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LEVELS OF PROVISION OF SOCIAL SECURITY IN ESCWA COUNTRIES

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List of Abbreviations

EGS:	Employment Guarantee Scheme
GDP:	Gross Domestic Products
GCC:	Gulf Cooperation Council
HDR:	Human Development Report
HDI:	Human Development Index
NGO:	Non Governmental Organization
PEP:	Public Works and Employment Programmes
SFD:	Social Funds for Development

EXECUTIVE SUMMARY

- **Social protection** interventions to protect vulnerable groups against livelihood risks can be divided into two main categories: i) *social assistance* to provide immediate relief from poverty and deprivation, such as the provision of essential social services, food aid and family allowances and ii) *social insurance* schemes to cushion risks associated with unemployment, sickness, disability and old age. In the context of the present study, **social insurance** can be equated with the provision of *social security* targeting the population dependent on either formal or informal employment.
- *Social protection systems are rarely based on purely universal or purely targeting principles.* Social Security as well as Social assistance programmes are investigated in the study. Two levels of social protection are investigated in the study; social insurance and social assistance. Some of those programmes are provided universally (examples are fuel subsidies in Egypt and Syria, food subsidy in Syria and public health services in all ESCWA countries), or targeted to special groups (examples are cash transfers and geographical targeting) or by a combination of both mechanisms (by means of self targeting such as bread subsidy in Egypt, even public health services in some countries like Egypt).
- *In ESCWA countries, many social security policies and programmes aim at maintaining the quality life of the individual and his or her dependents.* Social security schemes have achieved various degrees of success in preserving the quality of life of those affected. However, these schemes, with its noble intentions have also faced severe challenges particularly with respect to the schemes' affordability, efficiency and sustainability, which is determined to a great extent by the schemes' designs and related public policies.
- *Social Protection programmes in Arab countries cover a wide range of policies and issues that aim at better risk management.* These include **preventive, protection and promotion** strategies.
- *The dominant element of social protection policies in most Arab countries are social insurance schemes providing long-term benefits in case of old age, disability and survivorship.* Such schemes cover workers in the public sector, including the military, as well as workers in the private sector in most, but not all, Arab countries. Few countries offer unemployment insurance benefits. Health insurance is mostly provided for all employees with social insurance. Health insurance may cover also family members of the employee. In Egypt, for instance, civil servants and public employees are also covered by health insurance. All Students enrolled in schools and university are also covered by health insurance scheme. However, the main challenge is the low quality of the services provided; the system lack of mechanisms for accountability and corruption is wide spread, where the poor and vulnerable bear the greatest burden.
- *Pension coverage in the regional economies remains modest,* paid on average to only around 10 percent of the elderly. Only 30 per cent of the region's labour force is currently enrolled in some pension scheme, for instance the Jordanian social security system, in 2007 covered only around 50 per cent of the formal private sector workforce, in Egypt only 34 per cent of employed persons are covered by social insurance (some of the on voluntary basis). Pensions' value at least in middle income countries and least developing countries is very low and its pace of change does not match inflation, pointing to the vulnerability of elderly and disabled pensioners.
- *Social assistance programmes are offered by all countries in the region and provided universally or for special groups.* Social assistance programmes are delivered in two ways: universal programmes for all residents such as subsidized public health, education and transportation, which are offered to all citizens in all ESCWA countries, Syria and Egypt provide universal fuel and food subsidies. Although those social assistance programmes are universally provided, they entail a kind of self-targeting as goods and services are of low quality. Water, sanitation and electricity are also provided at subsidized rates in most countries. Some ESCWA countries have introduced some type of means-test, or characteristics targeting, to provide cash transfers, which would exclude those older women and men with a sufficient level of income from other sources (contributory pension or other income), such as Oman, Saudi Arabia and Egypt.

- **Providing basic health care in ESCWA countries is realized as citizens' right** and hence it is provided universally to all segments of population free of charge or with highly subsidized rates. But user fees were introduced for public services previously provided free, Egypt is an Example.
- **There are several challenges that ESCWA countries have to address;** low coverage is the main challenge. Another challenge is the need to achieve a coordinated management of the rather diverse range of policies with varied operating principles, administrations and sources of funding.
- ***Large portion of the population are not covered by any social insurance programmes and they are very vulnerable to social risks.*** All ESCWA countries offer preventive social systems which are contribution financed and linked to formal employment. Several of social insurance systems exclude from coverage employees working in small enterprises and in informal sector. Therefore, low formal employment levels (outside of the Gulf States), low female labour market participation and high levels of youth unemployment remain the main causes for low coverage rates of formal social security schemes.
- ***Unprotected migrants in GCC countries represent another challenge.*** The GCC countries are the major migrant receiving countries in the region, with an overall average proportion of migrants corresponding to approximately 50 percent of the population. Non-GCC countries migrant workers are not covered by the relevant social security systems, apart from employment injury protection.
- ***Universal social protection system that would harmoniously coordinate contributory, non-contributory and targeted policies is essential not only from the right perspective, but also for sustainable growth and development.***
- ***Unemployment insurance of new entrants to the labour market can be addressed through training programs and micro-credit and micro enterprises. In addition, Governments may consider the design-based program to restore Social Security. According to international experience, a system of social insurance starts from the stage of joining school.*** ESCWA countries can benefit from Malaysian experience which was launched in 1998; the unemployed graduate scheme is to recruit fresh graduates at government agencies for a few months with minimum monthly allowance. This scheme was established to provide the fresh graduates with some work experience before dispersing in the labour market in addition to providing them a minimum income. Another program was launched in 2008 to retrain the unemployed and to assist them with new jobs. During this training, the trainees would receive a monthly allowance to assist them with their expenses.
- ***Public Works and Employment Programmes (PEP) represent good strategy to mitigate employment problems during crisis:*** In times of crisis; such as Egypt experienced nowadays where about 250,000 workers have returned home from Libya, and for a long-term sustainable growth and development. They are self-targeting by design, they have less effect on inflation, they reduce the depreciation of human capital and finally they are politically and socially acceptable.
- ***Most of social assistance policies applied in the ESCWA countries is a type of crisis management aimed at neutralizing the impact of crisis on ad hoc basis. The political context greatly influences the speed with which states respond*** to emerging difficulties and shapes the measures they take. Such failure is primarily the result of social policies in those countries that are inadequate and uncoordinated and they are not linked within a single framework of an integrated vision or policy. For instance, the Government of Syria set again the open ended subsidized diesel quotas and the large increase in salaries and pensions that are offered by GCC countries after the recent popular uprising in several Arab countries.
- ***Lack of coordination, low skill levels and financial difficulties are the main challenges in providing social assistance programmes,*** resulting in the duplication of support to some groups of the population, while others are hardly covered at all. Many of these schemes grant benefits on charity basis, as opposed to clear rights and entitlements. Funding of these programmes is often decided ad hoc, which creates a high level of insecurity for the administering institutions as well as for the beneficiaries.

- **Empirical results showed that fine targeting undermines political support for the program and hence threatens program sustainability. ESCWA countries should consider self-targeting approach in providing social assistance which incorporates a cost of participation into the design of the scheme.**
- **The quality of health-care services, high inequality in the distribution of health-care facilities and insufficient coverage by health insurance systems are the main concerns,** Inequality in provision of health care is reflected by an overall loss of life expectancy index due to inequality by 21.3 percent for all Arab countries
- **Health care services have limited coverage of pre-paid health funding mechanisms in some countries, and a resulting high level of out-of-pocket payments for health in many Arab countries.** Lack of protection against catastrophic health expenditure is one of the critical factors contributing to vulnerability and poverty. Pre-payment systems (such as health insurance) offer protection against such risks, as they pool risks into larger groups and spread the cost of health protection over a longer time. Increased efforts to establish or extend mechanisms of social health protection can help to further expand access to at least an essential level of medical services.
- Given the above challenges, Arab countries should adopt the following principles which guide the development of social security policies:
 - A coherent national social security system should follow a universal but progressive approach of income security and health systems,
 - Collective “actuarial fairness” of contributions and benefit levels,
 - Social security is a matter in the public domain and requires involvement of the employees, employers, government agencies and civil society,
 - The national strategies should not be oriented only towards new programmes, but mainly to the reformulation, articulation and coordination of existing programmes,
 - It is necessary to formulate a new social contract between the state and the citizen in Arab society,
 - Ensuring the good governance of social security ,
 - Integrated National Plan and multi-sector coordination.

I. INTRODUCTION

ESCWA countries have been hit by triple crises; food, fuel and financial crises of 2007–2009. They have led to spiking inflation, deteriorating current account balances, and increasing government deficits in many countries. Economic growth for the region has been negatively affected by the global financial crisis but the growth impact is less severe than in other regions. Many Arab economies were growing around or above the world average over the past few years. Annual growth rates in Egypt, Jordan, Lebanon, Oman, and Sudan averaged more than 6 percent between 2005 and 2010; and Syria, Tunisia, and Libya grew at about 5 percent on average during the same period of time. Official poverty rates in most Arab countries are lower than in many Asian and Latin American countries. However, experts have long identified slow progress in economic diversification and job creation, social inequalities, and persistent food insecurity as major development challenges for Arab countries. As ESCWA countries have been struggling to mitigate global crises impact, the unpredicted dramatic changes over the past few months in the Arab world have emerged. The popular uprisings in several countries have called for dramatic changes in political and social institutions and signaled the importance of good and coherent social protection strategies including reforms in social security schemes.

Actually, social security played a major role in the exit strategy namely from the financial crisis by revitalizing the economy through the stimulation of aggregate demand and the support of social cohesion”¹ (ILO, 2009).

Social security is not just a good policy but is also a human right and an economic and political necessity. Welfare is a multi-dimension concept where concerns is not only about material living standards (where these can be seen primarily as the outcome of consumption preferences as revealed by the actual choices people make in the market), but also about how non-material goods and services are accessible by all households. The standard monetary solution of increasing the individual income level ignores the fact that some household members are discriminated against and may not be given a proportional share of household income. It has been increasingly acknowledged worldwide that means to raising living standards and reducing inequality is to increase people’s access to productive and decent employment, and to enhancing their human capital, through increasing social investment in health and education. Hence providing **equal opportunity in income sources and other dimensions of welfare should be the ultimate goal of any social protection policies.**

It is well recognized today that provision of basic social security is an investment in country’s development that in return reduces poverty and decreases the vulnerability of the population against economic shocks. Furthermore, it expands the domestic markets and increases demand for better educated, empowered and more productive workforce. It also promotes peace, stability and social cohesion, reduces conflicts and leads to politically more stable societies.

Although, social security systems have clearly proven to mitigate the crises’ impacts, question is raised whether this policy’s trend of placing the social security as a prerequisite to growth will be maintained beyond the recovery period of the global financial crisis. This concern is based on the evidence that the recourse to social security as social buffer and economic stabilizer has increased the public debts and weakened the health of social security programmes in several countries all around the world. The challenging context defined by major global trends such as demography, migration, markets’ globalization, family structures as well as climate change is feeding the debate on the social security reforms.

Reforms and sustainability of social security schemes are to be considered within the broader context of social protection. Actually, social protection interventions to protect vulnerable groups against livelihood risks can be divided into two main categories: i) *social assistance* to provide immediate relief from poverty and deprivation, such as the provision of essential social services, food aid and family allowances and ii) *social insurance* schemes to cushion risks associated with unemployment, sickness, disability and old age. In this context, *social insurance* can be equated with the provision of *social security* targeting the population dependent on either formal or informal employment.

¹ (World of Work – ILO Magazine , *Social security: responding to the crisis* – N°67- December 2009)

II. OBJECTIVES OF RESEARCH

The main objective of this study is to take a closer look on the universal provision of social security in the region and examine issues related to different levels of 'universality'. The study focus on issues related to the accessibility, delivery systems adopted and their efficiency in countries in ESCWA and sustainability of social security systems. The ultimate aim of the study is to identify policy options to strengthen the role social security systems in promoting social development in different categories of ESCWA countries.

The timing of this study is also important as it comes at a time when economic change is accelerating, and several uprising events are taking place. These events call for immediate and long term strategies for social protection. Therefore, it is intended to provide the information necessary to better understand the current situation and possible changes on the provisions and coverage of social protection, with respect both to individual programmes and the larger context of social protection as a whole in countries in ESCWA.

