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**Round-table discussion:  
Social protection reform in Arab countries****Summary**

Social protection systems, their design and their scope are shaping social cohesion, social justice, labour market structure, poverty prevention and alleviation, and resilience to economic shocks. In several Arab countries, a more integrated approach to social protection as a system of interrelated components is emerging, to ensure better coherence across different core components. The present document distinguishes between social protection and the broader area of social policy. Social protection systems are defined as consisting of three core components: social and health insurance, social assistance (cash transfers, child benefits, subsidies), and basic public health care services.

Social protection systems must be embedded in an enabling broader social policy framework. To be effective, social services need to be of good quality, labour market policies need to be aligned, and fiscal support must be secured. The present document focuses on the core elements of social protection systems, and considers policy options currently applied by Arab countries in the region and their immediate and long-term implications, as well as the choices, trade-offs and challenges facing Arab countries while carrying out reforms. It also presents governance mechanisms for increasingly complex systems, which allow for technical coordination and for building national consensus. The present document was informed by comprehensive presentations by Arab Governments at a regional ESCWA workshop on social protection reform, and lays the foundations for future discussions.

The Committee on Social Development is invited to review the present document and provide comments, suggestions and recommendations thereon.

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## **Introduction**

1. Social protection systems, their design and their scope are shaping social cohesion, social justice, labour market structure, poverty prevention and alleviation, and resilience to economic shocks. Good social protection is essential for achieving the Sustainable Development Goals (SDGs) and the promise of the 2030 Agenda on Sustainable Development to leave no one behind. Social protection is also a fundamental human right.
2. The quality and comprehensiveness of social protection systems influence people's trust in their Government and in its ability to protect them from the impact of disease, old age and work injury; support them through lifecycle events such as maternity; and assist them in their efforts and aspirations for a good life. Especially in countries experiencing violent conflict, comprehensive social protection can promote mutual trust and social cohesion.
3. Over the past decade, Arab Governments have increasingly re-emphasized the crucial role of social protection systems for economic stabilization, social support, and political and social cohesion. Profound changes in the world of work, following the introduction of new technologies, increase the need for social protection systems to be a reliable source of income stability throughout possibly prolonged adjustment periods and a supplement to individual efforts to gain economic independence and autonomy.
4. Traditionally, social protection in the Arab region has rested on three main pillars: public employment in public administrations and in State-owned enterprises; blanket subsidies on a broad range of daily consumption items, such as food and fuel, as well as housing support; and free social services such as education and health care. This approach largely conforms with the social protection floor of the International Labour Organization (ILO),<sup>1</sup> as it provides basic income support through social insurance (pensions, disability, maternity), social assistance (cash and in-kind transfers, subsidies), and caters for basic health services. However, challenges facing Governments in delivering services to all the population have highlighted the need for fundamental change.
5. Almost all countries are currently reforming the various components of social protection. In these reforms, Governments increasingly apply a systems approach to social protection, aiming to capitalize on the interconnections between the individual components of social protection and achieve synergies. Countries are increasingly seeking technological solutions, such as social and unified registries, to better integrate social assistance with health-care services and social insurance. Moreover, in Gulf Cooperation Council (GCC) countries, where social protection systems still largely conform to the traditional position, change is inevitable and rapid.
6. The present document provides an overview of current social protection reforms undertaken in Arab countries. Since social protection reforms are complex, the document presents the main challenges under the various components of social protection as well as on the system level. and uses country experiences to illuminate potential solutions. The aim is to provide inspiration to Governments struggling with similar questions, and promote fruitful regional exchange of expertise and learning.

### **I. SOCIAL PROTECTION AS A SYSTEM OF INTERDEPENDENT COMPONENTS**

7. In Arab countries, the scope of the formal labour market usually defines the extent of social insurance coverage. Only employees with a formal work contract, formal sector retirees and those who are registered with a social insurance authority, either as participants or beneficiaries, are covered by pension funds, work injury and disability insurance, and sometimes by unemployment insurance.
8. Figure 1 presents social protection as a system of interconnected components to illustrate that reform of one component affects the functioning of others, as well as the performance of the system as a whole. In most

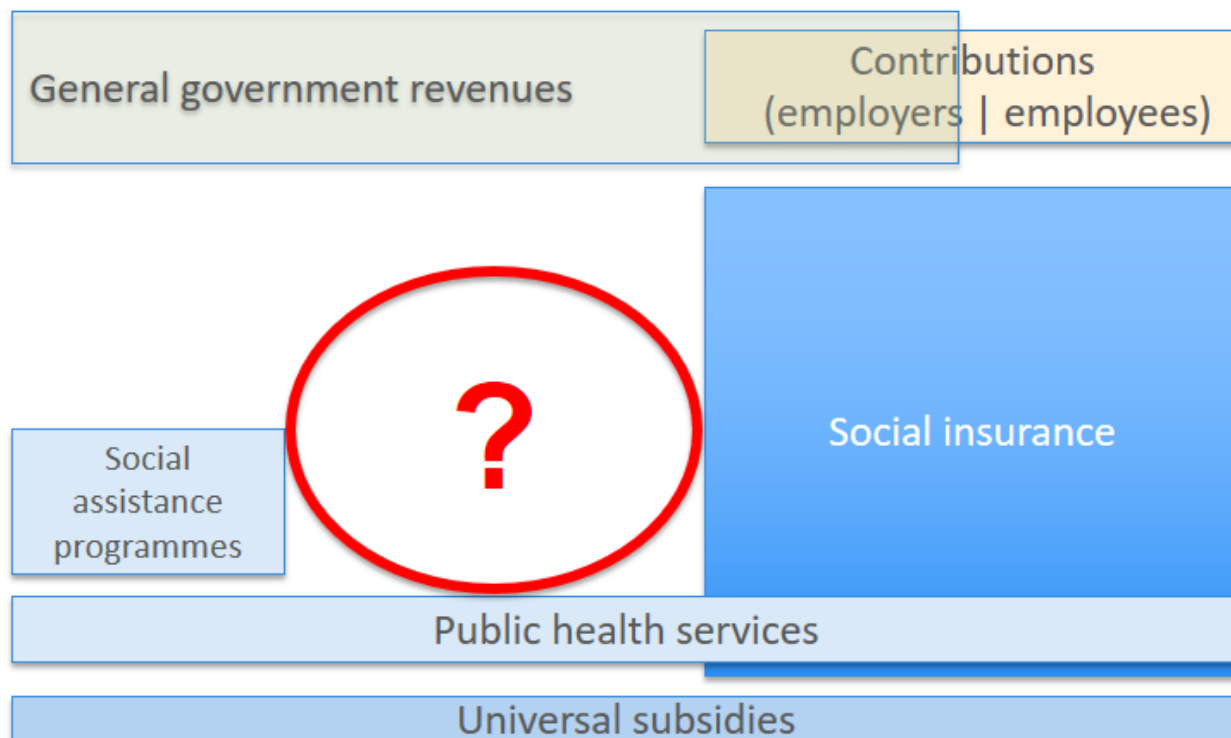
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<sup>1</sup> As outlined in ILO recommendation 202 of 2012.

countries, social protection systems are composed of social insurance funds, targeted social assistance, blanket subsidies, and public health services.

