

Social Protection in North Africa

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For the last thirty-five years, the Washington Consensus has guided economic and social policies in most of the world, emphasizing the competitive market and its commitment to open trade, the withdrawal of government from managing the economy through privatization and deregulation, and a stringent macro-economic policy. This last has generally implied strict limits on government spending, a tight, deflationary monetary policy, and fixed exchange rates that limit a country's ability to compensate for the unrestrained domestic policy through progressive devaluation of its currency.

Adjusting to this aspect of globalization has led to particular consequences for, and characteristics of governance and socio-economic development in the North African sub-region. Since World War II and its turbulent aftermath until the inflationary 1970s, the main objective of macro-economic policy was the attainment of full employment, with monetary policy aimed at accommodating that objective. Price stability remained of secondary concern. As conceived at its inception, the IMF's main function was to assist individual countries to cope with their external imbalances in a way that would not jeopardize full employment at home.

During that earlier period of "Keynesian consensus," a household's breadwinner was largely understood to be male and many labor-market (LM) institutions, whether public or union-based pensions, were oriented to this premise. The dominant view has posited that male workers needed family wages, because they were the sole providers within their household. That bias harmonized with traditional thinking also in the developing North Africa sub-region, where inheritance and other customary practices have

been premised on the assumption that women do not bear an obligation as providers for the family through market-related activities. However, throughout this, objective conditions and social perceptions have been subject to change, altering these assumptions.

Like many developing countries, most states of the region increasingly have become integrated into the dominant world economy over the past two decades, partly out of the aspiration to emulate the earlier emergence of other economies and markets (e.g., the East Asian countries), and partly because the Bretton Woods institutions (World Bank Group and Regional Development Bank) have conditioned international assistance for needy countries on their economic liberalization, structural adjustments and subjection to the cyclical crises that have characterized the global economy. The standard adjustment to these crises has prescribed short- to medium-term austerity measures, tighter taxations regimes and rescinded subsidies, leading to longer-term policies of trade liberalization, privatization and deregulation.

However, in North Africa, as in much of the developing world, the result has been increased market volatility and a deflationary bias. Rather, output and employment have had to be kept below their potential levels, as the imperatives of attracting foreign capital investment, price stability and fiscal restraint have come to define sound and prudent macroeconomic policy. Ensuing financial and currency crises elsewhere have shown that abrupt market disruption can be subject to capricious swings in perception and confidence. The North Africa region also faced tremendous uncertainties in this context, testing investor confidence.

The social movements in the littoral states of the sub-region have provided both a cerebral and visceral reaction of society to the decent-work deficit and the denial of other human rights. Significantly within this period, more global development actors have accepted that “economic growth” is not a sufficient indicator for development, unless sufficiently combined with distributive justice and other decent-work criteria.

North Africa: Decent Work Deficits and Opportunities

Economic panorama

Over the past decade, three externally generated crises have hit North Africa (the world food crisis, global financial crisis and eurozone debt crisis), and the sub-region is now living a fourth. The “Arab Spring” was internally generated, resulting from accumulated indignation at North African governments’ failure adequately to respect, protect and fulfil the human rights of affected groups and safeguard them from the impacts of earlier shocks and failed national governance. Since government policies have not radically changed as a result of the internal changes over 2010–13, North African countries are now more sensitive to external shocks, as the multiple crises continue to pose a threat to the region’s recovery and future growth. Domestic factors and practices (as outlined below) have contributed to these vulnerabilities.

The ILO and its partners accompanied the region’s political and economic situation, which has affected living conditions in many palpable ways, illustrated by statistical findings in ILO studies, reports and programming documents:

- Inadequate educational systems;
- Insufficient/inefficient social-protection systems;
- Low productivity in public- and private-sector jobs;
- High proportion of young people in the population;
- Rural divestment, debt and dispossession of small-scale farmers;
- A growing number and proportion of informal-economy workers;
- High unemployment rates, especially for youth and young women;
- 13.4 million (≈15 per cent) of all children in the Arab States are laborers;
- Weak social dialogue; freedom of association & collective bargaining rights;
- Exclusion and substantive discrimination against women in labor markets;
- 70–60 per cent of young working men and women are without contract (Egypt);
- Problems of governance, particularly in response to public needs, few opportunities for meaningful participation, nontransparent resource mismanagement (especially of ODA), and large debts and debt-service priorities at the expense of public services;
- Women earn less than men in similar employment (17 per cent less in Tunisia, 24 per cent less in Egypt, where informal working women earn 50 per cent less).
- Significant population officially living under the national poverty line (1990–2004): 22.6 per cent in Algeria, 19 per cent in Morocco, 16.7 per cent in Egypt, 14.2 per cent in Jordan and 7.6 per cent in Tunisia;
- High levels of working poverty at the US\$2 a day level (at around 40 per cent, in Egypt, and 44.1, in Sudan).

In the North Africa sub-region, the economies of Egypt, Morocco and Tunisia are the most diversified with leading sectors in tourism, agriculture, industry. However, the political transition in the period has destabilized the Egyptian and Tunisian economies, especially affecting tourism and manufacturing, resulting in unemployment and depleted currency reserves. The separation of South Sudan as an independent state also disrupted the region’s oil-dependent economics, particularly as disputes over territory (e.g., Abyei) and distribution arrangements led to a downturn in revenues and development hopes.