The study is divided into seven sections. Sections one and two are introductory sections. Section three reviews social protection approaches, in general, it describes advantages and limitations of different delivery approaches. Section four addresses different types of social protection and an analysis of the extent of their effectiveness and coverage. Concluding remarks are presented in sections six and seven.

III. SOCIAL PROTECTION APPROACHES

A. SOCIAL PROTECTION: FUNCTIONS AND COVERAGE

Social protection systems fulfill three main functions: social, political and economic (ILO and Arab Employment Forum, 2009):

- *Social protection has a social function* by Providing disability, unemployment benefits and pensions (contributory or non contributory) It reduces the impact of life cycle risks through social insurance and/ or social assistance. It helps people to stabilize their livelihood and support their families;
- *Social protection has political function* that lies in its stabilizing effect. Social justice and greater equality are vital factors for building trust and social cohesion, and contribute to political stability;
- *Social protection has economic function* that lies primarily in widening the productive capacity of a society through the inclusion of marginalized areas and social groups in the growth process, and through investment in improved health and education which open the door to more opportunities. It lies in human and physical elements providing an income-generating and production basis in the present or the future,

In sum, social policy should enhance economic, human, social and political assets. These assets are interconnected. Social assets can contribute to the establishment of economic assets.

Recently, the application of the risk management framework, based on the idea that all individuals, households and communities are vulnerable to multiple risks from different sources, goes well beyond traditional social protection programs to more employment policies, good governance and access to basic education and health care. Social risk management involves policies and programs that help the population to manage risk, through changes in income and consumption, investment patterns and in livelihood strategies. The role of policy in social risk management depends on the nature of the risk, the ability of households to respond and the nature of the response to social consequences.

Good and sound social protection strategies should adopt risk management strategies which fall in three broad categories² (World Bank 2010):

- **Prevention strategies:** to reduce the probability of the risk and to reduce the potential impact if the risk were to occur. These include strategies regarding sound macroeconomics, public health, environment protection and education and training. The interventions are mainly concerned with social insurance programs that reduce the risks in the labour market such as risks of un-or under-employment or low wages due to inappropriate skills, skill-mismatch and poorly functioning labour markets as well as bad labour market regulations. Social insurance programs include unemployment and disability insurance, old age pensions, and scalable public works programs – that lower the impact on individuals and families from shocks and enable them to smooth consumption over their lives. But complementary programs – such as crop and weather insurance and health insurance – are also extremely important for prevention. Preventive mechanisms include both formal and informal mechanisms. They are characterized by risk sharing (i.e. risk pooling) through a number of participants whose risks are not correlated. While formal insurance benefits from a large pool of participants and are easy to describe informal insurance has the advantage of low information asymmetry and are more difficult to describe as they come in different and often disguised forms in the family or in the community.
- **Protection strategies:** to relieve the impact of the risk once it has occurred. It includes measures for Protection against destitution and catastrophic losses of human capital. Social assistance programs (including cash transfers, school feeding, and targeted food assistance and subsidies) protect poor individuals and families from irreversible and catastrophic losses of human capital (education for children, health care for households), which is essential for both individual well being and broader economic growth. At the same time, such programs reduce the socio economic harm from acute inequality. In this situation the government has an important role in social protection as individuals may adopt harmful strategies that affect their well-being, such as borrowing, selling productive assets, child labour, reduction of food intake.
- **Promotion Strategies** to enhance opportunities and livelihoods, notably through ‘connecting’ to better jobs and opportunities. Programs that promote opportunity should be integrated with those supporting prevention and protection. Labor market ‘activation’ programs provide unemployment benefits while building skills and promoting employability. Conditional cash transfers incentivize investments in human capital by promoting demand for education and health and help address gender inequalities. And public works programs provide cash payments while increasing human and physical capital investments. As important for promotion are the indirect impacts of preventive and protective programs. By lowering households’ vulnerability, they allow them to be more innovative and to take productive risks.

Social protection is also a tool for providing equality in opportunities. Public expenditures on infrastructure, health and education and social protection systems are usually expected to improve equality in opportunities, total factor productivity, and growth. In ESCWA countries high expenditures on social services such as education, health as well as other infrastructure have always been seen as major re-distributional mechanisms. In turn, these mechanisms have helped to achieve large gains in terms of access to these services and poverty reduction.

Basic social protection floor identified by ILO (2009) falls within risk management strategies. It consists of a minimum set of social security guarantees which aim at a situation in which:

- all residents have the necessary financial protection to afford and have access to a nationally defined set of essential health care services, in relation to which the State accepts the general responsibility for ensuring the adequacy of the (usually) pluralistic financing and delivery systems; preventive strategies

² The World Bank categorized social protection functions into broader categories compared to the well known social risk management approaches namely; preventive, mitigation and coping approaches.

- all children have income security, at least at the level of the nationally defined poverty line level, through family/child benefits aimed at facilitating access to nutrition, education and care; preventive strategies
- all those in active age groups who are unable to earn sufficient income on the labour markets should enjoy a minimum income security through social assistance or social transfer schemes (such as income transfer schemes for women during the last weeks of pregnancy and the first weeks after delivery); coping strategies or through employment guarantee schemes; mitigation strategies
- all residents in old age or with disabilities have income security at least at the level of the nationally defined poverty line through pensions for old age and disability; mitigation strategies.

Beside this universal approach to social protection provision, another approach is based on targeting special group is being also adopted. Thus, social protection programmes and schemes can be provided universally (examples are fuel subsidies in Egypt and Syria, food subsidy in Syria and public health services in all ESCWA countries), or targeted to special groups (examples are cash transfers and programmes based on geographical targeting) or by a combination of both mechanisms (using self targeting such as bread subsidy in Egypt and even public health services in some countries like Egypt).

B. SOCIAL PROTECTION APPROACHES: FROM UNIVERSALISM TO TARGETING AND BACK

Public spending programs aimed at social protection including social security can either be universally provided or narrowly targeted at certain groups of people. Each approach has benefits and costs. Economic, moral and political reasons may underlie the choice between targeting and universal models of provision of social protection programs. Under universal approach no attempt is made to reach the vulnerable directly as individuals. Instead, gains are achieved by targeting types of spending that are relatively more important to the poor. Spending on basic social services, such as primary education and primary health care, are examples. Rural development is another. The second approach entails targeting categories of people. Under this approach, which can be called narrow targeting, benefits are intended to be targeted directly to the specific groups. Such policies include food stamp schemes targeted to poor mothers, innovative micro credit schemes aimed at rural landless women, and development programs that focus on poor geographical areas.

Universalism in social policy emphasizes the basic right of each and every citizen to access social services; thus, the entire population is the beneficiary. Targeting, on the other hand, focuses on eligibility and hence involves means-testing to determine the “truly deserving”. Over the last three decades, under the influence of the “trickle down” perspective, the concept of social protection—implying universalism—has given way to that of social safety nets, implying targeting. However, **social protection systems are rarely based on purely universal or purely targeting principles** (UN 2009).

One of the main arguments behind targeting is to concentrate the limited resources of social schemes for the poorest and most vulnerable. Targeted schemes are presented as more effective in bringing resources to the poor, while maintaining low levels of social spending. Thus, it is argued, targeting delivers two advantages: it makes poverty alleviation measures more effective, and it maintains or decreases social spending. At first glance, such arguments seem logical, and in recent decades it has become widely accepted that targeted social programmes are a more cost-efficient way to reduce poverty than is universal provision.

Therefore, in the name of cost efficiency, there has been a continuous shift from universal provision to targeted schemes, not only in the industrialized countries but also in the developing world. But are targeted social programmes aimed at poverty alleviation always the best solution? By examining the arguments for targeting in light of its outcomes, and examining the efficiency of targeting with regard to economic and non-economic costs—specifically in the context of international commitments on poverty reduction—Dutrey, (2007) presents four main problems associated with the reported “evidence” of targeting in poverty reduction programmes: (i) targeting does not necessarily target the poor; empirical evidence suggests that targeting fails to target the most vulnerable (ii) it is often not cost effective; let alone the cost of not reaching all poor or vulnerable population and thus irreversible losses of human capital (iii) it needs strong institutions, which is not always the case in the countries where it is implemented; as good targeting requires good statistical information and powerful institutions, it is natural that it is very difficult, if not impossible, to

generate good results in countries where such institutions or information are missing; and (iv) it is not always politically sustainable; there are strong effects that targeting has on political sustainability and on a society's social capital. The implementation of targeted programmes creates a "cost" in the form of increased risk to economic shocks caused by political backlash to a specific programme. Another important "non-economic cost" of targeted social programmes is related to the issue of social capital. Redistributive policies often involve a sense of common citizenship and solidarity. The universal type institutions could be a way for governments to make investments in social capital, while the use of targeted intervention could affect this factor in a negative way. Empirical research from the Scandinavian countries shows that the use of universal welfare state institutions tends to increase social capital, in the form of social trust, while needs tested targeting programmes tend to undermine social capital because of the problem (or lack) of procedural justice.

The well-known targeted social scheme in Mexico—the Oportunidades programme— demonstrated an impressive targeting result of 2.9; the programme has "generated very impressive targeting outcomes, with the poorest quintile receiving almost three times more benefits than they would have received under a universal intervention. This is true in terms of the benefited poor that are counted, but if all of the poor were included, the numbers would change dramatically. Behind the "impressive targeting outcomes" is the fact that only 60 per cent of the poorest quintile is covered, which means that 40 per cent of the poor are excluded from the programme and do not receive any benefits. One would expect that such a high rate of exclusion would be a central issue of concern in an evaluation concerning a poverty reduction programme; however, it is not considered in the overall conclusion. In fact under-coverage of the poor in social programmes has to be taken more seriously, or at least as seriously as leakage, when evaluating poverty reduction schemes. Dutrey, (2007) showed that when an alternatively weighted model for evaluation, where under-coverage is ranked higher than the overall leakage ratio; the resulting model erases the "success" of a targeting scheme over a universal scheme for provision. Besides, Universal programmes, however, are often discarded in pursuit of fiscal constraint. This might be an appropriate approach in very poor countries, but for middle and high developing countries there is often room for improving social funding.

In a pattern that is frequently repeated across most ESCWA countries (see ESCWA 2010), spending on primary education—which is provided free— tends to favor the poor, with per capita amounts declining as living standards rise, while spending on higher education, especially tertiary education, benefits primarily the richest group. Similarly, in the health sector, hospital expenditures exhibit highest transfers to the top deciles, while spending on health care centres that dispense basic care is much more neutral across expenditure groups. **Such evidence has emphasized the necessity for broad targeting of public spending to basic social services.**

Several additional factors strengthen universalism of social protection. Better health and basic education, access to safe water, and basic physical infrastructure raise people's well-being and also raise their productivity and incomes. Finally, because it makes no socioeconomic distinctions between who can and who cannot participate, universal spending is perceived to be more politically popular than narrow targeting, and hence more sustainable.

Self-targeting approach can be considered as universal provision approach but it is directed to the intended beneficiaries. Instead of relying on an administrator to choose participants as in targeted programmes, these schemes aim to have beneficiaries select themselves through creating incentives that will induce the needy and only the needy to participate. Self targeting works by incorporating a cost of participation into the design of the scheme. For example, public employment schemes use work requirements to help screen out the non needy; subsidy programs support items that the poor consume but the rich do not; and other controls rely on waiting time, stigma, and lower "packaging" quality of goods and services to dissuade usage by the well-off. Finally, self-targeted schemes have the added benefit that power is taken away from civil servants and hence incentives toward corruption and favoritism are reduced. The classic example of self-targeting is a "workfare" program (variously called "work" or "public works" programs; "food for work" programs also fall under this heading). Under this program, work is available for everyone, but because it offers minimum wage level only the unemployed and especially poor unemployed benefit from the program. Workfare has been widely used in crises and by countries at all stages of development. During the East Asian financial crisis of the late 1990s, both Indonesia and Korea introduced large workfare programs, as did Mexico in the

1995 “Peso crisis,” Peru during its recession of 1998-2001 and Argentina in the 2002 financial crisis. Box 1 provides public work program as an example self targeting system.

