

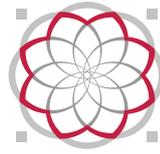
# **Social Protection in the Arab World: the Crisis of the State Exposed**

Arab Watch Report on Economic  
and Social Rights

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**2014**

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Arab NGO Network for Development  
شبكة المنظمات العربية غير الحكومية للتنمية

The Arab NGO Network for Development (ANND) is a regional network, working in 12 Arab countries with nine national networks (with an extended membership of 250 CSOs from different backgrounds) and 23 NGO members. ANND was established in 1997 and its headquarters is located in Beirut, Lebanon since 2000.

ANND aims at strengthening the role of civil society, enhancing the values of democracy, respect of human rights and sustainable development in the region. ANND advocates for more sound and effective socio-economic reforms in the region, which integrate the concepts of sustainable development, gender justice, and the rights-based approach.

The Arab NGOs Network for Development is an independent, democratic, and civic organization that aims at strengthening civil society and enhancing the values of democracy and respect of Human Rights and sustainable development in the Arab region. It works towards its aim through programs of advocacy and lobbying on regional and national policy-making in three main areas; development, trade, and democracy, while being committed to the international convention on Human Rights, freedom, respect of the individual, respect of diversity, equality of resource division, and the protection of cultural heritage in the Region and the implementing the developmental priorities of the local societies.

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# Part 1



## Prefaces

- Social Protection: A Constituent Element of the New Development Model- Ziad Abdel Samad.
- Bring the powerful to account- Roberto Bissio
- ILO Reference Paper on Social Protection - Ursula Kulke
- Salaheddine El-Jourchi, Senior Research Coordinator-ANND

## Social Protection:

### A Constituent Element of the New Development Paradigm

*Ziad Abdel Samad, ANND Executive Director*

Perhaps the key role that ANND had aspired to has been the monitoring of public policies and their accountability, particularly in the economic and social spheres. The role of civil society organizations does not stop at working to provide services for those in need, empowering the poor economically and legally, or coordinating with government bodies to achieve such tasks. It calls for much more, especially with the decline in the protective role of the state and the shrinking capacities and public resources to provide care for citizens, in parallel with the increased need for welfare, due to population growth, on one hand, and the impact of sharp transformations in lifestyles on the level of production and consumption, on the other hand.

#### **Brief Historical Overview**

Since the 1960s, most Arab states adopted an economic approach involving the implementation of Structural Adjustment Policies (SAPs), which entailed shrinking the role of the state through cuts in public spending, introducing free market mechanisms, and strengthening the role of the private sector, aiming to increase rates of economic growth. Promoters of this approach are convinced that economic growth would lead to generating jobs, thus benefiting society as a whole. In the mid-1980s, such policies became known as the Washington Consensus, after the international financial institutions (IFIs) who are permanently based in Washington DC. These measures led to the reduction of the role of the state in providing public services and strengthened the role of the private sector, which aimed to make profits from investments. However, to encourage such investments, several measures were adopted to reduce the burden on investing companies, such as direct taxes on income, tax breaks, currency exchange rates, and interest rates, in addition to reducing the burdens related to providing basic rights for labor.

These measures had a negative impact on economic, social, and cultural rights of citizens, leading to an increase in mobilizations calling for the restoration of those rights. In turn, this led to an escalation in suppressive measures

by governments, aiming to prevent any political transformation, even if it had been the choice of the citizens. Thus, and after sacrificing economic, social, and cultural rights, the political system and civil rights began to shrink; restrictions were imposed on freedom of opinion and expression, the right to assembly and organizing demonstrations and sit-ins was curtailed, and the creation of political parties and workers' unions was prohibited.

These circumstances multiplies the types of roles played by emerging civil society organizations in developing countries, established on the margins of governments reluctant to provide services and aiming to complement and replace them. NGOs transformed from being voluntary initiatives by citizens, mostly charitable, into becoming a broker delivering basic services to citizens, victims of SAPs, who actually needed assistance the most.

With the accumulation of needs, the expanding base of those marginalized by the concentration of wealth, the breakdown in redistributive mechanisms, and the absence of parties, political currents, and oppositional movements for workers demands due to the repression, CSOs found themselves in the midst of confronting such tasks imposed by the situation.

They witnessed a transformation of their role, from partners in service delivery and absorbing the resentment of the deprived, marginalized for the sake of social stability and civil peace, into the role of influencing public policies, particularly in promoting the establishment of good governance and calling for the adoption of public policies that answer the needs of citizens. This gradual shift in role did not merely target decision makers in developing countries; it extended its reach to IFIs and the states with actual control and ability to influence their decisions.

UN-sponsored international processes regarding human development – from the Earth Summit in Rio (1992) to the Millennium Summit in 2000 – contributed to creating a space for civil society to follow-up, monitor, and attempt to

influence governmental tracks. With the spread of Globalization and the increased influence of the international factor on domestic policies, civil society became increasingly attentive to international processes. International networks began emerging in various disciplines and fields, including those monitoring public policies in the social, economic, and environmental sectors, which could lead to violating the basic rights of citizens.

This led to the establishment of the Social Watch mechanism, which began monitoring policies based on human rights standards, instead of merely documenting violations, despite the major and pioneering role played by rights organizations in their field and during that period. The Arab NGO Network for Development (ANND) was established in this period as a framework bringing together human rights, development, environmental, and women's organizations to promote Arab participation in international fora on developmental processes, in addition to building civil capacities to confront local policies and governments aiming for more centralization and defending the interests of a particular segment, which took advantage of the transformations and was able to influence public policies and protect its interests.

Arab organizations contributed to the Social Watch through yearly reports to monitor social policies, especially in the areas of poverty and gender equality. Through this mechanism, and in coordination with ANND, they also contributed to various international conferences and forums, accumulating experience, until the launch of the Arab Social Watch in early 2010.

Soon after, popular revolutions erupted around the Arab world demanding justice, freedom, and a dignified life. ANND became more convinced of the need to promote the role of civil society in defending economic and social rights and the formulation of appropriate policies. To achieve this, there was a need to generate novel concepts for development, based on the human rights approach, which are inalienable and indivisible, in addition to commitment to enforce the fundamental rights of citizens.

The first report, published in late 2012, analyzed the right to work and right to education as two interlinked rights, which appeared to be a priority in the region, especially for young people. The report concluded that Arab states need to

adopt a new developmental approach, where the states play a key and active role in adopting economic choices, formulating general orientations, and safeguarding citizens' rights. This developmental approach is based on the shift from a rentier and service based economy into a productive economy directed primarily to the local and regional markets, instead of being designated for export. This is in addition to adopting wealth redistribution policies and programs to achieve social justice for citizens.

Based on this conclusion, ANND started to develop its research capacities and focused on the constituent elements of the proposed developmental approach, particularly policies related to investment and its relation with production and manufacturing, distribution policies through taxation, subsidies in government programs, and the partnership between the public and private sectors.

This second report of the Arab Watch on Economic and Social Rights was produced in this context and as an extension of these efforts. It focuses on one of the more sensitive issues, social protection systems as a human right and a redistribution mechanism, contributing to the achieving a measure of social justice and social security.

This report contains 13 national reports completed through the commendable efforts of experts who are committed to defending human rights. They were prepared using a participatory approach involving partners and militants and reviewed by experts and activists. The report also incorporates research and analysis papers from experts in the regions, as well as some contributions from other parts of the world.

A new addition is the scientific section on social protection indicators, which will allow the use of this report to measure progress and assess the impact of efforts of civil society organizations, in the aim of developing social protection policies in the long and winding road towards social justice.

My unlimited gratitude all those involved in the report, its authors, reviewers, and editors and everyone who contributed through discussion and follow-up.

## Bring the powerful to account

*Roberto Bissio,*

*Coordinator of the International Secretariat of Social Watch*

This Arab civil society report has many important messages. Among them, a very powerful conclusion is implicit but can be read between the lines: Arab civil societies and their organizations are not an episode that fades away but a vital force that needs to be acknowledged, respected on its own right and recognized in its governance role.

For too long, the democratic aspirations of Arab citizens were ignored, not just by their governments but also by the major development institutions. In 2010, the two major development-related country rankings, the Doing Business Index by the World Bank and the Human Development Index of the UN Development Program, both placed Egypt and Tunisia as the highest achievers in the region. That same year the “Arab Spring” dramatically showed that the policies and well-being indicators measured by those indexes were not what mattered the most for the very citizens that should benefit from development. Their rights and hopes were not measured and not taken into account. By raising their voices and going out to the streets Arab civil society made sure they will not be ignored again.

There are thirteen national contributions in this report, each of them a result of research, monitoring and coalition-building. Convened by the Arab NGO Network for Development (ANND) these national contributions express a variety of concerns and, complemented by regional overviews they are bringing a unique view to the current global debate about a new development agenda.

During the second half of the twentieth century, “development” was frequently used as a synonym for “economic growth”. If Third World countries grew fast enough they would catch up with the industrialized world and everything else (from education to gender equality) would come as result. In 1990 the concept of Human Development was introduced to place people and not

an abstract “economy” at the center, emphasizing health and education policies aimed at building “human capital”. Soon after, “sustainable development” was the new international consensus, based on “three pillars”: the economy, society and the environment.

The Agenda 21 emerging out of the 1992 Earth Summit in Rio, as well as the Cairo Summit on Population and Development (1994), the Social Summit of 1995, the Beijing Conference on Women (also in 1995), the 2002 Monterrey Summit of Financing for Development, and other highest level global meetings drafted an ambitious agenda that required all countries, from the highly industrialized to the least developed, to do their part, according to the principle of “common but differentiated responsibilities”.

This ambitious agenda was narrowed down by the Millennium Development Goals to the most urgent concern about “the poorest of the poor.” While ethically justifiable, that priority largely displaced from the concern of development thinking and institutions the so-called “middle income countries” that had already met most of the MDGs. And high-income countries were only challenged about their responsibilities as donors or enablers, not in terms of social injustices or environmental disruption within their borders.

As a result, the dramatic increase in inequalities happening around the world in poor and rich countries alike in the last three decades went largely unnoticed. Again, it was the people in the streets that put the issue of inequalities back in the agenda, occupying peacefully public spaces and the front page of the news in a movement reclaiming voice for “the 99%”, the overwhelming majority of world population that has less of a share of global wealth and income while the top one percent gets richer every year.

As we near 2015, the target date of most of the MDGs, the experts debate whether the very low

ambition of reducing the proportion of extreme poverty by half in 25 years has been met or not. At the same time average global income has more than doubled and trade has multiplied by five. The growing number of global billionaires, many of them in developing countries, blatantly exposes moral hazard, with a tiny minority reaping the benefits and the losses being paid for by the majority.

Extreme inequalities are the result of a series of political decisions at global and national levels that lowered taxes on capital, reduced social standards and liberalized regulations on trade, investment, employment and capital movements. Over two thousand bilateral and regional trade and investment agreements signed in the last few decades have created new rights for transnational corporations, including rights that humans don't have: corporations have acquired the right to settle anywhere they want and bring with them any personnel they decide they need, they are allowed to repatriate profits without restrictions and even to litigate against governments in demand of profits lost because of democratically decided policies, not through local courts but via international arbitration panels shaped to defend business interests and where human rights do not necessarily prevail. ICSID, the International Center for the Settlement of Investment Disputes, hosted by the World Bank, is an untransparent tribunal that displaces national judiciary and in a way creates its own law by way of ignoring human rights standards and environmental norms, even when they have been ratified as international treaties.

No single duty was created for corporations to compensate for this expansion of their rights and that may well be one of the reasons for the current disproportionate share of capital in the capture of the benefits of growth and the symmetric reduction in the share of labor in those benefits that is happening in most countries, rich and poor.

Contrary to this world trend, in Latin America, the most unequal region of the world, most countries are reducing inequalities through active social policies: cash transfers to the poor, support for public education, expansion of health insurance, social security for the most vulnerable such as/

who are the rural workers and domestic workers. Contrary to the forecasts of economic orthodoxy, instead of scaring investors away, those policies have coexisted and perhaps even stimulated foreign direct investment and economic growth. Social services and universal social protection are the best economic stimulus.

Further, they are human rights, duly recognized as such by Article 22 of the Universal Declaration: "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."

The phrase "in accordance with the organization and resources of each State" has been abused as providing an excuse for States not to meet their obligations towards social, economic and cultural rights because they don't have enough resources available. In practice this means that other priorities, from military expenditures to the protection of the privileges of a few, take precedence.

The proportion of public spending devoted to different government responsibilities and the percentage of their income that citizens should contribute to the public good are political decisions and cannot be determined by experts or mathematical formulas. When the public has access to decision-making and information about how decisions are implemented, the quality of the policies improves.

This is why, addressing the General Assembly on May 1, 2014, Ban Ki-moon, the secretary general of the United Nations stated that "accountability is essential to assess progress and achieve results".

In that same debate, Social Watch added that "accountability is only meaningful if the powerful can be brought into account".

The powerful are the landowner, the major and the chief of police for a distant rural community. In the world as a whole the powerful are the big countries, the intergovernmental institutions

(particularly those dealing with trade and finances), transnational corporations and even some huge foundations and INGOs with budgets of billions of dollars.

For citizens around the world, their national governments are the primary institution to address when trying to improve their situation or correct injustices.

Very often, the Social Watch national coalitions have also found in practice that the smaller, poorer or more vulnerable a country is the more it is being held accountable to foreign actors. All countries are subject to report to their peers on compliance with their human rights legal obligations under the Universal Periodic Review of the Human Right Council. This is a major step forward. But developing countries also have to report about their compliance with WTO accession commitments; they are supervised by the IMF, even if they are not debtors, and they report to each of their bilateral donors individually and also collectively.

When the recipient country government sits on a table with its 12 to 25 donors, who are frequently also its creditors, plus the World Bank, the IMF and the regional development banks this is called “mutual accountability!” Social Watch has argued that this is not the best setting for a developing country to interrogate its donors about not meeting their 0.7% commitment or to ask the IMF about the unfulfilled promised increase in the voting power of African countries.

In fact, our members frequently observe that accountability to the citizens is often postponed or undermined by this accountability to the powerful in ways that weaken the role of parliaments and undermine democratic institutions.

In 2012 the Rio+20 Summit on Sustainable Development created a High Level Political Forum (HLPF) in the United Nations to be the place for the international review of the commitments agreed by governments. For that to happen the Forum needs to be properly assisted by a strong secretariat informed by adequate reporting and carefully prepared by an active chair or troika that provides continuity and leadership.

Following the Rio+20 mandate on universality, all governments and multilateral organizations have to be accountable. The Global Partnership for Development, described in Goal 8 of the MDGs not only has no timeline, but also no proper accountability mechanism. No wonder it lacked implementation. A new agenda for development has to be specific about Means of Implementation and also about the forum for review and the monitoring and accountability mechanism, which could well be a strengthened HLPF as described above, to which multilateral agencies, the Bretton Woods Institutions and any corporation or “partnership” wanting to use the UN name, logo or flag should be required to report.

Accountability doesn't happen without transparency and access to information: Corporations should report their accounts on a country-by-country basis; countries need to keep public registers of company owners, among other basic information provisions. In general citizens should have access not only to corporate information but also to all government documents, as well as to those of multilateral organizations. In particular, the secrecy involving the work of arbitration panels in investor-states disputes needs to be declared as contrary to basic accountability and human rights principles. Banking secrecy undermining the ability of countries to tax their citizens or corporations operating in their territories needs to be identified as a major obstacle to the achievement of human rights and development goals.

Seven centuries ago, Arab philosopher Ibn Khaldun, the father of modern sociology, concluded in his *Muqaddimah* that “the lesson is that injustice ruins civilization. The ruin of civilization has as its consequence the complete destruction of the dynasty (state)”. This is an old message that now Arab civil society renews in this extraordinary report: without effective monitoring and accountability of the powerful there will be no development agenda and the multilateral system will lose its legitimacy.

## International Labor Organization

### Reference Paper on: Social Protection

*Ursula Kulke, ILO Regional Officer of Arab Countries*

The global economic and financial crisis of 2008 underscored the value of social protection in both providing income security to the vulnerable and preserving social cohesion in periods of crises – and this was reinforced in the Arab region following the popular uprisings. Most Arab countries have introduced or expanded their social protection measures since 2010, including those countries that were not visibly affected by the uprisings.

The value of a well-functioning social protection system is now universally recognized. When properly designed, social protection constitutes an automatic stabilizer in times of recession and crises. It can preserve and promote human development, thus contributing to productivity gains in the economy and enhanced welfare among citizens. Most importantly, social security, along with social dialogue, can contribute to industrial peace in the labour market and, with broader social protection measures, help avoid social instability through enabling the vulnerable groups, whether unemployed, women, children and elderly people, to access vital services and have a voice to promote dignity and social justice. Countries that have strong and fair social protection systems have a valuable in-built mechanism to stabilize their economies.

A new generation of social protection initiatives should form the basis for developing comprehensive systems based on legal entitlements and rights rather than the welfare approach provided by the old “social contract”. In fact, the established social security systems in most Arab countries based on attaching a part of social protection to public sector employment resulted in another widely cited undesirable effect: high unemployment among the young, especially the more educated, has often been attributed, at least partly, to voluntary “queuing” by jobseekers for a job in the public sector instead of accepting

work in the private sector because of the differences in pay, employment and social security benefits between the two sectors. Social protection should not therefore be seen as independent of employment policies. The importance of policy coherence between social protection, active labour market policies and employment creation is indisputable, especially when the responsibility for employment creation is to be shifted more to the private sector. These policy areas should be treated as inseparable, inter-related and mutually supportive, along with the other components of decent work.

The case for adjusting social protection in the Arab region became evident in the 1990s. The increasing expenditures on social protection, as well as the fiscal burden of sizeable public employment, led many countries to adopt reforms that assigned a greater role to the private sector. Additional changes were introduced after the global financial crisis of 2008 and more recently after the post-2010 developments.

Social protection systems in the Arab region remain in need of strategic reforms as former reforms were driven mainly by budgetary considerations and largely failed to meet the expectations of Arab citizens. When countries move away from defined benefit to defined contribution schemes and increase the role of the private sector and financial markets in the pension area, the risks from the variable performance of capital markets is passed on to individuals, instead of being shared and amortized at the societal level, with the State as the ultimate guarantor. The long-standing structural problems in social protection have been partly addressed and only a few Arab countries carried out substantial social security reforms focusing on the extension of social security coverage and revision of pension legislation. For example, pension reforms focused on cost containment through adjusting

retirement ages, revising benefit formulas, and aligning eligibility conditions and benefit levels between public and private sector schemes.

The delegation of some of the traditional responsibilities of the State to the private sector needs to be done with social, not just fiscal criteria in mind. For example, giving the private sector a greater role in health services does not release the Government from its responsibility to provide universal basic care. While it is true that food subsidies were often not used prudently, their removal should be accompanied by effective compensation measures for the poor, but also the vulnerable and “near poor”.

The global financial crisis in 2008 led to the adoption or expansion of some social protection measures on a reactive and ad hoc basis, rather than as part of a clear long-term vision. The post-2010 measures were also introduced hastily, this time more under political pressures. Under such conditions, there is little time to rationalize and prioritize. The situation becomes more challenging when there are no good socio-economic data, information on programme characteristics and outcomes is lacking and social dialogue is weak.

Looking forward, future reforms should not be conceived and implemented as stand-alone initiatives but rather as part of a new social contract resulting from nationwide social dialogue processes. Policy coherence is critical to ensure that the full impact goes beyond that of individual economic and social policies, such as active labour market policies and poverty reduction strategies. This is a key challenge: to build coherent national social security systems embedded in a broader progressive economic and social policy framework.

Comprehensive social protection systems should be built on national social protection floors which provide an enabling framework for the reduction of poverty, as well as the redress of inequalities. They are key elements of national policies to promote human development, political stability and inclusive growth. The Social Protection Floor concept was adopted in 2009 by the United Nations Chief Executives Board (CEB) as one of nine joint initiatives to

respond to the recent global financial and economic crisis. The continued relevance of social protection, both as a right and as a means to ensure long-term development, has transformed the SPF into a widely pertinent policy approach. The ILO ***Social Protection Floors Recommendation, 2012 (No. 202)***, provides practical guidance for setting national social protection floors and building comprehensive social security systems. It reflects a consensus on the extension of social security reached among Governments and employers’ and workers’ organizations from 185 countries at all levels of development.

An effective basic social protection floor consists of a minimum set of social security guarantees which aim at a situation in which:

- All residents have the necessary financial protection to afford and have access to a nationally defined set of essential healthcare services, in relation to which the State accepts the general responsibility for ensuring the adequacy of the (usually) pluralistic financing and delivery systems;
- All children have income security, at least at the level of the nationally defined poverty line level, through family/child benefits aimed at facilitating access to nutrition, education and care;
- All those in active age groups who are unable to earn sufficient income on the labour markets should enjoy a minimum income security through social assistance or social transfer schemes (such as income transfer schemes for women during the last weeks of pregnancy and the first weeks after delivery) or through employment guarantee schemes;
- All residents in old age or with disabilities have income security at least at the level of the nationally defined poverty line through pensions for old age and disability.

These basic social security guarantees can be realized through a broad variety of possible policy options. The ILO has put forward four prin-

principles which should guide the development of social security policies:

- **Universality of access** : Access for all to effective social protection through social security as the most fundamental principle.
- **Progressiveness**: Commitment to achieving higher levels of protection in line with economic and social development.
- **Pluralism**: Flexibility in the choice of institutional structures best suited to achieve the objective of universal coverage and the importance of stakeholder participation in governance.
- **A focus on the outcomes**: Progress to be assessed based on outcomes, not based on processes and methods.

Building national social protection floors in Arab countries should ideally be based on a comprehensive review of the current social security system, its administrative capacities and its performance, with recommendations for reforms. Obviously, an effective social protection floor must also take resource constraints into account. Sufficient fiscal space is needed to consolidate and expand social security systems with the objective of building effective social protection floors. Several ILO studies projected the cost of implementing a basic social protection package and demonstrated affordability even in low-income countries.

Recent regional analyses indicate that there is sufficient fiscal space in the non-GCC countries for some expenditure switching. Their findings suggest that the current levels of expenditure on social protection that benefit only a few can be reallocated to yield much more in terms of development payback. Thus, social protection should be seen in the same way as any other form of public investment that is governed by long-term cost and social benefit considerations. The opportunity cost of inaction should also be taken into account. For example, not reducing child labour or not providing basic child benefits and health care for children can lead to dynastic poverty traps, the children of poor people

grow up only to live in poverty themselves. In this respect, various schemes that have been introduced in Latin America in the last couple of decades under the name of conditional cash transfers (CCTs) have contributed to enhancing income security, education and health outcomes, reducing the incidence of child labour and encouraging engagement of adults in productive activities.

Beside, good governance of social protection systems is a key element for ensuring the viability of social protection in the long run. Social protection schemes need to be well managed and administered to ensure effectiveness in reaching agreed objectives, efficiency in using resources, and transparency to gain confidence of those who finance them and benefit from these systems. The active involvement of all stakeholders, and in particular workers and employers through effective social dialogue mechanisms and tripartite supervision, is the key.

While the involvement of social partners in social protection policy making and implementation is an essential prerequisite for good governance, the general responsibility for an effective and efficient social security system lays with the State, particularly with creating political commitment and setting appropriate policy, legal and regulatory frameworks along with supervision that guarantees adequate benefit levels. The State is also responsible for good governance and management of social security schemes, protecting acquired rights of beneficiaries and other participants, and creating the enabling environment to allow the effective participation of social partners.

There is no one-size-fits-all formula to create comprehensive social security protection. The differences between various systems will reflect the diverse country characteristics that set the conditions under which national schemes have to operate. These conditions include the size, composition and characteristics of the country's population and workforce, as well as the level of resources available for redistribution ("fiscal space"). While the integrated solutions will have to be drawn up on a national basis, it is clear that the Arab region cannot afford to go back to social protection systems they had in the past.



A negotiated new social contract is needed to meet the expectations of people if the structural deficits and problems of the existing social protection systems are to be well addressed and inclusive social protection strategies are developed that can be implemented over a longer time horizon. Hereby, inclusive social protection strategies should be built on national social protection floors, which would provide universal social protection as a right, and which would thus contribute to realizing the universal right to social security.

The ILO Regional Office for the Arab States envisages continuing the discussions with tripartite stakeholders on a new development paradigm for Arab countries, with social protection at its heart. This new paradigm should be based on Decent Work principles and international labour standards, basic social security principles and national social dialogue. It should aim at contributing to social justice and inclusive growth through income security and access to essential health care for all workers and their family members in Arab countries.

## Social Protection in the Arab World: The Other Side of the Crisis in Society and the State

*Salaheddine El-Jourchi, Senior Research Coordinator - ANND*

This report is the second in a series published by the Arab NGO Network for Development (ANND) related to monitoring the realities of economic and social rights in the Arab Region. The first report, published in 2013, addressed the right to education and the right to work. The current report will focus on the state of the right to social protection in the region.

This survey covers the main ideas, data, indicators, and alternatives introduced in the national reports on social protection, prepared by researchers in consultation and interaction with CSOs.

### **Methodology: The Map Before the Road**

In preparing the national reports, researchers utilized a unified methodology, which they participated in its development along with representatives of several local CSOs. Following the adoption of the report's central question, how to define social protection, a consensus was reached on the main themes to avoid digression from the main subject. A list of questions was drafted for the researchers to facilitate their work, in addition to the preparation of papers, which identified the concepts and solutions to the problems, in addition to monitoring progress in the international regime related to social protection, its mechanisms, and conditions for its implementation on the ground. Two meetings were held in Beirut with the researchers and included global experts for a more in-depth vision and to reach all encompassing approach.

### **Social Protection Guarantees Political Stability**

Before embarking on a review of the product of this collective effort, it should be emphasized that the social question is the main indicator of the capacity of ruling regimes to secure mini-

mum political stability. This is what democratic societies found out, as the social enables economic reform and reduce threats against democracy due to social disturbances and clashes that may arise in the context of an industrial society. The former statement emphasizes the social dimension, not only in the field of protecting the rights of citizens who are often victims of unfair economic policies, but also by highlighting the importance of social protection for political stability and amending the democratic system, to prevent its exposure to fracture and collapse.

Thus, as the space for economic growth gets wider, developing a philosophy and tools for social protection becomes imperative, in order to enable regimes to conduct self-maintenance.

While this has been an important question for liberal societies with established and participatory processes for making decisions and formulating policies, the social dimension is even more crucial for Arab societies attempting to escape the cycle of political despotism, which usually translated into social and cultural tyranny.

In this context, modern concepts of social protection stress on the need for the intervention of the so called social state, the state whose primary functions include the mitigation of the negative repercussions of the economic process and liberating the social from the traditional concept of charity work, transforming it into a fundamental right. This is in addition to removing the social from the cycle of voluntary individual choice, into the level of institutions governed by state commitments and protected by local and international law. So what is the outlook for the Arab world?

### **Ambiguity of the Concept**

The national reports noted that the majority of Arab governments do not adopt a comprehen-

sive social protection concept and many do not distinguish between social protection and social security.

For example, the Bahrain national report spoke of "confusion between social protection and social security nets." In Algeria as well, the report noted a "lack of distinction between the activities of social security institutions in their limited sense and social protection activities by the state." Moreover, in Lebanon, social protection is promoted as a service and charity, not a right." In Mauritania, on the other hand, they are still debating the "concept and extent of social protection and identify[ing] the concerned actors." Although the term "social justice" is contained in several constitutions, it is lost or weakened when moving to the decision making level.

Hence, the Second Arab Watch Report incorporates an independent research paper, by international expert Dr. Azzam Mahjoub in collaboration with researcher Mohammed Munzer Belghith. It includes a review of the evolution of the concept into a precise definition of social protection and observations on the international debate on widening the perspective and revising the meaning to encompass various rights and aspects adopted in global references.

In the report, Dr. Mahjoub sheds light on internationally adopted indicators to measure social protection, based on the experiences of international institutions, and concluded in a database suitable for a comparative study on the progress made in implementing social protection policies. Comparative progress reports are important as a tool for accountability utilized CSOs to adjust tracks on the national level.

### **Constant Search for State Legitimacy**

As the political is linked to the social, all the reports were based on the political starting points painting the features of the prevailing conditions and introduced the debate on social protection within the local general context.

Evidently, the state in the Arab world is still struggling with the question of legitimacy, which sometimes poses a threat to its existence and makes it subject to centers of power, not insti-

tutions, in general. It was taken hostage by the of the most influential, powerful, and in the best position to monopolize power and control policy making, whose wealth places them above the law and the values of social justice. This was demonstrated in the First Arab Watch Report on economic and social rights issued by ANND in 2012, which dissected the nature of the state in the Arab world and considered it to be closer to a neo-patrimonial state than to the state of law, citizenship, and institutions (Adib Nehme, "The People Want to Overthrow the Regime").

This second report focuses on the right to social protection, where citizens and families feel safe. In the same vein, it demonstrates that the bulk of the defect is associated with the nature of the state.

The Arab world is still far from the concept of the social state, based on a participatory vision in making use of national wealth and its surpluses. This state derives a significant part of its philosophy and legitimacy from the international human rights regime, which witnessed qualitative developments in the direction of establishing a comprehensive human rights approach in the past twenty years.

On the other hand, given the interconnection of the political with the social, the neo-patrimonial state is facing several complex problems in the Arab world. It seem to have exhausted its purpose and faces serious structural problems due to the succession of internal crises and by virtue of the rising trend of popular protests against arrogance and greed. This led to a series of structural disorders, resulting in increased repression, on the one hand, and its retreat, weakness, and disintegration on the other; at times, it pretended to withdraw from the battle, albeit tactically, to search for new tools to return to hegemony and protect the interests of the ruling class and its acolytes.

### **Three Major Clusters**

According to the national reports, the social situation of the Arab world's population at this moment could be divided into three major clusters.

1. The first cluster includes countries

that achieved legislative and institutional progress in organizing social services, regulating them and regarding them as a citizens' right; adopted administrative and financial mechanisms; and organized beneficiary lists, demonstrating commitment to widening their base through semi-audited data for the different social segments, groups, and professions they target.

Tunisia is one example, where social protection began with the establishment of the independent state. Morocco, too, saw significant growth in its social system at an early stage. Algeria, on the other hand, established the National Social Security Fund in 1962. The cluster also includes Iraq, which used to enjoy a balanced and stable social system prior to the US intervention.

2. The second cluster includes countries that witnessed social mobilizations, which grew into broad uprisings considered to be revolutions. These countries are currently passing through difficult times due to the shaking of their political and administrative institutions, resulting in an economic downturn brought by the burdens of transition. The situation in these countries varies from bad to worse according to their degree of vulnerability, ability to secure internal cohesion, and provide minimum services to beneficiaries. The Tunisian situation is better than that of Egypt. But both countries' situation is still not as bad as Yemen or Libya, in particular.

The political climate had a direct impact on their social policies. Some countries, which had failed to manage their internal situation, have become disaster zones. Some of their citizens are in dire need of urgent relief policies, at the lowest tier of requirements. Their existence has come under threat and their people are not able to meet the requirements for their own security and nourishment, let alone protect the survival, education, health of their

children, after being silenced during the era of brutal dictatorships. What is happening in Yemen is a stark reminder for a state falling apart.

3. The third cluster is that of fragile states or those lacking the features of a state.

Palestine could be considered an exception due to the colonial occupation since partition in 1948, which made the Palestinians powerless to break out of the circle of constant search for the minimum requirements for survival. This key factor could explain the absence of a social security fund until now.

Other countries are at risk of becoming failed states due to several intricate factors, including wars and internal conflicts since the beginning of the century, which led to weakening their economic potential, even if it had been high, as is the case with Iraq. Several of these countries are almost unable to provide a significant portion of the security, health, and diet needs of their communities, making them extremely fragile, like Syria, Yemen, Libya, and Sudan.

For example, the report on Iraq mentions "the erosion of the middle class and its collapse after the year 2003; the country began to witness the phenomenon of forced displacement, orphanhood, widowhood, and corruption." The report on Yemen, which faces security and political threats and is at risk of disintegration, points out that "half the population is under 15 years old and 48 percent of them live in poverty; the diet of 43 percent is under threat." The Sudan report, on the other hand, indicates that "progress made in development was hampered by the conflict, which kept draining Sudan's material and human resources and weakened the country's ability to implement structural reforms, especially after the secession of the south, the spread of poverty, and the outbreak of the conflict in the Blue Nile, South Kordofan, and Darfur provinces."

Lebanon also represents a state under constant risk of political and social explosion, being “the victim of conflicts and civil wars, which led to fragile and clientelist social protection.” Lebanon is constantly asked to be ready to “face the crisis and secure those affected by the emergency and humanitarian intervention, particularly for war refugees and displaced persons.”

In these countries, it is not the state alone that faces disintegration and collapse. The existence of whole communities is under threat, following the breakdown of basic links to the state and its geographical, ethnic, and sectarian components.

### **Urgent Need for the Role of the State**

Almost all of the aforementioned national reports agreed on the importance of the role of the state, despite the retreat in its social functions. The independence era gave birth to states, which adopted the concept of welfare and bore the responsibility of providing all the needs of their citizens. Some Arab states still carry the biggest brunt of managing the development process. For example, “the state in Bahrain plays a central role in the development process [...] and maintains a key position for the public sector.” The same goes for Algeria, where “the state dominates the social protection sector,” leading the researcher to stress that “the liberal direction of economic policies do not seem to have a great impact on the public social protection system.” With these exceptions, however, the Arab world is heading gradually and with a growing momentum towards retreat in the role the state, after abandoning previous obligation due to a series of political and economic crises.

This abandonment was a result of a number of factors, including the adoption of wrong economic policies that led to several crises, or due to misconduct, corruption, and looting. Hence, it is feared that this incurring shift in the nature of the state would further weaken society and sacrifice the interests of the poorer segments. This prompted the state to call for reclaiming part of its former status. In Iraq, for example, the state was forced to adopt a “poverty alleviation

strategy.” Even in Lebanon, with a soft state, “the concept of the welfare state is still in its embryonic stage, leading to virtually non-existent social protection for citizens.” Nonetheless, the Lebanese state attempts to intervene in the social sphere through several ministries, such as education, employment, health, social affairs, and defense. In Yemen, on the other hand, “the role of the state faces confusion and is swayed by political events, especially.”

### **Social Protection First: Before the Flood**

The national reports confirmed that protectionist social policies have degenerated in most Arab countries, rich and poor. Looking for ways to save social funds from bankruptcy has become a priority in this stage, due to the magnitude of the threats they face. Most of the countries suffer from deep, structural crises, putting some at risk of partial or total collapse.

The situation varies from country to country; some feature a wide base of beneficiaries of social security, such as Algeria, where 85 percent of the population is covered, half of whom are not salaried. A similar situation exists in Tunisia, where the ratio of coverage stood at 81.34 percent in 2011. In Jordan, social security covers 66 percent of the employed.

On the other hand, only 7.2 percent of workers in the public and private sector in Lebanon are covered by social security and 21 basic services are not available to a large part of the population, as those registered with the National Social Security Fund (NSSF) are between 40 and 50 percent. These services have been adversely affected by “the deepening phenomena of clientelist, sectarian, and partisan practices” and by the fact that “social protection systems were not built on the principle of solidarity but to divide the citizens.” The same situation occurs in Mauritania, where “protection remains elitist and influenced by tribal hierarchy, as well as the exclusion of the disabled and former slaves.”

Even countries going through the so-called Arab Spring find themselves currently unable to steer in the right direction and fulfill the social and economic rights of their citizens, including safeguarding social funds from the whirlwind.

Despite the adherence of new political forces in some of those countries, whether in power or in the opposition, to the slogans of social justice, in Tunisia, “the fiscal deficit is considered of the main problems facing social security. The three security funds are going through a growing deficit. For example, the Social Security Fund suffers from a deficit in the range of 70 million Dinars (US\$36), while the health insurance fund faces a deficit estimated at 50 million Dinars (\$26). This confirms a situation of “lack of resources and the absence of a clear strategy for the state in this regard.”

Although Libya was not included in the report due to the difficult situation in the country, it is evident that the majority of state functions have collapsed. In Egypt, “the state’s social protection policies are unable to achieve social justice and protection from poverty. On the contrary, the adopted systems do not enable the poor to address threats arising from economic and social policies adopted by the state, pushing them closer to bankruptcy. This had a significant impact on the level of health services, in particular, leading to an increasingly ominous decline, especially for low incomes retirees, given the ratio of pensions they receive compared to rising prices, inflation rates, and decline in the purchasing power of citizens in most Arab countries.” The crisis of social protection, in general, and social security funds, in particular, are in essence a financial crisis, which promises to exacerbate and become more complicated in the absence of radical and imminent solutions.

### **Wide Gap Between Local and International Legislation**

Several significant developments occurred at the international level related to laws supporting citizens’ rights to social protection. However, this type of legislation in the Arab world does not live up to the level of the international system, despite some semblance of improvement, which remains the reference against which to measure any progress. Moreover, these legislations have not been updated to be in line with the qualitative additions to the concept of protection, which expanded the scope of rights to be enjoyed by all humans, ensuring their dignity and that of their families.

For example, Bahrain signed the International Covenant on Economic and Social Rights (ICESCR). In Iraq, such rights were included in the text of the Constitution, more than ten laws supporting social protection. Progress was made in Jordan in terms of the ratification of a number of international conventions, as well as improvement in domestic legislations. However, the Jordanian Constitution does not recognize the right to health and housing. Lebanon, on the other hand, has ratified more than fifty ILO documents.

Social protection is of paramount importance in the Constitution and laws in Mauritania. However, the practical side still suffers an apparent deficiency. Tunisia is yet to ratify ILO’s Convention 102 of 1952 on the minimum standards for social security, despite usual compliance with international standards, while Morocco, has initiated the ratification process. The Yemeni constitution and laws, on the other hand, stress that “the state shall ensure social protection for each citizen.” In practice, however, the budget allocated for this issue does not exceed 0.6 percent of the GDP.

This clearly demonstrates the existence of a sometimes-deep gap between national legislations and the international system of economic and social rights. The evolution of laws does not necessarily mean commitment to their implementation and adaptation into policies on the ground.

### **Structural Fragmentation Prevails**

Administrative and institutional structures related to social security in general are scattered, fragmented, and suffer from discrepancy in privileges and services among various beneficiary segments, sometimes on a very wide scale. Researchers and CSOs had similar recommendations on this question in particular, calling for reforms of a structural nature. This necessitates the unification of social security funds and related legislation, along with the development of administrative aspects to eliminate bureaucracy, which constrains rights and exhausts beneficiaries. Thus, the service should be brought closer to the beneficiaries, improved and developed in line with needs and based on the requirements

of human rights approached, which do not distinguish between segments of the same society.

### **Parallel Economy Does Not Recognize Social Rights**

Most of the Arab countries examined in this report share a growing parallel economy, at the expense of the formal and structured economy. This phenomenon poses risks on more than one level, especially as it is organically linked to the wider phenomenon of smuggling, which in turn directs painful blows to national industries and poses a serious dilemma for these states' tax systems.

It was also noted that the parallel economy, which expands day after day, currently employs a wide range of workers and employees; more than a million workers employed in the informal sector in Iraq, for example. In Jordan, however, the ratio reaches 44 percent of workers, most of whom do not enjoy any form of protection. Even in Tunisia, where the rate of social coverage is around 80 percent, "real coverage does not exceed fifty percent, due to people with limited income and also because of the informal economy, which burgeoned after the revolution. In Yemen, the so-called fragile sector involves 79 percent of the total workforce, with an unemployment rate estimated at 9.52 percent.

The inflated size of the parallel economy increased the vulnerability of millions of Arab citizens. They became deprived of all types of social services, due to their presence outside the scope of the enforced systems in this regard and the absence of funds offering them and their families a minimum of essential services. In the event of illness, disability, or work related accidents, the burden falls on their communities.

### **The Private Sector and Social Responsibility**

Several reports concurred about the growing importance of the private sector in Arab societies. This sector, which currently manages the bulk of economic affairs, provides the largest share of jobs and is envisioned by all Arab states as primary engine for local economies and development, leading them towards progress and prosperity. However, major sections of the private

sector and many private companies are accused of evading major social responsibilities. As a result, a broad section of private sector employees remain outside the scope of social protection or vulnerable to fragility and instability.

The private sector's relationship with social accountability varies from one country to another. Algeria's report notes that difficulties in regulating the private sector gave rise to evasion of securing wage earners. The report considered this to be blow to the principle of solidarity, because of the sector's weak and volatile contributions to the social security process. The situation is different in Lebanon, where the private sector covers the highest proportion of social spending, while the state's contribution does not exceed 6 percent, and in Palestine, where the "social responsibility of the private sector could be noted." The report on Egypt, however, mentioned the phenomenon of "pressure from private business owners on workers through minimal security, along with tax evasion." However, it notes the participation of many businessmen in the implementation of development programs and services under the "Corporate Social Responsibility" campaign.

Accordingly, there is an urgent need to mold and adopt an inclusive social policy, which encourages the private sector to play its role in the creation of flexible social insurance systems, committed to the principles of human rights and social justice. While it is true that the private sector faces serious predicaments, they should be addressed in the context of a comprehensive vision that takes into account the rights of workers and employees and does not sacrifice environmental sustainability.

### **Safety Nets Are Not Substitutes for the State**

Social safety nets are a fundamental pillar in many Arab societies under review. Bahrain is one example, where social policy is almost based on these networks, which are, nonetheless, regulated by the Ministry of Social Affairs. Those responsible for the process are thus appointed and not elected. Although these networks contribute to the alleviation of social difficulties experienced by large segments of society in Bahrain, they are suspected of consecrating

communal and sectarian division.

Likewise in Mauritania, where social safety nets play a prominent role and demands to institutionalize the *zakat* call for an increase in what is called the *maniha*, “to increase the official and community funding for social security.” In Yemen, there is great dependence on safety nets to “mitigate the adverse effects resulting from the removal of subsidies on basic goods, basic particularly wheat and flour.” In Sudan, *Diwan al-Zakat* was established as the main provider of assistance in multiple ways, such as cash and compensation for health security expenses, as well as the establishment of health and educational institutions.

There is a need to carry out field studies to determine the size and role of social safety nets in many Arab societies. It is also necessary to revitalize their role, develop their tools, and review their philosophy, objectives, and mechanisms, to transition from charity work based on handouts and charity to the level of active developmental function. There are success stories beginning to bear fruit. Still absent, however, is a rights-based approach to intensify the human rights aspect, based on the values of equality and social justice in the broad, systematic, and institutional concept. Safety nets are tributaries to achieve solidarity, but they do not replace the state, nor should they be a parallel sector working outside the development system.

### **Basic Subsidies and Risky Policies**

Following economic liberalization, some Arab countries attempted to achieve social balance by resorting to direct intervention to support several goods needed by citizens, especially those with poor and middle-incomes. The need for such intervention had increased with the initiation of market economics or economic liberalization. Algeria expanded its social protection budget in order to mitigate the effects of economic reforms on vulnerable classes. In Iraq, 10 percent of the state budget was allocated to support the social protection program, especially regarding food and fuel prices, in addition to introducing the ration card system. In Jordan, liberalization of commodity prices led to a rise in inflation during 2013.

As for Mauritania, the government was forced to intervene in order to stabilize the prices of basic goods, in an attempt to protect stability. In Tunisia, successive governments had to increase the amount of assistance given to poor families to cope with growing poverty. The removal of subsidies in Yemen, however, occurred gradually and reached 100 percent. In any cases, most governments are between a rock and a hard place, being unable to sustain the subsidies, on one hand, and due to fears of an escalating social protest movement.

### **In-depth Review of IFIs**

International Financial Institutions (IFIs), such as the World Bank, the IMF, and USAID are organizations with a direct impact on the internal situation of Arab societies, with a significant contribution to support governments and, in many cases, providing direct support to organizations and citizens. In Iraq, the government collaborated closely with the World Bank to support its poverty alleviation strategy between 2010 and 2014, particularly in the poorest governorates. These international institutions do not take the initiative to intervene in guiding economic policies. However, when they are resorted to during periods of crisis, they are able to modify policies according to liberal or neoliberal orientations and, in many cases, economic viability comes at the expense of social rights.

In Bahrain, the report explained that World Bank advise “was at the expense of the social dimension and aimed to curb the financial cost of subsidies.” Jordan, as well, resorted to economic austerity policies under the terms of the World Bank “within the Readiness Preparation Agreement, starting from year 2012, and have had a negative impact on social protection programs, especially on education, health, and employment.” In Mauritania, too, the gradual removal of subsidies on rice, wheat, sugar, and tea led several negative effects cited in the report. Another outcome was the decline of national industries, brought about by lifting subsidies according to World Bank advice. In Sudan, lifting fuel subsidies led to the outbreak of social mobilizations resulting in casualties during 2012; this was due to the implementation of World Bank recommen-

dations based on reducing the state's role in services and the working towards privatization. In Egypt, on the other hand, international institutions, including the World Bank, are beginning to intervene in the creation of health policies. However, this intervention is opposed by civil society organizations, which reject the bank's conditional loans.

The main problem in the policies of the World Bank and similar institutions is their propensity to sacrifice a part of the social aspect to secure the financial and economic stability of the state. Their advice and recommendations thus carries a high social cost, due to their austerity prescriptions on almost every occasion, through spending cuts and the elimination or reduction of particular services. Such policies lead to depriving tens or even hundreds of thousands of beneficiary citizens, with groups like women, children, people with special needs, the poor, and foreign workers being most likely to pay the high costs of implementing such recommendations.

The World Bank began adjusting its policies and paying attention to the importance of the social dimension in achieving development and protecting political stability, in light of the repercussions of the Arab revolutions. For example, the World Bank recognized the importance of the social dimension in the case of Tunisia, amending its recommendations to the extent of calling on Tunisians to "reconsider the adopted development model." To a certain extent, it became more inclined to work on the establishment of social protection instead of funding social projects and programs. This is considered an important step, but it requires more courage and the reassessment of the bank's vision of the development model, its indicators, and how they are measured.

In light of these common conclusions of the national reports conducted during ten months, several local and regional needs are apparent, including:

### **Need for an Alternative Development Model**

The reports described a dialectical relationship between the disruption of social protection systems in the Arab world and the crisis in the pre-

vailing mode or model of development adopted since the early 1970s. This model focuses on measuring income ratios to assess the size of achieved economic growth and suffers from serious imbalances, making it a key factor in widening gap between people of the same society. It also leads to more centralization, increasing the distance between the coasts and the interior and generating exponential poverty. On the other hand, it weakens the values of work, solidarity, and collaboration between citizens, with corruption, quick profit, and false well being becoming the dominant values in weak societies and fragile economies. The crisis in the system of solidarity in the Arab world requires us to think deeply and seriously about dismantling the development model and search for alternatives or amendments, in accordance with the new development vision.

### **The State Cannot Escape its Responsibility**

The reports concur on the fundamental idea that the threats facing social security systems in the Arab world entail a return to stressing the urgency and importance of the role of the developmental state, which retreated due to attempts at delinking the state and development. Although it lost the features of the small trader who interferes in all the angles of the sale, it remains necessary first, for the development of wealth, second, for its protection from looting, third, for its distribution among its producers, and fourth, to take care of the victims of absence of justice, those segments excluded from the production and distribution system and cast outside the formal and cooperative society.

### **No Separation between Development and Justice**

Separating development and social justice is dangerous, as it will gradually break up the internal unity of the communities. Consciously or unconsciously, it tends to set up these communities to explode, as what happened with the series of revolutions, which toppled several of Arab leaders and, in the same context, led to weakening the foundations of the state in more than one country. Development, able to achieve stability and ensure national unity and civil peace, is that which works to ensure that everyone enjoys the

wealth they all cultivated, in order to strengthen ties among all the parties to the production process.

The report on Algeria indicated that the clientelist political system “does not allow the emergence of independent political and social power centers able to compete with it,” which leads to transforming social protection into a type of public charity, aiming strategically to deepen the dependency of society on the ruling powers. In the Lebanese context, “growth indicators showed some improvement, but social indicators documented a decline.” The report also noted that “the concept of public interest was lost in the new reconstruction ideology, in line with the neoliberal current.” Hence, “economic reform should be linked to a comprehensive social policy to complement sustainable economic choices.”

The report on Tunisia pointed directly to the key link between crises in social policy and the development model. The report indicated that “the liberal economic model considers social security as a barrier, neoliberal experts believe that social security is the cause of the economic crisis, since contributions produce an increase in the burden of wages.”

The national reports stressed that a review of the tax regimes in the Arab world could effectively contribute to the mitigation of declining levels of social protection, as social protection and tax system and organically linked. In Jordan, declining direct tax revenues and exaggerated indirect taxation led to the spread of tax evasion and the adoption of non-social economic policies.

These are just two examples showing a tendency in many Arab countries to focus on the question fiscal reform as a primary measure to save social funds from bankruptcy. In Mauritania, discussion is under way on the possibility of imposing a tax dedicated to supporting social protection, despite the fact that tax awareness is still very limited, as stated in the report. The example of Palestine confirms that legal tax evasion is responsible for almost half of the yearly budget deficit. In Egypt, there is evidence that the existing tax system “lacks fairness and transparency.” In Bahrain, the absence of income taxes on individuals and corporations turned the country

into a tax haven, however this created awareness of the possible impact this may have on the state’s involvement in economic and social rights. In Algeria, on the other hand, social security is partially financed through taxes. The same goes for Tunisia, where basic food products are subsidized from taxes on petroleum products and alcoholic beverages.

ANND examined the question of tax justice thorough case studies of six countries and recently completed a comparative study between the tax systems in those countries. The sample is currently being increased, based on the belief that the prevailing tax system in the Arab world amplifies the differences, instead of narrowing them; it weakens states, rather than giving them strength; and reduces solidarity opportunities, rather than cultivating embodiment of equality through citizenship.

### **Funding Funding Funding**

The national reports demonstrated the impasse facing most social security funds, which are now forced to resort to partial solutions to cover flaws in the financial situation. This included raising the retirement age from 60 years to 62, increasing contribution rates, or reducing the size and quality of services. However, the impact of such measures is limited, despite their ability to relieve the financial bottleneck faced by the funds. They are also temporary and aim to delay the crisis or reduce its impact, without offering radical solutions. The reason is that the crisis facing the funds is nothing but a clear indicator of the crisis in the economic system as a whole. Thus, no serious reform will serve its purpose unless it is part of a comprehensive and in-depth review.

### **Women as Primary Victims**

Women are considered part of the segments most vulnerable to imbalances in social protection systems. In Iraq, 86.7 percent of women are outside the work cycle; they make up only 25 percent of social security subscribers in Jordan and are most vulnerable to be without coverage. The report on Lebanon indicated that households run by women are part of the most vulnerable group and include 120 thousand persons, in addition to 75 thousand persons with special

needs. In Mauritania, poverty is still the key challenge to women's participation in the economic and social cycle and in Sudan, there are three times more poor women than there are poor men. In Morocco, only 30 percent of women benefit from compulsory health insurance, compared to 70 of men.

These samples indicate the need to conduct an urgent review of social policies to put an end to this imbalance between the two genders.

### Alternatives

The alternatives proposed in the national reports vary from one country to another. However, they all agreed on the following set of suggestions, which stress the need to address social protection from a rights-based angle, considering it a basic human right and not a burden on governments. This should entail its enhancement, rather than reducing its size and quality or even thinking about gradually eliminating it.

- There is no excuse for any type of discrimination between citizens in social protection, whether on the basis of gender, religion, confession, ethnicity, region, or other.
- Social security funds should adopt the principles of integrity and good governance to eliminate bureaucracy and poor investment of resources.
- Political, ideological, and sectarian clientelist in this strategic area should be eliminated.
- There is a need to find effective measures to save social security funds from bankruptcy, rather than destroying the main social anchor for poor segments and the middle class.
- Society's role should be revitalized and not weakened; its efforts must not be drained and there should be no attempt at subjugation or limiting its freedoms. This is through respecting its independence, non-interference in its affairs, and engaging it in a constructive partnership. In this regard, unions should be key actors for dialogue on all aspects of social protection, instead of being marginalized,

controlled, or dominated.

- The principle of social dialogue must be adopted as an effective tool for settling political and other differences, building consensus among the major powers in society, and protecting civil peace.
- The performance of job markets on the local level should be improved, due to their direct impact on developing the income of funds and their revival.
- All international charters must be quickly ratified, especially those issued by the ILO.
- Social security funds financing systems must be reformed to protect them from bankruptcy and collapse.

# Part 2



## Thematic Papers

- Reference Paper on Social Protection—Azzam Mahjoub and Mohammed al-Monther Belghith
- Social Protection in the Context of Development Strategies- Adib Nehme
- IMF's policies and their effect on social protection- Mohammad Said Al-Saadi
- Protection in Neighborhood- Laura Adwan and Iyad Al-Riyahi
- Social Protection in North Africa-Joseph Chakla

## Reference Paper on Social Protection

*Dr. Azzam Mahjoub: University Professor and International Expert*

*Mohammed al-Monther Belghith: International Expert*

### Introduction:

The Arab revolutions were a clear demonstration of the failure of adopted economic models and choices, which entailed a lack of justice in developmental tracks between segments and regions, poor governance and rampant corruption. This led to imbalances in the distribution of the fruits of growth, if any, in addition to unemployment, impoverishment, and exclusion, with a total absence of democracy and lack of participation in public life and policy-making. As a consequence, it has become necessary to review the adopted options and approaches, in line with achieving stability in Arab societies and contributing to the treatment of acute economic, social, political, and security crisis they face.

Due to its essential role in achieving social cohesion, the establishment of social security and harmony, and the consecration of one aspect of the fundamental rights of individuals and groups, social protection is one of the main tools to help secure the stability of Arab societies, a more equitable redistribution of the fruits of development, and preparing the appropriate grounds for economic recovery and boom.

But what does social protection in Arab countries look like? What are its deficiencies and imbalances limiting their effectiveness and ability to contribute to the consecration of fundamental rights of Arab citizens, protect their dignity, and secure their integration in the economy and social life? The 2014 Arab Watch for Social and Economic Rights aims to find answers to these questions in particular.

This reference paper will attempt to provide a general framework for the background on which the country reports on social protection in the Arab world were based, divided into five main themes. The first part reviews the evolution of the concept of social protection in international debates on development, the growing impor-

tance of the question of human development, and the initiatives adopted or set in motion to extend social protection and support to economic and social rights, particularly concerning vulnerable groups.

In the second part, the paper will expound on the legal framework of social protection as a key tool embodying the right to social protection and its realization, in addition to being the optimal weapon for related to lobbying, advocacy, and the development of new rights-based approaches in programming, follow-up, and accountability in all human development fields.

Section Three is devoted to the problems of financing social protection and the role of States, as per their responsibility in realizing the right to social protection.

Section Four of the report will look at the scopes, levels, and qualities of social security coverage, in addition to significant results and existing problems in the fields. This will lead to Part Five, which addresses key future trends, through the recommendations and expectations of civil society actors in the field, in line with their increased responsibility in defending, advocacy, and accountability, as well as in expressing the concerns of vulnerable and marginalized groups and representing them in their contribution to identify policies and drawing local, national, and international programs and schemes.

While this paper is limited to elaborating the general international general framework, with some references to the status of the Arab region, the country reports will diagnose the reality of social those countries, identify existing and future directions and challenges, and analyze their strengths and weaknesses. However, the situation in Arab countries differs according to their particular policies, in addition to the prevailing situation in each country, which could be divided into three major groups:

**Countries witnessing a security crisis**, devastating wars, or occupation, such as Syria, Iraq, Libya, Yemen, and Palestine: This is where the question of social protection is urgent, since the need for protection is more critical than in peacetime. However, it also means that securing social protection becomes more difficult or even secondary, as a result of security challenges.

**Countries experiencing semi-stability and in political transition** after the revolution: These countries face major economic challenges and poses the issue of developing social protection with all urgency, to reap the fruits of the revolution, in light of the increasingly emboldened demands by the people. Yet, the implementation of reforms and the reassessment of development models remain hostage to economic and financial pressures and limited possibilities.

**Countries experiencing relative stability:** A number of countries introduced reforms to social

protection systems, while the rest have not yet taken any measures in that direction, despite the availability of financial resources in some cases.

It should also be noted that the situation of continuous wars and security crises in the region led to millions of migrants and refugees to neighboring countries (like Tunisia during the Libyan crisis, Jordan, Lebanon, and Iraqi Kurdistan during the crises in Iraq and Syria, and so on). This posed the urgent question of social protection for refugees and migrants, to address their daily requirements, which are starting to burden host countries, especially in light of their limited resources. The situation and rights of refugees and migrants in the Arab countries/region needs to be examined further and warrants, in the authors' opinion, an in-depth study to cover the various dimensions of the issue.

### Figure 1: Concept of Social Protection

"The term 'social protection' is used across the world and institutions with an even greater variety of meanings than "social security". It is often interpreted as having a broader character than social security (including, in particular, protection provided between members of the family or members of a local community), but is also used in some contexts with a narrower meaning than social security (understood as comprising only measures addressed to the poorest, most vulnerable or excluded members of the society)."

International organizations often use the term interchangeably to refer to the same concept.

This paper addresses social protection in its broader sense, which includes:

1. The concept of social security, covering all the measures and cash or in-kind benefits to provide protection from:
  - a. Absent or insufficient income from work resulting from illness, disability, maternity, work-related injury, unemployment, old age, or death.
  - b. Lack of access or inability to afford health care.
2. The variety of basic social and solidarity services and measures, aimed at reducing poverty, social marginalization, insufficient income, lack of family support for children or elderly who are unable to conduct their own affairs and access health and social services on their own.

*Adapted from "Extending Social Security to All: A review of challenges, present practice and strategic options," ILO, Geneva, 2009, pp. 59-60*

## I. Social Protection in the General Development Debate

The world has been witnessing profound transformations in the role of the state and its intervention in the economic and social spheres since the beginning of the 1980s. Multiple crises and diminished growth rates, which marked the end of the *Trentes Glorieuses* in industrialized countries, in addition to the decline of oil prices and its impact on the economies of rentier states and the dominance of neo-liberalism, the concept of the welfare state started to retreat. Several countries steered towards focusing on the economic aspect development and reducing social spending in the context, under the direction of the IMF and World Bank's approach to structural reform, which led to pressure on state expenditures, in particular, limited direct control of the economy, and the pursuit of liberalization and austerity, which only addressed deficits in the budget and balance of payments.

Restrictions on social spending intensified, in light of the negative effects of globalization, especially on developing and vulnerable countries and even on the poor segments in high-income countries.

The strong return of predatory liberalism and the dominance over the real economy of multinational corporations and financial economy resulted in raising the fierce competition between countries and organization. As a consequence, social spending was regarded as an additional cost, which could be squeezed and controlled to improve competitiveness, on both the institutional and global levels. Moreover, social services are currently perceived as goods to be freed gradually from government and public control to be taken over by the private sector.

These intersection of these factors – especially after being exacerbated by the 2008 global financial crisis and contraction of the global economy – widened the development gap among countries, increased the size and rates of unemployment, and led to greater inequality in wages and income between social groups and between different regions of the same country.

ILO's World of Work Report 2013, "Repairing the

Economic and Social Fabric", explained that 200 million were unemployed globally by mid-2013 and estimated to increase to 208 million by 2015 if the current trend continues. On the other hand, the 2014 World of Work Report entitled "Developing for Jobs" was published in May of last year and indicated that global unemployment rose by four million persons in 2013, showing an increase of 30.6 million people in comparison with before the global crisis.

The report estimates that 213 million jobs must be created in the next five years to cope with the growing active population entering the job market, with 200 million of them being in emerging and developing countries.

As for Middle East and North Africa (MENA) countries, the number of unemployed was estimated at 15.9 million people in 2013 compared to 12.6 million in 2007; it is expected to reach 16.8 million people in 2015.

ILO's World Social Protection Report 2014-2015 indicated that unemployment rates in Arab countries remain high, in general, with the exception of the oil producing countries of the Arab Gulf. Between 2012 and 2013 (according to data available on 12 countries), unemployment in the region ranged between 0.5% in Qatar and 23% in Palestine; for women, this rate ranged between 2.8% in Qatar and 37.1% in Syria.

The two World of Work Reports mentioned earlier showed that the labor market continues to suffer from deep structural imbalances, represented primarily in long-term unemployment in developed countries and high rates of employment in the informal sector in developing countries. Unemployment, combined with the evolution of forms of precarious labor in the informal sector, will inevitably lead to a rise in poverty and social vulnerability rates, including among some of the working groups that do not benefit from the right to a fair wage and social protection against social risks or being protected from the negative effects of old-age. Women are more likely to work in the informal sector, which employs 48.7% of women, compared to 46.9% of men. While the difference between genders is around two points globally, it rises to 25 points in the countries of North Africa and 5.9 points in the

Middle East. However, this is just one facet of inequality between women and men in the field of employment and social protection.

While UNDP statistics note that extreme poverty has declined in general, 1.2 billion people still live below the extreme poverty line; the number of employed poor individuals (living on less than \$1.25 a day), represented 15.1% of the working population in 2012 and 13% in 2013. Additionally, 60.9% of the active population in the developing world was still surviving on less than \$4 per person per day in 2011.

For Arab countries, ILO statistics indicated that 0.1% of the population of Jordan live on less than \$1.25 per day, compared to 46.1% in the Comoros Islands and 23.4% in Mauritania. As for the population living on less than \$2 per day, the percentage ranges between 1.6% in Jordan, 65% in Comoros, and 47.7% in Mauritania.

On the level of distribution of the fruits of growth, ILO's *Global Wage Report 2012/13: Wages and Equitable Growth* indicated that "for a decade or more before the crisis, the link between wages and labor productivity was broken in many countries and this contributed to the creation of global economic imbalances." The report showed that "since the 1980s a majority of countries have experienced a downward trend in the 'labor income share', which means that a lower share of national income has gone into labor compensation and a higher share into capital incomes. This has happened most frequently where wages have stagnated but also in some countries where real wages have grown strongly."

Without doubt, this dangerous trend has an adverse effect on the ability of employees to benefit from their fundamental right to a fair wage guaranteed by international conventions; it highlights the real erosion and decline of social gains, which had been accumulated over the decades through the struggles of the working class and progressive forces. Moreover, this trend also has negative effects on consumption and household indebtedness, and, thus, on domestic demand as a factor pushing forward integrated growth, investments, and the ability to create jobs.

The same report indicates that the decline in

labor's share of national income is, on the one hand, due to technological progress, globalization of trade, and the expansion of the financial markets and on the other hand to a decline in the power and effectiveness of trade unions, leading to the erosion of the bargaining power of labor and threatening the ability of the working class to defend its gains and basic rights, not to mention the resulting aggravation of poverty, economic marginalization, and social exclusion, even in the ranks of the employed. This situation hinders the expansion of social protection and the development of its programs and measures, as well as its impact on the financial balance of contribution-based systems. This is added to the demographic shifts entailed in higher life expectancy and the growing elderly population in many countries, placing additional pressures on health and social coverage systems.

Despite the lack of data on wages in the Arab region and the doubts raised about those available, most of the available data in the report indicates that real wages did not witness any significant increases and actually declines in the majority of Arab countries during the past few years and following the global financial crisis. According to the report, real wage growth between 1999 and 2011 coincided with increased labor productivity, to varying extents, in 7 Arab countries: Qatar, Kuwait, Jordan, Syria, Egypt, Tunisia, and Morocco. Bahrain, Algeria, Palestine, and Oman, on the other hand, witnessed a slight increase in real wages, despite a drop in labor productivity. In Saudi Arabia and the UAE, a "double dip" occurred, both in labor productivity and in real wages.

On the impact of the Arab Spring, the same report shows "that 'fair pay' and high costs of living are top priorities among young people in the Arab region, and the Arab Spring seems to have prompted several countries to make further increases in wages for local people working in the public sector. Yet when it comes to the private sector, minimum wages and collective bargaining are underdeveloped in the Arab region. This has several unintended consequences including asymmetric bargaining power between workers and employers and the possibility of social and political unrest. Although remittances from GCC countries seem to have remained more resilient

than expected, other destination countries may have passed the cost of the crisis onto migrant workers. In countries that are net senders of migrants, drops in remittances severely affect household incomes, with repercussions in the form of reduced aggregate consumption and savings, increasing rates of unemployment and a drop in the country's own wages."

In terms of disparity in income distribution, the UNDP report showed that the GNI coefficient has actually increased in several countries, compared to the 1980s, demonstrating deepening disparities in income. For the Arab region (where data is available on only 12 countries), the coefficient ranges between 30.9 in Iraq, 64.3 in the Comoros, and 40.9 in Morocco.

All of these factors – in addition to the struggle of the various components of civil society and forces confronting predatory globalization and the spread of awareness that economic development cannot be separated from human development – contributed to making the matter of social protection of utmost importance and assuming a prominent position in the public debate on development, whether at the national, regional, or international levels, and in all the directly and indirectly related international and regional organizations.

### **1. Social Protection: Increased Attention and Centrality in Priorities of International Organizations**

In the final decade of the last century, social protection took a central stage in the priorities of international organizations and in their approaches to development in general and human development in particular, considered the main ingredient in realizing economic and social rights. The international consensus on social protection in recent years appears prominently in the attempts aiming to re-examine choices, policies, and develop approaches, with a higher consideration of the human rights aspect of the issue. In this regard, the report of the Director-General of the International Labor Office to the International Labor Conference of 2008 stressed that "the crisis has prompted major policy rethinking everywhere." In the same context, the Director General of the Arab Labor Organi-

zation highlighted in his May 2012 report on the 39<sup>th</sup> Labor Conference that "history suggests that the radical development of social protection was born of severe social crises."

Organizations like the World Bank and the IMF had previously disregarded social programs, focusing on reduced public spending, limited social programs, liberalized economies, and commodified social services, such as health and education. However, they are beginning to realize the importance of social protection in achieving social cohesion and reviving economic activity. There seems to be some support, albeit conditionally, of some programs aimed at developing measures to protect vulnerable groups and fight against poverty, as a means of alleviating the impact of structural reform programs on the least advantaged groups. According to an IMF report issued on 21 May 2014, "it is also important to develop a social protection mechanism to protect the most vulnerable groups. In Europe, IMF worked in close collaboration with the World Bank and the EC to protect social expenditures and labor, as much as possible, even when it was necessary to reduce the overall size of public expenditures."

It should also be noted that the World Bank is beginning to support efforts of some countries seeking to introduce structural reforms to their social protection systems, aiming at sustainability and ensuring continued services. The introduction of the World Bank 2012-2022 Social Protection and Labor (SPL) Strategy spoke to this effect, saying: "After extensive consultation and dialogue with clients, stakeholders and practitioners about needs in this fast-changing world, we have designed the strategy with a core focus: to move SPL from isolated interventions to a coherent, connected portfolio of programs. This systemic approach helps countries to address the fragmentation and duplication across programs, and to create financing, governance and solutions tailored to their own contexts."

## Figure 2: World Bank 2012-2022 Social Protection and Labor Strategy Resilience, Equity, Opportunity

The World Bank supports SPL in client countries, as a central component of its mission to reduce poverty through sustainable and inclusive growth.

The World Bank 2012-2022 SPL Strategy focuses on deepened engagement, capacities, knowledge, and impact on Social Protection and Labor.

The strategy has three goals and a clear strategic direction:

The goals aim at:

- **Resilience** through insuring against drops in well being from a range of shocks.
- **Equity** through protecting against destitution and promoting equality of opportunity, in addition to social assistance programs (including cash transfers and in-kind transfers).
- **Opportunity** for people in medium or low-income countries.

The **strategic direction** is to help developing countries move from fragmented approaches to more harmonized systems for social protection and labor.

This new strategy addresses gaps in the current practice by helping make social protection and labor more responsive, more productive, and more inclusive of excluded regions and groups— notably low-income countries and the very poor, the disabled, those in the informal sector and, in many cases, women.

### World Bank Services to Countries In the Field of Social Protection and Labor: Structure and Implementation

The World Bank is engaged in supporting countries develop Social Protection and Labor systems on both structural and implementation levels, based on the needs of the client country.

The World Bank worked with individual countries on five key areas, with the integration of capacity building in all aspects of the assistance provided.

On the **structural** level:

1. Diagnostic analysis of the needs and evaluating the effectiveness of current SPL systems.
2. Strategy formulation and roadmap of the path from the current situation to the strategic objectives.
3. Identification of policy options and various structures for programs to ensure policy coherence within the social protection system (including through the exchange of South-South knowledge).

At the level of **implementation**:

1. Development of detailed policy and implementation measures, to achieve results and improve performance, including the implementation of detailed subsystems (such as data and records of beneficiaries) and mechanisms for monitoring, evaluation, and scrutiny of policy coherence.
2. Funding programs and financial contributions to support pilot projects, expansion, and investment packages or financing programs with technical assistance and impact assessment.

To illustrate the evolution at the international level in the field of seeking to develop social protection systems, the following junctures should receive particular focus:

**1.1. ILO's Decent Work Agenda in 1999**, based on the obligation to respect basic principles and rights related to labor. The agenda was founded on four key elements:

- Right to decent employment;
- Right to social protection;
- Right to union representation;
- Right to social dialogue.

Although social protection is a key component of the program, the remaining elements, separate or combined, also form an aspect of protecting workers and ensuring their dignity and income level, thereby contributing to the actual consecration of their fundamental rights to work and social protection.

**1.2. The Millennium Development Goals** Adopted by the 2000 Millennium Summit, which set 8 goals to embody international community's commitment to build a world without marginalized and place human advancement at the center of all programs, through partnership between governments and civil society.

**Goal 1: Eradicate extreme poverty and hunger** through:

**A. Halving, between 1990 and 2015, the proportion of people living on less than \$1.25 a day:** While the 2013 UNDP report on MDG implementation indicated the achievement of this goal before the specified deadline. However, it also showed that nearly 1.2 billion people still live below the extreme poverty line, posing a serious future challenge for the whole international community, to work towards protecting them and saving them from the cycle of destitution and deprivation. However, the MDG report indicates that the goal is still far from being achieved in some Arab countries.

After years of decline, it seems the

number of poor is beginning to grow, once again, and could have reached a level, which could not be monitored by international standards. Poverty alleviation gains in some countries dissipated due to political transformations and conflicts; the rate of extreme poverty in the Arab region was 4.1% in 2010, after being as high as 5.5% in 1990. In 2012, however, it rose back to around 7.4%.

**B. Achieve full and productive employment and decent work for all, including women and young people:** However, it seems that the economic crisis has led to an increase in the number of unemployed by 28 million persons, compared with 2007, in addition to the 39 million who found themselves outside the job market, leaving behind a total gap of around 76 million jobs. The gap between men and women is serious, where the difference in the employment rate was estimated at 41% in 2007.

In 2013, the unemployment rate for young people in developing countries was at 12%, according to the 2014 World of Work Report, three times that of adults. This percentage is particularly high in MENA countries, where one out of three working age young men is unemployed, while the rate is as high as 45% for young women in the region.

The Arab region registered the lowest rates of women's participation in the labor force, at no more than 26%, while the rate for men remained close to the global average, at 77%.

**C. Halve, between 1990 and 2015, the proportion of people who suffer from hunger:** Although this target is almost being met, estimates are indicating that the Arab region is still far from halving the rates of malnutrition.

**Goal 2: Achieve Universal Primary Education**

The speed in which goal has unfolded does not suggest it will be achieved anytime soon; poverty remains the main cause for children staying out of school and preventing them from enjoying education or training to prepare for active life, improve their social status, or secure their future.

However, the Arab report indicates significant progress in primary education enrollment rates, reaching 92% in 2011. Moreover, 9 Arab countries are close to achieving universal primary education: UAE, Bahrain, Tunisia, Algeria, Oman, Qatar, Kuwait, Morocco, and Egypt. On the other hand, major challenges are still posed in least developed Arab countries, with serious indications of an imminent decline.

### **Goal 3: Promote Gender Equality and Empower Women**

Despite the steady progress in achieving gender equality in education, as highlighted in the report on the Arab region, there is still an urgent need for more targeted measures in several areas. The review shows that women in the developing world are still working in less secure jobs and with fewer social benefits than men. In the political sphere, women's participation improved as a result of the quota system.

### **Goal 4: Reduce Child Mortality**

The report stressed the need to double the efforts and accelerate the pace to achieve this goal. Despite a drop of almost one third in child mortality rates in the Arab region (dropping by 36% for children under 5 since 1990), progress towards the goal remains slow. The same goes for reducing infant mortality rates, which seems to be even slower, with a drop of 34%.

Child mortality rates in the Mashreq, Maghreb, and GCC countries were more than halved and the goal is on its way to be achieved by 2015. However, in least developed countries, the reduction did not exceed 13% in the past two decades.

### **Goal 5: Improve Maternal Health**

According to the same report, this goal remains elusive on the global level. In the Arab coun-

tries, the maternal mortality rates dropped by 27% between 1990 and 2010. In the Mashreq and Maghreb countries, it more than doubled, reaching 60% and indicating that both groups are close to achieving the goal to reduce the rate by two-thirds. On the other hand, GCC countries managed to almost halve the rate, but progress has been slow since 2000. Compared to the annual reduction of maternal mortality rates in the 1990s, the figures recorded from 2000 to 2010 indicate that progress has stopped in three of the four groups making up the region. Of 22 countries, only nine registered faster progress in 2000 than in the 1990s. Lack of sufficient quality health services, in addition to legal obstacles to safe abortion and birth control services, continue to be some of the underlying causes of maternal mortality.

Despite the high proportion of births supervised by skilled health specialists and the improved coverage of prenatal care services, significant differences remain between poor and rich households. In most Arab countries, except Yemen, coverage is almost universal according to both indicators in the richest one-fifth of the population, while the poorer fifth, in addition to rural areas, are still deprived of these services. In Egypt, for example, only 55% of births are supervised by skilled health professionals in poor families, compared to 97% in rich families. Vast variations also occur in Sudan and Yemen.

### **Goal 6: Combat HIV/AIDS, Malaria and other Diseases**

The report indicated a drop in infection rates, although 2.5 million people are still being infected annually, requiring more efforts. It also showed that a need for renewed commitments to protect the gains achieved in combating Malaria.

### **Goal 7: Ensure Environmental Sustainability**

According to the progress report on the MDGs, forests are still disappearing at alarming rates and greenhouse emissions are back on the rise, in addition to the continued overexploitation of fish reserves. The impact of these factors on income, poverty, livelihood, , environmental development and sustainability is obvious. In terms of potable water, however, the goal has been

achieved in general, although the situation for the poor population of rural areas is still a grave concern.

Access to safe drinking water in the Arab countries improved between 1990 and 2011 and now covers 81% of the population. Although some countries are on the right track towards achieving the goal, access to drinking water declined in five countries: Algeria, Sudan, Iraq, Palestine, and Yemen.

The difficulties in those countries are attributed to water scarcity, lack of financial resources, and weak investments, in addition to the challenges posed by conflicts and lack of stability to access to water.

### **Goal 8: Global Partnership for Development**

The report indicated a drop in financing assistance and a move away from the poorest countries, which impedes the progress in various goals.

The general conclusion of the 2013 UN MDGs report was summarized by the UN Secretary General in the Foreword. “Significant and substantial progress has been made in meeting many of the targets” he indicated. However, the report “also shows that the achievement of the MDGs has been uneven among and within countries. [...] Now is the time to step up our efforts to build a more just, secure and sustainable future for all.”

According to the Arab MDGs Report:

“In the Arab region, much has been achieved, especially in access to education and health services, but much remains to be done.”

“Development in the Arab region cannot be addressed separately from regional realities. With the continued Israeli occupation of Palestine, the region is suffering from the only remaining occupation in modern history. Conflict and instability in the Arab region also continue to take their toll on economic, social and political life.”

“A post- 2015 development agenda will

only be meaningful if it echoes the rallying the calls of millions of Arabs for freedom, dignity and social justice. Notwithstanding the daunting challenges, there are ample reasons for hope. The region has resources and potential, not least of which is the tremendous wealth of youth and will that was recently manifested in the streets. If harnessed properly, this force can be an engine for change to build sound economies and resilient societies and nations.”

The above assessments of the progress in achieving the MDGs aimed to elucidate the fact that resisting poverty, weak and unstable incomes, and inequality are the main prerequisites to addressing the main flaws in development and to arrive at the goals themselves. It showed how social protection is one of the main mechanisms to fight poverty and inequality and its centrality in the question of comprehensive, inclusive, and sustainable development.

**1.3 Launch of the Global Campaign on Social Security Coverage in 2003**, at the 89<sup>th</sup> session of the International Labor Conference held in 2001, entailing more attention and consensus regarding social protection on the international level.

