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Social protection systems in the Arab region: context and conceptual framework

A. Introduction

The Middle East is the most unequal region in the world, with the richest 10 per cent and 1 per cent of the population, accounting for more than 60 per cent and 25 per cent of total regional income in 2016,¹ respectively. Particularly bad performers are the population-rich, oil-poor Arab countries where income inequality levels are almost on a par with South Africa and Brazil. Despite a growing number of social reforms in many countries of the region, fragmented health services, weak educational institutions, inadequate social protection measures and social inequalities have been persistent and deepening.

Despite significant improvements in the extension of social protection coverage in the Arab region during the last few years, many gaps and challenges still exist. Overall, social protection systems in the Arab region were characterized by fragmentation, lack of inclusiveness and transparency, and underinvestment. Accelerated population growth, increasing poverty and a global context of free capital, international labour flows and private-sector dominance were some of the factors that undermined the development of national protection systems.

The response of Arab Governments to the COVID-19 pandemic highlighted these disparities, even if some measures were effective in the immediate term. The COVID-19 pandemic has opened up an opportunity to both assess previous social policy reforms, their effectiveness and impact, and to learn from global experiences not only in addressing repercussions of COVID-19 but also in the broader realm of social policy interventions.

Many achievements were accomplished by Arab countries through their responses to COVID-19, notably in the area of expanding social protection to cover more beneficiaries. The use of technology such as e-wallets and digital registration facilitated extensively the delivery of cash transfers. Technology and innovation were also used to reduce inequalities in access to health and education.

This report embarked on actionable policy research to examine and assess the interplay of the social

policy dimensions, global experiences and regional responses to the pandemic in the Arab region. By critically engaging with the actions and priorities of a variety of stakeholders, the report develops and advocates policy for judicious and methodical implementation of the Sustainable Development Goals (SDGs), combating inequality and supporting the agenda of leaving no one behind.

B. Outline of the report

The report is organized as follows: **Chapter 1** sets out the Arab social policy context and conceptual framework of the report. First, it describes the current situation in countries across the region and provides an overview of past efforts to address inequalities. It also presents the conceptual framework of the report which is based on a life-course approach to social policy and examination of the institutional configuration of social protection responses to COVID-19. This is underpinned by working definitions for social policy and social protection that will be used in the subsequent chapters. **Chapter 2** provides an overview of the regional response to COVID-19. It critically assesses the impact of interventions and measures by Arab Governments to deal with the COVID-19 pandemic in the social protection sectors. It includes two case studies on Egypt and Morocco. **Chapter 3** focuses on re-examining policy and financial sustainability and resource allocations. It takes stock of and evaluates the effectiveness of reallocation of resources and their sustainability beyond the COVID-19 reaction measures. **Chapter 4** focuses on innovation in different sectors regionally and globally and examines the interplay between policy interventions, more effective regulatory and governance frameworks and resource allocations to reflect on future innovation needed in social policy. The aim of innovation is to solve social policy problems more effectively in the Arab region, given the challenging balance many countries face between fiscal reform and social protection effectiveness and coverage. **Chapter 5** distils the main findings of the report to propose innovative recommendations to ensure an effective Government response that guarantees social justice in times of crisis.

C. Data and methods

The report is based on a comprehensive literature and data search about the COVID-19 responses of Arab Governments as well as key social indicators. The main data sources are the COVID-19 tracker of the Economic and Social Commission for Western Asia (ESCWA) and the ESCWA data portal. A comprehensive literature search covered Devex Government policy statements on the COVID-19 response for all Arab countries and up-to-date global publications by the World Bank, the International Policy Centre for Inclusive Growth (IPC-IG), the International Labour Organization (ILO) and other relevant United Nations agencies. The report also benefited from interviews conducted with senior social protection officials in Egypt and Morocco. Finally, the database of the United Nations Educational, Scientific and Cultural Organization (UNESCO) was used to enrich chapter 5 focusing on innovation in different fields.