Lessons learned from the past three decades call for social policy to return towards universalism combined with narrower targeting of cash and in-kind transfers to specific groups. In a drought, natural disaster or crisis, the provision of basic social services is unlikely to provide the necessary safety net. The poor and vulnerable are the most affected groups; they need specific and targeted programs. It is also important for governments to carefully monitor the costs and outcomes, and to be flexible and pragmatic in their policy responses. Moreover, when the other, non-income dimensions of poverty are taken into consideration, poverty is much more widespread in developing countries than the poverty-line measurement would suggest. Targeting specific groups of the population loses meaning, UN 2009.

Since good targeting requires good statistical information and powerful institutions, it is natural that it is very difficult, if not impossible, to generate good results in countries where such institutions or information are missing. Even the supporters of such programmes have recognized the difficulties of implementing targeted social programmes in low-income countries.

Box 1: A Case Study of a Relief Work Program (Source: De Walle, 1998)

In an effort to stave off the potentially disastrous consequences of a bad drought, India’s Maharashtra State introduced a public employment scheme in 1973. The program’s popularity and success in smoothing consumption for the vulnerable led to its permanent deployment as the employment guarantee scheme (EGS). The EGS pays a low wage for unskilled manual work on rural infrastructure projects such as road maintenance, reforestation, and small irrigation works. Anyone who shows up is given work. The idea is that for only the poor will the cost of participation—primarily that one must forgo other employment or leisure—be sufficiently low for them to turn up. But, since few of the able-bodied can afford to be completely idle, this cost will rarely be zero. In assessing impacts on the poor, it is necessary to net out this and any other costs to the poor. The potential longer-term benefits that are not captured by the wages earned must also be factored in. The final impact will be a function of the targeting effectiveness of the indirect gains and of the costs associated with targeting: administrative, behavioral, and political.

But the integrated rural development program data plots more or less a straight line; participation has no relationship with expenditures. These data suggest that the EGS is much better targeted and that means-testing does not assure better targeting. In this specific case one can only conjecture about why this was so. Some individuals probably understate their incomes to qualify for loans. Another possibility is that corrupt program administrators may have wide latitude to choose beneficiaries, help their friends or families, and establish patronage relations.

The Costs of Targeting

The EGS is well-targeted; it removes power from administrators, and so is not subject to the same corrupt practices. But this is only one determinant of its impact on poverty. What about the costs of targeting? What benefits accrue to the poor indirectly from public works employment? Let us first consider the political economy of the EGS.

Historically, the scheme has enjoyed wide support, in large part because of its indirect benefits. Well-off urban dwellers, whose taxes finance the program, support it because it helps to dampen rural migration into Bombay. Rural elites benefit from the infrastructure that results (better roads, less erosion, reforestation) and from an assured supply of labour because the guarantee of work keeps the rural farm labour force in the area through the lean season. Finally, the guarantee of assistance in times of need ensures the support of many community members who do not participate in normal times. There would seem to be important lessons here for designing schemes with built-in political sustainability.

The administrative costs in this case equal the scheme’s nonwage costs (material inputs and supervision). The size of these outlays is limited by the EGS charter, which stipulates that wages must account for about two-thirds of the total cost of the project.

Finally, costs may be associated with behavioral responses. Clearly participants would have been engaged in alternative activities had they not been employed by the relief work program. Some of those activities would have been income earning, and that income clearly must be netted out to calculate the net benefits.

IV. SOCIAL PROTECTION APPROACHES IN ARAB COUNTRIES: DEVELOPMENTS AND TRENDS

Achievements have been made towards sustainable development covering the economic, social and environmental areas with clear implications in the daily life of Arab Citizens in terms of health, education and economic conditions, including increase of per capita income, better health care, reduced illiteracy rates, increased women share in education and job opportunity, reduction in the population growth rate, increased life expectancy, strengthening of environmental and development institutions, issuing and upgrading legislation, improved capacity building, positive participation in the implementation of regional and international conventions and agreements, as well as the strengthening of regional cooperation in various fields, such as the establishment of the Greater Arab Free Trade Zone, transportation, gas and electricity networks, strengthening the Arab specialized councils and the role of civil society organizations.

In November 2010, the Human Development Report (HDR) highlighted the achievements of six Middle Eastern countries in human development by placing them in the list of the top-ten countries with fastest improvement in their Human Development Index (HDI) over forty years.

Within weeks of these important recognitions, Tunisia, one of the best performer of the lot was in full-scale popular revolt. In light of Tunisia's undeniable success in education, health, and economic growth, the three pillars of HDI calculus, the popular uprisings raised important questions whether something is missing from the human development calculus. The spread of the unrest to other Arab countries, including those on the top-ten list (Oman, Libya and Tunisia) and, suggests that any shortcomings might have relevance beyond the few countries in full scale unrest, and justifying a region-wide re-examination of progress in human development is warranted. Where have the countries of the region come short in terms of human development progress that provokes their citizens?

As stated by the Global Human Development Report 2010: "Human development cannot be built on exploitation of some groups by others or on greater access to resources and power by some groups. Inequitable development is not human development"

HDR 2010 introduces the Inequality-adjusted HDI (IHDI), a measure of the level of human development of people in a society that accounts for inequality.

Although all Arab countries provide subsidized public education and health services, opportunities in access to such services are unequal. Table 1 shows the HDI and inequality adjusted HDI and the corresponding losses for Arab countries. The average loss in the HDI due to inequality in all Arab countries under investigation is about 27.3 percent. Among ESCWA countries, losses range from 19.2 percent for Jordan to 34.2 percent for Yemen. Yemen is followed by Egypt which lost more than 25 percent. Egypt lost 7 positions due to inequality in human development dimensions. In Egypt and Oman, human development index was reduced by 17 percentage points due to inequality. On the other hand, due to relatively equity in human development dimensions, Jordan and Syria moved to better position.

All countries suffer from declining HDI due to inequality, exceeding 10 percent losses because of substantial inequality across all three dimensions. ESCWA countries show the highest inequality in education dimension, followed by income dimension. Health dimension shows the least losses. Considerable losses can generally be traced to the unequal distribution of education, which is very high by all means. Losses in education dimension ranged from 25.1 percent for Jordan to 49.8 percent for Yemen, and 43.6 % in Egypt. Losses of income dimension are smaller than education losses, but it is also substantially high. People in Oman suffer from the largest loss; 25.6percent and Egypt has the smallest loss of 15.6 percent. Inequality-adjusted life expectancy at birth index which is mainly driven by infant and child mortality shows the least losses in all countries. Yemenis experienced the largest loss of 31.2 percent while Syrians suffer of only 11.1 percent loss.

Table 1: Inequality-adjusted Human Development Index

HDI rank	Country	Human Development Index (HDI)	Inequality-adjusted HDI		Inequality-adjusted life expectancy at birth index ^a		Inequality-adjusted education index ^b		Inequality-adjusted income index ^c	
		Value	Value	Overall loss (%)	Value	Loss (%)	Value	Loss (%)	Value	Loss (%)
		2010	2010	2010	2010	2010	2010	2010	2010	2010
32	United Arab Emirates	0.815	..	..	0.846	7.4	..	..	..	..
38	Qatar	0.803	..	..	0.820	7.4	..	..	..	..
39	Bahrain	0.801	..	..	0.816	8.1	..	..	..	..
47	Kuwait	0.771	..	..	0.850	7.3	..	..	..	..
	Oman	0.755	0.584	22.66	0.803		0.428	34.33	0.579	25.6
53	Libyan Arab Jamahiriya	0.755	..	..	0.759	12.1	..	..	..	..
55	Saudi Arabia	0.752	..	..	0.736	12.7	..	..	..	..
81	Tunisia	0.683	0.511	25.2	0.751	12.7	0.378	38.7	0.469	21.8
82	Jordan	0.681	0.550	19.2	0.730	13.3	0.508	25.1	0.450	18.7
84	Algeria	0.677	..	..	0.688	17.9	..	..	..	..
101	Egypt	0.620	0.449	27.5	0.641	19.8	0.304	43.6	0.465	15.9
111	Syria	0.589	0.467	20.8	0.769	11.1	0.312	31.5	0.424	18.3
114	Morocco	0.567	0.407	28.1	0.671	18.3	0.246	42.7	0.409	20.7
133	Yemen	0.439	0.289	34.2	0.477	31.2	0.149	49.8	0.341	17.6
147	Djibouti	0.402	0.252	37.3	0.338	41.0	0.144	47.0	0.329	21.3
154	Sudan	0.379	..	..	..	..	..	..	..	..
	Iraq	..	..	..	0.611	20.4	0.314	33.0	..	..
	Lebanon	..	..	..	0.710	14.5	..	..	..	..
	Occupied Palestinian Territories	..	..	..	0.752	12.0	..	..	..	..
	Oman	..	..	..	0.809	9.0	..	..	..	..
	Somalia	..	..	..	0.238	50.6	..	..	..	..
	Arab States (RB)	0.593	0.429	27.3	0.623	21.3	0.289	..	0.432	17.7

Source: HDR 2010, ESCWA countries are highlighted in blue.

Although Arab countries have achieved remarkable progress in most social indicators due to universal provision as well as quality of services, above mentioned advancements have by no means been universal, though it is available to all citizens; millions of citizens across the region were left out. There is a great need of fine tuning social protection systems. It is not sufficient to make services available for all citizens, there are some segments of population who need special assistance to help them benefiting from the available services. In fact this is the heart of good social protection systems.

In ESCWA countries, many social security policies and programmes aim at maintaining the quality life of the individual and his or her dependents. Social security schemes have achieved various degrees of success in preserving the quality of life of those affected. However, these schemes, with its noble intentions have

also faced severe challenges particularly with respect to the schemes' affordability, efficiency and sustainability, which is determined to a great extent by the schemes' designs and related public policies.

The Social Protection Programmes in Arab countries cover a wide range of policies and issues that aim at better risk management. These include **preventive** strategies (social insurance coverage, including pensions, unemployment insurance, and disability benefits), **protection** strategies (social safety nets – conditional and unconditional, specific youth programs, child protection, and social care), and **promotion** strategies (employment strategies aimed at reducing segmentations in the labour market through labour market reform, including specific measures to reduce informality, promote school to work transition, and medical care, provision of the basic infrastructure such as water and electricity supply and a sewage system). However, the scarcity of funds and the slow pace and complication of the procedures are among the most important hurdles that stand in the way of providing the necessary financial assistance or social services.

Based on their long tradition of family and community solidarity, the civil societies in the region have established, besides formal social protection programmes and schemes, social assistance programmes and some kind of targeted cash or in-kind benefits programmes to support the poor.

A. SOCIAL INSURANCE SCHEMES

The dominant elements of social security policies in most Arab countries are social insurance programmes providing long-term benefits in case of old age, disability and survivorship. Such schemes cover workers in the public sector, including the military, as well as workers in the private sector in most, but not all, Arab countries. In most countries, such as Egypt and Syria the existing schemes cover workers in the public sector and private sector workers on regular contracts. Other categories of workers, such as temporary or casual workers, agricultural workers, domestic workers or migrant workers, are excluded from legal coverage in some countries. However, they can participate voluntarily in pension; Bahrain, Egypt and Syria are examples. Few formal social security mechanisms exist to cover the risk of unemployment. Some countries have unemployment insurance schemes such as Bahrain, Egypt, and Jordan; Bahrain has recently set up an unemployment benefits scheme aimed at facilitating the return of the unemployed to the formal labour market. The scheme also covers first-time job seekers, with incentives to take up formal employment. Jordan is in the process of extending its social security benefits to cover maternity and unemployment and is envisaging the introduction of health-care benefits in due course. These measures, among others, constitute an effort to prevent people from being forced into informality, promote women's participation in the labour market and ensure sustainable growth of employment in the formal economy. Kuwait also introduced a social assistance scheme for first time job seekers in 2003 whereby nationals who declare they want to work, but are unemployed, receive a monthly allowance for a period of up to one year. Syria is considering the introduction of unemployment insurance accounts under a funded (private) pillar. Still, the coverage of unemployment insurance in the region remains the lowest in the world, see Tzannatos 2009.

Health insurance is mostly provided for all employees with social insurance. Health insurance may cover also family members of the employee. In Egypt, for instance, civil servants and public employees are also covered by health insurance. All Students enrolled in schools and university are also covered by health insurance scheme. However, the main challenge is the low quality of the services provided; the system lack of mechanisms for accountability and corruption is wide spread, where the poor and vulnerable bear the greatest burden.