**1.4 ILO Declaration on Social Justice for a Fair Globalization**, adopted at the 2008 ILC, which emphasized that “developing and enhancing measures of social protection – social security and labor protection – which are sustainable and adapted to national circumstances,” is one of the organization’s strategic objectives. It includes:

- The extension of social security to all, including measures to provide basic income to all in need of such protection, and adapting its scope and coverage to meet the new needs and uncertainties generated by the rapidity of technological, societal, demographic and economic changes;
- Healthy and safe working conditions;
- Policies in regard to wages and earnings, hours and other conditions of work, designed to ensure a just share

of the fruits of progress to all and a minimum living wage to all employed and people in need of such a protection;

**1.5 Gradual Expansion of the Social Protection Floor Initiative**, adopted in 2009 by the heads of the UN Secretariat as one of nine initiatives to combat the global crisis, whereby the UN Commission on Social Development called on the ILO to enhance its social protection strategy. The 2010 Millennium Summit upheld the importance of SPFs in accelerating the achievement of MDGs. These efforts culminated in ILO's adoption of Recommendation 202 on Social Protection Floors in June 2012.

**1.6 On the Arab level:** In addition to the adoption of two Arab agreements on social security, the Arab Labor Organization, in the 26th session of the Arab Labor Conference in March 1999,

adopted an Arab strategy for social security, which incorporated several local and Arab objectives aiming to improve protection systems in Arab states.

On the other hand, the 39<sup>th</sup> Arab Labor Conference, held in May 2012, devoted an important section of its agenda to discuss social protection as an avenue for social justice and guarantee for future generations. The report by the Director General of the Arab Labor Organization included several recommendations for the summit and Arab governments. It highlighted the role of the business community, Arab labor organizations, and the ALO in supporting social protection. However, he regretted that it was still early for a new strategy for social protection, which reinforces social labor in the region, although it is more vulnerable to crises and urgently needs social protection as one of the solutions.

### Figure 3: Arab Social Protection Strategy

The objectives and mechanisms of the Arab Strategy on Social Insurances could be summarized as follows:

#### First: On the State Levels

1. Extend the coverage of the social insurance umbrella.
2. Develop the benefits and advantages of social insurances.
3. Simplify procedures for benefiting from social insurances.
4. Protect the real value of the benefits and advantages of social insurances.
5. Enhance the contribution of social insurances funds investment in economic and social development.
6. Enhance social services provided by social security to the insured.

#### Second: On the Arab Level:

1. Enhance the efficiency of social insurances,
2. Coherence and development of Arab social security levels,
3. Improve the performance of Arab organizations concerned with social insurances.

#### Third: Mechanisms

1. Social insurances organizations should conduct an assessment of obstacles and challenges to extending coverage to all labor segments.
2. ALO office should look into selected practices from advanced and developing countries alike related to coverage of labor not benefitting from existing social insurances, in cooperation with the International Social Security Association (ISSA).
3. The ALO should facilitate the exchange of research results between states.
4. The ALO should seek technical cooperation agreements at the ISSA.
5. The ALO and the Arab Social Security Association should promote successful practices in implementing health insurance.
6. ALO and ASSA to develop models of legal tools for each type of social insurance.
7. Procedures for delivering benefits should be facilitated and simplified, through adopting the principle of decentralization, creating branches, offices, and units closer to labor activities, as well as expanding the automation of insurance institutions' work.
8. Coordination between insurance training, studies, and research centers in the Arab region, sharing experiences, tools, experts, and trainees at the national level; the Arab Centre for Social Security should disseminate relevant information on these centers on the Arab states.
9. Include, in insurance legislation, principles and mechanisms to protect the real value of social security and social insurances compensations, through regular wage raises.
10. Encourage the exchange of information and experiences in the field of social insurance funds investment; and open channels of communication between Arab organizations through the Arab Labor Office, or through bilateral cooperation for consultation and coordination in investment matters, relevant to their organizations.
11. Social security organizations in Arab countries should provide the ALO with data and statistics needed to establish an insurance information bank in Arabic.
12. Hold Arab seminars on social security, to study the reasons that have prevented or still prevent the ratification and implementation of Arab social security agreements.
13. Hold regular meetings, in the framework of the Arab Labor Office, between officials in social insurance organizations in the Arab region, to identify methods of cooperation, interaction, and exchange of experiences, in addition to follow-up on the items of the strategy and improve them if necessary.
14. Inviting social security administrations in Arab states to join ISSA, to strengthen their role in the technical and administrative functions of the Association, especially the adoption of Arabic as a working language.

## 2. Social Protection Floors: A Two-Dimensional Strategy to Extend Social Coverage

According to ILO Recommendation 202, social protection floors are nationally defined sets of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion and are a fundamental element of national social security systems.

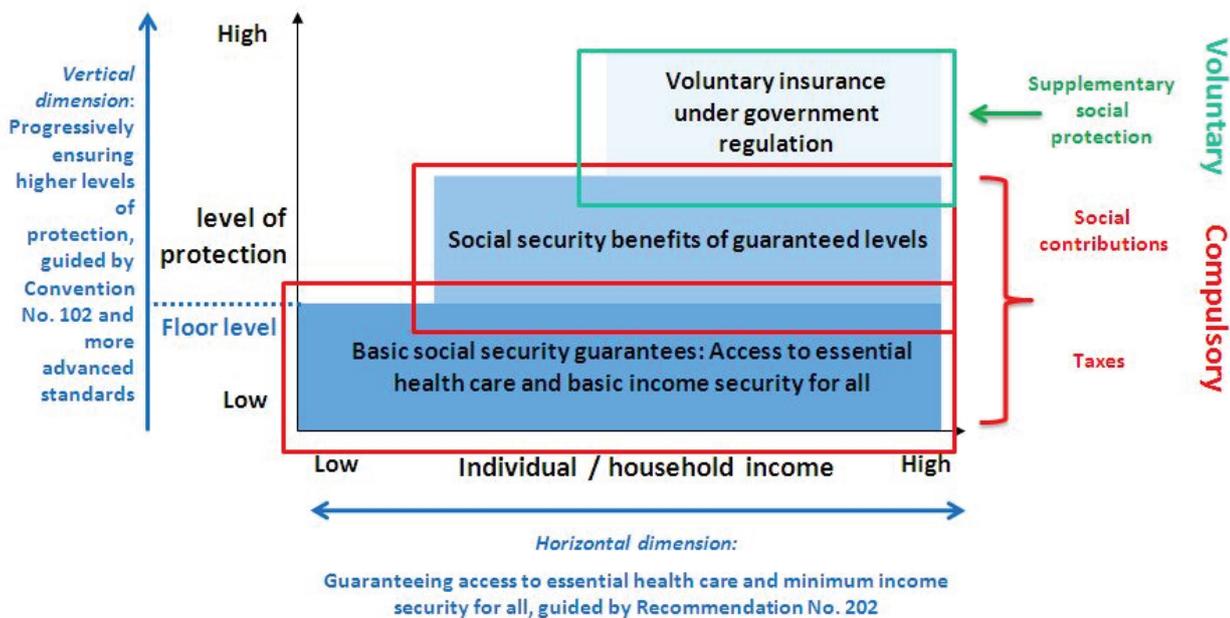
According to the Recommendation, social protection floors should comprise at least the following basic social security guarantees:

- A. Access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability and quality;
- B. Basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other neces-

- sary goods and services;
- C. Basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and
- D. Basic income security, at least at a nationally defined minimum level, for older persons.

Social Protection Floors represent a two-dimensional strategy to expand the scope of social security, which includes a basic set of social insurances for all (horizontal dimension), on one hand, and setting gradually higher standards (vertical dimension), on the other. They are to be implemented in accordance with the policies of each country, whenever it becomes economically and financially feasible. Recommendation 202 also emphasize that countries should start gradually building social security systems, which are universal, appropriate, consistent with national social security objectives, adequately maintained, and in harmony between social security and other public policies.

Figure 4: Social Protection Floors



Source: ILO, 2014; adapted from «Extension de la sécurité sociale et responsabilité sociale des entreprises multinationales: étude exploratoire,» Lou Tessier Helmut Schwarzer avec la collaboration de l'Observatoire de la responsabilité sociétale des entreprises (ORSE), 2013.

As illustrated in the figure above, the two-dimensional strategy to extend social security adopted by the ILO is made up of three levels:

1. A Ground Level covering all individuals with a minimum level of protection;
2. A Middle Level providing higher levels of protection, in line with the financial capacity of participating individuals, which corresponds to compulsory coverage guaranteed by the state;
3. A Top or Third Level of voluntary insurance, not guaranteed by law (noting that the insurance sector is tightly regulated by public authorities).

Recommendation 202 urges the need to extend coverage to individuals working in the informal sector as a central objective of such strategies, in addition to strengthening the growth of the formal economy, reducing precarity, and supporting vulnerable groups and persons with special needs.

To enhance participation and stress the social role of social actors and components in determining choices and making policies, Recommendation 202 highlights the need to create national strategies to extend coverage based on wide national consultations through genuine social dialogue.

Although social protection floors and the strategy to extend coverage are neither a magic formula nor the sole universal standard to solve social problems and risks, they constitute today a flexible and gradual roadmap to help countries to move forward, according to their own models, capacities, and social choices. This is aimed to steer them towards establishing a comprehensive and integrated social protection system, to speed up the pace of efforts against poverty, inequality, and social exclusion. Social sides, political forces, and civil society should push public authorities in this direction and multiply efforts to incorporate social protection extension and its universality, as a stand-alone component in the Post-2015 Agenda, as a fundamental right and element of development for all.

## II. Legal Framework for Social Protection

Policy accountability cannot occur outside the context of a rights-based approach. Thus, it is necessary to review the key instruments, conventions, and principles that guarantee the right to social protection and their evolution under the light of human rights developments, on the one hand, and the system of international, regional, and national labor legislations and standards, on the other hand.

### 1. Social Protection in the International System of Human Rights:

Since the adoption of the Universal Declaration of Human Rights in 1948, the right to social protection became one of the first recognized human rights, as stated in Article 22:

*“Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.”*

Some components of social protection also appeared in Item 3 of Article 23, concerning the right to work, which stated: “Everyone who works has the right to just and favorable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.”

Article 25, on the other hand, acknowledged that “everyone has the right to a standard of living adequate for the health and well-being [...] and the right to security in the event of unemployment, sickness, disability, widowhood, old age [...]”

These rights were inscribed even further with the adoption of the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 1966, which coincided with the International Covenant on Civil and Political Rights (ICCPR). This led to underlining the links between these rights, whose ultimate goal is for people to enjoy

their civil and political liberties, while being free of fear and want. ICESCR consecrated the right to social protection in Article 9, “[recognizing] the right of everyone to social security, including social insurance,” in addition to other articles related to work, its conditions, health, family, mothers, children, and standard of living (Articles 10-11-12).

Interdependence of various rights was further enhanced by the Vienna Declaration and Programme of Action adopted by the World Conference on Human Rights in Vienna on 25 June 1993, which stated that “all human rights are universal, indivisible and interdependent and interrelated” and must be treated “globally in a fair and equal manner, on the same footing, and with the same emphasis.” However, the Optional Protocol to the International Covenant on Economic, Social and Cultural Rights, adopted unanimously at the UN General Assembly on 10 December 2008, which entered into force on 5 May 2013, had been the missing link in the chain of rights and would lead to actual parity between civil and political rights, on the one hand, and economic and social rights, on the other hand.

The Protocol recognized the competence of the Committee on Economic, Social and Cultural Rights to receive and consider communications as provided for by the provisions of the present Protocol, after all available domestic remedies have been exhausted. Under the Protocol, individuals and groups the ability to benefit from their rights to social protection, in accordance with national legislation and international standards, not just at the United Nations, but at the regional and national levels as well. This will allow scrutiny of the state obligations and efforts to activate those rights.

Nevertheless, the Protocol’s ratification is still very limited, with only 15 countries ratifying by July 2014, out of 45 signatory countries, which restricts its scope and effectiveness. Moreover, none of those that ratified or signed were Arab states.

This means that civil society needs to continue its vital efforts to reach the adoption of the Protocol and entry into force, through convincing and pressuring political forces and the governments

in all societies to ratify this key mechanism to enshrine those rights, particularly in the Arab world in transition, based on the principle that “democracy is also indivisible”.

The above establishing documents were followed by several special texts, which could be considered as constituent elements of social protection for various segments, mainly:

- Convention on the Elimination of all Forms of Discrimination against Women (1979);
- Convention on the Rights of the Child (20 November 1989);
- International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (18 December 1990);
- Convention on the Rights of Persons with Disabilities and its Optional Protocol (13 December 2006).

## **2. Social Protection in the Arab Charter on Human Rights:**

On the regional level, the Arab Charter on Human Rights, adopted by the Arab Summit in Tunisia on 23 May 2004, recognized the universality, indivisibility, interdependence, and interrelation; Article 36 ensured “the right of every citizen to social security, including social insurance.” This is one of the provisions related to the right to decent work, which provides adequate remuneration to cover basic livelihood needs. Article 37 recognized the “right to development” and the state’s “duty to give effect to the values of solidarity and cooperation among them and at the international level with a view to eradicating poverty and achieving economic, social, cultural and political development.” And in addition to recognizing the right to “the highest attainable standard of physical and mental health” (Article 39), the Charter dedicated Article 40 to the protection of persons with disabilities.

Despite establishing the right to social protection, the above international and regional instruments are general and do not accurately set the content of protection or scope of coverage. They merely identify, in a non-comprehensive manner, the needs in this regard. However, the

broad definition could represent an opportunity to extend the right to social protection to other services and benefits, to respond to priority livelihood needs of the most vulnerable segments, especially in developing countries.

Therefore, it was necessary to adopt technical legal tools, so that the right does not remain “either all or nothing”, which materialized in the texts of the ILO as the competent international agency in this field.

### 3. Social Protection in ILO Conventions

The international legal instruments for social protection are covered by Convention adopted by the ILO since its inception in 1919, providing the content for instruments related to labor, including the right to social security.

Up to the writing of the report, the ILO had adopted 189 International Conventions, 5 Protocols, and 202 Recommendations. It should be noted that the first convention that could be considered as a part of the social protection framework was the Maternity Protection Convention (No. 3 of 29 November 1919). Labor rights agreements are part and parcel of social protection, in the general sense, particularly the eight “fundamental” conventions identified by the ILO:

1. Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
2. Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
3. Forced Labor Convention, 1930 (No. 29)
4. Abolition of Forced Labor Convention, 1957 (No. 105)
5. Minimum Age Convention, 1973 (No. 138)
6. Worst Forms of Child Labor Convention, 1999 (No. 182)
7. Equal Remuneration Convention, 1951 (No. 100)
8. Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

On the other hand, Conventions 102-118-128-130-157-168-183 related directly to social security are still in force.

Convention 102 on Social Security (Minimum Standards), adopted on 28 June 1952 and came into force on 27 April 1955, is considered the reference text. It set the scope of social protection and defined its nine major fields:

- Medical care benefit,
- Sickness benefit,
- Unemployment benefit,
- Old-age benefit,
- Employment injury benefits,
- Maternity benefit,
- Family benefit,
- Invalidity benefit,
- Survivors' benefit.

This set the minimum standards of social security and conditions of its provision, based on each country's income level. And in order to translate the provisions of the Convention into national legislations, it allowed states to choose three branches, at least, in the first phase, which limited its scope and effectiveness. Despite this flexibility, it was only ratified by 47 countries, including 3 from the Arab region: Libya, Mauritania, and, recently, Jordan.

The following is a table of the core conventions related to social security, the state of their enforcement and ratification, which demonstrates a weakness in state obligations to the instruments, although some domestic legislations partially cover some of the benefits and might surpass them in some cases.

Branch	Convention	Year Adopted	No. of Ratifying Countries	
			World	Arab
All Branches	102-Social Security (Minimum Standards)	1952	47	3 (Libya, Mauritania, Jordan)
Medical care	130-Medical Care and Sickness Benefits	1969	15	1 (Libya)
Sickness				
Unemployment	168-Employment Promotion and Protection against Unemployment	1988	8	
Old Age	128-Invalidity, Old-Age and Survivors' Benefits	1967	16	1 (Libya)
Invalidity				
Survivors				
Employment Injury	121-Employment Injury Benefits	1964	24	1 (Libya)
Family	102-Social Security (Minimum Standards)	1952	47	2 (Libya, Mauritania)
Maternity	183-Maternity Protection	2000	28	1 (Morocco)
Equality of Treatment	118-Equality of Treatment (Social Security)	1962	38	7 (Tunisia, Egypt, Jordan, Syria, Iraq, Libya, Mauritania)
Maintenance of Rights	157-Maintenance of Social Security Rights	1982	4	

ILO's instruments related to social security could be divided into three generations:

The **First Generation** included 15 Conventions adopted between 1919 and 1939 and based on the best practices of insurance systems prevailing in Europe at the time.

In the **Second Generation**, between 1944 and 1963, Social Security witnessed a significant progress; social coverage was extended from factional coverage to provide compensatory income for wage earners during periods of inactivity, to comprehensive coverage based on the principle of securing a minimum income to guarantee life for everyone. Coverage in that period was extended to include curative services as family benefits.

The texts of that generation established some of the main principles that would lead to the devel-

opment of social protection trends, particularly: social security, compulsory affiliation, risk pooling, collective financing, supervision by public authority, participatory management, strong role of the social partners, and social responsibility of the state.

The **Third Generation**, adopted between 1965 and 1988, raised the quality of services and benefits and extended coverage to new sections, representing the maturity of social protection systems in advanced countries.

In the years that followed, with the dominance of new neoliberal trends, the globalization of the economy, and the liberalization of trade, the ILO opted for more flexible texts, with an optional nature, such as the Employment Promotion and Protection against Unemployment Convention of June 1998, which failed to include the right to social security. However, the 2001 "Resolu-

tion Concerning Social Security” remedied the situation and clearly stated that “social security [...] is a basic human right.” This is in addition to the ILO Declaration on Social Justice for a Fair Globalization in 2008.

The Arab Labor Organization, on the other hand, adopted 19 Arab Labor Conventions, including two related to social insurance. They are:

- Arab Agreement No. 3 (1971) on the Minimum Level of Social Insurance.
- Arab Agreement No. 14 (1981) on the Arab Worker’s Right to Social Insurance when Moving for Employment in an Arab Country.

Taking into account the shortcomings limiting access by low-income segments to the right to social protection, the new trend to formulate national strategies to expand coverage horizontally and vertically and the establishment of social protection floors aims to gradually arrive to universal coverage, based on Recommendation 202, described in the first part of this paper.

Thus, how would it be possible to embody these goals in the context of new trends in Arab societies? That is the biggest challenge today. Trade unions and rights organizations need to push in this direction, actualizing and consecrating the right to social protection to ensure a major part of the future of Arab peoples and their children and contribute to saving them from the cycle of destitution and vulnerability.

#### **4. Democratic Transition and Constitutionalization of Economic, Social, and Cultural Rights in Arab Countries**

The Arab revolutions were in essence a call to secure human dignity and freedoms, provide adequate and equitable employment opportunities, and to achieve equitable distribution of the fruits of growth, without exclusion or marginalization. Today, the consecration of Economic, Social and Cultural Rights, in general, and the right to social protection through the ratification of the minimum international conventions and treaties are essential. Governments and authorities emerging from the difficult process of transition should be pushed towards creating permanent

institutions, working seriously and a participatory manner to realize those rights and serve the goals of the revolutions.

Constitutional revisions and new constitutions could be an opportunity to consecrate economic, social, and cultural rights, in addition to the right to social protection, in order to become an integral part of social legislations and with an aim to achieve its actual objectives in policies and programs.

One example in this regard is the new constitution adopted by Tunisia, and approved by the National Constituent Assembly on 27 January 2014. Previously, the 1959 constitution and later amendments had not included clear reference to social rights, except in guaranteeing human rights as universal, indivisible, interdependent, and interrelated (Chapter 5 following the 1 June 2002 amendment) and the right to unions (Chapter 8). However, the draft of the new constitution incorporated several articles ensuring several social rights, such as:

- **Article 12 of Chapter One: General Principles:** “The state shall seek to achieve social justice, sustainable development and balance between regions based on development indicators and the principle of positive discrimination. The state shall seek to exploit natural resources in the most efficient way.”
- **Article 36 of Chapter Two: Rights and Freedoms:** “The right to join and form unions is guaranteed, including the right to strike.”
- **Article 38:** “Health is a right for every human being. The state shall guarantee preventative health care and treatment for every citizen and provide the means necessary to ensure the safety and quality of health services. The state shall ensure free health care for those without means and those with limited income. It shall guarantee the right to social assistance in accordance with the law.”
- **Article 40:** “Work is a right for every citizen, male and female. The state shall take the necessary measures to guarantee work on the basis of competence and fairness. All citizens, male and female, shall have the

right to decent working conditions and to a fair wage.”

- **Articles 46, 47, and 48**, guaranteeing respectively the rights of women, children, and persons with disabilities.

Figures 5 and 6 will illustrate the Chapters and Articles related to social protection in the new constitutions of Morocco and Egypt for comparison.

Although the inclusion of Economic, Social and Cultural Rights in various national constitutions is a positive step towards strengthening national legal frameworks, this is not enough for their adequate fulfillment and ensuring that all segments and individuals benefit thereof, unless political forces and social society components begin mobilizing and uniting to push for a serious attempt at consecrating these rights on the ground and harnessing the maximum of national capacities in this regards.

## Figure 5: Excerpts from the 2011 Constitution of Morocco Related to Social Security<sup>1</sup>

The **Preamble** states that one of the pillars of the Moroccan states is that: “It develops a society of solidarity where all enjoy security, liberty, equality of opportunities, of respect for their dignity and for social justice, within the framework of the principle of correlation between the rights and the duties of the citizenry.”

The **Preamble** also stipulates the following:

- “To protect and to promote the mechanisms of the Rights of Man and of international humanitarian law and to contribute to their development within their indivisibility and their universality.”
- “To ban and combat all discrimination whenever it encounters it, for reason of sex, or color, of beliefs, of culture, of social or regional origin, of language, of handicap or whatever personal circumstance that may be.”

The right to Social Protection is elaborated in later Articles:

- **Article 8:**

“The union organizations of wage-earners, the professional associations and the professional organizations of employers contribute to the defense of and to the promotion of the socio-economic rights and interests of the categories which they represent. Their constitution and the exercise of their activities, within respect for the Constitution and for the law, are free. The structures and functioning of these organizations must conform to democratic principles. The public powers work for the promotion of collective negotiation and to the encouragement of the conclusion of collective labor agreements within the conditions provided for by the law. The law determines, notably, the regulations relative to the constitution of the union organizations, to the activities and to the criteria of concession of financial support of the State, as well as the modalities of control of their financing.”

- **Article 19:**

“Men and women enjoy equally the rights and freedoms of civil, political, economic, social, cultural and environmental character, enounced in this Title and in the other provisions of the Constitution, as well as in the international conventions and pacts duly ratified by Morocco and this, with respect for the provisions of the Constitution, of the constants and of the laws of the Kingdom. The State works for the realization of parity between men and women. An Authority for parity and the struggle against all forms of discrimination is created, to this effect.”

- **Article 29:**

“The freedoms of congregation, of assembly, of peaceful demonstration, of association and of syndical and political membership, are guaranteed. The right to strike is guaranteed. An organic law establishes the conditions and the modalities of its exercise.”

- **Article**

**31:**

- “The State, the public establishments and the territorial collectivities work for the mobilization of all the means available to facilitate the equal access of male and female citizens to conditions that permit their enjoyment of the right:
- to health care;
  - to social protection, to medical coverage and to the mutual or organized joint and several liability of the State;
  - to a modern, accessible education of quality;
  - to education concerning attachment to the Moroccan identity and to the immutable national constants;
  - to professional instruction and to physical and artistic education;
  - to decent housing;
  - to work and to the support of the public powers in matters of searching for employment or of self-employment;
  - to access to public functions according to the merits;
  - to the access to water and to a healthy environment;
  - to sustainable development.

- **Article 34:**

“The public authorities elaborate and implement policies targeting for persons and for categories of specific needs. To this effect, it seeks notably:

- to respond to and provide for the vulnerability of certain categories of women and of mothers, of children, and of elderly persons;
- to rehabilitate and integrate into social and civil life the physically and mentally handicapped and to facilitate their enjoyment of the rights and freedoms recognized to all.

## Figure 5: Excerpts from the 2014 Constitution of Egypt Related to Social Protection

The **Preamble** of the new Egyptian constitution emphasized that the country was “a place of happiness shared by its entire people” and stressed that “freedom, human dignity, and social justice are the rights of every citizen.”

The constitutional basis of social protection in Egypt is found in the following Articles:

□ **Article 8:**

“Society is based on social solidarity. The State shall achieve social justice and provide the means to achieve social interdependence, in order to ensure a decent life for all citizens, as regulated by Law.”

□ **Article 9:**

“The State shall ensure equal opportunities for all citizens without discrimination.”

□ **Article 11:**

“The State shall ensure the achievement of equality between women and men in all civil, political, economic, social, and cultural rights in accordance with the provisions of this Constitution...”

The State shall protect women against all forms of violence and ensure enabling women to strike a balance between family duties and work requirements. The State shall provide care to and protection of motherhood and childhood, female heads of families, and elderly and neediest women.”

□ **Article 12:**

“Work is a right, duty and honor guaranteed by the State. No citizen may be forced to work except as required by Law and for the purpose of performing a public service for a fixed period in return for a fair consideration, and without prejudice to the basic rights of those obliged to carry out such work.”

□ **Article 13:**

“The State shall protect workers’ rights and strive to build balanced work relationships between both parties to the production process. It shall ensure means for collective negotiations, protect workers against work risks, guarantee the fulfillment of the requirements of security, safety and occupational health, and prohibit unfair dismissal, all as regulated by Law.”

□ **Article 15:**

“Peaceful strike is a right regulated by Law.”

□ **Article 17:**

“The State shall ensure that social insurance services are provided. All citizens who do not benefit from the social insurance system have the right to social security, in a manner that ensures a decent life in the event of being incapable to provide for themselves and their families, as well as in cases of incapacity to work, old age or unemployment. In accordance with Law, the State shall strive to provide suitable pensions to small farmers, agricultural workers and fishermen, and irregular labor. The funds of social insurance and pensions are deemed private funds that enjoy all aspects and forms of protection afforded to public funds. Those funds along with their returns are the rights of their respective beneficiaries; they shall be safely invested, and shall be managed by an independent entity in accordance with the Law. The State shall guarantee social insurance and pension funds.”

□ **Article 18:**

“Every citizen has the right to health and to comprehensive health care which complies with quality standards. The State shall maintain and support public health facilities that provide health services to the people, and shall enhance their efficiency and their equitable geographical distribution. The State shall allocate a percentage of government spending to health equivalent to at least 3% of Gross National Product (GNP), which shall gradually increase to comply with international standards.

The State shall establish a comprehensive health insurance system covering all diseases for all Egyptians; and

the Law shall regulate citizens' contribution to or exemption from its subscriptions based on their income rates. Refusing to provide any form of medical treatment to any human in emergency or life threatening situations is a crime. The State shall improve the conditions of physicians, nursing staff, and health sector workers. All health facilities as well as health-related products, materials and means of advertisement shall be subject to State control. The State shall encourage the participation of private and nongovernmental sectors in providing health care services according to the Law."

□ **Article 27, Item 3:**

"From a social perspective, the economic system shall ensure equal opportunities and fair distribution of development returns, reduce the differences among incomes and adhere to a minimum wage and pension ensuring a decent life, as well as a maximum one in State agencies for every salaried employee according to the Law."

### III. Financing Social Protection

#### 1. Methods of financing social protection systems:

Social Protection Systems are usually classified into three main models:

□ The Bismarckian model, founded by Otto von Bismarck, the German Chancellor who established one of the first modern institutional social protection systems in 1890, in the face of growing workers and union struggle in the industrial sector. The model was directed towards workers and founded on contributions, insurance principles, relative subscriptions, and treated in a participatory manner between wage earners and employers. It also enshrines what is termed professional solidarity.

□ The Beveridgean model, named after William Henry Beveridge who set the foundations of this system in his reports in 1942 and 1944. It is based on universal coverage against social risks and provides the same service for all individuals, based on need and not on income. The system is run by the state, as it is funded through taxation. This system enshrines the principle of national solidarity.

□ The Liberal model adopted in the United States, which is based on state protection of the elderly (65 and over) and poor; wage earners could also seek insurance funds. However, a major part of the population is not covered.

Today, prevailing social protection systems are

a combination of these models, based on the peculiarities and orientations of each state and its choice of social mode. Hence, it is difficult to make comparisons regarding the financing of social protection, especially since the concept of social protection extends from the narrow concept of social security to broader visions incorporating various aspects of social expenditures of the state.

Social expenditures can be divided as follows:

- Social security expenditures;
- State social interventions to prevent of poverty, address its effects, reduce unemployment and disease, provide medical services to those in need and people with low-income or who lost their provider, and care for vulnerable or at-risk populations and persons with special needs; also aiming to close the gap in social security pertaining to a weak coverage umbrella or poor benefits.

The total of these two expenditures, added to the cost of subsidies on basic goods, education, training, and public health, make up social transfers, the main tool for redistribution and addressing the imbalances caused by the market economy.

#### 2. Funding Social Protection

ILO data indicates:

- 17.2% of the global output is spent on social security. Weighed against the size of the population, it drops to 8.4%.
- Health services represent 5.9% of the global output without accounting for the size of

the population.

- This general rate hides behind it a significant discrepancy between countries, ranging between:
  - 19.4% for high-income countries;
  - 8.9% for middle-income countries;
  - 3.5% for low-income countries.

However, this does not mean that they do not have enough fiscal or political space for social protection, as countries with similar incomes have acquired a margin for choices and directions related to resources for social protection.

- The average rate in North Africa reaches 13%, with 2.5% going to health services, and rises to 13.6% accounting for the size of the population.
- In the Middle East, the average is 11.6%, with 2.8% going to health, and drops to 9.8% when weighed against the size of the population.
- Although health services are an important part of social security expenses in low-income countries, rations represent the biggest segment in other countries. Resources allocated to unemployment and family benefits do not represent a significant share except in high-income countries.
- ILO's World Social Protection Report 2014-2015 highlighted the percentage of public funds allocated to social and health coverage, compared to the GDP; it showed an upward pattern in the past 24 years, but witnessed a slight decline in the years 2009-2010-2011, an inevitable result of the global crisis.
- This ratio rose from 5.8% in 1999, to 8.8% in 2009, and then fell to 8.6% in 2011-2012. The progress in the weight of social protection expenditures to the GDP poses a question about how it was possible in the light of the prevailing feeling that public social expenditures have been declining due to globalization. The answer might be found through a deeper scrutiny of those costs and their share among the various shareholders, the state and individual and institutional contributions. However, such statistical data is currently unavailable at the international level.
- In the last year for which data is available,

the rate in Arab countries ranged between 13.21% in Egypt and 1.12% in Lebanon; only 5 Arab countries achieved a rate higher than the global average: Egypt, Jordan, Iraq, Kuwait, and Tunisia.

### 3. Role of the State

- The role of the state in social protection is multidimensional, as it is primarily responsible for choices, trends, development and implementation of policies and legislation, and setting the level of public spending accordingly. The state is also the main contributor to financing social insurance systems – being the largest or one of the largest operators, as well as being a guarantor for the sustainability of social protection systems and obligations towards subscribers. It also plays an essential function in the governance and utilization of system's reserves and the extent of its transparency.
- The analysis of the first and second ILO reports on social security demonstrate a strong correlation between the amount of resources allocated to social security, on one hand, and the level of vulnerability in each country, on the other (where poverty overlaps with lack of structure); countries which invest more in social security register the lowest rates of poverty and vulnerability.

In addition to shortage of resources allocated to social security in low-income countries, the structure of expenditures does not currently conform to the apparent priorities of these countries.

The close interdependence between the high volume of resources for social protection and income level in each country does not mean that social protection is a luxury. Rather, low-income countries, with high rates of poverty and characterized by the expansion of the informal economy, have a bigger need for social security, despite their other priorities, especially since studies are showing clearly that social protection in these countries remains at a reasonable cost, in addition to being an important factor of development.

The close link between the size of total public

expenditures and social security expenditures is further confirmed in two directions; while a minimum level of fiscal space necessary to finance social protection systems and programs is deemed necessary, the extension of social protection would create additional incentives and opportunities to increase the volume of resources.

Regardless of size of resources or public spending, a margin of freedom exists in most countries, to identify their priorities and choices, according to the desire of their ruling classes, taxpayers, and voters (in democratic societies of course).

Each option and priority has its cost. However, programming public expenditures should reconcile between the requirements of democratic representation and how it reflects societal choices, on one hand, and the exact quantitative analysis of the social cost of each of those choices, on the other.

#### Social Protection and Tax Policies:

- Whether the protectionist model chosen by a country is based on contributions or something else, it is imperative to resort to state financing and the credit and resources it could provide, not only as operator but also as a key contributor to the implementation of social policies it creates. This raises the question of seeking to further advance their ability to find new sources and reservoirs for public revenue, especially by achieving the highest levels of fiscal justice, efficiency, improved fiscal performance, resistance to tax evasion, and precedence for social protection expenditures over luxury or military aspects, and so on.
- Governance and transparency in collection and arrangement of social protection systems are vital for their effectiveness and ability to achieve its maximum goals towards beneficiaries as rights bearers. Thus, more mechanisms and measures should be put in place to guarantee a fair redirection of social services, avoiding their political employment, and involving social actors (particularly through genuine and structured social dialogue) and beneficia-

ries in drawing, implementing, following-up, and monitoring policies, in support of the principle of interdependence of rights and the establishment of social democracy.

- Being responsible and obligated to guarantee social security systems, states need to keep track of the evolution of financial balances in the system of social coverage; they should conduct extensive consultations on the future of social protection mechanisms, universal participation in determining future options, and the fair share of burdens and sacrifices between groups and generations, without losing sight of the right of future generations in protection and coverage. Today, the question of stability in social security systems is of utmost importance in many countries, in view of demographic transformations and slowing economic growth and employment. Although these systems require deep reforms to secure their balance, the social costs and political and economic implications of every delay or failure in implementing reforms, without adequate consultation, dialogue, and consensus between the various components of society, could only lead to tremendous risks.

#### **4. Social Protection and Confronting Crises**

The Global Report on Social Protection and the World of Work reports mentioned above demonstrate that extending social protection is the key to addressing crises and a tool for comprehensive and inclusive development. The studies indicated that, since 2000, countries with more investments in quality jobs recorded the highest rates of progress in living standards (by measuring the growth rate of annual per capita income).

The recent financial and economic crisis focused the spotlight on social protection as a human right and social necessity, which could alleviate shocks faced by vulnerable groups and protect economic activity, more or less, at the same time. In addition to providing compensatory income and protection from poverty for the jobless, the impact of social services on the economy is significant, as it allows stability in domestic demand. Contrary to popular belief, unemployment

benefits, social protection systems, and public works, if properly designed and implemented, could effectively protect from long-term unemployment and contribute to shorter periods of economic downturn.

It is also clear that the existence of coverage prior to a crisis could facilitate the success of remedial programs and providing appropriate and timely measures.

The 2014 Report on Social Protection indicates that social protection played a pivotal role in addressing the crisis in its first phase (2008-2009), thanks to measures mitigating periodic fluctuations. Fiscal stimulus measures were adopted by 48 high- and middle-income countries, amounting to US\$2,400 billion, a quarter of which was allocated to social protection measures.

The second phase of the crisis (up to 2010) led countries to take control of public finances and collection, despite the critical need to protect vulnerable groups. According to IMF estimates, the proportion of public expenditure to the GDP will see a marked contraction in 122 countries, including 82 developing countries.

It should also be noted that many developing countries took measures to reduce subsidies on basic goods and fuel, or lift them altogether, in addition to lowering or freezing wages, rationalizing social protection spending and narrowing its focus or scope.

The report also stressed that the burden of structural adjustment in advanced countries was also carried by people facing precarious employment and poor income, for more than 5 years. This impacted local consumption, reducing demand and restricting the scope of addressing the crisis. Consequently, the European social model began to break down, as a result of shortsighted reforms.

In contrast, several middle-income countries are in the process of expanding their social protection systems, to support a growth strategy based on domestic demand, like in China and Brazil. A number of low-income countries, on the other hand, expanded social protection through temporary social safety nets with low-level benefits.

Discussions and talks are underway in many countries about the establishment of SPFs as an element of universal social protection systems.

According to the report, the most notable measures taken by countries to counter the crisis, based on IMF and WB data, are the following:

- Eliminating or reducing subsidies - 100 countries;
- Wage bill cuts/caps - 98 countries;
- Increasing consumption taxes on goods and services - 94 countries;
- Reforming pensions - 86 countries;
- Rationalizing and more narrowly targeting social assistance and other social protection benefits - 80 countries;
- Reforming health systems - 37 countries.

The report also provides a number of options to enable the creation of a wider fiscal space to establish SPFs:

1. Reallocating current public expenditures towards expenses and investments with high social benefits, the reduction of waste, and resisting corruption.
2. Increasing tax revenues through the creation of additional resources out of taxes on financial operations and fighting tax evasion, without lifting VATs, which limit the purchasing power of weaker classes.
3. Extending social security contributions, which could be closely associated with the introduction of new measures to bring more workers into formal employment.
4. Borrowing or restructuring existing debt.
5. Curtailing illicit financial flows, amounting to more than ten times the total amount of aid received by developing countries.
6. Drawing on increased aid and transfers, although the real value of international assistance declined by 2% in 2012.
7. Access to fiscal and central bank foreign exchange reserves and sovereign funds.
8. Adopting a more accommodating macro-economic framework.

Following a period of nation building based on the models of interventionist and redistributive social welfare states, the Arab countries witnessed a gradual decline in the economic and social role of the state. To varying degrees, low

economic growth rates, even lower oil prices, and emergent demographic shifts pulled the region into a phase of restructuring. Strong pressures on state budgets meant they had to review their policies related to social development and made them unable to continue funding wide and generous systems. To safeguard a significant social function, states found themselves in a difficult position, between reconciling with the requirements of transition to a market economy, on one hand, and the need to maintain education, health, training, and housing services as key elements of the advancement of human capital and to address pressures resulting from the liberalization of the economy, high unemployment rates, and a widening circle of poverty, on the other hand.

These were some of the causes of the revolutions, where social risks overlapped with the total absence of democracy, justice, and good governance.

In addition to the continuing Zionist occupation of Palestine and the siege and devastating wars against the Gaza Strip, the Arab region has been suffering raging internal wars and an unstable political and security climate. This impacted economic growth and social progress in many countries, which experienced a decline in economic and social development indicators. Social protection, consequently, becomes a life necessity and an urgent popular demand, despite becoming harder to develop in light of security challenges and economic pressures in those countries.

As the Arab Labor Office Director General's Report for the 39<sup>th</sup> Session of the Arab Labor Conference held in May 2012 explained: "We are fully convinced that the development of social protection is not controlled by economic budgets or the link between incomes and expenditures of these systems. Rather, it has more to do with society as a whole, and whether the society seeks better social justice or it may accept a great disparity in incomes and protection, and duly deems this an incentive for more production."

Hopefully, governments emerging from Arab revolutions would consecrate social protection programs and systems, allocating necessary re-

sources through efficient use of public resources, enhancing transparency and good governance, and promoting best practices and experiences in this field, in a manner that ensures economic recovery, attaining higher levels of growth, more decent jobs, and a way out of the suffocating crisis.

#### **IV. Scope of Coverage in all Social Security Branches, Levels, and Qualities**

This section of the paper will present the main indicators mentioned in the first and second reports on social protection issued by the ILO: World Social Security Report 2011-2012 and World Social Protection report 2014-2015.

The World Social Protection Report was issued in June 2014 under the subtitle "Building economic recovery, inclusive development and social justice". It highlighted the key role played by social protection policies in strengthening the right to social security for all and the reduction of unemployment and inequality. It underlined inclusive development as essential for the growth of human capital, raising productivity, supporting domestic demand, and facilitating structural changes in national economies.

While everyone recognizes the need for social protection, the human right to social security remains unmet for the vast majority of the world's population. Beneficiaries from universal social coverage make up only 27% of the total world population; 73% remain partially or completely uncovered, a major obstacle to social and economic development.

The lack of social coverage or weakness are always linked to persistent high levels of poverty, lack of economic security, high rates of inequality, and limited investment in the human element its capacity building, as well as weak domestic demand in periods of deflation and slow growth.

Despite a general trend towards expanding the scope of social protection, especially in middle-income countries, the effectiveness of social security systems are under threat in various countries by the actions and measures taken to control public finances.

The most important findings and conclusions

reached were as follows:

## 1. Universal Coverage

- While no country remains without some sort of social coverage scheme, only one third of countries (27 per cent of the global population) enjoy access to wide social security systems incorporating all branches identified in Convention 102, whereas 73 per cent are covered partially or not at all.
- Considering the number of individuals not considered part of the active population, only 20% of the world's working-age population (in addition to their families) benefit from full and adequate social protection.

## 2. Health and Sickness Coverage:

- The urgency of striving for universal coverage in health is illustrated by the fact that more than 90 per cent of the population living in low-income countries remains without any right to coverage in health. Globally, 39 per cent of the population is lacking such a coverage.
- Due to the lack of adequate health coverage, some necessary expenditure could mean a financial catastrophe for a large number of people who cannot afford them. This represents an obstacle to the enjoyment of the right to health and a factor of inequality and discrimination in sickness.
- Weak health coverage leads to about 40% of public funds being swallowed by public health expenditures around the world.
- The ILO estimates that there is a global shortfall of 10.3 million health workers required to ensure that all the needy receive quality health services.
- These figures emphasize the need for concerted efforts towards universal health coverage, in parallel with the establishment of social protection floors according to the recommendations of the United Nations General Assembly.
- In the Arab countries, public expenditure allocated for health care represents about 2.8% of the total global output, varying, where data is available, between 1.13% in Yemen and 7.07%.
- Based on the data and analysis of the ILO/ UNDP report *Rethinking Economic Growth:*

*Towards Productive and Inclusive Arab Societies*, GCC countries increased their per capita health expenditures and established facilities in line with international standards. However, in other Arab countries, health spending did not keep pace with economic growth in recent years. Low-income Arab countries are facing major challenges in the provision of basic health services. There are concerns about the lack of access of some groups to some basic health services, due to rising personal spending in this field; in Egypt, Lebanon, Sudan, Syria, and Yemen, more than half of the total spending on health coverage comes from individuals' pockets.

- In this regard, the same report points to a growing reliance on private sector services, which is generally accessible by non-poor segments.

## 3. Pensions and Protection of Old Men and Women:

- "The right to income security in old age, as grounded in human rights instruments and international labor standards, includes the right to an adequate pension. However, nearly half (48 per cent) of all people over pensionable age do not receive a pension. For many of those who do receive a pension, pension levels are not adequate. As a result, the majority of the world's older women and men have no income security, have no right to retire and have to continue working as long as they can – often badly paid and in precarious conditions."
- Under existing laws and regulations, only 42 per cent of people of working age today can expect to receive social security pensions in the future, and effective coverage is expected to be even lower. This gap will have to be filled also by an expansion of non-contributory provisions.
- In the Arab world, retirement age ranges between 50 years in Kuwait and 65 years in Libya, with most countries setting it at 60 years. Furthermore, 10 countries allow women to benefit from retirement 5 years prior to men.
- The percentage of active contributors to pension schemes from the labor force, an

indicator of the level of coverage of people reaching the legal retirement age in the future, ranged between 86.6% in Algeria, followed by Tunisia with 79%, on one hand, and 3.9% and nil in Lebanon, on the other. This is compared to a global average of 41.1%.

- As for the elderly currently receiving pensions, the rate ranges between 68.8% in Tunisia, 7.9% in Qatar, and nil in Lebanon again, compared to a global average of 51.5%.
- Regarding the situation of pensions systems, the aforementioned report *Towards Productive and Inclusive Arab Societies* concludes:
  - Given the demographic buoyancy of the past, regional pension schemes provided rather generous retirement conditions and benefit levels. Both proved unsustainable over time, with the increase in the ratio of pensioners to contributors, growing under-reporting of wages, and the evasion of contributions. In Algeria pension funds were depleted fast and surpluses turned into deficits as early as 1994 and in Tunisia, pensions are recording a growing deficit, especially in the public sector.
  - Several Arab countries set the pension level at 70% to 80% of the salary at the end of the career. The average vesting period (years required to qualify for benefits) was 13 years, compared to 18 years in the OECD.
  - Retirement age is considered particularly low among women, in addition to the possibility of early retirement.
  - One of the report's most important conclusions was that reserves were inappropriately managed, largely due to the use of pension reserves to subsidize other government priorities. For example, in Algeria they financed labor market protection and other social assistance programs, while in Tunisia they were used for social housing until 1992. Payroll contributions for pensions were set at fairly high levels, in order to counter the increasing deficits. They became an impediment to employment and provide incentives for workers to resort to the informal sectors. Payroll contributions for pensions as a share of total labor costs

reached more than 23 per cent in Egypt while in some Arab countries they were as high as 36 per cent.

- Lack of portability of pension rights across sectors and their different entitlements restricts the mobility of workers between jobs and different sectors.
- Expanding coverage in this regard is a growing challenge with the number of elderly expected to grow at an annual rate of 4.3% until 2050, while the rest of the population is expected to grow by just 1%.
- The report cautions from handing pensions to the private sector, especially after the impact of the global financial crisis on private pension funds in particular.

#### 4. Unemployment:

- According to the 2014 Social Protection Report, unemployment benefits are gradually becoming limited to workers in the regulated sectors in high-income countries.
- Only 78 out of 184 countries studied included statutory unemployment social security schemes, often covering only a minority of their labor force.
- Only 28% of the labor force worldwide is potentially eligible for benefits under existing legislation should they become unemployed; it ranges between 80% in Europe and 8% in Africa.
- Only 3 Arab countries, Bahrain, Algeria, and Tunisia, provide some sort of insurance against unemployment risks (technical unemployment) and with weak actual coverage (3.8%, 8.8%, and 8.9%, respectively). Only 12% of the unemployed globally receive benefits, with vast differences between the regions, from 64% in Western Europe to less than 3% in Africa.
- A number of emerging economies have introduced unemployment benefit schemes, such as Bahrain or Viet Nam, as a means to ensure income security for unemployed workers and facilitate their search for jobs matching their skills in the formal economy.
- Countries with matured pension systems, a large proportion of citizens enjoy unemployment benefits and social assistance

schemes only play a secondary role.

- The report reviews successful practices in the field of non-contributory benefits in countries characterized by the importance of the informal sector, which did not merely reduce the poverty rate, but also made it possible to bridge the coverage gap, to a large extent.
- The important elements of these innovative practices in conditional or unconditional financial transfers financed by taxes, such as Oportunidades program in Mexico and Bolsa Familia in Brazil, social benefits, such as South Africa, and universal coverage systems in Namibia or Nepal.

## **5. Employment Injury and Vocational Illnesses:**

- Despite growing awareness of the importance of protecting from work accidents, only 33.9% of the labor force is covered by law through mandatory social insurance against this risk.
- In the 14 Arab countries with legislation and data in this regard, the percentage ranges between 97.7% in Kuwait and 8.6% in Mauritania.
- Non-contributory coverage against disability and handicap play a key role in protecting people with disabilities who are unable to access the job market, or benefit from its contributory systems. However, the number of countries where such systems were adopted and legislated does not exceed 87.

## **6. Maternity**

- Reducing the mortality rates of pregnant women, children, and children under the age of five is one of the major social investments of social protection through maternity grants. However, they are only available for people working in the formal sector. Another concern is the variation in access to health services for mothers and children based on country income or between regions of the same country.
- Overall, only 35% of rural women in low-income countries have access to professional health services, compared to 70% in urban

areas and 90% in high-income countries.

- Less than 40% of working women are protected by compulsory laws for maternity grants during birth. In fact, actual coverage does exceed 28%, which forces many working women back to work soon after giving birth.
- Maternity leave is offered to in 20 Arab countries, ranging from 4 weeks in some schemes in Tunisia to 17 weeks in Syria; the rates range between half the salary, to two thirds, to full.
- The above indicators point to the great effort still required for the advancement of the status of women, whether in terms of health services or various other fields, given the discrimination they confront in the work environment and their growing integration into the informal, weak, or uncovered sectors. This is added to other manifestations of exclusion and injustice, making women vulnerable to social risks, and requiring intensified efforts to protect them and develop more meaningful and viable approaches and initiatives.

## **7. Social Protection for Children and Families:**

- Existing social protection policies do not sufficiently address the income security needs of children and families, particularly in low- and middle-income countries with large child populations. About 18,000 children die every day, mainly from preventable causes. Many of these deaths could be prevented through adequate social protection.
- Social protection also plays a role in preventing child labor and generally improves their chances to return to school or training.
- On average, governments allocate 0.4% of GDP to child and family benefits, ranging from 2.2% in Western Europe to 0.8% in the Middle East to 0.2 per cent in Africa, although children make up the highest proportion of the global population.
- According to data provided in the report on only 4 Arab countries, the ratio is 0.44% for Algeria, 0.22% for Jordan, 0.15% for Tunisia, and 0.01% for Yemen.

- Fiscal consolidation and adjustment measures in European countries resulted in increased child poverty in 19 of the 28 countries of the European Union.

## 8. Social Assistance:

- The report on *Rethinking Economic Growth: Towards Productive and Inclusive Arab Societies*, indicated that main avenue through which social assistance has been delivered in many Arab countries is food and fuel subsidies, considering food subsidies as the first line of defense against poverty. However, the programs had limited effect or use and suffered severe shortages, in particular:

- The ever-increasing fiscal costs of food subsidies has led countries in the region to reduce, replace, or eliminate them at various times since the 1990s – for example, in Algeria, Yemen, Jordan, Egypt, Tunisia and Morocco. These policies to eliminate subsidies and reduce budgetary costs were not accompanied by the development of alternative social assistance programs, and large portions of the population became at risk of falling into poverty.
- Food subsidies in various forms were reintroduced or expanded in many Arab countries after 2010. Food subsidies can be better designed and implemented focusing on the type of food that is primarily consumed by the poor. They can also contribute to an increase in the social wage and household consumption rather than what they earn in nominal terms.
- In several countries, water subsidies are considered a key-element of assistance, raising some doubts about targeting and concerning its relation to food security.
- Social assistance programs must be better designed to help avoid errors and exclusion and in coordination with various other programs to avoid duplication.
- Arab began expanding several of their social protection programs since 2010, but without addressing the shortcomings and structural problems inherent in the schemes.

## 9. Key Conclusions:

- The above information and analysis demonstrate that the majority of the world's population does not have access to a mature and appropriate social protection system. To enable the people of the world to confront economic instability in the future, attain the Millennium Development Goals, and achieve sustainable development and a fair globalization, extended social security coverage is critical in countries where only partial or primitive systems exist.

The first stage entails securing basic income and access to essential health services for all those in need. This means the establishment of a universal social protection floor, which would enable the pursuit of the finest possible social coverage at a later stage, the development of economies and expanding fiscal space to make way for real, effective, and efficient social transfer policies.

Good governance of social protection systems is essential to ensure sustainability of protection in the long term. It requires a social and tripartite dialogue to reach sound and fair mechanisms in the formulation of policies and reforms, making them more acceptable, effective, and sustainable.

On the key conclusions related to the Arab world is the great discrepancy in the levels of social protection between countries in the region, due to different policies, tracks, and to specific situations. However, those protection systems similar in being:

- Exclusionary, limited in scope, and failing to cover a great proportion of the population.
- Unfair, given the disparity in the privileges and services offered.
- Fragmented and with limited effectiveness, suffering from compartmentalization, poor governance, lack of transparency, and corruption in operating institutions and agencies.
- Unsustainable, due to lack of financial equilibrium and poor funding.
- In particular, this is apparent in:
  - Lack of ratification of international con-

ventions in this regard: Convention 102 on Minimum Standards was only ratified by Libya, Mauritania, and Jordan (recently in 2014). Libya also ratified Conventions 121, 128, 130. On the other hand, Convention 118 on Equality of Treatment (Social Security) has been ratified by 7 Arab countries: Tunisia, Egypt, Jordan, Syria, Iraq, Libya, and Mauritania.

- In many cases, legislation has been partial or incompatible with international standards; only two Arab countries offer universal coverage (according to the ILO classification), which includes the 8 main branches, namely Algeria and Tunisia. Two other countries, Egypt and Morocco, have a semi-comprehensive system (comprising 7 branches), while the range is limited or very limited in the other countries.
- However, actual coverage is much lower. Even where regulations and legislation exist, it has had limited effectiveness and was incompatible with the peculiarities of the target groups, not only in terms of contribution, conditions, or procedures, but also due to difficulties in applying the laws, given the magnitude of the informal sector.
- Weak coverage of women is due to their low rates of contribution to the working force and for being active mostly in informal sectors, while existing protection systems are linked to activity in the formal sector.
- The approaches are often founded on charity and solidarity consideration and are not rights-based. The experiences of some countries in this regard must be further studied to look into the effectiveness and comprehensiveness of the approaches objectively and without ideological considerations. More research is also needed on the extent of funding social protection through the private sector in Arab countries, through the participation of insurance companies and cooperatives, particularly related to work accidents, sickness, and death.
- National policies lack clear features and goals to extend coverage and address financial and systemic imbalances. This is in addition to failing to develop the Arab strategy proposed by the Arab Labor Or-

ganization for cooperation in the field and poor investment in resources available in the country for economic development and supporting social protection systems.

- The absence of a genuine and effective social dialogue, bringing together all concerned parties and groups, contribute to the transparency of enacting policies and universal participation in development programs and policies, ensuring the possibility of reform. In post-revolution Tunisia, the new social contract between the government and both parties of production includes social protection as one of the four axes of the dialogue. It will become institutionalized with the creation of a Supreme Council for Social Dialogue, as an appropriate framework for consultation on establishing SPFs and reforming social security systems. This could be used as new model for all Arab countries to improve their systems of social protection.
- Furthermore, the remaining components of society must be integrated in the dialogue and search for social protection policy options, measures, and directions. These are fundamental questions and will set the future model of society. All segments are entitled to their opinion on that matter in order to respond to the urgent and increasingly vocal demands of the Arab revolutions and the aspirations of people in their right to social justice, decent work, dignity, and resistance to all forms of exclusion and discrimination.

## IV. Civil Society Recommendations on Social Protection

### 1. To the International Trade Union Confederation (ITUC):

- Social protection is a fundamental right, which should be treated through a rights-based approach to ensure the population's access to basic services and social security. It should not be limited to social protection and social safety nets time of crisis.
- Social Protection Floors should set the minimum standards of income security, determined at the national level.
- Basic services, in particular, must be secured through strong and effective public structures.
- Social protection should not be regarded as a means to promote consumption and the reduction of subsequent costs. It is actually an investment, which promotes human capital, productivity, internal consumption, and economic growth, and remains a universal human right, first and foremost.
- Laying the grounds for SPFs is already accessible to even the poorest countries, as it only requires between 1 and 2% of GDP. National funding for social protection could be achieved through several political measures along the lines of:
  - Improving overall performance and reducing some unnecessary public expenditures, such as buying weapons;
  - Establishing progressive tax systems;
  - Improving the institutional collection to confront tax evasion and resist tax havens.
- The state is required to provide social protection for all citizens.
- Seeking to strengthen the capacity of poor countries, offering them appropriate programs, through the creation of a global fund for social protection.
- Current development objectives must include:
  - A specific target to implement SPFs based on Recommendation 202,
  - Specific targets relating to:
    - Income insurance for unemployed, sick, persons with disabilities, pregnant women, children, and the elderly;

- Access to health services;
- Access to education, housing, etc.

### 2. Recommendations of the Inter-agency and Expert Group on MDG Indicators:

- The 2013 report issued by the Inter-agency and Expert Group on MDG Indicators set several objectives related to social protection. They include:
  - Official Development Assistance (ODA),
  - Access to markets,
  - Ability to bear debt,
  - Access to medicines at reasonable prices,
  - Access to new technologies.
- However, it did not include recommendations on social protection, which requires creating a link with these structures and committees to strengthen efforts to include precise and ambitious goals to expand of social protection and strengthen its presence in the post-2015 Development Agenda and all development initiatives, at the international, regional, and national levels.

### 3. Recommendations of Independent UN Experts

- When discussing the outlines of a new set of goals for global development post-2015, the Open Working Group on Sustainable Development Goals stressed to member states that inequality has strongly undermined the achievement of MDGs. Thus, they recommended that the post-2015 agenda should include stand-alone objectives related to:
  - Ending inequality;
  - Providing social protection;
  - Dual accountability mechanism for state commitments on the national and international levels;
  - Independent monitoring from civil society and an international system to measure progress, similar to the UN Human Rights Council's Universal Periodic Review (UPR).
- After 16 months of deliberations and discussions the Open Working

Group on Sustainable Development Goals agreed on 17 goals proposed to the UNGA in September, which is the penultimate step to be adopted in September 2015 to compensate for the MDGs. Labor rights constitute one of the main goals proposed by the Working Group, especially to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, and includes SPFs, based on Convention 102, in the goal related to poverty.

#### 4. Civil Society Recommendations in the Arab Region

- The regional consultative meeting on the post-2015 framework held in Beirut in March 2013 issued several recommendations, including the following related to social protection:
  - The post-2015 development framework must be based on a comprehensive ap-

proach to development that takes political, social, economic, environmental and cultural rights into account.

- The main focus of the debate should shift from merely setting new goals and targets for post-2015 towards the analysis of key issues and means of implementation to tackle them.
- Combating chronic inequalities within and between countries must be a priority in the agenda through the promotion of economic systems built on equitable redistribution.
- Equity and social justice rather than the reduction of poverty should be a central goal for the post-2015 Agenda.
- The post-2015 agenda should include clear policy prescriptions for the maintenance of social cohesion including the implementation of transitional justice mechanisms where needed.
- Clear and solid commitment to ensure sources of finance for development must be ensured within the post-2015 framework.

**Figure 7**

Goals	Implementation and Follow-up Indicators
General Goal: Establish global fund for social protection	Establishment of fund in line with the proposal on the UN Rapporteur on Extreme Poverty and Human Rights
Implement the legal framework for social protection	<ul style="list-style-type: none"> <li>● Ratification and application Convention 102;</li> <li>● Establishment of SPF as per Recommendation 202;</li> <li>● Proportion of social protection expenditure from GDP.</li> </ul>
Guarantee income security and basic social services for children	<ul style="list-style-type: none"> <li>● Percentage of the total population of children with access to health, education, and basic services;</li> <li>● Percentage of children benefiting from cash or in-kind assistance.</li> </ul>
Guarantee income security for job seekers, the sick, mothers, and people with disabilities	<ul style="list-style-type: none"> <li>● Proportion of men and women outside work, as a result of unemployment, sickness, maternity, or disability receiving assistance;</li> <li>● Beneficiaries of cash assistance (percentage of poor families).</li> </ul>
Guarantee income security for the elderly	<ul style="list-style-type: none"> <li>● Population over 65 years enjoying pension benefits.</li> </ul>

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# Social Protection in the Context of Development Strategies

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## Introduction

Establishing a theory for social protection systems is not less important than policies, procedures, and execution, forming an integrated unit in the following manner:

- 1) Theoretical rooting, or conceptual framing, provides immunity against sliding into the prevalent fragmentary approaches and practices, which failed to achieve desired results. Furthermore, it determines the overall direction and final objectives of policies, prior to the practical steps.
- 2) Policy Making – namely social policies encompassing the policies and options of social protection – is the next phase. Guided by the theoretical-conceptual framework, developmental actors set the intermediate goals, which should be viable, achievable, and contributes to attaining the ultimate goal.
- 3) These specific policies and options are then translated into executive plans – including timelines, activities, interventions, procedures, delegation of tasks and responsibilities, budgeting, resource allocation, and so on – so that the goals on paper would be realized.

These three levels or phases are closely-knit, whereby policymaking acts as a mediator between theory and practice, setting the stage for their relevance and effectiveness. Without a theoretical framework and a reference to adjust the track, politics will be lost in a labyrinth. Without the appropriate and well-designed executive plans, it will also get lost in a tempest of rhetoric and promises. But the desired social protection system will not see the light.

## From Equity to Equality

Needless to say, social protection systems are a single component of more comprehensive plans and strategies to achieve social development and development in general, economic, social, cultural, political, and environmental. This linkage has been demonstrated thousands of times and it is the axiom and starting point adopted by many, including this paper. Consequently, the theoretical framework of social protection is not assumed to be comprehensive or independent, as it falls under the general conceptual framework of development.

Although a little selective, a discussion of the report to the UN Secretary General by the UN System Task Team on the Post-2015 UN Development Agenda, entitled *Realizing the Future We Want for All*, is adequate enough, as it contains the elements of the theme under discussion.

The report included some new information on the currently used concepts and terminology. Earlier literature on development published by the UN System used the term “equity”. Lengthy explanations were included to justify its usage instead of the term “justice”, to avoid ideologically charged terms, focus on inputs instead of outputs, opportunities rather than results, and so on. This was with the exception of the question of gender, using the term “equality” explicitly and unequivocally.

The term justice (development justice, social justice) was brought back during the preparations for the Rio+20 Summit and the Post-2015 Agenda recently and the Rio+20 documents did not even mention equity. The new analytical framework for development in the *Realizing the Future We Want for All* report is also a big step forward, in its direct usage of the term “equality”, making equality one of the three core principles of (human) development, next to sustainability and human rights. However, the main text (especially items 60 and 62) does not include a theoretical

rooting of this transformation in terminology and concepts. In the text, equality is introduced from the perspective of rejecting exclusion, aiming towards inclusion and non-discrimination against particular groups (women, youth, poor, disabled, minorities, etc.). The most prominent example relates once again to gender equality, calling to address the structural causes of discrimination.

Thus, the report seems to suggest that the changes were merely in terminology. This does not represent a radical transformation in the concept (from equity to equality), as much as is meant to put an emphasis on disparities and the need to remove discrimination-generating mechanisms. However important this may be, it fails to set solid theoretical foundations for the idea of equality and retains a disparity between the theoretical and practical levels, which muddles the grasp of this change and appears in the next level of analysis, related to shaping this understanding into policies.

### **Inclusive Social Development**

This term seems to be inappropriate, especially when used in conjunction with the terminology of “inclusive economic development”, as the two concepts represent the social and economic components of development (in addition to other components, like environmental sustainability, the political level, and culture).

The question of inclusion is especially important, since it avoids the use of terms such as comprehensive or totalitarian. The term “inclusive” suggests movement and dynamism; it means the achievement of development requires a continuous expansion of its base of participants and beneficiaries together (the same applies to inclusive economic development). This dynamic and wide perspective would also mean that social development would not be limited to one group at the expense of another, including the poor. It is meant to reach all segments of society, with the poor and most deprived being its starting point or focus in terms of allocations and priorities, but without exception of any other social segment. This is consistent with the human rights approach, also integrated in the development perspective.

These elements are particularly crucial to the philosophy of social protection systems, as they are closely linked to the debates on universal vs. targeted systems, the right to know vs. a very narrow need-to-know basis, inclusion (of the poor and deprived) vs. exclusion, and whether fighting poverty should be incorporated into development or independent from it.

Going back to the aforementioned report, the section regarding “inclusive social development” (paragraphs 66-71) was very traditional and inconsistent with the title and its connotations, as explained above. These paragraphs continue to focus on traditional services and sectors (health, education, job creation, provision of water, and so on) and to tackle results and impacts, rather than causes and macro policies. However, this engenders a utilitarian view of social development as a means to another purpose, despite being closer to the concept of comprehensive development than any other component.

However, development is a key-component of strategies related to poverty eradication, a more comprehensive social development, and development in general, as will be described below.

### **Fighting Poverty: Exposing the Myths**

Progress in the design of comprehensive, effective, rights-based social protection systems requires dispelling the prevailing myths in the fight against poverty, particularly the following two fallacies.

#### **Myth One: 20% of the Global Population is Poor<sup>1</sup>**

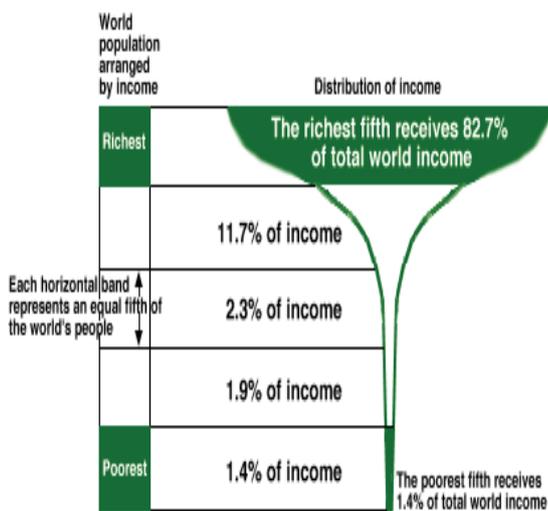
This myth assumes that the poor make up around 20% of the global population. In the poorest countries, this figure could be as high as 40% or 60%, while dropping to 5% and 10% in medium development or better-off countries. All the prevailing poverty eradication strategies and policies revolve around this magic number: 20%.

1- Some ideas in this and the following section were introduced in the Regional Conference on Social Protection Floors, organized by Friedrich Ebert Stiftung, the International Council on Social Welfare, and the ILO in Rabat between 11 and 13 November 2014.

However, the world currently includes a much higher number of poor people, which could be perceived by looking at the world's GDP and wealth distribution.

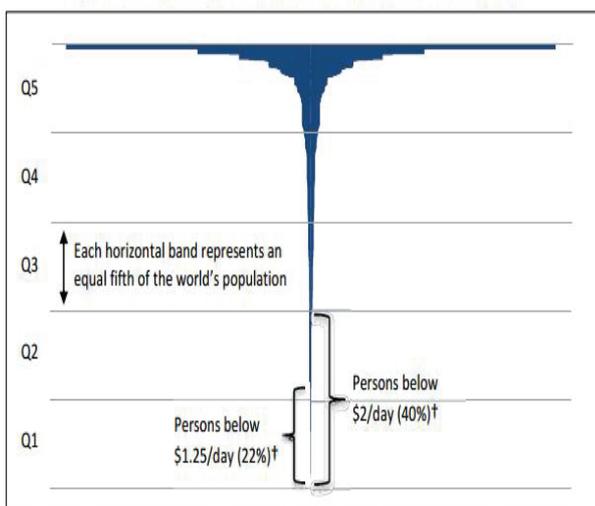
Since issuing the Human Development Report in 2002, with the famous cover of the distribution of the world's wealth on population segments (5 segments of 20%), the distribution did not actually change. On the contrary, global disparity grew and distribution deteriorated somewhat, keeping in "champagne glass" shape.

Figure 3: Global Income Distribution



Source: UNDP, Human Development Report 1992 (New York: Oxford University Press, 1992).

Global Income Distributed by Percentiles of the Population in 2007 (or latest available) in PPP constant 2005 international dollars\*



Source: Adapted from UNDP (2005) using World Bank (2011), UNU-WIDER (2008) and Eurostat (2011)  
 \* According to the global accounting model  
 † Based on Chen and Ravallion (2008)

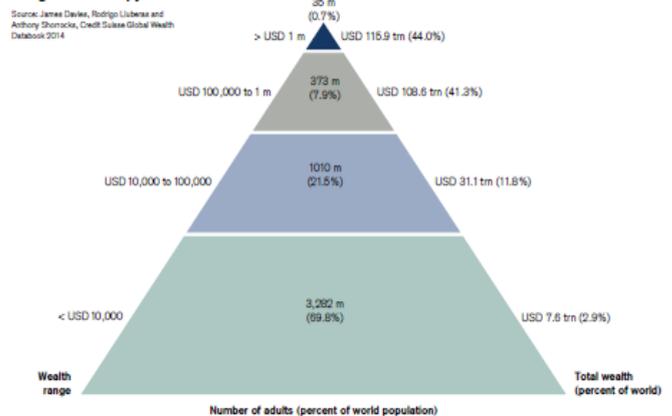
In brief, the share of 60% of the population with the lowest income ranges between 5 and 6% of

the world's wealth, representing, without doubt, the percentage of poor people on the planet. On the other hand, Credit Suisse's annual Global Wealth Report provides similar, even more polarized results calculated on the basis of the share of adult individuals of the total wealth.

According to the 2014 report, around 70% of the global adult population shares less than 3% of global wealth, while the richest 0.7% own 44% of that wealth.

According to both sources, between 60 and 70% of the global population appear to be poor.

Figure 1 The global wealth pyramid



Of course, there is no need to argue here that poverty – including absolute poverty – is a historical and relative concept or that the poor are not only those who live in misery and famine, depicted in the media in refugee camps, or the displaced and victims of wars.

So where does the figure 20% come from? Most likely, the number was predetermined based on political considerations. As the rate of poverty around the world and in the concerned countries must be reduced whenever possible, the lower figure is utilized to give grounds for poverty eradication policies, which merely addresses the results. They are based on the concept of isolating the poor into a unique segment of the population (or dividing them up into subgroups: very poor, vulnerable, and so on), to target them with specific policies that do not involve the rest of the population.

Needless to say, this approach does not ad-

dress poverty mechanisms and causes. It fails to recognize that poverty is an outcome of the overall economic and social performance and is not particular to only one segment of the population. However, this segment will bear the brunt of the failures or deficiencies in overall policies imposed by the rich and powerful, to begin with, and paid for by the poor and vulnerable from the beginning to the end. Further justification is found in tampering with the definition of poverty and calculating poverty lines, veiled in a scientific package of complicated terms, statistics, definitions, and so on, which baffle most of those who consume them.

### **Myth Two: Narrow Targeting and Safety Nets**

It has been many years since the world dismissed the idea that “the nearest path to a goal is the shortest” or that “the shortest distance between two points is a straight line.” Rather, it seems that straight lines do not exist and are merely an illusion. If this is true for the hard “factual” sciences, it should be even more relevant in humanities, economics, sociology, and political sciences, where subjective human factors, choices, and wills play a crucial role.

This “myth” is closely linked to the first one and serves as its source and conduit at the same time. In relation to the subject of this paper, it means the whole package of concepts and tools and the traditional toolkit of anti-poverty plans. However, it ultimately leads to delinking anti-poverty policies from development and to address the poor with generally isolated policies and plans. This always leaves intact the mechanisms of the economy itself and addresses the outcomes of economic choices, including poverty and deprivation, without touching the roots and causes. Consequently, the narrow targeting approach and safety nets are promoted as the most effective manner to fight poverty, in order not to duplicate efforts or lose sight of solving the problems faced by the poor.

However, policies, which separate the poor from the rest of the population gives the impression that the causes of poverty are constrained within the circle of the poor themselves, not that it is a social construct of the overall socioeconomic system. It also means separating the outcomes

from the causes, the isolation of poverty from impoverishment and its mechanisms, and removing the link between poverty and inequality. These all lead to localized policies, which fail to eradicate poverty.

The 2011 UNRISD report on poverty and inequality was “critical of current approaches to poverty reduction that treat the poor as a residual category requiring discrete policies. When a substantial proportion of a country’s population is poor, it makes little sense to detach poverty from the dynamics of development. For countries that have been successful in increasing the well-being of the majority of their populations, long-term processes of structural transformation, rather than poverty reduction per se, had been central to public policy objectives.”

While China is often mentioned as a best practice in reducing poverty rates, this occurred through public state policies “before there were specific poverty alleviation programs in existence.” After their adoption, poverty reduction actually stagnated, since they distracted from public policies.

The report *Realizing the Future We Want for All*, on the other hand, emphasizes that “[continuing] along previously trodden economic growth pathways will exacerbate inequalities, social tensions and pressures on the world’s resources and natural environment. There is therefore an urgent need to find new development pathways that encourage creativity and innovation in the pursuit of inclusive, equitable and sustainable growth and development.”

These statements entail a radical critique of past trends, responsible for the failures and crises.

The causes and factors of such erroneous tendencies must be identified beyond superficial criticism, which often leads to the same mistakes or maintains the flaws in administrative and implementation processes. Only then, one could speak of new developmental paths, which are neither just a reproduction of previous trends or merely improved versions of the same old policies.

## Traditional Social Safety Nets

As evidenced by many experiences, the social safety nets approach has had a limited impact in the fight against poverty. Moreover, the success of some experiments in a number of countries only took place in the context of robust and effective public policies, in parallel with a decisive political will to eradicate poverty, with governmental institutions in the forefront and an efficient administrative model. Outside these conditions, successes attributed to countries using this approach in a partial manner, had been local in nature and did not succeed in eradicating poverty or reducing poverty rates significantly on the national level. These shortcomings, however, should not be attributed to the failure of states and concerned governments. The approach suffers from a structural defect from the source and at the core of its policies, programs, and implementation, usually steered by international institutions providing financial support, technical advice, and, in many cases, their direct leadership of the programs.

## Prevention from Falling into Poverty

Regarding prevention, there is a big difference between the traditional safety nets approach and the approach recommended by this paper. It is rooted in the belief that social protection systems must offer protection for people from falling into poverty, meaning it must prevent their impoverishment and not merely protect them when they fall into poverty, due to an accident or event. Hence, social protection systems should enhance people's ability to confront problems and shocks, and protect them from becoming exposed to the risks, in the first hand, through providing decent work conditions and other basic principles of social and economic activity. When people are forced to walk a tightrope, they are likely to fall off and would need a safety net underneath.

## Deficiency in Coverage

The traditional approach puts too much focus on the principle of efficiency in allocation of resources and to avoid the targeting of non-beneficiaries. Yet, anxiety about limited resources, and technical concerns in auditing, targeting, and



specialization, in addition to avoiding universal coverage from a rights based perspective and so on, are practically leading to deficient coverage, in more than one sense:

- First: They limit the categories receiving coverage into a narrower margin.
- Second: They limit the number of actual persons receiving coverage.
- Third: They limit the areas covered by protection even further.

Consequently, coverage will suffer a triple failure resulting in weakening the developmental impact, including the impact on poverty eradication. Often, a specific number of families in a particular region are selected to be covered by social safety nets based on certain benchmarks; they are then provided with a specific model of cash or material assistance, in a particular field exclusively. This does not create the desired

impact, since deprivation is multifaceted and poverty itself is multidimensional. Ignoring other factors, which may overlap and intersect with any of the dimensions of the protection system, could cause a fault that would bring down all the effects of protection or dramatically reduce their impact. Universal coverage or that of broad categories based on the population and social groups or geography, in addition to diversifying protection to encompass all the basic intertwined dimensions of poverty and deprivation, would be immeasurably more effective.

### **Proportional and Real-Time Intervention**

Another deficiency in traditional approaches is the disproportion between interventions, their frequency and speed, and the magnitude and intensity of problems. One example is the great disparity caused by mass layoffs or deteriorating working conditions due to privatization or economic transformations leading to many people losing their old jobs and limiting the prospects for many newcomers in the labor market, on the one hand, and the other hand traditional safety net measures, which see the solution in rehabilitation programs targeting a limited number of people and does not aim to rehabilitate beneficiaries to return to the job market under similar or better conditions than in the past.

The key-problem here is that the approach does not address the problem at the source and does not attempt to introduce any amendments to mitigate the negative impact of so-called economic reforms. In addition, it does not include any accountability for private sector companies and organizations, which are not expected to play any essential role, except some support for rehabilitation programs, for example. All the while, the largest burden falls on the governmental and civil society and the more serious repercussions impact those pushed outside the job market, with less capacities and opportunities, becoming yet another generation in need of assistance and aid.

### **In the Time of Major Crises**

Social safety nets interventions are often called “tranquilizers” or “cosmetic procedures” by their developmental critics. This applies to most so-

cial safety nets measures in regular situations, let alone in exceptional situations, such as occupation, war, civil strife, or cases of severe conflict combines with state failure. Needless to say, the situation would become more complicated in emergency situations, especially due to the displacement of people and severe shortcomings in the work of state agencies to maintain social services, the basic infrastructure, security, and so on.

All this adds to the need for prompt emergency intervention, on one hand, and introduces the need to identify the moment of extreme interdependence of all aspects of deprivation, between the humanitarian and the human rights aspects, the need to confront the direct problem, and the need to establish solutions, especially when the crisis is long-term – which is the prevailing feature of the Arab region.

In such a situation, where people’s lives and collective personal security are directly at risk, entails a completely different look at the social protection model, to identify those in need of social protection and are thus supposed to receive services and those who require long-term solutions and protection of all their human rights. These conditions also lead to increasing the links in between situation of neighboring countries or those involved in the conflict and its repercussions, entailing more precise interventions. However, complex situations are often treated lightly, where refugees and host communities are treat-



ed with regular interventions, without scrutiny, creating additional problems and distorting the social work models in those countries.