9. Conceptually, these components are funded from two different sources, but current government subsidies to social insurance funds highlight the trend towards a more complex mix of funding sources and the emergence of an integrated systems approach to social protection. As shown on the right of figure 1, social insurance is typically funded by shared contributions from employers and employees, but often depends on general government subsidies because of financial difficulties.

**Figure 1. A system perspective on social protection**



Source: Developed by ESCWA.

10. The second pillar of current systems consists of social assistance, funded from general government revenues. In figure 1, these programmes are shown on the left (targeted social assistance), as well as in the form of cross-cutting bars at the bottom (universal subsidies and public health services).

11. Governments are currently striving to reduce general subsidies, especially for fuel, to funnel social spending to more targeted programmes. This may generate a coverage gap affecting informal workers who, on the one hand, are not contributing to social insurance funds but, on the other hand, may not meet the eligibility criteria to receive poverty targeted assistance. While participants in the social insurance pillar can rely on payments from the funds in case of old age, illness or other lifecycle risks, which should prevent them from falling into poverty and enable them to maintain autonomy, workers in the informal sector are not protected and may fall into poverty following any major shock. The potentially widening coverage gap, often called the ‘missing middle’, is marked by the question mark in the centre of figure 1.

12. To provide comprehensive and reliable protection, countries need to square the circle by increasing the sustainability and reliability of social protection systems, and expand their coverage to unprotected and vulnerable population groups in the informal sector. The following sections provide some examples on how Arab Governments can achieve this objective.

## II. SOCIAL INSURANCE

13. One instrument to cover the ‘missing middle’ and expand social protection is to ‘formalize’ workers in the informal sector<sup>2</sup> by including them in social insurance schemes, the contributory part of social protection. Principal strategies include either opening existing social insurance schemes for additional categories of workers, such as agricultural workers or the self-employed, or setting up new social insurance schemes for specific uncovered groups.

14. Major challenges facing Governments in expanding social insurance to previously uncovered groups are, for example: how to shape the benefit formula, which establishes redistribution across income groups among contributors to a social insurance scheme; how ‘generous’ should the scheme be in terms of replacement rates and survivors benefits; should fiscal sustainability be the prime objective of social insurance reform or should the mandate of social protection override fiscal concerns; how does the structure of the social insurance landscape impact mobility in the labour market; how should contributions be split between employers and employees; and how can employers and employees be encouraged to formalize and register with social insurance.

15. In Tunisia, the social insurance coverage rate rose sharply in the 1980s and 1990s, reaching 54 per cent among private sector workers in 2002.<sup>3</sup> By 2017, the coverage rate had further increased to 81 per cent. To increase enrolment, Tunisia has pursued a strategy based on creating separate schemes for specific groups, which has the advantage that each scheme can be adjusted to the particular capacities and preferences of its target group, including those with weak contributory capacity. As shown in figure 2, take-up in the last two decades has been particularly strong in the schemes for self-employed workers and workers on low revenues. At the same time, Tunisia has paid special attention to possible barriers to labour market mobility by adopting a system where pension eligibility is based on the total number of years that workers contributed to any of the different schemes.

16. In Morocco, the proportion of private sector employees affiliated to the *Caisse Nationale de Sécurité Sociale* (CNSS) increased from 43 per cent in 2005 to 82 per cent in 2016.<sup>4</sup> During this period, a number of measures were taken to augment uptake. For instance, between 2009 and 2016, more than half a million informal workers were regularized following workplace inspections. Meanwhile, technological innovations have made it easier to register and pay contributions. The proportion of enterprises using the electronic portal DAMANCOM to declare salary payments increased from 35 per cent in 2011 to 56 per cent in 2016.<sup>5</sup> In 2008, family allocations were extended to agricultural employees, who were previously excluded from this benefit.