Libya has remained in political transition, where constituencies and legal frameworks remained underdeveloped, despite the country's economic potential.

Across the sub-region, policy adjustments to macroeconomic trends have been slow to develop the necessary synergy between both global and national policy levels, whereas governments often have treated these two types of policies in isolation from one another. Meanwhile, governments largely have relegated social policy to an add-on to the old set of policy prescriptions. Institutional remnants of this add-on approach are still seen in the fact that the ILO's government counterpart in several North Africa countries is the ministry for social affairs, or its equivalent, where unemployment and social protection are not yet integrated with their essentially economic dimensions, and corresponding institutions.

Historically, the principal market in the sub-region had been guided, and its industry protected by the state, financed mainly by internal government borrowing. As markets have become increasingly private-sector led, the states' industries became exposed to superior competition, and their financing increasingly depended on foreign borrowing. The even-distribution, public-sector-led economy of old became subject to a highly uneven economy led by the private sector and a more and more privately owned "public" sector.

In this context, the popular (informal) sector remains uncounted and underevaluated. Informal work in urban and rural contexts remains the norm for wide swaths of the sub-region's economies. Thus, the ILO's new areas of critical importance (ACI) on rural and informal employment are highly relevant today, as they have been already for decades.

Capital Flight

Capital flight—both financial and human—has soared in the period preceding this review, as well as during the sub-region's ensuing economic conditions. The region has long endured the highest rate of capital flight of any region, considering the range of resource-based, state-led and balanced economies.

In the first three months of the uprisings in North Africa, an estimated \$30 billion left the region, primarily divesting from infrastructure projects in Egypt, energy products in Libya, and tourism in Tunisia. An estimated \$5 billion left Egypt in 2012. By July 2013, the Egyptian pound had lost more than 12% of its value, while Egypt's foreign currency reserves, in turn, dropped from \$36 billion in January 2011 to \$14.4 billion in April 2013. In addition, the budget deficit continued to increase from 10.8% of GDP in 2012, 11.5% in 2013, and reached 14.4% in 2014.

Financial Capital

In the main, the increasingly state-enabled private-sector preferences tend to outweigh nationalist commitment. Correspondingly, North Africa has witnessed the gradual disengagement of national industrial capital, where economies have evolved more toward commerce, amid industrial production that struggles to compete effectively with imports. A tremendous strategic risk lay in the decline of industrial production in the national economies, in favor of investing and divesting. However, the commercial mode of business has come to dominate the way that society organizes and reproduces itself in the sub-region's economies.

Consequently, the concentration of income among national investors produces high saving ratios, but has diminished growth-stimulating investments and aggregate demand, as well increased the tendency of capital flight. The Tunisian businessman has become an emblem of such capital flight. A kind of migration of capital has seen some 1,200 Tunisian companies leaving the country since the 14 January 2011 Revolution, in some cases actually abandoning their projects in Tunisia. Many businessmen seem to have found refuge in other countries (Arab Maghrib and Europe), with tourism, industry and services as the most-divested sectors.

Human Capital

Egypt is the North African country with the highest stock of migrants abroad, with 3.7 million (4.4% of the total resident population in Egypt), as of 2010. In 2011, 3.2 million Moroccans were residing

abroad (9% of the total resident population). Women have formed a significant segment of these migrants. Women from other North African countries formed small proportions of emigrants (Algeria 31.3%, Egypt 27.9% and Tunisia 32.4%). Libyan emigrants residing abroad were 61,521 (1% of the total resident population in Libya) at the time of the uprising in that country.

Libya clearly has been the main destination country for intraregional migrants, drawn from neighboring countries such as Tunisia and Egypt, as well as from sub-Saharan Africa and Asia, as a result of oil-sector development. In Libya, foreign labor represented around 25% of its labor force before the revolution, with 2.5 million migrant workers.

According to official estimates, the number of Egyptian emigrants reached 3.9 million in 2006, Libya being among the main destination countries. In roughly the same period, 83,600 Tunisians (2008) and 120,000 Moroccans (2007) were residing in Libya before the revolution. As a result of the conflict in Libya, thousands of refugees, Libyans and sub-Saharan migrant workers fled into Tunisia and Egypt, in addition to the Tunisian and Egyptian nationals residing in Libya at the time.

Over the last few years, Tunisia and Morocco also have experienced increased arrivals of migrants from sub-Saharan Africa, as have other countries in North Africa. Initially, in transit, waiting for opportunities to reach Europe, an increasing number of these migrants have stayed on in the region and, to a large extent, have ended up working in the informal economy. As origin, transit and destination countries in the current social, economic and political context, North African states are facing unprecedented responsibilities for the governance of labor migration and the protection of migrant workers.

By 2010, most countries were experiencing a severe brain drain, with about one million Arab experts and specialists living in developed countries. The rate of return was extremely low. The reasons for this included attraction to opportunities in technical and scientific fields

in the West, an absence of job opportunities, as well as wars and political turmoil at home.

At 2010, governments of the region gave low priority to scientific education and innovation.

The spending on scientific research from 2005 to 2010, for example, was about 0.3 per cent of GDP in most countries (except for Tunisia, at 1.25 per cent and Morocco, at 0.7 per cent).

