The new social expenditure database for Latin America and the Caribbean

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ECLAC

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1. Background
What is ECLAC?

The Economic Commission for Latin America and the Caribbean is one of the five regional commissions of the United Nations and its headquarters is in Santiago, Chile.

It was created in 1948 to contribute to the economic development of Latin America. Subsequently, its work was extended to the countries of the Caribbean and the objectives of social and environmental development were incorporated.

ECLAC:
- Conducts studies, research and other support activities;
- Promotes economic and social development through cooperation and integration at the regional and sub-regional levels;
- Collects, organizes, interprets and disseminates information and data pertaining to economic and social development in the region;
- Organizes intergovernmental conferences and expert group meetings;
- Contributes to incorporating a regional perspective, with respect to global problems and in international forums.
Work on social expenditure

- Recurrent chapter on “Social expenditure” in the Social Panorama of Latin America since 1997

- Special topics on social expense:
  - Incidence on inequality of social expense
  - Health
  - Education
  - Labour market policies (2018)
  - Transfers needs for eradicating poverty (2019)

https://www.cepal.org/en/publicaciones/ps
The Regional Conference on Social Development in Latin America and the Caribbean is an intergovernmental subsidiary body of ECLAC that was created in 2014.

Its objective is to promote the improvement of national social development policies in the region and international, regional and bilateral cooperation in the social sphere; examine multidimensional poverty and advance in the measurement of poverty, inequality and structural gaps, exchange experiences and contribute to the regional debate on social issues that have a global reach.

It meets every 2 years. The first session of the Conference took place in Lima in 2015 and the second in Montevideo in 2017.

The third session of the Conference will be held in October 2019 in Mexico City.
Mandate from Regional Conference on Social Development

Social Ministers (Lima, November 2015):

“Requests the Economic Commission for Latin America and the Caribbean to organize, maintain and systematically update the social investment database, using official data provided by the countries for this purpose and to publish this information on a regular basis on digital platforms”
## The social expense database in Latin America before the Social Panorama 2016

<p>| | |</p>
<table>
<thead>
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</table>
| **1. Definition of social expense:** | **• Education**  
**• Health**  
**• Social security and social assistance**  
**• Housing and “others”** |
| **2. Countries covered:** | **• Latin America: 19**  
**• Caribbean: 2** |
| **3. Institutional coverage:** | **• Central government**  
**or general government**  
**or public sector** |
| **4. Total expense:** | **• Functional / Administrative classification**  
**• Economic classification** |
| **5. Years covered:** | **• 1990-2013** |
2. The new database on social expense
The strategy for enhancing measurement on social expenditure

- 3 regional workshops:
  - Santiago in 2015
  - Quito in 2016
  - Port of Spain in 2017
- 1 methodological questionnaire sent to Latin American countries (2015)
- Questions to be resolved:
  - An agreed definition of social expense
  - Methodology (classification used)
  - Institutional coverage: dichotomy between international comparison and country capacity
Definition of social expense for International Organizations

Social expense

Social protection
Health
Education

Agenda 2030
International Monetary Fund

“Not social” expense

Safety and order
Environmental protection
Recreation
Housing
Defense
Economic affairs
General services
Definition of social expense for Latin American countries

Social expense

- Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala*, Mexico, Peru, Panama, Paraguay, Dominican Republic and Uruguay*

“Not social” expense

- Bolivia, Chile, Colombia, Costa Rica, El Salvador, Guatemala, Mexico, Peru

- Guatemala and Peru
Agreements reached (2016 workshop)

1. Work with the classification by functions of the Government (COFOG)

2. Report on the 10 functions (at the Division level) and advance the work at the level of specific policies or programs

3. Social expense definition:
   1) Environmental protection
   2) Community housing and services
   3) Health
   4) Recreation, culture and religion
   5) Education
   6) Social protection
## The new database

