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**Practical initiatives to increase social
and economic equality****Summary**

The present document concludes the series of documents on inequality in the Arab region by putting forward practical initiatives to increase social and economic equality in the Arab region, based on a review of global lessons in that regard. It sets out the following three-pronged approach for policies to successfully reduce inequality: promoting solidarity; delivering visible impact; and securing credibility and citizens' trust. It considers various policy options aimed at furthering inclusion and social justice, such as adopting progressive fiscal policy and universal social protection, investing in human capital, and providing decent employment opportunities, and presents concrete examples on those options. The document also provides an overview of the tools and methods developed by the Economic and Social Commission for Western Asia (ESCWA) to support member States in their efforts towards increasing social and economic equality.

The Committee on Social Development is invited to discuss the present document, and make recommendations on the way forward.

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Introduction

1. If left unaddressed, inequality tends to expand. However, inequality can be tackled if there is political resolve to do so. For many, inequality is a political choice. Ultimately, the role of the State in combating inequality is paramount and irreplaceable. History provides lessons of how to both increase and decrease inequality, and thus on how inequality can be addressed.

I. How to address inequality: a global lesson

2. At the start of the twentieth century, many Governments in high-income countries (driven by universal suffrage, or the extension of the right to vote to all citizens, regardless of gender, wealth and other characteristics) embraced the welfare state. Under welfare states, progressive taxation increased, and government spending focused on social goods: health care, education, retirement, unemployment, family benefits, and housing support. Increased (and progressive) taxation between 1920 and 1980 enabled a redistribution of resources and wealth to promote greater equality among the population. Wealth inequality in particular reached its lowest level in the United States of America between 1970 and 1980, and in Europe between 1980 and 1990. This period also coincided with greater employment and economic growth.¹

3. Furthermore, there is evidence that publicly funded social services were more cost-effective and efficient (in terms of well-being and life expectancy) than their privately funded counterparts.

II. How not to address inequality: a global lesson

4. Since 1980, globalization has helped drive a trend towards deregulation and liberalization under the premise of greater economic growth. It also spurred tax evasion, as the wealthy were better able to move their money overseas and avoid regulation. Taxation became less progressive, and the wealthy disproportionately benefitted from widespread tax cuts to retain a larger proportion of their incomes.

5. However, tax cuts did not notably increase economic growth as envisaged. For example, in the United States between 1950 and 1990, the top marginal income tax rate averaged 72 per cent and growth in national income per capita averaged 2.2 per cent. In contrast, between 1990 and 2020, the top marginal income tax rate fell to an average of 35 per cent, and growth in national income per capita similarly fell to average 1.1 per cent.²

6. Instead of a booming global economy, inequality (measured by income and wealth) increased. However, inequality has not risen uniformly worldwide on account of political interventions and public acceptance for equality. For example, income and wealth inequality has increased more in India, the Russian Federation and the United States, and much less in China and Europe where societies have less tolerance for inequality and thus demand political and economic systems that address it.³

III. Financing equality

7. Whilst public expenditure on social services, financed through progressive taxation, plays a critical role in reducing inequality, Governments increasingly have limited fiscal space to invest in their populations. Since the global liberalization of the 1980s, wealth (and to some degree political influence) has moved from the public sector to the private sector. The COVID-19 pandemic exacerbated the trend of dwindling public sector wealth holdings, forcing Governments to borrow from the private sector thus effectively resulting in the private sector holding the entirety of global wealth.⁴

¹ World Inequality Lab, [World Inequality Report](#), 2022.

² Ibid.

³ Ibid.

⁴ Ibid.

8. Consequently, and despite the unprecedented stimulus and social protection packages rolled out by Governments during the pandemic, inequality increased and the capacity of States to protect their populations from rising inequality is now severely at risk. While this global truth equally applies to the Arab region, many Arab countries may nonetheless have a chance to enact policies and initiatives that combat inequality through the current windfall from high energy prices. As the world moves towards greener alternatives, the current environment of increased demand for highly priced oil may be a final opportunity to finance wide-reaching social policies.

IV. Practical initiatives to increase social and economic equality

9. High levels of inequality are entrenched in the Arab region, and cannot be overcome merely through economic growth. On the contrary, economic growth that does not trickle down to the entire population will widen inequality. Deliberate policy interventions are therefore a must.

10. Pathfinders and ESCWA promote a three-pronged approach for policies to successfully reduce inequality: promoting solidarity, delivering visible impact, and securing credibility and citizens' trust. To promote solidarity, policies should tackle prejudice, build empathy between groups, and address disadvantages and historic wrongs. To deliver visible impact, policies should have a meaningful effect on people's daily lives and address unattended policy areas. Lastly, to secure credibility and trust, policies should enable the State to function fairly and transparently. While policies focused on just one of the three prongs may be effective in reducing employment inequality in the short-term, all three prongs are essential to ensure sustainability. Countries that have made progress on credibility (such as anti-corruption reforms) but have not delivered visible results, often fail to sustain momentum. Likewise, countries that deliver visible results, but do not root them in solidarity-building change or securing credibility, often face reversals.⁵

