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# Social protection as a budget priority

*by Walaa Talaat*



# 05









Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation, of the economic, social and cultural rights.



## Background

The 2030 Agenda aims to achieve prosperity and sustainable development for all. The main goals are to ensure that everyone has access to a basic income, food security, primary and secondary education, essential health services, affordable drinking water and adequate sanitation. Governments should ensure that no one is left behind by servicing all needs, including those of the “missing middle”.

Unfortunately, establishing a minimum floor is out of reach for most developing countries, including Egypt. Over the past decades, social protection has become a response to poverty and vulnerability. It consists of two main components: non-contributory schemes, such as social safety net programmes, and contributory schemes, such as social insurance pensions. Strong social protection policies help to address fragility and shocks, stimulate human capital, foster social cohesion and social justice, and build trust in social contracts with the State.

For the purposes of this chapter, social protection in Egypt refers to a nationally





defined set of basic social safety net programmes, namely, access to basic income security and essential health-care services. This is in line with article 22 of the Universal Declaration of Human Rights, which states: “Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.”<sup>1</sup> It also aligns with SDG target 1.3, to implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the

poor and the vulnerable; SDG target 3.8, to 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; and the ILO Social Protection Floors Recommendation, 2012 (No. 202).

This chapter is divided into four additional sections. Section A introduces mainstream debates and various modalities of social protection, providing a global outlook. Section B presents social protection programmes in Egypt in terms of their expenditure, coverage and targeting approach. These programmes are divided into three major groups: social safety net programmes (non-contributory schemes), social insurance (contributory schemes) and access to basic health care (which can be contributory, non-contributory or a mix). Section C discusses the impact of effective and efficient institutional arrangements and capacity-building for social workers regarding service delivery and outcomes for social protection programmes. Section D explains how to strengthen the resilience of social protection floors in Egypt by building a universal floor in the context of the SDGs that must respond to crises and fragility. To ensure that every household has access to basic income security and essential social services, the Government must integrate various complementary social protection programmes to provide universal coverage. Social protection is a fundamental human right and must be normalized as a basic right.

## A. Mainstream debates and modalities of social protection: global outlook

Many countries offer social protection to meet the diverse needs of their populations. Social protection systems have two main components: non-contributory and contributory schemes. As a policy framework, social protection has been used as a tool to address poverty and vulnerability,

particularly in developing countries. A growing number of Governments have therefore been adopting programmes for national social protection to reduce poverty. There is a debate as to whether the core principle behind the distribution of social protection benefits should

be universalism or selectivity through targeting. Under universal schemes, social safety net programmes are open to the entire population as a basic right, while under targeting schemes, eligibility requirements must be met before accessing benefits. International organizations such as the World Bank and IMF advocate for the latter. Indeed, how far a policy regime leans towards either of these options will shape its welfare social contract. Liberal regimes are characterized by policies that target low-income households; conservative regimes are shaped by traditional family and social values; and social democratic regimes provide universalist systems that promote equality based on high standards rather than basic needs. This is a topical debate in low- and middle-income countries with limited and fragmented institutional social protection systems, as well as in wealthy countries with well-developed social security and comprehensive welfare systems. Markets alone cannot satisfy the social contract; therefore, the State must be involved to guarantee that basic livelihood needs will be met. This section examines and clarifies core layers of the debate surrounding targeted and universal social protection schemes, their techniques and forms, including cash, voucher and in-kind assistance.

There is extensive literature on different targeting mechanisms; administrative, social and political targeting costs; and targeting errors. A few studies address the question of whether targeted schemes should be done at all or whether universalist schemes should be implemented instead. Little is known about targeting costs. In the debate over modalities of assistance, proponents of targeting have a more optimistic assessment of targeting experience and are confident that the use of modern ICTs helps to minimize targeting errors. In contrast, proponents of universal schemes are optimistic that the uniform provision of benefits will garner a sufficient budget to provide meaningful social protection. They are opposed to targeting from a human rights perspective or on moral principles of equity and question the practicalities of targeting and its costs, including political costs and costs to beneficiaries.

International organizations play a vital role in supporting reforms and reshaping social safety net programmes, attempting to shift from universal to targeted social schemes and adapt the techniques employed. Organizations such as IMF and the World Bank have been introducing and supporting social policy reform initiatives in developing countries since the 1980s. They also shape programme structure. For example, an ILO study reviewed IMF structural adjustment policies in 187 countries from 2010 to 2020. It shows that IMF advice focuses on a series of reforms, two of which are related to the current debate: (i) eliminating universal subsidies (including on food, energy and agriculture in 132 countries) and (ii) rationalizing spending and further targeting safety nets (in 107 countries).<sup>2</sup> International organizations play a significant role in shaping the modality, technique and form of targeted social safety net programmes, which they claim are more effective and efficient in distributing government resources among the poor.<sup>3</sup> Their arguments and structural adjustment policies focus on the cost-effectiveness of alternative transfer modalities. As a result, the debate shifted towards targeted programmes in the form of cash. Proponents of cash transfers claim that they generate the largest welfare gains because the beneficiaries are free to purchase what suits them. Moreover, it is argued that cash transfers are associated with less stigma and are less costly to administer. This debate, however, has been hindered by a lack of rigorous evidence that explores the implementation of the programme's targeting mechanism at the grass-roots level.

**ILO study reviewed  
IMF structural adjustment  
policies in**

**187  
countries**

**2010–2020**



In addition to historical and political reasons, this lack of evidence may partially explain the continued existence of food vouchers and in-kind transfer programmes in low- and middle-income countries.

The COVID-19 pandemic shook economies across the globe. The twin health and economic shocks revealed gaps and fragmentations in national social protection systems, primarily for those in the middle and at the bottom of the socioeconomic ladder. The pandemic has exacerbated the gap in social protection coverage for the missing middle, which is excluded from receiving any kind of provisions under targeted schemes. Social protection in Egypt is a

complicated process, both in terms of targeting vulnerable groups and delivering services. Despite the Government's extensive efforts to reform social protection, it has not managed to provide basic universal social protection as a human right. The move towards universalism is reinforced by concerns over social protection and "leaving no one behind", as mentioned in the 2030 Agenda, as well as by the global pandemic. It is clear that the pandemic renewed the debate among citizens, academics, policymakers and practitioners on the reliability of current modalities and forms of social protection systems and whether they provide minimum floors on which to fall back.

## B. Social protection programmes in Egypt: expenditure, coverage and targeting

Egypt is a lower-middle-income country with various social protection programmes. Along with other countries in the MENA Region, it relies heavily on social safety net programmes, such as food and fuel subsidies. Despite its objective to allocate subsidies primarily to the poor, the revolutionary wave known as the Arab Spring that swept across the region was propelled by demands for equal access to resources and resource redistribution. In January 2011, protesters called for an end to poor economic conditions, injustice and corruption in Egypt. The Arab Spring has highlighted some key challenges in the region, including high levels of poverty, the need to reform social protection systems, growing inequalities and social injustice. The revolution was proof that citizens no longer accepted the old social contract with the State.

Since 2005, the Government of Egypt has faced numerous challenges that have resulted in high inflation and low salaries. During the bread crisis in 2008, there were widespread flour shortages and long lines to purchase

staples. Since the 2011 revolution, the economy has faced macroeconomic imbalances, particularly in terms of currency realignment and fiscal consolidation. According to CBE, monthly indicators for December 2016 reported that the official exchange rate for the Egyptian pound against the United States dollar had slipped from LE 8.88 to almost LE 20 per dollar.<sup>4</sup> This devaluation of the currency amounted to a loss of approximately 55 per cent of its value. Given that Egypt is a major importer of commodities and the world's largest importer of wheat, the currency depreciation was highly detrimental, especially to the poor. Nevertheless, from a macroeconomic perspective, the liberalization of the exchange rate was a crucial step in the Government's wider economic reform programme to return foreign currency trading to the formal banking sector. In addition, according to CAPMAS, the period between 2000 and 2017 witnessed a continuous increase in poverty rates, from approximately 17 per cent to 32.5 per cent, as shown in figure 42. Following the implementation of recent economic reforms, the poverty rate declined for the first time since 2000 to reach 29.7 per cent

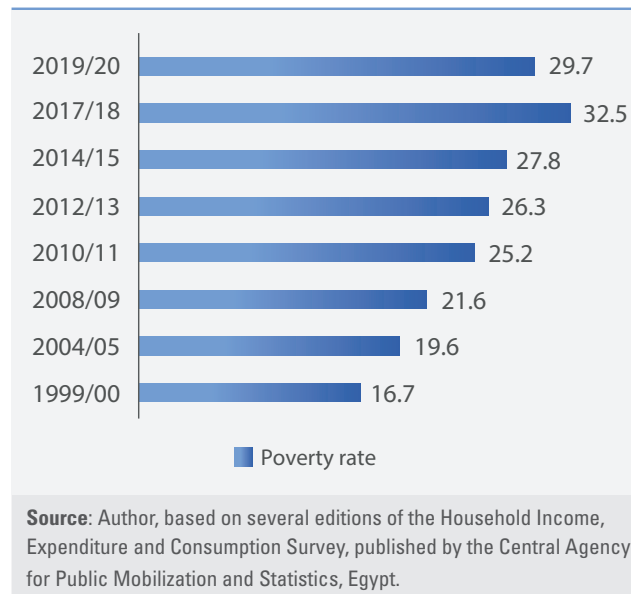


The Government of Egypt has faced numerous challenges that have resulted in high inflation.

in 2019/20. This was coupled with a decline in the annual headline inflation rate, from 28 per cent in January 2017 to 12.7 per cent in January 2019.