Pension coverage in the regional economies remains modest, paid on average to only around 10 percent of the elderly. Only 30 per cent of the region's labour force is currently enrolled in some pension scheme, for instance the Jordanian social security system, in 2007 covered only around 50 per cent of the formal private sector workforce, in Egypt only 34 per cent of employed persons are covered by social insurance (some of the on voluntary basis). This implies that even in 20–30 years from now, the vast majority of the then elderly is likely to be uninsured in old age. While pension schemes currently benefit from a favourable demographic structure, rapid population ageing will further increase pension liabilities and is likely to put considerable pressure on public budgets, (Tzannatos2009). Pensions' value at least in middle income countries and least developing countries is very low and its pace of change does not match inflation, pointing to the vulnerability of elderly and disabled pensioners.

The present features of national social security systems in the Arab countries are outlined in tables 2-3 below, see ILO 2008. These tables show that nearly all countries in the region provide long term old-age, invalidity and survivor pensions for employees in the public and/or private sector and partly for other groups. While short-term benefits such as sickness and maternity cash benefits have been included in some social insurance schemes where employers are required to continue paying salaries to their employees during sickness and after childbirth. However, it was sighted in many studies that maternal benefits is one of the reasons of low women participation rates in private sector.

Table 2: Overview of social security programmes in Some Arab States

	Bahrain	Iraq	Jordan	Kuwait	Lebanon	Oman	S. Arabia	Syria	UAE	Yemen	Algeria	Egypt	Libya	Morocco	Sudan	Tunisia
Old age	SI	SI	SI	SI	OI	SI	SI	SI		SI	SI	SI	SI	SI	SI	SI
Survivors	SI	SI	SI	SI		SI				SI	SI	SI	SI	SI	SI	SI
Disability	SI	SI	SI	SI	OI	SI	SI	SI		SI	SI	SI	SI	SI	SI	SI
Employment Injury	SI		SI	SI	-a	SI	SI	SI		-	SI	SI	SIa	-a	SI	SI
Sickness	...	...	...	...	SI	...	-a	...	...	-	SI	SI	SI	SI	-	SI
Medical Care	...	...	...	...	SI	...	-a	...	...	-	SI	SI	SI	SI	-	SI
Maternity	-a	...	-a	...	...	...	-a	...	...	-a	SI	SI	-a	...	...	SI
Unemployment	...	...	...	...	SI	...	...	...	...		SI	SI	-a	-	-	SN
Family	...	...	...	...	SI	...	...	...	...	EL	TF	...	...	SI	...	SI
Social Assistance	SN	SN	SN	SN	SN	...	...	...	...	SN	SN	SN	...	SN	...	SN

Notes: SI-Social insurance

OI-Other insurance Arrangement (Providence Fund etc.)

SSA-Statutory social assistance (right based)

SN-Safety-net type programmes (not right based)

TF-Tax-financed programme

a-Employer liability/employer-financed

... Sufficient information not available.

Source: ISSA Observatory Country Profiles as cited in ILO, Report Interregional Tripartite Meeting on the Future of Social Security in Arab States Amman, 6-8 May: Geneva, 2008.

Table 3: Characteristics of National Social Security Systems in Some Arab Countries

Country	Public Sector Employees				Private Sector Employees						
	Civil Servants	Others	Workers with Regular Contracts	Workers in Small Enterprises	Agricultural Workers	Casual Workers	Domestic Workers	Non-Citizen Workers	Self employment/employer	Citizens Abroad	
Algeria	Yes	Yes ^a	Yes	Yes	Yes	Yes	Yes	Yes ^c	Yes	Yes	
Bahrain	Yes	Yes	Yes	Yes	Partial	-	-	-	Vol.	Vol.	
Egypt	Yes	Yes	Yes	Yes	Yes ^c	Yes ^c	Yes ^c	Yes ^c	Vol.	...	
Iraq	...	...	...	...	...	...	...	...	...	...
Jordan	Yes	Yes ^a	Yes	- ^e	- ^g	-	- ^g	yes	Vol.	Vol.	
Kuwait	Yes	Yes	Yes	Yes	Yes	...	...	no	Vol.	...
Lebanon	Yes ^d	Yes ^{b/d}	Yes	Yes	Yes	-	Yes	Partial	no	...	
Libya	Yes	Yes ^a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	...	
Morocco	Yes	Yes	Yes	Yes	Yes	...	...	...	Partial	...
Oman	Yes	Yes	Yes	Yes	-	-	-	-	-	Vol.	
Palestine	...	...	...	...	...	...	...	...	...	...
Qatar	...	...	...	...	...	...	...	...	...	...
S. Arabia	Yes ^c	Yes ^a	Yes	Yes	-	-	-	-	Vol.	Vol.	
Sudan	Yes	Yes	Yes	Yes	-	-	-	...	Yes	...	
Syria	Yes ^c	Yes ^a	Yes	Yes	Yes	Yes	Yes	-	Yes	Vol.	
Tunisia	Yes ^c	Yes	Yes	Yes	Yes	Yes	Yes ^c	-	Yes ^e	Vol.	
UAE	...	...	...	...	...	...	...	...	...	...
Yemen	Yes	Yes	Yes	Yes	-	-	-	Yes	-	...	

Notes: a Special system for police and/or armed forces.

b Special system for teachers

c Special system for this category of workers

d Excluded are workers in enterprises with less than 5 employees

e Covered by law, but not applied in practice.

f. Excluded for foreign military, political and international missions.

g. Covered by law, but not applied in practice.

Source: Based on US Social Security Department, Social security programs throughout the world, 2005-2006, ISSA, Social Security Worldwide Database and online information from national governments as cited ILO, Report Interregional Tripartite Meeting on the Future of Social Security in Arab States Amman, 6-8 May: Geneva, 2008..

B. SOCIAL ASSISTANCE

Citizenship is defined by the nature and the framework of the relation between the citizens and the state. It is a set of rights and duties. Among these rights is the right to enjoy social services such as health, education, housing, employment and an adequate income. These services should be seen as rights and not as gifts provided by the ruling power and hence should be universally provided.

1. Health services

Providing basic health care in ESCWA countries is realized as citizens' right and hence it is provided universally to all segments of population free of charge or with highly subsidized rates. For instance, health care services in Syria are financed from the state budget and provided on a universal basis to all persons.

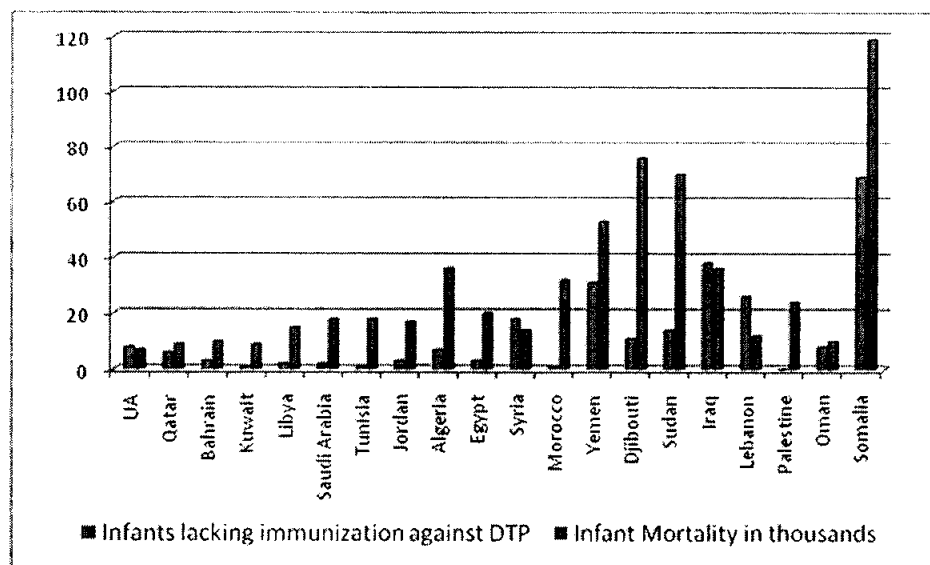
Arab countries have markedly increased their per capita health spending over recent years and stepped up their effort to enhance the quantity and quality of health care services. However, this growth in real health expenditure was not commensurate with the high levels of economic growth achieved in some countries, which resulted in declining shares of health expenditures as a proportion of GDP in parts of the region. The quality of health care greatly varies between countries in the region, and within countries. Low income countries face the greatest challenges in providing adequate health care services for their population.

Furthermore, in many countries, cost recovery for public health services were introduced to alleviate the fiscal crisis. It was argued that cost recovery approach would make service delivery more efficient and avoid the micro- and macroeconomic distortions that arise from the provision of free public services. Egypt and Syria introduced cost recovery system. As part of balancing the government budget, user fees were introduced for public services previously provided free, and new operating principles—based on business and commercial profit criteria—were introduced. User fees were also expected to reduce the strain on overburdened public services, as they would discourage those who did not really need them and thereby eliminate wastage. Access to public health services is no longer considered one's right as a citizen, but is based on one's ability to pay.

While health care services are universally provided, the most pressing concerns are related to the quality of health-care services, high inequality in the distribution of health-care facilities and insufficient coverage by health insurance systems, thereby leaving households in very vulnerable positions in cases of illness and injury.

Inequality in provision of health care is reflected by an overall loss of life expectancy index due to inequality by 21.3 percent for all Arab countries, see table 3, Inequality-adjusted life expectancy at birth index is mainly driven by infant and child mortality. Losses are experienced by all countries. Yemenis experienced the largest loss of 31.2 percent while Syrians suffer of only 11.1 percent loss.

Figure 1: Health Indicators in Arab Countries



Source: Adapted from Global HDR 2010, UNDP.

As tables 4 and 5 indicate, many countries in the region has achieved remarkable progress in health indicators during the period 1970 - 2008, infant mortality rate in the Arab countries declined by about one third - from 129 per 1000 live births to 38. The infant mortality rate in Arab countries is higher than Latin America, East Asia, Europe and Central Asia, and about seven times more than in industrialized countries. However, aggregate indicator does not reflect the disparities between the countries of the region. In Bahrain, Kuwait, Qatar and United Arab Emirates and Oman ten children die per 1000 live births before reaching the first year. In Libya, Saudi Arabia, Tunisia, Jordan, Egypt and Syria, twenty children are expected to die per 1000 children, compared with 30 children in each of Algeria and Morocco and 53 children in Yemen and 39 children per 1000 live births in Iraq. However, even GCC countries have higher infant mortality rates compared to OECD countries. Moreover, Immunization is not universal.

Table 4: Health Indicators

HDI rank	Country	Physician	Hospital beds	Infants lacking immunization against		Mortality	
		(per 10,000 people)		DTP	Measles	Infant	Under-five
		2000–2009 ^a		2008		2008	2008
32	United Arab Emirates	15	19	8	8	7	8
38	Qatar	28	25	6	8	9	10
39	Bahrain	30	20	3	1	10	12
47	Kuwait	18	18	1	1	9	11
53	Libyan Arab Jamahiriya	12	37	2	2	15	17
55	Saudi Arabia	16	22	2	3	18	21
81	Tunisia	13	20	1	2	18	21
82	Jordan	26	18	3	5	17	20
84	Algeria	12	17	7	12	36	41
101	Egypt	24	21	3	8	20	23
111	Syrian Arab Republic	5	15	18	19	14	16
114	Morocco	6	11	4	4	32	36
133	Yemen	3	7	31	38	53	69
147	Djibouti	2	..	11	27	76	95
154	Sudan	3	7	14	21	70	109
	Iraq	5	13	38	31	36	44
	Lebanon	33	34	26	47	12	13
	Occupied Territories	..	..	..	..	24	27
	Palestinian	..	..	..	..	..	..
	Oman	18	20	8	1	10	12
	Somalia	<0.5	..	69	76	119	200
	Developed						
	OECD		63	4	7	5	6
	Non-OECD		40	6	11	5	6
	Developing						
	Arab States		16	15	19	38	50
	East Asia and the Pacific		20	8	9	23	28
	Europe and Central Asia		52	5	4	20	22
	Latin America and the Caribbean		24	10	7	19	23
	South Asia		17	28	25	56	73
	Sub-Saharan Africa		19	29	28	86	144
	Very high human development		49	5	7	5	6
	High human development		34	6	5	18	21
	Medium human development		20	20	18	38	49
	Low human development		13	25	26	83	134
	Least developed countries		18	22	24	82	126
	World		30	18	17	44	63

Source: Global HDR 2010, UNDP.