11. To combat inequality and foster sustainable and inclusive socioeconomic development, fiscal policy must be progressive (this also promotes solidarity) so that it supports the poorest in catching up and enjoying a decent standard of living. Fiscal policy should also pursue a green economy that slows the advancement of climate change and protects the most vulnerable from its impact. A wealth solidarity fund may be considered in countries with high levels of inequality as a method to redistribute resources fairly across populations. Universal social protection (which would deliver visible impact) should be pursued by policymakers to mitigate the deprivations of poverty, and to help lift many poor individuals into productive and decent employment. If combined with effective graduation policies, social protection could meaningfully lift a sizeable proportion of the poor out of poverty permanently. Investment in education has long been proven to play a catalytic role in preventing poverty and reducing intergenerational inequality.⁶ Greater investments in human capital are necessary not only for the well-being of populations (to build solidarity), but also to develop a productive labour force that will grow economies. In addition to investing in education, policies should also ensure adequate opportunities for decent employment (to deliver a visible impact), so that the benefits of an educated population are not lost. A high number of working poor will not contribute to economic growth, and will remain a burden on the State. All policies must promote inclusion and mainstream social justice to ensure that nobody is left behind (and to build trust). Sustainable socioeconomic development is impossible if swathes of the population are excluded from contributing towards it or benefitting from it. Lastly, integrating policies so that they are coherent and complementary will increase their efficiency and improve the chances of combatting inequality, while a coherent commitment to reduce inequality reflected through numerous interventions will build the trust of the public and enhance social cohesion.

⁵ ESCWA, [Inequality in the Arab Region: A Ticking Time Bomb](#), 2022.

⁶ United Nations Department of Economic and Social Affairs, [World Social Report](#), 2020.

A. Progressive fiscal policy

12. Taxes and transfers are one of the most powerful instruments for Governments to reduce inequality. However, to be impactful, wealthy individuals and multinational corporations must pay their fair share in taxes. Indirect taxes and subsidies (for example, on bread or petrol) are typically regressive, benefitting the upper and middle classes more than the poorest. In contrast, direct taxes and social transfers are progressive and promote equality.⁷ In less wealthy economies, or those with sizeable fiscal deficits, pressure to balance public budgets risks undermining investments in the social sectors, and thus risks triggering greater inequality and greater pressure on public budgets. Where possible, social expenditure and progressive fiscal policy should be prioritized.

13. A wealth solidarity fund would provide a progressive way to redistribute wealth from the very wealthy to the very poor. Furthermore, ESCWA analysis illustrates that in middle-income Arab countries, a wealth solidarity fund could plausibly end poverty.

14. The Arab region's 37 billionaires (all men) held almost \$108 billion in 2019. In 2019, this was comparable with the GDP of Morocco, and higher than the combined GDP of the Arab region's two largest least developed countries (LDCs): the Sudan and Yemen. ESCWA estimates that the wealth of the region's 37 billionaires was equivalent to that of the region's poorest 110 million adults (46 per cent of the adult population), who have an average wealth of just \$975 each.

15. In 2019, before the outbreak of the pandemic, the cost of covering the poverty gap across the entire Arab region was \$38.6 billion per year.⁸ A 2.6 per cent solidarity wealth tax on the wealth of the richest 10 per cent of the Arab population would have been sufficient to close the poverty gap. The cost of covering the Arab poverty gap rose to \$45.1 billion in 2020, and the wealth solidarity tax necessary to close the poverty gap increased to 3.2 per cent.

16. If the 2.6 per cent solidarity wealth fund is applied to the whole Arab region, this would translate to a significant redistribution of wealth from Gulf Cooperation Council (GCC) countries to Arab LDCs. A wealth solidarity fund is more likely at the national level, so it is most practical in middle-income countries where there is sufficient wealth to be redistributed (in low-income countries, the poverty gap is too great, and the wealthy elite are too small to sustainably alleviate poverty through wealth redistribution alone). ESCWA estimates that in 2019, a solidarity wealth tax of 0.9 per cent would have closed the poverty gap in Arab middle-income countries, rising to 1.2 per cent in 2020.⁹

Box 1. Wealth solidarity fund to combat inequality

ESCWA proposes an Arab wealth solidarity fund to address the impact of multiple overlapping shocks across the Arab region, namely the after-effects of COVID-19, the energy and food price inflation from the war in Ukraine, and the looming global and economic recession. The solidarity fund would tackle inequality by redistributing wealth from the richest to the poorest, and should target the specific needs of the most vulnerable groups, including expanding the opportunities available to low-income households. The proposed wealth solidarity fund would be managed by the fund's investors, and as such would be separate from, yet complementary to, public budgets.

Before the establishment of the fund, and given the urgent needs of the region, ESCWA calls for a regional push towards solidarity so that nobody is left behind.

Source: ESCWA, [Limited fiscal space puts the Arab region recovery from COVID-19 at risk](#), 2020.

⁷ World Bank, [The redistributive impact of fiscal policy indicator: A new global standard for assessing government effectiveness in tackling inequality within the SDG framework](#), 2020.

⁸ The poverty gap is calculated using national poverty lines for 13 Arab countries (where data is available), whose populations are mostly (over 90 per cent) non-GCC nationals.

⁹ ESCWA, [Wealth inequality and closing the poverty gap in Arab countries: the case for a solidarity wealth tax](#), 2019.

