

The new social expenditure database for Latin America and the Caribbean

Varinia TROMBEN
Division of Social Development
ECLAC



NACIONES UNIDAS

CEPAL

Regional Workshop on Social Expenditure Monitor
for the Arab States

Beirut, 24-25 June 2019

Table of content

1. Background
2. The new social expenditure database for Latin America and the Caribbean
3. Future and ongoing works on social expense



NACIONES UNIDAS

CEPAL

1. Background



NACIONES UNIDAS

CEPAL

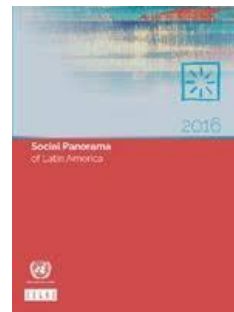
What is ECLAC?

- 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)



Regional Conference on Social Development in Latin America and the Caribbean

- 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.



NACIONES UNIDAS

CEPAL

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”



CEPAL

The social expense database in Latin America before the Social Panorama 2016

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



NACIONES UNIDAS

CEPAL

2. The new database on social expense



NACIONES UNIDAS

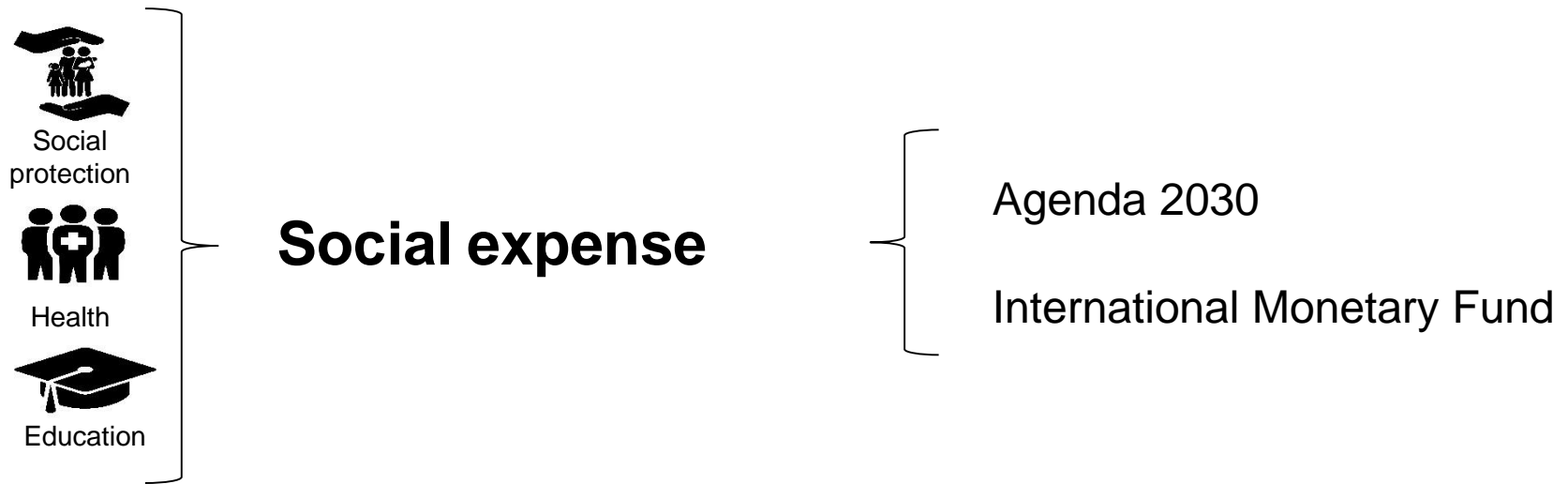
CEPAL

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



“Not social” expense



Definition of social expense for Latin American countries



Social protection



Health



Education



Housing



Recreation



Environmental protection



Safety and order

Social expense

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

Bolivia, Chile, Colombia, Cost Rica, El Salvador, Guatemala, Mexico, Peru

Guatemala and Peru

“Not social” expense



Defense



Economic affairs



General services



NACIONES UNIDAS

CEPAL

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

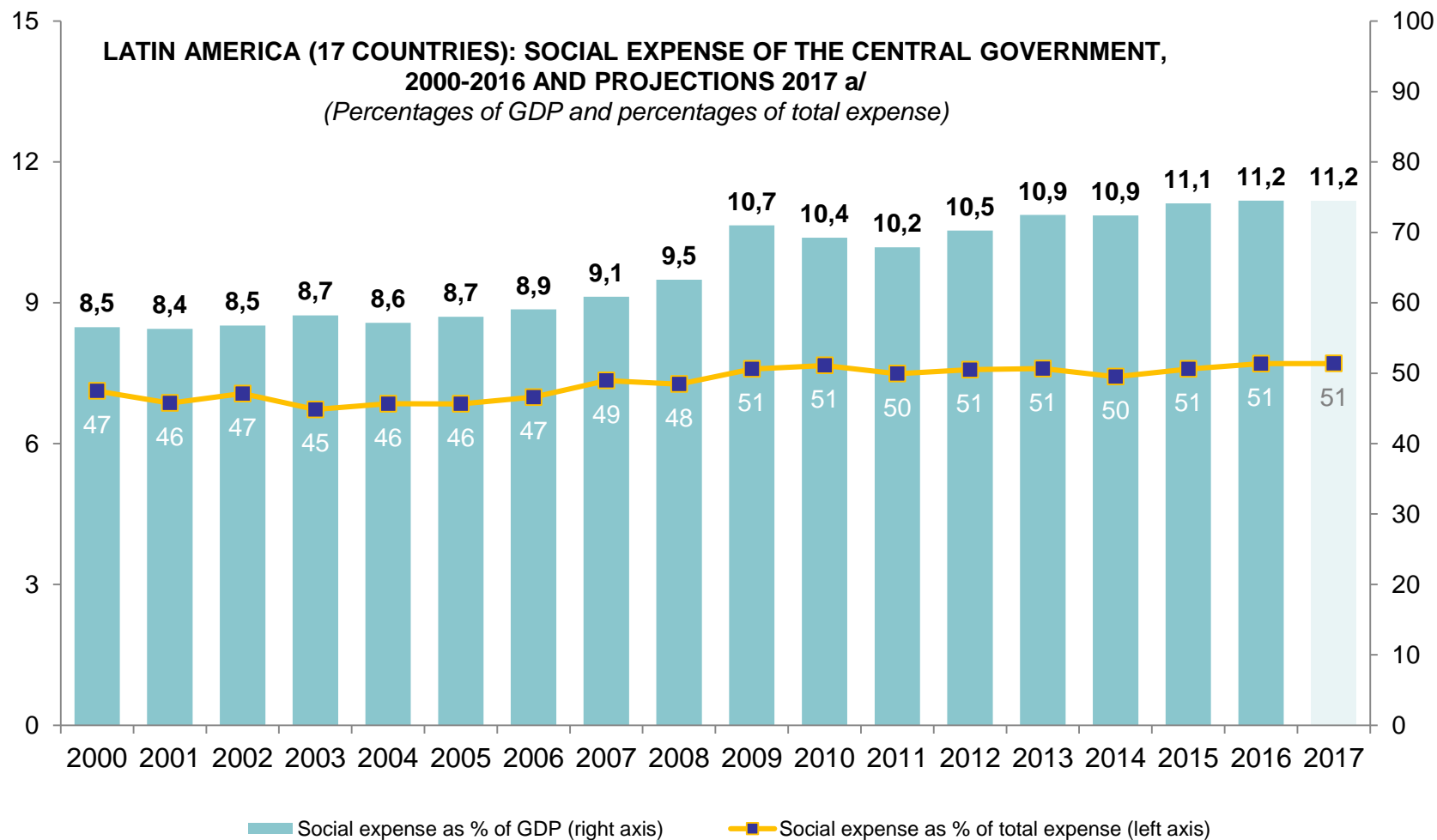
	Old database	New database
Countries	21	22
Definition of social expenditure	4 “sectors”	6 functions
Classification used		COFOG
Period	1990-2013	2000-2016
Institutional coverage	One per country	Central government for all countries A major coverage for 10 countries
Dissemination	CEPALSTAT	CEPALSTAT Social Observatory



