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Report

Regional Workshop on Social Expenditure Monitor for Arab States Beirut, 6 December 2019

Summary

The Regional Workshop on Social Expenditure Monitor for Arab States was in Beirut on 6 December 2019.

The primary objectives of the meeting with representatives of member States are to inform all member States about the ESCWA Social Expenditure Monitor (SEM) framework and its usefulness for budgeting and social policy reforms and to discuss relevance of SEM indicators according to their national budgets, identify challenges and possibilities of filling data gaps and plan a roadmap for tailoring the SEM to their national contexts.

Following up the recommendations, a paper on common framework of the SEM was finalized, taking into account inputs from representatives of member States such as Jordan, Tunisia, Kuwait, Morocco, the State of Palestine, United Nations Country Team representatives from Jordan and Tunisia, civil society organizations, ESCWA and other United Nations entities.

The present report summarises key interventions and discussions and sets out the recommendations made by the participants.

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Introduction

1. The ability to target public expenditure in accord with social development priorities and macro-fiscal sustainability remains a challenge for most governments of the region today. Absence of a comprehensive public social expenditure monitor often results in inefficiency in budget allocation to support multiple and overlapping social programs or policies and the allocations often mis-match or they are inadequate to meeting the needs toward achieving the SDGs. Given the pressure on public budgets across countries in the region, continuing with such expenditure management tends to be unsustainable.
2. A comprehensive monitoring of public social expenditure would improve allocative efficiency and effectiveness of budgeting as well as it will be an enabling tool to rationalize expenditure components toward achieving different objectives, including delivering quality public services and “social investments” that promote inclusive development, social stability, enhance economic growth and revenues over time. A right mix of expenditure is important to drive the economy and society toward achieving the SDGs, not just higher levels of social expenditure, as emphasized in the ESCWA report (2017) on Rethinking Fiscal Policy for the Arab Region.
3. Following keen interests from member States about assessing social expenditure in a more comprehensive way, ESCWA is supporting their efforts to establish a “Social Expenditure Monitor (SEM): An Integrated Framework for Supporting Macro-Fiscal Policies and the SDGs”. It is a joint project between EDID/SD/SDD, coordinated by EDID. Under the technical assistance program (RPTC), the activity is initiated as a pilot project in Jordan and Tunisia, following the requests (Request No. 0135/2018 and 0153/2018). It is a multi-year project. Setting a comprehensive social expenditure monitor framework is a first step to proceed to data mapping.
4. In addition to Jordan and Tunisia, other member States have also shown strong interest in better understanding the SEM project and its usefulness. At the 6th meeting of the Executive Committee of ESCWA, the member States gave the mandate to ESCWA Secretariat to develop a framework covering the dimensions and indicators of social expenditure, noting the importance of adapting the monitor to Arab States’ varied contexts, and collaborate with the secretariat to develop and use the framework to identify different aspects of public expenditure and promote social development and macro fiscal sustainability.
5. Following up the recommendations, a paper on common framework of the SEM was finalized, taking into account inputs from representatives of member States such as Jordan, Tunisia, Kuwait, Morocco, the State of Palestine, United Nations Country Team representatives from Jordan and Tunisia, civil society organizations, ESCWA and other United Nations entities.
6. Given this background, the primary objectives of the meeting with representatives of member States are:
 - To inform all member States about the ESCWA Social Expenditure Monitor (SEM) framework and its usefulness for budgeting and social policy reforms.
 - To discuss relevance of SEM indicators according to their national budgets, identify challenges and possibilities of filling data gaps and plan a roadmap for tailoring the SEM to their national contexts.

