ESCWA Pilot Project

Social Expenditure Monitor:
An integrated framework for supporting macro-fiscal policies and the SDGs

Niranjan Sarangi
Economic Development and Integration Division (EDID)

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A joint project between
Economic Development and Integration Division (EDID), Statistics Division (SD), and Social Development Division (SDD)

With contributions from other divisions of ESCWA & Member States participating in the pilot project
Motivation

➢ **Context:** Increasing public social expenditure and targeting those to right areas are important means of implementation for achieving the SDGs, but there are severe gaps in data to understand the needs and also public budgets are pressed in most Arab States. *A central question for the policy makers: How to rationalize the allocation of public expenditure to different priorities.*

➢ **Social Expenditure Monitor (SEM):** The SEM is a pioneering tool for the Arab States to respond to this challenge. The SEM provides a comprehensive mapping of public social expenditures that can inform budgeting and social policy reforms toward fostering inclusive development and achieving the SDGs.

➢ **Mandate:** The SEM draws upon ESCWA research and consultation with member States.
  ➢ ESCWA report (2017) on “Rethinking Fiscal Policy for the Arab Region” recommends more comprehensive data and monitoring of social expenditure
  ➢ The 2018 Arab Forum for Sustainable Development, held in April 2018, highlighted the importance of improving national capacities for better targeting budgets to the SDGs.

➢ **Implementation:** The SEM is designed in collaboration with member States. It is a collaborative effort between five sub-programs of ESCWA. It builds partnerships with ECLAC, OECD, IMF, UNCT in participating Arab States and regional CSOs.
Social Expenditure Monitor:
An integrated framework for supporting macro-fiscal policies and the SDGs

Social Expenditure Monitor
(A tool to support reforms for forward-looking social development)

Social justice and inclusive Development
(inform expenditure and policy reforms to address poverty, vulnerability, equity, exclusion)

Growth and Fiscal Sustainability
(facilitate more efficient public service delivery and expenditure switching options)

Better Statistics
(improve collection of public finance statistics in line with National Accounts and SDGs concepts)

Advances macro-fiscal and SDGs achievements
Existing global and regional frameworks and their application in defining the scope of public social expenditure monitor

- At the **global level**, the [2030 Agenda](https://www.un.org/2030developmentagenda/), to which all member States are committed, considers the principle of inclusivity as key to achieving the SDGs. It rests on ensuring universal access to resources and services and equal opportunities for all, so as to leave no one behind.

- At the **regional level**, member States adopted the [Tunis Declaration on Social Justice in the Arab Region](https://www.unescwa.org/) at the twenty-eighth ESCWA session (2014), in which they reaffirmed their commitment to social justice as a core value of Arab and Islamic culture and a foundation for secure, cohesive and prosperous societies.

- ESCWA (2017) report on [Rethinking Fiscal Policy for the Arab Region](https://www.unescwa.org/): Rationalizing social expenditures and finding the right mix to meet different objectives are crucial for improving macroeconomic and social stability to enhance wellbeing.

- The [2018 Arab Forum for Sustainable Development](https://www.unescwa.org/), held in April 2018, highlighted the importance of improving national capacities for better targeting budgets to the SDGs.
Social Expenditure Monitor (SEM): A Common Framework

Monitoring public expenditure in greater detail is vital to inform policy reforms toward rebalancing different fiscal policy choices, which can help improving allocative efficiency and effectiveness of public expenditure, as well as improve macroeconomic policy coherence.

Any measure of social expenditure must take into consideration two guiding objectives:

- (a) to ensure social justice, reduce poverty and inequality, and improve human development;
- (b) to enhance human capital and innovation, promote gender equality and foster sustainable economic growth.

Maximize social wellbeing in a dynamic way
Social Expenditure Monitor (SEM): A Common Framework

**Dimensions:**
1. Education
2. Health and nutrition
3. Housing and community amenities
4. Labour market/employment generation programmes
5. Social protection programs
6. Art, culture and sports
7. Environmental protection

**Type of assistance:**
- **Transfers**
  - In cash
    - Cash transfers
    - Subsidies
    - Grants
    - Tax breaks
    - Capital transfers
  - In kind
    - Social transfers in kind
    - Grants
    - Capital transfers
- **Other expenditure**
  - Capital formation expenditure
  - Administrative expenditure

**Beneficiary:**
- Children
- Youth
- Adults
- Women
- Elderly
- Disability related
- Poor / Others
- Community at large

**General government expenditures**
Mapping the SEM to SDGs

*The framework is broadly aligned with the SDGs approach in conceptualizing social expenditures.*

- **Education:** SDGs 4, 5, 8, 9, 10 and 17
- **Health and nutrition:** SDGs 2, 3, 5 and 10.
- **Housing and community amenities:** SDGs 6, 8, 10, 11 and 17.
- **Labour market/employment generation programs:** SDGs 8 and 17.
- **Social protection programs:** SDGs 1, 2, 5 and 10
- **Art, culture and sports:** SDGs 4, 11 and 16;
- **Environmental protection:** SDGs 7, 9, 11 and 13
What is Public Social Expenditure and What is not?
(from general government expenditures)