NACIONES UNIDAS

CEPAL

Between 2011 and 2016 social expense at central government level increased, but has stagnated in the last two years

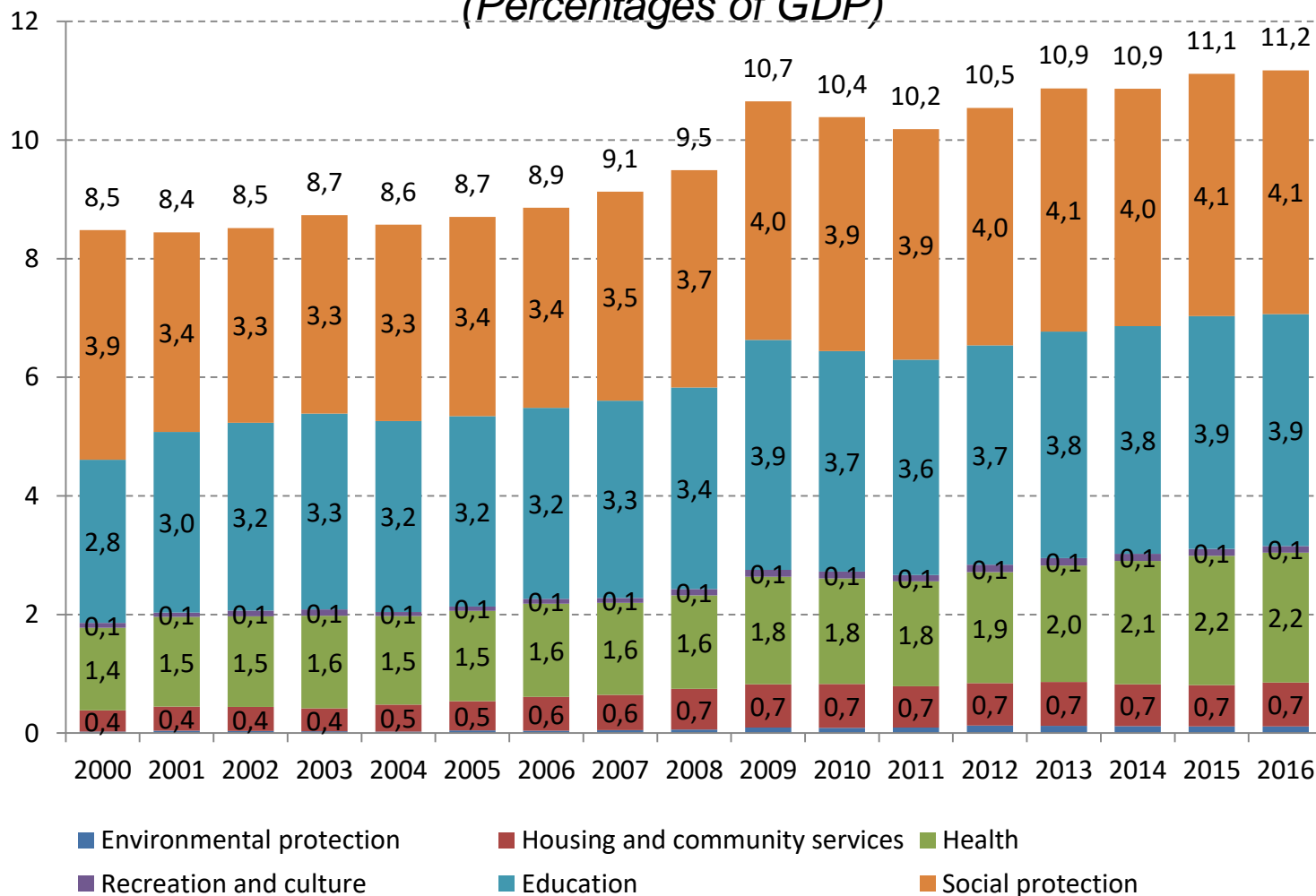


Source: Economic Commission for Latin America and the Caribbean.