D. Conceptual framework

Two main points are to be taken into account in terms of the conceptual framework used in this report. First, it relies on the life-course approach that is dominant in the literature on global social policy and has been used to frame both social assistance and COVID-19 interventions. The advantage of this approach is that it permits a comprehensive mapping of population groups affected by income fluctuations and life contingencies across the human life course. Hence, this facilitates an analysis of COVID-19 interventions in terms of both horizontal and vertical coverage² whereby, subject to data availability, the report reveals the extent to which COVID-19 interventions have extended the population size of beneficiaries and/or the range of benefits available.

Second, in offering a categorization of COVID-19 interventions, the life-course approach tells only half the story. To offer longer-term insights for policy action, an institutional/political analysis is needed that will offer deeper insight for future reforms of the social policy systems in the Arab countries. The report, therefore, leans on social policy frameworks, primarily the social rights-based approach that focuses on the potential

redistributive and equitable consequences of COVID-19 interventions. These will require consideration of the institutional reforms currently witnessed during the pandemic and the extent to which they may form the basis for a move towards more comprehensive and potentially universal systems of social policy and social protection (including “targeting” within the universalism approach as advocated for by experts in lower- and middle-income countries). The various components of the life-course approach and the institutional political analysis lens are outlined below.

1. Life-course approach

The life-course approach adopted by the United Nations aims to ensure that all people have access to social protection when needed at all times throughout their lives, from birth to death. This also embodies the principle of leaving no one behind as stipulated in the 2030 Agenda for Sustainable Development as it minimizes exclusion from benefits and social exclusion as a whole. A common categorization of life-course stages is the following:

- a. Pregnant women and infants (the first 1,000 days, from conception to 2 years of age);
- b. Children (from 2-18 years of age, sometimes separating those under 5 years);
- c. Youth (18-25, 18-30 or 18-35 years of age, depending on each country's definition);
- d. Working age (18-60 or 25-65 years of age, again varying from country to country);
- e. Old age (60+ or 65+ years of age, rising in some countries according to changes in the retirement age).

An integrated social policy system (meaning comprehensive coverage of the life cycle and linked to other social services) must meet the needs of all residents for essential social services. The life-course approach is useful not only because it reinforces the notion of leaving no one behind, but also because it allows for a logical disaggregation of social policy interventions according to age cohorts, for instance, school feeding for children, unemployment insurance for working adults and pensions for older persons, among others.

2. Political institutional analysis

The aim of this level of analysis in the report is to provide deeper insight into the key decision-making processes that are taking shape during the pandemic by Arab Governments and whether these are indicative of more fundamental restructuring of social policies. Given that most countries in the Arab region have a mix of social policy and protection actors comprising State, market, community, civil society and family, the report highlights which actors are at the forefront of this provision, which is the basis of entitlements and whether the interventions are providing adequate benefits. This will help to analyse the likely consequences on income inequality and poverty in the longer term.

E. Social protection systems: in pursuit of an ideal

The two key concepts guiding this report are social policy and social protection. Social policy is concerned “with the ways societies across the world meet human needs for security, education, work, health and well-being”.³ It addresses how “states and societies respond to national, regional and global challenges of social demographic and economic challenges and of poverty, migration and globalisation”.⁴

Social protection can be broadly defined as “the set of programmes and interventions designed to preventing or alleviating poverty, vulnerability and social exclusion by supporting and protecting individuals and their families in the event of adverse income shocks, and by providing access to basic social services. Social protection instruments are a key element of social welfare policy.”⁵ The range of social protection instruments has expanded in recent years, but they can be broadly classified into the following three categories:

- “Social insurance and pension schemes funded by workers’ voluntary or compulsory contributions (and employers’ contributions). Their main aim is to cushion the impact of shocks such as unemployment, health issues limiting the capacity to work, and more permanent adjustments in income due to ageing and retirement. Throughout

their working lives, individuals or their employers contribute regularly to a fund and may claim benefits in case of illness, disability or occupational injury, unemployment, maternity, and upon retirement.

