkinson index, reallocations from the defense sector towards the social protection sector, health sector, education sector and agricultural sector are associated with a reduction in inequality for the whole sample of middle-income countries. Similarly, reallocations towards the social protection sector, health sector and education sector are inequality reducing within the sample of upper middle-income countries. Likewise, within the sample of lower middle-income countries, when 4-year lead values of the Atkinson measure of inequality are introduced in the specification, inequality reduces when reallocations are made from other sectors towards the social protection sector, health sector and the education sector. These results suggest that, within the full sample, inequality may also reduce with reallocations towards the social protection sector, health sector and agricultural sector; however, the impact of these reallocations may be delayed. On the contrary, reallocations towards the education sector has a more immediate effect. A similar remark can be observed concerning reallocations towards the social protection and health sectors within the upper middle-income countries. Meanwhile, within the lower middle-income countries, inequality may also reduce with reallocations towards the education sector; however, the equalizing impact of such reallocations may be delayed compared to reallocations towards the social protection and health sectors.

Furthermore, we consider the role of institutional variables, such as government effectiveness, regulatory quality, adherence to the rule of law, control of corruption and political stability. For this purpose, we include interaction terms between the sectoral expenditures and each of the institutional variables.<sup>13</sup> The complete results for the regressions are provided in Appendix H and I. The figures in Appendix H show, across different levels of government effectiveness, the marginal effect of spending reallocations to the education sector from the transport and communication sector, defence sector and other sectors, at 90% confidence intervals. For all these reallocations, the marginal effects are significantly negative across a reasonable range of the levels of government effectiveness. For example, the left subfigure in the second row of Appendix Figure HI shows that, when financed by the defence sector, the marginal effects of the education sector are significantly negative when the level of government effectiveness is roughly between -0.38 and 1.27. Also, for these spending reallocations, the marginal effects exhibit a negative slope (supported by the significantly negative coefficients on the interaction terms as provided in Table II) and this suggests that the absolute value of the marginal effects increases, as government effectiveness rises. Hence, as the level of government effectiveness increases, the equalizing impact of the spending reallocations increases as well. Put differently, at low levels of government effectiveness, the inequality reducing impact of the relevant spending reallocation is low; however, the impact becomes higher at high levels of government effectiveness. The results from Appendix H and I suggest that a similar comment can be made concerning the inequality impact of these spending reallocations across different levels of regulatory quality, adherence to the rule of law, control of corruption and political stability. Taken as a whole, the robustness checks suggest the previous findings are not the result of a mere statistical anomaly.

## 6 Summary and Conclusions

This paper investigated the redistributive impact of financing social spending sectors through cuts in the other sectoral expenditures, within a panel of 51 middle-income countries over the period 2005–2015. In particular, we examined empirically the important reallocation issue as to how middle-income countries can increase funding towards social spending sectors without undermining debt sustainability. This study, in effect, assumes government

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<sup>13</sup>Data on these institutional variables are obtained from the Worldwide Governance Indicators (WGI). A larger value represents a better quality of the institutional variables.

spending to be fixed, and evaluates the inequality effect of financing social spending sectors through cuts in the remaining sectoral expenditures. The social spending sectors considered as recipients of reallocations were four: namely, the social protection sector, the health sector, the education sector and the agricultural sector. The sectors considered for financing the four social spending sectors included three sectors: namely, the defence sector, the transport and communication sector, and the remainder of “other sectors”. We also investigated how the income percentile of different income groups, the relatively poor, middle-income and rich groups, were affected by the spending reallocations towards the four social spending sectors. We also assessed the extent to which the results differ by country per capita national income.

We found a number of interesting novel results of immediate policy relevance. First, the income gap within the full sample of middle-income countries can be reduced if the education sector is financed by cuts in the expenditures allocated to the transport and communication sector, defence sector and the other sectors. Second, we revealed empirically that all three income groups we focused on benefit if the education sector is financed by cuts in the expenditures allocated to the other sectors. Third, the equalizing role of reallocations in favor of the agricultural sector becomes particularly evident in the case of upper middle-income countries. Similarly, the inequality-reducing impact of reallocations towards the social protection and health sectors is particularly present in lower middle-income countries.

These results suggest that consideration of the redistributive impacts of spending reallocations is important in middle-income countries. Overall, policymakers should be able to achieve inequality-reducing spending reallocations by financing social spending sectors through cuts in expenditure on the transport and communication sector, defence sector and the “other sectors”, while keeping an overall neutral fiscal stance. However, in funding sectors that have a more immediate impact on reducing inequality, the specific social spending sector to be prioritized differs for the upper and the lower middle-income countries. Our analysis suggests that upper middle-income countries should prioritize reallocations in favor of the education and agricultural sectors, while lower middle-income countries should give greater emphasis to reallocations towards the social protection and health sectors. Our baseline results were shown to remain robust after an extensive battery of robustness checks.

A notable limitation encountered in our analysis involves the limited availability of data. Due to such data constraints, the time-frame covered in this study was restricted to the period between 2005 and 2015. Future research may, therefore, examine the redistributive impact of the spending reallocations over a longer time-span, when the relevant data become available. Similarly, the degree of sectoral disaggregation could become more refined in future extensions. Finally, more theoretical research could help in better explaining the economic drivers and institutional mechanisms behind the uncovered patterns in the data.

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**Supplementary Appendix  
(for online publication)**

**Reallocating Government Spending to Reduce Income Inequality:  
Panel Data Evidence from the Middle-Income Countries**

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## Appendix A. Model and Variables

### A.1 Model Specification

Equation (1) is comprehensively stated as follows:

$$\begin{aligned}
 Atkinson_{it} = & \\
 & \alpha + \beta_1 \left( \frac{SPS_{i,t-1}}{SPS_{i,t-1} + HS_{i,t-1} + ES_{i,t-1} + TCS_{i,t-1} + DS_{i,t-1} + AS_{i,t-1} + OS_{i,t-1}} \right) + \\
 & \beta_2 \left( \frac{HS_{i,t-1}}{SPS_{i,t-1} + HS_{i,t-1} + ES_{i,t-1} + TCS_{i,t-1} + DS_{i,t-1} + AS_{i,t-1} + OS_{i,t-1}} \right) + \\
 & \beta_3 \left( \frac{ES_{i,t-1}}{SPS_{i,t-1} + HS_{i,t-1} + ES_{i,t-1} + TCS_{i,t-1} + DS_{i,t-1} + AS_{i,t-1} + OS_{i,t-1}} \right) + \\
 & \beta_4 \left( \frac{TCS_{i,t-1}}{SPS_{i,t-1} + HS_{i,t-1} + ES_{i,t-1} + TCS_{i,t-1} + DS_{i,t-1} + AS_{i,t-1} + OS_{i,t-1}} \right) + \\
 & \beta_5 \left( \frac{DS_{i,t-1}}{SPS_{i,t-1} + HS_{i,t-1} + ES_{i,t-1} + TCS_{i,t-1} + DS_{i,t-1} + AS_{i,t-1} + OS_{i,t-1}} \right) + \\
 & \beta_6 \left( \frac{AS_{i,t-1}}{SPS_{i,t-1} + HS_{i,t-1} + ES_{i,t-1} + TCS_{i,t-1} + DS_{i,t-1} + AS_{i,t-1} + OS_{i,t-1}} \right) + \\
 & \beta_7 \left( \frac{OS_{i,t-1}}{SPS_{i,t-1} + HS_{i,t-1} + ES_{i,t-1} + TCS_{i,t-1} + DS_{i,t-1} + AS_{i,t-1} + OS_{i,t-1}} \right) + \\
 & \rho \left( \frac{SPS_{i,t-1} + HS_{i,t-1} + ES_{i,t-1} + TCS_{i,t-1} + DS_{i,t-1} + AS_{i,t-1} + OS_{i,t-1}}{GDP_{i,t-1}} \right) + \\
 & \varphi Z_{i,t-1} + \chi_i + \theta_t + \varepsilon_{i,t} \quad (4)
 \end{aligned}$$

In equation (4)  $SPS_{i,t-1}$ ,  $HS_{i,t-1}$ ,  $ES_{i,t-1}$ ,  $TCS_{i,t-1}$ ,  $DS_{i,t-1}$ ,  $AS_{i,t-1}$  and  $OS_{i,t-1}$  each capture the expenditures allocated to the social protection sector, health sector, education sector, transport and communication sector, defence sector, agricultural sector and other sectors respectively.

Since the summation of  $SPS_{i,t-1}$ ,  $HS_{i,t-1}$ ,  $ES_{i,t-1}$ ,  $TCS_{i,t-1}$ ,  $DS_{i,t-1}$ ,  $AS_{i,t-1}$  and  $OS_{i,t-1}$  gives the total government expenditure, which is denoted as  $TE_{i,t-1}$ , equation (4) is re-written as:

$$\begin{aligned}
 Atkinson_{it} = & \alpha + \beta_1 \left( \frac{SPS_{i,t-1}}{TE_{i,t-1}} \right) + \beta_2 \left( \frac{HS_{i,t-1}}{TE_{i,t-1}} \right) + \beta_3 \left( \frac{ES_{i,t-1}}{TE_{i,t-1}} \right) + \beta_4 \left( \frac{TCS_{i,t-1}}{TE_{i,t-1}} \right) + \beta_5 \left( \frac{DS_{i,t-1}}{TE_{i,t-1}} \right) + \\
 & \beta_6 \left( \frac{AS_{i,t-1}}{TE_{i,t-1}} \right) + \beta_7 \left( \frac{OS_{i,t-1}}{TE_{i,t-1}} \right) + \rho \left( \frac{TE_{i,t-1}}{GDP_{i,t}} \right) + \varphi Z_{i,t-1} + \chi_i + \theta_t + \varepsilon_{i,t} \quad (5)
 \end{aligned}$$

It would be observed that each of the sectoral expenditures is expressed as a share of the sum of all sectoral expenditures (i.e. total government expenditure). Accordingly:

$$\left( \frac{SPS_{i,t-1}}{TE_{i,t-1}} \right) + \left( \frac{HS_{i,t-1}}{TE_{i,t-1}} \right) + \left( \frac{ES_{i,t-1}}{TE_{i,t-1}} \right) + \left( \frac{TCS_{i,t-1}}{TE_{i,t-1}} \right) + \left( \frac{DS_{i,t-1}}{TE_{i,t-1}} \right) + \left( \frac{AS_{i,t-1}}{TE_{i,t-1}} \right) + \left( \frac{OS_{i,t-1}}{TE_{i,t-1}} \right) = 1 \quad (6)$$

Consequently, if we include the budget share for all sectors in a regression model, there would be perfect multicollinearity. In avoiding this, the budget share for one sector is omitted from each regression conducted.

If the defence sector is omitted from equation (5), the equation becomes:

$$Atkinson_{it} = \alpha + (\beta_1 - \beta_5) \left( \frac{SPS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_2 - \beta_5) \left( \frac{HS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_3 - \beta_5) \left( \frac{ES_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_4 - \beta_5) \left( \frac{TCS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_6 - \beta_5) \left( \frac{AS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_7 - \beta_5) \left( \frac{OS_{i,t-1}}{TE_{i,t-1}} \right) + \rho \left( \frac{TE_{i,t-1}}{GDP_{i,t}} \right) + \varphi Z_{i,t-1} + \chi_i + \theta_t + \varepsilon_{i,t} \quad (7)$$

The resulting coefficients of the sectors that are left in equation (7) represent the difference between their marginal effect (when the defence sector is left in the model) and the marginal effect that would be obtained for the defence sector, if it is left in the model. The exclusion of the defence sector, due to perfect multicollinearity, implies that the information/expenditure that would have been measured by this sector would instead be measured by the remaining sectors that are left in the model (since they are all perfectly correlated). Hence, the resulting coefficients tell us what happens to the left-hand side variable (i.e., the Atkinson index) when the expenditures that would have been allocated to the defence sector are redirected towards the remaining sectors.

Accordingly, each of these coefficients capture the marginal effect on inequality of making reallocations from the defence sector towards the remaining sectors that are left in the model.

This paper evaluates the inequality-impact of financing the social protection sector, health sector, education sector and agricultural sector through cuts in the expenditures that are allocated to the defence sector, transport and communication sector as well as other sectors. Similarly, when we omit the transport and communication sector and the other sectors, instead of the defence sector, we have equations (8) and (9) respectively:

$$Atkinson_{it} = \alpha + (\beta_1 - \beta_4) \left( \frac{SPS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_2 - \beta_4) \left( \frac{HS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_3 - \beta_4) \left( \frac{ES_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_5 - \beta_4) \left( \frac{DS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_6 - \beta_4) \left( \frac{AS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_7 - \beta_4) \left( \frac{OS_{i,t-1}}{TE_{i,t-1}} \right) + \rho \left( \frac{TE_{i,t-1}}{GDP_{i,t}} \right) + \varphi Z_{i,t-1} + \chi_i + \theta_t + \varepsilon_{i,t} \quad (8)$$

$$Atkinson_{it} = \alpha + (\beta_1 - \beta_7) \left( \frac{SPS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_2 - \beta_7) \left( \frac{HS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_3 - \beta_7) \left( \frac{ES_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_4 - \beta_7) \left( \frac{TCS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_5 - \beta_7) \left( \frac{DS_{i,t-1}}{TE_{i,t-1}} \right) + (\beta_6 - \beta_7) \left( \frac{AS_{i,t-1}}{TE_{i,t-1}} \right) + \rho \left( \frac{TE_{i,t-1}}{GDP_{i,t}} \right) + \varphi Z_{i,t-1} + \chi_i + \theta_t + \varepsilon_{i,t} \quad (9)$$

## A.2 Additional information on variables

### Social Protection Sector

Government expenditure on the social protection sector (SPS) includes capital and recurrent expenditures. The capital expenditures comprise social infrastructures such as: construction of low-cost or social housing, purchase of emergency-related equipment, provision of short- and long-term shelter to the poor, and provision of shelter for pre-school children. The recurrent expenditures include salaries of social workers, old age pensions, maternity allowance, parental leave benefits and unemployment benefits. Expenditure on the social protection sector, as well as on all other sectors discussed further below, is measured as a percentage of total government expenditure.

### Health Sector

Public spending on the health sector (HS) includes capital expenditures, such as: construction of hospitals, acquisition of medical appliances and equipment, purchase of ambulances, construction of rehabilitation centers, and provision of accommodation for hospital staff. It also includes recurrent expenditures, such as: salaries of health workers, drugs funds, health insurance, grants and subsidies in support of healthcare-related research.

### Education Sector

Government expenditure on the education sector (ES) equally includes capital and recurrent expenditures. Some of the capital expenditures are: building of primary schools, secondary institutions, and tertiary institutions. The

recurrent expenditures include: salaries of tutors employed in public schools, scholarships, grants, loans and allowances in support of pupils.

#### **Agricultural Sector**

Public spending on the agricultural sector (AS) includes capital expenditures such as: construction of irrigation and drainage systems as well as the purchase of mechanized farm implements. It also includes recurrent expenditures such as: salaries and other administrative costs incurred on the agricultural sector as well as grants and loans provided to farmers.

#### **Defence Sector**

Government expenditure on the defence sector (DS) includes capital expenditures such as procurement of fire-arms and ammunitions. It also comprises recurrent expenditures such expenditures incurred on serving and retired members of the armed forces as well as other administrative costs on military services. The recurrent expenditures also include grants and loans in support of military related research and development.

#### **Transport and Communication Sector**

Public spending on the transport and communication sector (TCS) includes capital expenditures incurred on the construction of roads, water transport systems, railway lines as well as wireless and satellite communication systems. It also includes recurrent expenditures such as salaries and other administrative costs incurred on the transport and communication sectors as well as routine maintenance costs incurred on transport and communication systems.

#### **Other Sectors**

Although government spending on other sectors (OS) captures a variety of capital and recurrent expenditures, a crucial component of these expenditures comprise the budgetary allocations made for the construction of civil service buildings as well as the remuneration of the personnel working within the service.

#### **Population Density**

Population density (PD) measures the average number of individuals in a square kilometre within a country. This variable is reported as the ratio of a country's population to its land-mass. Data are from World Bank's World Development Indicators.

#### **Political Stability**

Political stability (PS) is an index which measures the likelihood of violence and terrorism in a country. The index ranges between -2.5 and 2.5. While lower values indicate a higher tendency for a country to experience violence and terrorism, higher values indicate the opposite. Data are retrieved from the Worldwide Governance Indicators (WGI).

#### **Unemployment**

The Unemployment rate (Unemployment) represents the percentage of unemployed individuals within the labour force. The labour force is made up of people who are willing and able to work. Data are from the International Labour Organization (ILO).

#### **Per Capita GDP**

Per Capita GDP (GDPPC) represents the ratio of the gross domestic product to the total population of a country. Data are sourced from World Bank's World Development Indicators.

#### **Global Financial Crisis**

Global financial crisis (GFC) captures the period between 2007 and 2009 during which the global financial market experienced extreme stress and many countries suffered a balance sheet recession. A dummy variable is used to capture the impact of the GFC: it takes the values of one during the crisis years and zero otherwise.

#### **Inflation**

Inflation (Inflation) is captured by the consumer price index (CPI). It measures the yearly changes in the cost an average consumer incurs on purchasing a basket of goods and services. This variable is measured in percentage terms per annum. Data is sourced from World Bank's World Development Indicators.

#### **Taxation Revenue**

Taxation revenue (Tax) represents the sum of the mandatory transfers which the central government receives from tax payers (individuals and legal entities). This variable is expressed as a percentage of GDP. Data are from World Bank's World Development Indicators.

**Total Government Expenditure**

Total government expenditure (TE) represents the sum of government spending on the social protection sector, health sector, education sector, transport and communication sector, agricultural sector, defence sector and other sectors. This variable is also measured as a percentage of GDP. Data are from the Statistics on Public Expenditure for Economic Development (SPEED) Database.

## **Appendix B. Main Results: Financing Social Spending Sectors through Cuts in the Remaining Sectoral Expenditures**

Table B 1: All Middle-Income Countries: Financing the Social Protection Sector - Main Results

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
SPS	0.118** (0.040)	0.007 (0.023)	0.198*** (0.042)	-0.007*** (0.001)	-0.002 (0.001)	-0.011*** (0.003)	-0.008** (0.004)	-0.002 (0.001)	-0.016*** (0.003)	0.012*** (0.003)	0.017*** (0.004)	-0.007 (0.007)
Rest	0.108*** (0.029)	-0.127*** (0.007)	0.159** (0.056)	-0.005*** (0.001)	0.006*** (0.001)	-0.008** (0.003)	-0.006* (0.003)	0.009*** (0.001)	-0.012*** (0.003)	-0.004* (0.002)	0.008*** (0.002)	-0.022*** (0.006)
TE	-0.043* (0.020)	-0.095*** (0.022)	-0.040 (0.030)	0.003** (0.001)	0.005*** (0.001)	0.002* (0.001)	0.001 (0.002)	0.005*** (0.001)	0.002 (0.003)	-0.000 (0.004)	0.004 (0.004)	0.001 (0.004)
PD	-0.031*** (0.007)	-0.032*** (0.010)	-0.026*** (0.008)	0.003*** (0.000)	0.003*** (0.001)	0.002*** (0.000)	0.002*** (0.000)	0.003*** (0.001)	0.002*** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.004*** (0.001)
Log(GDPPC)	37.340*** (6.631)	36.848*** (5.386)	43.866*** (6.764)	-2.917*** (0.345)	-2.891*** (0.283)	-3.248*** (0.345)	-2.172** (0.671)	-2.092*** (0.613)	-2.591*** (0.664)	2.919** (1.111)	3.083** (1.128)	2.471* (1.301)
Log(GDPPC) <sup>2</sup>	-2.422*** (0.366)	-2.380*** (0.280)	-2.845*** (0.356)	0.179*** (0.021)	0.177*** (0.017)	0.200*** (0.020)	0.150*** (0.037)	0.145*** (0.032)	0.178*** (0.035)	-0.179** (0.061)	-0.190** (0.061)	-0.149* (0.070)
Unemployment	0.316*** (0.057)	0.325*** (0.053)	0.344*** (0.051)	-0.018*** (0.005)	-0.018*** (0.005)	-0.019*** (0.004)	-0.019*** (0.003)	-0.019*** (0.003)	-0.021*** (0.004)	-0.011 (0.011)	-0.011 (0.011)	-0.012 (0.012)
Inflation	-0.046** (0.015)	-0.057*** (0.015)	-0.050** (0.017)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	-0.001 (0.002)	-0.001 (0.001)	-0.001 (0.002)
Tax	-6.501 (3.616)	-5.399 (3.307)	-12.105*** (3.189)	0.389* (0.203)	0.331* (0.173)	0.671*** (0.191)	0.524** (0.218)	0.387 (0.239)	0.842*** (0.217)	0.367 (0.274)	0.121 (0.230)	0.533 (0.352)
GFC	2.535*** (0.322)	1.989*** (0.318)	3.179*** (0.315)	-0.158*** (0.014)	-0.106*** (0.015)	-0.190*** (0.016)	-0.143*** (0.024)	-0.122*** (0.024)	-0.182*** (0.018)	-0.119** (0.046)	-0.106* (0.052)	-0.152** (0.053)
PS	-0.777* (0.353)	-0.440 (0.385)	-0.754* (0.360)	0.061* (0.028)	0.044 (0.032)	0.060* (0.028)	0.036*** (0.008)	0.011 (0.008)	0.031*** (0.008)	0.043 (0.088)	0.017 (0.083)	0.025 (0.101)
Countries	50	50	50	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308	308	308	308
R squared	0.283	0.300	0.274	0.275	0.289	0.267	0.288	0.308	0.284	0.070	0.081	0.076
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.



Table B2: All Middle-Income Countries: Financing the Health Sector - Main Results

	Atkinson Inequality Measure						10th Percentile						50th Percentile						90th Percentile						
	TCS		OS		DS		TCS		OS		DS		TCS		OS		DS		TCS		OS		DS		
HS	0.011 (0.099)	-0.048 (0.072)	0.099 (0.061)	-0.007** (0.003)	0.001 (0.003)	-0.007** (0.003)	0.003 (0.008)	0.007 (0.005)	-0.005 (0.004)	0.005 (0.006)	-0.014* (0.007)														
Rest	0.117*** (0.026)	-0.088*** (0.009)	0.169*** (0.043)	-0.009*** (0.002)	0.004*** (0.000)	-0.009*** (0.002)	-0.007** (0.003)	0.005*** (0.001)	-0.013*** (0.003)	0.012*** (0.003)	-0.019*** (0.005)														
TE	-0.052** (0.020)	-0.079*** (0.022)	-0.048 (0.029)	0.003** (0.001)	0.004*** (0.001)	0.003* (0.001)	0.002 (0.002)	0.004** (0.002)	0.003 (0.002)	0.005 (0.005)	0.000 (0.004)														
PD	-0.034*** (0.008)	-0.030*** (0.008)	-0.028*** (0.008)	0.002*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.003*** (0.001)	0.003*** (0.001)	0.002*** (0.001)	-0.004*** (0.001)	-0.004*** (0.001)														
Log(GDPPC)	39.526*** (7.512)	40.373*** (7.218)	46.609*** (7.512)	-3.389*** (0.407)	-3.016*** (0.398)	-3.079*** (0.402)	-2.398*** (0.689)	-2.468*** (0.636)	-2.879*** (0.652)	3.039*** (1.187)	3.630*** (1.238)														
Log(GDPPC) <sup>2</sup>	-2.554*** (0.416)	-2.603*** (0.387)	-3.013*** (0.399)	0.209*** (0.023)	0.189*** (0.023)	0.185*** (0.024)	0.164*** (0.037)	0.168*** (0.033)	0.195*** (0.033)	-0.187** (0.064)	-0.224*** (0.067)														
Unemployment	0.313*** (0.059)	0.325*** (0.056)	0.341*** (0.054)	-0.019*** (0.004)	-0.018*** (0.005)	-0.018*** (0.005)	-0.019*** (0.003)	-0.019*** (0.003)	-0.020*** (0.004)	-0.010 (0.010)	-0.013 (0.011)														
Inflation	-0.051*** (0.015)	-0.053*** (0.014)	-0.053*** (0.017)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)														
Tax	-7.428 (4.176)	-7.256 (4.308)	-13.087*** (3.946)	0.406 (0.231)	0.426 (0.244)	0.704** (0.233)	0.598** (0.258)	0.611** (0.260)	0.952*** (0.259)	0.624* (0.287)	0.564 (0.330)														
GFC	2.106*** (0.321)	2.349*** (0.293)	2.916*** (0.327)	-0.113*** (0.014)	-0.128*** (0.015)	-0.156*** (0.017)	-0.131*** (0.025)	-0.148*** (0.020)	-0.185*** (0.021)	-0.146** (0.054)	-0.161** (0.059)														
PS	-0.815* (0.411)	-0.820** (0.337)	-0.856** (0.377)	0.065* (0.029)	0.066** (0.025)	0.067** (0.027)	0.041*** (0.012)	0.043*** (0.008)	0.041*** (0.009)	0.016 (0.074)	-0.015 (0.081)														
Countries	50	50	50	50	50	50	50	50	50	50	50														
Observations	308	308	308	308	308	308	308	308	308	308	308														
R squared	0.285	0.285	0.273	0.264	0.272	0.264	0.292	0.290	0.284	0.076	0.051														
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes														
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes														

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B3: All Middle-Income Countries: Financing the Education Sector - Main Results

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
ES	-0.130* (0.066)	-0.225*** (0.040)	-0.061* (0.031)	0.007* (0.004)	0.012*** (0.003)	0.003* (0.002)	0.011** (0.005)	0.017*** (0.003)	0.004 (0.003)	0.025*** (0.005)	0.020*** (0.006)	0.003 (0.009)
Rest	0.110*** (0.027)	-0.049*** (0.007)	0.188*** (0.022)	-0.006*** (0.001)	0.002*** (0.000)	-0.010*** (0.001)	-0.007** (0.003)	0.002*** (0.001)	-0.015*** (0.003)	0.001 (0.001)	0.009** (0.003)	-0.021*** (0.006)
TE	-0.091*** (0.022)	-0.091*** (0.025)	-0.095*** (0.027)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.002)	0.005*** (0.002)	0.006** (0.002)	0.002 (0.004)	0.005 (0.005)	0.005 (0.004)
PD	-0.029*** (0.008)	-0.027** (0.009)	-0.023** (0.009)	0.002*** (0.001)	0.002*** (0.001)	0.002*** (0.001)	0.002*** (0.001)	0.002*** (0.001)	0.002** (0.001)	-0.004*** (0.001)	-0.003*** (0.000)	-0.004*** (0.001)
Log(GDPPC)	23.452*** (3.852)	31.680*** (3.368)	30.767*** (4.255)	-2.200*** (0.256)	-2.594*** (0.265)	-2.590*** (0.216)	-1.151* (0.567)	-1.622*** (0.418)	-1.633** (0.609)	4.489*** (1.002)	4.026*** (1.087)	4.320*** (1.216)
Log(GDPPC) <sup>2</sup>	-1.558*** (0.187)	-2.066*** (0.181)	-2.033*** (0.178)	0.134*** (0.016)	0.159*** (0.017)	0.160*** (0.013)	0.087** (0.029)	0.116*** (0.020)	0.118*** (0.030)	-0.277*** (0.054)	-0.249*** (0.059)	-0.264*** (0.065)
Unemployment	0.320*** (0.058)	0.338*** (0.056)	0.347*** (0.055)	-0.018*** (0.005)	-0.019*** (0.005)	-0.019*** (0.004)	-0.019*** (0.003)	-0.020*** (0.003)	-0.021*** (0.004)	-0.014 (0.011)	-0.011 (0.011)	-0.013 (0.011)
Inflation	-0.055*** (0.013)	-0.060*** (0.014)	-0.058*** (0.015)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.001 (0.001)	0.002 (0.001)	0.001 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Tax	-5.582 (3.731)	-9.191** (3.371)	-11.285*** (3.426)	0.325 (0.205)	0.555** (0.199)	0.630** (0.209)	0.437* (0.228)	0.684** (0.224)	0.782*** (0.216)	0.505* (0.252)	0.031 (0.303)	0.418 (0.289)
GFC	1.900*** (0.402)	2.281*** (0.324)	2.649*** (0.371)	-0.100*** (0.018)	-0.123*** (0.016)	-0.140*** (0.018)	-0.118*** (0.031)	-0.144*** (0.023)	-0.167*** (0.024)	-0.118** (0.051)	-0.080 (0.045)	-0.132** (0.055)
PS	-0.492 (0.414)	-0.689 (0.407)	-0.500 (0.318)	0.048 (0.032)	0.059* (0.031)	0.048* (0.026)	0.017 (0.011)	0.029** (0.012)	0.014* (0.006)	-0.014 (0.070)	-0.020 (0.071)	-0.039 (0.084)
Countries	50	50	50	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308	308	308	308
R squared	0.303	0.293	0.294	0.292	0.280	0.283	0.311	0.302	0.306	0.065	0.078	0.071
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B4: All Middle-Income Countries: Financing the Agricultural Sector - Main Results

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	0.260** (0.101)	0.132 (0.094)	0.254** (0.092)	-0.012* (0.006)	-0.005 (0.006)	-0.012* (0.006)	-0.020** (0.007)	-0.012* (0.005)	-0.022*** (0.006)	-0.004 (0.006)	-0.010 (0.006)	-0.023** (0.008)
Rest	0.115*** (0.033)	-0.095*** (0.015)	0.165*** (0.048)	0.004*** (0.001)	0.004*** (0.001)	-0.009*** (0.003)	-0.007* (0.003)	0.006*** (0.001)	-0.013*** (0.003)	0.001 (0.001)	0.012*** (0.003)	-0.019*** (0.005)
TE	-0.043* (0.020)	-0.081*** (0.023)	-0.042 (0.029)	0.003** (0.001)	0.004*** (0.001)	0.003* (0.001)	0.002 (0.002)	0.004** (0.002)	0.002 (0.002)	-0.003 (0.004)	0.005 (0.005)	-0.000 (0.004)
PD	-0.032*** (0.006)	-0.032*** (0.007)	-0.027*** (0.007)	0.003*** (0.000)	0.003*** (0.000)	0.002*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.002*** (0.000)	-0.004*** (0.001)	-0.003*** (0.001)	-0.004*** (0.001)
Log(GDPPC)	33.390*** (6.166)	35.070*** (4.248)	42.647*** (5.515)	-2.761*** (0.307)	-2.888*** (0.262)	-3.253*** (0.301)	-1.843** (0.748)	-1.929*** (0.586)	-2.457*** (0.638)	3.266** (1.249)	3.982*** (1.190)	3.051* (1.408)
Log(GDPPC) <sup>2</sup>	-2.198*** (0.321)	-2.305*** (0.192)	-2.782*** (0.266)	0.170*** (0.018)	0.178*** (0.015)	0.201*** (0.016)	0.132** (0.041)	0.137*** (0.029)	0.171*** (0.032)	-0.200** (0.067)	-0.243*** (0.062)	-0.185** (0.075)
Unemployment	0.299*** (0.058)	0.301*** (0.057)	0.332*** (0.051)	-0.017*** (0.005)	-0.017*** (0.005)	-0.019*** (0.004)	-0.017*** (0.003)	-0.017*** (0.003)	-0.019*** (0.003)	-0.013 (0.011)	-0.008 (0.011)	-0.012 (0.012)
Inflation	-0.044** (0.016)	-0.053*** (0.015)	-0.048** (0.018)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Tax	-7.413* (3.957)	-9.401** (3.591)	-12.958*** (3.604)	0.412* (0.222)	0.546** (0.208)	0.707** (0.220)	0.587** (0.229)	0.697** (0.228)	0.927*** (0.220)	0.618** (0.267)	0.086 (0.285)	0.543 (0.300)
GFC	2.198*** (0.440)	2.242*** (0.314)	2.969*** (0.381)	-0.116*** (0.018)	-0.123*** (0.015)	-0.157*** (0.018)	-0.140*** (0.035)	-0.141*** (0.025)	-0.191*** (0.025)	-0.150** (0.060)	-0.074 (0.050)	-0.164** (0.062)
PS	-0.842* (0.376)	-0.905** (0.368)	-0.873** (0.368)	0.066** (0.028)	0.070** (0.028)	0.067** (0.027)	0.044*** (0.009)	0.047*** (0.009)	0.043*** (0.008)	0.017 (0.076)	-0.003 (0.075)	-0.005 (0.084)
Countries	50	50	50	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308	308	308	308
R squared	0.285	0.289	0.273	0.274	0.274	0.264	0.290	0.295	0.282	0.046	0.078	0.051
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B5: Upper Middle-Income Countries: Financing the Social Protection Sector - Main Results

	Atkinson Inequality Measure						10th Percentile						50th Percentile						90th Percentile					
	TCS		OS		DS		TCS		OS		DS		TCS		OS		DS		TCS		OS		DS	
SPS	0.113*	-0.035	0.275***	-0.006***	0.002	-0.013***	-0.009	-0.000	-0.019***	0.013**	0.020**	-0.015*	0.013**	0.020**	-0.015*	0.013**	0.020**	-0.015*	0.013**	0.020**	-0.015*	0.013**	0.020**	-0.015*
	(0.056)	(0.041)	(0.030)	(0.002)	(0.001)	(0.002)	(0.005)	(0.003)	(0.003)	(0.005)	(0.007)	(0.007)	(0.005)	(0.007)	(0.003)	(0.005)	(0.007)	(0.003)	(0.005)	(0.007)	(0.003)	(0.005)	(0.007)	(0.007)
Rest	0.130***	-0.181***	0.241***	-0.007***	0.010***	-0.011***	-0.008**	0.012***	-0.014***	-0.003	0.012***	-0.031***	-0.003	0.012***	-0.031***	-0.003	0.012***	-0.031***	-0.003	0.012***	-0.031***	-0.003	0.012***	-0.031***
	(0.027)	(0.015)	(0.041)	(0.001)	(0.001)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)	(0.002)	(0.004)	(0.003)	(0.002)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
TE	-0.121**	-0.194***	-0.113***	0.007***	0.011***	0.006***	0.006**	0.011***	0.006***	0.001	0.007	0.003	0.001	0.007	0.003	0.001	0.007	0.003	0.001	0.007	0.003	0.001	0.007	0.003
	(0.041)	(0.040)	(0.024)	(0.002)	(0.002)	(0.001)	(0.003)	(0.003)	(0.001)	(0.003)	(0.001)	(0.007)	(0.003)	(0.001)	(0.007)	(0.003)	(0.001)	(0.007)	(0.003)	(0.001)	(0.007)	(0.003)	(0.001)	(0.007)
PD	-0.057***	-0.062***	-0.046***	0.004***	0.005***	0.004***	0.004***	0.005***	0.004***	0.004***	0.005***	0.004***	0.004***	0.005***	0.004***	0.004***	0.005***	0.004***	0.004***	0.005***	0.004***	0.004***	0.005***	0.004***
	(0.004)	(0.003)	(0.003)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Log(GDPPC)	-261.447***	-284.328***	-232.850***	9.918***	11.116***	8.239***	22.746***	24.500***	21.030***	11.706***	14.917***	12.244***	11.706***	14.917***	12.244***	11.706***	14.917***	12.244***	11.706***	14.917***	12.244***	11.706***	14.917***	12.244***
	(21.577)	(20.947)	(19.809)	(1.256)	(1.156)	(1.033)	(1.429)	(1.410)	(1.710)	(2.443)	(2.279)	(1.700)	(2.443)	(2.279)	(1.700)	(2.443)	(2.279)	(1.700)	(2.443)	(2.279)	(1.700)	(2.443)	(2.279)	(1.700)
Log(GDPPC) <sup>2</sup>	14.859***	16.175***	13.208***	-0.566***	-0.635***	-0.469***	-1.278***	-1.378***	-1.179***	-0.695***	-0.879***	-0.722***	-0.695***	-0.879***	-0.722***	-0.695***	-0.879***	-0.722***	-0.695***	-0.879***	-0.722***	-0.695***	-0.879***	-0.722***
	(1.253)	(1.184)	(1.184)	(0.073)	(0.067)	(0.061)	(0.083)	(0.083)	(0.102)	(0.143)	(0.134)	(0.100)	(0.143)	(0.134)	(0.100)	(0.143)	(0.134)	(0.100)	(0.143)	(0.134)	(0.100)	(0.143)	(0.134)	(0.100)
Unemployment	0.598***	0.643***	0.701***	-0.040***	-0.042***	-0.045***	-0.019*	-0.022**	-0.025**	0.012	0.012	0.006	0.012	0.012	0.006	0.012	0.012	0.006	0.012	0.012	0.006	0.012	0.012	0.006
	(0.127)	(0.112)	(0.128)	(0.007)	(0.006)	(0.007)	(0.009)	(0.008)	(0.009)	(0.012)	(0.012)	(0.013)	(0.012)	(0.012)	(0.013)	(0.012)	(0.012)	(0.013)	(0.012)	(0.012)	(0.013)	(0.012)	(0.012)	(0.013)
Inflation	-0.046**	-0.048**	-0.051**	0.004***	0.004***	0.004***	0.000	0.000	0.000	0.000	0.000	-0.003	0.000	0.000	-0.003	0.000	0.000	-0.003	0.000	0.000	-0.003	0.000	0.000	-0.003
	(0.016)	(0.017)	(0.016)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)
Tax	-21.761***	-14.346**	-32.284***	0.753**	0.361	1.324***	1.948***	1.404***	2.578***	1.949**	1.069*	2.342**	1.949**	1.069*	2.342**	1.949**	1.069*	2.342**	1.949**	1.069*	2.342**	1.949**	1.069*	2.342**
	(5.305)	(4.988)	(5.546)	(0.258)	(0.247)	(0.265)	(0.349)	(0.317)	(0.438)	(0.606)	(0.499)	(0.743)	(0.606)	(0.499)	(0.743)	(0.606)	(0.499)	(0.743)	(0.606)	(0.499)	(0.743)	(0.606)	(0.499)	(0.743)
GFC	3.807***	3.689***	4.992***	-0.197***	-0.191***	-0.259***	-0.235***	-0.223***	-0.306***	-0.199**	-0.159*	-0.271***	-0.199**	-0.159*	-0.271***	-0.199**	-0.159*	-0.271***	-0.199**	-0.159*	-0.271***	-0.199**	-0.159*	-0.271***
	(0.267)	(0.243)	(0.251)	(0.012)	(0.012)	(0.011)	(0.025)	(0.021)	(0.019)	(0.067)	(0.071)	(0.083)	(0.067)	(0.071)	(0.083)	(0.067)	(0.071)	(0.083)	(0.067)	(0.071)	(0.083)	(0.067)	(0.071)	(0.083)
PS	-2.948**	-2.458**	-2.946**	0.209***	0.183**	0.211***	0.136***	0.102**	0.136***	-0.148	-0.194	-0.181	-0.148	-0.194	-0.181	-0.148	-0.194	-0.181	-0.148	-0.194	-0.181	-0.148	-0.194	-0.181
	(0.946)	(0.994)	(1.025)	(0.060)	(0.063)	(0.063)	(0.038)	(0.033)	(0.039)	(0.158)	(0.150)	(0.161)	(0.158)	(0.150)	(0.161)	(0.158)	(0.150)	(0.161)	(0.158)	(0.150)	(0.161)	(0.158)	(0.150)	(0.161)
Countries	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180
R squared	0.427	0.473	0.413	0.418	0.459	0.402	0.428	0.476	0.417	0.109	0.131	0.119	0.109	0.131	0.119	0.109	0.131	0.119	0.109	0.131	0.119	0.109	0.131	0.119
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B6: Upper Middle-Income Countries: Financing the Health Sector - Main Results

