



Shared Prosperity Dignified Life



Empowered lives.
Resilient nations.



Social Expenditure Monitor for Arab States

Toward making budgets more equitable, efficient and effective to achieve the SDGs

Social Expenditure Monitor (SEM) A Better Means of Measurement

The SEM presents a new framework for measuring social expenditures aligned with the SDGs.

The SEM has SEVEN Dimensions of Social Policy Expenditures.

<https://sem.unescwa.org/framework>



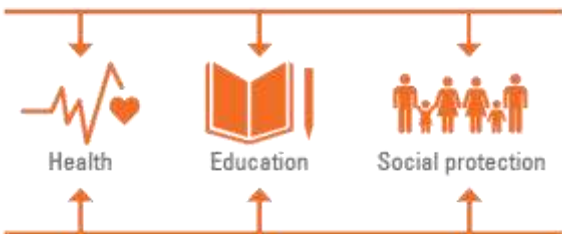


Social Expenditure Monitor for Arab States

Arab Governments

8.3%

of GDP to social expenditure on



of GDP to social expenditure on

19.8%

World

Public expenditure as a share of GDP

34.6%

Arab region

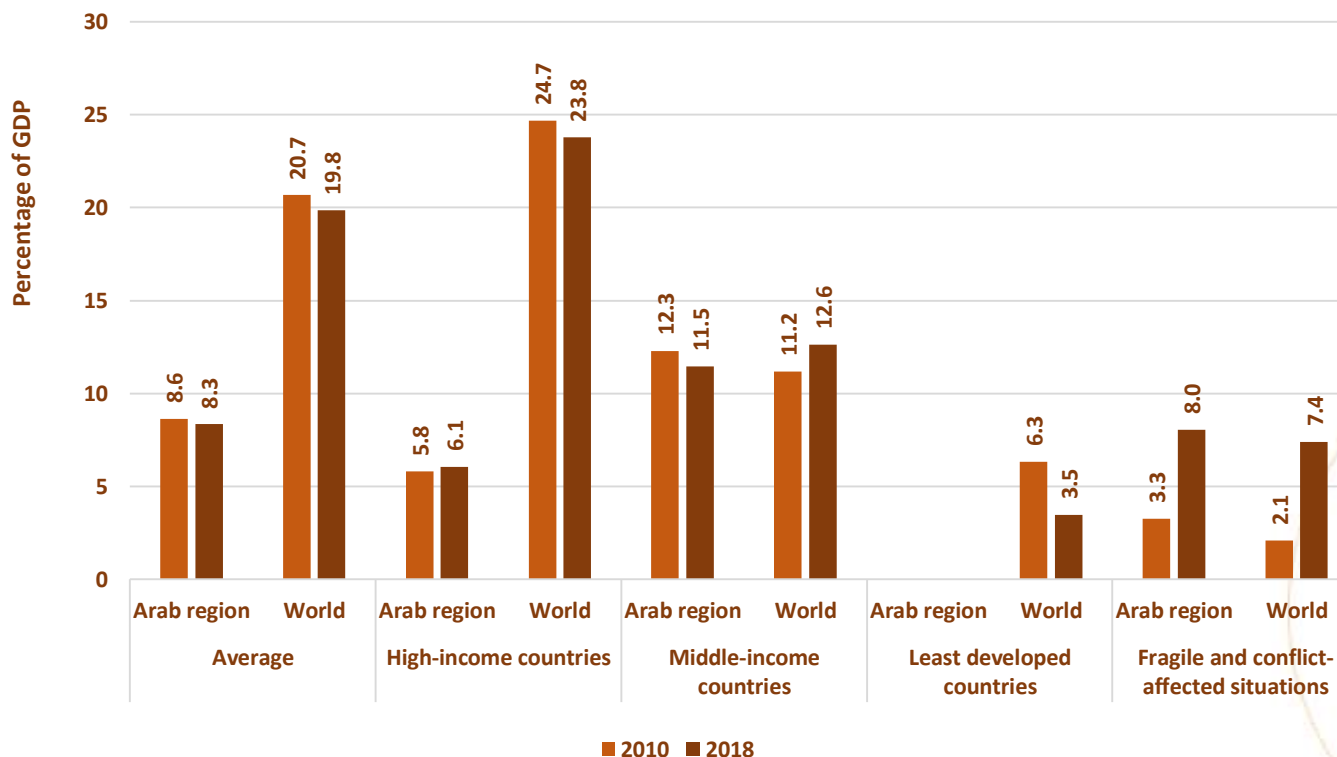
35.7%

World



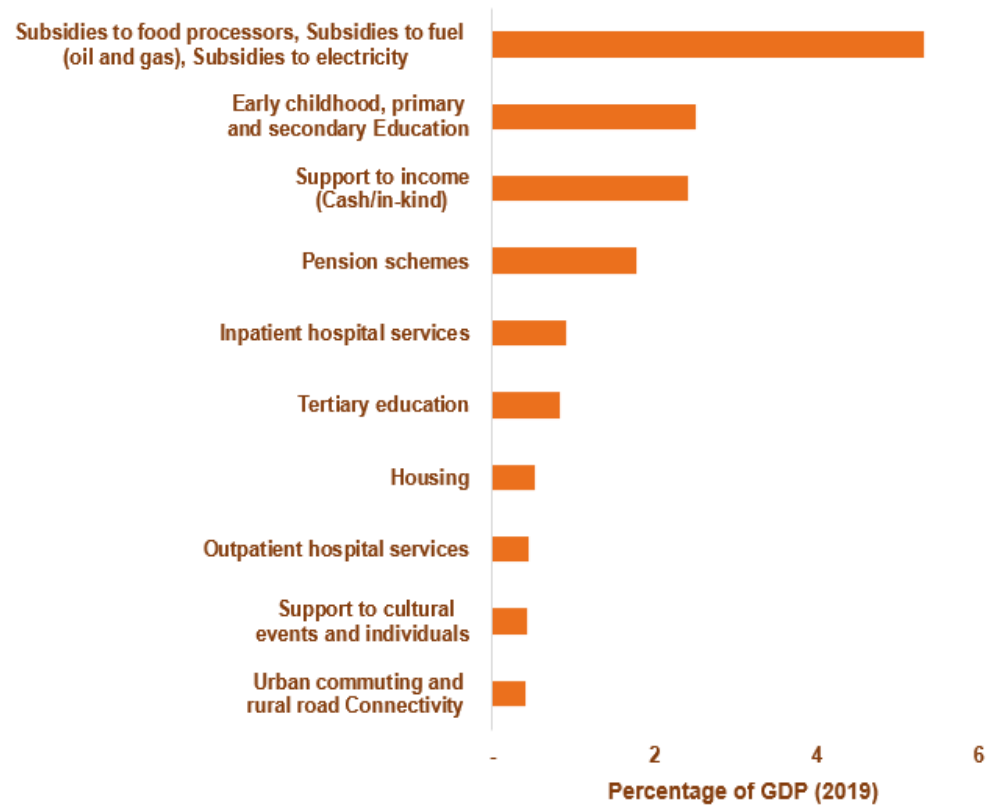
1. On average, public social expenditure in the Arab region on health, education, and social protection, as a share of GDP, is lower than the global average.

Public social expenditure as a percentage of GDP, based on health, education and social protection (HES)



2. Subsidies top social policy expenditure; innovation and investment that have positive long-term benefits lag

Major 10 Social Policy Expenditure Areas (% of GDP)



Shortfalls in critical areas of social spending

Creating capacity among youth, such as art and sports, research and development;

Generating jobs and labour market support, such as employment generation programs, incentives to start-ups/ support to SMEs;

Building climate resilience, such as environment protection and incentives for promoting green transition

Measuring Efficiency: Input – Output indicators - Data is the biggest challenge

