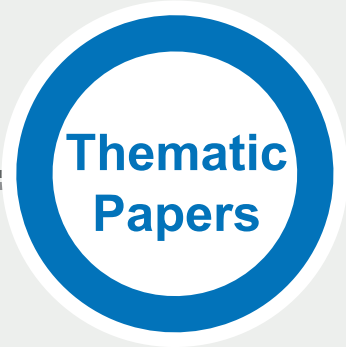


# Part 2



## 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 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.

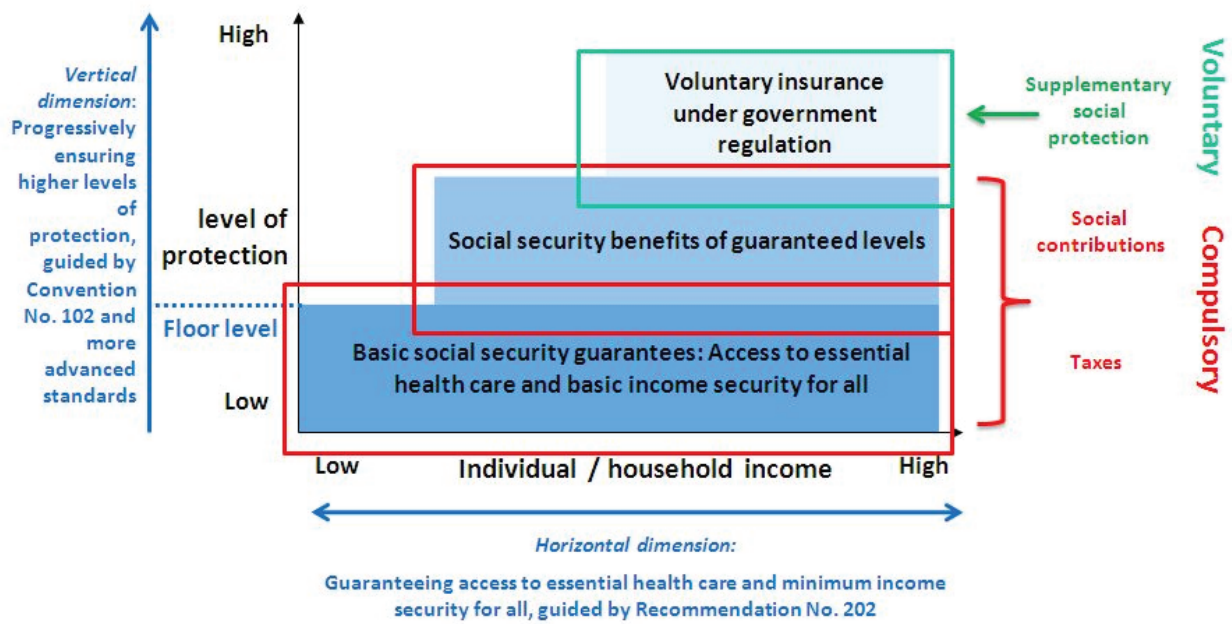
According to the Recommendation, social protection floors should comprise at least the following basic social security guarantees:

- 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>

## References:

### English

*Global Wage Report 2012/13 Wages and equitable growth*, ILO, Geneva, 2013.

*The Arab Millennium Development Goals Report Facing challenges and looking beyond 2015*, ESCWA, League of Arab States, Regional United Nations Development Group for the Arab States, 2013.

*Social Protection as a Means for Social Justice and a Guarantee for the Future Generation*, report of the Director General of the Arab Labor Office to the 39th session of the Arab Labor Conference, April 2013.

*Arab Watch Report 2012: Right to Education - Right to Work*, ANND, 2012.

*Decent Work: Some Strategic Challenges Ahead*, International Labor Conference, 97<sup>th</sup> Session, 2008.

“Building a social protection floor in Africa: Follow-up to the Yaoundé Tripartite Declaration”, ILO, Johannesburg, South Africa, October 2011, AFRM.12/P.9.

*MDG Report 2013*, United Nations, 2013

“MDG Gap Task Force Report 2013 The Global Partnership for Development: The Challenge We Face”, Issued by the UN Department of Public Information, the UN Department of Economic and Social Affairs and the UN Development Programme September 2013 – DPI/2588.

“Recommendations of Arab Civil Society to Regional Consultation Meeting in the Post-2015 Framework,” Beirut, March 2013.