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)

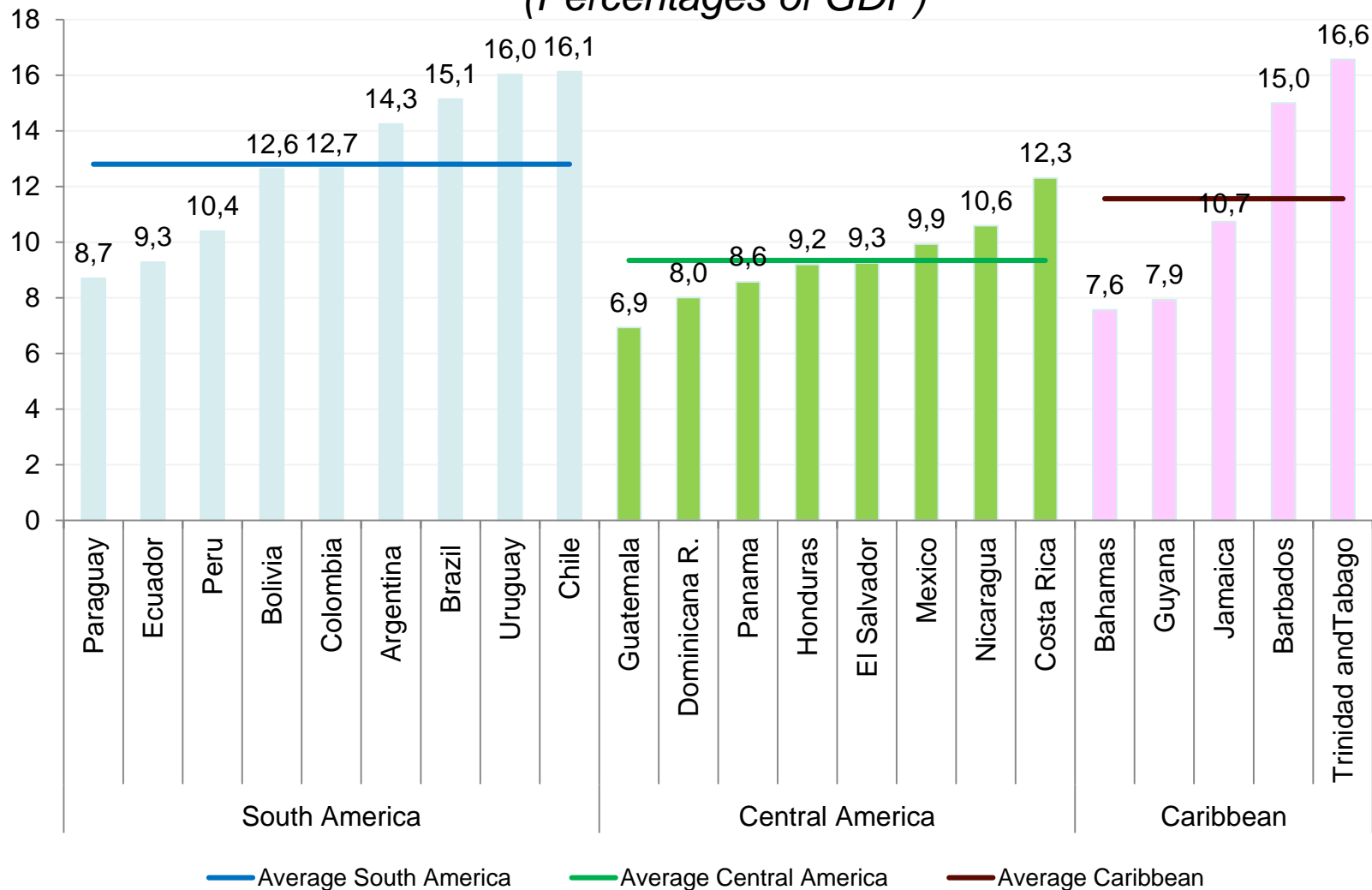


Source: Economic Commission for Latin America and the Caribbean.