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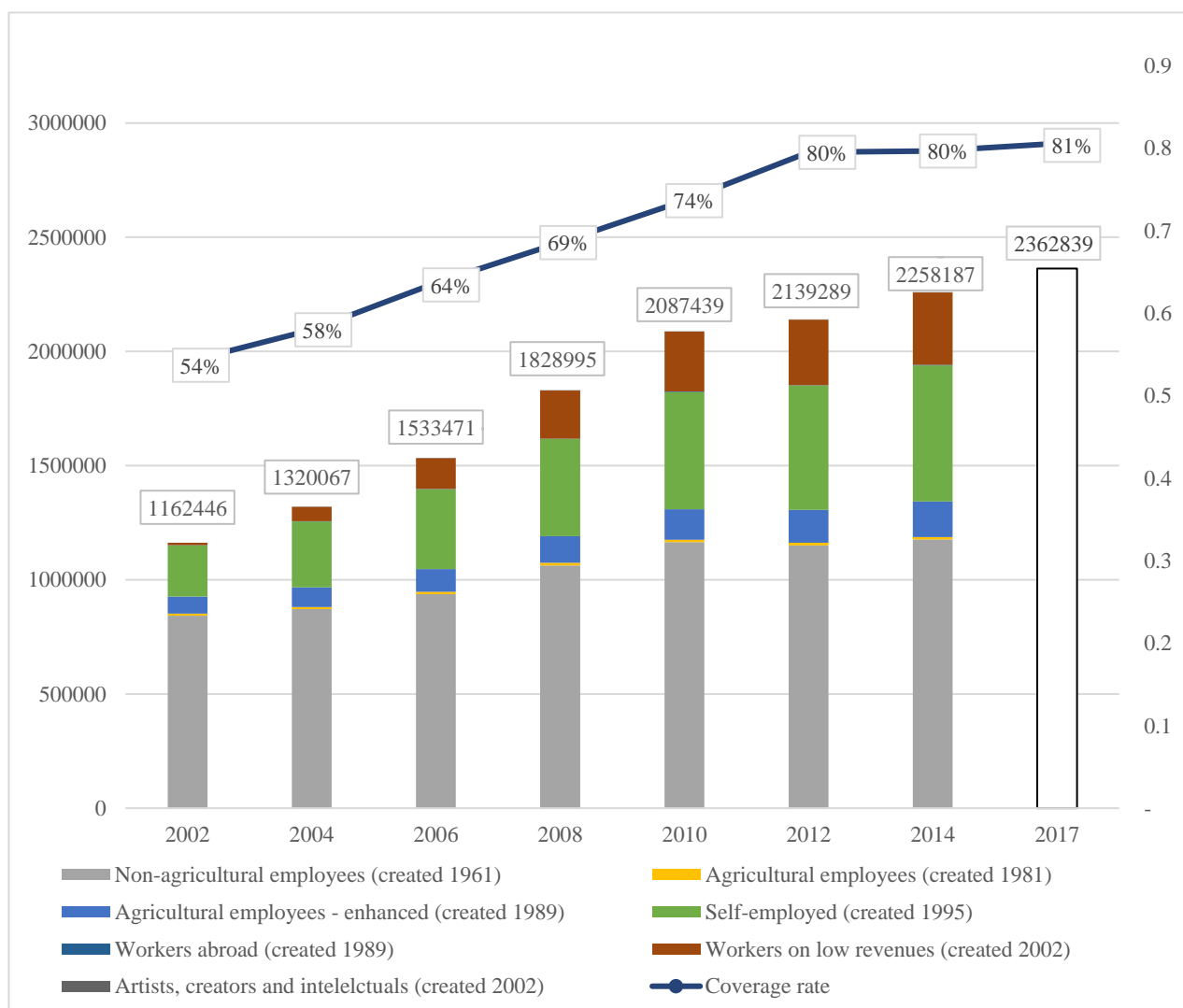
<sup>2</sup> According to ILO, informal employment is defined as employment that does not entail social insurance coverage.

<sup>3</sup> Numbers comparable over longer time spans are not available owing to differences in terms of definitions and methodology. However, the effective coverage rate among workers legally covered by a social insurance scheme (in other words, excluding those belonging to a professional category not encompassed by any scheme) rose from 52 per cent in 1986 to 82 per cent in 1998. See [http://hdr.undp.org/sites/default/files/nhdr\\_tunisia\\_1999\\_fr.pdf](http://hdr.undp.org/sites/default/files/nhdr_tunisia_1999_fr.pdf).

<sup>4</sup> Caisse Nationale de Sécurité Sociale [Morocco] (undated). Rapport annuel 2010., p. 5; Caisse Nationale de Sécurité Sociale [Morocco] (undated-g), Rapport annuel 2016, p. 19.

<sup>5</sup> Caisse Nationale de Sécurité Sociale [Morocco] (undated). Rapport annuel 2011, p. 25; Caisse Nationale de Sécurité Sociale [Morocco] (undated), Rapport annuel 2016, p. 28.

**Figure 2. Private sector social insurance enrolment, total numbers disaggregated by scheme (left axis) and coverage rate (right axis)**



Sources: Caisse Nationale de Sécurité Sociale [Tunisia] (undated). *Annuaire Statistique 2013*, pp. III, 1, 360; Caisse Nationale de Sécurité Sociale [Tunisia] (undated). *2014 دليل الإحصاءات الاجتماعية*.

Note: Disaggregation by scheme is not available for 2017.

17. In the State of Palestine, a social insurance scheme for private sector employees, the first of its kind in the country, was created in 2016. ILO expects the new scheme to cover 82,646 workers by 2019, and 336,440 by 2030. To promote enrolment, a public information campaign was launched in September 2018. However, the implementation of the scheme was recently frozen owing to nonagreement on its parameters and governance structure. In Oman, a social insurance scheme for self-employed workers was established by royal decree in 2013. As at 2016, 10,786 self-employed workers, 4,257 women and 6,529 men, had enrolled. The scheme in Oman sets a contribution of 20 per cent for all self-employed workers, but with varying degrees of government subsidization depending on income level.

18. To ensure the sustainability of social insurance schemes, some countries have carried out parametric reforms.<sup>6</sup> In Morocco, a project to undertake such reforms for the public-sector scheme was adopted by the

<sup>6</sup> Parametric reforms imply a change of one or more parameters of the pension system (e.g. contribution or benefit calculation) without changing its structure.

chamber of representatives on 28 June 2016. Consequently, the retirement age will be raised to 63 and contributions will be increased. Pensions will no longer be calculated based on the last salary but rather on the average salary over the last eight years, and the minimum vesting period will be raised. In Tunisia, the parliament adopted a law in March 2019, raising the retirement age for public sector workers from 60 to 62.

19. Parametric reforms are often carried out jointly with reforms aiming to unify pension schemes and thereby overcome the problems associated with fragmentation. In the State of Palestine, three of the four social insurance schemes in place for public sector workers are being phased out since 2006, leaving only one in place. In Iraq, legislation enabling the merger of social insurance schemes for public and private sector workers has been adopted by the Council of Ministers and is awaiting parliamentary approval.