7. Opening the meeting, Mr. Mohamed Mactar Mohamed El Hacene, director of Economic Development and Integration Division, welcomed the distinguished participants to the regional workshop “the first attempt to monitor social expenditure in our region to assess social policy and spending, reallocate resources, rebalance public expenditure priorities, mitigate poverty and inequality, connect financial statistics to national accounts, and improve the macro fiscal analysis”. A common concern has been that the available data on public expenditure do not allow for a comprehensive analysis of what is social expenditure and how social expenditure are targeted to achieving social development priorities and the SDGs, especially when public budgets are pressed, he added. Mr. Mohamad El Hacene highlighted that ESCWA’s SEM fills this gap by mapping of public social expenditure along with macroeconomic modelling tools and national capacity building workshops that will be produced through the project, in order to inform budgeting and social policy reforms. He also commended the representatives of member States for their support and cooperation to the project. SEM can succeed if national Governments commit to its adoption and to building its data infrastructure, he added.

I. Key Messages

8. The SEM framework is useful to map budgets of social expenditures across the ministries and to analyze areas of reforms in budgeting to target social development priorities. The SEM will serve as a tool for the ministry of finance and other governmental entities.
9. Macroeconomic modelling and national capacity building workshops are part of the project tools, along with the monitor, which will support policy-makers to undertake reforms in fiscal policy choices toward helping budget decisions more efficient and effective.
10. It is important to connect social expenditure to quality of services provided to satisfy people’ social needs, which can be a good advocacy point to harness political will for establishing the SEM.
11. Developing SEM requires capacity development training and national workshops on data collection, coherence of statistical concepts, and budgeting and social policy reforms relating to the monitor. All related ministries should be in the national workshop, in addition to Ministry of Finance
12. National committee involving various ministries and entities may be established to coordinate among themselves to feed data into the SEM. The monitor can succeed only if national authorities commit to build or facilitate in building the data infrastructure for the SEM.

II. Topics of discussion

A. Social Expenditure (SEM) for Arab States

Comments:

13. Public social expenditure is an important means of implementation for the Sustainable Development Goals (SDGs). Currently, member States do not have a comprehensive mechanism for monitoring public social expenditure and linking it to national development objectives.
14. The purpose of social expenditure is disaggregated into 55 indicators under seven dimensions. The indicators in each dimension are designed to map the purpose of social expenditure and the main beneficiary population which identifies fiscal policy reforms to enhance inclusive development.

15. The success of this project in bringing up effective and efficient policy reforms is determined by the feasibility of providing the required data on the various indicators to the SEM's research teams. In addition, there is no unique model for the social expenditures that works for all of the participating countries since each of the country's social expenditures are contingent on its level of progress toward sustainable development. Therefore, SEM is flexible to be tailored to a national context to meet national needs.
16. This project highlights the fact that what matters for enhancing growth and development is the right mix of expenditure and not just increased expenditure. In other words, the ultimate goal of the SEM is to balance the expenditures, given the government's budget constraint, in order to accelerate economic growth and to reinforce gender equality and social justice.
17. Discussions that has occurred indicated that social expenditures are a part of the national budgets, which includes expenditures on interest payments and principle amounts that constitute a big stake of public expenditures.
18. Social expenditure includes transactions in the form of goods and services provided to individuals, households or communities, primarily on a non-market basis and also through means of transfers such as subsidies, grants, tax relief and other transfers.
19. In Tunisia, around 15% of public expenditure is spent on subsidies, however, those subsidies don't actually result in the amelioration of the conditions of the poor, as not much reaches the poor. Jordan had the same concern earlier and therefore, the Jordanian government has shifted from subsidizing commodities to financially supporting households, in forms of explicit cash. This can be attributed to the fact that subsidies on commodities usually benefited non-Jordanians and the rich the most, thus providing cash would support the right citizens and preserve the middle class.
20. Sudan shows the progress that has been made so far in light of the situation in 2011, through direct support to poor families as well as increasing expenditures in the dimensions of health and education; health insurance for poor households represents the largest expenditure for Sudan. In Sudan, although with a significantly high literacy and education attainment rates, there is high level of unemployment rate of 76%.
21. Jordan highlights that with the influx of refugees recorded in Jordan is reflected as a pressure on social protection and education dimensions. Therefore, Jordan has been assessing the social situation each year and a progress in social protection has been witnessed thereafter.
22. While preparing the annual budget in Iraq, the ministry of finance is in contact with the relevant ministry for allocation and expenditure. This emphasizes the importance of having the relevant ministries and entities coordinating among themselves to feed data into the SEM. Recently in Iraq, more funds are allocated to benefit the most vulnerable, along with monitoring medicines prices, subsidizing educational books, and providing aids to farmers.