Table 5: Survival Progress

	Life expectancy at birth (years)		Infant mortality rate (per 1,000 live births)		Under-five mortality rate (per 1,000 live births)	
	1970-75 ^d	2000-05 ^d	1970	2005	1970	2005
Algeria	54.5	71.0	143	34	220	39
Bahrain	63.3	74.8	55	9	82	11
Egypt	51.1	69.8	157	28	235	33
Jordan	56.5	71.3	77	22	107	26
Kuwait	67.7	76.9	49	9	59	11
Lebanon	65.4	71.0	45	27	54	30
Libyan Arab Jamahiriya	52.8	72.7	105	18	160	19
Morocco	52.9	69.6	119	36	184	40
Occupied Palestinian Territories	56.5	72.4	..	21	..	23
Oman	52.1	74.2	126	10	200	12
Qatar	62.1	74.3	45	18	65	21
Saudi Arabia	53.9	71.6	118	21	185	26
Sudan	45.1	56.4	104	62	172	90
Syrian Arab Republic	57.3	73.1	90	14	123	15
Tunisia	55.6	73.0	135	20	201	24
United Arab Emirates	62.2	77.8	63	8	84	9
Yemen	39.8	60.3	202	76	303	102
Developing countries	55.8	65.5	109	57	167	83
Least developed countries	44.6	52.7	152	97	245	153
Arab States	51.9	66.7	129	46	196	58
East Asia and the Pacific	60.6	71.1	84	25	123	31
Latin America and the Caribbean	61.2	72.2	86	26	123	31
South Asia	50.3	62.9	130	60	206	80
Sub-Saharan Africa	46.0	49.1	144	102	244	172
Central and Eastern Europe and the CIS	68.7	68.2	39	22	48	27
OECD	70.3	77.8	41	9	54	11
High-income OECD	71.7	78.9	22	5	28	6
High human development	69.4	75.7	43	13	59	15
Medium human development	56.6	66.9	106	45	162	59
Low human development	43.7	47.9	155	108	264	184
High income	71.5	78.7	24	6	32	7
Middle income	61.8	70.3	87	28	127	35
Low income	49.1	59.2	130	75	209	113
World	58.3	66.0	96	52	148	76

Source: Global HDR 2008, UNDP.

One of the reasons for a lack of access to health services may be found in a limited coverage of pre-paid health funding mechanisms in some countries, and in high level of out-of-pocket payments for health in many Arab countries. Lack of protection against catastrophic health expenditure is one of the critical factors contributing to vulnerability and poverty. Pre-payment systems (such as health insurance) offer protection against such risks, as they pool risks into larger groups and spread the cost of health protection over a longer time. Increased efforts to establish or extend mechanisms of social health protection can help to further expand access to at least an essential level of medical services.

Family support, a cultural and ideological norm, was the accepted traditional social protection mechanism in Arab countries, and continues to play a central part in Arab countries today where societies are portrayed as consisting of coherent families with strong mutual support between family members, and a harmonious society built on cooperation between different and class. However, as argued by Mohd (2009), family structure and family relationship are a changing entity rather than a static one. Economic growth, industrialization, urbanization and modernization have caused major changes to family relationships. As with much of the world, the concept of an extended family is being replaced by nuclear family and the concept of individualism is on the rise. With the changes in the social pattern of society, more formalized and rigorous social protection programs are needed to protect society from the increasing inadequacy of family support, once rhetorically thought as being important.

2. Support Income programmes and safety nets

All countries in the region offer some kind of social assistance programmes (income support and other safety net programmes). They offer social assistance programmes that are delivered in two ways: first universal programmes for all residents such as subsidised public health, education and transportation, which are offered to all citizens in all ESCWA countries. Syria and Egypt provide universal fuel and food subsidies. Although those social assistance programmes are universally provided, they entail a kind of self-targeting as goods and services are of low quality. Water, sanitation and electricity are also provided at subsidized rates in most countries. Some ESCWA countries have introduced some type of means-test, or characteristics targeting, to provide cash transfers, which would exclude those older women and men with a sufficient level of income from other sources (contributory pension or other income), such as Oman, Saudi Arabia and Egypt. Traditionally, social assistance programmes in Arab countries tend to focus on specific groups of the population deemed to be in particular need of support, such as female headed households or persons with disabilities. Some of these programmes are provided directly by the government or semi-autonomous institutions (such as social funds in Egypt and Yemen, see box 2 for more details about social funds). In addition, many social assistance programmes are run by non-governmental organizations.

Box 2: Social Funds for Development

Social Funds have become a recurrent phenomenon in the Arab World in the past few years. Those funds aim at fighting poverty, reducing unemployment rates, improving the level of social services and giving the deprived access to those services. Through those funds, states succeeded in giving political legitimacy to economic reforms and encouraged social participation in the development process. The management of social development programs has improved and its transparency has increased accordingly. Social Funds act as mediators who channel governmental and donor funds to finance small projects proposed by individuals or other institutions. They enjoy a high level of institutional independence, noting that employment policies are not subject to the state employment criteria. They also adopt simpler measures to compare between the numerous projects proposed.

However, the level of institutional independence enjoyed by those funds varies from one nation to another. Whereas the Jordanian and Lebanese funds enjoy a high level of independence, half the board of directors of the Egyptian Social Fund consists of government employees, which adds to the bureaucratic character of the institution.

Even though the first and foremost aim of Social Funds was to reduce the social costs associated with economic reforms, they have come to embrace wider goals, which allowed them a closer cooperation with the numerous ministries in all relevant states. Social Funds worked on creating job opportunities, reinforcing the infrastructure and providing basic services to the poor.

Social Funds cooperate with NGOs to access the poor in both the rural and urban areas. They are faced with a host of challenges, first among which is the difficulty of reaching decisions on the number of loans afforded to projects as opposed to the quality and effectiveness of the projects which receive finance. A number of necessary steps such as the evaluation and follow-up of the projects are abandoned for the sake of budgetary cuts. Social Funds are also faced with the problem of their temporary nature, in spite of the constant increase in their budgets and the difficulty of deciding on the priority given to loans or infrastructure grants to help the poor and unemployed.

Source: ESCWA

ESCWA countries have set up cash transfer systems and social assistance programmes in order to grant at least some minimum benefits to the most vulnerable groups of the population. In Tunisia, the Ministry of Social Affairs set up the National Programme for Aid to Needy Families to provide direct cash transfers to the poorest households. In 2005 the programme benefited 115,000 families, most of which include elderly or disabled persons. The programme also grants, among others, the right to free care in hospitals. It covers 717,100 individuals in total, or 7 per cent of the population, (ILO 2008). Likewise, Egypt introduced Sadat Pension and other social solidarity pensions (non contributory) since 1978. The number of beneficiaries has increased significantly in recent years from 540,000 in 2005 to 1.1 million in 2008. The minimum and maximum monthly value of the pension has also increased from LE70 to LE85 and from LE100 to LE120 respectively. In both countries, According to surveys, coverage under the programme is not fully satisfactory and administration is complex, complicated procedures and papers are required to apply, eligibility lists are rarely updated, and when they are, benefits are not always granted to those families newly identified as eligible.

V. COUNTRY SPECIFIC SOCIAL PROTECTION PROGRAMMES

A. BAHRAIN³

Bahrain Social Insurance System was first set on 1976 and mandated several times. It covers Bahraini employed persons in establishments with five employees or more; workers in establishments with fewer than five employees may contribute voluntarily. Domestic servants, certain groups of agricultural employees, casual workers, temporary noncitizen workers, and other groups as specified in law are excluded. Insured persons may receive disability pension if the disability occurs within 1 year of the cessation of contributions.

Insured persons receive **medical benefits including**; medical and surgical care, hospitalization, drugs, appliances, rehabilitation, transportation, diagnostic examinations, and dental care, inside or outside Bahrain. Besides public health services are provided universally and in good quality.

Social protection for the unemployed. The Law was adopted in November 2006. Three institutions are concerned, the Ministry of Labour, the Ministry of Social Affairs and the General Organization of Social Insurance. The insurance scheme is funded by monthly contributions of workers, employers, and the government (each 1 per cent of the wage of the insured). Two types of benefits are provided, compensation for those unemployed with a minimum of 12 months of contribution (60 per cent of the previous wage to a maximum of BD 500), and assistance at a rate of BD 150 for university graduates and BD 120 for others.

Owing to the low number of terminations until late 2008, the scheme has had to deal with few cases of unemployment compensation so far. However, if the number of terminations should increase in the future as a result of the financial and economic crisis, a system is in place which provides income security for jobseekers while actively supporting their return into employment by linking cash benefits to participation in training, job matching and career guidance through employment offices.

B. EGYPT

Egyptian government pursues multiple social security strategies including preventive, protective and promotion strategies. Various ministries are involved in delivering social services; direct assistance to the poor through the Ministry of Social Affairs (MOSA), free education and literacy programs through the Ministry of Education, free health care through the local health units and large public hospitals of the Ministry of Health, subsidies for bread, flour, sugar and oil through Ministry of Social Solidarity and rural development projects through Ministry of Agriculture. However poverty still persists and has witnessed an increase in incidence over the last five years.

Social spending (including education, health, food subsidies, and social transfers) increased from an average of 7.5 per cent of GDP in the period 1996-2000 to 9.8 per cent in the period 2001-2005. In 2006/07, subsidies for goods and services reached LE 53.9 billion, representing 24 per cent of public spending and 8 per cent of GDP. Energy subsidies represent 74 percent of total subsidies, while bread subsidies reached 14.8 per cent of total subsidies (LE 8 billion) and are expected to increase to 16.7 in 2007/08 and 2008/09. Food subsidies through ration cards amounted to LE 1.4 billion (2.6 per cent of total subsidies), UNICEF 2010.

1. Social Insurance

Social insurance system in Egypt was established by the Law 79 of 1975 which covers civil servants and employees in public and private sector enterprises. The system was subsequently extended to the self-employed (Law 108 of 1976), Egyptian workers abroad (Law 50 of 1978) and casual workers (Law 112 of 1980). In 2004/05, the Social Security system in Egypt covered 93 percent of the formally employed. Still, this constitutes coverage of less than 30 percent of the total population. Around 11 percent of the population receives a pension.

³ (<http://www.gosi.org.bh/>)

The insurance system is composed of five schemes”:

- The largest scheme covers all governmental and public sector employees and the majority of the employees and workers in the private sector. 55.7% of the insurance beneficiaries in 1999/2000 were covered by this scheme.
- The second insurance scheme offers old age and survivor insurance to the self-employed on voluntary basis. This scheme covered 10.5% of all beneficiaries in 1999/2000.
- The third subsidiary scheme organized by law 50 in 1978 also provides on voluntary basis insurance to Egyptians working abroad. In 1999/2000 it covered 0.1% of all beneficiaries.
- The fourth scheme exclusively extends old age and survivor insurance to the working poor. Groups insured by this scheme include temporary workers, small farmers, fishermen and domestic servants. This scheme covers 33.8% of all social insurance beneficiaries.
- Unemployment benefits are provided through the Department of Insurance at Ministry of Finance (Law 79/1975). Beneficiaries are regular formal employees. The unemployment insurance system is a contributory system where the worker and the employer pay their contributions. However, it is necessary to simplify the procedures for obtaining such benefits, and increase benefits paid.

Benefits are primarily financed by contributions collected from employers and workers, but there has been a substantial financial support from the Government. The benefits are not merely meant to prevent poverty: They are intended to provide a relatively high replacement rate for lost earnings and the contribution rate represents a high percentage of insurable earnings. It is clearly intended that the people of Egypt receive social security system through the public system.

However the assessment of the social security system in Egypt shows that pension levels are low and decreasing in real terms because of inflation; there are significant gaps in coverage; women's pensions are lower than men's; and that Egypt is likely to face a shortage of funding in the long term.