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	-0.045 (0.111)	-0.024 (0.102)	0.165* (0.088)	0.000 (0.006)	-0.001 (0.006)	-0.009 (0.005)	0.007 (0.008)	0.006 (0.006)	-0.006 (0.004)	0.024*** (0.007)	0.018** (0.007)	-0.002 (0.010)
Rest	0.136*** (0.029)	-0.151*** (0.014)	0.253*** (0.024)	-0.007*** (0.001)	0.008*** (0.001)	-0.012*** (0.002)	-0.010** (0.003)	0.009*** (0.001)	-0.016*** (0.003)	0.001 (0.002)	0.014*** (0.004)	-0.026*** (0.005)
TE	-0.131** (0.045)	-0.188*** (0.034)	-0.125*** (0.029)	0.008*** (0.002)	0.011*** (0.002)	0.007*** (0.001)	0.008** (0.003)	0.011*** (0.002)	0.007*** (0.002)	-0.001 (0.007)	0.008 (0.007)	0.002 (0.006)
PD	-0.061*** (0.004)	-0.059*** (0.004)	-0.049*** (0.004)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.005*** (0.000)	0.005*** (0.000)	0.004*** (0.000)	-0.005*** (0.001)	-0.004*** (0.001)	-0.005*** (0.001)
Log(GDPPC)	-236.365*** (23.346)	-307.946*** (21.353)	-226.107*** (19.389)	8.834*** (1.515)	12.767*** (1.328)	8.193*** (0.991)	21.215*** (1.314)	25.080*** (1.370)	20.425*** (1.734)	5.322** (1.785)	14.129*** (2.822)	6.635*** (1.880)
Log(GDPPC) <sup>2</sup>	13.415*** (1.352)	17.521*** (1.248)	12.812*** (1.154)	-0.503*** (0.088)	-0.729*** (0.078)	-0.466*** (0.059)	-1.189*** (0.077)	-1.411*** (0.079)	-1.143*** (0.103)	-0.331** (0.105)	-0.834*** (0.167)	-0.402*** (0.113)
Unemployment	0.602*** (0.129)	0.645*** (0.113)	0.707*** (0.125)	-0.040*** (0.007)	-0.042*** (0.006)	-0.045*** (0.007)	-0.019* (0.009)	-0.022** (0.008)	-0.026** (0.008)	0.009 (0.013)	0.012 (0.012)	0.006 (0.013)
Inflation	-0.051** (0.016)	-0.051*** (0.014)	-0.056** (0.017)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.001 (0.001)	0.001 (0.000)	0.001 (0.001)	-0.002 (0.002)	-0.003* (0.002)	-0.003 (0.002)
Tax	-21.992*** (4.892)	-16.391*** (6.248)	-32.549*** (5.688)	0.762** (0.240)	0.453 (0.310)	1.331*** (0.275)	1.878*** (0.316)	1.667*** (0.395)	2.606*** (0.441)	2.374*** (0.402)	0.932** (0.409)	2.444*** (0.475)
GFC	0.124 (0.198)	1.279*** (0.141)	1.533*** (0.240)	-0.005 (0.009)	-0.046*** (0.011)	-0.057*** (0.012)	0.016 (0.017)	-0.109*** (0.007)	-0.125*** (0.011)	-0.141*** (0.037)	-0.359*** (0.041)	-0.386*** (0.048)
PS	-3.011** (0.996)	-2.758** (0.961)	-3.049** (1.052)	0.211*** (0.061)	0.198*** (0.058)	0.216*** (0.063)	0.144*** (0.038)	0.134*** (0.034)	0.149*** (0.039)	-0.150 (0.139)	-0.212 (0.130)	-0.188 (0.138)
Countries	28	28	28	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180	180	180	180
R squared	0.432	0.452	0.413	0.421	0.440	0.401	0.437	0.442	0.414	0.095	0.126	0.102
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B7: Upper Middle-Income Countries: Financing the Education Sector - Main Results

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
ES	-0.189*** (0.057)	-0.273*** (0.035)	-0.018 (0.041)	0.011*** (0.003)	0.016*** (0.002)	0.004 (0.003)	0.013** (0.004)	0.019*** (0.002)	0.002 (0.005)	0.036*** (0.006)	0.028*** (0.006)	0.002 (0.007)
Rest	0.119*** (0.032)	-0.099*** (0.013)	0.325*** (0.053)	-0.007*** (0.001)	0.005*** (0.001)	-0.016*** (0.003)	-0.008** (0.003)	0.005*** (0.001)	-0.021*** (0.006)	0.003* (0.001)	0.010** (0.004)	-0.033*** (0.005)
TE	-0.168*** (0.043)	-0.191*** (0.031)	-0.184*** (0.033)	0.010*** (0.002)	0.011*** (0.001)	0.011*** (0.001)	0.010*** (0.003)	0.011*** (0.002)	0.011*** (0.002)	0.003 (0.006)	0.008 (0.007)	0.007 (0.006)
PD	-0.056*** (0.004)	-0.059*** (0.002)	-0.046*** (0.003)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	-0.005*** (0.000)	-0.004*** (0.000)	-0.006*** (0.000)
Log(GDPPC)	-267.635*** (25.757)	-275.259*** (19.233)	-254.090*** (23.900)	10.345*** (1.560)	10.496*** (1.056)	9.499*** (1.499)	23.815*** (1.304)	23.766*** (1.445)	22.842*** (1.389)	9.119*** (1.455)	13.755*** (1.598)	11.514*** (1.438)
Log(GDPPC) <sup>2</sup>	15.313*** (1.474)	15.706*** (1.136)	14.517*** (1.359)	-0.596*** (0.089)	-0.603*** (0.062)	-0.546*** (0.085)	-1.345*** (0.075)	-1.340*** (0.085)	-1.288*** (0.081)	-0.560*** (0.078)	-0.819*** (0.096)	-0.693*** (0.069)
Unemployment	0.655*** (0.121)	0.686*** (0.106)	0.769*** (0.109)	-0.043*** (0.007)	-0.045*** (0.006)	-0.049*** (0.006)	-0.023** (0.009)	-0.025*** (0.007)	-0.030*** (0.007)	0.003 (0.013)	0.009 (0.012)	0.000 (0.013)
Inflation	-0.048*** (0.013)	-0.057*** (0.014)	-0.054*** (0.013)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.000 (0.000)	0.001* (0.000)	0.001 (0.001)	-0.003 (0.002)	-0.003 (0.002)	-0.004 (0.002)
Tax	-17.221** (5.838)	-18.612*** (5.254)	-26.570*** (5.812)	0.480 (0.270)	0.607** (0.258)	0.994*** (0.274)	1.557*** (0.392)	1.755*** (0.359)	2.186*** (0.428)	1.874*** (0.473)	0.954** (0.420)	1.780** (0.553)
GFC	0.914*** (0.281)	1.289*** (0.183)	1.798*** (0.236)	-0.025** (0.010)	-0.046*** (0.008)	-0.072*** (0.010)	-0.087*** (0.022)	-0.113*** (0.011)	-0.145*** (0.011)	-0.385*** (0.046)	-0.368*** (0.044)	-0.420*** (0.051)
PS	-2.786** (0.955)	-2.917** (1.029)	-2.704** (0.967)	0.199*** (0.059)	0.209*** (0.061)	0.198*** (0.058)	0.127*** (0.030)	0.139*** (0.036)	0.123*** (0.030)	-0.175 (0.141)	-0.212 (0.133)	-0.233 (0.145)
Countries	28	28	28	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180	180	180	180
R squared	0.465	0.458	0.458	0.459	0.448	0.449	0.467	0.453	0.458	0.120	0.132	0.131
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B8: Upper Middle-Income Countries: Financing the Agricultural Sector - Main Results

	Atkinson Inequality Measure						10th Percentile						50th Percentile						90th Percentile					
	TCS		OS		DS		TCS		OS		DS		TCS		OS		DS		TCS		OS		DS	
AS	-0.218*	-0.331**	-0.082	(0.129)	(0.098)	0.009	0.015*	0.003	(0.007)	(0.005)	0.016**	0.024***	0.008	(0.007)	(0.007)	0.011	0.008	0.008	(0.010)	(0.009)	0.015***	0.015***	-0.017**	(0.007)
Rest	0.124***	-0.134***	0.248***	(0.011)	(0.027)	-0.007***	0.007***	-0.012***	(0.001)	(0.002)	-0.008**	0.008***	-0.016***	(0.001)	(0.002)	0.002	0.008	0.008	(0.001)	(0.003)	0.015***	0.015***	-0.026***	(0.005)
TE	-0.123**	-0.188***	-0.124***	(0.044)	(0.032)	0.007***	0.011***	0.007***	(0.001)	(0.001)	0.007**	0.011***	0.007***	(0.002)	(0.002)	-0.002	0.008	0.008	(0.006)	(0.007)	0.015***	0.015***	-0.006***	(0.006)
PD	-0.056***	-0.061***	-0.046***	(0.004)	(0.003)	0.004***	0.004***	0.004***	(0.000)	(0.000)	0.004***	0.005***	0.004***	(0.000)	(0.000)	-0.005***	0.008	0.008	(0.001)	(0.002)	0.015***	0.015***	-0.006***	(0.000)
Log(GDPPC)	-288.911***	-301.862***	-267.939***	(20.535)	(20.429)	11.205***	11.849***	9.949***	(1.233)	(1.086)	9.949***	25.376***	23.904***	(1.114)	(1.771)	8.891***	14.328***	14.328***	(2.375)	(2.374)	14.328***	14.328***	10.610***	(1.916)
Log(GDPPC) <sup>2</sup>	16.416***	17.159***	15.196***	(1.203)	(1.200)	-0.639***	-0.676***	-0.566***	(0.073)	(0.065)	-0.566***	-1.427***	-1.341***	(0.066)	(0.102)	-0.536***	-0.846***	-0.846***	(0.137)	(0.140)	-0.846***	-0.846***	-0.631***	(0.112)
Unemployment	0.626***	0.667***	0.727***	(0.133)	(0.103)	-0.041***	-0.043***	-0.046***	(0.007)	(0.006)	-0.046***	-0.021*	-0.024**	(0.010)	(0.008)	0.008	0.013	0.013	(0.014)	(0.012)	-0.003*	-0.003*	0.006	(0.014)
Inflation	-0.048**	-0.057**	-0.055**	(0.020)	(0.018)	0.004**	0.004***	0.004***	(0.001)	(0.001)	0.004***	0.000	0.001	(0.001)	(0.001)	-0.003	-0.003	-0.003	(0.002)	(0.002)	-0.003*	-0.003*	-0.004*	(0.002)
Tax	-18.401**	-16.162**	-28.528***	(5.828)	(5.810)	0.595*	0.490	1.150***	(0.287)	(0.295)	1.150***	1.625***	2.305***	(0.290)	(0.371)	2.304***	2.304***	2.304***	(0.396)	(0.366)	2.304***	2.304***	2.268***	(0.449)
GFC	4.033***	4.109***	5.216***	(0.217)	(0.140)	-0.207***	-0.213***	-0.270***	(0.010)	(0.011)	-0.270***	-0.246***	-0.257***	(0.010)	(0.011)	-0.232**	-0.140*	-0.140*	(0.077)	(0.070)	-0.140*	-0.140*	-0.258**	(0.087)
PS	-2.715**	-2.767**	-2.787**	(1.013)	(1.056)	0.198**	0.202**	0.205**	(0.063)	(0.064)	0.205**	0.121**	0.127**	(0.065)	(0.039)	-0.165	-0.212	-0.212	(0.148)	(0.135)	-0.212	-0.212	-0.208	(0.144)
Countries	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180
R squared	0.434	0.452	0.418	Yes	Yes	Yes	Yes	0.404	Yes	Yes	0.438	0.435	0.418	Yes	Yes	0.089	0.126	0.126	Yes	Yes	0.089	0.126	0.096	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B9: Lower Middle-Income Countries: Financing the Social Protection Sector - Main Results

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
SPS	-0.053* (0.028)	0.014 (0.033)	0.204* (0.097)	0.004** (0.002)	-0.001 (0.002)	-0.009 (0.005)	0.000 (0.003)	-0.001 (0.003)	-0.020** (0.008)	0.001 (0.002)	0.003 (0.002)	-0.019* (0.010)
Rest	-0.076 (0.044)	0.071*** (0.017)	0.186* (0.086)	0.006** (0.003)	-0.004*** (0.001)	-0.008 (0.005)	0.001 (0.003)	-0.003** (0.001)	-0.019** (0.006)	-0.003 (0.002)	-0.009*** (0.002)	-0.022** (0.009)
TE	-0.024 (0.042)	0.009 (0.032)	-0.068 (0.049)	0.000 (0.002)	-0.002 (0.001)	0.002 (0.002)	0.001 (0.004)	-0.000 (0.003)	0.005 (0.004)	0.006** (0.002)	0.000 (0.003)	0.010*** (0.002)
PD	-0.082*** (0.017)	-0.086*** (0.018)	-0.089*** (0.018)	0.004** (0.001)	0.004*** (0.001)	0.004** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.008*** (0.001)	0.007*** (0.000)	0.007*** (0.000)	0.008*** (0.001)
Log(GDPPC)	360.015*** (43.576)	365.950*** (48.698)	362.383*** (44.892)	-18.605*** (2.511)	-18.900*** (2.898)	-18.604*** (2.767)	-26.000*** (2.626)	-26.359*** (2.770)	-26.464*** (2.303)	-18.212*** (1.729)	-19.411*** (1.237)	-18.875*** (1.356)
Log(GDPPC) <sup>2</sup>	-26.191*** (2.953)	-26.577*** (3.036)	-26.257*** (3.036)	1.346*** (0.172)	1.363*** (0.201)	1.339*** (0.190)	1.874*** (0.178)	1.899*** (0.190)	1.901*** (0.156)	1.307*** (0.123)	1.396*** (0.091)	1.349*** (0.097)
Unemployment	-0.235 (0.149)	-0.229 (0.150)	-0.255 (0.151)	0.022*** (0.006)	0.022*** (0.007)	0.023*** (0.007)	-0.001 (0.012)	-0.002 (0.012)	-0.000 (0.012)	-0.027* (0.013)	-0.030* (0.014)	-0.026* (0.013)
Inflation	-0.107*** (0.022)	-0.099*** (0.021)	-0.106*** (0.021)	0.007*** (0.001)	0.007*** (0.001)	0.008*** (0.001)	0.007*** (0.002)	0.006** (0.002)	0.006** (0.002)	0.007* (0.003)	0.005* (0.002)	0.006 (0.003)
Tax	14.578*** (3.805)	15.572*** (3.516)	18.717*** (4.556)	-0.264 (0.166)	-0.373* (0.177)	-0.523** (0.222)	-1.356*** (0.304)	-1.334*** (0.275)	-1.604*** (0.302)	-2.055*** (0.287)	-1.847*** (0.243)	-2.235*** (0.218)
GFC	-0.693* (0.325)	-0.849** (0.325)	-3.740*** (0.232)	-0.047** (0.015)	-0.038** (0.015)	0.162*** (0.017)	0.081** (0.030)	0.090** (0.031)	0.274*** (0.017)	0.149** (0.049)	0.177*** (0.038)	0.215*** (0.022)
PS	1.365*** (0.378)	1.212** (0.378)	1.547*** (0.466)	-0.032* (0.015)	-0.022 (0.016)	-0.038** (0.016)	-0.118*** (0.035)	-0.112** (0.036)	-0.140** (0.048)	-0.066* (0.030)	-0.051* (0.026)	-0.093* (0.048)
Countries	22	22	22	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128	128	128	128
R squared	0.463	0.467	0.465	0.424	0.426	0.422	0.517	0.519	0.524	0.336	0.353	0.345
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.



Table B10: Lower Middle-Income Countries: Financing the Health Sector - Main Results

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
HS	-0.168* (0.076)	-0.110*** (0.027)	0.092 (0.095)	0.008*** (0.001)	-0.000 (0.005)	0.014** (0.005)	0.005** (0.002)	-0.015* (0.007)	0.005 (0.004)	0.005** (0.002)	-0.015* (0.007)	-0.046*** (0.011)	-0.023*** (0.003)	-0.019*** (0.002)	-0.046*** (0.011)	
Rest	-0.074 (0.042)	0.085*** (0.020)	0.173* (0.085)	-0.006*** (0.001)	-0.007 (0.004)	0.006* (0.003)	0.001 (0.003)	-0.019** (0.006)	0.001 (0.003)	-0.004** (0.001)	-0.019** (0.006)	-0.025** (0.009)	-0.003 (0.002)	-0.002 (0.002)	-0.025** (0.009)	
TE	-0.025 (0.046)	-0.001 (0.053)	-0.067 (0.052)	-0.001 (0.002)	0.002 (0.003)	0.000 (0.002)	0.002 (0.004)	0.005 (0.004)	0.002 (0.004)	0.000 (0.004)	0.005 (0.004)	0.010*** (0.001)	0.006* (0.003)	0.005 (0.003)	0.010*** (0.001)	
PD	-0.081*** (0.019)	-0.094*** (0.016)	-0.088*** (0.019)	0.004*** (0.001)	0.004** (0.001)	0.003** (0.001)	0.007*** (0.001)	0.008*** (0.001)	0.007*** (0.001)	0.008*** (0.001)	0.008*** (0.001)	0.008*** (0.000)	0.007*** (0.000)	0.007*** (0.000)	0.008*** (0.000)	
Log(GDPPC)	366.891*** (40.426)	382.060*** (34.224)	368.042*** (41.690)	-20.114*** (2.018)	-19.075*** (2.572)	-19.147*** (2.321)	-26.337*** (2.437)	-26.711*** (2.122)	-26.337*** (2.437)	-27.132*** (1.986)	-26.711*** (2.122)	-17.211*** (1.679)	-16.757*** (2.258)	-17.211*** (1.679)	-17.406*** (1.692)	
Log(GDPPC) <sup>2</sup>	-26.665*** (2.746)	-27.702*** (2.352)	-26.650*** (2.818)	1.448*** (0.141)	1.372*** (0.176)	1.383*** (0.159)	1.897*** (0.166)	1.918*** (0.143)	1.897*** (0.166)	1.953*** (0.137)	1.918*** (0.143)	1.241*** (0.120)	1.206*** (0.160)	1.241*** (0.120)	1.247*** (0.121)	
Unemployment	-0.264* (0.132)	-0.247* (0.126)	-0.278* (0.135)	0.023*** (0.005)	0.025*** (0.006)	0.024*** (0.006)	-0.000 (0.011)	0.001 (0.011)	-0.000 (0.011)	-0.001 (0.011)	0.001 (0.011)	-0.032* (0.015)	-0.033* (0.015)	-0.034* (0.015)	-0.032* (0.015)	
Inflation	-0.117*** (0.020)	-0.122*** (0.020)	-0.115*** (0.020)	0.008*** (0.001)	0.008*** (0.001)	0.008*** (0.001)	0.007*** (0.002)	0.006** (0.002)	0.007*** (0.002)	0.007*** (0.002)	0.006** (0.002)	0.003 (0.003)	0.005 (0.003)	0.004 (0.003)	0.003 (0.003)	
Tax	12.251** (4.944)	13.295** (4.940)	16.554** (5.314)	-0.184 (0.211)	-0.345 (0.245)	-0.075 (0.225)	-1.253*** (0.371)	-1.502*** (0.354)	-1.253*** (0.371)	-1.225*** (0.375)	-1.502*** (0.354)	-2.422*** (0.284)	-2.534*** (0.258)	-2.422*** (0.284)	-2.744*** (0.234)	
GFC	-0.478 (0.360)	-0.406 (0.455)	-0.800 (0.453)	-0.069** (0.026)	-0.053* (0.026)	-0.064*** (0.018)	0.071* (0.032)	0.109*** (0.030)	0.071* (0.032)	0.069* (0.035)	0.109*** (0.030)	0.195*** (0.043)	0.194*** (0.043)	0.195*** (0.043)	0.248*** (0.034)	
PS	1.224*** (0.321)	1.290*** (0.230)	1.416*** (0.403)	-0.024 (0.020)	-0.028 (0.016)	-0.020 (0.015)	-0.113*** (0.029)	-0.133** (0.042)	-0.113*** (0.029)	-0.116*** (0.022)	-0.133** (0.042)	-0.094** (0.031)	-0.093** (0.033)	-0.094** (0.031)	-0.120* (0.053)	
Countries	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
Observations	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128	
R squared	0.465	0.472	0.466	0.436	0.425	0.427	0.518	0.525	0.518	0.522	0.525	0.352	0.352	0.352	0.364	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B11: Lower Middle-Income Countries: Financing the Education Sector - Main Results

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
ES	0.147 (0.086)	0.216*** (0.065)	0.496** (0.160)	-0.007 (0.005)	-0.013*** (0.004)	-0.026** (0.009)	-0.014*** (0.004)	-0.015*** (0.004)	-0.042*** (0.010)	-0.028*** (0.007)	-0.027*** (0.005)	-0.061*** (0.012)
Rest	-0.082** (0.031)	0.017 (0.015)	0.243** (0.098)	0.007*** (0.002)	-0.001 (0.001)	-0.011* (0.005)	0.001 (0.002)	0.000 (0.001)	-0.023*** (0.006)	-0.001 (0.003)	-0.000 (0.002)	-0.030*** (0.009)
TE	0.021 (0.032)	0.014 (0.035)	-0.031 (0.042)	-0.003 (0.002)	-0.002 (0.002)	0.000 (0.002)	-0.001 (0.003)	-0.001 (0.003)	0.003 (0.003)	0.001 (0.003)	0.001 (0.004)	0.006** (0.002)
PD	-0.104*** (0.023)	-0.103*** (0.023)	-0.116*** (0.024)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.002)	0.009*** (0.001)	0.009*** (0.001)	0.010*** (0.001)	0.010*** (0.001)	0.010*** (0.001)	0.011*** (0.001)
Log(GDPPC)	409.307*** (53.595)	402.195*** (56.848)	418.131*** (56.313)	-21.568*** (3.172)	-21.019*** (3.405)	-21.828*** (3.437)	-29.320*** (3.110)	-29.305*** (3.221)	-30.487*** (2.985)	-24.134*** (0.508)	-24.111*** (0.504)	-25.771*** (1.110)
Log(GDPPC) <sup>2</sup>	-29.363*** (3.608)	-28.854*** (3.815)	-29.832*** (3.754)	1.536*** (0.215)	1.497*** (0.231)	1.546*** (0.232)	2.088*** (0.211)	2.085*** (0.217)	2.159*** (0.199)	1.690*** (0.029)	1.689*** (0.030)	1.792*** (0.067)
Unemployment	-0.246* (0.130)	-0.243 (0.137)	-0.269* (0.136)	0.023*** (0.006)	0.023*** (0.006)	0.024*** (0.006)	-0.001 (0.011)	-0.001 (0.011)	0.001 (0.011)	-0.028** (0.011)	-0.029** (0.012)	-0.026** (0.011)
Inflation	-0.097*** (0.024)	-0.103*** (0.022)	-0.093*** (0.021)	0.007*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.006** (0.002)	0.006** (0.002)	0.005** (0.002)	0.006* (0.003)	0.006* (0.003)	0.004 (0.003)
Tax	16.355*** (2.916)	18.578*** (3.726)	21.665*** (4.059)	-0.359** (0.150)	-0.540** (0.169)	-0.683*** (0.201)	-1.492*** (0.238)	-1.536*** (0.294)	-1.824*** (0.272)	-2.383*** (0.217)	-2.360*** (0.240)	-2.735*** (0.262)
GFC	-3.919*** (0.204)	-3.864*** (0.190)	-4.114*** (0.240)	0.139*** (0.013)	0.134*** (0.013)	0.143*** (0.018)	0.309*** (0.020)	0.306*** (0.019)	0.338*** (0.017)	0.328*** (0.031)	0.331*** (0.029)	0.369*** (0.020)
PS	0.947** (0.292)	1.023*** (0.289)	1.167** (0.391)	-0.004 (0.012)	-0.010 (0.013)	-0.015 (0.012)	-0.093*** (0.028)	-0.093*** (0.029)	-0.114** (0.041)	-0.039* (0.017)	-0.040* (0.019)	-0.065* (0.029)
Countries	22	22	22	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128	128	128	128
R squared	0.473	0.471	0.476	0.435	0.431	0.434	0.526	0.526	0.536	0.362	0.362	0.379
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table B12: Lower Middle-Income Countries: Financing the Agricultural Sector - Main Results

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	
AS	0.419*** (0.062)	0.435*** (0.071)	0.551*** (0.089)	-0.021*** (0.005)	-0.017*** (0.005)	-0.026*** (0.005)	-0.044*** (0.006)	-0.030*** (0.004)	-0.035*** (0.004)	-0.037*** (0.007)	-0.044*** (0.006)	-0.028*** (0.005)	-0.037*** (0.007)	-0.028*** (0.005)	-0.045*** (0.010)	
Rest	-0.013 (0.030)	0.017 (0.011)	0.129 (0.108)	-0.002* (0.001)	0.003 (0.002)	-0.005 (0.006)	-0.015* (0.007)	0.000 (0.001)	-0.003* (0.002)	-0.006** (0.002)	-0.015* (0.007)	-0.003 (0.003)	-0.006** (0.002)	-0.003 (0.003)	-0.019** (0.008)	
TE	-0.013 (0.048)	-0.007 (0.049)	-0.040 (0.061)	-0.001 (0.002)	-0.001 (0.002)	0.001 (0.003)	0.003 (0.004)	0.000 (0.004)	0.001 (0.004)	0.006* (0.003)	0.003 (0.004)	0.004 (0.004)	0.006* (0.003)	0.004 (0.004)	0.009*** (0.002)	
PD	-0.086*** (0.015)	-0.088*** (0.014)	-0.091*** (0.017)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.008*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.008*** (0.001)	0.008*** (0.001)	0.007*** (0.000)	0.008*** (0.001)	0.008*** (0.001)	
Log(GDPPC)	345.403*** (47.618)	347.447*** (47.243)	348.585*** (48.143)	-18.030*** (2.857)	-17.923*** (2.749)	-17.926*** (2.968)	-25.544*** (2.494)	-25.076*** (2.693)	-24.947*** (2.888)	-25.076*** (2.693)	-25.544*** (2.494)	-17.907*** (0.954)	-17.211*** (1.693)	-17.907*** (0.954)	-18.042*** (1.221)	
Log(GDPPC) <sup>2</sup>	-25.358*** (3.236)	-25.490*** (3.221)	-25.532*** (3.256)	1.312*** (0.197)	1.307*** (0.188)	1.304*** (0.203)	1.852*** (0.169)	1.825*** (0.184)	1.814*** (0.197)	1.814*** (0.197)	1.852*** (0.169)	1.302*** (0.074)	1.251*** (0.123)	1.302*** (0.074)	1.306*** (0.092)	
Unemployment	-0.310* (0.145)	-0.300* (0.147)	-0.319* (0.148)	0.025*** (0.007)	0.026*** (0.006)	0.027*** (0.006)	0.004 (0.012)	0.003 (0.012)	0.004 (0.012)	0.004 (0.012)	0.004 (0.012)	-0.024* (0.014)	-0.024* (0.013)	-0.027* (0.014)	-0.024* (0.013)	
Inflation	-0.109*** (0.018)	-0.108*** (0.018)	-0.105*** (0.017)	0.007*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.006*** (0.002)	0.006*** (0.002)	0.007*** (0.002)	0.007*** (0.002)	0.006*** (0.002)	0.006* (0.003)	0.007* (0.003)	0.006* (0.003)	0.006 (0.003)	
Tax	13.872** (4.733)	14.502*** (4.402)	15.721** (5.217)	-0.330* (0.174)	-0.214 (0.189)	-0.362 (0.232)	-1.408*** (0.356)	-1.229*** (0.363)	-1.324*** (0.387)	-1.324*** (0.387)	-1.408*** (0.356)	-2.102*** (0.325)	-2.102*** (0.388)	-1.977*** (0.325)	-2.157*** (0.288)	
GFC	-1.665*** (0.216)	-4.627*** (0.152)	-1.886*** (0.273)	0.169*** (0.006)	-0.001 (0.009)	0.008 (0.015)	0.177*** (0.021)	0.361*** (0.018)	0.152*** (0.022)	0.152*** (0.022)	0.177*** (0.021)	0.378*** (0.016)	0.217*** (0.042)	0.378*** (0.016)	0.248*** (0.038)	
PS	1.323*** (0.351)	1.349*** (0.337)	1.457*** (0.391)	-0.029* (0.015)	-0.027 (0.015)	-0.032* (0.015)	-0.135*** (0.040)	-0.119*** (0.031)	-0.119*** (0.031)	-0.119*** (0.031)	-0.135*** (0.040)	-0.086*** (0.021)	-0.082*** (0.022)	-0.086*** (0.021)	-0.102*** (0.037)	
Countries	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
Observations	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128	
R squared	0.481	0.481	0.482	0.436	0.436	0.436	0.540	0.535	0.536	0.536	0.540	0.353	0.353	0.353	0.358	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

**Appendix C. Robustness Check 1: Replacing Atkinson Index with Alternative Inequality Measures**

Table C1: All Middle-Income Countries: Financing Social Spending Sectors - Gini Index

	Gini				Gini				Gini			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
SPS	0.015 (0.035)	-0.044 (0.025)	0.139** (0.045)									
HS		-0.004 (0.063)	-0.021 (0.050)	0.125** (0.051)								
ES					-0.076* (0.034)	-0.105*** (0.016)	0.045 (0.042)					
AS									0.211** (0.075)	0.167** (0.055)	0.289*** (0.061)	
Rest	0.058*** (0.015)	-0.067*** (0.005)	0.169*** (0.031)	0.162*** (0.032)	0.045** (0.018)	-0.049*** (0.008)	0.172*** (0.045)		0.050* (0.023)	-0.071*** (0.008)	0.157*** (0.026)	
TE	-0.037* (0.020)	-0.065*** (0.019)	-0.045* (0.022)	-0.044* (0.020)	-0.055** (0.019)	-0.066** (0.021)	-0.068*** (0.018)		-0.030 (0.019)	-0.065*** (0.020)	-0.039* (0.020)	
PD	-0.014*** (0.004)	-0.014*** (0.005)	-0.010* (0.005)	-0.011* (0.006)	-0.011** (0.005)	-0.013** (0.005)	-0.008 (0.006)		-0.014*** (0.003)	-0.015*** (0.004)	-0.011** (0.004)	
Log(GDPPC)	25.191*** (5.460)	24.944*** (5.152)	29.803*** (5.789)	29.739*** (5.864)	17.586*** (4.520)	22.641*** (3.863)	21.572*** (5.371)		20.104** (6.790)	19.141*** (5.310)	25.322*** (6.128)	
Log(GDPPC) <sup>2</sup>	-1.530*** (0.284)	-1.509*** (0.256)	-1.834*** (0.280)	-1.829*** (0.283)	-1.058*** (0.222)	-1.368*** (0.179)	-1.323*** (0.252)		-1.239*** (0.356)	-1.183*** (0.257)	-1.575*** (0.297)	
Unemployment	0.080 (0.053)	0.085 (0.052)	0.093* (0.050)	0.095* (0.051)	0.088 (0.054)	0.088 (0.052)	0.098* (0.050)		0.068 (0.056)	0.058 (0.052)	0.082 (0.050)	
Inflation	-0.025** (0.008)	-0.030*** (0.006)	-0.026** (0.010)	-0.027** (0.011)	-0.029*** (0.007)	-0.031*** (0.006)	-0.030*** (0.008)		-0.023** (0.009)	-0.027*** (0.007)	-0.024* (0.011)	
Tax	-5.644** (2.396)	-5.080** (2.117)	-8.525*** (2.313)	-8.958*** (2.573)	-6.745** (2.710)	-5.833** (2.403)	-8.011*** (2.271)		-7.393** (2.452)	-7.008** (2.372)	-9.631*** (2.307)	
GFC	1.589*** (0.281)	1.673*** (0.276)	1.991*** (0.268)	2.202*** (0.241)	1.671*** (0.321)	1.715*** (0.240)	2.066*** (0.276)		1.796*** (0.370)	1.635*** (0.262)	2.216*** (0.291)	
PS	-0.197 (0.108)	-0.019 (0.088)	-0.103 (0.187)	-0.051 (0.126)	0.030 (0.060)	-0.040 (0.055)	0.131 (0.140)		-0.175* (0.078)	-0.156** (0.066)	-0.096 (0.133)	
Countries	50	50	50	50	50	50	50		50	50	50	
Observations	308	308	308	308	308	308	308		308	308	308	
R squared	0.211	0.221	0.212	0.211	0.218	0.222	0.223		0.212	0.230	0.213	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except one social spending sector as well as the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table C2: Upper Middle-Income Countries: Financing Social Spending Sectors - Gini Index

	Gini				Gini				Gini			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
SFS	0.026 (0.055)	-0.048 (0.048)	0.258*** (0.065)									
HS			0.007 (0.058)	0.238*** (0.044)								
ES					-0.103* (0.050)	-0.123*** (0.027)	0.130* (0.062)					
AS									-0.011 (0.083)	-0.053 (0.079)	0.220* (0.098)	
Rest	0.061*** (0.014)	-0.093*** (0.010)	0.276*** (0.036)	0.270*** (0.044)	0.046 (0.026)	-0.067*** (0.013)	0.307*** (0.067)		0.049 (0.029)	-0.081*** (0.011)	0.269*** (0.042)	
TE	-0.081** (0.027)	-0.119*** (0.028)	-0.093*** (0.021)	-0.091*** (0.024)	-0.097** (0.033)	-0.118*** (0.026)	-0.123*** (0.030)		-0.074* (0.033)	-0.117*** (0.026)	-0.090*** (0.023)	
PD	-0.021*** (0.002)	-0.023*** (0.003)	-0.013*** (0.003)	-0.014*** (0.002)	-0.019*** (0.002)	-0.022*** (0.003)	-0.012*** (0.003)		-0.019*** (0.001)	-0.023*** (0.003)	-0.013*** (0.002)	
Log(GDPPC)	-187.739*** (17.569)	-201.203*** (17.942)	-182.734*** (18.112)	-175.679*** (14.707)	-184.514*** (15.872)	-198.282*** (17.719)	-188.314*** (17.866)		-185.102*** (12.884)	-199.502*** (19.830)	-184.377*** (16.990)	
Log(GDPPC) <sup>2</sup>	10.757*** (1.046)	11.530*** (1.072)	10.441*** (1.096)	10.038*** (0.893)	10.626*** (0.919)	11.380*** (1.061)	10.814*** (1.025)		10.609*** (0.772)	11.431*** (1.179)	10.536*** (1.025)	
Unemployment	0.142 (0.143)	0.162 (0.156)	0.212 (0.135)	0.212 (0.135)	0.175 (0.146)	0.176 (0.129)	0.245* (0.122)		0.153 (0.153)	0.163 (0.130)	0.214 (0.137)	
Inflation	-0.021*** (0.004)	-0.022*** (0.003)	-0.022*** (0.006)	-0.022*** (0.006)	-0.021*** (0.003)	-0.025*** (0.003)	-0.022*** (0.006)		-0.021*** (0.004)	-0.024*** (0.003)	-0.021*** (0.005)	
Tax	-20.987*** (3.647)	-16.788*** (3.569)	-26.717*** (4.222)	-26.850*** (4.152)	-19.573*** (4.148)	-18.128*** (3.620)	-23.805*** (4.415)		-21.333*** (4.035)	-18.146*** (4.160)	-26.194*** (4.484)	
GFC	2.930*** (0.368)	2.837*** (0.374)	3.758*** (0.357)	2.404*** (0.199)	1.944*** (0.284)	2.072*** (0.195)	2.535*** (0.210)		3.025*** (0.435)	2.907*** (0.285)	3.764*** (0.328)	
PS	-0.211 (0.282)	0.054 (0.191)	0.004 (0.250)	0.010 (0.231)	-0.113 (0.175)	-0.090 (0.154)	0.180 (0.163)		-0.148 (0.283)	-0.093 (0.192)	0.060 (0.252)	
Countries	28	28	28	28	28	28	28		28	28	28	
Observations	180	180	180	180	180	180	180		180	180	180	
R squared	0.295	0.318	0.307	0.306	0.309	0.316	0.328		0.293	0.314	0.306	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except one social spending sector as well as the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table C3: Lower Middle-Income Countries: Financing Social Spending Sectors - Gini Index

	Gini				Gini				Gini			
	TCS	OS	DS		TCS	OS	DS		TCS	OS	DS	
SPS	-0.071*** (0.017)	-0.071*** (0.009)	0.040 (0.045)									
HS		0.001 (0.031)	0.019 (0.013)	0.150*** (0.044)								
ES		0.084* (0.042)	0.113** (0.042)	0.277*** (0.078)								
AS				0.266*** (0.042)				0.248*** (0.033)				0.326*** (0.043)
Rest	0.002 (0.019)	0.040*** (0.010)	0.109** (0.043)	0.125** (0.042)	-0.016 (0.018)	-0.022** (0.010)	0.152*** (0.044)	0.016 (0.015)	-0.021* (0.010)	0.093 (0.053)		
TE	-0.010 (0.021)	0.013 (0.017)	-0.031 (0.024)	-0.042 (0.025)	-0.016 (0.022)	-0.004 (0.019)	-0.026 (0.021)	-0.012 (0.025)	-0.019 (0.028)	-0.029 (0.031)		
PD	-0.042*** (0.009)	-0.045*** (0.008)	-0.047*** (0.008)	-0.052*** (0.009)	-0.047*** (0.009)	-0.058*** (0.011)	-0.066*** (0.011)	-0.050*** (0.007)	-0.047*** (0.006)	-0.054*** (0.007)		
Log(GDPPC)	178.979*** (24.072)	183.780*** (24.182)	181.805*** (21.992)	180.379*** (19.475)	178.232*** (21.309)	176.906*** (21.602)	209.584*** (25.205)	202.631*** (25.690)	171.176*** (22.473)	168.662*** (21.705)	174.565*** (20.358)	
Log(GDPPC) <sup>2</sup>	-12.910*** (1.652)	-13.260*** (1.669)	-13.081*** (1.503)	-12.982*** (1.339)	-12.876*** (1.475)	-12.771*** (1.485)	-14.865*** (1.746)	-14.455*** (1.746)	-12.494*** (1.551)	-12.331*** (1.493)	-12.708*** (1.398)	
Unemployment	-0.059 (0.086)	-0.051 (0.087)	-0.066 (0.088)	-0.039 (0.085)	-0.031 (0.083)	-0.033 (0.086)	-0.049 (0.076)	-0.036 (0.074)	-0.074 (0.079)	-0.086 (0.085)	-0.076 (0.082)	
Inflation	-0.055** (0.017)	-0.046** (0.016)	-0.050** (0.018)	-0.050** (0.021)	-0.055** (0.020)	-0.057** (0.019)	-0.047* (0.021)	-0.052** (0.020)	-0.058** (0.020)	-0.060** (0.018)	-0.053** (0.020)	
Tax	9.430*** (2.212)	8.839*** (1.927)	10.668*** (2.405)	13.011*** (2.582)	11.030*** (2.353)	11.571*** (2.671)	14.191*** (2.315)	11.680*** (1.936)	10.485*** (2.973)	9.724** (3.017)	11.118*** (3.113)	
GFC	-0.802** (0.277)	-0.919*** (0.251)	-1.609*** (0.158)	-1.082** (0.353)	-0.829** (0.346)	-0.822** (0.349)	-1.964*** (0.231)	-1.799*** (0.237)	-1.349*** (0.251)	-2.169*** (0.118)	-1.501*** (0.285)	
PS	0.569** (0.225)	0.501* (0.224)	0.696** (0.291)	0.962*** (0.249)	0.826*** (0.180)	0.824*** (0.185)	0.787*** (0.221)	0.654*** (0.156)	0.833*** (0.171)	0.802*** (0.202)	0.929*** (0.211)	
Countries	22	22	22	22	22	22	22	22	22	22	22	
Observations	128	128	128	128	128	128	128	128	128	128	128	
R squared	0.418	0.424	0.422	0.414	0.408	0.408	0.423	0.416	0.429	0.431	0.432	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \* p < .10. \*\* p < .05. \*\*\* p < .01. Rest represents a composite of all the sectoral expenditures except one social spending sector as well as the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table C4: All Middle-Income Countries: Financing Social Spending Sectors - Theil Index

	Theil				Theil				Theil			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
SPS	0.001 (0.001)	-0.001 (0.000)	0.003*** (0.000)									
HS		-0.001 (0.001)	-0.001 (0.001)	0.002* (0.001)								
ES					-0.003*** (0.001)	-0.003*** (0.000)	-0.000 (0.001)					
AS									0.003** (0.001)	0.002* (0.001)	0.004*** (0.001)	
Rest	0.001** (0.000)	-0.002*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.001** (0.000)	-0.001*** (0.000)	0.003*** (0.001)	0.003*** (0.001)	0.001* (0.000)	-0.001*** (0.000)	0.003*** (0.000)	0.003*** (0.000)
TE	-0.001 (0.000)	-0.001*** (0.000)	-0.001 (0.000)	-0.001 (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.000 (0.000)	-0.001** (0.000)	-0.001 (0.000)	-0.001 (0.000)
PD	-0.000*** (0.000)	-0.000** (0.000)	-0.000* (0.000)	-0.000* (0.000)	-0.000** (0.000)	-0.000* (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)
Log(GDPPC)	0.289** (0.111)	0.269** (0.103)	0.371** (0.121)	0.398** (0.120)	0.318** (0.116)	0.303** (0.111)	0.168** (0.072)	0.157 (0.108)	0.231* (0.120)	0.208* (0.094)	0.329** (0.114)	0.329** (0.114)
Log(GDPPC) <sup>2</sup>	-0.020*** (0.006)	-0.018*** (0.005)	-0.025*** (0.006)	-0.027*** (0.006)	-0.022*** (0.006)	-0.020*** (0.005)	-0.012*** (0.003)	-0.012*** (0.005)	-0.017** (0.006)	-0.015*** (0.004)	-0.023*** (0.005)	-0.023*** (0.005)
Unemployment	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)
Inflation	-0.000 (0.000)	-0.000** (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000* (0.000)	-0.000** (0.000)	-0.000** (0.000)	-0.000 (0.000)	-0.000* (0.000)	-0.000 (0.000)	-0.000 (0.000)
Tax	-0.091* (0.044)	-0.059 (0.038)	-0.141*** (0.039)	-0.160*** (0.047)	-0.115** (0.050)	-0.076 (0.051)	-0.086* (0.044)	-0.095** (0.040)	-0.111** (0.045)	-0.100** (0.041)	-0.153*** (0.040)	-0.153*** (0.040)
GFC	0.030*** (0.006)	0.025*** (0.006)	0.037*** (0.005)	0.036*** (0.005)	0.028*** (0.006)	0.027*** (0.005)	0.025*** (0.007)	0.033*** (0.006)	0.030*** (0.008)	0.026*** (0.006)	0.037*** (0.006)	0.037*** (0.006)
PS	-0.008*** (0.001)	-0.004*** (0.001)	-0.007*** (0.002)	-0.007*** (0.001)	-0.008*** (0.002)	-0.007*** (0.001)	-0.002* (0.002)	-0.001 (0.001)	-0.008*** (0.001)	-0.008*** (0.001)	-0.007*** (0.002)	-0.007*** (0.002)
Countries	50	50	50	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308	308	308	308
R squared	0.243	0.266	0.244	0.247	0.245	0.260	0.269	0.271	0.243	0.267	0.245	0.245
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except one social spending sector as well as the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.



