



Social Expenditure Monitor for Arab States

A Tool to Support Budgeting and Fiscal Policy Reform

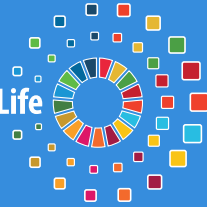


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Social Expenditure Monitor for Arab States

A Tool to Support Budgeting and Fiscal Policy Reform



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Summary

Targeting public expenditure in line with social development priorities and macrofiscal sustainability remains a challenge for most Governments in the Arab region. Budget allocations that support multiple and overlapping social programmes and policies are often mismatched or inadequate for the realization of the Sustainable Development Goals (SDGs). Given the pressure on public budgets across Arab countries, such expenditure management is unsustainable.

Comprehensive monitoring of public social expenditure could improve the efficiency of allocations and the effectiveness of budgeting. It will enable the rationalization of expenditure components and support the achievement of various objectives, including delivering quality public services, promoting inclusive development and stability, and enhancing economic growth and revenue over time. The Economic and Social Commission for Western Asia (ESCWA) is therefore supporting member States in establishing a social expenditure monitor, viewed as an integrated framework for supporting macrofiscal policies and the SDGs.

This paper proposes an innovative framework: the social expenditure monitor (SEM). The conceptual approach is aligned with the SDGs. The monitor will thus provide a comprehensive measure of public social expenditure in seven areas including: (a) education; (b) health and nutrition; (c) housing and community amenities; (d) labour market interventions and employment generation; (e) social protection and food security; (f) arts, culture and sports; and (g) environment protection. The indicators are mapped to key beneficiaries across individuals, households and communities. The framework is flexible and can be adapted to national specificities. Member States are invited to establish the SEM in their national contexts, as a tool to improve targeting budgets towards achieving higher economic growth and the SDGs.

Foreword

Allocation of national budgets to social policies has been a subject of debate, and a cause for political divisions worldwide. In many countries, electoral platforms and competitive political programmes are based on various social expenditure models that can effect positive change. The adoption of the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) have confirmed the necessity of revisiting and expanding fiscal space, while providing creative ways to calibrate expenditures on effective social intervention packages. The “leaving no one behind” commitment of the 2030 Agenda entails developing innovative social expenditure models characterized by resilience and responsiveness to societies’ changing needs, while considering macrofiscal policies.

In the aftermath of the global financial meltdown of 2008, Arab Governments attempted to respond to the crisis through a variety of social interventions. From direct and indirect cash transfers, to raising the minimum wage and direct cash handouts, official reactions unmasked the need for institutional thinking and a policy-based model of social expenditures. However, readjusting fiscal policies and rethinking budgetary allocations on a grand scale are complex tasks. The second seismic shock came during the 2011 uprisings, during which Arab populations demanded equality, social justice and economic prosperity. Under the SDGs, Arab Governments committed to the ‘leave no one behind’ principle. The proposed Social Expenditure Monitor (SEM) offers them a vehicle to revisit, review and readjust social policy interventions to uphold that principle and realize the SDGs.

The SEM proposal put forward by the Economic and Social Commission for Western Asia (ESCWA) is a concrete step towards aligning thinking on social policy interventions and fiscal space with national budgets and macroeconomic policy. While monitoring social expenditure is not a new idea at the global level, and has already been implemented in Latin America and by countries members of the Organization for Economic Cooperation and Development (OECD), it is a revolutionary concept in the Arab region. It serves to debunk the myth surrounding taboo concepts, such as expenditure reallocation and subsidy redistribution, by proving that it is possible to revisit targeting for the greater good of society. This is doubly important at a time when the Arab region is experiencing a budgetary crunch with fluctuating oil prices, and is witnessing a turbulent political period with several conflicts and instability issues. Governments today are highly concerned about what needs to be done with fiscal policy and social expenditure allocations, and identifying the best way to stave off welfare deterioration.

SEM proposes a framework that is easily adaptable to national contexts and relies on local capabilities and resources. It is translatable into a simple yet effective tool designed to render a country’s expenditures on social policies effective and efficient. Countries may differ in what they designate as social expenditure, or whether expenses such as scholarships or religious endowments can be considered social expenditures. What matters, however, is that SEM is aligned with the SDGs, which are the common thread that ties all varying contexts.

Nonetheless, SEM can only succeed if national Governments commit to its adoption and to building its data infrastructure. A participatory approach is also a prerequisite, including various stakeholders to make SEM a nationally owned tool. Both conditions are already present in the Arab region. At its sixth meeting, held in Marrakech on 14 and 15 June 2019, the ESCWA Executive Committee commended the SEM project, noting the importance of adapting the Monitor to Arab countries’ varied contexts. It also advised that member States collaborate with the secretariat to develop and use the framework to identify different aspects of public expenditure and promote social development and macrofiscal sustainability. It is our sincere hope that this SEM project will assist ESCWA member States in re-examining, rethinking and reallocating their social expenditure in ways that improve the welfare of societies and advance the SDGs, so as to leave no one behind.



Rola Dashti
Executive Secretary
ESCWA

Acknowledgement

The “Social Expenditure Monitor (SEM) for Arab States” project is the result of the joint efforts of a cross-divisional team in the Economic and Social Commission for Western Asia (ESCWA), led by Niranjana Sarangi, Economic Development and Integration Division (EDID), with Omar Hakouz, Statistics Division (SD) and Oussama Safa, Social Development Division (SDD). Dana Hamdan and Hiba Chehade provided excellent research inputs in developing the indicators of the SEM and their explanations.

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The SEM has benefitted significantly from discussions and inputs from member State representatives during a regional workshop, the sixth ESCWA Executive Committee meeting, and national workshops for Jordan, Tunisia and Kuwait, which involved several line ministries, including:

(a) Tunisia: Tunisian Agency for Technical Cooperation, Ministry of Social Affairs, Centre d'études et de recherches sociales (CRES), Ministry of Finance, Ministry of Equipment, Housing and Territorial Development, Ministry of Health, Ministry of Higher Education and Scientific Research, National Institute of Statistics (NIS), Ministry of Women, Family, Childhood and Seniors;

(b) Jordan: Ministry of Education, Ministry of Health, Ministry of Finance, The Jordanian National Commission for Women, Higher Population Council, Housing & Urban Development Corporation, Ministry of Higher Education, National Aid Fund, Ministry of Social Development, The Royal Hashemite Court, Department of Statistics;

(c) Kuwait: Ministry of Finance, Secretariat of the Supreme Council for Planning and Development, Central Statistical Bureau, Kuwait Institute for Scientific Research (KISR);

(d) Morocco (represented in the regional workshop by:) Ministry of Family, Solidarity, Equality and Social Development;

(e) State of Palestine (represented in the regional workshop by:) Ministry of Social Development, Ministry of Finance and Planning.

Discussions were enriched by the participation of civil society and regional organizations, and United Nations entities, at the regional workshop, including the Arab NGO Network for Development (ANND), Oxfam International, Society for International Development (SID); the United Nations Resident Coordinator's Office in Tunisia and Jordan; the United Nations Children's Fund (UNICEF) Jordan; the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women); the United Nations Educational, Scientific and Cultural Organization (UNESCO); the United Nations Office for Project Services (UNOPS); the Economic Commission for Latin America and the Caribbean (ECLAC); the Organisation for Economic Co-operation and Development (OECD); and the Arab Institute for Training & Research in Statistics (AITRS).

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CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Foreword.....		v
Acknowledgement.....		vii
Introduction	1-7	1
<i>Chapter</i>		
I. FRAMEWORK TO MAP SOCIAL EXPENDITURE	8-13	2
II. DIMENSIONS AND INDICATORS	14-24	3
III. MAPPING INDICATORS TO MAIN BENEFICIARIES	25-27	5
IV. CONCLUSION: SEM AS A TOOL TO SUPPORT BUDGETING AND POLICY CHOICES	28-29	6
ANNEXES		
I. Social expenditure monitor: dimensions and indicators.....		8
II. Explanation of the indicators.....		12

Introduction

1. Targeting public budgets to meet the rising aspirations and needs of people is a major concern for Governments worldwide to achieve the Sustainable Development Goals (SDGs). In Arab countries, development challenges related to several SDGs are more pressing today than at any other time. They include reducing poverty and inequality; generating decent employment; ensuring quality public services in health care, education, housing, social protection and food security; promoting gender equality; and mobilizing fiscal space to finance those priorities. Citizens' demands for a new social contract rooted in equity and justice following the Arab uprisings have placed additional pressure on several Governments to adequately balance expenditure priorities that explicitly address existing gaps in social policy.