- Social assistance schemes funded by public resources (non-contributory), and in-kind or cash transfers. Their aim is to prevent and alleviate poverty and provide basic services to people in situations of poverty and vulnerability, such as the elderly, persons with disabilities and low-income earners. Under such schemes, in-kind transfers can include food transfers, minimum income entitlements, scholarships, housing allowances or subsidies on essential goods such as food or oil and gas. They also include free or low-cost access to basic services such as health care, education and water. These kinds of aid are largely directed at certain categories of the population based on income and economic means, location or family characteristics.
- Labour market programmes and regulations designed to help the unemployed to access the job market and guarantee minimum standards in the workplace. They include subsidized employment and public works schemes, return-to-work support programmes, support for small-scale entrepreneurs, microfinance, micro-insurance and community development activities.”⁶

United Nations instruments such as the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights recognize social protection as a human right. It is regarded as a key tool for tackling extreme poverty and social exclusion, and for promoting human dignity across the life cycle. States, in this context, have an obligation to ensure that people’s right to social protection is realized. Social protection is also fundamental to achieving the 2030 Agenda. Through its contribution to the social and economic pillars of sustainable development, it is reflected directly or indirectly in at least five of the 17 SDGs (box 1).

In addition to reducing poverty, social protection systems are fundamental in preventing that people fall back into poverty across the life cycle. This supports the fundamental United Nations principle of leaving no one behind, which is

Box 1. Sustainable Development Goals and targets with a direct or indirect reference to social protection



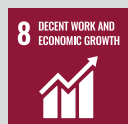
Target 1.3 – Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.



Target 3.8 – Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



Target 5.4 – Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.



Target 8.5 – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. *[social protection is one of the four pillars of decent work]*



Target 10.4 – Adopt policies, especially fiscal, age and social protection policies, and progressively achieve greater equality.

emphasized in SDG target 1.3, highlighting, in particular, the global commitment to building social protection floors as the fundamental element of each country's social protection system, to ensure at least a basic level of social security for all and to extend social protection coverage to those excluded.

Social protection floors are defined in accordance with ILO Recommendation 202 (2012), whereby States should provide the basic social security guarantees to at least all residents and children as defined in national laws and regulations. The social protection floors should comprise at least the following basic social security guarantees:⁸

- Access to a nationally defined set of goods and services, constituting essential health care, including maternity care, that meets the criteria of availability, accessibility, acceptability, and quality;
- Basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care, and any other necessary goods and services;
- Basic income security, at least at a nationally defined minimum level, for persons at an active age who are

- unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability;
- Basic income security, at least at a nationally defined minimum level, for older persons.

In reality, the application of social protection has evolved over the years to include social provisioning characterized as universal, or selective through targeting. Under universalism, the entire population is the beneficiary of social benefits as a basic right, while under targeting, eligibility to social benefits involves some kind of means testing to determine the most deserving. Policy regimes are hardly ever purely universal or purely based on targeting and often tend to be hybrid.⁹ In the 1970s and 1980s, many developing countries shifted away from “broad social policies that emphasized universal benefits (but that often only covered a small fraction of the population) toward programs that required beneficiaries to meet specific criteria.”¹⁰

Targeting, however, proved to include different challenges, such as limited statistical capacity to determine eligible groups, exclusion and inclusion errors in the administration of programmes, and costly and cumbersome administrative burdens to plan and implement these targeted programmes. In addition, targeting has been used as a form of patronage in some countries; it was also perceived as a divisive tool in certain societies, especially when some groups were deemed ineligible to benefit from certain programmes.¹¹ These were often named the “missing middle” and were poor and needed social protection. However, they never benefitted from social protection programmes since they did not meet the eligibility criteria set by the Government, including, among others, demographic and socioeconomic indicators.

Against this backdrop, there seems to be a global shift in rethinking targeting towards advocating for universalist policies such as universal basic income (UBI),¹² universal child allowance and universal access to health care, among others. The ideal social protection programme as envisaged by the United Nations would move towards right-based access for all, delinking eligibility for social insurance and health care from contributions or payments. As per human rights principles, anyone unable to pay or contribute to funds should be entitled, nevertheless, to receive benefits such as unemployment and health care directly from the State.