Table C5: Upper Middle-Income Countries: Financing Social Spending Sectors - Theil Index

	Theil				Theil				Theil			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
SPS	0.001 (0.001)	-0.001 (0.001)	0.004*** (0.001)									
HS		-0.002 (0.001)	0.002** (0.001)									
ES					-0.003*** (0.001)	-0.004*** (0.000)	0.001 (0.001)					
AS									-0.003** (0.001)	-0.004** (0.001)	0.000 (0.001)	
Rest	0.001*** (0.000)	-0.002*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.001* (0.000)	-0.001*** (0.000)	0.005*** (0.001)	0.005*** (0.001)	0.001 (0.001)	-0.002*** (0.000)	0.004*** (0.000)	0.004*** (0.000)
TE	-0.002** (0.001)	-0.003*** (0.001)	-0.002*** (0.000)	-0.002*** (0.000)	-0.002** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.002** (0.001)	-0.003*** (0.001)	-0.002*** (0.000)	-0.002*** (0.000)
PD	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)
Log(GDPPC)	-3.865*** (0.266)	-4.270*** (0.257)	-3.713*** (0.253)	-3.382*** (0.247)	-3.868*** (0.316)	-4.132*** (0.246)	-3.904*** (0.313)	-3.904*** (0.313)	-4.123*** (0.228)	-4.475*** (0.235)	-4.055*** (0.214)	-4.055*** (0.214)
Log(GDPPC) <sup>2</sup>	0.219*** (0.016)	0.243*** (0.015)	0.210*** (0.015)	0.191*** (0.015)	0.221*** (0.018)	0.235*** (0.015)	0.223*** (0.017)	0.223*** (0.017)	0.234*** (0.013)	0.254*** (0.014)	0.230*** (0.013)	0.230*** (0.013)
Unemployment	0.004 (0.002)	0.004* (0.002)	0.005** (0.002)	0.005** (0.002)	0.004** (0.002)	0.004** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.004* (0.002)	0.004** (0.002)	0.005** (0.002)	0.005** (0.002)
Inflation	-0.000** (0.000)	-0.000** (0.000)	-0.000** (0.000)	-0.000** (0.000)	-0.000*** (0.000)	-0.000*** (0.000)	-0.000** (0.000)	-0.000** (0.000)	-0.000 (0.000)	-0.000** (0.000)	-0.000* (0.000)	-0.000* (0.000)
Tax	-0.357*** (0.072)	-0.237*** (0.064)	-0.464*** (0.076)	-0.472*** (0.073)	-0.370*** (0.063)	-0.261*** (0.077)	-0.385*** (0.079)	-0.385*** (0.079)	-0.325*** (0.076)	-0.246*** (0.069)	-0.418*** (0.074)	-0.418*** (0.074)
GFC	0.049*** (0.006)	0.045*** (0.006)	0.063*** (0.006)	0.034*** (0.005)	0.027*** (0.006)	0.030*** (0.004)	0.038*** (0.005)	0.038*** (0.005)	0.052*** (0.006)	0.049*** (0.004)	0.065*** (0.005)	0.065*** (0.005)
PS	-0.019** (0.006)	-0.012** (0.005)	-0.017** (0.006)	-0.018** (0.007)	-0.020** (0.006)	-0.015** (0.006)	-0.017** (0.006)	-0.017** (0.006)	-0.016** (0.007)	-0.015* (0.007)	-0.014* (0.007)	-0.014* (0.007)
Countries	28	28	28	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180	180	180	180
R squared	0.346	0.402	0.352	0.357	0.353	0.392	0.402	0.412	0.351	0.394	0.358	0.358
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10, \*\*p < .05, \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except one social spending sector as well as the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table C6: Lower Middle-Income Countries: Financing Social Spending Sectors - Theil Index

	Theil				Theil				Theil			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
SPS	-0.000 (0.000)	-0.000 (0.000)	0.003** (0.001)									
HS		-0.001 (0.001)	-0.001 (0.000)	0.003** (0.001)								
ES				0.003*** (0.001)	0.003*** (0.001)		0.008*** (0.002)					
AS								0.006*** (0.001)	0.005*** (0.001)		0.008*** (0.001)	
Rest	-0.000 (0.000)	0.001*** (0.000)	0.003** (0.001)	0.001** (0.000)	-0.000 (0.000)	-0.000 (0.000)	0.004*** (0.001)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.003* (0.001)	0.003* (0.001)
TE	-0.000 (0.001)	0.000 (0.000)	-0.001 (0.001)	-0.000 (0.001)	0.000 (0.000)	0.000 (0.001)	-0.001 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.001 (0.001)	-0.001 (0.001)
PD	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.002*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)
Log(GDPPC)	4.544*** (0.495)	4.634*** (0.514)	4.618*** (0.450)	4.710*** (0.385)	4.571*** (0.471)	4.630*** (0.425)	5.207*** (0.553)	5.417*** (0.512)	4.356*** (0.533)	4.387*** (0.489)	4.450*** (0.477)	4.450*** (0.477)
Log(GDPPC) <sup>2</sup>	-0.328*** (0.034)	-0.335*** (0.035)	-0.333*** (0.031)	-0.340*** (0.026)	-0.330*** (0.032)	-0.334*** (0.029)	-0.372*** (0.036)	-0.384*** (0.034)	-0.318*** (0.036)	-0.320*** (0.034)	-0.324*** (0.032)	-0.324*** (0.032)
Unemployment	0.000 (0.002)	0.000 (0.002)	-0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	-0.000 (0.002)	0.000 (0.002)	-0.000 (0.002)	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.002)
Inflation	-0.001*** (0.000)	-0.001** (0.000)	-0.001** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001** (0.000)	-0.001** (0.000)	-0.001** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)	-0.001*** (0.000)
Tax	0.251*** (0.052)	0.246*** (0.047)	0.294*** (0.054)	0.243*** (0.063)	0.245*** (0.060)	0.291*** (0.060)	0.282*** (0.037)	0.344*** (0.046)	0.248*** (0.067)	0.236*** (0.062)	0.264*** (0.065)	0.264*** (0.065)
GFC	-0.017** (0.005)	-0.019*** (0.005)	-0.049*** (0.003)	-0.016** (0.006)	-0.016** (0.006)	-0.023*** (0.006)	-0.056*** (0.003)	-0.060*** (0.003)	-0.030*** (0.004)	-0.065*** (0.003)	-0.034*** (0.004)	-0.034*** (0.004)
PS	0.020*** (0.006)	0.018** (0.006)	0.023** (0.008)	0.020*** (0.004)	0.020*** (0.005)	0.023*** (0.007)	0.015*** (0.004)	0.019** (0.006)	0.020*** (0.005)	0.021*** (0.005)	0.023*** (0.006)	0.023*** (0.006)
Countries	128	128	128	128	128	128	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128	128	128	128
R squared	0.507	0.512	0.514	0.511	0.508	0.514	0.519	0.529	0.528	0.527	0.531	0.531
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except one social spending sector as well as the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

## **Appendix D. Robustness Check 2: Replacing the Percentiles with the 20th, 40th and 80th Percentiles**

Table D1: All Middle-Income Countries: Financing the Social Protection Sector - 20th, 40th and 80th Percentiles

	20th Percentile				40th Percentile				80th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	OS	DS
SPS	-0.007** (0.002)	-0.001 (0.001)	-0.011*** (0.003)	-0.014*** (0.003)	-0.008** (0.003)	-0.002 (0.001)	-0.014*** (0.003)	-0.014*** (0.003)	-0.000 (0.004)	0.007* (0.003)	0.007* (0.003)	-0.016** (0.005)
Rest	-0.006** (0.002)	0.006*** (0.000)	-0.008** (0.004)	-0.011** (0.004)	-0.006* (0.003)	0.008*** (0.001)	-0.011** (0.004)	-0.020*** (0.004)	-0.006*** (0.002)	0.011*** (0.001)	0.011*** (0.001)	-0.020*** (0.004)
TE	0.002** (0.001)	0.005*** (0.001)	0.002 (0.001)	0.001 (0.002)	0.001 (0.001)	0.005*** (0.001)	0.001 (0.002)	0.003 (0.004)	0.002 (0.003)	0.007* (0.003)	0.007* (0.003)	0.003 (0.004)
PD	0.002*** (0.000)	0.002** (0.001)	0.001** (0.001)	0.002*** (0.001)	0.002*** (0.001)	0.003*** (0.001)	0.002*** (0.001)	-0.001** (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)	-0.001** (0.000)
Log(GDPPC)	-2.685*** (0.317)	-2.679*** (0.259)	-3.029*** (0.326)	-2.986*** (0.501)	-2.599*** (0.508)	-2.549*** (0.438)	-2.986*** (0.501)	0.339 (1.233)	0.853 (1.153)	1.014 (1.155)	1.014 (1.155)	0.339 (1.233)
Log(GDPPC) <sup>2</sup>	0.177** (0.019)	0.176*** (0.016)	0.199*** (0.019)	0.203*** (0.026)	0.178*** (0.027)	0.174*** (0.022)	0.203*** (0.026)	-0.048 (0.067)	-0.048 (0.064)	-0.059 (0.063)	-0.059 (0.063)	-0.014 (0.067)
Unemployment	-0.020*** (0.003)	-0.021*** (0.003)	-0.021*** (0.003)	-0.022*** (0.003)	-0.021*** (0.003)	-0.021*** (0.002)	-0.022*** (0.003)	-0.012 (0.009)	-0.012 (0.008)	-0.012 (0.008)	-0.012 (0.008)	-0.014 (0.009)
Inflation	0.002** (0.001)	0.003** (0.001)	0.002* (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.002)
Tax	0.268 (0.170)	0.238 (0.142)	0.565*** (0.134)	0.749*** (0.174)	0.438** (0.187)	0.345 (0.196)	0.749*** (0.174)	0.874** (0.276)	0.575* (0.279)	0.324 (0.279)	0.324 (0.279)	0.874** (0.276)
GFC	-0.152*** (0.016)	-0.143*** (0.015)	-0.186*** (0.015)	-0.178*** (0.016)	-0.141*** (0.021)	-0.129*** (0.020)	-0.178*** (0.016)	-0.194*** (0.037)	-0.150*** (0.039)	-0.119*** (0.042)	-0.119*** (0.042)	-0.194*** (0.037)
PS	0.051* (0.026)	0.035 (0.028)	0.050 (0.027)	0.038** (0.017)	0.041** (0.016)	0.020 (0.017)	0.038** (0.017)	0.016 (0.058)	0.028 (0.049)	-0.004 (0.048)	-0.004 (0.048)	0.016 (0.058)
Countries	50	50	50	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308	308	308	308
R squared	0.323	0.333	0.315	0.311	0.317	0.332	0.311	0.144	0.116	0.144	0.144	0.119
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D2: All Middle-Income Countries: Financing the Health Sector - 20th, 40th and 80th Percentiles

	20th Percentile			40th Percentile			80th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	-0.002 (0.006)	0.001 (0.004)	-0.007** (0.003)	0.001 (0.007)	0.005 (0.005)	-0.006 (0.003)	0.007 (0.006)	0.008 (0.006)	-0.009 (0.006)
Rest	-0.006*** (0.002)	0.004*** (0.001)	-0.009** (0.003)	-0.007** (0.002)	0.005*** (0.001)	-0.011*** (0.003)	-0.005** (0.002)	0.009*** (0.001)	-0.019*** (0.004)
TE	0.003** (0.001)	0.004*** (0.001)	0.002 (0.001)	0.002* (0.001)	0.004** (0.001)	0.002 (0.002)	0.002 (0.003)	0.006 (0.004)	0.003 (0.003)
PD	0.002*** (0.001)	0.002** (0.001)	0.002** (0.001)	0.003*** (0.001)	0.002*** (0.001)	0.002*** (0.001)	-0.000 (0.000)	-0.000 (0.000)	-0.000 (0.000)
Log(GDPPC)	-2.772*** (0.370)	-2.835*** (0.347)	-3.147*** (0.374)	-2.782*** (0.549)	-2.866*** (0.498)	-3.227*** (0.521)	0.695 (1.138)	0.921 (1.128)	0.237 (1.171)
Log(GDPPC) <sup>2</sup>	0.182*** (0.022)	0.186*** (0.020)	0.207*** (0.021)	0.189*** (0.030)	0.194*** (0.026)	0.218*** (0.027)	-0.038 (0.062)	-0.053 (0.061)	-0.008 (0.062)
Unemployment	-0.020*** (0.004)	-0.021*** (0.003)	-0.021*** (0.003)	-0.020*** (0.003)	-0.021*** (0.003)	-0.022*** (0.003)	-0.013 (0.008)	-0.012 (0.008)	-0.014 (0.009)
Inflation	0.002** (0.001)	0.003** (0.001)	0.003** (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
Tax	0.295 (0.196)	0.313 (0.196)	0.596*** (0.168)	0.490* (0.222)	0.528** (0.219)	0.832*** (0.208)	0.768** (0.316)	0.371 (0.356)	1.000** (0.339)
GFC	-0.148*** (0.016)	-0.162*** (0.014)	-0.191*** (0.016)	-0.135*** (0.022)	-0.153*** (0.018)	-0.185*** (0.019)	-0.145*** (0.042)	-0.130*** (0.036)	-0.192*** (0.039)
PS	0.053* (0.028)	0.054** (0.024)	0.055* (0.027)	0.046** (0.019)	0.048** (0.015)	0.047** (0.017)	0.021 (0.037)	0.007 (0.043)	0.010 (0.046)
Countries	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308
R squared	0.323	0.321	0.313	0.319	0.315	0.309	0.115	0.142	0.119
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D3: All Middle-Income Countries: Financing the Education Sector - 20th, 40th and 80th Percentiles

	20th Percentile				40th Percentile				80th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
ES	0.006 (0.004)	0.011*** (0.002)	0.002 (0.002)	0.003 (0.003)	0.009* (0.005)	0.015*** (0.002)	0.003 (0.003)	0.003 (0.003)	0.020*** (0.004)	0.023*** (0.003)	0.004 (0.007)	0.004 (0.007)
Rest	-0.006*** (0.002)	0.002*** (0.000)	-0.010*** (0.002)	-0.013*** (0.002)	-0.007** (0.003)	0.002*** (0.001)	-0.013*** (0.002)	-0.013*** (0.002)	-0.004** (0.002)	0.006*** (0.001)	-0.021*** (0.006)	-0.021*** (0.006)
TE	0.005*** (0.001)	0.004*** (0.001)	0.005*** (0.001)	0.005** (0.002)	0.005*** (0.001)	0.004** (0.001)	0.005** (0.002)	0.005** (0.002)	0.006 (0.003)	0.007* (0.004)	0.007** (0.003)	0.007** (0.003)
PD	0.002** (0.001)	0.002** (0.001)	0.001** (0.001)	0.002** (0.001)	0.002*** (0.001)	0.002*** (0.001)	0.002** (0.001)	0.002** (0.001)	-0.001*** (0.000)	-0.000* (0.000)	-0.001*** (0.000)	-0.001*** (0.000)
Log(GDPPC)	-2.010*** (0.182)	-2.425*** (0.199)	-2.402*** (0.186)	-2.172*** (0.412)	-1.719*** (0.380)	-2.162*** (0.250)	-2.172*** (0.412)	-2.172*** (0.412)	2.359* (1.067)	1.789 (1.022)	1.926 (1.208)	1.926 (1.208)
Log(GDPPC) <sup>2</sup>	0.135*** (0.011)	0.161*** (0.015)	0.160*** (0.011)	0.153*** (0.019)	0.123*** (0.018)	0.150*** (0.012)	0.153*** (0.019)	0.153*** (0.019)	-0.141** (0.059)	-0.107* (0.056)	-0.112 (0.065)	-0.112 (0.065)
Unemployment	-0.020*** (0.004)	-0.021*** (0.003)	-0.022*** (0.003)	-0.022*** (0.003)	-0.021*** (0.003)	-0.022*** (0.003)	-0.022*** (0.003)	-0.022*** (0.003)	-0.014 (0.008)	-0.013 (0.008)	-0.014 (0.009)	-0.014 (0.009)
Inflation	0.003** (0.001)	0.003** (0.001)	0.003** (0.001)	0.002 (0.001)	0.001 (0.001)	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.001 (0.001)	0.002* (0.001)	0.001 (0.001)	0.001 (0.001)
Tax	0.217 (0.170)	0.436** (0.142)	0.526*** (0.146)	0.698*** (0.175)	0.359* (0.195)	0.613*** (0.178)	0.698*** (0.175)	0.698*** (0.175)	0.570* (0.279)	0.512 (0.329)	0.775** (0.283)	0.775** (0.283)
GFC	-0.136*** (0.020)	-0.158*** (0.015)	-0.176*** (0.018)	-0.169*** (0.022)	-0.123*** (0.027)	-0.149*** (0.020)	-0.169*** (0.022)	-0.169*** (0.022)	-0.125** (0.045)	-0.124*** (0.037)	-0.167*** (0.041)	-0.167*** (0.041)
PS	0.037 (0.029)	0.048 (0.029)	0.038 (0.025)	0.024* (0.013)	0.025 (0.018)	0.037* (0.020)	0.024* (0.013)	0.024* (0.013)	-0.013 (0.039)	-0.006 (0.039)	-0.027 (0.054)	-0.027 (0.054)
Countries	50	50	50	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308	308	308	308
R squared	0.337	0.327	0.328	0.328	0.335	0.325	0.328	0.328	0.146	0.153	0.153	0.153
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D4: All Middle-Income Countries: Financing the Agricultural Sector - 20th, 40th and 80th Percentiles

	20th Percentile			40th Percentile			80th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	-0.017** (0.006)	-0.010* (0.005)	-0.017*** (0.005)	-0.020** (0.007)	-0.012** (0.005)	-0.021*** (0.005)	-0.012* (0.005)	-0.009** (0.004)	-0.023*** (0.005)
Rest	-0.006** (0.002)	0.005*** (0.001)	-0.009** (0.003)	-0.007** (0.003)	0.005*** (0.001)	-0.011*** (0.003)	-0.005* (0.002)	0.010*** (0.001)	-0.019*** (0.004)
TE	0.002** (0.001)	0.004*** (0.001)	0.002 (0.001)	0.002 (0.001)	0.004** (0.001)	0.002 (0.002)	0.001 (0.003)	0.006 (0.003)	0.002 (0.003)
PD	0.002*** (0.000)	0.002*** (0.000)	0.002** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.002*** (0.001)	-0.000 (0.000)	0.000 (0.000)	-0.001* (0.000)
Log(GDPPC)	-2.383*** (0.307)	-2.505*** (0.198)	-2.883*** (0.274)	-2.254*** (0.577)	-2.371*** (0.416)	-2.832*** (0.480)	1.137 (1.232)	1.427 (1.110)	0.591 (1.219)
Log(GDPPC) <sup>2</sup>	0.160*** (0.016)	0.168*** (0.011)	0.191*** (0.015)	0.158*** (0.031)	0.166*** (0.020)	0.195*** (0.024)	-0.064 (0.069)	-0.082 (0.060)	-0.029 (0.066)
Unemployment	-0.019*** (0.004)	-0.019*** (0.003)	-0.021*** (0.003)	-0.019*** (0.003)	-0.019*** (0.002)	-0.021*** (0.003)	-0.012 (0.008)	-0.010 (0.008)	-0.013 (0.009)
Inflation	0.002* (0.001)	0.003** (0.001)	0.002* (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.002)
Tax	0.336* (0.178)	0.468** (0.146)	0.641*** (0.147)	0.505** (0.200)	0.637*** (0.183)	0.841*** (0.179)	0.705** (0.263)	0.521 (0.311)	0.906*** (0.274)
GFC	-0.149*** (0.023)	-0.155*** (0.015)	-0.191*** (0.019)	-0.141*** (0.032)	-0.146*** (0.021)	-0.189*** (0.023)	-0.157** (0.051)	-0.121** (0.040)	-0.201*** (0.043)
PS	0.056* (0.027)	0.060* (0.027)	0.058* (0.027)	0.049** (0.016)	0.053** (0.016)	0.050** (0.016)	0.021 (0.042)	0.013 (0.042)	0.009 (0.050)
Countries	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308
R squared	0.326	0.326	0.315	0.319	0.321	0.310	0.112	0.147	0.116
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D5: Upper Middle-Income Countries: Financing the Social Protection Sector - 20th, 40th and 80th Percentiles

	20th Percentile			40th Percentile			80th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
SPS	-0.007* (0.003)	0.001 (0.002)	-0.014*** (0.002)	-0.009* (0.005)	-0.000 (0.003)	-0.017*** (0.002)	-0.002 (0.006)	0.008 (0.006)	-0.024*** (0.006)
Rest	-0.007*** (0.002)	0.009*** (0.001)	-0.012*** (0.002)	-0.008** (0.003)	0.011*** (0.001)	-0.012*** (0.002)	-0.006*** (0.001)	0.014*** (0.001)	-0.026*** (0.003)
TE	0.006** (0.002)	0.010*** (0.002)	0.006*** (0.001)	0.006** (0.002)	0.010*** (0.003)	0.005*** (0.001)	0.006 (0.005)	0.013** (0.005)	0.007 (0.004)
PD	0.003*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.000 (0.000)	0.001** (0.000)	-0.001** (0.000)
Log(GDPPC)	14.601*** (1.199)	15.463*** (1.271)	12.885*** (1.438)	20.655*** (1.372)	22.009*** (1.425)	18.847*** (1.753)	21.737*** (1.564)	24.808*** (1.253)	21.078*** (1.411)
Log(GDPPC) <sup>2</sup>	-0.820*** (0.070)	-0.870*** (0.076)	-0.721*** (0.086)	-1.156*** (0.080)	-1.234*** (0.084)	-1.052*** (0.104)	-1.248*** (0.092)	-1.424*** (0.076)	-1.208*** (0.085)
Unemployment	-0.032*** (0.008)	-0.035*** (0.007)	-0.038*** (0.007)	-0.024** (0.009)	-0.027*** (0.007)	-0.030*** (0.008)	0.001 (0.012)	-0.001 (0.011)	-0.006 (0.012)
Inflation	0.002** (0.001)	0.002** (0.001)	0.002** (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Tax	1.032*** (0.219)	0.727*** (0.213)	1.616*** (0.244)	1.684*** (0.290)	1.244*** (0.270)	2.302*** (0.360)	2.346*** (0.491)	1.470*** (0.387)	2.936*** (0.556)
GFC	-0.213*** (0.014)	-0.213*** (0.010)	-0.277*** (0.012)	-0.225*** (0.022)	-0.218*** (0.016)	-0.292*** (0.015)	-0.256*** (0.050)	-0.223*** (0.053)	-0.339*** (0.054)
PS	0.179** (0.059)	0.157** (0.063)	0.182** (0.065)	0.157*** (0.046)	0.128** (0.047)	0.160** (0.051)	-0.020 (0.085)	-0.068 (0.075)	-0.039 (0.082)
Countries	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180
R squared	0.463	0.493	0.447	0.462	0.500	0.447	0.171	0.229	0.179
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.



Table D6: Upper Middle-Income Countries: Financing the Health Sector - 20th, 40th and 80th Percentiles

	20th Percentile			40th Percentile			80th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	-0.001 (0.007)	-0.002 (0.006)	-0.011** (0.005)	0.004 (0.008)	0.003 (0.007)	-0.007 (0.004)	0.019** (0.006)	0.016** (0.006)	-0.005 (0.005)
Rest	-0.007*** (0.002)	0.008*** (0.001)	-0.012*** (0.002)	-0.009** (0.003)	0.008*** (0.001)	-0.014*** (0.002)	-0.006** (0.002)	0.012*** (0.002)	-0.026*** (0.005)
TE	0.007** (0.002)	0.009*** (0.002)	0.006*** (0.001)	0.007** (0.003)	0.010*** (0.002)	0.006*** (0.002)	0.007 (0.005)	0.013** (0.005)	0.008 (0.005)
PD	0.003*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.005*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.001 (0.000)	0.001* (0.000)	-0.000 (0.000)
Log(GDPPC)	13.683*** (1.007)	17.232*** (0.971)	13.048*** (1.231)	19.440*** (1.206)	23.032*** (1.241)	18.630*** (1.637)	17.680*** (1.215)	24.279*** (1.787)	17.821*** (1.795)
Log(GDPPC) <sup>2</sup>	-0.767*** (0.059)	-0.971*** (0.057)	-0.730*** (0.074)	-1.086*** (0.071)	-1.292*** (0.072)	-1.039*** (0.098)	-1.051*** (0.071)	-1.393*** (0.105)	-1.021*** (0.107)
Unemployment	-0.033*** (0.008)	-0.035*** (0.007)	-0.038*** (0.007)	-0.024** (0.009)	-0.027*** (0.007)	-0.031*** (0.008)	-0.000 (0.012)	-0.001 (0.011)	-0.007 (0.012)
Inflation	0.002** (0.001)	0.002*** (0.001)	0.003** (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	-0.000 (0.001)	0.000 (0.001)
Tax	1.046*** (0.204)	0.799** (0.274)	1.617*** (0.246)	1.634*** (0.265)	1.446*** (0.341)	2.319*** (0.360)	2.447*** (0.396)	1.668*** (0.485)	3.012*** (0.532)
GFC	0.000 (0.011)	-0.077*** (0.007)	-0.089*** (0.013)	0.018 (0.015)	-0.087*** (0.007)	-0.101*** (0.012)	-0.060* (0.030)	-0.270*** (0.027)	-0.297*** (0.029)
PS	0.181** (0.060)	0.170** (0.058)	0.186** (0.064)	0.163*** (0.048)	0.154*** (0.045)	0.170*** (0.051)	-0.012 (0.068)	-0.047 (0.058)	-0.030 (0.067)
Countries	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180
R squared	0.465	0.477	0.446	0.467	0.471	0.443	0.182	0.223	0.188
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D7: Upper Middle-Income Countries: Financing the Education Sector - 20th, 40th and 80th Percentiles

	20th Percentile			40th Percentile			80th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
ES	0.007* (0.003)	0.012*** (0.002)	0.000 (0.002)	0.010** (0.004)	0.016*** (0.002)	0.002 (0.003)	0.027*** (0.005)	0.028*** (0.002)	0.002 (0.007)
Rest	-0.007*** (0.002)	0.005*** (0.000)	-0.016*** (0.003)	-0.008** (0.003)	0.005*** (0.001)	-0.018*** (0.004)	-0.004* (0.002)	0.008*** (0.002)	-0.033*** (0.008)
TE	0.008*** (0.002)	0.010*** (0.002)	0.009*** (0.002)	0.009*** (0.003)	0.010*** (0.002)	0.010*** (0.002)	0.010* (0.005)	0.013** (0.005)	0.013** (0.005)
PD	0.003*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	-0.000 (0.000)	0.000 (0.000)	-0.001*** (0.000)
Log(GDPPC)	14.885*** (1.133)	15.101*** (1.316)	13.960*** (1.251)	21.498*** (1.219)	21.437*** (1.495)	20.429*** (1.402)	21.674*** (1.294)	23.645*** (1.266)	22.260*** (1.467)
Log(GDPPC) <sup>2</sup>	-0.841*** (0.067)	-0.851*** (0.079)	-0.787*** (0.075)	-1.210*** (0.071)	-1.205*** (0.088)	-1.148*** (0.083)	-1.255*** (0.071)	-1.364*** (0.075)	-1.286*** (0.075)
Unemployment	-0.035*** (0.007)	-0.037*** (0.006)	-0.041*** (0.006)	-0.027*** (0.008)	-0.030*** (0.007)	-0.034*** (0.006)	-0.006 (0.012)	-0.005 (0.011)	-0.013 (0.011)
Inflation	0.002*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.000 (0.000)	0.001* (0.001)	0.001 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Tax	0.824*** (0.249)	0.945*** (0.215)	1.350*** (0.252)	1.358*** (0.337)	1.554*** (0.296)	1.965*** (0.358)	1.971*** (0.484)	1.708*** (0.449)	2.372*** (0.533)
GFC	-0.053*** (0.015)	-0.075*** (0.009)	-0.100*** (0.013)	-0.063** (0.020)	-0.089*** (0.010)	-0.117*** (0.011)	-0.269*** (0.037)	-0.280*** (0.031)	-0.330*** (0.032)
PS	0.172** (0.060)	0.181** (0.064)	0.171** (0.062)	0.149*** (0.044)	0.162** (0.050)	0.149*** (0.046)	-0.038 (0.067)	-0.045 (0.057)	-0.072 (0.073)
Countries	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180
R squared	0.487	0.478	0.476	0.492	0.478	0.480	0.227	0.239	0.247
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D8: Upper Middle-Income Countries: Financing the Agricultural Sector - 20th, 40th and 80th Percentiles

	20th Percentile			40th Percentile			80th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	0.006 (0.006)	0.013* (0.006)	0.000 (0.005)	0.012 (0.007)	0.020** (0.007)	0.006 (0.006)	0.022*** (0.005)	0.026*** (0.005)	0.001 (0.006)
Rest	-0.007** (0.002)	0.007*** (0.000)	-0.012*** (0.002)	-0.008** (0.003)	0.007*** (0.000)	-0.014*** (0.001)	-0.005 (0.003)	0.012*** (0.002)	-0.025*** (0.004)
TE	0.006** (0.002)	0.009*** (0.002)	0.006*** (0.001)	0.007** (0.003)	0.010*** (0.002)	0.006*** (0.001)	0.006 (0.005)	0.013** (0.005)	0.007 (0.004)
PD	0.003*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	-0.000 (0.000)	0.001** (0.000)	-0.001** (0.000)
Log(GDPPC)	15.629*** (1.065)	16.031*** (1.579)	14.352*** (1.534)	22.765*** (1.184)	23.120*** (1.853)	21.264*** (1.823)	23.117*** (1.102)	25.992*** (1.420)	22.996*** (1.024)
Log(GDPPC) <sup>2</sup>	-0.878*** (0.063)	-0.901*** (0.093)	-0.804*** (0.091)	-1.276*** (0.069)	-1.296*** (0.107)	-1.189*** (0.107)	-1.327*** (0.064)	-1.491*** (0.084)	-1.317*** (0.063)
Unemployment	-0.033*** (0.008)	-0.036*** (0.006)	-0.039*** (0.007)	-0.025** (0.009)	-0.028*** (0.007)	-0.032*** (0.008)	-0.002 (0.014)	-0.002 (0.011)	-0.008 (0.013)
Inflation	0.002** (0.001)	0.003*** (0.001)	0.003** (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.000 (0.001)
Tax	0.907*** (0.245)	0.862*** (0.248)	1.472*** (0.259)	1.424*** (0.312)	1.400*** (0.316)	2.076*** (0.362)	2.179*** (0.424)	1.504*** (0.422)	2.648*** (0.489)
GFC	-0.222*** (0.014)	-0.232*** (0.007)	-0.286*** (0.010)	-0.235*** (0.021)	-0.247*** (0.008)	-0.308*** (0.011)	-0.280*** (0.053)	-0.245*** (0.042)	-0.350*** (0.048)
PS	0.170** (0.063)	0.176** (0.066)	0.177** (0.067)	0.145** (0.049)	0.152** (0.053)	0.153** (0.054)	-0.040 (0.077)	-0.058 (0.058)	-0.059 (0.072)
Countries	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180
R squared	0.466	0.474	0.448	0.467	0.472	0.447	0.174	0.224	0.183
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D9: Lower Middle-Income Countries: Financing the Social Protection Sector - 20th, 40th and 80th Percentiles

	20th Percentile			40th Percentile			80th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
SPS	0.003 (0.002)	-0.001 (0.002)	-0.010* (0.005)	0.001 (0.002)	-0.001 (0.003)	-0.017** (0.007)	0.001 (0.002)	0.002 (0.002)	-0.023** (0.009)
Rest	0.004 (0.002)	-0.004*** (0.001)	-0.009* (0.005)	0.002 (0.002)	-0.004** (0.001)	-0.016** (0.006)	-0.002 (0.002)	-0.005*** (0.001)	-0.025** (0.008)
TE	0.001 (0.002)	-0.001 (0.001)	0.003 (0.002)	0.001 (0.003)	-0.000 (0.002)	0.005 (0.003)	0.003 (0.004)	-0.000 (0.004)	0.007* (0.003)
PD	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.006*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.008*** (0.001)	0.008*** (0.001)	0.009*** (0.001)
Log(GDPPC)	-20.633*** (2.674)	-20.987*** (2.903)	-20.751*** (2.741)	-24.940*** (2.649)	-25.303*** (2.824)	-25.298*** (2.439)	-23.821*** (2.301)	-24.487*** (2.122)	-24.514*** (1.733)
Log(GDPPC) <sup>2</sup>	1.491*** (0.180)	1.515*** (0.197)	1.495*** (0.184)	1.799*** (0.179)	1.824*** (0.193)	1.818*** (0.164)	1.713*** (0.159)	1.762*** (0.149)	1.756*** (0.120)
Unemployment	0.007 (0.009)	0.007 (0.010)	0.008 (0.010)	0.000 (0.012)	-0.000 (0.012)	0.001 (0.012)	-0.013 (0.013)	-0.015 (0.014)	-0.012 (0.013)
Inflation	0.006*** (0.001)	0.006*** (0.001)	0.006*** (0.001)	0.006*** (0.002)	0.006** (0.002)	0.006** (0.002)	0.007** (0.002)	0.005** (0.002)	0.005** (0.002)
Tax	-0.863*** (0.187)	-0.904*** (0.194)	-1.067*** (0.239)	-1.264*** (0.262)	-1.259*** (0.245)	-1.497*** (0.282)	-1.728*** (0.362)	-1.603*** (0.303)	-1.962*** (0.295)
GFC	0.006 (0.021)	0.015 (0.021)	0.177*** (0.012)	0.061* (0.028)	0.070** (0.029)	0.248*** (0.014)	0.137*** (0.038)	0.153*** (0.035)	0.284*** (0.024)
PS	-0.072** (0.023)	-0.064** (0.023)	-0.081** (0.026)	-0.107*** (0.032)	-0.100** (0.033)	-0.125** (0.042)	-0.117** (0.038)	-0.110** (0.037)	-0.147** (0.057)
Countries	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128
R squared	0.474	0.477	0.475	0.517	0.520	0.523	0.456	0.461	0.468
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D10: Lower Middle-Income Countries: Financing the Health Sector - 20th, 40th and 80th Percentiles

	20th Percentile			40th Percentile			80th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	0.007* (0.004)	0.004** (0.001)	-0.006 (0.005)	0.006 (0.004)	0.005** (0.002)	-0.012* (0.006)	-0.006* (0.003)	-0.004** (0.001)	-0.031*** (0.009)
Rest	0.004 (0.002)	-0.004** (0.001)	-0.009 (0.005)	0.002 (0.002)	-0.004*** (0.001)	-0.015** (0.006)	-0.002 (0.002)	-0.002 (0.002)	-0.025*** (0.008)
TE	0.001 (0.002)	-0.000 (0.003)	0.003 (0.003)	0.002 (0.003)	0.000 (0.004)	0.005 (0.003)	0.003 (0.004)	0.002 (0.004)	0.008* (0.003)
PD	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.006*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.008*** (0.001)	0.008*** (0.001)	0.009*** (0.000)
Log(GDPPC)	-20.892*** (2.582)	-21.684*** (2.175)	-20.955*** (2.636)	-25.242*** (2.505)	-26.073*** (2.048)	-25.523*** (2.294)	-23.531*** (2.301)	-24.058*** (1.801)	-24.144*** (1.721)
Log(GDPPC) <sup>2</sup>	1.509*** (0.175)	1.563*** (0.147)	1.509*** (0.177)	1.819*** (0.170)	1.878*** (0.140)	1.834*** (0.154)	1.693*** (0.160)	1.732*** (0.126)	1.731*** (0.119)
Unemployment	0.008 (0.008)	0.007 (0.008)	0.009 (0.009)	0.002 (0.011)	0.001 (0.010)	0.002 (0.011)	-0.015 (0.013)	-0.016 (0.013)	-0.014 (0.013)
Inflation	0.007*** (0.001)	0.007*** (0.001)	0.006*** (0.001)	0.007*** (0.002)	0.007*** (0.002)	0.006*** (0.002)	0.006** (0.002)	0.006** (0.002)	0.005* (0.002)
Tax	-0.770*** (0.229)	-0.816*** (0.247)	-0.981*** (0.273)	-1.161*** (0.323)	-1.149*** (0.334)	-1.393*** (0.329)	-1.859*** (0.361)	-1.779*** (0.378)	-2.114*** (0.307)
GFC	-0.002 (0.021)	-0.006 (0.027)	0.014 (0.025)	0.051 (0.029)	0.049 (0.033)	0.083** (0.028)	0.146*** (0.039)	0.146*** (0.040)	0.200*** (0.034)
PS	-0.066*** (0.017)	-0.069*** (0.013)	-0.075*** (0.020)	-0.100*** (0.025)	-0.104*** (0.018)	-0.117*** (0.035)	-0.129*** (0.035)	-0.131*** (0.031)	-0.157** (0.055)
Countries	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128
R squared	0.474	0.480	0.475	0.518	0.523	0.523	0.456	0.457	0.468
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D11: Lower Middle-Income Countries: Financing the Education Sector - 20th, 40th and 80th Percentiles

	20th Percentile				40th Percentile				80th Percentile			
	TCS	OS	DS		TCS	OS	DS		TCS	OS	DS	
ES	-0.008 (0.005)	-0.011** (0.004)	-0.025** (0.009)	-0.012** (0.005)	-0.012** (0.005)	-0.014*** (0.004)	-0.036*** (0.009)		-0.021*** (0.003)	-0.022*** (0.002)	-0.056*** (0.009)	
Rest	0.004** (0.002)	-0.001 (0.001)	-0.012* (0.005)	0.002 (0.002)	0.002 (0.002)	-0.000 (0.001)	-0.020*** (0.006)		-0.000 (0.003)	0.001 (0.001)	-0.031*** (0.007)	
TE	-0.001 (0.001)	-0.001 (0.002)	0.001 (0.002)	-0.001 (0.002)	-0.001 (0.002)	-0.001 (0.003)	0.002 (0.003)		-0.001 (0.004)	-0.001 (0.004)	0.004 (0.003)	
PD	0.006*** (0.001)	0.006*** (0.001)	0.006*** (0.001)	0.008*** (0.001)	0.008*** (0.001)	0.008*** (0.001)	0.009*** (0.001)		0.010*** (0.001)	0.010*** (0.001)	0.012*** (0.000)	
Log(GDPPC)	-23.159*** (3.202)	-22.749*** (3.426)	-23.602*** (3.343)	-28.011*** (3.196)	-27.849*** (3.339)	-27.849*** (3.339)	-28.956*** (3.149)		-28.406*** (1.732)	-28.666*** (1.796)	-30.063*** (1.394)	
Log(GDPPC) <sup>2</sup>	1.654*** (0.215)	1.625*** (0.228)	1.677*** (0.222)	1.996*** (0.215)	1.984*** (0.223)	1.984*** (0.223)	2.053*** (0.209)		2.009*** (0.124)	2.025*** (0.126)	2.112*** (0.097)	
Unemployment	0.007 (0.008)	0.007 (0.009)	0.009 (0.009)	0.001 (0.010)	0.001 (0.011)	0.001 (0.011)	0.002 (0.010)		-0.014 (0.012)	-0.013 (0.012)	-0.012 (0.012)	
Inflation	0.006*** (0.001)	0.006*** (0.001)	0.005*** (0.001)	0.006** (0.002)	0.006** (0.002)	0.006*** (0.002)	0.005** (0.002)		0.006** (0.002)	0.006** (0.002)	0.004* (0.002)	
Tax	-0.955*** (0.154)	-1.062*** (0.200)	-1.218*** (0.222)	-1.381*** (0.208)	-1.440*** (0.265)	-1.440*** (0.265)	-1.686*** (0.259)		-1.974*** (0.236)	-1.970*** (0.288)	-2.345*** (0.227)	
GFC	0.176*** (0.013)	0.175*** (0.011)	0.186*** (0.014)	0.272*** (0.017)	0.270*** (0.016)	0.270*** (0.016)	0.295*** (0.014)		0.364*** (0.026)	0.359*** (0.027)	0.405*** (0.022)	
PS	-0.051** (0.017)	-0.056** (0.018)	-0.062** (0.020)	-0.082*** (0.025)	-0.084** (0.026)	-0.084** (0.026)	-0.099** (0.035)		-0.095*** (0.025)	-0.090*** (0.028)	-0.121** (0.045)	
Countries	22	22	22	22	22	22	22		22	22	22	
Observations	128	128	128	128	128	128	128		128	128	128	
R squared	0.481	0.480	0.484	0.525	0.525	0.525	0.533		0.472	0.472	0.489	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity.