However, since the uprisings, Egypt's national budget for scientific research rose from 0.23 of GDP to one per cent in 2012. Morocco's and Algeria's science budgets both have reached one per cent of GDP.

Not only does this increase bode well for future innovation through enhanced technology, but the regional trend coincides also with signs of reversing the brain drain, with more graduates choosing to stay and more individuals returning from abroad, including young professionals and entrepreneurs, not least as a consequence of the world recession and eurozone crisis.

Both forcible and economically driven displacements have plagued the sub-region. In addition to the protracted displacements of the 40-year civil war in Sudan, displacement also has beset Sudan and South Sudan during the recent transition period as a consequence of armed conflict. UNHCR currently registers 1,873,300 internally displaced persons (IDPs) in Sudan and 401,433 in South Sudan. Chronic political and intertribal hostilities in Darfur continued throughout the review period, with renewed conflict causing some 300,000 people to be newly displaced in Sudan during the first six months of 2014.

Between 300,000 and 350,000 South Sudanese still live in Sudan and are at risk of statelessness. The "Four Freedoms" agreement signed between Sudan and South Sudan on 27 September 2012, which allows citizens of both States to enjoy freedom of residence, movement, economic activity and property ownership, has yet to be fully implemented.

In December 2013, heavy fighting broke out in South Sudan between government and opposi-

tion forces, including in areas near the border with Sudan in oil-producing Unity and Upper Nile states. Besides the great number of resulting civilian casualties, the fighting seriously damaged oil facilities, disrupting the flow of oil to Sudan. The conflicting parties signed an agreement on the cessation of hostilities, brokered by the Inter-Governmental Authority on Development (IGAD), on 23 January 2014; however, sporadic fighting has continued.

In the midst of these processes of dispossession by administrative and military (or paramilitary) means, as well as the economic migrants from within and crossing the sub-region, the corollary of human trafficking and bonded labor prevails in various degrees in each of the countries. The northern tier countries also serve as transit routes for migrants, refugees and asylum seekers to reach Europe, Israel and Persian Gulf states, perceived as economies that offer greater livelihood opportunities.

Carbon Economies

Algeria, Libya and South Sudan are the sub-region's countries most endowed with fossil-fuel resources. However, economic stability depends upon these countries' diversification beyond the oil-and-gas sector, with employment generation to accommodate the hundreds of thousands of new job seekers entering the labor force every year. In Algeria, the national strategic option is to revitalize the process intended to diversify the economy, starting with the non-oil sector, while deepening the reforms needed for the structural transformation of the economy.

Substantial revenue from the energy sector, coupled with a small population, gives Libya one of the highest per capita GDPs in Africa (around \$73 billion), but Tripoli largely has not used its significant financial resources to develop national infrastructure or the economy, leaving many citizens unemployed, poor and/or reliant on government hand-outs. The economy displays the classical features of an oil-rich economy: lack of economic diversification and significant reliance on immigrant labor. The unemployment rate is as high as 30% and predominately affects Libyan youth and women.

South Sudan is the most oil-dependent country in the world, with oil exports directly and indirectly accounting for almost the totality of exports, and for around 80 per cent of gross domestic product (GDP). In 2010, the GDP per capita of South Sudan was equivalent to US\$1,505, while the preliminary estimates for 2011 indicate a GDP per capita of US\$1,858, which is much higher than its East African neighbors, mainly due to oil production. However, the sudden suspension of oil production in January 2012 reduced GDP per capita to about US\$785.

On current reserve estimates, oil production in South Sudan is expected to reduce steadily in future years and become negligible by 2035. Thus, the diversification of the economy and the sources of livelihoods is a matter of development urgency.

In the infamous case of Egypt, its oil and gas extraction has been crippled by disruption due to nonpayment to foreign concessions and the national Eastern Mediterranean Gas (EMG) scandal. Now the country finds itself in a double bind with reduced fuel production for domestic use, and inability to deliver on an illicit export contract.

Algeria also faces a looming post-petroleum challenge. Although, for the first time in three years, Algeria opened a new set of potential oil and gas fields to international bidders in January 2014. Industry analysts note that Algeria's oil and gas production peaked in 2007, having dropped by 24% (628,000 bbls) per day in 2013.

Rural Employment and Livelihoods

The rural dimension of decent work in the sub-region is characterized by a large proportion of national populations living outside of cities, and these populations remain the least likely beneficiaries of formal employment and social development. Some 50 per cent of Egyptians live in rural areas, and 80 per cent of people in Sudan rely on access to natural resources for their livelihoods. Central to the demands of the Tunisian uprising in 2010–11 has been the relative neglect of development and investment in the country's interior, where the uprising began.

While agriculture has been the backbone of South Sudan’s economy, the estimated value addition by agriculture, forestry and fisheries accounted for 36 per cent of non-oil GDP in 2010. This economic activity remains at the subsistence level due to several limiting factors such as land-tenure insecurity, poor social organization and lack of basic infrastructure.

The cancellation of protected tenure contracts for many farmers and the dispossession of agricultural land under previous regimes have afflicted a generation of Egypt’s rural citizens through a single act of legislation. Implementation measures, together with burdensome indebtedness, have contributed to the loss of livelihoods, displacement and rural-to-urban migration for millions.