*Rethinking Economic Growth: Towards Productive and Inclusive Arab Societies*, ILO, UNDP, 2013.

“Green Economy and Decent Jobs: A new paradigm for employment, social inclusion and poverty eradication in a Sustainable Planet”, High level dialogue between leaders of the labor

movement, the UN High Level Panel on Global Sustainability, and leaders from other social movements, April 2011.

“Non-discrimination in economic, social and cultural rights”, ECOSOC, 42<sup>nd</sup> session, Geneva, 4-22 May 2009, E/C.12/GC/20.

*Social Security for All The strategy of the International Labor Organization*, ILO, 2012.

“Legal empowerment of the poor and eradication of poverty: Report of the Secretary General”, 64<sup>th</sup> session, Item 58 of the preliminary list: Eradication of poverty and other development issues, United Nations, A/64/133.

“Promoting Pro-Poor Growth: Social Protection”, OECD, Paris, 2009.

«Protection sociale dans le Programme de développement de l'après 2015», Confédération syndicale internationale, Note d'information, Décembre 2012.

Karine MICHELET, «Protection sociale et contraintes économiques», in *Droit social* #3, Mars 2011.

*World of Work Report 2013: Repairing the economic and social fabric*, ILO, Geneva, 2013.

*World of Work Report 2014: Developing with jobs*, ILO, Geneva, May 2014.

*World Social Security Report 2010/11: Providing coverage in times of crisis and beyond*, ILO, Geneva, 2010.

*World Social Protection Report 2014/2015: Building recovery, inclusive development and social justice*, ILO, Geneva, June 2014.

*Constitution of the Republic of Tunisia*, 1959.

*Constitution of the Republic of Tunisia*, National Constituent Assembly, January 2014.

*Constitution of the Republic of Egypt*, 2014.

*Constitution of the Kingdom of Morocco*, 2011.

## French

*Construire un socle de protection sociale avec le Pacte mondial pour l'emploi – Séminaire International*, "Justice sociale et la lutte contre l'exclusion dans un contexte de transition démocratique", Tunis, Tunisie, 21–22 Septembre 2011.

Blandine DESTREMAU, *Etat des lieux de la protection sociale dans les pays de la Méditerranée méridionale et orientale*, Conférence euro-méditerranéenne, «Sécurité sociale: facteur de cohésion sociale», Limassol (Chypre), Mai 2004.

Abdessatar MOUELHI, «La sécurité sociale des travailleurs migrants de la méditerranée», Conférence euro-méditerranéenne: Sécurité sociale: facteur de cohésion sociale, Limassol (Chypre), Mai 2004.

Lou Tessier et Helmut Schwarzer, *Extension de la sécurité sociale et responsabilité sociale des entreprises multinationales: étude exploratoire*, OIT, Première édition, 2013.

Abdelmagid Guelmami, *La politique sociale en Tunisie de 1881 à nos jours*, L'Harmattan, 1996.

«La protection sociale en Allemagne, vue d'ensemble», Ministère fédéral du Travail et des affaires sociales RFA.

Eric MARLIER, Marc Cohen-Solal et Isabelle TERRAZ-DREES, *Les transferts sociaux et leurs effets redistributifs dans l'UE*, Eurostat.

Nouri MZID, «Le système tunisien de protection sociale: émergence du principe de solidarité et défis de dysfonctionnement», 6e Conférence internationale d'analyse et de recherche en sécurité sociale, AISS, Luxembourg, 29/9 - 1/10/2010.

CATUSSE, DESTREMAU, et VERDIER, *L'Etat face aux débordements du social au Maghreb*, IREMAM-KARTHALA, 2010.

DREES, «Les transferts sociaux en Europe», in *Etudes et résultats #5*, Février 1999.

Marc COHEN-SOLAL et Christian LOISY-DREES, *Pauvreté et transferts sociaux en Eu-*

*rope*, Ministère de l'emploi et de la solidarité, France, juillet 2001.

«Prélèvements obligatoires, transferts sociaux et réduction des inégalités», Conseil Général du Plan, France, Octobre 1999.

Salah AHMED et Naoufel LIOUANE, *Transition démocratique et croissance économique: Quelles leçons pour les pays du printemps arabe*.

## Arabic

حاتم قطران، دليل الحقوق الاقتصادية والاجتماعية والثقافية، المعهد العربي لحقوق الإنسان، ٢٠٠٤.

حسن حمود، العولمة والحماية الاجتماعية في المنطقة العربية، الإسكوا، ديسمبر ٢٠٠٤.