Table D12: Lower Middle-Income Countries: Financing the Agricultural Sector - 20th, 40th and 80th Percentiles

	20th Percentile				40th Percentile				80th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	OS	DS
AS	-0.023*** (0.004)	-0.023*** (0.004)	-0.029*** (0.005)	-0.032*** (0.004)	-0.032*** (0.004)	-0.028*** (0.004)	-0.039*** (0.005)	-0.032*** (0.003)	-0.040*** (0.005)	-0.032*** (0.003)	-0.032*** (0.003)	-0.050*** (0.007)
Rest	0.000 (0.001)	-0.001 (0.001)	-0.006 (0.006)	-0.002 (0.002)	-0.002 (0.002)	-0.000 (0.001)	-0.012* (0.007)	0.000 (0.001)	-0.006*** (0.002)	0.000 (0.001)	0.000 (0.001)	-0.021** (0.008)
TE	0.001 (0.002)	0.000 (0.002)	0.002 (0.003)	0.001 (0.004)	0.001 (0.004)	0.000 (0.004)	0.003 (0.004)	0.002 (0.005)	0.002 (0.004)	0.002 (0.005)	0.002 (0.005)	0.006 (0.004)
PD	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.008*** (0.000)	0.008*** (0.000)	0.008*** (0.000)	0.008*** (0.000)	0.009*** (0.000)
Log(GDPPC)	-19.839*** (2.916)	-19.984*** (2.800)	-20.003*** (2.938)	-23.951*** (2.923)	-23.951*** (2.923)	-24.110*** (2.738)	-24.418*** (2.648)	-22.708*** (2.415)	-22.708*** (2.415)	-22.954*** (1.959)	-22.954*** (1.959)	-23.579*** (1.768)
Log(GDPPC) <sup>2</sup>	1.446*** (0.197)	1.456*** (0.189)	1.455*** (0.197)	1.742*** (0.198)	1.742*** (0.198)	1.754*** (0.186)	1.772*** (0.179)	1.651*** (0.168)	1.651*** (0.168)	1.671*** (0.138)	1.671*** (0.138)	1.707*** (0.124)
Unemployment	0.011 (0.009)	0.010 (0.009)	0.011 (0.009)	0.005 (0.011)	0.005 (0.011)	0.005 (0.011)	0.006 (0.011)	0.006 (0.013)	-0.009 (0.013)	-0.010 (0.014)	-0.010 (0.014)	-0.009 (0.013)
Inflation	0.006*** (0.001)	0.006*** (0.001)	0.006*** (0.001)	0.007*** (0.002)	0.007*** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.007*** (0.002)	0.006*** (0.002)	0.006*** (0.002)	0.005*** (0.002)
Tax	-0.827*** (0.241)	-0.852*** (0.228)	-0.906** (0.287)	-1.224*** (0.340)	-1.224*** (0.340)	-1.163*** (0.320)	-1.301*** (0.337)	-1.749*** (0.459)	-1.749*** (0.459)	-1.586*** (0.412)	-1.586*** (0.412)	-1.831*** (0.360)
GFC	0.059*** (0.013)	0.216*** (0.009)	0.069*** (0.016)	0.127*** (0.020)	0.127*** (0.020)	0.322*** (0.015)	0.147*** (0.019)	0.212*** (0.030)	0.212*** (0.030)	0.418*** (0.020)	0.418*** (0.020)	0.246*** (0.026)
PS	-0.070*** (0.019)	-0.072*** (0.019)	-0.076*** (0.019)	-0.106*** (0.027)	-0.106*** (0.027)	-0.106*** (0.027)	-0.118*** (0.034)	-0.129*** (0.032)	-0.129*** (0.032)	-0.129*** (0.033)	-0.129*** (0.033)	-0.151** (0.047)
Countries	22	22	22	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128	128	128	128
R squared	0.489	0.489	0.490	0.535	0.535	0.535	0.538	0.477	0.477	0.475	0.475	0.484
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity

**Appendix E. Robustness Check 3: Inclusion of Trade Openness, Corruption and Party Orientation**



Table E1: All Middle-Income Countries: Financing the Social Protection Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS		TCS	OS	DS		TCS	OS	DS		TCS	OS	DS	
SPS	0.154*** (0.046)	0.009 (0.020)	0.158** (0.057)		-0.009*** (0.002)	-0.002* (0.001)	-0.010** (0.004)		-0.010** (0.004)	-0.002 (0.001)	-0.013*** (0.004)		0.013*** (0.002)	0.016*** (0.004)	-0.011 (0.007)	
Rest	0.147*** (0.040)	-0.153*** (0.011)	0.109 (0.071)		-0.007*** (0.002)	0.008*** (0.001)	-0.006 (0.004)		-0.009** (0.003)	0.010*** (0.001)	-0.009* (0.004)		-0.002 (0.002)	0.007*** (0.002)	-0.025*** (0.007)	
TE	-0.042* (0.019)	-0.101*** (0.021)	-0.027 (0.029)		0.003** (0.001)	0.006*** (0.001)	0.002 (0.001)		0.001 (0.001)	0.006*** (0.001)	0.001 (0.002)		-0.001 (0.004)	0.002 (0.004)	0.001 (0.004)	
PD	-0.035*** (0.007)	-0.035*** (0.010)	-0.028*** (0.008)		0.003*** (0.000)	0.003*** (0.001)	0.002*** (0.000)		0.003*** (0.000)	0.003*** (0.001)	0.002*** (0.001)		-0.003*** (0.000)	-0.003*** (0.000)	-0.003*** (0.001)	
Log(GDPPC)	53.790*** (9.680)	54.701*** (8.892)	57.172*** (9.958)		-3.637*** (0.591)	-3.680*** (0.546)	-3.808*** (0.599)		-3.434*** (0.458)	-3.468*** (0.440)	-3.637*** (0.436)		4.859*** (0.677)	4.911*** (0.792)	4.749*** (0.920)	
Log(GDPPC) <sup>2</sup>	-3.217*** (0.566)	-3.252*** (0.530)	-3.486*** (0.584)		0.214*** (0.035)	0.215*** (0.033)	0.227*** (0.035)		0.213*** (0.027)	0.213*** (0.025)	0.229*** (0.026)		-0.283*** (0.041)	-0.288*** (0.046)	-0.271*** (0.054)	
Unemployment	0.419*** (0.053)	0.438*** (0.052)	0.439*** (0.045)		-0.023*** (0.004)	-0.024*** (0.004)	-0.024*** (0.003)		-0.025*** (0.003)	-0.026*** (0.003)	-0.026*** (0.004)		-0.004 (0.010)	-0.004 (0.010)	-0.003 (0.011)	
Inflation	-0.014 (0.020)	-0.027 (0.019)	-0.025 (0.024)		0.002* (0.001)	0.003** (0.001)	0.003** (0.001)		-0.002 (0.001)	-0.001 (0.001)	-0.001 (0.002)		-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.002)	
Tax	-0.851 (4.196)	-0.396 (3.273)	-9.146** (3.480)		0.118 (0.257)	0.087 (0.184)	0.531** (0.227)		0.198 (0.228)	0.095 (0.227)	0.678** (0.210)		0.477* (0.252)	0.210 (0.272)	0.576* (0.289)	
GFC	3.482*** (0.276)	2.993*** (0.348)	4.071*** (0.350)		-0.200*** (0.018)	-0.149*** (0.023)	-0.230*** (0.023)		-0.203*** (0.015)	-0.191*** (0.021)	-0.238*** (0.015)		-0.083** (0.034)	-0.083* (0.038)	-0.100** (0.038)	
PS	-0.891*** (0.253)	-0.509* (0.271)	-0.952** (0.296)		0.069** (0.023)	0.050* (0.026)	0.071** (0.026)		0.038*** (0.011)	0.011 (0.010)	0.039*** (0.008)		0.045 (0.097)	0.024 (0.093)	0.025 (0.107)	
Log(TO)	-8.934** (2.869)	-9.033*** (2.558)	-7.381** (3.094)		0.402** (0.171)	0.408** (0.153)	0.322 (0.186)		0.548*** (0.133)	0.566*** (0.112)	0.452*** (0.137)		-0.147 (0.119)	-0.104 (0.125)	-0.222* (0.100)	
Corruption	-0.931 (1.776)	-1.171 (1.557)	-0.596 (1.942)		0.073 (0.068)	0.085 (0.057)	0.055 (0.077)		0.095 (0.153)	0.113 (0.138)	0.073 (0.159)		-0.614* (0.305)	-0.598* (0.287)	-0.650* (0.293)	
PO	-0.250 (0.200)	-0.292 (0.203)	-0.231 (0.177)		0.029** (0.011)	0.031** (0.011)	0.028** (0.010)		0.003 (0.015)	0.006 (0.015)	0.002 (0.014)		-0.094*** (0.009)	-0.091*** (0.008)	-0.090*** (0.006)	
Countries	50	50	50		50	50	50		50	50	50		50	50	50	
Observations	308	308	308		308	308	308		308	308	308		308	308	308	
R squared	0.323	0.342	0.302		0.307	0.324	0.291		0.319	0.343	0.306		0.118	0.125	0.127	
Country FE	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	
Time FE	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E2: All Middle-Income Countries: Financing the Health Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	0.036 (0.112)	-0.046 (0.075)	0.051 (0.064)	-0.003 (0.005)	0.001 (0.003)	-0.005 (0.003)	0.002 (0.008)	0.007 (0.005)	-0.002 (0.004)	0.002 (0.003)	-0.002 (0.005)	-0.021** (0.006)
Rest	0.155*** (0.034)	-0.105*** (0.014)	0.121* (0.058)	-0.008*** (0.001)	0.005*** (0.001)	-0.007* (0.003)	-0.010*** (0.003)	0.006*** (0.001)	-0.010*** (0.004)	0.002* (0.001)	0.011*** (0.002)	-0.022*** (0.006)
TE	-0.051** (0.018)	-0.082*** (0.020)	-0.037 (0.028)	0.003*** (0.001)	0.005*** (0.001)	0.003* (0.001)	0.002* (0.001)	0.004** (0.001)	0.002 (0.002)	-0.003 (0.004)	0.003 (0.004)	-0.000 (0.004)
PD	-0.038*** (0.008)	-0.032*** (0.008)	-0.029*** (0.008)	0.003*** (0.000)	0.002*** (0.000)	0.002*** (0.000)	0.003*** (0.001)	0.003*** (0.001)	0.002*** (0.001)	-0.003*** (0.000)	-0.003*** (0.000)	-0.003*** (0.001)
Log(GDP/PPC)	56.936*** (10.713)	57.684*** (11.241)	60.562*** (11.667)	-3.790*** (0.628)	-3.837*** (0.665)	-3.979*** (0.676)	-3.756*** (0.570)	-3.810*** (0.567)	-3.985*** (0.566)	5.175*** (0.782)	5.504*** (1.038)	5.185*** (1.036)
Log(GDP/PPC) <sup>2</sup>	-3.401*** (0.627)	-3.458*** (0.653)	-3.694*** (0.684)	0.223*** (0.037)	0.226*** (0.039)	0.238*** (0.040)	0.232*** (0.033)	0.236*** (0.033)	0.251*** (0.034)	-0.301*** (0.046)	-0.326*** (0.060)	-0.298*** (0.059)
Unemployment	0.418*** (0.057)	0.429*** (0.049)	0.435*** (0.046)	-0.023*** (0.004)	-0.024*** (0.004)	-0.024*** (0.003)	-0.025*** (0.003)	-0.025*** (0.003)	-0.026*** (0.004)	-0.006 (0.010)	-0.004 (0.009)	-0.005 (0.011)
Inflation	-0.019 (0.020)	-0.025 (0.021)	-0.029 (0.025)	0.003** (0.001)	0.003** (0.001)	0.003* (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.000 (0.002)	-0.002 (0.001)	-0.002** (0.001)	-0.002 (0.001)
Tax	-1.944 (4.605)	-2.809 (5.215)	-10.237** (4.406)	0.147 (0.281)	0.215 (0.317)	0.574* (0.281)	0.285 (0.264)	0.362 (0.290)	0.800** (0.267)	0.673* (0.300)	-0.238 (0.342)	0.536 (0.341)
GFC	3.058*** (0.279)	3.351*** (0.333)	3.790*** (0.341)	-0.153*** (0.019)	-0.169*** (0.022)	-0.191*** (0.022)	-0.196*** (0.019)	-0.215*** (0.017)	-0.242*** (0.017)	-0.117*** (0.036)	-0.069 (0.038)	-0.121** (0.039)
PS	-0.921** (0.299)	-0.940*** (0.239)	-1.063*** (0.311)	0.072** (0.024)	0.074*** (0.020)	0.079** (0.025)	0.043*** (0.009)	0.044*** (0.012)	0.049*** (0.008)	0.021 (0.086)	-0.008 (0.091)	-0.004 (0.092)
Log(TO)	-8.979*** (2.732)	-8.292** (2.853)	-7.219** (3.066)	0.404** (0.165)	0.366* (0.174)	0.311 (0.188)	0.552*** (0.122)	0.507*** (0.128)	0.438** (0.135)	-0.152 (0.116)	-0.045 (0.139)	-0.178 (0.111)
Corruption	-1.118 (1.764)	-1.206 (1.690)	-0.774 (1.967)	0.083 (0.067)	0.087 (0.064)	0.064 (0.077)	0.115 (0.153)	0.120 (0.151)	0.091 (0.162)	-0.646* (0.311)	-0.615** (0.269)	-0.673** (0.295)
PO	-0.261 (0.196)	-0.263 (0.172)	-0.239 (0.171)	0.030** (0.010)	0.030*** (0.009)	0.029** (0.009)	0.004 (0.014)	0.004 (0.013)	0.003 (0.013)	-0.095*** (0.007)	-0.090*** (0.007)	-0.090*** (0.005)
Countries	308	308	308	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308	308	308	308
R squared	0.326	0.321	0.301	0.308	0.302	0.287	0.324	0.318	0.304	0.097	0.121	0.103
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E3: All Middle-Income Countries: Financing the Education Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	
ES	-0.102 (0.068)	-0.229*** (0.037)	-0.118*** (0.034)	0.005 (0.004)	0.012*** (0.003)	0.005*** (0.001)	0.010* (0.004)	0.018*** (0.002)	0.008** (0.003)	0.024*** (0.003)	0.019*** (0.004)	-0.001 (0.008)				
Rest	0.148*** (0.035)	-0.067*** (0.009)	0.137*** (0.034)	-0.008*** (0.001)	0.003*** (0.000)	-0.008*** (0.002)	-0.009** (0.003)	0.003*** (0.001)	-0.011*** (0.003)	0.002 (0.001)	0.007** (0.003)	-0.023*** (0.007)				
TE	-0.092*** (0.022)	-0.093*** (0.023)	-0.084*** (0.026)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.002)	0.001 (0.004)	0.004 (0.004)	0.004 (0.003)				
PD	-0.031*** (0.008)	-0.029*** (0.008)	-0.024** (0.009)	0.002*** (0.000)	0.002*** (0.000)	0.002*** (0.001)	0.002*** (0.001)	0.002*** (0.001)	0.002*** (0.001)	-0.003*** (0.000)	-0.003*** (0.000)	-0.003*** (0.000)				
Log(GDPPC)	41.347*** (8.833)	50.823*** (10.987)	45.863*** (9.024)	-3.004*** (0.619)	-3.446*** (0.732)	-3.239*** (0.611)	-2.528*** (0.336)	-3.060*** (0.433)	-2.804*** (0.320)	6.253*** (0.830)	5.768*** (1.011)	6.314*** (1.126)				
Log(GDPPC) <sup>2</sup>	-2.425*** (0.521)	-3.031*** (0.663)	-2.770*** (0.541)	0.173*** (0.037)	0.202*** (0.044)	0.191*** (0.037)	0.155*** (0.019)	0.189*** (0.027)	0.177*** (0.019)	-0.370*** (0.049)	-0.343*** (0.058)	-0.370*** (0.064)				
Unemployment	0.427*** (0.054)	0.439*** (0.049)	0.443*** (0.048)	-0.024*** (0.004)	-0.024*** (0.004)	-0.024*** (0.003)	-0.025*** (0.003)	-0.026*** (0.003)	-0.026*** (0.004)	-0.006 (0.010)	-0.005 (0.009)	-0.005 (0.011)				
Inflation	-0.022 (0.017)	-0.032 (0.020)	-0.034 (0.022)	0.003** (0.001)	0.003** (0.001)	0.003** (0.001)	-0.001 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.001 (0.001)	-0.001* (0.001)	-0.001 (0.001)				
Tax	0.068 (4.221)	-5.145 (3.968)	-8.426* (3.978)	0.055 (0.254)	0.361 (0.258)	0.496* (0.261)	0.111 (0.240)	0.459* (0.235)	0.626** (0.223)	0.603* (0.302)	0.096 (0.396)	0.451 (0.315)				
GFC	2.888*** (0.357)	3.273*** (0.369)	3.550*** (0.382)	-0.142*** (0.021)	-0.165*** (0.024)	-0.177*** (0.025)	-0.185*** (0.026)	-0.211*** (0.020)	-0.227*** (0.021)	-0.091** (0.035)	-0.060 (0.036)	-0.095** (0.039)				
PS	-0.567* (0.278)	-0.812** (0.269)	-0.687** (0.243)	0.054* (0.026)	0.067** (0.025)	0.059** (0.023)	0.016 (0.009)	0.031*** (0.007)	0.020* (0.010)	-0.008 (0.083)	-0.013 (0.085)	-0.035 (0.095)				
Log(TO)	-9.084** (2.799)	-8.095** (2.806)	-7.352** (3.046)	0.410** (0.167)	0.354* (0.173)	0.318 (0.186)	0.559*** (0.129)	0.495*** (0.126)	0.449*** (0.136)	-0.139 (0.121)	-0.068 (0.146)	-0.167 (0.114)				
Corruption	-1.368 (1.578)	-1.399 (1.679)	-1.083 (1.722)	0.098 (0.056)	0.099 (0.062)	0.082 (0.063)	0.131 (0.140)	0.131 (0.148)	0.110 (0.145)	-0.609* (0.294)	-0.593* (0.273)	-0.638** (0.274)				
PO	-0.242 (0.179)	-0.242 (0.161)	-0.229 (0.159)	0.029** (0.009)	0.028*** (0.009)	0.028*** (0.009)	0.003 (0.013)	0.002 (0.012)	0.002 (0.012)	-0.096*** (0.008)	-0.091*** (0.008)	-0.091*** (0.005)				
Countries	50	50	50	50	50	50	50	50	50	50	50	50				
Observations	308	308	308	308	308	308	308	308	308	308	308	308				
R squared	0.345	0.327	0.322	0.326	0.308	0.307	0.344	0.329	0.328	0.113	0.122	0.120				
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes				
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes				

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E4: All Middle-Income Countries: Financing the Agricultural Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	0.202*** (0.082)	0.040 (0.088)	0.124 (0.120)	-0.010* (0.005)	-0.001 (0.005)	-0.007 (0.007)	-0.016** (0.007)	-0.007 (0.005)	-0.014* (0.007)	-0.004 (0.007)	-0.010 (0.007)	-0.028** (0.009)
Rest	0.150*** (0.041)	-0.106*** (0.015)	0.121* (0.060)	-0.008*** (0.002)	0.005*** (0.001)	-0.007* (0.003)	-0.009** (0.004)	0.007*** (0.001)	-0.010*** (0.004)	0.002* (0.001)	0.011*** (0.002)	-0.022*** (0.006)
TE	-0.043* (0.019)	-0.084*** (0.021)	-0.033 (0.028)	0.003** (0.001)	0.005*** (0.001)	0.002* (0.001)	0.002 (0.001)	0.004*** (0.001)	0.001 (0.002)	-0.003 (0.004)	0.003 (0.004)	-0.001 (0.004)
PD	-0.035*** (0.006)	-0.034*** (0.008)	-0.028*** (0.008)	0.003*** (0.000)	0.003*** (0.000)	0.002*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.002*** (0.001)	-0.003*** (0.000)	-0.002*** (0.000)	-0.003*** (0.001)
Log(GDP/PPC)	52.367*** (8.574)	54.964*** (10.171)	58.587*** (10.444)	-3.607*** (0.541)	-3.758*** (0.638)	-3.933*** (0.625)	-3.255*** (0.425)	-3.401*** (0.409)	-3.643*** (0.437)	5.363*** (0.866)	5.775*** (0.982)	5.384*** (1.115)
Log(GDP/PPC) <sup>2</sup>	-3.137*** (0.505)	-3.312*** (0.612)	-3.576*** (0.615)	0.212*** (0.032)	0.222*** (0.038)	0.235*** (0.036)	0.203*** (0.025)	0.213*** (0.025)	0.231*** (0.026)	-0.312*** (0.050)	-0.340*** (0.054)	-0.309*** (0.063)
Unemployment	0.411*** (0.047)	0.412*** (0.043)	0.435*** (0.040)	-0.023*** (0.004)	-0.022*** (0.004)	-0.024*** (0.003)	-0.024*** (0.003)	-0.024*** (0.003)	-0.025*** (0.004)	-0.005 (0.011)	-0.002 (0.009)	-0.004 (0.011)
Inflation	-0.013 (0.020)	-0.027 (0.020)	-0.025 (0.025)	0.002* (0.001)	0.003** (0.001)	0.003* (0.001)	-0.002 (0.001)	-0.001 (0.001)	-0.001 (0.002)	-0.002 (0.001)	-0.002** (0.001)	-0.002 (0.001)
Tax	-1.192 (4.571)	-4.963 (4.239)	-9.337* (4.206)	0.116 (0.279)	0.334 (0.267)	0.537* (0.278)	0.234 (0.243)	0.448* (0.240)	0.732** (0.226)	0.727** (0.308)	0.156 (0.384)	0.586 (0.341)
GFC	3.171*** (0.308)	3.241*** (0.306)	3.853*** (0.352)	-0.158*** (0.017)	-0.164*** (0.020)	-0.194*** (0.022)	-0.205*** (0.025)	-0.207*** (0.018)	-0.248*** (0.019)	-0.114** (0.039)	-0.052 (0.040)	-0.119** (0.041)
PS	-0.919*** (0.276)	-1.002*** (0.260)	-1.048*** (0.298)	0.072** (0.023)	0.077*** (0.022)	0.078** (0.024)	0.043*** (0.012)	0.047*** (0.011)	0.049*** (0.010)	0.023 (0.085)	0.003 (0.085)	-0.002 (0.091)
Log(TO)	-8.843** (2.886)	-7.993** (2.802)	-7.228** (3.170)	0.399** (0.172)	0.352* (0.172)	0.313 (0.192)	0.535*** (0.133)	0.485*** (0.123)	0.431** (0.142)	-0.163 (0.124)	-0.093 (0.149)	-0.189 (0.116)
Corruption	-0.955 (1.807)	-1.312 (1.784)	-0.677 (1.963)	0.076 (0.069)	0.093 (0.068)	0.061 (0.077)	0.100 (0.157)	0.124 (0.157)	0.080 (0.163)	-0.645* (0.315)	-0.596* (0.282)	-0.673* (0.298)
PO	-0.249 (0.197)	-0.262 (0.166)	-0.234 (0.172)	0.029** (0.010)	0.030*** (0.009)	0.028** (0.009)	0.003 (0.014)	0.004 (0.012)	0.002 (0.013)	-0.095*** (0.007)	-0.090*** (0.008)	-0.091*** (0.005)
Countries	308	308	308	50	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308	308	308	308	308
R squared	0.323	0.322	0.300	0.307	0.302	0.287	0.319	0.321	0.302	0.097	0.122	0.103
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10, \*\*p < .05, \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E5: Upper Middle-Income Countries: Financing the Social Protection Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure						10th Percentile			50th Percentile			90th Percentile		
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
SPS	0.158** (0.067)	-0.000 (0.046)	0.344*** (0.041)	-0.008** (0.003)	-0.000 (0.002)	-0.018*** (0.004)	-0.011* (0.005)	-0.001 (0.003)	-0.021*** (0.002)	0.019*** (0.003)	0.023*** (0.005)	-0.030*** (0.007)			
Rest	0.143*** (0.034)	-0.194*** (0.018)	0.276*** (0.070)	-0.007*** (0.002)	0.010*** (0.001)	-0.015** (0.005)	-0.009** (0.003)	0.013*** (0.002)	-0.015*** (0.003)	-0.000 (0.002)	0.009*** (0.002)	-0.051*** (0.007)			
TE	-0.103** (0.033)	-0.177*** (0.033)	-0.104*** (0.027)	0.006*** (0.002)	0.010*** (0.001)	0.006*** (0.002)	0.006* (0.003)	0.011*** (0.003)	0.006*** (0.002)	0.004 (0.006)	0.009 (0.005)	0.010* (0.005)			
PD	-0.055*** (0.004)	-0.060*** (0.005)	-0.043*** (0.004)	0.004*** (0.000)	0.004*** (0.000)	0.003*** (0.000)	0.004*** (0.000)	0.005*** (0.000)	0.003*** (0.000)	-0.004*** (0.000)	-0.003*** (0.000)	-0.004*** (0.000)			
Log(GDPPC)	-241.764*** (40.386)	-258.748*** (37.059)	-239.864*** (47.682)	9.275*** (1.995)	10.218*** (1.817)	9.208*** (2.311)	21.408*** (2.647)	22.686*** (2.479)	21.162*** (3.232)	20.961*** (1.415)	23.206*** (1.755)	26.235*** (2.884)			
Log(GDPPC) <sup>2</sup>	13.871*** (2.249)	14.873*** (2.104)	13.689*** (2.675)	-0.536*** (0.110)	-0.592*** (0.102)	-0.528*** (0.128)	-1.207*** (0.150)	-1.282*** (0.143)	-1.189*** (0.184)	-1.185*** (0.078)	-1.316*** (0.094)	-1.475*** (0.154)			
Unemployment	0.702*** (0.114)	0.766*** (0.104)	0.796*** (0.112)	-0.045*** (0.006)	-0.049*** (0.005)	-0.050*** (0.006)	-0.023** (0.009)	-0.027*** (0.008)	-0.028*** (0.008)	0.034** (0.012)	0.034** (0.012)	0.029** (0.012)			
Inflation	-0.012 (0.016)	-0.013 (0.015)	-0.036* (0.019)	0.003** (0.001)	0.003** (0.001)	0.004** (0.001)	-0.001 (0.001)	-0.001 (0.001)	0.000 (0.001)	0.001 (0.002)	0.000 (0.002)	0.002 (0.002)			
Tax	-19.719*** (5.397)	-12.041** (4.707)	-33.269*** (6.029)	0.792** (0.285)	0.370 (0.251)	1.494*** (0.303)	1.808*** (0.355)	1.243*** (0.304)	2.608*** (0.506)	2.099*** (0.532)	1.200** (0.469)	2.523*** (0.618)			
GFC	4.169*** (0.261)	4.679*** (0.319)	1.795*** (0.222)	-0.185*** (0.023)	-0.236*** (0.028)	-0.076*** (0.009)	-0.256*** (0.027)	-0.266*** (0.022)	-0.127*** (0.015)	-0.043 (0.078)	0.005 (0.088)	-0.422*** (0.035)			
PS	-2.739*** (0.810)	-2.197** (0.783)	-2.693** (0.891)	0.193*** (0.054)	0.164** (0.054)	0.190*** (0.058)	0.129*** (0.039)	0.092*** (0.027)	0.128*** (0.034)	-0.077 (0.137)	-0.118 (0.136)	-0.146 (0.136)			
Log(TO)	-6.060** (2.627)	-6.692** (2.443)	-3.233 (2.974)	0.211 (0.167)	0.247 (0.153)	0.064 (0.191)	0.260* (0.116)	0.311** (0.105)	0.096 (0.124)	-1.008** (0.317)	-0.898** (0.317)	-1.217*** (0.306)			
Corruption	0.727 (1.345)	0.351 (0.897)	2.126 (1.508)	-0.013 (0.058)	0.008 (0.034)	-0.086 (0.069)	0.025 (0.154)	0.053 (0.119)	-0.054 (0.155)	-0.698 (0.402)	-0.657 (0.360)	-0.866** (0.341)			
PO	-0.522 (0.315)	-0.591* (0.319)	-0.760** (0.270)	0.049*** (0.015)	0.052*** (0.015)	0.061*** (0.012)	0.009 (0.025)	0.013 (0.026)	0.023 (0.024)	-0.162*** (0.013)	-0.164*** (0.014)	-0.139*** (0.018)			
Countries	28	28	28	28	28	28	28	28	28	28	28	28			
Observations	180	180	180	180	180	180	180	180	180	180	180	180			
R squared	0.444	0.494	0.428	0.434	0.479	0.421	0.434	0.485	0.420	0.198	0.211	0.224			
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E6: Upper Middle-Income Countries: Financing the Health Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	-0.019 (0.117)	-0.014 (0.103)	0.224** (0.093)	-0.000 (0.007)	-0.001 (0.006)	-0.013** (0.005)	0.006 (0.007)	0.006 (0.006)	-0.007* (0.004)	0.023* (0.011)	0.017** (0.007)	-0.023 (0.013)
Rest	0.160** (0.035)	-0.152*** (0.016)	0.297*** (0.036)	-0.008*** (0.001)	0.008*** (0.001)	-0.016*** (0.003)	-0.011*** (0.003)	0.009*** (0.001)	-0.017*** (0.002)	0.005*** (0.001)	0.013*** (0.003)	-0.044*** (0.005)
TE	-0.119** (0.038)	-0.177*** (0.029)	-0.123*** (0.026)	0.007*** (0.002)	0.010*** (0.001)	0.007*** (0.001)	0.007*** (0.003)	0.011*** (0.002)	0.007*** (0.002)	0.001 (0.006)	0.009 (0.006)	0.007 (0.005)
PD	-0.061*** (0.005)	-0.058*** (0.005)	-0.046*** (0.004)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.005*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	-0.004*** (0.000)	-0.003*** (0.001)	-0.004*** (0.001)
Log(GDPPC)	-221.807*** (29.835)	-291.263*** (28.366)	-241.353*** (42.072)	8.467*** (1.375)	12.211*** (1.217)	9.513*** (1.934)	19.768*** (2.284)	23.827*** (2.238)	20.804*** (2.986)	14.875*** (1.532)	21.920*** (2.323)	19.600*** (2.087)
Log(GDPPC) <sup>2</sup>	12.717*** (1.692)	16.668*** (1.593)	13.740*** (2.376)	-0.489*** (0.077)	-0.702*** (0.067)	-0.544*** (0.107)	-1.111*** (0.132)	-1.342*** (0.128)	-1.165*** (0.172)	-0.842*** (0.083)	-1.247*** (0.125)	-1.104*** (0.107)
Unemployment	0.698*** (0.119)	0.719*** (0.094)	0.783*** (0.108)	-0.045*** (0.006)	-0.046*** (0.005)	-0.050*** (0.006)	-0.022** (0.009)	-0.024*** (0.007)	-0.027*** (0.007)	0.027* (0.014)	0.031* (0.014)	0.023 (0.014)
Inflation	-0.018 (0.017)	-0.030* (0.016)	-0.048* (0.022)	0.003** (0.001)	0.004*** (0.001)	0.005*** (0.001)	-0.001 (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.002)	-0.001 (0.002)	0.000 (0.002)
Tax	-19.050*** (5.236)	-15.410* (7.076)	-33.655*** (6.330)	0.752** (0.278)	0.533 (0.372)	1.509*** (0.321)	1.714*** (0.340)	1.576*** (0.434)	2.655*** (0.517)	2.605*** (0.535)	0.883 (0.542)	2.580*** (0.726)
GFC	0.482** (0.157)	1.460*** (0.153)	1.870*** (0.170)	-0.026* (0.013)	-0.059*** (0.014)	-0.081*** (0.009)	0.007 (0.016)	-0.108*** (0.009)	-0.132*** (0.010)	-0.087 (0.048)	-0.313*** (0.043)	-0.376*** (0.047)
PS	-2.824*** (0.835)	-2.660** (0.819)	-2.852** (0.937)	0.197*** (0.055)	0.187*** (0.054)	0.198*** (0.060)	0.138*** (0.035)	0.131*** (0.029)	0.144*** (0.035)	-0.090 (0.123)	-0.157 (0.123)	-0.168 (0.121)
Log(TO)	-5.973** (2.368)	-4.079 (2.622)	-2.167 (2.813)	0.204 (0.157)	0.108 (0.178)	0.006 (0.192)	0.244* (0.113)	0.114 (0.115)	0.002 (0.128)	-0.861* (0.393)	-0.705 (0.412)	-0.934** (0.404)
Corruption	0.454 (1.399)	-0.223 (1.137)	1.767 (1.545)	0.001 (0.057)	0.038 (0.043)	-0.068 (0.068)	0.057 (0.157)	0.096 (0.144)	-0.021 (0.157)	-0.789 (0.436)	-0.699* (0.353)	-0.934** (0.369)
PO	-0.498* (0.266)	-0.346 (0.215)	-0.668** (0.220)	0.047*** (0.013)	0.039*** (0.011)	0.056*** (0.011)	0.005 (0.022)	-0.003 (0.018)	0.015 (0.020)	-0.132*** (0.012)	-0.148*** (0.013)	-0.111*** (0.014)
Countries	28	28	28	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180	180	180	180
R squared	0.449	0.461	0.424	0.437	0.450	0.416	0.442	0.444	0.415	0.174	0.198	0.192
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10, \*\*p < .05, \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E7: Upper Middle-Income Countries: Financing the Education Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure						50th Percentile						90th Percentile							
	TCS		DS		OS		TCS		DS		OS		TCS		DS		OS		DS	
ES	-0.185*** (0.046)	-0.294*** (0.036)	-0.008 (0.040)	0.011*** (0.003)	0.017*** (0.002)	0.017*** (0.002)	0.002 (0.002)	0.014*** (0.003)	0.021*** (0.002)	0.004 (0.003)	0.032*** (0.003)	0.021*** (0.006)	0.032*** (0.003)	0.004 (0.003)	0.021*** (0.006)	0.032*** (0.003)	0.021*** (0.006)	0.032*** (0.003)	-0.020*** (0.006)	
Rest	0.148*** (0.037)	-0.095*** (0.017)	0.341*** (0.031)	-0.008*** (0.002)	0.004*** (0.001)	-0.018*** (0.002)	-0.018*** (0.002)	-0.009*** (0.003)	0.005*** (0.001)	-0.020*** (0.004)	0.006*** (0.001)	0.011*** (0.002)	0.006*** (0.001)	0.004 (0.005)	0.011*** (0.002)	0.006*** (0.001)	0.011*** (0.002)	0.006*** (0.001)	-0.048*** (0.006)	
TE	-0.157*** (0.037)	-0.179*** (0.026)	-0.177*** (0.027)	0.009*** (0.002)	0.010*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.010*** (0.003)	0.011*** (0.002)	0.011*** (0.002)	0.010*** (0.003)	0.011*** (0.002)	0.010*** (0.003)	0.004 (0.005)	0.011*** (0.002)	0.004 (0.005)	0.009 (0.006)	0.009 (0.006)	0.010* (0.005)	
PD	-0.056*** (0.004)	-0.056*** (0.003)	-0.043*** (0.003)	0.004*** (0.000)	0.004*** (0.000)	0.003*** (0.000)	0.003*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.003*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	-0.005*** (0.001)	0.003*** (0.000)	-0.005*** (0.001)	0.003*** (0.001)	-0.003*** (0.001)	-0.005*** (0.001)	
Log(GDPPC)	-239.039*** (32.486)	-249.957*** (43.102)	-250.050*** (34.052)	9.157*** (1.621)	9.557*** (2.085)	9.772*** (1.603)	9.772*** (1.603)	21.505*** (2.154)	21.947*** (2.883)	22.045*** (2.314)	16.822*** (2.603)	21.667*** (2.958)	16.822*** (2.603)	22.045*** (2.314)	21.667*** (2.958)	16.822*** (2.603)	21.667*** (2.958)	21.667*** (2.958)	22.481*** (4.193)	
Log(GDPPC) <sup>2</sup>	13.855*** (1.842)	14.385*** (2.435)	14.383*** (1.942)	-0.537*** (0.091)	-0.555*** (0.117)	-0.567*** (0.091)	-0.567*** (0.091)	-1.222*** (0.124)	-1.241*** (0.165)	-1.246*** (0.134)	-0.965*** (0.137)	-1.237*** (0.156)	-0.965*** (0.137)	-1.246*** (0.134)	-1.237*** (0.156)	-0.965*** (0.137)	-1.237*** (0.156)	-1.237*** (0.156)	-1.281*** (0.223)	
Unemployment	0.766*** (0.111)	0.774*** (0.086)	0.858*** (0.097)	-0.049*** (0.006)	-0.050*** (0.005)	-0.054*** (0.005)	-0.054*** (0.005)	-0.027*** (0.008)	-0.027*** (0.006)	-0.032*** (0.006)	0.022 (0.014)	0.029* (0.015)	0.022 (0.014)	0.022 (0.014)	0.029* (0.015)	0.022 (0.014)	0.029* (0.015)	0.029* (0.015)	0.018 (0.014)	
Inflation	-0.007 (0.014)	-0.035* (0.016)	-0.039* (0.020)	0.002** (0.001)	0.004*** (0.001)	0.004** (0.001)	0.004** (0.001)	-0.002* (0.001)	0.000 (0.001)	0.000 (0.001)	-0.000 (0.002)	-0.002 (0.002)	-0.000 (0.002)	0.000 (0.001)	-0.002 (0.002)	-0.000 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.001 (0.002)	
Tax	-12.733* (6.893)	-17.706** (5.743)	-26.815*** (6.308)	0.386 (0.341)	0.680* (0.304)	1.125*** (0.320)	1.125*** (0.320)	1.285** (0.442)	1.651*** (0.382)	2.168*** (0.458)	2.129*** (0.443)	0.859* (0.461)	2.129*** (0.443)	2.168*** (0.458)	0.859* (0.461)	2.129*** (0.443)	0.859* (0.461)	0.859* (0.461)	1.975*** (0.563)	
GFC	1.074*** (0.260)	1.485*** (0.147)	2.089*** (0.163)	-0.039*** (0.010)	-0.061*** (0.008)	-0.092*** (0.006)	-0.092*** (0.006)	-0.087*** (0.022)	-0.114*** (0.012)	-0.149*** (0.010)	-0.351*** (0.043)	-0.319*** (0.044)	-0.351*** (0.043)	-0.149*** (0.010)	-0.319*** (0.044)	-0.351*** (0.043)	-0.319*** (0.044)	-0.402*** (0.046)		
PS	-2.561*** (0.723)	-2.814*** (0.853)	-2.541** (0.811)	0.183*** (0.050)	0.197*** (0.056)	0.181*** (0.054)	0.181*** (0.054)	0.118*** (0.023)	0.136*** (0.026)	0.120*** (0.023)	-0.112 (0.129)	-0.159 (0.129)	-0.112 (0.129)	0.120*** (0.023)	-0.159 (0.129)	-0.112 (0.129)	-0.159 (0.129)	-0.202 (0.135)		
Log(TO)	-7.300** (2.517)	-4.493 (2.707)	-3.508 (2.934)	0.281 (0.161)	0.135 (0.180)	0.081 (0.194)	0.081 (0.194)	0.335** (0.109)	0.157 (0.114)	0.099 (0.118)	-0.760* (0.379)	-0.668 (0.408)	-0.760* (0.379)	0.099 (0.118)	-0.668 (0.408)	-0.760* (0.379)	-0.668 (0.408)	-0.810* (0.377)		
Corruption	-0.569 (1.302)	-0.644 (1.235)	0.723 (1.245)	0.062 (0.048)	0.065 (0.047)	-0.006 (0.048)	-0.006 (0.048)	0.123 (0.152)	0.126 (0.151)	0.046 (0.139)	-0.716 (0.408)	-0.681* (0.348)	-0.716 (0.408)	0.046 (0.139)	-0.681* (0.348)	-0.716 (0.408)	-0.681* (0.348)	-0.867** (0.333)		
PO	-0.445 (0.252)	-0.379 (0.237)	-0.633** (0.231)	0.044*** (0.013)	0.041*** (0.012)	0.054*** (0.012)	0.054*** (0.012)	0.002 (0.020)	-0.002 (0.019)	0.013 (0.020)	-0.136*** (0.012)	-0.147*** (0.013)	-0.136*** (0.012)	0.013 (0.020)	-0.147*** (0.013)	-0.136*** (0.012)	-0.147*** (0.013)	-0.114*** (0.014)		
Countries	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28		
Observations	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180	180		
R squared	0.487	0.468	0.469	0.478	0.460	0.464	0.464	0.478	0.458	0.460	0.478	0.458	0.478	0.458	0.460	0.478	0.458	0.208		
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes		