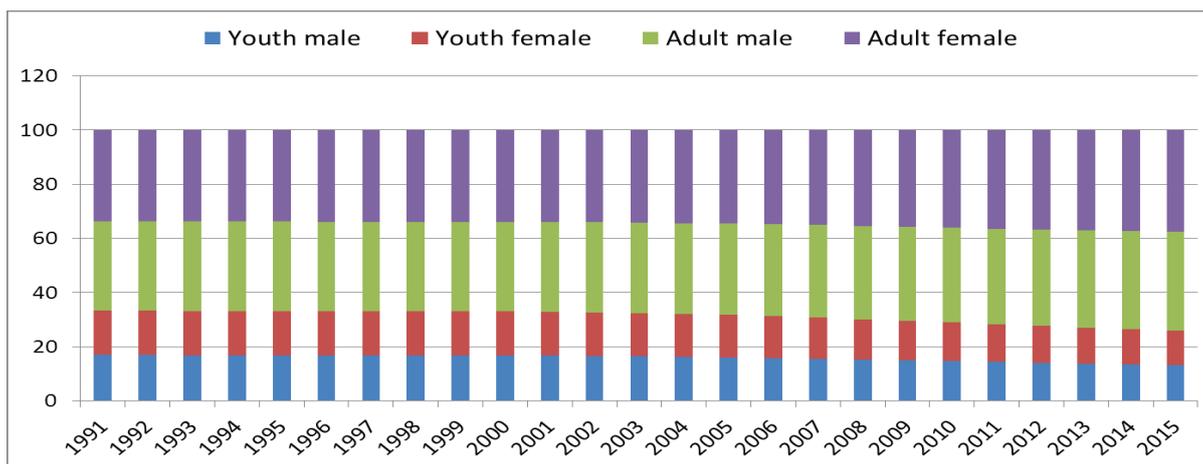
Employment

The youth population in the Middle East and North Africa (MENA) is the largest in the world, and that human resource presents a special opportunity for employers to benefit from young energy and talent. However, despite this immense potential, 87 per cent of CEOs in the region believe that the biggest challenge is the limited supply of candidates with the right skills. North African countries face the highest youth unemployment rate in the world, reaching more than 29 per cent in 2013.

The risk of unemployment in the region is not limited to any particular group. Despite the disadvantaged position of youth, their share in total unemployment has been (slowly) decreasing (Figure 1). One out of three persons of working age was between 15 and 24 years old, but this proportion had dropped to 28 per cent, in 2012, and it is projected to fall further to one out of four persons in 2015 (Figure 2).

The female labor force participation rate in North Africa shows an increasing trend, but is still less than a third of the male participation rate. This explains why men constitute the large majority of job-seekers in North Africa, despite the disadvantaged unemployment rates of women. In other words, even though young workers and women face additional barriers in accessing work, the creation of decent work opportunities, in all senses of decent work, is important for all workers: women, youth and adult men.

Figure 1: Distribution of the working-age population in North Africa, 1991–2015 (per cent)

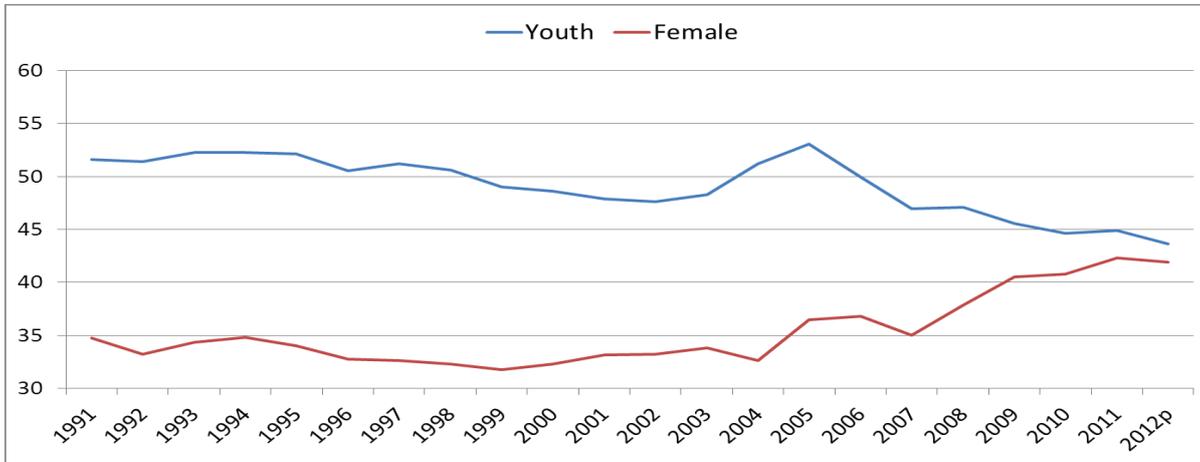


Source: ILO, Trends econometric models, October 2012

Informality of labor also has grown over recent years to represent 30 per cent of GDP in Tunisia, and 34 per cent in Egypt. Typically, besides offering little or no social protection, the informal sector is characterized by low-quality, low-productivity work and low wages. In addition, informal workers, in general, but especially women, lack essential skills, representation and knowledge of their employment rights. The majority of women in Sudan’s vast informal sector are heads of households, having been displaced by decades of conflict.

They find themselves in an underemployment trap, with little chance to find more-secure employment in the formal economy, facing special vulnerability for their consequent lack of social protection.