### III. HEALTH CARE

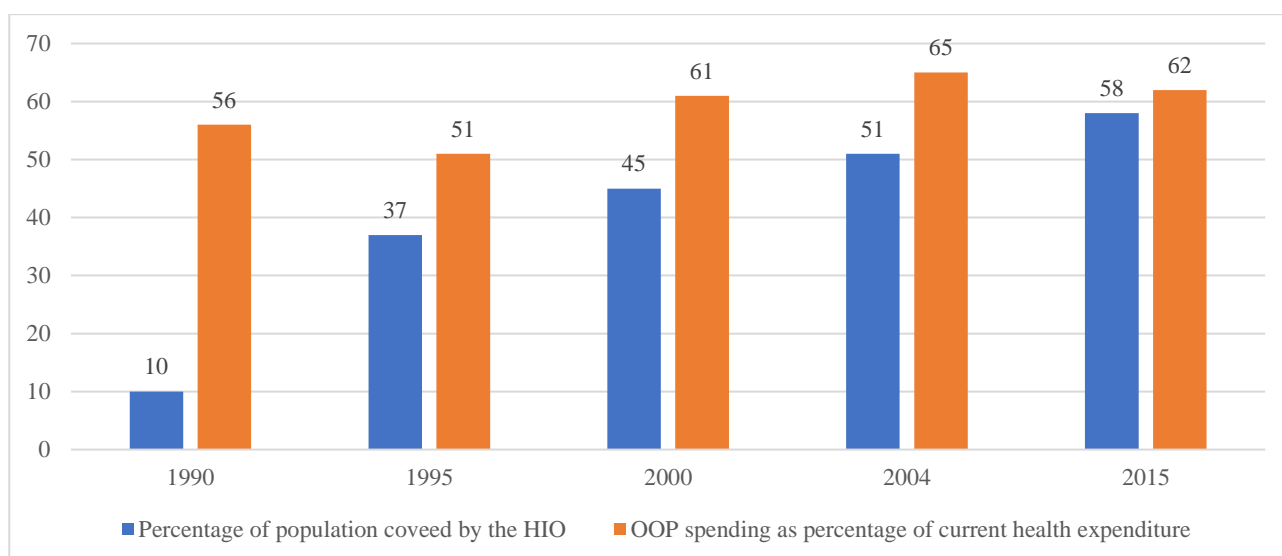
20. The integrated systems approach to social protection is most visible in recent efforts on health-care coverage. Basic health services are currently provided as part of social insurance: on the basis of shared contributions from employers and employees and in the form of public health services, which are funded out of general government revenues. In figure 1, health services are therefore depicted as a blanket service similar to general subsidies. Especially in GCC countries, citizens generally have free access to publicly provided quality health care. In most other Arab countries, high and increasing out-of-pocket-payments indicate insufficient access to good quality services.

21. Major questions facing Governments in the area of health-care reform are: how to contain high out-of-pocket expenditures for health-care services, which represent one of the major economic shocks that may push informal sector workers into poverty; how to increase the quality and availability of health-care services, especially in rural areas; how to limit overconsumption of health services; how to shape cooperation with the private sector in the provision of health services; and how to secure adequate health-care services and long-term care to an ageing population.

22. Contributory health insurance is conceptually similar to social insurance, and efforts to extend the two are often undertaken jointly. This is the case in Morocco, where a mandatory health insurance scheme for public and private employees became operational in 2005. Moreover, the country's new social insurance scheme for self-employed workers (providing old-age and survivors' benefits) is coupled to a new health insurance scheme for this group.

23. Health insurance can also be extended on a subsidized basis or free-of-charge to parts of the population. It is then conceptually more similar to social assistance than to social insurance. The Jordanian Government has progressively expanded free health insurance coverage to more older persons. It is also provided to beneficiaries of the National Aid Fund (NAF), to children under six and to persons with disabilities. However, around a third of persons with disabilities in Jordan do not benefit from this in practice. In the Sudan, subsidized coverage of the National Health Insurance programme has been extended to the poor, older persons and persons with disabilities.

24. In Egypt, the Government extended health insurance to all school children in 1992 on the basis of a symbolic fixed contribution. In the years that followed, health insurance was similarly extended to children under the age of five and to female-headed households. Though these reforms have considerably increased coverage, out-of-pocket (OOP) spending as a percentage of total health expenditure has risen, as shown in figure 3. Recognizing the limits of previous attempts to ensure health-care coverage, the Egyptian Government has developed an ambitious long-term plan to reform the national health system, adopted by parliament in 2017. This establishes a new mandatory health insurance scheme, to be rolled out in phases over a 15-year period, which will allow access to public and private health care. Contributions to the new scheme will be based on income, though the poorest will be exempt from these and from co-payments.

**Figure 3. Evolution of health insurance coverage and OOP spending in Egypt**

Sources: World Health Organization, Health System Profile: Egypt, 2006 ; World Health Organization, Global Health Expenditure Database: NHA indicators.

25. In the State of Palestine, the Government has progressively extended free health insurance coverage to a number of groups over the last two decades, including the unemployed, social assistance beneficiaries, and the entire population of the Gaza Strip. The proportion of Palestinian households covered by government health insurance (GHI) increased from 48.6 per cent in 1997 to 66.2 per cent in 2017. However, a consequence has been that whereas GHI revenues in 1997 corresponded to 39.7 per cent of the Ministry of Health's budget, this share had declined to 15.5 per cent by 2017.<sup>7</sup> Furthermore, out-of-pocket spending was higher in 2016 (45.5 per cent of total health expenditure) than in 2000 (39.5 per cent).<sup>8</sup>

26. Other countries have set up separate non-contributory or heavily subsidized health insurance schemes, especially for the poor and vulnerable. The *Assistance Médicale Gratuite 1* scheme in Tunisia provides free health insurance coverage to beneficiaries of the cash-transfer scheme *Programme National d'Aide aux Familles Nécessiteuses* (PNAFN). Meanwhile, no less than 622,000 households as at 2018 benefitted from the heavily subsidised programme *Assistance Médicale Gratuite 2*. In Morocco, the *Régime d'Assistance Médicale aux Économiquement Démunis* (RAMED) has been operational since 2008, and covered 11,866,735 beneficiaries as at January 2018.<sup>9</sup> However, the expansion of RAMED has reportedly caused an overburdening of public hospitals, meaning that those who have the means resort to private alternatives.<sup>10</sup>

#### IV. SOCIAL ASSISTANCE

27. For a long time, social assistance in the Arab region has been overwhelmingly made up of universal subsidies (on food and energy, for example) and of cash or in-kind transfers targeted at vulnerable groups, financed from general government revenues. Given the substantial burden on public finances, especially of energy subsidies, and the limited poverty-reducing impact, countries have taken bold steps towards reforming

<sup>7</sup> <http://www.pcbs.gov.ps/Downloads/book2383.pdf>, pp. 273-274.

<sup>8</sup> <http://www.pcbs.gov.ps/Downloads/book2383.pdf>, p. 39.

<sup>9</sup> <http://aujourdhui.ma/societe/118-millions-de-beneficiaires-du-ramed-seulement-74-millions-disposent-dune-carte-valide>.

