

## Social Budgeting

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2019

### SUMMARY

Social budgeting is a pivotal and technical tool in national social governance, which is used for planning, controlling, and analyzing decisions made by social policymakers at macro level. By so doing, a comprehensive accounting system can be run for revenues and expenditures of the social security system of a country. Social budgeting as a crucial tool for the quantitative management of revenues and expenditures in a social security system should be regarded as a part of a general social policy planning and a targeted medium-term planning consisting of two major elements: the first one has statistical nature, and it pertains to systematic gathering data related to revenues and expenditures of a social security system (developing a database); the second one includes projecting social protection revenue and expenditure for a medium-term period and simulating social revenues and expenditure on the basis of the factors influencing social security system, which is referred to as *social budgeting*. As we know, in the case of pension funds, actuarial methods are regarded as crucial and appropriate tools for the evaluation their performance, the same point applies to social budgeting, as it is an important tool for the evaluation of total revenues and costs of social security systems via different strategies. One of the major characteristics of social budgeting is its view at macro level towards the way demographic changes influence various parts of a country's social welfare system. It should be noted that setting goals is the most important component in designing social budgeting. After setting social budgeting goals, a framework should be developed to collect the necessary data, an appropriate model for social budgeting should be designed, in the end, social welfare policymakers should be provided with social budget in the form of quantitative data and aggregate accounts. In simpler terms, social budgeting process refers to conducting actuarial measurements in different social security schemes, in particular pension scheme, treatment, unemployment, and social protection system.