B. Universal social protection

17. The right to social protection is stipulated in the Universal Declaration of Human Rights. Universal social protection is vital to alleviate inequality caused by poverty, and thus to achieve sustainable socioeconomic development and political stability. However, despite the benefits of social protection systems in building a more equitable society, only 46.9 per cent of the global population enjoyed at least one social protection benefit in 2020.¹⁰ Across the Arab region, access to social protection (measured by the proportion of the population benefitting from at least one social protection benefit) varies from 2.8 per cent in Yemen to 77.8 per cent in Saudi Arabia.¹¹

18. Social protection systems may be divided into (non-contributory) social assistance and (contributory) social insurance systems. Social assistance systems (such as cash or in-kind transfers) are frequently designed as a benefit to vulnerable populations.¹² They may target vulnerable populations only, or they may be universal (for example, universal child grants or universal school feeding programmes). Social assistance schemes mitigate poverty by stabilizing beneficiary households' consumption. In contrast, social insurance systems (such as unemployment benefits, health insurance, disability benefits, child benefits, old-age pensions) are typically limited to those who are formally employed and their dependents; they are frequently co-financed by employers to protect against the risk of falling into poverty. Both are essential.

1. Social assistance

19. Social assistance schemes can be conditional, unconditional or labelled (the funds are earmarked for a specific purpose, but are not conditional upon that purpose being met), and should be provided to a targeted population after some form of means-testing. Cash transfers are not sufficient to lift a population out of poverty, as they simply support basic consumption and are therefore not sustainable. However, they are an essential tool to prevent the poor from feeling the deprivations of poverty. Successful cash transfer systems should be well-targeted, large enough to enable recipients to meet their basic needs (and where possible indexed to inflation), and responsive so that they may be quickly scaled up or down in response to a shock. Furthermore, successful cash transfer systems should be complemented with skilling and capacity development programmes to help beneficiaries graduate out of social assistance and attain a stable source of income.

2. Social insurance

20. Social insurance schemes include unemployment benefits, health insurance, disability benefits, maternity benefits, child benefits and old-age pensions, and are essential to protect individuals from unexpected shocks that may cause them to fall into poverty. Yet, social insurance in the Arab region is far from comprehensive, and tends to only cater to public sector workers and formal private sector workers, which both reduces its impact (as less people are reached) and its sustainability (as less people contribute). For example, only 27 per cent of the Arab region's senior citizens benefit from pensions, most of whom are men. Prevailing informality in labour markets, low female labour force participation, and large migrant populations cause large proportions of the population to be excluded from social insurance, in particular informal workers, women and migrants. Furthermore, universal access to health care (a critical component of social insurance) is far from complete, and requires a substantial investment to ensure financial protection for vulnerable people when accessing health care.¹³

¹⁰ ESCWA calculations.

¹¹ ESCWA, [Arab SDG Monitor](#).

¹² Fiona Howell, [Social Assistance – Theoretical Background](#), 2001.

¹³ International Labour Organization, [Social Security in the Arab States](#), 2022.

3. Achieving universal social protection

21. Providing universal social protection requires establishing social protection floors, detailing a standard of living that Governments will not allow any individual to fall below. Social protection floors must be determined at the national level, but at the very least should consider the following: access to essential health care; basic income security, nutrition and access to education for children; basic income security for adults of working age (this includes a minimum wage for those actively working, and benefits for those who are unable to work owing to sickness, disability, maternity or unemployment); and basic income security for older persons (adequate pensions).
22. In many Arab countries, the working poor are left out of social assistance programmes (which target the extreme poor), but are also excluded from social insurance programmes (which target the formally employed). Some informally employed individuals may also possess the ability to save, which would reduce their vulnerability to unemployment, poor health or other shocks, but have limited access to formal mechanisms.
23. Expanding social protection programmes to include the informally employed may be supported by digitizing these programmes. Digitization would reduce the operating costs of social protection programmes, thereby enabling a greater number of beneficiaries, and would reduce the transaction costs for beneficiaries, thereby encouraging greater uptake. However, it is important to note that for informal workers to contribute towards social protection programmes, in particular social insurance, they must trust the system: effective communication is therefore key.¹⁴

Box 2. Improving the efficiency of social protection programmes

The ESCWA Social Protection Programme – Rapid Assessment Framework (SPP-RAF) enables policymakers and Government technicians to undertake a fast and low-cost evaluation of national social protection programmes.

Better understanding the effectiveness of national social protection programmes by identifying the characteristics and needs of beneficiaries, how to target beneficiaries, how to minimize inclusion and exclusion errors, and how to support beneficiaries to graduate from social assistance, allows Governments to improve the efficiency of their social protection programmes and expand coverage to those most in need.

Source: Compiled by ESCWA.

24. In an ideal scenario, poverty alleviation strategies and policies accurately target the poor and vulnerable populations. They recognize the particular deprivations experienced by those in need and the intensity of their deprivations, so as to develop meaningful strategies and policies that may be effective in reducing poverty. For this reason, multidimensional poverty indices are a useful tool that can be used at the national level, or disaggregated across sexes, geographies and ages.

Box 3. Identifying those in need of social assistance

ESCWA offers a number of tools to identify poor populations in Arab countries. These tools support efforts to identify the likely beneficiaries of social assistance programmes, and help policymakers develop effective poverty alleviation policies.

ESCWA money-metric poverty assist tool

This is a user-friendly online tool that calculates money-metric poverty measures.

The tool produces poverty measures for regions, sets of economies or a single economy, over time and at any poverty line, and highlights trends and key changes in poverty. The tool further enables users to forecast monetary poverty to 2030, including under different policy and economic scenarios.