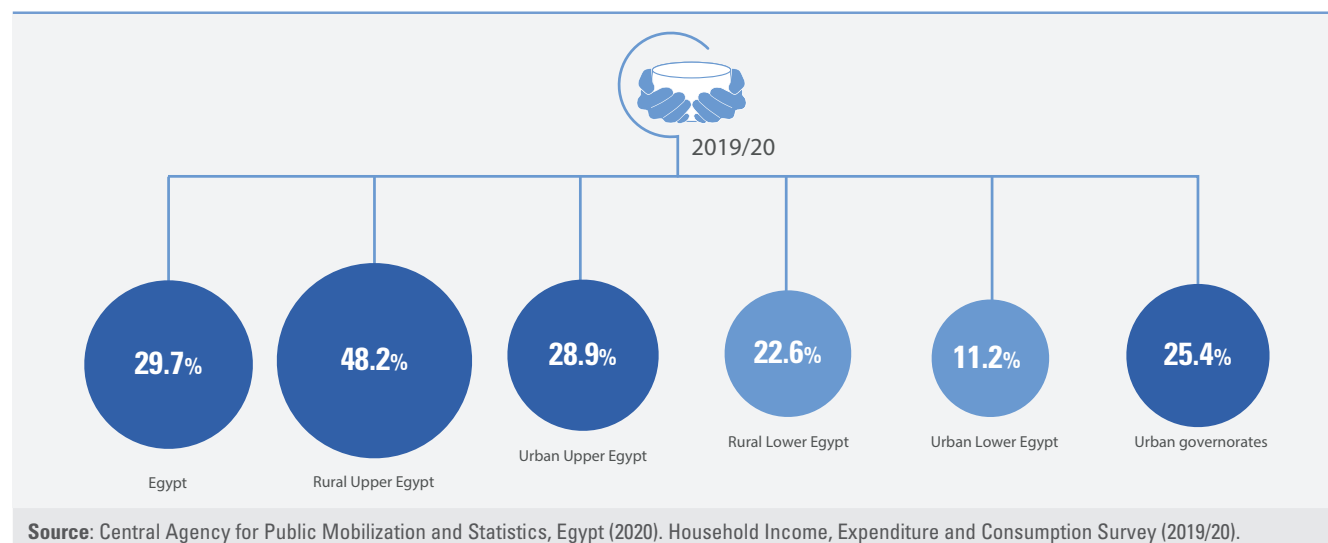
Egypt is characterized by high levels of both money-metric and multidimensional poverty (see chapter 1 for details). The Government must address this challenge. One solution that protects everyone, particularly poor and vulnerable households, is to establish and maintain an effective and efficient social protection system. It is worth noting, however, that regional disparities in poverty levels are marked, with signs of divergence. Figure 43 shows that in 2019/20, the highest poverty rates were in rural and urban Upper Egypt, at 48.2 per cent and 28.9 per cent, respectively. In rural and urban Lower Egypt, the poverty rate was 22.6 per cent and 11.2 per cent, respectively.

**Figure 42.** Poverty rate by aggregate poverty measurement

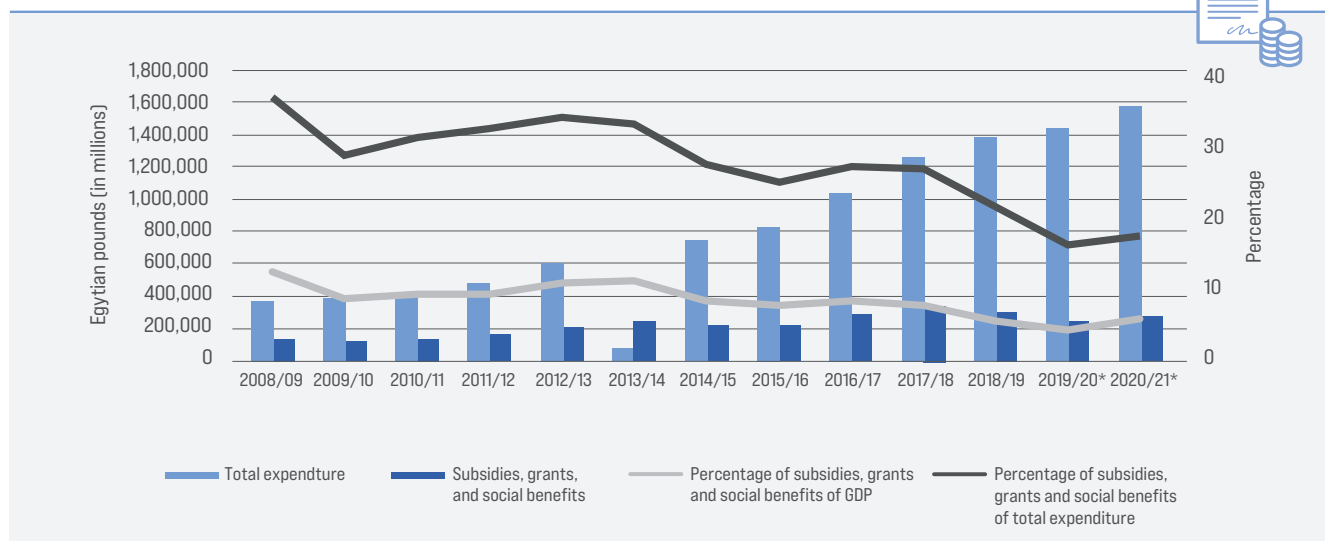


This poses a range of questions regarding the Government's initiatives in less advantaged regions. The increase in poverty indicates that Egypt is in urgent need of a more efficient and effective social protection system at both national and subnational levels, despite continuous generous budget allocations for subsidies, grants and social benefits. While these allocations accounted for 5.5 per cent of GDP in 2020/21, they decreased from 8 per cent in 2016/17 to 4.5 per cent in 2019/20, as shown in figure 44.

**Figure 43.** Poverty rate across geographical regions in Egypt





**Figure 44. Subsidies, grants and social benefits**

**Source:** Author, based on various editions of the State budget, published by the Egyptian Ministry of Finance.

\* Budget records.

In 2020/21, Egypt's budget expenditures on subsidies, grants and social benefits totalled LE 265.6 billion, or 17 per cent of total expenditure, as shown in figure 44. The social protection system over that period was skewed towards social benefits, which cost LE 158.8 billion in the same year. Social protection as a percentage of total government expenditure has declined between 2016/17 and 2019/20. Moreover, its impact on poverty and human capital development has been limited, owing to the complexities of targeting.<sup>5</sup> This could be attributed to a number of structural challenges, institutional arrangements and broader socioeconomic developments (see section D). Additionally, there is low social insurance coverage, a lack of awareness among workers about labour rights, administrative inadequacies and an erosion of benefits by high inflation. In addition, the Egyptian health-care system is complex. Although the Government has taken steps to reform it, there is still a need to increase coverage and improve the quality of services, particularly in Upper Egypt. These challenges must be addressed to ensure that social protection investments have a greater impact on poverty reduction.

In the past decade, the Government introduced comprehensive reforms to build a new social contract and address the aforementioned challenges. Since 2014, the Government has rolled out the smart ration card system to replace food subsidies and filter beneficiaries, in an effort to reduce the fiscal deficit. It also raised fuel prices, gradually phasing out fuel subsidies, with the exception of liquefied petroleum gas and fuel oil needed for electricity and cooking. In 2015, the Government launched the Takaful and Karama programmes to offset the negative effects of reforms, particularly on the poor. Additionally, a comprehensive reform of the health-care system was introduced in mid-2018, beginning in the Governorate of Port Said, and a law was passed to reform social insurance in mid-2019. To accelerate the achievement of the SDGs and reinforce the concept of leaving no one behind, the Government launched a number of initiatives. For example, the three-year Haya Karima initiative (meaning "decent life") was launched in 2019 and seeks to improve the quality of life in the poorest villages, especially in Upper Egypt, and most vulnerable rural areas, which contain approximately 50 per cent of the population. It includes efforts to revamp infrastructure, improve access to basic



services, promote education and health care, offer decent employment and empower women.

This section analyses the range of social protection programmes in Egypt, namely, social safety net programmes, social insurance and health care. It examines expenditure, coverage and targeting, focusing on the impact on poverty and vulnerability.

## 1. Social safety net programmes

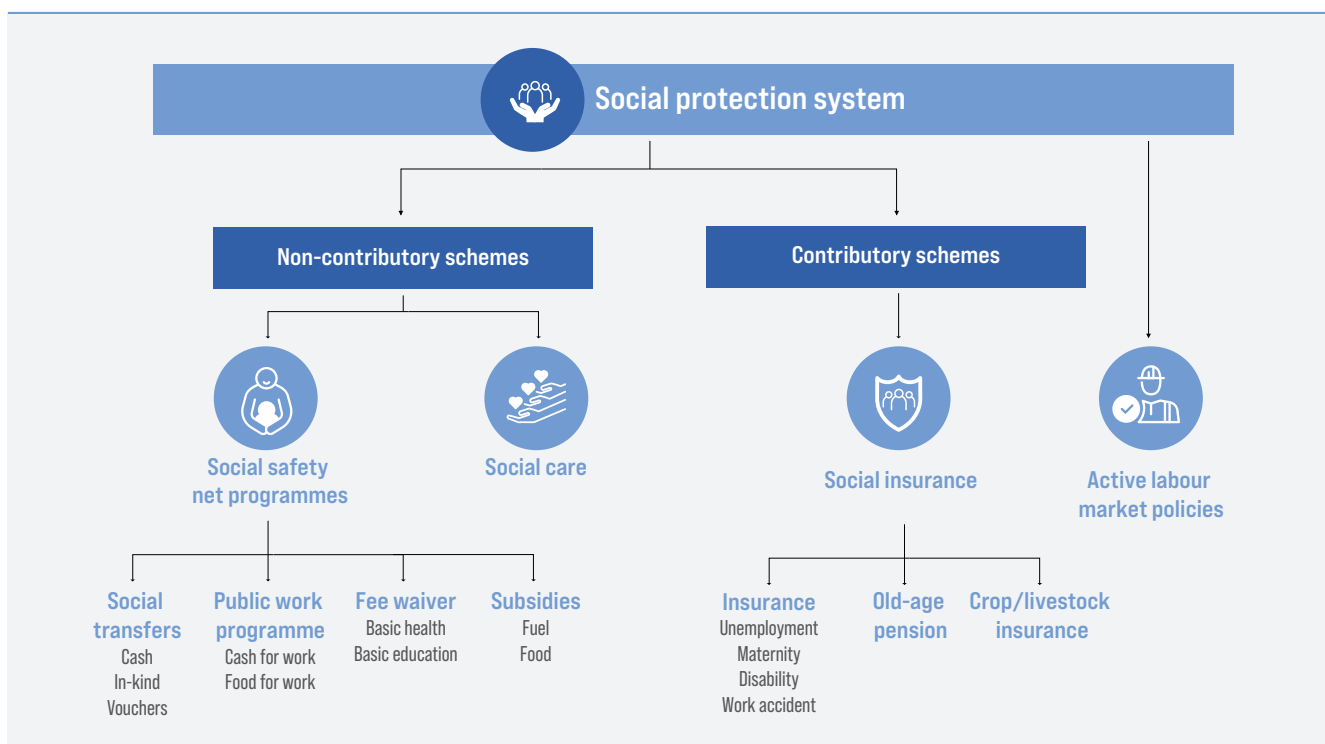
Social safety net programmes encompass numerous non-contributory programmes, as shown in figure 45, which are provided to guarantee income security for the poor. In Egypt, these programmes have long been dominated by food and fuel subsidies. Indeed, most have become embedded as an acquired right for citizens, and

the legitimacy of the ruling Government has been predicated on the ability to provide food, fuel and basic services at affordable, subsidized prices.