2. Budgeting for social development priorities in accordance with macrofiscal sustainability remains a key challenge for Arab Governments, especially when fiscal space is constrained.¹ Budget allocations that support multiple and overlapping social programmes and policies are often mismatched or inadequate for meeting citizens' needs and achieving the SDGs. Given the pressure on public budgets, such expenditure management is unsustainable.

3. Establishing a comprehensive social expenditure monitor (SEM) is vital to improving the efficiency of allocations and the effectiveness of budgeting. It will enable the rationalization of expenditure towards achieving macrofiscal objectives and the SDGs. The notion of social expenditure varies across countries and depends upon a country's progress in social development priorities.² Ideally, social expenditure aims to maximize levels of human wellbeing 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.³ Such social investments are important to drive the economy and society towards achieving the SDGs.

4. Available data on social expenditure by Arab States do not allow for constructing comprehensive estimates. There are limitations and, in several cases, inconsistencies over time. Addressing the gaps would require better understanding of social expenditure components in the national contexts, and more disaggregation to include subnational levels, population age groups, gender, persons with disabilities, and so on. Any comprehensive assessment of social expenditure requires greater collaboration with national counterparts in areas such as health, education and research, housing, statistics, demography and social protection, to obtain the required unpublished data.

5. In this context, member States of the Economic and Social Commission for Western Asia (ESCWA) have requested technical assistance in monitoring social expenditure and targeting it to their desired objectives, while taking into account fiscal sustainability challenges. The ESCWA secretariat has thus initiated a pilot project in Jordan and Tunisia. Subsequently, several member States have expressed interest to establish a social expenditure monitor as an integrated framework to ensure coherence of macrofiscal policies and social expenditure for the SDGs. Such a monitor can play a powerful role in supporting policy reforms towards optimizing the linkages between public social expenditure, social development priorities and macrofiscal sustainability in national contexts.

¹ ESCWA (2017). *Rethinking Fiscal Policy for the Arab Region*, [E/ESCWA/EDID/2017/4](#), Beirut.

² There can be a common framework across countries in a region. For European countries, the Organisation for Economic Co-operation and Development (OECD) calculates social expenditure by considering different areas of broad social policy, such as old age; survivors; incapacity-related benefits; health; family; active labour market policies, including employment-related trainings, services and direct job creation; unemployment; housing; and other social policy areas. For the Latin American countries, the Economic Commission for Latin America and the Caribbean (ECLAC) calculates social expenditure by combining expenditure in six areas: environmental protection; housing and community amenities; health; recreation, culture and religion; education; and social protection.

³ [E/ESCWA/EDID/2017/4](#); also see [LC/PUB.2017/12-P](#).

6. The implementation of SEM and its linkage to fiscal reforms involves various steps. First, agreeing on a social expenditure framework (dimensions and indicators) in the national context. Secondly, collecting and analysing data according to the agreed framework and synchronizing statistics reporting with government finance statistics, SDGs metadata and national account statistics. Thirdly, mapping SEM with social development outcomes related to the SDGs and taking into account social development priorities. For instance, monitoring social expenditure related to health entails asking the following questions: Does government health expenditure connect to the various targets and indicators of SDG 3? Is there a gap in policy or in allocating expenditure? What is needed and where (spatial disparities, population or horizontal disparities, any other criteria that support achieving related goals in the national development plan and SDG 3)? A similar approach would be undertaken for other dimensions of the social expenditure monitor, aligning it with relevant SDGs. Fourthly, efficiency analysis and macrofiscal modelling tools can contribute to understanding scenarios of higher expenditure efficiency and economic growth multipliers, taking into account fiscal sustainability in the medium term. Fifthly, a significant aspect of the project is to strengthen the capacity of national stakeholders, including government officials and civil society groups, which involves national workshops and trainings, and regional workshops to support the exchange of dialogue between participating countries and lessons learned from beyond the region, such as from Latin American countries. Lastly, the activities of the project are planned in close collaboration with national counterparts, and in accordance with national priorities, for greater project ownership and improved stakeholder capacity in annually updating SEM tools.

7. A draft SEM framework is being developed by ESCWA, which should be tailored to the national context of each implementing member State. The member States are invited to review the conceptual framework, provide comments thereon, and support its application as a tool to improve targeting budgets toward achieving higher economic growth and the SDGs. The following sections present the framework of SEM, and proposed dimensions and indicators, which are set out in full in annex I to the present document. An explanation of the indicators is presented in annex II.

I. FRAMEWORK TO MAP SOCIAL EXPENDITURE

8. In developing a better understanding of social expenditure in the Arab region, the ESCWA secretariat took into consideration existing global and regional frameworks and their application. At the global level, the 2030 Agenda, 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. Achieving universal access in any social development indicator requires Governments to systematically target public budgets towards marginalized and excluded groups. In addition, it is explicit in the SDGs framework that strategic investments in social sectors are important for driving inclusive and sustainable growth.⁴ Consequently, monitoring public social expenditure and its purpose remains a key means of implementation for several SDGs. Public social expenditure should be linked to policy effectiveness, and to progress in addressing national social development priorities and realizing the SDGs.

9. At the regional level, member States adopted the Tunis Declaration on Social Justice in the Arab Region at the twenty-eighth ESCWA session (Tunis, 15-18 September 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. They also pledged to achieve equality and equity, and to promote civic engagement in decision-making and participation.

10. Under the above-mentioned frameworks, social expenditures are considered strategic, long-term social investments that enhance human capital and innovation, promote gender equality and improve inclusive growth.⁵ For example, social investments in education and research, skills development and training, housing and community amenities, environmental protection, and the promotion of art, culture and sports are important

⁴ See, for example, [A/RES/70/1](#), paras. 20, 67; targets 1.b and 2.a; and Goal 8.

⁵ ESCWA (2017). *Rethinking Fiscal Policy for the Arab Region*, [E/ESCWA/EDID/2017/4](#), Beirut.

for building human capital and promoting innovation. This, in turn, permanently increases people's participation in the growth process. Fiscal policy should therefore not be restricted to mere redistribution in the form of social assistance, social insurance and general subsidies; it should play a much larger role in building advanced societies and economies. Providing quality public services, reducing poverty and inequality, enhancing social protection, and promoting art, culture and sports are central to ensuring inclusive development and social justice.

11. Moreover, public budget allocations to social sectors should be strategic and oriented towards driving long-term growth and enhancing human capital. Rationalizing social expenditures and finding the right mix to meet different objectives are crucial for improving macroeconomic and social stability to enhance wellbeing.⁶

12. Any measure of social expenditure must therefore take into consideration the following two guiding social development 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. The SEM dimensions and indicators and their beneficiaries proposed below are based on that approach.

13. The type of expenditure can vary between cash and in-kind from different sources of public authorities, including central government, governorates and municipalities. Social expenditure includes transactions in the form of goods and services provided to individuals, households or communities,⁷ primarily on a non-market basis and also through means of transfers such as subsidies, grants, tax relief and other transfers. There could be contributions or transfers into funds and joint entities that provide various public services with a social development purpose. Social expenditure could be capital or developmental expenditure, including investments on non-financial assets for social development purposes. However, any kind of market transaction in which expenditure is based on direct return for cost recovery, or profit, or remuneration for work, is not eligible for social expenditure. For instance, loans are not social expenditure as they are market transactions, even at a subsidized or zero rate, because they need to be paid back to the lender.⁸ In cases where Governments receive partial returns either through fees or partial cost recovery for providing certain services, the revenue generated from these returns should be excluded to estimate the net expenditure. These issues are explained for each indicator in the framework (annex I).

II. DIMENSIONS AND INDICATORS

14. In the light of approach discussed above, seven dimensions of public social expenditure may be considered in monitoring social expenditure in Arab States:

- (a) Education;
- (b) Health and nutrition;
- (c) Housing and community amenities;
- (d) Labour market interventions and employment generation;
- (e) Social protection and food security;
- (f) Art, culture and sports;
- (g) Environmental protection.