¹⁴ World Bank, [Social Protection for the Informal Economy: Operational Lessons for Developing Countries in Africa and Beyond](#), 2021.

ESCWA revised Arab multidimensional poverty index

The ESCWA revised Arab multidimensional poverty index (MPI) offers a regional analysis on poverty, so that it may be compared across Arab countries, using characteristics specific to the region. Since many Arab countries are middle- or high-income, Arabs are more likely to live in moderate instead of extreme poverty, so the Arab MPI provides an insight into the moderate poor in middle-income countries. It captures both the incidence and the intensity of multidimensional poverty, enabling policymakers to know who the poor are and the extent of their experienced poverty. Furthermore, MPI can be disaggregated across the various dimensions of poverty, by geography, age and gender, for a deeper analysis into the drivers of multidimensional poverty.

ESCWA multidimensional poverty index assist tool

The online multidimensional poverty index assist tool (MAT) platform enables policymakers to construct a tailored national MPI using advanced diagnostics. MAT assists countries to use their microdata surveys to assess the incidence and depth of multidimensional deprivations within their populations, using transparent methods and ensuring accountability. The tool also supports countries in tracking their status and growth and simulating developmental shocks, and allows regional and temporal comparisons.

ESCWA MAT optimization module

ESCWA recognizes that policymakers are often restrained from fully closing poverty gaps owing to insufficient resources. While MAT provides tailored insights and forecasts into multidimensional poverty, it does not recognize the trade-offs that many policymakers face. To fill this gap, ESCWA has developed an optimization module within MAT, which helps policymakers identify the most efficient policy reduction strategies given their limited resource envelope. The tool thus enables policymakers to reduce multidimensional poverty in a targeted and feasible manner.

Source: Compiled by ESCWA.

Box 4. Measuring multidimensional poverty in the State of Palestine

ESCWA worked alongside the Government of the State of Palestine to estimate multidimensional poverty in 2020 and 2021, as input for the Government's poverty reduction strategy.

ESCWA calculations displayed a significant deterioration in freedom, safety and quality of employment in the country between 2011 and 2016. Multidimensional poverty was surprisingly relatively stable in 2020, although lack of access to education emerged as a new concern. However, multidimensional poverty increased in 2021, highlighting the role that political factors play on multidimensional poverty in the State of Palestine.

ESCWA calculations for multidimensional poverty enabled the Government to meaningfully work towards an informed poverty reduction strategy.

Source: Compiled by ESCWA.

C. Invest in human capital

25. Universal access to quality education and health care are essential to break intergenerational poverty and escalating inequality. Universal access to quality education is one of the greatest enablers of social mobility.

26. Government expenditure on education varies from 4 per cent of total Government expenditure in Somalia to 19 per cent in Saudi Arabia. The Education 2030 Framework for Action specifies that Governments should spend at least 15 to 20 per cent of total public expenditure on education to achieve universal access to quality education. In the Arab region, only Algeria, Morocco and Saudi Arabia exceed the lower bound of this target; no Arab country exceeds the upper bound. Increased expenditure on education is thus critical. However, expenditure

must focus on delivering high quality and relevant education that is in line with the changing needs of the labour market, and that incorporates technological advances to deliver a technologically literate labour force.

27. Poor health can push vulnerable families into poverty, or reinforce the poverty experienced by already poor families, as entire families collectively pool their resources, and frequently accumulate debt, to pay the medical bills of ailing family members. For example, in Egypt in 2015 (latest available data), 5 per cent of households spent more than 25 per cent of their total expenditure on health.¹⁵ Poor or vulnerable families are more likely to suffer from poor health outcomes owing to their limited capacity to afford a nutritious diet, their higher likelihood of undertaking precarious work, and their poorer living conditions. Health and poverty can therefore become a vicious downwards spiral.

28. Conditional cash transfers can also increase human capital. By ensuring that children go to school, attend regular health check-ups, and receive all their vaccinations, while enabling poor households to meet their basic consumption needs, conditional cash transfers promise to break the intergenerational transmission of poverty. However, conditional cash transfers alone are not sufficient to lift households out of poverty, and should be used in conjunction with other social protection (graduation) schemes to promote decent employment.¹⁶

Box 5. Supporting conditional cash transfers in Egypt

In Egypt, the *Takaful* and *Karama* cash transfer programmes have been proven to mitigate poverty, increase the human capital of beneficiary households, and empower women.

Karama (meaning “dignity”) is an unconditional cash transfer provided to older persons (aged over 65), the disabled and orphans. There are 1.2 million beneficiaries currently enrolled under *Karama*, all of whom receive an unconditional monthly transfer. *Takaful* (meaning “solidarity”) is a conditional cash transfer, in which 1.9 million households are enrolled. Beneficiaries are awarded monthly transfers contingent upon their children (aged 6 to 18 years) achieving 80 per cent school attendance, attending four visits a year to health clinics (for mothers and children below the age of 6), and upon mothers maintaining child growth records and attending nutrition awareness sessions.

An impact evaluation has demonstrated increased consumption and food consumption among beneficiaries of both programmes, higher weight-for-height scores and lesser malnourishment in young children, and increased spending on private tutoring, school supplies and school transport.