Figure 2: Share of women and youth in total unemployment in North Africa, 1991–2012 (per cent)



Source: ILO, Trends econometric models, October 2012

In the sub-region, unemployment, underemployment, informality of employment and decent-work deficits have triggered both social unrest and current political transformation processes and represent important factors determining migration dynamics that especially affect the youth, women and rural workers.¹ Women in the North Africa region endured an unemployment rate reaching 41 per cent in 2011. In Egypt, the unemployment rate of young women meanwhile reached 55 per cent.² Job creation in the public, as well as the private, sector in those countries was very limited, and has become even more limited in the 2012–13 biennium, largely for reasons explained above.

Tunisia created around 45,000 jobs in 2011, while more than 700,000 people remained unemployed. Prior to the economic and financial crises, the moderately positive economic growth occurring mainly in sectors with low labor intensity has not improved labor market performance.³ The majority of opportunities created were low-productivity jobs, often in the informal economy. In all these countries, that sector often has been the job seeker’s last resort, even for highly educated young people. Nonetheless, North African economies have seen little success at generating jobs matching highly educated youth qualifications and/or employers’ qualifications. Labor out-migration constitutes a coping strategy.

Although entrepreneurship can provide a way out toward job creation, female entrepreneurship is quite uncommon in the case of small businesses, but especially for larger businesses. Women represent 17 per cent of entrepreneurs in Egypt, and only 13 per cent in Tunisia. In Sudan and South Sudan, where female illiteracy rates are high and primary school completion hovers around 35 per cent, the level of education severely limits job seeking for the majority of women.

Economic “growth”

Growth in GDP in North Africa turned negative in 2011 in the face of the popular rebellions and abrupt regime changes. In the case of Libya, this led to a near-collapse of economic activity, and growth decelerated in all countries in the region, except Morocco. Economic growth in Egypt dropped from 5.1 per cent in 2010 to 1.8 per cent in 2011 and remained low at 2.0 per cent in 2012. Meanwhile, Sudan registered negative economic growth (-11.2 per cent) in 2012, following the independence of South Sudan in 2011. Nevertheless, regional economic growth in North Africa collectively reached a record high of 9.8 per cent in 2012, although mainly on the back of the rebound in Libya. Growth in Tunisia also became positive in 2012, and the IMF has projected growth there to accelerate.⁴

This period of social unrest in the region has coincided with more global development actors accepting the limitation that “economic growth” is an insufficient measure of development. That factor has to be sufficiently combined with distributive justice and other decent-work criteria before calling it progress.⁵

Social Protection Schemes

While government efforts since 2010 have prioritized debt servicing (mostly to private banks) and achieving fiscal balances, employment and social protection have become a secondary priority. In other words, finance continues to benefit at the expense of labor.⁶ Globally, governments in this period have acted as a banker of last resort to avoid the collapse of the financial system,

but, despite stimulus plans and some labor-market policies in the first phase of the crisis (2008–09), governments have generally failed to serve as an *employer* of last resort.⁷

Across the sub-region, the distribution of the GDP in social sectors clearly indicates the low priority accorded to social-sector development, and this applies in the period preceding the onset of multiple crises, when certain states enjoyed more favorable balance of payments and greater self-determination over domestic policies.

An overview of the social protection mechanisms actually indicates that most countries maintain multiple social protection systems, at least in form. (See table below.)

(Overview of national social security systems, North Africa (2010–13)										
Country	Number of policy areas ((branches covered by at least one programme	Number of social security policy areas covered by at least one programme	Sickness (cash)	Maternity (cash)	Old age	Employment injury	Invalidity	Survivors	Family allowances	Unemployment
Algeria	8	Comprehensive scope of legal coverage	●	●	●	●	●	●	●	●
Egypt	7	Semi-comprehensive scope	●	●	●	●	●	●	None	●
Libya	6	Limited scope of legal coverage	●	●	●	●	●	●	None	▲
Morocco	7	Semi-comprehensive scope	●	●	●	●	●	●	●	▲
South Sudan	
Sudan	4	Very limited scope of legal coverage 1 to 4	None	▲	●	●	●	●	●	None
Tunisia	8	Comprehensive scope of legal coverage	●	●	●	●	●	●	●	●

.Source: ILO, World Social Protection Report, Table B.2 Overview of national social security systems, op. cit
:Legend
. At least one programme anchored in national legislation ●
. Legislation not yet implemented ●
. (Limited provision (e.g., labour code only) ▲
(Only benefit in kind (e.g., medical benefit) ▲
Not available ...

Despite the existence of various social protection schemes, this overview does not imply that the substance of those systems, whether social services, health care, or cash transfers, is sufficient to sustain beneficiaries at a dignified standard. Notably also, of seven standard social protection schemes, all North Africa states with available data show that they have reduced subsidies on basic commodities throughout the evaluation period. These subsidies are undergoing further cuts in the current biennium (2014–15).

Although not as common as subsidy reform, other consolidation policies are being discussed and implemented across North Africa. For instance, increasing consumption taxes through higher VAT rates and/or fewer tax exemptions, as well as containing the public-sector wage bill and/or reducing the operating costs of public institutions, are being considered the countries that have published information. Some NA governments are also discussing reforms to their pension systems, such as Tunisia, which is focused on strengthening financial sustainability.⁸ Other countries are not following that wisdom.⁹

Despite, or consequent to the “Arab Spring,” the sub-region is considering an average of three austerity measures per country, mostly adjustments to the wage bill, subsidy programs and tax regimes (see Table below). The reduction or removal of subsidies is by far the most frequently applied measure. Governments typically provide substantial energy and food-price subsidies to their populations, offering relief from high and inflating commodity prices, or to share the wealth from natural-resource endowments (mainly oil and gas products). However, these, too, are being rescinded.