B.Indicators of SEM, Data Needs, National Budgets

Comments:

23. Detailed illustration has been made on the seven dimensions of the projects, and on the indicators of each dimension. Such classification of disaggregation of data is important because it will allow researchers and policy makers to identify the type of expenditure they are looking at in order to perform conclusive comparisons. The research team has divided the participating Arab countries into five categories depending on the availability of data on the dimensions and indicators.
24. Three crucial terms were defined: subsidies, grants, and transfer. Although the definitions might be intuitive, these terms; definition should be agreed upon and distinguished in order to avoid double counting.
25. SEM being a pilot project in Jordan, an illustration of ESCWA's research team on SEM requires more disaggregated data on the employment generation and labor market areas in Jordan.
26. Sudan highlighted that SEM's ability to provide disaggregated expenditure not only by purpose but also by main beneficiaries is of utmost importance. This is because Sudan provides education and health services without differentiating between citizens, refugees, immigrants, and other non-Sudanese living on its territory. Therefore, in Sudan, such expenditures are present in its public spending regardless of who are the recipients.
27. For Palestine, data access is feasible and gender budgeting data might be possible. It was emphasized that various ministries and governmental entities should be involved in feeding data into the SEM and using it as a policy tool. This requires building a national monitor for social spending in Palestine through the cooperation of the Palestinian council of ministers with government institutions and ministries related to government social spending.
28. A point of discussion was whether the investment incentives should be a branch of the social expenditures as well as the ascending tariffs based on consumption levels imposed by the government to support low-income families.
29. Mauritania suggests that it would be interesting to add a criterion related to the geographic region, as in the case of Mauritania whereby the territory is enormously large and there is more focus of spending on certain areas as compared to others.

C. Implementing the SEM: Round Table Discussion

Comments:

30. Tunisia is already in the process of implementing the SEM. While the representative of Tunisia supported the SEM, he also emphasized that the SEM should tackle both technical aspects and building political will. On technical side, the framework of the monitor is good but in the SEM report, the expenditure data need to connect to quality of services. The SEM will help improve the categorization of social expenditures and the division of programs as well as serve as a tool for the ministry of finance and other governmental entities. At the political side, it is also important to represent the monitor as a simplified means to satisfy people's social needs, which makes a good advocacy point to harness political will for establishing the SEM.

31. Jordan is another project participating country and the representative of Jordan reiterated its interest in the usefulness of the SEM project. While data infrastructure for the SEM is available in Jordan, it is more about understanding the detail data for the SEM and the related tools for which an elaborated workshop in which mapping the indicators to budget records is needed. It needs cooperation of different government entities. Ministry of Finance will support building the data infrastructure for the SEM.
32. Representatives of Oman and Iraq informed that the SEM meeting was very useful to learn about the tool and upon returning to their ministry they will discuss with their counterparts regarding partaking in the project.
33. Representative of Mauritania commended the SEM project and its usefulness to the country. It highlighted the challenges of data infrastructure, especially how the SEM can be tailored given the limited data infrastructure in Mauritania.
34. Representatives of Palestine applauded the initiative and emphasized that developing SEM requires capacity development training and national workshops on data collection, coherence of statistical concepts, and budgeting and social policy reforms relating to the monitor. All related ministries should be in the national workshop, in addition to Ministry of Finance.
35. Representative of Sudan proposed that National committee involving various ministries and entities may be established to coordinate among themselves to help building the data infrastructure into the SEM and use it as a policy tool.