In this context, the Egyptian Government has requested technical assistance from ESCWA to better monitor and implement *Takaful*'s conditionalities. In response, ESCWA assessed the current implementation status of *Takaful* and *Karama*, identified key bottlenecks in the roll-out of (hard) conditionalities, and organized a social protection peer-exchange meeting on the ‘Effective implementation of conditional cash transfer programmes’, which brought together government social protection experts from Chile, Egypt, Mauritania, Tunisia and Türkiye. Experts discussed the main bottlenecks of applying and implementing conditionalities: health conditionalities, monitoring, exit and graduation strategies, cash plus, and the role of social workers and operational manuals.

Following the meeting, ESCWA developed recommendations for a phased roll-out of hard conditionalities in Egypt, taking into account differences in governates’ readiness to implement conditionalities and monitor beneficiaries.

ESCWA is not prescriptive on whether conditionalities should be imposed or not, as this is ultimately a political decision. However, ESCWA can provide technical support and general policy advice, for example, by presenting evidence and good practices, and by guiding countries on effective design and implementation strategies.

Source: World Bank, [Takaful and Karama: a social safety net project that promotes Egyptian women empowerment and human capital](#), 2020; and ESCWA, Draft Report, Beirut Social Protection Peer-Exchange Meeting: Effective Implementation of Conditional Cash Transfer (CCT) Programmes, 2022.

¹⁵ ESCWA, [Arab SDG Monitor](#).

¹⁶ Ariel Fiszbein and others, [Conditional Cash Transfers - Reducing Present and Future Poverty](#), 2009.

29. Access to technology and the Internet is a critical component of increasing human capital. Not only does expanding access and uptake to the Internet and digital services better include populations at risk of being excluded (such as those in rural unconnected areas, or the poor who cannot afford to pay for Internet), but it enables vulnerable populations to increase their technological knowledge and their productivity. A growing digital divide risks stoking inequality. This is particularly true in rural areas, where the Internet can significantly reduce the transaction costs involved in travelling long distances. Increasing investments in digital infrastructure in rural areas could therefore contribute significantly towards reducing geographical inequalities. People with disabilities are also particularly vulnerable to being left behind and excluded from technological advances, as they cannot always access modified technology. Effective national policies and guidelines are essential to improve the e-accessibility of persons with disabilities.

30. In the absence of initiatives to provide universal access to quality health, education and technology, these issues will increase inequality as the wealthy pay for quality services while the poor are left behind. Yet, initiatives to invest in human capital accumulation are beneficial to economic growth and public finances by delivering a productive and engaged labour force.

D. Ensure decent employment

31. Decent work for all would empower individuals and countries. It could eradicate poverty, increase productivity, and foster greater economic growth. However, decent work for all requires creating sufficient employment opportunities and empowering the poor, so that they are protected from abuse and exploitation at work and earn a fair living wage.

32. The Arab region's growing unemployment is largely driven by a lack of formal job creation and excess (skilled) labour supply over demand. The jobs that have been created tend to be in the informal services sector, and demand a relatively low skill set. Owing to their informality, workers frequently lack standard benefits and safety measures, and ultimately do not enjoy decent employment conditions. To protect existing workers, including those in the informal sector, national legal frameworks should be re-evaluated so that all persons are protected under labour legislation.

33. Ensuring decent employment will thus require a substantial increase in job creation, combined with graduation strategies that prepare individuals (in particular, vulnerable individuals who are beneficiaries of social assistance) to enter labour markets.

Box 6. Connecting jobseekers with jobs in Kuwait

The ESCWA Future of Work initiative supports member States in better understanding the demanded skills in their labour markets, so to better target decent work creation.

The ESCWA Skills Monitor identifies skills in demand across the region and in each member State. The results can be used by policymakers to address the prevailing skills mismatch in labour market supply and demand, to assess the degree to which the private sector in their country is engaged in technological advancements necessary to partake in the Fourth Industrial Revolution, and to identify relevant policies that spur private sector job creation. The results may also be used by individuals to assess if they have the skills most in demand in their country, and to identify opportunities to up-skill or re-skill for greater employability.

ESCWA is working with the Youth Public Authority (YPA) in Kuwait to match young Kuwaitis with jobs posted on the YPA platform. Skills were extracted from both job advertisements (on the YPA web application) and from young people's resumés (also registered on the YPA web application). The ESCWA artificial intelligence model then helps match applicants' skills with those requested in advertisements, and highlights the mismatch where skills supplied do not meet those demanded.

Source: Compiled by ESCWA.

1. *Job creation*

34. For the Arab region to grow sustainably, there needs to be significant formal job creation in highly skilled productive sectors. Governments should not seek to increase public sector job creation, but can instead encourage private sector job creation through efforts to improve the business environment, targeting sectors that are labour intensive, high-technology and productive, and by enacting employment incentives. Sectors such as tourism and the digital economy can offer significant employment creation and capital inflows. The private sector's greatest incentive to invest more in employment creation and industry across the region is a guarantee of economic and political security.¹⁷

Box 7. Josour

The ESCWA *Josour* (meaning “bridges”) programme is a regional initiative to reduce inequalities in the Arab region by creating employment opportunities for young people, and by providing training to improve their skills and increase their employability.

Josour facilitates dialogue between young people and employers, provides trainings for young people to prepare them for the future of work, and identifies and addresses prejudicial attitudes towards women and persons with disabilities in the labour market.

Source: Compiled by ESCWA.

35. Employment creation must consider the specific needs of different populations. Persons with disabilities require accessible working spaces, while enabling remote working and providing care options for dependents encourages greater female employment.