Survivors' pensions are payable for a broad range of surviving dependents including a widow or an invalid widower, sons under age 21 (26 if students and no age limits for invalids), unmarried daughters and dependent unmarried sisters, parents and divorcees whose marriage lasted for at least 20 years. This wide range of eligibility criteria for survivors' benefits makes the process of establishing and verifying entitlement to the pension complex and time consuming. The pension levels are low.

Despite the generous provision concerning the range of survivors, the rules of entitlement in respect of divorcees are very restrictive. Divorced widows with children are often required to depend on social assistance or other support.

The qualifying conditions for invalidity pensions for private sector workers require contributions for at least 6 months (or 3 months prior to the onset of the invalidity). Civil servants and employees of public sector enterprises do not have any qualifying period. These provisions are very generous for a long term benefit which in the context of difficulties in the medical determination process is open to abuse.

By mid-2008, the total number of insured persons was 10,316,000, representing 34 percent of employed persons. Total resources accumulated in the Insurance Fund for Workers in Public and Private business sectors amounted to LE19.9 billion.

Although all workers are requested by law to enroll with one of the existing social insurance schemes, but only slightly more than half of them actually pay their contributions. Some people simply prefer to have their income for today's consumption instead of making provisions for the future. Others mistrust the social insurance administration and believe that the effective insurance yield is too low. Many employees, however, might be ready to make their payments if only they knew about their right to enroll. Likewise, after retirement, many people, especially the poor, find it difficult to claim their pension, because they do not know where and how to apply. Another problem is that the monitoring of the pension schemes is weak – especially in the private sector. Almost 100% of public sector employees enroll. But in the private sector, where the state does not deduct contributions itself, only 62% of the employed pay their contributions. There is a dire need to enhance the government supervision on private employers in registering their employees and

properly deducting their contributions. Some of these employees are ignorant about the fact that their employer does not pay insurance premiums for them. Others agree with their employers on non-registration as a means for both parties to save money. (Loewe, M.2009)

The pre-paid health services has also been increased where the percentage of the population insured by the Health Insurance Organization (HIO) has grown, from 35% in 1994/95 to 47% in 2008. (Ministry of Health, 2010). Moreover, in 1995 Egypt initiated health insurance system for all students enrolled in schools. This program has twofold objectives; first it improves the health status of children and second it encourages parents to send their children to school.

2. Social Assistance

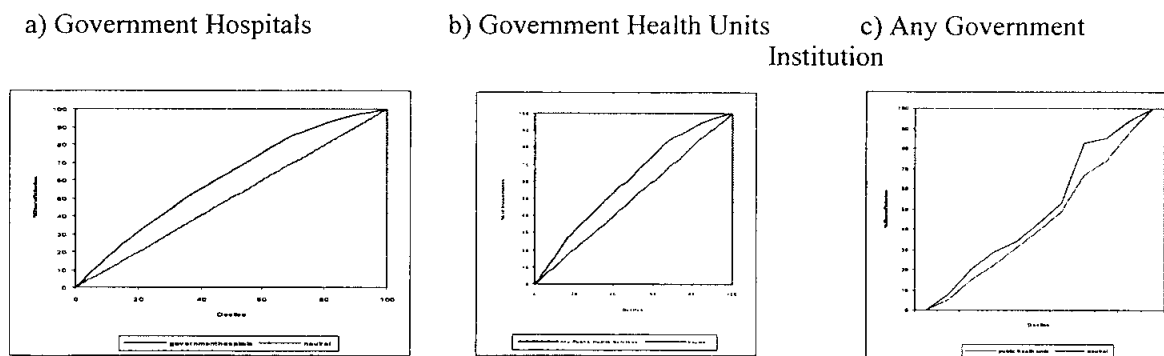
(a) Health services

Public health services are available for all residences in Egypt and are highly subsidized. The provision of these social services at low subsidized prices is of great importance to the poor and providing these basic social services at low prices implies raising the real income of the poor. Although public expenditure on health has increased over time, its share of general budget expenditure declined from 4.1 percent in 2006/07 to 3.6 percent in 2008/09. However, the rapid demographic expansion on one hand, and tighter budgets on the other, has made it increasingly difficult for the government to sustain the present level of expenditure. As a result, the quality of the services provided and the physical infrastructure has been deteriorating, while the share of salaries in total expenditure has been rising.

The expansion of public health services in rural and urban areas was one of the priorities of the policy of Ministry of Health (MOH) during the sixties and remained untouched in the seventies. A change in the policy of the (MOH) occurred in the eighties in favor of the enhancement of a cost recovery system in the MOH facilities. The goal of this program was to achieve financial self sufficiency in MOH institutions to support private medical practices and increase availability of pre paid health financing schemes such as insurance and health maintenance organizations. However the tight financial situation led to a sharp deterioration in the performance of Ministry of health services, which should be mainly covering the relatively poor. Moreover the Egyptian health system was mainly considered as a curative and physician oriented system, despite the fact that the major health problems in Egypt are endemic and amenable to protection rather than to curative action.

Inefficiency and corruption in the delivery of health services are main challenges Egypt has to face. Figure 2 illustrates the progressive nature of public health services more obviously. Benefit incidence curves of all types of government institutions are above the neutral line, indicating that the poor receive more benefits than the better off. It seems that self-targeting mechanisms work well in health subsidies, the poor choose this kind of cheap or free health care as they have no other alternative. On the other hand, the better off were kicked out as a result of low quality of health services provided by government institutions. In fact households have to consider trade off between cost of medical services and the quality of services they obtain.

Figure 2: Benefit Incidence Curve for Public Health Expenditure, Egypt



Source: Author's calculations Using Household Income and Expenditure Survey 2008/09.

(b) Food subsidies

An important element of Egypt's safety net has been the food subsidy system. These subsidies account for a significant part of the Government of Egypt's safety net program, both in terms of costs and coverage. It comprises of two systems: (i) ration cards that offer eligible households a subsidy for a pre-determined monthly quota of certain food items (such as beans, lentils, rice and pasta) depending on the number of persons registered on the ration card; and (ii) subsidies for an unlimited amount of different types of bread, which is available to everybody. The food subsidy program is perceived as crucial for meeting daily food needs, especially for poor households. It is important to people because it provides vital commodities at cheaper prices when compared to regular market prices, and it leaves part of the household budget to be spent on other non-food important items such as education and health.

Egypt's food subsidies, important for ensuring political stability, do not target specific groups. The subsidies were introduced during World War II and have never been targeted. Egyptians seem to perceive food subsidies as the most concrete benefit they receive from government spending. Seen as an entitlement, food subsidies are politically sensitive. In 1977, a cut was attempted but it sparked violent riots. In 1981, measured reforms were resumed quietly, without much publicity. Since 2005, further changes have been introduced, such as enrolling children born after 1989 and changing the number and prices of subsidized foods in the ration card system; and separating production from distribution, introducing home delivery service, and liberalizing parts of the supply chain in the baladi bread system.

The system is costly. Egypt's food subsidies consist of two programs: baladi bread, which is available for purchase by all and ration cards which provide fixed monthly quotas of cooking oil, sugar, rice and tea to households holding these cards. The fiscal cost of food subsidies reached about 2 percent of gross domestic product (GDP) in 2008/09 (LE 21.1 billion, or US\$ 3.8 billion) after stabilizing at around 0.9 percent of GDP between fiscal year 1996/97 and 2000/01. The rising cost of food subsidies can be explained by increased international commodity prices, exchange rate depreciation, increased number and/or quantities of subsidized food items, and expanding coverage of ration cards.

If leakages are eliminated and coverage is narrowed, the government of Egypt (GoE) could save up to 73 percent of the cost of food subsidies. A large part of the food subsidies are illegally diverted away from the intended consumers to those who gain access to and sell the subsidized foods at a higher price in black markets or open markets. This is what we call system leakages in this report. Furthermore, a large part of these subsidies, which are not targeted, go to the richest groups, while many poor do not receive any of these benefits; about 27 percent of the poorest 40 percent of Egyptians do not benefit from ration cards, and 13 percent do not benefit from bread and wheat flour subsidies. In 2008/09, LE 5.5 billion (28 percent) of food

subsidies did not reach intended consumers, with baladi bread accounting for 68 percent of the leakage and cooking oil for 20 percent. In addition, cost savings from targeting subsidies are large.

If GoE redistributes these savings to the poorest quintiles, their per capita benefits would increase considerably. In 2008/09, reducing leakages to 10 percent and excluding the richest 40 percent could have saved LE 9.5 billion, or 48.6 percent of the cost. The savings could have increased to LE 12.3 billion (62.8 percent of subsidies) if the richest 60 percent were excluded. Assuming that these released resources have been evenly redistributed among the poorest 40 percent of the population, per capita food subsidies would have increased from LE 279 a year to LE 686 a year (2.5 times). If instead, the target group was the poorest 60 percent (i.e. the richest 40 percent have been excluded), per capita food subsidies would have increased from LE 258 a year to LE 468 a year (1.8 times), World Bank 2010.

The food subsidy system has four positive aspects. First, unlike energy subsidies, which are the bulk of the total subsidy bill, food subsidies have a large poverty impact, especially for the baladi bread. Second, because the difference between the market price and actual price of all subsidized foods is larger than the subsidy incurred by the government, it is more beneficial for consumers to receive subsidized foods than the equivalent cash of the government subsidy cost (see Table 2.3). Third, food subsidies, like all other subsidies in the Egyptian economy, are seen as part of compensation mechanisms for the low-level salaries and wages. Moreover, they are almost the most concrete benefits Egyptians receive from government spending. Finally, given its extensive coverage, the food subsidy system has been successfully used as a vehicle to address micronutrient deficiencies through fortification, e.g. iron fortification of flour.

Evidence shows that existing safety nets are costly, ineffective, create market distortions and inefficiencies, and benefit the rich far more than the poor. Subsidies, and particularly energy subsidies, are stretching public resources and not benefiting the needy. The effectiveness of the current safety net design and implementation could be substantially improved and expanded through better targeting methods (like proxy-means testing and greater use of geographic targeting) in order to direct a substantial fraction of public resources to the intended beneficiaries, while minimizing the "leakage" to the wealthy. Several channels for improving the structure and targeting of the Egyptian safety net are available, including improving geographical coverage, improving targeting, increasing budgetary outlays for pure safety net programs and improving outreach.

(c) Cash transfers programmes⁴

MOSS provides different kinds of Cash Transfers Programmes (summary of these programmes are listed below). Some of these programmes are directed to families while others are targeted at children. These transfers are either made on a regular monthly basis, on a temporary basis or as a one-time transfer. In addition, the Nasser Social Bank issues transfers and interest-free loans to poor families for school or medical expenses or cases of personal crisis⁵. The Bank is distinguished from any other banking or financial organization in that it is the only institution authorized by law to receive Zakat and donations, and to disburse these monies to the various welfare and charity sections in favor of the poor and individuals of limited income.

According to Law no 87 of 2000 the *social solidarity pension* is payable to poor individuals and families of certain categories. These include persons aged 65 and above, disabled persons, widows and divorcees and their children, women reaching the age of 50 without ever being married, and families of prisoners. The number of beneficiaries has increased significantly in recent years from 540,000 in 2005 to 1.1 million in 2008. The minimum and maximum monthly value of the pension has also increased from LE70 to LE85 and from LE100 to LE120 respectively.

Those who benefit from the social solidarity pension are also entitled to other benefits. For instance, children of these families are entitled to a monthly *school allowance* of LE40 (was LE20 in 2008), provided they go to school. As an additional benefit these children are also exempted from school fees.

⁴ World Bank 2010,

⁵ The Nasser Bank operates nominally under the management of the Ministry of Insurance and Social Affairs (MOISA), but functions independently as a full-range bank in addition to its social aspects.

Poor individuals, families and their children from other categories not entitled to monthly social pension have access to other forms of *cash assistance*; however, this assistance is only for a few months or just one time.

Pregnant woman in poor families with monthly income less than LE300 are entitled to monthly financial assistance of LE70 to ensure good nutrition for the mother. She will receive this assistance from the third month of pregnancy until the child reaches the age of two years. Women can apply for this assistance up to their third child.

In accordance with the Child Law and Social Pension Law, orphans and children of divorced parents in case of remarriage are entitled to a monthly *child pension*. The amount is LE41 per child with a maximum of LE131 in the case of four children. In 2008, 87,685 children benefited from this pension.