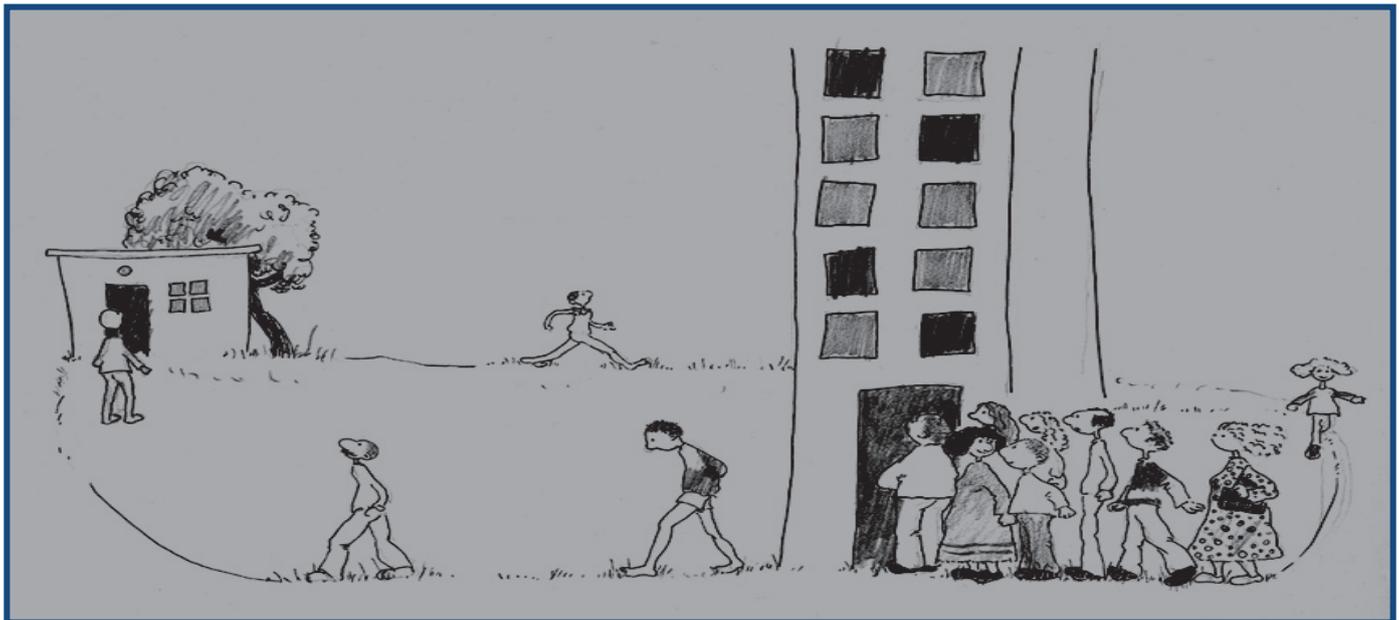
### Possible Alternatives

The above detailed critique of traditional approaches (social nets, in particular) was based on analysis and practical examples from around the world. It aimed to convince the reader of their core defect, especially when interventions are isolated from more comprehensive social policies or when applied in an uncritical manner.

However, clear and decisive freedom from the hold of such approaches is necessary to start looking for new alternatives, which are likely to have a different philosophical background, guiding principles, and political orientations, despite some similarities in intervention on the technical or practical levels. Working methods would also be different, founded on genuine partnership

with civil society, and involving a balanced role between the government, the private sector, and civil society and between national and international sides, based on the principle of common but differentiated responsibility.

Regarding social protection in particular, a special focus should be placed on the Social Protection Floors initiative, not because it is the only alternative for social protection systems, but since it is an actually existing model, with a wide international alliance behind it, led by the ILO, WHO, and other UN agencies. Moreover, it is a tangible initiative, which guarantees viable options for most countries, especially poor ones, in addition to being reinforced with several tools to assist in transforming it into national policies and programs. In short, it should be highlighted as an alternative example, which encompasses the features of a rights-based developmental approach.



### Guiding Principles

Social protection systems are based on three critical guiding principles:

**Principle One:** Social protection should be considered a human right, along with the commitment to universal coverage rather than narrow targeting. Social protection policies should be integrated in the framework of a broader strategy for social development, since no single social

protection program would lead to a strong developmental impact on its own and without being part of a coherent system.

**Principle Two:** Key-aspects related to the various facets of life, activities of individuals, and population groups and ages. The question here is not delivering aid to the destitute and very poor, but the protection of wide sections of society through job opportunities, multifaceted insurances, protecting the unemployed, and the inclusion of entitled population groups, such as

children, the elderly, or the disabled. Sectors covered by protection should include health, education, work, and unemployment, all as part of comprehensive developmental strategies.

**Principle Three:** Progress should be made on the level of multidimensional poverty and inequality, which must be tangible and measurable on the national level, and, above all, stable, sustainable, and not a temporary statistical improvement or limiting benefit from aid or social nets to a very limited segment.

### Elements of the Global Initiative for Social Protection Floors

The Social Protection Floors Initiative (SPF-I) calls for the adoption of an interventions and policy package, guaranteeing the following:

- Universal access to essential health care for all;
- Basic income security or the provision of needs for all children, through a benefits system for children;
- Income security accompanied by hiring guarantees, through public works programs geared towards poor persons in active age who are unable to

secure adequate income in the job market;

- Income security, at the minimum, through basic pensions funded through taxation and targeting the elderly, the disabled, and families who lost their primary breadwinner.

There is no need to get into the details of the initiative, as they are covered in other sections of the Arab Watch Report. However, their main characteristics could be delineated as follows:

- They are established on a rights-based approach, meaning they will need legislative and institutional measures, in addition to guaranteeing continuous benefit from services as established rights, which are not impacted by political and institutional changes or shocks and conditionalities of any kind.
- They are built on the principle of universal coverage, rather than limited targeting. Even in the event of gradual implementation, for practical reasons or loss of resources, this would be in the direction of universal coverage. Gradualism, however, should not en-



tail indirect or practical targeting; rather, it should mean the application of the universal coverage principle on a particular segment or region.

- They are based on an integrated package of interventions, delivered at once to the related segments, regions, or households; they are managed and implemented in a joint and unified manner and would avoid sectoral division and isolated interventions.

These principles provide the initiative with the key conditions to be considered a suitable and adoptable model, which could be translated into practical policies on the national level.

### **Overall Situation in Arab Countries**

Most of the Arab countries, except the least developed ones, arrived to universal education and achieved advanced stages of primary health care for women and children, with some countries registering advanced figures in other areas of health.

Regular systems to support poor households do exist in some countries (Tunisia, Jordan...), while others have progressed on the level of integrated social policies and regional interventions in a decentralized manner (Morocco). Countries with abundant funds also maintain support systems for the disabled, the elderly, women heads of households, youth entering into the business sector, and so on. Some countries adopted systems to protect the unemployed (Bahrain, Algeria...) and others play a role in housing, while some leave it up to the private sector, etc.

This is a very partial list of social protection interventions in the Arab countries, which will be detailed for some countries in this report. In general, however, Social Protection Floors components are not far from social policies implemented in the region. Yet it is not a question of a particular measure or intervention, but the system as an integrated whole. Nonetheless, none of the requirements of social protection systems, similar to Social Protection Floors, exist in Arab countries. Thus, it would be difficult to say that any of them adopts this approach in a systematic manner.

The situation varies according to country. While some countries with ample financial resources are offering services packages, which are more generous than Social Protection Floors, they are limited to the basics services. However, these countries are not necessarily in line with this approach, as the question is not merely of services, but providing qualitative elements, especially the human rights perspective, universal coverage, and integrated packages.

### **Thoughts on the Features of Social Protection**

In terms of social protection, Arab countries can be classified in four categories:

1. Resource-rich welfare states,
2. Countries with a medium level of development,
3. Less developed countries,
4. Countries living through occupation or extremely harsh war situations.

#### **1. Resource-rich Welfare States**

They include the Gulf Cooperation Council countries and Algeria, which are welfare states in the patriarchal traditional style (GCC) or statist in nature (Algeria). Their financial resources are based on oil. Coverage systems in those countries are sometime very "generous" (especially in the GCC), encompassing all levels of education, health, housing, and assistance for various segments (families in need, women, persons with disabilities, the elderly, etc.) regardless of poverty.

The types of services and level of protection provided by these systems are much wider than what is suggested in Social Protection Floors. However, they are based on distributions through direct government decisions and are unstable, shrinking with decreasing resources and becoming more generous in anticipation of possible unrest or political reasons. Furthermore, they are not necessarily propped by constitutional or legal mechanisms.

The most serious problem facing these countries is sustainability, as they need to respond to the high expectations and constant demands of

citizens who are accustomed to having a patriarchal system committed to caring about them. Thus, government spending and support funds need to be increased continuously, without a specific rule to regulate the matter. While this type of system is quantitatively more generous than social protection floors, it needs to be developed in its grounding, working mechanisms, rights-based approach, constitutionalization, and rationalization, to achieve participation and sustainability.

## **2. Countries with a Medium Level of Development**

These countries are characterized by disparity between policies and the role of the state and other stakeholders (civil society and the private sector). Social protection countries in those countries are varied; some more integrated (Tunisia, Jordan...), others partially (Lebanon), and yet others are doing a mix between various types of assistance and intervention through national or sectoral programs (Morocco). The role of the state varies as well, as some states play an advanced and key role (Jordan, Tunisia...), while others have almost completely withdrawn from planning and rely on the private sector and civil society (Lebanon).

These countries utilize a mix between a partial rights-based approach and a distributive orientation, with a greater role for NGOs in some cases. In other situations, protection programs for specific segments are similar to collective protection floors, including local development programs or social assistance for poor families. However, they are far from being an integrated package and a rights-based approach, in addition to problems in resources and relative dependence on aid.

The suitable approach in this situation would incorporate a sectoral component, due to discrepancy in priorities and unevenness in the development of sectors. Hence, the national package is set differently in each country, with the state playing a key role in providing basic social services for all, especially education and health, a common component in almost all countries in this category. In addition, some segments receive special care (street children, specific rural

areas, particular population segments, etc.). In this group of countries, social protection packages could support a higher level than that in the international recommendation, in particular sectors and for specific populations.

## **3. Least Developed Countries**

The global social protection floor, as a minimum, is highly relevant in this category and this applies to all least developed countries and those that are close to this situation. Sectoral discrepancies are less important here; overall priorities are closely knit and focus on the same population group in the country. Thus, an integrated and executed as a whole implementation would be more relevant. Gradualism also would have a new meaning here, conditional on comparable progress in all the constituent components of the floor, implemented as a whole as much as possible.

In this situation, the problem of reliance on foreign funding is more important and it is necessary to design strategies to mitigate such dependency in the medium run. However, a key aspect of the global recommendation is the ability to apply it and fund it in these poor countries. Lack of wealth is not an excuse for failure to adopt this approach, which is critical for least developed countries, due to the need of wide segments of the population and probably the whole population – with the exception of small segments – for a comprehensive and effective social protection system.

## **4. Occupations, War, and Severe Conflict**

The situation in Palestine is close to that of least developed countries, regarding the almost total reliance on subsidies-foreign funding, with one major difference, which is that society does have the human resources but it is under occupation. In addition to depending on foreign funding, the social protection system in Palestine is a distributive system, which is prone to fluctuations related to availability of resources and other factors (the occupation), which are beyond the grasp of the national authority, although it is a semi-authority with similar responsibilities to governments in normal situations.

In countries facing a situation of severe conflict (Syria, Iraq, Yemen, Somalia...), the weakness

or failure state performance, and wide displacement, social protection intersects with relief and humanitarian aid. Yet, it is often the case that these situations would last for years, which demands attention to the question of human rights (including refugees and the displaced) and the adoption of more effective and sustainable mechanisms. The rights-based perspective remains valid here, in addition to addressing the situation through an all-inclusive package of policies and interventions. The logical question here, internationally, regionally, and locally, is why shouldn't there be a social protection floor package for conflict situations, which protects the right to life all the way to the right of return?

### **Concluding Remarks**

Social Protection Floors, particularly in the global initiative, represent the minimum required of a social protection system based on rights and universal access. It should be considered as a key component of national poverty eradication plans. In general, however, social protection floors should go further and contribute to social development and development in general, beyond the fight against poverty.

Social protection floors could serve three functions or levels of functions:

- As components of poverty eradication plans;
- As components of social development strategies;
- As components in economic development strategies and the overall development of society.

The main idea here is that providing an effective social protection system with wide coverage would have a series of impacts, starting with mitigating the effects of poverty, to protection from falling into poverty, to enhancing human capacities, participation, and gender equality, on to bridging social and regional gaps and contributing to economic and political stability.

Such a chance must not be missed.

15 November 2014.

# Impact of IMF Austerity Policies on Social Protection

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The International Monetary Fund (IMF) plays an influential role in formulating the economic and social policies of member countries, often with direct consequences on the livelihood of their populations, particularly limited-income and poor segments. Although this role was on the decline in the 2000s, the IMF has been regaining influence and dominance on the global level, exploiting the urgent situation caused by the deep structural crisis in global capital continuing to cast its shadow on the entire world.

This time, the IMF's strong return could be seen in its direct intervention in the Eurozone, where it imposed strict austerity measures to the great detriment of the region's people, without leading to a significant improvement in economic indicators, such as growth rates, budget deficit, or public debt levels. With the intensification of the global economic crisis, the geographical scope of this intervention started to expand, especially in the global South. As a result, the IMF is beginning to acquire a powerful impact on economic and social policy-making in several Arab countries, where the features of austerity are blatant, with its attendant negative consequences on the social question in general and social protection and subsidies on basic goods in particular.

The first section of this paper will be dedicated to the critical role carried out by the IMF, with a focus on its interventions in the Arab region. The second section will review austerity policies imposed by the IMF on Arab countries and their negative consequences on economic growth and the social question in general. The third section will address the impact of austerity, highlighting the problem of subsidies on basic goods and weaknesses in the related solutions proposed by the IMF.

## Section One: IMF Responsibilities and their Impact on the Economic and Social situation in the Arab Region

### 1. Evolution of IMF Responsibilities

To understand its ability in influencing public policies of member states, it is worth recalling how the tasks entrusted to the IMF had evolved over time and how it became a major player in this arena, imposing the will of major contributors on countries, especially those planning to receive its loans. This will be followed by an assessment of IMF interventions in the Arab region.

- 1.1. The IMF was created in 1944 to maintain favorable financial conditions for successful investment in the global economy and exchange rate stability. Article I of the Bretton Woods Agreement set the purpose of the IMF as follows:
  - A. To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems.
  - B. To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all members as primary objectives of economic policy.
  - C. To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation.
  - D. To assist in the establishment of a multilateral system of payments in re-

spect of current transactions between members and in the elimination of foreign exchange restrictions, which hamper the growth of world trade.

- E. To give confidence to members by making the general resources of the Fund temporarily available to them under adequate safeguards, thus providing them with opportunity to correct maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity.
- F. In accordance with the above, to shorten the duration and lessen the degree of disequilibrium in the international balances of payments of members.

Financial resources and mechanisms are provided to the IMF to conduct its role. Based on Article IV of its establishing agreement, the Fund exercises direct surveillance over broad public policies, including state budgets, financial, credit, exchange systems, and government financial policies related to control over the banks or other financial institutions. Furthermore, the Fund looks into structural policies underpinning overall economic performance, such as gross national income, consumption, investment, and financial credit.

The IMF issues recommendations to this effect, imposing specific conditions on member states wishing to obtain the loan, in the aim of stabilizing its balance of payments and the rate of the national currency. These conditions often include forcing countries to adopt policies to convince the IMF of the possibility of repaying the loan within a maximum of five years. Other channels are also available to the IMF to influence public policies, such as the “advice” it gives to policy-makers on the international and national levels.

1.2. The beginning of the 1970s saw a deep downturn in the global economy. The foundations of the Bretton Woods system (the gold standard and fixed exchange rates) were scrapped and replaced with floating exchange rates and the free movement of capital from the control previously imposed by nation states,

in addition to the tremendous increase in oil prices and the worsening debt crisis in many Third World countries. This led to the “rebirth” of the IMF as a dominant supranational institution, run on different grounds, but more powerful and influential.

The IMF was transformed from a tool to meet the needs of European and North American countries in tackling problems caused by currency exchange rates (the price of one currency compared to the price of another) and the balance of payments, into a “gatekeeper”, in concert with the World Bank, of deep structural reforms of the economic and social structures of Third World countries, especially those falling into the debt cycle, in order to conform to the needs of the global economy. Hence, the IMF started to impose harsher conditions and controls over those countries, issuing new “Conditionality Guidelines” in 1979, giving it stricter authorities and where benefiting from the Fund’s loans were subject to the application of its long term structural policies and programs.

Moreover, radical transformations in the economic rationale framing the IMF’s recommendations and interventions took place on the national and international levels. After a period of partially adopting Keynesian economic theories—which entailed controlling market mechanisms through supranational institutions like the IMF, it turned into an ardent defender of neoliberalism, which consecrates the freedom of markets, the priority to private initiative, and state retreat from the economy. This took place following the rise of the conservative right to power in the UK and US.

Along with the World Bank, the IMF started promoting this economic model in the early 1980s throughout the Global South, under what was termed the Washington Consensus, which stood on three pillars: economic liberalization, privatization, and austerity in public spending.

However, the bank’s recipes failed to achieve the promised results as the

countries of the South failed to register any mentionable results, whether in growth rates, investments, or creation of decent jobs. Moreover, IMF recommendations to East Asian countries to open up financial markets to foreign investment directly and manifestly contributed to the 1979 Asian financial crisis.

The exorbitant social cost imposed on the peoples of the Third World through Structural Adjustment Programs (SAPs) was even worse. It prioritized the achievement of financial balance (reducing budget deficits, limiting inflation, and controlling the balance of payments), which led to reducing public spending and decreasing budgets allocated to social sectors, to the significant detriment of public services.

Moreover, lifting subsidies on basic goods, partially or fully, removing price controls, and raising the cost of public services, hand in hand with frozen wages and a devalued currency, prompted a significant decline in the purchasing power of middle-income and poor segments.

In such a situation, the eruption of social protests and popular uprisings against international institutions and governments in the Global South should not come as a surprise, due to the thousands of victims they will leave behind.

## 2. IMF Intervention in the Arab Region

International financial institutions (IFIs) intervention in the Arab region—particularly the IMF—is characterized by the unique entanglement of the economic with the strategic and political. Empirical studies show that granting loans and subsidies is subject to economic determinants, such as deteriorating macroeconomic indicators, worsening disparities in the balance of payments, and depleting hard currency reserves during the 1980s. These factors led to the considerable impact on many Arab countries, especially Egypt, Jordan, Morocco, Tunisia, and Algeria, by political (closeness and friendship with the West,

position with regards to the Arab-Israeli conflict) and strategic (to provide the West with oil, problems of immigration and terrorism) interests of donor countries, which control the decision-making process within IFIs, which are dominated by the G7 and the US in particular.

As indicated by Harrigan, et. al. (2006), in Arab countries, chances for profiting from IMF programs are contingent on economic and political factors, the latter in particular: “Signing a peace treaty with Israel improves a country’s chance of a loan as does improving democracy.” Moreover, “economic need alone does not really explain the timing of IMF loans. However, political liberalization, which often sees the incumbent regimes challenged by Islamic opposition, seems to have an influence as shown by the significance of the democracy and election variables. Likewise, a change in foreign policy stance represented by signing a peace treaty with Israel is a good predictor of IMF loans.”

With the exception of this feature, indebted Arab States share the same traits with Third World countries in their dealings with the IMF and the World Bank and submit to the same conditionalities of the Washington Consensus. Gradually, foreign trade and the economy were liberalized, national currencies were devalued, privatization and price liberalization was set in motion, and priority was given to reducing the budget deficit by public spending cuts and increases in indirect tax, in addition to freezing wages and employment in the public sector.

The impact of IMF recipes on the economy had been detrimental, failing to push forward investments or create jobs, opposite to what was preached. One of many examples are contained in ESCWA’s annual survey of economic and social developments in the region, which said that rising unemployment was the cumulative result of two decades of contraction. From the early 1980s until 2004, all ESCWA economies without exception performed lower than

their potential. Although per capita share of the real GDP had been rising at acceptable annual rates in the 1970s (4.33%), it dropped to 3.43% in the 1980s and registered lower than 0.34% in the 1990s.

Chronically high unemployment rates are associated with a protracted contraction in economic activity, with unemployment rates higher than in any other region of the world (estimated at 16%).

On the other hand, the social cost of alleged economic reform programs were on the rise. Worsening unemployment was fed by additional numbers of active population entering the labor market and not finding jobs, due to an almost complete stagnation of the economy, contractions in the sector, and growing mass layoffs due to the closure of production units or declining activity. This was in addition to the widening scope of vulnerability and poverty and the significant expansion in the informal sector since the 1980s.

While poverty rates in the Arab region are low by international standards, overall poverty, which is defined as the share of the population under the national poverty line, is higher than the lower poverty levels resulting from the use of the international poverty line of two dollars a day. Thus, poverty in Arab countries is more prominent and blatant than assumed. Social sectors, especially education and health suffered from the pressures on public spending and the removal or reduction of subsidies on basic goods remains one of the direct reasons for the decline in the purchasing powers of large segments of the population, in addition to the spread of poverty and vulnerability. The deteriorating situation led to growing anger in Arab streets and the eruption of hunger uprisings in several Arab countries, including Egypt, Tunisia, Morocco, and Jordan.

Social safety nets aiming to avoid the negative repercussions of SAPs failed to reduce the harm incurred by the poor, due to

several factors, including the lack of financial means allocated, the multiplicity of programs, and weak management capacity.

Finally, manifestations of social exclusion had been aggravated in the 1980s and 1990s and there is evidence that suggests that wealth inequality exacerbated at a higher rate than the decline in income.

## Section Two: Impact of Current IMF Austerity Measures on the Social Question in the Arab Region

The IMF treated the repercussions of the crisis in global capital with a great amount of vacillation. During 2009-2010, the IMF encouraged Member States to adopt clearly Keynesian fiscal and monetary policies to revive the economic cycle. However, it later drastically changed its approach, insisting on the need to give priority to confront the issue of public debt and budget deficit, which had been exacerbated by government intervention to rescue their economies from recession. This section will focus on demonstrating the clear negative impact of austerity measures imposed by the IMF in the Arab region, especially following the Arab Spring, on the social question, in general, and social protection, in particular. The last section of the paper will be devoted to discuss the impact of removing subsidies on basic goods.

### Austerity Policies as a Solution to Macroeconomic Imbalances According to the IMF

After Europe, the IMF opened a new front in the Arab World, exploiting the deteriorating economic situation in countries witnessing revolutions due to political instability and the aggravating consequences of the crisis in globalized capital, especially in the Eurozone, on the Arab region.

#### A) IMF Views on Confronting Macroeconomic Imbalances

The theory of austerity and its shortcomings (Krigman, Ortiz, Toussaint)

Growing fiscal and balance of payments deficits are considered by the IMF to be direct reasons

for widening debt and that public authorities should focus their efforts on fighting such imbalances through harsh austerity policies, such as reduced public spending and pressures on wages and prices, in an effort to help the economies of countries suffering from macroeconomic imbalances to recover and compete. Such austerity measures should enable the private sector to regain confidence in the economic climate. Reducing state expenditures is an indicator of its abandonment of competition with the private sector over loans, as the state had previously done by resorting to monetary and financial markets to finance its expansionary fiscal policy. On the other hand, lower public debt is considered an indication of reduced tax pressure in the medium term and would encourage consumers and producers alike to increase their consumption and investment, leading to a positive impact on the economic cycle and creating jobs.

IMF optimism about the positive reaction of markets to austerity policies does not stand up to sober analysis. On one hand, it is not certain that all social groups would regain their consumption and investment power, as the more consumer-oriented middle and lower classes who often rely on public services will face the brunt of cuts in public spending and pressures on wages. On the other hand, it is difficult to imagine the average consumer like acting rationally towards shrinking public expenditure. Citizens threatened with losing their jobs and source of livelihood will have reduced confidence in their country's economy and will hesitate before consuming more, in fear of an uncertain future. Furthermore, the simultaneous adoption of austerity policies on highly interdependent economies, such as the Eurozone, could lead to neutralizing the impact of such policies on growth, due to the decline in demand by the other partners.

## B) Impact of Austerity Policies on the Economy and Society in the Eurozone

Several common denominators make the comparison between the situation in the Eurozone and the Arab region worthy of study and analysis. Public indebtedness and fiscal deficit rose significantly in recent years, resulting in major economic problems. Macroeconomic imbalances also led to the IMF's strong comeback in

those areas, especially the Eurozone, which it had left thirty years ago. The two regions have become an open arena, with ample room to apply austerity policies advocated by the Fund. It is critical to focus in this regard at the impact of those policies on social protection. Furthermore, fiscal and monetary austerity policies in the Eurozone are expected to have a negative impact on many Arab economies subservient to EU countries.

Contrary to IMF expectations, austerity policies implemented by Eurozone countries – especially those under challenge by the financial markets due to the magnitude of their sovereign debt, such as Greece, Italy, Portugal, Spain, and Cyprus – did not witness significant improvements in the level of economic operators' confidence. Austerity policies, nonetheless, led to slowing down economic activity, rising unemployment, and declining purchasing power of citizens. At the same time, these policies have led to a real social crisis, whose channels and mechanisms will be described first, before moving to their dominant features.

A key measure adopted to put austerity policies into practice in Europe had been the reduction or elimination of subsidies on goods such as fuel, electricity, food, and farming tools, in addition to freezing or cutting back the wage bill in public administrations, higher general sales taxes and VAT, reforming pensions, additional rationalizing and/or rationing of social safety nets, reforming the health system, and adapting the job market to become more flexible in hiring and firing employees.

Added to that was the privatization of public facilities in countries such as Greece, Portugal, Spain, and Italy (selling national water and electrical distribution companies, public transportation companies, and several healthcare facilities).

In the UK alone, 1.1 administrative jobs were scrapped and wages in the same sector were shrunk in Italy and Ireland, while being mostly frozen in the UK. It should be noted that at least three of the above austerity measures are linked directly to social protection. In addition to eliminating or reducing subsidies on basic goods,

considered a mechanism of social assistance, Eurozone countries seem to have appreciably reduced budgets allocated to social security (the budgets of Greece, Lithuania, and Portugal saw a 5% decrease behind Romania, which registered more than 5% in 2011). This meant a decrease in the nominal value of family and housing allowances, as well as disability benefits. It is also highly expected that women will be even more affected by these measures, considering their role in child and elderly care inside households.

The impact of austerity was also apparent in health budgets, through measures to cut back costs in public health facilities and adapting costs of medicines to be closer to that of generic medication, in addition to citizens paying a higher share of medical and treatment costs.

Retirement plans were also changed drastically through raising the contribution of wage earners, increasing the duration of subscription to benefit from pensions, postponing retirement age, and reducing the value of pensions.

The adoption of “labor market flexibility” led to a reassessment of the minimum wage and the relative abandonment of progressive wages and prices. It also led to decentralizing collective bargaining, weakening the bargaining power of wage earners (this occurred in Greece, Portugal, Italy, and Spain). Easing restrictions on firing workers, however, was not accompanied with measures to protect those who lost their jobs from falling into poverty and vulnerability.

The devastating effects of the social crisis caused by the austerity policies imposed on Eurozone countries are clearly visible; unemployment reached unprecedented rates in that region, especially among young people and the long-term unemployed (one instance, the unemployment rate rose almost three times in Spain and Greece, from 8.3% in 2007 to 24% in 2012).

Increased prices and lower real values for wages exacerbated the presence of “poor workers” (the UK, Portugal, Italy, Spain, Ireland, and Greece). In general, it could be said that poverty in the EU is growing. In 2001, it rose by 5% in Austria, 4.7% in Belgium, 8.6% in Greece, 6.5% in Italy,

11.7% in Spain, and 5.2% in Sweden.

Social and class differences grew deeper, threatening the harmony and cohesion of the community, diminishing citizen trust, and leading to increased crime and decreased school graduation rates.

## C) Impact of Austerity Policies on Arab Countries

### IMF's Approach to Arab Spring Countries

The IMF's neoliberal approach to Arab economies remained the same post-Arab Spring. IFIs (IMF, WB) still believe in the validity of economic reforms adopted previously in Arab countries and that they had not been properly applied, witnessing a retreat with the reduced confidence in the state, weak public participation, lack of accountability, and rampant corruption and nepotism. However, the prevailing impression was that such reforms are only deepening inequalities and benefiting an elite associated with the regime.

As one of the main architects of the Deauville Partnership, IMF analysis of Arab economies post-Arab Spring is based on the impact of external and internal factors and the magnitude of the challenges ahead. On the external level, there are conflicting indicators related to slow global economic growth and recession in the Eurozone, in addition to rising food and fuel prices and the spillover of the Syrian crisis in neighboring countries. Internal situations, on the other hand, are characterized by uncertainty and faltering political reforms, with the tendency of governments to increase support for basic goods, despite the great need for financing.

According to the IMF, these factors combined led to slow growth and rising unemployment, in addition to wider imbalances in fiscal balances and external accounts, with the depletion of protective margins available through economic policy (For more details, see Masood Ahmed, “Regional Economic Outlook: Middle East and North Africa,” International Monetary Fund, November 2012). To break out of the situation, the IMF wants to give priority to foreign financial sustainability and reducing public debt.

Thus, fiscal and monetary policies should be set

in motion to provide condition for comprehensive growth for all sectors of society. On one hand, fiscal consolidation should be put in place and the quality of public investment improved, while strengthening social safety nets for the poor. On the other hand, monetary policies should be vigilant about the subsequent inflationary effects, enhance exchange rate flexibility, and expand policy tools in the medium term.

In parallel, structural reforms must continue through reviewing labor market regulations and reforming education systems, along with the organization of work and governance (treating businesses on the basis of transparency, equality, and reducing barriers to entry and exit of business), as well as improving access to funding.

This presentation of IMF's views demonstrates its continued adoption of the described approach. In short, it calls for controlling fiscal deficits through austerity measures capable of bringing back the confidence of the private sector, which is relied upon as the engine of economic growth (Box 1 presents key commitments by Arab countries towards the IMF).

The remainder of this section will discuss the effects IMF austerity recommendations might have on the social situation in some Arab countries, including the question of social protection.

### Potential Impact of Austerity Policies on the Social Question

Looking at austerity measures in the social sphere recommended by the IMF to the Arab region reveals that they closely resemble the situation in the EU. Once again, this demonstrates the dogmatism of that institution and its inability to devise solutions or mechanisms, which could be applied to the variety of local conditions in different countries.

The package of measures being implemented by several Arab countries is the same as the one discussed earlier in this paper, as illustrated in Table 1. Hence, the most common austerity measures in the Arab world had been to reduce subsidies on basic goods (applied in nine out of ten surveyed countries), reduce or freeze the public sector wage bill (seven out of ten countries), and increase taxes on consumption (seven countries out of ten). It also included reforming pensions and creating social safety nets (five countries out of ten).

The remainder of this section will discuss the potential impact of wage freezes, labor flexibility, and additional taxes on consumption. The effects of the reduction of support for basic materials and the creation of social safety nets will be discussed in some detail in the final section.

Box 1: Adjustment Measures in the Middle East and North Africa 2010-2013

Country	Limiting Subsidies	Wage bill cuts/caps	Increasing consumption taxes	Pension reform	Rationalizing and targeting safety nets	Health reform	L a b o r reforms
Algeria	X	X			X		
Djibouti	X	X	X				
Egypt	X		X	X	X	X	
Iran	X		X				
Iraq	X						
Jordan	X	X	X	X	X	X	
Lebanon		X	X	X	X	X	
Morocco	X	X		X	X		X
Tunisia	X	X	X	X			
Yemen	X	X	X				
Total	9	7	7	5	5	3	1

Source: Author's analysis of 314 IMF country reports published from January 2010 to February 2013

Freeze or reducing the wage bill in the public sector will have negative repercussions on human development levels in several Arab countries suffering from a significant lack of available human resources, such as teachers, doctors, nurses, and social workers. For example, a country like Morocco needs to hire more than 7,000 doctors and 9,000 nurses to meet minimum needs in the health sector and improve services provided to the population, especially in villages. The wage freeze and lack of adjustment to inflation rates will hurt the purchasing power of workers in the public sector, especially in the vital social sectors, which could increase instances of absence from work, growing employment in the informal sector, and a heavier brain and skill drain. Combined, this would lead to a significant decline in public services, especially in popular neighborhoods in cities and in villages.

As for labor flexibility through measures like facilitating individual and collective layoffs, reducing compensations, and encouragement of fixed-term contracts, it is uncertain that they would increase the competitiveness of production units linked to other, more influential factors, such as productivity levels, administrative efficiency, and innovation. However, it would lead to greater vulnerability for workers and low wages during a contraction of the economic cycle.

Raising indirect taxes, on the other hand, will reduce consumption. Rising prices will weaken the purchasing power of large segments of society, especially the poor, who allocate the largest part of their income to the consumption of basic materials. This reflects the unfair nature of taxes on consumption, compared to direct corporate taxes or income or wealth.

### Box 1: Austerity Measures in Selected Arab Countries (IMF Approach)

Morocco: "Program Note", 5 April 2013, IMF website.

Issue: Worsening budget deficit due to rising cost of subsidizing basic goods and high wage bill.

Priorities:

1. Adopting austerity measures to rebuild fiscal buffers, ensuring medium-term fiscal sustainability, through developing alternative targeted social protection schemes to replace high-cost universal subsidies and reforming pensions.
2. Rebuilding external buffers and strengthening competitiveness, through structural reforms and greater exchange rate flexibility.
3. Fostering higher and more inclusive growth through improving economic governance and strengthening the business environment.
4. Maintaining adequate monetary conditions and preserving the stability of the financial sector.

Egypt, "IMF Reaches Staff-Level Agreement with Egypt on a US\$4.8 Billion Stand-By Arrangement", IMF Press Statement, 20 November 2012.

1. Supporting a government program where fiscal reforms are a key pillar to:
  - Reduce wasteful expenditures, including by reforming energy subsidies and better targeting them to vulnerable groups;
  - Raise revenues through tax reforms, including by increasing the progressivity of income taxation and by broadening the general sales tax (GST). This would reduce the large public sector deficit and the generated resources would be used to boost social spending and growth of the private sector.
2. Improving public sector management.
3. Gearing monetary and exchange rate policies toward ensuring declining inflation over the medium term.
4. Strengthening competitiveness.
5. Ensuring fair and competitive environment for the business community.

The Egyptian government did not comply with the IMF's austerity conditions, choosing instead a voluntary policy to stimulate the economic cycle.

(See for example, The Daily Star, "Egypt's new finance minister plans stimulus, not austerity", July 27, 2013.

Jordan, "Program Note", IMF, 3 August 2012

Priorities: Socially acceptable austerity (fiscal consolidation) program and 36-month Stand-By Arrangement (SBA) in the amount of \$2 billion.

Main challenges:

1. Reducing vulnerabilities in public finances through fiscal consolidation on the short and medium terms, supported by reforms in spending and taxes and the protection of low income population segments.
2. Achieve cost recovery in the national electricity company.
3. Sustain structural reforms to improve the business environment, enhance transparency, and improve skills in the job market, to attain high inclusive growth.

## Section Three: The IMF and Basic Subsidies

IMF's approach reduces social protection to its social assistance component and providing subsidies to the needy, ignoring the key aspects of social insurance as a tool to mitigate risks associated with the life cycle, such as illness, unemployment, old age, and injury. This narrow view is mainly due to the IMF's lack of interest in social protection, except its impact on the budget deficit, since an essential part of social assistance is provided in the form of direct support for basic goods from the state budget. IMF sees this type of support as a heavy burden on the state budget and considers it a major factor in increasing the fiscal deficit of the state. This last section of the paper will critique the IMF approach to social protection, through demonstrating the limitations of reforming subsidies on basic goods it promotes, underlining its negative impact on the economy and society.

### A) Subsidies: Definition and Socio-Economic Functions

Subsidies are defined as “measures to keep the prices for consumers at less than market level or to keep the prices for producers above market levels or reducing the costs for consumers and producers through direct and indirect assistance.” The size of the subsidy is measured through the “price gap” index, comparing the recorded price of a product or service to a standard or baseline price. For energy, for example, international organizations estimate the size of available subsidies, based on the difference between the price of fuel in international markets and locally.

Subsidies on basic goods perform several functions – social and economic. Subsidies on energy use mainly aim to expand access to a vital and strategic product, through reducing the cost of fuel used by households for cooking and heating or for electricity production, for example. It is also used to assist in the expansion of necessary infrastructure, such as electricity networks in rural areas, through direct support to producers or consumers through, reducing the initial costs of household connections to networks. The second factor in subsidizing energy costs is

to protect limited income households from high fuel prices. But instead of targeting them directly, some countries prefer to keep the prices of all petroleum products at less than international, regardless of whether the user is rich or poor. Energy subsidies also aim to encourage local industries and to stimulate companies to provide goods and services to consumers at reasonable prices, helping to protect them from foreign competition, enhancing their export competitiveness, and protecting the local workforce. Fourth, governments work on encouraging consumption in the face of energy price fluctuations, through subsidizing local prices when they get high in international markets, and increase taxes when global prices are low. Government intervention also tries to avoid inflationary pressures generated by global increases in the prices of key commodities.

The focus on energy subsidies in Arab countries is due to the weight of this sector, which reached \$237 billion in 2011, or 8.6% of the Arab world's GDP, compared to 0.7% for food subsidies.<sup>1</sup> However, food subsidies are no less critical, given their social and economic role. More than half a century of food subsidies in countries like Egypt is an example of political and social commitment by public authorities to provide basic goods to citizens at affordable prices, despite starting to reduce the cost of subsidizing food products due to budgetary and IFI pressures since the mid-1980s. In general, food subsidies play an economic and social role, to reduce poverty, attain social justice, and redistribution. The incentive for such policies ranges from crisis or disaster or to get political support and develop loyalty, within the framework of some type of social contract between the ruler and the community.

### B) World Bank Vision on Energy Subsidy Reform in the Arab World

In its analysis of the energy subsidy system in the Arab world, the IMF focuses on the following negative aspects. (“Energy Subsidies in the Middle East and North Africa: Lessons for Reform”, IMF, 2013.)

1- IMF, “Energy Subsidies in the Middle East and North Africa: Lessons for Reform,” March 2014.

First, IMF considers that subsidies are a costly endeavor, estimating pre-tax energy subsidies – that is subsidies measured as the difference between the value of consumption at world and domestic prices – in the region as whole to be equivalent to almost 22% percent of government revenue, accounting for more than half of global energy subsidies.

Second, energy subsidies do not provide effective support to the purchasing power of deprived segments and they weigh on public finances and the balance of payments. They also create distortions in price structures, which are harmful for the economy and the allocation of resources. Energy subsidies benefit households directly, through lower prices for energy used for cooking, heating, lighting, and personal transport, but also indirectly by reducing production costs for other goods and services that use energy as an input. However, energy subsidies are highly inequitable as they mostly benefit upper income groups, compared to middle and low income segments. For instance, the IMF study mentions the example of Sudan, where the poorest 20% of the population receives only about 3% of fuel subsidies, whereas the richest 20% receives more than 50%.

Third, energy subsidies also divert public resources away from spending on other sectors, such as infrastructure, education, and health. In Egypt, for example, total energy subsidies were three times the spending on education and seven times health expenditures.

Fourth, energy subsidies cause over-consumption, aggravating pollution and traffic congestion, and does not encourage investments in efficient energy, public transportation, or renewable energy.

Despite barriers to reform, such as opposition from specific groups benefiting from the status quo, lack of information regarding the magnitude and shortcomings of subsidies, lack of government credibility and administrative capacity, the IMF believes that subsidy reforms will have several positive consequences, boosting growth, reducing the budget deficit and interest rates, stimulating private-sector investment and reinforcing economic growth.

The main reform components suggested are: appropriately phased and sequenced price increases; well-targeted measures to mitigate the impact of energy price increases on the poor, through cash transfers or vouchers. Alternatively, other initiatives, such as public works programs, can be expanded while capacity is developed. A comprehensive communications strategy to help generate broad political and public support for reform must also be reached.

### C. Critiquing the IMF Approach

Before addressing the main criticisms directed against the IMF approach to the question of social protection, it is important to note that the term “energy subsidy reform” is misleading, since the issue is actually related to the gradual removal of these subsidies, with the introduction of social safety nets aimed at the most vulnerable groups due to this policy.

#### Negative impact on growth and prices:

Raising the costs of basic goods will have an adverse effect on domestic demand, growth, and employment, at least in the short term. For example, a recent study by the Moroccan High Planning Commission indicated that energy price increases implemented by the Moroccan government in September 2014 would have the following impact on socio-economic indicators:

The rate of growth will drop by 0.15% in 2013 and 0.48% in 2014, as a result of declining domestic demand, while local domestic consumption prices will increase by 0.37% and 1.1% respectively and the budget deficit will drop by 0.18% in 2013 and 0.58% in 2014.

#### Limits of Social Safety Nets:

Despite several mitigating measures, such as targeted energy subsidies, the use of existing social safety nets, and public works programs, targeted cash transfers remains the most ambitious mitigating measure and the action most favored by the IMF. This measure, which eliminates all support for the use of energy, is based on the use of savings in the budget to finance

cash transfers programs geared toward the poor.

Such transfers may be conditional on beneficiary families sending their children to school and access to public health services. But despite the various advantages of cash transfers, they are not without flaws, which limit their effectiveness in the fight against poverty, with overhead costs that could reach up to 30% of resources allocated to the program. It also poses problems in assessing income levels and identification of beneficiaries, resulting in incomplete coverage as well as social stigma.

These barriers are particularly important in some Arab countries, given the weakness of administration and rampant corruption, bribery, and nepotism. On the other hand, several studies have delineated the limitations related to cash transfers targeted at addressing poverty. Despite the relative improvement registered in the field of schooling, health, and nutrition, the impact in terms of cutting down poverty remains weak in the short term. Long-term results in education, human capital formation, and poverty reduction are not guaranteed as well.

Targeted cash transfers in Arab countries are limited further by their lack of institutions and mechanisms of protection in many cases. The proportion of the population profiting from social protection remains low, since it only covers workers with permanent contracts, which are only possible in the public sector. This is added to the prevalence of work in the informal sector and high unemployment rates, as well as weak women's participation in the labor market.

### Impoverishment of the Middle Classes

Addressing the poorest segments through targeted and direct cash transfer mechanisms will inevitably lead several groups currently suffering from vulnerability, as well as large sections of the middle classes, to impoverishment and deteriorating living conditions. Thus, "subsidy reform" will lose the political support necessary for its success and will raise the political cost of its implementation, as in the recent situation in Sudan, where around 200 people were killed in campaign to suppress protests against the increase in energy prices.

So-called subsidy reform policies suffer from narrow economism, which focuses on macro-economic financial balances to the detriment of social balances. According to IMF experts, priority must be given to regaining investor confidence and debt repayment, even if at the expense of economic and social rights of citizens. Narrow economism, which underpins the work of IFIs, remains immune to the values of justice, solidarity, collaboration, and non-discrimination. This doctrine only sees individuals as economic actors looking to maximize their pleasures and profits in the context of competitive markets, based on the trio of liberalization, privatization, and fiscal austerity at the level of the general budget.

### General Conclusion

IMF's role in the global economy changed significantly since its inception in 1944 as a guardian of global financial stability necessary for the development of global trade, supporting economic growth, and expanding job opportunities. Today, it plays the role of policing the integration of the world's economies in the global market and restructuring them according to the requirements of globalized capitalist economy, taking advantage of the debt trap in which many of the countries of the South have fallen. Severe conditions were imposed, especially on countries resorting to the IMF for loans, through the adoption of the Washington Consensus based on the liberalization of the economy, privatization, and austerity in public finances. Many countries were entangled in the web of IFIs. Moreover, the strategic geopolitical location of Arab countries increases the influence of political considerations and interests of the great powers in directing interventions in the region.

Although many Arab countries had been loyal to IMF prescriptions, they witnessed a decline in economic growth, rising unemployment, and exacerbating class inequalities and social exclusion. While IMF's role in the global economy saw some retreat during the 2000s, it was able to regain its power and influence by exploiting the structural crisis in globalized capitalism. The IMF imposed strict austerity policies on many European countries, especially in Southern Europe. To the contrary of the Fund's fore-

casts, however, their economies did not recover. Rather, the policies led to an intolerable social situation, of varying intensity, for people living in the Eurozone.

Despite the winds of the Arab Spring, IFIs failed to change their approach to the deep economic problems in the Arab world. They retained the same neoliberal recipes, despite their revision and some good governance. Due to the global crisis, in addition to social and internal pressures, macroeconomic indicators in several Arab countries deteriorated. This forced them to seek recourse at the IMF, which imposed tough conditions, similar, to a large extent, to those promoted in Europe. Thus, maximum priority was given to controlling fiscal deficit, through the adoption of austerity measures as a prerequisite to regain the trust of the private sector and, thereby, raise the pace of investment and growth to create jobs needed by the region's people.

While it is still early to predict the economic consequences of this approach, it is expected that lower subsidies on basic goods, decreased or frozen wages, and increased taxation on consumption will have a negative impact on human development and the purchasing power of the middle class, leading to fragile working conditions.

The IMF limits its approach on the question of social protection to the support provided by the state to its citizens through subsidies on basic goods, which it believes to be the main contributor to deficits in the public budget and balance of payment. Consequently, the IMF is pressuring Arab countries to reduce subsidies with the prospect of their ultimate cancellation. To mitigate the effects higher prices on basic goods, the IMF proposes social safety nets in the form of targeted cash transfers to the poor. However, the political and social impact of such reforms is not guaranteed, considering the difficulties in applying them in the Arab environment and high administrative costs. It will also lead to the impoverishment of the middle classes.

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# Close Shelter: From Refugees Under International Protection to Wandering Poor

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## Introduction

This study attempts to shed light on groups of citizens in several Arab countries, who have become displaced or refugees, whether as a result of internal strife and armed conflicts, as in Iraq and Syria, or through external colonization, as in Palestine.

One of the problems accompanying asylum has been the absence of social protection, based on the concept of citizenship, and, thus, the transfer of responsibility regarding many needs, particularly in health, education, and security, to international relief organizations and host countries. This is starting to apply to millions of citizens in the Arab world, after 2006, in particular, with the intensification of the war in Iraq, and then in 2011, with the eruption of the Syrian arena. This is added to the 60-year-old question of Palestinian refugees and absence of their own state, whose circumstances vary according to the laws and regulations governing their presence in host countries.

According to a report by ESCWA:<sup>1</sup> “More than 53 per cent of the total number of refugees in the world comes from the Arab region, which is home to less than 5 per cent of the world population.” (ESCWA: 2014, 133). The number of refugees and forcibly displaced in the Arab region is on the increase and starting to include people from various origins, such as Palestinians, Iraqis, Sudanese, Somalis, Syrians, and Libyans, as well as refugees from other African countries, including Ethiopia and Eritrea. According to the UNHCR, Egypt, Jordan, and Lebanon hold the largest concentration of refugees, in addition to Iraq, which also suffers from exporting a large number of refugees and internally displaced people.

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1- ESCWA, Arab Integration: A 21st Century Development Imperative, UN Publications, ESCWA, Beirut, 2014.

This paper investigate the types of social protection in neighboring countries accessible to those seeking refuge from the crises and wars raging in their country? To answer, the report will provide an analytical and comparative description of the question of social protection related to several asylum cases, including Syrian refugees in Lebanon, Iraqi refugees in Jordan, and Palestinian refugees in Gaza.<sup>2</sup> The comparison will allow a space to address the problem in various contexts and from various angles, proposing appropriate policies, after taking the whole question the refugee question into account. As evident from older protection experiences, there is no “one-size-fits-all” solution to the various contexts facing refugees.

It should be noted first that term “social protection” is used in this paper to distinguish between: social protection in the form of services provided by the host country for refugees, in order to respond to their everyday problems, on one hand, and the protection offered by international conventions and laws for those who “gain” the title of refugee, on the other. However, it should be emphasized that protection in both cases cannot fully address the political essence of the question of refugees, as it falls in the context of treating the symptoms, whether the result of military intervention, direct colonialism, or internal disputes over sovereignty and power, which may take a sectarian tern and are often fed by international and regional powers. This leaves the people – who suddenly found themselves in a battle not of their choosing – with two options: either remain under threat of direct fire or seek shelter in a safer place.

Due to practical limitations, the paper will focus on discussing the second alternative, in an attempt to identify mechanisms to expand the

2- There are five million Palestinian refugees in the West Bank and the Gaza Strip, in addition to Jordan, Lebanon, Syria, and all over the world.

protection currently afforded to refugees in the region and not in the aim of seeking a definitive solution to their plight. Comprehensive solutions, however, cannot be reached in isolation from the underlying framework of the political context that produced them, to avoid falling into treating the question as merely a relief issue.

In the context of refugees and internal displacement, protection means legal assistance, relief, and international protection prescribed by the 1951 Refugee Convention, which includes shelter, food, healthcare, and education assistance, travel documents for refugees, and facilitating the implementation of durable voluntary solutions, such as: return to the country of origin, integration into host communities, or resettlement in a third country. Protection is usually carried out by the UNHCR.

In other cases, such as the Palestinian issue, the responsibility was delegated to UNRWA (in December 1949). As in the case with UNHCR, UNRWA does not propose durable solutions for Palestinian refugees, as it is considered the responsibility of the parties to the conflict. Unlike most refugees seeking protection for fear of forcible return to their homeland, the main problem facing Palestinian refugees has been the denial by the State of Israel of right to compensation and return to their original homes.

The common feature shared by the cases studied in this paper is that refugees suffered tremendous losses, on the level of social and political existence and not merely on the individual humanitarian level. Most of them continue to live in poor conditions, in the absence of minimum protection. In the Palestinian case, the bulk of Palestinians were uprooted from the social space where they used to live, to be replaced by a state for the world's Jewish population in one particular spot and under an ideological, religious justification of the "Promised Land". And ever since 1948, especially for the Gaza refugees addressed by this report, they have been subjected to continued aggression from the Israeli occupation, which led to the destruction of the protective space, however small, provided by UNRWA, most recently in three wars on Gaza in the span of seven years (2008, 2012, and 2014).

In Iraq, on the other hand, the refugee issue had been influenced by the practices of the former regime, escalating during the wholesale blockade – the longest in history – imposed by the United Nations and the West for thirteen whole years (1991-2003). The wave of refugees reached its peak following the US and British invasion and occupation of the country in 2003, which destroyed the pillars of the Iraqi state and its institutions. Between 2003 and 2006, Iraq became a killing field and bombings forced many of its inhabitants to flee in the largest wave, which included Iraqis of all religions and sects (Marfleet, 2007; Sasson, 2008).<sup>3</sup>

The Syrian refugee issue began in 2011, with popular protests facing the repression of the regime, which quickly escalated into armed military confrontations between the regime's forces and armed groups under different monikers. The flames of the war destroyed many of requirements of life in a country already hosting more than half a million Palestinian refugees and a peak of 1.7 million Iraqi refugees between 2007 and 2008. State services soon declined and food and fuel prices were on the rise, while battles raged and displaced many Syrians (in addition to Iraqi and Palestinian refugees in the country), who resorted to safer areas inside and outside the country.

The review of the quality of current social protection for refugees and problems related to their provision will focus on recent examples of Syrian refugees in Lebanon and Iraqi refugees in Jordan. It will be based on a review of specialized studies and reports, as well as preliminary information from interviews with Iraqi refugees and organizations working with them in Jordan. It will also provide a brief description of the development of protection for Palestinian refugees in Gaza following repeated Israeli aggressions and recent wars in the Strip.

## Reducing the Protection Space for Refugees

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3- Marfleet, Ph., "Iraq's refugees: 'exit' from the state", *International Journal of Contemporary Iraqi Studies (IJCIS)*, 1(3), 2007, pp. 397-419; Sassoon, J., *The Iraqi Refugees: the New Crisis in the Middle East*, London: I.B. Tauris, 2009.

Based on the 1951 Refugee Convention and 1967 Protocols, protection spaces entail the provision of emergency protection and relief to refugees, through a shared responsibility with the international community, leading eventually to a permanent solution to their problem. This protection is associated with a person obtaining refugee status, according to criteria established by the following definition provided by UNHCR:

“A person who owing to a well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his nationality and is unable or, owing to such fear, is unwilling to avail himself of the protection of that country; or who, not having a nationality and being outside the country of his former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it.”

UNHCR defines protection and its responsibility thereof as follows. In many cases, as in conflicts or civil wars, many people flee their homes and, in many cases, to other countries, where they are classified as refugees. As they are no longer under the protection of their governments, the role is taken up by the international community and the responsibility for protecting of refugees rests primarily with host governments. “The 139 countries signatory to the 1951 Convention are obliged to implement its provisions. The UNHCR maintains a “supervisory responsibility” in this process and intervene as necessary to ensure granting status to truthful refugees and not forcing them to return to countries where their lives would be at risk. UNHCR seeks ways to help refugees restart their lives, either through voluntary return to their home countries or, if not possible, through resettlement in host or “third” countries.” (Original emphasis in quotes, author’s emphasis underlined).<sup>4</sup>

Due to the absence of a legal framework for protecting refugees in the countries covered by the report (specifically Lebanon and Jordan), which did not sign the 1951 Convention, UNHCR is working with governments of host countries to address the influx of people displaced from

4- From UNHCR-Arabic Website: <http://www.unhcr-arabic.org/pages/4be7cc27201.html>.

neighboring ones, from a humanitarian perspective. However, the situation is limited to informal cooperation for the provision of services and assistance under a non-binding memorandum with government agencies, in the absence of legal safeguards for the protection, putting refugees at risk of arrest or forced displacement.

In both of the cases considered, refugees do not reside in camps under direct UNHCR supervision, but are distributed among the population of the country as so-called “urban refugees”. Although resorting to urban areas may seem to be a solution to the problems caused by the usual method of protecting refugees, grouping them in camps and shelters to receive services centrally by the UNHCR, pending a permanent solution. However, the presence of urban refugees does not necessarily entail an expansion of protection, especially due to the lack of guarantees related to providing regular services or shielding refugees from harassment by host communities or official authorities.

Although an urban setting could sometimes provide informal work opportunities for some refugees, it does not offer them protection from the constant risks of not having legal residency papers or work permits, which exposes them to legal accountability, arrest, or detention by the authorities.<sup>5</sup> Sometimes, the situation could turn into collective punishment, such as in the curfews imposed by Lebanese municipalities (Baskinta, Bneih - Aley, Batchai - Mardash, Burj Hammoud, and others), which prevent Syrians from leaving their homes at night.<sup>6</sup>

Both Lebanon and, to a lesser extent, Jordan refuse to treat Syrians and Iraqis as refugees for various political reasons and do not abide by international standards to determine their legal status as refugees. Authorities of both countries

5- Human Rights Watch, “The Silent Treatment: Fleeing Iraq, Surviving in Jordan”, Volume 18, No. 10(E), November 2006, pp 30-41.

6- In an article published in [www.Jadaliyya.com](http://www.Jadaliyya.com) on 25 June 2014, Sakr al-Nour discusses the apparent contradiction in the racist action directed against Syrians, which was taken after an incident, which could have occurred in any area of the capital, which is full of charged demarcation lines. However, the decision does omit the interests of shops and institutions, which benefit economically from hiring Syrians.

continue to exploit the numbers of refugees, their images, and stories to attract funding, a large portion of which goes to support state budgets and facilities, especially since both countries suffer from semi-permanent economic crises.

Efforts by international donors to link protection grants for refugees with development plans in host countries have increased. This was described by the World Bank as a cooperation model that “links direct assistance to refugees with efforts to address the needs and capacities of the communities and institutions that host them, forming a nexus between humanitarian aid and development” (World Bank, 2013).<sup>7</sup>

This solution might help absorb some of the tensions arising between refugees and host communities, especially the poor, resulting from competition over scarce local resources and already weak services. However, reports by international actors (UN development agencies and institutions like the World Bank and the IMF) tend to ignore the risks related to linking humanitarian aid to development in host countries does not guarantee securing the necessary protection to refugees. Rather, it consumes a significant portion of the funds dedicated to assisting refugees on sectors that serve host communities, in addition to salaries and administrative expenses for organizations contracted to provide services. This problem is often overcome through systems that quantify the needs of refugees so they do not exceed the needs of the poorest groups in the host communities. Through time, this leaves many refugees, who may be initially poorer than the host country’s poor, vulnerable to impoverishment, as in the case of Iraqi refugees in Jordan, which will be presented later.

Although it proposes to expand social protection

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7- “At the request of the Lebanese government, the World Bank Group has undertaken an Economic and Social Impact Assessment (ESIA) of the Syrian Crisis on Lebanon, in cooperation with other development partners, namely the United Nations agencies, the European Union and the International Monetary Fund.” The World Bank also noted that it was ready to help promote Lebanon’s stamina and recovery, through supporting development, which complements immediate humanitarian work. <http://www.worldbank.org/en/news/feature/2013/09/24/lebanon-bears-the-brunt-of-the-economic-and-social-spillovers-of-the-syrian-conflict>.

nets, as a way to compensate for the negative impact of its recommendations to remove subsidies aimed at the poor, the IMF does not take the situation of social protection programs in Arab countries into account, which are already weak, often non-existent, and thus unable to assist the poor in coping with price increases. In many cases, corruption and lack of transparency mechanisms are additional obstacles to the distribution of social welfare services.<sup>8</sup> The question posed here is: what mechanisms could ensure the expansion of the narrow social protection space so as to guarantee the provision of additional protection for refugees in these countries?

### Regionalization and Linking Humanitarian Assistance to Refugees with the Development of Host Communities

A growing international discourse seeks to address the question of refugees within regions, through what is termed by international agencies as Regional Response Plans (RRP) or “regionalization”.

The regionalization discourse is also evident in UN approaches to mobilizing the necessary funding to deal with the refugee crisis in the region. In 2013, the UN made an appeal with a value of US \$4.4 billion, the largest amount for a single appeal in its history. It planned to distribute \$1.4 billion for response operations inside Syria and \$3 billion for the RRP.<sup>9</sup>

The international trend to regionalize refugee operations does not merely arise from security concerns or fears of the spillover of terrorism, as in the justifications provided by European countries and the US who refuse to host the refugees.<sup>10</sup> Another important dimension lies in the financial burden, since hosting the largest number of refu-

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8- Arab NGO Network for Development and the Egyptian Center for Social and Economic Rights, “Arab Uprisings and Social Justice”, Report, ANND/ECESR, 2014.

9- <http://www.un.org/apps/news/story.asp?NewsID=45112#.VA7cOPmSz00>

10- Leenders criticizes the exaggeration of security risks posed by refugees and the consequent neglect of Iraqi refugees who are excluded from the protection space. Leenders, R., “Refugee Warriors or War Refugees? Iraqi Refugees’ Predicament in Syria, Jordan and Lebanon”, *Mediterranean Politics*, vol 14, no. 3, pp. 343-363.

gees in neighboring countries temporarily would be less expensive than permanent resettlement in receiving countries. For, example, UNHCR reports that in 2003, the UK spent more than \$1.5 billion to assist 93,000 asylum seekers. The UNHCR budget for that year, aimed for the relief of more than 20 million refugees inside and outside their countries, reached \$1.07 billion. However, the UK's contribution did not exceed \$47 million (UNHCR, 2003: 30-33).<sup>11</sup>

Regionalization plans do not focus on the value added by those refugees to overall the economic cycle in host countries. Disputes arising from the positions and conflicting alignments of political forces are a hindrance to government plans or conceptions to accommodate the refugees and alleviate their suffering. However, the regionalization being promoted does not usually provide adequate financial support for host countries. For example, Lebanon requested \$2.2 billion from the Friends of Lebanon Conference, dedicated to support its economy. But the amount has still not arrived by the end of 2014. It is expected that Lebanon, through a joint paper with Jordan, will reiterate its calls at the Berlin conference for financial support to the local economy, which is beginning to witness conflicts between the country's marginalized and poor, on one hand, and the downtrodden Syrian refugees on the other. (See, "Jordanian-Lebanese Paper at the Berlin Conference on Syrian Refugees", *(al-Dustour, Jordan, 25 October 2014*

It is worth noting that neighboring countries hosting the highest number of refugees are not resource rich and already suffers from weak social protection afforded to its citizens. Lebanon, Egypt, and Jordan all suffer from rising unemployment and Jordan is the fourth water-poor country in the world, in addition to the absence of political stability in Lebanon and Egypt. These countries already depend on external grants, aid, and loans. With the influx of refugees, another problem emerged, which is the reconciliation of services provided to the population and marginalized groups and those provided to refugees.

In order to encourage countries in the region and provide them with incentives for hosting refugees, the discourse international institutions is

11- UNHCR, "UNHCR Global Report", pp. 30-33, <http://www.unhcr.org/publ/PUBL/40c6d74f0.pdf>.

evolving in the direction of linking refugee grants with development projects in the country, as in the World Bank reports mentioned previously. This is beginning to encourage finding temporary places of employment at lower wages to accommodate the poor and refugees in the country and prevent unrest. A report by the IRC stresses the need for more donor influence to guarantee that funding is being utilized through an effective strategy and in a more efficient manner:

"Dialogue and joint planning between humanitarian and development donors needs to be stronger to ensure that funding is used most strategically and efficiently. IRC welcomes efforts by USAID to work with humanitarian donors to explore ways to better target development dollars to areas most impacted by the refugee influx. The U.S. Government is working with other donors to establish a dialog with the World Bank and the International Monetary Fund on ways to better assist Lebanon in dealing with the influx. Other countries should follow suit and direct development dollars to areas that are more adversely impacted by the influx of Syrian refugees and to improving infrastructure which will be benefit both Lebanese citizens and Syrian refugees." (IRC, 2013).<sup>12</sup>

#### - Arab Initiatives to Address Asylum

The reaction by Arab countries to the question of refugees has been to hold a number of regional meetings under the umbrella of the Arab League, in the presence of Arab experts and legal professionals. This resulted in the adoption of two major documents related to refugees in the early 1990s: the Cairo Declaration on the Protection of Refugees and Displaced Persons in the Arab world in November 1992 and the Arab Convention on Regulating Status of Refugees in the Arab Countries in 1994.<sup>13</sup> Detailed

12- <http://www.rescue.org/sites/default/files/resource-file/Lebanon%20Policy%20Paper,%20Final%20-%20June%202013.pdf>.

13- Cairo Declaration: <http://www.inf.org.lb/migrationnetwork/un12.html>; Arab Convention: <http://www.refworld.org/docid/4dd5123f2.html>. Original Arabic versions available here: [http://www.lasportal.org/wps/wcm/connect/LAS/las/las\\_ar\\_aln/arab\\_legal\\_network\\_agreements/?W-](http://www.lasportal.org/wps/wcm/connect/LAS/las/las_ar_aln/arab_legal_network_agreements/?W-)

on the agreements and reservations are available online in the previous reference; articles which identify the type of protection granted to refugees will be discussed below.

The 1994 Convention bases its definition of refugees on the 1951 Refugee Convention and its protocols, expanding its scope to include refugees from foreign occupation and aggression or natural disasters. Article 14 addresses the possibility of cooperation between signatory countries to provide protection to refugees, but it does not explain the type of protection to be afforded to refugees by state parties. This is with the exception of right to asylum in their territories and non-refoulement, unless it conflicts with national security or public order. It grants refugees identification cards and travel documents according to international relating to the refugee status. It also ensures “that refugees are accorded a level of treatment no less than that accorded to foreign residents on their territories.”

This reveals a major flaw in the Convention, which does not take into account the special needs of refugee protection (by equating them with foreigners), since asylum conditions rarely prepare them to compete with foreigners for work, health, and education services. However, these regional Arab instruments did not develop follow-up mechanisms or institutions for coordination between countries to provide urgent protection services for refugees. Although the 1951 Convention and its 1967 Protocol were identified as the two key international documents setting the legal status of refugees, to this day, most Arab countries have not ratified them, with the exception of Egypt, albeit with reservations.

#### Situation of Protection Available to Refugees in the Cases under Study

Both Lebanon and Jordan – who had been exposed to past waves of Palestinian refugees – insist on not being countries of asylum, preferring to use terms such as “Arab brethren”, “guests”, or “foreigners”, when referring to Syrian refugees. In Lebanon, for example, the term “displaced” is commonly utilized to refer to the Syrians, in daily interactions related to residence or employment opportunities for Iraqi and Syrian

refugees. On the other hand, Syrians and Iraqis are presented as refugees in the media coverage and reports issued by authorities in both countries, in the hope of obtaining support and funding for the already existing economic crisis, exacerbated by the influx of refugees. This is consistent with the tendency of the World Bank and other donors to link humanitarian aid to refugees with development in the host country.

In the absence of any international or local legal instruments to protect refugees or to organize the distribution of donor aid, Jordan and Lebanon signed memorandums of understanding with the UNHCR, serving as a foundation for service provision to refugees by UNHCR. Although each memorandum has a different content, they agree on emphasizing the urgent and interim dimension of protection measures.

#### I) Iraqi Refugees in Jordan: The Need for Protection

Jordan is host to Iraqi and Syrian refugees. Palestinian refugees have access to UNRWA services, in addition to the large percentage given Jordanian nationality, which provides them with civil rights. The Jordanian government signed an MoU with UNHCR in 1998, laying the groundwork for cooperation in providing protection and assistance to refugees and asylum seekers (non-Palestinians). However, ever since the so-called Iraqi refugee crisis in Jordan in 2007, UNHCR began strengthening its partnership with the government through the Ministry of Planning and International Cooperation. This included coordination between more than fifty international and local non-governmental organizations and United Nations organizations to provide the required services for refugees.

The Jordanian MoU is founded on the international definition of refugees (Article 1). On one hand, it elaborates mechanisms for coordinating with UNHCR to ensure protection services related to litigation, labor, and financial assistance for housing, food, and treatment. On the other, the memorandum clearly states that Jordan will provide the specified protection on a temporary basis, for duration of six months, and that the responsibility for a lasting solution rests on UN refugee agency (Article 5).

The MoU “allows mandate refugees a maximum stay of six months after recognition, during which a durable solution has to be found. When the residency permit expires, refugees will be treated as foreigners and not entitled to stay in the country without a residency permit, which is usually for one year. Some refugees try to obtain residency under the investment article, which permits them to work. However, most Iraqi (and Syrian) refugees in Jordan are working illegally.<sup>14</sup> Temporary and urgent nature of protection does not merely affect residency and work arrangements, it also has an impact on refugees’ access to humanitarian aid, which includes food aid, cash assistance, healthcare, etc.

A field study conducted in Jordan in 2010-2011,<sup>15</sup> showed that accepting Iraqi refugees in the humanitarian protection space does not occur automatically, but requires a measure of profiling to determine the extent of their entitlement to emergency assistance and temporary protection. Many were excluded due to the lack of “the required quantity of vulnerability” as developed by relief agencies to assist the poorest of Iraqis. Some of the families, which had initially depended on their savings from selling property in Iraq, were forced to sell the furniture of their rented homes in Amman to cover their living costs.

Measuring and quantifying need, which depends on “clear and present need”, does not take the circumstances of Iraqi refugees into consideration. In fact, many Iraqi refugees who fled to Jordan after 2006 had originally belonged to the middle class, which included government employees, in addition to doctors and academics.

A 2007 study by Norwegian FAFO Foundation found that 60% of Iraqis (women and men) over 16 years old arriving in Jordan between 2006 and 2007 held university degrees.<sup>16</sup> However, this social capital remains unexploited (except

14- Jordan’s Ministry of Labor publishes a regular list of professions restricted to Jordanian nationals.

15- Most of the data in the section on Iraqi refugees in Jordan is based on field research by the author Laura Adwan in the context of her PhD in Social Anthropology from Bergen University in Norway.

16- FAFO/DoS/UNFPA, “Iraqis in Jordan: Their Number and Characteristics”, Amman, 2007.

in a few cases involving university professors or doctors in some specialties) due to limitations imposed on work for refugees in Jordan. 75% of households depend on remittances from relatives abroad. 42% of these remittances arrive from Iraq, usually from a family member who chose to stay to work there despite the risks. As the asylum period grew, savings were almost depleted, sources of remittances decreased, and many families fell into poverty (De Bel-Air, 2009).<sup>17</sup>

We asked a UNHCR official about a case where emergency cash assistance for an Iraqi family was stopped due to an assessment, which pointed out that the family is not poor enough to qualify since one of their daughters is currently in a medium university. The official replied, “It was natural to stop aid to this family. Do you know how many Jordanian citizens cannot send their sons or daughters to university? Do you want me to give her the money to send her daughter to university, while other refugees do not have enough money to buy food?”<sup>18</sup>

For this family, whom one of the researchers got to know closely, the father, who holds a master’s degree in law, could not find a job in Jordan. The mother had to work several jobs to secure a living, after they exhausted their savings collected from the sale of family property in Iraq. Later, their daughter managed to secure admission to a medium-sized university (after waiting for two years) due to its low cost from a simple donation by a relative living in Europe. With the elimination of cash assistance, the family’s situation got worse and their daughter’s graduation was delayed, after being expelled from the examinations room for not paying her tuition on time.

Nevertheless, the UNHCR’s reply above is important. It does not merely answers many of the questions of Iraqi families whose cash assistance was terminated for a variety of reasons, but also calls into question the definition of refugees, their rights, and the responsibility of in-

17- Françoise De Bel-Air, “Iraqis in Jordan since 2003: What Socio-Political Stakes?” CARIM Research Reports 2009/10, European University Institute: Robert Schuman Centre for Advanced Studies, 2009.

18- Interview with UNHCR project official on 23 February 2011.

ternational organizations to protect them. Iraqis forced to leave their homes due to the US-UK invasion of Iraq in 2003 were only recognized as refugees in 2007, when UNHCR decided to “grant refugee status to all Iraqi nationals from central and southern Iraq who seek asylum in Jordan, Syria, Egypt, Turkey, and Lebanon.” However, this does oblige countries that did not ratify the 1951 Convention. This situation added to the suffering of Iraqis, which was partially described by Human Rights Watch in a major report entitled “The Silent Treatment”.<sup>19</sup>

In 2010-2011, the date of information collected for this study, response to the Iraqi refugee problem remained silent for the most part, except for assistance in health and education. In the absence of plans to establish appropriate assistance programs, many Iraqis were pushed out of the protection space and left to fend for themselves, through relatives, knocking on the doors of charities, and deception in some cases.

UNHCR and partner organizations defend the measurement and quantification, due to concerns about abusing the aid program, which may sometimes occur, as explained in conversations with refugees and aid workers. In some cases, “wealthy” Iraqis would rent uninhabitable apartments in a slum in Amman and furnish them cheaply. They dress up as beggars to gain access to emergency cash assistance, or what refugees call the “salary”. However, the total number of Iraqi refugees receiving cash assistance did not exceed 5,000 (according to an interview with a UNHCR official in May 2011). The value of emergency cash assistance is 70 Jordanian dinars (\$99) per person per month, JD180 (\$254) for a family of three members, and no more than JD260 (\$367) for families with more than three members. This means the proportion of people receiving emergency cash assistance is tiny, compared to the declared number of Iraqi refugees in Jordan at the time (500,000) and less than the number of refugees registered at UNHCR, who totaled 21,857 Iraqis in 2010, according to UNHCR data.

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19- Many reports refer to silence, negligence, and lack of humanitarian assistance to Iraqi refugees, compared to other cases of war refugees; see for example, Chatelard, 2003, 2008, 2009; Harper, 2008; HRW, 2006; Leenders, 2009; Peteet, 2007, 2010).

To access the protection space, Iraqis must reproduce their needs within the standards followed by protection organizations to measure the humanitarian needs of the refugees. Usually, this is measured in comparison with “the needs of the poorest individuals in the host society.” As expressed by Harrell-Bond, a researcher on refugee issues, aid is distributed equally to ensure that a person’s share will not be generous to a degree making them seem better off than the members of the host community.<sup>20</sup> The researcher explained how donors seek this standard in host countries in her research in Africa in the 1980s. The goal was to prevent attracting new refugees across the border. These justifications are still found in countries worried about the further influx of refugees, such as the case of Arab countries in general. But what is the impact of quantifying needs on the situation of refugees targeted by the protection operations?

In practice, using such criteria to select which Iraqis would be allowed in the protection space means that they must double their efforts to prove their need for assistance, which often involves more impoverishment, as refugee needs are scaled down to the level of the poorest Jordanians (host society). A striking contradiction is highlighted in this case, caused by linking humanitarian assistance to refugees with achieving development in the host country. Refugee experiences indicate that the equality and justice achieved in distributing assistance according to the above criteria has led to equal poverty among refugees and the poorest segments in the host community.

### Impact of Temporary Protection

The Jordanian government justifies the emergency nature of protection by the lack of capacity and intent to absorb more refugees in the country. UNHCR and other responded through the consequent implementation of emergency aid programs through official Jordanian bodies and NGOs, based on contracted projects, where UNHCR would monitor the coordination of services based on the “quantity of need”. This meant that a large part of the budget dedicat-

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20- Barbara Harrell-Bond, *Imposing Aid: Emergency Assistance to Refugees*, Oxford University Press, 1986.

ed to the protection of Iraqis was spent to cover the administrative and logistical expenses of UNHCR's partner organizations and Jordanian government institutions, rather than being used to expand into protection for Iraqis.

In this context, Chatelard criticizes the limited humanitarian agenda in dealing with the ongoing Iraqi refugee crisis, which, as she describes, goes back in time in several countries around the world as "a humanitarian agenda serves Jordan's governmental interests better than those of Iraqis who have had no choice but to look for safety and a future outside of their country."<sup>21</sup>

In addition to limited assistance, the emergency nature of its provision has a negative impact on Iraqis and humanitarian organizations and their employees. Funding allocated to cover the emergency needs of refugees arrives in the form of temporary projects. According to a project coordinator at an organization providing services for persons with special needs: "There is a high rate of special needs among Iraqis. The problem is that UNHCR functions according to emergency plans, while some of the services should be continuous, such as physiotherapy and special education. They are not services that could be provided once and the beneficiary would no longer need them, like giving a wheelchair to a paraplegic. You have to keep giving services to those in need."

The issue gets even more complicated when it comes to assisting persons with chronic diseases, such as the case of one Iraqi woman in her 40s who was invited to a workshop funded by an international health organization on "Early Detection of Cancer". At the end of the course, each participant received a grant to cover the cost of a mammogram. The woman said she did not care about the test since she did not feel anything unusual. However, she was surprised to see the results, which showed the presence of tumors and was informed by the center of the need for urgent surgery. The woman called the social worker who invited her to the workshop, but the social worker said the project was only

21- Géraldine Chatelard, "Constructing and deconstructing (the Iraq refugee crisis)", Paper presented at the conference of the International Association of Contemporary Iraqi Studies, SOAS, London, 16th-17th July 2008.

designed to cover mammography and treatment was not one of the project's objective, suggesting that she contacts other organizations that might be able to help. The woman's reply still echoes loud: "If they don't have money for the treatment, why do they trick us with a free mammogram? My life wasn't easy before than workshop, but today it has turned into hell."

Funding allocated to Iraqis was depleted in the following years, with the emergence of new refugee crises, forcing many organizations to stop or reduce their services to Iraqis.

## II) Syrian Refugees in Lebanon: Growing Number and Shrinking Protection Space

In addition to the recent influx of Syrian and Iraqi refugees, Lebanon hosts a Palestinian refugee population, yet it has not yet ratified the 1951 Refugee Convention. According to the MoU with UNHCR, Lebanon is not considered a country of refuge and, thus, the only acceptable solution for internationally recognized refugees by organizations like UNRWA or UNHCR is resettlement in a third country. Given the absence of legal protection and to avoid deportation and reduce arrests, refugees (non-Palestinian) are addressed via MoUs between Lebanon and UNHCR.<sup>22</sup> Under the law, General Security should allow Syrians entering into Lebanon an initial period of residency of 6 months, renewable for an additional 6 months, not as refugees but awaiting their return to Syria or resettlement in a third country.

The third option, however, is only available for a small portion of Syrian applicants and depends on conditions specific to each country, which provides asylum for a specific numbers of refugees, such as Germany, Sweden, and Norway.<sup>23</sup>

22- There are increasing difficulties in the entry of Palestinian refugees from Syria into Lebanon. Recently, access was restricted to those presenting evidence of travel arrangements via Lebanon, on the grounds that Lebanon is only a transit point. In an informal interview in April 2014 with a family of Palestinian origins, which crossed the Syrian borders into Lebanon to travel to Germany, they said the new procedures only did not allow them entry except eight hours before the time of departure from Lebanese territories.

23- Boston University School of Law, "Protecting Syrian Refugees: Laws, Policies, and Global Responsibility Sharing", 2014, <http://www.bu.edu/law/central/jd/programs/clinics/international-human-rights/documents/FINALFull>

Renewing residency permits is another problem altogether. After the expiration of the initial residency and the first free 6-month renewal, renewing at General Security will cost \$200 for each member of the family or they will need to exit and re-enter Lebanon. The amount is rarely available for the majority of the poor Syrian households and families are afraid of crossing the borders to be able to renew for free, thus requiring huge financial assistance to renew residency permits. This drives many refugees to avoid movement, in order to protect themselves from exposure to accountability, which confines the life of some within the limits of the rented room or the tent.