As such, policy discussions generally focus on eliminating or reducing these subsidies and replacing them with targeted safety nets. The fact that the sub-region does not have well-developed social protection systems implies that governments should consider this reform with caution. By good-practice example, after discussions with IMF staff in 2010 on streamlining subsidies to wheat, cooking oil, fuel and transport, Tunisia’s government almost doubled its food and energy subsidies to offset higher international prices and respond to already manifesting civil protests.

Social Protection-reduction Schemes in North Africa Sub-region, 2010–13							
Country	Reducing Subsidies	Wage bill cuts/caps	Increasing consumption taxes	Pension reform	Rationalizing targeting & safety nets	Health reform	Labor reforms
Algeria	X	X			X		
Egypt	X		X	X	X	X	
Morocco	X	X		X	X		X
South Sudan							
Sudan	X		X				
Tunisia	X	X	X	X			
Totals	5	3	3	3	3	1	1

.Source: Ortiz and Cummins, op. cit., p. 21. South Sudan N/A

ILO Algeria-CO support to the establishment of a fully functional ÉSSS, providing university-level education on social security conforming to the Master’s degree, doctorate norms, will serve Algerian students, as well as students from other Francophone African and Arab countries. This institution promises to become increasingly important in building capacity in the Maghrib region on social-protection policies.

Egypt’s social insurance system provides safety nets in the form of old-age, disability, survivors, sickness, maternity, work injury, and unemployment benefits to workers and their dependents. However, official data show that the number of insured had decreased overall from 19 million in 2004–05

to 16.7 million in 2010–11, despite interim population increases.¹⁰

In its review of Egypt in 2013, the UN Committee on Economic, Social and Cultural Rights (CESCR) observed that the state had omitted to fulfill its treaty obligations to ensure social security under Article 10 of ICESCR.¹¹ The CESCR found an inconsistency in the level of coverage among public- and private-sector employees. Egypt has 5.5 million public-sector workers who pay EGP19.1 billion (US\$2.65 billion) in annual contributions, while the 17.9 million who work in public companies and private sector pay only EGP13.6 billion (US\$1.897 billion) in subscriptions. This indicates that a high percentage of workers in certain sectors are either not insured, or insured at a nominal salary, in order to reduce the amount of contribution by the employers. The Committee found that system unsustainable. This is in addition to the pension crisis caused by Egypt's former Finance Minister Yūsuf Butrus-Ghāli looting L.E. 435 billion in pension funds to pad the public budget.¹²

Coverage within the private sector is also inconsistent. For example, only 57.6% of private-sector workers within establishments do not enjoy social insurance, compared to 87.7% for private-sector workers outside formal establishments. In addition, labor relations in the private sector have suffered, whereas Egyptian employers dismissed almost half a million workers from their jobs just before they reached retirement age, thus removing them from the insurance system.¹³

Notably, the majority of workers in Egypt are employed in informal small businesses, or are self-employed in agriculture, and are excluded from social insurance systems. Law No. 112 of 1980 concerning insurance of workers in the unregulated private sector is “suspended,” consequently excluding the majority of workers in Egypt from social security coverage.

One social security scheme in Egypt is pensions for those who did not pay social insurance contributions during their employment. Pensions benefit around 1.2 million people, whose disbursed value is around EGP1.4 billion. This puts the individual/family share of social security at EGP97

per month (around \$14). In light of high inflation levels in the country, those benefiting from such pensions cannot fulfill their basic needs. The World Bank estimates that only 15% of the poorest income quintile benefits from non-subsidy social protection schemes (compared to a global average of 41%) and that their benefits only make up 10% of welfare beneficiaries.¹⁴

In Morocco, health coverage actually has expanded in the period 2010–13.¹⁵ However, other social protection mechanisms, in particular, subsidies, are subject to “fiscal consolidation,” while traditional subsidies outside of the social protection sphere remain inviolate, in particular those subsidies for essential commodities produced or controlled by the royal palace and commercial interests of the royal family.¹⁶ One unrefuted report equates the king's official public-purse subsidy with that of 375,000 average Moroccan breadwinners,¹⁷ beyond the royal family's commercial and natural resource revenues.

During the review period, the IMF and World Bank have pressed the North African kingdom to cut spending and reform subsidies, and reform its taxation and its pension system. These demands are linked to a two-year, \$6.2 billion precautionary credit line to which the IMF agreed in 2012.¹⁸ However, IMF has made no recommendation for reducing the profligate state subsidies to the palace,¹⁹ or those on food monopolies (milk products, oils and sugar) controlled by companies belonging to the king.²⁰

On 17 January 2014, Morocco announced the end to subsidies of gasoline and fuel oil and started to cut significantly diesel subsidies as part of its drive to repair public finances.²¹ However, keen to avoid social unrest—and to avoid reducing the state subventions to the king's monopolies.