⁶ Ibid; also see Sarangi and von Bonin (2017). Fiscal Policy on Public Social Spending and Human Development in Arab Countries. Working Paper, [E/ESCWA/EDID/2017/Technical Paper.13](#), Beirut.

⁷ See Government Finance Statistics Manual (IMF 2014) for detail explanation of individuals, households and communities.

⁸ The implicit subsidy expenditures of a loan due to provision of lower interest rate than the market rate, or the foregone revenues due to tax exemptions, allowances or deductions, are implicit social expenditure but these are not actual expenditure allocated from the budget. In case of budget allocations for subsidies against loans or tax relief expenditures are part of social expenditure.

15. The seven dimensions aim to capture crucial social development priorities in the region. In almost all of them, a direct link can be established with the SDGs. For example, the “education” dimension measures expenditures that drive equal education opportunities for all and the advancement of modern education and scientific research so as to foster innovation and respond to the labour market. The level and effectiveness of expenditure on this dimension contributes to progress on several SDGs, such as SDGs 4, 5, 8, 9, 10 and 17.

16. Similarly, the dimension on “health and nutrition” measures expenditure on access to health care, nutritional support and quality health-care services for healthy living conditions. The level and effectiveness of expenditure on the dimension of health and nutrition contributes to achieving SDGs 2, 3, 5 and 10.

17. To make human settlements inclusive, safe, resilient and sustainable, expenditures on “housing and community amenities” are important. Housing for the poor, resettling slum populations and quality community amenities are also vital for improving efficiency and productivity. For Arab countries affected by conflict, assistance for reconstructing houses and community amenities in the post-conflict situation should constitute a significant share of social expenditure. The level and effectiveness of expenditure on this dimension contributes to achieving SDGs 6, 8, 10, 11 and 17.

18. The dimension on “labour market interventions and employment generation” is complex. For some Arab States, providing public sector employment is part of the implicit social contract: a large share of public expenditure goes to wages and most employees are in the public sector. In some cases, public sector employment is extended not for economic reasons but for social reasons. In view of high youth unemployment and the large informal sector in the region, the role of public expenditure in generating employment and promoting decent work opportunities is crucial. However, not any market-related public expenditure constitutes social expenditure: only expenditure on skill development, vocational trainings and interventions to match skills with labour market demand can be considered social expenditure. Nevertheless, employment generation programmes as part of social protection programmes or strategies do form part of social expenditure. Labour market interventions and employment generation programmes are therefore included in the social expenditure monitor for discussion with member States. Effectiveness of expenditure in this dimension directly contributes to SDGs 8 and 17.

19. The dimension on “social protection and food security” is designed according to SDG targets 1.3, 5.4 and 10.4. Social protection programmes also aim to provide access to essential health care for all, including maternity care; basic income security, including ensuring that children have access to nutrition, education, care and any other necessary goods and services; basic income security for persons of active age who are unable to earn sufficient income (owing to unemployment, disability/sickness/conflict or maternity); and basic income security for older persons. This list is in no way exhaustive, and some Arab countries may have more comprehensive social protection programmes and policies, in which case the “social protection and food security” dimension will include additional indicators as per the national context. The level and effectiveness of expenditure on this dimension is directly linked to SDGs 1, 2 and 10.

20. Public expenditures on “art, culture and sports” build foundations for a healthy society and create opportunities for lifelong learning for all. The level of expenditures in this dimension and their effectiveness contribute to SDGs 4, 11 and 16. Similarly, the dimension on “environmental protection” is important for a society to be sustainable. The effectiveness of expenditure on this dimension contributes to SDGs 7, 9, 11 and 13.

21. The framework of the social expenditure monitor is aligned with the SDGs approach of protecting and promoting social, economic and environmental development. The seven dimensions and the indicators correspond to the SDGs 1 through 17. Within each dimension, there are common indicators for all countries and some indicators can be tailored to national specificities.

22. Annex I to the present document sets out the proposed framework of SEM, comprising seven dimensions (D1 to D7) and indicators under each dimension. An explanation of each indicator is presented in annex II,

which is largely in coherence with expenditure classifications of government finance statistics (GFS) and programme-based-budget (PBB) in selected countries. There are several indicators in the SEM for which detail disaggregated data are not classified in the GFS. For instance, expenditure on “subsidiary services” to education, as per COFOG 70960, should be disaggregated by level of education to account for the specific education level indicator. Similarly, development expenditure or investment in non-financial assets in GFS should be separated by level of education to account for the specific education level indicator. There are several such indicators for which the SEM aims to improve disaggregated data compilation and also disaggregation by beneficiaries.

23. The SEM aims to improve the expenditure classification by disaggregating expenditure data by indicators and by beneficiaries. If needed, a specific questionnaire module will be produced for data collection from relevant entities. The source of expenditure can vary, including central government, local government, and other public sector entities. Statistical guidelines will be produced in line with international statistical principles and standards to improve coherence between government finance statistics classifications, SDG metadata and national accounts classifications.

24. The SEM can be implemented at governorate level to map equity in expenditure allocations across governorates or districts. It can be a powerful tool to assess gaps in achievements and determine the expenditure required to accelerate realizing those achievements. Building a SEM at governorate level is possible with the support of government entities at central and local levels.

Alignment of the SEM with SDGs and Government Finance Statistics

SEM dimensions	Alignment with SDGs	Alignment with COFOG
1. Education	4, 5, 8, 9, 10 and 17	70911, 70912, 70921, 70922, 70930, 70941, 70942, 70950, 70960, 70970, 70980, 70140
2. Health and nutrition	2, 3, 5 and 10	70721, 70722, 70723, 70724, 70731, 70732, 70733, 70734, 70740, 70711, 70712, 70713, 70750, 70760, 70140
3. Housing and community amenities	6, 8, 10, 11 and 17	70610, 70620, 70630, 70640, 70650, 70660, 70451, 70485, 70140
4. Labour market interventions and employment generation	8 and 17	70412, 70481, 70140
5. Social protection and food security	1, 2, 5 and 10	71011, 71012, 71020, 71030, 71040, 71050, 71060, 71070, 71080, 71090, 710432, 710435, 70421, 70140
6. Art, culture and sports	4, 11 and 16	70810, 70820, 70840, 70850, 70860, 70140
7. Environmental protection	7, 9, 11 and 13	70510, 70520, 70436, 70422, 70530, 70540, 70550, 70560, 70140

Source: Compiled by authors.

III. MAPPING INDICATORS TO MAIN BENEFICIARIES

25. The indicators in each dimension are designed to map the purpose of expenditure and the beneficiary population, which is an innovation of the social expenditure monitor. Aggregate public expenditures do not provide information about how that benefits different population groups and where are the gaps. The social

expenditure monitor framework addresses this lack of information by presenting the expenditures by purpose across main beneficiaries. Those include children, young people and adults disaggregated by sex; older persons; persons with disabilities, sickness and survivors; socially marginalized or at risk of social exclusion, refugees and immigrants; households benefitting from financial or in-kind support; and also the community at large such as expenditure on public goods and services and investments on non-financial assets that are not exclusively for any specific population group (annex I).

26. Disaggregating beneficiaries by sex is a specific innovation of the SEM. Most data on public expenditure are not available by gender disaggregation. The objective is to assess what data is available by specific programmes that focus on girls and women, including for pregnant women and young mothers, also to encourage more disaggregation of data by gender that supports better assessment of gender equality policies and their implementation.

27. The SEM also captures expenditure for general public services such as basic research, management, developing policy, strategy, and regulations that are not for any specific populations but mainly for sustaining and operating public services. These expenditures are referred to as “institutional development and administrative support”. Expenditures on programme or policy impact evaluation related to specific indicators are referred to as “monitoring and evaluation”.