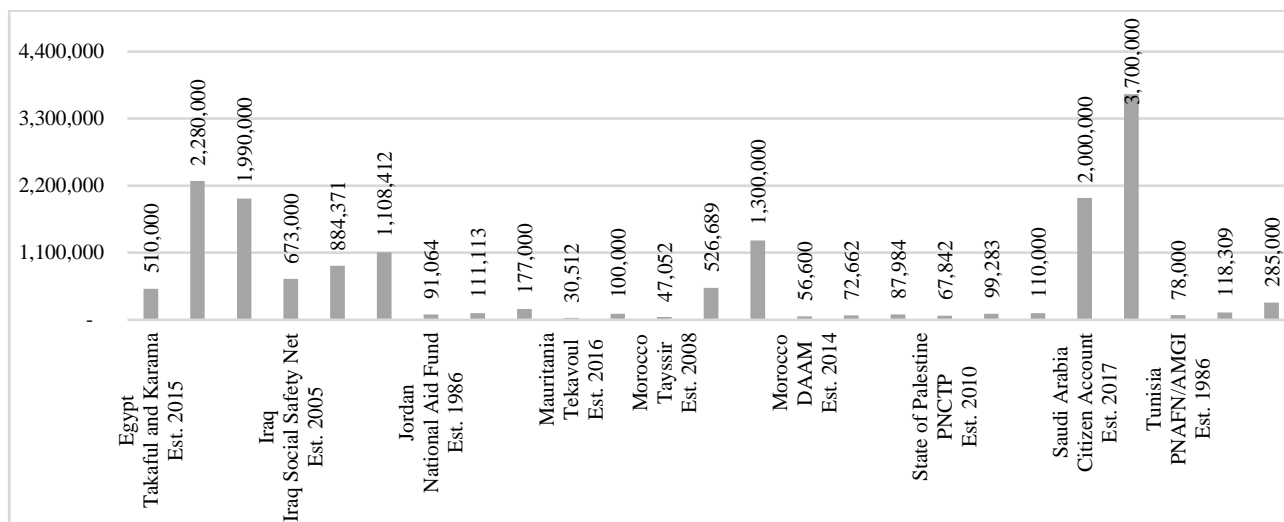
<sup>10</sup> [http://www.ondh.ma/sites/default/files/documents/rapport\\_ramed\\_fr.pdf](http://www.ondh.ma/sites/default/files/documents/rapport_ramed_fr.pdf), p. 31.



social assistance provision. In particular, Governments have implemented or scaled up cash-transfer programmes and adopted more rigorous poverty targeting methods, including proxy means testing (PMT).

28. Major challenges facing Governments in the context of social assistance reform are: how to identify vulnerable populations; (ii) how to establish transfer values in a way that sufficiently supports vulnerable households, but at the same time encourages economic activity in the formal economy and transit towards contributory schemes; should cash transfers be provided without any strings or should conditions and co-responsibilities of recipients be attached to transfers; how to define poverty, set a poverty line and design a PMT formula, and how to minimize inclusion and exclusion errors; and how often should beneficiaries' poverty status be reassessed.

**Figure 4. Cash transfer programme by beneficiary household**



Sources: Egypt: Egypt, Ministry of Social Solidarity (2019), من الحماية الي الإنتاج, Presentation given at the ESCWA workshop Social Protection Reform in the Arab Region, 25-28 February, Beirut. Iraq: Iraq, Ministry of Labour and Social Affairs (undated), تقرير لا تغيير على قرار الحكومة المستقبيلة بشأن مضاعفة . موجز عن تنفيذ قانون الحماية الاجتماعية رقم 11 لسنة 2014 June. Jordan: Jordan, National Aid Fund (2018), Réalisations; Alliance Sahel (undated). Projet d'appui au déploiement du Registre Social et du programme de filets sociaux. Morocco: Morocco, Ministry of National Education (undated), Indicateurs de l'éducation: 2009-2017, p. 16; Morocco, Ministry of Economy and Finance (undated), Budget Citoyen 2019 : Pour mieux comprendre la Loi de Finances et ses dispositions, p. 17. State of Palestine: Palestine Economic Policy Research Institute (2017), Strategic Review of Food and Nutrition Security in Palestine, 2017, p. 67; Sawalha, A. (2019), The Palestinian Cash Transfer program: PMTF Targeting, Presentation given at the ESCWA workshop Social Protection Reform in the Arab Region, 25-28 February, Beirut; Ashraq Al-Awsat (2019), 3.73 Mn Benefit from Saudi Citizen Account Program in February, 22 February. Tunisia: Centre de Recherches et d'Etudes Sociales (2017), Des pistes de réformes pour l'instauration d'un Socle de Protection Social : Enquête d'évaluation de la performance du système d'assistance sociale en Tunis et les défis de l'informalité, Note d'orientation, p. 19; Dkhil, N. (2019), إنجاز بنك معطيات العائلات الفقيرة ومحدودة الدخل المعرف الاجتماعي. Presentation given at the ESCWA workshop Social Protection Reform in the Arab Region, 25-28 February, Beirut.

Note: The projected number of Tayssir beneficiaries 2018/2019 is calculated based on the projected number of benefitting students (2.1 million) and assumes that the average number of children registered in Tayssir per beneficiary family (1.6) remains the same.