2. *Graduation strategies*

36. Graduation strategies typically work with cash-based social assistance schemes, but provide additional dimensions aimed at empowering recipients. Examples of graduation strategies include incentive structures, labour activation, linkages to other social programmes, financial inclusion,¹⁸ and increasing asset ownership.

37. Graduation strategies can help empower poor populations away from social assistance programmes (which maintain a basic level of consumption) towards a scenario where they are productively employed. By increasing access to, and participation in, decent employment, graduation strategies can also promote social inclusion and social cohesion throughout a community.¹⁹

3. *Incentive structures*

38. Incentive structures focus on incentivizing beneficiaries of social assistance programmes to strengthen their human capital (typically health and education), so that they may be better equipped to interact in labour markets and with society. For example, conditional cash transfer programmes frequently increase the human capital of children and break intergenerational poverty cycles. Similarly, school food programmes work to encourage school attendance, which benefits both the nutrition and education of poor children.²⁰

¹⁷ ESCWA and International Labour Organization (ILO), [Towards a Productive and Inclusive Path: Job Creation in the Arab Region](#), 2021.

¹⁸ World Bank, [Safety nets: How to – Graduation](#).

¹⁹ Consultative Group to Assist the Poor, [Graduating the Poorest into Microfinance: Linking Safety Nets And Financial Services](#), 2006.

²⁰ World Bank, [Safety nets: How to – Graduation](#).

4. *Labour activation*

39. Labour activation focuses on linking beneficiaries of social assistance programmes with programmes that will connect them to labour markets. Lifelong education opportunities, technical and vocational training opportunities, business development training (typically focused on microenterprises), and employment services can all provide a basis for excluded individuals to enter labour markets.²¹

40. Labour activation is particularly successful in urban areas where there are more employment opportunities. In urban areas, enhanced education, training and human capital development can significantly improve the employment opportunities available to the poor and, by improving the likelihood of attaining decent employment, can enable poor individuals to improve their livelihoods, increase their resilience, and benefit from social inclusion. Technical and vocational education and training has proven to be particularly effective in supporting poor individuals and households to graduate out of poverty.²²

41. Employment services that connect individuals and skills to specific jobs can support school-to-work transitions, and minimize the duration of unemployment for those looking for work.

5. *Linkages to other social programmes*

42. By linking social assistance programmes to other social programmes, beneficiaries may become more resilient, and thus empowered to pursue decent employment or income-generating activities. For example, social assistance may be linked to housing subsidies, subsidies for health and/or education, extension programmes (training for farmers and agricultural workers), psychosocial programmes, or support in accessing identification and basic legal documents.²³

6. *Financial inclusion*

43. Encouraging financial inclusion among beneficiaries of social assistance programmes enables beneficiaries to save, invest or access credit. Access to credit may support entrepreneurs or micro and small business owners to grow their business and support their livelihoods. However, efforts to increase financial inclusion must first focus on providing financial literacy and access to a bank account before advancing to more sophisticated tools, such as credit and insurance. Efforts to increase financial inclusion among poor populations can benefit from advances in fintech, which promote inclusion even throughout disconnected populations, such as those in rural areas or without a fixed residence. For example, distributing cash transfers directly to bank accounts or mobile money accounts can promote financial inclusion among beneficiaries of social assistance programmes.

7. *Increasing asset ownership*

44. Increasing asset ownership empowers beneficiaries of social assistance programmes to improve their livelihoods, particularly in rural areas or where formal employment opportunities are lacking. Productive assets (such as livestock, arable land and transport) can provide a sustainable source of revenue for poor households beyond cash transfer programmes, or can provide a source of collateral to access credit.

Box 8. Graduating out of social protection in Jordan

The National Aid Fund is responsible for social protection in Jordan. Their 2019–2025 National Social Protection Strategy for the first time outlines an ambition to go beyond simply providing social protection, and considers graduation strategies to support beneficiaries transition to the labour market.

²¹ Ibid.

²² Michael J. Petrilli, [Not just college: Technical education as a pathway to the middle class](#), 2016.

²³ World Bank, [Safety nets: How to – Graduation](#).

To this end, the National Aid Fund has collaborated with the Ministry of Labour, ILO and the World Bank to register beneficiaries of the United Cash Transfer Programme into the *Sajjil* platform (national employment platform), which is an online platform where individuals may search for employment, employers may search for qualified candidates, and prospective employees may enrol in training programmes to increase their employability. Registering beneficiaries of the United Cash Transfer Programme into the *Sajjil* platform should increase their employability, chances of obtaining decent employment, and graduation out of poverty and social assistance. The National Aid Fund initially aims to secure decent employment for 4,600 cash-transfer beneficiaries.

ESCWA is currently supporting the National Aid Fund to strengthen its graduation approach, including revising graduation programmes and policies. ESCWA has conducted an analysis of the Jordanian labour market using the ESCWA Skills Monitor (which tracks all job advertisements in a country by job title, skill requirement, and any unintentional gender or disability bias), and has developed an up-to-date picture of labour market demand. A template has also been established to measure labour market supply, or at least the skillset and work experience of social assistance beneficiaries. ESCWA and the National Aid Fund plan to use their analysis of labour market demand and supply to match social assistance beneficiaries with private sector job opportunities, and address any skills mismatch through carefully tailored training programmes.

Source: Compiled by ESCWA.