IV. CONCLUSION: SEM AS A TOOL TO SUPPORT BUDGETING AND POLICY CHOICES

28. SEM is designed as a multipurpose policy tool to support budgeting and fiscal policy choices, among others. SEM can be useful in advancing SDGs through fostering social justice and inclusive development, growth and fiscal sustainability, and producing better statistics, as illustrated in the figure. Some of the expected key benefits of SEM include the following:

(a) *SEM is a pioneering tool for Arab States to assess social policy spending and reallocate resources to the neediest sectors of development.* The SEM provides more comprehensive information on public expenditure on social development programmes, such as improving social protection, reducing poverty, or programmes for ending gender-based violence and so on. The mapping of these government-wide expenditures in a snapshot would directly inform budgeting and potential reallocation of resources to the neediest sectors;

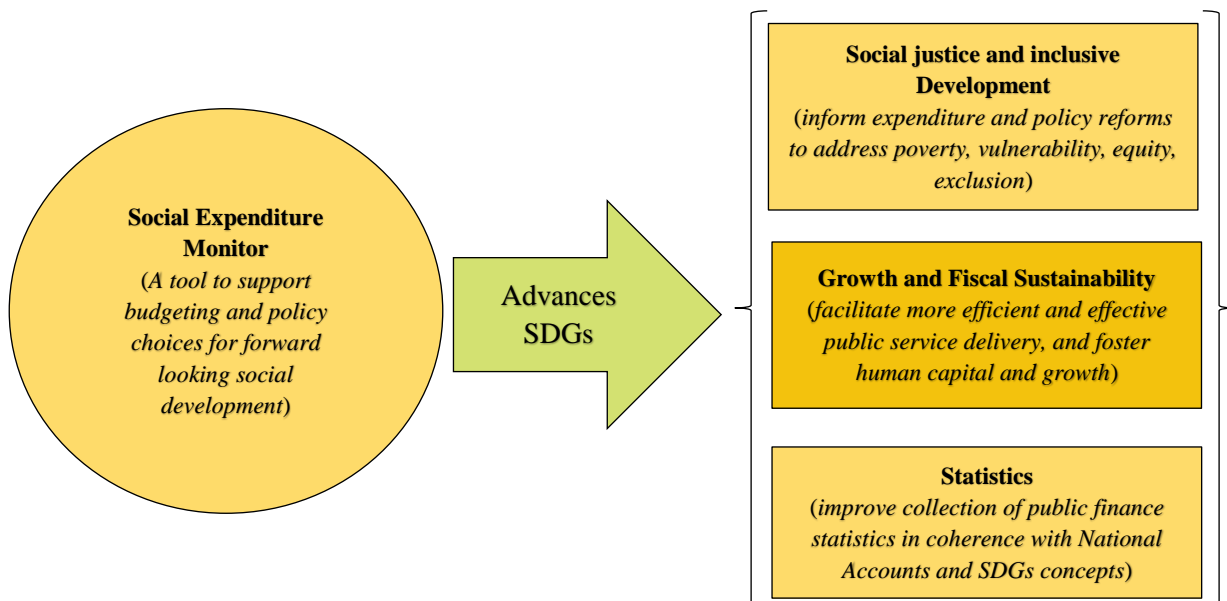
(b) *SEM informs Governments on increasing public expenditure efficiency and rebalancing public expenditure priorities towards improving social protection reforms, as well as furthering human capital, productivity and growth.* Appropriate social expenditures are social investments. Using a macroeconomic model, different scenarios of social expenditure and growth can be constructed to assess fiscal multipliers of different social expenditures or impact of expenditure shocks on growth and fiscal balances. It can also help readjusting expenditure priorities and optimizing the linkages between expenditure choices and achieving macroeconomic objectives;

(c) *SEM builds coherent statistics: it connects GFS to National Accounts, which enables better macrofiscal analysis.* Currently, several codes in COFOG and the cross-classification between COFOG and the Economic Classification are not clearly reported. ESCWA aims to provide a detailed account of social expenditure reporting guidelines, in coherence with GFS, that builds better statistics on social expenditure and connects with macroeconomic data;

(d) *ESCWA aims to offer national and regional workshops and trainings 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;

(e) *SEM could be an advocacy tool for Governments to better highlight their needs for greater international cooperation and financing for sustainable development.* The SEM will improve transparency in public expenditure and highlight the development gaps to be addressed.

Social Expenditure Monitor Advances SDGs



Source: Authors' illustration.

29. At its sixth meeting held in Marrakesh in 14 and 15 June 2019, the ESCWA Executive Committee commended the SEM project, noting the importance of adapting the monitor to Arab States' varied contexts. It also advised member States to collaborate with the secretariat to develop and use the framework to identify different aspects of public expenditure and promote social development and macrofiscal sustainability. The Executive Committee also mandated ESCWA to continue developing the SEM project and send a background paper highlighting the importance of the project to the member States that are yet to partake in the project. An abridged form of the paper was addressed to member States in July 2019. The present paper provides the final version of the common SEM framework. It can be tailored to each national context, considering specificities of the indicators and socioeconomic policy targets.

Annex I

SOCIAL EXPENDITURE MONITOR: DIMENSIONS AND INDICATORS

Dimensions	Indicators	Population											Households/Families	Benefits to community at	Institutional development and administrative support	Monitoring and evaluation	Total	
		Children			Young persons (aged 15-24)			Adults (aged 24+)			Older persons	Persons with disabilities, sickness and survivors						Socially marginalized or at risk of social exclusion,
		Male	Female	All children	Male	Female	All young persons	Male	Female	All adults								
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 Research and use of technology on advancing education																	
	Total																	
D2 Health and nutrition	2.1 Outpatient services (including residential care)																	
	2.2 Inpatient hospital services																	
	2.3 Reproductive health care																	
	2.4 Discrimination against women and gender-based violence																	
	2.5 Public health services																	
	2.6 Expenditure on medicines, medical products, appliances and equipment																	
	2.7 Research and use of technology related to health and nutrition																	
	Total																	

Dimensions	Indicators	Population											Households/Families	Benefits to community at	Institutional development and administrative support	Monitoring and evaluation	Total	
		Children			Young persons (aged 15-24)			Adults (aged 24+)			Older persons	Persons with disabilities, sickness and survivors						Socially marginalized or at risk of social exclusion,
		Male	Female	All children	Male	Female	All young persons	Male	Female	All adults								
D3 Housing and community amenities	3.1 Housing																	
	3.2 Water supply network and reservoirs																	
	3.3 Quality of water supply																	
	3.4 Urban commuting																	
	3.5 Rural road connectivity																	
	3.6 Street lighting																	
	3.7 Community development																	
	3.8 Research on housing and amenities																	
	Total																	
D4 Labour market interventions and employment generation	4.1 Incentives to encourage female employment																	
	4.2 Training and skills upgrading, including on technology (on the job)																	
	4.3 Grants and other incentives to private enterprises/start-ups for job creation																	
	4.4 Employment generation programmes																	
	4.5 Research on labour market programmes and policies																	
	Total																	

Dimensions	Indicators	Population												Households/Families	Benefits to community at	Institutional development and administrative support	Monitoring and evaluation	Total
		Children			Young persons (aged 15-24)			Adults (aged 24+)			Older persons	Persons with disabilities, sickness and survivors	Socially marginalized or at risk of social exclusion,					
		Male	Female	All children	Male	Female	All young persons	Male	Female	All adults								
D5 Social protection and food security	5.1 Support towards achieving basic income, housing, and food security																	
	5.2 Unemployment benefits																	
	5.3 Support to family and children, including maternity benefits																	
	5.4 Subsidies to food processors																	
	5.5 Subsidies to fuel (oil and gas)																	
	5.6 Subsidies to electricity																	
	5.7 Subsidies and other support to farms																	
	5.8 Research on social protection and food security																	
	5.9 Other nationally defined sets of goods and services																	
	Total																	
D6 Art, culture, and sports	6.1 Cultural facilities and events																	
	6.2 Promoting individuals and organizations in art and cultural fields																	
	6.3 Sports facilities and services																	
	6.4 Promoting athletes and teams																	
	6.5 Research on advancing sports, culture and art																	
	Total																	

Dimensions	Indicators	Population											Households/Families	Benefits to community at	Institutional development and administrative support	Monitoring and evaluation	Total	
		Children			Young persons (aged 15-24)			Adults (aged 24+)			Older persons	Persons with disabilities, sickness and survivors						Socially marginalized or at risk of social exclusion,
		Male	Female	All children	Male	Female	All young persons	Male	Female	All adults								
D7 Environmental protection	7.1 Solid waste management																	
	7.2 Wastewater management and sanitation facilities																	
	7.3 Incentives for renewable energy supply (hydroelectricity, solar, wind, biomass)																	
	7.4 Protecting biodiversity/ combating desertification/land degradation																	
	7.5 Research on environmental protection																	
	Total																	

Note: The grey shaded cells indicate the main beneficiaries for each indicator.