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E8: Upper Middle-Income Countries: Financing the Agricultural Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	-0.227* (0.105)	-0.356** (0.130)	-0.069 (0.132)	0.011 (0.006)	0.017** (0.007)	0.002 (0.007)	0.016** (0.007)	0.024*** (0.007)	0.008 (0.008)	0.006 (0.009)	-0.001 (0.008)	-0.045*** (0.007)
Rest	0.149*** (0.044)	-0.134*** (0.011)	0.294*** (0.044)	-0.008*** (0.002)	0.007*** (0.001)	-0.016*** (0.003)	-0.009** (0.004)	0.008*** (0.001)	-0.017*** (0.002)	0.006*** (0.001)	0.014*** (0.002)	-0.044*** (0.004)
TE	-0.111** (0.036)	-0.177*** (0.028)	-0.124*** (0.024)	0.007*** (0.002)	0.010*** (0.001)	0.007*** (0.001)	0.007** (0.003)	0.011*** (0.002)	0.007*** (0.002)	0.000 (0.005)	0.009 (0.006)	0.006 (0.005)
PD	-0.056*** (0.004)	-0.060*** (0.004)	-0.044*** (0.004)	0.004*** (0.000)	0.004*** (0.000)	0.003*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	0.004*** (0.000)	-0.005*** (0.001)	-0.003*** (0.001)	-0.005*** (0.001)
Log(GDPPC)	-279.034*** (32.950)	-286.381*** (40.743)	-284.351*** (41.511)	11.165*** (1.728)	11.569*** (2.075)	11.462*** (2.137)	24.216*** (2.364)	24.654*** (2.960)	24.375*** (2.925)	17.281*** (2.830)	21.359*** (2.794)	22.559*** (3.525)
Log(GDPPC) <sup>2</sup>	15.987*** (1.827)	16.375*** (2.291)	16.194*** (2.319)	-0.643*** (0.095)	-0.665*** (0.115)	-0.655*** (0.118)	-1.366*** (0.133)	-1.389*** (0.168)	-1.369*** (0.166)	-0.981*** (0.156)	-1.215*** (0.149)	-1.274*** (0.191)
Unemployment	0.730*** (0.127)	0.746*** (0.086)	0.812*** (0.109)	-0.047*** (0.006)	-0.048*** (0.004)	-0.051*** (0.005)	-0.024** (0.010)	-0.025*** (0.007)	-0.029*** (0.008)	0.027* (0.014)	0.033*** (0.014)	0.024 (0.015)
Inflation	-0.016 (0.018)	-0.039** (0.016)	-0.047** (0.021)	0.003** (0.001)	0.004*** (0.001)	0.005*** (0.001)	-0.001 (0.001)	0.000 (0.001)	0.001 (0.001)	0.000 (0.002)	-0.002 (0.002)	-0.001 (0.002)
Tax	-15.230** (6.184)	-15.405*** (6.085)	-29.435*** (6.229)	0.563 (0.323)	0.565 (0.326)	1.307*** (0.326)	1.463*** (0.382)	1.485*** (0.386)	2.350*** (0.491)	2.628*** (0.494)	0.953* (0.474)	2.499*** (0.666)
GFC	4.870*** (0.271)	4.777*** (0.407)	5.784*** (0.473)	-0.245*** (0.026)	-0.240*** (0.035)	-0.293*** (0.036)	-0.278*** (0.023)	-0.273*** (0.018)	-0.334*** (0.018)	-0.079 (0.086)	0.011 (0.100)	-0.108 (0.093)
PS	-2.493** (0.870)	-2.651** (0.910)	-2.562** (0.963)	0.181** (0.057)	0.189** (0.060)	0.185** (0.062)	0.114** (0.039)	0.124*** (0.032)	0.121*** (0.037)	-0.097 (0.135)	-0.151 (0.131)	-0.181 (0.132)
Log(TO)	-6.024** (2.358)	-3.886 (2.490)	-2.322 (2.713)	0.207 (0.157)	0.096 (0.170)	0.013 (0.186)	0.246* (0.109)	0.110 (0.110)	0.18 (0.119)	-0.863** (0.382)	-0.700 (0.401)	-0.910** (0.386)
Corruption	0.612 (1.441)	-0.235 (1.151)	1.797 (1.520)	-0.006 (0.060)	0.039 (0.044)	-0.068 (0.067)	0.042 (0.159)	0.094 (0.145)	-0.027 (0.156)	-0.808* (0.431)	-0.698* (0.352)	-0.955** (0.366)
PO	-0.563** (0.247)	-0.405 (0.225)	-0.728*** (0.199)	0.050*** (0.012)	0.043*** (0.011)	0.059*** (0.009)	0.010 (0.020)	-0.000 (0.017)	0.019 (0.018)	-0.132*** (0.013)	-0.151*** (0.013)	-0.111*** (0.016)
Countries	28	28	28	28	28	28	28	28	28	28	28	28
Observations	180	180	180	180	180	180	180	180	180	180	180	180
R squared	0.452	0.461	0.430	0.440	0.448	0.422	0.441	0.447	0.419	0.170	0.199	0.186
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10, \*\*p < .05, \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.



Table E9: Lower Middle-Income Countries: Financing the Social Protection Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure						50th Percentile						90th Percentile					
	TCS		DS		OS		TCS		DS		OS		TCS		DS		OS	
SPS	-0.058*	-0.060*	0.072	0.003*	0.003*	0.003*	0.001	0.004	-0.011	0.001	0.003	0.001	0.001	0.003	-0.012	0.003	0.003	0.003
	(0.029)	(0.032)	(0.108)	(0.002)	(0.006)	(0.006)	(0.003)	(0.003)	(0.010)	(0.003)	(0.004)	(0.003)	(0.003)	(0.003)	(0.012)	(0.004)	(0.004)	(0.012)
Rest	0.005	0.033	0.130	-0.002	-0.006	-0.006	-0.004*	-0.001	-0.014*	-0.004*	-0.009***	-0.004*	-0.009***	-0.015	-0.009***	-0.009***	-0.009***	-0.010
	(0.032)	(0.026)	(0.089)	(0.002)	(0.005)	(0.005)	(0.002)	(0.001)	(0.007)	(0.002)	(0.001)	(0.002)	(0.002)	(0.010)	(0.003)	(0.003)	(0.003)	(0.010)
TE	-0.050*	-0.030	-0.075**	0.001	0.003	0.003	0.003	0.002	0.005*	0.003	0.002	0.003	0.005*	0.008***	-0.001	0.005*	0.005*	0.008***
	(0.025)	(0.018)	(0.032)	(0.001)	(0.002)	(0.002)	(0.003)	(0.002)	(0.006)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.003)	(0.002)	(0.002)	(0.002)
PD	-0.065**	-0.068**	-0.071***	0.002	0.003*	0.003*	0.006***	0.006***	0.007***	0.006***	0.006***	0.006***	0.007***	0.009***	0.009***	0.009***	0.009***	0.009***
	(0.021)	(0.023)	(0.020)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Log(GDPPC)	395.830***	399.697***	399.065***	-20.977***	-20.877***	-20.877***	-27.985***	-28.207***	-28.435***	-27.985***	-28.207***	-28.207***	-28.435***	-18.707***	-18.707***	-17.575***	-17.575***	-18.037***
	(38.646)	(40.546)	(35.966)	(2.395)	(2.408)	(2.408)	(2.388)	(2.313)	(1.878)	(2.388)	(2.313)	(2.313)	(1.878)	(1.265)	(1.265)	(1.736)	(1.736)	(1.515)
Log(GDPPC) <sup>2</sup>	-28.213***	-28.497***	-28.417***	1.485***	1.476***	1.476***	1.981***	2.000***	2.013***	1.981***	2.000***	2.000***	2.013***	1.336***	1.336***	1.252***	1.252***	1.283***
	(2.622)	(2.770)	(2.433)	(0.163)	(0.164)	(0.164)	(0.162)	(0.158)	(0.127)	(0.162)	(0.158)	(0.158)	(0.127)	(0.093)	(0.093)	(0.093)	(0.093)	(0.108)
Unemployment	-0.166	-0.159	-0.174	0.019**	0.020**	0.020**	-0.007	-0.007	-0.006	-0.007	-0.007	-0.007	-0.006	-0.036**	-0.036**	-0.034**	-0.034**	-0.033**
	(0.134)	(0.133)	(0.134)	(0.006)	(0.006)	(0.006)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.013)	(0.013)	(0.012)	(0.012)	(0.011)
Inflation	-0.154***	-0.146***	-0.148***	0.010***	0.010***	0.010***	0.009***	0.009***	0.008***	0.009***	0.009***	0.009***	0.008***	0.005	0.005	0.007	0.007	0.006
	(0.029)	(0.030)	(0.028)	(0.001)	(0.001)	(0.001)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)	(0.004)	(0.004)	(0.004)
Tax	21.865***	21.158***	23.243***	-0.650***	-0.668***	-0.668***	-1.820***	-1.690***	-1.877***	-1.820***	-1.690***	-1.690***	-1.877***	-1.948***	-1.948***	-2.206***	-2.206***	-2.283***
	(5.208)	(4.731)	(5.209)	(0.188)	(0.179)	(0.179)	(0.443)	(0.398)	(0.366)	(0.443)	(0.398)	(0.398)	(0.366)	(0.303)	(0.303)	(0.383)	(0.383)	(0.301)
GFC	0.842***	0.725**	0.572*	-0.130***	-0.120***	-0.120***	-0.015	-0.008	0.018	-0.015	-0.008	-0.008	0.018	0.158***	0.158***	0.124**	0.124**	0.158***
	(0.238)	(0.283)	(0.274)	(0.015)	(0.017)	(0.018)	(0.022)	(0.025)	(0.020)	(0.022)	(0.025)	(0.025)	(0.020)	(0.041)	(0.041)	(0.046)	(0.046)	(0.034)
PS	0.699	0.665	0.850	0.003	-0.002	-0.002	-0.076	-0.078	-0.095	-0.076	-0.078	-0.078	-0.095	-0.044	-0.044	-0.052	-0.052	-0.072
	(0.734)	(0.746)	(0.814)	(0.028)	(0.027)	(0.029)	(0.060)	(0.062)	(0.071)	(0.060)	(0.062)	(0.062)	(0.071)	(0.034)	(0.034)	(0.038)	(0.038)	(0.050)
Log(TO)	-12.826***	-12.654***	-12.678***	0.635***	0.635***	0.635***	0.880***	0.863***	0.854***	0.880***	0.863***	0.863***	0.854***	0.492***	0.492***	0.546***	0.546***	0.520***
	(2.233)	(2.332)	(2.315)	(0.143)	(0.149)	(0.148)	(0.116)	(0.121)	(0.123)	(0.116)	(0.121)	(0.121)	(0.123)	(0.072)	(0.072)	(0.077)	(0.077)	(0.079)
Corruption	-4.566**	-4.498**	-4.624**	0.343***	0.348***	0.348***	0.169	0.162	0.171	0.169	0.162	0.162	0.171	-0.478***	-0.478***	-0.456***	-0.456***	-0.453***
	(1.809)	(1.801)	(1.742)	(0.061)	(0.060)	(0.058)	(0.109)	(0.109)	(0.103)	(0.109)	(0.109)	(0.109)	(0.103)	(0.077)	(0.077)	(0.074)	(0.074)	(0.071)
PO	-0.392***	-0.371***	-0.410***	0.031***	0.032***	0.032***	0.011**	0.009*	0.012*	0.011**	0.009*	0.009*	0.012*	-0.059**	-0.059**	-0.052**	-0.052**	-0.052***
	(0.098)	(0.106)	(0.120)	(0.006)	(0.007)	(0.007)	(0.004)	(0.005)	(0.006)	(0.004)	(0.005)	(0.005)	(0.006)	(0.021)	(0.021)	(0.017)	(0.017)	(0.016)
Countries	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128
R squared	0.559	0.561	0.561	0.516	0.516	0.516	0.601	0.601	0.604	0.601	0.601	0.601	0.604	0.427	0.427	0.411	0.411	0.415
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E10: Lower Middle-Income Countries: Financing the Health Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	-0.201*** (0.053)	-0.194*** (0.029)	-0.054 (0.080)	0.016*** (0.003)	0.014*** (0.001)	0.008* (0.004)	0.007* (0.003)	0.009*** (0.002)	0.009*** (0.002)	-0.027*** (0.005)	-0.024*** (0.004)	-0.044*** (0.011)
Rest	-0.018 (0.028)	0.046** (0.020)	0.122 (0.087)	0.003 (0.002)	-0.004*** (0.001)	-0.005 (0.005)	-0.002 (0.002)	-0.001 (0.001)	-0.014* (0.007)	-0.003* (0.002)	-0.001 (0.002)	-0.019* (0.009)
TE	-0.064* (0.029)	-0.048 (0.035)	-0.090** (0.036)	0.003* (0.001)	0.001 (0.002)	0.004* (0.002)	0.004 (0.003)	0.003 (0.003)	0.006* (0.003)	0.004 (0.003)	0.003 (0.003)	0.007*** (0.002)
PD	-0.070** (0.023)	-0.077*** (0.021)	-0.075*** (0.022)	0.003* (0.001)	0.003** (0.001)	0.003* (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.009*** (0.000)	0.009*** (0.001)	0.009*** (0.000)
Log(GDPPC)	414.747*** (26.897)	425.338*** (20.230)	416.491*** (25.419)	-22.127*** (1.679)	-22.941*** (1.380)	-22.132*** (1.743)	-28.941*** (1.794)	-29.338*** (1.250)	-29.275*** (1.377)	-15.273*** (2.929)	-15.540*** (2.231)	-15.706*** (2.488)
Log(GDPPC) <sup>2</sup>	-29.491*** (1.863)	-30.210*** (1.422)	-29.578*** (1.750)	1.563*** (0.117)	1.617*** (0.097)	1.560*** (0.121)	2.046*** (0.123)	2.075*** (0.087)	2.069*** (0.094)	1.097*** (0.206)	1.118*** (0.158)	1.126*** (0.175)
Unemployment	-0.189 (0.111)	-0.184 (0.109)	-0.198 (0.111)	0.021*** (0.005)	0.021*** (0.005)	0.022*** (0.005)	-0.006 (0.009)	-0.006 (0.009)	-0.005 (0.009)	-0.040** (0.015)	-0.041** (0.015)	-0.039** (0.015)
Inflation	-0.176*** (0.035)	-0.176*** (0.036)	-0.172*** (0.036)	0.012*** (0.001)	0.012*** (0.002)	0.012*** (0.002)	0.011*** (0.003)	0.010*** (0.003)	0.010*** (0.003)	0.004 (0.003)	0.004 (0.003)	0.003 (0.003)
Tax	18.802** (7.123)	18.267** (7.528)	20.842** (6.951)	-0.410 (0.306)	-0.418 (0.311)	-0.568* (0.306)	-1.683** (0.537)	-1.573** (0.561)	-1.777*** (0.467)	-2.733*** (0.278)	-2.620*** (0.321)	-2.864*** (0.297)
GFC	1.330** (0.506)	1.351** (0.584)	1.080* (0.496)	-0.166*** (0.030)	-0.169*** (0.037)	-0.157*** (0.031)	-0.039 (0.033)	-0.037 (0.035)	-0.006 (0.027)	0.192*** (0.039)	0.194*** (0.040)	0.235*** (0.027)
PS	0.857 (0.622)	0.943 (0.555)	0.980 (0.683)	-0.001 (0.027)	-0.008 (0.024)	-0.006 (0.028)	-0.090* (0.048)	-0.093* (0.046)	-0.105 (0.058)	-0.084** (0.032)	-0.086** (0.034)	-0.104** (0.045)
Log(TO)	-12.710*** (2.327)	-12.399*** (2.278)	-12.635*** (2.408)	0.638*** (0.139)	0.616*** (0.140)	0.639*** (0.144)	0.866*** (0.128)	0.850*** (0.122)	0.848*** (0.134)	0.487*** (0.112)	0.475*** (0.099)	0.463*** (0.117)
Corruption	-5.299** (2.103)	-5.470** (2.158)	-5.355** (2.061)	0.397*** (0.079)	0.413*** (0.082)	0.402*** (0.078)	0.204 (0.119)	0.206 (0.122)	0.206 (0.114)	-0.561*** (0.075)	-0.562*** (0.074)	-0.559*** (0.075)
PO	-0.346** (0.111)	-0.288*** (0.086)	-0.371** (0.134)	0.029*** (0.005)	0.025*** (0.004)	0.031*** (0.006)	0.007 (0.005)	0.005 (0.005)	0.009 (0.007)	-0.060*** (0.014)	-0.061*** (0.017)	-0.057*** (0.013)
Countries	22	22	22	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128	128	128	128
R squared	0.564	0.567	0.566	0.527	0.531	0.526	0.603	0.603	0.606	0.434	0.433	0.440
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10, \*\*p < .05, \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E11: Lower Middle-Income Countries: Financing the Education Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	OS	DS	TCS	OS	OS	DS	TCS	OS	OS	DS
ES	0.291*** (0.042)	0.349*** (0.046)	0.567*** (0.108)	-0.031*** (0.007)	-0.015*** (0.003)	-0.020*** (0.002)	-0.023*** (0.003)	-0.044*** (0.007)	-0.023*** (0.002)	-0.023*** (0.003)	-0.023*** (0.003)	-0.023*** (0.003)	-0.029*** (0.005)	-0.028*** (0.003)	-0.028*** (0.003)	-0.054*** (0.011)
Rest	-0.027 (0.033)	-0.076*** (0.013)	0.222** (0.078)	-0.011** (0.004)	0.004** (0.002)	0.004*** (0.001)	0.006*** (0.001)	-0.021*** (0.006)	-0.001 (0.002)	0.006*** (0.001)	0.000 (0.000)	0.000 (0.000)	-0.001 (0.002)	0.000 (0.004)	0.000 (0.004)	-0.023** (0.009)
TE	0.002 (0.014)	-0.019 (0.016)	-0.041 (0.023)	0.001 (0.001)	-0.001 (0.001)	-0.000 (0.001)	0.000 (0.002)	0.003 (0.002)	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	0.000 (0.002)	0.000 (0.003)	0.000 (0.003)	0.000 (0.003)	0.004** (0.002)
PD	-0.102*** (0.025)	-0.100*** (0.025)	-0.113*** (0.024)	0.005*** (0.001)	0.004** (0.001)	0.004*** (0.001)	0.009*** (0.001)	0.010*** (0.001)	0.009*** (0.001)	0.009*** (0.001)	0.009*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.011*** (0.001)	0.013*** (0.001)
Log(GDPPC)	471.093*** (40.591)	486.290*** (40.084)	481.838*** (39.099)	-25.699*** (2.611)	-25.252*** (2.582)	-25.968*** (2.509)	-32.894*** (2.538)	-34.072*** (2.213)	-32.894*** (2.538)	-34.265*** (2.612)	-34.265*** (2.612)	-34.072*** (2.213)	-24.184*** (0.604)	-24.268*** (0.950)	-24.268*** (0.950)	-25.478*** (0.990)
Log(GDPPC) <sup>2</sup>	-33.038*** (2.746)	-33.918*** (2.680)	-33.689*** (2.596)	1.783*** (0.175)	1.758*** (0.175)	1.797*** (0.170)	2.296*** (0.173)	2.372*** (0.146)	2.296*** (0.173)	2.380*** (0.173)	2.380*** (0.173)	2.372*** (0.146)	1.675*** (0.039)	1.681*** (0.066)	1.681*** (0.066)	1.758*** (0.059)
Unemployment	-0.153 (0.111)	-0.188* (0.102)	-0.172 (0.113)	0.020*** (0.005)	0.019*** (0.005)	0.021*** (0.005)	-0.008 (0.009)	-0.006 (0.009)	-0.008 (0.009)	-0.005 (0.008)	-0.005 (0.008)	-0.006 (0.009)	-0.035*** (0.009)	-0.035*** (0.011)	-0.035*** (0.011)	-0.033*** (0.009)
Inflation	-0.143*** (0.033)	-0.158*** (0.029)	-0.135*** (0.032)	0.009*** (0.001)	0.009*** (0.001)	0.010*** (0.001)	0.009** (0.003)	0.007** (0.003)	0.009** (0.003)	0.009*** (0.002)	0.009*** (0.002)	0.007** (0.003)	0.006 (0.004)	0.006 (0.003)	0.006 (0.003)	0.005 (0.004)
Tax	25.533*** (3.543)	27.537*** (4.765)	29.119*** (4.307)	-1.103*** (0.173)	-0.858*** (0.110)	-1.027*** (0.155)	-2.064*** (0.346)	-2.268*** (0.329)	-1.103*** (0.173)	-1.027*** (0.155)	-1.027*** (0.155)	-2.268*** (0.329)	-2.521*** (0.277)	-2.489*** (0.341)	-2.489*** (0.341)	-2.780*** (0.300)
GFC	-3.712*** (0.211)	-3.347*** (0.328)	0.677** (0.289)	0.126*** (0.010)	0.126*** (0.010)	0.103*** (0.013)	0.299*** (0.020)	0.011 (0.022)	0.126*** (0.017)	0.103*** (0.013)	0.276*** (0.031)	0.011 (0.022)	0.336*** (0.024)	0.337*** (0.026)	0.337*** (0.026)	0.148*** (0.038)
PS	0.524 (0.556)	0.178 (0.597)	0.706 (0.657)	0.009 (0.025)	0.018 (0.022)	0.036 (0.022)	-0.067 (0.045)	-0.084 (0.057)	0.009 (0.025)	-0.039 (0.052)	-0.039 (0.052)	-0.084 (0.057)	-0.033** (0.014)	-0.032 (0.025)	-0.032 (0.025)	-0.052* (0.025)
Log(TO)	-12.939*** (2.340)	-13.875*** (2.127)	-12.849*** (2.427)	0.648*** (0.149)	0.648*** (0.142)	0.702*** (0.138)	0.885*** (0.126)	0.868*** (0.132)	0.648*** (0.149)	0.702*** (0.138)	0.951*** (0.102)	0.868*** (0.132)	0.561*** (0.091)	0.561*** (0.059)	0.561*** (0.059)	0.544*** (0.094)
Corruption	-5.340** (1.798)	-5.814** (1.964)	-5.558*** (1.637)	0.403*** (0.053)	0.390*** (0.060)	0.417*** (0.070)	0.219* (0.110)	0.235** (0.097)	0.403*** (0.053)	0.417*** (0.070)	0.252* (0.117)	0.235** (0.097)	-0.387*** (0.090)	-0.387*** (0.083)	-0.387*** (0.083)	-0.369*** (0.083)
PO	-0.310* (0.150)	-0.421** (0.181)	-0.353* (0.173)	0.030*** (0.009)	0.027*** (0.008)	0.033** (0.010)	0.005 (0.007)	0.009 (0.009)	0.030*** (0.009)	0.033** (0.010)	0.013 (0.007)	0.009 (0.009)	-0.059*** (0.013)	-0.059*** (0.017)	-0.059*** (0.017)	-0.055*** (0.011)
Countries	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128	128
R squared	0.575	0.581	0.580	0.539	0.536	0.540	0.614	0.622	0.539	0.540	0.539	0.622	0.437	0.437	0.437	0.448
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

Table E12: Lower Middle-Income Countries: Financing the Agricultural Sector - Inclusion of Additional Control Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	0.305*** (0.051)	0.276*** (0.041)	0.374*** (0.091)	-0.013** (0.004)	-0.014*** (0.003)	-0.019*** (0.006)	-0.024*** (0.004)	-0.018*** (0.003)	-0.029*** (0.007)	-0.021** (0.008)	-0.015** (0.006)	-0.028*** (0.012)
Rest	0.022 (0.023)	-0.020 (0.012)	0.113 (0.091)	0.001 (0.002)	0.001 (0.001)	-0.005 (0.005)	-0.005*** (0.002)	0.002** (0.001)	-0.013* (0.007)	-0.004** (0.002)	-0.004 (0.004)	-0.015 (0.009)
TE	-0.049 (0.031)	-0.056 (0.033)	-0.069 (0.039)	0.002 (0.001)	0.002 (0.001)	0.003 (0.002)	0.003 (0.003)	0.003 (0.003)	0.005 (0.003)	0.005 (0.003)	0.003 (0.004)	0.007*** (0.002)
PD	-0.073*** (0.020)	-0.070*** (0.021)	-0.077*** (0.020)	0.003* (0.001)	0.003* (0.001)	0.003** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.007*** (0.001)	0.009*** (0.000)	0.009*** (0.001)	0.009*** (0.001)
Log(GDPPC)	388.739*** (36.375)	386.476*** (35.935)	392.478*** (33.783)	-20.431*** (2.264)	-20.297*** (2.377)	-20.526*** (2.270)	-27.505*** (2.270)	-27.371*** (2.040)	-28.037*** (1.781)	-17.166*** (1.546)	-17.952*** (0.909)	-17.704*** (1.345)
Log(GDPPC) <sup>2</sup>	-27.846*** (2.503)	-27.708*** (2.461)	-28.090*** (2.315)	1.454*** (0.156)	1.444*** (0.164)	1.459*** (0.157)	1.957*** (0.156)	1.951*** (0.139)	1.993*** (0.122)	1.231*** (0.115)	1.286*** (0.069)	1.267*** (0.100)
Unemployment	-0.202 (0.132)	-0.212 (0.133)	-0.205 (0.135)	0.021** (0.007)	0.022*** (0.007)	0.022*** (0.007)	-0.004 (0.010)	-0.004 (0.010)	-0.004 (0.010)	-0.032** (0.011)	-0.035** (0.014)	-0.032** (0.011)
Inflation	-0.154*** (0.031)	-0.156*** (0.029)	-0.147*** (0.031)	0.010*** (0.001)	0.010*** (0.001)	0.010*** (0.001)	0.009*** (0.003)	0.009*** (0.003)	0.008*** (0.003)	0.007 (0.004)	0.006 (0.004)	0.006 (0.004)
Tax	21.735*** (5.957)	20.965*** (6.267)	22.447*** (5.978)	-0.639** (0.210)	-0.662** (0.225)	-0.725** (0.234)	-1.814*** (0.508)	-1.655*** (0.517)	-1.829*** (0.437)	-2.207*** (0.449)	-2.111*** (0.382)	-2.254*** (0.366)
GFC	0.150 (0.284)	-3.986*** (0.370)	-0.047 (0.337)	-0.096*** (0.017)	0.136*** (0.015)	-0.087*** (0.021)	0.032 (0.024)	0.319*** (0.033)	0.055** (0.022)	0.165*** (0.050)	0.363*** (0.017)	0.191*** (0.045)
PS	1.026 (0.660)	0.979 (0.697)	1.135 (0.701)	-0.012 (0.028)	-0.010 (0.029)	-0.016 (0.028)	-0.100* (0.051)	-0.095 (0.055)	-0.113* (0.059)	-0.075** (0.024)	-0.085*** (0.024)	-0.089** (0.033)
Log(TO)	-11.647*** (2.497)	-11.747*** (2.451)	-11.572*** (2.595)	0.579*** (0.153)	0.584*** (0.154)	0.578*** (0.158)	0.798*** (0.136)	0.806*** (0.129)	0.787*** (0.145)	0.470*** (0.098)	0.442*** (0.087)	0.459*** (0.105)
Corruption	-5.042** (1.846)	-5.079** (1.863)	-5.035** (1.752)	0.367*** (0.063)	0.371*** (0.065)	0.370*** (0.059)	0.202 (0.112)	0.200 (0.112)	0.196* (0.103)	-0.428*** (0.080)	-0.454*** (0.078)	-0.432*** (0.074)
PO	-0.342*** (0.104)	-0.368*** (0.109)	-0.357** (0.115)	0.029*** (0.005)	0.030*** (0.006)	0.030*** (0.006)	0.007 (0.005)	0.010 (0.006)	0.009 (0.006)	-0.056*** (0.016)	-0.064** (0.023)	-0.055*** (0.015)
Countries	22	22	22	22	22	22	22	22	22	22	22	22
Observations	128	128	128	128	128	128	128	128	128	128	128	128
R squared	0.565	0.565	0.566	0.520	0.520	0.521	0.606	0.605	0.608	0.414	0.418	0.417
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Log(TO), Corruption and PO respectively represent the log of Trade Openness, Control of Corruption and the party orientation of the incumbent government.