III. Organization of the session

A. Date and venue

36. The Regional Workshop on Social Expenditure Monitor for Arab States was in Beirut, UN House, on 6 December 2019.

B. Opening

37. Opening the meeting, Mr. Mohamed Moctar Mohamed El Hacene, director of Economic Development and Integration Division, welcomed the distinguished participants to the regional workshop “the first attempt to monitor social expenditure in our region to assess social policy and spending, reallocate resources, rebalance public expenditure priorities, mitigate poverty and inequality, connect financial statistics to national accounts, and improve the macro fiscal analysis”. A common concern has been that the available data on public expenditure do not allow for a comprehensive analysis of what is social expenditure and how social expenditure are targeted to achieving social development priorities and the SDGs, especially when public budgets are pressed, he added. Mr. Mohamad El Hacene highlighted that ESCWA’s SEM fills this gap by mapping of public social expenditure along with macroeconomic modelling tools and national capacity building workshops that will be produced through the project, in order to inform budgeting and social policy reforms. He also commended the representatives of member States for their support and cooperation to the project. SEM can succeed if national Governments commit to its adoption and to building its data infrastructure, he added.

C. Attendance

38. The session was attended by representatives from of member States such as Jordan, Tunisia, the State of Palestine, Sudan, Qatar, UAE, Iraq, Oman, Mauritania, United Nations Country Team representatives from Jordan and Tunisia, civil society organizations, ESCWA and other United Nations entities. Annex I to the present report sets out the list of participants.

D. Adoption of the agenda and organization of work

39. The workshop participants has adopted the agenda as set out in Annex II.

Annex I

List of participants

Jordan

Mr. Montasir AL Masadeh,
Director of Health and Social
Development Sector,
General Budget Department
Ministry of Finance,
Email:
Mountaser.Masaedh@gbd.gov.jo

Tunisia

Mr. Habib Houij,
Director General,
State of Budget,
Ministry of Finance,
Email: Hlahouij@finances.tn,
habibhouij@gmail.com, lahouijha@yahoo.fr

State of Palestine

Mr. Tarek Mustapha,
Act. Director General of Budget
Directorate
Ministry of Finance and planning,
Email: tareq.mustafa@gmail.com

Mr. Isam Sbaih,

Palestinian Central Bureau of
Statistics
Email: haleema@pcbs.gov.ps

Mauritania

Mrs. Fatimetou Yahya
Director of Studies, Regulation
and Cooperation

General Directorate of the
Treasury and Public Accounting
Ministry of finance
Email:
fatimetou.yahya@gmail.com

Sudan

Ms. Nadia Fadol
Director General,
Ministry of Finance
Email:
habaomlogim1983@gmail.com

Iraq

Ms. Amal Badih Barjes Al-Ani
Ministry of Finance
Email: taifsame@yahoo.com

Oman

Ms. Zamzam Yahya Al-NAABI
Ministry of finance
Email:
zamzam.alnaabi@mof.gov.om

United Arab Emirates

Mr. Fahed Al-Kaabi
First Secretary
Embassy of the United Arab
Emirates in Beirut

Mr. Haytham Tabesh
Economic Researcher

Qatar

Mr. Ahmad Al-Obaidly
Consul
Embassy of the State of Qatar, Beirut

ESCWA

Mr. Moctar Mohamed El Hacene,
Director,
Economic Development and Integration
Division (EDID)
Email: elhacene@un.org

Mr. Juraj Riecan,
Director,
Statistics Division (SD)
Email: riecan@un.org

Mr. Omar Hakouz,
Regional Advisor,
Statistics Division (SD)
Email: hakouzo@un.org

Mr. Niranjan Sarangi,
Economic Affairs Officer,
Coordinator of the Social Expenditure Monitor
(SEM) project,
Economic Development and Integration
Division (EDID)
Email: sarangi@un.org

Mr. Oussama Safa,
Chief
Social Development Division (SDD)
Email: safao@un.org

Ms. Wafa Aboul Hosn,
Chief of Economic Statistics
Statistics Division (SD)
Email: aboulhosn@un.org