In Sudan, where authorities adopted a reform program centered on fiscal adjustment in June 2012, the government was set to increase VAT from 15 per cent to 17 per cent. These measures coincide with a shrinking economy and the loss of much oil revenue to South Sudan.

Sudan has had a long institutional history, whereas most of the administrations and social orga-

nizations, as well as the country's social policy framework were created a long time ago.²² However, some social policies and programs for social development and cohesion currently are not implemented, due to the lack of funding and political interventions that prioritize defense and security services, amounting to 75% of the National Budget.

Social protection in Sudan falls under the remit of the ministries in charge of social development: Ministry of Welfare and Social Security (MoWSS), Ministry of Health, Ministry of Education and the Ministry of Labor and Human Resources (MoLHR). However, in Sudan, the Ministry of Finance intervenes in social development and is involved in most decisions regarding the financing of social programs. The Ministry of Finance is represented at the Board of the Social Security Fund and is also active in development initiatives implemented by the international organizations, such as the Community Development Fund. The financiers of social protection in Sudan are mainly the Ministry of Finance and the Zakat Chamber, while the other public institutions struggle to increase their revenues and develop new sources and channels to be able to finance their development. The social-protection programs are fragmented due to too many players involved without an efficient coordination mechanism to ensure coherence and efficiency of basic service delivery. The social support program is unique, however, whereby all the institutions are involved in one unique package coordinated by the Poverty Reduction Center, located in the Ministry of Welfare and Social Security.

In addition to the private schemes, as of today, only 5 per cent of Sudan's population working in the private sector is covered by social security systems from private insurance companies. About 12 private insurance companies operate in Sudan. However, these private companies do not cover the population working in the informal economy.

Tunisia has seen an actual increase in social security coverage from 97% of the population, in 2009, to 98%, in 2014, with a particular focus on precarious workers in the agricultural, fisheries, civil servants, informal workers. It also includes the long-term consolidation of the pension plan.

It is also providing technical expertise to assist in the reform of the pension system. Significantly, too, ILO has provided expertise, knowledge products and social dialogue to support consideration of a policy to extend maternity benefits for working women in Tunisia.

Conclusion

Demonstrable social movements in the North Africa region have challenged economic models that have failed to deliver social justice. In some cases, the official discourse also has challenged the dominant Washington Consensus.²³ However, recognition of the damage and corresponding reforms have been glacially slow.

The trends for social protection in the North Africa region coincide with the global phenomenon of fiscal consolidation by governments elsewhere, particularly those implementing the advice of global and regional financial institutions such as the World Bank and International Monetary Fund. Within this trend of reduced social protection and downward pressures on wages and productivity, certain fissures of counterpressures from social movements, organized labor and civil society persist to prioritize and expand social protection.

Among the region's examples is the current effort to reform the maternity leave benefit in Tunisia toward eliminating discrimination in between the public and private sectors and compliance with the standard guaranteed in ILO Convention 183. This development bodes well for the region; however, many hurdles remain before implementing the international standard.²⁴

A key challenge to ensuring social protection in the region persists in the need to reform subsidy schemes that continue to benefit monarchs and officials lavishly, as compared to the average income of their compatriots.²⁵ By overlooking these anomalies, international development partners imperil the prospects for needed social protection both for youth, in the longer run, as well as for retirement-age citizens in need of greater social protection.

States in the North Africa region struggle to

achieve a fairly balanced focus on both urban and rural employment, women and youth. However, with the focus on employment, policy makers and donors would be remiss to neglect the social protection and social dialogue priorities that precede and transcend the ascendant generation. In the particular circumstances of urban and, especially, neglected rural workers who feed and clothe society across the sub-region, the productive sectors have faced crushing farmer indebtedness, land dispossession, natural resource privatization, rescinded subsidies and the overbearing competition for small producers from military, monarchic and extraterritorial corporations. The needed remedial “upstream” impacts and policy reforms remain as present and urgent as youthful employment and entrepreneurship.

An integrated vision of decent work, as promoted by the ILO, is still needed to address social protection as a component of comprehensive and intergenerational approach to development. Such prospects call for statecraft that ensures the “developmental state” that upholds human rights, including the right to development, both domestically and through exercising its extraterritorial obligations. Among the complementary measures to be taken, domestic policy and external aid should:

- Ensure that external financial support is directed to serve social and economic justice and the public good, based on the re-established economic and social visions in each recipient country, following elections and other national participatory and democratic processes.
- Address the causative factors impoverishing people, many of which were evident under the previous regimes and resulted from economic and social policy choices.
- Promote decent work for all, comprehensive rights-based social protection, production cycles and capacities. Resources should be channeled to financial institutions with a clear development role, and not through nontransparent financial intermediaries. That is, external aid and national subsidies should not promote deregulation for private-sector interests and unproductive financial institutions that do

not support development.

- Avoid deepening the debt burdens of the recipient countries to the extent that fiscal consolidation at the expense of social protection consequently become a debt-servicing measure.
- Support the region’s people recover national assets illicitly acquired or squandered by dictatorial regimes, as well as stem the capital flight that characterizes the region.
- Enhance the regulation of financial transactions, bank secrecy laws, and tax havens.
- Prioritize local productivity, innovation and decent work creation in both private and public sectors.
- Expand development options to include public-popular and public-private-popular partnerships that utilize, support and develop local social production.