Despite the open borders policy being adopted at the beginning of the crisis and the recognition of the displacement status accorded by UNHCR to Syrian refugees since August 2012, reports are indicating that refugees started to encounter increasing difficulties in crossing the border in 2013 (ALEF, 2013: 12).<sup>24</sup> Reports are indicating that the 2013 MoU is not being applied on Syrian refugees and except those who entered the country after it entry into force. The MoU signed with the Lebanese government, in any case, provides little room for protection, and this is also reflected in reports on the situation of refugees. They indicate rising fear and increased discrimination among refugees in Lebanon as a result of political factors, demographics, sensitivity, and tensions between host and refugee communities (especially when it comes to Syrians in Lebanon), thus contributing to reducing the already narrow protection space.

In its 2013 work plan, UNHCR promised to sustain efforts to reach a new understanding with the Lebanese government, to agree on some points related to hosting refugees and their legal status, issue temporary residency permits, seek durable solutions and regular exchange of information of refugees, hold joint training, and enhance the ability to respond to the needs. (UNHCR: 2013, 1) However, a new formula has not yet been reached (based on our questions to the UNHCR).

Report.pdf.

24- See report by ALEF - Act for Human Rights, "Two Years On: Syrian Refugees in Lebanon", Lebanon, July 2013.

The bulk of Syrian refugees in Lebanon are facing difficult circumstances, as a result of the lack of relief services and failure to improve the situation in their country of origin. The relief aspect cannot be set apart from the legal framework guaranteeing relief (to refugees or asylum seekers) in the host country. Technically, refugees are usually allowed to benefit from public services. However, those lacking identification papers or UNHCR registration could face obstacles in accessing the services, especially children whose parents were unable to obtain identification documents for them or newborns in the host country whose registration takes time. Without birth certificates, it is difficult for children to enroll in schools and access health care or other services.

The aforementioned IRC report expresses concerns about the situation of unregistered refugees, especially in rural areas far from the registration centers, where women refugees, in particular, would generally face difficulties in traveling alone, which denies women their right to obtain assistance whether from the Lebanese government or UNHCR (IRC, June 2013).<sup>25</sup>

There is an additional impact to the lack of a legal framework for protection; refugees fall victim to exploitation and sometimes violence. In most cases, they will not find any protection or recourse, such as when being exploited by their employers and denied their wages, assuming that refugees will not call the police or any other authority due to their illegal status.

In terms of education and health, the authorities allowed refugees to attend public schools, however, many were unable to due to lack of space or costs of tuition and books. Moreover, UNHCR and its international partners provide assistance related to medical treatment, but it does not include all the costs, which some families may not be able to be cover. The greatest misery is concentrated in households with a family member suffering from chronic illness and the cost of treatment, which is permanent and sometimes very expensive, forcing its members to collect donations of more than source.

25-<http://www.rescue.org/sites/default/files/resource-file/Lebanon%20Policy%20Paper,%20Final%20-%20June%202013.pdf>.

UNHCR also provides assistance in social services, supporting families in covering their household needs, such as food, cash assistance, education, health care, and consultative and legal services (the intervention also includes assistance to refugees arrested on charges involving the breach of regulations such as working without a permit or expired residency).

However, the volume of aid is not enough to guarantee that all refugees are protected, which forces UNHCR and other donors to pick the criteria, which limit such services and their beneficiaries, in a manner similar to measuring the need of Iraqi refugees in Jordan.

For example, WFP conducted a profiling operation funded by ECHO to determine the baseline standards of vulnerable groups to identify beneficiaries. Related reports indicate that the final version of these features have been introduced to UNHCR's biological database. Each feature was given a weight, according to its importance, to enable the classification of Syrian refugee families according to its level of vulnerability. Some exceptions will be made especially for families with children or elderly and women-headed households, among other criteria.

Due to the Lebanese government insisting on its no-camp policy, rising cost of rent, and lack of available housing, which could be rehabilitated to host refugees, especially with the prolonged asylum period, some refugees turn to securing housing informally: on agricultural land and unused buildings whose inhabitants suffer from lack of sanitation.

In addition to the above, many cases of violence against refugees have been reported, which fall into the context of human trafficking, such as the exploitation of bodies and organs under duress and coercion and sometimes through exploiting people's needs and weaknesses. ALEF indicates that women and girls are being exploited physically, psychologically, and in their livelihood to push them into often forced marriages. This is in addition to allegations of rape and sexual harassment that can not be verified easily and whose victims do not seek the courts or public services due to cultural taboos. In parallel, many Syrians women in Lebanon resort to sex work,

as means to earn desperately needed income. (ALEF, 203: 29-31).

Some of the problems pertaining to the protection of Syrian refugees in Lebanon could be summarized as follows (these problems also apply to other cases of urban refugees, such as Iraqi refugees in Jordan).

1. Difficulty in identifying the exact number of refugees and their locations due to several factors: legal problems in registration and the continuous influx of refugees. In most cases, the figures come from various sources, in addition to the problem of classification, where not all refugees have the same status, as not all of them take the initiative to register at the UNHCR. Palestinian refugees originally residing in Syria who entered the country are estimated by some reports at 80,000, in addition to returning Lebanese, estimated at 49,000.<sup>26</sup> Certain parties resort to amplifying or reducing the numbers due to political or financing motivations, which makes it difficult for service providers, since the availability of accurate numbers of refugees could help in determining the amount of aid, arranging its distribution, and, thus, determine the type of need and meet as much of it as possible. The situation is complicated further by the nature of the urban refugee in cities, who are spread in more than one urban or village setting. They are also generally mobile, making it difficult for stakeholders to count them.
  2. Lack of available resources: The large influx of refugees is a significant burden on the economies, infrastructures, and resources of host countries. Most countries rely on funding from donor states to ease the burden. Donors impose conditions, which restrict aid to the degree of need. They set standards for the size of the need, to ensure that only the most needful or the most vulnerable groups would receive assistance, which creates a great difficulty for families, who are also in urgent need but where the criteria are not flagrant.
  3. Absence of mechanisms to cope with the
- 26- <http://data.unhcr.org/syrianrefugees/regional.php>

refugee burden related problems: Due to the absence of a legal framework for protection in host countries, protecting refugees is limited to relief. It is managed by the International Organization operating in the country, in coordination with other international organizations, NGOs, and, sometimes, the concerned country's government agencies.

Given the complexity of managing the problem and the overlapping sides and responsibilities, a lot of effort and money is being lost along the way. What ultimately reaches the refugees is insignificant compared to refugee needs.

### III) Palestinian Refugees in Gaza: UNRWA's Mandate is Relief and not Protection

It is worth mentioning that UNRWA's mandate is only to provide relief and only includes a narrow margin of protection: "UNRWA was established by United Nations General Assembly resolution 302 (IV) of 8 December 1949 to carry out direct relief and works programs for Palestine refugees. The Agency began operations on 1 May 1950. In the absence of a solution to the Palestine refugee problem, the General Assembly has repeatedly renewed UNRWA's mandate, most recently extending it until 30 June 2017. UNRWA services are available to all those living in its areas of operations who meet this definition, who are registered with the Agency and who need assistance. The descendants of Palestine refugee males, including legally adopted children, are also eligible for registration. When the Agency began operations in 1950, it was responding to the needs of about 750,000 Palestine refugees. Today, some 5 million Palestine refugees are eligible for UNRWA services."<sup>27</sup>

However, UNRWA faces mounting pressures to reduce its services to Palestinian refugees, as some UN Member States, UNRWA's main donors, are reducing their support. In addition to the political significance of what some powerful countries want to attain by putting an end to UNRWA's work, in the absence of application of decisions concerning the right of return of Palestinian refugees to their homes from which they were displaced, this policy has placed UNRWA

27- <http://www.unrwa.org/who-we-are>

in direct confrontation with the refugees, where the reduction of services led to many strikes and protests, particularly in the camps.

UNRWA figures indicate that the total number of Palestinian refugees was around 5.3 million as of 1 January 2013.<sup>28</sup> In addition to the difficulties faced by the Palestinians as a result of the Zionist occupation, refugees face particularly difficult circumstances in access to health services, securing adequate housing, or finding job opportunities.

After seven years of blockade imposed on Gaza Strip and its destruction once every two years, "Gaza is on the threshold of becoming the first territory to be intentionally reduced to a state of abject destitution, with the knowledge, acquiescence and - some would say - encouragement of the international community." (Karen Abu-Zayd, Deputy Commissioner General of UNRWA). With the increasing reliance on foreign aid by the residents of the Gaza, the concept of social protection becomes a form of luxury, while emergency programs, funding mostly through international organizations, attempt to prevent the complete collapse of the economy conditions, as the percentage of Palestinians in Gaza living below the poverty line (\$2 a day) has reached 87.7% of the population,<sup>29</sup> while the percentage of refugees inside the Strip reached about 67%, according to the Palestinian Central Bureau of Statistics data for 2013.

In a period of no more than 6 years, Gaza faced three devastating wars, with a continuing siege for over 7 years. And despite pledges by the international community for reconstruction, many have not been fulfilled and whatever was rebuilt in the previous years was destroyed once again in the recent aggression by Israeli occupation forces (2014). It is expected that the money promised for Gaza's reconstruction fund recently will also fail due to the mechanisms and complications imposed by the Israeli occupation authorities. According to a statement by Oxfam, "under current restrictions and rate of imports it could take more than 50 years to build the 89,000 new homes, 226 new schools and the health facilities, factories and water and sanitation

28- <http://www.wafainfo.ps/atemplate.aspx?id=3259>

29- <http://www.undp.ps/ar/12/pub/ffgar07.pdf>

infrastructure that people in Gaza need.”<sup>30</sup> While these facts are being ignored and while negotiations occur on the terms of the siege, rather than its termination, Gaza will remain volatile, since the money being earmarked in reconstruction conferences is not the solution to all its problems. Meanwhile, UN reports are stressing that Gaza will become uninhabitable by 2020.<sup>31</sup>

Unfortunately, the devastation in Gaza continues to be ignored, with a focus on additional mechanisms to put the population under control and surveillance and preventing the entry of proposed construction materials. On the other hand, the environment of Palestinian reconciliation (if successful) could have a positive impact on the population of the Gaza Strip and could turn the pages on years of political division. However, there is fear that the unity government might fail, which entails a return to separate governments, under the shadow of international and regional polarization.

### Personal Protection Initiatives for Refugees and their Families

With the restricted protection space available, refugees continue to look for ways to survive, which will be mentioned in brief:

- Reliance on family ties, cooperation in securing needs, and reducing the costs of rent: Many Iraqis and Syrians are starting to live with relatives in Jordan and Lebanon. Sometimes, one family member would remain in the original country, if work is available, to be able to send money to his or her refugee family in the neighboring country.
- Overseas asylum and illegal immigration: When neighboring host countries fail to provide basic needs, refugees will start looking for a way into Europe, which avoids the complexities and bureaucracy in dealing with official asylum requests. However, many refugees fell victim to exploitation by smugglers and mafias ac-

30-[https://www.oxfam.org/en/pressroom/pressreleases/2014-10-10/money-pledged-gaza-donor-conference-could-take-decades-reach?utm\\_source=oxf](https://www.oxfam.org/en/pressroom/pressreleases/2014-10-10/money-pledged-gaza-donor-conference-could-take-decades-reach?utm_source=oxf)

31- <http://www.lajeen-db.ps/ar/?p=8740>

tive in the Mediterranean. It is noteworthy that no more than 60 thousand Syrian refugees have been admitted to European countries, while only 36 people out of 135,000 asylum seekers had been resettled in the US in 2013, according to a report by Middle East Monitor published in 2014. The report also indicated that the total number resettled in the US since the beginning of the Syrian crisis was merely 121 refugees.<sup>32</sup>

### General Conclusion and Recommendations

As wars rage in the Arab region, more restrictions are imposed on refugees attempting to flee to safer places. Western countries have closed their doors to refugees and their policies are heading towards encouraging regionalization, while the flow of refugees to neighboring countries continues, despite their reservations about the development of legal tools to guarantee protection for refugees and displaced persons on the local and regional levels, for political and economic reasons. As noted at the beginning of the report, comprehensive solutions to the plight of refugees cannot be discussed in isolation of the basic framework of the political problem that transformed them into refugees, to avoid the pitfalls of removing the issue from its political context and reducing it to just the humanitarian dimension.

Since the causes of asylum are political, the solution will require eliminating such causes in a manner allowing refugees who wish to return to their homes and countries to do so. Knowing that the situation does not currently allow such a solution, the following recommendations will be proposed:

1. Develop an Arab Charter for Refugee Protection in the Arab Region and local legal frameworks to provide a safety net for refugees in the Arab region and guarantee adequate protection, until durable solutions are found.
2. Create a formula to oblige host countries

32- Johansen, Henriette, “International communities’ response to the world’s largest refugee crisis”, Middle East Monitor, 2014.

- to respect the proposed Charter.
3. Develop strategies to underline the priorities of regional cooperation proposed by the international community in the Arab region towards confronting the causes of the refugee question and not merely its symptoms.
  4. In the absence of mechanisms to put an end to causes leading to more wars and continued restrictions on the entry of refugees into European countries and the US, which have a greater capacity to receive refugees, the emergency situation requires the development of local plans in each country to search mechanisms to cope with the influx of refugees and their protection in neighboring countries, in a manner that does not put them in danger of accountability or deportation by government agencies.
  5. Work to achieve common Arab coordination CSOs to form a committee to protect refugees, taking into account the special situation in the original and host countries; to reduce competition for limited resources in host countries, between its already marginalized poor population and refugees; and maximize benefit from expertise and human resources of refugees. CSOs could also play a greater role in mitigating tensions and hostility towards refugees, which is on the increasing in some host countries and sometimes fueled by the media along political or sectarian lines.
  6. Develop advocacy mechanisms on the level of the international community to shoulder its responsibilities in conflicts, which it directly or indirectly fuels.
  7. Arab countries are main contributors to UNRWA and are thus capable of putting pressure through the UNGA against imposing more cuts in its budget, which in turn fuels several protests in the Palestinian refugee communities in areas where UNRWA operates.
  8. Work to disengage Palestinians from the state of regional polarizations and conflicts between axes, in addition to supporting the presence of a Palestinian unity government and opening Rafah crossing permanently, which would certainly ease the suffering of Gaza's refugees and its population in general.
  9. While the media focuses its attention on Syrian refugees, and rightly so, it cannot continue to ignore the plight of other groups of refugees, such as Iraqis or Palestinian made refugees for the second or third time due to internal conflicts, such as in Syrian today and their situation in Iraq after the 2003 war.

## Social Protection in North Africa

### Joseph Schechla

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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.

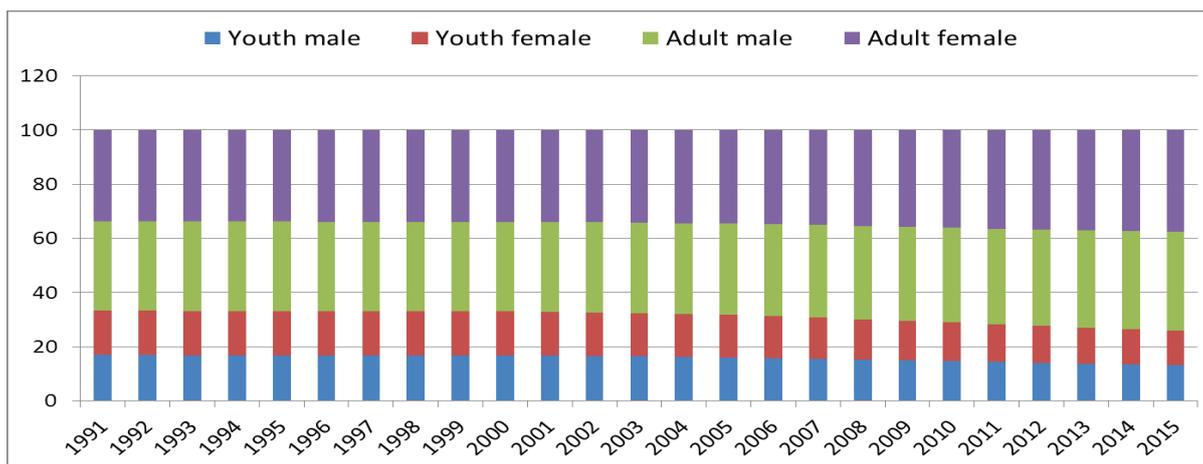
### Employment

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)**

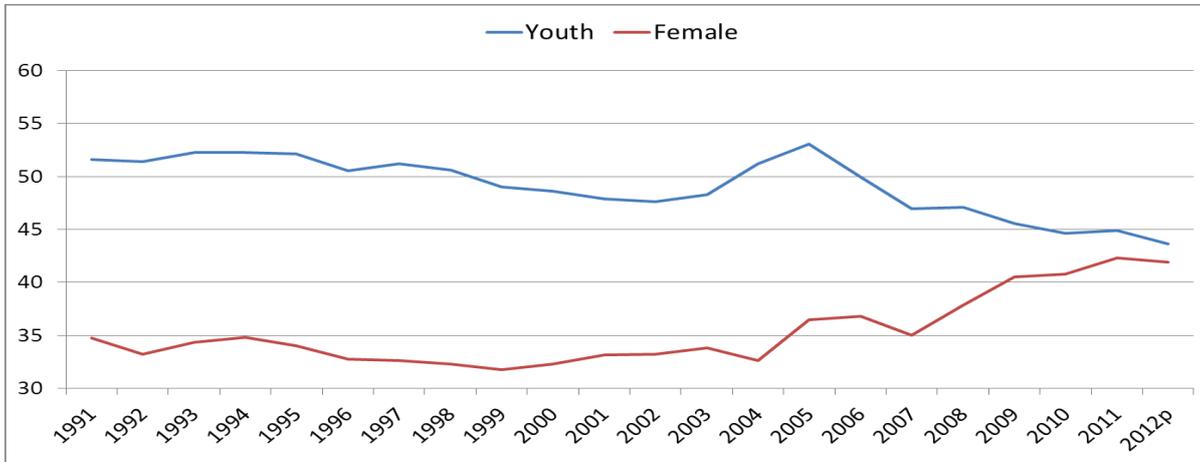


Source: ILO, Trends econometric models, October 2012

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.<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup>

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.<sup>5</sup>

### 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.<sup>6</sup> 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.<sup>7</sup>

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.<sup>8</sup> Other countries are not following that wisdom.<sup>9</sup>

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.<sup>10</sup>

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.<sup>11</sup> 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.<sup>12</sup>

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.<sup>13</sup>

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.<sup>14</sup>

In Morocco, health coverage actually has expanded in the period 2010–13.<sup>15</sup> 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.<sup>16</sup> One unrefuted report equates the king's official public-purse subsidy with that of 375,000 average Moroccan breadwinners,<sup>17</sup> 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.<sup>18</sup> However, IMF has made no recommendation for reducing the profligate state subsidies to the palace,<sup>19</sup> or those on food monopolies (milk products, oils and sugar) controlled by companies belonging to the king.<sup>20</sup>

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.<sup>21</sup> 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.<sup>22</sup> 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.<sup>23</sup> 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.<sup>24</sup>

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.<sup>25</sup> 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.

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%-D8%AA%D9%88%D8%A7%D9%81%D9%82-%D9%88%D8%A7%D8%B4%D9%86%D8%B7%D9%86%-D9%88%D8%AA%D8%B7%D8%A8%D9%82%D8%AA%D8%AC%D8%B1%D8%A8%D8%A9-D8%A7%D9%84%D9%8A%D8%A7%D8%A8%D8%A7%D9%86/601630.#VN-9JRWfwtjo.

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](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>.

# **The Social Protection System**

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**Jordan**

## Introduction

The social protection concept is an old concept that has evolved since the Middle Ages and targeted the poor in the first place. In Europe, the function of social care allocation was basically delivered by providing funds to poor people personally or through alms. The concepts of social care evolved, historically, in the era of the Islamic State within the Zakat concept framework, where alms were channeled to provide care for the needy among the poor, elderly, orphans and widows.

At the end of the nineteenth century and the beginning of the twentieth, many countries developed social care systems, the most notable of which was the system submitted by the German chancellor Bismarck in 1883 that targeted the working class and was the first of a kind in this area. In 1911, the first national insurance system was established in Britain, which was followed by the United States in 1929 after the country witnessed what was known as the Great Depression.

The global concept of social protection shifted from a service to a right, following the Universal Declaration of Human Rights in 1948 and its texts on the right of each individual in the society to social security, or the right of each one to live at a level that guarantees health and well-being for them and their families. Since the issuance of the Universal Declaration of Human Rights, the social protection concept was consecrated as a basic human right, where it was reflected across texts in some countries constitutions, while other countries set laws and measures regulating this right and ensuring the provision of social protection to citizens.

Following this, the social security concept was considered in its minimum limits, as one of the basic rights at work and one of the decent work standards within the International Labor Organization (ILO) standards framework. Afterwards, the concept expanded to include the social protection networks that are considered as one of the interim social protection mechanisms to alleviate misery, fight poverty, empower some disadvantaged society segments due to economic regression, wars and external indebtedness and implement privatization

programs and structural adjustment based on economic reforms. Hence, these developments resulted in reducing the governmental spending aimed at meeting social needs. It paved the way as well to phasing out the use of the State social care concept by government, aggravating the unemployment and poverty issue.

The concept evolved in the context of the global financial and economic crisis consequences that subjected millions of people to indigence and poverty. Therefore, we have now a new concept for social protection that was mentioned in the ILO recommendation No. 202 of 2012, pertaining to the social protection floors. It addresses a set of specific social guarantees at the national level that ensure the protection aimed at eradicating or mitigating poverty, vulnerability and social exclusion, through a set of standards and principles such as:

inclusion of protection in the social security framework; alignment of social subsidies with the basic human needs; non-discrimination between genders; fulfillment of the vulnerable social segments special needs; integration of informal sector workers in the social security system; development of social security funding systems; guarantee of an optimal balance between the interests of both the social security funding parties and beneficiaries; development of a social security management based on transparency and good governance; inclusion of social justice standards in the social security system framework; consistency of social and economic policies and business (operation) policies in the social protection framework; promotion of coherence between the various institutions in charge of providing social protection; provision of high-quality social protection services; development of systems for objection, incrimination and complaint within the scope of the social protection services provision; evaluation of the social protection system on a regular and period basis; full respect of labor organizations and collective bargaining for workers; and consultation with the different relevant civil organizations.

This report is produced to tackle the reality of social protection in Jordan in its holistic concept which significance and contents evolved through a long process until converging with the

ILO recommendation No. 202 of 2012 related to social protection floors, which confirmed the necessity to encompass at least the basic healthcare, including the maternity care that will be accessible and of high quality, the provision of basic income for children, the access to nutrition, education and health, the provision of a basic income equivalent to the minimum wage at least for the unemployed active segments of the population, particularly in case of disease, unemployment, maternity, disability and elderly people.

We hope this report will cover the various relevant aspects, depict a clear and complete picture of the reality and present as well the set of recommendations claimed by the Jordanian civil society.

## **Section One: Role of the State in the development**

### **The State general status at the economic and social levels**

The economic policies undertaken by the successive Jordanian governments during the past decades were based on the liberalization of the Jordanian economy and the philosophy of the free market economy, by liberalizing foreign trade and prices, lifting subsidies for basic commodities, privatizing randomly government partnerships and through attempts to withdraw the State from the economic landscape. However, the policies that were implemented contributed to the increase of the Gross Domestic Product (GDP) growth rates during some periods. Yet, this economic growth was not coupled with improvements in the population living standards which resulted in the inability to extend the scope and quality of the social protection systems in Jordan, in addition to the incapacity to generate new and sufficiently decent job opportunities during the positive economic growth phases and did not contribute hence to reducing poverty and unemployment levels.

The Jordanian economy achieved during the period 2000-2010 a growth of 6 percent in the GDP, however this growth started to decline in

the following years due to the global economic crisis; it decreased to 2.7 percent during the period 2010-2012 and registered by end of 2013 a rate of 2.8 percent<sup>1</sup>. This decline was the outcome of many internal and external factors that were represented by the global financial crisis, the drop of foreign investments and the raise of the State public debt which reached unprecedented levels in 2013, to near 20 Billion JD i.e. 80 percent of the GDP<sup>2</sup>. Moreover, the measures taken to liberalize commodity prices, particularly oil derivatives, led to the inflation rates increase that reached by end of 2013 5.6 percent<sup>3</sup>. The economic policies implemented by the successive Jordanian governments contributed to the enlargement of the poverty range which attained 14.4 percent<sup>4</sup>.

This was coupled with an increase in the unemployment rates, as estimates indicate that unemployment among the Jordanian youth is one of the highest worldwide with 32 percent for the age category (15-19 years) and 34 percent for the age category (20-24 years) (for non-students in both categories), according to the most recent local and international statistical indicators for 2013<sup>5</sup>. The weakness of the economic, education and business policies and their inconsistency with the society reality and needs as well as its development requirements contributed also to the rise of unemployment rates.

The average wage in Jordan is also low taking into account the high prices of the various commodities and services. As a matter of fact, 61.2 percent of the Jordanian employees earn an average monthly wage of less than 400 JD, while the percentage of those who earn less than 300 JD per month is around 44.1 percent<sup>6</sup>.

1- Department of Statistics, annual reports, sporadic years, Jordan

2- Jordanian Ministry of Finance, the ministry's general financial statement, August 2014

3- Department of Statistics, the monthly bulletin of consumer prices, March 2014

4- Department of Statistics, Case Study on Poverty in Jordan, 2012

5- ILO, World of Work, 2013

6- Social Security Corporation, Annual Report 2013,

The minimum wage is 190 JD per month while the absolute poverty threshold for the standard Jordanian household with 5.3 members is 416 JD a month<sup>7</sup>. This illustrates the expanding scope of the poor workforce, in addition to the growing informal sector in Jordan that includes 44 percent of the Jordanian workers<sup>8</sup> and most of them do not have any form of social protection. The situation has worsened over the last years due to political and security developments that hit the region and which effects reached Jordan at all political, economic and social levels. As a result, a wave of popular claims emerged demanding the implementation of political and economic reforms based on social justice and fighting corruption. On the regional front, Jordan hosted huge numbers of Syrians due to the deteriorating security situation in their country. The presence of about 600,000 Syrian refugees constituted a pressure on the different services and economic resources of the Kingdom, besides the approximate 900,000 Syrians residing in Jordan without holding though the status of refugees.

Therefore, Jordan suffers from a series of economic imbalances that led in turn to significantly increasing social imbalances especially in light of the exponential population growth that reached around 6.5 Million at the beginning of 2014<sup>9</sup>. These disparities are the result of undertaking economic policies that do not suit the Jordanian reality, in addition to the interruption of the political and economic reform project launched since 1989, leading to a lack of accountability and effective control.

The political legislations (election law, political parties' law, publications law, etc.) contributed to the creation of weak parliaments unable to efficiently control the government performance and of dispersed parties incapable of producing impact as well as restrictions on the freedom of speech and expression.

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Amman, Jordan

7- Department of Statistics, Report on Poverty in Jordan, 2012

8- Ministry of Planning and International Cooperation, Informal Sector Study, 2012

9- Jordanian Ministry of Health, website <http://www.moh.gov.jo>

## **Position of social protection in the state general policy**

The social work in Jordan started as voluntary but was soon institutionalized with the establishment of the Ministry of Social Development in the 1950s and the concept of social care as known across the state institutions evolved along with a set of legislations, regulations and guidelines, in addition to the design of protection policies and participation in the funding protection programs through state budgets.

The Ministry of Social Development has ever since overseen directly the implementation of social protection legislations and policies through its subsidiary authorities and institutions in order to provide social protection services. They subsequently became standalone entities at the financial and administrative levels including, inter alia, the National Aid Fund and the Higher Council for Affairs of Persons with Disabilities.

The Ministry of Social Development scope of work is based, according to its statute, on licensing and following up on nurseries and special education institutions and centers; building and maintaining quarters for poor households; funding microcredit productive projects; providing care for individuals with disabilities, children without family support, women battered by their families, outlaw juveniles and poor elderly; and following up the implementation of relevant national strategies such as the 2010 national strategy for the elderly and the 2010 national strategy for orphan and needy children.

The social protection services included in the Ministry of Social Development scope of work are denoted by not encompassing all people entitled to this protection and by their low quality due to the limited ministry resources on the one hand, in addition to the weak performance and the faltering of the affiliated departments and institutions on the other hand, alongside the shaky control and evaluation systems in use. Therefore, media outlets come up every couple of months with scandals related to the performance deterioration across nursing facilities for disabled, children and elderly.

The State put a framework to the (healthcare) concept by founding the Ministry of Health

besides the armed forces royal medical services as the ministry oversees the implementation of the health sector strategy that includes in Jordan government hospitals and health facilities, royal medical services, private hospitals as well as the UNRWA health centers. The health services provision system was developed so that healthcare centers will spread across the Kingdom, covering the diverse social segments. However, the health protection is known for not having vertical and horizontal inclusion as those included in the health insurance system are the public sector workers and their families as well as the citizens below 6 and above 60 years old and all heart, cancer and kidneys patients<sup>10</sup>. Hence, the health protection system does not include all citizens and is denoted by the low quality of these services due to the lack of resources, decline of competent departments and institutions performance, besides the weakness of control and evaluation systems.

In the education area, the Ministry of Education supervises the education system in the Kingdom across both its public and private sections that consist of four phases: pre-school education, primary education, and secondary education as well as university studies. Despite the significant improvement Jordan has achieved in the area of education, the expansion of schools across the Kingdom and the success in reducing illiteracy which reached 6.7 percent<sup>11</sup> in 2012, Jordan faces the challenge of school dropout which was at 0.31 percent for the academic year 2011-2012<sup>12</sup>. It suffers also from the continuous use of the two-phase system, due to the lack of government schools particularly in crowded areas. Moreover, the education outputs in Jordan are of an extremely low quality. This was actually declared by the education department owners, the minister of education and the minister of higher education; this statement was acknowledged lately by the Minister of Education who indicated that about 20 percent of the primary education students do not master

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10- Jordanian Ministry of Education, *ibid*

11- Ministry of Education, newspaper declarations, March 2014

12- The National Center for Human Rights, Study on the "real spending on the rights to education, health and work in the budgets of Jordanian governments", 2010

reading, writing or even simple calculations<sup>13</sup>.

The successive governments developed a social protection framework consisting of a series of subscription-based programs (social insurance systems such as social security, civil and military pension), non-subscription based programs (social safety nets or social assistance like the National Aid Fund), social sector policies (services and infrastructure, education, health) and commodity subsidization.

### **Funds allocated for social protection from the State general budget**

The State annual budget comprises permanent items for the spending on health, education, labor and social protection sectors. Jordan has in fact started the implementation of austere economic policies according to the International Monetary Fund (IMF) requisites, within the framework of the "credit readiness" convention signed in 2012, preceded by a number of restructuring programs known as (economic reform programs) since the beginning of the 1990s. The overall economic policies implemented are still focused on controlling the public spending. In this context, the different social protection programs were negatively affected by the implementation of these policies. Jordan's spending on education, health and labor declined during the period 2000-2010 in favor of security and military expenses. The spending rate on the education, health and labor sectors went down during the period 2000-2010 from 25 percent to around 23 percent in 2010, while the rate of security expenses was 24 percent, i.e. equivalent to what was spent on education, health and labor together<sup>14</sup>.

As a result of the distortions in the pension systems applied in Jordan, the pension cost for approximately 300,000 retirees from the public sector amounts to 1.46 Billion Dinars on a yearly basis (around 1.5 Billion USD) forming thus 15 percent of the overall public spending according

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13- Jordanian Ministry of Finance, the government general financial statement, August 2014

14- Social Security Corporation, *ibid*

to the 2013 figures<sup>15</sup>.

As for the insurance expenses according to the Social Security Corporation system, they reached by end of 2013 around 510 Million Dinars (approximately 750 Million USD<sup>16</sup>) to be paid from the corporation funds, knowing that the government contributes to feeding this fund only by covering the dues of its employees.

### **The existing relationship between social protection and the tax system**

The social protection policies were related to the different financial policies on public revenues and perhaps the most important of these are the tax policies as they suffer from significant distortions that affected and are still affecting directly the decline of the tax revenues (income tax) and the indirect tax revenues inflation (public tax on sales). The tax system in Jordan is denoted by the lack of justice where progressive tax is not applied, resulting in the increase of the taxation burden that reached 25 percent of the GDP, while the income tax revenues do not exceed 5 percent of the GDP<sup>17</sup>, as according to the globally recognized standards, they should not be less than 10 percent, not to mention the dissemination of the tax evasion phenomenon resulting from the weak rule of law. All this led, in addition to the implementation of non-social economic policies that did not sufficiently care for providing social protection as a human right across the successive Jordanian governments, to a negative effect on the public spending on social protection.

Furthermore, austere economic policies adopting the market economy system according to its neoliberal version were implemented in line with bilateral agreements with the IMF and the World Bank during the past two decades and a half. The focus was on lifting subsidies on commodities and on other policies mentioned above, increasing thus the pressure on broad segments of population in areas of basic human rights such as education, social security, health

15- Jordanian Ministry of Finance, *ibid*

16- Universal Declaration of Human Rights, 1946

17- The International Covenant on Economic, Social and Cultural Rights of 1966

and protection of marginalized segments like the elderly, children and disabled with the aim of depriving them from their rights. As a matter of fact, there was a wage freeze that kept wages at low levels as clarified earlier versus consecutive increases in inflation rates due to price liberalization, foreign trade and rise of public taxes on sales.

### **Section Two: Legislative framework and social protection system features**

Plurality is one of the issues the social protection system is facing, resulting in multiple stakeholders supervising its management, which allowed for labeling the system as distorted and weak.

The social protection concept is based on a series of international charters and legislations endorsed by the international community and ratified for the most part by the Kingdom. The key international charters include the universal declaration of human rights of 1948, particularly article 22 stating that “Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality” and article 25 indicating that “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. Motherhood and childhood are also entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection<sup>18</sup>”.

The International Covenant on Economic, Social and Cultural Rights of 1966 and ratified by Jordan in 2006, particularly article 9 stating that “the States Parties to the present Covenant recognize the right of everyone to social security, including social insurance”, and article 11 indicating that “The States Parties to the present Covenant recognize the right of everyone to an

18- Phoenix Center for Economic and Informatics Studies, Statement issued by the Jordan Labor Watch on the social security temporary law, March 2013

adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions” as well as article 12 noting that “the States Parties to the present Covenant recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health”. Also, article 13 states that “The States Parties to the present Covenant recognize the right of everyone to education. They agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace...”<sup>19</sup>. Jordan ratified as well the United Nations General Assembly declaration on the right to development in 1986 and adopted the Millennium Declaration in 2000 from which derived the eight Millennium Development Goals (MDGs) supposed to be achieved by 2015.

With regard to local legislations, the Jordanian constitution did not expressly note the right to a decent standard of living, however the Jordanian national charter of 1991 in article 8 of chapter 3 stated that “combating poverty and its effects must be made a strategic goal of the Jordanian state and a national responsibility requiring the provision of employment opportunities to all who can and want to work, with first priority to be given to Jordanians. Also, there must be a just regional and social distribution of services and development projects with the objective of meeting basic needs, marginalizing poverty and reducing its impact on the individual and society”. As for the right to work, the Jordanian constitution guaranteed in articles 6/2 and 23 the right to work for all citizens.

With respect to the rights of the child, Jordan ratified the Convention on the Rights of the Child and the Jordanian constitution secured the right to education within the limits of the State

19- The National Center for Human Rights, Human Rights Case Study in Jordan, 2012

capacity. It provided for the right to establish private schools and for compulsory education. The text of the education law provided also for a free compulsory education. Nevertheless, the Jordanian constitution did not refer to the right to health and the national legislations did not mention the State’s responsibility for ensuring the adequate conditions to exercise this right. The amended public health law No. 47 of 2008 included however material confirming the state responsibility for providing the different forms of healthcare.

Jordan ratified also the Convention on the Rights of Persons with Disabilities and the Law on the Rights of Persons with Disabilities No. 31 of 2007 regulated the rights of this population segment. The rights of elderly people were confirmed as well in the set of laws, regulations and guidelines drafted for the purpose of organizing the work, providing social aid as well as regulating and licensing nursing homes. The Ministry of Social Development is perceived as the key umbrella for elderly care in Jordan.

As such, the Jordanian legislations covered a large portion of the social protection elements within a legal framework that contained a broad set of laws, regulations and guidelines to implement the international conventions and treaties endorsed by the Kingdom. However, most of the local legislations are still having shortcomings and are not aligned with the international standards. In the area of social insurance-specific legislations, Jordan has only ratified so far one of the ILO’s conventions related to social security, which is Convention No. 102 of 1952 on the minimum standards of social security. To date, Jordan did not ratify Convention No. 121 of 1964 on Employment Injury Benefits, Convention No. 128 of 1967 on Invalidity, Old-Age and Survivors’ Benefits, Convention No. 130 of 1969 on Medical Care and Sickness Benefits and Convention No. 183 of 2000 on Maternity Protection<sup>20</sup>.

On children protection, Jordan has not endorsed so far the draft law of the children rights in line with the relevant international conventions and the Jordanian government did not develop efficient mechanisms to implement article 74 of the labor

20- Jordanian Military Pension Law, ibid

law that prohibits child labor in hazardous work. As for women protection, the government did not amend the texts of both laws of civil and military pension with respect to women subject to the civil or military pension who earn an inherited salary.

If they were allocated a pension in return for the services they provided, they will receive the highest pay and the payment of the other salary will cease to avoid paying more than one pension, although both salaries represent a due being the outcome of hard work, effort and various deductions. The pension is also taken away from wives, daughters and mothers in the event they got married and is given back to them if they became widows or divorcees; in case they got married again the pension will be cut off permanently.

### **The social security systems working in Jordan**

The social protection engines are numerous in Jordan and are divided into two parts: government and non-government. The government part includes the systems of social security, civil and military pensions, as well as some institutions and campaigns aimed at empowering marginalized segments in the community to face the livelihood challenges, including inter alia Jordan Hashemite Charity Organization, the Goodwill Campaign, Tkiyet Um Ali (Food for Life), etc. The non-official entities are represented by the different civil society organizations that provide various forms of social assistance to the poor and orphans. In recent years, the involvement of the civil society in social protection programs increased due to the state inability to adequately fulfill its role and the incapacity of the different state institutions to reach all the segments that should indeed benefit from social protection programs. This contributed to the growing intervention of the community to provide social protection services as well. The following presentation will go briefly through the most important social security systems working in Jordan alongside some social insurance programs.

### **Social Security:**

Social security represents the largest social protection network in terms of the beneficiaries' size and the type of the social protection it provides. Like other social security systems around the globe, it is based on the contribution of both the worker and employer whether the latter was a private or public sector.

The social security law in Jordan was issued as a temporary law, law No. 30 of 1978, following the economic and social development in the Kingdom and it targeted the active population not included by other retirement systems and laws like the civil and military pension that necessitated the existence of a socio-economic umbrella ensuring the protection of these productive segments. These amendments were incorporated into the law, the most recent of which was the temporary law No.7 of 2010 endorsed by the parliament in December 2013. The social security provides insurance to the subscribers versus the old age benefits (pension), the employment injury benefits, family benefits, maternity benefits, disability and survivors' benefits, unemployment benefits (partially).

The social security currently covers according to the related figures around 66 percent of the total active population in the Kingdom. The number of the social security subscribers is about 1,050,000, while the number of women included in the social security system is lower with 258,000 subscribers, i.e. 25 percent. However, these figures are subject to accountability as the Ministry of Planning figures note that 44 percent of the workers in Jordan operate in the informal sector and do not enjoy any form of social protection. The social security is compulsively applied across all working facilities while it is optionally implemented for independent workers whether they resided within or outside the Kingdom as well as housewives or some non-regulated economic sectors.

Social security in Jordan is regarded as a coherent social protection system but like other social protection sectors suffers from weak inclusion despite the significant increase of the number of social security subscribers during the past four years due to the amendments made

on the relevant law in 2010 to cover all working facilities. The system fails also to cover all types of social insurance (health care/protection) and is subject to constant concerns about the possibility of going bankrupt. Therefore, contributions from subscribers and employers will be increased or benefits reduced with respect to pension calculation. The government does not pay either any yearly allocation from its budget for the social security fund, although many states feed social security funds through annual contributions in order to promote and expand its protectionist capacities.

### **Civil pension:**

It is one of the government social protection systems and it came into effect in 1959. It includes the employees of the government civil apparatus, the diplomatic corps staff and both the parliament and cabinet members. In 1955, the inclusion of newly appointed employees in the civil apparatus in the civil pension law ceased and appointments across the civil organization structure became subject to the social security system with the exception of senior civil servants. Under this system, workers and retirees receive a set of benefits such as old age benefits (pension), employment injury benefits, family benefits, maternity benefits as well as disability and survivors' benefits.

This system currently includes some discriminatory texts as it grants senior civil servants pension privileges that are not awarded to the vast majority of civil servants, particularly in the pension conditions; it requires that regular staff have at least 20 years of service to qualify for the pension, while the senior civil servants are allowed to enjoy a pension after less than 10 years of service. A great debate is currently ongoing in Jordan on these privileges for the purpose of cancelling them, especially after the King rejected the draft law presented to him by the parliament and senate which provided for these privileges. He requested the members of both bodies to develop a more equitable law. This occurred after a broad wave of protests among the majority of the social categories and segments.

### **Military pension:**

It is one of the government pension systems that came into effect in 1959. It included subscribers from all the Jordanian Armed Forces (JAF) and other relevant security bodies appointed before 2003, as after that date the inclusion of the JAF new recruits in the military pension law ceased and hence they were no longer subject to the social security law provisions. Under this system, retirees receive a basic pension with a maximum of 125.0 percent of the last basic salary in addition to personal and family raises, noting that retirees and their families are included in the military health insurance system. The funding of this system is based on deducting contributions from the subscribers and government, where part of the pension expenses are covered through the military pension system subscriptions while the remaining part is covered from the public treasury. The early military pension fund was established to cover the interval pending retirement. The Retirement and Compensations Directorate in the Jordanian Ministry of Finance oversees the implementation of the military pension law. This system encompasses a set of benefits comprising the old age benefits (pension), the employment injury benefits, family benefits, maternity benefits, disability and survivors' benefits.

### **Professional labor organization funds**

Professional labor organizations are institutions that operate according to private laws representing the interests of tens of thousands of professionals like medical practitioners, engineers, lawyers, nurses, etc. and provide diverse social protection systems funded completely through member subscriptions. These systems cover the subscriber pensions and provide health insurance and social solidarity funds denoted by their stability as they are managed by experts elected by the general secretariat of these professional labor organizations and are subject to their follow-up and control.

### **Health insurance:**

The first government health insurance system in Jordan was established in 1965 and was based on the services provided within state

hospitals and health centers for subscribers and beneficiaries as well as for the free treatment of the needy. Many amendments were introduced to the system, the latest of which was in 2004. Accordingly, the health insurance fund was established and was financed from the allocations of the relevant general budget, the subscription fees planned according to the system provisions, the medication revenues, the fee set pursuant to the system provisions, the returns on the fund investments as well grants and donations, subject to the approval of the Cabinet if they were from a non-Jordanian origin in addition to any other revenues feeding into the fund under any other legislation.

The health insurance covers children below six years old, social security retirees from the government employees and related beneficiaries, spouses of government female staff and retirees, children of subscribed female employees (between 18 and 25 years old), retired daily-paid workers, rural population, extremely poor areas population, needy Jordanians based on official social studies, patients suffering from chronic diseases like renal failure and cancer, elderly people above sixty and pregnant women. The health insurance covers around one third of the population.

### **Section Three: Social coverage reality**

The Jordanian legislations addressed the social protection elements within a legal framework that comprised a large set of laws, legislations and guidelines, however, most of the local legislations are still tainted by shortcomings and not aligned with the relevant international standards. In the area of social insurance legislations, Jordan has not ratified yet four international conventions tackling the different social insurance issues, except for the ILO Convention No. 102 of 1952 on the Minimum Standards of Social Security that was ratified at the beginning of 2014. The Kingdom did not endorse either Convention No. 121 of 1964 on the employment injuries benefits, Convention No. 128 of 1967 on Invalidity, Old-Age and Survivors' Benefits, Convention No. 130 of 1969 on Medical Care and Sickness Benefits, Convention No. 183 of 2000 on Maternity Protection and Convention No. 87 concerning the Freedom of Association and Protection of the Right to Organize, which is one of the social

protection floor standards reviewed above.

With regard to the alignment of the social protection systems in Jordan with the highest social protection standards mentioned in the ILO recommendation No. 202 on social protection floors, we found that the social protection system is still dispersed, horizontally and vertically weak as it does not include all citizens and does not provide full coverage. Therefore, it is not inclusive and does not meet all the special needs of the vulnerable social segments, is unable to integrate the informal sector workers in the social security system, and ineffective in terms of funding, with the reliance of its main pillars on beneficiary subscriptions only. Moreover, questions are always raised on the transparency level and the use of the good governance standards in the management of some relevant elements particularly the social security fund. Weakness is also noted in the alignment of economic, social and business (operation) policies within the social protection framework and the same applies to the promotion of consistency between the various institutions in charge of ensuring social protection. The quality levels of many social protection services are still low as well.

Furthermore, there is no sufficient respect for the freedom of association, collective bargaining and consultation with the different relevant civil organizations. This is a priority issue considered as necessary to ensure balance among the diverse society components. Weakness is also noted in providing protection to children especially dropouts entering the labor market and in ensuring a basic income equivalent to the minimum wage at least for all the active population and those unable to work as well as in cases of disease, unemployment, maternity, disability and for the elderly.

### **Section Four: Future trends and suggested alternatives**

In light of the analytical review in the past sections of the report, it is clear that the economic policies implemented in Jordan over the last decades which were based on the free market philosophy in its neoliberal form

and which adopted austere economic policies were used according to bilateral agreements with the IMF and the World Bank and focused on lifting subsidies on commodities, privatizing many public entities, liberalizing foreign trade and prices, weighing on wages and increasing indirect taxes and other non-social policies, as well as the State renunciation of playing its role in ensuring economic and social rights including social protection, led together to more pressure on large segments of population and weakened the social protection system in Jordan.

In addition to that, the role of the Jordanian civil society organizations is very weak in terms of contributing to the improvement of the social protection enjoyment, in particular the organizations that are supposed to play a pivotal role in this area such as labor organizations which role has declined in protecting the majority of Jordan's workers, specifically in the social protection field. Their efforts were limited to the participation in the social security related debates held by ad-hoc parliamentary committees, where some labor organizations took part in the work of the labor and social development committee during the discussion of the social security proposed law. It should be noted that the independent labor organizations (not recognized by the government) played a concrete role in improving the social security law texts, unlike the official labor organizations which participation was just a formality. The balance of social, economic and political powers in Jordan did not allow for imposing the implementation of healthcare services in favor of the social security subscribers and retirees, as this right is still not applicable.

Additionally, the role of the existing labor organizations is still limited in terms of creating a sort of social pressure to enforce and implement the new social security law and hundreds of thousands of workers are still deprived from enjoying this right due to the employers' objection.

In a nutshell, the social protection system is Jordan needs substantial reforms to make sure it covers all recipients as a right and these reforms can be summed up as follows:

1. Reconsider the existing development model and the resulting economic policies to build it on the human rights system, including the social protection and guide all policies towards enforcing these rights.
2. The government should ratify the ILO conventions related to social security, represented by Convention No. 121 of 1964 on the employment injuries benefits, Convention No. 128 of 1967 on Invalidity, Old-Age and Survivors' Benefits, Convention No. 130 of 1969 on Medical Care and Sickness Benefits and Convention No. 183 of 2000 on Maternity Protection.
3. The necessity to proceed with the standards integration of the social protection floors mentioned in the ILO recommendation No. 202 of 2012 in all social protection related legislations.
4. The need to make structural amendments to the government administrative system in order to consolidate the institutional references that provide social protection services and avoid their diffusion which will broaden the beneficiary base on the one hand and put an end to the squandered social protection spending resulting from this diffusion on the other hand.
5. A real shift to the consolidation of social security and military/civil pension systems within the framework of the Social Security Corporation without discrimination against senior and junior civil servants, which will reduce the civil and military pension system burden on the state treasury.
6. The necessity to accelerate the implementation of all the social security law benefits, particularly the healthcare for subscribers and retirees as one of the fundamental standards of social protection.
7. The necessity to accelerate the implementation of the social security law to cover all workers and deter employers

from opposing their integration in the system to evade the payment of their financial obligations.

8. The necessity to increase the public spending allocations for health services in the State general budget in order to improve the quality of health services provided to the citizens.
9. The necessity to increase the public spending allocations for education services in the State general budget in order to improve the quality of education services provided to the citizens.

# The Social Protection System

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Tunisia

## Preamble

When examining the development of humanity through contemporary history, one finds that there is a general agreement on the necessity to recognize and enhance economic and civic rights, along with social rights in order to protect the members of society from threats to human life.

Society has become aware that civic and economic rights are of no less importance than social rights.

For this reason, the social protection network does no longer target workers and categories living in extreme or complete poverty, but it takes into consideration other essential needs such as the necessity to provide stable and permanent jobs, to guarantee good education, decent housing and the right to live in healthy environment and to participate in political, economic and social life.

The widespread definition of the concept of social protection, which is also adopted by the International Labour Organization (ILO), relies on the following 11 approaches: sickness and health, disability, aging, death, motherhood, family and children, unemployment, work accidents and occupational diseases, housing, active policies to provide jobs, general protection against poverty and social marginalization.

It is also usually agreed that social protection is based on three axes:

1. Social security, which covers health insurance, aging, death, disability and unemployment.
2. Social transfers, which cover health, education and vocational training fields.
3. Social assistance consisting in a range of programs developed by the government and civil society to improve living standards and conditions, especially for vulnerable and marginalized categories and to reduce poverty and unemployment rates and regional disparities.

## 1. General situation in the country and its impact on social policies

### 1-1. Social protection position in Tunisian state policy:

Since independence in 1956 and until the revolution of January 14, 2011, social protection has been given an important position in the Tunisian state policy. The various governments have allocated an important share of national income to economic and social development, in particular to improve citizen living conditions and to provide health care.

Improving living conditions:

- Adoption of the policy of free and compulsory education: Figures show that until 2008, the schooling rate amounted to 99.2% for children in the age of six, and to 99% for children aged 6 to 11 years old.
- Promulgation of the personal status code in 1956: texts embedded in this code have enabled a qualifying policy for the role of women which represented an unprecedented progress in the Arab world (banning polygamy and forced marriage, setting 18 years as the minimum age of marriage for women, and mainly establishing the principle of gender equality).
- Setting a revolutionary and ambitious family planning program to reduce the growing proportion of births.
- Price increase monitoring program (compensation fund) to help the poor class and low-income families.
- Literacy program which has decreased illiteracy from 84.7% in 1956 to 22.9% in 2004, for the age group 10 years and above.
- Elimination of huts and tin construction. In 2008, this type of construction has represented only 0.8% of the total built structures.
- Supplying electricity and drinking water in more than 90% of the Tunisian territory. In 2006, electrical light supply rate reached 98.7% and drinking water supply 91.6%.

Health sector:

- Elimination of several infectious diseases:
- Significant increase in life expectancy indicators at birth, from 67.4 years in 1987 to 74.3 in 2010.
- Decrease of child mortality from 51.4% in 1985 to 21% in 2010.
- Decrease of maternal mortality ratio at birth, from 69 cases for every 100.000 new births in 1994, to 35.5 cases in 2010.
- Medical examination rate for pregnant women before giving birth has improved from 72% of pregnant women in 1987 to 96% in 2010.
- Increase in birth therapeutic coverage rate to reach 96%.
- Improved health coverage, as the number of medical doctors increased from one for every 2110 inhabitants in 1987, to one medical doctor for 865 inhabitants in 2010.
- Increase in children vaccination rate against epidemic diseases, measles and other infectious diseases to more than 98% <sup>1</sup>.

Human development approaches adopted by the Tunisian state during the last 40 years and before 2011 can be measured based on the human development index (HDI) which is a general tool used to measure development according to three dimensions: health, education, income, autonomy indicators and other indicators related to environment, security and decent work<sup>2</sup>.

In 1980, the human development index was equal to 0.436 then a continuous increase was recorded during the following 30 years to reach 56% (with an annual increase rate of 1.5% which is higher than the average rate in Arab countries that is around 0.593).

The Human Development Index value in Tunisia for 2010 (0.683) makes the country ranked 81 among 169 states with the same specificities, and

1- Source : SP systems effects on the achievement of MDG objectives: case of Tunisia

2- Source : UNDP study «synthesis note of the global report on human development, 2010

therefore described as a “state with advanced human development”.

Human Development Index evolution<sup>3</sup> :

Year	Tunisia	Arab countries	World
1980	0.436	0.396	0.455
1990	0.526	0.470	0.526
2000	0.613	0.525	0.570
2005	0.650	0.562	0.598
2009	0.677	0.583	0.619
2010	0.683	0.588	0.624
Development rate 1980-2010	56.6%	48.48%	37.14%

The Human Development Index (HDI) does not give a clear picture of regional differences in the same country and does not reflect gender inequality in a given society. Therefore, in order to learn more about the characteristics of different communities and to consider and understand these dimensions, new indicators have been adopted, including:

- Inequality-adjusted Human development Index (IAHDI) which allows detecting human development gaps resulting from inequality in health, education and income.
- Gender Inequality Index (GII) which reflects the importance of gender in health, reproduction, autonomy and activity development ratios.
- Multidimensional poverty index (MPI) which completes income-based indicators (monetary indicator) taking into consideration health, education and living standards gaps.

It should be noted that in 2010, the Inequality-adjusted human development index (IAHDI) was estimated at 0.511, which represents approximately a 25% decrease in Human Development Index (from 0.683 to 0.511),

3- Source www.social.gov.tn : Social portal: UNDP study «synthesis note of the global report on human development

and underlines the importance of inequality in Tunisia, at the regional or social levels.

We also point out that the gender inequality index (GII) in Tunisia is estimated at 0.515 which makes it ranked 56 on 148 countries based on the data for 2008 (34% of adult women have a secondary or higher education level against 48% men, and only 28% of women participate in the labour market against 74% men, and only 9.19% of parliamentary seats are for women).

Despite all efforts for women's liberation, and all the texts recognizing gender equality, the gender inequality index is still high. Contrary to prevailing ideas, the legal framework contains gaps and is therefore not sufficient to establish full gender equality.

Concerning the multidimensional poverty index, it is estimated at 0.010 in Tunisia, 0.139 in Morocco, 0.010 in Jordan, and 0.026 in Egypt. It should be noted that 2.7% of the Tunisian society suffers from multiple aspects of deprivation and 4.9% live in vulnerability.

As for the post-revolution period, there are no estimates given the difficulties and imbalances that the country has been through during the last four years.

Despite the fact that social protection plays a role in calming societies in crisis, countries usually reduce their social programs in such cases. Besides, the economic crisis leads to reviewing the Social charter which depends on state intervention for the redistribution of wealth, added to the pressure exerted by international donors and banks which impose on the states to play a less important role in injecting money for compensation funds.

We also observe that social transfers and social security, given their institutional nature, are not likely to collapse even for a short period of time. However, social aids and mechanisms are affected by the fragility of economic and political stability. Therefore, without strong political will, human development indicators are threatened.

In the recent period in Tunisia, in spite of the increasing poverty, unemployment and the rising cost of living, we have observed an insisting will

and determination to reduce the state role in injecting money in compensation funds, which may also lead to abandoning social programs and charter.

## **1-2. Social protection funding**

Social security is financed by the contributions of employers and employees. However, social aids are funded from the state budget, civil society, individual donations, companies and institutions, regional and global funds. Social transfers are ensured from the state budget.

### **1-2-1. Social transfers**

In 2008, the state has allocated the equivalent of 3% of GDP for health expenses<sup>4</sup> and more than 6.3% of the GDP for education, which is higher than the average expenditure allocated by OECD countries for education<sup>5</sup>.

### **1-2-2. Social security**

In Tunisia, it has represented 8% of the GDP in 2011.

The coverage rate has reached 34.81% in 2011.

## **1-3. Social protection priority in national policies**

Since the independence and until the popular revolution of January 14, 2014, protection was one of the state priorities. However, today the country is facing important changes in its history, and is obliged to start a process of radical reforms which usually leads to a decrease in growth rates, especially if coupled with a period of democratic transition.

In fact, since January 14, 2011, the Tunisian society has suffered from high poverty and unemployment rates, and questions have been strongly raised around liberties: the freedom of women, of belief and expression. All these

4- WHO/Tunisia

5- [www.who.int](http://www.who.int) ; [www.ups.ac.fj/worldbank](http://www.ups.ac.fj/worldbank) note de politique sectorielle sur le financement de l'enseignement. et. <http://databank.banquemondiale.org/data/views/reports/tableviews.asp>

issues have been exacerbated by insecurity and by the emergence of terrorism.

As a result of these factors, added to the financial crisis, social protection was no longer one of the basic state priorities. In fact, the state was unable to fund social programs especially with the pressure exerted by international donors within the framework of economic restructuring programs.

## 2. Specificity of social protection systems and programs

### 2.1 Social security

#### 2-1-1. Systems

Social security systems in Tunisia provide:

- Health coverage which gives citizens the possibility to recover the costs of treatment, or to provide coverage for employees, retirees and their family members.
- Retirement pension, widow allowance, and temporary allowances for orphans, the elderly and in death cases.
- Family allowances,
- Compensation allowances (maternity, sickness...)
- Some allowances for categories of employees and their families in case of interruption of professional activity due to illness or death,
- Protection to face work accidents and occupational diseases.

It also contributes in funding social programs such as the program of assistance to needy families, in addition to the injection of money into the public health budget with the possibility of loans for contributors.

It is important to point out that in Tunisia there is no unemployment allowance system, despite the increasing number of jobless, especially among youth and graduates (In a consultation carried out in 1996, the International Labour

Office has advised the Tunisian state not to opt for a long-term unemployment allowance). However, the state has set up an Active Employment Plan (PAE) which ensures employment incentives and short-term allowances.

Social security is managed by three funds:

- National pension and welfare fund (CNRPS), which manages the retirement, disability and death capital system for public sector employees.
- National social security system (CNSS), which manages the retirement, disability and death capital systems, and social assistance for private sector employees.
- National Health Insurance fund (CNAM), which manages the health insurance system, work accidents and occupational diseases.

In Tunisia, social security systems differ according to the categories of salaries and professional sectors and to the public or private sector, except the health insurance system which became unified since 2004.

#### 2-1-2. Social protection system beneficiaries:

Social protection includes almost all professional categories: Employees in the public and private sectors, freelancers, farmers and workers in agriculture, housemaids, seasonal workers, artists, intellectuals, fishermen, etc...

Social security system beneficiaries in the public sector:

- Permanent, temporary, seasonal and casual workers in the public sector.
- Members of parliament, members of the former house of Councillors, members of government and governors.
- Employees of industrial and commercial companies and independent professions and professional groups, civil society, trade unions, associations, agents of the united nations, the

Arab league and specialized institutions, such as diplomatic missions and all institutions under international law (according to rules and conventions).

Beneficiaries of social protection systems in the private sector:

- Workers in agriculture
- Fishermen
- Non-salary workers (such as Turkish bath workers, taxi drivers with professional card).
- Tunisian workers abroad who do not have a agreements with the hosting country.
- Students and interns
- Housemaids
- Employees of local institutions and public institutions of administrative nature which do not have a social security system.
- Fishermen who are not covered by the fishermen system.
- Farmers investing in their own business and self-employed handicraftsmen.
- Artists, creators and thinkers.

### 2-1-3. Services provided

#### a. Health care

Health insurance services cover ordinary and long-term diseases (listed serious and chronic diseases). They also cover prosthesis and transport expenses in case of travel for medical treatment or surgical operations, blood dialysis, scanning and Magnetic resonance imagery, thermal therapy and rehabilitation.

#### b. Maternity

Healthcare for pregnant women is part of the health insurance system. However, there is a maximum amount to cover birth costs.

#### c. Family allowances

Family allowances are provided for under-age children (3), and an additional allowance is provided for single-income families (in the private sector).

Non-salary workers in sectors other than agriculture do not benefit from family allowances.

#### d. Basic income insurance

The Tunisian state and social security systems provide a minimum wage for low-income workers: workers in sectors other than agriculture (SMIG), minimum wage in agriculture (SMAG), minimum pension for retirees (MG) amounting to 2/3 of the SMIG, and an elderly allowance of 50% for those who have worked during less than fifteen years.

Compensation allowances are also granted for sick or maternity leaves for pregnant women. However, unemployment aids and allowances are not general and require several conditions.

#### e. Retirement systems

Retirement systems are compulsory and are based on the principle of solidary repartition between generations, to ensure retirees, widows, and orphans wages, and an amount of money at death.

#### f. Work accidents and occupational diseases

The work accidents system was first established in 1921 and covers 3 risks (work accidents, accidents that may occur to workers on their way to the workplace, and listed occupational diseases).

## 2.2 Social assistance

Social assistance has different aspects including:

- Monetary benefits
- In-kind benefits
- Healthcare benefits

- Basic products subsidy program
- Living conditions improvement program (sanitation and rehabilitation of popular districts)
- Specific programs targeting people with specific needs
- Job creation or employment assistance programs

## 2-2-1 Monetary benefits

The national program for assistance and support to needy families is considered one of the most important programs giving the possibility to obtain monetary benefits. It was established in 1986 by the government. This program provides low-income families with allowances every three months, calculated on a specific basis.

The number of families benefiting from this program has reached 114534 families in 2004 (68% of the elderly and 3.17% of the disabled, the total cost of this program has reached 5.59 million dinars). This amount includes half of citizens living under the poverty ceiling.<sup>6</sup>

After the revolution of January 14, 2011, the aids allocated to needy families have increased to 210 dinars every three months (30 dinars are added to this allowance for every dependent child with a maximum of 3 children). After the aggravation of poverty the number of beneficiaries from this allowance has reached 230 thousand, knowing that the majority of beneficiaries are old<sup>7</sup>.

## 2-2-2. Occasional in-kind grants

Mainly drugs, school and food necessities, and other.

In-kind aids are most often provided by the

6- ILO investigation

7- Ministry of social affairs. International conference : Justice and the fight against exclusion and poverty in Tunisia (September 2011

civil society and different assistance and support programs and funds for needy families and individuals who face the risk of being dismissed or marginalized.

Among the most important non-governmental organizations working in this field we have the national union of social security, which collects donations consisting in equipment, funding, drugs, school necessities and distributes them to needy families. In the first four months of 2011, the union (through the voluntary medicine bank) has distributed important drugs quantities with a total amount of 175 thousand dinars for 134 health institution, 28 health caravan, and 9 associations. Food products and blankets with a value of 710 thousand dinars have been provided to several needy families.

## B. School benefits and aids for religious feasts

The national program of assistance and support to needy families provides also school benefits and aids in religious feasts. It also distributes school books (428826 school books have been distributed to needy pupils and students during the school year 2004-2005 with a total amount of 12.4 million dinars. Besides, 360 thousand benefits have been distributed to low-income families, with a total amount of 1.2 million dinars).

The Tunisian Union of Social solidarity is in charge every year of 10500 children in pre-school phase and belonging to low-income families, in 230 social education centers.

The regional commission of social solidarity also participates with charity associations and members of the civil society in several punctual social assistance activities in different ways, especially during the cold wave period and for the organization of collective meals during the month of Ramadan.

## 2-2-3. Healthcare benefits

The national program for assistance and support to needy families provides free or low-cost healthcare services to needy or low-

income families which are not subscribing in the social security system, in public health structures. The number of beneficiaries from healthcare cards was 17100 in 2004 and 821575 in 2012 (including 243675 free healthcare cards and 577900 for a minimum cost).

#### 2-2-4. Basic food products subsidy system

The basic food products subsidy system was created in 1945 with a Bey order. In 1970 the general subsidy fund was created.

This fund is mainly supplied from the state budget and in particular from oil products and alcoholic drinks royalties.

These state-subsidy products include cereals and by-products, milk, vegetal oils, sugar, imported red meat, corn, soya, paper used in school copybooks, tea, and coffee.

After the economic crisis and the important increase in global prices, mainly concerning production, and with capitals pressure, the successive governments have tried to remove progressively subsidies on some products (such as sugar), and in 2010 the list of products subsidized by state was limited to cereals, vegetal oils and milk.

Following the popular protests of January 14, 2011, half-skimmed milk, sugar and tomato paste became state-subsidized.<sup>8</sup>

#### Subsidy rates evolution from GDP

Year	2011	2010	2009	2008
Subsidy rates	1.87%	1.18%	1.36%	1.89%

8- [www.commerce.gov.tn](http://www.commerce.gov.tn)

#### 2-2-5. Measures and programs targeting people with specific needs :

The state has established several measures and programs for people with specific needs, including the national solidarity fund, regional development funds and the support of civil society.

##### - National solidarity fund

It is a state institution in charge of collecting money for public investments aiming at fighting poverty. The fund represents about 1.0% of the GDP in Tunisia and is known by its current postal account number 26-26.

The main objectives of the national solidarity fund is to free poor areas from marginalization and to improve citizens living conditions in these regions, by ensuring an economic basis through projects providing sustainable revenue for people.

During the last 13 years the fund has collected 857 million dinars including 50 million dinars from the state budget in the period between 1993 and 2007.

The fund has also enabled the realization of 1817 projects in poor areas benefiting to 12.5% inhabitants (4538 km of roads and paths, 164520 houses including 25 thousand house improvement for a total amount of 212.729 million dinars, 81762 families connected to the drinking water network, 71681 families connected to electrical energy or solar energy, and 61499 sources of income until 2000, in addition to building schools and basic health centers, cultural and entertainment centres for children.

The fund's interventions have concerned 242 thousand families during the period 1993-2006 distributed in 1800 poor regions which represents about 1.2 million Tunisian citizens.

##### - Regional development programs

These programs focus on infrastructure, employment, and improvement of living

conditions in urban and rural areas.

These programs have implemented and developed 199 deep wells, 5490 surface wells and 9300 hectares of irrigated areas, 78400 hectares of public and private pastoral areas, 73000 hectares of fruit tree plantation. 6 fishing harbours were built, water and soil strengthening works carried out in 89350 hectares, 3073 hectares of agricultural paths and 190500 rural families connected to the water network, and 29440 families in rural areas to the electrical network.

#### 2-2-6. Employment promotion and income source creation program

In the absence of unemployment allowances, a practical employment policy was set in the period 1970-1980, through basic programs (Active Employment Policy). In 1999, Tunisia has created institutions in charge of its employment policy namely the Ministry of Employment and Vocational Training and its various structures.

Several structures and mechanisms have been set by the state in order to guarantee professional integration and to create economic activities such as the national employment fund 21-21, the integration and professional adaptation fund, the national fund to promote handicraft industries and small professions, the special agriculture development fund, and the regional development projects program.

Added to that, employment contribution programs have been developed such as the regional projects development program professional activity preparation programs...

To be consistent with global economy and the liberation of national economy, the state has developed a company creation promotion policy. In this context, the Tunisian Solidarity bank has been created. This policy aims at integrating beneficiaries in the development process by financing small projects. The Tunisian Solidarity Bank finances small projects for the benefit of individuals with professional and scientific competencies who do not have collaterals. Hence, 160000 projects have been funded in 7 years.

In the same context, in 1999, associations got the permit to provide loans to individuals belonging to needy families and to weak categories.

After the revolution of January 14, 2011, and in order to calm the situation down, the government has decided to set the 'AMAL' program which provides unemployed individuals having Tunisian nationality with a monthly allowance of 200 dinars, added to medical coverage for a maximum period of one year.

### 3. The legal framework of social protection :

#### 3.1 In international legislation

Social protection systems have national specificities as they rely on the state budget and social conditions. They take into consideration public policies, markets and demographic growth.

If we add to these specificities the lack of resources and absence of strategies in this field, we find the reason why several countries including Arab nations, did not ratify international charters and conventions, even the basic ones.

These international standards of social policies appear as a necessity according to the increasing globalization and internationalization, however despite their importance, they often do not fit with the reality of countries, in particular those that do not have a satisfactory social protection.

The International Labour Organization (ILO) adopted 189 agreements, 5 protocols, and 202 recommendations. Tunisia is an ILO member since 1956 and has ratified 58 agreements and 1 protocol.<sup>9</sup>

The ratified agreements include fields of social security, social policies and freedom of associations and employment policies...

It is worth pointing out that Tunisia did not ratify the C102 convention of 1956 which is one of the most important conventions on the classification

9- [www.ilo.org/dyn/normlex/f2](http://www.ilo.org/dyn/normlex/f2)

NORMLEX : information System on International Labour Standards

of social security branches and areas and its minimum levels.

However, Tunisia has decided to take into consideration the basic recommendation (202) adopted by the World Employment Forum in 2012 which urges the member states, according to their national context, to establish and maintain a social security system providing minimum lifelong services to all individuals needing them, minimum health coverage and wage.

Eventhough it did not ratify the conventions on migrant workers C143, C097, Tunisia has signed a bilateral agreement to guarantee the right to social security.

Besides, it did not ratify the C155 agreement yet, on protection and health in the workplace.

### 3.2 National legislation

The Tunisian society has seized the opportunity of the new constitution in 2014 to seek the constitutionalization of social, economic, and cultural rights and the right to social protection.

This constitution guarantees the following:

- The State seeks to achieve social justice, sustainable development and regional balance (Chapter 12).
- The right to health for every human being. The state guarantees prevention, healthcare and provides the necessary means to ensure the safety and quality of health services, the state guarantees free healthcare for needy and low-income citizens, and guarantees the right to social coverage as per the law (Chapter 38).
- Compulsory education until the age of sixteen (Chapter 39).
- The State's guarantee to protect, support and develop women's rights, and to achieve parity in elected assemblies (chapter 46).

The constitution also guarantees unions rights, the right to work, the rights of children and people with disabilities...

## 4. Social protection reality

### 4.1 Social coverage development

In figures :

Number	Year
1637607	2001
1712751	2002
1794942	2003
1900477	2004
2002106	2005
2132008	2006
2287329	2007
2447799	2008
2595274	2009
2732426	2010
2789558	2011

The number of social coverage beneficiaries has increased by 62.8% in 10 years.

In percentage:

The analysis of developments shows that sectors benefit from social security at different degrees. For the public, industrial, commercial, and service sectors this coverage is almost universal. We observe that the high coverage rates concern the old and mature systems (public sector 1959 and agriculture 1961).

Concerning the recent systems which concern rural communities, they do not have a social protection culture, making voluntary integration more difficult.

## Development of coverage rate<sup>10</sup>

Content	2007	2008	2009	2010	2011
Private sector	65.08	68.58	71.97	73.67	76.68
Public sector	100	100	100	100	100
Coverage rate	%72.05	%74.75	% 77.51	78.86%	81.34 %

The coverage rate has reached 81.34% in Tunisia, but the actual coverage does not reach 50% in particular for low-income citizens, and that due to informal trade and the increase of low-quality and unstable contracts that do not provide sufficient social protection.

### 4.2 Repartition by categories and branches

Evolution of the labour force and the number pension beneficiaries.

Year	Number of active members	Retirement	Old	Widows	Orphans	Total	Demographic indicator
2001	1637607	285186	10398	113353	72095	481032	4.0
2002	1712751	301997	11120	121476	76706	511299	3.9
2003	1794942	319351	11957	129439	85885	546632	3.9
2004	1900477	338341	12807	137147	92080	580375	3.9
2005	2002106	358817	13857	145821	97220	615715	3.9
2006	2132008	381967	10121	153960	98366	644414	3.9
2007	2287329	404291	11342	162350	92984	670967	4.0
2008	2447799	424970	12829	170682	96760	705241	4.0
2009	2595274	445533	15009	180737	100273	741552	4.0
2010	2732426	467380	16219	187580	100505	771684	4.1
2011	2789558	485158	16034	192958	105035	799185	4.0

The evolution of the number of individuals benefiting from pension (66%) is higher than the evolution in the active labour force(62.8%).

10- Since 2011, a new calculation method was adopted (number of declared employees/number of active inhabitants)

### 4.3 Contributions rate by system

The rate of contributions in the public sector for 2011

Content	Employer %	% Employee	Total
Retirement system			
Public system	12.5	8.20	20.70
Members of government and parliament, councillors and governors	20.50	13.20	33.70
Welfare system			
Compulsory			
Active	4.00	2.75	6.75
Retirees	-	4	4
Compulsory optional system			
Active	4.00	2.75	6.75
Retirees		4	4
Death capital system			
Active		1	1
Retirees	0.50	0.50	1
<b>Total (public sector)</b>	<b>16.50%</b>	<b>11.95%</b>	<b>28.45%</b>

## Contribution rate in the private sector in 2011

Total	Employee %	Employer %	Content
25.750	9.180	16.570	wage system in non-agriculture sector – public sector
12.290	4.570	7.720	wage system in the sector of agriculture
19.470	6.990	12.480	wage system in the developed agriculture sector
14.710	-	14.710	workers system in both agriculture and non-agriculture sectors
13.300	-	13.300	Tunisians abroad
7.500	2.500	5.000	Some workers categories in in agriculture and non-agriculture sectors
14.710	-	14.710	artists, creators and intellectuals system
9.000	3.000	6.000	omplementary retirement system
	5 dinars		Students system

In 2011, contribution rates have reached 20.7% for the retirement system in the public sector, and 25.7% in the private sector for the wage system. Concerning health insurance contributions, it has reached 6.75% for the active labour force and 4% for retirees.

These rates seem logical compared to other countries.

### 4.4 Benefits size by branches

Evolution of the size of services provided by social security funds

Services	2006		2007		2008		2009		2010		2011	
	Amount	%	Amount	%								
Health coverage	1880.3	69.0	2112.6	70.5	2372.1	69.1	2634.0	66.7	2974.4	67.2	3410.1	66
Other costs	8.575	21.1	643.7	21.5	794.7	23.2	1037.0	26.3	1141.9	25.8	1405	27
Total amount of services	270.2	9.9	240.4	8.0	266.0	7.7	277.8	7.0	310.5	7.0	358.1	7
	2726.3	100	2996.7	100	3432.8	100	3948.8	100	4426.8	100	5173.2	100

Pensions represent 66% of the total size of services.

#### 4.5 System balances and perspectives

Retirement systems in both the private and public sectors suffer from financial deficit amounting at 211 million dinars for the private sector in 2010, and 83 million dinars for the public sector in the same year. However, concerning the health insurance system, its deficit has reached 102 million dinars.

It is worth pointing out that the national social security fund and the national health insurance fund have achieved an overall financial balance in 2010, thanks to the surplus provided by the family allowance system (164 million dinars), and the work accident and occupational disease system (111 million dinars).

However, concerning the retirement and welfare fund, it suffers from lack of cash flow.

#### 4.6 Gaps and challenges

##### 4-6-1. Main issues

Financial deficit is one of the main problems in social security, and if appropriate measures are not taken rapidly, this balance will certainly fail on the short term.

The three funds have recorded in 2013 a financial deficit of 70 million dinars for the social security fund and 50 million dinars for the health insurance fund. Concerning the retirement and welfare fund, it is still borrowing from the state in order to provide pensions.

As for social allowances and assistance, the problem is the lack of resources and the absence of clear state strategy in this field.

##### 4-6-2. Explaining the social security funds crisis.

Tunisian retirement systems have entered a deficit stage that could be described as systematic. This financial deficit results from development reasons, including:

- Life expectancy improvement
- Aging (despite the youth of Tunisian society)

- Obsolete systems

- Late integration in the labour market

- Decrease in labour force/retirees indicator

This deficit has increased due to the following reasons:

- the age of retirement is 60 years old since the independence, even though life expectancy has increased by about 19 years, added to early retirement (representing 58% of retirement in the public sector).

- increasing the burden of these systems with social and economic decisions and measures, such as optional early retirement with pension, life-long allowance to orphan girls with no support...

In addition, we observe contributions payment issue and the low number of employees declared by companies. This issue has worsened after the revolution due to law enforcement laxism (the state and trade union organizations turn a blind eye in order to provide more jobs.)

All these factors decrease the funds revenues in particular for the social security fund. This income is also negatively impacted by the increasing informal economy, unemployment, and unstable contracts.

##### 4-6-3. What are the problems?

The funds deficit has been expected since 1985, but governments did not seriously face difficulties, and did not take the adequate and difficult measures, which has made the situation worse.

In 1995, the state has started taking some limited initiatives, increasing contribution rates, reconsidering early retirement conditions and increasing retirement age for personal reasons from 50 to 55 years old, after 30 years of professional activity.

These measures only inflate the funds resources

for a short period of time. The decision to undertake a deep and comprehensive study which guarantees the sustainability of social security funds was only taken in 2006.

Concerning the health insurance system, the national health insurance fund has initiated in the recent years a study to assess this system in collaboration with the Tunisian social security research and study centre (CRESS). The findings of this study will be examined by the high institute of health insurance.

However, most studies were not comprehensive, and the different dimensions on which social protection systems depend, such as employment, housing, and health policies, demographic and economic choices were not properly covered.

It is worth pointing out that until today, and despite several discussions between social and political parties, no measure to change or reform these systems was ever taken.