### (a) Food subsidies programme

Given the politically sensitive challenge of reforming the existing food subsidies programme, the Government chose to gradually move away from the old paper-based ration card system and introduce a new smart ration card system, for which participants register using their national identification number. The current system is composed of subsidized baladi bread (or Egyptian flatbread), the most important subsidized food product, as well as licensed ration shops (i.e. small retail stores known as tamween) that sell subsidized commodities to beneficiaries. In 2013/14, the Egyptian Government introduced

**Figure 45.** Taxonomy of social protection schemes



**Source:** Adapted from O'Brien, C. and others (2018). Shock-Responsive Social Protection Systems Research: Synthesis Report. Oxford: Oxford Policy Management, pp. 1-77.

**Note:** Non-contributory schemes are defined by the International Labour Organization as normally requiring no direct financial contribution from beneficiaries or their employers as a condition of entitlement to receive benefits. Public works programmes are usually counted as non-contributory even though the recipient contributes labour. Social transfers may be conditional or unconditional. A conditional transfer requires the recipient to meet certain behaviours (e.g. school attendance) to receive the benefit.

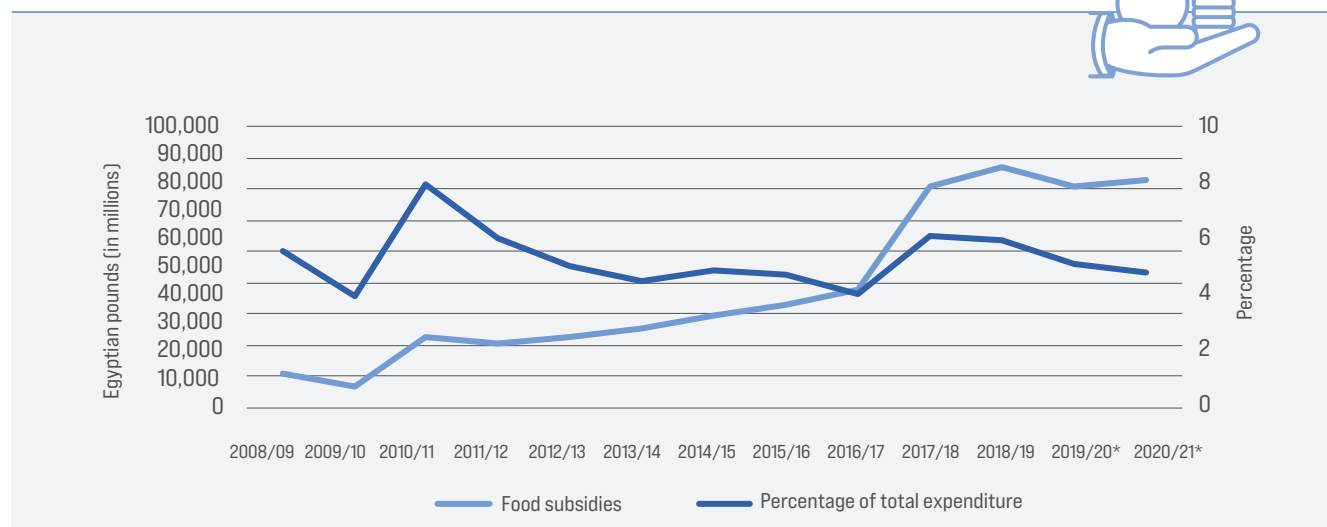
changes to the baladi bread system, switching to an output-based financing approach to improve the supply chain. This approach subsidizes the actual number of loaves distributed by bakeries to beneficiaries in an attempt to offset the black market and smuggling that characterized the previous system, under which the flour sacks used to produce the bread were subsidized. Under the new system, every beneficiary has a daily quota of a maximum of five loaves of bread. If a household does not use the entire monthly bread quota, the remainder is converted into points. For example, a household with four individuals registered on the smart ration card system has a monthly bread quota of 600 loaves. If they take only 100 loaves, the unused baladi bread quota of 500 loaves is converted into points (500 loaves is LE 50, or approximately \$5.60). These converted points can be used to buy other commodities from the ration shops. This approach might encourage beneficiaries to consume less baladi bread.<sup>6</sup>

Changes were also made to the operations of ration shops by introducing an allowance-based system. Under the previous system, each beneficiary was given a specific quota of subsidized, low-quality commodities (i.e. cooking oil, rice, sugar

and macaroni) to buy from a specific shop. The system subsidized the products in the ration shops according to the number of beneficiaries that were recorded in the Ration Office ledger. Thus, if beneficiaries did not take their entire quota, the shop might have sold the remainder on the black market. The new smart ration card system permits beneficiaries to buy from any ration shop, and the subsidized commodities are distributed to each shop according to its sales ledger. Beneficiaries are provided with a monthly allowance that they can use to buy any product from a bundle of over 50 commodities.<sup>7</sup>

Government budget expenditure on food subsidies increased from LE 21 billion in 2008 to approximately LE 83 billion in 2020/21, accounting for 5.7 per cent of the average total annual government expenditure from 2008/09 to 2020/21, as shown in figure 46. In nominal terms, food subsidies have more than doubled from 2013/14 to 2020/21 as the Government sought to mitigate the impact of higher inflation and protect the poor. Nevertheless, as a percentage of total annual government expenditure, food subsidies have declined from 6.5 per cent in 2017/18 to 5.3 per cent in 2020/21.

**Figure 46** Government expenditure on food subsidies



**Source:** Author, based on various editions of the State budget, published by the Egyptian Ministry of Finance.

\* Budget records.

The poverty rate  
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have increased to

**32.7%**  
without the programme

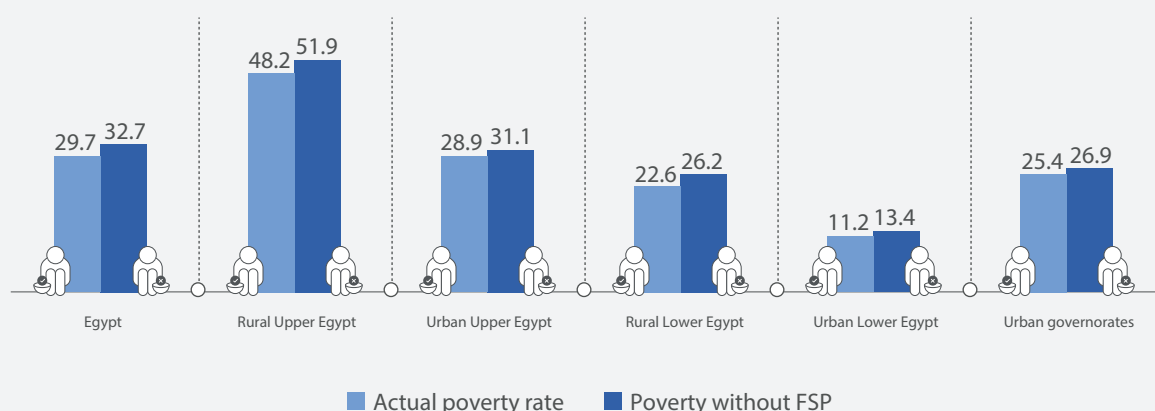


The Government decided to increase the monthly allowance under the food subsidies programme using the smart ration card from LE 15 in 2013 to LE 18 in June 2016, then to LE 29 in March 2017 and to LE 50 in July 2017. Without the food subsidies programme, an estimated 3 per cent of Egyptians would have fallen into poverty in 2019/20.<sup>8</sup> According to CAPMAS, food subsidies accounted for 7.4 per cent of total household expenditure on food consumption in 2020. It was 8.3 per cent in rural areas and 6.3 per cent in urban areas. The food subsidies programme has shielded the poor from the impact of high food prices.<sup>9</sup> Figure 47 highlights the role of subsidies in alleviating poverty. Using the basic needs approach, the

figure shows that the poverty rate for 2019/20 would have increased from 29.7 per cent to 32.7 per cent without the programme.

The Ministry of Supply and Internal Trade has sought to improve targeting to ensure that food subsidies are effectively allocated to the poor. Figure 48 shows that in 2020 approximately 65 per cent of the population received benefits across 27 governorates; however, not all are poor households. The eligibility criteria for enrolment in the food subsidies programme and the smart ration card system are very loose and difficult to assess. One criterion covers those with chronic illnesses or special needs, but there is no list of eligible conditions. Temporary seasonal employment or work as a street vendor in another criterion, but there are no specific records for such forms of work within the Ministry's system. In 2010, a World Bank study showed that the programme shields the poor from the impact of food price inflation but poorly targets beneficiaries. These figures explain the pressure on the Government to improve resource allocation and ensure that benefits are focused on and provided to only the targeted groups.<sup>10</sup> The cost of basic needs approach was used to assess the targeting performance of the food subsidies programme

**Figure 47.** Impact of the food subsidies programme on poverty in Egypt

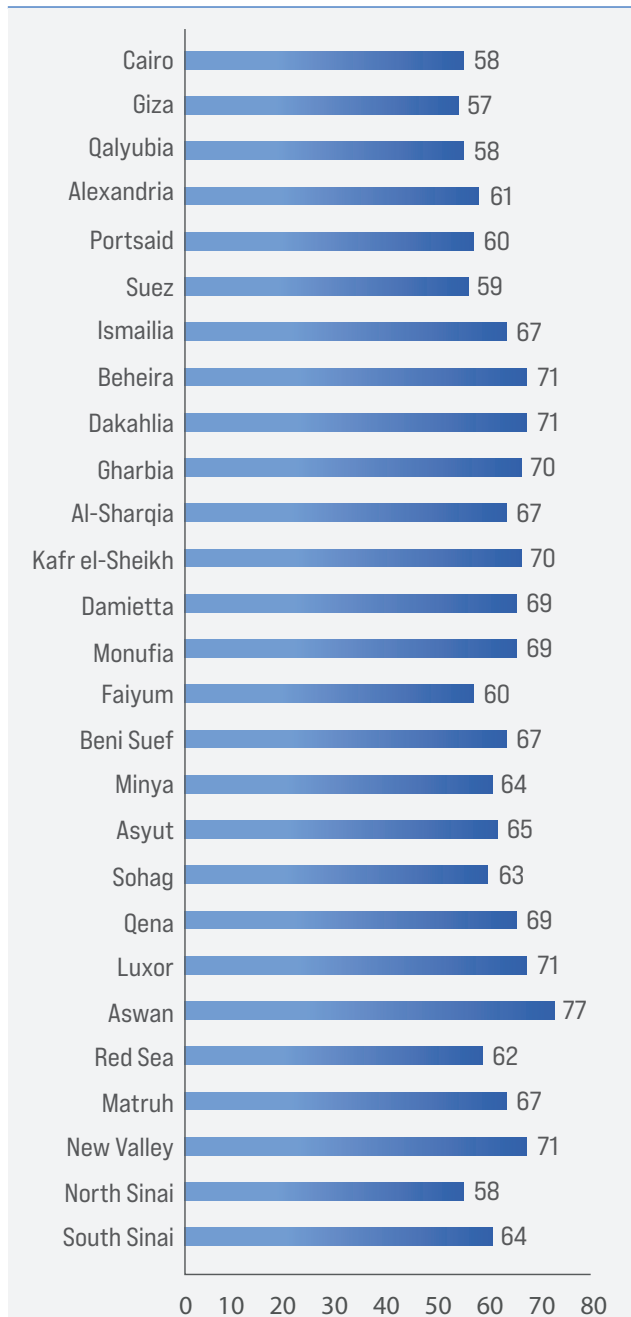


**Source:** El-Laithy, H. (2020a). *Main Results of the Household Income, Expenditure and Consumption Survey, 2019/2020*. Central Agency for Public Mobilization and Statistics, Egypt.