«نحو عقد اجتماعي جديد: إعلان مبادئ أساسية من منظمات المجتمع المدني في المنطقة العربية»، القاهرة ٢٩-٣٠ مايو/أيار ٢٠١٣.

[-http://www.constitutionnet.org/files/morocco\\_eng.pdf](http://www.constitutionnet.org/files/morocco_eng.pdf)

# Social Protection in the Context of Development Strategies

Adib Nehme

Researcher and Activist- ESCWA Regional Consultant

## 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>**

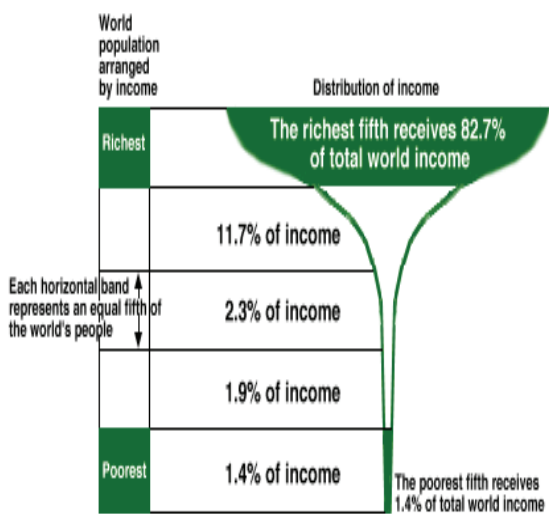
This myth assumes that the poor make up around 20% of the global population. In the poorest countries, this figure could be as high as 40% or 60%, while dropping to 5% and 10% in medium development or better-off countries. All the prevailing poverty eradication strategies and policies revolve around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

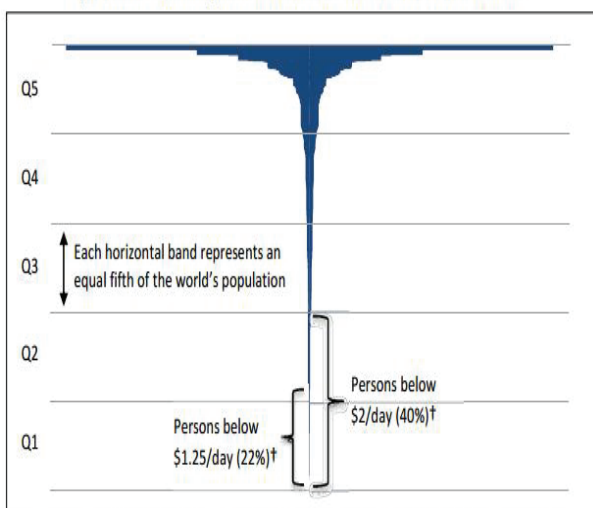
Since issuing the Human Development Report in 2002, with the famous cover of the distribution of the world's wealth on population segments (5 segments of 20%), the distribution did not actually change. On the contrary, global disparity grew and distribution deteriorated somewhat, keeping in "champagne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

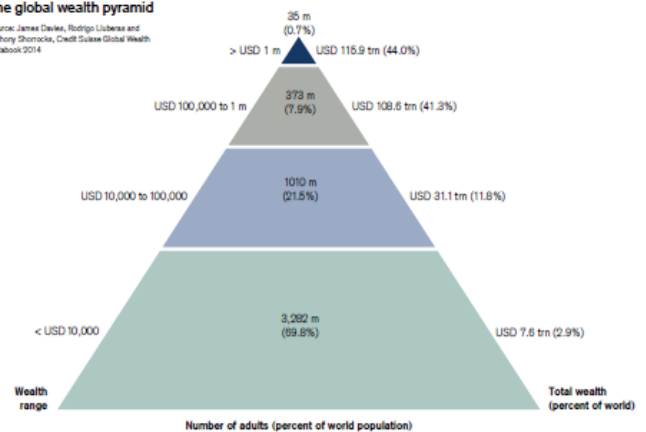
the world's wealth, representing, without doubt, the percentage of poor people on the planet. On the other hand, Credit Suisse's annual Global Wealth Report provides similar, even more polarized results calculated on the basis of the share of adult individuals of the total wealth.

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

Source: James Davies, Rodrigo Lluberas and Anthony Shorrocks, Credit Suisse Global Wealth Databook 2014



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.