Annex II

EXPLANATION OF THE INDICATORS

Dimensions	Indicators	Explanation of the indicators
D1 Education	1.1 Early childhood education	<p>Expenditure under pre-primary education (COFOG 70911 or relevant programmes in programme-based-budgeting (PBB) systems). Education level (0) is defined as per ISCED 2011. In early childhood education, children could be aged up to 5 or up to 7 years, depending on country's education system for starting age of primary education.</p> <p>Current expenditure covers administration, inspection, operation, or support to schools and other institutions, and subsidiary services related to pre-primary education, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to the pre-primary COFOG or programmes.</p>
	1.2 Primary education	<p>Expenditure under primary education (COFOG 70912 or relevant programmes in PBB systems). Education level (1) is defined as per ISCED 2011. In primary education, children could be aged 5 to 10 years or 7 to 12 years, depending on starting age of primary in the country's education system. It includes literacy programmes for students too old for primary school.</p> <p>Current expenditure covers administration, inspection, operation, or support to schools and other institutions, and subsidiary services related to primary education, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to primary education COFOG or programmes.</p>
	1.3 Secondary education	<p>Expenditure under lower secondary and upper secondary education (COFOG 70921 and 70922 or relevant programmes in PBB systems). Education level (2 and 3) is defined as per ISCED 2011. Based on education system of the country, children could be aged 10 to 17 or 12 to 18 years in the lower and upper secondary education (general or vocational).</p> <p>Current expenditure covers administration, inspection, operation, or support to schools and other institutions, and subsidiary services related to secondary education. It includes out-of-school education for adults and young people; and scholarships, grants, and allowances to support pupils pursuing secondary education, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to secondary education COFOG or programmes.</p>
	1.4 Post-secondary skill training	<p>Expenditure on post-secondary non-tertiary education, usually designed for direct labour market entry. It is COFOG 70930 or relevant programmes in PBB systems. Education level (4) is defined as per ISCED 2011.</p> <p>Current expenditure covers administration, inspection, operation, or support to schools and other institutions, and subsidiary services related to post-secondary skill training. It includes scholarships, grants and allowances to support students pursuing post-secondary non-tertiary education. It also includes expenditure on out-of-school post-secondary non-tertiary education for adults and young people, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to post-secondary non-tertiary COFOG or programmes.</p>
	1.5 Tertiary education	<p>Expenditure on different levels of tertiary education, as per COFOG 70941 and 70942 or relevant programmes in PBB systems. Education level (5 and 6) is defined as per ISCED 2011: short-cycle (general/vocational), bachelor's or equivalent (academic/professional), master's or equivalent (academic/professional), doctoral or equivalent (academic/professional).</p> <p>Current expenditure covers administration, inspection, operation, or support to schools and other institutions, and subsidiary services related to tertiary education. It includes scholarships, grants and allowances to support students pursuing tertiary education, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to tertiary education COFOG or programmes.</p>

Dimensions	Indicators	Explanation of the indicators
	1.6 Education for adults	<p>Expenditure on provision of education not definable by level (i.e., educational programmes, generally for adults, that do not require any special prior instruction, in particular, vocational training and cultural development): COFOG 70950 or relevant programmes in PBB systems.</p> <p>Current expenditure includes administration, inspection, operation, or support to schools and other institutions, and subsidiary services related to education for adults. It also includes scholarships, grants and allowances to support students pursuing education not definable by level, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to the COFOG on education for adults or programmes.</p>
	1.7 Research and use of technology on advancing education	<p>Expenditure on applied research, experimental development and use of technology on advancing education (COFOG 70970 or relevant programmes in PBB systems).</p> <p>Current expenditure includes administration and operation of government agencies engaged in applied research related to education, and provision of grants and subsidies to support applied research undertaken by non-government bodies, such as research institutes and universities, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to the COFOG or programmes on research and use of technology for advancing education.</p> <p>[Note: Loans are not social expenditure as they are market transactions (or even at a subsidized or zero rate) and they need to be paid back to the lender].</p> <p>[Note: It also excludes basic research, which are included under institutional development].</p>
	Additional Explanatory Notes on Education Indicators, applicable to all indicators	<p>Expenditure related to administration, operation, or support of activities such as formulation, administration, coordination, and monitoring of overall educational policies, plans, programmes, and budgets; preparation and enforcement of legislation and standards for the provision of education, including the licensing of educational establishments; production and dissemination of general information, technical documentation, and statistics on education, are not disaggregated by specific indicator and are reported in total only (COFOG 70980).</p> <p>Expenditure on “subsidiary services” to education, (COFOG 70960 for provisions including administration, inspection, operation, or support to transportation, food, lodging, medical and dental care, and related subsidiary services chiefly for students regardless of level), need to be separated by level of education to account for the specific education level indicator. In PBB, these services are separated in the programmes.</p> <p>[Note: If expenditure on “subsidiary services” cannot be disaggregated by level of education, then the total will be reported under the beneficiary “community at large”].</p> <p>Capital or development expenditure or investment in non-financial assets in GFS need to be separated by level of education to account for the specific education level indicator. In PBB, these are separated in the programmes.</p> <p>[Note: Capital or development expenditure or investment in non-financial assets that are not disaggregated by level of education, are considered under benefits to “community at large”].</p> <p>[Note: Expenditure related to basic research, management, developing policy, strategy, and regulations are not disaggregated by level of education and are reported in total only (COFOG 70140), which is not attributed to specific dimension. These are considered as “institutional development and administrative support” to sustain and operate public services by the ministries].</p>

Dimensions	Indicators	Explanation of the indicators
D2 Health and nutrition	2.1 Outpatient services (including residential care)	<p>Expenditure on general medical services (COFOG 70721), specialized medical service (COFOG 70722), dental services (COFOG 70723) and paramedical services (COFOG 70724), or relevant programmes in PBB systems, delivered to outpatients by medical, dental and paramedical practitioners and auxiliaries.</p> <p>Current expenditure includes administration, inspection, operation, or support of general medical services delivered by general medical clinics and general medical practitioners, specialized medical clinics and specialist medical practitioners, dentists and paramedical practitioners as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets to provide outpatient services facilities related to the COFOG or programmes.</p>
	2.2 Inpatient hospital services	<p>Expenditure on services to hospitalized patients provided by general hospital services (COFOG 70731), specialized hospital services (COFOG 70732), nursing and convalescent homes services (COFOG 70734), or relevant programmes in programme-based-budgeting (PBB) systems. Hospital day care and home-based hospital treatment, and hospices for terminally ill persons are included.</p> <p>It is noted that nursing and convalescent homes services (COFOG 70734) covers institutions serving old people in which medical monitoring is an essential component; rehabilitation centers providing in-patient health care and rehabilitative therapy where the objective is to treat the patient rather than to provide long-term support.</p> <p>Current expenditure includes administration, inspection, operation, or support to hospitals in general and also particular medical specialty as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets to provide in-patient hospital services facilities related to the COFOG or programmes.</p> <p>[Note: Medical centres that are not under the direct supervision of a qualified medical doctor, including maternity centres are not covered in COFOG 70731 and 70732. They are included in the indicator on “reproductive health care”, as per COFOG 70733].</p> <p>[Note: The indicator does not cover facilities such as military field hospitals (COFOG 7021), surgeries, clinics, and dispensaries devoted exclusively to outpatient care (COFOG 7072)].</p> <p>[Note: The indicator does not cover expenditure on institutions for disabled persons and rehabilitation centers providing primarily long-term support (COFOG 71012), or retirement homes for elderly persons (COFOG 71020). Neither does it cover payments to patients for loss of income due to hospitalization (COFOG 71011). These are covered under the social protection dimension].</p>
	2.3 Reproductive health care	<p>Expenditure on medical and maternity centre services (COFOG 70733), or relevant programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration, inspection, operation, or support of medical and maternity center services, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets to provide medical and maternity centre services related to the COFOG or programmes.</p>
	2.4 Discrimination against women and gender-based violence	<p>Expenditure to end discrimination and physical, sexual and psychological violence against women and girls, including all harmful practices such as child, early and forced marriage and female genital mutilation, specified as per specific programmes in programme-based-budgeting (PBB) systems. In GFS, this code doesn't exist, which needs to be designed to capture this indicator.</p> <p>[Note: Sexual and gender-based violence (SGBV) refers to any act that is perpetrated against a person's will and is based on gender norms and unequal power relationships. It encompasses threats of violence and coercion. It can be physical, emotional, psychological, or sexual in nature, and can take the form of a denial of resources or access to services. It inflicts harm on women, girls, men and boys (UNHCR)].</p>