**Abbreviation:** FSP, food subsidies programme.

by comparing inclusion and exclusion errors. Results showed that the programme suffers from high leakage rates of approximately 80 per cent based on data from the 2013 Household Income, Expenditure and Consumption Survey and 90 per cent based on data from the 2017 Survey.<sup>11</sup>

**Figure 48.** Percentage of the population that receives food subsidies in 2020, per governorate



**Source:** Author, based on data from the Egyptian Ministry of Supply and Internal Trade from 2020.

Mostly non-poor households are receiving the intended benefits of the programme. Weak targeting strengthens arguments in favour of reforming the system and moving towards more pro-poor policies. The digital approach of using smart ration cards with a limited monitoring system might lead to duplicated benefits, the appearance of ghost cards and an increased risk of fraud. As such, the Ministry requested an audit of the smart ration card data, which was conducted in cooperation with the Administrative Control Authority and the Ministry of Defense and Military Production. Challenges facing the food subsidies programme can be addressed by establishing more comprehensive guidelines, tightening targeting criteria, verifying and reassessing eligibility, improving resource planning and allocation, building capacity and tailoring communication. Targeting errors should be minimized by developing partnerships with local stakeholders to facilitate enrolment and by creating a unified national registry, which the Ministry of Planning and Economic Development is currently developing.

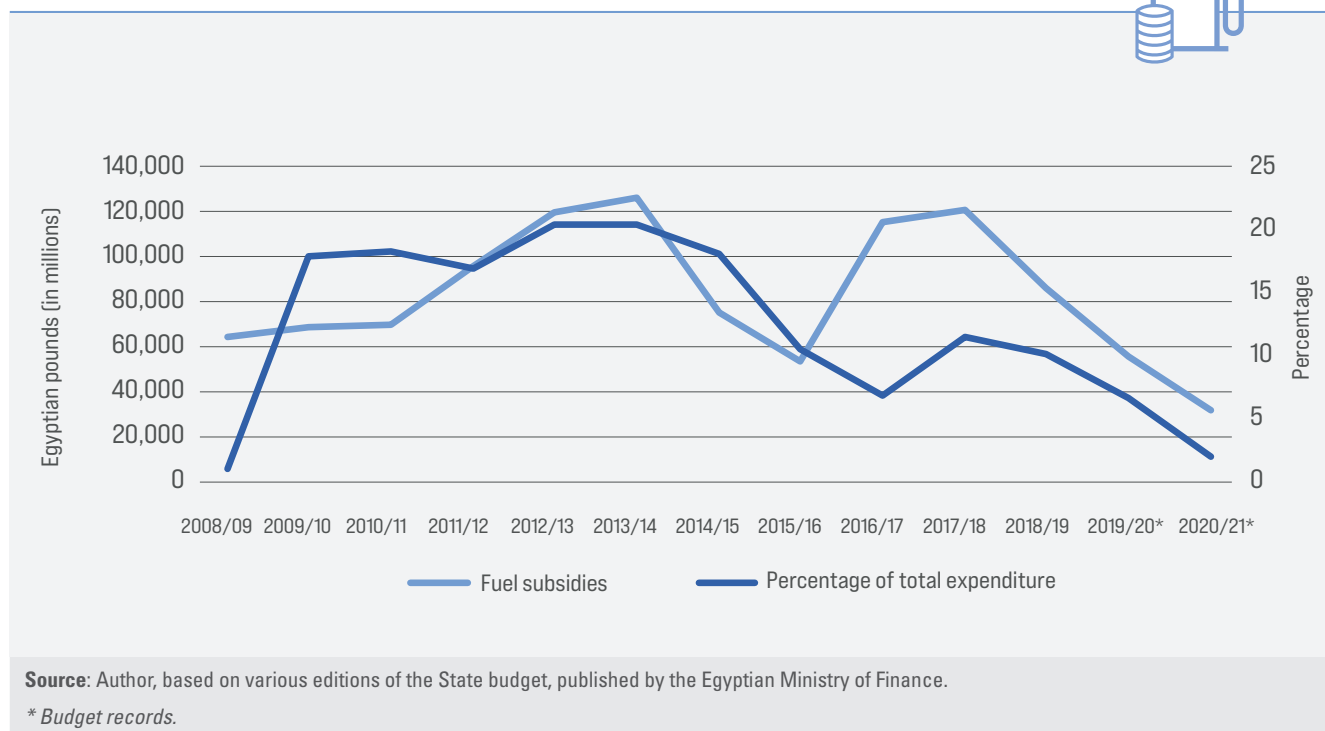
### (b) Fuel subsidies

Fuel subsidies encompass government spending on diesel, gasoline, liquefied petroleum gas and other fuel products. According to a 2017 IMF study, estimates suggest that the poorest quintile in Egypt, Jordan, Mauritania, Morocco and Yemen



Local stakeholders play a vital role in reaching the most distant areas and vulnerable groups and increasing their awareness of the importance of regular health checks and preventative services.



**Figure 49.** Government budget expenditure for fuel subsidies

receive between only 1 per cent and 7 per cent of total fuel subsidies, which is considerably lower than the 42 per cent to 77 per cent received by the richest quintile. In 2015, the poorest quintile in Egypt benefited on average from only LE 140 per capital per year in fuel subsidies, while the richest quintile gained LE 451. Moreover, urban households received more benefits from fuel subsidies than those in rural areas.<sup>12</sup>

A comprehensive reform was introduced in 2014, following several studies which showed that universal fuel subsidies are regressive and non-poor households receive more benefit as a result of higher fuel consumption. Fuel subsidies in Egypt have been reduced from LE 126 billion, which accounted for 17.9 per cent of total expenditure in 2013/14, to LE 28 billion, which represented 1.37 per cent of total expenditure in 2020/21, as shown in figure 49. In 2020/21, government budget expenditures for fuel subsidies totalled 0.45 per cent of GDP.

Reforms to fuel subsidies have a significant impact on the poorest individuals, particularly

in rural areas, when phasing out all types of fuel. Liquefied petroleum gas, in particular, is a vital source of energy for poor households, and diesel is used in the transport and agriculture sectors. In the short term, the reduction in subsidies increased fuel prices overall, which had an immediate impact on related prices throughout the economy. In addition, phasing out fuel subsidies had a direct impact on the poor as a result of increased transport costs. Using Hicksian equivalent variation to measure household welfare, a 2019 study shows that without adequate compensation for phasing out fuel subsidies, welfare losses would be between 4.1 per cent and 5.3 per cent for urban poor households and between 2.3 per cent and 2.7 per cent for the rural poor.<sup>13</sup> The food subsidies programme and the Takaful and Karama cash transfers have helped to mitigate some of the negative impact on poor households but remain inadequate, particularly given the high poverty rate. Any reform must therefore encompass concrete compensation measures that rely on the unified national registry. Examples include direct cash or near cash transfers to poor beneficiaries.

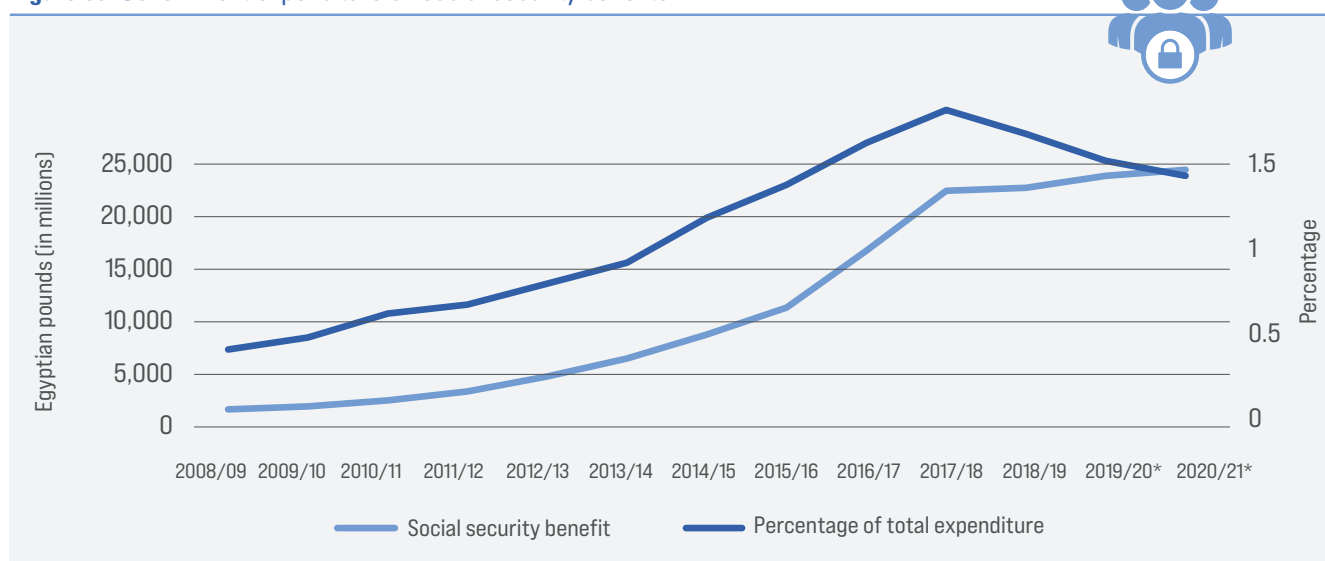
### (c) Takaful and Karama

In a shift towards more targeted programmes, Egypt has been providing two separate schemes called Takaful and Karama since 2015/16 through the Ministry of Social Solidarity. The World Bank provided initial support with a financing loan of LE 6.32 billion. Beneficiaries who meet the eligibility criteria were moved from the social solidarity pension to the Takaful and Karama programmes. The three programmes are recorded under social security benefits in the Government's expenditures. Social security benefits have increased from LE 8.9 billion in 2015/16 to LE 19.2 billion in 2020/21. Nevertheless, they have been declining as a percentage of total government expenditure, from 1.4 per cent in 2017/18 to 1.1 per cent in 2020/21 (figure 50).