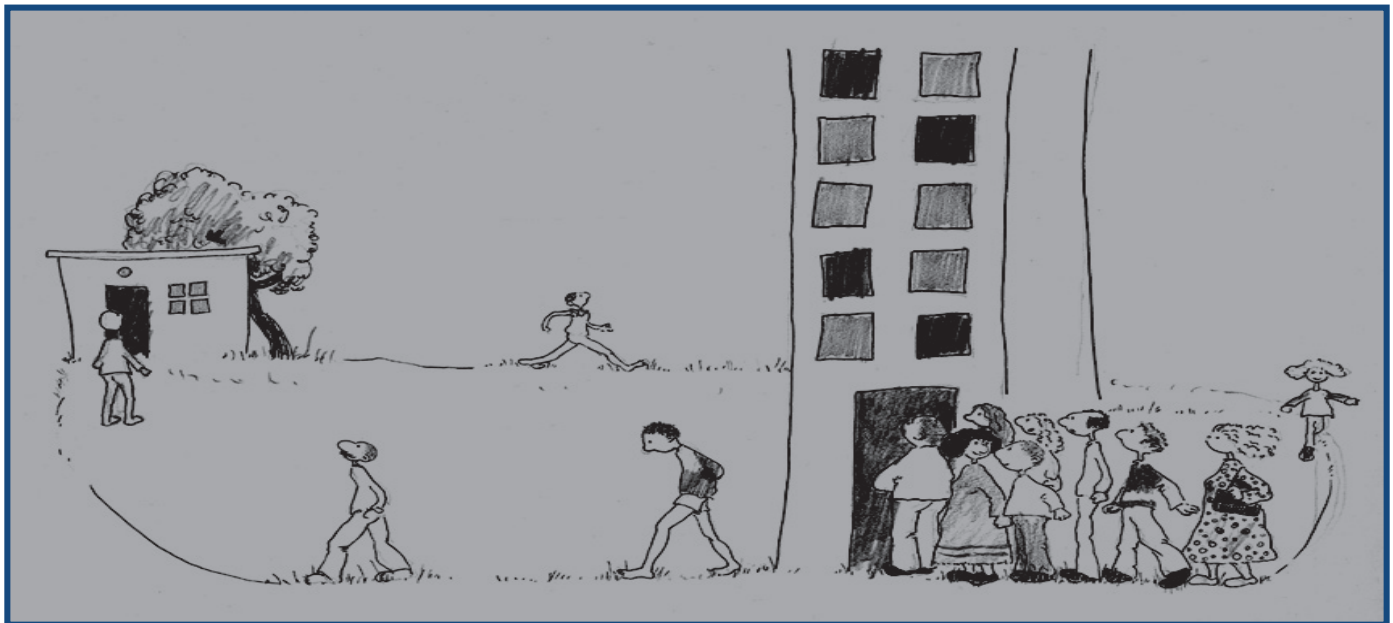
### Possible Alternatives

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

*Dr. Mohammed Said al-Saadi*

*Research Professor in Political Economy*

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.

## References:

### English

Ortiz I. and Matthew Cummins, "The Age of Austerity, A Review of Public Expenditures and Adjustment Measures in 181 Countries", IPD and South Centre, Geneva, 2013.

Blyth M, "The Austerity Delusion", *Foreign Affairs*, Vol. 92, Issue 3, May-June 2013.

ESCWA, "Social Policy and Social Protection, Challenges in the ESCWA Region," Vol. 2, Issue 8.

IDEAs, "Cash Transfers as a Strategy for Poverty Reduction: A critical assessment", Policy Brief, No. 3, 2011.

IMF Transcript, "Briefing on Middle East Economic Outlook", 19 April 2013.

World Bank, "Towards a New Partnership for Inclusive Growth in the Middle East and North Africa Region", May 2012.

ILO and UNDP, "Rethinking Economic Growth: Towards Productive and Inclusive Arab Societies", Beirut, 2012.

Krugman P, "The False Claims for Austerity", *The New York Review of Books*, June 6, 2013.

Oxfam, "A Cautionary Tale, The true cost of austerity and inequality in Europe", September 2013.

Bhumika M and N Moulina, "The Failed Story of IMF Conditionality", *Third World Network*, March 2010.

Khor M, "A Critique of The IMF's Role and Policy Conditionality", *Third World Network, Global Economy Series*, N°4.