(d) *Income generating programmes*

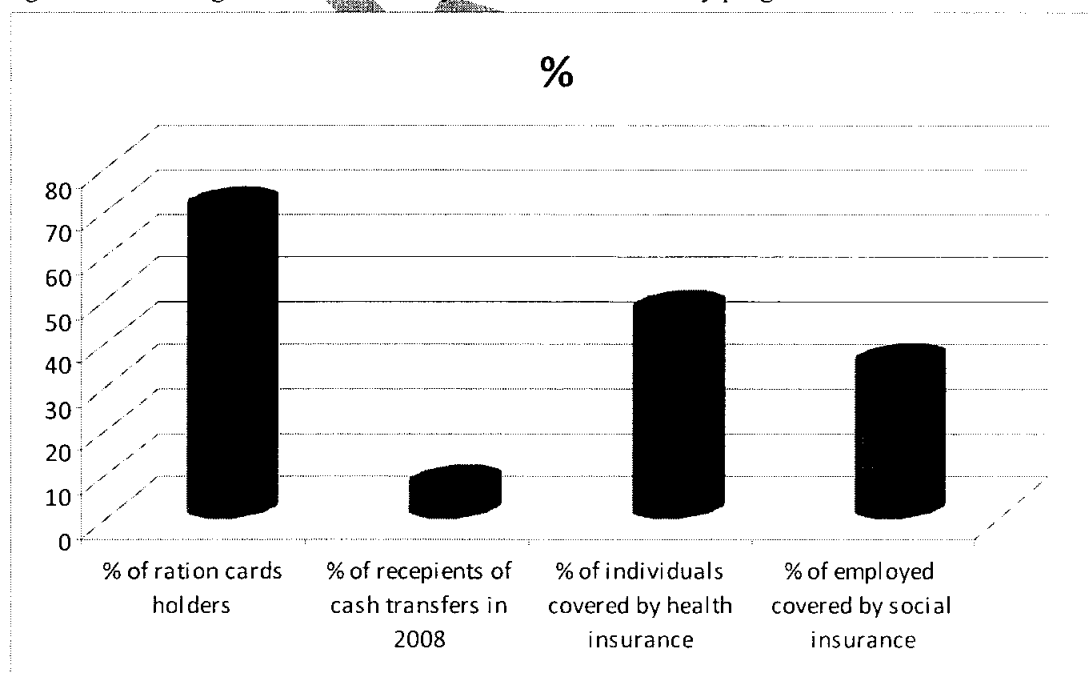
Income generating programmes have the objective to raise the productive capacity of the poor, by enhancing human capacity through training or enhancing physical capacity through soft loans to facilitate access to productive assets.

The **productive family programme** is one of the oldest components of safety nets in Egypt, with two million families benefiting in 2008. It aims to raise household incomes as well as employment levels of the poor by providing households with both financial and non-financial services, such as training and facilitation of marketing of products.

In 2008, the Ministry of Social Solidarity provided 24,000 families with small grants to families of social solidarity pensions to help them generate *self employment and initiate small enterprises*. The value of the assistance has recently increased from LE500-1500 LE to LE1000-3000. In addition to the Ministerial grants, **Nasser Bank** schemes provide grants and loans to finance inputs of production for small businesses.

In 2008/09; the overall number of beneficiaries of social solidarity assistance was distributed over the following categories: 1,038,364 cases benefited from pensions; 98,164 households benefited from monthly aids, 237,510 households benefit from one time aid. In addition to 49918 cases that got the child pension and 61709 cases who benefited from the aid of crises and disasters. (CAPMAS database).

Figure 3: Percentage of beneficiaries by various social security programmes



Source: Author's calculations Using Household Income and Expenditure Survey 2008/09.

(e) Child Protection⁶

Perhaps most importantly, lost opportunities in childhood cannot always be regained later - childhood is a window of opportunity for development. Poverty experienced by children, even over short periods, can affect the rest of their lives. Malnutrition and stunting in early childhood, for example, can lead to life-long learning difficulties and poor health. Exposure to trauma and violence at very young ages can impair functioning for life. On the other hand, many developmental disabilities and diseases can be overcome and sometimes reversed if children are diagnosed and treated when children they are young.

Within child protection context, several programmes have been implemented including:

- The Working Child project; the programme targets working children with the aim of offering them protection, rehabilitation and education. Its coverage is limited to five governorates (Menya, Fayoum, Sharkya, Damietta and Kalyoubya).
- The provision of alternate social care to children who cannot live with their parents because of parental death, illness, abuse or neglect, imprisonment. There are more than 2,000 children in Egypt who are in lodging nurseries because they lack family care and over 70,000 children who reside in social care institutions. In addition, there are nearly 5,000 children living with foster care families.
- National strategy to address street children in 2003. Pilot interventions were implemented at the grassroots level, providing street children with shelter, health care, nutrition and educational services. The programme focuses on building the capacity of professionals working with street children to understand that street children are victims rather than criminals posing a serious threat to society.
- Child Help Line 16000. The national programme targets abused children by receiving their complaints and offering protection. This programme does not cover handicapped children in the age bracket from 6 to 18, nor does it cover ill street children.
- The FGM Free Village model is an innovative approach that utilizes NGOs, young volunteers and the media in creating a general atmosphere that is supportive to the abandonment of female genital mutilation (FGM). This successful campaign paved the way for the legal criminalization of FGM in June 2008.
- Family guidance and consulting services are provided to nearly 15,000 children.

The National Council for Childhood and Motherhood is primary agency addressing child abuse, neglect and exploitation. The Council adopts a twofold mandate: policy making and implementation of pilot projects on the ground, to experiment with new creative strategies and innovative approaches that inspire policy making and mainstream best practices at the national level. It administers the Child helpline, leads the national programme combating FGM/C, implements a child labour programme and launched the national strategy on children. Three of the most important programmes to the rights-based approach are the national breast feeding programme, the programme on prevention and control of micro-nutrient deficiency and the school feeding programme, see UNICEF 2010.

C. LEBANON

Lebanon is characterized by its small population; and its small area of the country, which makes it more dependent on the service economy. Its human capital is highly skilled, experienced, dynamic and ready to improve itself. Lebanon has suffered from the occupation and civil war, which ruined many of the basic components of the infrastructure and had a profound impact on social issues.

Following the end of the civil war in 1990, the Lebanese economy saw an unprecedented increase in government expenditures: spending expanded from US \$1.3 billion in 1992 to above US \$7 billion in 2003, an almost threefold increase in real terms. According to the World Bank,ⁱ between 1990 and 2005, a total amount of USD 10.3 billion was spent on capital expenditures (equivalent to USD 643 million per year); USD 67.5 billion on current expenditures (or USD 4.2 billion per year); and cumulated public debt reached USD 38.4 billion (USD 2.4 billion per year).

⁶ UNICEF 2010

A variety of security funds, most of which are private, provide sickness and maternity insurance policies, family allowances, and end-of-service indemnity. Private funds provide total or partial insurance coverage to about 12 percent of the population. One semi-public fund, the National Social Security Fund, covers about 30 percent of the population by providing insurance primarily to employees in the formal sector and contracted staff in the public sector. The geographical coverage of these funds is once again uneven as the majority of the beneficiaries live in Beirut and Mount Lebanon. According to the Household's Living Conditions survey of the Central Administration of Statistics, there is some evidence to suggest that the uninsured are more likely to be elderly, unemployed, or from a low-income district.

Yet the effectiveness of public social spending has been widely contested, as the surge in expenditures during the reconstruction period has not yielded the expected results in terms of socio-economic development. Regional disparities have been accentuated, project quality has deteriorated, and the public deficit has worsened.

Besides corruption and rent seeking, public goods provision has also been characterized by inefficiency. The work of a public institution is wasteful due to overlapping mandates and is often duplicated by the work of another.

As for the social sector, Lebanon has been hampered by the absence of a social policy framework, weak coordination and governance, politically-influenced targeting of development aid and lack of reliable data (for poverty and also for the outcomes of interventions, including ex-post evaluations). However, high security expenditures failed to prevent the country from enduring a sequence of political assassinations and security shocks since 2004. The quality of public utilities is still insufficient: electricity blackouts are periodic (most households use a private generator to supplement the public supply of electricity), distant regions suffer from an insufficient supply of water, and some cazas (Hermel, Baalbeck, Akkar) lack a proper sewage and sanitary system.

A major program in Lebanon social assistance program is the producers' subsidy for certain crops (wheat, sugar beet, tobacco). In total, it is believed that around 60,000 small farmers, mostly from the Bekaa Valley and the South benefit from such assistance. Finally, the provision of micro-finance services is offered to people running micro-enterprises, and is considered to be efficiently targeted at the poorest segments of economic activity. However, the number of beneficiaries remains extremely modest.

D. PALESTINE⁷

Several protective, preventive, promotive, and transformative measures are currently implemented to help Palestinians to cope and overcome with the impacts of conflicts. These measures include formal and informal interventions such as cash and in kind assistance, implementing job creation projects, establishing pension funds and health insurance, offering micro credit programmes to the poor, and institutionalising social protection under MoSA.

1. Social Insurance

The new social security law for Palestine of 2003 has still not been fully implemented because of both financial and political concerns. The operations of the General Retirement Commission, which is supervised by a tripartite board, which are hampered by administrative problems and the lack of critical information such as the number of beneficiaries and dependants. The General Law of Retirement, adopted in 2005, was aimed at reducing hardship created through the application of previous laws and provided for the payment of disability benefits, funeral expenses and survivor benefits, maternity benefits. There is a strong disparity of benefits provided for workers in the public and the private sector which would need to be addressed, through integrating the systems for the private and public sector and a general reform of the social security system in order to address some of the challenges faced by the Palestinian population.

⁷ El laithy H, et al, 2006.

2. Social Assistance⁸

The aid received by the needy is usually their major source of income. The Ministry of Social Affairs is the most important institution in charge of providing material and financial assistance to the poor. Poor needy families receive help on the basis of a number of criteria, such as widowhood or old age (48.6%), physical disability (34%), the absence of the husband (31%), the absence of the income provider (7.9%), orphanage (5.5%) and the insufficiency of income (5.9%). The second largest institution in charge of assisting the poor is the Relief and Employment Agency for Palestinian Refugees, which usually extends assistance to the poor refugees. As to the third institution in charge of assisting the poor, these are the alms committees, which extend their assistance seasonally, especially during the month of Ramadan and the feasts. Other services are also provided such as education, vocational training and health care. A score of charity organizations contribute financial and material assistance to the needy families. Direct voluntary charities extended by the families and kin of the poor are one major manifestation of the feelings of social solidarity. However, such acts are not constant and involve no commitment or obligation on the part of the donor.

A host of governmental and community organizations provide free training services to the poor, with the aim of empowering them and enabling them to find employment to ensure them a decent standard of living. Being the poorest social group, women were the target of a number of special programs. The Ministry of Social Affairs has implemented a sewing training program, helping women directly in obtaining employment. The needs expressed by factories and the required skills were assessed and women were trained and employed by those factories accordingly. The Relief Agency has also contributed through the establishment of Youth training centers in the refugee camps, which provided training services to women, helping them to open up workshops. Women's cooperatives were also established to help in the employment of women.

Women have been generally unable to meet the basic lending stipulations imposed by the banks. Therefore, a number of official institutions, such as the Ministry of Social Affairs, have decided to adopt a lending program to help women in starting small enterprises. Those women were offered the necessary training in the fields of administration, accounting and marketing. They were also provided with the collateral guarantees required by the lending institutions, thus empowering those women through self-employment. The Ministry of Social Affairs has also set up a bureau for poverty alleviation, in charge of extending financial assistance and health care services to the poor women.

(a) The National Programme for Social Protection (NPSP)

The National Programme for Social Protection currently targets over 60,000 Palestinian households, and aims to expand its reach to around 90,000 households constituting the majority of households living in extreme poverty. Its services target a diverse group of poor households, based on a proxy means testing formula (PMTF) developed based on the PCBS Palestinian Expenditure and Consumption Survey. The NPSP supports three key service lines, all of which are intended as protective measures for the weakest segments of the population. The Cash Transfer Programme is the key component of PNSP, the reformed programme provide varying amounts to poor households ranging from USD 70 to USD 200 per month (on a quarterly basis). The value of the cash assistance is determined according to the size of the family and the degree of poverty as determined through the PMTF. The PNSP also provides food assistance through a World Food Program (WFP) supported programme and covers households listed on PNSP beneficiary lists contribution to the national health insurance scheme. Additionally, the PNSP also includes emergency assistance to some households to assist them in recovering from sudden shocks.