In order to face the deficit of social security systems, and to establish its sustainability on the long term while improving coverage and the level of service, a prospective, deep and comprehensive study must be carried out, with the contribution of all stakeholders, including the civil society, trade unions, and elites, with more experts in different fields including demography, actuarial, employment and human sciences.

## 5. Funding social protection

### 5.1 Development of social transfers

In 2008, social transfers have represented 19.35% of the GDP, and in 1987 it represented 18% of the GDP.

Tunisia is one of the countries which allocate the highest expenditure for education. It allocates 2% of its GDP for higher education, which makes it ranked first in the world.

### 5.2 Development of social security services

Year	2006	2007	2008	2009	2010	2011
Services	Amount	Amount	Amount	Amount	Amount	Amount
Total services amount	2726.3	2996.7	3432.8	3948.8	4426.8	5173.2
Service percentage of GDP	6.6%	7.6%	8.6%	6.7%	2.7%	8.0%

### 5-3. Evolution and repartition of contributions

The systems revenues come only from contributions, the state does not contribute in funding these systems except as employer. It rather uses its resources in order to finance development plans (financing the health budget, some social services such as student loans, employment promotion measures, funding retirement pensions for those dismissed for economic reasons...)

#### 5-4. Evolution of social programs expenses and resources

Social programs are funded by the state, civil society, international donors, individual and institutional grants.

These programs are different, scattered and interrelated, extending over several years and with several parties, which makes counting them difficult, except for state-funded programs.

### 6. Future orientations

#### 6.1 Coverage expanding perspectives

In many cases, Tunisia is considered a model, because of the comprehensive nature of its social coverage which concerns most working categories. However, with increasing unemployment (no unemployment allowance) and the multiplication of informal jobs and weak contracts that do not provide any social protection, the coverage rate decreases to about 50%.

Among the main problems hindering the extension of social coverage in Tunisia, there is the issue of informal work which has worsened after the revolution and where a solution is required in order to integrate this category under the umbrella of social protection.

There is also the issue of women coverage and the adequate protection which results from women marginalization in several fields, mainly in employment policy (women employment rate in Arab countries is one of the lowest, with 25%).

#### 6.2 Perspectives of other social protection programs

The Tunisian state vision of social protection horizons are not determined for now, given the problems of terrorism, the economic and financial crisis.

In order to establish a clear long-term social protection policy based on the broad concepts agreed upon, most societal policies and options shall be determined, in particular:

- Employment policies in order to provide decent jobs to all and mainly to women who suffer from violent marginalization especially in Arab countries where there is the lowest women employment rate (25%).
- Economic policies which lead to human development along with economic development.
- Health policies to achieve decent protection for everyone with a focus on prevention as the first protection line...
- Wealth and resource repartition choices through a good tax policy aiming at achieving more justice.
- Housing options to provide decent housing for all.

It is also necessary to determine demographic options which are among the essential factors ensuring the sustainability of social systems, in particular for future generations (the aging development pattern of the population is worrying, as it is much higher than Europe's).

#### 6.3 A summary of recommendations

##### 6-3-1. Role of trade unions and civil society

UGTT (General Workers Union of Tunisia) has played a major role in all the important stages of

Tunisian history. It fought against colonialism and has actively supported the Tunisia revolution. It has also played an effective role in leading the national dialogue quartet in 2014, which has saved the transition process by correcting its path and orienting it towards democracy.

UGTT gives high importance to the issue of social protection which is an important factor in the stability and balance of societies.

Besides, important social security issues are studied in collaboration with UGTT which conducts prospective studies in the field (such as “situation and horizons of social security funds until 2030”).

UGTT has representatives in all the administrative councils of social security funds. However, this representativity is not sufficient, as it is only 4 members out of 24.

### 6-3-2. Main reforms

The proposed reforms which are automatically repeated are the adoption of a higher retirement age and the increase of contributions rate. These propositions perfectly fit ILO’s vision according to the findings of the study requested by the ministry of social affairs. This study has been presented to UGTT for comments.

The study proposes the following:

- increasing the age of retirement to 62 years in a first stage and 65 years in a second stage, as it would certainly help increasing the funds income and decrease their deficit.

This increase appears as a legitimate request given the increase in life expectancy; however several parties say that it would have a negative impact on the labour market despite the fact that several studies show the opposite.

- increasing contributions rate will certainly help enhancing funds resources, and therefore decreasing their deficit. This increase seems logical as the contributions rate is not considered high compared to other countries. However in the present context characterized by expensive

living and increasing unemployment rate, this proposition would be very difficult to implement.

Other measures, recommended by several civil society organizations, include:

- the necessity to review the pensions calculation,
- resource investment promotion,
- rationalize management.

Concerning the revision of pensions, it does not mean to decrease them necessarily as recommended by some social security specialists who did only take the economic aspect into consideration. Recalling that the objective adopted worldwide recommends improving coverage and the pension level which is moreover considered low in Tunisia.

Measures shall also be taken to avoid the collapse of social security systems. These measures include:

- Obliging companies to declare all their employees (after the revolution, these companies did not declare all of their employees using the pretext of providing more jobs.)

However, all these reforms are not sufficient to guarantee the sustainability and inclusiveness of social security systems in their broad meaning.

The economic and social pattern shall be reviewed and mechanisms need to be determined in order to have a fair distribution of wealth and resources by setting a good tax policy. In order to include most categories, in particular marginalized groups, the role of civil society and trade union organizations in decision-making and in the development of future policies, shall be strengthened.

### 6-3-3. Relationship between economic growth pattern and the social security crisis

Economic growth has certainly an impact on the situation of social security, as explained earlier (paragraph 2-4-6).

Some development indicators, such as the increase in life expectancy and population aging, have an impact on the financial balance of retirement systems. However, concerning the health insurance system, the increasing consumption of drugs and medical examination with demographic aging had also a negative impact on financial balances.

However, this impact differs according to the adopted pattern, in particular according to the societal choices to achieve human development.

The liberal economic model is considered an obstacle towards social security.

The neoclassical school economic experts consider social security one of the economic crisis reasons as contributions leads to an increase in wages, and this hinders recruitment and encourages informal work.

However, the Keynesian approach has an opposite view. It believes that social security, added to its role in guaranteeing social equality, it contributes in social cohesion.

The global economic crisis has changed social security concepts, giving it its real importance and position as a positive factor to reduce crisis and support political stability, which has urged the world bank to reconsider its policy to support countries in order to establish social protection instead of funding social projects and programs.

However, the World Bank policies are not different from the liberal vision that gives priority to economic considerations, and does not necessarily rely on a human rights vision of development.

It is important that the World Bank adjusts its choices, especially considering what happened in Tunisia and in an important part of the Arab world.

It is also important to point out that G20 has followed the same policy, relying on social protection as a basis for development in its post-

2015 program.

6-3-4. Role of civil society in these reforms

UGTT and the civil society play an important role as an observer of state policy.

The Tunisian independent civil society was an important engine to set the first steps towards democracy, and a counter-force obliging the government to review its policy that aimed at changing the Tunisians living style.

The efforts of UGTT and civil society's resistance, along with citizen awareness have lead to the adoption of a modern constitution that guarantees a civil state, women's rights, freedom of belief and independent judiciary. There is however still a long way to go to achieve social justice.

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# The Social Protection System

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Algeria

## **Associations contributing to the enrichment of the report**

Algerian Network for the Defense Children's Rights - The National Association of educators and specialized teachers for the blind – The National Association for the Defense of mine victims - The National Association Rashida – The National Association and school vocational integration of people with Down syndrome - the National Federation of the Algerian Deaf - National Union of Higher Education Teachers- “Noor” Association to protect and promote Family rights of (Constantine) – “Hope” Association to protect and take care of the Disabled (Tizi Ouzou) - Algerian National Organization of the Blind and the Federation of the Blind: jurisdiction of Blida – “Mercy” Association for Childhood and Motherhood

## Social protection policies in Algeria:

The social and economic situation in Algeria was characterized by poverty and poor health care in the wake of independence. Therefore, both the new authorities and the population worked on how to deal with these situations toward better development programs adopted mainly on the combination of support from the State Treasury and institutions that are available at that time in the field of social security. This established for the policies of economic development with a social dimension to respond to the aspirations of the liberation revolution.

These factors have contributed to the formulation of citizens' vision, and that of the authorities, and to the design and development of social protection in Algeria. So, various efforts have been made in this regard not to discriminate between the limited activities of social insurance institutions and the activities of State social protection in general.

Algerian State Social Protection policies include a wide range of activities and institutions which can be divided into two main parts: the social security, and state social activity.

Part I covers the total beneficiaries and those who have the rights to benefit from social protection funds raised from employee's share of standard monthly contribution and non-salaried employees. While the second part relies on the principle of national solidarity which is guaranteed by the State in the form of cash or permanent or temporary selective support to institutions and social groups. It is paid on state public treasury account (state social activity).

We will deal with both parts to highlight several fundamental points, including: legislative frameworks and key systems of social protection, the size of spending and the extent of coverage of social protection system for all classes of society. Then we will move in Part III to evaluate the system, depending on the statistical data available and the views of many civil society organizations.

## Part I: the social security system

The social protection system of any country reflects its economic and social development. It was often the direct outcome of the relation of power and conflict between the various actors in the economic, social and political life. It is clear from the historical development of social protection systems across the world; it has always been linked to social movements that characterized the history of humanity. The labor movement bloody struggles and sacrifices are to establish and consolidate social protection, a fair social policy and to challenge the cruelty of economic policies that are looking for profit only.

### First: the legislative and regulatory development of the social security system in Algeria

#### A. pre-independence phase:

The social protection systems in Algeria were founded in the colonial era. The Labour bloody struggles have been able paved the way towards the enactment of social protective laws. Within this historical context, the French laws regarding social security were issued in 1945. Whereas, the situation in Algeria was characterized by the struggle for social rights, conflicts between workers and employers and political struggle for freedom and independence. This characterized the first phase up to independence which took place in 1962 as the phase of dual struggle.

Despite the fact that Algeria was considered as a French mandate, the French colonial authorities delayed the application of social security laws issued in France until 1949. They decided to get them adjusted to the Algerians context for they were very conscious of the political dimensions of the social demands at that time. The colonial authorities applied these social security laws in Algeria particularly in the strategic sectors of the economy with clear distinction between a European worker and an Algerian one deliberately to weaken all forms of solidarity of Labour. As a result employers and colonial authorities escaped from applying the basic social security system which is based mainly on solidarity among participants from various sectors and organizational unit and on the principles of equality before the law.

## B. 1962-1970 phase:

In the wake of independence Algeria had 11 different systems in the field of social security providing very different services. They were structured and organized administratively within about 20 institutions interested especially in dealing with non-agricultural sector; 29 funds for the agricultural system; and 13 funds for the Mining Corporation sector, and it also interested in managing private funds.

In this regard, the law 62/157 was issued on December 31, 1962. It was the first action to continue using previous legislation, with the exception of clear infringement upon national sovereignty. The issuance of the Decree 64/364, on December 31, 1962 which came up with the establishment of the National Social Security Fund was one of the most important features of this period.

## C. 1970-1983 phase:

The Executive Decree No. 70/116 regarding administrative management of the social security bodies was issued in 1970 where it set up the background for social security system. It established 06 sectorial funds which enjoyed their legal status and financial independence, and are subject to guardianship and administrative control of the Ministry of Labour and Social Affairs, and they are as follows:

1. National Social Security Fund,
2. Regional social security funds,
3. Insurance Fund on the aging of the action,
4. Social Security Fund for employees,
5. Social Security Fund for miners, and
6. Insurance Fund on aging for non-salaried.

Many of the regulatory legislation were released at this particular phase and they are listed as follows:

1. Decree 70/215 dated December 15, 1970 which established insurance fund on aging for non-salaried employees in the non-agricultural sector.
2. Order No. 74-87 dated October 17, 1974 which expanded the coverage of social security for salaried employees in non-agricultural

- sector to the non-salaried employees,
3. Publication 74-08, dated 30 January 1974, which dictated that most of the social security systems were to be under the tutelage of the Ministry of Labour and Social Affairs, except the agricultural system, which remained under the control of the Ministry of Agriculture.
4. Basic Labour Law No. 78/12 dated 05 August 1978 was issued and stated the right of workers to social security.

Though these regulatory actions constituted specific urge for the services provided for beneficiaries, and a shift phase in the general reform of the social protection system in Algeria they remained scattered and disorganized. Therefore since the early eighties of the last century efforts have been made to reform considerably the social security system.

## D post-1983 phase: Re-establishment of a comprehensive and unified social security system

The social security laws issued in April 1983 are considered a quantum leap in the comprehensive legislation on social protection in Algeria. They were looking to achieve four key objectives to provide social protection and to ensure the right to benefit from. They are listed as follows:

1. Unification of social security systems and the adoption of a unique social security system, based on the principles of solidarity and distribution.
2. Unification of contributions and benefits, through the unification of the rules regarding beneficiaries' rights and duties.
3. Broadening the social protection beneficiaries to include new wide-ranging categories.
4. Affiliation in the social security is compulsory for all employees, salaried, non-salaried, quasi employee, as well as people who are classified under special categories
5. Uniqueness of the funding source These goals were declared in five laws dated 07/02/1983. These laws were issued at once and they are:
  1. Law No. 83/11 regarding social insurance.
  2. Law 12/83 regarding retirement.
  3. Law 13/83 regarding accidents and

occupational diseases.

4. Law 14/83 regarding the obligations of taxpayers in the field of social security.

5. Law No. 15/83 regarding disputes

These objectives and laws detailed the future of the social protection system and were considered as a large social protection system against the various risks of life. This social security system fixed previous discrepancies and it includes the total branches of social security specified in international treaties, namely: Health Insurance, Maternity insurance, Disability Insurance, Death and Accidents at work and Occupational Diseases, Retirement, Unemployment and Family Services

Just two years later, precisely in 1985, the legislative system regarding social security was developed. The Decree 223/1985 integrated the various existing social security funds since the independence into two main funds and they are:

1. The National Social Security Fund, work accidents and occupational diseases (NSSF)

2. National Pension Fund (NPF)

In early 90's of the 20th century, the social security system witnessed new reforms that aimed at: granting privileges and special services for certain categories of subscribers (contributors), creating new social protection funds to cover new social groups (non-contributors).

The following funds have been created:

1. National Social Security Fund for non-salaried (NSSFNS) pursuant to an executive decree issued on 04.01.1992.

Two new funds have been created in response to social pressures and to the structural adjustment scheme to social security system.

1. The National Fund of Unemployment Insurance (NFUI) dated 06.07.1994 was considered as a public social security under the tutelage of the Ministry of Labour, Employment and Social Security. The aim was to alleviate the social impact of the demobilization of salaried workers in the economic sector.

2. National Insurance Fund Holiday Pay (NIFHP), which was established on 04.02.1997 to respond to seasonal

conditions of construction, public, and irrigation workers and carrying out various compensation.

## **Second: Responsibilities and funding**

The Algerian social security system is composed of five funds namely:

A. National Social Security Fund:

The Fund plays a pivotal role in the social insurance system, especially for being the only institution eligible to collect the total contributions and distribute them in specific proportions to the rest of the funds. According to the Executive Decree Number: 92/07 dated 04 January 1992 the strategic aims of the fund are to:

- handle financial matters for Social Security and accidents at work and occupational diseases,
  - collect and control the allocated contributions,
  - Facilitate family compensation grants funded primarily from the state public treasury.
  - assign national registration number to the socially affiliated users,
  - provide various social services related to salaried and non-salaried people,
  - ensure comprehensive health care and social welfare for everyone at all stages of life,
  - contribute and afford costs of many sectors and institutions such as the costs of: accredited pharmacies, health institutions, institutions of crenotherapy and rehabilitation clinics.
  - establish effective prevention policy against workplace accidents and propose solutions and implement them to insure the victims in case they occur.
  - establish and manage comprehensive a medical supervision program
  - facilitate people's compensation or from international conventions.
- Fund financing:

The aim of Algerian social security is to provide financial assistance, to ensure to take account of all citizens: salaried and non-salaried and non-activists. The social security system is financed partly by

A: finances from taxes: The public treasury ensures that certain compensations, such as: family grants since January 1st, 1995, allowances for the disabled, students, workers

at the private sectors, and the self-employed and State contributions for the Social funds in case of fiscal deficits, and partly by

24 percent in 1985 to 35 percent in 2011 - The evolution of Contribution Rate to the social security fund:

B: finances from contributions paid by employees and employers with varied rate level in accordance with their income. This percentage significantly evolved over the past years: from

1985	1991	1995	1998	2011
24	29	31,5	33	35

Source: National Social Security Fund.

It is noticeable that the highest rate of social security costs is paid by the employees by 25 percent and the employers by 09 percent as shown in the table below:

Branches	Payment of employers contribution by %	Employee's share %	The share of social services fund %	Total
Social Insurance	12.5	1.5	-	14
Work Accidents and occupational diseases	01	-	-	01
Retirement	9.5	6.5	0.5	16.5
Unemployment insurance	1.25	1.5	-	03
Pre-retirement	0.5	0.5		01
Social housing fund				0.5
Total %	25	09	01	35

Source: Health insurance financing in Algeria. In: <http://www.coopami.org>

The social security contribution ratios decline for other social groups in line with their particular conditions. The State Treasury ensures and contributes to certain social groups such as: building, public and irrigation sectors, the disables (0.5), students (2.5), workers at the private sector and the self-employed (0.6) and craftsmen (0.1).

The Social Security Fund is to ensure the protection of the beneficiaries from a number of risks namely:

**Maternity care:** mothers are entitled to maternity allowance while on maternity leave. The benefits cover the medical care costs and pharmaceutical incurred to pregnancy and childbirth. They also include the hospitalization expenses of mother and infant. They also cover the reimbursement of both sick and maternity leave.

**Health insurance:** All workers and their family members are covered by national health insurance. Health insurance provisions comprise medical treatment insurance and regular allowance insurance. It

includes medical treatment and related expenses for unemployed breadwinner, school children up to 12, adoptive children, third degree collateral kinship, females with no income whatever their age, boys with disabilities whatever their age, people with chronic illness and the beneficiary's parents. Health insurance includes a long list and some very costly services. It covers medical care, hospitalization, pharmaceuticals, dental care and dentures, equipment, medical optics, medical imaging, biological analysis, rehabilitation and vocational rehabilitation, and thermal or specialized treatments in institutions of crenotherapy.

**Accidents at work:** Accident insurance entitles employees to compensation for financial loss caused by a workplace accident or occupational disease. It covers all categories of employees, pupils, students from different educational institutions and orphans. The process is subject to control and a medical follow-up, especially if the accident was fatal or causes impediment. Occupational diseases are related to activities and conditions at workplace. Hence, employees are entitled to be reimbursed for their occupational health expenses in specific deadlines.

**Family allowance:** family allowance is a payment that helps eligible families with the cost of raising children and it is granted in accordance with the beneficiaries' income. It is paid to all married beneficiaries with children less than 17 and up to 21 in case they are carrying their studies.

**Death Insurance:** the purpose of death insurance is the payment of a death benefit to the relatives of the deceased. It is offered as a single payment straight after the death. The beneficiaries either receive their compensations for medical and surgical expenses, pharmacy and hospital, biological tests, as well as the expenses on thermal or specialized treatments in institutions of crenotherapy, or money compensation in case of temporary and/or permanent disability determined by Social Security Fund's doctors according to the seriousness of the impediment.

## **B. National Pension Fund:**

The current National Pension Fund was

established on 02 July 1983 after several amendments to the system. The basic tasks of the Fund are to ensure social protection and financial security in old age for a class of retirees in later life. Statistics, however, indicate that a significant decline in contribution revenues to the national pension fund from 90 percent in 2003 to 82 percent in 2009. This is especially when they adopted a considerable increase in pensions which has reached for some categories up to 40 percent since 2005. This financial deficit is constantly compensated from the state public treasury.

The pension system witnessed significant changes in 1994, 1996, 1997 and 1999 with the implementation of legislation to cover a wide range of retired and to allow them to retire on a pension flexibly with respect to the earnings-related pension system. Within the framework of the earnings-related pension scheme three categories of old aged people can get pension: early retirement pension, being retired by the employer, and finally relative retirement without considering age.

These regulations guaranteed old-age pensions in general and provided social protection and security for a large number of employees who were threatened to be unemployed and have not reached the retirement age yet.

These regulations, however, led to a sudden and large increase in the number of retirees. This caused a serious fiscal deficit and the pension fund almost went bankrupt unless the state intervened and made transfer from public treasury.

C. National Social Security Fund for non-salaried:

The National Social Security Fund for non-salaried employees was founded in 1992 to provide universal coverage while at the same time enhancing people's functional capacity to ensure full access to the national social security fund. It covered a wide range of non-salaried employees such as private traders, drivers, artisans, private and liberal professions, industrialists, farmers, etc. Their annual contribution to the NSS fund was estimated 15 percent of their annual taxable income which is divided into two sections: social protection and pension. The social security system for non-

salaried is to ensure national social solidarity for the contributors and their families. The Fund has financial autonomy and legal personality.

D. National Insurance Fund for unemployment: Since the early 90s of the 20th century the social security policy has tried to implement legislation to cope with the changes taking place in the field of employment and unemployment. These regulations aimed at covering new risks. In this context, the National Insurance Fund for unemployment was established in 1994 as a public social security under the tutelage of the Ministry of Labour, Employment and Social Security. The main objective was to help unemployed people who lost their job involuntarily, without receiving compensation and especially being affected by the structural adjustment agreement with the International Monetary Fund program.

The National Fund for unemployment has gone through numerous amendments to provide compensation for workers who have lost their jobs for economic reasons, including: when laid off from an enterprise recognized as being in difficulties, be made redundant, and be registered as a job-seeker with the competent employment service and reply to every suitable job offer, and training offer.

The national fund encouraged the unemployed to get rehabilitated and trained to get jobs again. From 1998 to 2004, the Fund has embarked on the implementation of the precautionary measures to integrate the unemployed in the world of business by: guidance and assistance especially by founding their own business and becoming self-employed under the auspices of advisers. Since the number of subscribers in the unemployment insurance system has declined since 2004, the Fund insisted upon training and rehabilitating the unemployed who are to have their own projects by providing them with loans.

E. National fund for the paid holiday and seasonal unemployment for construction, public work and irrigation employees.

The fund was established in 1997 to help seasonal unemployed people who suffer from seasonal unemployment due to deadlines and climate to ensure a continuous income. In accordance with detailed guidelines, the fund covers specific paid holidays and temporary unemployment. Due to the nature and the delicateness of seasonal employment the policy of the fund simplified and shortened the legal regulations. The beneficiaries should provide a proof contribution payment, and provide a statement of being stopped working, have worked a minimum number of 200 hours of work in the previous two months before being redundant .

### Third: Characteristics of the social security funds

I		Cash transfers
	1	Support of Education
	1.1.	scholarships and salaries of students
	1.2.	School canteens
	2	Activities assistance and solidarity
	2.1.	Activities for the benefit of the blind, the disabled and children ministering (Assisted Childhood)
	2.2.	Social Network
	2.3.	To compensate victims of terrorist acts funds
	2.4.	State support of the National Endowment for housing
	2.5.	State support of the National Endowment for the job promotion
	2.6.	Special Fund for National Solidarity
	3	other transfers
	3.1.	The bonus pay for employees.
	3.2.	Pensions Mujahideen of the liberation war
	3.3.	Cultural and sporting activities (financial support for the associative activity)
	3.4.	Direct cash services
		-Family Grants
		- Compensation for the difference to the owners of small pensions
		- Compensation for the difference of the Mujahideen of the Liberation War
		- National Fund for retirement benefits.
	- Compensation for the difference in interest on loans.	
II	Non-cash transfers:	
	Price support fund.	
	Health Support sector	
	Support for specialized institutions of social protection.	
	Travel costs Compensation fund.	
State Social Budget (1) + (2)		

### Part II: Social Activity of the State

#### How Far Has Social Insurance Reached ?

The social insurance levels are considered as major indicators to measure people's life conditions and social development in any country. Within this framework, it is worth noting that Algeria has deployed a considerable quantitative effort in developing the different constituents of the social insurance system branches at the level of legislation, services, compensation and grassroots structures.

Labor and Social Affairs Ministry statistics and the National Bureau of Statistics reveal that 85 percent of Algerians benefit from social security coverage i.e 31 million of the total population (38 million). Beneficiaries include 9.47 million socially covered besides those who have the right to social coverage. The socially covered include five million active employees and 2.42 retired whose

pensions are paid by the National Pension Fund and the National Fund for the socially covered non-employers. [1]

In addition to the previous rates, the social security system has included for nearly 20 years a new mechanism allowing the expansion of protection for a considerable proportion of the elderly called lump-sum grants of solidarity. The number of elderly beneficiaries of this system amounted to 306.140 thousand in 2005 (of which: 141.710 men and 164.430 women), which will increase the percentage of coverage for the elderly over 60 years in 2005 to 43 percent for women and 62 percent for men. It should be noted that the beneficiaries are covered by the state and paid this pension by the public treasury and consequently are not listed in the social security system statistics.

Category	Male	Female	Total	Percentage %
Earners	3827780	846 288	4674068	53.61 %
Retired	873 653	5185727	1392380	15.97
disabled	180 013	115 366	295 379	3.39
Unemployed	51 680	2883	54 763	0.61
Students	649 968	588 699	1238667	14.21
Mujahideen/army	29 003	82 679	111 682	1.28
Special categories	2896004	329 139	618 815	7.10
Other social pension beneficiaries	246 004	86 658	332 662	3.82
Total	6147777	2570439	8718216	100 %

Table of National Population Distribution classified by category and sex. (October 2005) **Source:** Social Security: [www.cnas.org.dz](http://www.cnas.org.dz)

As can be clearly gleaned from the table above the wage earners category is the largest socially covered one in Algeria (53.61 percent), followed by the retirees and students (15.97 percent and 15.97 percent respectively). It can also be deduced directly from this table that the pension system in Algeria is socially expanded. In fact, nearly half of the pensioners are not wage earners, that is, they do not pay subscriptions. The ratio of subscribers has reached 28.84 percent i.e. a third of the total population, but the laws aiming at expanding the pension to those who are under the responsibility of the subscribed, assuming that their number is 4 (wife and 3 children), raises this ratio to 85 percent[2].

At another level and aiming at facilitating the reach of the social pension agencies and ameliorating them, the social pension system and private health sector witnessed the adoption and implementation of an ambitious scheme for the development of neighborly agencies by the total funds, increasing thus, their number considerably in a short period of time through the completion of 579 new health units during the past decade (2000-2011). This is equivalent to one-third of completed institutions reaching 1.431 units in 2011 since the independence. Moreover, communication and hearing cells were established at the level of the various social security agencies.

The Ministry of Labour statistics also indicate a significant increase in the number of social security agents in recent years from 2000 in 1963 (in the aftermath of independence) to 28 thousand in 2000,

reaching 35 thousand in 2011. This increase was accompanied in the last decade by a wide formation and re-formation scheme involving about 20 thousand agents who received training in the use of modern technologies. This has contributed to the improvement and popularization of services with regard to the introduction of automated intelligence in management.

Starting from 2000 the reorganization and modernization of 1450 neighboring social security agencies was launched. In the same vein, institutions and pharmacies have been linked gradually to a central network leading to significant results, including:

- Improved performance in services and rationalized costs.
- Fight against fraud and embezzlement which damaged many of the financial balances of the Fund ..... etc, through the establishment of new mechanisms for the collection of social security contributions and the structural reform of funding, as well as developing a strategy for drug compensation aiming basically to rationalize sickness insurance expenses and cutting back on expensive drug prescriptions by upgrading “generic” [3] medicine production and encouraging the manufacturing of pharmaceutical products locally.
- Medical Card popularization: the adoption and popularization of the medical card have started since 2005 within the framework of the modernization of the social security sector and the improvement of the quality of medical services aiming at the adoption of a system of third party payment to the socially insured when it comes to pharmaceutical materials. The insured including those with rights will obtain an electronic card to get drugs directly without charge. The pharmacy will then collect dues from the Social Security Fund.

The treatment card has emerged as a new revolutionary service since April 2007 and went into effect as a first experience at the level of 5 states (provinces). It was, then, popularized throughout the whole national territory. The

employment and social insurance minister confirmed that more than 5 million and 600 thousand medical cards have been distributed to practically 18 million citizens including those with rights, of course. According to the ministry in charge, all the insured will benefit from this service by the end of 2013 [4].

It can be concluded from the trends above in the field of social protection in Algeria that the liberal orientation of the political system since the adoption of the 1989 Constitution and abandoning the socialist approach has not been reflected in a radical retreat from social protection laws and the gradual abandoning of the previous gains. The legislature was contended in this new phase with some amendments from time to time in order to harmonize some of the laws with labor and employment policies and introduce new systems in social protection as a completion of previous ones, or as a guarantee for a better functioning of the sector.

We cannot actually talk about a significant advantage of the public social protection system within the liberal orientation of the economic policy. No radical legislative ratification contradicting the previous ones has occurred. It seems right now that the major challenges include:

- Ensuring the continuity of the legislative basis of the social protection system approved between 1983 and 1987 and later consolidated by the legislative texts related to unemployment insurance, job loss, early retirement and seasonal unemployment.
- Protecting the total gains mentioned in the previous legislation in the form of guaranteed services for the insured and those with rights ([5]) and considering its expansion in line with maintaining the social aspect of public policies ([6]).

It can be observed that this general moderate trajectory of social protection legislation is reflected in the associations’ attitudes and answer when asked about the extent to which the Algerian social legislations have kept up with international legislations. The answers differed from one speaker to another. “The comparison between them, says Ms. Baghdadi

champion (Noor Association ....) does not hold in all cases, but we must recognize the significant progress in many areas, to mention recently the divorced woman grant bill. In the same vein, some others (Association ...) believe “that the legislation concerning the protection of the disabled, though somewhat late with regard to the World Health Organization recent recommendations ,are good”. Meanwhile, others see (Jamal Zeit, member of “Hope” Association for the Protection and Care of the Handicapped ....) “that Algeria is still very far from the international level in the field of social protection, and it is in bad need for reviewing its very old legal system not responding to the nature of the current challenges.”

A comparison with samples of social protection systems in the world reveals that the Algerian system is relatively advanced when compared with the regional level and average when compared with the international one. UN figures provide that Algeria is blessed with a broad social protection system compared to North African countries and with acceptable specifications, including: early retirement system, high employers contribution to financing social protection with a high rate of participation reaching 34 percent, while the ratio is only 25.2 in Tunisia, 20.39 in Morocco and 18.2 in Libya.

Countries	Retirement System Subscription			Whole Social Insurance System Subscription		
	Individuals Contribution (%)	Employers Contribution (%)	Total %	Individuals Contribution (%)	Employers Contribution (%)	Total (%)
Libya	3.75	10.5	<b>14.25</b>	5.25	12.95	<b>18.2</b>
Morocco	3.96	7.93	<b>11.89</b>	4.29	16.12	<b>20.39</b>
Tunisia	7.74	7.76	<b>11.89</b>	10.37	14.88	<b>25.25</b>
<b>Algeria</b>	<b>7</b>	<b>10</b>	<b>17</b>	<b>9</b>	<b>25</b>	<b>34</b>

**Comparative table of the rates of subscription in social insurance systems in the Maghreb countries for the year 2005.** (Based on the United Nations report on social protection programs for the year 2005).

But at an international level, the Algerian social insurance system falls under the category of the middle-income countries in terms of the volume of expenditures. In the European Union, social insurance expenditure rate reaches 28 per cent of the Gross Domestic Income. This rate drops in Central and Eastern Europe to 10-20 percent. In Turkey and Tunisia this expenditure represents 6.9 percent and 7 percent of the GDI [7] .

Country	The rate of individuals' subscriptions (%)	The rate of employers' (%) subscription	Total (%)
Italy	10.69	45.16	55.85
France	15.66	34.05	49.71
Belgium	13.07	24.6	37.67
Portugal	11	23.75	34.75
<b>Algeria</b>	<b>9</b>	<b>25</b>	<b>34.50</b>
Turkey	14	19.50	33.50
Tunisia	6.25	17.50	23.75
Morocco	3.48	16.36	19.84

**- Comparative table of samples of subscription ratios to social security at an international level.**( World Work Report : Income Security and Social Protection in a Changing World, the International Labour Office, 2000).

### Part III: Required Reforms and Prospects:

The components and activities of the social insurance system in Algeria are considered as very important. This system is subject to public policies having as objective to reach out to the various targeted social categories throughout the whole national territory. Meanwhile, it suffers from imbalances and alarming indicators, including:

#### A. Ambitious but Unbalanced Sector:

It can be concluded from the number of categories benefiting from social insurance, both at the level of the social security funds or the government social activity, that this system aims to a comprehensive protection of the population going, thus, beyond the traditional forms of social insurance (illness, unemployment, old age, disability and work accidents) to include the government social budget which includes the various forms of social transfers, free education and health care, which allows for the disadvantaged and vulnerable social categories to easily take advantage of the total social **services**.

The general orientation of government policy since the year 2005 has corroborated a sturdy determination to expand social insurance to various social groups who are not classified by the current laws. These categories include a wide range of citizens affected by the liberal reforms carried out by the State at the forefront of which guaranteeing the care of those who were laid off from work by continuing to take advantage of social insurance. The expansion policy has also included the category of the newly employed (between the ages of 18 and 35) who have been integrated within the pre-employment (Prêt-emploi) policy. The expansion has also included young graduates who were framed within *general interest activities under* the social integration policy [8].

Despite the efforts mentioned above, the issue of social insurance universality remains dissimilar from one sector to another, sometimes weak in some sectors, and imbalanced as far as gender and regions are concerned (especially

between the North and the South). In fact, the agricultural sector witnesses an acute weakness in social coverage reaching 13 percent in 2003 and 16 percent in 2010. The construction and public works sector witnessed a decline in social insurance during the same period from 25 percent to 23 percent. The trade and services sector has also declined from 74 percent to 67 percent [9]. Reports have rendered this phenomenon to the spread of undeclared employment by the employers in the private sector and parallel economic activities.

The stark disparity in social security coverage between the public and private sector is worth mentioning as well. The National Statistics Bureau figures reveal that non-insured wage earners belong to the private sector. It is worth noting that this phenomenon varies according to the organization size, where insurance does not exceed 38 percent in small enterprises, but increases to nearly 80 percent in major institutions [10]. Actually, employers do not declare the employee to the social insurance agencies to evade additional social burdens ([11]). Meanwhile, all permanent and temporary employees in the public sector benefit from social insurance.

A comparative social insurance study between the two sexes and age groups reveals also salient differences according to 2010 family national investigation figures about employment. They show that social insurance is estimated at 54.2 percent for female workers and 49.1 for males. Yet, the difference between the sexes increases for the age group over 60 years for whom guaranteed social insurance from the National Retirement Fund has reached 40 percent for men in 2005 and up to 46 in 2011. Conversely, social insurance remained between around 29-32 percent, a very high rate reaching 77 per cent in 2005 and 71 in 2010 of women are paid "movable" pensions (Une Pension de reversion) [12] and not direct pensions. This situation is due to the low percentage of working women [13] in general within the total number of women who have reached employment age [14].

According to the majority of associations, the considerable imbalance in the equitable distribution of social insurance lies in the geographical disparities, between the north and the south mainly, when it comes to taking advantage of the services and social protection. Mrs. Amal Bahadi (Al Rahma Association for Childhood and Motherhood Minietering ) said that there is a clear ill-distribution in structures between regions, especially the North and the South ..... For example, patients diagnosed with cancer from the South ... have to travel long distances to the North. Obstetric and child care clinics are very rare in the South ... where a lot of women still die due to the scarcity of specialist doctors and the long distance to clinics, “with all the resulting health and material suffering of the patient and the family in charge. Mrs. Amel Bahadi confirms that “the southern regions come at the bottom of the health, education and solidarity ladder”.

In the same context, Mrs. Nasira Baghdadi (Noor Association to protect and promote Family rights) champions the various efforts deployed by the government starting from the great interest, in recent years, attached to the stability and protection of the family and the passing of legislations and laws that allow for achieving those goals and making the list of the social categories entitled for obtaining financial aid longer. However, she confirms on the other hand, the limitations of this aid and its failure to keep up with rising prices and living costs. For this reason, Mrs. Baghdadi is calling for the need to direct the government’s public effort towards supporting employment and development because they are the only guarantee for family upgrading. «

## **B. Social coverage “Clientelism”**

The 1983 Social Protection System reforms in Algeria were considered as much as a historical qualitative and quantitative development as the underpinning of a codified “political Clientelism”. This is due to the special privileges granted generously to two categories: “Al Moujahidoun”, liberation war fighters ( [15] ) and the senior government and the (previously) one-party executives . Al Moujahidoun category has

benefited from many exceptional privileges spilling over the general system of retirement including: the reduction of the retirement age by 5 years, the double counting of revolution years, and full retirement pension once reaching the required years without specifying the age.

As for the category of government and the previously one-party executives, it has benefited from the establishment of a special fund financed by contributions and Treasury support. Those falling under this category will benefit from full retirement without the age condition. They are only required to have 20 years of work, including 10 years as senior executives ( [16] ).

At the field level, the “clientelism” phenomenon is quite widespread. Civil society activists believe it to be on the rise threatening, thus, equality in taking advantage of the many social services. For this reason, some of them, including Mr Jamel Zaiet ( “Hope” Association for the Disabled Care and Protection in the city of Tizi Ouzou ..... ) says “Talking about social justice in Algeria in benefiting from social security coverage is a not-yet-reached level. Getting a date for your scanner still needs mediation, interest relationships or friendships”. He adds:” the field is dominated by all aspects of “al maarifa” which means all forms of mediation including health services, in addition to the pervasive corruption in hospitals and the immigration of competencies abroad or shift to working in private clinics. «

## **C. The Issue of People with Disabilities and Rare and Chronic Diseases:**

Several associations’ members admit the aquis in favor of these categories. In fact, there is “considerable interest from the Algerian government - according to Mrs Nassira Baghdadi -(Noor Association to protect and promote Family rights in kosontina) in the social aspect of the Algerian family especially in the field of education, health, housing. ... reflected in the improvement of the Algerian family living standard in cities and rural areas.” In the same context, Mrs. Amel Bahedi (Al Rahma Association for Childhood and Motherhood Minietering) believes that “the government pays a great attention to the social aspect of

the disadvantaged categories and pumps the millions in favor of these categories". Mr Jamal Ait Said ("Hope" association for the protection and care of the disabled in Tizi Ouzou) praised the important government efforts deployed for this group especially free medication and a lump sum 3000-dinar pension. But the association complains from the administrative complexity, the poor management and the poor care provided for the disabled ... etc. In this regard, Mr. Muammar Sahraoui (head of the Algerian National Organization for the Blind), believes that the social protection of this category is in a steady decline compared to previous years. At the forefront of this decline in the disability pension considering that it is a compensatory grant for visual deficiency and not a social assistance. For the judicial review of this issue it is recommended that the visually impaired category be treated separately from the chronic diseases category and the 02-09 law (May 8, 2002) concerning the protection and promotion of the disabled amended. Mr. Sahraoui also emphasizes the fact that the 3000-dinar pension for the blind does not cover their needs for more than 5 days. He claims that it is a big insult to these people whose daily needs exceed those of a healthy person. What is adding insult to injury, to his mind, is the" closure of the factories and workshops that were dedicated to this category in convergence with the process of dismantling the public sector and overlooking its revival despite the government's repeated promises".

This situation applies sharply to other categories in urgent need for care. In fact, the number of patients falling under the category of those having rare diseases is estimated to be 35 thousand. These people are undoubtedly leading difficult living conditions putting them out of the health system without enjoying their rights like the other citizens. The patient and his family very often find themselves lost between different clinics and hospitals without a decent guarantee. In this context, the generally accepted rules in the medical community refer to the classification of the disease within the category of rare diseases when it affects one in every 2,000 people. Thus, the Algerian case seems to be lagging far behind. At an international level, 8 thousand rare disease have been detected to date, with 5 diseases identified daily, while in Algeria the

known number does not exceed 200. This is due to several reasons, including:

The general lack of interest in this category by decision-makers in the field of health care by not considering it a priority as no precise statistics of the phenomenon exist. The health system also lacks laboratories and sophisticated equipment to follow up these patients and care for them. With the spread of the phenomenon of "medicine going into business", very few doctors are willing to search for answers requiring focus, effort and time. Thus, the majority of drugs and related checking dependent on the patient's purse due to the lack of knowledge about them or not being subsidized by the Social Security Fund.

Nevertheless, many doctors began to speak out in the media and medical conferences to pay greater interest in rare diseases. Chief among these demands is the conducting of an accurate count for this category of patients to know its size and found a reference laboratory to detect and follow up rare diseases ([17]).

#### **D. The issue of "Independence" in Management:**

Despite the existence of regulating laws, it seems that the function of the administrative structures is confined to voting on the management budgets which become effective only after the consent of the ministry in charge attesting ,thus, to the social protection institutions representative bodies limited resolution .This situation is highlighted by the fact that the government is the one to determine the rights of the insured and beneficiaries of social insurance, and the rate of subscriptions, increases and methods of paying family allowances .. etc.

Experience also suggests a kind of monopoly in the representation linked to the nature of the trade union organization, which has been dominant until recently. The trade union stagnation, so to speak, within the councils through imposing the "representatives" themselves and for long periods contributed strongly to the spread of some negative aspects including: clientelism, establishing individual gains and the dwindling of some social services such as family holidays and camps which became the reserve of limited circles in relation with funds (councils)

representative bodies.

### **E. Weak Oversight of the Private Sector**

There is a consensus about the poor performance of the controlling bodies whose role is supposed to be played by public authorities to control the activities of the private sector, the Ministry of Labour and the Ministry of Health in particular.

This failure is seriously reflected in: 1- the employers' evasion from insuring wage earners, not paying dues, rigging job contracts and practicing discrimination between men and women and single job applicants and those in charge of a family. 2- the emergence of salient binary health services soon after 1989 Constitution: a public and private one. In the beginning of the emergence of a binary health system, it was expected of course that the orientation of the public authorities towards an economic liberalism were reflected on the nature of the existing health system since the independence.

Actually, the rapid uncontrolled development of the private sector, in a serious absence of public authorities and even in their collusion sometimes, paved the way for the emergence of "health capitalism"[18] ) whose main objective is the volume of financial income. This threatens and may lead to reconsidering the right to health care for a broad category of citizens through the establishment of a binary selective system according to payment capabilities and the confinement of important health services in commercial private clinics and converting the public hospital to an institution providing simple first aids.

This trend has been recently reinforced by the issuance of the law of establishing private hospitals in April 2014. Considering the circumstances the country is going through and which are characterized by a sharp concentration of wealth, the arrival of the "new rich" to the level of influence in public policies and the pouring of private capital, fears from the private sector negative consequences have emerged including:

- Diminishing the right to health services due

to the prices of Health services in a commercial sector.

- Hitting the principle of solidarity which is considered the solid foundation for Social Protection
- Heading gradually towards a selection of dangers and the services provided, which threatens of reducing health protection and its drifting from the standards provided in national legislation and international conventions. On this, Mr Muammar Sahraoui (**Chairman of the National Organization for the Blind**) comments saying that rather than contributing to easing his burden, the private sector in Algeria has come to increase the citizen's suffering due to the lack of control turning it, thus, into a purely commercial operation ... «.

### **E. Negative indicators of the labor market:**

The social protection system has witnessed since the independence a wide quantitative, structural and social development. Generally speaking, until recently, this development has been based on the reconciliation of the participatory effort (based on individual contributions of employers) and the distributive one (based on the budget and social contributions of the public treasury). But the continuing decline of a wealth-producing economy on the one hand and the government's determination to deepen the dominance over society and ensure social peace, on the other hand, have led the social insurance system towards risky paths among them:

**a** - the continued shift to a system dependent mainly on the government treasury and 70% financed since 2000 by the oil tax. Still worse, the retirement system was linked to receiving fees from the oil tax starting with a 2 percent rate in 2000, and rising to 3 percent since 2010. For this reason, the social protection system has grown into a fragile one linked to oil price fluctuations not subject to internal national decision.

**b**- the serious imbalances which threaten social insurance future and continuity. Statistics indicate that since 2007 the number of non-active insured ( assurés inactifs ) has exceeded

the number of active insured ( actifs ).the rate of the non- active increased from 34 percent in 1995 to 49.5 in 2004 ( [19] ).

In fact, despite the political stability and the importance of oil resources, some deep indicators in the labor market are in a continuous deterioration which has a negative influence on the forms of financing social protection system. These indicators point to:

- a very slow development of the employed population rate compared to the big numbers of young people entering the labor market.
- a continuing decline in the rates of permanent jobs and the increase in temporary and shaky jobs.
- a decline in structured and codified work paralleled with an increase in many forms of undeclared parallel work. For instance, we mention the house maid work and doing marginal jobs in parallel economy sectors which has reached according to the Economic Council reports 40 percent of the total economic activity which is a very serious indicator.

### **G. The Rentier nature of social protection policies and their negative implications**

The question: What is the role of the civil society in the promotion of social protection in Algeria? Has collected replies which have converged around the societal organizations weakness in the formulation of public policies for social protection . Some see that the civil society is just a mediator between the family and the government. Its mission is limited to alerting and sensitizing only (Baghdadi Nasira. ....). Meanwhile, many activists show a big concern toward this marginal role assigned to civil society organizations. “Unfortunately - says Ms. Amel Bahadi (Al Rahma Association .....) - Algerian civil society has no pressure tools on guardianship to achieve a greater social protection for the disadvantaged who

are in need for care and protection”. Its role is confined to drawing the authorities’ attention to the importance of social protection because it is the characteristic of strong communities”. Others believe that the authors of the regulatory laws in Algeria did not consult the concerned. Consequently, legislation is passed without involving categorical representation in the drafting of laws which makes it inconsistent and far from reality. “

Rentier political systems have certain characteristics, including the use of social insurance as an important means to support political legitimacy. Rentier state is the one that gets its income from oil revenues and reinforces its political system through the distribution of rents, which become the source of its political legitimacy. The standing political system bestows the ruling elites with advantages to ensure their loyalty, and do the same with the various social strata to create dependency towards state institutions and ensure consequently social and political stability.

The relationship between what is social and what is political in Algeria was established within this framework over long years, and it has been strengthened in recent years since 2000. In fact, the rent distributional character of social protection has been further reinforced thanks to the considerable oil incomes with oil price exceeding the threshold of 100 \$ since 2006. This development has had a direct impact on the political and economic reactions on rentier system. They are in particular:

- the politicians’ feeling that they do not really need to work with the different political and social partners to justify their legitimacy which has led them to close all doors in front of political and societal dialogues and narrow down on public freedoms and trade unions more specifically.
- the neglect of the productive economy to the benefit of monopolizing export by a minority of “businessmen”. Thus, Algeria’s imports jumped from 9.4 billion dollars in 2001 to 39.1 in 2008, an increase of 300 percent in a matter of 7 years. By contrast, the share of the productive sectors in National income for the same period fell by 5 percent in industry

and 8 percent in agriculture ( [20] ).

- The Marginalization of social dialogue with the various political, societal and labor organizations and its transformation into formal meetings whose objective is to agree about ready resolutions mostly issued directly by the President ( [21] ). It seems that the social protection sector in Algeria is dominated by the government, and it is strongly linked to various forms of support issued by the Treasury, with a very limited margin of actual independence of the bodies. The contribution of the private sector remains weak and irregular, which drives the government to intervene constantly to cover the deficit and provide the necessary financial resources. Conversely, this situation contributes strongly to protecting the character of rent-seeking public policies in Algeria and making it contradictory with aspirations for a greater political openness along with the development of a wealth-producing economy, potentially bringing with it the possibility of the emergence of political and economic actors eligible to claim the right of participating in the public policies operations formulation .

To sum up, the rentier political system does not allow the emergence of independent and powerful political and societal centers able to rival it ( [22] ) through using the rent and orienting it toward distribution and import i.e. promoting the consumption culture and not the production one, which leads to transforming social protection gradually from being in solidarity system between employed and unemployed society segments to wide “charity” operations having as strategic goal the deepening subordination of society to the ruling authority.

[1] ) statements of Mr. Joe Edbor Cape Social Solidarity executive director at the Labor, Employment and Social Insurance Ministry.

[2] ) Considering some societal attributes associated especially with values of solidarity and family relationships such as daughters’ and sons’, spinster’s, disabled and orphans’ care ..... etc., we find that the rate of 4 members can be less .

[3] ) Generic Medicine means manufacturing Foreign medication locally under the license of the initial drug-producing laboratory.

[4] ) Minister’s statements in the daily papers dating 30/03/2011. In fact, that process went well with a high national coverage yet, it has faltered since 2013.

[5] ) Laws issued by the Orientation Institute for instancethatnumber 83-11 issuedon 07/02/1983 related to social insurances ,amended and supplemented . The 83-12 law on retirement amended and supplemented . The 83-13 on job accidents and illnesses amended and supplemented . The 83-14 law on social solidarity subscriptions amended and supplemented .

[6] ) This orientation can be noted through the review of the decree No. : 94-11 on unemployment, issued on May 26, 1994 amended and supplemented - Decree 94-10 regulating the early retirement system. Order 97-01 of 11 January 1997establishing card insurance because of weather conditions.

[7] ) World Labor report : Income Security and Social Insurance , Labor World Office in 2000.

[8] ) In order to cope with unemployment among university graduates and professional training graduates, the authorities resorted to pre- employment policies which opted for a temporary employment of young graduates for a small wage during a limited period waiting for hiring him in this institution or finding a job in another . The rationale behind this policy is to gain experience, give hope and protect the youth from deviation . See decree No. : 08-126 on professional integration procedure for university degree holders : 08-127 dated April 30, 2008

[9] ) See Naseeruddin Hamouda And Walid Marwani study, previous reference .

[10] ) See same previous reference page : 9.

[11] ) We mention that declared employers social tax is 25% of the salary.

[12] ) Transmitted Pensions mean wife's benefiting from husband's salary after his death.

[13] ) Gathering of the statistics concerning working women in Algeria : 16-17 % of the total women in employment age .

[14] ) Previous Data from National Retirement Center( Centre National de Retraite = CNR ) website.

[15] ) People who prove Their participation In the Liberation War and hold cards .

[16] ) See official newspaper Decree No : 83-617 dated 31 October 1983 on government and party executives' retirement pensions.

[17] ) Participants in the world conference held in the capital central hospital on the occasion of Rare Diseases World Day dated 28 February called for a serious count of the number of Algerian patients and the establishment of a reference laboratory devoted for diagnosing rare diseases . Le quotidien newspaper dated 01 March 2014.

[18] ) For more detail about this point look at :

- Ghania Graba, the place of health system in social protection, in a transitional situation: the Algerian case, in the State and Social Protection, action of the international forum organized by LEAPPA, Alger University 3, dated 11-12 October 2012, Ps 288-301.

[19] ) See :

- National and Social Economic Council, Report about the economic and social conjuncture, 2nd semester of 2004, January 2005, P 120.

[20] ) The National Council Economic and Social report ,Prospects of Economic Development Committee entitled : Bebate Elements about Growth Pact , July 2005 Page : 22.

[21] ) President Abd El Aziz Boutaflika adopted this approach strongly i.e. Legislation through the issuance of numerous presidential decrees without any debate including the parliamentary one.

[22] ) For more information about rentier government in Algeria see :

- Rachi Ben Dib, Rentier State in Algeria in Crisis: Elements for a Transitional Economic Policy in Algeria ,Alger OPU, 2006.

# The Social Protection System

By: Iyed Riahi and Firas Jaber

Social and Economic policies  
Observatory, Palestine



Palestine

The associations that contributed to the report are :  
The Observatory of social and economic policies, The Palestinian Guidance Centre, The People's Party, The Bank of Palestine, The General Federation of Palestinian Trade Unions, The Ata Association for the Elderly, The NGOs Network, The Palestinian Television, The Maa Development Centre, The Sawa Foundation, Kindergarten Trade union, The Accountancy Trade union, Al Quds legal assistance centre, The Swedish Rescue Fund, Al Watan Television, Banks trade union, Transport trade union, Rosa Luxemburg, Al Quds Bank, Democracy and Workers Rights Centre, Water sector, The Palestinian Post-Office, The Danish Trade Unions LO-FTF, The Palestinian working women's development centre, Tourism Trade union Federation.

## First: Introduction

As a result of the 1993 Oslo Agreement, the Palestinian Authority became interested in the construction of governmental entities as a prelude to the future Palestinian State which was supposed to come into existence by the end of the transitional period, expected to last five years. This did not happen in the following twenty years.

The Palestine Authority was committed, as it was the case in most of the Arab states, to implement free market policies and the privatization of some sectors which came from the occupation authorities, such as the communication sector; without being connected with the outside world by any border. Also, the occupation authorities kept its military domination, not only on the borders between Palestine and the outside world, but also between the Palestinian cities - through the passage system and the military check points - in addition to the racial separation wall which is being promoted by the occupation authorities as a separation from the Palestinian territories: it is in reality the theft of the lands and natural resources belonging to the Palestinians. The Paris Economic Agreement between the Palestinian Authority and the occupation authorities imposed additional limitations on several foreign trade relations, not to mention the military measures taken by the occupation authorities that harmed the Palestinian economy that had remained for the last twenty years depending on foreign assistance and more dependent upon the colonizing state. Although the Oslo agreement was signed, and despite the start of the "peace process", the Occupation is still engaged in a well-organized looting of the natural resources. The occupation authorities are going forward in their colonial policy. This situation, as it is, left the Palestinian Authority unable to promote its economy and became on the other hand more dependent on assistance and foreign funding, in addition to the adoption of socially harmful policies including a costly taxation system, namely what is known as VAT.

Instead of building an independent Palestinian economy and cutting the linkages with the occupation authorities, the situation is worsening. The official indicators published

by the Central Statistics Agency in its report dealing with the basic results of the census of the work force during the third quarter of 2013 show that the number of the unemployed has reached, according to the International Labor Organization, up to 275 000 people in Palestine in the afore mentioned period. Among them, there are 145 000 unemployed people in the West Bank and around 130 000 in Gaza Strip. The report, adds that the gap in unemployment rate between the West Bank and the Gaza Strip is still huge. In fact, in Gaza Strip, the rate reached 32.5 % compared with 19.1 % in the West Bank (Central Statistics Agency, 2013).

This rate is among the highest in the Arab region, women being more vulnerable to unemployment than men. Women's unemployment rate is 28.4 % compared with 19.2 % for men. The more women have an high education level, the more they will be hit by unemployment: in fact, the rate was 39 % of the total number of women who completed 13 school years and more in 2011. This rate is higher among young girls, aged 15 to 25, as it reached 62.2% in 2012 compared with 34.5 % among young men. Generally speaking, these rates double in Gaza Strip, and among the educated because of the conditions induced by the siege and the weakness of the economic infrastructure there.

In front of the high indicators of unemployment among women, programmes and policies addressed to women in particular are required. In the absence of social protection, these families become dependent on insufficient and unsteady endowments from some charity organizations and the ministry of social affairs. It is not clear that in the near future the Palestinian authority will set up social protection programmes useful for the jobless, the disabled, the elderly or mothers, etc. Besides, the imposed siege on Gaza led to division and dramatic impoverishment of people as the majority of them depend on assistance.

## Second: the Situation of Social Protection within the Government's General Policy.

The main cause of the difference of the components of the retirement system in Palestine is due to the absence of a clear vision by the national Palestinian Authority on the issue of social

security in general, and retirement in particular; relating to the importance of its economic, social and financial role, and consequently the role of the authority in reforming the already existing systems, and setting up new ones in the West Bank and Gaza Strip. Hence, the inexistence of a clear reform strategy that would give birth to clear and precise policies and goals agreed upon and measurable. Quite the contrary, it has been noticed that there are different policies and goals among politicians and decision makers concerning the reform of the retirement systems in the West Bank and Gaza Strip, which led to an increase of retirement systems in the public sector as well as in the private one. The government usually avoids dealing with the details of the establishment of comprehensive social protection policies, and often resorts to presenting the retirement systems as the most important goal in social protection. However, others argue that concerning those who cannot pay their retirement fees such as the jobless, the disabled, and the elderly, though those cases are the responsibility of the government. In the Palestinian case, the government is bound to resort to borrowing to finance the programme or to insert it in the schedule of foreign assistance, which will be costly in both cases, because of the high interest rates in addition to the political conditions stipulated along with the assistance. But, is it possible to bring some adjustments to the articles and the breakdown of the budget so as to reduce the assistance addressed to this sector that is facing a monetary problem in the Palestinian society starting by the role it plays in addition to 35% being cut from the budget to fund it.

The Palestinian budget is very often prepared without being sure it will be implemented since the authority does not control the indicators that play a significant role in determining the size of the income or expenditure. The former Finance minister, Mr. Nabeel Qassis, in his comment on the 2014 budget, said they could not adopt a realistic budget in an unrealistic situation. In all former discussions clarified by this report, the government did not have a clear and independent policy in its vision of social protection as the report shows it below. The International Labour Organization has recently suggested a social security system for those working in the public

and private sectors in Palestine, while the government wanted to set up a retirement fund for the private sector run by a private enterprise, and the International Labour Organization made several observations to the suggestion of the Palestinian government.

One of these observations is that the retirement system of the non-governmental sector cannot be considered as complementary to the social security system suggested by the International Labour Organization. It rather seems to be a central system addressed to those working in the private sector, in addition to the high contribution rate (19% of the worker's salary in addition to the inability of the system suggested by the government to provide a retirement pension that guarantees a decent life. Despite the optional nature of the non – government retirement system<sup>3</sup>, the observations made by the International Labour Organization came as a result of a request by Palestinian trade unions who say that the retirement law suggested by the government is unfair and unacceptable and makes the members undergo the losses that may result from insecure investments that the private enterprise may make. As for the Labour Ministry, it believes that the retirement fund for those working in the non- governmental sector is a complementary fund that will be run by enterprises from the private sector, and the participation is rather optional, not compulsory. Besides, most of the raised risks are irrelevant as the establishment of this fund will never be an alternative for the Social Security Fund<sup>4</sup>. Yet, we cannot neglect the interest of the parties, whether they are trade unions or Palestinian civil society organizations, and their vision of the ways these funds are managed and invested in, since they are an essential contributing party.

### **Third: The Social Security between the political and economic challenges.**

*“In the Palestinian case, the debate about the concept of a comprehensive social security, the possibility of its implementation and the requirements of its sustainability, is still at its first stage. Generally, the debate focuses upon the existing retirement systems and the possibility of adding other categories in the non-governmental sectors”.*

Within the debate about the comprehensive social security, a few questions crop up such as: Is it possible for rich countries that have the financial means to implement it, or have the unstable countries an urgent need to implement it given their unnatural conditions, namely in the conditions of occupation, wars and internal conflicts in addition to economic recession which are factors that help discover/unveil more people who are unable to face the different economic challenges resulting from the failure of the political system in providing job opportunities.

In the economic crises, the poor, very often, pay the heavy costs of the policies of austerity adopted by governments in such situations where expenditure on social causes stops and the services provided by the government in the fields of education and health decline whereas the government rises the taxes on sales and other taxes on governmental transactions, which means that more economic pressure and burdens will be exerted on the poor. Social security is being reduced to systems heading towards privatization and sparing of the government from being responsible for expenditure and management.

What is meant by social security is its total and comprehensive implementation by the government to cover all the citizens in the concerned country, since they are part of its citizens and it has to be responsible for them, whether they are rich or poor citizens, and not only because they work in public or private sectors, or are members of what we call civil society organizations, we cannot claim that there is a comprehensive social security system since, in reality, it covers only the categories able to pay their membership fees.

The debate over the social security for workers and civil servants who do not belong to the civil service started during the era of the first Legislative Council, and culminated in 2013 with the promulgation of the social Insurance Law, which included (vocational injury insurance, old age insurance, natural disability and death insurance). The law states the establishment of a general social insurance company chaired by the Minister of Labor<sup>5</sup>. But, this law was not reinforced, and was soon cancelled by the President of the Palestinian Authority on

23/8/2007, who issued a decree to abrogate the Social Insurance Law, wherein we read, "given our prerogatives, and to achieve the general interest, we issue the following decree: Article 1: cancellation of the Social Insurance Law number (3) as of 2003. On 2 August 2008, the President of the Palestinian Authority issued a decree as of 2007 pertaining to the amendment of the General Retirement Law number 7 as of 2005. The decree explains some of the articles and paragraphs that were amended in this law, and replaced by other texts that indicated the reasons behind the abrogation of the social insurance law number 3 as of 2003, and among the most important articles

Article (2) wherein paragraph 2 states that article 2 shall be deleted from article (8) in the original retirement law and be replaced by the following text: "The employees of non-governmental and civil society organizations, the private sector and the workers who are regulated by the provisions of the Labour Law, and the employees and members of trade unions, and their affiliates, this shall be regulated by a resolution issued by the Council of Ministers".

The text of paragraph (2) of article (8) according to the original Retirement Law number (7) as of 2005: "allows non-governmental and civil society organizations to include their employees under this law, and to be regulated by a resolution issued by the Council of Ministers<sup>6</sup>".

These decisions reduced this law and confined it to a social security system appropriate to statutory and non-statutory workers and employees, as they reduced the ability of public and private companies as well as trade unions to register in the general retirement law without providing other necessary aspects of social protection. However, they produced other programmes under the responsibility of the ministry of social affairs to provide small in-kind and material assistance to poor families and some social categories.

The government drafted the law which was ratified by the Legislative Council and it even entered into force. At that time, the Labour Ministry started, according to Ms. Butheina Salem, the Ministry's legal department Director, preparing the legislations and the bylaws regulating the

law, a management was composed to take care of the social security fund. However, the social insurance law suffered of what many other laws suffered at the start of the work of the Palestinian Authority. It was characterized by haste and the replication of the laws in neighboring Arab countries. The government explained through its spokesperson that the law suffered a deficiency in the arithmetical equations since it was replicated from the Jordanian law which contained mistakes, and here we have different versions. While the government's spokesperson says that the world Bank has nothing to do with the cancellation of the law, Ms. Salem gives a different version of the story: "A letter was sent to the world Bank to seek the support to the establishment of the social security fund, but the Bank asked the government for information to examine the sustainability of the programme and its ability to bear the financial burdens and pay the benefits".

She adds: "After the study, the World Bank informed us that the law was not sustainable, and that it would fail to meet the needs and interests of the Palestinian worker in addition to the risk of bankruptcy. Ms. Salem clarified that the World Bank's report studied the economic feasibility of the system regardless of its social, humanitarian and development feasibility. She says, "We are confused in front of this issue, but the World Bank suggested a way out through not cancelling the idea of the Social Security Law by integrating it into the General Retirement Law within one unified management<sup>7</sup>."

Instead of finding a guarantee of a social security with a public company, the contents of the law were scattered without raising a serious debate except the protest from trade unions for a short time. This scattering led to the absence of the foundations of a suitable social security system. Currently, the debate itself is being reproduced since a debate took place to adopt a social security system and ended up with a mere fund for the non- governmental employees in the form of an enterprise investing the money of its beneficiaries!

In the Palestinian case, the debate about the definition of social security is still at its beginning, or is often taken back to its starting points amid

questions about its sustainability. Very often, the debate shifts to the existing retirement systems and the possibility of adding categories from those working in the non-governmental sector. Previous discussions took place involving some civil society organizations or even from the private sector known as the Portland Trust Initiative which called for the privatization of the retirement system in Palestine and which requires the existence of a private company to run the retirement funds of governmental companies as well as those of the big, medium and small size enterprises with which a contract would be concluded to run it without being necessarily a local private enterprise. Foreign enterprises also have the possibility to compete for the management of the finance of the unified retirement fund<sup>8</sup>.

This debate came back to the forefront stage after the government had expressed its intention to privatize the funds for the social security of those working in the private sector. This proposal was faced with protest from some activists and left-wing trade unions as the issue of retirement even before its adoption represented an investment field for the private sector. For instance banks discussed their expected shares from the end-of-service and retirement funds even though the system itself was not ratified.

The currently available programmes are varied and dominated by a social assistance character, but they are considered as one of the mechanisms used to absorb the existing deficiency due, essentially, to the occupation and the hard economic situations. Thus, the Palestinian Authority would need a high budget if it decided to cover all poor households which represent, according to official estimations, the third of the total of Palestinian households. The assistance is expected not to fall below the poverty line which is US \$ 600. This implies that the Palestinian Authority would spend 1.6 billion U.S dollars annually. Thus, the development alternatives in this case are the alleviation of poverty rate by providing labor opportunities<sup>9</sup>. At present, the Authority spends less than US \$ 200 through its different programmes in the Ministry of Social Affairs not to mention that protection and assistance provided by the ministry do not include all poor households.

Besides, collective punishment in Gaza Strip today is affecting people's rights for medical and educational services and freedom of mobility due to the siege and the closing down of crossing points, while the dismissed government in the Gaza Strip, in the context of the ongoing Israeli aggression and the political conflicts, was unable to provide many services. In such a situation, the concept of social protection is a kind of luxury while the emergency programmes that prevent the total collapse of the economic conditions remain there, and this is generally done through international organizations.

### **1. The Retirement Fund is on the edge of bankruptcy**

*“Despite the recommendations to necessarily pay the debts owed to the Retirement Agency which amount to more than a billion dollar, and which are accumulated month after month, the government did not react. The Fund is going deeper and deeper in debts from local banks and foreign donors”.*

A great number of experts as well as the Secretary General of the Retirement Agency agree that the step of the early retirement suggested by the government in order to alleviate the burden of salaries in the public sector means the spontaneous collapse of the fund as the government is not committed to transfer the registration fees of the employees (which are the sums deducted from their salaries in addition to the contribution of the government in what is known as insurance and pensions) which the government does not transfer to the fund. According to different reports, the fund suffers from various problems mainly the lack of financial sustainability due to accumulated debts on the one hand, and the big number of employees in the private sector in addition to the members of the security forces on the other hand. The reports, also, point to the administrative problems within the board which needs immediate reforms, in addition to the lack of audited financial reports along with the inability to conduct decisive actuary studies in the management of retirement systems<sup>10</sup>. Despite the high unemployment rate; recruitments made by the government within the public sector are facing criticism from donors who believe they will

be an additional financial burden on the budget with regard to the ability to pay salaries and the future retirement implications. Besides, the early retirement currently helps the government reduce the payroll by 30 % from the pensions of the retired, but, on middle and long terms, it will cause a financial burden on the budget and tax payers. What will happen is to transfer the financial burden on the budget and tax payers. What will happen is the transfer of financial burden and the problem to future generations. Besides, this measure has negative effects and a bad employability which will be reflected by an increase of unemployment, and a total decrease of demand which will hamper the economic development<sup>11</sup>.

The governmental retirement fund has no relationships with the early retirement decision since it is the budget that pays the retirement pensions and the employees' salaries due to the fact that the Ministry of Finance did not transfer the sums to the fund which amounted, according to the Minister of Finance to 1.3 billion dollars without taking into account the interests on this sum as stated by the law. But, if the retired are transferred to the fund in its current empty situation, the fund will be unable to pay salaries, even for a few months<sup>12</sup>. Despite the recommendations to refund the debts owed to the retirement fund which are over 1 billion dollar and are accumulated monthly, the government did not do so, and is sinking deeper and deeper in debts toward local and foreign banks. The claims of the reform of the Retirement Agency to become more rational and efficient will remain without any effect with the expected bankruptcy. The experience of the retirement fund in the public sector and its management did not show an outstanding success that would attract the interest of the private sector with its two parties: the employees and the employers to encourage them to join the public retirement fund with the existence of a governmental decision in 2007 that compels the public sector to join the public retirement system and to transfer the contribution of individual workers and their employers to the Palestinian Retirement Agency. Yet, the rate of those who complied with this decision is very low and because of this refusal the government allowed, in 2010, the private sector to develop its own retirement system<sup>13</sup>. This decision pushed

some banks to create an enterprise to run this system, which is one of the factors that raised the criticism of trade unions. The resources of social security must come from the contributions of beneficiaries, employers and the government in addition to another important resource which is the portion cut off the workers' salaries by the Israeli side under the article of national insurance which should be paid back, according to Oslo Agreement, only if a social security fund is set up<sup>14</sup>.

## 2. Health Care

*The number of families benefiting from the governmental health insurance reached 350 460 families with a coverage rate of about 60.4 % of the population.*

A great deal of families are granted a governmental health insurance in addition to the medical transfer system which includes a number of specialties' and diseases that governmental hospitals cannot treat, and are, therefore, transferred either to hospitals outside Palestine or to hospitals and medical centres run by the private sector.

The number of families covered by government health insurance reached 350 460 households with a rate of 60.4 % of the population, 29.9 % with paid fees while 30.5 % are free of charge in addition to what the ministry of social affairs pays to the governmental health insurance to cover the poor and the needy. The participation rate in this kind of health insurance rose from 17.3% in 2000 to 32.9 % in 2006, and what the ministry of prisoners pays to cover the families of prisoners in Israeli jails, with health insurance as the participation rate in this kind of health insurance rose from 0.4 % in 2000 to 4.9 % in 2006, and the late president, Yasser Arafat, decided in 2000 to cover the unemployed with free health insurance (Al Aqsa Intifada Insurance). This decision came to consolidate the health of Palestinian workers who lost their jobs because of the closure policies adopted by Israel which deprived tens of thousands of workers of work opportunities<sup>15</sup>.

The medical transfers which the Fund's statement asked to review them and despite the

problems inherent to this system, are considered as a protection to thousands of poor and low-income families in medical services that the governmental medical sector cannot provide. The World Bank's call to the government to direct the investment in infrastructure that paves the way to the investment of the private sector, does not necessarily mean that the poor may have access to excellent medical services because of their high cost, and this will, later, serve the interests of the rich and the well-off, while the poor will lose the governmental subsidies in the form of medical transfers. Thus, the investment in the health field and its orientation towards equal health for all and the increase of citizens' trust in public hospitals through hiring widely acknowledged competencies and skills in important medical specialties which contribute to changing the negative image of medical services provided by the government. This will reduce the transfer bills. It is worth mentioning that the last years saw many problems with several private hospitals whether in Palestine or Jordan related to the failure of the government to transfer the arrears to those medical centres, which compelled some of them to dismiss patients.

## 3. Care of the families of prisoners, martyrs and the injured

It is an entity set up from the beginning by the P.L.O. and with the Oslo Agreement and the foundation of the Palestinian National Authority; the body was annexed to the Ministry of Social Affairs as general directorate, until it was separated from the Ministry in 2005 as it belonged administratively to the P.L.O.. This institution care for the prisoners' families till 1996 when a Ministry devoted to prisoners and the released ones was created.

### Programmes and services:

- Programme of the financial guarantee which means the payment of cash and in kind benefits to families accredited to the institution;
- Programme for health guarantee which provides health care and available health needs internally and externally through public health insurance and coordination with nongovernmental

- organizations;
- Programme for educational guarantee which works to provide free basic and higher education to the children and wives of martyrs, the injured and those of victims through coordination with the Ministry of Education, Higher Education and local universities and to work to obtain foreign grants to outstanding students;
- Programme for training and rehabilitation which aims at rehabilitating the injured and members of martyrs' families and the victims through training and providing them new skills which suit their health and mobility state to reintegrate them in public life.
- Programme for psychological support and community development<sup>16</sup>.

The Ministry of prisoners and the released affairs offers several services similar to those provided by the Agency to provide a constant income to prisoners who spent more than 5 years inside the occupation's prisons in addition to providing an income to the family during the detention period. The Ministry meets the needs of the prisoners inside Zionist prisons and detention centres, besides the delivery of higher and basic education to prisoners and their children. This depends essentially on the period the prisoner spends in Israeli jails. In addition, the Palestinian Zaket Fund: the Fund conducts various activities related to cash assistance, education and the provision of vital needs.

#### **4. Emergency Programmes of the UNRWA**

*In the Jabalia Camp, in Gaza Strip, 100 000 refugees live in an area of no more than 2 km<sup>2</sup>.* More than a million refugees live in the camps of the west Bank, Al Quds and Gaza Strip whose camps are considered as the most crowded ones which differ according to their geographical locations, their areas and their overpopulation, with Jabalia camp as the biggest in terms of demographic density, and the smallest in terms of area. In fact, it hosts 100 000 refugees in an area no more than 2 km<sup>2</sup> according to recent statistics of the UNRWA.

The emergency programme, one of the projects provided by the UNRWA, is considered as one of the partial solutions to treat unemployment, which is widespread among the camps, and the lack of economic security for Palestinian refugees. The idea of the programme consists in providing a labor opportunity for a limited period between three to six months in some fields. A worker can profit from the programme only once from 12 to 18 months, and earns around US \$ 350. This means that the programme offers US \$ 1050 a year with an average of US \$ 2.87 per day, and though the programme is one of the forms of assistance, it still does not offer any development solutions or a steady solution to unemployment. It is not seen by beneficiaries as one of the programmes that contribute to the economic security of their families. However, others believe that benefiting from this programme deprives them of other services provided by the UNRWA<sup>18</sup>.

Although this mechanism is intended to partly absorb widespread unemployment in camps and help many families to survive, these programmers still need more accuracy to benefit to people and be sure that this assistance will reach poor households and the unemployed and that the unemployed will alternately take advantage of it. Besides, this programme should be linked with the food assistance programme. They must be complementary, different from what it is currently where the beneficiary; who obtains a financial assistance for his work, is deprived of food assistance programmes granted to poor households. Moreover, there are many programmes run by international rescue institutions and charitable associations contributing to meeting the needs of many poor families. These institutions admit that their programmes are generally rescue ones and are sometimes intended to face emergency situations.

#### **5. Trade Unions**

In the absence of a social security fund, social insurance is limited only to the Insurance and Pension Agency which includes governmental employees only among civilians and army officers in addition to a few professional unions, such as engineers, lawyers and physicians,

who are members of professional unions and of the retirement law specific to the union. This provides a social security system to no more than a quarter of the workers and no more than 17 % of the economically active population and around 8 % of the human force (15- 64 years old) (Muatin p 192). These unions' retirement systems resting upon a union-based convention and not upon the Retirement Act, insist on the contribution of the participating member, which is, for instance, of 34 dinars per annum in the Lawyers' Union Fund for those who are under 30 years old and 96 dinars per annum for those over 30 years old. The retired member will benefit the retirement after a 30 year-service or reaching the age of 60 whatever comes first. The member can get an early retirement in case of illness or disability pending he does not take any other job. The above mentioned is true for all professional unions though there are financial disparities related to determining the volume of the contributions and retirement benefits<sup>19</sup>. The general expenses on insurance are estimated to about 4 % of the Gross Domestic Product, which is a high rate exceeding its counterparts in the Middle East and North Africa which range between 0.1 % and 2 %<sup>20</sup>.

## 6. Lack of Protection against Unemployment

In all the discussions about social security, the issue of providing assistance to the unemployed, the elderly and the disabled are over- looked. All surveys conducted by international organizations neglect these aspects though unemployment rate is very high and is over 25 %. Some stakeholders, such as the World Bank, recognize that integrating these categories within the security system will be costly for the Authority. However, trade unions deal with this issue as a basic right and argue in a logical way that the money cut off by Israel from Palestinian workers and estimated to hundreds of millions of dollars, is not transferred by the occupation state because of the inexistence of a security fund in Palestine. The unions believe that these sums will contribute to the betterment of the fund's sustainability tin case it is incorporated. In this context, there are only:

1. Emergency Programme systems;

a part of which is run by city councils, another part by civil society organizations and a share by international agencies.

2. The programme directed by the UNRWA
3. Financial assistance programme within the Ministry of Social Affairs.

The common denominator between all these programmes is their temporary aspect which does not cover most of the unemployed. The worst of these programmes is work food programme run by the USAID.

The whole of these programmes form a mechanism to absorb the deficiency of the socio-economic system. Thus, the causes are greatly neglected (mainly the Israeli military occupation of Palestine) which lead to poverty and the increase of unemployment rate in the Palestinian society. Most importantly, there is a lack of unemployment assistance programme, which is inexistent in the Palestinian legislative arsenal. This applies also in the absence of old age and disability assistance programmes in addition to the lack of retirement systems in two important sectors whether in civil service or the private sector.

## Fourth : Local and international efforts : seeking partial solutions.

### 1. The Cancellation of the Social Security Law after the World Bank's Observations

There is a difference between social security systems and similar systems such as social assistance granted by the State or private institutions to needy individuals on a free basis. On the contrary, social security system is a kind of subscription paid by individuals who will benefit from it in case they meet the required conditions. Also, social security systems differ from the general and private insurance systems. Social security is more comprehensive as the individual subscribed in the social security benefits from the different provided protective programmes while social insurance systems provides protection in a precise field only according to the contract concluded between the insurer and the insured. The objective of social security is to achieve

social justice and to guarantee a decent life<sup>21</sup>.

At the beginning of the report, we pointed out that the Palestinian government, besides it does not have a clear vision on social security systems, its financial and technical dependence on organizations like the World Bank restrict its ability to reach a consensus with other actors in society on the most appropriate forms of social security which meet the interests of the different stakeholders.