Dimensions	Indicators	Explanation of the indicators
	2.5 Public health services	<p>Expenditure on provision of public health services delivered by special teams to groups of clients, most of whom are in good health, at workplaces, schools, or other nonmedical settings (COFOG 70740), or relevant programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration, inspection, operation or support for services such as blood-bank operation (collecting, processing, storing, shipping), disease detection (cancer, tuberculosis, venereal disease), prevention (immunization, inoculation), monitoring (infant nutrition, child health), and epidemiological data collection as per the COFOG or programmes. Nutritional programmes for students are included.</p> <p>Capital or developmental expenditure includes investment in non-financial assets to provide public health services facilities related to the COFOG or programmes.</p>
	2.6 Expenditure on medicines, medical products, appliances and equipment	<p>Expenditure on this indicator are intended for consumption or use outside a health facility or institution. Expenditure covers the provision of medicaments, prostheses, medical appliances and equipment, and other health-related products obtained by individuals or households, either with or without a prescription, usually from dispensing chemists, pharmacists, or medical equipment Suppliers (pharmaceutical products – COFOG 70711; other medical products – COFOG 70712; therapeutic appliances and equipment – COFOG 70713) or relevant programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration, operation, or support of the provision of pharmaceutical products, other medical product, therapeutic appliances and equipment, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to the COFOG 7071 or programmes.</p>
	2.7 Research and use of technology related to health and nutrition	<p>Expenditure on research and experimental development and use of technology related to health and nutrition (COFOG 70750) or relevant programmes in PBB systems.</p> <p>Current expenditure includes administration and operation of government agencies engaged in applied research and experimental development related to health, and grants and subsidies to support applied research and experimental development related to health undertaken by non-government bodies, such as research institutes and universities as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets related to the COFOG or programmes on research and use of technology related to health and nutrition.</p> <p>[Note: This indicator excludes expenditure on basic research (70140), which is captured under “institutional development and administrative support”].</p>
	Additional Explanatory Notes on Health Indicators, applicable to all indicators	<p>Expenditure related to administration, operation, or support of activities such as formulation, administration, coordination, and monitoring of overall health policies, plans, programmes, and budgets; preparation and enforcement of legislation and standards for the provision of health services, including the licensing of medical establishments and medical and paramedical personnel; production and dissemination of general information, technical documentation, and statistics on health, are not disaggregated by specific indicator and are reported in total only (COFOG 70760).</p> <p>Capital or development expenditure or investment in non-financial assets in GFS need to be separated to account for the specific indicators. In PBB, these are separated in the programmes.</p> <p>[Note: Development expenditure or investment in non-financial assets that are not disaggregated by level of education, are considered under benefits to “community at large”].</p> <p>[Note: Expenditure on basic research related to health are reported in total only (COFOG 70140), which is not attributed to specific dimension. These are considered as “institutional development and administrative support” to sustain and operate public services by the ministries].</p>

Dimensions	Indicators	Explanation of the indicators
D3 Housing and community amenities	3.1 Housing	<p>Expenditure on housing development (COFOG 70610) or relevant programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration of housing development affairs and services; promotion, monitoring and evaluation of housing development activities, and development and regulation of housing standards. It also includes slum clearance related to the provision of housing; acquisition of land needed for constructing dwellings; and production and dissemination of information and statistics, as per COFOG 70610 or programmes.</p> <p>[Note: means-tested housing benefits under social protection (COFOG 71060) are covered in the social protection dimension].</p> <p>Capital or developmental expenditure includes investment in non-financial assets relating to housing development, as per the COFOG or programmes.</p> <p>[Note: Grants and subsidies to support the expansion, improvement, or maintenance of the housing stock need to be differentiated for current and capital types].</p>
	3.2 Water supply network and reservoirs	<p>Expenditure on infrastructure and services that enable access to the water supply network, as per COFOG 70630 or relevant programmes in programme-based-budgeting (PBB) systems. It includes the transportation and distribution of water, as well as the construction of dams and reservoirs.</p> <p>Current expenditure includes administration of water supply affairs, production and dissemination of information and statistics on water supply affairs, assessment of future needs etc. as per (COFOG 70630) or programmes.</p> <p>Capital or developmental expenditure includes construction or operation of non-enterprise-type water supply systems, including dams and reservoirs, as classified by the COFOG or programmes.</p> <p>[Note: Grants and subsidies to support the operation, construction, maintenance, or upgrading of water supply systems need to be differentiated for current and capital types].</p>
	3.3 Quality of water supply	<p>Expenditure on the purification of water for water supply purposes, desalination of sea/groundwater by treatment plants, which can be derived in case of programme-based-budgeting (PBB) systems. In GFS, this indicator is part of COFOG 70630, which needs to be disaggregated to obtain expenditure on quality of water supply.</p>
	3.4 Urban commuting	<p>Expenditure on the construction and repairing of public infrastructure that enables daily commuting for work, education, shopping and entertainment in a safe, timely, quick, comfortable, and least costly way, as classified by COFOG 70451 or relevant programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditures, as in COFOG 70451, or relevant programmes, includes the following:</p> <ul style="list-style-type: none"> • Administration of affairs and services concerning operation, use, construction, and maintenance of road transport systems and facilities (roads, bridges, tunnels, parking facilities, bus terminals, etc.); • Supervision and regulation of road users (vehicle and driver licensing, vehicle safety inspection, size and load specifications for passenger and freight road transport, regulation of hours of work of bus, coach and lorry drivers, etc.), road transport system operations (granting of franchises, approval of freight tariffs and passenger fares, and of hours and frequency of service, etc.), and road construction and maintenance; • Production and dissemination of general information, technical documentation, and statistics on road transport system operations and on road construction activities. <p>Capital or developmental expenditure include construction or operation or upgradation of no enterprise-type road transport systems and facilities, as per COFOG classifications or programmes.</p> <p>[Note: Grants and subsidies to support the operation, construction, maintenance, or upgrading of road transport systems and facilities need to be differentiated for current and capital types].</p>

Dimensions	Indicators	Explanation of the indicators
	3.5 Rural road connectivity	Expenditure on public infrastructure that connects rural areas to other rural or urban areas, as reported by programmes in programme-based-budgeting (PBB) systems. In GFS, there is no separate code for rural connectivity. The code for road transport is 70451, which needs disaggregation for deriving rural road transport systems and facilities.
	3.6 Street lighting	<p>Expenditure on street lighting installation and administration, as per COFOG 70640 or programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration of street lighting and roads (other than highways); and development and regulation of street lighting standards, as per COFOG classifications or programmes.</p> <p>Capital or developmental expenditure would include installation/construction, operation, maintenance, upgrading, etc. of street lighting and roads (other than highways), as per COFOG classifications or programmes.</p>
	3.7 Community development	<p>Expenditure on community development, as per COFOG 70620 or programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration of community development affairs and services; and administration of zoning laws and land-use and building regulations; production and dissemination of general information, technical documentation, and statistics on community development affairs and services, as per COFOG classifications or programmes.</p> <p>Capital expenditure includes planning new communities or rehabilitated communities; planning the improvement and development of facilities such as housing, industry, public utilities, health, education, culture, recreation, etc. for communities; preparation of schemes for financing planned developments, as per classifications by COFOG or programmes.</p>
	3.8 Research on housing and community amenities	<p>Expenditure on research or experimental development for housing and community amenities, as per COFOG 70650 or programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration and operation of government agencies engaged in applied research and experimental development related to housing and community amenities; grants and subsidies to support applied research and experimental development related to housing and community amenities undertaken by non-government bodies, such as research institutes and universities (COFOG 70650) or programmes. In addition, the indicator would add the same for research and development in transport (COFOG 70485) or relevant programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets on applied research, experimental development and use of technology for improving housing and community amenities, and also for transport, given the COFOG codes or programmes.</p> <p>[Note: This indicator excludes expenditure on basic research (70140), which is captured under “institutional development and administrative support”].</p>
	Additional Explanatory Notes on Housing and Community Amenities	<p>Expenditure includes the administration, operation, or support of activities such as formulation, administration, coordination, and monitoring of overall policies, plans, programmes, and budgets relating to housing and community amenities; preparation and enforcement of legislation and standards relating to housing and community amenities; production and dissemination of general information, technical documentation, and statistics relating to housing and community amenities (COFOG 70660).</p> <p>[Note: Expenditure on basic research related to housing and community amenities are reported in total only (COFOG 70140), which is not attributed to specific dimension. These are considered as “institutional development and administrative support” to sustain and operate public services by the ministries].</p>