These cash transfer programmes are conditional (Takaful) and unconditional (Karama). Eligibility for Takaful is limited to poor households with children under 18 years of age, while Karama targets the elderly, orphans and persons with disabilities. Takaful provides a basic monthly salary of LE 350, with additional funds according to the number of children in each household (capped at two) and their school grade level.

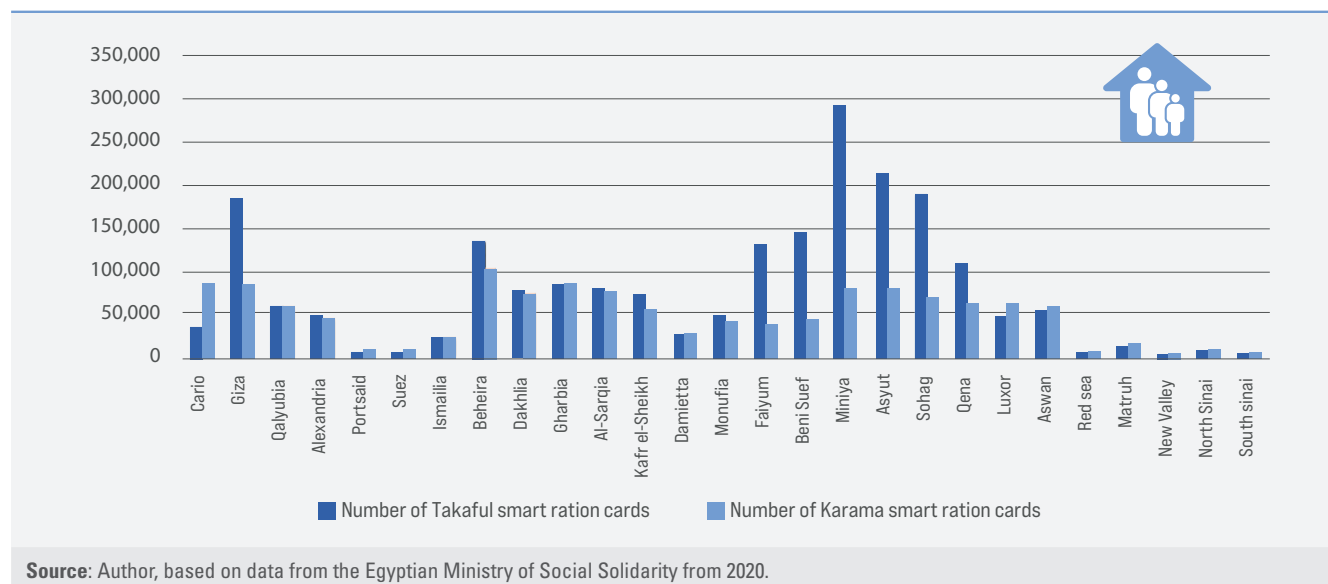
While enrolment in the programme is conditional upon school enrolment and attendance and regular health checks, these conditions are not yet fully enforced. The basic monthly salary has not changed since 2015, which means the benefit has a smaller net worth owing to fluctuations in the inflation rate. Nevertheless, the additional funds for each child have increased by an average of 30 per cent in 2017. The maximum Takaful benefit for each household is LE 605, which is approximately 25 per cent of minimum wage in the public sector. The Karama benefit included a basic salary of LE 350 in 2015, which is capped at a maximum of three beneficiaries per household. This amount increased in 2017 by 28.6 per cent to LE 450, while the inflation rate for the same year increased to 29.4 per cent. Beneficiaries therefore also received a smaller net benefit. The Karama benefit for each household is LE 1,350, which is approximately 56 per cent of minimum wage in the public sector.<sup>14</sup> Targeting is conducted using various methods based on geographical and proxy means tests. These schemes operate in 345 districts that encompass 5,630 villages across 27 governorates. According to data from the Ministry of Social Solidarity, 78 per cent of the beneficiaries in 2020 were women, of which 18 per cent were divorcees and widows.

**Figure 50.** Government expenditure on social security benefits



**Source:** Author, based on various editions of the State budget, published by the Egyptian Ministry of Finance.

\* Budget records.

**Figure 51.** Number of households enrolled in Takaful and Karama

Approximately 3.3 million households were enrolled in the Takaful and Karama programmes in 2020, as shown in figure 51. Approximately 44 per cent are located in Upper Egypt. This supports the decision to prioritize the programme's launch in the poorest 19 districts across 6 governorates in Upper Egypt, where the poverty rate is approximately 50 per cent. In 2021, approximately 3.7 million households received benefits.

An IFPRI impact evaluation study showed that, in terms of targeting accuracy, 67 per cent of Takaful beneficiaries belong to the poorest 40 per cent of the population. Nevertheless, the study revealed a record number of exclusion errors, in which large numbers of eligible poor households were not receiving the cash transfer. The two programmes have an overall positive impact on poverty reduction, food consumption, quality of diet and child nutrition. The IFPRI study shows that the Takaful and Karama programmes have had an impressive impact on economic inclusion, with an increase from 7.3 per cent to 8.4 per cent in household consumption expenditure for beneficiaries. Participation in the programmes also reduced the likelihood that beneficiaries would fall below the poverty

line by 12 percentage points. Additionally, the programmes have positive outcomes regarding women's empowerment and sense of dignity with an increase in their decision-making ability, particularly with regard to spending, that is associated with intra-household bargaining power and the household's financial status. Challenges related to the two schemes include the limited availability of quality education and health services and a lack of affordable transport, particularly in rural areas. Additionally, front-line social workers must be better trained to handle non-compliance with the scheme's conditions. A number of applicants felt that the selection criteria were opaque, and some complained about favoritism. New applicants criticized the lengthy waiting period, which could last up to a year in some cases.<sup>15</sup>

## 2. Social insurance

The range of contributory social protection system schemes includes social insurance, which encompasses pension schemes, as shown in figure 45. Social insurance is provided to address contingencies such as illness, old age, pregnancy, widowhood and disabilities through risk pooling. The social insurance system in Egypt has been

**Table 10.** Coverage of the social insurance system in Egypt

Type of worker	Law number and year				
	79/1975	108/1976	50/1978	112/1980	64/1980
Employees working in Government	✓	✓	✓	✓	✓
Employees working in the public sector	✓	✓	✓	✓	✓
Employees working in the private sector	✓	✓	✓	✓	✓
Farmers with at least 10 feddans	×	✓	✓	✓	✓
Landowners	×	✓	✓	✓	✓
Employers and the self-employed working in commerce	×	✓	✓	✓	✓
Employers and the self-employed working in agriculture	×	✓	✓	✓	✓
Employers and the self-employed working in real estate	×	✓	✓	✓	✓
Employers and the self-employed working in industry	×	✓	✓	✓	✓
Employers and the self-employed working in transport	×	✓	✓	✓	✓
Members of producer cooperatives	×	✓	✓	✓	✓
Egyptians working abroad	×	×	✓	✓	✓
Casual or irregular workers	×	×	×	✓	✓
Staff of foreign and large Egyptian companies	×	×	×	×	✓
Members of some professional associations	×	×	×	×	✓
Senior-level employees	×	×	×	×	✓
Military personnel and top bureaucrats	×	×	×	×	✓

**Source:** Author, based on data from the International Social Security Association.

fragmented into several schemes that cover different types of workers. The overall system was regulated by four major laws, as shown in table 10. Formally employed workers were covered by schemes governed by Laws No. 79 of 1975 and No. 108 of 1976, the scheme under Law No. 50 of 1978 covered Egyptians working abroad and Law No. 112 of 1980 was relevant to informally employed workers. Self-employed and irregular workers are widespread in Egypt, particularly in rural areas. The nature of their employment results in greater job instability and

higher wage fluctuations. Under Laws No. 112 and No. 64 of 1980, these workers have been entitled only to pension insurance and survivor and disability benefits, with lower contribution rates than other categories. This leaves them more vulnerable when maintaining their living expenses and facing various risks.

Social insurance is primarily a state-run system that is controlled and administered by the National Organization for Social Insurance and the Ministry of Social Solidarity. The National



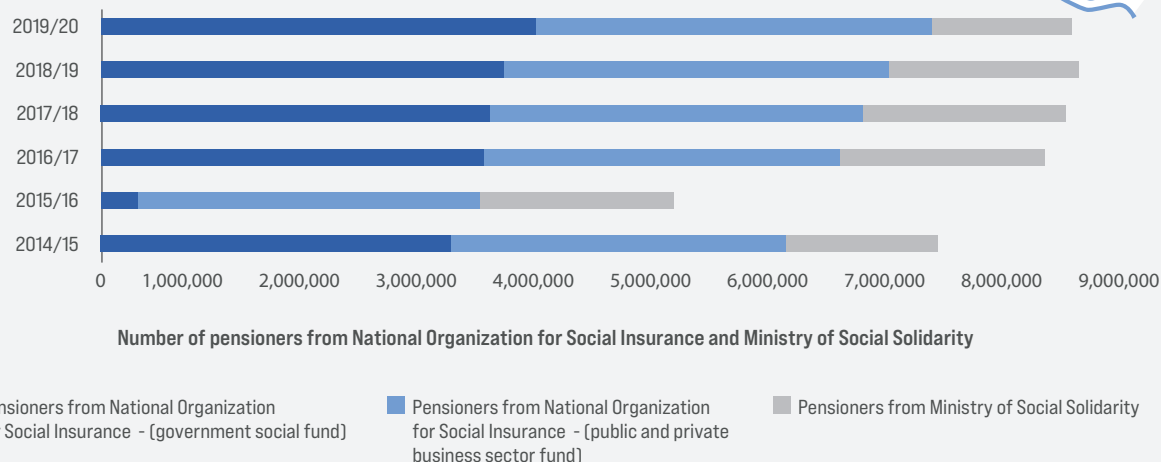
Organization for Social Insurance is responsible for providing two social insurance funds under the supervision of the Ministry: the government social fund and the public and private business sector fund. The former provides coverage to civil servants, while the latter covers all other categories of employees in both the public and private sectors, employers, the self-employed, Egyptians working abroad and others. These social insurance funds usually operate as an employment-based benefit, financed by contributions from both workers and employers. As such, pensions in Egypt are equal to a set percentage of the average monthly wage earned. Egyptians who are not registered with either fund fall under the umbrella of the Ministry of Social Solidarity and are enrolled in the comprehensive social insurance system, either through non-contributory pensions or assistance.