For instance, the World Bank expresses its point of view with regards to the Palestinian economic issues besides its role as a donor of several projects implemented by the Palestinian Authority and some civil society organizations. The Bank, though, has periodic reports about the Palestinian economy. In the debate on the retirement systems, its teams played a pivotal role in elaborating recommendations whether to settle the current retirement system in the public sector or to submit observations on the systems presented by other parties.

When the Palestinian Authority issued the Social Security Law (Social Insurance) in 2003, the World Bank made many public observations on the law which made the Palestinian Authority cancel it, since the World Bank's assessment pointed out the following weaknesses:

- Lack of financial sustainability: The World Bank report pointed out that to secure the sustainability of the fund for the forthcoming 30 to 35 years, the subscription fees must amount to 25 % of the monthly payment of the employee.
- The law compels the Palestinian Authority to cover the potential deficit from the General Reserve, which may impose a great financial obligation upon the Authority while it is suffering from an unstable financial state.
- The suggested programme provides benefits for few Palestinian workers excluding a great deal of people working in the informal private sector who are working in family and small projects and different trades that do not allow them to pay up their subscription fees for the required worked years to

benefit from retirement. In addition, the poorest workers will receive the least benefits.

- The compulsory contributions to retirement deducted from wages will be very hard within a very bad economic situation, high poverty Levels and the weakness of the private sector,. These factors will put a heavy financial burden on households and employers.
  - The Authority cannot provide offices to host the management to supervise and implement the project.
- These suggestions adopted by the Palestinian Authority have not been accepted by the Palestinian General Trade Union whose President asked the Palestinian Authority to promulgate the system. The Union sees that the contribution deducted from workers wages by Israel can be a good start for the Fund. In a meeting with the former Minister of Social Affairs, Ms. Majda Al Masry, she pointed out that the World Bank also made its observation about the already assistance system in the ministry which benefits to the poorest families in the Palestinian society. The Bank would like to grant an amount deducted from these contributions while the Ministry insisted the assistance should take into account the poverty Line, expenditure and consumption<sup>22</sup>.
- Former observations were adopted as obvious ones without being criticized or analyzed by specialized research centres, various trade-unions or other stakeholders.

## **2. Adoption of a Social Security Law for the Public Sector: A Proposal by the International labor Organization**

The system was designed by the national social security tripartite Committee assisted by the International Labour Organization in consultation with the Employers' Associations, Trade Union organizations, government officials

and other stakeholders. The Committee is currently developing the first draft-law to submit to the Council of Ministers to be adopted by 2015. It is also working to set up an independent tripartite social security institution to implement the law. The proposal is based on the retirement pension system for State employees (Pension Law number 7 as of 2005), the Labour Act number 7 as of 2000, the ILO 102 convention on the minimum criteria for social security as of 1952, and the international best practices. The International Labour Organization made an actuary evaluation to determine its sustainability. The workers and business-owners pay respectively a monthly subscription of 7.7 % and 10.4 %. The total number of those subscribed in the system is expected to increase gradually from 82 646 in 2015 to 336 440 in 2025. The new system will cover old age, disability and retirement pensions for heirs as well as death and motherhood assistance and compensations for vocational injuries for all those in the Palestinian private sector. It limits the retirement age to 60 and suggests giving 45% of the average salaries after 30 years of subscription fees as retirement pensions, which must not be less than 50 % of the lowest wage or twice as much as the national poverty line (estimated individually<sup>23</sup>).

If this system is introduced optionally for workers and business-owners of the private sector unlike the retirement system in the public sector which is binding, it becomes legitimate to raise questions about the possibility to let subscriptions become optional which is in contrast with the idea of a binding and fundamental social security in addition to the kind of companies that may join it. It was possible to leave the freedom of choice only for those who work for themselves. The fears resulting from leaving the system optional stem from the fact that the programme will be implemented by big companies whose interests may be in harmony with it as it is the case now with minimum wages law. The data and the figures published by the Palestinian Central Statistics Agency show that around 106 000 employees and workers in the Palestinian territories (West Bank, Gaza Strip and Eastern Quds), earn less than the minimum wage though a year and a half had passed since the decision fixing the minimum wage to US \$ 400 was passed. According to the Palestinian Statistics

statement which published the figures of the year 2013, nearly 22.5 % of wage earners in the private sector in the west Bank earns a monthly salary below the minimum wage. As for Gaza strip, this rate reached 68.5 % <sup>24</sup>.

The former declaration of the International Labour Organization is in contrast with that of Mr. Ahmed Al Majdalany, the Palestinian Labour Minister, made during the same month, where he mentioned the ratification of the social security system by the Palestinian government. He added that the system includes the workers submitted to the provisions of the Labour Act and those working in governmental institutions, civil society, workers of professional unions, employees of local collectivities and the self-employed through a financial system, which rests upon the principle of subscriptions determined by the worker and the business-owner. Funds will be run by a public limited company that will be listed in the capital market and its shares will circulate under the supervision of a regulatory entity. The accounts of the shareholders and the company will be separated. The affiliates' funds will be registered in their accounts and the company will receive fees for the management of these funds. The Committee of the Capital Market will regulate the system and its good management. The Fund will have a Subscribers' Council that should play a consultative role in the Fund's management. Unions considered that the minister had called for the privatization of social security systems which cannot be accepted. This call was also refused by Palestinian civil society organizations. Moreover, the Chairman of the Social Committee in the Legislative Council (suspended for years) considered that an independent body should manage social security that will be elected by the beneficiaries pending it is under the supervision of the Legislative Council, the Financial and Administrative Regulation Agency. Consequently, the institution shall be independent from the government to avoid any government interference in the management of its funds or the services it provides<sup>25</sup>.

### 3. The suggested alternatives

The suggested systems look at the beneficiaries targeted by the social security systems only as those who are able to pay up their contributions

without any solutions for a big category of unemployed people, the elderly, children and those with specific needs. This system lacks all kinds of social justice and betters only the state of the middle class. So, it cannot draw any attention when it oversees the needs of the poorest and the most marginalized categories within the community. The number of subscribers will not increase as it is positively expected by some as there are people from the informal sector. There are also many people who work on a daily basis and others who are below the minimum wage in addition to the nature of the contracts of those working in the civil society organizations or some international ones who often have temporary contracts. Hence, there is a lack of work security. Most importantly, there is the inability of the government to compel the private sector to comply with domestic laws as it is the case now with the minimum wage law. It left the adherence to the retirement system as an option for those who would like to join it amongst workers and business owners (however, it is compulsory in the civil service), which will encourage companies to join the system which is in harmony with their interests and not necessarily with those of their workers and employees.

- **Fighting tax evasion**

The “legal evasion” operations performed by companies benefiting from the investment law, deprives the Palestinian Reserve of millions of dollars. If we take the larger scale tax evasion operations which amount to half a billion shekels yearly, which is practically half the deficit of the government’s budget, then, it is required to set up effective policies and practical mechanisms to fight tax evasion starting from the reform of the tax system itself to make it fairer and the development of the various tax authorities to upgrade their capacities in order to help them collect more taxes and fight tax evasion. This will protect low-income categories and the poor from higher income taxes or the value-added taxes that are likely to increase continuously and is considered as an unfair one as it is imposed equally upon the poor and the rich. It is increasing the cost of living by 16% according to the last decision. This pushes many people towards the circle of poverty line or even below.

Thus, the declared government policies are not in tune with the reality, as the government’s discourse often focuses on the enlargement of the tax basket, but what happens is the rise of tax burdens. While, the value-added tax on some luxury goods or those related to energy prices and some food commodities. The government is promising more facilities to local and foreign private companies under the title of promoting investments<sup>26</sup>. Reforming the tax system and fighting tax evasion will provide a wealth of money to cover social programmes and build up adequate and unified social security systems under the pretext of unavailability of funds. The austerity policy the government should implement swiftly is to stop squandering public finance, fight corruption and manage responsibly social causes.

- **A National Social Liability Fund**

The existence of a National Social Liability Fund, with the participation of banks and private companies, devoted to rural and community development, which will cover the fields often avoided by donors or where the government cannot do much due to bad planning or the inability to make decisions in some fields, which puts the concept of social liability out of the commercial and media framework of the contributors only. This Fund can save thousands of Palestinian households from poverty. The existence of a national community fund with the contribution of the private sector by 10 % of the benefits will contribute to providing 50 million dollars annually and will increase the contribution of the banks from 3 million dollars to about 15 million dollars.

If this concept is promoted to include non registered companies in the Palestinian market, more known as family labour, it will add to the fund not less than additional 20 million dollars in the forth-coming years.

For instance, the deposits already existing in banks operating in Palestine increased to more than 9 billion US dollars by mid-2012 while bank deposits had amounted to 3,5 billion dollars in 2000, which means they increased by more than 60 % in the previous years. This concept should have been reflected on a larger scope in the

field of social liability. One out of 18 banks in the West Bank and Gaza Strip granted about US \$ 1.9 million whereas the other 17 banks granted nearly US \$ 1.3 million.

To be efficient, Palestinian social liability programmes should get rid of several limitations and procedures. Banks' programmes are void of any assistance to projects having a relationship with general national causes: these banks focus more on publicity and sponsoring artistic and sporting events and Iftars, etc. There is, often, a conflict or an exchange of interests between the donor and the receiver of those grants.

- **Return to Farming: Investing in Agriculture**

Various reports made by Palestinian research centres and farming institutions point out that promoting agriculture and the increase the rate of agricultural lands will create huge labour opportunities, and therefore, will reduce the unemployment rate in Palestine. This requires a governmental policy and granting subsidies to farmers and those who would like to go back to farming, including the subsidies to be granted to farmers in the event of a drought or hard climate conditions. This, also, requires a market protective policy from products flowing from Israel, so that this does not affect Palestinian farmers. This is reality, in addition to the policy of looting and confiscating lands adopted by the military occupation authorities in Palestine which led to the reduction of the area of cultivated land, hence the reduction of the Labor force in this field, who went to other occupations. However, with the closing of the Israeli market, Palestinian workers are left without any source of income.

**Recommendations:**

- Work to create jobs to reduce unemployment and poverty, and therefore, alleviate the cost of the proposed social protection programmes used by the government as an argument, along with the World Bank, that the Palestinian government cannot bear them any longer!
- Fight tax evasion, review investment laws and stop resorting to raising

taxes, and namely VAT.

- The debate about social security must be balanced between the various stakeholders; more precisely business-owners and workers represented by trade unions with regard to their capacity to use technical consultations, since the private sector has the appropriate financial means and uses them to design programmes serving its interests.
- The system proposed to the private sector improves the situation of the middle-class on the one hand, it is a tripartite system, which dismisses other elements in social security systems such as unemployment, disability and old age, on the other hand. Thus, trade unions still have a long way to go in their struggle for unemployed people's rights.
- The social liability of private sector companies, which needs implementation and guidance to serve the interest of some security systems, is now more than ever urgently needed. As very often, these programmes are mere propaganda for the private sector, not the sake of development.
- Study the models within the Ministry of Social Affairs and see how to institutionalize them to change them from emergency systems to a part of social security, alongside with, the programmes targeting the private sector. To do so, we can gradually start adopting the available criteria in the ministry as they change those programmes into rights, as it is stated in the Palestinian basic system and switch those emergency programmes into rights for the poor who will defend them, since emergency and rescue programmes do not allow people to resort to courts or to file a case if these programmes are stopped.
- Conduct a study on Arab and international models to see how to run social security companies which will enable trade unions and civil society in general, to face the

privatization resolution that preceded the company as it allows the various stakeholders to be familiar with the way these companies are managed and to identify other successful or failed experiences, which is important to protect the rights of the donors of the social security system.

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# The Social Protection System

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## Introduction

There are many common definitions and concepts about social protection, and most of them put this concept as a framework including a broader range of social policies, including social security and social insurance and social safety nets. And often the terms “social protection” and “social security” are used interchangeably. It is worth mentioning that the ILO uses the term “social security”, to refer to the right to social security enshrined in the Universal Declaration of Human Rights 1948 (Article 22), and in the International Covenant of Economic, Social and Cultural Rights 1966 (Article 9), and other instruments of the United Nations Human Rights . This term includes a wide range of policy tools, including social insurance, social assistance, and other forms of cash transfers, as well as measures to ensure effective access to health care and others, which aims to provide social protection. The recent report of the International Labor Organization highlights the fact that the lack of access to social protection is the main obstacle to economic and social development. The report links the lack of coverage or lack of access to social protection and high and sustained levels of poverty and economic insecurity in some parts of the world, in addition to the high and growing levels of inequality<sup>1</sup>

However, we cannot delve into to the study of social protection systems without placing it in the context of an in-depth review on the role of “social state” with respect to the social solidarity and interdependence and to the recognition of economic and social rights. Social Solidarity means, for example, the family in its core and extended dimensions, or “community,” or the workforce, or associations and civil society organizations, religious institutions, or companies, or insurance companies and the state. The roles and the level of the tyranny of the parties on one another differ, according to the reality of each country and society on the one hand, and the transformations of capitalism on a global and local levels, on the other hand<sup>2</sup>.

1- World Social Protection Report 2014/15: Building economic recovery, inclusive development and social justice, International Labour Office, (Geneva, ILO 2014).

2- For more details

World Social Protection Report 2014/15: Building economic recovery, inclusive development and social justice,

In addition, it is difficult to understand the social protection without considering the social policies of the state

## Section I: the role of the state in development

Development belief started to spread in the Arab world in the aftermath of the independence movements - like many of the countries of the South – this is what stimulated the emergence of political, economic and social institutions. As for the case of Lebanon, the dominant faith, on the basis of which these institutions were made, was and is still based on the principle of “laissez-faire”. In fact in the “commercial republic” the phenomenon of state wavering for social service and economic responsibilities to the private sector is not considered new- like most countries in the region - but it was actually the building policy since independence to create modern institutions of social protection in Lebanon<sup>3</sup>

Following the so-called “Washington Consensus”, the pressure which was exerted on Lebanon and the Arab region in general, took a growing trend to inflict the economies of those countries in the market of global capitalism and prepare communities to deal with its requirements. This pressure was followed by new challenges and concerns on the local and international levels, represented by poverty issues and the development of social protection systems, to play a substitute role of the welfare state, and to serve as a tool to combat poverty and deteriorating economic and social conditions.<sup>4</sup>

The general policies established after the civil war in Lebanon, engaged in the neoliberal dominant system. And the current trends of the Lebanese state confirms this fact; the quick reconstruction policies discarded the issue of social rights and “social security” for all. And the Lebanese state, since 1993, embarked on the implementation of structural adjustment programs supported by the World Bank and International Monetary Fund

The concept of the welfare state is still embryonic

International Labour Office, (Geneva, ILO 2014).

3- Myriam Catusse, op.cit.

4- Globalization and Social Security in the Arab Region, a paper: <http://www.escwa.un.org/divisions/sdd/events/19dec05hammoud.pdf>

in Lebanon, and the level of social protection for citizens is quasi non-existent. Health care spending and education and retirement benefits, family allowances and assistance for people with disabilities are still not available to a large number of the population. There are about 40% to 50% of the Lebanese population who are not enrolled in the National social Security Fund<sup>5</sup>40% of them are outside any health insurance system, while only 8%, are contractors with private insurance companies<sup>6</sup>.

Except for some special cases (as systems of social security of the police, which is considered the most effective and comprehensive in terms of coverage), the general reality about the social welfare systems in Lebanon is characterized by complex bureaucratic procedures, and very slow in terms of compensation deadlines, which drives many people to resort to. "Nepotism "in most cases

For these and other reasons, the most vulnerable population, such as the elderly and people with disabilities and the unemployed and foreign workers, women and farmers remain, outside the framework of coverage of the most formal social protection systems. In fact most social expenditures actually fall on the burden of individuals, families and private institutions, such as the civil institutions and non-governmental organizations <sup>7</sup>leading- due to the absence of a centralized system of effective social protection-to strengthen and deepen clientelist practices (sectarian or partisan), which became

5- Myriam Catusse, The shock to the test: the byways of the reform of the national social security fund in Lebanon," intervention in the framework of the thematic section "Social policies: changes, challenges, theories" led by FX Merrien and Mr. Steffen at the 10th Congress of the French political Science Association (2009).

6- Roger Nasnas & alii, Lebanon of Tomorrow, towards an economic and social vision, (Beirut : Editions Dar an-Nahar, 2007).

7- A large number of non-governmental organizations (local and international) are working to create financial aid programs. And despite the fact that this subject should be treated from the Lebanese perspective, and because of the sensitivity and the problematic aspect of the issue (especially what means effectively in these programs as "safety nets"), we cannot approach it in this short paper

institutionalized because of quota policies between government poles in the Lebanese state, in addition to the spread of corruption in official bodies, these practices deepened during the years of civil war (between 1975 and 1990), as well as during the reconstruction phase in the nineties of the last century

### **The social dimension in the counter-context**

The Lebanese government has implemented the reconstruction program "Prospects for 2000", in large part through the CDR, and through the arched agreements with large private companies, which resulted in monopolies in telecommunications and import of hydrocarbons and waste treatment, airport and port sectors, etc<sup>8</sup>.

"The concept of public interest (...)became completely absent from the new ideology of reconstruction commensurate with the neo-liberal trend, which considers the state and teamwork as sources of economic waste (...), which hinder the effectiveness of private companies."<sup>9</sup>. This neoliberal approach continued within policies which followed the Israeli war in Lebanon in 2006, the donors' conference, known as the "Paris 3",<sup>10</sup> held in 2007, stressed on having more loans in order to address the economic consequences of the economic war<sup>11</sup>. Indeed, the plan proposed

8- Reinoud Leenders, "Nobody Having Too Much to Answer For: Laissez-Faire, Networks and Postwar Reconstruction in Lebanon", in Steven Heydemann. (ed), Networks of Privilege in the Middle East: The Politics of Economic Reform Revisited, (London: Palgrave/Macmillan, 2004) pp. 169-200.

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10- In February 2001, Paris meeting was held and the Lebanese government requested the support of the international community to complement their efforts in bringing about a virtuous cycle of lower fiscal deficit, low debt ratios, and lower interest rates, which can unleash the potential of the private sector in Lebanon. And provided a strategy for donors, which included trade liberalization and facilitation, which contain public spending, including support to reduce some food products, and privatization (in the field of telecommunications, water and electricity sectors), and attracting foreign direct investment (FDI), and modernization of the tax system

11- It should be mentioned here that Lebanon is one of the most indebted countries in the world with a debt of

by the Lebanese government to the conference focused on the recovery of growth and reducing public spending and fostering privatization, while the public sector has remained reluctant to change.

Unlike previous donors' conferences, the project submitted by the government of Fouad Siniora included a social part; the work plan<sup>12</sup> included then the "social issues". However addressing these issues remained dismal compared with the indicators and the macro-economic performance. While the plan suggested, in its general goals, reforming some chapters of the social protection "to reduce poverty, and improve social spending performance and improve the quality of education and health indicators", the plan did not include reforming the system itself, but was limited to proposals for improving the operation of social protection conditions, standardization of funds and insurance bodies, and expansion of the scope of health card coverage, while neglected the issue of retirement

The Studies indicate that the policies which were adopted by the successive governments after the war, fall within the model of strengthening and deepening economic liberalization, and creating an enabling environment for foreign direct investment and foreign companies. However, these policies have led to a decline in social indicators, despite the positive economic growth rates experienced by the country

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150% of its GDP. However, in light of stagnant economic growth and rising public debt, which reached 170% of GDP, in the second round of the Paris international donors II- held in November 2002. The conference sought to help Lebanon manage the economic crisis, Amili- dubbed Conference conditions set by the Lebanese government, which included tax and financial reforms and privatization. In the context of Paris II, the economic plan of the government, and praised by the donor community, as a mere repetition of policies geared towards the traditional market, which aims to reduce both the current and capital expenditures, as well as increased tax revenues with made a significant contribution from value-added tax (VAT) in the same year.

Jad Chaaban, « Public Finance Reform in Lebanon: An Overview », Arab Initiative Reform (2008).

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during the second half of the previous decade. Moreover, the austerity measures often led to the targeting of development and social spending, worsening the economic situation of the poor and marginalized "in the absence of effective social protection programs"<sup>13</sup>.

No progress was actually noticed in reforming the health and end of service compensation systems since 2003, in spite of the suggestion of many projects. Despite political differences, there was a general consensus by the political parties as a whole on the privatization of social protection systems, which confirms that the "social issue" does not fall within the priorities of political agendas in Lebanon

### Numbers crisis and the lack of vision

The Human Development Report of 2013 ranked Lebanon 72 out of 187 countries, and classified it within the "high-development countries." But these rates are not accurate due to the lack of data, this could be related to political reasons (as there has been no national survey since 1932, for reasons pertaining to the sectarian balance). This has also revealed the absence of an independent national body of survey and statistical studies that produces data on the social situation in Lebanon. Huge discrepancies are revealed in the data issued by international and local organizations due to the use of different statistical nomenclatures. As a matter of fact a survey carried out by the Ministry of Social Affairs revealed that the number of residents in Lebanon amounted to three million in 1996, 4% of them are foreigners. The Central Administration of Statistics said that in 1997 the number reached four million; 7.6% of them are foreigners. While the National Study of Household Living Conditions (1996 and 2004) do not take into account the number of people in the Palestinian camps. It's important here to highlight the fragile legal, economic, health and social situation of Palestinian refugees in Lebanon<sup>14</sup>.

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13- Hassan Sherry, "Post-war Lebanon and the influence of international financial institutions: A "Merchant Republic"", Civil Society Knowledge Center, Lebanon Support (Beirut, 2014).

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## Palestinian Refugees

The Lebanese consider Palestinian Refugees as a special category of foreigners, and the successive governments and political parties insisted upon the rejection of their “resettlement” for fear of prejudice to the “sectarian balance.” They are affiliated to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA, which deals with educational, health and social services) and they do not receive forms of legal protection that other refugees receive from the United Nations High Commissioner for Refugees. Refugees suffer difficulties in terms of employment given the fact that according to the Ministerial Decree 17561 (1964) they are classified as foreigners. As the condition of reciprocity, cannot be applied in this case. Adding to that, they must obtain upstream a work permit. Also Palestinians are prohibited from engaging in certain professions not to mention that the law did not allow for those who were working with official work contract to benefit from Social Security benefits formal contracts, even though they are obliged to pay contributions. In 1982, a ministerial decree No. 289/1, which trimmed the list of occupations available to them and prohibited them from the right to work in more than 70 professions. A good number of decisions have been taking that were considered positive for the Palestinians (1995; 2005), the most important were issued in August 2010, the House of Representatives approved amendments to the Labor Code (Article 59) and the Social Security Act (Article 9) which concerned the Palestinian refugees, and exempted them from work permit fees, cancelled the principle of reciprocity, and determined the compensation for the end of the service (the amendments didn't include maternity and family benefits guarantees). But these amendments were considered insufficient, especially because it didn't not lift the ban on trade union organization and dedicated clear discrimination against refugees, as they are still obligated to pay the full contribution to the social security fund and do not have full coverage in return

So often the available figures are fragmented and from a journalistic source which makes the process of verifying their accuracy and scientific character very difficult: As a matter of fact, these sources consider that 28% of Lebanon's population can be classified as “poor”<sup>15</sup> and that nearly 48% of Lebanon's fortunes are confined in the hands of the 8900 citizen who make up 0.3% of the adult population<sup>16</sup>

In addition to the problem of figures contradiction, the national averages obscure important, geographical and social differences in Lebanon. Even if the research conducted by IRFED team during President Fouad Chehab era (1958-1964), on the basis of which a work plan and reform policy were drafted, showed the size of social inequality<sup>17</sup> the society suffers till today from the depth of the economic and social gap between the Lebanese. The poverty maps clearly show significant disparities between Beirut and Lebanon Mountain and southern regions compared with the Bekaa and the North<sup>18</sup>.

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17- Louis-Joseph Lebet, Needs and possibilities for Lebanon Development , Preliminary Study, 2 tomes, (Beirut : minister of Plan, Mission IRFED Liban, 1960-1961).

18- The available surveys indicate that the poverty rate is 11% in the north and south of Lebanon, while it's only around 1%in Beirut and Lebanon's mountain.

Republic of Lebanon, 2007, Social Action Plan Toward Strengthening Social Safety Nets and Access to Basic Social Service, Janvier 2007, preparatory document to Paris III conference.

## The most vulnerable groups

The most affected populations categories can be enumerated as female-headed households (more than 120 thousand people<sup>19</sup>), and working children (more than 50 thousand children under the action of 14-year-old age), and the unemployed (11.5%, according to official data), and persons with Disabilities (more than 75 thousand people), and the elderly (more than 270 thousand residents in Lebanon, aged 60 years and above). There is no exaggeration in saying that the poor are getting poorer<sup>20</sup> and the middle classes are shrinking<sup>21</sup>

The unemployment rate reached 6.4%<sup>22</sup> in 2009, but this figure does not reflect the reality of the actual labor market, as it doesn't take into account the fragile or temporary or seasonal employment<sup>23</sup>. Some believe that unemployment rate within 18-35 years age segment is about 50%<sup>24</sup>

In addition, it's noticeable that the Lebanese purchasing power decreases, and levels of inflation increase, and in spite of that the minimum wage has remained frozen between 1997 and 2008. Health services also remained not available to a large number of citizens in the absence of employer/employee contribution generalization to the security funds, knowing that the rate of non filed work is estimated around 36%<sup>25</sup>

19- CRI, Banque mondiale et MoSA, Post Conflict Social and Livelihoods Assesment in Lebanon (2007).

20- UNDP estimates that one third of the population live under the poverty line. Ministry of Social Affairs (MoSA), Central Administration of Statistics, UNDP, Living Conditions of Households. The National Survey of Household Living Conditions, (2006).

21- Ibrahim Maroun, «The question of middle classes in Lebanon (ou l'accentuation des disparités sociales dans les années 80 et 90)», UNDP conference on linking economic growth and social development, (Beyrouth, UNDP, 2000). Walid Salim Safi, « socio-economic disparities as a factor of comme facteur de desintegration ? », Confluence Méditerranée, n°47, automne (2003).

22- <http://www.cas.gov.lb/index.php/en/key-indicators-en>

23- Roger Nasnas et alii, Lnon of Tomorrow. Towards an economic and social vision , (Beirut : Editions Dar an-Nahar, 2007) p. 36.

24- Roger Nasnas et alii, op.cit, p.316.

25- Republic of Lebanon/World Bank Health Sector Mis-

The reality of social spending: "Public money for private health"

According to the World Bank, total social spending in Lebanon is about 21% of GDP, and it is primarily in the areas of health, education and social protection, where the private sector covers the majority of this spending (15 percent), the state covers only 6%<sup>26</sup>. Even if some experts stated that social spending is relatively large in Lebanon, the results remain below the required level and don't go up to scratch<sup>27</sup>, according to international standards. What prompted some academics to characterize the situation as "public money for private health."<sup>28</sup>

The report of the United Nations Development Program suggests the same observation "there is no harmony between the social costs and their results (...)." <sup>29</sup>The Studies on social protection in Lebanon refer to the diversity and the difference of the sources of financing social protection: from taxes and social contributions, along with other sources of social solidarity<sup>30</sup>. But in general we can say that there is a lack of information about the financial resources of the protection systems in Lebanon.

## Section II: Legislative framework and characteristics of social protection systems

The systems of social protection of the state in Lebanon don't dependent on residence or citizenship belonging to the state, but the relationship between the citizen and the labor force. In fact the National Social Security Fund is which is the most prominent institution to secure

sion, Aide mémoire, janvier 26-30 (2009) p. 1

26- Nasnas, op. cit, p.297

27- المرجع نفسه.

28- Vincent Geisser andFilippo Marranconi, «Health "Statet" in Lebanon : a two speed medicine ? », Les Carnets de l'Ifpo. The research is being undertaken in the French Institute of the Near East (Hypotheses.org), 13 mars 2014.

29- UNDP, Toward a Citizen's State, Lebanon 2008-2009, The National Human Development Report, (2009) p. 128

30- Roger Melki, "Social protection in Lebanon : between assistance reflex and logical insurance ", UNDP conference on linking economic growth and social development, (Beirut, UNDP, 2000) p.192.

social protection in Lebanon, is directly targeted to employees and workers, and provide health protection and end of service compensation

Lebanon has ratified more than 50 documents of the International Labor Organization, including 7 out of 8 key documents, while it did not ratify the following documents 102 118 121, 128 130 157 and 168 ( domestic workers).<sup>31</sup>

The social security system in Lebanon can be characterized as inspired by the model Albismarki, which is characterized by the following:

- The multiplicity of funds and the guarantors,
- Significant differences between public sector employees and private sector employees (in terms of coverage and contributions),
- The absence of coverage of non-filing workers and some self-employed,
- The limited coverage to basic health services, family allowances and compensation of the end of the service,
- The lack of coverage in the event of unemployment or complete inability to work,
- Time-limited coverage at retirement age

### Social Security Funds

#### 1) “The National Social Security Fund”

The “National Social Security Fund” (Fund) was established under a law passed in 1963<sup>32</sup> (in response to the union demand which lasted twenty years). The Fund allows the filing only for wage-earners in the private sector<sup>33</sup>, and short term government employees and self-employed and the workers abroad, the unemployed and workers in the informal sector<sup>34</sup>.

31- [http://www.ilo.org/dyn/normlex/en/f?p=1000:11210:1462915399275465:::P11210\\_INSTRUMENT\\_SORT:2](http://www.ilo.org/dyn/normlex/en/f?p=1000:11210:1462915399275465:::P11210_INSTRUMENT_SORT:2)

32- Decree number 13955.

33- An additional fund was created called “optional security” in 1993 but it has never been effectively implemented.

34- It should be noted here that during the Civil War new categories of workers were included to the security fund (such as taxi drivers or newsagents), but this expansion was the result of demands movements and not within the framework of general policies to expand the coverage of security systems.

### unpaid work

Women working in the informal sector suffer precariousness with the increasing number of women working in this sector. The Lebanese society does not recognize any economic value of responsibilities of welfare as well as productive and reproductive tasks that remain unpaid in a general context dominated by the patriarchal values and principles. In both cases, women are often without any kind of social protection.

The social security filing burden is borne by the employers, the filing remains optional for the self-employed while it is mandatory for employees. Total mandatory contributions are up to 23.5% of the wage, and the employer pays 21.5% of them, while 2% is borne by the employee. The security system is financed as a fund, unlike other systems that follow the principle of (Pay as you go).

The Fund enjoys financial and administrative independence even if it is under the tutelage of the Council of Ministers and the Ministry of Labor. Fund management consists of: Board of Directors including representatives from government, employers and employees; Secretariat which has executive powers; and a technical committee suggesting reports and proposals for fund the development<sup>35</sup>.

### The Fund includes four different sections:

- Sickness and maternity security<sup>36</sup>; covering the costs of medical care and including preventive and therapeutic services (previews, hospitalization, medication, lab tests and X-rays, maternity, etc.). It also covers the funeral expenses for the ensured and his/her family members. As for the Health compensation it is provided to the ensured when the employer doesn't pay his/her wages in the event of a temporary absence from work for health reasons. Maternity compensation is offered only in cases where the employer does not cover such leave.

35- International Labor Organization, Analysis of the Draft Law on the Pension Reform and Alternatives, Geneva (2003), p.16.

36- International Labor Organization, Analysis of the Draft Law on the Pension Reform and Alternatives, Geneva (2003), p.16.

- Emergency work and occupational diseases guarantee; which has not been implemented so far. Family and educational benefits system <sup>37</sup>;

This section provides additional assistance based on the needs to the secured “legitimate” wife who does not earn a wage and his “legitimate” Sons under the age of 18 and who are still pursuing their studies and the “disabled children with a disability» and single and unemployed daughters under 25 years old.

It seems clear that this law does not take into account the human rights approach to disability to use terms which do not comply with the standards set forth in the International Convention (Convention on the Rights of Persons with Disabilities in 2006) even if it is has not been ratified by Lebanon yet

#### «برنامج تأمين حقوق المعوقين» تقديمات Rights and Access Program

Following the recommendations of the national seminar on disability issues, which included more than 150 participants from non-governmental organizations, experts and representatives of relevant institutions in the public and private sectors, Law No. 243/1993 was issued. This law stipulates the public rights of persons with disabilities and the establishment of the National Committee for the Disabled.

Regarding the Disabled Right Insurance program, it has seen the light with the formation of the first national body for the disabled in 1994 Law No. 220/2000, which replaced Law No. 243/93 shifted dealing with the issue of disability from purely “charity” work to a work based on the rights and duties. This program is based on:

- The adoption of the International Classification of Functioning, Disability and Health of the World Health Organization
- The issuance of individual disability card: This card aims to facilitate the needs of quantitative and qualitative evaluation to the persons with disabilities in Lebanon and to ensure the enjoyment of their rights. In addition, this card allows the holder to benefit from all the rights and benefits provided for by the laws and decrees in force in Lebanon.
- Coverage of technical aids and other specialized services which target to coordinate with all the public coverage institutions in Lebanon.

It must be pointed out that the rights of the disabled insurance program is a pilot project aimed at creating harmony between the plans for the existing social security and employees of civil service and other plans, which sheds the light on the procedure and provides the availability and access to services.

37- /Decree 2957 dated 10/20/1965

## Gender Approach to Social Security: between positive and negative discrimination

Social security systems were designed in many countries, in order to reduce the gaps between women's paid work and their «role» in maternity care. Typical pilot measures have been taken in this regard, such as maternity leave and early retirement, but often this "positive discrimination" is offset by other measures that affect the rights of women in disguised ways, and the application of these systems can sometimes discriminate against them.

In the case of polygamy sick compensation concerns only the first wife. The Social Security Act implicitly addresses women as mothers and not as workers, as it includes large benefits incentivizing her to get married and have children, such as early retirement in the event of her marriage, and in this case, often the husband put pressure on his wife to withdraw her compensation, which enhances women vulnerability and increases their subordination to their husband. As for employers they often drag women employees to resign after they get married to avoid paying compensation and maternity leave.

And thus the Social Security Act constitutes an impediment to changing mindsets and confines women in their traditional role being perceived as "housewives" only. It also contributes to strengthening the dependence on men, whether a parent, brother or husband, in this case, women's rights are considered as deriving from men's rights. In this context, it's difficult to consider women as breadwinners for their families as the social security system is designed according to the model of "men breadwinner" where the man is the "Lord of the family" while the woman is responsible for the unpaid care work. The law also does not allow men to get paternity leave upon the birth of their child, or when he is sick. It should be noted that the law restricts the beneficiaries to the "legitimate" wife and "legitimate" boys, which marginalizes children who are born out of the wedlock

This entails:

- The Recognition that maternity leave is among the humanitarian values and a social function part of the human resources of the community, and the community shall participate in bearing her.
- The distinction between maternity leave itself and the leave needed to take care of the children, there is still a confusion which requires to be removed from the minds and texts.
- The unification of Maternity leave and ensuring its compliance with international provisions

## End of service indemnity system<sup>38</sup>;

Those who benefit from the end of service indemnity are the workers in a professional activity subjects to the branch end of service indemnity and these are:

- Lebanese long term and short term workers as well as apprentices working for a Lebanese employer or a foreign one or more.
- Lebanese wage earners who are not associated with a specific employer, who work in sea sector and in the ports. The date of beginning of benefiting from the branch of the end of service indemnity for this category is 02/01/1970.
- Foreign laborers working on the Lebanese territories and associated with one or more employer provided they possess a work permit and they belong to a state which recognizes the Lebanese principle of equal treatment with nationals regarding social security.
- Article 50 of the Social Security Act specified the conditions to be provided by the employee subject to the end of service indemnity to deserve the compensation. These conditions relate either to the number of years of service of the secured (at least twenty years) or his ability

38- Decree number1519 date24/4/1965

to work (injury deficit at a rate of at least 50%) or family-cum (like the secured who leaves her work during the 12 months after her marriage) or his age (reaching 60 or 64 years) or his presence (such as death).

For retirees, the Lebanese system adopted the method of individual capitalization, which is based on the compilation of contributions paid by the employee in a personal account which accumulates statutory interest determined by the Fund without allowing the redistribution of resources across generations or for the benefit of the most marginalized groups. When the employee is entitled to compensation s/he will be paid the accumulated amount in the account either at once or a lifetime income calculated according to the amount of accumulated contributions and to the age of the employee. However, the Fund has not yet implemented the latter type and provided only end of service compensation in a single batch.

It is worth mentioning that the social security system provides very limited services for the elderly as health insurance stops upon retirement, which means when it's mostly needed by any man. The social security in Lebanon can be characterized as a temporary safety net covering the secured only through his years of work. This raises the problem of the absence of a comprehensive safety net for the elderly, who represent a fragile segment of the society. In contrast the retired people from the public sector has a comprehensive coverage and the liberal professions unions (lawyers, engineers) established special regulations extending coverage beyond retirement

The social security system in Lebanon is limited to provide a type of "insurance" for individuals without addressing the redistribution of income to the most vulnerable groups. This leads to a limited coverage and leaves a large segment of the population even without any kind of health insurance.

## 2) State employees' cooperative

The State Employees' Cooperative (CDP) was

founded in 1963 under a bill of law put into effect by decree No. 14273 . The cooperative includes all workers in all public departments, including the judiciary and the Lebanese University with the exception of the military and the elements of the internal security forces and public security and civilian personnel attached to them, but this system excludes the contracting employees with the state.

The associates and beneficiaries from the cooperative benefit from services including:

- 90% compensation of medical consultations and hospitalization costs,
- Scholarships,
- Social services (marriage, death, birth)
- End of service compensation or retirement pension.

## 3) Social protection for non-civilian sectors

Provides the following services:

- Medical Consultation and hospitalization allowance
- Scholarships,
- Social services (marriage, death, birth)
- End of service compensation or pension.

It is estimated<sup>39</sup> that 58% of the population do not have the ability to access to health insurance, and as a result, the state is one of the many actors in the community, which represent the biggest body for wider social care in Lebanon. The bodies which control in fact on social security in Lebanon are non-governmental organizations and basically private charities and local organizations. This sector has broad and free authority in the formulation of programs, in the context of lack of coordination between these organizations. Besides, the wide parts of the social services provided by the Ministry of Social Affairs are distributed to the population through these local organizations.

39- 2000, op.cit.

## Migrant domestic workers

The work as “domestic workers” is excluded from the provisions of the Lebanese labor law under its article VII and hence women working in this sector who are mostly immigrant fall outside the protective framework of workers stipulated in this law as the social security act. Due to this exception there are no longer any basic rights for immigrant domestic workers, such as the minimum wage and the right to change the type of her work and her employer, hours of work and specific retreat, leaves for holidays, weekly, annual and sick and the right to social security and retirement. The exclusion of the domestic workers from the provisions of the labor law stems from the philosophy and mechanisms of the patriarchal system which does not recognize the economic value of domestic work. This is based on the assumption that domestic work and care of children and the elderly are the tasks within the inherent “natural” role of women. Many studies revealed women’s inability to join the labor market because of these tasks burdening them alone. Consequently, when they work outside the home, they are either forced to work double to complete domestic work or employ domestic workers to do it. Thus we can conclude that there is a great economic need for migrant domestic workers at the same time the status quo keeps denying their most basic rights at work.

What has become known as the Kafala system is the only legal framework governing the establishment and work of immigrant domestic workers in Lebanon, where it imposes on domestic workers to have an exclusive employer having a great authority over their legal status in the country and their freedom of mobility in the country and the transition to a new job. In addition, the existing system allows employers to exert extraordinary control over these women working in their houses, something completely prohibited by the labor regarding any other kind of workers, like confining the domestic worker’s freedom in the place of work/family house and preventing her from communicating with the outside world even the days of her holiday in case she has any, and the confiscation of her passport and residence papers, which is a clear violation of the provisions of the Lebanese Penal Code, as well seizure her wage or not regularly paying it. Employer may also use some tactics to force the domestic worker to work, such as the verbal and physical threat, sexual violence, or even haphazardly accusation of felony theft. In addition to the racist behaviors and class hatred used against them as a result of being poor immigrant women from countries relying on Lebanon, to proceed the remittances from its expatriate citizens

### Section III: effects of the crises and wars on the reality of social security coverage

Observers often denounce the situation of social security systems and attribute its humble performance to many practices such as corruption, nepotism and clientelism and lack of efficiency, etc<sup>40</sup>. Regarding the general policy level the state intervention level remains humble with the legacy of the pre-civil war era and the dynamics of the war influence

#### “Shihabi” Inheritance

The President Fouad Chehab (1958-1964) is considered as the founding father of the social protection systems in Lebanon, during his era the public institutions were created (such as the Ministry of Planning and Social Development Office) in order to “develop” the Lebanese society. Shihab was influenced by development and modernist ideas of the father Obera<sup>41</sup>. But his ambitious project didn’t hold and collapsed with the onset of the Civil War. During the Shihabi era a good number of “development” associations proliferated with the support of the Ministry of Labor and

40- Kamal Hamdan, « The Social in Lebanon reconstruction: elements for thought», Maghreb Machrek, n° 169, (2000), pp. 55-69.

41- Obera previous source.

Social Affairs, which was founded in 1952, and played a development and social role along with the state

### The impact of wars

The civil conflict (1975 - 1990) strengthened the control of the political parties and militias on areas of local influence and which developed different systems for social services<sup>42</sup>. Some militias and political parties established a war economy through the creation of a parallel tax system. In this context, the Lebanese Forces implemented what was called at that time “social solidarity institutions”, the Progressive Socialist Party founded a similar system within the “civil administration of the mountain”<sup>43</sup>, in the southern suburbs and the South Amal Monument and then Hezbollah provided a number of social services<sup>44</sup>. These partisan initiatives were established along with a network of charitable organizations affiliated to some political and religious figures, such as the «charitable trust” which was founded by Mr. Mohammed Hussein Fadlallah, the Islamic Charitable Purposes (though it was founded for more than a century before the war)<sup>45</sup>, Rene Moawad Foundation, Hariri Foundation<sup>46</sup>, in addition to religious institutions, such as the Maronite League. Often the role of these institutions comports with the state role, as many of them founded the cooperative relationships with some of the ministries (such as “Ark Ann Sial” Foundation and its work on the issue of

42- For more information: Judith Harik, « The public and social services of the lebanese militias », Papers on Lebanon, Oxford, Centre for Lebanese Studies, n°14 (1994).

43- Isabelle Rivoal, “Baakline, from the civil administration of the Mountain to the municipal renaissance. Reflexion on the local power in Lebanon», in Agnès Favier, Local powers and municipalities in Lebanon, (Beirut : The Notebolls of CERMO, 2001) n°24, p.319-338.

44- To read more about the social institutions of Hezbollah: Myriam Catusse, Joseph Alagha, « Social services of Hezbollah. War effort, religious ethos and political resources », in Mervin S. (dir.), Hezbollah. State of Play, (Paris, Actes Sud, 2008), pp. 123-146.

45- Michael Johnson, Class and Client in Beirut: The Sunni Muslim Community and the Lebanese State 1840-1985, (Londres, Ithaca Press, 1986).

46- To read more: Rana Jawad, “A Profile of Social Welfare in Lebanon: Assessing the Implications for Social Development Policy”, Global Social Policy, (2002; 2; 319).

disability). It would not be an exaggeration to say that the civil war has contributed greatly to institutionalize the work of associations at the social level and this role has been fostered in the context of repeated Israeli wars<sup>47</sup>

### Segmentation and fragmentation of social rights

The Lebanese perceive the social rights as being fragmented and based on fragile and clientelist relationships with public authorities, which creates social inequalities between citizens and hinders the building of confidence in public institutions and in the concept of “state.” The state is not entirely absent from the social areas; its intervention is noticeable in social areas through the ministries of education, employment, health and social affairs, and even through the Ministry of Defense, which owns more than thirty health centers. But that leads to tangle in the sectors of intervention and to the fragmentation of social institutions (more than 12 funds and according to Miriam Katos study), there is no equality in the services provided to the secured patients and the categories that classify them. The Protection systems have not been built on the principle of solidarity, but are set up to divide people into different categories, and contribute to the undermining of collective expression, which can give birth to massive protest.

In this context, we note contradiction between the governmental bodies overseeing the securing parties, The Ministry of Labor, for example, is the guardian of the enterprise fund, which is managed by a board composed of twenty representatives from trade unions and six members, appointed by the Council of Ministers. In another field, the Ministry of Interior, oversees the Security Forces

47- Solidarity movements following the 90s attacks.: Karam Karam, The civil Mouvement in Leba. Community Claims and protests and mobilization in the post-war, (Paris, Karthala, 2006).

On movements on what we call July war”: Candice Raymond, 2007 « Samidoun, 33 days of civil mobilization in Beirut » in Elisabeth Picard, Franck Mermier (dir), Liban : a 33day war, (Paris : éd. La Découverte, 2007) , pp. 58-65 ; Marie-Noëlle AbiYaghi, The Global Justice Mouvement in Lebanon :a passage activism . Commitment and reconfiguration rational of the militant space (left) in Lebanon, Université de Paris1-La Sorbonne, PHD in Political Sciences, (2013).

Fund, and the Presidency of the Council of Ministers run the employee cooperative. In the absence of coordination mechanisms between the various “service providers”, the beneficiaries find themselves in a situation where conditions where health coverage vary in receiving treatment and medication or for administrative and financial treatments.

Public debate flared, for a few years, about the role of the Ministry of Health, which is often accused of incompetence or corruption. Long queues of patients outside their offices and the offices of the Social Security Fund, and delayed payment of medical and hospitalization compensation, point to the inefficiency of the current system.

As for the coverage provided by the Ministry of Health, which is not recognized by the security funds, its costs are “uncontrolled”<sup>48</sup> and paid to each individual case separately, as it is directly funded from the general budget. In addition to the common practice, of over-billing the expenses of hospitalization, due to the complete absence of accountability. We cannot lose sight of the disparities in the provision of health services by geographical area, precluding the possibility to provide for everyone equal health care, in addition to neglecting the integration of sexual and reproductive health policies in any planning of the right to health.

Public initiatives are also based on special ad hoc institutions during the civil war, which are funded by taxes, but enjoy broad financial and administrative independence, without making its activities subject to control by the parliament or other political institutions. In practice, these institutions have been associated closely with certain individuals or political groups, including: the Council of the South, which was established in 1970, or the Displaced Fund (1991) and the Council for Development and Reconstruction (1977). There have been many criticisms about the first two funds in particular with regard to their use for purely political purposes; some analysts described them as “political safety nets” rather than a “social safety nets”<sup>49</sup>. As for the latter fund,

48- Myriam Catusse, op.cit.

49- Adib Ne'meh, “Slipping through the cracks: Social Safety nets in Lebanon”, The Lebanon Report, n°2, sum-

mer (1996).

analysts described its work and the recruitment process by political “quotas”<sup>50</sup>.

Most studies have indicated that these systems contribute to strengthening the individuals' vulnerability through deploying clientelist relationships and dependency<sup>51</sup>.

### Families

The program was launched in response to a remarkable priorities series of social action plan presented by the Lebanese government to “Paris 3” conference. The aim of the operational plan of the program is to build a national database of poorer families base within a specialized information system, built on the basis of “scientific” principles and criteria, in order to provide assistance to these families through “re-drafting of the national system of social protection,” according to the website of the initiative. The program is cofounded by the Lebanese government and the World Bank, and the Ministry of Social Affairs has equipped 96 centers of development service centers distributed all over the areas, to receive citizens' requests. The Assistance package provided for families services include the following: free hospitalization, primary health care and securing the necessary medicines, and exemption of children of these families from the registration fees in public schools at all the different grades, vocational training, and textbooks, as well as exemption from electricity charges.

There were many observations and positions about this initiative due to the fact that the scourge of poverty and social state cannot be mitigated through the temporary support for some families; the duty of the state requires policy-making in order to reduce the gaps and redistribute the income.

In addition to these institutions, the extended family is still a basic safety net, but the phenomena of “civility” and “individualism” hinder the “traditional” solidarity initiatives

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mer (1996).

50- Reinoud Leenders, 2004, “Nobody Having Too Much to Answer For: Laissez-Faire, Networks and Postwar Reconstruction in Lebanon”, in Steven Heydemann (ed), Networks of Privilege in the Middle East: The Politics of Economic Reform Revisited, (Palgrave/Macmillan, 2004), p. 182.

51- Thierry Kochuyt, « Misery in Lebanon : an impoverished population, little state and several underground solidarities », Revue Tiers Monde, (n°179, 2004), p. 515-535.

## shortcomings of social protection systems

Social security systems exclude workers in the informal sector and migrants, refugees and workers in small businesses and self-employed and independent workers.

It should be mentioned here that there is a gap between the coverage planned in the law and the actual coverage; often many workers are not declared not to activate the control systems, which turn a blind eye on the situation

## Section IV: Recommendations

The social protection in Lebanon is based on the belief that it's a service and charity care and not a principle of human rights.

In this context, there is a need to redefine the concepts and principles upon which the social contract is based in Lebanon:

1. Ratification of international instruments that deal with social protection and economic rights especially trade union rights.
2. Development of a comprehensive vision of social protection dedication social justice under within a development model focusing on balanced development promoting modular, efficient and accountable institutions, that take into account the economic policies that contribute to justice through creation of jobs fostering productive capacity and correcting imbalances in the Balance of payments, and tax policy that will ensure the continuity of programs and wage policy that enhance consumer capacity.
3. The fact that the right to social protection is part of redistribution policies, and therefore, the programs and services funding shall be done through the dedicated and sustainable resources, which is based on the equitable distribution of wealth principle.
4. The structural change in the approach and the shift from the concept of social protection networks and Targeting Programs and cash transfers; to consider economic protection programs as a component in a broader development strategy aiming at achieving social justice and the realization of human rights. It's worth stating that the social protection system

is not a cash crop, but it's rather a duty and an obligation of the State to its citizens to provide protection and dignity at different stages of their lives. And the needs to unite the social protection programs and ensure equality of services and coverage of all the population segments.

5. The need to reconsider the role of the state with respect to the relationship with other partners in order to lead a social dialogue between the various economic and social components, including representatives from the business sector, and civil society organizations, trade unions, and women's, youth and cultural movements, and those of persons with disabilities; what contributes to determine the role of each of the parties in the development process, and social protection.

6. The need to increase social spending ratio of total government spending, to link the reform plans by adopting and implementing a comprehensive and integrated social policy. To ensure adequate funding for social protection policies, it should be based on sustainable economic choices, and effective tax policies (and the enhanced governance in addition to the restructuring the support system.

7. The adoption of social policies ensuring the elimination of discrimination against women and integrating them within the society and the eliminating gender gaps .

8. The adoption of social policies ensuring the inclusion of the Palestinians refugees.

9. The adoption of policies dealing with crisis preparedness and crisis absorption in order to secure the social safety and to meet the needs of the increasing numbers of people affected by this crisis. It is important here to ensure the linkage between effective response for emergency crisis like humanitarian interventions \ and social protection systems in particular concerning the refugees and displaced persons, and in particular after repeating wars in Lebanon, and Syrian refugees for what is happening now

In particular:

1. Rationalize the management and organization

of social security systems.

- Unify coverage systems (the guarantors) and funds, and ensure equal services and coverage for the entire population.
- Restructure and modernize the administration of the Ministry of Health.
- Submit the fund management to binding standards and transparent mechanisms and continuous monitoring.
- Combating waste and rationalization of expenditure.
- Control of employees declaration-evasion.
- Facilitate treatments and compensation methods through the creation of a health card.

## 2. funding

- Reform of the funding system to make it in solidarity at the national level.

## 3. Legislation

- The development of comprehensive social protection policy based on the principle of prevention so as not to be limited to the therapeutic principle.
- The Creation of a system to protect aging, urgently.
- The Creation of a time-limited system of unemployment compensation.
- The protection of the laws from any discrimination based on gender, disability ... etc.
- The increase of the scope of coverage to include the most vulnerable groups, and employees in the informal sector to formalize their economies, and foreign workers and in general immigrants who are economically active, regardless of their economic status (employee, businessman, etc.): The non Lebanese associated to social security, and who contribute to the funding of sickness and maternity branch guarantee without benefiting from it. It is noteworthy that all Palestinian workers and their employers are obliged to pay 23.5 percent of their monthly salary to the National Social Security Fund of the three branches: sickness and maternity security branch, and family and educational benefits and end of service compensation. But Palestinian workers do only benefit from the end of th service compensation, and it's a

lump sum they earn at their retirement. This law enshrines this violation of the rights of the Palestinians



# The Social Protection System

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Morocco

## Part 1: A review

### 1. Social protection in the Moroccan constitution

The constitutional document ratified by the Moroccan people in July 2011 is considered a quantum leap in the Moroccan constitutions history, since several chapters were dedicated to consecrate many rights including the social and economic rights which should be provided to the citizen by the state.

In this context, chapter 31 of the aforementioned constitution affirms that the state, public institutions and local communities work to concentrate all available means in order to facilitate the citizens' benefit reasons equally such as the right to treatment and health care, social protection, health coverage, mutual solidarity or organized solidarity from the heart of the state (...).

At the institutional level, the constitution has created institutions and mechanisms to manage and operate these rights, consisting of setting up discussion bodies in order to involve different social activists in developing, activating, implementing and evaluating public policies.

Thus, the constitution created a body for equity and fighting all types of gender based discrimination. Moreover, it created the advisory council for youth and collective work as a frame for discussing and proposing youth directed general initiatives and policies.

Morocco is organized in tri-composed mechanisms that were established according to legislative or other organizational texts, including the Environmental, Social and Economic Council, which is widely expanded and includes experts and representatives of employers' professional organizations, syndicates and civil society organizations as well as some public institutions.

Morocco has also other representative authorities such as the Collective Negotiation Council, the Work Medical and Professional Hazards Protection Council, the Higher Council and Regional Councils for employment animation and the Higher Solidarity Council.

The abovementioned rights consecration

was accomplished so deeply in the Moroccan constitution as a response to the strong social justice demand that was one of the people movement main slogans, which was experienced in Morocco in the frame of what was named the Arab Spring.

In fact, this demand was among the main preoccupations and demands of the several democratic parties and representative syndicates as well as civil society organizations, who confronted the economic and social public policies in Morocco for more than half a decade of independence, the fact that did only lead to widening the gap between the social groups and geographical fields.

### 2. An overview of the social policy in Morocco

Going back to the public policies history in Morocco, we notice the absence of a social policy as defined during the Social Development Nations Agencies discussions, being a mechanism for building societies governed by justice and stability as well as having the sustainability requirements. The purpose thereof is to alleviate poverty and social exclusion as well as cooling the social tension holes and improving the general well being for all groups of citizens.

After getting its independence, Morocco started building and preparing its infrastructure such as ports, dams and roads depending basically on loans from the granting bodies (the International Monetary Fund, World Bank, ...). The efforts were mainly focused on the economic side, according to the instructions of these granting bodies, without caring for the other important sides in development such as the cultural and social sides.

The kingdom social interventions after the independence took a non-efficient economic trait in addition to the absence of social justice, despite the many initiatives consisting of a wide base of institutions, whose interventions suffer from insufficiency, lack of coordination, short sightness, in addition to their circumstantial nature (national reanimation) and their quantitative and technical approach (fighting poverty through material aids).

The Clearing Fund is considered part of this base. It was established in 1956 to support citizens' consumption incapacity, as well as the National Collaboration Institution established in 1957, the National Reanimation Program for temporary employment of the special skilled groups in the times of weather crisis since 1961. Moreover, since 1961, with the support of the National Food Program, school restaurants were established in the northern regions at first, then were expanded to all Moroccan regions at a later stage.

In this context, many institutions were established and were entrusted with the tasks related to social protection such as a social security system that was founded since 1959 for example.

However, in light of the loans interest size growth and weak national economic competitiveness, the national economy defect symptoms started to show, a fact that entailed an economic and social reality full of defects. This reality was consecrated by implementing the Structural Correction Program that was launched since 1983, with the parallel privatization of the main public sector institutions, and the shrinking of the government's role in investment and social services, leading to a great decline at the level of meeting the basic social and economic rights.

In the early nineties, Morocco took several other social measures including the Social Priorities Program in collaboration with the World Bank, that encompassed some authorities in the country and focused on basic education support programs, the National Reanimation Program and supporting basic health programs.

With the beginning of the third millennium, a new approach to social issues appeared and occurred amidst the ruling transfer to the new King Mohamed VI, when international consensus was formed on the necessity to focus on the widely spread poverty phenomenon. As a result, Copenhagen Convention was held in 1995, followed by the United Nations Millennium Convention which resulted in the commitment of the 147 participating states to the UN Development Goals to be achieved by 2015.

Morocco had to raise the stakes and work to achieve these goals which consider the social

issue among their main priorities. In this context and with the beginning of 1999, the Social Development National Agency was established as a mechanism to manage social programs, in order to decrease social privatization.

In parallel to this institution work, "Mohamed V solidarity institution" was established, which uses its resources for different programs aiming at supporting those in difficulties and providing humanitarian intervention in natural disasters, backing-up associations and contributing in sustainable development through building and equipping social institutions and infrastructure.

In addition to this important base of social mechanisms and institutions, in 2005 the National Initiative for Human Development was launched and was announced by King Mohamed VI, for which a big budget was allocated, and the state potentials were dedicated. It had general goals consisting of fighting poverty and social exclusion and social vulnerability.

In the same context, we can highlight the creation of the sickness mandatory insurance system as well as the Medical Assistance System, pursuant to law number 65-00 which is considered a translation of the Moroccan state commitment as to consecrating the principal of right to health as stipulated in the international conventions.

### **3. Morocco's international commitments in the field of social protection**

It seems that Morocco is in the process of ratifying Convention number 102 concerning the minimum standards of social security adopted in Geneva on 28 June 1952. During the 35<sup>th</sup> session of the General Convention of the International Labor Organization, the Cabinet approved on 31 May 2012 draft law number 47-12 presented by the Minister of Foreign Affairs and Collaboration, and consequently agreed to this Convention.

A comparison between the social security or social protection system in Morocco and the requirements of Convention 102 issued by the ILO shows that all the stipulated articles in the Convention are implemented in Morocco except for unemployment remuneration which is still being developed, awaiting the implementation

regulations. These regulations aim at providing remuneration for the loss of employment to the private sector workers who unvoluntarily lose their jobs. The amount of remuneration shall be set to 70% of the reference salary without surpassing the minimum salary, for a period of 6 months maximum and shall be paid by the National Social Security Fund (NSSF).

Thus, the last few years (more than a decade) experienced main steps in the field of human rights situation upraising in general, during which public authorities concerns were developed to encompass social and economic rights in a more rightful way in compliance with Morocco's international commitments in this field.

#### **4. Tangible results measures, however...**

The general assessment of these measures can be summarized in the fact that they were not fruitful as to achieving their goal consisting of social development such as decreasing unemployment, alleviating poverty and vulnerability as well as fair wealth distribution. The last African Development Bank report affirmed, in Morocco, the increase of unemployment rate, the widening of the social gap and the non-profit of social sectors, atop of them education and health, from the country economic growth.

On the other hand, the HCP report stated that unemployment rate "increased from 9.4 to 10.2% during the period between the first quarter of 2013 until the first quarter of the present year, thus achieving an increase of 0.8 point at the national level".

As to the World Bank last report, concerning the causes of poverty and the means to eradicate it (2013), it stated that 40% of the Moroccan population, i.e. 13 million people are living on the poverty threshold and struggle to survive. The report added that 5 million people in Morocco suffer from all kinds of poverty and constitute 15% of the population, while 25% live on the poverty threshold or below poverty line, i.e. about 8 million people.

As to social protection, benefit is still limited despite the tangible efforts that were exerted in this field.

#### **5. Women and social protection**

Despite all the efforts exerted by Morocco to guarantee gender equality, be it at the family legislation level and all legislations and rules, or its ratification of the International Convention for the eradication of all kinds of discrimination against women among a group of agreements guaranteeing the human rights of all generations, the Mandatory Health Security System reflects the kind of women integration in the labor market, since large groups of working women are not included in the system such as housewives and housekeepers. Moreover, working women in the traditional sector do not have any social or medical coverage, noting that the rate of benefiting individuals from mandatory health security does not surpass 30% only for women while it is 70% for men (see the document of the Ministry of Labor and Professional Formation about gender in work, professional formation and social protection).

In order to prevent the forms of discrimination and guarantee equality in work, employment and social security, in its 2012 report, the Environmental, Economic and Social Council urges to:

√ Launch a negotiation process, with the collaboration of the employees and employers unions, in order to reach a national framework agreement aiming at eradicating all kinds of discrimination against women in the labor field,

√ Eradicate all forms of discrimination against women in the fields of retirement services and widow remuneration as well as ratifying the method of counting the mother's pre and post delivery period in the assessment of her right to pension.

The same report called for launching a work plan for rural women's right to equality.

#### **6. People with disabilities and social protection**

The national disability research in Morocco for the year 2004 showed that the rate of disability in Morocco reached 5.12% equivalent to 530 thousand citizens.

In its 34<sup>th</sup> chapter, the Moroccan constitution

stipulates that “the public authorities shall set and activate policies oriented to special needs groups and people...” Moreover, Morocco was one of the first countries to sign the special needs people’s convention on 30 March 2007, which was ratified on 8 April 2009.

However, the adopted texts in this field in Morocco remained general principles far from being accurate whether at the formulation level or the rights and implementing authorities definition level. Also, they do not include all the disabled people’s rights in addition to being set from a caring point of view, not a rightful one.

The draft law 97-13 related to disabled people’s rights which was ratified by the Cabinet, raised the fury of all organizations working in the disability field since it is not compliant with the disabled people’s rights International Convention and does not guarantee their rights as they aim for, in addition to not involving them in the drafting of this project.

This was at the legal level. At the public policies level, despite the governmental declaration commitments, access to employment for disabled people remained very limited. And disabled children practically do not benefit from the same rights as other children. The same can be applied to the right to decent living and participation in the political, social and economic life as well as fighting stereotypes and forms of discrimination.

Concerning the social protection for the disabled, the subscribers at the NSSF or cooperative insurance do not surpass 12% only out of the disabled people in Morocco according to the above mentioned national research.

Moreover, access to health services is still very weak, since one out of five people has never visited a health care institution and the situation in the rural areas is very difficult.

Thus, it seems that Morocco’s signature of an international convention about the disabled people’s rights and constitutionally consecrating this group’s rights is not enough. However, laws shall be enacted and relative procedures shall be set in a way to translate the Moroccan government practical commitment in all the International Convention articles for the disabled

people at the level of binding national laws and the public communication for more awareness and sensitivity to change negative representations and mentalities.

## Part 2: Social Protection systems

Since its independence, Morocco gave great importance to social protection, and established a dual system: mandatory and optional.

### A) Mandatory systems

**1.The Moroccan Retirement Fund.** It is the first institution offering social security for public sector employees. It manages the pensions systems such as civil pensions system, military pensions system and a complementary retirement system in addition to the non contribution systems.

**2.Collective system for retirement wages payment.** It is an institution working in the field of social reserve having a moral personality and financial independence, established according to law number 216-77-1 issued on 4 October 1977. It is operated by the Fund of Deposit and Management. The collective system mission is reflected in guaranteeing the subscriber’s personal rights or the beneficiaries of their rights through defining the risks of aging, retirement and death. In order to carry out this mission the collective system is constituted out of a public system and a complementary system. The collective system guarantees the rights to old age, retirement and death pensions, as well as family remuneration and rights transfer.

The public system shall be applied to temporary employees, daily workers and occasional laborers with the state and local communities as well as contractual employees benefiting from the public right and the employees of authorities subject to the financial control stipulated in royal decree number 1.59.271 issued on 17 Shawal 1379 (14 April 1960).

Concerning the complementary system, it is a contractual system. It shall be applied to subscribers in the public system who receive salaries above the annually set salary ceiling by the collective system as well as those working for an employment body that has signed the

agreement of joining the complementary system.

**3.The National Fund for collective reserve organizations.** It is a union including eight cooperatives for employees working in the public sector. It is also the first supervising institution for illness mandatory insurance for employees in the public sector.

Since law 65.00 was put into force as the main health care coverage memo, the mission of managing mandatory insurance for illness was given to the fund for the benefit of the public sector retired and active workers. As to cooperatives, they provide ordinary treatment in the frame of mandatory security on illness according to the management assignment agreement signed between the fund and cooperatives since 2006 in addition to continuing to manage the complementary system.

**4.The National Social Security Fund:** The NSSF is considered a public institution having a civil personality and financial independence. It is directed by a tripartite administrative council constituted of the management representatives, employers and employees. The members of the council shall be elected for a three years term.

The social security system was founded in 1959 for the benefit of employees in the sectors of industry, trade and independent businesses. Its management was assigned to the NSSF which provides the protection of the secured people against the risks of income loss due to sickness, maternity, retirement and old age. Thus, it gives them family and death remuneration as well as deceased people pension.

This system is financed through the contributions of employers and employees similarly and based on the worker's net monthly salary basis. Moreover, the Fund deposits the non-necessary available money for management at the Deposit and Management Fund.

This system was first implemented on 1 April 1961, and reached later on the sectors of ploughing and traditional industry.

## **B) Optional systems**

It is about cooperatives i.e. complementary systems, the Moroccan professional retirement

Fund and insurance companies. The last two are available in basic systems and other complementary systems. Moreover, they provide medical services and life insurance as well as death remuneration, like all other systems, in addition to several other services.

The social security mandatory system includes about 4.5 million employees while illness coverage includes about 15 million people working in both the public and private sectors, students and groups in need.

## **Part 3: The major services of social protection systems**

### **1. Health coverage**

The health coverage system is considered one of the main social reserve public system pillars in Morocco. In this context, the state and public authorities as well as insurance companies provide a part of health coverage, consisting of bearing the fees of treating and hospitalizing public and private sectors employees as well as the rights holders therein.

The employee and worker in the public sector benefits from the basic mandatory insurance system services on illness which was established according to law 65.00 and its application texts.

The sickness mandatory insurance management in the public sector was granted to the National Fund for social reserve organizations, and the mandatory insurance on illness in the private sector was given to the NSSF. Moreover, the private insurance companies shall cover some groups such as the assistants of authority, mosques Imams and responsables, ancient resistance members, liberation army and other groups.

The Fund sealed an agreement consisting of assigning the management to eight cooperatives in order to take care of ordinary treatments or what is known as illness files, while it takes care of providing services, as well as managing chronic and expensive illnesses files, hospitalization and expensive medicines.

Currently there are 8 cooperatives caring for employees and assistants as well as the retired of the same sectors. They also provide ordinary

treatments for those included in the illness mandatory insurance in the public sector.

The services provided by the social reserve organizations National Fund, cover health insurance services in a percentage between 70% for medicines and 100% for hospitalization in the public sector and expensive medicines cost. On the other hand, these services can be enjoyed in return for performing the subscription duties (5%) born equally by the employee and employing party.

The Royal Armed Forces Cooperative had preserved its own system for those benefiting from its services.

It is noteworthy that cooperatives ensure the management of complementary coverage and some other services such as death remuneration, retirement pension and reference to several treatment and hospitalization institutions.

Moreover, before 2011, the work with RAMED (Regime d'Assistance Medicale) started; the system that was dedicated to support the groups suffering from vulnerability and poverty, after a sample experiment in Tadla-Azilal that was launched in 2008.

The studies made by the state defined certain standards indicating that the number of Moroccan people in need who have right to benefit from this system are 8.5 millions and that the annual cost of the health care is estimated at 2.7 Billion Dirhams.

## **2. Remuneration for damages caused by professional risks (work accidents)**

Private sector employees, local communities assistants and public institutions employees are subject to Royal Decree number 1.60.223 issued on 6 February 1963 amending in form the Royal Decree issued on 25 June 1927 related to work accidents remuneration, through a set of organizational texts dedicated for its implementation. This Decree is based on the principle of employers' responsibility or the job provider, according to the law, to compensate all damages resulting from work accidents affecting employees and workers.

This Decree guarantees for the affected people

by work accidents or their rights holders in case of death, a set of remuneration, expenses and revenues for the victims of work accidents (treatments, medical, surgical and pharmaceutical needs, hospitalization, equipment, funeral services, daily remuneration and age-based revenues ...)

## **3. Pension services**

All retirement Funds guarantee for their subscribers once they are retired, a monthly allimony which the subscriber can benefit from for life, as well as other services such as retirement pension, death pension, transferring salaries to the right holders as well as other rights.

### **The Moroccan retirement Fund**

The civil pensions system is considered a mandatory retirement system based on the distribution of certain services as annual installments. In order to provide these services, the system collects subscriptions that are calculated according to the basic salary in addition to housing indemnity and other regular due indemnities.

Since 2006, the contributions rate reached 20%, equally paid by the employer and the subscriber each bearing 10%.

The pension shall be liquidated according to the regular wage that the subscriber collected before retiring. 60 years old is considered the legal age of retirement for all subscribers except for some groups of employees (high education teachers: 65 years old, as well as some judges who can pursue their work till the age of 66 (adding 2 years three times).

Moreover, the system allows the possibility of retirement before reaching the legal age (early retirement, in case the employee could not work anymore or after 15 years of effective service for women and 21 years for men).

The annual installments average is 2.5% for each year borne by the system as a maximum of 40 installments per year. This average shall be decreased to 2% in case retirement was done before the legal age meaning decreasing 20% of the value of the pension.

In case of death, the pension shall be transferred to the spouse in the percentage of 50% for their whole life and 50% of the pension shall be transferred to orphans until they are 16 years and 21 years for student orphans. In the case of permanent and total disability, the pension shall be paid to the subscriber for the whole period of their disability to work.

In addition, the Fund pays death and disability pensions, knowing that the burden of these services is assumed by the employers exclusively, where the system manages it for them.

### **National Social Security Fund:**

The NSSF provides the following services:

- Family allocations
- Short term services related to daily remunerations for illness or risks not covered by the law related to work accidents and professional diseases, as well as maternity allocations, death remuneration and delivery permits;
- Long-term services: which are disability, old age and right holders' pensions.

At the long-term services level (disability, old age and right holders pensions), the contributions shall be borne by the employer by 2/3 and the employee 1/3. They shall be calculated based on a total rate estimated to 11.89% of the net wage within the limit of maximum 6.000 Dirhams per month. Active employees subject to the Social security system benefit from the social security pensions, provided that:

- √ They are 60 or 55 years for the mine workers who prove that they had spend at least 5 years of work under the ground;
- √ They stop all paid activities
- √ They have at least 3240 days of subscription

The pension amount equals 50% of the monthly salary subject to subscription for the insured

person having 3240 days of subscription. 1% shall be added to this amount for every additional 216 days to the 3240 without the percentage surpassing 70%. As to the minimum monthly amount for the old age wage, it was set at 1000 Dirhams as of the beginning of July 2010.

In case the retired party died, the Fund pays a pension to the spouse and children below 16 or below 21 if they were pursuing their education or below 18 in case they were receiving vocational training.

The granted pension to the spouse or orphan children from the father or the mother constitutes 50% of the pension that the subscriber was entitled to when they passed away. As to the orphan of both mother and father, the pension percentage shall be 25%.

### **Collective retirement wages system**

The Collective retirement wages system in its part related to the public system, is considered a mandatory system mixing the distribution and capitalism bases. The employee contributes 6% to it while the employer contributes 12% equally distributed between capitalization 6% and distribution 6%. Contributions are calculated according to the basic salary with a maximum limit reaching four times the system medium salary which is annually increasing. The maximum salary reached in the beginning of January 2012 the amount of 14.670 Dirhams.

#### **Terms of eligibility**

- Duration of correct service: it shall be equal to or more than 3 years.
- Age of the subscriber:
  - 60 years: to be eligible to the ordinary retirement pension
  - 55 years or more: to be eligible to the retirement pension before its due date;
  - There are no conditions concerning the age of the subscriber willing to benefit from proportional retirement after completing 21 years or more of service under the retirement salaries collective system.

Pension rate represents the total of the following

percentages:

√ 2% for each year of correct service (enrollment, services correction, transfer and taking back)

√ 1% for each year of correct service in the frame of correcting previous services when the pension rate surpasses 60%.

The proportional retirement pension shall be given only in the context of the public system. It is withdrawn like the ordinary retirement pension with the application of a 24% abatement.

The early retirement pension is calculated in the same way as the ordinary retirement pension with the application of a 0.4% abatement rate for each month of profit before the age of sixty, within the limit of 5 years maximum which is eventually equal to 24% as a maximum abatement rate.

An age retirement pension is eligible to every subscriber who was obliged to stop carrying out their tasks because of a total and permanent disability. In case of death, their pension shall be equally distributed to their spouses, while orphans' pension shall be granted to the children until they are 16 years old (21 if they are continuing their education). In case the orphan suffered from a permanent disability, pension becomes permanent.

### **The Moroccan professional retirement fund**

The system managed by the Moroccan professional retirement fund is considered an optional complementary pension system depending on defined subscriptions according to the points system. The Fund proposes two methods to pay the dues: either abandoning and retaking the capital or abandoning and preserving the right to a permanent pension. Pensions value shall be reviewed according to a resolution issued by the Fund BOD.

The Fund gives subscribers two options:

- The “complete” product with equal subscriptions between the employer and employee calculated on the base of total salary by 3 and 10% rates, while the employer's contributions are subject to a 30% increase without rights;
- The “appropriate” product, in which the

employers and employees' subscriptions vary between 6% and 12% and similarly to the “complete” product, the employers' subscriptions are subject to a 30% increase that are liquidated on the basis of a salary surpassing the NSSF system ceiling (currently defined by 6.000 Dirhams).

Every year, the Fund grants contributors a number of points that are calculated based on the total resulting from dividing the employees and employers contributions (except for those without rights) on 6 times the reference salary. The total points received by subscribers during their contribution period, is considered the principal base to calculate the “due pension” when they retire. The reference salary is considered an indication reflecting the evolution of the average salary for all contributing subscribers in the Fund.

A retired person's death gives the right to the widowed spouse to benefit from a pension calculated based on half of the earned points. This pension shall be paid when the widow spouse reaches the normal age of retirement, and ten years before that for the widow wife. The spouse taking care of a minor child can benefit from the pension. The benefit time can be brought ten years earlier if the decrease criteria are applied.

The orphans from the mother and the father benefit from a pension calculated based on 20% of the points that the deceased person received without surpassing 100%. They shall benefit from this pension until they reach the legal age or until they are capable of managing their money.

In addition, the fund does not immediately grant the disability pension. However, it compensates for it by granting free points added to the beneficiary's account. The right to pension is not paid until the beneficiary reaches the ordinary retirement age or when proportional retirement is allowed.

### **Part 4: Social protection challenges and horizons in Morocco**

The social security system encompasses only 1/3 of the active population amounting to around 12 millions, which makes the majority of the workers in the non-structured sector excluded from any social care. Moreover, the social security systems

suffer from dispersion, which leads to unequal social protection reaching maximum 35% only. Also, the majority of retirement funds suffer from financial balance defects, which will negatively reflect on the retired people's pensions and will threaten the continuity of retirement fund as a whole.

The active group amounts to 11.54 million people, while the working active group is 10.54 million people and the non-employed workers without coverage amount to 5.95 million people. The basic health coverage rate does not surpass 53% in which the RAMED system contributes by 18% and the NSSF by 13%, the social reserve organizations national fund by 9% in addition to the contributions of the insurance companies and cooperatives with the internal funds and the Royal armed forces cooperative. The weakness of social coverage in Morocco is attributed to two problematics encompassing all the public sector employees and the non-employed workers. (See the NSSF GM declaration Mr. Said Ahmidosh, the National gate website, 19 June 2014).

Raising the Social protection system capacities requires at least setting a clear vision for social coverage for all groups of the population in the private sector (independents, housekeepers, students, non-employed craftsmen)...it is also required to improve the current services level and to work on providing new products.

At this stage, we will just tackle the health coverage and retirement systems, given their importance in the social protection system and since they are atop all the social and political activists concerns in Morocco.

### **Health coverage**

Despite the exerted efforts to generalize health coverage in Morocco, 50% of Moroccans still do not benefit from it and 53% of treatment costs are paid by families. Moreover, the 50% benefiting from health coverage do not use it properly given the slow treatment processes, the lack of medical equipment and other issues (See Hazem Jilali's report, the Health Insurance National Agency GM on [www.annahar.ma](http://www.annahar.ma) on 8 April 2014).

Certainly, Morocco has achieved great strides in issuing laws and signing agreements. However,

implementation is a far cry because of the lack of respect to these stipulated agreements especially in the private sector as well as the lack of governance, management and provision mechanisms.

Health coverage suffers from several inconsistencies such as weak cards issuing. Also, 400 health areas have neither medical personnel nor the right equipment, according to the same official. Thus, they cannot oblige patients in rural areas to access centers that lack the necessary equipment.

The RAMED medical assistance system, which was widely implemented in 2011, has seen several inconsistencies, mainly represented in double dipping where more than 200 thousand cases were discovered to be registered in both systems (RAMED system and the basic health coverage system), disrespecting the need to go through relevant healthcare centers, the weak cards issuance rate by the vulnerable segment and the benefit renewal rate for the two groups in addition to the weak funds collection concerning the vulnerable people contributions (32%) and a partial financial collection of the local communities contributions (13%), with the lack of contracting with hospitalization institutions.

