Under the Auspices of the Minister of Finance of Lebanon

H.E. Yassine Jaber

INFORMATION NOTE - DRAFT

I. Background

ESCWA in collaboration with UNICEF convened the inaugural Arab Public Finance and Budgeting Forum in 2025, under the auspices of the Minister of Finance of Lebanon, marking a regional milestone in advancing collective action on public finance and budgeting reforms. The Forum brought together ministers and senior officials from 15 member States, alongside international and regional partners, academia and civil society. Discussions focused on spending more where it matters and spending smarter, while safeguarding fiscal sustainability, and resulted in a set of key messages to guide follow-up and future editions.

The 2026 Forum focuses on **"Building Resilient Public Finance Systems amid Geopolitical Shocks and Crises."** Responding to emerging challenges and advancing the implementation of the Sevilla Commitment, the Forum provide a platform to deliberate on concrete actions to integrate climate, equity, and resilience considerations into public financial management and budgeting processes. In this context, enhancing social expenditure is recognized as a strategic investment in resilience and long-term sustainable growth, supported by stronger domestic resource mobilization, more efficient public spending, and the strategic leveraging of private finance. The discussions through the high-level dialogues will also explore the role of artificial intelligence and digitalization in public finance, preparedness for conflict- and climate-related shocks, contingency financing measures, and approaches to mobilizing innovative financing mechanisms.

These priorities are particularly timely. Although Arab countries have introduced important revenue and expenditure reforms, recent conflicts have reduced regional GDP by an estimated 3.5 per cent, disrupted trade and investment, increased energy and food-price volatility, and weakened investor confidence across the region.[1] The wider economic shock from the conflict could push 18 to 23.4 million additional children into poverty by the end of 2026.[2] Several countries have adopted fiscal measures to absorb these shocks, protect vulnerable groups and

[1] UN ESCWA, 2026. Conflict and its shockwaves: escalation of a crisis in the Arab region - A scenario-based assessment.
[2] UNICEF, *"Up to 23.4 million additional children could fall into poverty due to Middle East tensions"* (media release, 16 July 2026), citing *The Impact of the Middle East War on Children in Monetarily Poor Households*. Over 23 million additional children at risk of poverty as Middle East conflict drives global economic shock – UNICEF | UNICEF Canada: For Every Child ; The impact of the war in the Middle East on children in monetarily poor households | UNICEF

support recovery. The Forum will facilitate the exchange of experiences and lessons from these measures to build resilience, especially in conflict-affected situations.

Social spending is central to this discussion. Average social expenditure in the Arab region for essential services such as education, health and social protection stands at 10.6 per cent of GDP, compared with a global average of 17.3 per cent of GDP in 2022.[3] Governments need to improve the prioritization, adequacy, financing and delivery of social expenditure while assessing its equity, efficiency and effectiveness in reaching children, older persons, women and people in conflict-affected situations. Maintaining, or even increasing, essential investments in children during economic downturns supports future productivity, human capital formation and long-term growth. This is especially important for energy-importing and middle-income countries facing constrained fiscal space and growing pressure on essential services.[4]

Digitalization can further strengthen public financial management across the fiscal cycle, from budget preparation and revenue collection to procurement, payments and oversight. Integrated digital systems can improve expenditure controls, transparency and accountability while supporting more efficient and equitable resource allocation.[5] Although several Arab countries rank among the world's leading digital governments, digital maturity and institutional capacity vary considerably across the region, shaping the extent to which these systems can be effectively deployed.[6]

The Social Expenditure Monitor (SEM) provides a comprehensive framework for assessing social expenditure across the dimensions of sustainable development. It promotes the use of advanced analytical tools to support evidence-based decisions and "smart spending." The 2025 report presented the region's most comprehensive evidence to date on the distribution of public resources across social sectors and population groups.[7] It also found that the low expenditure efficiency costs the region an estimated $112 billion annually (about 3.2 per cent of regional GDP).[8] This year's report builds on that work and provides an analytical foundation for the Forum's deliberations.

II. Objectives

Building on the momentum of the 2025 Forum and the commitments of Arab countries to follow up on the implementation of the Sevilla Commitment to strengthen public finance for inclusive development, **ESCWA and UNICEF will convene the second edition of the Arab Public Finance and Budgeting Forum in December 2026**. Ministers of finance, social affairs, planning, and

[3] UN ESCWA and UNICEF, 2025. Social spending, expenditure efficiency and fiscal sustainability in the Arab States.
[4] UN ESCWA, 2024. Debt and Fiscal Outlook Report.
[5] World Bank, 2021. Ensuring Better Public Financial Management Outcomes with FMIS Investments.
[6] UN DESA, 2024. E-Government Survey 2024.
[7] ESCWA is supporting the countries such as Jordan, Tunisia, Kuwait, Egypt, Yemen, Mauritania, Algeria, Lebanon among others to establish SEM dashboards. Resources | Social Expenditure Monitor.
[8] UN ESCWA and UNICEF, 2025. Social spending, expenditure efficiency and fiscal sustainability in the Arab States.

economy, together with high-level officials from these ministries will exchange experiences, take stock of progress, and discuss policy options to strengthen fiscal resilience and public financial management systems, safeguard essential social expenditures, and sustain progress towards national development objectives and the SDGs amid growing fiscal pressures, economic uncertainty, declining external financing and increasing social needs.