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

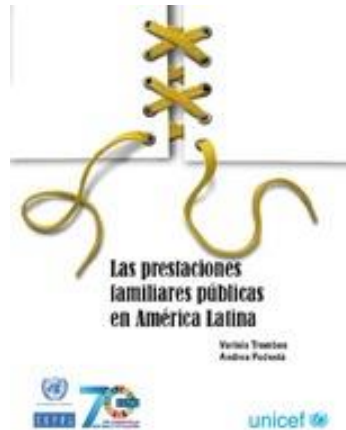


NACIONES UNIDAS

CEPAL

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



CEPAL

Public spending on labour market policies

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

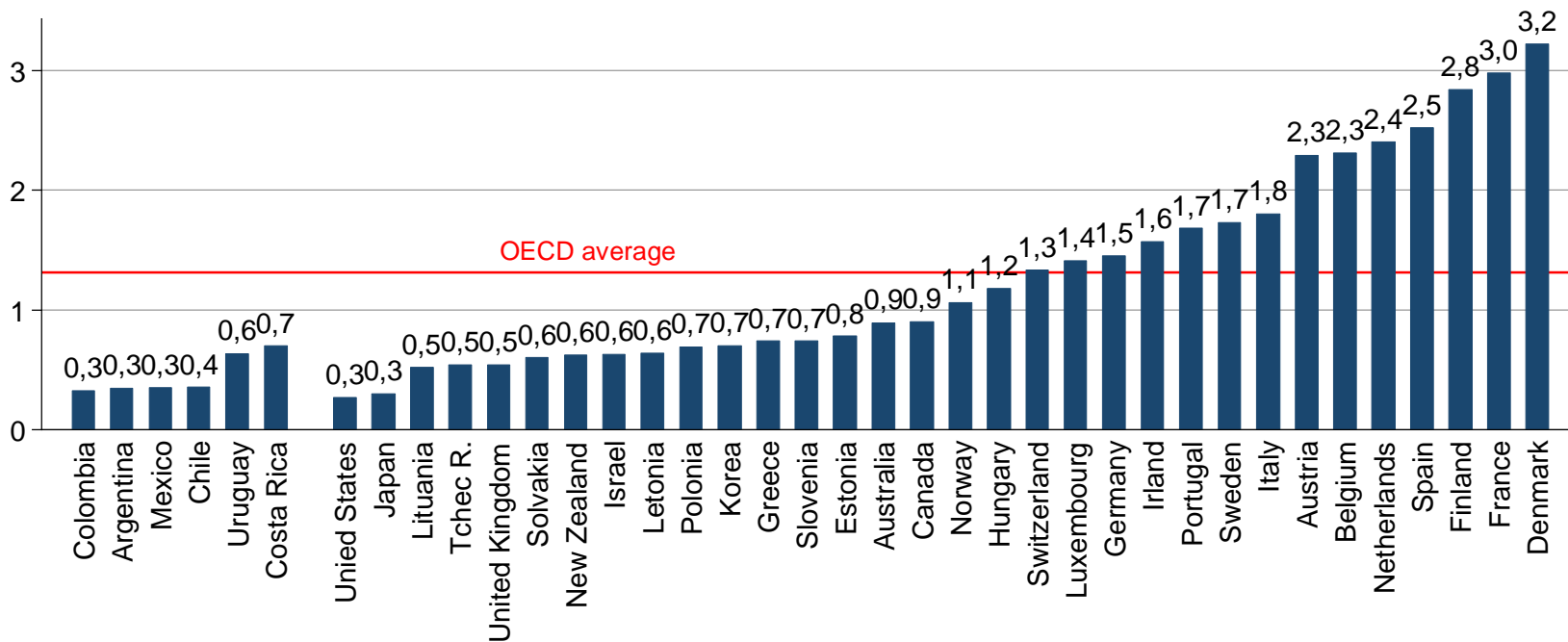
Active policies

Passive policies



Public spending in labor market programs in OCDE countries reached 1,31% of GDP.