Table 3. Variables for assessing the efficiency of social expenditures

	Input variable	Output variable (performance measure)
Social expenditure	Total social expenditure	Inequality-adjusted Human Development Index
Education	Overall education expenditure	Expected years of schooling
	Primary and secondary education	Pupil-teacher ratio, primary
	Tertiary education	Pupil-teacher ratio, tertiary
	Research and use of technology in advancing education	Harmonized test scores
Health	Overall health expenditure	Life expectancy at birth, total years
	Outpatient services	Mortality from cardiovascular diseases, cancer, diabetes or chronic respiratory diseases between ages 30-70 (percentage)
	Hospital services	Infant mortality rate, infant deaths per 1,000 live births
	Public health services	Prevalence of anaemia among pregnant women (percentage)
Housing and community amenities	Overall housing and community amenities expenditure	Population living in slums (percentage of urban population)
Social protection	Overall social protection expenditure	Prevalence of undernourishment (percentage population)
	Older persons	Proportion of population above statutory retirement age covered by benefit
	Sickness and disability	Proportion of population with severe disability covered by benefits
	Families and children	Prevalence of anaemia among women of reproductive age (percentage of women aged 15-49)
Environmental protection	Overall environmental protection expenditure	Environmental Performance Index

- The choice of outcome indicators is based on the literature review and **data availability**.
- We could build efficiency for **14 indicators** (out of 50 indicators of SEM) – significant room to improve with better data.