Dimensions	Indicators	Explanation of the indicators
D4 Labour market interventions and employment generation	4.1 Incentives to encourage female employment	<p>Expenditure on incentives to encourage female employment is not specifically mentioned in COFOG codes, but grouped within the point “operation or support of general programmes or schemes to facilitate labor mobility, to reduce sex, race, age, and other discrimination, to reduce the rate of unemployment in distressed or underdeveloped regions, to promote the employment of disadvantaged or other groups characterized by high unemployment rates, etc.; operation of labor exchanges; operation or support of arbitration and mediation services”, under the code 70412. The disaggregation of 70412 is needed to construction the indicator on incentives to encourage female employment.</p> <p>For countries with PBB, the indicator can be constructed by using the relevant programmes.</p>
	4.2 Training and skills upgrading including on technology (on the job)	<p>Expenditure on training and skills-upgrading initiatives on the job is not specifically mentioned in COFOG codes, but grouped within the point “operation or support of general programmes or schemes to facilitate labor mobility, to reduce sex, race, age, and other discrimination, to reduce the rate of unemployment in distressed or underdeveloped regions, to promote the employment of disadvantaged or other groups characterized by high unemployment rates, etc.; operation of labor exchanges; operation or support of arbitration and mediation services”, under the code 70412. The disaggregation of 70412 is needed to construction the specific indicator.</p> <p>For countries with PBB, the indicator can be constructed by using the relevant skill training programmes.</p>
	4.3 Grants and other incentives to private enterprises/start-ups for job creation	<p>Expenditure includes grants, and subsidies to promote general labour policies and programmes, to generate employment in private sector. The COFOG doesn't have a specific code for this indicator. It is within the code 70412. The disaggregation of 70412 is needed to construction the specific indicator.</p> <p>For countries with PBB, the indicator can be constructed by using the relevant programmes.</p>
	4.4 Employment generation programmes	<p>Expenditure includes grants, and subsidies to promote general labour policies and programmes, to generate employment in public sector. The COFOG doesn't have a specific code for this indicator. It is within the code 70412. The disaggregation of 70412 is needed to construction the specific indicator.</p>
	4.5 Support to labour-related research	<p>Expenditure on research and experimental development related to labour market initiatives, as per COFOG 70481 or related programmes in programme-based-budgeting (PBB) systems.</p> <p>[Note: COFOG 70481 needs to be disaggregated to differentiate between research support to general economic, commercial and labor affairs].</p> <p>Current expenditure on labour related research support includes administration and operation of government agencies engaged in applied research and experimental development related to labor affairs; grants and subsidies to support applied research and experimental development related to labor affairs undertaken by nongovernment bodies, such as research institutes and universities, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets on applied research, experimental development and use of technology for labour affairs, given by the disaggregated COFOG codes or programmes.</p> <p>[Note: This indicator excludes expenditure on basic research (70140), which is captured under “institutional development and administrative support”].</p>
	Additional Explanatory Notes on Labour Market Interventions and Employment Generation	<p>Expenditure on administration of general labor affairs and services; formulation and implementation of general labor policies; supervision and regulation of labor conditions (hours of work, wages, safety, etc.); liaison among different branches of government and between government and overall industrial, business, and labor organizations are part of COFOG 70412. It also includes production and dissemination of general information, technical documentation, and statistics on general labor affairs and services. Unless disaggregated, they will be reported under “institutional development and administrative support”.</p> <p>[Note: Expenditure on basic research related to Labour Market Interventions and Employment Generation are reported in total only (COFOG 70140), which is not attributed to specific dimension. These are considered as “institutional development and administrative support” to sustain and operate public services by the ministries].</p>

Dimensions	Indicators	Explanation of the indicators
D5 Social protection and food security	5.1 Support towards achieving basic income, housing and food security	<p>Expenditure includes cash and kind benefits and administration and operation of Social Protection Schemes as per COFOG 71011 (sickness), 71012 (disability), 71020 (old age), 71030 (survivors), 71060 (housing), 71070 (social exclusion – such as persons who are destitute, low-income earners, immigrants, indigenous people, refugees, alcohol and substance abusers, victims of criminal violence, etc.), or as per the programmes in PBB systems.</p> <p>[Note: GFS, the social protection functions and their definitions are based on the 2008 European System of Integrated Social Protection Statistics (ESSPROS) of the Statistical Office of the European Communities (Eurostat)].</p> <p>[Note: social protection for children and unemployed persons are covered in separate indicators].</p>
	5.2 Unemployment benefits	Provision of social protection in the form of cash and in-kind benefits for persons who are capable of work and available for work but are unable to find suitable employment, as per COFOG 71050, or as per programmes in PBB systems.
	5.3 Support to family and children, including maternity benefits	Expenditure on Social Protection Schemes to support to households with dependent children, Cash benefits, such as maternity allowances, birth grants, parental leave benefits, family or child allowances, and other periodic or lump sum payments to support households and help them meet the costs of specific needs, benefits in kind, such as shelter and board provided to preschool children, and to ensure access to nutrition, education and care for children (COFOG 71040), or as per programmes in PBB systems.
	5.4 Subsidies to food processors	Subsidies provided to food processors when products are sold at subsidized prices (e.g. bread). COFOG code is not defined. The indicator needs data from relevant ministry or responsible authority.
	5.5 Subsidies to fuel (oil and gas)	<p>Expenditure includes grants and subsidies to oil and gas sector when oil and gas are sold at subsidized price to consumers, as per COFOG 70432, or as per programmes in PBB systems.</p> <p>[COFOG 70432 needs to be disaggregated to obtain grants and subsidies only. Data are needed from relevant ministry or responsible authority].</p>
	5.6 Subsidies to electricity	<p>Expenditure related to grants and subsidies to support the electricity supply industry, including such expenditure for the construction of dams and other works, designed chiefly to provide electricity, as per COFOG 70435, or as per programmes in PBB systems.</p> <p>[COFOG 70435 needs to be disaggregated to obtain grants and subsidies only. Data are needed from relevant ministry or responsible authority].</p>
	5.7 Subsidies and other support to farms	Expenditure covers compensation, grants, and subsidies to farmers in connection with agricultural activities, including payments for restricting or encouraging output of a particular crop or for allowing land to remain non-cultivated; to stabilize or improve farm prices and farm incomes; operation or support of extension services or veterinary services to farmers, pest control services, crop inspection services, and crop grading services. It also includes administration of agricultural affairs and services. The COFOG code 70421 or programmes under PBB systems.
	5.8 Research on social protection and food security	<p>Expenditure covers administration and operation of government agencies engaged in applied research and experimental development related to social protection; and grants and subsidies to support applied research and experimental development related to social protection programmes and food security (access and availability) undertaken by non-government bodies, such as research institutes and universities, as per COFOG 71080 or related programmes under PBB systems.</p> <p>Capital or developmental expenditure includes investment in non-financial assets on applied research, experimental development and use of technology for improving social protection and food security, as given by disaggregated COFOG or programmes.</p> <p>[Note: This indicator excludes expenditure on basic research (70140), which is captured under “institutional development and administrative support”].</p>