The current reconsideration of the international development agenda, Habitat Agenda, World Bank safeguard policies and other global processes provide a timely opportunity for new thinking and greater participation in the broader norm-setting. The transition in the countries of the region provide a crucial incubator of reform efforts, heeding the lessons of past failures.

Endnotes:

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Nord et l'Afrique de l'Ouest », Institut international d'études sociales, Genève, OIT, 2010.

4- International Monetary Fund, Middle East and Central Asia Department, "Regional Economic Outlook Update" (May 2013), at: <https://www.imf.org/external/pubs/ft/reo/2013/mcd/eng/pdf/mena0513.pdf>.

5- *Human Development Report 2011* (Oxford and Washington: Oxford University Press and World Bank, 2011).

6- *World of Work Report 2012: Better Jobs for a Better Economy* (Geneva: ILO, 2012).

7- Rolph van der Hoeven, "Labor Markets Trends, Financial Globalization and the Current Crisis in Developing Countries." UNDESA Working Paper No. 99. (New York: United Nations, 2010).

8- Isabel Ortiz and Matthew Cummins, "The Age of Austerity: A Review of Public Expenditures and Adjustment Measures in 181 Countries" Initiative for Policy Dialogue and the South Centre Working Paper (March 2013) analysis of 314 IMF country reports published from January 2010 to February 2013, p. 15.

9- In Egypt, for example, non-subsidy programs are small and fragmented and do not have a significant impact on poverty and inequality because of their low coverage, high leakage, and limited benefit levels. The World Bank estimates that only 15% of the poorest income quintile benefits from non-subsidy SSNs (compared to a global average of 41%) and that their benefits only make up 10% of beneficiaries' welfare. The World Bank defines SSNs as noncontributory transfers targeted to the poor or vulnerable. They include income support, temporary employment programs (workfare), and services that build human capital and expand access to finance among the poor and vulnerable, "Joint Submission to The Committee on Economic, Social and Cultural Rights" on the occasion of the review of Egypt's 4th periodic report at the 51st Session, November 2013, p. 19.

10- Irène Selwaness, "Rethinking social insur-

ance in Egypt: An Empirical Study," "Corruption and International Development" 18th ERF Annual Conference, Cairo, 25 March 2012, at:

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11- "Concluding observation of the Committee on Economic, Social and Cultural Rights: Egypt," E/C.12/EGY/CO/2-4, 29 November 2013, paras. 6 and 14.

12- نهال شكري و سحر زهران، «ميرفت التلاوي تكشف حقائق وأسرار جديدة لـ «الأهرام» ٤٣٥ مليار جنيه من أموال المعاشات. سرقوها!»، الأهرام اليومي (6 آذار/مارس 2011)، <http://digital.ahram.org.eg/articles.aspx?Serial&442726=eid.1076>

13- CAPMAS, *Labour Force Survey Report, Egypt 2010* (April 2011), p. ٢٧.

14- Egyptian Center for Economic and Social Rights (ECESR) at al, "Joint Submission to the Committee on Economic, Social and Cultural Rights on the occasion of the review of Egypt's 4th periodic report at the 51st session," November 2013, .

15- During the review period, calculation of government subsidies for the king's family amounted to an annual budget of 2.58 billion dirhams (\$308 million), which exceeds the combined budgets of four Moroccan ministries: Transportation and Public Works, Justice and Freedom, Culture, and Agriculture and Fisheries. Ortiz and Cummins, op. cit., pp. 141.

16- Ibid.

17- Ahmed Ben Seddik, "*Mizanīyyat al-Qasr Ista'atharat bi Nasīb 375 Alf Muwātin*" [The Palace's Balance Sheet Accounts for 375 Thousand Citizens] Arabic, *Lakome* (19 June 2011), at: <http://www.lakome.com/-79/اقتصاد/2010--5773/اخبار-اقتصاد.html>.

18- “Morocco Taps \$6.2 Billion Precautionary Loan from IMF,” (interview with Morocco mission chief Dominique Guillaume) *IMF Survey Magazine* (3 August 2012), at:

<https://www.imf.org/external/pubs/ft/survey/so/2012/car080312b.htm>.

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20- *Omnium Norde Afrique* (ONA) holdings include companies like Cosumar, which holds a monopoly on sugar, and the Central Dairy plant, with its monopoly on milk products, and Lesieur Cristal (oils and soaps). See Catherine Graciet and Éric Laurent, *Le Roi prédateur* (Paris: Seuil, 2012), pp. 41–42, 134, 146, at: <http://www.seuil.com/extraits/9782021064636.pdf>. At the World Bank Civil Society Forum panel “Assessing IMF Advice on Subsidy Policy in the Middle East,” sponsored by New American Foundation and Arab NGO Network for Development, 12 October 2013, Deputy Division Chief of IMF’s Middle East and Central Asia, Carlo Sdravich, declined to respond to the question on IMF consideration of direct and indirect subsidies to the royal house.

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24- That 1952 treaty has only 29 ratifying parties, as of Switzerland’s 2014 accession. ILO, “Switzerland ratifies the Maternity Protection Convention (No. 183),” 4 June 2014, at: http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/maternity-protection/WCMS_245708/lang--en/index.htm.

25- For a graphic depiction of this comparison, see Visualizing Impact, at: <http://visualizingimpact.org/ar/visuals/politicians-salaries>.