- The notion of social expenditure varies across countries and depends upon a country’s progress in social development priorities.
- Generally, they cover social assistance and social insurance benefits.
- There are challenges in measurement, however:

The right stakeholders have to be identified to ensure the framework is capturing public social expenditure.
# Social Expenditure Monitor (SEM)

## Social Expenditure Monitor: Dimensions and Indicators

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Indicators</th>
<th>Male</th>
<th>Female</th>
<th>All children</th>
<th>Male</th>
<th>Female</th>
<th>All young persons</th>
<th>Male</th>
<th>Female</th>
<th>Total population</th>
<th>Women (pregnant with newborn)</th>
<th>Older persons</th>
<th>Persons with disabilities, persons suffering from health issues, survivors of conflict</th>
<th>Poor</th>
<th>Other</th>
<th>Benefits to community at large</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Early childhood education</td>
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<td>1.2</td>
<td>Primary education</td>
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SEM Tools and Capacity Development Activities

1. Establish a comprehensive Social Expenditure Monitor (SEM) – A digital interactive portal

2. Produce tools/scenarios on rebalancing social expenditure priorities to foster inclusive development, budget allocation efficiency, and fiscal sustainability

3. Undertake capacity development and training workshops

4. National ownership and successful completion of (1), (2) and (3) influence budget and policy reforms and better data

- Scenario building tools
- Allocated efficiency: Efficiency analysis
- Effectiveness: Impact coefficient of social expenditures
- Growth multipliers: Structural VAR modelling
- Policy simulations and expenditure re-prioritizing: Economic modelling
Key benefits of the SEM

- The Social Expenditure Monitor (SEM) is a pioneering tool for the Arab States to assess their social policy spending and reallocate resources to the neediest sectors of development in line with achieving the SDGs.

- The SEM provides a comprehensive mapping of the social expenditures and informs governments about rebalancing public expenditures priorities toward enhancing social protection reforms as well as improving capability of youth, enhancing productivity and growth.

- The SEM strengthens national capacity and enables policy-makers to undertake reforms in fiscal policy choices toward helping budget decisions more efficient and effective.

- The SEM builds coherent statistics to connect financial statistics to National Accounts that enables better macro-fiscal analysis.
Thank you
### Dimensions and indicators of the SEM

#### D1. Education
- 1.1 Early childhood education
- 1.2 Primary education
- 1.3 Secondary education
- 1.4 Post-secondary skill training
- 1.5 Tertiary education
- 1.6 Education for adults
- 1.7 Support to scientific research on advancing education

#### D2. Health and nutrition
- 2.1 Outpatient services (including residential care)
- 2.2 Inpatient hospital services
- 2.3 Reproductive health care
- 2.4 Campaigns against gender-based violence/programmes to end discrimination against women
- 2.5 Public health services
- 2.6 Subsidies related to medicines/medical products and equipment
- 2.7 Subsidies to food producers
- 2.8 Subsidies and other support to farmers
- 2.9 Support to scientific research related to health
- 2.10 Other related benefits and services

#### D3. Housing and community amenities
- 3.1 Housing
- 3.2 Water supply
- 3.3 Street lighting and roads (other than high-ways)
- 3.4 Sanitation facilities (public facilities/grants, subsidies)
- 3.5 Electricity to households/tariff reductions
- 3.6 Community development
- 3.7 Support to housing and amenity-related research

#### Total
# Dimensions and indicators of the SEM

## D4. Labour market interventions and employment generation programmes

| 4.1 Incentives to encourage female employment |
| 4.2 Training and skills upgrading (on the job) |
| 4.3 Incentives to private enterprises/start-ups for job creation |
| 4.4 Employment generation programmes |
| 4.5 Public sector contributions to social insurance schemes (non-contributory) |
| 4.6 Administration and implementation of general labour market programmes and policies |
| 4.7 Support to labour-related research |

## D5. Social protection programmes

| 5.1 Support towards achieving basic income security (excluding the unemployed and children) |
| 5.2 Unemployment benefits under social protection schemes |
| 5.3 Access to nutrition, education, and care for children under social protection schemes |
| 5.4 Essential health care, including maternal care services, under social protection schemes |
| 5.5 Support to research on advancing social protection |
| 5.6 Other nationally defined sets of goods and services |

## D6. Art, culture, and sports

| 6.1 Support to cultural facilities and events |
| 6.2 Support to artists-promoting art and culture |
| 6.3 Sports facilities and services |
| 6.4 Support to athletes and teams-promoting sports |
| 6.5 Support to research on advancing sports, culture and art |

## D7. Environmental protection

| 7.1 Waste management |
| 7.2 Wastewater management and water preservation |
| 7.3 Incentives for renewable energy supply (hydroelectricity, solar, wind, biomass) |
| 7.4 Protecting biodiversity/combating desertification/land degradation |
| 7.5 Support to scientific research on environmental protection |

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**Total**

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