**Appendix F. Robustness Check 4: Inequality Impact of Reallocations - 2-Year Lead Values of the Dependent Variables**

Table F1: All Middle-Income Countries: Long Term Effect of Financing the Social Protection Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
SPS	0.114* (0.055)	-0.017 (0.015)	0.202*** (0.053)	-0.007** (0.003)	0.001 (0.001)	-0.013** (0.004)	-0.007* (0.004)	0.001 (0.001)	-0.002 (0.002)	0.006 (0.006)	0.016** (0.006)	0.042*** (0.010)
Rest	0.120** (0.049)	-0.174*** (0.025)	0.200*** (0.048)	-0.007** (0.002)	0.010*** (0.001)	-0.013*** (0.003)	-0.008* (0.004)	0.009*** (0.002)	-0.001 (0.002)	-0.014*** (0.001)	-0.006 (0.003)	0.028** (0.010)
TE	0.026 (0.040)	-0.054 (0.035)	0.030 (0.053)	-0.001 (0.002)	0.004** (0.002)	-0.001 (0.002)	-0.004 (0.003)	-0.000 (0.002)	-0.005 (0.004)	0.011** (0.004)	0.005 (0.006)	0.006 (0.005)
PD	-0.043*** (0.011)	-0.047*** (0.008)	-0.035*** (0.008)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003** (0.001)	0.003*** (0.001)	0.002*** (0.001)	-0.003*** (0.000)	-0.004*** (0.001)	-0.003*** (0.000)
Log(GDPPC)	10.377** (3.906)	11.851** (5.000)	19.159*** (3.972)	-0.929** (0.321)	-1.017** (0.376)	-1.457*** (0.290)	-0.704** (0.265)	-0.885** (0.296)	-1.194*** (0.244)	3.172*** (0.794)	2.126* (1.087)	2.509** (0.934)
Log(GDPPC) <sup>2</sup>	-0.508 (0.273)	-0.615 (0.339)	-1.139*** (0.282)	0.046* (0.020)	0.052* (0.024)	0.084*** (0.019)	0.049** (0.017)	0.062** (0.019)	0.082*** (0.016)	-0.238*** (0.053)	-0.170* (0.073)	-0.203** (0.064)
Unemployment	0.087 (0.049)	0.083* (0.040)	0.108** (0.041)	-0.003 (0.005)	-0.003 (0.004)	-0.004 (0.004)	-0.010** (0.004)	-0.011** (0.004)	-0.012** (0.005)	-0.069** (0.025)	-0.073** (0.027)	-0.073** (0.025)
Inflation	0.010 (0.014)	-0.006 (0.008)	0.023 (0.020)	-0.000 (0.001)	0.001 (0.000)	-0.001 (0.001)	-0.002 (0.001)	-0.001 (0.001)	-0.003 (0.002)	-0.001 (0.003)	-0.003 (0.004)	-0.001 (0.003)
Tax	-7.683 (7.317)	-5.618 (10.077)	-12.962 (8.469)	0.252 (0.373)	0.130 (0.523)	0.564 (0.406)	0.836 (0.515)	0.810 (0.660)	1.194* (0.619)	0.197 (0.253)	1.079** (0.315)	0.869*** (0.245)
GFC	1.133 (15.210)	16.860 (17.173)	-36.296** (14.364)	6.091*** (1.346)	5.156*** (1.369)	8.412*** (1.191)	8.385*** (1.160)	7.845*** (1.092)	9.662*** (0.997)	7.351** (2.532)	10.559** (3.480)	6.682* (3.366)
PS	0.123 (0.167)	0.512** (0.158)	0.387 (0.217)	-0.007 (0.012)	-0.030** (0.011)	-0.025 (0.018)	-0.040** (0.013)	-0.057*** (0.011)	-0.032** (0.012)	-0.102** (0.039)	-0.067 (0.045)	-0.025 (0.042)
Countries	49	49	49	49	49	49	49	49	49	49	49	49
Observations	259	259	259	259	259	259	259	259	259	259	259	259
R squared	0.233	0.269	0.229	0.223	0.262	0.220	0.307	0.325	0.296	0.156	0.150	0.155
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table F2: All Middle-Income Countries: Long Term Effect of Financing the Health Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure						10th Percentile						50th Percentile						90th Percentile								
	TCS		OS		DS		TCS		OS		DS		TCS		OS		DS		TCS		OS		DS				
HS	-0.189** (0.070)	-0.269*** (0.028)	-0.101 (0.066)	0.010** (0.004)	0.015*** (0.002)	0.004 (0.005)	0.011** (0.004)	0.017*** (0.001)	0.016*** (0.002)	0.016*** (0.002)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)	0.017*** (0.001)		
Rest	0.118** (0.043)	-0.100*** (0.016)	0.215*** (0.054)	-0.007*** (0.002)	0.006*** (0.001)	-0.014** (0.004)	-0.008* (0.003)	0.004*** (0.001)	-0.003 (0.002)	-0.003 (0.002)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)		
TE	0.003 (0.044)	-0.030 (0.042)	0.005 (0.052)	0.001 (0.002)	0.003 (0.002)	0.001 (0.002)	-0.003 (0.003)	0.001 (0.003)	-0.002 (0.003)	-0.004 (0.004)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.002 (0.003)	
PD	-0.052*** (0.007)	-0.048*** (0.006)	-0.044*** (0.005)	0.004*** (0.001)	0.004*** (0.000)	0.003*** (0.000)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.000)	0.003*** (0.000)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	
Log(GDPPC)	22.466*** (4.372)	21.987*** (5.321)	31.603*** (4.877)	-1.601*** (0.307)	-1.545*** (0.378)	-2.145*** (0.323)	-1.450*** (0.316)	-1.593*** (0.321)	-1.964*** (0.317)	-1.964*** (0.317)	-1.593*** (0.321)	-1.450*** (0.316)	-1.593*** (0.321)	-1.964*** (0.317)	-1.964*** (0.317)	-1.593*** (0.321)	-1.450*** (0.316)	-1.593*** (0.321)	-1.964*** (0.317)	-1.964*** (0.317)	-1.593*** (0.321)	-1.450*** (0.316)	-1.593*** (0.321)	-1.964*** (0.317)	-1.964*** (0.317)	-1.593*** (0.321)	
Log(GDPPC) <sup>2</sup>	-1.276*** (0.302)	-1.294*** (0.353)	-1.936*** (0.334)	0.089*** (0.019)	0.088*** (0.023)	0.128*** (0.021)	0.097*** (0.020)	0.108*** (0.020)	0.131*** (0.020)	0.131*** (0.020)	0.108*** (0.020)	0.097*** (0.020)	0.108*** (0.020)	0.131*** (0.020)	0.131*** (0.020)	0.108*** (0.020)	0.097*** (0.020)	0.108*** (0.020)	0.131*** (0.020)	0.131*** (0.020)	0.108*** (0.020)	0.097*** (0.020)	0.108*** (0.020)	0.131*** (0.020)	0.131*** (0.020)	0.108*** (0.020)	
Unemployment	0.075 (0.058)	0.071 (0.042)	0.094* (0.041)	-0.003 (0.005)	-0.002 (0.004)	-0.004 (0.004)	-0.010** (0.003)	-0.010** (0.004)	-0.011** (0.004)	-0.011** (0.004)	-0.010** (0.003)	-0.010** (0.004)	-0.010** (0.003)	-0.011** (0.004)	-0.011** (0.004)	-0.010** (0.003)	-0.010** (0.004)	-0.010** (0.003)	-0.011** (0.004)	-0.011** (0.004)	-0.010** (0.003)	-0.010** (0.004)	-0.010** (0.003)	-0.010** (0.004)	-0.010** (0.003)	-0.010** (0.004)	
Inflation	-0.003 (0.011)	0.001 (0.013)	0.010 (0.017)	0.000 (0.000)	0.000 (0.000)	-0.000 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.001 (0.001)
Tax	-12.759 (8.719)	-10.525 (8.878)	-17.995 (9.905)	0.539 (0.439)	0.382 (0.436)	0.848 (0.480)	1.150 (0.624)	1.163 (0.619)	1.487* (0.701)	1.487* (0.701)	1.150 (0.624)	1.163 (0.619)	1.487* (0.701)	1.487* (0.701)	1.487* (0.701)	1.150 (0.624)	1.163 (0.619)	1.487* (0.701)	1.487* (0.701)	1.487* (0.701)	1.150 (0.624)	1.163 (0.619)	1.487* (0.701)	1.487* (0.701)	1.487* (0.701)	1.150 (0.624)	1.163 (0.619)
GFC	-39.895** (16.299)	-20.407 (19.084)	-79.949*** (18.084)	8.378*** (1.263)	7.092*** (1.450)	10.824*** (1.345)	10.898*** (1.295)	10.465*** (1.250)	12.371*** (1.381)	12.371*** (1.381)	10.898*** (1.295)	10.465*** (1.250)	12.371*** (1.381)	12.371*** (1.381)	12.371*** (1.381)	10.898*** (1.295)	10.465*** (1.250)	12.371*** (1.381)	12.371*** (1.381)	12.371*** (1.381)	10.898*** (1.295)	10.465*** (1.250)	12.371*** (1.381)	12.371*** (1.381)	12.371*** (1.381)	10.898*** (1.295)	10.465*** (1.250)
PS	-0.228 (0.168)	-0.003 (0.146)	0.056 (0.188)	0.012 (0.010)	-0.003 (0.009)	-0.007 (0.015)	-0.018 (0.014)	-0.024* (0.011)	-0.012 (0.012)	-0.012 (0.012)	-0.018 (0.014)	-0.024* (0.011)	-0.012 (0.012)	-0.012 (0.012)	-0.012 (0.012)	-0.018 (0.014)	-0.024* (0.011)	-0.012 (0.012)	-0.012 (0.012)	-0.012 (0.012)	-0.018 (0.014)	-0.024* (0.011)	-0.012 (0.012)	-0.012 (0.012)	-0.012 (0.012)	-0.012 (0.012)	-0.012 (0.012)
Countries	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49	49
Observations	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259	259
R squared	0.253	0.258	0.249	0.242	0.250	0.239	0.325	0.321	0.314	0.314	0.325	0.321	0.314	0.314	0.314	0.325	0.321	0.314	0.314	0.314	0.325	0.321	0.314	0.314	0.314	0.314	0.314
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10, \*\*p < .05, \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table F3: All Middle-Income Countries: Long Term Effect of Financing the Education Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure													
	10th Percentile				50th Percentile				90th Percentile					
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS		
ES	-0.126* (0.062)	-0.204*** (0.046)	-0.019 (0.053)	-0.000 (0.004)	0.007* (0.003)	0.011*** (0.002)	0.000 (0.004)	0.008** (0.003)	0.004 (0.005)	0.010** (0.004)	0.008** (0.003)	-0.031** (0.010)	0.010 (0.015)	
Rest	0.113** (0.041)	-0.101*** (0.018)	0.246*** (0.069)	-0.015*** (0.005)	-0.007*** (0.002)	0.006*** (0.001)	-0.015*** (0.005)	-0.004 (0.003)	-0.007* (0.003)	0.005*** (0.001)	-0.004 (0.003)	-0.009** (0.003)	0.011*** (0.002)	0.040*** (0.012)
TE	-0.025 (0.041)	-0.040 (0.039)	-0.032 (0.042)	0.003 (0.002)	0.002 (0.002)	0.003* (0.002)	0.003 (0.002)	-0.002 (0.003)	-0.002 (0.003)	-0.001 (0.003)	-0.002 (0.003)	0.003 (0.006)	0.005 (0.006)	-0.003 (0.007)
PD	-0.042*** (0.010)	-0.043*** (0.008)	-0.033*** (0.006)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.000)	0.002*** (0.001)	0.003*** (0.001)	0.003*** (0.001)	0.002*** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)	-0.003*** (0.000)
Log(GDPPC)	-0.247 (3.808)	10.662 (5.798)	7.268 (4.892)	-0.773** (0.284)	-0.328 (0.281)	-0.985* (0.435)	-0.773** (0.284)	-0.651** (0.190)	-0.181 (0.254)	-0.838* (0.386)	-0.651** (0.190)	1.845 (1.158)	0.861 (0.898)	1.347 (0.875)
Log(GDPPC) <sup>2</sup>	0.132 (0.242)	-0.589 (0.367)	-0.436 (0.295)	0.044** (0.018)	0.010 (0.017)	0.053* (0.026)	0.044** (0.018)	0.050*** (0.010)	0.018 (0.014)	0.061** (0.023)	0.050*** (0.010)	-0.164* (0.076)	-0.099 (0.060)	-0.142* (0.063)
Unemployment	0.084* (0.037)	0.076* (0.037)	0.102** (0.037)	-0.004 (0.003)	-0.003 (0.004)	-0.003 (0.004)	-0.004 (0.003)	-0.012* (0.006)	-0.010** (0.004)	-0.010* (0.004)	-0.012* (0.006)	-0.074** (0.024)	-0.073** (0.024)	-0.076** (0.023)
Inflation	0.002 (0.011)	0.005 (0.013)	0.015 (0.016)	-0.001 (0.001)	0.000 (0.000)	0.000 (0.000)	-0.001 (0.001)	-0.002 (0.002)	-0.002 (0.001)	-0.002 (0.001)	-0.002 (0.002)	-0.001 (0.003)	-0.001 (0.003)	-0.001 (0.003)
Tax	-6.709 (8.164)	-7.225 (8.764)	-11.475 (8.796)	0.483 (0.431)	0.202 (0.423)	0.217 (0.444)	0.483 (0.431)	1.112 (0.621)	0.790 (0.562)	0.893 (0.590)	1.112 (0.621)	0.746** (0.271)	0.693* (0.321)	1.180*** (0.266)
GFC	49.637** (15.590)	23.830 (21.843)	13.981 (18.325)	5.520*** (1.061)	3.351** (1.159)	4.907** (1.680)	5.520*** (1.061)	7.367*** (0.985)	5.996*** (1.199)	7.541*** (1.559)	7.367*** (0.985)	13.707** (3.947)	16.051*** (3.085)	11.788** (3.503)
PS	0.281 (0.155)	0.262* (0.137)	0.668* (0.297)	-0.041 (0.023)	-0.016 (0.011)	-0.016 (0.010)	-0.041 (0.023)	-0.046** (0.014)	-0.047*** (0.012)	-0.044*** (0.010)	-0.046** (0.014)	-0.095* (0.041)	-0.097** (0.035)	0.009 (0.030)
Countries	49	49	49	49	49	49	49	49	49	49	49	49	49	49
Observations	259	259	259	259	259	259	259	259	259	259	259	259	259	259
R squared	0.252	0.256	0.252	0.242	0.241	0.248	0.242	0.308	0.318	0.316	0.308	0.151	0.157	0.165
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.



Table F4: All Middle-Income Countries: Long Term Effect of Financing the Agricultural Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure														
	10th Percentile				50th Percentile				90th Percentile						
	TCS	OS	DS		TCS	OS	DS		TCS	OS	DS				
AS	0.091 (0.146)	-0.041 (0.115)	0.134 (0.109)		-0.001 (0.007)	0.006 (0.006)	-0.005 (0.006)		-0.013 (0.010)	-0.004 (0.008)	-0.005 (0.007)		-0.016** (0.007)	-0.005 (0.008)	0.028** (0.011)
Rest	0.118* (0.052)	-0.128*** (0.018)	0.203*** (0.050)		-0.007** (0.002)	0.007*** (0.001)	-0.013*** (0.004)		-0.008* (0.004)	0.007*** (0.002)	-0.002 (0.002)		-0.009*** (0.002)	0.001 (0.003)	0.036*** (0.009)
TE	0.026 (0.040)	-0.034 (0.036)	0.029 (0.053)		-0.001 (0.002)	0.003* (0.002)	-0.001 (0.002)		-0.004 (0.003)	-0.001 (0.003)	-0.005 (0.004)		0.009 (0.005)	0.008 (0.006)	0.004 (0.005)
PD	-0.043*** (0.011)	-0.045*** (0.009)	-0.035*** (0.007)		0.003*** (0.001)	0.003*** (0.001)	0.003*** (0.001)		0.003** (0.001)	0.003*** (0.001)	0.002*** (0.001)		-0.003*** (0.001)	-0.004*** (0.001)	-0.003*** (0.001)
Log(GDPPC)	11.204*** (2.493)	12.185** (4.270)	21.174*** (2.480)		-1.097*** (0.208)	-1.150** (0.348)	-1.685*** (0.199)		-0.546** (0.167)	-0.718** (0.256)	-1.117*** (0.151)		3.280*** (1.276)	2.728* (1.343)	2.924** (1.180)
Log(GDPPC) <sup>2</sup>	-0.551** (0.163)	-0.704** (0.278)	-1.247*** (0.184)		0.055*** (0.013)	0.064** (0.021)	0.096*** (0.014)		0.041*** (0.010)	0.057*** (0.015)	0.078*** (0.009)		-0.249** (0.082)	-0.212** (0.087)	-0.234** (0.079)
Unemployment	0.091 (0.049)	0.061 (0.041)	0.115*** (0.033)		-0.004 (0.005)	-0.002 (0.005)	-0.005 (0.004)		-0.010** (0.003)	-0.009** (0.003)	-0.011** (0.004)		-0.073** (0.026)	-0.074** (0.027)	-0.075** (0.025)
Inflation	0.009 (0.016)	0.008 (0.016)	0.021 (0.022)		-0.000 (0.001)	-0.000 (0.001)	-0.001 (0.001)		-0.002 (0.002)	-0.002 (0.002)	-0.003 (0.002)		-0.001 (0.003)	-0.001 (0.003)	-0.000 (0.003)
Tax	-7.626 (7.862)	-7.094 (9.160)	-12.393 (8.921)		0.227 (0.404)	0.194 (0.467)	0.503 (0.436)		0.880 (0.560)	0.924 (0.618)	1.207 (0.638)		0.672* (0.302)	0.984** (0.325)	1.074*** (0.268)
GFC	-2.575 (11.327)	18.987 (16.785)	-45.609*** (11.707)		6.838*** (0.951)	5.564*** (1.314)	9.469*** (0.902)		7.689*** (0.815)	6.870*** (1.138)	9.293*** (0.767)		7.062 (4.529)	8.250 (4.728)	4.880 (4.475)
PS	0.128 (0.169)	0.248 (0.141)	0.401 (0.219)		-0.008 (0.012)	-0.015 (0.010)	-0.027 (0.017)		-0.039** (0.014)	-0.043*** (0.010)	-0.032** (0.013)		-0.112** (0.043)	-0.102* (0.046)	-0.021 (0.039)
Countries	49	49	49		49	49	49		49	49	49		49	49	49
Observations	259	259	259		259	259	259		259	259	259		259	259	259
R squared	0.233	0.254	0.229		0.224	0.246	0.221		0.307	0.317	0.296		0.133	0.129	0.144
Country FE	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes
Time FE	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table F5: Upper Middle-Income Countries: Long Term Effect of Financing the Social Protection Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
SPS	0.128* (0.060)	0.014 (0.038)	0.293*** (0.077)	-0.008** (0.003)	-0.000 (0.002)	-0.014** (0.005)	-0.010* (0.004)	-0.002 (0.002)	-0.010*** (0.002)	0.017* (0.008)	0.019** (0.006)	0.035* (0.015)
Rest	0.079** (0.029)	-0.192*** (0.025)	0.249*** (0.067)	-0.006*** (0.002)	0.011*** (0.001)	-0.012** (0.004)	-0.006** (0.002)	0.010*** (0.002)	-0.005* (0.002)	-0.008* (0.004)	-0.012** (0.005)	0.014 (0.016)
TE	-0.020 (0.056)	-0.109* (0.047)	-0.015 (0.058)	0.003 (0.003)	0.008** (0.002)	0.002 (0.003)	0.001 (0.003)	0.004 (0.003)	-0.001 (0.003)	0.025*** (0.004)	0.015** (0.006)	0.021*** (0.004)
PD	-0.050** (0.016)	-0.060*** (0.015)	-0.042*** (0.015)	0.004*** (0.001)	0.004*** (0.001)	0.003** (0.001)	0.003** (0.001)	0.004** (0.001)	0.003** (0.001)	-0.003*** (0.000)	-0.004*** (0.001)	-0.003*** (0.001)
Log(GDPPC)	-20.002 (44.860)	-72.942 (46.348)	-32.245 (46.379)	-4.357* (1.971)	-1.443 (2.028)	-4.228** (1.770)	16.142*** (3.135)	18.434*** (3.560)	15.451*** (3.760)	24.786*** (4.546)	18.929*** (4.337)	21.479*** (5.258)
Log(GDPPC) <sup>2</sup>	1.713 (2.488)	4.688 (2.601)	2.294 (2.567)	0.217* (0.109)	0.054 (0.114)	0.216* (0.097)	-0.939*** (0.176)	-1.067*** (0.203)	-0.896*** (0.211)	-1.517*** (0.260)	-1.182*** (0.248)	-1.331*** (0.304)
Unemployment	0.332** (0.119)	0.356** (0.102)	0.399** (0.116)	-0.018* (0.009)	-0.020** (0.008)	-0.023** (0.009)	-0.022*** (0.002)	-0.024*** (0.002)	-0.026*** (0.003)	-0.140** (0.046)	-0.145** (0.046)	-0.142** (0.046)
Inflation	-0.064 (0.038)	-0.073 (0.041)	-0.050 (0.037)	0.004 (0.002)	0.004 (0.002)	0.003 (0.002)	0.002 (0.002)	0.002 (0.002)	0.001 (0.002)	0.002 (0.002)	0.001 (0.002)	0.002 (0.002)
Tax	-21.042 (14.390)	-12.875 (13.588)	-27.151 (15.662)	0.838 (0.799)	0.425 (0.746)	1.259 (0.862)	1.821** (0.705)	1.531* (0.666)	2.223** (0.799)	0.061 (0.659)	1.364* (0.649)	0.506 (0.732)
GFC	98.963 (201.787)	351.646 (205.035)	145.356 (208.826)	22.962** (8.869)	8.833 (8.942)	22.507** (8.110)	-63.443*** (13.945)	-74.768*** (15.368)	-60.759*** (16.435)	-83.893*** (19.763)	-58.369*** (19.017)	-71.177** (21.830)
PS	-0.645 (0.666)	-0.465 (0.746)	-0.580 (0.730)	0.016 (0.033)	0.009 (0.035)	0.020 (0.036)	-0.026 (0.046)	-0.029 (0.049)	-0.014 (0.051)	0.002 (0.046)	0.050 (0.057)	0.042 (0.063)
Countries	27	27	27	27	27	27	27	27	27	27	27	27
Observations	148	148	148	148	148	148	148	148	148	148	148	148
R squared	0.256	0.308	0.260	0.249	0.302	0.246	0.384	0.416	0.377	0.248	0.256	0.247
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table F6: Upper Middle-Income Countries: Long Term Effect of Financing the Health Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure						10th Percentile						50th Percentile						90th Percentile					
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS			
HS	-0.491*** (0.037)	-0.522*** (0.049)	-0.284*** (0.061)	0.028*** (0.002)	0.030*** (0.003)	0.019*** (0.003)	0.021*** (0.004)	0.026*** (0.003)	0.019*** (0.004)	0.021*** (0.004)	0.026*** (0.003)	0.019*** (0.004)	0.021*** (0.004)	0.026*** (0.003)	0.019*** (0.004)	-0.035*** (0.012)	-0.037*** (0.011)	-0.007 (0.018)	-0.035*** (0.012)	-0.037*** (0.011)	-0.007 (0.018)			
Rest	0.090** (0.028)	-0.071** (0.022)	0.375*** (0.082)	-0.006*** (0.001)	0.005*** (0.001)	-0.019*** (0.005)	-0.007** (0.002)	0.003* (0.001)	-0.013*** (0.003)	-0.007** (0.002)	0.003* (0.001)	-0.013*** (0.003)	-0.007** (0.002)	0.003* (0.001)	-0.013*** (0.003)	-0.001 (0.004)	0.003 (0.004)	0.034** (0.012)	-0.001 (0.004)	0.003 (0.004)	0.034** (0.012)			
TE	-0.086 (0.052)	-0.098 (0.056)	-0.093* (0.044)	0.007** (0.003)	0.007** (0.003)	0.006** (0.002)	0.004 (0.003)	0.004 (0.003)	0.003 (0.003)	0.004 (0.003)	0.004 (0.003)	0.003 (0.003)	0.004 (0.003)	0.004 (0.003)	0.003 (0.003)	0.016*** (0.004)	0.018** (0.005)	0.013** (0.004)	0.016*** (0.004)	0.018** (0.005)	0.013** (0.004)			
PD	-0.070*** (0.013)	-0.068*** (0.012)	-0.063*** (0.012)	0.005*** (0.001)	0.005*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.001)	-0.005*** (0.001)	-0.005*** (0.001)	-0.004*** (0.001)	-0.005*** (0.001)	-0.005*** (0.001)	-0.004*** (0.001)			
Log(GDPPC)	26.501 (46.224)	3.433 (57.969)	10.011 (54.860)	-7.170** (2.112)	-5.729* (2.705)	-6.679** (2.385)	14.000*** (3.514)	14.446** (4.572)	13.792** (4.300)	14.000*** (3.514)	14.446** (4.572)	13.792** (4.300)	14.000*** (3.514)	14.446** (4.572)	13.792** (4.300)	25.002*** (5.193)	26.783*** (5.200)	21.772*** (6.053)	25.002*** (5.193)	26.783*** (5.200)	21.772*** (6.053)			
Log(GDPPC) <sup>2</sup>	-1.129 (2.579)	0.172 (3.251)	-0.377 (3.115)	0.389** (0.118)	0.307* (0.152)	0.371** (0.136)	-0.808*** (0.200)	-0.831** (0.260)	-0.788** (0.246)	-0.808*** (0.200)	-0.831** (0.260)	-0.788** (0.246)	-0.808*** (0.200)	-0.831** (0.260)	-0.788** (0.246)	-1.544*** (0.301)	-1.646*** (0.304)	-1.373*** (0.355)	-1.544*** (0.301)	-1.646*** (0.304)	-1.373*** (0.355)			
Unemployment	0.385*** (0.104)	0.415*** (0.091)	0.478*** (0.094)	-0.022** (0.008)	-0.024** (0.007)	-0.027*** (0.007)	-0.025*** (0.003)	-0.027*** (0.003)	-0.030*** (0.003)	-0.025*** (0.003)	-0.027*** (0.003)	-0.030*** (0.003)	-0.025*** (0.003)	-0.027*** (0.003)	-0.030*** (0.003)	-0.139** (0.047)	-0.138** (0.046)	-0.135** (0.045)	-0.139** (0.047)	-0.138** (0.046)	-0.135** (0.045)			
Inflation	-0.080* (0.040)	-0.076* (0.036)	-0.064 (0.040)	0.005* (0.002)	0.004* (0.002)	0.004 (0.002)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)	0.002 (0.002)	0.001 (0.002)	0.001 (0.002)	0.002 (0.002)	0.001 (0.002)	0.001 (0.002)	0.002 (0.002)			
Tax	-26.857* (13.436)	-23.802 (14.768)	-35.709* (15.929)	1.218 (0.762)	1.038 (0.830)	1.754* (0.892)	2.057** (0.646)	2.086** (0.729)	2.572** (0.784)	2.057** (0.646)	2.086** (0.729)	2.572** (0.784)	2.057** (0.646)	2.086** (0.729)	2.572** (0.784)	0.687 (0.633)	0.349 (0.936)	0.363 (0.556)	0.687 (0.633)	0.349 (0.936)	0.363 (0.556)			
GFC	-80.134 (206.332)	32.436 (256.988)	-19.187 (244.231)	33.856*** (9.356)	26.748* (11.880)	32.061** (10.644)	-55.259*** (15.430)	-58.086** (19.965)	-54.442** (18.786)	-55.259*** (15.430)	-58.086** (19.965)	-54.442** (18.786)	-55.259*** (15.430)	-58.086** (19.965)	-54.442** (18.786)	-83.359*** (22.177)	-91.297*** (22.073)	-71.316** (25.132)	-83.359*** (22.177)	-91.297*** (22.073)	-71.316** (25.132)			
PS	-1.407 (0.818)	-1.486 (0.872)	-1.296 (0.883)	0.060 (0.040)	0.066 (0.043)	0.060 (0.043)	0.012 (0.053)	0.026 (0.056)	0.022 (0.057)	0.012 (0.053)	0.026 (0.056)	0.022 (0.057)	0.012 (0.053)	0.026 (0.056)	0.022 (0.057)	-0.059 (0.052)	-0.067 (0.062)	-0.017 (0.066)	-0.059 (0.052)	-0.067 (0.062)	-0.017 (0.066)			
Countries	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27			
Observations	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148	148			
R squared	0.295	0.296	0.310	0.291	0.291	0.297	0.408	0.400	0.402	0.408	0.400	0.402	0.408	0.400	0.402	0.227	0.228	0.236	0.227	0.228	0.236			
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes			

Note: The parentheses contain the standard errors. \*p < .10, \*\*p < .05, \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. .

Table F7: Upper Middle-Income Countries: Long Term Effect of Financing the Education Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
ES	-0.236** (0.081)	-0.285*** (0.066)	0.025 (0.069)	0.012** (0.004)	0.016*** (0.004)	0.001 (0.005)	0.006 (0.006)	0.011** (0.004)	0.002 (0.004)	-0.051*** (0.011)	-0.055*** (0.007)	-0.006 (0.016)
Rest	0.075* (0.033)	-0.074*** (0.012)	0.443*** (0.098)	-0.005** (0.002)	0.005*** (0.001)	-0.022*** (0.006)	-0.006* (0.003)	0.004*** (0.001)	-0.015*** (0.004)	-0.003 (0.004)	0.015*** (0.003)	0.051*** (0.014)
TE	-0.072 (0.052)	-0.088 (0.050)	-0.096* (0.047)	0.006* (0.003)	0.007** (0.002)	0.006** (0.002)	0.003 (0.003)	0.003 (0.003)	0.003 (0.003)	0.013** (0.005)	0.019** (0.006)	0.008 (0.006)
PD	-0.054** (0.017)	-0.056*** (0.015)	-0.045** (0.015)	0.004*** (0.001)	0.004*** (0.001)	0.003** (0.001)	0.004** (0.001)	0.004** (0.001)	0.003** (0.001)	-0.004*** (0.001)	-0.003*** (0.001)	-0.003*** (0.001)
Log(GDPPC)	-47.093 (44.613)	-54.606 (47.713)	-89.402* (46.173)	-2.920 (2.002)	-2.463 (2.094)	-1.053 (1.876)	17.396*** (3.092)	17.410*** (3.826)	18.114*** (3.691)	18.660*** (4.857)	22.123*** (4.596)	11.755* (5.295)
Log(GDPPC) <sup>2</sup>	3.281 (2.483)	3.647 (2.655)	5.526* (2.599)	0.134 (0.111)	0.112 (0.116)	0.036 (0.105)	-1.012*** (0.175)	-1.008*** (0.217)	-1.046*** (0.210)	-1.167*** (0.277)	-1.356*** (0.258)	-0.788** (0.309)
Unemployment	0.390*** (0.106)	0.407*** (0.100)	0.494*** (0.102)	-0.022** (0.008)	-0.023** (0.008)	-0.028*** (0.008)	-0.024*** (0.002)	-0.027*** (0.002)	-0.030*** (0.004)	-0.133** (0.044)	-0.130** (0.041)	-0.127** (0.040)
Inflation	-0.062 (0.034)	-0.062* (0.032)	-0.042 (0.032)	0.004 (0.002)	0.004* (0.002)	0.003 (0.002)	0.002 (0.002)	0.001 (0.002)	0.001 (0.002)	0.002 (0.001)	0.003** (0.001)	0.003** (0.001)
Tax	-14.012 (11.904)	-13.525 (12.746)	-19.501 (12.930)	0.478 (0.672)	0.460 (0.701)	0.835 (0.718)	1.475** (0.562)	1.565** (0.618)	1.855** (0.638)	1.901*** (0.472)	1.231* (0.576)	1.870*** (0.365)
GFC	221.448 (200.696)	269.315 (213.456)	386.426 (207.067)	16.453 (9.018)	13.401 (9.351)	9.115 (8.499)	-69.089*** (13.726)	-70.246*** (16.731)	-72.028*** (16.181)	-56.461** (21.136)	-73.288*** (20.478)	-29.960 (22.233)
PS	-1.103 (0.709)	-1.172 (0.783)	-0.875 (0.739)	0.042 (0.036)	0.047 (0.039)	0.036 (0.036)	-0.007 (0.049)	0.005 (0.053)	-0.000 (0.051)	-0.080 (0.052)	-0.107* (0.053)	-0.011 (0.062)
Countries	27	27	27	27	27	27	27	27	27	27	27	27
Observations	148	148	148	148	148	148	148	148	148	148	148	148
R squared	0.283	0.285	0.308	0.277	0.279	0.292	0.394	0.389	0.392	0.254	0.268	0.274
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table F8: Upper Middle-Income Countries: Long Term Effect of Financing the Agricultural Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	-0.250** (0.097)	-0.353*** (0.093)	0.001 (0.092)	0.012** (0.005)	0.018*** (0.004)	0.001 (0.006)	0.019** (0.006)	0.026*** (0.007)	0.016*** (0.006)	-0.042* (0.018)	-0.042** (0.018)	-0.011 (0.030)
Rest	0.103** (0.038)	-0.120*** (0.013)	0.268*** (0.066)	-0.007*** (0.002)	0.007*** (0.001)	-0.013** (0.004)	-0.008** (0.003)	0.006*** (0.001)	-0.007*** (0.002)	0.000 (0.005)	-0.001 (0.003)	0.027* (0.014)
TE	-0.024 (0.053)	-0.081 (0.053)	-0.015 (0.055)	0.003 (0.003)	0.006** (0.002)	0.002 (0.003)	0.001 (0.003)	0.003 (0.003)	-0.001 (0.003)	0.020*** (0.004)	0.020*** (0.006)	0.019*** (0.004)
PD	-0.051** (0.017)	-0.058*** (0.015)	-0.043** (0.015)	0.004** (0.001)	0.004*** (0.001)	0.003** (0.001)	0.003** (0.001)	0.004** (0.001)	0.003** (0.001)	-0.003*** (0.000)	-0.004*** (0.001)	-0.003*** (0.001)
Log(GDPPC)	-47.318 (45.256)	-69.193 (52.750)	-51.948 (46.407)	-2.992 (1.991)	-1.762 (2.318)	-3.214 (1.822)	18.227*** (3.188)	18.557*** (4.180)	17.259*** (3.758)	19.330*** (4.845)	19.161*** (4.414)	16.789*** (5.449)
Log(GDPPC) <sup>2</sup>	3.312 (2.519)	4.470 (2.935)	3.434 (2.568)	0.137 (0.111)	0.073 (0.128)	0.157 (0.100)	-1.062*** (0.180)	-1.075*** (0.236)	-1.000*** (0.211)	-1.204*** (0.277)	-1.195*** (0.254)	-1.069** (0.314)
Unemployment	0.330** (0.124)	0.374*** (0.104)	0.408** (0.120)	-0.018* (0.009)	-0.021** (0.008)	-0.023** (0.009)	-0.022*** (0.003)	-0.026*** (0.002)	-0.027*** (0.003)	-0.142** (0.048)	-0.142** (0.046)	-0.139** (0.046)
Inflation	-0.072 (0.040)	-0.072* (0.036)	-0.055 (0.037)	0.004 (0.002)	0.004* (0.002)	0.003 (0.002)	0.002 (0.002)	0.002 (0.002)	0.001 (0.002)	0.001 (0.002)	0.001 (0.002)	0.002 (0.002)
Tax	-15.488 (11.482)	-11.618 (12.286)	-23.859 (13.649)	0.575 (0.656)	0.369 (0.685)	1.090 (0.766)	1.404** (0.518)	1.408** (0.571)	1.921** (0.637)	1.566** (0.527)	1.599** (0.571)	1.289** (0.473)
GFC	214.304 (203.265)	334.155 (236.017)	229.506 (209.552)	17.212* (8.953)	10.272 (10.337)	18.173* (8.357)	-72.240*** (14.200)	-75.171*** (18.365)	-68.488*** (16.545)	-60.484** (21.000)	-59.614** (18.988)	-51.048* (22.839)
PS	-0.548 (0.679)	-0.820 (0.745)	-0.554 (0.761)	0.011 (0.035)	0.030 (0.036)	0.018 (0.038)	-0.034 (0.047)	-0.010 (0.049)	-0.016 (0.052)	-0.000 (0.040)	-0.001 (0.050)	0.034 (0.054)
Countries	148	148	148	148	148	148	148	148	148	148	148	148
R squared	0.260	0.279	0.262	0.253	0.273	0.247	0.391	0.392	0.378	0.223	0.224	0.230
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table F9: Lower Middle-Income Countries: Long Term Effect of Financing the Social Protection Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
SPS	-0.079** (0.033)	-0.220*** (0.039)	-0.045 (0.074)	0.006** (0.003)	0.013*** (0.002)	-0.001 (0.006)	0.005* (0.002)	0.015*** (0.004)	0.011 (0.009)	-0.007 (0.004)	0.008* (0.004)	0.029 (0.022)
Rest	0.165*** (0.034)	-0.108*** (0.015)	0.159** (0.065)	-0.007*** (0.002)	0.006*** (0.001)	-0.012* (0.006)	-0.012*** (0.003)	0.008*** (0.001)	-0.003 (0.006)	-0.019** (0.008)	0.002 (0.001)	0.022 (0.018)
TE	0.031 (0.058)	-0.020 (0.066)	0.009 (0.050)	-0.002 (0.003)	0.001 (0.004)	0.000 (0.002)	-0.003 (0.004)	0.001 (0.004)	-0.003 (0.005)	0.001 (0.004)	0.001 (0.003)	-0.005 (0.007)
PD	-0.065*** (0.013)	-0.057*** (0.015)	-0.070*** (0.008)	0.004*** (0.001)	0.004*** (0.001)	0.004*** (0.000)	0.004*** (0.001)	0.003*** (0.001)	0.004*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.004*** (0.001)
Log(GDPPC)	250.033*** (32.885)	248.486*** (27.768)	267.396*** (21.807)	-14.489*** (1.959)	-14.263*** (1.850)	-15.364*** (1.418)	-16.164*** (2.075)	-16.122*** (1.626)	-17.248*** (1.425)	-10.556*** (2.100)	-11.853*** (1.247)	-11.516*** (1.622)
Log(GDPPC) <sup>2</sup>	-18.191*** (2.281)	-18.143*** (1.941)	-19.439*** (1.634)	1.039*** (0.133)	1.026*** (0.125)	1.101*** (0.100)	1.175*** (0.149)	1.177*** (0.120)	1.254*** (0.111)	0.791*** (0.153)	0.888*** (0.103)	0.867*** (0.124)
Unemployment	-0.553*** (0.082)	-0.553*** (0.080)	-0.535*** (0.081)	0.039*** (0.004)	0.039*** (0.004)	0.038*** (0.004)	0.025*** (0.006)	0.025*** (0.006)	0.024*** (0.006)	-0.021* (0.010)	-0.023* (0.011)	-0.024*** (0.010)
Inflation	0.191** (0.068)	0.180** (0.062)	0.211** (0.073)	-0.009** (0.004)	-0.008** (0.003)	-0.010** (0.004)	-0.014** (0.005)	-0.013** (0.005)	-0.015** (0.005)	-0.014** (0.004)	-0.015** (0.005)	-0.014** (0.005)
Tax	3.008 (9.642)	1.356 (11.557)	1.705 (7.550)	-0.337 (0.514)	-0.288 (0.607)	-0.358 (0.321)	0.159 (0.776)	0.293 (0.912)	0.374 (0.750)	0.657 (0.910)	1.034 (0.915)	1.359 (1.181)
GFC	-3.108*** (0.691)	-2.976*** (0.620)	-3.470*** (0.796)	0.150*** (0.034)	0.140*** (0.029)	0.170*** (0.040)	0.215*** (0.049)	0.207*** (0.043)	0.234*** (0.054)	0.225*** (0.041)	0.244*** (0.049)	0.229*** (0.047)
PS	1.674** (0.702)	2.142*** (0.594)	2.202** (0.861)	-0.063 (0.048)	-0.087* (0.041)	-0.100 (0.064)	-0.099** (0.040)	-0.132*** (0.035)	-0.116** (0.047)	-0.136*** (0.038)	-0.155*** (0.031)	-0.093 (0.069)
Countries	22	22	22	22	22	22	22	22	22	22	22	22
Observations	111	111	111	111	111	111	111	111	111	111	111	111
R squared	0.477	0.482	0.471	0.462	0.469	0.462	0.468	0.471	0.457	0.372	0.343	0.354
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table F10: Lower Middle-Income Countries: Long Term Effect of Financing the Health Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	
HS	-0.207*** (0.030)	-0.271*** (0.023)	-0.182 (0.105)	0.007 (0.011)	0.015*** (0.002)	0.016*** (0.002)	0.007 (0.011)	0.021** (0.006)	0.014*** (0.002)	0.019*** (0.001)	0.021** (0.006)	0.025 (0.020)	-0.016** (0.006)	-0.000 (0.002)	0.025 (0.020)	
Rest	0.082** (0.027)	-0.094*** (0.025)	0.103 (0.082)	-0.009 (0.008)	-0.002 (0.002)	0.005** (0.002)	-0.009 (0.008)	0.001 (0.005)	-0.007*** (0.002)	0.006*** (0.002)	0.001 (0.005)	0.022 (0.017)	-0.016* (0.007)	0.004* (0.002)	0.022 (0.017)	
TE	-0.008 (0.065)	-0.037 (0.070)	-0.021 (0.050)	0.002 (0.002)	0.001 (0.004)	0.002 (0.004)	0.002 (0.002)	-0.001 (0.005)	0.000 (0.005)	0.002 (0.005)	-0.001 (0.005)	-0.004 (0.007)	0.002 (0.003)	0.002 (0.003)	-0.004 (0.007)	
PD	-0.092*** (0.009)	-0.073*** (0.011)	-0.094*** (0.005)	0.006*** (0.000)	0.006*** (0.001)	0.005*** (0.001)	0.006*** (0.000)	0.006*** (0.000)	0.006*** (0.000)	0.005*** (0.001)	0.006*** (0.000)	0.005*** (0.001)	0.006*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	
Log(GDPPC)	298.440*** (19.744)	274.907*** (24.199)	305.959*** (20.535)	-17.576*** (1.142)	-17.238*** (1.176)	-15.919*** (1.566)	-17.576*** (1.142)	-20.005*** (1.547)	-19.582*** (1.417)	-18.034*** (1.500)	-20.005*** (1.547)	-12.254*** (1.543)	-11.682*** (1.577)	-11.380*** (1.406)	-12.254*** (1.543)	
Log(GDPPC) <sup>2</sup>	-21.355*** (1.670)	-19.850*** (1.895)	-21.912*** (1.755)	1.243*** (0.091)	1.219*** (0.091)	1.133*** (0.114)	1.243*** (0.091)	1.432*** (0.130)	1.399*** (0.121)	1.300*** (0.124)	1.432*** (0.130)	0.912*** (0.126)	0.861*** (0.125)	0.853*** (0.114)	0.912*** (0.126)	
Unemployment	-0.543*** (0.087)	-0.556*** (0.080)	-0.541*** (0.088)	0.038*** (0.005)	0.038*** (0.005)	0.039*** (0.004)	0.038*** (0.005)	0.024*** (0.006)	0.025*** (0.006)	0.025*** (0.005)	0.024*** (0.006)	-0.026** (0.010)	-0.026** (0.010)	-0.025* (0.011)	-0.026** (0.010)	
Inflation	0.129** (0.052)	0.144** (0.049)	0.144** (0.056)	-0.006* (0.003)	-0.006* (0.003)	-0.006** (0.002)	-0.006* (0.003)	-0.010** (0.004)	-0.010** (0.004)	-0.011** (0.004)	-0.010** (0.004)	-0.012*** (0.004)	-0.012** (0.004)	-0.014** (0.005)	-0.012*** (0.004)	
Tax	0.954 (12.541)	0.693 (13.044)	0.310 (10.539)	-0.279 (0.477)	-0.207 (0.671)	-0.243 (0.686)	-0.279 (0.477)	0.492 (0.973)	0.307 (0.991)	0.352 (1.021)	0.492 (0.973)	1.265 (1.195)	0.519 (0.885)	0.849 (0.911)	1.265 (1.195)	
GFC	-2.494*** (0.575)	-2.602*** (0.521)	-2.733*** (0.649)	0.128*** (0.034)	0.115*** (0.028)	0.117*** (0.024)	0.128*** (0.034)	0.182*** (0.043)	0.172*** (0.040)	0.181*** (0.037)	0.182*** (0.043)	0.213*** (0.045)	0.211*** (0.041)	0.235*** (0.046)	0.213*** (0.045)	
PS	1.393* (0.590)	1.885** (0.550)	1.716* (0.802)	-0.072 (0.063)	-0.046 (0.043)	-0.070 (0.040)	-0.072 (0.063)	-0.080 (0.043)	-0.078* (0.033)	-0.113*** (0.032)	-0.080 (0.043)	-0.090 (0.069)	-0.142*** (0.034)	-0.171*** (0.027)	-0.090 (0.069)	
Countries	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
Observations	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	
R squared	0.477	0.484	0.475	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.349	Yes	Yes	Yes	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table F11: Lower Middle-Income Countries: Long Term Effect of Financing the Education Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
ES	0.078 (0.082)	0.044 (0.066)	0.158 (0.130)	-0.004 (0.004)	-0.005 (0.004)	-0.015 (0.011)	-0.003 (0.005)	0.000 (0.004)	0.001 (0.008)	-0.020** (0.007)	-0.007* (0.003)	0.018 (0.021)
Rest	0.094** (0.029)	-0.180*** (0.029)	0.156 (0.083)	-0.003 (0.002)	0.010*** (0.001)	-0.012 (0.008)	-0.008*** (0.002)	0.012*** (0.002)	-0.003 (0.005)	-0.016* (0.007)	0.006** (0.002)	0.021 (0.018)
TE	0.010 (0.061)	-0.031 (0.068)	-0.011 (0.046)	-0.001 (0.004)	0.002 (0.004)	0.001 (0.002)	-0.001 (0.004)	0.002 (0.004)	-0.001 (0.004)	0.001 (0.003)	0.001 (0.003)	-0.004 (0.006)
PD	-0.086*** (0.011)	-0.085*** (0.011)	-0.091*** (0.010)	0.005*** (0.001)	0.005*** (0.001)	0.006*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.007*** (0.001)	0.006*** (0.000)	0.006*** (0.001)
Log(GDPPC)	268.790*** (33.667)	293.621*** (32.757)	282.644*** (34.812)	-16.014*** (1.949)	-17.270*** (1.961)	-16.798*** (2.013)	-16.796*** (2.157)	-18.524*** (2.027)	-17.454*** (2.201)	-12.764*** (1.718)	-14.462*** (1.469)	-12.893*** (1.859)
Log(GDPPC) <sup>2</sup>	-19.357*** (2.511)	-20.920*** (2.427)	-20.331*** (2.611)	1.134*** (0.143)	1.211*** (0.142)	1.187*** (0.148)	1.214*** (0.159)	1.324*** (0.150)	1.262*** (0.164)	0.930*** (0.133)	1.049*** (0.119)	0.952*** (0.141)
Unemployment	-0.455*** (0.086)	-0.562*** (0.089)	-0.456*** (0.084)	0.033*** (0.005)	0.040*** (0.005)	0.034*** (0.005)	0.018** (0.006)	0.025*** (0.006)	0.018** (0.006)	-0.025** (0.010)	-0.022* (0.010)	-0.026** (0.010)
Inflation	0.158** (0.061)	0.166** (0.057)	0.178** (0.066)	-0.007* (0.003)	-0.008** (0.003)	-0.009** (0.004)	-0.012** (0.004)	-0.012** (0.004)	-0.013** (0.005)	-0.012** (0.004)	-0.014** (0.005)	-0.013** (0.004)
Tax	5.503 (9.148)	6.299 (10.858)	5.450 (7.309)	-0.499 (0.465)	-0.607 (0.569)	-0.609* (0.290)	0.019 (0.791)	0.002 (0.893)	0.170 (0.778)	0.466 (0.817)	0.756 (0.883)	1.170 (1.133)
GFC	-2.826*** (0.657)	-2.672*** (0.602)	-3.134*** (0.764)	0.134*** (0.034)	0.121*** (0.029)	0.151*** (0.040)	0.195*** (0.044)	0.187*** (0.042)	0.211*** (0.049)	0.211*** (0.043)	0.227*** (0.050)	0.217*** (0.047)
PS	1.837** (0.710)	1.729** (0.589)	2.251** (0.902)	-0.066 (0.048)	-0.058 (0.039)	-0.096 (0.065)	-0.119** (0.044)	-0.112** (0.040)	-0.129** (0.049)	-0.128*** (0.036)	-0.131*** (0.036)	-0.086 (0.059)
Countries	22	22	22	22	22	22	22	22	22	22	22	22
Observations	111	111	111	111	111	111	111	111	111	111	111	111
R squared	0.453	0.486	0.453	0.440	0.475	0.444	0.444	0.472	0.440	0.359	0.347	0.349
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.