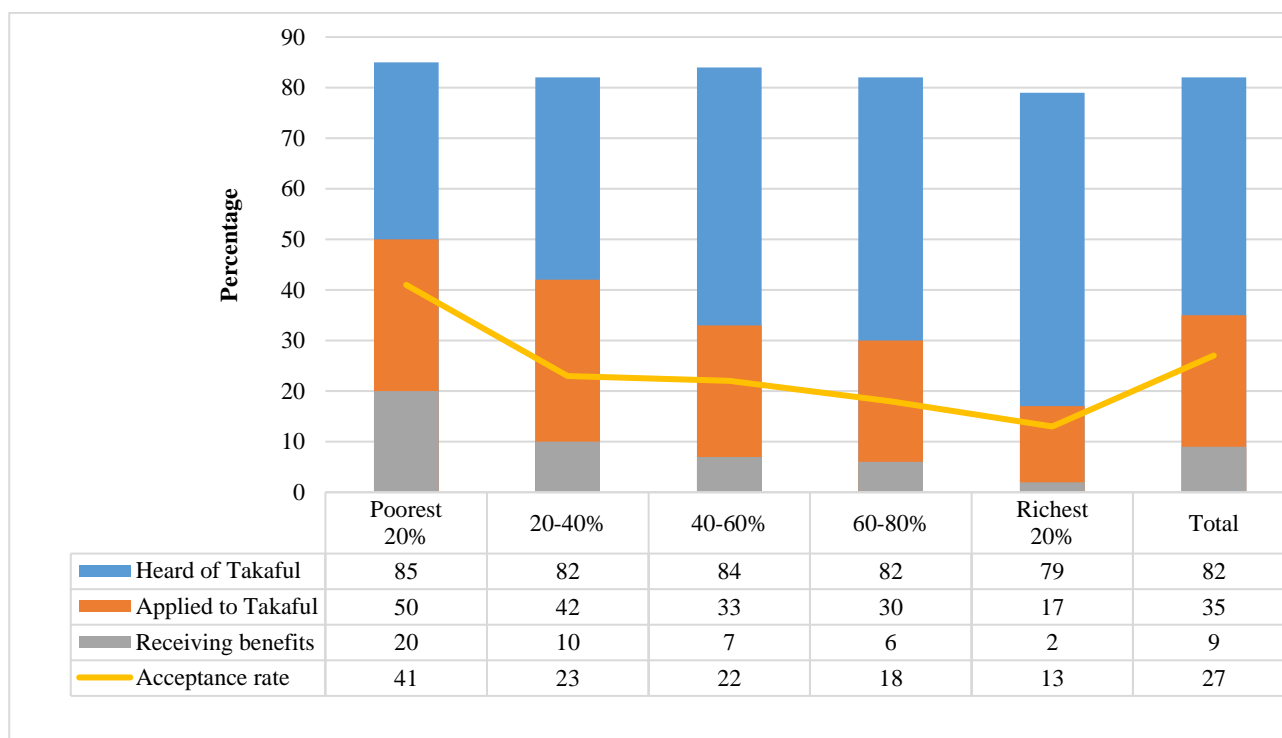
29. In Egypt, expenditure on energy subsidies corresponded to 6.8 per cent of GDP in 2012/2013, though by 2018/2019 this had declined to a projected 2.1 per cent.<sup>11</sup> Subsidies are increasingly being replaced by targeted cash transfers provided through the flagship programme Takaful and Karama, established in 2015 (figure 4). The Takaful component of this programme targets poor households with children and the Karama

<sup>11</sup> It should be noted that this occurred not only because of subsidy reductions, but also owing to falling energy prices on the global market.

component benefits poor older persons and persons with disabilities. As at February 2019, Takaful and Karama covered around 1,990,000 households.

30. However, the challenge of correctly identifying eligible beneficiaries is reflected in a recent evaluation of the Takaful and Karama programme (figure 5), which uses a combination of categorical targeting and proxy means testing (PMT). The evaluation highlights the achievement of reaching 2.2 million beneficiary households by December 2017, but it also shows that only 41 per cent of households with children in the poorest quintile who had applied to Takaful were receiving benefits.<sup>12</sup> Furthermore, targeting is often time-consuming and expensive.

**Figure 5. Households' relation to Takaful per income group**



*Source:* Breisinger, C. and others (2018). Impact Evaluation Study for Egypt's Takaful and Karama Cash Transfer Program. Part 1: Quantitative Report. Working paper No. 14. Washington DC: FPRI. pp. 82-84.

31. Setting the value/size of the cash transfer largely depends on the main policy objectives and the structure of the labour market. Transfers may be related to the national poverty line if the objective is to lift people out of poverty. They may be related to a minimum consumption basket if the transfer aims to cover basic needs. It may be related to the minimum wage or a certain level of labour income if the objective is to alleviate poverty, but at the same time encourage labour market participation.

32. In Iraq, for example, the average value of cash transfers more than doubled when the Iraq Social Safety Net programme was reformed in 2016.<sup>13</sup> It now varies between 100,000 and 225,000 Iraqi dinar<sup>14</sup> per month (40-90 per cent of the minimum wage) depending on the beneficiary household's size and whether it is headed

<sup>12</sup> The evaluation focused mainly on the Takaful component of the programme.

<sup>13</sup> <http://documents.worldbank.org/curated/en/980021539372476570/pdf/130798-WP-P164676-Iraq-EcoMonitor-Fall-2018-10-12-18-web.pdf>, p. 10.

<sup>14</sup> On 1 June 2019, these corresponded to \$84 and \$189, respectively.

by a woman.<sup>15</sup> The recent evaluation of Takaful and Karama found that the benefits were high compared with those of other programmes worldwide. However, the evaluation also found that the rising cost of living in Egypt had an eroding impact on the cash transfers' value.<sup>16</sup> In the State of Palestine, the value of the Palestinian National Cash Transfer Programme (PNCTP) transfers corresponds to 50 per cent of the beneficiary household's poverty gap, meaning that they are not in themselves sufficient to lift households out of poverty. The value of the transfer distributed to households through PNAFN in Tunisia represented 45 per cent of the minimum wage in 2019, up from 21 per cent in 2010 and from 7 per cent in 1987, though this is in part a consequence of the minimum wage having failed to increase in line with inflation.<sup>17</sup> In Morocco, the value of Tayssir benefits are quite low, corresponding to less than 10 per cent of the agricultural minimum wage.<sup>18</sup> Furthermore, a shortage of funding has led to massive delays in the disbursement of Tayssir transfers.

33. A concern related to social assistance is that households may become dependent on it, and that it does not foster labour market participation or promote social inclusion. Therefore, some cash transfer programmes have been made conditional, meaning that beneficiaries must fulfil certain conditions to receive grants. These are often related to ensuring that the households' children attend school. This is the case for the Tayssir programme in Morocco, as well as for Takaful in Egypt. However, some object that the real problem behind low utilization of social services among the poor is that such services are not adequate or accessible.<sup>19</sup>

34. Cash transfer programmes are often conceived as means to further women's empowerment. A mechanism of doing this is to give the transfers to women rather than to men. The few existing evaluations of cash transfer programmes in the Arab region making use of this approach indicate conflicting and sometimes ambiguous outcomes.<sup>20</sup>

## V. INTEGRATED REGISTRIES AND INFORMATIONAL INFRASTRUCTURE

35. An important part of the ongoing social protection reforms in the Arab region consists of establishing integrated beneficiary and social registries. Whereas a normal beneficiary registry contains data on the beneficiaries of a specific social protection programme, an integrated beneficiary registry comprises data on beneficiaries of two or multiple programmes. A social registry usually casts the web wider and also contains data on potential beneficiaries; for example, households that may not be assessed as poor at a given point in time but are vulnerable to fall into poverty if a major shock occurs. Beneficiary and social registries are often combined in practice. Furthermore, (integrated) beneficiary and social registries can be interconnected with other databases, such as the birth registry or income tax database.