F. Pre-COVID-19 social protection systems in the Arab region: gaps and challenges

Despite significant improvements in the extension of social protection coverage in many parts of the world, progress in building social protection systems pre-COVID-19 was still lagging behind in other parts. Many low- and middle-income countries, at the global level, have established social protection systems and extended coverage, protecting 45 per cent of the global population in at least one social protection policy area; yet, the other 55 per cent remained unprotected. By 2017, only 29 per cent of the global population enjoyed access to comprehensive social security systems, whereas 71 per cent were covered partially or not at all.¹³

In the Arab States, the lack of data allows only a partial assessment of effective social protection coverage.¹⁴ It is estimated, however, that pre-COVID-19 only less than 30 per cent of people in the Arab region were covered by some form of social protection.¹⁵ The social protection systems in the Arab region were characterized by fragmentation and lack of inclusiveness and transparency. The system also suffered from underinvestment.

Social protection systems are linked to the prevailing social contract. The Arab countries are particularly known for exercising a type of social contract generally described as an “autocratic bargain”. This type of political arrangement was historically based on the provision of free health care and education, governmental jobs for all graduates and low prices, made possible through subsidies, for necessities such as bread and fuel but limited political and civil liberties, mainly benefitting the urban middle classes. The persistence of social welfare systems that are biased towards the interests of political and urban elites meant that political systems in these countries have been unable to provide quality services in the context of accelerated population growth, increasing poverty and a global context of free capital, international labour flows and private-sector dominance.

All these factors undermined national social protection programmes in the region, which applied universalist

principles of social policy mainly in relation to commodity or fuel subsidies. The emphasis remained on categorical, means-testing or earnings-related social protection, which all exemplify targeted systems of social policy. In the case of social insurance schemes, for instance health insurance, formal-sector employees are the primary beneficiaries. These are more likely to be males of a working age and based in urban areas. In addition, in the pre-COVID-19 era, only one third of the labour force in the Arab region was covered by pension schemes, and 70 per cent of the lowest income quintile remained without income support transfers.¹⁶ The largest legally excluded groups in most countries were agricultural workers, household and family workers, and foreign migrant workers. De facto exclusion concerns all workers without a formal work contract, namely the entire informal sector. Due to the high level of informality, it is estimated that, on average, in Arab countries, excluding the member countries of the Gulf Cooperation Council (GCC), about 67 per cent of the labour force do not contribute to social security and are thus not covered by any pension or health-insurance scheme.¹⁷ This concerns mostly agricultural workers and the self-employed in micro- and small-scale enterprises and their employees. In the GCC, all employed nationals are covered by relevant schemes, and so the main coverage gap concerns foreign migrant workers, who are mostly excluded.¹⁸

Arab Governments have traditionally spent too much on short-term poverty alleviation policies including subsidies, which neither lead to long-term economic gains and social investment nor address the structural causes of poverty and social disharmony. In fact, both subsidies and cash assistance proved to be inefficient in addressing growing poverty and inequality. Fuel subsidies, for example, are captured by the richest quintile of the population as they consume more energy.¹⁹ Similarly, subsidized apartment buildings tend to be situated in middle-class neighbourhoods of big cities that are too expensive for the urban poor.²⁰ Social assistance programmes, notably cash transfers, suffered from challenges in targeting needy populations and high levels of fragmentation, whereby each programme had its own funds and applied its own selection and targeting system. The administration of such programmes proved to be cumbersome. Expanded cash transfer programmes were the type of social protection

reform, targeting rural and marginalized areas. In contrast to the historical focus on categorical targeting, the new programmes introduced means testing, which relied to a certain extent on proxy indicators due to the challenges of inefficient data availability and capacity for direct means testing. Interventions also needed to be well coordinated across ministries and different levels of government. Conditional cash transfers were key to the reforms in Egypt and Morocco, with other similar reforms planned in other countries. The trend towards subsidy reform and larger targeted social assistance programmes has continued since 2011 as countries continue to grapple with growing budget deficits and inflation.