Pensions distributed by the Ministry under various categories, including illness, old age, maternity status, widowhood and disabilities, accounted for 2 per cent of GDP in 2019. Between 2014 and 2019, the number of pensioners registered with the government social fund increased from 2.9 million to 3.7 million, while pensioners in the public and private business sector fund increased

from 2.8 million to 3.4 million, as shown in figure 52. During that same time, social insurance beneficiaries under the umbrella of the Ministry decreased, as beneficiaries of the social solidarity pension were moved to the Takaful and Karama programmes, as mentioned in section C.1.(c). The number of persons aged 60 years and older was estimated to be approximately 9 million in 2019; however, there are approximately 1 million pensioners in that age group under both funds. This raises important questions about the social insurance coverage gap in Egypt.

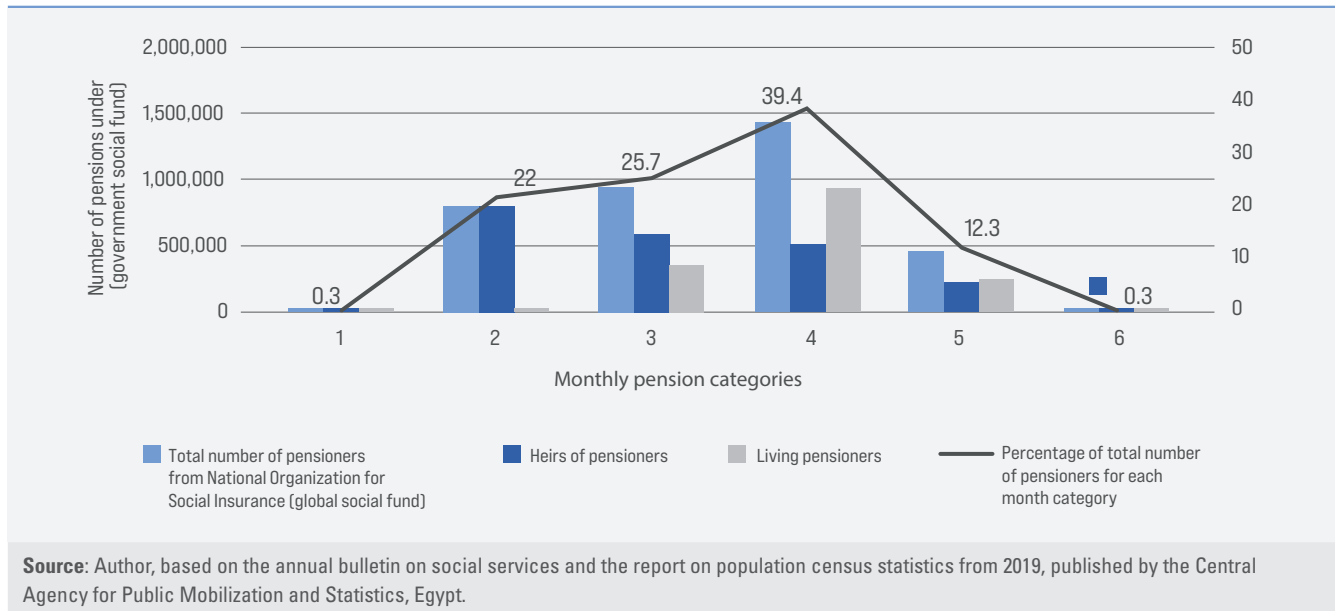
In 2019, social insurance registration reached only 11.9 million insured persons, which accounts for 40 per cent of the labour force. A significant portion of Egyptians have no social security, reflecting the widespread problem with the informal sector in Egypt. Additionally, the level of benefits is relatively low and inadequate to meet high prices. For example, 1.8 million government social fund pensioners, or 40 per cent of total pensioners, receive a monthly pension of less than LE 1,500, which is 62 per cent of minimum wage in the public sector (figure 53). Nevertheless, those pensioners are eligible for other social protection schemes, like the food subsidies programme.

**Figure 52.** Number of pensioners receiving a social insurance pension from the National Organization for Social Insurance or the Ministry of Social Solidarity



**Source:** Author, based on various editions of the annual bulletin on social services and the report on population census statistics, published by the Central Agency for Public Mobilization and Statistics, Egypt.

**Figure 53.** Number of pensioners under the National Organization for Social Insurance government social fund, per monthly pension category



Consequently, for decades, the social insurance system in Egypt has suffered from a number of systemic inefficiencies, including low participation costs, administrative inefficiencies, payment evasion and weak enforcement, a lack of long-term fiscal sustainability due to wage underreporting, a lack of awareness among workers about their labour rights, a poor investment strategy, policy deficiencies, the absence of automatic pension indexation and limited labour market mobility. Additionally, high earners in urban areas have better access to pensions, while the scheme fails to reach the most vulnerable rural workers with unstable wages and those in the informal sector.

To address these challenges, the Government has introduced a new social insurance system. In August 2019, a comprehensive new law on social insurance (Law No. 148 of 2019) was ratified to replace the five previous laws mentioned in table 10. It includes insurance for old age, disability, death, disease, work injuries and unemployment and covers all previous categories. The law established a unified pension fund with separate accounts for each type of insurance. “Comprehensive insurance wage” supersedes the definition of “wages” on which social insurance

contributions were previously calculated, as the latter distinguished between basic and variable wages. Comprehensive insurance wage is calculated based on the entire amount received by the employee, which is subject to certain minimum and maximum insurance thresholds (LE 1,000 and LE 7,000, respectively). Some allowances, such as for travel and transport, are deducted; however, these deductions cannot exceed 25 per cent of the employee’s comprehensive insurance wage. The new law has divided monthly contributions between the employer and employee in the private sector, as shown in table 11. Nevertheless, not all workers are covered for work injuries, unemployment or maternity benefits. The law mandates a contribution rate for old age, disability



For decades, the social insurance system in Egypt has suffered from a number of systemic inefficiencies.

**Table 11.** Monthly contribution for various pension schemes

Scheme	Employer's contribution (percentage)	Employee's contribution (percentage)
Old age, disability and death	12	9
Illness/sickness	3.25	1
Work injuries	1.5	--
Unemployment	1	--

**Source:** Author.

and death insurance of 21 per cent of the monthly wage for public and private sector employees; 12 per cent will be paid by employers and 9 per cent by employees. Other categories of workers listed in table 10 will pay 21 per cent of the monthly subscription amount they choose, in accordance with the regulations under the law. In addition, irregular workers will pay 9 per cent of the minimum monthly subscription amount, and the Treasury will contribute another 12 per cent. Contributions will be raised by 1 per cent every seven years until they reach 26 per cent. Employees who work in difficult conditions will enjoy higher pensions, and their employers will pay higher contributions.<sup>16</sup>

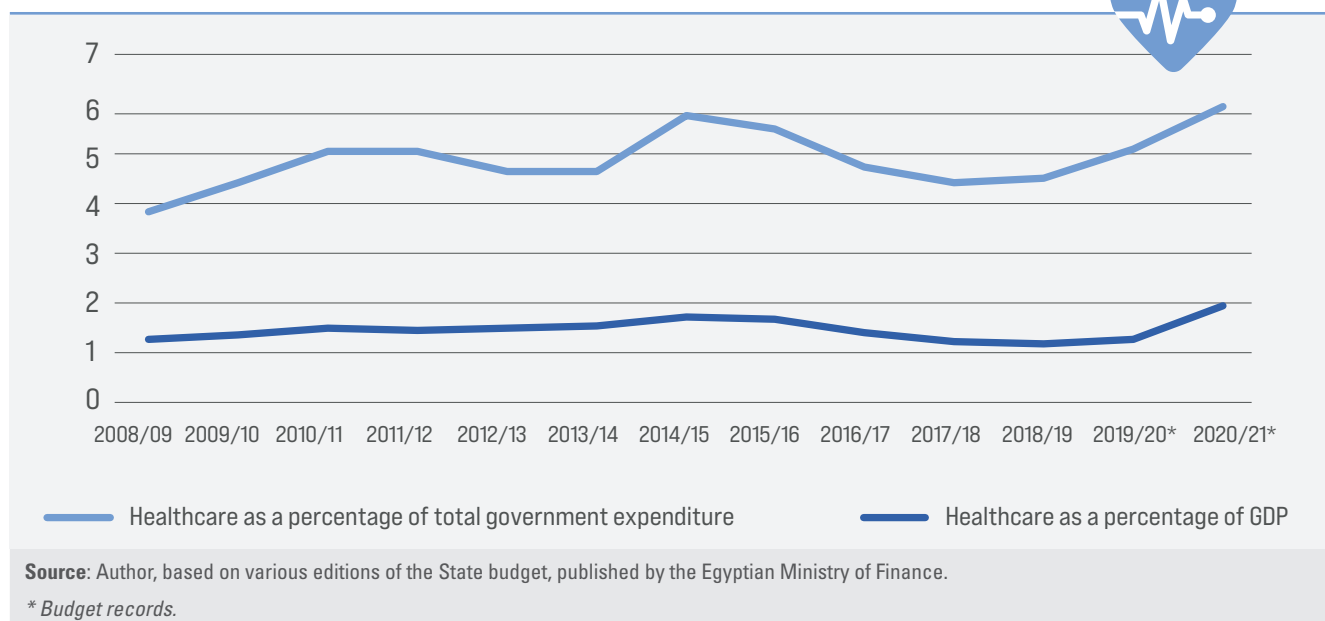
Moreover, an additional pension scheme is offered to employees whose insurance wage exceeds the maximum limit. They may choose to make additional contributions in order to receive higher pensions at the time of retirement. To address financial sustainability issues, the current retirement age of 60 years will remain in effect until 2032, at which time it will gradually increase until reaching 65 years in 2040. Under the new law, pensions are automatically indexed for inflation and coverage has been extended to uncovered workers, including farmers or breeders, fishers, owners and tenants of small agricultural plots, temporary workers in agriculture and owners of rural or family enterprises.

The new law also regulates unemployment insurance, which provides benefits for up to three months if the contribution period is less than 36 months and up to seven months if the

contribution period exceeds 36 months. The value of the benefits received diminishes gradually to encourage workers to rejoin the labour force. Nevertheless, unemployment benefits are not available to all workers, such as informal workers. Several challenges might impact the implementation of the new law, particularly widespread informality and underreporting of wages on the part of both employers and employees. As a result, the law increased penalties for those who provide incorrect data, including imprisonment for a period of no less than six months and a fine of LE 20,000 to LE 100,000. In addition, bundling social insurance with other social safety net programmes may increase enrolment in social insurance.