Focusing on data-driven, AI-powered policy analysis tools and multi-stakeholder engagement, the Forum seeks to enhance knowledge and peer experiences in budgeting and macro-fiscal policy solutions to address vulnerabilities and advance "smart spending" choices that are growth-enhancing and build resilience at times of adverse shocks.

With participation of ministers and high-level government officials, experts, and the regional and international development community, the event's specific objectives are to:

- **Strengthen knowledge and peer learning** by identifying lessons, reform initiatives, and policy measures to integrate climate, equity, and resilience considerations into public financial management systems and budgeting processes.
- **Share best practices and strategies to protect and prioritize social expenditure during periods of fiscal stress**, including approaches to protect investments in health, education, social protection and services for children and vulnerable populations
- **Apply evidence-based insights and draw practical lessons** on social expenditure trends, efficiency, equity, and the targeting of resources to vulnerable populations, drawing on key findings from the SEM dashboard and related analyses.
- **Explore the practical application of AI and digitalization initiatives** across the public-finance cycle, supporting revenue administration and more efficient and equitable resource allocation.
- **Formulate actionable strategies** to enhance fiscal space and mobilize resources, including through strategic leveraging private finance and innovative financing mechanisms.
- **Acquire hands-on experience** with advanced tools, including the Social Expenditure Monitor, the Artificial Budget Intelligence Toolkit, Public Finance for Children (PF4C), to strengthen policy and budget decisions.
- **Foster a regional peer network** to exchange best practices, share lessons learned, and promote reforms that improve social expenditure outcomes, public financial management, and fiscal governance.

III. Participants

The Forum will feature the participation of ministers of finance, social affairs, planning, and economy, alongside high-level officials from their respective ministries across the Arab region, as

well as United Nations agencies and UN country teams, regional organizations, and international experts engaged in social and fiscal policy reforms.

This Forum will invite regional organizations, academia and civil society including LAS, GCC Secretariat, AMF, IMF-METAC, ERF, Institut des Finances Basil Fuleihan, the Union of Arab Banks, ANND, AUB, LAU, AUC, Development Studies and Research Forum, Open Society Foundations, and other partners.

IV. Organization of the Meeting

This Forum will be held in person on **1 and 2 December 2026 at the UN House, Beirut, Lebanon.** The logistics information will be shared with the participants prior to the event. Simultaneous interpretation from English to Arabic and vice versa will be available for participants.

V. Agenda items (Tentative)

Day 1:

Opening Session

- Item 01. Public Finance Amid Compounding Crises—Protecting People and Advancing Development
  (*High-Level Dialogue)*
- Item 02. Expanding Fiscal Space: Leveraging Public, Private and Innovative Financing Mechanisms *(High-Level Dialogue)*
- Item 03. Protecting Social Expenditure Amid Fiscal Pressures: PFM Strategies to Improve Efficiency, Equity and Effectiveness of Budgets
- Item 04. Financing for Children Amid Fiscal Stress: Lessons for Equitable and Resilient Budgeting

Keynote Address

Day 2:

- Item 05. Harnessing Artificial Intelligence and Digitalization for Equitable and Efficient Public Finance
- Item 06. Managing Fiscal Risks and Building Resilient Public Finance Systems: The Role of Domestic Resource Mobilization
- Item 07. Key Messages and the Way Forward

Closing Session

VI. Correspondence

For any inquiries, kindly contact the following Forum focal points:

Mr. Niranjan Sarangi
Cluster Leader
Shared Economic Prosperity Cluster, ESCWA
Beirut, Lebanon
sarangi@un.org

Mr. Ilija Talev
Economic & Social Policy Global Practice
Center of Excellence for Education and Child Protection
Global Programme Division
italev@unicef.org

Ms. Samira Haidar
Administrative Assistant
Shared Economic Prosperity Cluster, ESCWA
Beirut, Lebanon
samira.haidar@un.org

Ms. Layal Darwiche
Research Assistant
Shared Economic Prosperity Cluster, ESCWA
Beirut, Lebanon
layal.darwiche@un.org