Existing obstacles include the absence of adopting good governance principles used in financing which requires the fund's independence from treatment providers, i.e. the Ministry of Health. This issue requires a legal structure in the framework of a draft decree until the Health Insurance National Agency, entrusted with the management of this system, has sufficient funding allowing it to sign contracts with certain hospitals to abolish any pretexts for not treating beneficiaries.

Benefiting from health coverage in all its forms remains tributary of reforming the Moroccan health system. Moreover, universal access to health benefits requires the establishment of a health coverage system for higher education students and independent workers, freelance workers as well as all other unremunerated workers.

The Ministry of Health sectoral strategy 2012-2016 included several measures to achieve this

universal access and improve health coverage services; however they still need to be activated.

## Retirement systems

The current retirement system in Morocco is characterized by the following:

- Systems multiplicity and inconsistency
- Multiple governance systems
- Weak coverage rate: about 33% only of the total active population benefit from retirement coverage
- Structural defects in some systems and their unsustainability by 2060 since total debts not covered in different systems by 2011 amount to 813 billion Dirhams. It is expected that the Moroccan retirement fund suffers fiscal deficit as of 2014, the NSSF since 2021 and the Retirement Salaries Collective System since 2022.

The diagnosis of all retirement systems revealed several defects, most importantly the numerous authorities, such as the Accounts Higher Council which presented a vision for reforming the retirement systems, based on which the government presented its vision for reforming the Moroccan retirement fund (See more details in the Accounts Higher Council report published on its website).

In this context, and in order to solve the civil pensions system crisis for the Moroccan retirement fund, Moroccan authorities made proposals to the Environmental, Social and Economic Council to give its opinion. It seems that the Council faced difficulty to reach a decision during its last meeting and was postponed.

### The most important components of this proposal are:

- \* Raising the retirement age to 62 years as of 1 July 2015, and raising it every year by 6 months to reach 65 years as of 1 July 2021
- \* Increasing salaries deduction percentage to finance the retirement fund by 4% (2% on 1 July 2015 and 2% on 1 July 2016) in order to reach 14% instead of 10% currently with a similar contribution by the state.

\* Decreasing retirement pension value through two mechanisms, the first is calculating it based on the last eight years salary average instead of the last current salary and the second is replacing the 2.5% rate of each work year salary by 2% only.

\* Increasing work period and allow eligibility for the proportional retirement right (with management permission and for a limited number of positions), from 21 years minimum for men and 15 years for women to 26 years for men and 20 years for women as well as raising the unconditional proportional retirement pension right to 36 years instead of 30 years as it is now. All this is accompanied by a decrease of the proportional retirement pension value by calculating it based on 1.5% for each year of work instead of 2% as it is now.

This proposition was greatly rejected by syndicates and unions, which united in their majority and completely refused it, reaffirming the importance and need to include the reform of all retirement systems without prejudice to the subscribers' earned rights.

In this context, the three syndicates: the Moroccan labor union, the Democratic Labor Confederation and the Democratic Labor Federation, issued a memo "in line with their historical responsibilities, in harmony with the common struggle steps and as a reply to the government propositions concerning the Moroccan retirement Fund, civil pensions system reforms presented by the Premier at the meeting of the National committee for retirement systems reform on 18 June 2014" as was mentioned in this memo.

The memo indicates the weakness of social coverage rate and the non-compatibility of retirement systems, reaffirming that the objective diagnosis proves that the retirement system in Morocco is characterized by:

- 1- Weak social coverage rate: 2/3 of the active population does not get any social protection and is not included in any retirement system.
- 2- Multiple and non-coherent retirement systems: each one of the retirement systems was established in special circumstances for a certain group and

under a certain legal framework. Those systems are managed according to different measures.

- 3- The absence of any links among these systems, which hinders employees transfer between public employment and semi-public sector themselves and with the private sector. Moreover, this absence causes the loss of several rights earned by the employees when they change their work.
- 4- Financing: it is known that pension systems in Morocco are financed first by subscriptions (employees and employers) and by the Investment Funds reserve money. Therefore, these systems' fiscal balance and sustainability does not only depend on the subscriptions level, but also on the result of their reserves investment.

In addition, syndicates indicated that Retirement Funds in Morocco, including the Moroccan Retirement Fund, suffer from employing their fiscal reserves as well as the state's inability to honor its payments for several decades. The problem lies in the unequal treatment of subscribers and the state in its capacity as employer, sponsor and manager of the retirement system.

As indicated by the three syndicates, public employment decreased and positions transfer from the public to the private sector increased, leaving negative impacts on professional relations (vulnerability) and on retirement systems fiscal balances, especially that social protection including retirement, is based - in systems based on distribution- on two types of solidarity: solidarity between generations and solidarity between professions and sectors.

Thus the problem lies in the adopted policies in the employment field and consequently the accounting approach will not be able to solve the demographic worker's problem because he is the result and not the cause.

The three syndicates also find that the government proposals will entail negative results in the labor market, by increasing unemployment among the people qualified for public employments, obliging

several employees who no longer have the moral or medical ability, to continue working after the age of 60, thereby decreasing productivity and leaving a negative impact on the subscribers' purchasing power.

Concerning the Moroccan Retirement Fund, the three syndicate centers proposed: maintain the legal retirement age at 60 years old and considering working after 60 an optional choice, provided that it does not exceed 65 years. Moreover, the state shall bear any increase in contribution without affecting the pension value's calculation method.

Concerning the collective system for retirement pensions payment, the three syndicate centers memorandum proposes reviewing the pension calculation method and adopting the average of the last 5 years instead of the salary average, as well as amending the complementary system to adopt the contribution from the beginning by 6% (3% for the establishment and 3% for the employee) instead of the current contribution above the public system ceiling. Concerning the retirement age, it mentioned that several subscribing establishments in this system have their own bylaws. However, until the two systems are brought closer, the possibility of working until 65 years old can be made available as an option.

This was for the first stage of reform. However, the second stage can be summarized in reviewing the adopted measures after evaluating the results of the first stage in order to bring the two systems closer. As to the third stage, it consists of achieving the general swivel.

The syndicate centers proposed accompanying measures such as reviewing the fiscal reserves management for all retirement funds in a way that respects the main principals of outputs, security, money, social and economic benefit as well as strengthening the legal and organizational armour for guaranteeing the social protection expansion, which is important for the NSSF initially in addition to fighting vulnerability in the work field.

In order to expand the social coverage for non-employees, the syndicate centers recommend carrying out the required field studies and using other experiences in order to guarantee for

these groups their earned stance as to social protection. Moreover, they recommended resuming the technical committee work to keep up with all the general swivel completion and the modality study through which the private swivel can be accomplished in the horizon of reaching a united organization for retirement for all the Moroccan people.

## General conclusion

Morocco has consecrated the right to social protection in the new Constitution. The Social Protection Organization in Morocco witnessed during the last few years the inclusion of several structural reforms whether at the social reserve funds rehabilitation level or at the social coverage scope expansion level.

Moreover, the Health organization was reinforced by issuing law 65.00 as a memo for basic health coverage according to which a mandatory basic illness insurance system was created for the private and public sectors employees as well as a Medical assistance System (Regime d'Assistance Medicale) for low income people (RAMED).

Given the great importance of providing basic mandatory insurance for illness which is assigned to the NSSF and the private sector, efforts were mainly focused on reinforcing available possibilities for these two establishments to manage the mandatory basic illness insurance system and rehabilitating them at the organizational, technical and legal levels as well as expanding the treatments basket, generalizing coverage and expending it to reach other groups.

Thanks to these efforts, Morocco was able to improve the basic health coverage rate index that increased in the first stage from 15% to 30%, then in the second stage to more than 70% with the implementation of RAMED which targets 8.5 million people from the needy groups.

As to the retirement system in Morocco, available statistics indicate that around 30% only of the active population is registered in the retirement system. This weak rate is due to the growth of nonorganized sector and the absence

of a retirement system for the freelancers and independent workers.

Retirement funds are currently experiencing a difficult financial situation considering the socio-demographic developments entailing a raise in the number of retired people and a decrease of the active population, in addition to other reasons related to the management of these funds. Thus, it is necessary to reform the retirement system to meet the challenge of achieving current systems sustainability.

In this context, and since the government adopted first the participatory approach with socioeconomic parties to create a suitable system to ensure funds sustainability and provide a suitable income for the retired segment, it presented a complete proposal to the Environmental, Social and Economic Council for advice, which is the proposal refused by syndicates. It puts all reform burdens at the expense of the employees. Syndicates used several forms of protests to confront the government proposal which is based on putting the retirement funds crisis repercussions responsibility on the party that did not cause it, the subscribers, without the state assuming any share of the reform burdens and without holding accountable those responsible for the mismanagement of these social institutions. They decided to go ahead with the protest to the point of organizing a general national strike affecting the public sector, local communities and private sector in the same time.

On the other hand, the professional illness and work accidents system reform issue gets a special importance due to the vital role it plays in providing social protection for the injured by work accidents or to the right holders in case of death.

Moroccan workers social protection gained greater importance, given that Morocco had worked since the sixties on sealing social security deals with the receiving countries of the Moroccan workforce in order to guarantee social protection continuity for this group during their movement between the country of immigration and motherland.

Advancing social protection in Morocco

requires several practical measures, taking into consideration the developments experienced by the country at several levels especially the principles stipulated in the Kingdom Constitution. Some of these measures include:

- √ Expanding the ability to benefit from the health coverage and social security services to include new groups of employees and active people;

- √ Preserving and strengthening the outputs achieved in the field of illness mandatory insurance as well as retirement and work accidents field for the public and private sectors employees;

- √ Stretching the mandatory health coverage and expanding its scope as well as completing its organization through the creation of a special system for private and public higher education students, in addition to another system for independant workers and freelancers.

- √ Pursuing structural reforms at the social reserve funds and work funds management level.

- √ Improving services provided to the subscribers.

- √ Reforming the retirement system by adopting the deliberation method with all social and economic parties in order to guarantee the conditions of success and sustainability for the retirement systems as well as including the measures related to the Moroccan Retirement Fund reform in an integral approach for the retirement organization reform. Also, the fair pricing principle shall be respected as well as good economic management, a just division of contributions in compliance with international standards where the employee contributes in 1/3 while the employing state contributes in 2/3 as per international standards and the International Labor Office recommendations concerning the main systems as well as adopting a gradual approach extended to a proportionally long term in order to reach the target objective of retiring at the age of 65 while providing the employees with incentives to accept it.

- √ Protecting women from all forms of discrimination, guaranteeing equality at work and employment and social security, eliminating all forms of discrimination against women in the field of retirement services and cashing the widow pension as well as endorsing calculating the prior and post delivery period in the pension right assessment and working on launching a work plan for equality to the benefit of rural women.

- √ Reinforcing access to social protection and health coverage for disabled people, providing health care services and amending them to suit them as well as translating Morocco's constitutional and international commitments into laws with available implementation conditions in a way to serve the interest of disabled people and respect their rights.

# The Social Protection System

By Mona Ezzat

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**Egypt**

## General Introduction:

During the past three decades, the Egyptian regime has adopted neo-liberal policies, and it responded to the pressures of the World Bank and the International Monetary Fund (IMF). In the first half of the nineties of the twentieth century, the privatization policies were accelerated and a considerable number of companies and factories, owned by the public sector, was sold; and tens of thousands of people got out with the early pension system. New workers were obliged to sign temporary contracts and they were deprived from many fundamental rights, such as fair wage and social protection.

The situation of farmers also deteriorated as a result of biased agricultural policies for big farmers. In fact, leases were liberalized, agricultural reform lands were expropriated by the old time feudal lords<sup>1</sup>, the role of cooperatives decreased in terms of the provision of production requirements, marketing agricultural crops and credit bank loans. Farmers were unable to pay their debts, which reached 4 billion Egyptian pounds and therefore, their lands were seized and some of them were arrested<sup>2</sup>.

In light of these radical changes in public policies, social services receded, which influenced the general equilibrium of the Egyptian society.

## The State Renounces its Responsibilities:

The role of the State in numerous public services, such as health and education, receded and the delivery of such high quality services became dependent on the purchasing power of citizens. The retreat of the State came as the result of the response to the instructions of the World Bank and the IMF, implemented by the State during the past thirty years.

The situation exacerbated during the past four

1- In virtue of law 50 of 1969 and law 61 on receivership.

2- Dr. Salwa El Antari, General Director of economic research and strategic planning in the formerly National Bank of Egypt, the performance of the Egyptian economic after the January 2011 Revolution, urgent missions and alternative strategies, Constitution leaflets (2), the New Woman Foundation.

years because of political instability, insecurity and the mismanagement by those in charge of the transitional period following the January 25 Revolution. As a result, tourism dropped, unemployment rates rose, foreign capitals continued to flee the country, and the successive governments did not suggest any alternative policies, rather, there was an insistence on continuing with the same policies adopted during the Moubarak regime<sup>3</sup>.

Starting the nineties, the role of the State declined in terms of recruiting civil servants (in the public sector and government agencies). The State did not present any clear program or policies for employment and the creation of job opportunities. In the second quarter of 2014, unemployment rate of men reached 9.9% and women 24.8%<sup>4</sup>. Moreover, workers' needs persisted (for men and women) in diverse provinces and work sectors (government – public and private sectors), for various reasons, among which the call for wage reform, fighting financial and administrative corruption and layoffs<sup>5</sup>.

## Women paid the price

In addition, women at work face other forms of violations. In fact, public and private work places violate the law and do not ensure nurseries. Women, in most public institutions, do not get maternity and child care leaves; therefore, working mothers are compelled to look for nurseries, which imposes new financial burdens, as well as psychological and physical burdens<sup>6</sup>. The State does not ensure any support or does not provide any alternative institutions for infants' care. The

3- Dr. Salwa El Antari, reference mentioned above.

4- The official website of the Central Authority for Public Mobilization and Statistics <http://www.capmas.gov.eg/> Pepo

5- The Egyptian Center for Economic and Social Rights <http://ecesr.org/>

6- For more details:

Dr. Houwayda Adli, professor in political sciences in the National Center for Social and Criminological Research, women in the labor market (2), employment in the investment sector, the Institution of the New Woman. Website of the New Woman Foundation [www.nwrcegypt.org](http://www.nwrcegypt.org)

Matta Izzat, Director of the Women's Program and working in the New Woman Foundation, women and syndical work, World Solidarity Center.

percentage of support to child milk and medicines reached 0.1% from the commodity support ratio, which amounted for 300 million Egyptian pounds in the general budget of the year 2014/2015<sup>7</sup>.

Amid the faltering economy and labor market, numerous women and men resort to the informal sector, in hazardous conditions, lacking any rights, decent work conditions or social protection. It has been very difficult to estimate the size of employment in the informal sector (for men and women), and estimates show that the percentage of men is 47.3% and women is 46.7%. Women suffer from double the violations because of the cultural and social reality. In fact, there is an overlap between informal work and domestic work, and the percentage of women contributing to productive works and activities and domestic works reached 60%<sup>8</sup>.

All this led to the increase of the burdens on Egyptian families. Indeed, income became insufficient to procure essential needs, the living conditions of numerous families deteriorated, poverty rates rose from 19.6% in 2004/2005 to 26.3% in 2012/2013<sup>9</sup>; around half the rural population (49.4%) in Upper Egypt lived in poverty in 2012/2013<sup>10</sup>, and 51.3% of Egypt's youth lived in poverty in 2012<sup>11</sup>.

When the government of Ibrahim Mahlab adopted a number of measures and promulgated laws to bridge the general budget deficit in 2014/2015, burdens on consumers from the middle and poor classes, in general, increased, without the provision of any social protection. The State opted for quick measures in order to

7- Official website of the Ministry of Finance <http://www.mof.gov.eg>

8- Women and men in Egypt, the Central Authority for Public Mobilization and Statistics, 2011.

9- The Central Authority for Public Mobilization and Statistics, main indicators to survey the income, spending and consumption of households 2012-2013, November 2013, page 74.

10- The Central Authority for Public Mobilization and Statistics, main indicators to survey the income, spending and consumption of households 2012-2013, November 2013, page 73.

11- The Central Authority for Public Mobilization and Statistics, press release on the occasion of the World Youth Day, August 12, 2013.

cover the budget deficit, but deepened the austerity tendency on the account of social justice instead of choosing reforms and reviewing economic and social policies that have been adopted for decades and led to failure, financial and administrative corruption, and a structural defect in economic and financial institutions.

In light of all this, we can say that the social policy in Egypt suffers from numerous defects and need to address the following:

### **Disruption in the Tax System:**

The tax system in Egypt lacks justice and transparency. In fact, government finances rely on taxes collected from salaried workers from the poor and middle classes, public entities and companies, especially the oil directorate and the Suez Canal Directorate. In addition, the actual tax revenue is much less than the possible revenue that can be collected. This requires fighting tax evasion and toughening its punishment, imposing a more efficient and just system characterized by the multiplicity of tax sections and the increase in tax rates with the increase of taxpayers' income, imposing taxes on capital benefits and on exhaustible resources, led by oil and gas. Therefore, the tax system structure should be reformed. However, the government only undertook swift responses and limited them to the partial measures of promulgating some laws imposing new taxes, among a number of other measures undertaken in order to bridge the budget deficit, amid the absence of the parliament and without engaging in any social dialogue<sup>12</sup>.

- The decision of the President of the Republic was issued concerning law number 58 in 2014, and included amending the general sales tax sections on selling the following commodities:

- Alcoholic beer
- Cigarettes

12- For more details:

Ahmed El Sayed Najjar, the general budget of the State 2013/2014, a bad reproduction of the policies of the Mubarak regime, report on strategic economic trends, 2013, the Pyramids Center for Political and Strategic Studies, Cairo.

The fiscal policy in Egypt and opportunities to achieve justice, the Egyptian Center for Economic and Social Rights, March 2014, unpublished study.

○ Alcoholic beverages

It is noteworthy that these commodities became subject to the general sales tax in virtue of law 11 in 1991, adopted on May 2, 1991. It was noted that this tax is paid by consumers of different income classes<sup>13</sup>:

- The promulgation of law 44 in 2014, which imposes an additional temporary annual tax, for three years, starting the current fiscal year. The tax rate is 5% from the income tax of the income of natural persons and benefits of legal persons exceeding one million Egyptian pounds, in accordance with the provisions of the relevant income tax. This tax is applied and collected according to these provisions. The taxpayer subject to the tax mentioned in the previous paragraph of this article, may request that the outcome of this tax to be used in funding one or more services projects, among the projects adopted with a decision by the Minister of Finance, in coordination with the ministers in charge of education, health, housing, infrastructure or other sectors of services<sup>14</sup>.

This law gave the taxpayer great freedom in the use of the outcome of this tax and in the choice of the means to spend it without any social supervision. Here, the State renounced its authority in managing and monitoring this money. It deals with taxpayers as if they are doing a charity or volunteer work<sup>15</sup>.

- The capital gains tax guaranteed by law 53 of 2014; this 10% tax on capital gains is imposed on the benefits of financial institutions, including institutions following the free zones system, whether benefits were regular or non regular, and whether they are distributed in cash or in kind as shares, bonds, or establishing quotas, or any

other ways, even if it was indirect<sup>16</sup>.

### Unbalanced Support:

The estimates of “support, grants and social benefits” in the general budget during the fiscal year 2014/2015 reached around 233853 million Egyptian pounds, representing 9.7% of the GDP. However, this percentage does not entirely go for the poor and those with limited income. Indeed, the rate of commodity support taken from it is 163453 million Egyptian pounds, 42.9% of which go to supporting oil production, and the largest share of this support goes to the factory owners<sup>17</sup>.

Concerning the social services support and grant, 55685 million Egyptian pounds are distributed on thirteen items and these are: support to the transfer of passengers, support to students’ subscriptions, support to non-economic lines, the effect of implementing the estate tax, support to health insurance for working women, support to health insurance for children below schooling age, support to health insurance for students, support to comprehensive health insurance, social security salary, child salary, contribution in the salaries’ fund, other social benefits, grants. In addition, support and grants to development sectors get 1572 million Egyptian pounds, the support and grants to economic activities get 8881 Egyptian pounds and the credits, support reserves and different aids get 4262 million Egyptian pounds.

These items show that they cover basic needs of citizens, especially those with limited income, and the government should have increased the allocations of support and grants to social services<sup>18</sup>.

We will explain this in details, in the coming lines, where it will turn out that the social security salaries are neither enough to ensure a decent life, nor can be relied on to cater to the household needs, in light of the deterioration of health services, including the hospitals of health insurance. The distribution of these items reveals that the State does not have social protection

13- Official website of the Ministry of Finance <http://www.mof.gov.eg>

14- Official Gazette, number 22 bis (g), June 4, 2014.

15- Rim Abdel Halim, Austerity measures to counter a crisis on the account of social justice, the Egyptian Initiative for Personal Rights.

16- Official website of the Ministry of Finance <http://www.mof.gov.eg/Arabic/>

17- Same source.

18- Same source.

policies, which would lead to social justice and protect the poor. Rather, this system does not enable the poor to face the risks resulting from the economic and social policies implemented by the State.

The State is proceeding with the method of solving its crises and bridging the budget deficit on the account of the poor. On the other hand, it adopted a new system to distribute bread with the ration card where it gives 150 loaves of bread to the supported citizen per month. Supported citizens shall pay five pennies for the loaf. The Ministry of Supply will buy the loaves of bread from bakeries working on diesel for 33.7 pennies and from bakeries working on natural gas for 33.3 pennies... The bakery owner receives directly to value of his sales in his bank account as soon as he sells. The Minister of Supply indicated that "this system will ensure net profits to bakery owners estimated to 260 Egyptian pounds for each ton of flour producing bread. These prices will be revised every three months."

Following the official declarations of the Ministry of Supply, 67 million citizens out of 86 million living in Egypt will benefit from this new system through the ration card. Bread subsidies are estimated at 18.5 million Egyptian pounds, according to the financial statement of the State general budget of 2014/2015, compared to 21.3 million Egyptian pounds in 2013/2014, which means that the government decreased the support to bread by around 13%.

This new system hasn't been implemented in all provinces and some problems have emerged, such as the lack of commitment of points of sale and bakeries in distributing shares allocated to citizens, and bread accumulation cases appeared in some bakeries. Moreover, the problem of the incomers who did not benefit from the subsidized bread, and most of these have left their provinces and came to Cairo or other governorates, such as the Canal city, looking for livelihoods. In addition, a large part of citizens with limited income and those with irregular income does not have the right to get the ration card despite that the decision pertaining to sections of people eligible to get a ration card includes the following<sup>19</sup>:

19- According to the official website of the Ministry of

- Seasonal and temporary employment, people working in agriculture, street vendors, migrant workers, drivers, independent artisans and craftsmen, low-income workers, the unemployed and their dependents, the educated who are still unemployed, whose monthly income does not exceed 800 Egyptian pounds.
- Government, public and private sector employees whose monthly salary does not exceed 1200 Egyptian pounds.
- Government, public sector and insured private sector employees whose monthly income does not exceed 1500 Egyptian pounds.

However, setting a maximum for these sections has marginalized beneficiaries with limited income who assume the burden of buying supply material and commodities in the market price. The maximum income should have been raised to include a larger part of people with limited income.

**People with Special Needs in the Eye of the Storm<sup>20</sup>:**

- People with special needs suffer from double the problems; their

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Supply, which issues the ration cards enabling their holders to get reserve goods in a supported price:  
 Pensioners in social security, and the Sadat and Mubarak Salaries  
 Widowed and divorced women, in addition to breadwinning women  
 People with chronic disease and with special needs  
 Minors who do not have any breadwinner or steady income after the death of their parents  
 Seasonal temporary employment, workers in agriculture, street vendors, migrant workers, drivers, artisans and craftsmen working for the own account, those with low income, the unemployed and the people they are in charge of, the educated who are still unemployed, whose maximum monthly income is 800 pounds.  
 Employees working in the government, the public sector or the private sector with a maximum monthly income of 1200 pounds.  
 Government, public sector and insured private sector employees with a maximum monthly income of 1500 Egyptian pounds.

20- Official date by the National Council for Disability.

struggle and their life burdens are exacerbated because the State does not provide them with enough care, either by not executing laws, or because of the absence of defined strategies that guarantee the social inclusion of these people and which cater to their basic needs. This becomes clear with the State's disinterest in preparing a database and an inventory. The National Council on Disability will kick off a project in cooperation with the Central Agency for Public Mobilization and Statistics, aiming at preparing a full inventory for people with special needs on the level of the Arab Egyptian Republic. Negotiations with the Ministry of Planning are ongoing in order to ensure a budget for this project.

- People with special needs suffer from the complex conditions and procedures, upon which the beneficiaries eligible to receive the pension allocated to them are defined.
- The National Council on Disability is calling to reallocate 5% of the appointments given to people with special needs in all State institutions, and to tighten the sentences of business owners who refuse to hire this segment of the population.
- The Ministry of Information and Communications Technology had set a plan to spread ICT clubs in all villages of Egypt, i.e. around 3500 villages. This way, each village will have two clubs. It is noteworthy that, currently, there are 1500 clubs, 32 of which are for children with special needs where they can connect to the internet and to the outside world.
- The Ministry of Health provides health services related to disabilities as a part of the general health service delivery without dealing with the specificities of people with special needs.
- Civil society, through local or international organizations, is undertaking programs and projects. Some of these projects are implemented with the ministries, such as the Ministry of Education and the Ministry of Health.

In addition, national councils, such as the National Council on Disability and the National Council on Childhood and Motherhood, also play a role in these projects, and most of them focus on the following:

- Generating job opportunities through training people with disabilities and providing them with the necessary funding to establish small craft and handicraft enterprises.
- Establishing a center for psychology and rehabilitative treatment services, such as speech rehabilitation (to remedy language and speech defects), natural treatment and funding for prosthetic devices.
- Undertaking studies and field reports in some provinces to identify the scope and reasons behind disabilities and their types, and how families deal with the member with a disability.
- Expanding the establishment of special schools, classrooms for the disabled, providing schools with state-of-the-art equipment and preparing and training teachers and trainers.
- Setting social and cultural programs which increase the inclusion of the disabled in the society.

### **Social Security and Unequal Distribution:**

To avoid any confusion between the specificities of social insurance and social security, we, hereby, confirm that social insurance is one of social security means in terms of ensuring social protection and security. Social insurance is limited to systems covering certain social risks in return for subscriptions done by the insured and business owners. These subscriptions are redistributed to those to whom ensured risks occur. When the State, in certain systems, shoulders the burden of benefits without any subscriptions in return, the system stops being qualified as insurance and becomes a social security system. Egypt has implemented insurance legislation since more than 150 years. In 1854, it adopted the civil pension system for government employees, and social security systems developed in accordance with the economic and social situ-

ations. Nowadays, government entities and legislation pertaining to social security dealing with pension, subsidies, compensations and social assistance are as follows:

### **The Unified Social Insurance Law for Government, Public and Private Sectors Employees**

On 1/9/1975, law 79 of 1975 was promulgated and it unified the insurance and pension laws for government employees with the social insurance law for private and public sectors employees.

Law 135 of 2010 was promulgated and it transformed social insurance to a saving system, putting social solidarity at the core of the system. This law was supposed to enter into force on January 1<sup>st</sup> 2012. Then, Marshal Tantawi issued a decision postponing the implementation of this law to January 1<sup>st</sup>, 2013. Later, the former Minister of Social Solidarity, Ahmad El Borai abolished this law and law 79 of 1975 reentered into force<sup>21</sup>.

It is noteworthy that law 135 of 2010 was subject to harsh criticism by independent trade unions and pensioners trade unions and associations. In fact, this law bore numerous defects clearly revealing the will of the government to transform the insurance system in Egypt to a commercial system, while risking the insurance money in commercial investments far away from the supervision of money owners and beneficiaries.

### **Insurance for Business Owners and their Equivalents<sup>22</sup>**

The insurance cover extended to cover business owners in virtue of law 61 of 1973 and starting 1/11/1973. It was replaced by law 108 of 1976, starting 1/10/1976 AD.

### **Social Insurance for Egyptian Workers Abroad<sup>23</sup>**

The insurance cover extended to cover Egyptian workers abroad and non-insured inside Egypt, in

21- <http://almesryoon.com>

22- Official website of the National Committee of Social Security <http://nosi.gov.eg/Arabic/>

23- Official website of the National Committee of Social Security <http://nosi.gov.eg/Arabic/>

virtue of law 74 of 1973, starting 1/11/1973. It was replaced by law 50 of 1978, starting 1/8/1978.

### **Comprehensive Social Insurance<sup>24</sup>**

On 1/1/1976 law 112 of 1975 entered into force on the comprehensive social insurance. It was replaced by law 112 of 1980, starting 1/7/1980. This law granted a salary of ten Egyptian pounds, and it was called the “Sadat Salary” for people who reached the age of 65, those whose total disability has been proved or deceased, and were not eligible to get a pension since they are among the ensured sections in virtue of social insurance law, or the ongoing insurances and pensions at the promulgation of this law.

A number of additions to this salary were made; on 1/7/2011, it reached 144 Egyptian pounds, and this was followed by other additions, the latest being addition of 15% with a minimum of 50 Egyptian pounds for dues before 1/7/2012.

### **Social Security Pensions<sup>25</sup>**

- The Ministry of Insurance and Social Affairs offers a pension system known as social security. This was launched with law 116 of 1950, which is the first law making social care a right to those who need it. This law was amended by law 133 of 1964, and the social security system does not require paying any previous subscriptions as a condition to get this type of pensions.
- The social security system was amended by law 3 of 1977, and it was known, hereafter, as the “Sadat Salary”.
- This law was amended in 2000 by law 87 and it became known as the “Moubrak Salary”.
- The beneficiaries of this system are: orphans, female widows, divorced women, children of divorced women

24- Official website of the National Committee of Social Security <http://nosi.gov.eg/Arabic/>

25- For more information:  
Al Ahram portal <http://www.ahram.org.eg/News/Veto>  
Veto portal <http://www.vetogate.com/91943>  
Child law <http://www.protectionproject.org>

in case the woman dies, gets married or imprisoned, 50 year old women who have never been married, families of the imprisoned, the cases of full disability and old age.

- The value of the household monthly salary ranges between 200 and 300 Egyptian pounds.
- There are monthly aids in accordance with the ministerial decision 155 of 1992, as well as its amendments. The beneficiaries are: pregnant women starting their third pregnancy month until birth, infants until two years old, the family of an imprisoned, a wife formally abandoned by her husband.
- Some assistance is paid only once, and in accordance with the ministerial decision 26 of 2002, the benefiting individuals or households are those working in productive enterprises, urgent personal cases, education expenses, birth expenses, public and individual calamities.
- The lump sum aids for former government and public sector employees and their families, in accordance with the ministerial decision 165 of 1996. These are paid in the cases of illness, for education and in the case of the marriage of one of the girls.
- The Law of the Egyptian Child number 12 of 1996, amended by law 126 of 2008 in article 49, stipulates the following: "Children who have the right to receive a monthly salary from the Ministry in charge of social security of not less than sixty Egyptian pounds, according to the conditions and rules indicated in the Social Security Law for orphan children, children with unknown father or unknown parents, children of the breadwinner or divorced mother in case she gets married or dies, children of the detainee by law or the imprisoned, the jailed and imprisoned breadwinner or the imprisoned breadwinner, for at least one month.

### Pensions and aids conditions:

- The number of insured individuals with social security in the government and public sector/public business sector during the period between 2011 and 2012 was around 16 million persons, at a time when the number of employees in the same period was 24 million. This means that 8 million were not covered by any insurance protection<sup>26</sup>.
- The total value of subscriptions in the government, public/public business sectors and the private sector during the period of 2011-2012 was 38848 million Egyptian pounds. The share of the government sector was 23586 million Egyptian pounds and those of the public business, public and private sectors was 15262 million Egyptian pounds. These figures show that the percentage of employees in the government sector was 23%, but the percentage of its subscriptions was 61% of the total subscriptions. The percentage of employees in the public business, public and private sectors was around 77% and the percentage of their subscriptions was 39%. The reason behind that is the pressure exerted by business owners on workers to ensure themselves with the minimum wage, in addition to the evasion from insurance with its different forms, such as not ensuring a full or partial insurance coverage to workers and then terminating the insurance despite the continuation of the business relationship, or ensuring workers but deducting their share of the subscription and refraining from sending subscriptions to insurers, which leads to the decrease in the value of salaries and the waste of their insurance rights<sup>27</sup>.

26- Annual Statistical report, Central Authority for Public Mobilization and Statistics, Egypt, September 2013.

27- For more details:

Same source

Khaled Ali, the future of insurance funds, Al Shorouk, May 16, 2014, <http://www.shorouknews.com>

- The expansion of the early pension systems without examining their repercussions on insurance systems and related actuarial studies, as they transform thousands of workers paying insurance subscriptions to pensioners and eligible to get them. This creates a deficit in the reserves, since the actuarial study expected revenues during a specific period, in addition to obligations which are not due before a certain timeline, and then they were surprised with the opposite in both cases because of the policies adopted by the State in privatization without taking into consideration the rights and obligations of insurers<sup>28</sup>.
- The following table showcases the decrease in the value of pensions former government employees receive, which are not enough to ensure the basic needs of the pensioners, if we take into consideration that they include household breadwinners, people living with chronic diseases and aging diseases. In fact, the percentage of those receiving 1100 Egyptian pounds and less is 52.2%; the percentage of inheritors making 1100 Egyptian pounds and less reaches 88.6%., the percentage of inheritors receiving one or less than one pound per day is 53.1% and the percentage of the living making this amount is 7%.

**Table 1: pensioners among the former government employees (living/inheritors) distributed according to the monthly salary sections (2011/2012)<sup>29</sup>**

Monthly Salary Sections in Egyptian pounds	Living		Inheritors		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Total	982150	100	18101143	100	2792293	100
Less than 100	1788	0.2	165680	9.1	167396	6.0
100	4149	0.4	478600	26.4	482749	17.3
300	62302	6.3	319018	17.6	381302	13.7
500	110327	6.3	249482	13.8	359809	12.9
700	116871	11.9	183562	10.1	300433	10.8
900	13008	13.5	121251	6.7	254259	9.1
1100	133948	13.6	88404	4.9	222352	8.0
1300 and more	419757	42.7	204218	11.3	623975	22.3

**Table 2: Pensions paid by the Ministry of Social Affairs and the number of beneficiaries according to the pension type (amounts are in thousands of Egyptian pounds)<sup>30</sup>**

Pension Type	Orphans		Widows		Divorced Women		Children of Divorced Women		Total Deficit	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
	25847	36402	269429	425392	213626	334789	9111	12431	552070	942625

Aging		Girls who have never been married	
Number of cases	Amount	Number of cases	Amount
200346	206156	24258	27943

28- Khaled Ali, same source.

29- Annual Bulletin of the General Social Services in 2012, the Central Authority for Public Mobilization and Statistics.

30- Same source

Family of the Imprisoned		Total	
Number of cases	Amount	Number of cases	Amount
13927	25207	1308614	2110954

- The Ministry of Religious Properties (Waqf) also allocated monthly and temporary assistance. Table 3 shows the amounts of money distributed according to the type of aid in the provinces in 2011/2012<sup>31</sup>

Assistance	Monthly Allowances	Temporary Allowances					Total Cases		
		Lump Sum			Feasts and Seasons		235041		
Amount in thousands of Egyptian pounds	Number of cases	Total Amount	Average share of each case in Egyptian pounds	Number of cases	Total Amount	Average share of each case in Egyptian pounds	Number of cases	Total Amount	Average share of each case in Egyptian pounds
		2084	1306	627	104907	17913	171	128050	6298

### The Health Sector and Privatization:

The health system in Egypt lacks quality and social justice. In fact, access to good quality health services is bound by citizens' purchasing power. Health sector was the first service sector to stop receiving government subsidies. Since the eighties, the government stopped building public hospitals, and multiple sources started providing healthcare services. The rich relied on private and investment hospitals and the poor relied on dispensaries. Moreover, health funding is weak and doctors and nurses were battered by parents of the sick people or the sick people themselves, because of the lack of basic requirements in hospitals. Indeed, in Egypt, there are 1.5 beds for each ten thousand citizens, which is much lower than global averages. Doctors are not fairly distributed in the Republic. In general, the number of doctors in cities is higher than rural areas, and Cairo and Alexandria provinces have 50% of the total number of doctors. In addition, the number of professional mistakes inside hospital, even private hospitals, increased<sup>32</sup>.

This health situation in Egypt damages most citizens and increases household burdens, which have to shoulder the expenses of health services. However, the most affected are the poor, especially those living in rural areas. In fact, death rates in rural areas are 2% higher than in cities. In addition, health funding is weak and it does not exceed 5%; as for spending from savings, it reached 72% of total expenses, and 34% of these expenses are on medicines<sup>33</sup>.

International organizations (such as USAID, the World Bank and the European Commission) have been involved in the health sector in Egypt since the second half of the seventies, or for more than thirty consecutive years. The size of funding these international entities bring to health services reaches a maximum of 3% in most years. This funding is directed towards main health care programs, especially those for children, motherhood and childhood care<sup>34</sup>. However, the most dangerous forms of this interference are undertaking a number of studies and research about the

31- Same source

32- Seminar entitled "Health a Right of the Poor", Union of Journalists, organized by the Freedoms Committee in the Union of Journalists, the Committee to Defend the oppressed and the life and freedom party "under establishment", May 17, 2014.

33- <http://www.el-balad.com/958183>

34- Dr. Mahmoud Hassan Khalil, the economies of health in Egypt in the transition period, Report on Economic and Strategic Trends, Center for Political and Strategic Studies, 2013.

health policies in Egypt. These led to a joint plan between international entities and the Egyptian government to restructure the health sector in Egypt. This plan was subject to harsh criticism by non-government organizations and Egyptian health experts. In fact, it had paved the way to the retreat of the State and to the reduction of its role in supporting health services, which will be privatized. This way, health insurance shifts from being social to commercial. In fact, the most important characteristics of this plan is the promulgation of a new law for health insurance stipulating the multiplicity of treatment packages provided in health insurance in accordance with the subscription price. This leads to citizens' inequality and paves the way to privatize state-owned health facilities. Moreover, health insurance will not cover the treatment of diseases requiring a high financial cost that the poor cannot handle, such as the treatment of kidney failure, heart surgeries and treatment at state expense<sup>35</sup>.

Since the end of the seventies, successive governments have been trying to pass the health insurance law and transforming it from social to commercial. During the rule of the Muslim Brothers, there was a trend to issue a new draft law on health insurance, pushing privatization forward. This project failed with the collapse of the Brotherhood's regime. After June 30, attempts continued during the mandate of the Beblawi government to revive the project of privatizing health insurance<sup>36</sup>.

In September 2014, the Ministry of Health in the government of Mahlab submitted a new draft law on health insurance. The latter was subject to harsh criticism. On September 22, 2014, the "Eighth National Declaration to Defend the Rights of the Egyptian People to Health" issued by the "Coalition Committee to Defend Health", which includes eleven parties, twenty-four coalitions and popular movements, twelve NGOs, ten trade unions and workers unions associations,

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35- Dr. Mahmoud Hassan Khalil, the economies of health in Egypt in the transition period, Report on Economic and Strategic Trends, Center for Political and Strategic Studies, 2013.

36- Same source

included the following remarks on the draft law<sup>37</sup>: First: it stipulates that beneficiaries should pay, in addition to subscription, contributions which would reach 400 Egyptian pounds per month (10% for radiology with a maximum of 200 Egyptian pounds, 5% for analysis with a maximum of 100 Egyptian pounds, 20% for medicines with a maximum of 50 Egyptian pounds, with examinations fees varying from 3, 5 and 10 Egyptian pounds for the practitioner, the specialist and the consultant, respectively, no matter how numerous the visits were, for any disease). Small and limited-income employees are incapable of paying these fees; therefore, they will be deprived from the right to treatment.

Second: the draft law stipulates the separation of funding from the service and unifying the structures of government services in one structure; however, it does not stipulate that this unified structure will remain a non-profit service structure as it is now. It is known that the World Bank requests the transformation of the health service structure to a profitable economic structure. Rather, the law stipulates buying the service equally from the government structure, from the private and civil sectors without any discrimination. This retransforms government hospitals to profitable hospitals just like the private sector and restores the core of the project of the profitable holding company (instead of the service entity) owning affiliated companies, which are the hospitals! Citizens rejected this issue and the Egyptian judiciary had already rejected it.

It is suggested that university hospitals, providing one third of the skills services in the Republic, are to be reformed with the participation of the private sector. Certainly, it is explicitly suggested to change their legal nature to profitable companies selling their services to health insurance and treatments on the expense of the State become full of benefits. This will let them make benefits because of the illnesses of citizens who will shoulder the heavy burden of the costs.

The Eighth National Declaration to Defend the Rights of the Egyptian People to Health the draft law on organizing clinical medical tests, which is based on the encouragement of global phar-

37- Eight Conference for the Committee of the Defense of Health, Union of Journalists, September 22, 2014.

maceutical companies through allowing testing new medicines on Egyptians without enough constraints and therefore, exploiting the poverty of Egyptians by making them experiments on the account of their health, and maybe their lives. Among the wonders of the government, the Minister of Health allows withdrawing the current version of the law because of its shortcomings, at a time when the Minister of Scientific Research insisted on presenting it as it was not withdrawn and maybe amended<sup>38</sup>.

The general State budget is among the basic determinants of the economic and social trends of the government. These general budgets show that the government has adopted, a few years ago, clear policies to decrease the support to health service paving the way to privatize them. Indeed, it had decreased budgets allocated to health. The total spending on health care in 2010 constituted 4.8% of the GDP. In 2011, this percentage was 4.9% and in 2012, it reached 5% of the GDP<sup>39</sup>.

In the 2013/2014 budget, 32.7 billion Egyptian pounds were allocated to public spending on health. This equals less than 1.6% of the estimated GDP of that year<sup>40</sup>. In the 2014/2015 budget, the budget of public spending on health reached 42 billion Egyptian pounds, with an increase of 9 billion Egyptian pounds. However, in the same time, the government had decreased the amount of support to health insurance and the estimates reached 511 million Egyptian pounds in the draft budget of the fiscal year 2014/2015, at a time when this amount was 520 million Egyptian pounds in the budget of 2013/2014. The amount of 511 million Egyptian pounds is allocated in a number of programs and it is estimated that 104 million Egyptian pounds go to support the health insurance of 520 thousand breadwinning women. The public treasury of the State pays 200 Egyptian pounds yearly for each breadwinning woman.

38- Same source.

39- Official website of the World Bank <http://data.albankaldawli.org/indicator/SH.XPD.TOTL.ZS/countries>

40- Ahmed El Sayed Najjar, General State Budget 2013/2014, a bad reproduction of the policies of Mubark's regime, Report Economic Strategic Trends 2013, Center of Political and Strategic Studies, 2013

The estimated credits to support health insurance for children below the schooling age reach 167 million Egyptian pounds for around 14 million children, according to the date set by the General Authority for Health Insurance, in virtue of law 86 of 2012 on health insurance for children below the schooling age. This law stipulates that the public treasury of the State shall shoulder the annual subscriptions of 129 Egyptian pounds for each child.

The estimated credits to support health insurance for students are around 240 million Egyptian pounds to support health insurance for 20.5 million students<sup>41</sup>.

This shows that the State is determined to pave the way for the health insurance draft law and for the privatization of health services. In fact, the increase by approximately 9 billion Egyptian pounds, compared to the previous fiscal year, was not translated in plans to start a comprehensive reform aiming at improving health services. However, this increase was limited to a number of programs, as stated above. Even the allocations for these programs do not lead to the provision of good health services for benefiting sections, whether these are children or breadwinning women.

### **Loans, a Double-Edged Sword<sup>42</sup>:**

According to the report on the performance of the social fund for development covering the first half of 2014, the total actual expenditures on loans funding small and microenterprises is 1.38 billion Egyptian pounds funding around 87.3 thousand small and microenterprises, and generating around 100.6 thousand job opportunities. The total amount of bank grants disbursed for infrastructure and community development projects and training, reached 170.2 million Egyptian pounds, which generated 2.74 million employment opportunities, in addition to 276 job opportunities through training. The total percentage of amounts disbursed for small and microenterprises for men is 77% and for women 23%.

41- Official website of the Ministry of Finance <http://www.mof.gov.eg/Arabic/Pages>

42- <http://www.sfdegypt.org/org/sfd/annual-report>

The report shows that total expenditures on basic infrastructure and sectors of activity (drinking water, road paving, irrigation and environment improvement, public buildings, administrative support) reached 111 million Egyptian pounds. 56.9 million Egyptian pounds were spent on community development projects in terms of administrative support, capacity building of associations, training, environment and health activities, education, youth employment and functional expenses.

The abovementioned figures show that the loaning policies adopted by the State do not work in order to fight poverty and generate sustainable job opportunities. Indeed, a large part of the money allocated to these loans goes to micro projects, which duration does not exceed a number of months. In many cases, owners of these enterprises face obstacles in paying back because of the lack of necessary expertise and skills, or the inability to marketing. The government is keen on increasing the number of those getting these loans, but there is not true development plan in order to fund more sustainable projects and enterprises and generate true job opportunities in order to ensure a source of income and decent life for citizens.

### **Role of Civil Society amid the Regression of the State:**

Amid the regression of the State' role in supporting numerous services, among which education and health, charitable civil associations with religious roots (Christian and Muslim) had the opportunity to play essential roles as an alternative of the State in numerous villages, neighborhoods and popular areas in different provinces. These associations provided educational and health services, direct aids (cash and foodstuffs), and thanks to foreign funding and donations<sup>43</sup>, they were able to assume this

43- According to the information we were able to get, the size of donations for Egyptians in 2009 reached 4.5 billion pounds. It is expected that this amount will increase with the increase of the number charitable associations and institutions in Egypt in the past four years (the instrument and the suggested frameworks to the national project for volunteer work in Egypt, information center and support decision making in the Cabinet, <http://www.epi.gov.eg/Upload/Documents/1373/>.

role in a sustainable manner. Therefore, they became capable of bridging a wide gap left by the government through building hospitals and classrooms, providing monthly subsidies to orphans, widowed women, divorced women and poor families<sup>44</sup>.

Moreover, numerous civil society associations play development roles and their activities focused on the maritime and tribal facets, since the fifties. These associations rely on foreign funding. International organizations also assumed development roles and implemented a number of projects, among which the "Ichraq" Project to teach girls. This project was implemented by the World Population Council between 2011 and 2012, in cooperation with a number of the main civil associations in three provinces. After this project, the World Population Council implemented another project, in 2012, entitled "We Can Participate", aiming to build the capacities of girls to access the labor market<sup>45</sup>.

USAID is among the international agencies that funded service projects. Among these projects, one was implemented in 2012-2013 in four provinces, aiming to improve pregnant women's health through pregnancy follow up programs, along with awareness raising and nutrition programs. In addition, USAID funded the project of improving early childhood education, through its partnership with the Ministry of Education and Higher Education, along with main partner associations. Many of these charitable and development associations implemented projects in cooperation with government parties. These projects include the project supporting the poorest villages, which was the fruit of joint efforts between main service associations, the UNDP and the Council of Social Contract affiliated to the Cabinet<sup>46</sup>.

### In the past ten years, and in a framework of "Cor-

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44- International report on the sustainability of CSOs in the Middle East, factors influencing the sustainability of the work of civil organizations in Egypt, 2012, United group – lawyers and legal consultants, Conference "Civil Society in Egypt... Opportunities and Risks", Mariott Hotel – Zamalek, Cairo, Egypt 2014.

45- Same source

46- Same source

porate Social Responsibility”, numerous businessmen, entities and companies implemented development and services programs through the funding of main associations or through development associations affiliated to these companies<sup>47</sup>.

At a time when many civil society organizations following the human rights approach countered policies adopted by the government concerning social protection, popular associations were to defend the right to pension, since 2004. In fact, the Committee to Protect Pensions and Insurance Rights was established and then, in the aftermath of the January 25 Revolution, to a union of solidarity with pensioners and of protecting insurance rights. In addition, the Union of Pensioners became a Public Syndicate of Pensioners and it was registered as a syndicate before the January 25 Revolution, and it has branches in all provinces of Egypt. Moreover, a number of non-government organizations used the litigation mechanism to defend pensioners’ rights through the following<sup>48</sup>:

- Lawsuit 32168 of 1961 filed by Hashem Moubarak Center for Law in order to prepare the guide and spread the budgets of the national investment bank to identify the true value of the accumulated debt of insurers.
- Lawsuit 28631 of 1960 filed by Alhilali Institution for Freedoms where it appealed the constitutionality of the presidential decision pertaining to abolishing the Ministry of Social Insurances and annexing the Insurance Department to the Ministry of Finance.
- Lawsuit 7196 of 1963 filed by Mr. Ahmed Hassan El Bour’i and Mr. Khaled Ali Omar for the unconstitutionality of annexing the funds of insurers to the public treasury of the

State.

- Lawsuit 8535 of 2008 filed by Alhilali Institution for Freedoms to call to make the social allowance of pensioners equal to the social allowance to civil servants and without a maximum ceiling.
- A lawsuit was submitted to the Supreme Constitutional Court concerning the unconstitutionality of the ministerial decision 272 of 2006 on annexing the social insurers’ money to the public treasury of the State, considering that this money is private and owned by the insured in virtue of the law.
- Numerous protests were organized. Suggestions and alternative policies were submitted to the government in order to improve pensions; for instance, setting a minimum pension equal to 80% of the minimum wage, toughening the sentence in the insurance law on business owners who do not pay their share of their workers’ subscription<sup>49</sup>.
- NGOs referred to litigation mechanisms to defend the right to health. A number of lawsuits were filed and were accompanied by protests. The Egyptian Initiative for Personal Rights raised the cause of rejecting the ministerial decision of transforming the health insurance department to a holding company<sup>50</sup> providing health insurance services in an investment manner, which hampers the right of citizens to insurance. The Court gave the verdict to abolish the abovementioned decision on 4/9/2008. The reasoning did not only include the provisions of the International Covenant, but also adopted the general remarks of the Committee for Economic and Social Rights.

In the aftermath of losing the lawsuit, the government started working on a new health insurance

47- Same source

48- For more details: Elhami El Mirghani, Report on Economic and Social Rights and Sustainable Development, Taurus for Research and Studies, 2012. Elhami El Mirghani, Social insurances and insurance rights, Development Support Center for Consultancy and Training, 2012.

49- Farouq EL Achri, President of the General Union for pensioners, and Saiid El Sabbagh, General Secretary of the Union, workshop on the crisis of implementing the decision on minimum wage, Center of Unions and Workers Services, headquarters of the Saiid Association, February 27 and 28, 2014.

50- Government decision 637 of 2007.

draft law and published it in Egyptian newspapers in October 2009. This created a large debate within the Egyptian society. The Committee to Defend the Right to Health, a popular committee including around 50 organizations, associations and parties, held a conference to respond to the government's draft law on health insurance. It voiced rejection to the discrimination between citizens in terms of access to health insurance services through offering insurance packages for each according to financial capacities. The result was that the Minister of Health withdrew this project in March 2010, following the calls for more deliberations and a survey on civil society<sup>51</sup>.

- The Egyptian Initiative for Personal Rights and the Pharmacists Guild filed a lawsuit before the Administrative Court in the State Council on 22/10/2009 to cancel the decision of the Ministry of Health to link medicines' prices to the global prices. This would result in a great increase in the prices of medicines, which constitutes a new burden to the poor and deprives a large part of citizens from their right to access medicines. The lawsuit was based on national laws and the International Covenant on Economic and Social Rights, and the Court's verdict was to stop the decision on 27/4/2010<sup>52</sup>.
- Over the past few years, the Doctors' Syndicate has adopted more than one mechanism to exert pressure on the government. In fact, it held negotiations, protests and partial strikes in order to improve health services, increase the budget allocated to health and improve the wages of health service providers<sup>53</sup>.

### Recommendations:

- The establishment of the Economic and Social Council with syndicates as members, among which the Syndicate of Pensioners. This contributes to the activation of the participation of stakeholders in designing economic and social policies.
- The redistribution of public State treasury credits to cater to the basic needs and services of citizens, including social security pensions that guarantee a decent life for target populations of men and women.

### Recommendations Pertaining to Social Insurances:

- The establishment of an independent entity for social insurances to manage this file. It will be constituted of representatives of the government, the administrative control, the central body for accountability, the syndicates of pensioners, along with experts in the fields of accounting and investment.
- The amendment of laws related to social insurance in accordance with the Constitution.
- Expanding the cover of health insurance to reach pensioners and their families.
- In virtue of articles 8 and 17 of the Constitution, the State shall commit to reviewing legislations and allocations of social security to guarantee social justice and to include the unemployed section of the people, ensuring a suitable pension for small farmers, agriculture workers, fishermen and non-regular employment.

### Recommendations Pertaining to the Right to Treatment and Health Services:

- Truly increasing the health budget, as stipulated in the Constitution, to 3% of the GDP.
- Reforming the comprehensive social health insurance project.
- Reforming university hospitals by en-

51- Mohsen Awad, Alaa Chebli and Mo'taz Othman, Legal Empowerment of the Poor Guide, knowledge and expertise, Arab Organization for Human Rights and the Regional Office of the UNDP in Cairo, 2013.

52- Same source.

53- Doctors' Union <http://www.ems.org.eg>

suring necessary funding, along with reforming their administrative structures, while keeping them affiliated to their universities to continue existing as non-profit service entities and keeping them away from the participation of the private sector in virtue of law 67 of 2010 pertaining to the Participation of the Private Sector in services.

- Rejecting the current version of the project organizing clinical health research and refusing the transformation of the Egyptian people to experiment rats on which pharmaceutical companies test the medicines that they cannot test on people in their own countries. This way, they will be exploiting the needs of the poor in our country where the pressure of the need and the limited supervision transform them to testing victims.
- Rejecting the conditioned loans of the World Bank to the health sector. It is also necessary to stop the joint projects with the World Bank, that only aim at privatizing the health sector and widening the opportunities of the profitable private sector. This increases the disease burden on citizens. The alternative here is to mobilize resources through progressive taxation, among others, and ensure sufficient funding for hospitals, along with reforming their administrative policies.
- Activating popular supervision in each hospital to follow up on the performance and provide treatment services based on total transparency in declaring policies, figures and salaries.

# Part 4



**Data  
and  
Indicators**

- Social Protection in Arab Countries through international Data and indicators

## Social Protection in the Arab World through Global Data and Indicators

Dr. Azzam Mahjoub: University Professor and International Expert  
Mohammed al-Monther Belghith: International Expert

### Introduction

A sizeable amount of indicators and statistical data from various sources and global databases was collected in the process of preparing the Arab Economic and Social Rights Watch Report on Social Protection, which will be presented in this initial document to assist rights activists, politicians, and academic researchers to delve deeper into the situation of social protection in the Arab world. In the following pages, an attempt will be made, wherever possible, to calculate averages and indicators to allow a comparison among Arab countries, on one hand, and between them as a group and other country groupings, on the other, especially due to the scarcity of information about Arab countries as separate group in the reports and databases of international organizations.

The data and indicators presented were limited to those by international organizations. Although they might sometimes seem partial or suffer from inaccuracies, they share common concepts and methodologies, which would allow the abovementioned comparison among them and with other countries and regions around the world. National sources, on the other hand, suffer from various flaws and inadequacies, in addition to differences between concepts and lack of conformity of methodology, which does not allow objective and adequate comparison; and were thus disregarded.

The tables are organized around six major themes. The first relates to human development indicators due to their close and organic association with the scope and efficacy of social protection policy. In the event of exposure to various life incidents, such as illness, unemployment, or other, the absence of a universal and effective social protection system would lead to negative consequences on household and individuals income. It limits their individual capabilities or even the capacity to provide schooling for their children. It reduces their productivity and ability to provide a decent living, pushing them towards a downward spiral of poverty and marginalization.

Social Protection is meant to break this widespread and vicious circle in the Arab world, since it could secure income and health care for social groups, which could be vulnerable or exposed to such risks. It could also provide support for growth, which in turn would increase the wealth and resources needed for redistribution, as well as reinvestment in social protection programs, not only as a main pillar of social stability and cohesion or resisting poverty, vulnerability, and exclusion, but also as one of the basic ingredients of revitalizing domestic demand and improving labor productivity, by boosting health and education levels and the other elements of human development.

Based on the three pillars of human development – income, health, and education, special attention was given to indicators related to individual income, life expectancy, and mortality rates of children and mothers. However, data on primary school enrollment in the Arab countries mentioned in the reports, whether in the UNESCO or ALESCO databases, had to be disregarded, since it lack comprehensiveness and seems to be marred by lack of accuracy or updating.

Theme Two will be dedicated to demographic and social aspects, as they could highlight the challenges facing Arab states in providing social protection for their populations, today and in the next two decades. This is presented through dependency ratios, participation in the workforce, unem-



ployment, and fragile employment, without losing sight migrant and refugee statistics, as one of the categories in need of protection and care.

Considering social protection as a human right enshrined in various international covenants and instruments and as one of the key components of the concept of decent work and the dignity of individuals and groups, Theme Three will be dedicated to exposing the status of Arab countries' ratification of ILO instruments in this field, in addition to the scope and types of branches and risks covered by the law.

To give a picture about the realization of this right through the actual coverage indicators related to the branches of social security systems, Theme Four will highlight the four main branches: unemployment, industrial accidents and occupational diseases, maternity, and old age.

Theme five focuses on social protection expenditures and their development, with a section on social coverage and distribution between the public and private sectors.

Given the importance of social assistance systems and social safety nets in bridging social coverage gaps and reducing the impact of poverty, want, and lack of job opportunities for various groups, which do not enjoy the right to social security, the last chapter of the paper will attempt to provide an overview of the situation, despite the lack of updated and comprehensive statistics and quantitative or qualitative data related to such programs in World Bank data on Arab countries.

Each Table will be followed by the sources of information and related key definitions, followed by some comments and conclusions, through a quick analysis of the data provided in a bulleted style to facilitate reading and focusing on what is essential.

## Chapter One: Global Data and Human Development Indicators:

### 1. Population, GNI, and Per Capita Income

Table 1: Population, GNI, and GNI Per Capita							
Income Bracket	Country In millions	Population		GNI		GNI Per Capita in US\$ (cur- rent rates	
		%	Current US\$ (in millions	%			
High income countries Kuwait UAE KSA Bahrain Oman Total sample	Qatar	2,169	0.59	202.500	7.24	93,361	
		3,369	0.91	183.200	6.55	54,378	
		9,346	2.53	383.800	13.72	41,066	
		28,830	7.80	745.300	26.63	25,852	
		1,332	0.36	32.790	1.17	24,617	
		3,632	0.98	80.570	2.88	22,183	
		48,678	13.16	628 1 160	58.18	33,448	
Middle income countries	Upper tier	Libya	6,202	1.68	75.460	2.70	12,167
		Lebanon	4,467	1.21	44.350	1.58	9,928
		Iraq	33,420	9.04	222.900	7.97	6,670
		Algeria	39,210	10.60	210.200	7.51	5,361
		Jordan	6,459	1.75	33.680	1.20	5,214
		Tunisia	10,890	2.94	47.130	1.68	4,328
		Total Sam- ple	100,648	27.22	633.720	22.65	6,296
	Lower tier	Egypt	82,060	22.19	272.000	9.72	3,315
		Morocco	33,010	8.93	104.400	3.73	3,163
		Palestine	4,170	1.13	10.240	0.37	2,456
		Syria	22,850	6.18	40.410	1.44	1,768
		Total sam- ple	142,090	38.43	427.050	15.26	3,005
Low income countries Djibouti Yemen Mauritania Comoros Somalia Total sample	Sudan	37,960	10.27	66.550	2.38	1,753	
		0,873	0.24	1.456	0.05	1,668	
		24,410	6.60	35.950	1.28	1,473	
		3,890	1.05	4.163	0.15	1,070	
		0,735	0.20	0.657	0.02	894	
		10,500	2.84	0.917	0.03	87	
		78,368	21.19	109.693	3.92	1,400	
Arab countries		369,784	5.11	2,798,623	3.79	7,568	
World		7,243,000	100	73,870,000	100	10,199	

Source: World Bank website: [www.data.worldbank.org](http://www.data.worldbank.org), statistics by country.

## Definitions According to International Standards:

- Low-income countries: Countries with a GNI per capita of \$976 or less.
- Middle-income countries are divided into two tiers:
  - Lower tier: Countries with a GNI per capita of more than \$976 but less than \$3,865.
  - Upper tier: Countries with a GNI per capita of more than \$3,866 but less than \$11,905.
- High-income countries: Countries whose GNI per capita exceeds \$11,905.

## Comments:

According to World Bank statistics in 2013, this highlights the following:

- The population of Arab countries representing 5.11% of the world's population, but the overall GNP of Arab countries represents only 3.79% of the world's total output.
- The average per capita GNI in Arab countries is \$7,568, about three-quarters of the global average (74.2%) estimated at \$10,199.
- Vast discrepancies exist between the various Arab countries in this regard. The six countries belonging to the high-income bracket (Qatar, Kuwait, UAE, Saudi Arabia, Oman, and Bahrain), with only 13.16% of the overall population of the region, produce 58.18% of total Arab GNI. In contrast, the six countries in the low-income bracket (Yemen, Sudan, Mauritania, Djibouti and Comoros, Somalia), with a population of more than 21.19% of the total population in the region, only share 3.92% of the Arab GNI.
- GNI per capita between income brackets ranges between \$33,448 for high-income countries and \$1,400 for low income ones (a 24-fold difference). The average is \$6,296 for upper-middle income countries (Libya, Lebanon, Iraq, Algeria, Jordan, and Tunisia) and \$3,005 for lower-middle income countries (Egypt, Morocco, Palestine, and Syria).

However, the table highlights a deeper discrepancy, in comparison between countries. For example, the GNI per capita in Qatar is 104 times that in Djibouti.

This demonstrates the weakness of the region's contribution to the production of wealth compared to the size of its population and their proportion globally, in addition to the discrepancies among Arab countries in the challenges to be tackled to drive and accelerate growth and achieve a more comprehensive development. This should go hand in hand with strengthening, expanding, and improving the efficiency of social protection policies, so as to ensure a decent life for vulnerable and disadvantaged groups and achieve greater social justice.

## 2. Human Development Index

Table 2: Evolution of the Human Development Index between 2010 and 2013			
Indicator Level	Countries	HDI	
		2010	2013
Very High Level	Qatar	0.847	0.851
	KSA	0.815	0.836
	UAE	0.824	0.827
	Bahrain	0.812	0.815
	Kuwait	0.807	0.814
High Level	Libya	0.799	0.784
	Oman	0.78	0.783
	Lebanon	0.759	0.765
	Jordan	0.744	0.745
	Tunisia	0.715	0.721
	Algeria	0.709	0.717
Medium Level	Palestine	0.671	0.686
	Egypt	0.678	0.682
	Syria	0.662	0.658
	Iraq	0.638	0.642
	Morocco	0.603	0.617
Low/weak Level	Yemen	0.484	0.500
	Comoros	0.479	0.488
	Mauritania	0.475	0.487
	Sudan	0.463	0.473
	Djibouti	0.452	0.467
	Somalia	...	...
Average for Arab Countries		0.675	0.682
East Asia and Pacific		0.688	0.703
Latin America		0.726	0.740
South Asia		0.573	0.588
World average		0.693	0.702

Source: "World Report on Human Development 2014: Sustaining Human Progress: Reducing Vulnerability and Enhancing Resilience", UNDP, 2014.

### Definitions:

- The Human Development Index (HDI) is a composite index measuring the average achievement of countries in terms of life expectancy at birth, being knowledgeable, and having a decent standard of living. It is calculated by the UNDP, which publishes global and regional reports on the issue.
- Low human development countries are those with an HDI of less than 0.550.
- Medium human development countries are those with an HDI of 0.600–0.699.
- High human development countries are those with an HDI of 0.700–0.799.
- Very high human development countries are those with an HDI of 0.800.

## Comments:

The following is highlighted by the above table:

- Arab countries, in general, failed to achieve significant progress in human development between the years 2010 and 2013, compared with global figures. The average HDI for Arab countries rose from 0.675 in 2010 to 0.682 in 2013. The 7-point increase is weak in comparison with the global average, which rose by 9 points, or the average for South and East Asia and the Pacific (15) points and Latin America and the Caribbean (14) points).
- The Arab average (0.682) is still lower than the global average (0.702), with a rise of 2 points in the difference to reach 20 points between 2010 and 2013. In the same period, the global mean rose from the low to the middle bracket, where the Arab average remains. The distribution of Arab countries among bracket has not changed and no Arab country has progressed from one bracket to another in those three years.
- The highest increase between Arab countries was registered by Saudi Arabia, with an HDI increase of 21 points, followed by Yemen with 16 points, then Palestine and Djibouti by 15 points, and Morocco by 14.
- On the other hand, Libya and Syria saw a 15 point and 4 point drop in the Index respectively, inevitably as a result of the developments and security situations witnessed by those two countries.
- The HDI ranking of Arab countries is fairly consistent with their income ranking, with the exception of Oman. It belongs to the high-income countries bracket, but still not ranked as a very high HDI country, similar to Iraq, which is in the middle HDI bracket, but considered a high-middle income country. This demonstrates the difficulties entailed in translating economic development and high income into human development, which elevates the status of individuals and groups, in addition to the impact of the security and political situation on the developmental process in general.

**Table 3: World ranking of Arab countries by per capita GNI and HDI**

Income segments	Countries	HDI Ranking	Per Capita GNP Ranking	Difference in rank between HDI and per capita income	Per capita income in dollars 2013 equivalent to purchasing power in 2011
High income countries	Qatar	31	1	-30	119,029
	Kuwait	46	3	-43	85,820
	UAE	40	8	-32	58,068
	KSA	34	12	-22	52,109
	Oman	56	18	-38	42,191
	Bahrain	44	31	-13	32,072

Medium income countries	Upper tier	Libya	55	50	-5	21,666
		Lebanon	65	69	4	16,263
		Iraq	120	77	-43	14,007
		Algeria	93	83	-10	12,555
		Jordan	77	89	12	11,337
		Tunisia	90	93	3	10,440
	Lower tier	Egypt	110	94	-16	10,400
		Morocco	129	115	-14	6,905
		Syria	118	123	5	5,771
		Pales-tine	107	129	22	5,168
Low income countries Sudan Djibouti Mauritania Comoros Somalia	Yemen	154	140	-14	3,945	
	166	143	-23	3,428		
	170	145	-25	3,109		
	161	147	-14	2,988		
	159	169	10	1,505		
Average Arab countries					15,817	
East Asia and Pacific					10,499	
Latin America					13,767	
World average					13,723	

Source: "World Report on Human Development 2014: Sustaining Human Progress: Reducing Vulnerability and Enhancing Resilience", UNDP, 2014. Difference in rank was calculated by the researchers.

#### Comments:

The above table shows that:

- 15 Arab countries of various income brackets are ranked higher in GNI per capita in Purchasing Power Parity (PPP) terms than in the Human Development Index. This is particularly noted in oil-producing countries, which, although topping international rankings in terms of GNI per capita, their rank in terms of human development is relatively low. Qatar, Kuwait, and the UAE, are ranked first, third, and eighth in the world respectively in terms of GNI per capita, while falling in the 31<sup>st</sup>, 46<sup>th</sup>, and 40<sup>th</sup> place respectively in the Human Development Index table. Iraq, Algeria, and Egypt, which belong to the middle-income tier, registered a significant drop in HDI ranking compared to their rank in terms of per capita income.
- This confirms once again the difficulties in translating growth and rising wealth into human development and the advancement of human beings, due to the weakness of social protection policies and the unfair distribution of the fruits of growth, on the one hand, as well as long time required for policies to have a positive impact on some social, professional, demographic, and cultural characteristics.
- It should be noted that although some countries belong to the middle-income tier, their international HDI rankings are ahead of their per capita GDI rank, such as in Palestine, Comoros, and Jordan.
- The following graph illustrates the conformity of the two rankings. Countries closer to the line have almost similar rankings. Countries below the line have a better HDI ranking than

in income. Countries located above the line have a level of human development, which is inconsistent with their economic capacities, which is the situation of most Arab countries (16).

Figure 1: International ranking of Arab countries according to HDI and GNI per capita in PPP terms

Source: Based on data provided by “World Report on Human Development 2014: Sustaining Human Progress: Reducing Vulnerability and Enhancing Resilience”, UNDP, 2014.

### 3. Poverty Rates

Table 4: Poverty Rates in the Arab World			
Country	US\$2 (PPP) daily	US\$1.25 (PPP) daily	Year
Comoros	65.0	46.1	2004
Djibouti	41.2	18.8	2002
Egypt	15.4	1.7	2008
Mauritania	47.7	23.4	2008
Morocco	14.0	2.5	2007
Sudan	44.1	19.8	2009
Tunisia	4.3	1.1	2010
Iraq	21.4	2.8	2007
Jordan	1.6	0.1	2010
Palestine	0.3	0.0	2009
Syria	16.9	1.71	2004
Yemen	46.6	17.5	2005

Source: ILO data based on the World Bank statistical database.

#### Definitions:

- Poverty rate: The number of people whose per capita income or spending does not exceed the line of poverty specified at a time of reference. International organizations adopt two lines of poverty:
  - \$1.25 PPP daily, considered the extreme poverty line.
  - \$2 PPP daily as the poverty line.

#### Comments:

Poverty is considered one of the most prominent facets and causes of vulnerability and they mutually feed of each other. Despite precautions regarding the measurement of poverty rates or the available data, whose credibility is doubted by many, they are presented as they appear in the databases of relevant international organizations, despite being inconsistent in terms of year and availability. The 2014 World Human Development Report only provides this data, in addition to poverty rates by calculating the population living below the national poverty line defined by each country in only four countries. They are Djibouti, Egypt, Mauritania, and Palestine with rates of 18.8%, 25.2%, 42%, and 21.9% respectively. These figures vary significantly from percentages calculated on the basis estimating the poverty line at two dollars a day in Palestine, for example (21.9% versus 0.3%).

The following could be deduced from this data:

- Poverty rates remain very high in low-income Arab countries: Comoros with 65%, Mauritania with 47.7%, Yemen with 46.6%, Sudan with 44.1%, and Djibouti with 41.2%.
- As for middle-income countries, despite Iraq's classification in the upper-middle income bracket, its rates of poverty (23.6% and 21.4% respectively) are much higher than lower-middle income countries, which range between 16.9% in Syria, 15.4% in Egypt, and 14% in Morocco. Palestine, on the other hand, belongs to the same bracket but registers a poverty rate estimated 0.3%.

Soaring poverty rates in most Arab countries highlight the importance of challenging this menace to our communities, to accelerate the pace of growth, improve its operational content, and enforce redistributive policies, on one hand. On the other hand is the development and implementation of programs aimed to improve the capacities of poor individuals and households and provide the elements of their integration into active life, including opportunities to save them from the cycle of destitution and deprivation. This also raises the question of providing the necessary funds for social safety nets and financial or in-kind assistance programs to mitigate the impact of want, destitution, and malnutrition on vulnerable groups, who are unable to work or care for themselves.

#### 4. Life Expectancy at Birth, Health-Adjusted Life Expectancy at Birth, Life Expectancy at Age 60

Table 5: Life Expectancy in the Arab World							
Countries	(Life expectancy at birth (years)			Health adjusted life expectancy at birth ((years	Life expectancy at 60 years (of age (years		
	Male	Female	Average		Male	Female	Average
Qatar	79	80	79	68	22	22	22
Kuwait	78	79	78	68	21	21	21
UAE	76	78	76	67	19	20	20
KSA	74	78	76	65	18	21	19
Oman	74	78	76	66	19	22	20
Bahrain	76	78	77	66	19	23	20
Libya	73	77	75	64	18	21	20
Lebanon	78	82	80	69	21	25	22
Iraq	66	74	70	54	16	20	18
Algeria	70	73	72	62	17	19	18
Jordan	72	75	74	64	18	20	19
Tunisia	74	78	76	66	19	22	21
Egypt	69	74	71	61	16	19	17
Morocco	69	73	71	61	17	19	18
Syria	62	76	68	59	18	22	19
Palestine	...	...	...	...	...	...	...
Yemen	62	65	64	54	15		16
Sudan	61	65	63	53	17	18	17
Djibouti	60	63	61	52	15	17	16
Mauritania	61	65	63	53	16	17	16
Comoros	60	63	62	53	15	17	16

Somalia	51	55	53	45	15	17	16
Low income countries	60	63	62	53	16	18	17
Medium income countries ((lower strata	64	68	66	57	16	19	17
Medium income countries ((upper strata	72	76	74	66	18	21	20
High income countries	76	82	79	70	21	25	23
The world	68	73	70	62	18	21	20

Source: World Health Statistics 2014, WHO (figures based on 2012 data).

#### Comments:

The life expectancy at birth is one of the key indicators of the evolution of health and living standards in various countries. The table shows that:

- Life expectancy in high-income Arab countries is inconsistent with the average global life expectancy at birth for this category of countries (79 years), except for Qatar. And according to the gender-based distribution rate, the rich Arab countries score lower figures compared to the global average for the same type of countries (82 years) . The difference between the local average and the global average for this type of countries ranged between 2 years in Qatar and 4 years in Oman.
- In middle-income countries, the significant level achieved by Lebanon is worth highlighting, where life expectancy at birth is at 80 years, exceeding the global average for high-income countries. Life expectancy at birth for women in Lebanon, on the other hand, is equal to the global average for high-income countries.
- Both Tunisia and Libya also exceed the average for their category by 2 years and 1 year respectively, while Jordan registers a figure equal to the global average for its category. In contrast, life expectancy in Iraq is lower by four years than the average for upper-middle income countries, followed by Algeria with a negative difference of two years.
- For lower-middle income countries, life expectancy in Egypt, Morocco, and, to a lesser extent, Syria exceeded the global average for this category by three years and one year.
- The lowest income countries, such as Yemen, Sudan, and Mauritania recorded higher rates than the global average for their tier by one or two years. In the Comoros, life expectancy equaled the average for this tier (62 years). However, Djibouti and Somalia remained below this level, by one year and nine years respectively.
- Life-adjusted life expectancy, on the other hand, highlights the significant differences between Arab countries and the health situation therein. The average for 11 Arab countries is equal to or higher than the global average by 1 to 6 years (Kuwait, Qatar). However, in Morocco and Egypt, it is lower by 1 year, in Syria by 3, in Iraq and Yemen by 8, in Mauritania, Sudan, and the Comoros by 9, and in Djibouti and Somalia by 10 whole years.
- As for life expectancy at 60 years, which provides evidence for improvement in the health

situation, it is also an indicator of the length of old age and the challenges posed in social protection, such as health coverage, income guarantees, and social care for the elderly. In this regard, the table points to only four countries where life expectancy at 60 exceeds the global average: Lebanon, Qatar, Tunisia, and Kuwait. On the other hand, four countries – Oman, Bahrain, UAE, and Libya – are on par with the global average. However, the remaining countries, representing more than 90% of the Arab world population, remain below the average, ranging between 1 year and 4 years in Comoros, Somalia, and Djibouti.

- The table also shows that the difference in life expectancy at 60 years between women and men shrinks in comparison to what it was at birth in all Arab countries except Bahrain, where the difference increased from two to four years. The decline is notably significant in Syria and Iraq, as a result of the security situation in both countries, followed by Mauritania, Sudan, and to a lesser extent, Morocco and Egypt. This explains to a large extent the maternity and reproductive health care gap in the Arab region.

## 5. Child and Maternal Mortality Rates in the Arab Countries

Country	Mortality rate for children under 5 years per 1000 live births	Maternal mortality rate per 100 thousand births
Qatar	8	7
Kuwait	12	14
UAE	7	12
KSA	14	24
Bahrain	10	20
Oman	10	32
Libya	18	58
Lebanon	10	25
Iraq	35	63
Algeria	34	97
Jordan	21	63
Tunisia	19	56
Egypt	27	66
Morocco	35	100
Palestine	24	...
Syria	19	70
Sudan	89	730
Djibouti	91	200
Yemen	79	200
Mauritania	111	510
Comoros	96	280
Somalia	139	1000
Arab countries	40	171
Latin America and the Caribbean	25	80
South and East Asia	32	150
World	55	210
Developed countries	7	16
Developing countries	61	240

Source: Social Protection Database – ILO.