E. Promote inclusion

45. To truly achieve sustainable socioeconomic development, all initiatives must promote the inclusion of the most vulnerable and left behind groups. Universal social protection must be truly universal, capturing all of those in need of support to secure a decent standard of living. Similarly, initiatives to promote human capital development, in particular improved health and education outcomes, must also target the entire population. If the entire in-need population is supported with social protection and access to high quality health and education, then the foundations are set for them to enjoy decent employment.

Box 9. Mainstreaming social justice in Libya

ESCWA has developed a social justice policy gap assessment tool (PGAT), which enables policymakers to assess the extent to which the principles of social justice are integrated into public policies and development programmes in the Arab region. The tool identifies and measures shortcomings in social justice across policies, prioritizing those considered as important in national development agendas. The analysis usually informs a national action plan to mainstream social justice across the policy landscape, so as to ensure that nobody is left behind.

The tool can identify several gaps, including gaps in knowledge and skills required for the design, implementation, financing, or evaluation processes of social and economic policies; gaps in building consensus around policy options that are just, inclusive and based on equality, participation and rights; deficits within the enabling/regulatory environment that govern these processes; and deficits in the institutional structures and internal mechanisms that ensure policy coherence and coordination.

In 2021, ESCWA worked with the National Planning Institute and the Sustainable Development Committee in Libya to apply PGAT to the National Social Strategy. Consultations with government officials and technical experts revealed the need for an institutional approach to ensure that social justice was consistently mainstreamed by ministries and across policies. Consequently, a National Task Force on Social Justice was established, led by the Coordinator for SDG 10 (reducing inequality) at the Sustainable Development Committee. ESCWA formed a pool of national trainers from within the National Task Force to train ministries and State institutions in mainstreaming social justice. Currently, the national team is working with ESCWA to develop the first national strategy on social justice in Libya, through a national participatory process.

It is hoped that the participatory process in developing the strategy and the planned outcomes will contribute towards peacebuilding and a new social contract in Libya.

Source: Compiled by ESCWA.

46. More inclusive private sector employment would increase likelihood of social inclusion through decent employment across the region. More inclusive employment would also increase the number of people employed, reduce the dependency on a small working population, and be a catalyst for economic growth.
47. Facilitating remote working practices, flexible working arrangements, and providing high quality and affordable childcare²⁴ would increase female labour force participation by enabling women to better balance competing priorities.

Box 10. Advancing the care economy: policy reform in Lebanon

In recognition of the high burden of unpaid care work placed on women, and the toll it takes on women's ability to enter the formal labour force, ESCWA undertook a series of case studies to better understand the care economy (focusing on caring for older persons and children) across the Arab region.

ESCWA case studies on the childcare economy in Lebanon and Saudi Arabia have highlighted that the provision of quality public early childhood care and development (ECCD) services, or subsidies for private ECCD services, would significantly increase women's economic engagement. However, the case studies also highlight that to successfully enhance female labour force participation, ECCD services must be accessible and close to the workplace, they must offer high quality childcare, and they must be regularly monitored by a national body.

Using the results of the case study on Lebanon, ESCWA held a national multi-stakeholder dialogue on the childcare economy, in collaboration with the National Commission for Lebanese Women, UN-Women, the World Bank and the Arab Institute for Women. The dialogue recommended a series of reforms to advance the childcare economy in Lebanon.

Building upon work currently underway with the Women and Children Parliamentary Committee, it is recommended that flexible work arrangements be implemented in Lebanon. ESCWA and the Women and Children Parliamentary Committee have undertaken a legal review on the practicalities of implementing flexible work arrangements, and will propose a new law to Parliament by the end of 2022.

ESCWA also recommends that a national strategic framework to support women's economic empowerment (reflecting childcare) be developed, and will work with stakeholders to promote the role of the public sector in advancing accessible childcare services for all women.

Source: Compiled by ESCWA.

48. Providing an accessible work environment and accessible recruitment practices, both physically and digitally, would encourage greater labour force participation among persons with disabilities. E-accessibility features, such as text-to-speech functions and greater font sizes, contribute significantly to the inclusion of persons with disabilities. The Web Content Accessibility Guidelines 2.0 define how to make Web content more accessible to people with disabilities.²⁵

49. The Arab Framework for Disability Classification and Identification also supports countries in accurately recognizing persons with disabilities and their entitlements (such as inclusive education, access to healthcare and assistive devices), so that they may be meaningfully included in society and economic activities.

Box 11. Promoting e-accessibility for persons with disabilities in the State of Palestine, the Syrian Arab Republic and the United Arab Emirates

ESCWA developed the Arab Digital Inclusion Platform (ADIP) to support the inclusion of persons with disabilities in accessing public websites, e-services, ICT tools and media. ADIP provides policymakers with toolkits to promote e-accessibility for persons with disabilities, best practice examples from the Arab region from countries that have successfully promoted e-accessibility, and situational assessments of disability in Arab countries.

²⁴ ESCWA, [Empowering women in the Arab region: Advancing the care economy - Case study: Childcare in Lebanon](#), 2022.

²⁵ ESCWA, [The Arab region may be missing the Fourth Industrial Revolution: Arab skills are still stuck in the past](#), 2022.

ADIP has successfully launched two policy toolkits: one for developing national policies on e-accessibility, and the second for developing national technical guidelines on e-accessibility. The toolkits are available both as publications, and online interactive tools.