Table F12: Lower Middle-Income Countries: Long Term Effect of Financing the Agricultural Sector – 2-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile				
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS	
AS	0.388 (0.228)	0.241 (0.166)	0.294 (0.190)	-0.017 (0.013)	-0.014 (0.011)	-0.010 (0.009)	-0.017 (0.013)	-0.016 (0.010)	-0.031* (0.016)	-0.019 (0.011)	-0.016 (0.010)	-0.016 (0.010)	-0.034* (0.016)	-0.009 (0.006)	0.011 (0.013)	0.011 (0.013)	
Rest	0.127** (0.044)	-0.173*** (0.011)	0.114** (0.046)	-0.011* (0.006)	-0.004** (0.002)	0.009*** (0.001)	-0.011* (0.006)	0.001 (0.007)	-0.010** (0.004)	0.012*** (0.001)	0.001 (0.007)	0.001 (0.007)	-0.018* (0.008)	0.005** (0.002)	0.025 (0.020)	0.025 (0.020)	
TE	0.028 (0.059)	-0.033 (0.066)	0.010 (0.056)	0.001 (0.002)	-0.001 (0.003)	0.002 (0.004)	0.001 (0.002)	-0.003 (0.005)	-0.003 (0.004)	0.002 (0.004)	-0.003 (0.005)	-0.003 (0.005)	0.001 (0.003)	0.002 (0.003)	-0.005 (0.007)	-0.005 (0.007)	
PD	-0.088*** (0.007)	-0.055*** (0.010)	-0.089*** (0.005)	0.005*** (0.000)	0.005*** (0.001)	0.004*** (0.001)	0.005*** (0.000)	0.005*** (0.000)	0.006*** (0.000)	0.003*** (0.000)	0.005*** (0.000)	0.005*** (0.000)	0.006*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	0.005*** (0.001)	
Log(GDPPC)	257.152*** (28.153)	222.965*** (30.203)	272.074*** (22.964)	-15.886*** (1.469)	-15.121*** (1.787)	-13.115*** (2.033)	-15.886*** (1.469)	-17.345*** (1.431)	-16.525*** (1.578)	-14.188*** (1.663)	-17.345*** (1.431)	-17.345*** (1.431)	-10.750*** (1.382)	-11.062*** (1.005)	-11.271*** (1.445)	-11.271*** (1.445)	
Log(GDPPC) <sup>2</sup>	-18.692*** (1.951)	-16.618*** (2.024)	-19.731*** (1.729)	1.132*** (0.103)	1.081*** (0.119)	0.957*** (0.134)	1.132*** (0.103)	1.262*** (0.114)	1.202*** (0.118)	1.061*** (0.117)	1.262*** (0.114)	1.262*** (0.114)	0.807*** (0.110)	0.840*** (0.088)	0.854*** (0.116)	0.854*** (0.116)	
Unemployment	-0.497*** (0.088)	-0.607*** (0.070)	-0.482*** (0.082)	0.034*** (0.005)	0.035*** (0.005)	0.041*** (0.004)	0.034*** (0.005)	0.021*** (0.005)	0.022*** (0.005)	0.029*** (0.005)	0.021*** (0.005)	0.021*** (0.005)	-0.023** (0.009)	-0.022* (0.010)	-0.025** (0.009)	-0.025** (0.009)	
Inflation	0.163** (0.061)	0.171** (0.050)	0.181** (0.067)	-0.009** (0.003)	-0.008** (0.003)	-0.008** (0.002)	-0.009** (0.003)	-0.013** (0.005)	-0.012** (0.004)	-0.013** (0.004)	-0.013** (0.005)	-0.013** (0.005)	-0.012** (0.004)	-0.014** (0.004)	-0.013** (0.004)	-0.013** (0.004)	
Tax	4.416 (9.930)	0.094 (13.288)	3.373 (8.867)	-0.505 (0.406)	-0.434 (0.541)	-0.260 (0.705)	-0.505 (0.406)	0.304 (0.818)	0.072 (0.774)	0.403 (1.024)	0.304 (0.818)	0.304 (0.818)	0.599 (0.874)	1.033 (0.960)	1.382 (1.192)	1.382 (1.192)	1.382 (1.192)
GFC	-3.145*** (0.855)	-3.273*** (0.670)	-3.352*** (0.933)	0.158** (0.047)	0.147** (0.043)	0.151*** (0.031)	0.158** (0.047)	0.231*** (0.063)	0.221*** (0.058)	0.231*** (0.046)	0.231*** (0.063)	0.231*** (0.063)	0.230*** (0.048)	0.249*** (0.050)	0.233*** (0.053)	0.233*** (0.053)	
PS	1.827** (0.765)	2.460*** (0.636)	2.185** (0.858)	-0.100 (0.065)	-0.071 (0.052)	-0.103** (0.043)	-0.100 (0.065)	-0.114** (0.043)	-0.110** (0.041)	-0.155*** (0.036)	-0.114** (0.043)	-0.114** (0.043)	-0.144*** (0.032)	-0.168*** (0.030)	-0.089 (0.066)	-0.089 (0.066)	
Countries	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
Observations	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	
R squared	0.460	0.494	0.456	Yes	Yes	0.475	Yes	0.445	Yes	0.487	Yes	0.445	0.364	0.345	0.353	0.353	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

**Appendix G. Robustness Check 5: Inequality Impact of Reallocations - 4-Year Lead Values of the Dependent Variables**

Table G1: All Middle-Income Countries: Long Term Effect of Financing the Social Protection Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	
SPS	0.084** (0.025)	-0.047* (0.022)	-0.335** (0.102)	0.001 (0.001)	0.001 (0.001)	0.014* (0.007)	0.001 (0.001)	0.003** (0.001)	0.001 (0.001)	0.003** (0.001)	0.016** (0.004)	0.018 (0.035)	-0.007* (0.003)	-0.014*** (0.003)	0.018 (0.035)	
Rest	0.149*** (0.024)	-0.014 (0.011)	-0.327** (0.121)	0.003** (0.001)	0.003** (0.001)	0.015 (0.008)	0.000 (0.000)	0.000 (0.000)	-0.002* (0.001)	0.000 (0.000)	0.014** (0.004)	0.036 (0.043)	0.007* (0.003)	-0.004 (0.002)	0.036 (0.043)	
TE	-0.034** (0.011)	-0.013 (0.007)	0.020 (0.010)	0.003*** (0.001)	0.003*** (0.001)	0.000 (0.001)	0.000 (0.000)	-0.001* (0.001)	-0.001 (0.001)	-0.001* (0.001)	-0.003** (0.001)	-0.006 (0.005)	-0.005 (0.003)	-0.006 (0.003)	-0.006 (0.005)	
PD	-0.018* (0.008)	-0.007 (0.010)	-0.016* (0.007)	0.000 (0.000)	0.000 (0.000)	0.001* (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.000 (0.000)	0.001* (0.000)	0.003 (0.002)	0.001 (0.001)	0.002 (0.001)	0.003 (0.002)	
Log(GDPPC)	33.273** (9.639)	32.443** (8.939)	35.457*** (8.411)	-1.558** (0.434)	-1.687** (0.458)	-1.773*** (0.360)	-1.558** (0.434)	-1.558** (0.434)	-1.912** (0.604)	-1.897** (0.586)	-2.020** (0.657)	-3.910 (2.658)	-3.608 (2.200)	-3.757 (2.276)	-3.910 (2.658)	
Log(GDPPC) <sup>2</sup>	-1.716** (0.461)	-1.688*** (0.405)	-1.702** (0.433)	0.082*** (0.019)	0.086*** (0.021)	0.084*** (0.017)	0.082*** (0.019)	0.106** (0.032)	0.107** (0.033)	0.106** (0.032)	0.107** (0.035)	0.160 (0.118)	0.160 (0.106)	0.164 (0.110)	0.160 (0.118)	
Unemployment	0.151*** (0.036)	0.203*** (0.038)	0.176*** (0.043)	-0.003 (0.003)	-0.003 (0.004)	-0.006 (0.003)	-0.007* (0.003)	-0.003 (0.003)	-0.002 (0.002)	-0.002 (0.002)	-0.002 (0.002)	-0.055** (0.019)	-0.060* (0.026)	-0.058* (0.025)	-0.055** (0.019)	
Inflation	-0.029*** (0.006)	-0.024** (0.007)	-0.024 (0.014)	0.001 (0.001)	0.001* (0.000)	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.006 (0.006)	0.005 (0.006)	0.005 (0.006)	0.006 (0.006)	
Tax	1.755 (1.274)	-3.196 (2.102)	-3.671** (0.983)	0.048 (0.081)	-0.282** (0.070)	0.134 (0.074)	0.048 (0.081)	0.230* (0.101)	0.159 (0.101)	0.230* (0.101)	0.242 (0.132)	0.931 (0.595)	1.178** (0.405)	1.024* (0.426)	0.931 (0.595)	
PS	0.225 (0.342)	0.390 (0.404)	-0.475* (0.213)	-0.034 (0.021)	-0.019 (0.014)	0.008 (0.017)	-0.034 (0.021)	0.031 (0.021)	0.033 (0.021)	0.031 (0.021)	0.068** (0.022)	0.179 (0.137)	0.078 (0.044)	0.091* (0.037)	0.179 (0.137)	
Countries	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	
Observations	194	194	194	194	194	194	194	194	194	194	194	194	194	194	194	
R squared	0.144	0.118	0.169	0.106	0.140	0.125	0.106	0.174	0.176	0.174	0.214	0.092	0.076	0.076	0.092	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. The variable representing the global financial crisis is omitted due to multicollinearity.

Table G2: All Middle-Income Countries: Long Term Effect of Financing the Health Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	0.174** (0.045)	0.051 (0.033)	-0.274** (0.088)	-0.013*** (0.002)	-0.003* (0.002)	0.012 (0.006)	0.003 (0.002)	0.004* (0.002)	0.017** (0.005)	0.019*** (0.004)	0.020*** (0.002)	0.036 (0.034)
Rest	0.132*** (0.019)	-0.045** (0.014)	-0.342** (0.108)	-0.011*** (0.001)	0.004*** (0.001)	0.015* (0.007)	-0.001 (0.001)	0.001 (0.001)	0.015** (0.004)	0.004 (0.003)	-0.014*** (0.003)	0.024 (0.036)
TE	-0.021 (0.011)	-0.024** (0.009)	0.026** (0.009)	0.003*** (0.001)	0.003*** (0.001)	0.000 (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.003** (0.001)	-0.002 (0.002)	-0.009* (0.004)	-0.003 (0.004)
PD	-0.015 (0.008)	-0.009 (0.010)	-0.018* (0.007)	0.001** (0.000)	0.001 (0.000)	0.001** (0.000)	0.000 (0.000)	0.000 (0.000)	0.000* (0.000)	0.002 (0.001)	0.001 (0.001)	0.003 (0.003)
Log(GDPPC)	28.790** (7.778)	29.085*** (6.761)	33.611*** (6.561)	-1.477** (0.375)	-1.501*** (0.300)	-1.717*** (0.263)	-1.834** (0.585)	-1.833** (0.579)	-2.018** (0.680)	-4.740 (2.704)	-4.852 (2.783)	-5.004 (3.241)
Log(GDPPC) <sup>2</sup>	-1.424*** (0.346)	-1.479*** (0.302)	-1.556*** (0.331)	0.072*** (0.016)	0.076*** (0.013)	0.080*** (0.012)	0.104** (0.031)	0.104** (0.031)	0.107** (0.036)	0.235 (0.139)	0.233 (0.138)	0.239 (0.156)
Unemployment	0.158*** (0.036)	0.212*** (0.040)	0.182*** (0.044)	-0.004 (0.003)	-0.008** (0.003)	-0.006* (0.003)	-0.002 (0.002)	-0.003 (0.002)	-0.002 (0.001)	-0.058* (0.023)	-0.055* (0.023)	-0.055** (0.019)
Inflation	-0.029*** (0.005)	-0.023*** (0.004)	-0.021 (0.012)	0.001* (0.000)	0.001 (0.001)	0.000 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.006 (0.006)	0.006 (0.005)	0.006 (0.006)
Tax	0.540 (1.219)	-0.684 (2.623)	-2.562** (0.903)	-0.246*** (0.055)	-0.146 (0.155)	0.058 (0.071)	0.329* (0.151)	0.310 (0.160)	0.313 (0.161)	1.026* (0.444)	1.920** (0.625)	0.807* (0.335)
PS	0.390 (0.326)	0.571 (0.345)	-0.406* (0.199)	-0.027* (0.013)	-0.042** (0.015)	0.004 (0.017)	0.034 (0.024)	0.031 (0.023)	0.071** (0.024)	0.123* (0.053)	0.152** (0.056)	0.188 (0.133)
Countries	46	46	46	46	46	46	46	46	46	46	46	46
Observations	194	194	194	194	194	194	194	194	194	194	194	194
R squared	0.135	0.122	0.173	0.136	0.113	0.128	0.171	0.172	0.215	0.066	0.092	0.074
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. The variable representing the global financial crisis is omitted due to multicollinearity.

Table G3: All Middle-Income Countries: Long Term Effect of Financing the Education Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
ES	0.083*** (0.019)	-0.049** (0.017)	-0.323** (0.100)	0.016* (0.007)	-0.007*** (0.001)	0.004** (0.001)	0.016* (0.007)	0.016*** (0.001)	0.003** (0.001)	0.004*** (0.001)	0.016*** (0.003)	0.016*** (0.003)	-0.012 (0.006)	-0.012 (0.009)	0.013 (0.036)	0.013 (0.036)
Rest	0.128*** (0.020)	-0.021 (0.014)	-0.339** (0.113)	0.014 (0.008)	-0.010*** (0.001)	0.002** (0.001)	0.014 (0.008)	0.015** (0.004)	-0.001 (0.001)	0.001 (0.001)	0.015** (0.004)	0.015** (0.004)	0.002 (0.003)	-0.007 (0.004)	0.035 (0.039)	0.035 (0.039)
TE	-0.034* (0.014)	-0.021** (0.008)	0.026* (0.011)	0.001 (0.001)	0.004*** (0.001)	0.003*** (0.001)	0.001 (0.001)	-0.003* (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.003* (0.001)	-0.003* (0.001)	-0.006*** (0.001)	-0.008** (0.002)	-0.010 (0.005)	-0.010 (0.005)
PD	-0.014 (0.008)	-0.006 (0.010)	-0.017* (0.007)	0.001* (0.000)	0.001** (0.000)	0.000 (0.000)	0.001* (0.000)	0.001 (0.000)	0.000 (0.000)	0.000 (0.000)	0.001 (0.000)	0.001 (0.000)	0.002 (0.001)	0.002 (0.001)	0.004 (0.003)	0.004 (0.003)
Log(GDPPC)	26.063** (9.218)	28.474** (9.712)	36.492*** (7.278)	-1.644*** (0.330)	-1.236* (0.515)	-1.464** (0.464)	-1.644*** (0.330)	-1.494** (0.607)	-1.419** (0.514)	-1.494* (0.607)	-1.890* (0.747)	-1.890* (0.747)	-5.604* (2.217)	-4.680** (1.647)	-6.748 (3.673)	-6.748 (3.673)
Log(GDPPC) <sup>2</sup>	-1.295** (0.420)	-1.466** (0.451)	-1.750*** (0.348)	0.078*** (0.015)	0.060* (0.024)	0.076** (0.021)	0.078*** (0.015)	0.084* (0.033)	0.079** (0.027)	0.084* (0.033)	0.099* (0.039)	0.099* (0.039)	0.275* (0.110)	0.215** (0.073)	0.324 (0.180)	0.324 (0.180)
Unemployment	0.161*** (0.034)	0.205*** (0.037)	0.172*** (0.040)	-0.006* (0.003)	-0.004 (0.003)	-0.007* (0.003)	-0.006* (0.003)	-0.003 (0.003)	-0.003 (0.002)	-0.003 (0.002)	-0.002 (0.001)	-0.002 (0.001)	-0.057* (0.025)	-0.058* (0.027)	-0.052** (0.018)	-0.052** (0.018)
Inflation	-0.032*** (0.007)	-0.026*** (0.006)	-0.025 (0.013)	0.001 (0.001)	0.001** (0.000)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	0.000 (0.001)	0.005 (0.006)	0.004 (0.005)	0.005 (0.005)	0.005 (0.005)
Tax	-0.067 (1.206)	-3.384 (1.718)	-3.961*** (0.625)	0.052 (0.101)	-0.212** (0.079)	0.052 (0.101)	0.115* (0.055)	0.248* (0.115)	0.236 (0.126)	0.248* (0.115)	0.261 (0.151)	0.261 (0.151)	0.796** (0.304)	0.979** (0.379)	0.705* (0.275)	0.705* (0.275)
PS	0.366 (0.358)	0.455 (0.413)	-0.508 (0.252)	0.005 (0.020)	-0.026 (0.016)	-0.034 (0.019)	0.005 (0.020)	0.025 (0.022)	0.025 (0.021)	0.025 (0.022)	0.067** (0.025)	0.067** (0.025)	0.113** (0.034)	0.108*** (0.024)	0.218 (0.130)	0.218 (0.130)
Countries	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46
Observations	194	194	194	194	194	194	194	194	194	194	194	194	194	194	194	194
R squared	0.136	0.117	0.169	0.125	0.138	0.105	0.125	0.173	0.173	0.173	0.213	0.213	0.067	0.073	0.084	0.084
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. The variable representing the global financial crisis is omitted due to multicollinearity

Table G4: All Middle-Income Countries: Long Term Effect of Financing the Agricultural Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	0.065* (0.030)	-0.097** (0.027)	-0.360** (0.113)	-0.004 (0.002)	0.010*** (0.002)	0.020** (0.007)	-0.005** (0.001)	-0.002 (0.002)	0.010* (0.004)	0.042* (0.020)	0.033 (0.018)	0.055 (0.047)
Rest	0.129*** (0.019)	-0.026** (0.010)	-0.330** (0.108)	-0.011*** (0.001)	0.002** (0.001)	0.014 (0.007)	-0.001 (0.001)	0.001** (0.000)	0.016** (0.004)	0.005 (0.003)	-0.009** (0.002)	0.023 (0.035)
TE	-0.024* (0.012)	-0.018** (0.007)	0.021** (0.008)	0.003*** (0.000)	0.003*** (0.001)	0.001 (0.001)	-0.002 (0.001)	-0.001 (0.001)	-0.003** (0.001)	-0.003 (0.002)	-0.008* (0.003)	-0.003 (0.004)
PD	-0.014 (0.008)	-0.006 (0.009)	-0.016* (0.007)	0.001** (0.000)	0.000 (0.000)	0.001* (0.000)	0.000 (0.000)	0.000 (0.000)	0.001* (0.000)	0.002 (0.001)	0.002 (0.001)	0.003 (0.002)
Log(GDPPC)	32.588*** (7.852)	34.019*** (6.888)	36.351*** (7.048)	-1.839*** (0.353)	-1.955*** (0.286)	-2.065*** (0.253)	-1.603** (0.607)	-1.608** (0.620)	-1.721* (0.709)	-6.036 (3.117)	-6.064 (3.052)	-6.122 (3.476)
Log(GDPPC) <sup>2</sup>	-1.655*** (0.354)	-1.778*** (0.306)	-1.747*** (0.348)	0.093*** (0.016)	0.103*** (0.012)	0.101*** (0.012)	0.089** (0.032)	0.091** (0.033)	0.089* (0.037)	0.299 (0.162)	0.289 (0.154)	0.294 (0.171)
Unemployment	0.166*** (0.039)	0.214*** (0.041)	0.181** (0.046)	-0.005 (0.004)	-0.008* (0.003)	-0.007* (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.001 (0.002)	-0.067* (0.028)	-0.067* (0.029)	-0.063** (0.021)
Inflation	-0.033*** (0.007)	-0.028*** (0.007)	-0.025 (0.013)	0.001** (0.001)	0.001 (0.001)	0.001 (0.001)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.006 (0.006)	0.005 (0.005)	0.006 (0.006)
Tax	-0.030 (0.981)	-3.014 (1.607)	-3.714*** (0.582)	-0.221*** (0.054)	0.017 (0.094)	0.096 (0.057)	0.267* (0.108)	0.250* (0.115)	0.293* (0.141)	0.589 (0.296)	0.842** (0.287)	0.411 (0.250)
PS	0.339 (0.361)	0.441 (0.416)	-0.467* (0.202)	-0.024 (0.016)	-0.033 (0.020)	0.006 (0.016)	0.029 (0.019)	0.028 (0.021)	0.070** (0.021)	0.097 (0.048)	0.099* (0.040)	0.165 (0.134)
Countries	46	46	46	46	46	46	46	46	46	46	46	46
Observations	194	194	194	194	194	194	194	194	194	194	194	194
R squared	0.134	0.118	0.169	0.137	0.107	0.127	0.167	0.171	0.216	0.070	0.083	0.077
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. The variable representing the global financial crisis is omitted due to multicollinearity.

Table G5: Upper Middle-Income Countries: Long Term Effect of Financing the Social Protection Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
SPS	0.076* (0.034)	-0.061** (0.016)	-0.535*** (0.098)	0.027*** (0.006)	-0.009*** (0.002)	0.001 (0.001)	0.004*** (0.000)	0.004*** (0.000)	0.007 (0.006)	-0.010** (0.004)	0.027 (0.049)	0.027 (0.049)
Rest	0.164** (0.048)	0.068* (0.027)	-0.548*** (0.097)	0.030*** (0.006)	-0.012*** (0.003)	-0.001 (0.002)	-0.004*** (0.002)	-0.004*** (0.002)	0.019** (0.007)	-0.012 (0.008)	0.042 (0.061)	0.042 (0.061)
TE	-0.062 (0.033)	0.031 (0.046)	0.044 (0.022)	-0.001 (0.001)	0.006** (0.002)	0.002 (0.003)	-0.004 (0.003)	-0.003 (0.002)	-0.006* (0.003)	-0.010 (0.006)	-0.006 (0.008)	-0.006 (0.008)
PD	-0.027** (0.010)	-0.011 (0.014)	-0.030* (0.012)	0.001 (0.001)	0.001** (0.000)	0.000 (0.001)	0.001 (0.001)	0.002** (0.001)	0.004 (0.003)	0.005 (0.003)	0.007 (0.005)	0.007 (0.005)
Log(GDPPC)	85.980 (88.123)	118.990 (87.423)	133.622* (53.258)	-12.398*** (2.580)	-9.551* (4.610)	-10.861* (4.679)	4.521 (3.040)	4.298* (1.870)	-3.477 (5.625)	-4.951 (6.869)	-4.210 (7.711)	-4.210 (7.711)
Log(GDPPC) <sup>2</sup>	-4.670 (4.926)	-6.380 (4.787)	-7.017* (2.936)	0.681*** (0.141)	0.539* (0.258)	0.609* (0.256)	-0.346* (0.164)	-0.277** (0.102)	0.097 (0.300)	0.164 (0.361)	0.120 (0.402)	0.120 (0.402)
Unemployment	0.559*** (0.073)	0.582*** (0.070)	0.508*** (0.088)	-0.019*** (0.004)	-0.021*** (0.004)	-0.025*** (0.004)	-0.020* (0.009)	-0.015* (0.007)	-0.145* (0.067)	-0.134* (0.060)	-0.131* (0.052)	-0.131* (0.052)
Inflation	-0.096*** (0.020)	-0.111*** (0.025)	-0.058 (0.030)	0.004* (0.002)	0.006*** (0.001)	0.007*** (0.001)	0.000 (0.000)	-0.002 (0.001)	0.001 (0.008)	0.001 (0.009)	-0.004 (0.003)	-0.004 (0.003)
Tax	0.683 (2.668)	-11.331** (3.731)	-2.427 (1.890)	0.107 (0.122)	-0.198 (0.145)	0.437** (0.167)	0.710** (0.238)	0.251** (0.067)	3.508 (1.995)	3.222 (2.132)	2.141 (1.332)	2.141 (1.332)
GFC	-351.533 (392.558)	-499.652 (399.568)	-526.100* (243.213)	55.025*** (11.901)	44.571* (20.513)	49.804* (21.558)	-11.932 (13.863)	-12.838 (8.089)	37.277 (25.711)	47.235 (32.687)	39.715 (32.628)	39.715 (32.628)
PS	-0.582 (0.745)	-0.446 (0.767)	-1.545** (0.537)	0.062* (0.029)	0.011 (0.040)	0.005 (0.043)	0.137** (0.051)	0.184** (0.066)	0.294* (0.144)	0.293* (0.126)	0.384 (0.246)	0.384 (0.246)
Countries	26	26	26	26	26	26	26	26	26	26	26	26
Observations	111	111	111	111	111	111	111	111	111	111	111	111
R squared	0.233	0.216	0.328	0.306	0.229	0.190	0.286	0.357	0.160	0.158	0.169	0.169
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table G6: Upper Middle-Income Countries: Long Term Effect of Financing the Health Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
HS	0.238* (0.111)	0.141 (0.089)	-0.243** (0.087)	-0.014** (0.005)	-0.014** (0.005)	0.004 (0.004)	0.003 (0.004)	0.018* (0.007)	0.080* (0.032)	0.087** (0.032)	0.075 (0.048)	
Rest	0.131** (0.041)	-0.033 (0.016)	-0.634*** (0.085)	0.001 (0.001)	0.032*** (0.007)	0.001 (0.001)	0.001 (0.001)	0.026** (0.009)	0.014 (0.007)	-0.025** (0.010)	0.016 (0.047)	
TE	-0.026 (0.040)	-0.015 (0.031)	0.109** (0.032)	0.003 (0.002)	-0.003 (0.002)	-0.001 (0.002)	-0.000 (0.002)	-0.005 (0.003)	0.007 (0.005)	-0.005 (0.004)	0.008 (0.005)	
PD	-0.022 (0.012)	-0.018 (0.014)	-0.044** (0.015)	0.001* (0.000)	0.002** (0.001)	0.001 (0.001)	0.001 (0.001)	0.002 (0.001)	0.003 (0.003)	0.001 (0.002)	0.005 (0.006)	
Log(GDPPC)	85.068 (80.309)	79.104 (76.765)	101.687* (43.780)	-9.496* (4.311)	-10.650*** (2.327)	4.958 (2.499)	5.404* (2.507)	4.754*** (0.986)	-8.148 (7.850)	-19.286 (10.997)	-7.218 (7.435)	
Log(GDPPC) <sup>2</sup>	-4.557 (4.438)	-4.182 (4.231)	-4.879* (2.336)	0.534* (0.239)	0.567*** (0.125)	-0.297* (0.138)	-0.322* (0.139)	-0.309*** (0.048)	0.406 (0.443)	1.037 (0.618)	0.344 (0.385)	
Unemployment	0.509*** (0.092)	0.574*** (0.083)	0.422*** (0.082)	-0.020*** (0.004)	-0.017*** (0.004)	-0.019 (0.010)	-0.019 (0.010)	-0.013 (0.007)	-0.162* (0.067)	-0.145* (0.061)	-0.154** (0.054)	
Inflation	-0.096*** (0.022)	-0.102*** (0.020)	-0.055 (0.031)	0.006*** (0.001)	0.004* (0.002)	-0.000 (0.001)	-0.001 (0.001)	-0.002* (0.001)	0.000 (0.008)	0.000 (0.007)	-0.002 (0.004)	
Tax	-3.093 (2.967)	-5.012 (4.700)	4.257* (1.821)	-0.094 (0.138)	-0.279** (0.108)	0.743** (0.259)	0.617 (0.323)	0.167 (0.128)	3.585 (1.922)	5.869 (3.000)	2.647** (0.850)	
GFC	-354.346 (362.305)	-316.100 (347.355)	-406.521 (203.496)	44.589* (19.354)	45.638* (19.908)	-14.897 (11.323)	-16.943 (11.302)	-14.492** (4.587)	54.159 (34.006)	105.528* (48.703)	50.442 (31.436)	
PS	-0.329 (0.813)	-0.347 (0.813)	-1.492** (0.480)	0.004 (0.043)	0.061** (0.024)	0.133* (0.059)	0.135* (0.058)	0.183** (0.066)	0.364* (0.167)	0.330 (0.170)	0.397 (0.244)	
Countries	26	26	26	26	26	26	26	26	26	26	26	
Observations	111	111	111	111	111	111	111	111	111	111	111	
R squared	0.218	0.205	0.362	0.191	0.321	0.256	0.256	0.360	0.177	0.215	0.175	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.



Table G7: Upper Middle-Income Countries: Long Term Effect of Financing the Education Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure				10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	
ES	0.016 (0.044)	-0.111*** (0.024)	-0.468*** (0.090)	-0.004 (0.002)	-0.004 (0.002)	0.006*** (0.001)	0.024** (0.006)	0.010** (0.003)	0.010** (0.003)	0.010** (0.003)	0.024** (0.007)	0.014 (0.046)	-0.001 (0.019)	-0.013 (0.019)	0.014 (0.046)	
Rest	0.142** (0.041)	0.011 (0.007)	-0.620*** (0.100)	-0.011*** (0.002)	-0.011*** (0.002)	-0.001* (0.001)	0.031*** (0.007)	0.000 (0.001)	0.000 (0.001)	0.000 (0.001)	0.025* (0.010)	0.050 (0.057)	0.016* (0.007)	-0.011 (0.009)	0.050 (0.057)	
TE	-0.080* (0.037)	-0.035 (0.031)	0.091** (0.032)	0.007** (0.002)	0.007** (0.002)	0.004* (0.002)	-0.002 (0.002)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)	-0.004 (0.003)	-0.014 (0.008)	-0.008* (0.003)	-0.010*** (0.002)	-0.014 (0.008)	
PD	-0.025* (0.012)	-0.014 (0.016)	-0.027* (0.011)	0.001* (0.001)	0.001* (0.001)	0.000 (0.001)	0.001* (0.000)	0.002 (0.001)	0.002 (0.001)	0.002 (0.001)	0.002* (0.001)	0.006 (0.005)	0.004 (0.004)	0.005 (0.004)	0.006 (0.005)	
Log(GDPPC)	73.842 (83.291)	90.010 (78.653)	160.296** (57.858)	-8.599 (4.505)	-8.599 (4.505)	-9.925* (4.190)	-13.376*** (3.025)	6.843** (2.323)	6.843** (2.323)	6.726** (2.230)	3.986 (2.092)	-9.181 (9.392)	-5.072 (4.383)	-4.906 (4.608)	-9.181 (9.392)	
Log(GDPPC) <sup>2</sup>	-4.032 (4.643)	-4.888 (4.359)	-8.442** (3.164)	0.488 (0.251)	0.488 (0.251)	0.558* (0.231)	0.732*** (0.166)	-0.404** (0.133)	-0.404** (0.133)	-0.398** (0.127)	-0.260* (0.112)	0.383 (0.490)	0.181 (0.238)	0.164 (0.249)	0.383 (0.490)	
Unemployment	0.591*** (0.091)	0.633*** (0.092)	0.428*** (0.066)	-0.024*** (0.004)	-0.024*** (0.004)	-0.027*** (0.003)	-0.017** (0.004)	-0.022 (0.011)	-0.022 (0.011)	-0.022 (0.011)	-0.014* (0.006)	-0.119** (0.045)	-0.141 (0.071)	-0.133 (0.069)	-0.119** (0.045)	
Inflation	-0.080** (0.024)	-0.090** (0.024)	-0.070* (0.030)	0.005** (0.001)	0.005** (0.001)	0.006** (0.002)	0.005** (0.002)	-0.001* (0.001)	-0.001* (0.001)	-0.002* (0.001)	-0.002* (0.001)	0.000 (0.005)	0.003 (0.007)	0.001 (0.006)	0.000 (0.005)	
Tax	-0.776 (2.024)	-8.283** (3.196)	-4.540* (1.821)	-0.260 (0.137)	-0.260 (0.137)	0.355* (0.155)	0.127 (0.121)	0.431** (0.134)	0.431** (0.134)	0.485** (0.164)	0.307*** (0.067)	2.277* (1.014)	3.293* (1.476)	3.204 (1.898)	2.277* (1.014)	
GFC	-291.673 (372.412)	-356.567 (354.349)	-646.004* (264.948)	40.077 (20.079)	40.077 (20.079)	45.451* (18.976)	59.556*** (13.902)	-23.356* (10.175)	-23.356* (10.175)	-22.711* (9.816)	-11.509 (9.175)	62.668 (40.227)	45.165* (19.725)	46.797* (21.424)	62.668 (40.227)	
PS	-0.730 (0.764)	-0.660 (0.823)	-1.337* (0.561)	0.025 (0.038)	0.025 (0.038)	0.019 (0.042)	0.053 (0.028)	0.156* (0.063)	0.156* (0.063)	0.156* (0.063)	0.183** (0.064)	0.338 (0.218)	0.275 (0.179)	0.287 (0.183)	0.338 (0.218)	
Countries	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	
Observations	111	111	111	111	111	111	111	111	111	111	111	111	111	111	111	
R squared	0.224	0.206	0.338	0.234	0.234	0.197	0.306	0.274	0.274	0.275	0.355	0.170	0.156	0.158	0.170	
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table G8: Upper Middle-Income Countries: Long Term Effect of Financing the Agricultural Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
AS	0.419*** (0.098)	0.314* (0.139)	-0.290 (0.206)	-0.026*** (0.006)	-0.017 (0.009)	0.014 (0.014)	-0.022*** (0.003)	-0.022*** (0.003)	0.005 (0.009)	0.027 (0.029)	0.012 (0.026)	0.051 (0.088)
Rest	0.126** (0.048)	-0.018** (0.007)	-0.530*** (0.106)	-0.010*** (0.002)	0.001 (0.000)	0.027** (0.007)	0.002*** (0.001)	0.002*** (0.000)	0.024** (0.008)	0.015* (0.007)	-0.012* (0.005)	0.031 (0.051)
TE	-0.045 (0.036)	-0.032 (0.030)	0.037 (0.022)	0.005** (0.002)	0.003 (0.002)	0.000 (0.001)	-0.001 (0.002)	0.000 (0.002)	-0.003 (0.002)	-0.003** (0.001)	-0.010 (0.006)	-0.003 (0.005)
PD	-0.020 (0.012)	-0.014 (0.016)	-0.031* (0.013)	0.001 (0.001)	0.000 (0.001)	0.001* (0.001)	0.001 (0.001)	0.002 (0.001)	0.002 (0.001)	0.005 (0.004)	0.005 (0.003)	0.007 (0.006)
Log(GDPPC)	112.627 (83.081)	119.405 (82.143)	146.136** (53.276)	-10.732* (4.551)	-11.565* (4.553)	-12.811*** (2.903)	3.876 (2.412)	4.441 (2.572)	3.039* (1.356)	-1.529 (4.886)	-3.393 (4.959)	-1.407 (6.082)
Log(GDPPC) <sup>2</sup>	-6.228 (4.607)	-6.606 (4.551)	-7.763** (2.937)	0.608* (0.253)	0.653** (0.252)	0.707*** (0.161)	-0.236 (0.134)	-0.265 (0.145)	-0.203** (0.073)	-0.017 (0.265)	0.075 (0.263)	-0.039 (0.322)
Unemployment	0.546*** (0.099)	0.613*** (0.091)	0.527*** (0.093)	-0.021*** (0.004)	-0.026*** (0.004)	-0.022*** (0.005)	-0.019 (0.010)	-0.020* (0.010)	-0.016* (0.007)	-0.148* (0.064)	-0.132* (0.059)	-0.139** (0.054)
Inflation	-0.091*** (0.020)	-0.097*** (0.022)	-0.057 (0.032)	0.006*** (0.001)	0.006*** (0.001)	0.004* (0.002)	-0.001 (0.001)	-0.001 (0.001)	-0.003* (0.001)	0.001 (0.009)	0.001 (0.009)	-0.002 (0.005)
Tax	-7.916 (4.144)	-12.255** (3.320)	-4.848 (2.835)	0.131 (0.224)	0.572** (0.167)	0.164 (0.187)	0.978** (0.284)	0.783** (0.256)	0.516*** (0.082)	2.664 (1.477)	2.964 (1.781)	1.454** (0.454)
GFC	-463.717 (372.606)	-482.350 (369.768)	-580.049* (244.126)	49.557* (20.293)	52.482* (20.537)	56.881*** (13.350)	-10.201 (10.851)	-12.905 (11.426)	-7.482 (5.919)	29.132 (22.227)	40.422 (23.462)	28.124 (25.894)
PS	-0.554 (0.764)	-0.600 (0.785)	-1.658** (0.472)	0.014 (0.041)	0.015 (0.041)	0.069** (0.024)	0.143** (0.051)	0.148** (0.049)	0.193** (0.060)	0.313* (0.130)	0.278* (0.118)	0.379 (0.225)
Countries	26	26	26	26	26	26	26	26	26	26	26	26
Observations	111	111	111	111	111	111	111	111	111	111	111	111
R squared	0.224	0.210	0.334	0.232	0.199	0.304	0.275	0.278	0.369	0.152	0.159	0.158
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity.

