

Innovative financing mechanisms for South East Asia

POLICY BRIEF 1: LOTTERIES

Description

Sales from existing or new lotteries are directed to fund health programmes. There are two options:

- **National:** a lottery is conducted by the government or a company in one country, with a percentage of sales distributed to that country's own health programmes
- **Regional:** lotteries are conducted in several countries and coordinated regionally (e.g. by a SEA Lottery Board), with the pooled revenues distributed to health programmes in different countries. Alternatively, there could be a single regional lottery run by one organisation, with the revenues distributed to many countries. Participation by countries is voluntary.

For a regional lottery, countries would need to establish a coordinating mechanism and agree on a regional regulatory framework. The coordinating organisation could build on the existing Asia Pacific Lottery Association, which currently promotes best practice and information sharing between lottery administrators in 10 countries (including Malaysia, Thailand, Singapore and the Philippines).

For both national and regional lotteries, about 50 to 60% of lottery sales would be paid out in prizes, 30 to 40% would go to health programmes and 10% for administration.¹

Status

Lotteries already exist in at least eight SE Asian countries, with many already directing proceeds to government programmes and to charities. For example:

- The lottery run by the Philippine Charity Sweepstakes Office allocates 30% of revenue to its charity fund, which primarily funds health and medical assistance programmes (including drug and equipment donations)
- In 2006, the Binh Duong lottery in Viet Nam contributed over VND2.116bn (US\$100m) for charity purposes, including infrastructure and education programmes.

Although lotteries across multiple countries do not exist yet in SEA, there are several regional lotteries in Europe (e.g. EuroMillions, Eurojackpot) which could offer a model for a SEA regional lottery.

Volume of potential revenue

The amount available from *all* existing lotteries in SEA (assuming only 30% of total revenue is available after payment of prizes and administration) is over US\$3bn per year for a regional lottery.² This amount is reduced if some national lotteries do not participate.

Between US\$80m and US\$1.5bn per year is available from a national lottery (again assuming 30% revenue availability after prizes and administration), depending on the country.³

Some donor countries outside SEA have also directed part of their national lottery sales to development programmes. For example, sales from the UK National Lottery have funded health programmes in

¹ Based on the cost structure of existing national lotteries.

² Based on annual revenue figures for the lotteries listed in Annex A, which total over US\$10bn. This figure assumes 30% of revenue is available after prizes and administration.

³ Based on annual revenue figures for the Singapore Pools lottery, which has the highest revenue of all lotteries in SEA

Myanmar, and the Belgian National Lottery funds the Belgian Fund for Food Security. Half of all proceeds from the Dutch Postcode Lottery are granted to a number of international development agencies – this totalled €230m in 2012 from 2011 proceeds.

Vaccines would need to compete for lottery revenues with other priorities.

Pros & Cons

Pros	Cons
<ul style="list-style-type: none"> National lotteries already exist in many SEA countries, requiring only a redirection of revenues Lottery revenues are generally stable and sustainable Relatively low transaction costs (10% of overall revenues) Relatively quick implementation for a regional lottery (estimated at one to two years) No debt is issued, so governments do not need to pay anything back 	<ul style="list-style-type: none"> For a regional lottery, new infrastructure (a new coordinating mechanism and regulatory framework) would need to be established Funding depends on countries' willingness to earmark proceeds for immunisation

Estimated revenues from existing lotteries in South East Asia

Country	Lottery / Operator	Operated by	Annual revenue (estimated)
Cambodia	Pan Cambodian Lottery	Company	N/A
Lao PDR	Lao State Lottery	Government	N/A
	Magnum Corporation	Company	US\$936m (2006)
	Sports Toto Malaysia	Company	US\$1.2bn (2009)
Malaysia	Tanjong (Pan Malaysian Pools)	Company	N/A
	Sarawak Lottery		US\$300m (2006)
	Olympia Industries	Company	N/A
Myanmar	Myanmar State Lottery	Government	N/A
	Philippine Charity Sweepstakes Office	Government	US\$230m (2006)
Philippines	Philippine Amusement and Gaming Corp	Government	N/A
Singapore	Singapore Pools	Company	US\$4.6bn (2006)
Thailand	Government Lottery Office	Government	US\$2.9bn (2006)
	Binh Duong Lottery	Company	N/A
Viet Nam	Pacific Lottery Corporation	Company	N/A