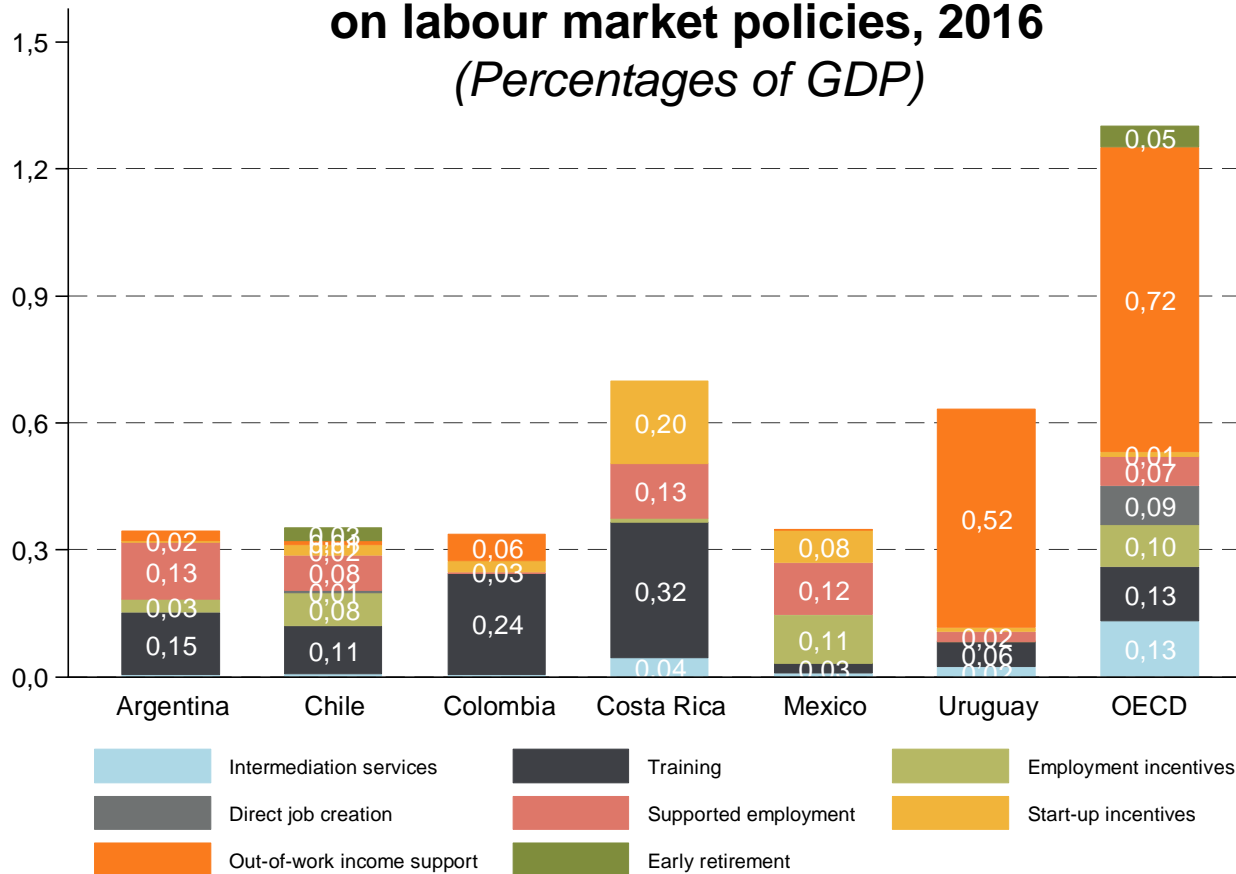
LATIN AMERICA (6 COUNTRIES) AND OECD (32 COUNTRIES): PUBLIC SPENDING IN LABOUR MARKET, 2016
(Percentages of GDP)



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!!

**Any question:
varinia.tromben@un.org**



NACIONES UNIDAS

CEPAL