



Social Expenditure Monitor

An Integrated Framework for Supporting Macroeconomic Policies and the Sustainable Development Goals



Shared Prosperity Dignified Life



Public social expenditure is an important means of implementation for the Sustainable Development Goals (SDGs). Its effectiveness depends on how informed and efficient public expenditure choices are, given fiscal space and macroeconomic policy coherence.

Currently, member States of the Economic and Social Commission for Western Asia (ESCWA) do not have a comprehensive mechanism for monitoring public social expenditure and for linking it to macroeconomic policy coherence. As a result, budget allocations sometimes support multiple and overlapping social programmes, and policies are often mismatched or inadequate for achieving social development priorities and realizing the SDGs. Given the pressure on public budgets across Arab countries, such expenditure management is unsustainable.

ESCWA has embarked on a project entitled “Social Expenditure Monitor (SEM): An Integrated Framework for Supporting Macro-Fiscal Policies and the SDGs”. A pioneering tool for Arab States, SEM will provide comprehensive mapping of public social expenditure to inform budgeting and social policy reforms. It is meant to improve allocative efficiency and effectiveness of budgeting.

SEM is an enabling tool for rationalizing expenditure components to achieve different objectives: delivering quality public services; making “social investments” that promote inclusive development and social stability; enhancing economic growth and revenues over time. Setting the right mix of expenditures is important to drive the economy and society towards achieving the SDGs, as emphasized in the ESCWA 2017 report “Rethinking Fiscal Policy for the Arab Region”.

What is social expenditure?

The notion of social expenditure varies across countries and depends upon a country's progress in social development priorities. Ideally, social expenditure aims to maximize levels of human well-being through access to quality services and social protection, including areas in which the 2030 Agenda for Sustainable Development aims for universal access. Appropriate social expenditures are “social investments” that promote inclusive and sustainable growth.

Any measure of social expenditure must take into consideration two guiding objectives: (a) targeting expenditure to ensure social justice and inclusive development, reduce poverty and inequality, and improve human development; and (b) targeting expenditure to enhance human capital and innovation, promote gender equality and foster sustainable economic growth.

SEM is aligned with the SDGs and provides a comprehensive measure of social expenditure in areas including #education, #health and nutrition, #social protection and food security, #housing and community amenities, #employment and labour market interventions, #environment protection and #culture, arts and sports. The tool is flexible enough to be tailored to national contexts (E/ESCWA/EC.6/2019/8/Rev.1).

What are the milestones in developing SEM?

Four key stages of implementing the SEM at the national level

Baseline SEM	<ul style="list-style-type: none">• Tailored to the national context• Provides indicators, data on social programmes & expenditure
Mapping	<ul style="list-style-type: none">• Maps expenditure against SDG indicators to undertake gap analysis• Focus on priority areas of social policies relevant to context
Modelling Framework	<ul style="list-style-type: none">• Analyses different social expenditure scenarios and macrofiscal policy choices• Identifies optimal expenditure to inform performance-based budgeting
Capacity Building	<ul style="list-style-type: none">• National and regional workshops build capacity to develop SEM and use the tools for more effective planning of social expenditure and macrofiscal sustainability

What are the benefits of SEM to member States?

SEM is designed as a multipurpose policy tool offering several benefits:

- (a) SEM is a pioneering tool for Arab States to assess social policy spending and reallocate resources to the neediest sectors of development;
- (b) SEM provides a comprehensive mapping of social expenditure and informs Governments on rebalancing public expenditures priorities towards enhancing social protection reforms, addressing poverty and inequality, improving young persons' capabilities, and furthering economic diversification, productivity and growth;
- (c) To establish SEM, ESCWA will offer national workshops and training events on mapping and modelling tools to strengthen capacity of policymakers to undertake reforms in fiscal policy choices and make more efficient and effective budget decisions;
- (d) SEM could be an advocacy tool for Governments to better highlight their needs for greater international cooperation and financing for sustainable development;
- (e) SEM builds coherent statistics: it connects financial statistics to National Accounts, which enables better macrofiscal analysis.

Jordan and Tunisia are currently implementing the SEM as a pilot project. At the sixth ESCWA Executive Committee meeting held in Marrakesh during 14 and 15 June 2019, representatives of member States expressed their support to the SEM project, highlighting the importance of adapting it to the varied contexts of individual Arab States. The Executive Committee also advised member States to collaborate with the secretariat to develop and use the SEM framework to identify different aspects of public expenditure and promote social development and macrofiscal sustainability. ESCWA is currently in discussion with several member States to implement the SEM project in their national contexts. More details about the SEM project is available at: <https://www.unescwa.org/sub-site/social-expenditure-monitor-arab-states>.

Dimensions and Indicators			SOCIAL EXPENDITURE MONITOR												
Dimension 1 - Education		Indicator 1.1	Beneficiaries												
Indicator 1.2			Population												
			Male	Female	All children	Male	Female	All young persons (aged 15-24)	Male	Female	All adults	Older persons	Persons with disabilities, sickness and survivors	Socially marginalized or at risk of social exclusion, refugees and immigrants	Households
															Benefits to community at large
															Institutional development and administrative support
															Monitoring and evaluation
															Total