Dimensions	Indicators	Explanation of the indicators
	5.9 Other nationally defined sets of goods and services	To be defined by each country, which is not covered by the indicators above.
	Additional Explanatory Notes on Social Protection and Food Security	<p>Expenditure on administration, operation, or support of activities such as formulation, administration, coordination, and monitoring of overall social protection policies, plans, programmes, and budgets; preparation and enforcement of legislation and standards for the provision of social protection; production and dissemination of general information, technical documentation, and statistics on social protection, as per COFOG 71090 or relevant programmes. Unless disaggregated, they will be reported under “institutional development and administrative support”.</p> <p>[Note: Expenditure on basic research related to social protection and food security are reported in total only (COFOG 70140), which is not attributed to specific dimension. These are considered as “institutional development and administrative support” to sustain and operate public services by the ministries].</p>
D6 Art, culture, and sports	6.1 Cultural facilities and events	<p>Expenditure on cultural services (COFOG 70820) and religious and other community services (COFOG 70840) or related programmes under PBB systems.</p> <p>Current expenditure includes provision of cultural and religious services; administration of cultural affairs; supervision and regulation of cultural facilities; and operation or support of facilities for cultural and religious pursuits (libraries, museums, art galleries, theatres, exhibition halls, monuments, mosques, churches...); and production, operation or support for cultural events (concerts, stage and film productions, art shows, etc.). It includes provision of facilities for religious and other community services, including support for their operation, maintenance, and repair, as classified by COFOG or programmes.</p> <p>[Note: Expenditure on grants and subsidies to support individual artists and others need to be separated from COFOG 70820, which is captured by the indicator 6.2].</p> <p>Capital or developmental expenditure includes investment in non-financial assets to support cultural facilities and events, as classified by COFOG or programmes.</p>
	6.2 Promoting individuals and organizations in art and cultural fields	<p>Expenditure includes grants and subsidies to support individual artists, writers, designers, composers and others working in the arts or to support organizations engaged in promoting cultural activities.</p> <p>This is part of COFOG 70820, which needs to be separated to arrive at indicator 6.2. In case of PBB systems, specific programmes need to be identified to arrive at this indicator.</p>
	6.3 Sports facilities and services	<p>Expenditure on recreational and sporting services, including facilities for spectator accommodation; national, regional, or local team representation in sporting events, as per COFOG 70810 or related programmes under PBB systems.</p> <p>Current expenditure includes provision of sporting and recreational services; administration of sporting and recreational affairs; and supervision and regulation of sporting facilities; and operation or support of facilities for active sporting pursuits or events (playing fields, tennis courts, etc.); operation or support of facilities for passive sporting pursuits or events (specially equipped venues for playing cards, board games, etc.); and operation or support of facilities for recreational pursuits (parks, beaches, swimming pools, etc.), as classified by COFOG or programmes.</p> <p>[Note: Expenditure on grants and subsidies to support teams and individual competitors or players need to be separated from COFOG 70810, which is captured by the indicator 6.4].</p> <p>Capital or developmental expenditure includes investment in non-financial assets to support sports facilities and services, as classified by COFOG or programmes.</p>
	6.4 Promoting athletes and teams	<p>Expenditure includes grants and subsidies to support teams or individual competitors or players.</p> <p>This is part of COFOG 70810, which needs to be separated to arrive at indicator 6.4. In case of PBB systems, specific programmes need to be identified to arrive at this indicator.</p>

Dimensions	Indicators	Explanation of the indicators
	6.5 Research on advancing sports, culture and art	<p>Expenditure on research and development recreation, culture and religion, as per COFOG 70850 or related programmes under PBB systems.</p> <p>Current expenditure includes administration and operation of government agencies engaged in applied research and experimental development related to arts, culture and sports, as well as grants and subsidies to support applied research and experimental development related to art, culture and sports undertaken by non-government bodies, such as research institutes and universities, as given by COFOG or relevant programmes.</p> <p>Capital or developmental expenditure includes investment in non-financial assets on applied research, experimental development and use of technology related to recreation, culture and religion, as given by COFOG or programmes.</p> <p>[Note: This indicator excludes expenditure on basic research (70140), which is captured under “institutional development and administrative support”].</p>
	Additional Explanatory Notes on Art, Culture and Sports	<p>Expenditure on administration, operation, or support to programmes related to arts, culture and sports that cannot be assigned to a specific indicator, as per COFOG 70860, or in PBB systems, are reported under “institutional development and administrative support”.</p> <p>[Note: Expenditure on basic research related to art, culture and sports are reported in total only (COFOG 70140), which is not attributed to specific dimension. These are considered as “institutional development and administrative support” to sustain and operate public services by the ministries.</p>
D7 Environmental protection	7.1 Solid waste management	<p>Expenditure includes waste management COFOG 70510 or relevant programmes in PBB systems.</p> <p>Current expenditure covers administration, supervision, inspection, operation or support of solid waste collection, treatment, and disposal systems as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investments in non-financial assets related to solid waste management according to COFOG or programmes.</p> <p>[Note: Grants and subsidies to support the operation, construction, maintenance, or upgrading of solid waste management need to be differentiated for current and capital types].</p>
	7.2 Wastewater management and sanitation facilities	<p>Expenditure on sewage systems and waste water treatment as classified by COFOG 70520 or relevant programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration, supervision, inspection, operation or support of sewage systems and wastewater treatment, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure includes investments in non-financial assets related to sewage systems and wastewater treatment systems according COFOG or programmes.</p> <p>[Note: Grants and subsidies to support the operation, construction, maintenance, or upgrading of sewage systems and wastewater treatment need to be differentiated for current and capital types].</p>
	7.3 Incentives for renewable energy supply (hydroelectric, solar, wind, biomass)	<p>Expenditures on renewable energy supply as classified by COFOG 70436 or relevant programmes in programme-based-budgeting (PBB) systems.</p> <p>Current expenditure includes administration of non-electric energy affairs and services that chiefly concern the production, distribution, and utilization of heat in the form of steam, hot water, or hot air as well as production and dissemination of general information, technical documentation, and statistics on availability, production, and utilization of nonelectric energy, as per the COFOG or programmes.</p> <p>Capital expenditure investment in non-financial assets to promote the use of non-electric energy produced by wind or solar heat, as COFOG or related programmes.</p> <p>[Note: Grants and subsidies to promote the use of nonelectric energy need to be differentiated for current and capital types].</p>

Dimensions	Indicators	Explanation of the indicators
	7.4 Protecting biodiversity/combating desertification/land degradation	<p>Expenditure on forestry (COFOG 70422), pollution abatement (COFOG 70530), and protection of biodiversity and landscape (COFOG 70540), or related programmes in the PBB systems.</p> <p>Current expenditure includes administration, supervision, inspection, operation, or support of activities (including campaigns and production and dissemination of information) relating to forestry, pollution abatement, and protection of biodiversity and landscape, as per the COFOG or programmes.</p> <p>Capital or developmental expenditure include investment in non-financial assets to support activities relating to forestry, pollution abatement, and protection of biodiversity and landscape, as COFOG or related programmes.</p> <p>[Note: Grants and subsidies to support activities relating to pollution abatement and control, and protection of biodiversity and landscape, need to be differentiated for current and capital type].</p>
	7.5 Research on environmental protection	<p>Expenditure on research on environmental protection as per COFOG 70550 or related programmes under PBB systems.</p> <p>Current expenditure covers administration and operation of government agencies engaged in applied research and experimental development related to environmental protection; and grants and subsidies to support applied research and experimental development related to environmental protection undertaken by nongovernment bodies, such as research institutes and universities, as per COFOG 70550 or programmes under PBB systems.</p> <p>Capital or developmental expenditure includes investment in non-financial assets on applied research, experimental development and use of technology for improving environmental protection, according to the COFOG or programmes.</p> <p>Note: This indicator excludes expenditure on basic research (70140), which is captured under “institutional development and administrative support”].</p>
	Additional Explanatory Notes to Environmental Protection	<p>Expenditure on Administration, management, regulation, supervision, operation, and support of activities such as formulation, administration, coordination, and monitoring of overall policies, plans, programmes, and budgets for the promotion of environmental protection; preparation and enforcement of legislation and standards for the provision of environmental protection services; production and dissemination of general information, technical documentation, and statistics on environmental protection, as per COFOG 70560 or programmes under PBB systems.</p> <p>[Note: Expenditure on basic research related to environmental protection is reported in total only (COFOG 70140), which is not attributed to specific dimension. These are considered as “institutional development and administrative support” to sustain and operate public services by the ministries].</p>