### 3. Health insurance

The Government provides health care to the poor; however the system is complex and pluralistic, combining public and private providers and financiers. Providers compete, and citizens are free to choose services based on their needs and ability to pay. Consequently, the system relies on four primary financing agents delivering health services under contributory and non-contributory schemes: the government sector, the public sector, the private sector and household out-of-pocket payments. For decades, the health-care system suffered from a number of challenges, primarily limited coverage, poor service delivery and high out-of-pocket payments. According to CAPMAS, households paid an average of LE 6,408 in out-of-pocket costs for health-care services, which represents 10.4 per cent of total annual household expenditures.

**Figure 54.** Health expenditure in Egypt

In 2020/21, health-care expenditures in Egypt were approximately LE 93 billion, or 6 per cent of total government expenditure and only 1.93 per cent of GDP, as shown in figure 54. The 2014 Constitution affirmed the universal right to health care, safeguarded by building and maintaining an inclusive and effective health-care system. To achieve target 3.8 on universal health coverage, the Government must allocate not less than 3 per cent of GDP to health. The increasing cost of health care in Egypt is a challenge. Average household out-of-pocket costs increased from 9.9 per cent in 2018 to 10.4 per cent in 2020. In 2018, 62.8 per cent of health expenditures were paid out of pocket. Fragmentation is another challenge. A member of the same household could benefit from various schemes under different programmes, each with their own regulations, which makes it difficult to unify health services. Moreover, due to widespread informality, some workers are not covered by any health insurance. This problem is further exacerbated in rural Upper Egypt, where workers are the least educated and most disadvantaged.<sup>17</sup>

To address health-care challenges in Egypt, Law No. 2 of 2018 on universal health insurance was adopted. Phase one began in five pilot

governorates: Port Said, Suez, Ismailia, North Sinai and South Sinai. It will be expanded to the entire country over 10 years. The new law mandates health insurance for all the citizens except those living abroad. Employers must contribute 4 per cent of the employee's salary, or a minimum of LE 50, and employees contribute 1 per cent of their wage, adding an additional 1 per cent per child or dependent and 3 per cent for a non-working spouse. Those who receive pensions contribute 2 per cent of their monthly pension. In addition to contributions, universal health insurance will be financed by taxes on cigarettes, highway tolls, corporate revenue, application and renewal fees for various licenses, payments made to join the health insurance system, and external and internal grants and loans. The new law provides a health subsidy for those who are unable to make contributions, under which the Government pays a contribution of 5 per cent of the minimum wage per family member. Eligibility for the health subsidy will be determined according to targeting criteria, and the Government plans to cover approximately one quarter to one third of the population. Nevertheless, the Government is expected to face several challenges, which include enrolling informal workers and verifying their income. To this end, digitization





## The Government undertook a number of initiatives to improve health-care services.

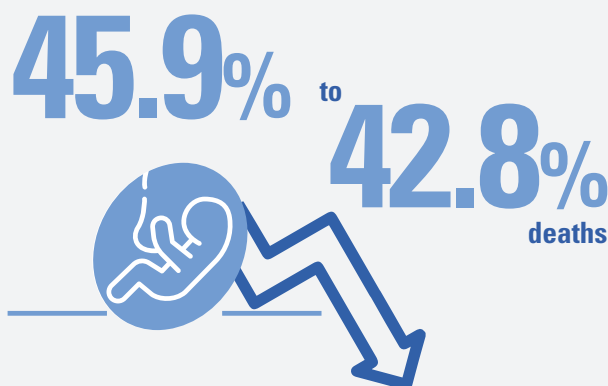
is one solution. The unified national registry connected to the civil registry can be used for income verification as well as monitoring.

The Government may face challenges in achieving equitable access to the basic health-care system. It should exercise caution in using proxy means tests to distribute the health subsidy in the absence of accurate information, given the significant inclusion and exclusion errors that might occur. The Government is also working to strengthen health-care institutions. These efforts must be guided by a detailed implementation plan that involves all relevant bodies to address the numerous technical issues related to the purchase of services, provider payment methods, institutional set-up and the management information system and its operation. Moreover, there is evidence of both supply- and demand-side barriers to accessing health care, particularly in rural areas. Barriers to accessibility in the poorest areas must be carefully addressed. These include distance to the preferred health-care unit and a lack of transport in certain areas, as well as a lack of qualified personnel, equipment and medications. Rural citizens have access to only one fifth of the number of health-care units available in urban areas. In addition, urban areas have well-equipped specialist hospitals with considerable funding, while rural health stations and village clinics are underfunded.<sup>18</sup> Demand-side barriers include limited awareness of health risks and treatment options, which is particularly widespread among rural citizens and might prevent them from seeking care. To improve the health-care system and overcome some of

these challenges, the Government launched the Haya Karima initiative, which aims to increase investments in health infrastructure, capacity-building and staff retention, particularly in the poorest areas. This includes building hospitals and health units and equipping them with medical staff. Services include launching medical convoys and providing health services and devices such as hearing aids, glasses, wheelchairs and crutches.

Additionally, the Government undertook a number of initiatives to improve health-care services. In 2018, the “100 million health initiative” was launched to eliminate hepatitis C. It offered free treatment and resulted in a decrease of over 50 per cent in newly reported cases in 2019, after screening almost 60 per cent of the population. Following the success of this initiative, many health issues are being addressed through similar initiatives to combat disease and improve women’s health, such as the “Supporting Egyptian women’s health” and “Newborns health” initiatives. As a result, several key national health indicators have improved from 2016 to 2020. For example, the maternal mortality rate declined from 45.9 to 42.8 deaths per 100,000 live births. The number of insured beneficiaries has increased from 51.1 million in 2015 to 56.9 million in 2019. The Government also began to increase health-care accessibility and strengthen its institutions. Local stakeholders play a vital role in reaching the most distant areas and vulnerable groups and

The maternal mortality rate declined from



increasing their awareness of the importance of regular health checks and preventative services. They also help to inform citizens about the

provisions of the new health insurance law. It is also important to develop a feedback mechanism to improve performance.

## C. Implementing an effective social protection system through a comprehensive and coherent policy approach

It has been argued that, until recently, the design, assessment and reform of the social protection system in Egypt has not been properly connected to the realities of its implementation. This influences the outcomes of social protection programmes and results in inclusion and exclusion errors. As a result of this disconnect, far-reaching reforms to governance, institutional capacity and public management continue to be ineffective. Two main aspects are pivotal for effective social protection. The first is governance and institutional capacity, as well as the ability to design a programme that can feed into its implementation. The second is street-level bureaucracy and the way in which it influences the outcomes of social protection programmes.

From a top-down approach, the social protection system is a large, unwieldy structure with many overlapping layers. This raises two major questions: (i) how is targeting performance influenced by the institutional and governance challenges posed by the bureaucratic structure and (ii) how do the policies and reforms that change the programmes' structure influence targeting performance. The structure and policies of the social protection system are underpinned—whether explicitly or implicitly—by the performance of the national, subnational and local governments, as well as the agencies (i.e. all bodies involved in service delivery). For example, the structure of the food subsidies programme's administrative bureaucracy looks very Weberian, in the traditional sense, and has a significant bearing on the targeting mechanism. These complex arrangements are not without cost and may potentially introduce errors into the targeting process

that cannot be captured by a solely quantitative approach. A qualitative approach is also needed to incorporate the realities of implementation.

The overall government system in Egypt and in most of the Arab region is characterized as a form of deconcentration rather than local self-government. The bureaucratic administration of various social protection bodies consists of an elaborate system of deconcentration, both regional and local, and is highly centralized. Policies, decisions and decrees are formulated by the central Government with little involvement of regional and local actors in the decision-making process. Hence, the role of local and regional offices is mostly confined to carrying out decisions, despite the fact that they play a major role in delivering services directly to the public. Their roles are entirely restricted by the central Government's decisions.



It is wrong to believe that measuring errors is the most satisfactory and accurate evaluation of targeting performance because this will overlook much of the situation on the ground.

The new public management approach, which emerged in the 1980s, attracted strong interest from many developing countries, including Egypt. This approach aims to reform the public sector; however, applying these public administration reform concepts to the Weberian structure of social protection programmes has resulted in the perception that the new public management approach is a menu from which certain policies can be selected and implemented. Applying the programmes' policies based on these concepts has added additional layers of complexity, particularly given the disconnect with the local context. Clearly, employing select reforms using targeting mechanisms has not been a panacea to resolve the challenges faced by various social protection programmes in Egypt.

Using the targeting method for social protection leaves room for abuse when there is a lack of governance and control. Moreover, the disconnect between the policy objectives of social protection programmes and the implementation phase, which does not consider changes in the financial situation of beneficiaries, has caused beneficiaries to perceive benefits as an inherited or acquired right for non-poor households. Additionally, extensive bureaucratic procedures and a lack of coordination among all bodies involved could lead to a high risk of corruption and manipulation, to the benefit of intermediaries. Lastly, the lack of grievance mechanisms in most social protection programmes raises questions as to the efforts being made to improve service delivery.

It is also important to focus on the role of street-level bureaucrats in social protection systems and the implications for targeting performance. A better understanding of policy objectives is vital, and objectives must be linked to implementation for better service delivery. Street-level bureaucrats shed light on the fundamental tension between the need for relatively simple rules to facilitate the work of bureaucrats and the myriad situations and messiness of the actual implementation process, which influences targeting outcomes.



## A better understanding of policy objectives is vital, and objectives must be linked to implementation for better service delivery.

The government units that deliver social protection services to the public are always working in dynamic situations. A number of factors have a significant impact on the social protection system's targeting mechanism. The massive volume of application requests reflect the disconnect between the programme's design and the workload. The physical location in which information is elicited might increase exposure to stigmatization for potential beneficiaries and impact their willingness to discuss changes in their circumstances. There are no procedures for filing grievances, and bureaucrats are under phenomenal pressure, which is exacerbated by a lack of supervision and feedback loops. They do not receive training, which is important to enhance service delivery and offer strategies for effective communication. Feelings of being voiceless and disempowered negatively impact their performance and engagement. A 2004 study on the targeting performance of health care in South Africa, where nurses are the street-level bureaucrats, revealed that overcrowding, resource shortages, a lack of communication, poor working conditions, low wages, staff shortages, a lack of recognition and safety concerns were all factors that impede the health-care system in South Africa.<sup>19</sup> These factors can also be found in many social protection programmes in Egypt. Given these conditions, those who implement the programmes not only shape the policy but generate unexpected outcomes.