<table>
<thead>
<tr>
<th></th>
<th>Old database</th>
<th>New database</th>
</tr>
</thead>
<tbody>
<tr>
<td>Countries</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Definition of social expenditure</td>
<td>4 “sectors”</td>
<td>6 functions</td>
</tr>
<tr>
<td>Classification used</td>
<td>COFOG</td>
<td></td>
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<tr>
<td>Period</td>
<td>1990-2013</td>
<td>2000-2016</td>
</tr>
<tr>
<td>Institutional coverage</td>
<td>One per country</td>
<td>Central government for all countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A major coverage for 10 countries</td>
</tr>
<tr>
<td>Dissemination</td>
<td>CEPALSTAT</td>
<td>CEPALSTAT Social Observatory</td>
</tr>
</tbody>
</table>
Between 2011 and 2016 social expense at central government level increased, but has stagnated in the last two years

**LATIN AMERICA (17 COUNTRIES): SOCIAL EXPENSE OF THE CENTRAL GOVERNMENT, 2000-2016 AND PROJECTIONS 2017 a/**

*(Percentages of GDP and percentages of total expense)*

Source: Economic Commission for Latin America and the Caribbean.

a/ Simple average for the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican R., Uruguay. Figures for Bolivia and Peru are for General government.
Social protection, health and education are the most important functions

Latin America (17 countries): social expense, 2000-2016
(Percentages of GDP)

Source: Economic Commission for Latin America and the Caribbean.
a/ Simple average for the following countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican R., Uruguay. Figures for Bolivia and Peru are for General government.
Social expenditure, by country in 2016

Latin America and the Caribbean (22 countries): social expenditure, 2016
(Percentages of GDP)

Source: Economic Commission for Latin America and the Caribbean. Figures for Bolivia and Peru are for General government.
3. Future and ongoing works on social expense
Ongoing works / projects

• Public spending on children. Joint project with UNICEF

• SOCX in 10 Latin American countries. Joint project with OECD

• Public spending on labour market policies (6 countries)
Public spending on labour market policies

- Pilot for 6 countries (Argentina, Chile, Colombia, Costa Rica, Mexico and Uruguay) published in the Social Panorama 2018
- European Commission classification and methodology
- COFOG is NOT useful, information at the level of programs and activities is necessary
- Exhaustive knowledge of the policy, including programs and activities
## Public spending on labour market policies

<table>
<thead>
<tr>
<th>1. Labour intermediation services</th>
<th>Services provided by public agencies that are related to job-seeking and advice</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Training</td>
<td>Measures to improve employability through training</td>
</tr>
<tr>
<td>3. Employment incentives</td>
<td>Measures that facilitate the hiring of unemployed persons (or other types of persons)</td>
</tr>
<tr>
<td>4. Sheltered and supported employment</td>
<td>Measures to promote the integration of persons with disabilities into the labour market through sheltered employment</td>
</tr>
<tr>
<td>5. Direct job creation</td>
<td>Measures that create additional jobs, usually for the benefit of the community</td>
</tr>
<tr>
<td>6. Start-up incentives</td>
<td>Measures that promote start-ups by encouraging the unemployed to set up their own businesses or become self-employed</td>
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<tr>
<td>7. Out-of-work income maintenance and support</td>
<td>Monetary support to compensate people for the loss of their wage</td>
</tr>
<tr>
<td>8. Early retirement</td>
<td>Monetary support facilitating early retirement for people close to retirement age who have little prospect of finding a job</td>
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</tbody>
</table>

**Active policies**

**Passive policies**
Public spending in labor market programs in OCDE countries reached 1.31% of GDP.

LATIN AMERICA (6 COUNTRIES) AND OECD (32 COUNTRIES): PUBLIC SPENDING IN LABOUR MARKET, 2016
(Percentages of GDP)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the countries and Organization for Economic Cooperation and Development (OECD).
Public spending in labor market policies in 6 Latin American countries reached 0.45% of GDP in 2016

Latin America (6 countries): public spending on labour market policies, 2016
(Percentages of GDP)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the countries and Organization for Economic Cooperation and Development (OECD).
Thank you!!

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