In that context, notable changes to social policies in ESCWA countries took place following the political events which took place in Arab countries in 2011. Countries reacted quickly to abate social discontent, often using social protection tools to bring about reform, some of which was already long overdue. In terms of social protection, many countries increased social expenditure though the impact on poverty and inequality remains a matter of debate. Many countries embarked on major reductions in food and fuel subsidies in favour of expanding targeted cash transfers. Some added conditional cash transfers to their social protection systems in addition to new or reformed old-age pensions and disability grants (for example the Arab Gulf States, Egypt, Jordan and the Syrian Arab Republic). A range of other benefits such as pensions, salaries, subsidies and transfers were introduced across the Arab countries, including tax cuts. In addition to being fragmented and lacking inclusion, social protection programmes also suffer from underinvestment. Figure 1 shows the share of social spending as a percentage of the gross domestic product (GDP). The graph shows that social protection spending reached its highest values in Egypt (9.5 per cent), Jordan (9 per cent), Algeria (8.9 per cent same line) and Tunisia (7.5 per cent), whereas levels of social spending in Qatar, Yemen, the Sudan and the Syrian Arab Republic represent less than 2 per cent of GDP. A more detailed view of social assistance spending by programme type is provided in figure 2, which shows heavy reliance on unconditional cash transfers across all countries and on food and in kind support in conflict-afflicted countries such as the State of Palestine and Yemen, but also in

Egypt and Mauritania. Figure 3 shows health expenditure as a percentage of GDP by country and in comparison to the subregional averages. For the latest available year (2018), spending ranges from a low of 1 per cent in the Sudan to a high of 4.4 per cent in Kuwait, with an average of 2.9 per cent.

This figure is relatively moderate compared to the global average of 5.87 per cent for the same year. Overall, governmental spending on health in the region during 2015-2018 was relatively steady (around 3 per cent). Notable spending is witnessed in Iraq and Kuwait, with health spending increasing from 0.7 per cent to 2 per cent and from 3.4 per cent to 4.4 per cent in Iraq and Kuwait, respectively. The Sudan showed the biggest decline in spending, which fell from 2.2 per cent to 1 per cent. This urges public policy to increase health expenditure aiming at providing improved health services, which is essential especially amidst rising poverty and unemployment in the region.

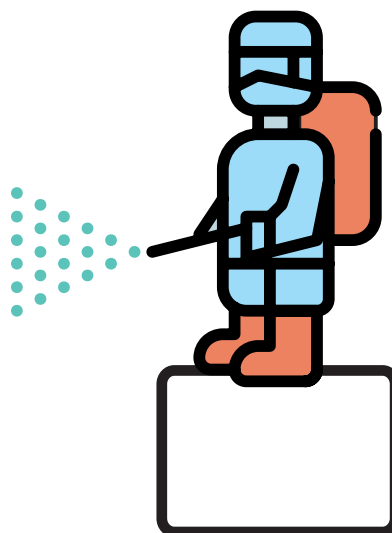
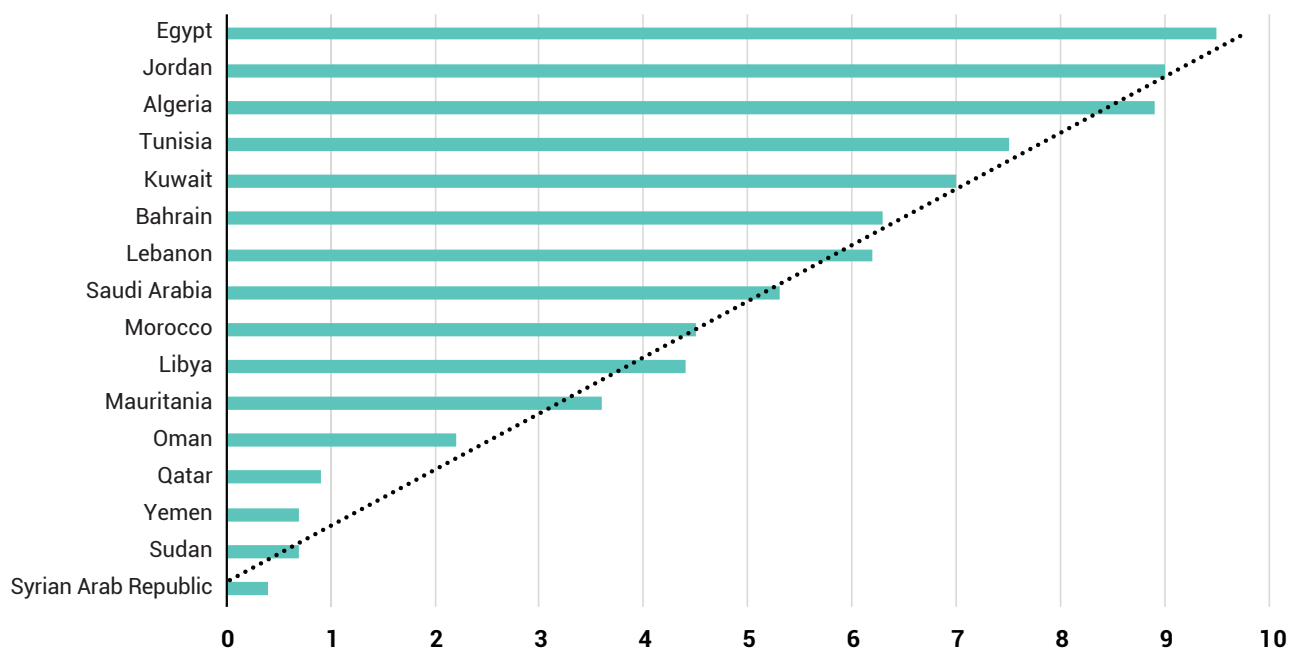