36. Major challenges facing Governments in establishing registries include: how to enable registries to serve more than one programme; how to update data on present and potential beneficiaries in a way that reflects

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<sup>15</sup> <http://www.molsa.gov.iq/upload/upfile/ar/1693.docx>.

<sup>16</sup> <https://www.ifpri.org/publication/impact-evaluation-study-egypts-takaful-and-karama-cash-transfer-program-part-2>.

<sup>17</sup> [http://www.cres.tn/uploads/tx\\_wdbiblio/Note\\_Orientation\\_CRES.pdf](http://www.cres.tn/uploads/tx_wdbiblio/Note_Orientation_CRES.pdf), pp. 121-122;  
[https://www.bct.gov.tn/bct/siteprod/documents/RA\\_fr\\_1990.pdf](https://www.bct.gov.tn/bct/siteprod/documents/RA_fr_1990.pdf), p. 89;  
<https://www.bct.gov.tn/bct/siteprod/documents/rapport2012.pdf>, p. 37;  
<http://www.pm.gov.tn/pm/actualites/actualite.php?id=11752&lang=ar>, 2019.

<sup>18</sup> The average annual benefit per family is around 1,500 Moroccan dirham and the minimum agricultural wage is set at 69.73 Moroccan dirham. <http://www.cese.ma/Documents/PDF/Auto-saisines/2018/AS34-2018/Rp-AS34-VF.pdf>, p. 53, and <http://www.le-salarie.com/2018/09/smig-au-maroc-2018-valeur-du-smig-au-01-janvier-2018-smig-maroc-2018-net.html>.

<sup>19</sup> [https://www.unescwa.org/sites/www.unescwa.org/files/page\\_attachments/conditional-cash-transfers-arab\\_region-en\\_0.pdf](https://www.unescwa.org/sites/www.unescwa.org/files/page_attachments/conditional-cash-transfers-arab_region-en_0.pdf).

<sup>20</sup> [https://www.unescwa.org/sites/www.unescwa.org/files/page\\_attachments/conditional-cash-transfers-arab\\_region-en\\_0.pdf](https://www.unescwa.org/sites/www.unescwa.org/files/page_attachments/conditional-cash-transfers-arab_region-en_0.pdf), pp. 15-16, 25, 32-34; <http://www.ifpri.org/publication/impact-evaluation-study-egypts-takaful-and-karama-cash-transfer-program-part-1>, pp. 54-56; <https://www.ifpri.org/publication/impact-evaluation-study-egypts-takaful-and-karama-cash-transfer-program-part-2>, pp. 24-32.

volatility of the labour market and frequent moves in and out of poverty; how to protect the privacy of participants' data; how far should integration go; for example, should it also include health and tax data bases.

37. In the State of Palestine, the beneficiary register of PNCTP has for several years been used by organizations such as the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the World Food Programme to target beneficiaries of their own programmes. It has also facilitated the provision of additional benefits, including free health insurance coverage. The intention is to broaden the scope of the registry so that it becomes a proper integrated beneficiary and social registry. In Jordan, the Ministry of Planning and International Cooperation is implementing a National Unified Registry (NUR) which will function as a social registry used for targeting NAF beneficiaries. The original intention was that NUR should be operational by the end of 2018, but the completion date has been postponed by one year.<sup>21</sup>

38. Morocco is in the process of implementing a new population registry, *Registre National de la Population* (RNP), as well as a social registry, *Registre Social Unique* (RSU), which will be used by Tayssir, Ramed and a cash-transfer programme targeting widows with children. These two projects are interconnected, since the foundational identification numbers provided through RNP will be the basis for registering potential beneficiaries in RSU. Enrolment in RSU is scheduled to commence by August 2019 in the prefecture of Rabat, and it is envisaged that the registry will cover the entire country by 2021.<sup>22</sup>

39. In Egypt, applicants to the Takaful and Karama programme, including those who are not deemed eligible, are added to the programme's registry, which functions as a beneficiary and social registry. As at September 2018, this registry contained data on 4,243,998 households, of which 2,247,018 (42.9 per cent) were beneficiaries.<sup>23</sup> Simultaneously, Egypt is creating a unified national registry, which will facilitate data exchange between programmes.

## VI. GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS

40. The complexity of social protection systems, their impact on labour market participation and mobility, and their connection to the education system in the case of conditional cash transfers require close cooperation across government ministries. Furthermore, successful delivery of social protection to individual households requires cooperation between national and local authorities, the banking system and infrastructure development, and the private sector in the case of health care. Such complexity also requires a shared vision on the national objectives social protection systems should achieve and their main policy principles.

41. Major challenges facing Governments in establishing good governance of social protection include: how to secure the confidence and trust of stakeholders in social protection institutions, and their readiness to contribute to their functioning; how to identify relevant stakeholders for a multi-stakeholder dialogue on social protection; how to establish institutional arrangements across ministries and layers of Government to ensure the delivery of good quality services; how to organize information campaigns for the broader population on their rights and obligations as participants in and beneficiaries of social protection programmes; how to ensure adequate flexibility of complex systems to care for special cases.

42. Some countries like Tunisia have embarked on a broader social dialogue process to outline the main parameters and features of specific reforms. Progress has been driven by negotiations between the main workers' and employers' organizations and the Government. In January 2013, these three actors signed a social

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<sup>21</sup> <http://documents.worldbank.org/curated/en/812811538524584678/pdf/Disclosable-Restructuring-Paper-NATIONAL-UNIFIED-REGISTRY-AND-OUTREACH-WORKER-PROGRAM-P144832.pdf>.

<sup>22</sup> <https://lematin.ma/journal/2018/population-cible-identifiee-partir-aout-2019/292846.html>.

<sup>23</sup> Egypt, Ministry of Social Solidarity (2018). TKP Progress Indicators, September 2018.

contract which, among other things, commits them to undertake reforms ensuring the sustainability of social insurance regimes.