Achieving a balance between cost-efficiency and cost-effectiveness is difficult in any bureaucracy,

including in the case of targeting social protection programmes. Neoliberal policies embrace cost containment and often focus on minimizing administrative overheads in order to enable the Government to save money. These policies focus on the programme's efficiency in terms of the size of the administrative cost relative to a certain budget; however, the situation of street-level bureaucrats stresses the importance of investing in resources to achieve better targeting outcomes. Without such an environment, minimizing costs can lead to poor outcomes and seriously jeopardize the programme's effectiveness. It is irrational to expect street-level bureaucrats to work effectively when they have not acquired basic skills, work in an unsuitable environment and apply loose targeting criteria to achieve cost-efficiency. While it is likely that the cost of leakage and undercoverage would be much lower than the cost of investing in the resources

required for effective service delivery, this alleged "rational" approach is unethical, because poor households may be prevented from enrolling in the programme for the sake of containing costs.

In general, it is wrong to believe that measuring errors is the most satisfactory and accurate evaluation of targeting performance because this will overlook much of the situation on the ground. There is much more that should be accounted for and must be taken into consideration when reforming and designing social protection policies. Bridging theory and practice is crucial to help developing countries, including Egypt, better understand the targeting performance of their social safety net programme. Social policies have a better chance to be effective when they are based on evidence and robust quantitative and qualitative analysis.

## D. Strengthening resilience by building a universal social protection floor in the context of the Sustainable Development Goals: responding to crises and fragility

To ensure income security for all and build resilience, it is necessary to roll out a social protection system that accounts for the realities of implementation and is complemented by other relevant social and public policies. Social protection should therefore be integrated into a broader policy context to respond to crises and risks. As such, nationally defined social protection floors are fundamental to a universal social protection system and represent an important instrument in achieving target 1.3 of the SDGs to cover the poor and vulnerable.

To do so, the Government should enhance the existing social protection system, taking into account the local context, for older persons and those who are unable to earn sufficient income as a result of unemployment, illness, disability, maternity status

or injury, with a view to ensuring at least a basic level of income security throughout the course of their life. This should also apply to children in terms of access to nutrition, education, care and other necessary goods and services. The Government should formulate and implement national strategies to extend social protections based on an effective social dialogue and stakeholder participation at both the local and subnational levels. This would be based on an appropriate mix of cash transfers and services financed by taxes and contributions, and it would provide sustainable, universal social protection for the entire population, including the middle class. In order to reach the most vulnerable and those at risk of being left behind, the social protection floor should extend to those who work in informal sectors, as discussed in section B.2. Such inclusiveness



would help workers transition from the informal to the formal economy.

In order to achieve universal health coverage (SDG target 3.8), the Government should follow a rights-based, universal and equitable approach based on financial solidarity. Additionally, family benefit packages must be sufficiently broad to minimize out-of-pocket payments. Sufficiently large risk pools are another important component for achieving equitable health coverage without discriminating among beneficiaries. While Egypt has moved towards universal health insurance,



**Social protection should be integrated into a broader policy context to respond to crises and risks.**

many aspects remain to be addressed, as discussed in section B.3.

## E. Conclusion and policy recommendations

As the world is shaped by global trends like the pandemic, digitization, globalization and automation, social protection systems must adapt to changing contexts and demands. This chapter has underscored the importance of continuing to revisit the modalities of social protection programmes and policies and the tools for measuring their effectiveness. It has also discussed the factors behind significant inclusion and exclusion errors and the need to consider the realities of the current situation throughout the implementation phase. In addition, this chapter explores targeting as a means of increasing the effectiveness of social protection programmes. This method has a positive impact on some beneficiaries; however, for those who are excluded, it remains unsatisfactory, divisive, costly and detrimental to efforts to increase the social protection budget, leading to the rise of the missing middle. Targeting suffers from coverage issues and leakages that in some cases have become too expensive to correct without a drastic structural transformation. Additionally, the COVID-19 shock rippled through all countries, exposing a number of vulnerabilities in economies, infrastructures, health-care systems, social security systems

and the capacity of Governments and institutions to contain crises. As a result of the pandemic, discussion has moved back towards the idea of universalism and how to achieve universal social protection. There are numerous ways to move towards inclusiveness and offer a universal social protection system that can provide everyone with a sense of security and fairness, introducing schemes to include the missing middle and the poor who are currently falling through the crack between narrow targeted social protection and contributory social insurance schemes. Meanwhile, the Government of Egypt is moving towards achieving universal social protection through universal health insurance and the Haya Karima initiative, which aims to improve the quality of life for citizens in the poorest villages. It focuses on empowering women, enhancing local infrastructure and capacity-building, improving access to basic services, promoting health-care and education services and offering decent employment.

Universal social protection requires closing coverage gaps and adapting to new contexts and specific situations and needs. There are also many innovative policy solutions that

can be implemented to reach the missing middle. One of these solutions is universal basic income. There are various proposals, which range from smaller to larger budgets, for the advancement of social justice. Universal basic income is not meant to eliminate other supporting programmes to the poor, such as public health and education services. Rather, it aims to achieve universal coverage and adequate, comprehensive protection. It is only part of the solution to address poverty and inequality and grant basic rights to everyone. It should therefore be complemented by others forms of social protection. Hence, a universal basic income together with universal health

insurance and the Haya Karima initiative can be considered a first step towards normalizing universal social protection to grant basic human rights.

This chapter does not address all the challenges facing social protection programmes and policies in Egypt. It invites policymakers and practitioners to delve more deeply into these issues with a view to improving decision-making processes in relation to social protection as a budget priority.

In this context, several policy recommendations can be suggested, as follows:

#### Short-term response:

1

Expand social safety net programmes horizontally and vertically by adding new beneficiaries, with priority to the poorest governorates, and increasing benefits using inflation indexing.

2

Revise the targeting methods of various social safety net programmes. For example, the targeting criteria for the food subsidies programme should be revised to address serious leakage and fragmented gaps. The Takaful and Karama programmes are using proxy means testing, which needs to be revised to expand eligibility.

3

Introduce a one-off cash transfer programme to informal workers for a limited period of time to sustain them for risks and contingencies.

4

Adopt a comprehensive approach to social protection backed by a clear, comprehensive communication strategy with citizens, making use of social media and television announcements.

#### Medium-term response:

1

Introduce labour-intensive public works programmes.

2

Improve technical and administrative capabilities, including through investment in ICT resources and training for street-level bureaucrats (i.e. front-line social workers).

3

Bundle social insurance with other social safety net programmes to increase enrolment and guarantee a minimum floor for everyone.

4

Introduce gender-sensitive social protection measures as a way to support women's engagement in economic activities, especially in the informal sector.

5

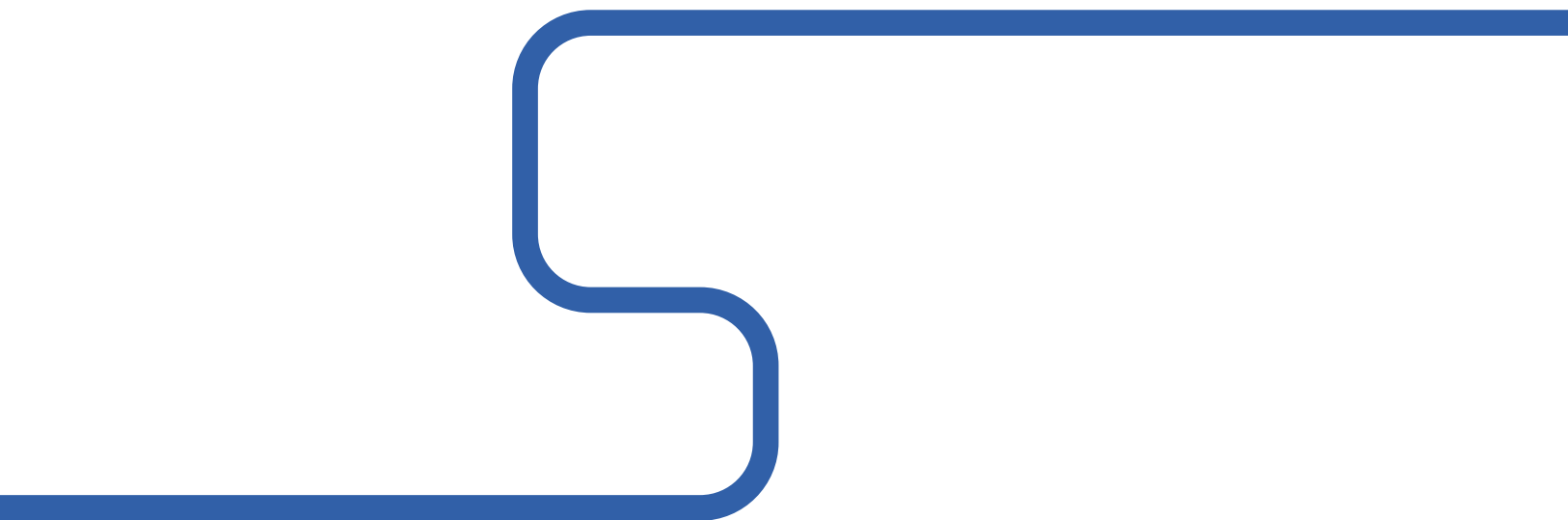
Connect the unified national registry to the civil registry to improve outreach and promote integration in order to build a minimum floor and improve inclusiveness.

6

Compile a comprehensive database of informal workers under the Ministry of Manpower and Immigration.

**Long-term response:**

- 1** Integrate social protection into a broader policy context to respond to crises and risks.
- 2** Implement strategies to extend national social protection based on an appropriate mix of cash transfers and services financed by taxes and contributions in order to provide adequate benefits and sustainable universal social protection for the entire population.
- 3** Establish a dynamic social protection system to formulate policies, design and implement programmes in place and coordinate responses among the State, local stakeholders and non-State actors.
- 4** Invest in and improve the universal health insurance system by strengthening health infrastructure, capacity-building and staff retention, especially in the poorest areas. Universal health insurance should follow a rights-based, universal and equitable approach based on financial solidarity.
- 5** Introduce universal basic income together with universal health insurance as a first step towards normalizing universal social protection to grant basic human rights.
- 6** Establish an automated social protection grievance mechanism to provide effective feedback, communication and interaction between the State and citizens in order to improve performance.
- 7** Digitize cash payments, preferably via contactless payments such as mobile wallets.
- 8** Build a strong monitoring system that carefully tracks beneficiary enrolment and inflation and adjusts payments accordingly.



## Endnotes

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