Figure 1. Social protection expenditure as percentage of GDP, based on latest available data (Excluding health)



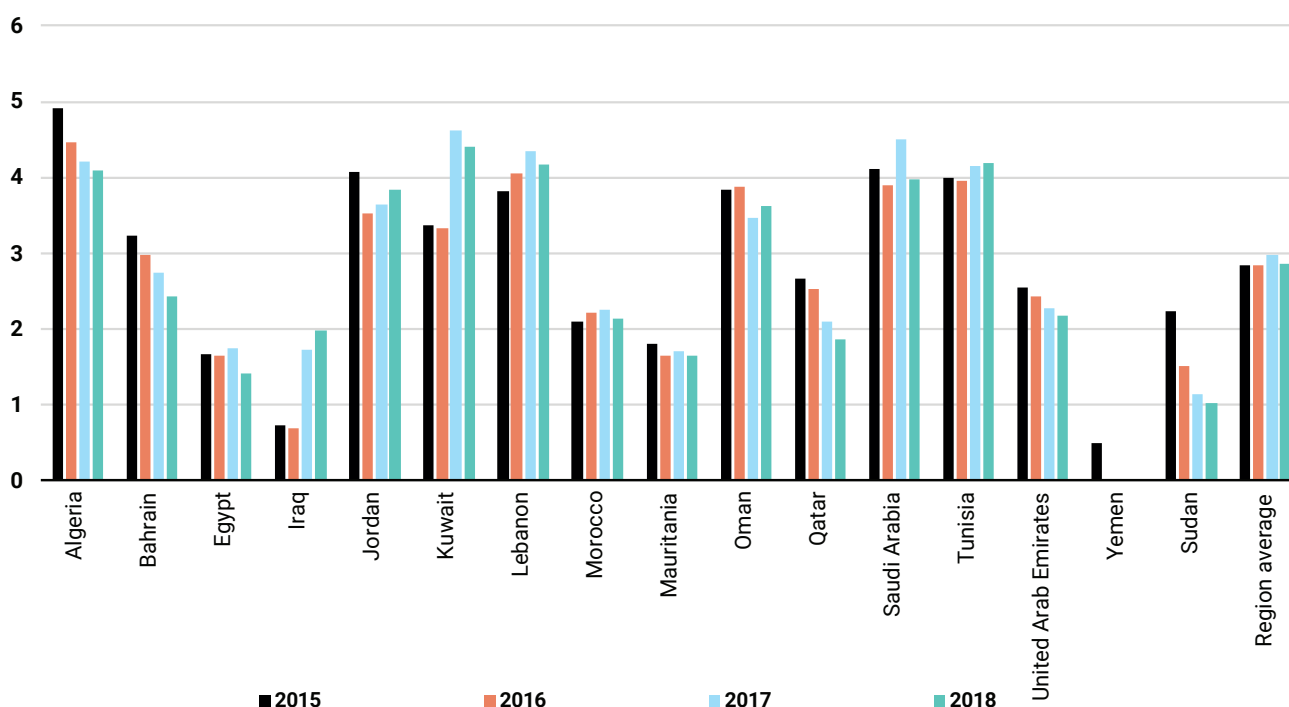
Source: Compiled from <https://data.unescwa.org/portal/e68647fb-ea6d-488d-a6f5-2024b080c2cc>.