Lomeli E V, "Conditional Cash Transfers as Social Policy in Latin America: An Assessment of their Contributions and Limitations", *The Annual Review of Sociology*, 34, 2008.

Daily News Egypt, "New finance minister plans

stimulus not austerity”, July 2013.

Stiglitz J, Globalization and Its Discontents, Penguin Books Ltd, UK, 2002.

World Bank, “Towards a New Partnership for Inclusive Growth in the Middle East and North Africa”, May 2012.

### French

Haut Commissariat au Plan, “Simulation de l’impact de l’indexation des prix de certains produits pétroliers sur l’économie nationale,” Royaume du Maroc, 2013.

### Arabic

تيري وودز، قلاع العولمة (عن صندوق النقد الدولي والبنك الدولي والمقترضين)، المركز القومي للترجمة، القاهرة، ٢٠١٠.

رينتشارد بيت وآخرون، الثالث غير المقدس، منشورات الهيئة العامة السورية للكتاب، دمشق، ٢٠٠٧.

جوبلي وآخرون، سياسات دعم الغذاء في مصر، مركز دراسات واستشارات الإدارة العامة، ٢٠٠٥.

هاريجان، «اقتصاديات وسياسات صندوق النقد الدولي والبنك الدولي ونشاطاتهما في الشرق الاوسط»، المستقبل العربي، أيار ٢٠٠٦.

الإسكوا، المسح السنوي للتطورات الاقتصادية والاجتماعية في المنطقة العربية، بيروت، ٢٠٠٨.

تقرير التنمية الإنسانية العربية للعام ٢٠٠٩، بيروت، المكتب الإقليمي للدول العربية، ٢٠١٢.

بسام فتوح ولورا القطيري، «دعم الطاقة في العالم العربي»، برنامج الأمم المتحدة، صندوق الأمم المتحدة للتنمية.

الموقع الإلكتروني لصندوق النقد الدولي.

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

Laura Adwan - Iyad al-Riyahi

*Social and Economic Rights Monitor (al-Marsad) - Palestine*

## 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.

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

---

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 refugee 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

---

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-

---

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.

---

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-

---

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

*Housing and Land Rights Network – Habitat International Coalition*

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.