Table G9: Lower Middle-Income Countries: Long Term Effect of Financing the Social Protection Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
SPS	-0.054* (0.022)	-0.092*** (0.021)	0.429*** (0.084)	0.001 (0.002)	0.006** (0.002)	-0.038*** (0.006)	0.001 (0.001)	0.003* (0.001)	-0.019*** (0.003)	-0.009*** (0.001)	-0.007*** (0.001)	-0.002 (0.002)
Rest	0.037 (0.027)	-0.090*** (0.011)	0.505*** (0.099)	-0.005* (0.002)	0.008*** (0.001)	-0.043*** (0.007)	-0.002* (0.001)	0.005*** (0.000)	-0.021*** (0.004)	-0.003** (0.001)	-0.001 (0.001)	0.005* (0.002)
TE	-0.019 (0.021)	-0.035 (0.020)	-0.111*** (0.015)	0.002 (0.002)	0.003* (0.002)	0.010*** (0.001)	-0.000 (0.001)	0.001 (0.001)	0.004** (0.001)	-0.000 (0.001)	-0.000 (0.001)	-0.001 (0.001)
PD	-0.032*** (0.003)	-0.027*** (0.004)	-0.065*** (0.006)	0.003*** (0.000)	0.002*** (0.000)	0.005*** (0.000)	0.001*** (0.000)	0.001*** (0.000)	0.003*** (0.000)	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
Log(GDPPC)	62.394*** (11.261)	56.625*** (5.591)	111.079*** (13.248)	-4.756*** (0.937)	-4.565*** (0.581)	-9.193*** (1.018)	-2.539*** (0.504)	-2.313*** (0.430)	-4.749*** (0.583)	0.701 (0.859)	0.120 (0.709)	0.639 (0.820)
Log(GDPPC) <sup>2</sup>	-4.113*** (0.727)	-3.694*** (0.343)	-7.460*** (0.846)	0.313*** (0.060)	0.299*** (0.037)	0.619*** (0.065)	0.163*** (0.033)	0.146*** (0.027)	0.315*** (0.038)	-0.041 (0.060)	0.001 (0.051)	-0.035 (0.056)
Unemployment	-0.166*** (0.030)	-0.149*** (0.036)	-0.195*** (0.036)	0.013*** (0.003)	0.011** (0.003)	0.015*** (0.003)	0.005** (0.001)	0.004** (0.002)	0.006** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)	-0.009*** (0.002)
Inflation	0.048*** (0.005)	0.022 (0.012)	0.067*** (0.006)	-0.004*** (0.000)	-0.002 (0.001)	-0.005*** (0.001)	-0.001 (0.000)	0.001 (0.001)	-0.001*** (0.000)	0.003** (0.001)	0.002** (0.001)	0.003** (0.001)
Tax	-0.726 (3.331)	-5.738 (5.093)	6.361*** (1.211)	-0.017 (0.277)	0.418 (0.401)	-0.616*** (0.086)	0.152 (0.152)	0.415 (0.222)	-0.148 (0.089)	-0.245 (0.144)	-0.287 (0.238)	-0.176 (0.141)
PS	0.782** (0.277)	1.042*** (0.183)	2.197*** (0.441)	-0.057* (0.023)	-0.082*** (0.015)	-0.179*** (0.035)	-0.031** (0.010)	-0.045*** (0.007)	-0.092*** (0.016)	-0.020 (0.017)	-0.022 (0.014)	-0.010 (0.014)
Countries	20	20	20	20	20	20	20	20	20	20	20	20
Observations	83	83	83	83	83	83	83	83	83	83	83	83
R squared	0.218	0.274	0.345	0.211	0.276	0.355	0.246	0.323	0.359	0.106	0.105	0.107
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the social protection sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. The variable representing the global financial crisis is omitted due to multicollinearity.

Table G10: Lower Middle-Income Countries: Long Term Effect of Financing the Health Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS	TCS	OS	DS
HS	-0.053 (0.034)	-0.042*** (0.009)	0.446*** (0.097)	0.002 (0.003)	0.003*** (0.001)	-0.038*** (0.008)	0.003 (0.001)	0.003*** (0.000)	-0.017*** (0.004)	-0.003 (0.002)	0.002 (0.001)	0.007** (0.002)
Rest	0.013 (0.027)	-0.112*** (0.020)	0.513*** (0.107)	-0.003 (0.002)	0.009*** (0.001)	-0.043*** (0.008)	-0.001 (0.001)	0.005*** (0.001)	-0.022*** (0.004)	-0.004** (0.001)	-0.004** (0.002)	0.006* (0.003)
TE	-0.028 (0.020)	-0.036* (0.016)	-0.120*** (0.014)	0.002 (0.002)	0.003* (0.001)	0.010*** (0.001)	0.000 (0.001)	0.000 (0.001)	0.004*** (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.002* (0.001)
PD	-0.044*** (0.007)	-0.020** (0.006)	-0.075*** (0.009)	0.004*** (0.001)	0.002** (0.000)	0.006*** (0.001)	0.002*** (0.000)	0.001** (0.000)	0.003*** (0.000)	0.000 (0.000)	0.001 (0.001)	0.000 (0.000)
Log(GDPPC)	88.985*** (19.483)	38.167*** (6.803)	132.614*** (22.616)	-6.740*** (1.551)	-2.942*** (0.587)	-10.786*** (1.686)	-3.835** (0.985)	-1.755*** (0.406)	-5.831*** (1.077)	1.453 (1.112)	-1.196 (1.015)	1.202 (1.147)
Log(GDPPC) <sup>2</sup>	-5.834*** (1.253)	-2.472*** (0.462)	-8.832*** (1.464)	0.442*** (0.100)	0.193*** (0.039)	0.721*** (0.109)	0.247** (0.064)	0.111*** (0.026)	0.385*** (0.070)	-0.088 (0.072)	0.092 (0.073)	-0.068 (0.074)
Unemployment	-0.190*** (0.042)	-0.115*** (0.026)	-0.220*** (0.027)	0.015*** (0.004)	0.009*** (0.002)	0.017*** (0.002)	0.007** (0.002)	0.003** (0.001)	0.008*** (0.001)	-0.008** (0.003)	-0.006** (0.002)	-0.009** (0.003)
Inflation	0.023* (0.011)	0.029* (0.012)	0.042** (0.012)	-0.002 (0.001)	-0.003** (0.001)	-0.004** (0.001)	0.001 (0.001)	0.000 (0.001)	-0.000 (0.001)	0.002** (0.001)	0.002 (0.001)	0.002 (0.001)
Tax	-1.759 (4.469)	-4.886 (4.317)	5.239** (2.013)	0.075 (0.358)	0.338 (0.321)	-0.508** (0.144)	0.245 (0.211)	0.385 (0.194)	-0.048 (0.112)	-0.142 (0.173)	-0.244 (0.232)	-0.053 (0.175)
PS	0.702* (0.281)	1.234*** (0.227)	2.096*** (0.435)	-0.050* (0.024)	-0.097*** (0.018)	-0.170*** (0.035)	-0.025* (0.010)	-0.049*** (0.008)	-0.085*** (0.015)	-0.014 (0.020)	-0.001 (0.016)	-0.004 (0.015)
Countries	20	20	20	20	20	20	20	20	20	20	20	20
Observations	83	83	83	83	83	83	83	83	83	83	83	83
R squared	0.207	0.281	0.341	0.205	0.284	0.356	0.252	0.323	0.371	0.090	0.102	0.089
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the health sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. The variable representing the global financial crisis is omitted due to multicollinearity.

Table G11: Lower Middle-Income Countries: Long Term Effect of Financing the Education Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure											
	10th Percentile				50th Percentile				90th Percentile			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS
ES	-0.097 (0.051)	-0.074** (0.021)	0.417** (0.115)	-0.036** (0.009)	0.005 (0.005)	0.006** (0.002)	-0.036** (0.009)	0.004** (0.001)	0.004** (0.001)	0.013*** (0.003)	-0.016** (0.005)	-0.007* (0.004)
Rest	0.003 (0.029)	-0.096*** (0.019)	0.506*** (0.107)	-0.043*** (0.008)	-0.002 (0.003)	0.008*** (0.001)	-0.043*** (0.008)	0.004*** (0.001)	0.004*** (0.001)	-0.005*** (0.001)	-0.021*** (0.004)	-0.001 (0.001)
TE	-0.030* (0.012)	-0.036 (0.020)	-0.120*** (0.011)	0.010*** (0.001)	0.002** (0.001)	0.003 (0.002)	0.010*** (0.001)	0.000 (0.001)	0.000 (0.001)	-0.001 (0.001)	0.004*** (0.001)	-0.001 (0.001)
PD	-0.026*** (0.006)	-0.030*** (0.004)	-0.058*** (0.007)	0.005*** (0.001)	0.002*** (0.001)	0.002*** (0.000)	0.005*** (0.001)	0.001** (0.000)	0.001** (0.000)	0.002 (0.001)	0.002*** (0.001)	0.001 (0.001)
Log(GDPPC)	54.397*** (9.553)	60.665*** (11.118)	98.292*** (15.046)	-8.097*** (1.316)	-4.099*** (0.958)	-4.925*** (1.056)	-8.097*** (1.316)	-2.318*** (0.747)	-2.318*** (0.747)	-0.068 (1.069)	-3.873*** (0.895)	-0.723 (0.873)
Log(GDPPC) <sup>2</sup>	-3.639*** (0.586)	-3.942*** (0.676)	-6.633*** (0.958)	0.549*** (0.084)	0.274*** (0.059)	0.322*** (0.065)	0.549*** (0.084)	0.147** (0.046)	0.147** (0.046)	0.005 (0.075)	0.259*** (0.056)	0.028 (0.070)
Unemployment	-0.133*** (0.030)	-0.155** (0.043)	-0.166*** (0.028)	0.013*** (0.002)	0.011** (0.003)	0.012** (0.004)	0.013*** (0.002)	0.004* (0.002)	0.004* (0.002)	-0.007*** (0.001)	0.005** (0.002)	-0.007*** (0.001)
Inflation	0.030** (0.011)	0.021 (0.013)	0.047*** (0.011)	-0.004*** (0.001)	-0.002* (0.001)	-0.002 (0.001)	-0.004*** (0.001)	0.000 (0.001)	0.000 (0.001)	0.002** (0.001)	-0.001 (0.001)	0.001 (0.001)
Tax	-3.045 (2.675)	-5.327 (4.585)	4.300** (1.111)	-0.444*** (0.087)	0.161 (0.206)	0.364 (0.341)	-0.444*** (0.087)	0.400* (0.174)	0.400* (0.174)	-0.442 (0.225)	-0.014 (0.099)	-0.435 (0.306)
PS	1.212*** (0.181)	0.977*** (0.144)	2.533*** (0.392)	-0.204*** (0.029)	-0.089*** (0.014)	-0.074*** (0.013)	-0.204*** (0.029)	-0.043*** (0.010)	-0.043*** (0.010)	0.014 (0.012)	-0.109*** (0.013)	0.001 (0.014)
Countries	20	20	20	20	20	20	20	20	20	20	20	20
Observations	83	83	83	83	83	83	83	83	83	83	83	83
R squared	0.212	0.274	0.343	0.357	0.208	0.276	0.357	0.321	0.321	0.106	0.369	0.100
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. The variable representing the global financial crisis is omitted due to multicollinearity.

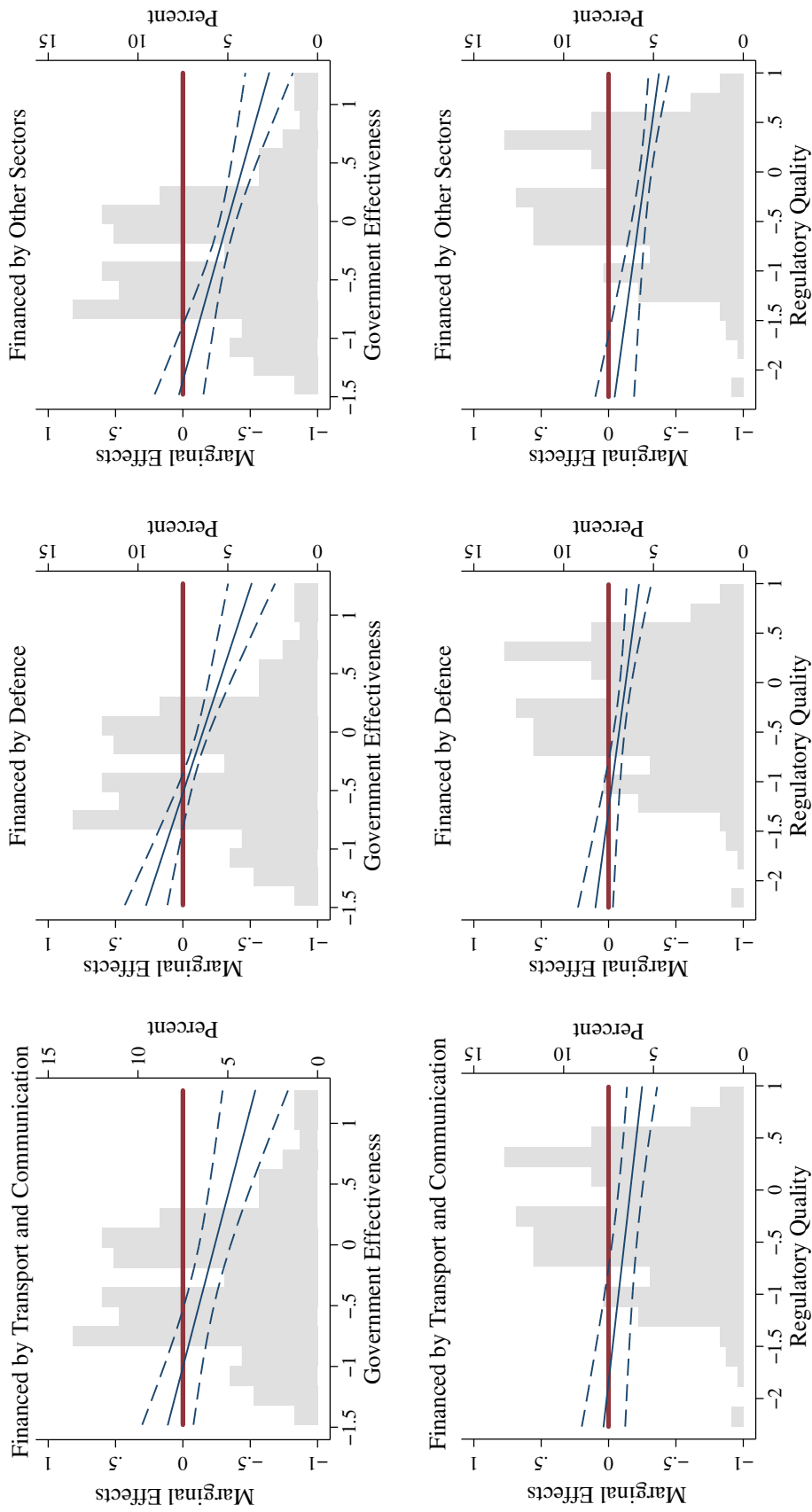
Table G12: Lower Middle-Income Countries: Long Term Effect of Financing the Agricultural Sector – 4-Year Lead Values of the Dependent Variables

	Atkinson Inequality Measure													
	10th Percentile				50th Percentile				90th Percentile					
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	DS	DS		
AS	-0.028 (0.067)	-0.081 (0.054)	0.351*** (0.079)	-0.029*** (0.006)	0.001 (0.006)	0.008 (0.004)	-0.029*** (0.006)	-0.014** (0.004)	0.001 (0.003)	0.005* (0.002)	-0.014** (0.004)	-0.000 (0.001)	0.003 (0.002)	0.007** (0.003)
Rest	0.015 (0.026)	-0.091*** (0.014)	0.592*** (0.134)	-0.050*** (0.010)	-0.003 (0.002)	0.007*** (0.001)	-0.050*** (0.010)	-0.025*** (0.005)	-0.001 (0.001)	0.004*** (0.001)	-0.025*** (0.005)	-0.004** (0.001)	-0.002 (0.001)	0.005 (0.003)
TE	-0.027 (0.016)	-0.036 (0.019)	-0.129*** (0.016)	0.011*** (0.001)	0.002 (0.001)	0.003 (0.001)	0.011*** (0.001)	0.004*** (0.001)	-0.000 (0.001)	0.000 (0.001)	0.004*** (0.001)	-0.001 (0.001)	-0.001 (0.001)	-0.002* (0.001)
PD	-0.038*** (0.005)	-0.027*** (0.003)	-0.068*** (0.007)	0.006*** (0.001)	0.003*** (0.000)	0.002*** (0.000)	0.006*** (0.001)	0.003*** (0.000)	0.002*** (0.000)	0.001*** (0.000)	0.003*** (0.000)	0.000 (0.000)	0.001 (0.000)	0.000 (0.000)
Log(GDPPC)	75.963*** (15.538)	56.604*** (5.976)	126.679*** (18.894)	-4.498*** (1.424)	-5.719*** (1.283)	-4.498*** (0.568)	-10.358*** (1.424)	-5.363*** (0.789)	-3.035*** (0.736)	-2.253*** (0.404)	-5.363*** (0.789)	1.565 (0.857)	0.316 (0.458)	1.315 (0.893)
Log(GDPPC) <sup>2</sup>	-4.948*** (0.998)	-3.697*** (0.352)	-8.303*** (1.208)	0.296*** (0.034)	0.372*** (0.082)	0.296*** (0.034)	0.681*** (0.091)	0.348*** (0.052)	0.193** (0.048)	0.143*** (0.025)	0.348*** (0.052)	-0.097 (0.057)	-0.012 (0.036)	-0.077 (0.057)
Unemployment	-0.144** (0.048)	-0.153** (0.044)	-0.101* (0.039)	0.007* (0.003)	0.011** (0.004)	0.012** (0.003)	0.007* (0.003)	0.002 (0.002)	0.004 (0.002)	0.004* (0.002)	0.002 (0.002)	-0.010*** (0.002)	-0.011*** (0.002)	-0.010*** (0.002)
Inflation	0.032*** (0.006)	0.021 (0.014)	0.046*** (0.008)	-0.004*** (0.001)	-0.002* (0.001)	-0.002 (0.001)	-0.004*** (0.001)	-0.001 (0.000)	0.000 (0.000)	0.000 (0.001)	-0.001 (0.000)	0.002** (0.001)	0.001 (0.001)	0.002* (0.001)
Tax	0.268 (3.128)	-5.742 (5.186)	7.802*** (1.587)	-0.717*** (0.130)	-0.083 (0.258)	0.410 (0.391)	-0.717*** (0.130)	-0.201 (0.109)	0.121 (0.132)	0.408 (0.211)	-0.201 (0.109)	-0.157 (0.154)	-0.313 (0.305)	-0.088 (0.157)
PS	0.827** (0.313)	1.048*** (0.206)	2.381*** (0.460)	-0.081*** (0.016)	-0.060* (0.026)	-0.081*** (0.016)	-0.194*** (0.035)	-0.100*** (0.016)	-0.032** (0.012)	-0.044*** (0.008)	-0.100*** (0.016)	-0.015 (0.016)	-0.015 (0.014)	-0.008 (0.011)
Countries	20	20	20	20	20	20	20	20	20	20	20	20	20	20
Observations	83	83	83	83	83	83	83	83	83	83	83	83	83	83
R squared	0.198	0.274	0.357	0.275	0.196	0.275	0.378	0.381	0.235	0.321	0.381	0.090	0.096	0.089
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the agricultural sector and the relevant financing component. The parameter estimate for the constant term is not reported for brevity. The variable representing the global financial crisis is omitted due to multicollinearity.

## **Appendix H. Robustness Check 6: Spending Reallocations Across Different Institutional Variables**

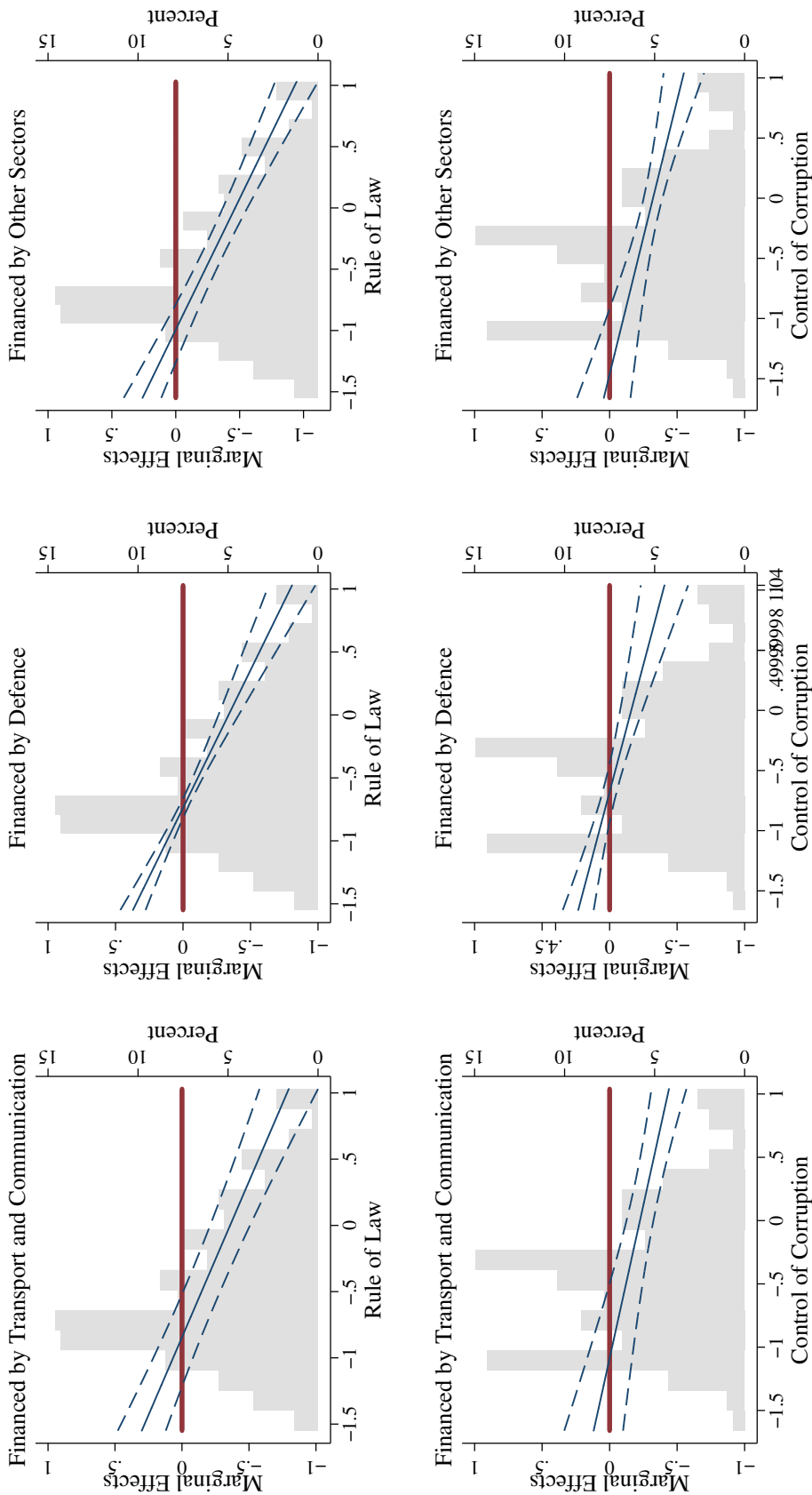
Figure H1: Financing the Education Sector: Government Effectiveness and Regulatory Quality



Note: The marginal effects are represented by the solid blue lines. The dashed blue lines represent the corresponding 90 percent confidence intervals. Similarly, the red solid lines denote the points at which the marginal effects are equal to zero. The histograms represent the distribution of the sample in terms of government effectiveness and regulatory quality.

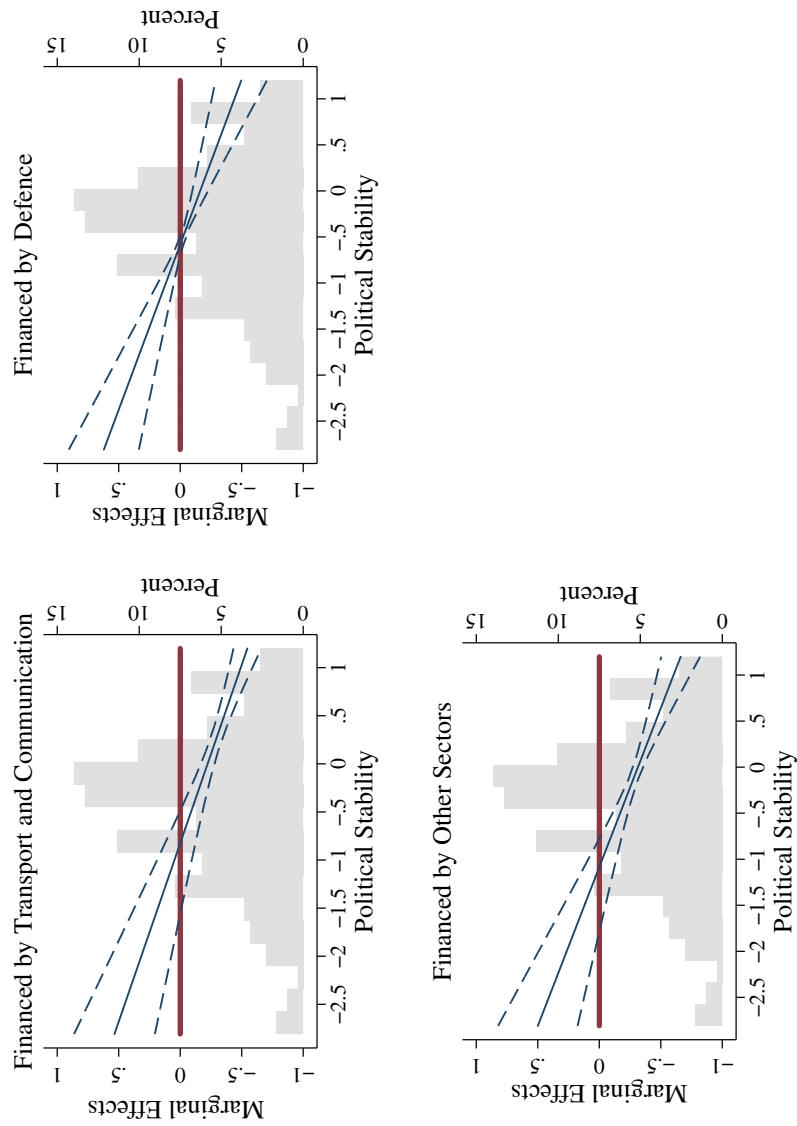


Figure H2: Financing the Education Sector: Rule of Law and Corruption Control



Note: The marginal effects are represented by the solid blue lines. The dashed blue lines represent the corresponding 90 percent confidence intervals. Similarly, the red solid lines denote the points at which the marginal effects are equal to zero. The histograms represent the distribution of the sample in terms of rule of law and control of corruption.

Figure H3: Financing the Education Sector: Political Stability



Note: The marginal effects are represented by the solid blue lines. The dashed blue lines represent the corresponding 90 percent confidence intervals. Similarly, the red solid lines denote the points at which the marginal effects are equal to zero. The histograms represent the distribution of the sample in terms of political stability.

**Appendix I. Robustness Check 7: Financing the Education Sector Across Different Institutional Variables**

Table II: All Middle-Income Countries: Financing the Education Sector - Government Effectiveness, Regulatory Quality and Rule of Law

	GE				RQ				RL			
	TCS	OS	DS	DS	TCS	OS	DS	DS	TCS	OS	OS	DS
	(0.071)	(0.037)	(0.028)	(0.028)	(0.054)	(0.027)	(0.026)	(0.026)	(0.090)	(0.058)	(0.058)	(0.045)
ES	-0.237***	-0.331***	-0.148***	-0.127***	-0.162**	-0.274***	-0.127***	-0.127***	-0.359***	-0.464***	-0.337***	-0.337***
GE	5.670***	5.780***	6.576***		-0.795	0.133	0.447		6.587***	7.643***	7.553***	7.553***
ES*GE	-0.236**	-0.243***	-0.285***		(0.660)	(0.587)	(0.685)		(1.980)	(1.827)	(1.787)	(1.787)
RQ	(0.083)	(0.074)	(0.071)						(0.067)	(0.062)	(0.061)	(0.061)
ES*RQ					-0.088**	-0.101**	-0.099**		0.092**	-0.042***	0.142***	0.142***
RL	0.105***	-0.042***	0.221***	0.168***	0.120***	-0.049***	0.168***	0.168***	0.092**	-0.042***	0.142***	0.142***
ES*RL	-0.098***	-0.097***	-0.107***	-0.098***	(0.025)	(0.009)	(0.026)	(0.026)	(0.030)	(0.006)	(0.032)	(0.032)
Rest	(0.026)	(0.008)	(0.021)	(0.021)	-0.105***	-0.098***	-0.098***	-0.098***	-0.094***	-0.095**	-0.096**	-0.096**
TE	(0.023)	(0.029)	(0.030)	(0.030)	(0.024)	(0.028)	(0.029)	(0.029)	(0.026)	(0.032)	(0.034)	(0.034)
PD	-0.022**	-0.021*	-0.016	-0.027**	-0.037***	-0.032***	-0.027**	-0.027**	-0.026***	-0.024***	-0.020**	-0.020**
Log(GDPPC)	(0.009)	(0.009)	(0.010)	(0.010)	(0.009)	(0.010)	(0.010)	(0.010)	(0.007)	(0.007)	(0.008)	(0.008)
Log(GDPPC) <sup>2</sup>	20.619***	28.203***	27.866***	32.123***	28.368***	34.334***	32.123***	32.123***	18.715***	24.296***	23.301***	23.301***
Unemployment	(5.198)	(3.983)	(6.682)	(6.682)	(4.822)	(4.363)	(4.007)	(4.007)	(4.820)	(3.851)	(5.013)	(5.013)
Inflation	-1.530***	-1.995***	-2.020***	-2.073***	-1.758***	-2.169***	-2.073***	-2.073***	-1.268***	-1.622***	-1.580***	-1.580***
Tax	(0.241)	(0.172)	(0.312)	(0.312)	(0.277)	(0.254)	(0.197)	(0.197)	(0.261)	(0.205)	(0.263)	(0.263)
GFC	0.352***	0.370***	0.382***	0.356***	0.332***	0.348***	0.356***	0.356***	0.366***	0.378***	0.385***	0.385***
PS	(0.053)	(0.050)	(0.049)	(0.049)	(0.057)	(0.055)	(0.054)	(0.054)	(0.048)	(0.048)	(0.049)	(0.049)
Countries	-0.046***	-0.051***	-0.048**	-0.058***	-0.055***	-0.059***	-0.058***	-0.058***	-0.052***	-0.056***	-0.055***	-0.055***
Observations	(0.012)	(0.014)	(0.015)	(0.015)	(0.014)	(0.014)	(0.015)	(0.015)	(0.014)	(0.014)	(0.015)	(0.015)
R squared	-2.962	-6.574*	-7.961**	-10.521**	-4.098	-8.342**	-10.521**	-10.521**	-4.566	-7.135*	-8.962**	-8.962**
Country FE	(3.773)	(3.247)	(3.331)	(3.498)	(3.961)	(3.507)	(3.498)	(3.498)	(3.879)	(3.686)	(3.508)	(3.508)
Time FE	1.883***	2.261***	2.627***	2.547***	1.799***	2.204***	2.547***	2.547***	1.932***	2.259***	2.560***	2.560***
	(0.356)	(0.288)	(0.327)	(0.327)	(0.445)	(0.337)	(0.375)	(0.375)	(0.333)	(0.249)	(0.289)	(0.289)
	-0.740	-0.934	-0.741*	-0.415	-0.287	-0.556	-0.415	-0.415	-0.526*	-0.718**	-0.582**	-0.582**
	(0.504)	(0.511)	(0.396)	(0.339)	(0.427)	(0.421)	(0.339)	(0.339)	(0.243)	(0.244)	(0.198)	(0.198)
	50	50	50	50	50	50	50	50	50	50	50	50
	308	308	308	308	308	308	308	308	308	308	308	308
	0.314	0.304	0.308	0.296	0.308	0.296	0.296	0.296	0.319	0.312	0.312	0.312
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10. \*\*p < .05. \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. GE, RQ, and RL represent Government Effectiveness, Regulatory Quality and Rule of Law, respectively.

Table I2: All Middle-Income Countries: Financing the Education Sector - Corruption Control and Political Stability

	Corruption				PS			
	TCS	OS	DS	DS	TCS	OS	OS	DS
ES	-0.225*** (0.060)	-0.321*** (0.042)	-0.160** (0.050)	-0.162*** (0.039)	-0.223*** (0.033)	-0.314*** (0.024)	-0.162*** (0.039)	-0.162*** (0.039)
Corruption	2.218 (1.401)	2.355 (1.294)	2.915** (1.273)					
ES*Corruption	-0.2207*** (0.063)	-0.220** (0.072)	-0.237*** (0.061)					
PS	-0.448* (0.236)	-0.633** (0.215)	-0.459** (0.150)		3.300*** (0.694)	3.404*** (0.769)	3.419*** (0.840)	3.419*** (0.840)
ES*PS					-0.270*** (0.065)	-0.290*** (0.072)	-0.279*** (0.075)	-0.279*** (0.075)
Rest	0.105*** (0.024)	-0.046*** (0.006)	0.189*** (0.032)	0.173*** (0.027)	0.102*** (0.019)	-0.053*** (0.007)	0.173*** (0.027)	0.173*** (0.027)
TE	-0.090*** (0.021)	-0.089*** (0.025)	-0.094*** (0.028)	-0.082** (0.032)	-0.079** (0.026)	-0.081** (0.031)	-0.082** (0.032)	-0.082** (0.032)
PD	-0.027** (0.010)	-0.026** (0.010)	-0.022* (0.010)	-0.023** (0.009)	-0.028** (0.009)	-0.027** (0.009)	-0.023** (0.009)	-0.023** (0.009)
Log(GDPPC)	23.828*** (6.447)	31.634*** (6.994)	29.523*** (4.973)	37.781*** (3.505)	30.777*** (3.554)	39.383*** (3.754)	37.781*** (3.505)	37.781*** (3.505)
Log(GDPPC) <sup>2</sup>	-1.586*** (0.378)	-2.067*** (0.422)	-1.971*** (0.280)	-2.467*** (0.175)	-2.013*** (0.203)	-2.544*** (0.238)	-2.467*** (0.175)	-2.467*** (0.175)
Unemployment	0.331*** (0.050)	0.348*** (0.050)	0.356*** (0.050)	0.394*** (0.056)	0.368*** (0.051)	0.385*** (0.053)	0.394*** (0.056)	0.394*** (0.056)
Inflation	-0.052*** (0.013)	-0.057*** (0.014)	-0.055*** (0.015)	-0.055*** (0.016)	-0.051*** (0.014)	-0.056*** (0.015)	-0.055*** (0.016)	-0.055*** (0.016)
Tax	-5.818 (3.788)	-9.327** (3.590)	-11.188** (3.486)	-12.968*** (3.330)	-7.620* (3.557)	-10.721** (3.451)	-12.968*** (3.330)	-12.968*** (3.330)
GFC	1.959*** (0.356)	2.329*** (0.319)	2.665*** (0.336)	2.360*** (0.403)	1.676*** (0.403)	1.980*** (0.343)	2.360*** (0.403)	2.360*** (0.403)
Countries	50	50	50	50	50	50	50	50
Observations	308	308	308	308	308	308	308	308
R squared	0.309	0.299	0.301	0.313	0.321	0.313	0.313	0.313
Country FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Time FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: The parentheses contain the standard errors. \*p < .10, \*\*p < .05, \*\*\*p < .01. Rest represents a composite of all the sectoral expenditures except the education sector and the relevant financing sector. The parameter estimate for the constant term is not reported for brevity. Corruption and PS represent Control of Corruption and Political Stability, respectively.