Figure 2. Spending by type of social assistance programme, most recent year (Percentage of GDP)



Source: Compiled from <https://data.unescwa.org/portal/e68647fb-ea6d-488d-a6f5-2024b080c2cc>.

Figure 3. Government health expenditure, 2015-2018 (Percentage of GDP)



Source: Compiled from <https://data.unescwa.org/portal/8c972cac-a80c-4bd4-8208-74c6a092e225>.

In this regard, it is worth mentioning that, in the Arab region, the State is not the only provider of social protection programmes. The institutional mix underpinning social policy in the Arab countries is made up of the following institutions which, in practice, tend to be concentrated around specific types of social welfare programmes: the State, the family, the market and the community. This division of roles is also linked to specific segments of the population. For instance, formal urban workers are more likely to be covered by State social insurance systems than informal rural workers. The general pattern in the Arab countries is that State institutions oversee social insurance systems that are related to formal employment, particularly of public-sector workers who tend to receive quite general benefits. The State also tends to have systems of public education and public health. In the case of health care, systems may often rely on partnerships with private health-care providers and, in fact, the growth of private health insurance and medical care in the region is very much driven by the absence or lack of trust in Government facilities. This matter is especially acute in such deregulated market economies as Lebanon.

Nuclear and extended families have always played a key role in social support, particularly in caring for young dependents such as young children, elderly relatives or persons with disabilities in the family. But the family-based model of social welfare is coming under increasing strain due to the high cost of living and the need for family members to earn a living often by taking on more than one job, hence reducing the likelihood of family-based care for children and the elderly or the existence of surplus income to help family members in need. In this regard, there is a growing literature on the work-life family balance and the situation of female-headed households who are especially hit by poverty due to the persistence of a male-breadwinner model of social policy in the Arab countries.

Arguably, the most significant source of non-State social welfare for vulnerable populations, particularly those employed in the informal sector, are religious welfare organizations. This is true for all communities in the Arab region. Large welfare organizations such as Caritas may have budgets in the tens of millions (dollars) and reach beneficiaries in the tens of thousands. These organizations

have been in operation for decades and have become entrenched in their societies. Often, they are linked to larger networks of schools and hospitals and, although they may charge fees for some of their services, provide both in-cash and in-kind services to the extremely poor. Religious groups tend to rely on key fundraising religious activities, such as during the month of Ramadan, or they invoke religious teachings about paying *zakat*, helping orphans and supporting the family as the basic unit of society. In sectarian societies such as Lebanon and Iraq, these social welfare organizations are often linked to religious and political leaders and parties and, as such, serve to entrench social divisions even if they might offer services to those who are in need or from outside of their sect.

This chapter has provided an overview of the conceptual framework guiding this report and the social policy context within which COVID-19 interventions are to be assessed. By combining the life-course approach and an institutional analysis of how social protection is delivered, the report will assess the extent to which more fundamental reforms can take place. This offers

the most comprehensive view for Government policy to effectively address the changing needs and social rights of citizens and residents in the Arab countries. The life-cycle approach reflects the aim of social policy to support the social welfare of the population from birth to death by accounting for fluctuations in income across the different stages of life for men, women and children. Furthermore, by embedding the life-course analysis in a political and institutional examination of the social policy context of the Arab countries, it is possible to better understand how Governments and civil society groups can address the gaps and challenges faced by social protection systems during the COVID-19 pandemic and during the recovery period.

The overview in this chapter has shown that social protection systems in the Arab region suffer from fragmentation, lack of inclusion and under-investment. They are the product of the prevailing social contract which benefitted mainly the urban middle class. The social expenditure rates by country vary widely within each subregion, but all Arab countries are below the world average on public social spending.