43. The social contract also led to the creation of a subcommission for social protection, which convened for the first time in December 2016, and which has since been the venue of intense negotiations between the three parties, notably about the parametric social insurance reforms mentioned above. On some issues, the parties hold diverging views, with the Government proposing an incremental replacement rate of 2 per cent, which was accepted by the employers (UTICA) but rejected by the employees (UGTT).

44. The process leading up to the establishment of the State of Palestine's new private sector social insurance scheme was also built on tripartite negotiations. These took place within the National Tripartite Social Security Committee, which was set up in 2012. In early 2016, the Committee submitted its proposal, which was adopted by the cabinet and signed into law by the President. Following criticism from civil society, a ministerial committee was formed to review the law.

45. In addition to a social dialogue involving relevant stakeholders, adequate institutional arrangements need to be in place. When a social protection system consists of numerous interdependent components and requires the cooperation and coordination of multiple actors, it risks becoming inflexible. A fundamental challenge is therefore to create institutions that enable the social protection system to adjust rapidly, but without compromising the system's cohesion by neglecting to ensure the compatibility of its components and the commitment of all stakeholders.

46. In March 2018, the Government of Morocco established six new committees charged with reforming the social protection system. The overarching responsibility was given to the Inter-Ministerial Social Protection Reform Steering Committee, consisting of the Head of Government, 14 of his ministers, and the heads of the main social and health insurance institutions. Its mandate includes extending the social protection system and ensuring its coherence. The Committee convened for the first time on 12 September 2018. In addition, the decree issued in March 2018 set up four thematic committees: one on governance and convergence of social protection programmes, one on essential health coverage, one on social assistance, and one on targeting.

47. Egypt, like Morocco, has instituted the Ministerial Social Justice Committee led by the Prime Minister and comprising ministers from across Government. On the programme level, the Ministry of Social Solidarity has the overall responsibility for implementing the Takaful and Karama programme, which it does in large part through its structure of regional directorates, district offices and social units. Memorandums of understanding have been signed between the Ministry of Social Solidarity, the Ministry of Education and the Ministry of Health to monitor compliance and ensure the availability of required social services.

## **VII. DISCUSSION AND RECOMMENDATIONS**

48. Social protection is the area where Governments and individuals interact most closely. The ability of Governments to provide timely and adequate assistance therefore shapes the trust of people in Government and its institutions.

49. Social protection systems are an expression of an explicit or implicit social contract in each country. They embody social choices on the nature and the extent of social solidarity. The level of and channels for social solidarity, social justice and income redistribution are shaped through technical details, such as the contribution and benefit formula of social insurance systems, the benefit package of health-care systems, and the targeting formula and the size of cash transfers. They are also influenced by national choices, which are usually reached through a broad-based national dialogue involving all relevant stakeholders, including from the informal sector.

50. Social protection systems also closely interact with other social and economic sectors, such as labour markets, fiscal policy, education systems, housing policy and urban environments, as well as social and economic policy in general. Consequently, social protection reform needs to be approached from a technical perspective, as well as from a broader social policy perspective.

51. On the technical level, Governments may wish to undertake the following:

(a) Design social insurance funds in a way that supports the needs of people as much as the sustainability of the funds, especially for lower income groups and micro enterprises in the informal sector, which form the bulk of employment in many countries, have low capacity to contribute to social insurance, and have pension benefits below subsistence levels. As some Governments tend to ‘universalize’ social insurance on a partially or fully subsidized basis, benefit formula, replacement rates and the composition of health-care packages will shape the ability to ensure predictability of benefits, and the capacity to cushion the impact of lifecycle risks and to prevent poverty;

(b) Better integrate the policies governing social insurance and social assistance: several Governments are currently expanding cash transfer systems and basic health-care packages to vulnerable people in the informal sector. These services may function as a disincentive to seek a formal work contract and to register in social insurance schemes, as benefits under pension funds and under cash transfer schemes may be similar for lower income groups. Better integration of the two pillars of social protection may be needed to support people in a volatile economy;

(c) Ensure sufficient flexibility in the beneficiary selection for social assistance programmes: labour markets, and especially the informal sector in Arab countries are highly volatile, waxing and waning with economic cycles. Ideally, social protection systems should function as a stabilizing factor in people’s lives - a source of support in case of economic or other lifecycle shocks. Support systems therefore need to be adequately updated and adjusted to register people in time of need and to provide support for regaining autonomy.

52. On the broader policy level, Governments may wish to undertake the following:

(a) Ensure a solid assessment of the interaction between social protection and labour market policies: the parameters of social insurance schemes, such as the level of contributions, the division of the shares to be paid by employers and employees, the retirement age and the benefit formula, interact closely with incentives of labour market participants (employers and employees). Similarly, potential fragmentation into different insurance schemes may limit mobility on the labour market if benefits are not portable. These and other factors should be assessed in the framework of social protection reforms;

(b) Ensure appropriate monitoring of social expenditures to account for general government and other resources that flow into social protection systems: the emerging systems approach acknowledges the increasing complexity of funding sources that flow into different parts of the social protection system. To establish the progressive or regressive impact of government expenditures (whether government spending is reducing or increasing the equality gap), Governments must reinforce appropriate accounting procedures;

(c) Ensure a meaningful dialogue of relevant stakeholders: social protection systems in Arab countries are still largely divided into ‘insiders’ who are covered by generous social insurance, and ‘outsiders’ who may be covered by limited assistance and only in time of need. The question of how to move towards better inclusion and how to organize social solidarity and redistribution would ideally be discussed in a broader social dialogue where the different stakes can be considered. Governments are encouraged to continue or initiate national social dialogues that tackle the social choices and inherent trade-offs in moving towards better inclusion, so as to ensure fairness in the distribution of life chances and guarantee social solidarity and social cohesion. National choices need to be understood and supported by the broader population to ensure awareness

of social protection mechanisms, acceptance of the distribution of individual and collective rights and responsibilities, and trust in the capacity and sustainability of Government and its relevant institutions.

53. ESCWA is prepared to support and organize the relevant discussions at regional and national levels. To this end, we suggest that Governments establish a regional intersessional working group under the Committee on Social Development, where government representatives can exchange ideas and solutions and engage in technical and policy discussions. The ESCWA Social Development Division, in partnership with ILO, will act as the secretariat of the regional intersessional working group, responsible for maintaining communication channels among members, convening face-to-face and virtual meetings, disseminating expert group documents to focal points, and supporting the planning and implementation of joint activities.

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