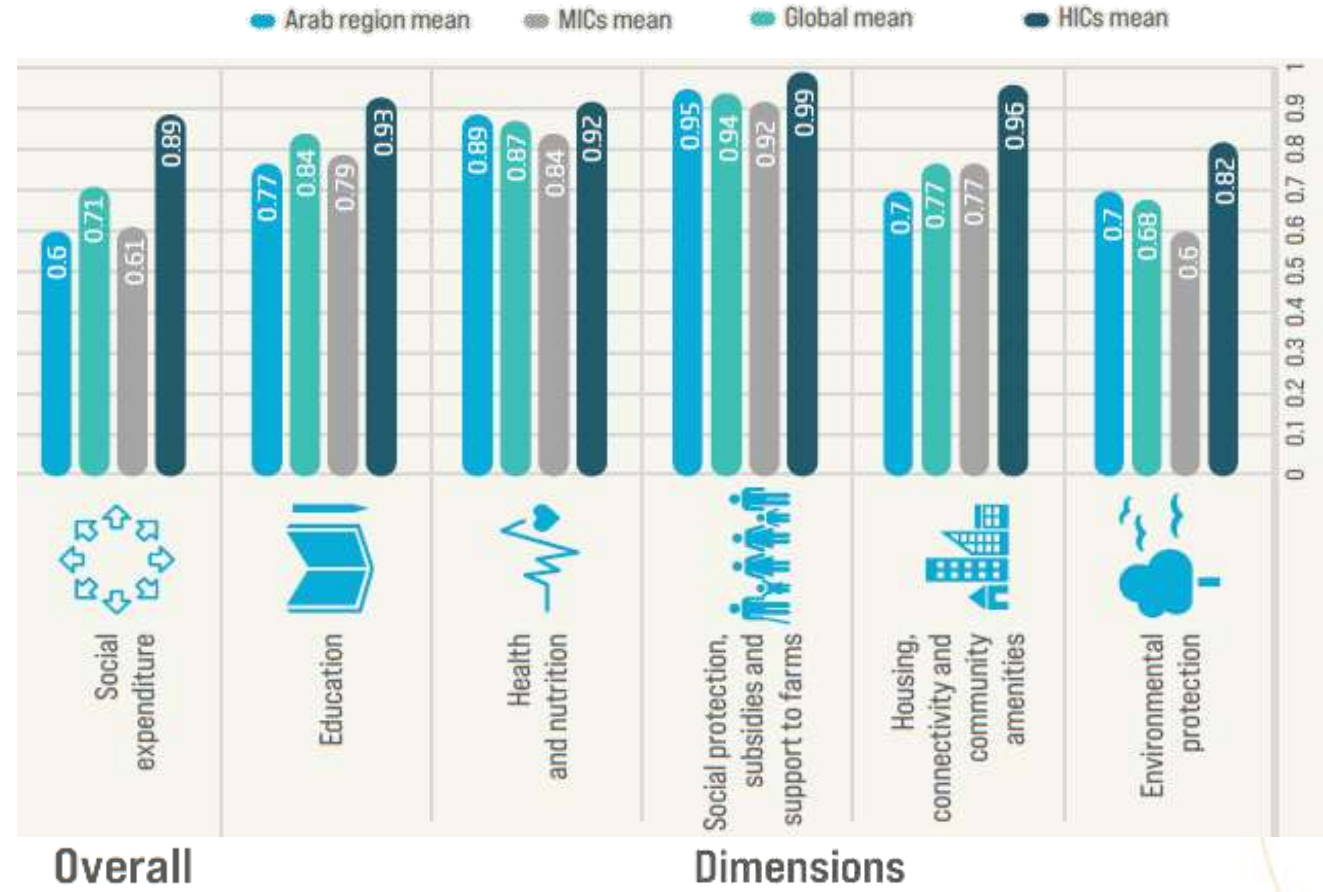
3. Social spending efficiency:

Spending in the Arab Region remained less efficient than the Global average; significantly falls behind top performing high-income countries

Social spending efficiency of Arab states, on average, is 0.60, against global average of 0.71; high-income countries' average of 0.89.

This is driven by education and housing, where the efficiency is below global or MICs average.

In case of health, social protection, this is relatively good but lagging behind HICs average.





**Social
Expenditure Monitor**
for Arab States

Competition Impacts

On Social Expenditure



Direct Linkages

Between Social Public Expenditure and Competition Policy



Efficient Service Provision



Innovation and Quality





Indirect Linkages

Between Social Public Expenditure and Competition Policy



Budgetary Savings



Economic Growth



Consumer Surplus





Potential Tensions

Between Social Public Expenditure and Competition Policy



Short-term Disruptions



Equity Concerns





Policy Synergies

Between Social Public Expenditure and Competition Policy



**Balancing Efficiency with
Equity**



Sector-Specific Dynamics



Aligned Objectives