Following the launch of the toolkits, ESCWA is supporting the State of Palestine, the Syrian Arab Republic and the United Arab Emirates in developing their national e-accessibility policies. The process is a participatory one, involving all relevant government and non-government stakeholders, including persons with disabilities and the organizations that represent them.

ESCWA efforts in the field of digital inclusion have been recognized: ADIP was selected as winner of the World Summit of the Information Society Prizes in 2022.

Source: Compiled by ESCWA.

Box 12. Promoting evidence-based reform to include persons with disabilities in labour markets

In recognition that persons with disabilities are not proportionally included in labour markets across the region, despite their willingness to work, ESCWA undertook a series of surveys in Jordan and Lebanon to assess whether employers' perceptions of hiring persons with disabilities created a barrier to their employment.

The surveys revealed that employers were reluctant to hire persons with disabilities because of beliefs that they may be more accident-prone and less productive than their non-disabled peers. Furthermore, persons with psychological and intellectual disabilities are much more likely to face negative perceptions (and thus economic exclusion) than persons with visual, hearing or physical disabilities. Women with disabilities are also more likely to face discrimination than men with disabilities.

Based on the surveys' findings, ESCWA recommends that policymakers enact and enforce effective anti-discrimination legislation, and that sufficient resources and technical expertise are committed to uphold the rights of persons with disabilities. Awareness programmes, particularly for private sector employers, will also alter employers' perceptions of the productivity of persons with disabilities and will encourage disability inclusive employment policies at the company level.

To promote private sector inclusion, ESCWA held a virtual consultation to highlight the barriers to employment faced by persons with disabilities and emphasize that inclusivity is not prohibitively expensive.

Source: Compiled by ESCWA.

50. Nonetheless, the private sector may be reluctant to be more inclusive owing to the perceived costs of hiring women, people with disabilities and older women. Consequently, incentives for inclusive employment, or even demonstrated benefits of inclusive employment, may encourage greater private sector inclusivity.

51. For some groups to be meaningfully included in society, access to decent employment may not be their greatest requirement, but rather access to improved living conditions. Populations residing in poor living conditions may require greater access to affordable housing and basic infrastructure (water, sanitation, transport and communication) to improve their well-being. As urbanization gathers pace, the provision of decent housing and infrastructure may be more relevant to prevent growing inequality in urban areas over rural areas.

F. Integrate policies and programmes

52. By integrating policies and programmes so that they are complementary and coherent, Governments may ensure a comprehensive response in promoting sustainable socioeconomic development that includes the poor and those who are excluded. This can also ensure human capital development, and that improved human capital outcomes translate into better employment outcomes for all and thus into higher productivity.

53. For example, an urban development programme that not only improves the quality of housing for those in informal or low quality housing, but also provides water and sanitation, electricity, communications and transport infrastructure in the reconstruction process; ensures adequate health care and education for the population, including access to early childhood care and development; and provides social protection and employment services to the working-age population, is much more likely to address some of the root causes of inequality and lift populations out of poverty, thus improving their quality of life, and their contribution to the economic development of their country.

**Box 13. Promoting integrated urban development in Alexandria (Egypt),
Beirut and Kuwait City**

ESCWA, in collaboration with UN-Habitat and the United Nations Capital Development Fund, has developed an online urban economic recovery and resilience diagnostics and planning tool (DPT) to help cities assess their resilience to shocks.

Resilience is measured as a city's ability to plan for, or anticipate, negative shocks to their economies and to (re)allocate resources to withstand and recover from shocks. The tool recognizes that integrated urban development is essential to achieve sustainable development, and thus considers a city's business environment, labour market conditions, basic service infrastructure and connectivity, financial environment, and economic governance across 16 resilience performance indicators.

To date, ESCWA has used the tool to prepare city economic resilience performance reports for Alexandria (Egypt), Beirut and Kuwait City to assess how they fared during the COVID-19 pandemic. The reports have subsequently been used to develop economic resilience building plans, which specify time-bound actions against specific performance targets to improve a city's medium-term economic resilience. The economic resilience building plans also serve as a blueprint to ensure integrated urban development by raising awareness of all the cross-cutting needs of urban sustainable development.

Source: Compiled by ESCWA.

V. Conclusion

54. Decent employment is critical to reducing social and economic inequality. Decent employment also promises to empower populations and prevent the working population from living in poverty. Yet not everyone has access to decent employment. The informally employed (and in some cases migrants) do not benefit from the social insurance provided by decent employment, and many individuals (including women and persons with disabilities) are excluded from the labour market altogether.

55. Therefore, a comprehensive response is needed to support much of the population into decent employment, and to protect the wider population. Universal social protection protects whole populations from poverty and inequality, but it is expensive. At the same time, investments in human capital enables children to lift themselves out of poverty upon entering adulthood, and break intergenerational cycles of poverty by providing improved access to decent employment. Improved access to decent employment in turn prevents working people from living in poverty, and provides access to social insurance that protects them from unexpected shocks. Efforts to improve the inclusion of excluded groups, including accessible working environments and high quality and affordable childcare, would further enhance access to decent employment for a greater proportion of the population. A larger (and more inclusive) working population would increase the capacity of the State to pay for universal social protection (through increased taxes). Progressive fiscal policy would also support the capacity of the State to finance social protection, and would redistribute wealth for greater equality. Lastly, integrated policies ensure a comprehensive and efficient response to reducing inequality.