Ms. Rouba Arja,
Social Affairs Officer,
Centre for Women
Email: arja@un.org

Ms. Dana Hamdan,
Consultant
Economic Development and Integration
Division (EDID)
Email: dah3232@gmail.com

Ms. Ghada Abi Chamoun
Research Assistant
Email: chamoun@un.org

Mr. Mitri Najjar
Assistant
Email: najjar@un.org

Ms. Nour Rmeih
Intern
Statistics Division (SD)
Email: nour.rmeih@gmail.com

Ms. Rania Abdallah
Individual Contractor
Statistics Division (SD)
Email: rania.nassif2@gmail.com

Ms. Ghina Abdul Baki
Intern
Economic Development and
Integration Division (EDID)
Email: ghina.abdulgabi@lau.edu

Mr. Anas Diab
Intern
Economic Development and

Integration Division (EDID)
Email: anas.diab@lau.edu

Ms. Israa Hashem
Intern
*Economic Development and
Integration Division (EDID)*
Email: israa.hashem@lau.edu

Annex II

Agenda

Social Expenditure Monitor for Arab States A tool to support budgeting and fiscal policy reform Venue: Committee Room I, UNESCWA	
8:30 – 9:00	Arrival and registration
9.00 – 9.30	Welcome remarks: <ul style="list-style-type: none"> • Mohamed Moctar Mohamed El Hacene, <i>Director of Economic Development and Integration Division, ESCWA</i> • Mr. Juraj Riecan, <i>Director, Statistics Division (SD), ESCWA</i>
9.30 – 11.30	Session 1: Social Expenditure Monitor (SEM) for Arab States The session aims to provide an overview of the concept of social expenditure and presents the ESCWA framework of Social Expenditure Monitor (SEM). The discussion focuses on its usefulness and application to potential budget and policy reforms in the context of improving allocative efficiency and effectiveness of budgeting toward achieving the SDGs. Speaker: <ul style="list-style-type: none"> • Mr. Niranjana Sarangi, <i>Economic Affairs Officer, Coordinator of the Social Expenditure Monitor (SEM) project, ESCWA</i> Moderator: <ul style="list-style-type: none"> • Mr. Oussama Safa, <i>Chief, Participation and Social Justice, ESCWA</i> Q & A
11.30 – 02.00	<i>Break for Prayer and Lunch</i>
02.00– 03.45	Session 2: Indicators of SEM, Data Needs, National Budgets The session aims to discuss relevance of budget data for the SEM, mapping dimensions and indicators of SEM into national budgets, identify challenges and possibilities of filling data gaps. Speaker: <ul style="list-style-type: none"> • Mr. Omar Hakouz, <i>Regional Advisor, ESCWA</i> Moderator: <ul style="list-style-type: none"> • Ms. Wafa Aboul Hosn, <i>Chief, Economic Statistics, ESCWA</i> Q & A
3.45-4.00	<i>Coffee break</i>
4.00 – 5.00	Session 3: Implementing the SEM: Round Table Discussion The session aims to receive feedback from participants in a Round Table Discussion format on tailoring and implementing the SEM in each national context. Moderator: <ul style="list-style-type: none"> • Mr. Niranjana Sarangi, <i>Economic Affairs Officer, Coordinator of the Social Expenditure Monitor (SEM) project, ESCWA</i> Wrap Up <ul style="list-style-type: none"> • Mohamed Moctar Mohamed El Hacene, <i>Director of Economic Development and Integration Division, ESCWA</i>

Thanks to everyone for your participation and contribution to the workshop!



للمزيد من المعلومات أو الأسئلة، يرجى التواصل مع:

Mr. Niranjan Sarangi, Ph.D.

*Economic Affairs Officer, Economic Development and Poverty Section
Economic Development and Integration Division*

Tel: +961-1-978443, Fax: +961-1-981510, E-Mail: sarangi@un.org