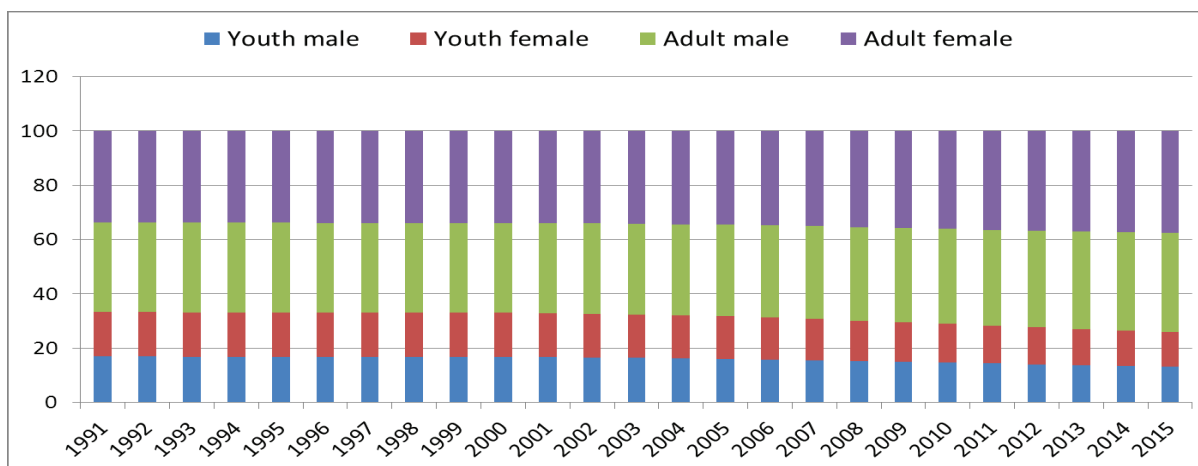
### Employment

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)**



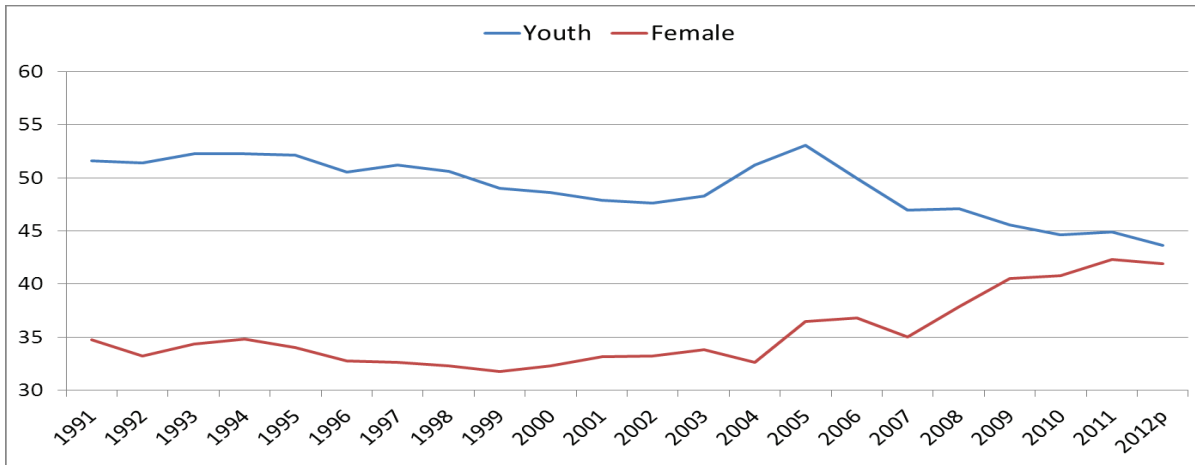
Source: ILO, Trends econometric models, October 2012

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.

### Endnotes:

1- ILO, “African Youth Forum: ILO calls for bold political action to promote youth employment in Africa,” 29 January 2014, at: [http://www.ilo.org/addisababa/media-centre/news/WCMS\\_234712/lang--en/index.htm](http://www.ilo.org/addisababa/media-centre/news/WCMS_234712/lang--en/index.htm). The unemployment rate among the 15–24 year age group reached 29.4 per cent in 2010 in Tunisia, 17.6 per cent in Morocco and 24.8 per cent in Egypt. ILO, Department of Statistics, at: [http://www.ilo.org/wcmsp5/groups/public/--dgreports/---stat/documents/presentation/wcms\\_156325.pdf](http://www.ilo.org/wcmsp5/groups/public/--dgreports/---stat/documents/presentation/wcms_156325.pdf).]

2- ILO estimates 2011.

3- ILO, « Faire des migrations un facteur de développement : une étude sur l’Afrique du

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

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

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

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

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

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

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

10- Irène Selwaness, "Rethinking social insur-

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

[http://www.erf.org.eg/CMS/uploads/pdf/ERF18th\\_IreneSelwaness.pdf](http://www.erf.org.eg/CMS/uploads/pdf/ERF18th_IreneSelwaness.pdf); cited also in Doha Abdelhamid, "High- Level Independent Evaluation of ILO Decent Work Country Programme Strategies and Activities in North Africa: Egypt Country Case Study" (Geneva: ILO, 2014).

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

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

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

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

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

16- Ibid.

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

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

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

19- Estimated to be equivalent to the annual income of 375,000 average Moroccan breadwinners. See Ahmed Ben Seddik, “*Mizanīyyat al-Qasr Ista’atharat bi Nasīb 375 Alf Muwātin*” [The Palace’s Balance Sheet Accounts for 375 Thousand Citizens] Arabic, *Lakome* (19 June 2011), at: <http://www.lakome.com/2010--5773/اقتصاد-79-أخبار-اقتصاد.html>.

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

21- Reuters, “Morocco ends gasoline, oil subsidies,” *Qatar Tribune* (19 January 2014), at: <http://www.qatar-tribune.com/viewnews.aspx?n=705F2E92-04BC-4B7D-815B-DCE5956FB9E8&d=20140119>.

22- See Céline Bacrot, “Social Protection in Sudan,” (UNDP and ILO Thematic/ Policy Paper), (November 2013).

23- نور علي، «التخطيط: الحكومة تتخلى عن «توافق واشنطن» - وتطبق تجربة اليابان الإثنيين»، اليوم السابع (13 شباط/فبراير http://www.youm7.com/story2012/2//%13D8%A7%D9%84%D8%AA%D8%AE%D8%B7%D9%8A%D8%B7--D8%A7%D9%84%D8%AD%D9%83%D9%88%D9%85%D8%A9-%D8%AA%D8%AA%D8%AE%D9%84%D9%89-

%D8%B9%D9%6-

%-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>.