## Comments:

- The data in the table indicates a low mortality rate for children under 5 years in Arab countries, compared with the global average (40 versus 55), it remains higher than in Latin America and the Caribbean (25) and South and East Asia (32). However, the average per capita income in Arab countries is higher than the average income in these two the two regions. This highlights another aspect of the shortcomings and weak performance of child health care in the Arab region.
- The table indicates a considerable disparity between high-income and low-income countries. The ratio ranges between 7 per thousand in the UAE, which equals the global average for high-income countries, and 139 per thousand in Somalia. The figure exceeds the international average in the low-income bracket (61 per thousand) in Somalia, Mauritania, Comoros, Djibouti, Sudan, and Yemen.
- Maternal mortality rates during birth are almost equal in three countries, which registered levels even lower than advanced countries (16 mortalities per 100 thousand live births) in Qatar (7 out of 100 thousand), UAE (12), and Kuwait (14). The Arab average is around 171 maternal mortalities per 100 thousand births, compared to the global average of 210. However, it remains higher than in Latin America and the Caribbean (80) and South and East Asia by 20 points.
- A significant gap remains between rich and lower-income Arab countries, reaching alarming levels in the Comoros, Mauritania, Sudan, and Somalia in particular, with 1,000 mortalities for each 100,000 live births.

The above indicators highlight the magnitude of the challenges facing these countries in improving the health of mothers and children – one of the key pillars of human development – and its entailing financial allocations and human capacities, which could exceed their own capabilities.

## Chapter Two: Demographic and Social Indicators:

### 1. Dependency Rates

Table 7: Dependency Rates in the Arab World												
Income Brackets by Countries and Groups		Social Dependency Rate		Child Dependency Rate		Elderly Dependency Rate						
Income Brackets		Countries	2010	2030	2010	2030	2010	2030				
High Income Countries Kuwait UAE Saudi Arabia Oman Bahrain		Qatar	17.4	18.7	16.1	13.6	1.3	5.1				
			37.7	35.7	34.7	30.3	3.0	5.4				
			16.5	16.1	16.2	14.0	0.4	2.1				
			50.8	36.0	46.3	26.1	4.5	9.9				
			42.7	31.9	39.1	26.1	3.6	5.7				
			28.0	29.2	25.4	20.8	2.6	8.5				
Middle Income Countries		Upper Tier		Libya	51.6	43.1	44.6	31.1	6.9	12.0		
				Iraq	80.5	61.3	74.4	55.1	6.1	6.2		
				Algeria	46.7	47.3	39.8	36.1	6.9	11.2		
				Lebanon	47.4	48.6	34.9	26.3	12.5	22.3		
				Jordan	62.6	50.9	57.0	42.2	5.5	8.7		
				Tunisia	43.8	49.2	33.8	29.4	10.0	19.9		
				Lower Tier		Egypt	58.7	52.2	50.0	40.1	8.7	12.1
						Morocco	49.6	50.9	42.1	36.9	7.5	14.1
						Syria	65.2	51.8	59.0	41.6	6.2	10.2
						Palestine	81.3	61.6	76.3	54.7	5.0	6.8
Low Income Countries Sudan Djibouti Mauritania Comoros Somalia		Yemen	80.8	56.1	75.8	50.5	4.9	5.6				
			82.5	65.6	76.7	58.9	5.7	6.7				
			60.9	54.2	54.9	44.9	5.9	9.3				
			77.6	65.9	72.0	59.0	5.6	6.9				
			82.2	67.6	76.9	61.3	5.3	6.3				
			102.1	86.6	96.4	81.3	5.7	5.4				
All Arab Countries			61.6	52.2	55.0	42.3	6.6	9.9				
Southeast Asia			50.8	47.7	42.5	32.5	8.3	15.2				
World			52.2	54.0	40.5	36.2	11.7	17.8				
Most Developed Countries			48.1	62.8	24.3	26.3	23.8	36.6				
Least Developed Countries			53.2	52.5	44.2	37.9	8.9	14.6				

Source: ILO Statistics - Social Protection Database - "World Social Protection Report 2014-2015: Building economic recovery, inclusive development and social justice" - UN DESA "World Population Prospects: The 2012 Revision"

## Definitions:

- Social Dependency Rate is the ratio of population under 15 or over 65, in comparison with the population in the labor force (15-64 years). It is the sum of the ratio of child dependency and old-age dependency. A high ratio indicates a major burden of children and elderly falling on the population in active age.

## Comments:

- In 2010, the overall dependency ratio in the Arab region registered high figures in comparison with the global average (estimated at 52.2%), albeit with disparities between countries.
- In the lowest income countries, the ratio ranged between 60.9% in Djibouti and 102.1% in Somalia. In middle-income Arab countries this percentage ranged between 43.8% in Tunisia and 81.3% in Palestine. In high-income Arab countries, on the other hand, the ratio was relatively moderate in Saudi Arabia, low in Oman and Kuwait, and very low in Bahrain, Qatar, and UAE.
- Child dependency ratios, however, seem higher overall, reaching 55% versus the global average of 40.5%, which indicates the high burden of the child population on the population in the active age. This ratio ranged between 54.9% and 96.4% in the low-income Arab countries, between 33.8% and 76.3% in middle-income countries, and between 16.1% and 46.3% in high-income Arab countries.
- Old-age dependency in the Arab region appears to be relatively low, with the exception of Lebanon and Tunisia, respectively 12.5% and 10%. It registers very low figures in oil-rich Gulf countries, not exceeding 0.4% in the UAE, due to number of working-age foreign labor in those countries.
- The 2030 prospects indicate a decline of 9.4 points regarding the overall dependency ratio in the Arab countries, compared to a 1.8-point in the global average. The decline will occur in child dependency, estimated at 12.7 points, which is offset by a 3.3-point rise in old-age dependency.
- This data demonstrates that the burden on the working-age population in the Arab countries could be considered heavy, easing gradually in relation to children, but with an increasing old-age dependency. In some countries like Lebanon and Tunisia, the old-age dependency ratio is witnessing a notable increase; 2030 prospects indicate a rise close to the level of developed countries registered in 2010.
- This upward trend for old-age dependency rates poses several problems related to social protection for this segment of citizens, particularly in health care and income security. This is in addition to securing the financial balance of insurance schemes, whose burdens fall on working-age population fully, such as under distributive systems, or partially, in the case of social assistance.

## 2. Workforce Participation Rate

**Table 8:** Active Population, Labor Force, and Labor Force Participation rates

Country	Gender	Labor Force	Active Population	Participation Rate
		2011	2011	2011
Algeria	Total	10661.0	26650	40.1
	Men	8776.0	13359	65.7
	Women	1885.0	13194	14.3
Bahrain	Total	671.3	945	71.0
	Men	530.3	614	86.4
	Women	141.0	331	42.6
Egypt	Total	26529.1	54287	48.9
	Men	20540.6	27623	74.4
	Women	5988.5	26664	22.5
Kuwait	Total	2166.9	2819	76.9
	Men	1541.2	1766	87.3
	Women	625.7	1053	59.4
Libya	Total	1882.5	3942	47.8
	Men	1235.5	2026	61.0
	Women	646.9	1916	33.8
Morocco	Total	11537.6	23469	49.2
	Men	8458.0	11384	74.3
	Women	3079.5	12085	25.5
Qatar	Total	1277.4	1473	86.7
	Men	1119.3	1169	95.7
	Women	158.2	304	52.0
Saudi Arabia	Total	10544.1	19832	53.2
	Men	8932.4	11677	76.5
	Women	1611.7	8155	19.8
Syria	Total	5530.8	12953	42.7
	Men	4696.4	6507	72.2
	Women	834.4	6446	12.9
Tunisia	Total	3844.6	8038	47.8
	Men	2817.9	3969	71.0
	Women	1026.7	4069	25.2
Palestine	Total	1072.2	2997	35.8
	Men	868.8	1519	57.2
	Women	203.4	1478	13.8
Total Arab Countries	Total	75717.5	156677	48.1
	Men	59516.4	81309	72.9
	Women	16201.0	75368.0	21.4

Source: The researchers calculated the rate of Arab countries based on the ILO's online database: [www.ilo.org/ilostat](http://www.ilo.org/ilostat). The year 2011 was chosen to provide information on most of the countries listed; for those whose data was unavailable for that year, it was substituted with that of 2010 or 2012.

#### Definitions:

- Population in the active age (or working age): For the purposes of international comparison, the working age population comprises those over 15 years old. In addition to the minimum age threshold, some countries also adopt an upper limit – usually 65 years, which will be utilized for the purposes of this document.
- Labor Force (Workforce): The labor force comprises all persons in the working age providing their labor to produce goods and services (as defined by the UN System of National Accounts (SNA)) during a specified period of time. It is an indicator of the number of working age population, both employed and unemployed.
- Labor Force Participation Rate: The percentage of the employed labor force compared to the active population in a particular period of time.

#### Comments:

- The Arab region registered the weakest rate globally in this regard, both in terms of overall ratio and ratios related to men and women.
- The average labor force participation rate in Arab countries is less than half of the working age population (48.1%) compared to a global average of 69.2%. While the Arab average for men is 8.9 points higher than the global average, the difference for women is 34.8 points.
- Although the average participation for men globally is 25.6 points higher than women and 26.1 points higher in Latin America and the Caribbean, it almost doubles in Arab countries, reaching 51.1 percentage points. This represents one of the aspects of discrimination and exclusion suffered by women in the Arab region in employment and, consequently, in social protection.
- The comparison between the Arab countries indicates a participation rate ranging from 86.7% in Qatar to 35.8% in Palestine. The only other countries exceeding the global average, in addition to Qatar, are Kuwait and Bahrain.
- Participation by women, on the other hand, ranges from 59.4% in Kuwait to 12.9% in Syria, with only Kuwait registering higher than the global average. The difference in labor force participation ratios between men and women ranges between 59.3 points in Syria and 27.2 points in Libya.
- The above statistics are an indicator of the weak participation of the population, especially women, in the labor force, which deprives the economy from an important part of its capacity, imposes the heavy burden of an inactive population on the working population, and increases the severity of social protection challenges, as a result of the high dependency ratios indicated in the item above.

#### Figure 2:

Source: Based on the ILO "World of Work Report 2014, "Developing with Jobs"; overall average for Arab countries calculated by researchers.

### 3. Unemployment Rates

**Table 9: Unemployment Rates in Arab Countries**

Country	Men		Women		Total	
	2010	2012-2013	2010	2013-2012	2010	2012-2013
Qatar	0.1	0.1	1.9	2.8	0.3	0.5
Kuwait	1.4	2.9	2.8	4.9	1.8	3.6
Bahrain	0.4		3.7		3.7	3.9
UAE	2.4		10.8		4.2	
Saudi Arabia	3.5	2.8	15.9	21.4	5.4	5.7
Lebanon					6.4	
Morocco	8.9	9.0	9.6	9.4	9.1	9.1
Algeria	8.1	8.4	19.1	17.2	10.0	10.0
Jordan	10.4	10.6	21.7	22.1	12.5	12.6
Egypt	4.9	9.8	22.6	25.1	9.0	13.3
Syria	5.7	10.4	22.5	37.1	8.4	14.9
Iraq	14.4		19.6		15.3	
Tunisia	10.9	13.4	18.9	22.9	13.0	16.0
Palestine	23.1	19.7	26.7	35.6	23.7	22.7
Mauritania	23.9		44.0		31.2	
Average Arab Countries	7.6	8.8	18.8	21.7	9.9	11.3

#### Definitions:

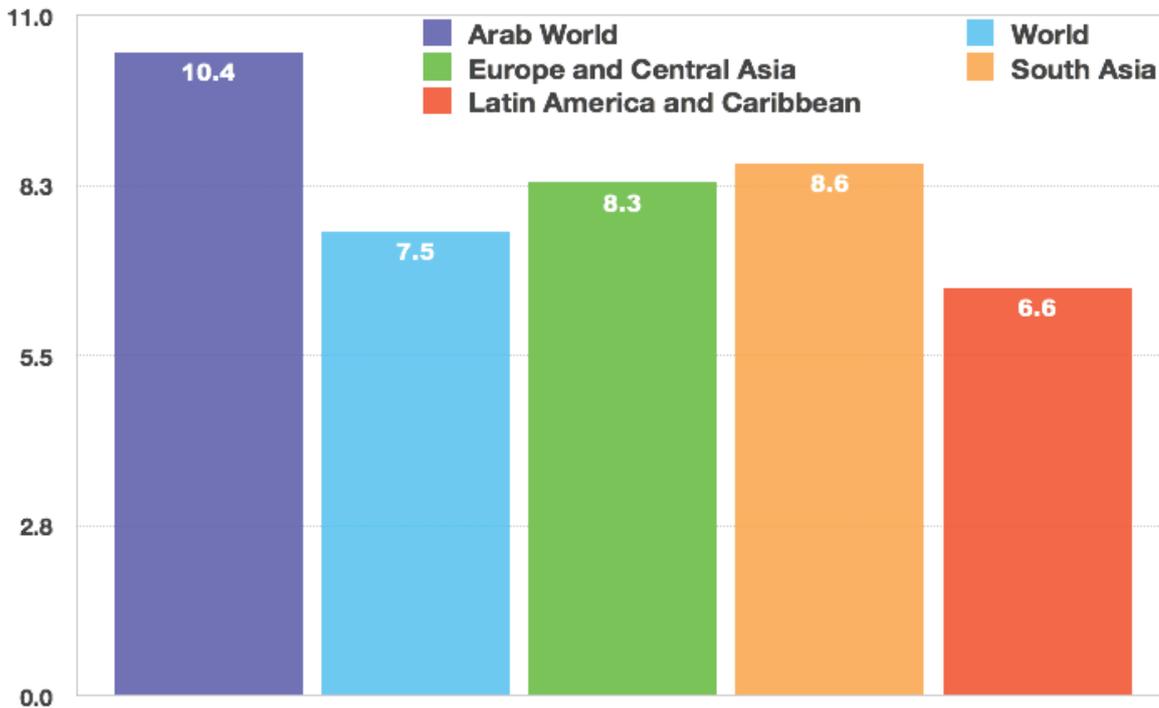
- Unemployment: The term “unemployed” refers to all persons of working age who were:
  - without work during the reference period, i.e., they did not receive wages or were not self-employed,
  - willing to perform paid work or be self-employed during the reference period,
  - looking for work, any paid employment or self-employment, and took specific steps in a certain period close to the search.

For the purposes of international comparisons, the search-for-work period is defined in many cases as four weeks before the survey, but varies for some countries.

The term “active steps to seek work” may include registration at a public or private employment exchange; application to employers; checking at worksites, farms, factory gates, market or other assembly places; placing or answering newspaper advertisements; seeking assistance of friends or relatives; looking for land, building, machinery or equipment to establish own enterprise; arranging for financial resources; applying for permits and licenses, etc.

- Unemployment Rate: Calculated by dividing the figures of unemployed by the total labor force in the same period.

Figure 3: Average Unemployment in Selected Regions



Source: Authors' calculations based on the Global Human Development Report 2014, "Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience", UNDP.

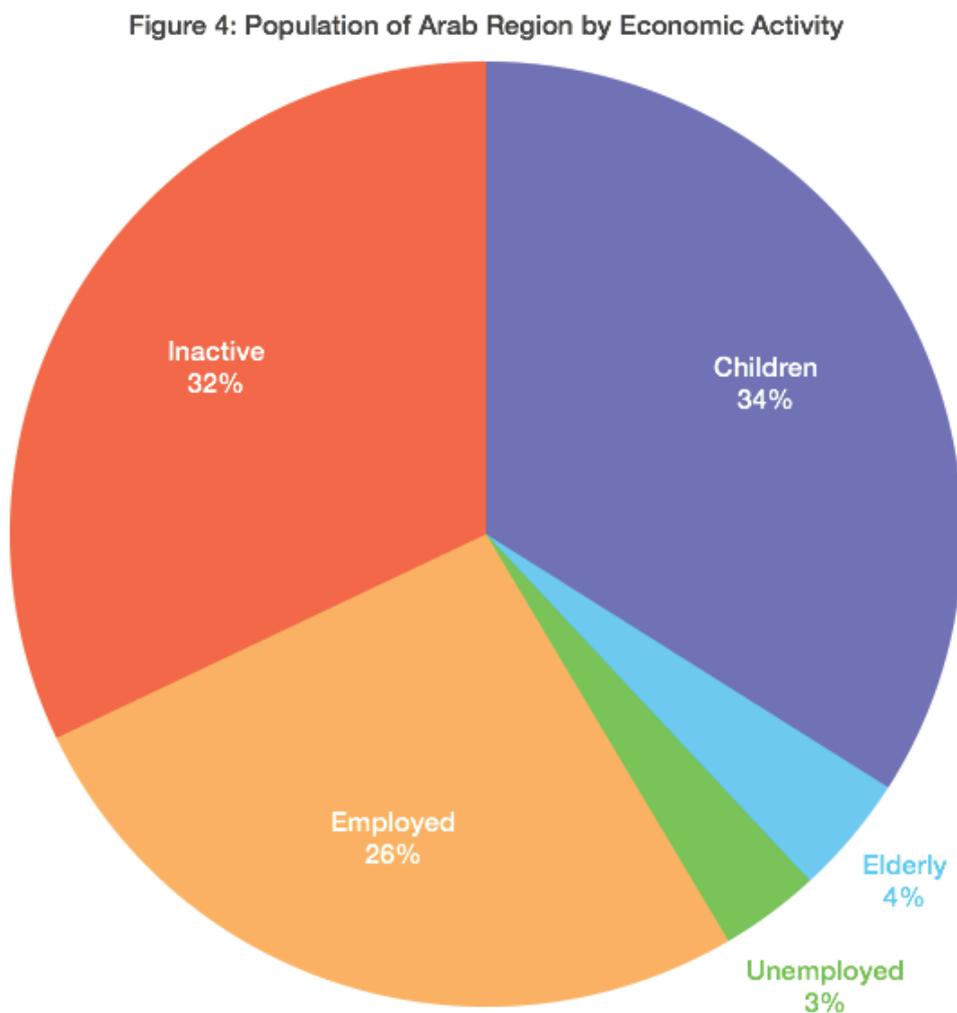
Comments:

- Unemployment rates in the Arab world are the highest in comparison with the international average and other groups of countries. According to the latest available data in the Global Human Development Report 2014, it reached 10.4% between 2010 and 2013, compared to a global average of 7.5% and 8.6% in South Asian countries, 8.3% in Europe and Central Asia, and 6.6% Latin America and the Caribbean.
- Unemployment rates in the Arab countries, according to available statistical data, are relatively high in places like Mauritania (31.2%), Palestine (22.7%), Tunisia (16%), Syria (14.9%), Egypt (13.3%), and Jordan (12.6%). These figures are higher than the Arab average calculated for the years 2012 - 2013, which is estimated at 11.3%.
- These figures also show an increase in the rate between 2010, on one hand, and 2012-2013, on the other, in each of Syria, Egypt, and Tunisia, with 6.5, 4.3, and 3 points respectively, which could be the result of Arab revolutions and political and security instability in those countries.
- In contrast, the oil-producing countries of the Arab Gulf recorded low levels of unemployment, ranging from 5.7% in Saudi Arabia to 0.5% in Qatar.
- In terms of unemployment among women, the average rate for Arab countries was estimated at 21.7% during the same period, from 2012 to 2013, with an estimated difference of 12.9 points compared to men. The highest unemployment rates for women are in Syria (37.1%), Palestine (35.6%) Egypt (25.1%), Tunisia (22.9%), Jordan (22.1%), and Saudi Arabia (21.4%).
- The widest discrepancies between men and women in unemployment rates occur in Syria with 26.7% and Saudi Arabia with 19.6%. In contrast, the difference is very small in Qatar (2.7%) and Morocco (0.4%).
- The above indicators demonstrate that reducing unemployment, one of the leading causes of poverty and destitution, and mitigating its effects on the economy and society re-

mains a top priority. The data also indicates that unemployment increases burdens on the working population and the severity of pressures inflicted on social protection and budgets of countries in the Arab region, especially in the almost complete absence unemployment benefits.

The following graph illustrates that, due to the high dependency ratios, low participation rates, and high unemployment, the ratio of economically active to the total population in the Arab region is estimated at 26.4%.

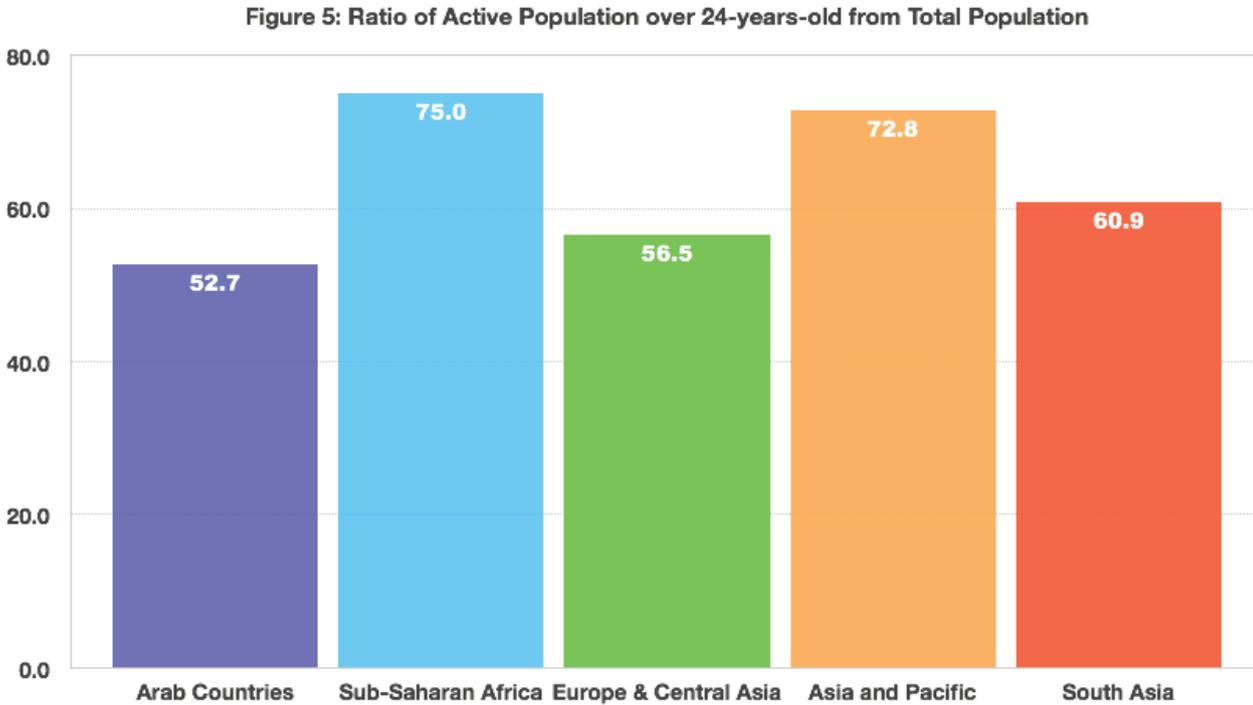
**Figure 4:** Population of Arab Region by Economic Activity



Source: Calculated by the researchers based on dependency ratios, participation rates, unemployment rates, and the total population, mentioned in the preceding tables. It includes the segment of inactive persons in working age who are outside the labor force.

The following graph shows that the ratio of employed population aged 24 and above, out of the total population, is also the lowest, in comparison with various other groups of countries. Despite its significance, the gap in this age group (over 24) remains less severe. This may be due to high rates of young people under 24 in the Arab countries that do not participate in the labor force or are unemployed.

**Figure 5: Ratio of Active Population over 24-years-old from Total Population**



Source: Global Human Development Report 2014, “Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience”, UNDP.

## 4. Vulnerable Employment

Table 10: Vulnerable Employment Rates in Arab Countries

Country	Year	Men	Women	Overall
Qatar	2012	0.3	0.0	0.2
UAE	2009	1.0	0.5	1.0
Bahrain	2010	2.2	1.2	1.9
Kuwait	2011	2.7	1.4	2.2
Saudi Arabia	1992	6.6	1.8	6.0
Jordan	2012	11.1	2.3	9.7
Egypt	2010	17.7	44.9	23.1
Palestine	2012	24.9	35.2	26.7
Tunisia	2012			29.0
Algeria	2011	30.6	24.2	29.5
Yemen	2011	32.5	40.5	30.2
Syria	2011	35.3	16.0	33.0
Lebanon	2009	38.4	19.0	33.9
Djibouti	1996	26.6	67.7	41.2
Sudan	2009			46.0
Morocco	2011	46.8	65.1	52.1
Average Arab Countries		20.4	27.3	28.5

Source: ILO Statistics - [www.ilo.org/laborstat](http://www.ilo.org/laborstat)

### Definitions:

- Vulnerable Employment Ratio: Calculated by adding the percentage of self-employed and family-employed labor compared to the working population.
- Self-employed: Workers who work on their own behalf or with one or several partners in jobs directly linked to profit from the production of goods or the provision of services (with self-consumption is calculated part of the profit) and who did not employ another person continuously throughout the period in question.
- Family assistants: Persons who are employed for personal gain in a market-oriented firm run by a member of the family and who cannot be considered partners, since their obligations towards the organizations are not executive.

### Comments:

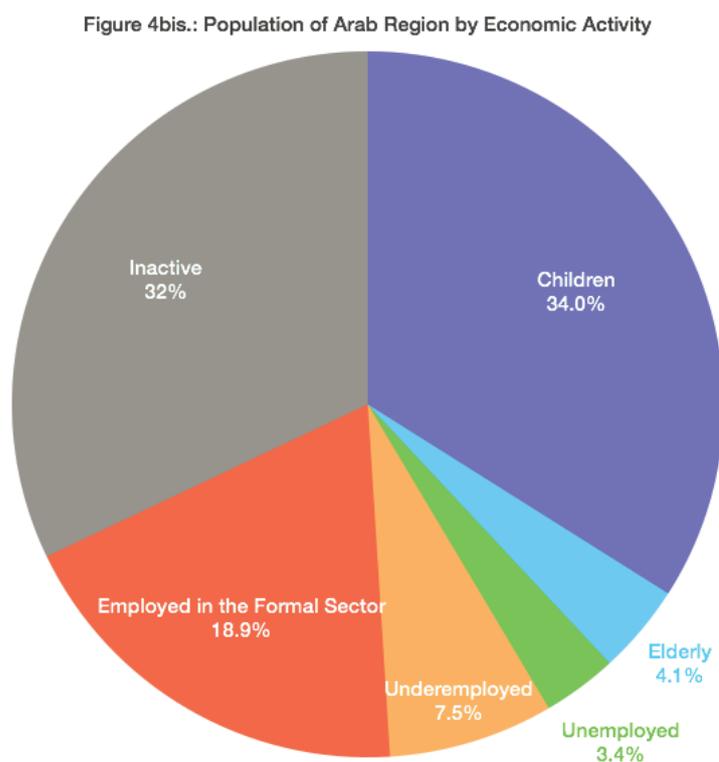
- Vulnerable employment in Arab countries is estimated at 28.5%, based on national figures obtained in different years and sometimes without gender distribution.
- Arab countries for which data is available can be divided into 3 groups:
  - Countries with very high vulnerable employment rates, exceeding one third of the working-age population: Morocco (52.1%), Sudan (46%), Djibouti (41.2%), and Lebanon (33.9%). Compared with unemployment, where information is available, Morocco and Lebanon register low unemployment figures (9.1%), but

with a severe rate of vulnerable employment, pointing to the size of the informal sector in both countries.

- Countries with high vulnerable employment rates, ranging between 30.2% and 23.1%: Yemen, Algeria, Tunisia, Palestine, and Morocco.
  - Countries with lower vulnerable employment rates: Jordan (9.7%) and Saudi Arabia (6%) followed by Bahrain, UAE, and Qatar with less than 2%.
- Vulnerable employment for women in the countries mentioned in the table (discounting Tunisia and Sudan who do not provide statistics by gender) is estimated at 27.3%. However, comparing between countries indicates deep disparities, with ratios ranging from a high of 67.7% in Djibouti and 65.1% in Morocco to a low of 0.5% in UAE.
- Despite gaps in the data, the statistics indicate significant unemployment in the informal sector in the Arab region, which usually does not comprise the elements of decent work and social protection. This increases the severity of challenges related to social protection systems, particularly in terms of expanding coverage and its universality, in addition to the burdens imposed on workers in the formal sectors, whose proportion does not exceed 18.9% of the total population.

Taking this fact into account, the previous graph becomes as follows, indicating that less than a fifth of the population are employed in the formal sector and are supposed to be provided with adequate social coverage and share the responsibility in caring for the rest of society:

**Figure 4bis.:** Population of Arab Region by Economic Activity



## 5. Migrants and Refugees

Table 11: Migrants and Refugees in Arab Countries

Country	Number of Refugees in the Country ((2013	Ratio of total refugees in Arab Countries	Ratio of Refugees from Total Population	Number of Migrants residents in the country (2010)	Ratio of total Migrants in Arab Countries	Ratio of Migrants from Total Population
Mauritania	92,767	3.36	2.38	99,229	0.38	2.55
Morocco	1,470	0.05	0.00	49,098	0.19	0.15
Algeria	94,150	3.41	0.24	242,324	0.94	0.62
Tunisia	730	0.03	0.01	33,591	0.13	0.31
Libya	25,561	0.92	0.41	682,482	2.64	11.00
Egypt	230,086	8.32	0.28	244,714	0.95	0.30
Sudan	159,857	5.78	0.42	753,447	2.92	1.98
Somalia	2,425	0.09	0.02	22,843	0.09	0.22
Djibouti	20,015	0.72	1.37	114,147	0.44	7.79
Comoros		0.00	0.00	13,526	0.05	1.84
Jordan	641,915	23.22	9.94	2,972,983	11.50	46.03
Palestine		0.00	0.00	1,923,808	7.44	46.13
Lebanon	856,546	30.98	19.17	758,167	2.93	16.97
Syria	149,292	5.40	0.65	2,205,847	8.54	9.65
Iraq	246,298	8.91	0.74	83,380	0.32	0.25
Kuwait	635	0.02	0.02	2,097,527	8.12	62.26
Bahrain	294	0.01	0.02	315,403	1.22	23.68
Qatar	130	0.00	0.01	1,305,428	5.05	60.19
UAE	603	0.02	0.01	3,293,264	12.74	35.24
Saudi Arabia	559	0.02	0.00	7,288,900	28.20	25.28
Oman	138	0.00	0.00	826,074	3.20	22.74
Yemen	241,288	8.73	0.99	517,926	2.00	2.12
Arab Countries	2,764,759	23.62	0.75	25,844,108	11.98	6.98
World	11,703,179	100	0.16	215,763,573	100	2.98

Source: Refugee figures from UNHCR data, migrant figures from World Bank's "Global Bilateral Migration Database - 2010 estimates".

### Definitions:

- Migrant: According to the "Media Friendly Glossary on Migration" published by UNAOC and Panos Europe, there is no internationally recognized definition of migrants. The International Federation of Red Cross and Red Crescent Societies' policy on migration

describes migrants as people who leave or flee their places of habitual residence to go to a new place, across international borders or within their own state, to seek better or safer perspectives.” Migrants and refugees are two different categories and for the purposes of this paper, the term migrant will apply to migration across international borders.

- Asylum-seeker: An asylum-seeker is an individual who has crossed an international border and is seeking international protection. In countries with individualized procedures, an asylum-seeker is someone whose claim for asylum has not yet been finally decided on by the country where it was submitted.
- Refugee: A refugee is a person who meets the eligibility criteria under the applicable refugee definition, as provided for in international or regional refugee instruments, under the UNHCR’s mandate, and/or in national legislation.

#### Comments:

- According to UNHCR figures and without considering Internally Displaced Persons (IDPs), Arab countries were hosting 2,764,759 refugees by the end of 2013, or 23.6% of the global refugee population and around 0.75% of the total population of Arab countries.
- However, these figures do not reveal the great burden imposed on some countries like Lebanon, which is home to 30.98% of refugees in Arab countries and where they make up 19.2% of its total population – noting that the number of refugees has increased dramatically since the release of this data, with the increasingly deteriorating security situation in Syria. Jordan comes in second place, with 23.22% of the refugees in the Arab region, representing 9.94% of its population.
- According to World Bank data, the number of migrants living in the Arab countries was almost 26 million migrants in 2010, almost 12% of migrants around the world or about 7% of the total population of Arab countries.
- The statistics also conceal the considerable disparity between countries; the six oil-rich GCC countries receive the bulk of migrant workers, 58.5% of the total in Arab countries. Their percentages from the total population ranges from 62.3% in Kuwait, 60.2% in Qatar, and 22.7% in Oman.
- Refugees and migrants are considered the most vulnerable to violation of rights, particularly the right to social protection and the various elements of decent work, thus requiring more efforts to protect them and preserve their dignity and rights.

## Chapter Three: Keeping-Up with International Trends

### 1. Ratification of ILO Conventions on Social Protection

Table 12: Ratification of ILO Conventions on Social Protection

Country	Medical Care C.102 C.130	Sickness Benefits C.102 C.130	Unemployment C.102 C.168	Old Age C.102 C.128	Employment Injury C.102 C.121	Family C.102	Maternity C.102 C.183	Invalidity C.102 C.128	Survivors C.102 C.128
Libya	C.102 (1975) C.130 (1975)	C.102 (1975) C.130 (1975)	C.102 (1975)	C.102 (1975) C.128 (1975)	C.102 (1975) C.121 (1975)	C.102 (1975)	C.102 (1975)	C.102 (1975) C.128 (1975)	C.102 (1975) C.128 (1975)
Morocco							C.183 (2011)		
Mauritania				C.102 (1968)	C.102 (1968)	C.102 (1968)		C.102 (1968)	C.102 (1968)
Jordan <sup>1</sup>				C.102 (2014)	C.102 (2014)			C.102 (2014)	C.102 (2014)

<sup>1</sup> Not yet entered in force

Source: ILO NORMLEX Database, <http://www.ilo.org/dyn/normlex/en/>

#### Comments:

- The information in the table clearly highlight that, with the exception of Libya and, to a lesser extent, Jordan and Mauritania, the majority of Arab countries do not seem interested in ratifying the key international conventions in the field of social protection, especially Convention 102 on minimum standards.
- In most cases it is due to the attempt by some countries to avoid obligations they may not be able to fulfill or claim that they are not compatible with their societies or markets.
- According to the ILO Committee of Experts on the Application of Conventions, there two types of obstacles to ratification:
  - Economic and financial difficulties, given the capacity of states and limits of their potential economic and social conditions.
  - Incongruity of some provisions in the conventions with national legislation in several countries. Some suggest that their social security coverage is lower than the minimum threshold imposed by Convention 102, which precludes approval. Others explain the failure to ratify by the size of their informal sector.

## 2. Social Security Systems in Arab Countries

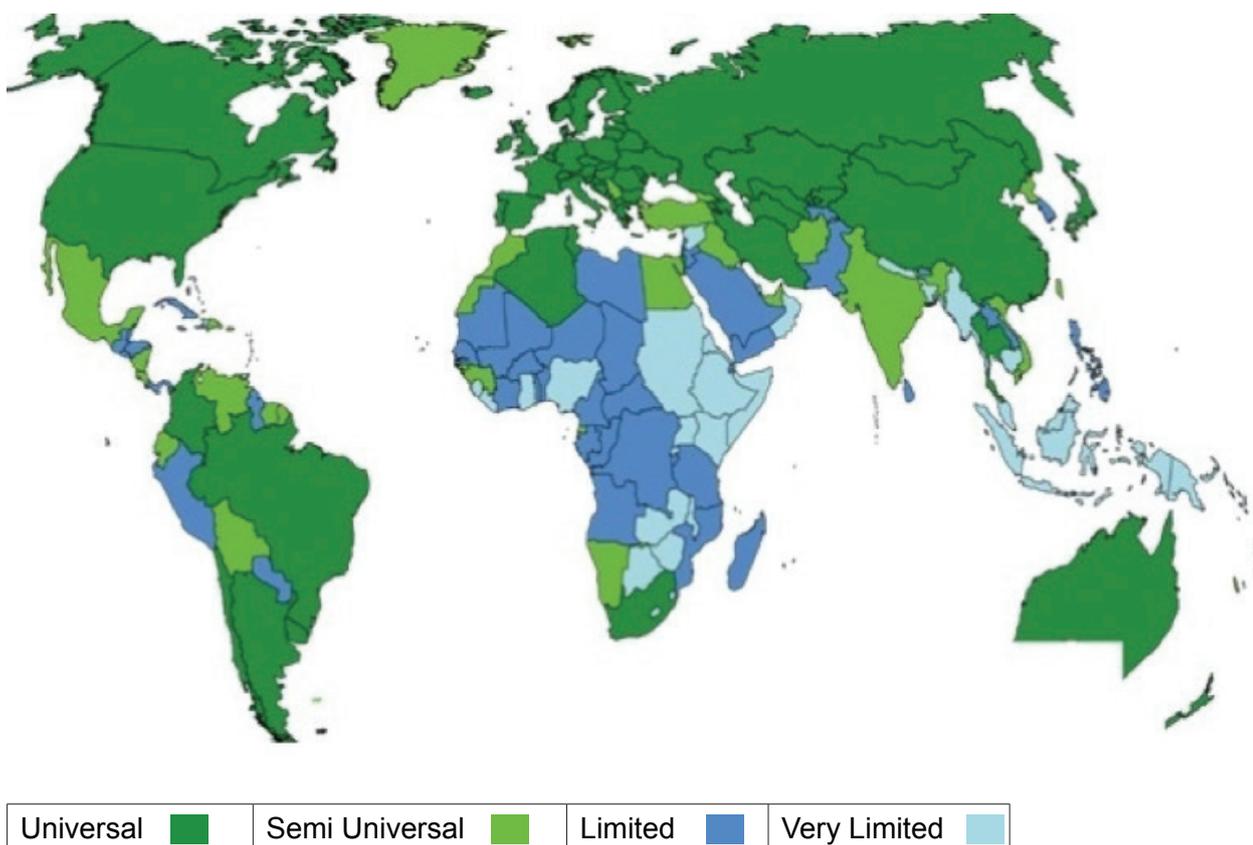
Table 13: Overview of Social Security Systems in the Arab Countries

Country	Social Security Branches									
	Number of Branches	Scope of Coverage	Sickness (cash assistance)	Maternity (cash assistance)	Old-age	Employment Accidents	Invalidity	Survivors	Family Allowance	Unemployment
Algeria	8	Universal	X	X	X	X	X	X	X	X
Djibouti	6	Limited	X	X	X	X		X	X	
Egypt	7	Semi-universal	X	X	X	X	X	X		X
Mauritania	6	Limited	o	X	X	X	X	X	X	
Morocco	7	Semi-universal	X	X	X	X	X	X	X	»
Somalia	...	...	...	»	...	...	...	...	...	...
Sudan	4	Very Limited		»	X	X	X	X		
Tunisia	8	Universal	X	X	X	X	X	X	X	(*)X
Bahrain	6	Limited Legal Provisions		X	X	X	X	X		X
Iraq	...	...	...	»	...	...	...	...	...	
Jordan	6	Limited	o	X	X	X	X	X		X
Kuwait	4	Very Limited	o	»	X	X	X	X		
Lebanon	6	Limited	o	X	X	X	X	X	X	
Libya	6	Limited	X	X	X	X	X	X		□
Oman	4	Very Limited			X	X	X	X		
Palestine	...	...	...	X	...	...	...	...	...	
Qatar	...	Very Limited	...	»	X	...	X	X		
Saudi Arabia	5	Limited	»	»	X	X	X	X		(**)X
Syria	4	Very Limited		»	X	X	X	X		»
UAE	...	...	...	»	...	...	...	...	...	»
Yemen	5	Limited	X	»	X	X	X	X		»

	Uncovered Branch	# Branches	Scope	# Countries	
				World	Arab
»	Limited Provisions				
o	In-kind benefit	8	Universal	71	2
(*)	Technical Unemployment Benefits	7	Semi-Universal	22	2
(**)	Provisions not entered into force				
		5-6	Limited	57	8
	Scope of coverage measured by number of branches covered in local legislation.	1-4	Very Limited	39	5
			Data Unavailable	29	5
			Total Listed Countries	218	22

Source: "World Social Protection Report 2014-2015", ILO.

Figure 6: Scope of Coverage Global Map



Source: ILO website.

## Comments:

- The indicators in the table and graph based on ILO statistics highlight the fact that most Arab countries do not have universal social protection systems.
- Out of 22 Arab countries, ILO's World Social Protection Report 2014-2015 indicates that only two Arab countries, Algeria and Tunis, offer universal coverage, which includes the 8 main branches, provided in 77 countries globally. This is despite the need to be cautious concerning the unemployment system in Tunisia, which is based on a conditional assistance approach, based on loss of the job, and not an insurance approach to unemployment.
- Two other countries, Egypt and Morocco, have a semi-universal system (comprising 7 branches)
- The scope of coverage remains limited or very limited in the remaining Arab countries.
  
- The limited nature of social protection systems in Arab countries seems evident from these indicators. However, while it is understandable for lower-income countries, it raises the question about the reasons preventing the expansion and universality of protection systems in high-income countries, which are all classified as limited or very limited in scope, such as Qatar, Oman, and Kuwait.

## Chapter Four: Main Branches of Social Protection

### 1. Unemployment

Country	Percentage with Actual Unemployment Benefits
Algeria	% 8.8
Djibouti	...
Egypt	...
Mauritania	N/A
Morocco	N/A
Somalia	N/A
Sudan	N/A
Tunisia	3%
Bahrain	% 9.8
Iraq	N/A
Jordan	N/A
Kuwait	N/A
Lebanon	N/A
Libya	N/A
Oman	N/A
Palestine	N/A

Qatar	N/A
Saudi Arabia	N/A
Syria	N/A
UAE	N/A
Yemen	N/A
Comoros	N/A
World	% 11.7
Africa	1%
Middle East	% 2.2
Europe	% 63.8
North America	28%

Source: ILO Social Protection Database

#### Comments:

- Unemployment coverage is one of the most important branches of social security, securing a minimum income for people falling into unemployment and enabling them to meet the minimum requirements of decent living and health care. The table shows that:
  - Only three Arab countries provide social coverage for the unemployed, Algeria, Tunisia, and Bahrain; Saudi Arabia has recently adopted a new system of coverage in this regard.
  - It should be noted that this branch of social protection suffers from critical weaknesses in developing countries. While the average global rate of persons enjoying the benefits of unemployment coverage is around 11.7%, this figure is 63.8% in European countries and 28% in North America, compared to 2.2% in the Middle East and 1% in Africa.
  - The number of unemployed actually benefiting from social coverage against unemployment is 9.8% in Bahrain, 8.8% in Algeria, and 3% in Tunisia. It should be noted that in Tunisia, the system only provides cash grants in the range of a minimum guaranteed wage for workers in the event of technical unemployment and only for up to one year, with continued health coverage for the same period. In the event of indefinite loss of job, health coverage remains in effect for one year. However, the system only provides limited social assistance on the occasion of religious holidays and insuring the entitlements and rights of workers in institutions facing sudden closure. Laid-off workers could also benefit from a cash grants for participating in vocational training or rehabilitation.
  - It is unfortunate that countries with the highest unemployment rates lack social insurance schemes to protect from this social misfortune closely linked to poverty and marginalization. This is considered one of the key challenges facing Arab countries in expanding their social protection systems and achieving universal coverage.

## 2. Employment Injuries and Vocational Disease

**Table 15: Coverage of Employment Injury in Arab Countries**

	Ratio of Employment Injury Coverage Beneficiaries from Total Labor Force			Labor Force	Covered #	Self-Employed
	Compulsory	Optional	Total			
Algeria	53.8		53.8	10,661,000	5,735,618	Uncovered
Djibouti						contribution 7%
Egypt	51.5		51.5	26,529,100	13,662,487	Uncovered
Mauritania	8.6		8.6			Uncovered
Morocco	39		39	11,537,600	4,499,664	Uncovered
Somalia						
Sudan	62.1		62.1			Nominal Contribution: 25% of declared income
Tunisia	42	15.3	57.3	3,844,600	2,202,956	Voluntary Contribution
Bahrain	84.6		84.6	671,300	567,920	Uncovered
Iraq						
Jordan	44.6		44.6			Uncovered
Kuwait	97.7		97.7	2,166,900	2,117,061	Uncovered
Lebanon	47.8		47.8			Uncovered
Libya				1,882,500		Covered through general contribution (pensions and health)
Oman	40.2		40.2			Uncovered
Palestine				1,072,200		
Qatar				1,277,400		
Saudi Arabia	77.4		77.4	10,544,100	8,161,133	Uncovered
Syria	47.8		47.8	5,530,800	2,643,722	Uncovered
UAE						
Yemen	37.7		37.7			Uncovered
Comoros						
Average 11 Arab Countries	55.30%	0.08%	55.38%			
World	33.9%					

Source: World Social Protection Report 2014-2015, ILO; the average for Arab countries was calculated based on available data on coverage rates and implementation in 11 countries.

### Comments:

- Information is unavailable at the ILO for half of the Arab countries; in itself, an indicator of limited coverage in this regard.
- The proportion of compulsory coverage against industrial accidents and occupational diseases in Arab countries, where data is available, is estimated at about 55.3% of the workforce, which seems relatively high in proportion with the global average, estimated at 33.9% and approaches the rate in Latin America and the Caribbean.
- Unlike some other branches, coverage rates against industrial accidents and occupation-

al diseases in high-income Arab countries are relatively high. They range from 97.7% in Kuwait, to 84.6% in Bahrain and 77.4% in Saudi Arabia. However, they remain weak in Oman (40.2%), while no data is available on the UAE or Qatar.

- In middle and low-income countries, the rate seems to be average in Sudan (62.1%), Tunisia (57.3%), Algeria (53.8%), Egypt (51.5%), and to a lesser extent, in Lebanon, Syria, Jordan, Yemen, and Morocco, ranging from 47.8% to 39%. Nevertheless, it remains very low in Mauritania, where it does not exceed 8.6%.
- Concerning beneficiary groups, the self-employed category do not enjoy coverage against industrial accidents and occupational diseases, except in only four Arab countries: Sudan, Djibouti, Libya, and Tunisia, although it is optional in the latter. This underlines the fragile social conditions of this segment of labor, which represents a large proportion in the Arab region, as noted in the previous chapter. It is also one of the main facets of the deficient coverage of social systems in the Arab countries.

### 3. Maternity

**Table 16:** Period and Value of Maternity Leave in Arab Countries

	Maternity Allowances		Self-Employed
	Weeks #	of Salary %	
Syria	17	100	Uncovered
Algeria	14	100	Uncovered
Djibouti	14	100	...
Mauritania	14	100	Uncovered
Morocco	14	100	Uncovered
Somalia	14	50	Uncovered
Libya <sup>1</sup>	14	50-100	Covered
Comoros	14	100	Uncovered
Egypt	13	100	Uncovered
Jordan	10	100	Uncovered
Kuwait	10	100	Uncovered
Palestine	10	100	Uncovered
Saudi Arabia <sup>1</sup>	10	50-100	Uncovered
Iraq	9	100	Uncovered
Yemen	8.5	100	Uncovered
Sudan	8	100	Uncovered
Tunisia <sup>1</sup>	From 4 to 8	50-67-100	Covered
Lebanon	7	100	Uncovered
Qatar	7	100	Uncovered
Bahrain <sup>1</sup>	6.4-5.5	100	Uncovered
UAE <sup>1</sup>	6.4	50-100	Uncovered
Oman	0	0	Uncovered

<sup>1</sup> Varies by scheme

Source: World Social Protection Report 2014-2015, ILO.

## Comments:

- All Arab Countries, except Oman, where statistics are unavailable, have adopted systems of maternity grants for working women.
- The period of grants ranges between:
  - Three months and above in 9 countries: Syria (17 weeks); Algeria, Djibouti, Comoros, Mauritania, Morocco, Libya, and Somalia (14 weeks); and Egypt (13 weeks).
  - Two months to less than three months in eight countries: Jordan, Kuwait, Saudi Arabia, Palestine, Iraq, Yemen, Sudan, and Tunisia.
  - Less than two months in each of Qatar, UAE, Lebanon, and Bahrain.
- Daily allowances have been set at full current daily wage by 15 countries. However, countries like Tunisia, Saudi Arabia, UAE, and Libya utilize various amounts, based on the quality of the systems where women are subscribed, ranging from half, to two-thirds, to full daily wage.
- It should be noted that self-employed women do not benefit from this type of protection, except in Libya and Tunisia. This highlights once again the discrimination and inequality between workers in the formal sectors and those in the informal sectors, in general, and the exclusion and discrimination suffered by women, in particular, and especially in the Arab region, with a massive informal sector employing vast numbers of women.

## 4. Old Age

Table 17: Subscribers to Pensions Systems out of Active-Age Population and Actual Beneficiaries

Countries Descending According to In- (come Bracket)	Retirement Age	Subscribers to Pensions System out of Active-Age Population	Percentage of Actual Beneficiaries
Qatar	women - 60 men 55	3.9	7.9
Kuwait	50	18.4	27.3
UAE	...	...	...
Saudi Arabia	women - 60 men 55	50.1	...
Oman	women - 60 men 55	13.7	24.7
Bahrain	women - 60 men 55	15.1	40.1
Libya	women - 65 men 60	19.6	43.3
Lebanon	64		
Iraq	...	45.2	56
Algeria	women - 60 men 55	86.6	63.6
Jordan	women - 60 men 55	51.5	42.2
Tunisia	60	79	68.8
Egypt	60	55.3	32.7
Morocco	60	30.2	39.8
Syria	women - 60 men 55	28.4	16.7
Palestine	...	12	8
Yemen	women - 60 men 55	5.2	8.5
Sudan	60	4.9	4.6
Djibouti	60	12.6	12
Mauritania	women - 60 men 55	17.2	9.3
Comoros	...	...	...
Somalia	...	...	...
Arab Countries		41.3	33.6
World		41.4	51.5
Latin America and Caribbean		38	56.1
Advanced Countries		92.9	89.1

Source: World Social Protection Report 2014-2015, ILO.

## Comments:

- The official retirement age in Arab countries differs from one country to another:
  - 10 countries adopt 60 years for men and 55 years for women.
  - 5 countries adopt 60 years for both sexes.
  - Lebanon set this age at 64 years, while in Kuwait, it is at 50 years.
- The average ratio of subscribers in pension systems out of the labor force in Arab countries is estimated at 41.3%, which is close to the global average estimated at 41.4% and higher than in Latin American and Caribbean countries at 38%. In developed countries, the rate is 92.9%.
- However, the overall average in Arab countries conceals significant variations between countries, with its consequences on the fate of millions of workers in old age:
  - Algeria and Tunisia witnessed relatively more progress, with rates estimated at 86.6% and 79% respectively.
  - In Egypt, Jordan, Saudi Arabia, and Iraq, the rate is higher than the Arab average, but remain relatively moderate, ranging between 55.3% and 45.2%.
  - In other countries such as Morocco and Syria, the proportion is still lower than one third of the workforce.
- In the remaining countries with available data, the proportion of subscribers compared to the workforce is less than one fifth of the workforce, ranging between 19.6% in Libya and 3.9% Qatar.
- This situation will create a major challenge for systems caring and assisting the elderly in the coming decades, when those groups who did not contribute to the pensions systems reach old age and invalidity.
- In terms of actual beneficiaries of pensions, the situation is even worse, recording 33.6%, compared to a global average of 51.5% and 56.1% for Latin America and the Caribbean. This situation varies from one Arab country to another:
  - This rate ranges from 68.8% in Tunisia to 4.6% in Sudan; Tunisia, Algeria, and Iraq are the only countries where the rate exceeds the global average.
  - In 6 Arab countries, Libya, Jordan, Bahrain, Morocco, Egypt and Kuwait, this ratio ranges between 43.3% and 27.3%.
  - In the remaining countries, the rate is less than 25%.
- Once again, weak contribution rates and lack enjoyment of the benefits of pension systems are a characteristic of high-income countries, despite the adequate financial space for the development of advanced social protection to ensure the dignity of their citizens and decent living for them and their families, in the various stages of life and founded on the principles of human rights and decent work.

## 5. Spending on Old-Age

Table 18: Percentage of Total Social Protection Expenditures to GNP and Proportion of Pensions from Total

Countries (Descending by Income)	Total Social Protection Ex- % penditures to GNP	Proportion of Pensions from Total
Kuwait	11.44	30.6
Bahrain	4.01	25
Libya	6.55	30.5
Iraq	12.14	32.1
Algeria	9.73	52.9
Jordan	12.11	62
Tunisia	10.4	45.2
Egypt	12.57	23.9
Morocco	6.57	44.1
Syria	1.99	65.2
Yemen	1.86	26.9
Djibouti	7.29	20.6
Mauritania	4.47	13.4
Arab Countries	10.7	34.3
Latin America and Caribbean	13.9	33.2
Asia and Pacific	4.6	43.3
World	8.8	37.3

Source: World Social Protection Report 2014-2015, ILO. Latest statistics dated between 2007-2011.

### Comments:

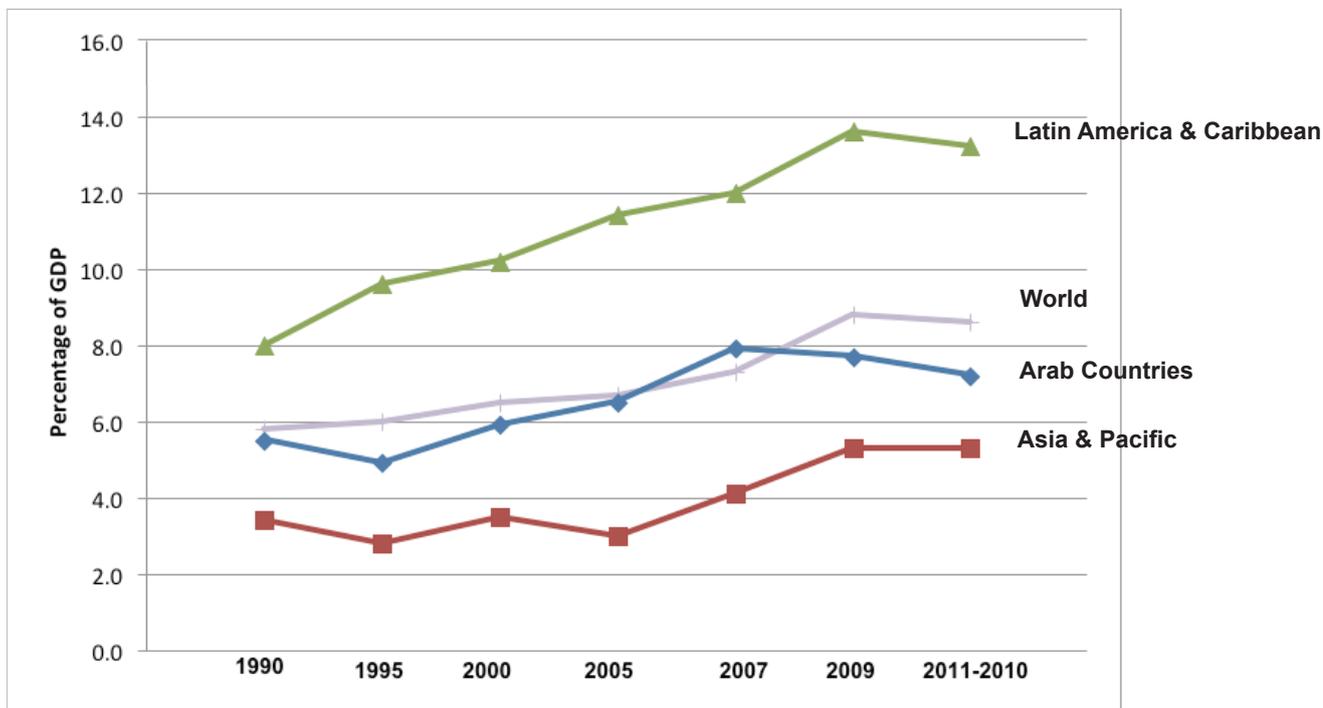
- Average public spending in Arab States on social protection as a proportion of GDP (calculated by taking into account the size of the population) is estimated at 10.7%, which is higher than the global average (8.8%), but below the rates in other areas such as Latin America and the Caribbean (13.9%). Even though Arab countries spend more compared to their GDP than other regions, like Asia and the Pacific, Arab achievements in terms of coverage and actual benefit from social protection remains below par compared to those countries, which poses questions about the efficacy of costs and effectiveness of programs.
- On the other hand, the table highlights significant disparities between Arab states, where Egypt, Iraq, Jordan, Kuwait, and Tunisia allocate more than 10% of GDP on public expenditures related to social protection. Algeria, Djibouti, Morocco, and Libya, on the other hand, spend between 9.7% and 6.55%. While Mauritania, Bahrain, Syria, and Yemen, spend less than 5% of GDP.

## Chapter Five: Social Protection Expenditure

### 1. Evolution of Public Social and Health Expenditures

Country	1990	1995	2000	2005	2007	2009	2010-2011
Qatar	...	...	2.65	2.28	1.5	2.13	1.74
Kuwait	9.4	11.12	13.49	6.54	5.29	8	11.44
UAE	...	...	...	...	...	...	...
Saudi Arabia	...	...	...	...	...	3.9	3.64
Oman	2.5	3.52	3.58	3.88	3.11	3.19	3.8
Bahrain	3.17	3.64	3.26	2.87	3.03	4.73	4.01
Libya	...	...	...	2.47	...	6.6	6.55
Lebanon	4.5	3.15	2.33	1.29	3.23	1.25	1.12
Iraq	...	...	...	...	...	12.14	11.65
Algeria	7.6	4.5	6.3	7.45	8.04	9.73	8.53
Jordan	7.05	7.42	8.44	16.23	13.14	10.63	12.11
Tunisia	7	7.52	6.94	8.08	8.22	8.83	10.4
Egypt	4.37	5.3	8.57	8.81	12.91	14.21	13.21
Morocco	2.4	3.54	3.92	4.78	5.98	6.45	6.57
Syria	...	...	3.22	3.08	2.21	1.99	1.91
Palestine	...	...	...	...	...	...	...
Yemen	...	...	1.38	1.59	1.47	2.15	5.9
Sudan	1.1	1.49	1.36	1.72	2.33	2.46	2.27
Djibouti	...	...	...	...	7.29	...	...
Mauritania	1	3.62	4.27	3.96	3.06	4.07	4.87
Comoros	...	...	...	...	...	...	...
Somalia	...	...	...	...	...	...	...
Arab Countries	5.5	4.9	5.9	6.5	7.9	7.7	7.2
World	3.4	2.8	3.5	3	4.1	5.3	5.3
Latin America and Caribbean	8	9.6	10.2	11.4	12	13.6	13.2
Advanced Countries	5.8	6	6.5	6.7	7.3	8.8	8.6

Source: World Social Protection Report 2014-2015, ILO.



Source: Authors, based on World Social Protection Report 2014-2015, ILO.

#### Comments:

- On average, social and public health expenditure in Arab countries is below the global average and the Latin America and the Caribbean, but remains higher than in Asia and the Pacific, which achieved higher levels of human development. There is no doubt that human development in Arab countries neither conforms to their status in terms of per capita income and available financial space, nor to the size of public expenditures in each country. This entails the need to delve deeper into the extent of programs and expenditures efficacy and adequacy, as indicated above.
- Although the evolution of this percentage since the 1990s kept an upward trend, globally and for the various regional groups, the pattern of evolution began an overall decline and became negative in the beginning of 2009 everywhere, certainly a result of the global financial crisis. However, the Arab region began to record the decline in 2007, before the emergence of the crisis.
- However, this decline was not recorded in all Arab countries. Appearing in 2007 in Qatar, Oman, Jordan, Yemen, and Mauritania, it reached Algeria, Egypt, Sudan, Bahrain, Libya, Saudi Arabia, and Syria, in 2010. In contrast, countries such as Morocco, Tunisia, Iraq, and Kuwait have not experienced a decline since 2005.

## 2. Health Expenditures

Table 20: Health Expenditure in Arab Countries in 2011

	Health Expenditure from GDP (%)	Public Health Expenditures from Total Health Expenditures (%)	Private Expenditures from Total Health Expenditures (%)	Health Insurance Expenses from Total Health Expenditure (%)	Private Health Insurance from Private Health Expenditure (%)
Qatar	1.9	78.6	21.4		24.3
Kuwait	2.6	82.4	17.6		9.6
UAE	3.1	69.5	30.5		27.3
Saudi Arabia	3.5	67.3	32.7		18.6
Oman	2.4	81.7	18.3		22.4
Bahrain	3.8	69.9	30.1	1.6	22.0
Libya	3.9	77.3	22.7		
Lebanon	7.4	38.0	62.0	49.7	25.8
Iraq	2.7	75.1	24.9		
Algeria	4.4	82.0	18.0	31.6	5.1
Jordan	8.8	65.5	34.5	28.2	18.1
Tunisia	7.0	59.4	40.6	56.3	10.7
Egypt	4.9	40.7	59.3	19.4	1.7
Morocco	6.3	33.1	66.9	24.5	11.7
Syria	3.4	46.3	53.7		
Palestine					
Yemen	5.0	26.8	73.2		1.3
Sudan	6.7	30.2	69.8	11.1	1.0
Djibouti	8.7	57.4	42.6	9.5	0.8
Mauritania	5.9	65.2	34.8	11.1	0.6
Comoros	3.6	40.2	59.8		0.0
Somalia					
Low-income	5.2	38.9	61.1	4.3	1.5
Lower-Middle-income	4.4	36.6	63.4	16.4	4.4
Upper-Middle-Income	5.8	56.2	43.8	50.3	17.2
High Income	11.9	61.3	38.6	65.4	49.0
World	9.1	58.8	41.1	60.6	38.2

Source: WHO World Health Statistics 2014.

### Definitions:

- Public Health Expenditures: Total public administrative expenditures in the field of health, including the health component of social security.

### Comments:

- It is clear that health expenditure ratios in all Arab countries fall below the global average estimated at 9.1% of GDP, resulting in weak health indicators and deep concerns regarding many countries of the region, as explained in the chapter on human development.
- Comparing between Arab countries and their counterparts in the respective income bracket shows:
  - In high-income countries, average global health spending is 11.9% of GDP. But in the six high-income Arab countries, this percentage ranges from 3.8% in Bahrain to as low as 1.9% in Qatar.

- In the upper-middle-income Arab countries, the ratios for 3 out of 6 Arab countries in this bracket exceed the global average for this group (5.8%): Jordan with 8.8%, followed by Lebanon (7.4%) and Tunisia (7%). Libya, Algeria, and Iraq, on the other hand, fall below the global average for this bracket.
  - In lower-middle-income countries, Morocco and Egypt registered higher than the global average, 6.3% and 4.9%, respectively. In contrast, the proportion of spending Syria remains below the average, not exceeding 3.4%.
  - In the countries with the lowest income, the rates in Djibouti (8.7%), Sudan (6.7%), and Mauritania (5.9%) were higher than the global average for this bracket (5.2%) and the average for lower-middle-income countries (4.4%). While this indicates significant financial efforts undertaken by low-income countries on health, it may also explain, to some extent, the importance of external funding received in the sector. Despite the marked decline between 2000 and 2011, external funding still represents 29.9% of total health expenditure in the Comoros, 12.9% in Djibouti, 9.7% in Mauritania, 4.2% in Sudan, and 4.1% in Yemen. On the other hand, the rates indicate poor performance, considering the modest results recorded in this regard.
- Regarding the distribution of health expenditures, WHO statistics indicate that public expenditure represents 58.8% of total health expenditure globally, rising to 61.3% in high-income countries. Public expenditure on health in Arab countries in this group ranges from 82.4% of GDP in Kuwait to 67.3% in Saudi Arabia, which is higher than the average global rate for this bracket.
  - In general, public health expenditures exceed two-thirds of total health expenditure in rentier Arab states, amounting to 82% in Algeria and 82.4% in Kuwait.
  - As for upper-middle-income Arab countries, the share of public expenditure is higher than the global average in Jordan and Tunisia, but remains relatively weak in Lebanon, falling 18 points short of average for this bracket. In the lower-middle-income tier, Egypt and Syria registered higher figures, but Morocco's spending was 3.5% below the average for the bracket.
  - The share of public expenditure in low-income Arab countries, Mauritania, Djibouti, and Comoros, was higher than the global average for LDCs.
  - Private health expenditure is weak in high-income Arab countries, but represents an important share of total health expenditure in Yemen, Sudan, Morocco, Lebanon, and Egypt, where it exceeds 50%, compared to a global average of 41.1%. Except for Lebanon, where private insurance accounted for more than a quarter of expenses, the largest share is carried by households and thus represents a heavy burden on the poor.
  - Social security expenditures are a key aspect of public spending in countries with relevant universal health insurance, reducing the burden on public finances, as well as households. The table shows that in 10 Arab countries, social security systems pay for a chunk of public health costs, ranging between 56.3% in Tunisia and 49.7% Lebanon and to a lesser extent Algeria and Jordan. Social security expenditure in the remaining countries is very weak and completely non-existent in high-income GCC countries, with the exception of Bahrain.
  - On the other hand, private insurance contributes to the health expenditures of 16 Arab countries, ranging in share from 27.3% in the UAE, followed by Lebanon with 25.8%, then Qatar with 24.3%, Oman with 22.4%, and Bahrain with 22%. In the remaining Arab countries with such schemes, the share ranges between 18.1% in Jordan and 0.6% in Mauritania.

## Chapter 6: Social Assistance

Social assistance is one of the basic components of social protection systems. According to the World Bank report on “The State of Social Safety Nets 2014”:

- Social Assistance programs have been adopted by 107 developing or emerging countries, including 57 countries with social safety net coverage commensurate with the scale of poverty in the country. In the 50 other countries, program coverage is below the scale of the poverty challenge.
- Without accounting for expenditures related to subsidies on fuel and basic services, average expenditure on social assistance and safety nets amounts to 1.6% of GDP in those countries.
- The combined spending in this field amounts to \$337 billion in the countries covered by the report, which is enough to provide an allowance of \$1.25 a day for all the population of developing and emerging countries who live under the extreme poverty threshold.
- These programs are providing assistance to 1 billion people in those countries in one form or another, which is close to the population living under the extreme poverty line (around 1.2 billion). However, only 345 million are covered by social safety nets and about 870 million people remain uncovered, which entails a strong need to correct this situation and achieve more justice in assistance.
  
- The survey found 475 programs in 146 countries, which fit into this framework. They divided into five major categories are:
  - Conditional assistance:
    - Cash
    - In-kind
  - Unconditional assistance:
    - Cash
    - In-kind
    - Employment programs.
  
- As for the Arab world, the following table illustrates the nature of the programs mentioned in the World Bank report for the relevant countries. Although this data is certainly incomplete and imprecise, but it does shed some light on the nature and extent of the social safety nets in Arab countries.

**Table 22: Percentage of Spending on Social Assistance from GDP**

Country	Conditional Assistance				Unconditional Assistance				Public Works Programs	
	Food and Quasi-Cash Assistance		Conditional Cash Assistance		Food and Quasi-Cash Assistance		Conditional Cash Assistance		Type or Title of Program	Beneficiaries
	Type of Assistance	Beneficiaries	Type of Assistance	Beneficiaries	Type of Assistance	Beneficiaries	Type of Assistance	Beneficiaries		
Algeria	School Meals	31000								
Tunisia	School Meals	240000					Grants for vulnerable families	235000 families		
Egypt	School Meals	7002000			Food Assistance	15000	Social Solidarity Grants	22000 families	Support for Vulnerable Rural populations	8000
Morocco	School Meals	1423000		80000	Cities Without Slums	324000 families				
Mauritania	School Meals	186000	Training Grants	15000	Protection from malnutrition Program	73000				
Sudan	School Meals	1630000			General Food Distribution Program	5127000			Food for Work	952000
Somalia	School Meals	76000			Supplementary Meals Program	718000	CWMG	967000	Food for Work	780000
Comoros	School Meals	20000							Supporting Social Development	3800
Kuwait	School Meals	136000					Disability Allowances			
KSA	School Meals	2121000	Schools Clothes and Bags	428000			Assistance to Widows and Divorcees	371000		
Qatar	School Meals	57000								
Lebanon	School Meals	295000					Family and School Allowances			
Syria	School Meals	46000							Public Works	
Iraq	School Meals	555000								

Jordan	School Meals	115000			Targeted Food Assistance in Urban Areas	115000	National Security Fund	250000		
Palestine							Cash	100000 families		
Yemen	School Meals	65000					Social Welfare Fund		Labor intensive works	574000

Source: The State of Social Safety Nets 2014, World Bank.

#### Comments:

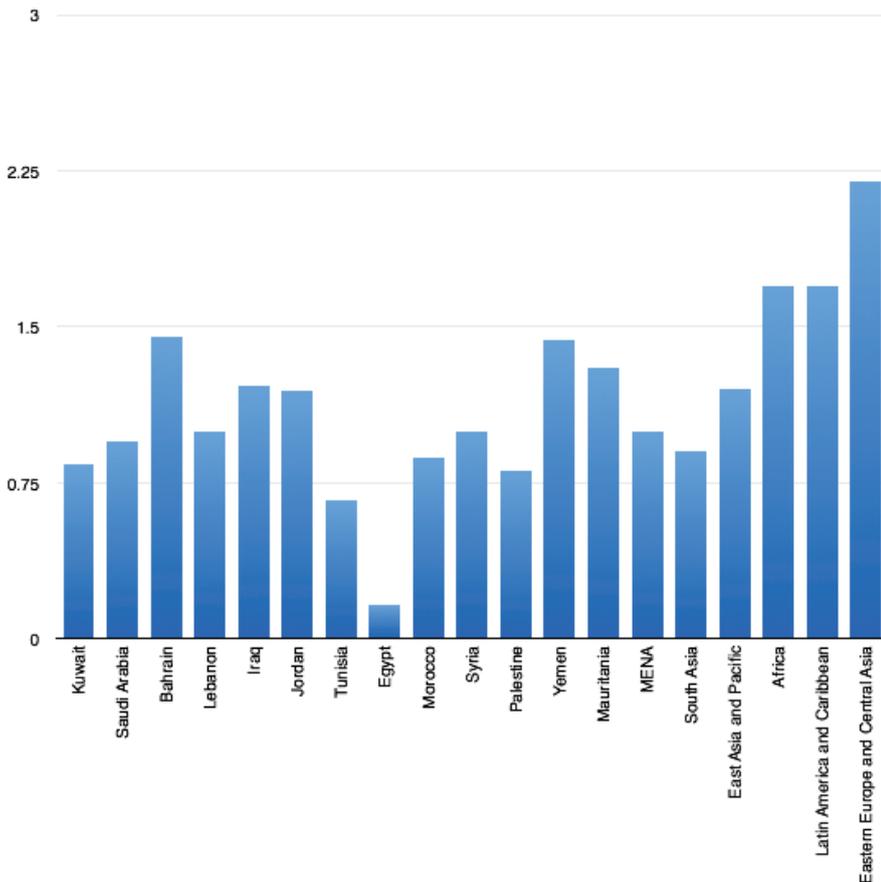
- The data in the table indicates a focus on School Meals as a common aspect of social assistance in the great majority of Arab countries, serving almost 14 million beneficiaries.
- Other key programs based on the number of beneficiaries are:
  - Public food distribution and food-for-jobs program for over six million inhabitants in Sudan.
  - Supplementary meals and the food-for-jobs program in Somalia, benefiting around 1.5 million inhabitants.
  - Cities Without Slums program in Morocco, targeting 324 thousand families.
  - Emergency grants program for 235 thousand deprived households in Tunisia.
  - Assistance to widows and divorced women in Saudi Arabia, with 371 thousand beneficiaries.
  - Targeted food assistance in urban areas in Jordan, with 115 thousand beneficiaries.
  - Labor-intensive public works in Yemen, for the benefit of 574 thousand inhabitants.

**Table 22:** Percentage of spending on social assistance from GDP

Country	Spending on Social Assistance		(Poverty (\$2 daily	
	%	Year	%	Year
Kuwait	0.84	2010		
Saudi Arabia	0.95	2009		
Bahrain	1.45	2009		
Lebanon	1.00	2010		
Iraq	1.22	2009	21.4	2007
Jordan	1.19	2009	1.6	2010
Tunisia	0.67	2011	4.3	2010
Egypt	0.16	2010		
Morocco	0.87	2008	14	2007
Syria	1.00	2010	16.9	2004
Palestine	0.81	2010	0.3	2009
Yemen	1.44	2008	46.6	2005
Mauritania	1.30	av- 2013 - 2008 erage	47.7	2008
MENA	1.00			
South Asia	0.90			
East Asia and Pacific	1.20			
Africa	1.70			
Latin America and Caribbean	1.70			
Eastern Europe and Central Asia	2.20			

Source: The State of Social Safety Nets 2014, World Bank.

**Figure 8: Spending on Social Assistance as Percentage of GDP**



**Comments:**

- Average spending on safety nets and social assistance, without taking subsidies into account, is estimated at 1.6% of GDP in developing and emerging countries. In the MENA countries, the average is only 1% of GDP, compared to 2.2% in Europe and Central Asia, 1.7% in Latin America and the Caribbean, and 1.2% in East Asia and the Pacific.
- Based on data available in the above-mentioned report, Arab countries could be divided into three groups:
  - 5 countries spending more than 1% of GDP: Bahrain, Yemen, Mauritania, Iraq, and Jordan. Extreme rates of poverty in Yemen, Mauritania, and Iraq may explain the relatively high level of spending. However, spending in Jordan is comparably high, despite the low poverty rate.
  - Countries that spend 1% of GDP or slightly less: Lebanon, Syria, Saudi Arabia, Morocco, and Palestine.
  - Two countries where expenditure is low, Tunisia with 0.67%, and very low, Egypt with 0.16%.
- However, the data in this field must be handled very carefully due to the limited nature of information provided and quick conclusions should be avoided. There is a need to delve deeper into the outputs of the World Bank program to evaluate the results and adequacy of social interventions, in order to correct them and the extent of their impact on the situation of the poorest target group. It should be noted that 9 Arab countries are listed in this program, entitled ASPIRE: The Atlas of Social Protection Indicators of Resilience and Equity; namely Mauritania, Morocco, Egypt, Djibouti, Yemen, Jordan, Lebanon, Syria, and Iraq.

## Main Conclusions

- The weak contribution of the Arab region as a whole in the global output compared to its demographic weight, which requires pushing ahead with the development process, accelerating the pace of growth, and increasing the operational content, particularly since many Arab countries are experiencing high rates of unemployment and precarious employment.
- Deteriorating human development indicators in most countries in the region – the weakest compared to the remaining geographic regions and states, even in rich countries – reflect the weakness of social protection systems due to the organic relationship between the two. Progress in these indicators has also witnessed a significant slowdown, and is lower than in other geographical regions.
- It also points to the failings of human development in the Arab world, in particular, with high poverty rates, poor life expectancy, high mortality rates for children under five and maternal mortality at birth, with a few exceptions in some high-income countries. School enrolment rates are also the lowest in the world.
- Indicators on labor and activity, on the other hand, highlight key present and future challenges facing Arab countries in the field of social protection, especially given the serious dependency ratios and the lack of participation in the labor force, the lowest globally. This is in addition to high unemployment rates and precarious employment, especially for women, which overwhelms segments working in the informal sector with the burden of the rest of society. It also and makes the expansion and promotion of social protection systems absolutely necessary, on one hand, but extremely difficult to implement and very expensive, on the other.
- The severity of these challenges increases, when considering the great burden falling on Arab hosting refugees, in addition to migrant workers making up a significant portion of the population in other countries. Due to the difficult situation facing by these two most vulnerable groups in terms of human rights violations, particularly their right to social protection and the various components of decent work, additional efforts should be spent to protect and preserve their dignity and rights.
- A review of the situation of social protection systems in the Arab region illustrates several aspects of the shortcomings, most notably:
  - Lack of comprehensive and adequate social protection systems contributing to secure all segments of society against the sundry risks of life and accidents, based on the principles of human rights, the principles of decent work, and international standards. There is also a clear neglect regarding the ratification of international instruments in this field.
  - Lack of unemployment insurance (except in three countries) in a region registering the highest rates of unemployment and precarious employment, exposing millions of unemployed people to poverty and marginalization.
  - Poor coverage against industrial accidents and occupational diseases, and its almost complete absence in the informal sector.
  - Weak participation rates in pension systems, in particular, those actually enjoying the benefits of retirement.
  - Women, in particular, suffer from weak activity rates, unemployment, and precarious employment (underemployment), and thus poverty, exclusion, marginalization, and inequality. Their activity is focused in the informal sector, which deprives them of care related maternal and reproductive health. The situation requires specific programs to protect women and advance their situation.
- In terms of expenditure, the collected data indicates that despite higher allocation ra-



tios than other regions or global averages, the results recorded by Arab countries seem low and incommensurate with social spending levels, whether in terms of human development in general or the scope of social coverage and its universality. This raises the question of the allocation programs' efficacy, effectiveness, and soundness of governance.

- These various conclusions indicate major challenges. However, there is an urgent need for the further development of expanded and tightly-knit social protection systems in the Arab world, to addresses many of their sometimes deep shortcomings, based on the principles of human rights, decent work, and international standards.
- On a different note, there is a need to develop statistics and the collection of data and information, in addition to more transparency in this regard. Arab regional organizations should aim to collect data related to their respective mandates, due to the general lack of aggregate data on Arab countries as a stand-alone geographic area in international organizations.
- This could be followed in the future with the development of a methodology to standardize indicators and data collection and treatment by national sources.