(b) UNDP Deprived families Economic Empowerment Programme (DEEP)

The Deprived families Economic Empowerment Programme was launched in 2007 with around 30 million USD commitments from the Islamic Development Bank for the benefit of the Palestinian Authority, and implemented by UNDP. The grants provided to the poor households have been utilized in economic

⁸ This part is mainly based on Sansour, M and Nedal Zahran 2011,

activities in the field of services, agriculture, animal husbandry, manufacturing, and commerce. Poor households with the assistance of DEEP programme have decided on the type of their livelihood strategy that they will carry out. DEEP supported the creation of a diverse set of enterprises such as starting a grocery, washing machine maintenance shop, and sheep breeding projects. The average of the income of the beneficiaries was 939 ILS (USD 260), which increased up to 1505 ILS (USD 418) demonstrating an increase of about 60%. Reduced vulnerability is another livelihood outcome as a decrease in reliance on aid with different degrees among the beneficiaries was cited.

E. SAUDI ARABIA

Saudi Social insurance system law was set in 1962 and were implemented in 1973 and amended in 2000. It covers Saudi employees in the public and private sectors. The system excludes agricultural workers, fishermen, domestic servants, family labour, and foreign workers. (Subject to certain conditions, excluded workers may receive coverage.). Insured persons may receive disability, old age or survival pensions.

Other elements of the social security system in Saudi Arabia include the Military Pension Fund, the provision of health care (universal access guaranteed by the government), and a range of social assistance programmes overseen by the Ministry of Social Affairs, which includes programmes for disabled people, widows and orphans and charity housing. Recent reforms in the social insurance scheme include the introduction of voluntary coverage for self-employed and Saudi workers abroad, and those who no longer satisfy the conditions for compulsory coverage, the reduction of women's retirement age from 60 to 55, a reform of the work injury compensation for Saudi and non-Saudi insured persons and the improvement of the portability of benefits between the different pension schemes.

Additionally, all Saudis are granted a plot of land and a small loan to build a house.

There are no state pension schemes in Saudi Arabia for foreign expatriates, although certain state institutions and some international companies have corporate pension schemes. There are many companies offering a variety of schemes, either based on lump sums or supported by regular savings.

1. Health care⁹

Health care system in Saudi Arabia appears to be effective, well maintained and suitably distributed. Saudi Arabia has made a vast improvement in relation to its socio-economic development over the past thirty years, including in the area of health. Compared to neighboring countries the country performs well when it comes to health expenditure and the overall health of the population.

Historically, the health system was publicly funded by the government. However, providing free medical care to all was beginning to place a great financial burden on the state, as there is no tax system. In order to improve the situation the Shoura Council passed a law in 2004 to implement mandatory health insurance for all foreign workers in the Kingdom. The law is to be implemented in a three-phase initiative. The first phase covers all foreign workers working in large companies, and the second covers workers in small establishments. Both these phases have now been implemented. The third phase will cover all remaining foreign workers. However, it was estimated that there are 8 million migrant workers in the Kingdom, which is around 28% of the current population, and many are subjected to poor working conditions. As such it seems inconceivable that these workers will be able to afford private medical health insurance. Due to this many will have to revert to out of-pocket expenditure and may stop seeking health care altogether.

A study of patient satisfaction showed that patients were dissatisfied with several aspects of access, including waiting time (74.9%), waiting areas (58.1%), and the physical environment. The lack of accountability and reporting are also cited. There are also problems with women's and migrant worker's access to health care.

⁹See Walker 2009,

2. Child Health

Saudi Arabia is party to the Convention on the Rights of the Child (CRC). This is important in the realm of health, as article 24 lays out a wide range of standards which should be reached to ensure that a child's right to health is wholly fulfilled. Under the Article, Saudi Arabia is obliged to make quality health care accessible to all children. This immediately creates a problem as non Saudi workers' children, without legal residence do not have access to health services.

In Saudi Arabia, nutrition is overseen by primary health care and preventative Health care programmes. However, Saudi Arabia is facing a double problem of under nutrition in some groups and obesity in others, which calls for health and nutrition campaign programmes. A particularly important problem within this context is the low level of breastfeeding, with as many as 80% of children weaned by one month. This practice was encouraged through the commercial promotion of milk substitutes. The government is addressing this problem by restricting milk substitute advertising, and has started a 'baby-friendly hospital' initiative in nine hospitals.

F. SYRIA¹⁰

1. Social Insurance

The social insurance system in Syria is one of the oldest in the Arab region and is regulated under Social Insurance law number 92 of 1959 and subsequent amendments in 1976 and 2001 (Syria, 2001). Social insurance arrangements are administered by the Institution of Social Insurance (ISI), which is managed by a tripartite board of directors and it administers regional and district offices throughout the country. In addition, there is a special scheme for civil servants and military personnel.

The ISI scheme comprises two branches of social insurance: a long term branch and short term branch. The long term branch covers the contingencies of old age, permanent disability and survivor. Membership is compulsory for employees in industry, commerce, and agriculture. Domestic workers, self-employed and employers can choose to join the scheme, but family labour is excluded. Syrians working abroad can also voluntarily join the scheme. The short term branch covers work-related injury and is compulsory for employees in industry, commerce, and agriculture. It also covers municipal workers and public employees. It excludes, however, domestic servants and the self-employed. In 2006, there were 184,150 actively insured establishments with a total membership of 1,651,011 insured (ISI, 2007), representing only 21.48 per cent of the overall labour force and 14.02 per cent of the working age-population in Syria.

The low coverage of the working population is largely due to the high degree of informality of the labour market in Syria, in particular rural employment.

The system is financed by contributions collected from both employees and employers. Syria is considering the introduction of unemployment insurance accounts under a funded (private) pillar.

2. Social Assistance

Syria provides extensive social welfare programmes to its citizens free of charge or at heavily-subsidized fees i.e. orphanages homes, centres for handicapped, and rural community development centres. However, Syria still lacks a comprehensive and well defined social programme.

Syria's social assistance systems consist mainly of the traditional family based social protection networks and the system of price subsidies for consumers and producers.

While the price system of subsidies is believed to have been effective in maintaining poverty at a relatively low and shallow level in Syria and helped alleviate the impact on the poor of sharp increases in food and oil price, it is vulnerable to international price fluctuations, and burdensome on the budget.

¹⁰ This part is based on Aita, S. 2009 and ILO, 2008 b and El-Laithy and Abu Ismail 2009.

(a) Consumer Food and Petroleum Subsidy

Food subsidies in Syria are administered by the Price Stabilization Fund (PSF). The PSF subsidy system comprises a general subsidy on flour, which in effect makes bread available at desirable prices. It also includes an entitlement for each citizen to purchase a limited amount of subsidized goods (rice and sugar) at less than market prices. The PSF operates as a financially autonomous institution, with funding sources that include an earmarked surcharge levied on subsidized goods and the budgetary allocation by the central government.

As part of its poverty alleviation strategy, the government provided a Petroleum Price Subsidy (PPS) for selected products. The policy aimed at maintaining low prices for energy products consumed mostly by the poor and/or used for electricity generation and mass transport by setting local prices for these products below world market levels and subsidizing their consumption by charging above-market prices for gasoline. Prior to the increase in the trend of international oil price, the PPS constituted a relatively insignificant share of Syria's budget and the government's cross subsidization policy achieved net positive revenue. However, the fiscal cost of petroleum subsidies has risen sharply since 1999 and was estimated to have reached 14.5 per cent of GDP in 2006.

The system of generalized open-ended oil subsidies had a number of serious problems. First, by lowering the relative price of subsidized diesel without setting any limit on the quantity of purchases, it resulted in considerable smuggling across the border to neighboring countries, exacerbating the required subsidy from the budget. Second, the size of the subsidy was subject to wide fluctuations, depending on the level of international market prices. Third, it distorted the market price structure and created incentives for consumers to substitute cheaper subsidized diesel for gasoline, which may be harmful for the environment and may result in inefficient product allocation. Finally, since the subsidy was not targeted at the poor, all income groups could benefit from the low prices, resulting in perverse income distribution effects. For example, the World Bank estimates that the richest population deciles benefited 25 times more than the poorest deciles, while the poorest half of the population captures less than 20 per cent of total benefits.

The government recognized potentially significant efficiency gains, improved equity, and large fiscal savings to be made by replacing the PPS with other more targeted and equitable expenditure programmes. Thus it initiated a process to phase out the PPS over a five-year period. According to some news reports, the Syrian government more than tripled the price of gas oil as of April, 2008. To mitigate the impact on families, the government accompanied the measure with a 25 per cent increase in public sector salaries. It has also begun distributing subsidized diesel coupons of 1,000 litres a year for every married male and widowed mother.

Recently with the Syrian riots and unrest, the Government of Syria set again the open ended subsidized diesel quotas. The issue of fuel subsidies in Syria represents a good example of the effect that targeting has on political sustainability; the implementation of targeted programmes creates a "cost" in the form of increased risk to economic shocks caused by political backlash to a specific programme. When using targeted systems, the traditional focus aimed at minimizing leakage can be very dangerous since it undercuts (often politically stronger) support for a specific programme, leaving beneficiaries as a minority.

(b) Producer Subsidies

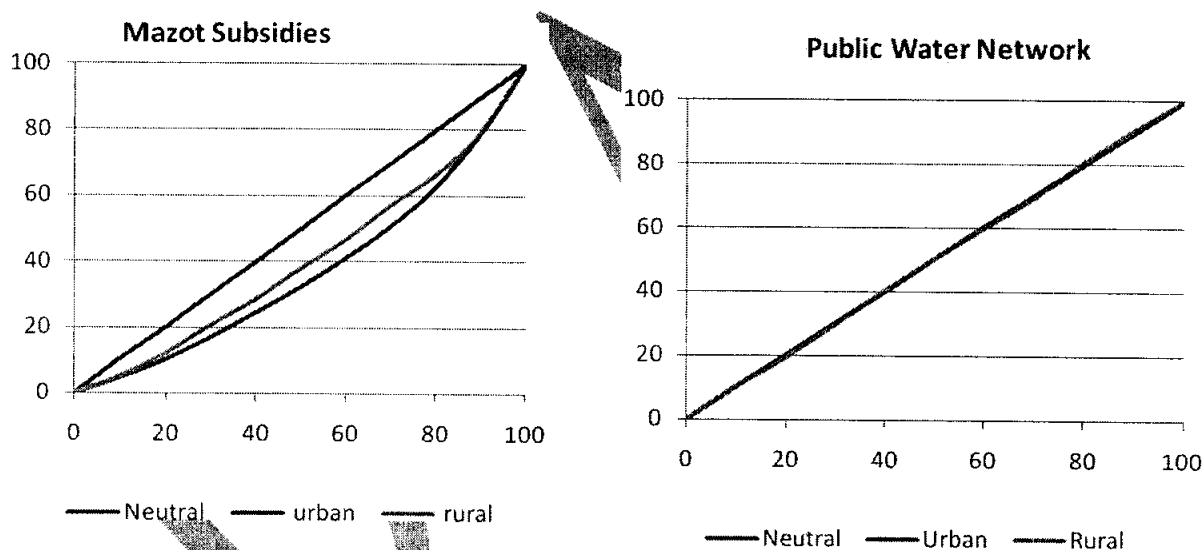
While the existing pricing policies and marketing systems for certain agricultural crops, most importantly cereal and cotton, are driven by economic and strategic justifications (self sufficiency for cereal and the protection of the textile industry for the cotton crop), they constitute a major component of the poverty alleviation programme in Syria for two important reasons: First, 38.25 per cent of the poor are farmers and the income they generate plays a crucial role in their well being and that of their dependents. Second: dietary intake of the poor largely depends on the food-crops. In this section we briefly examine the pricing policies of wheat and cotton crops as they are by far the largest crops in terms of their value and employment, and size of the respective subsidy.

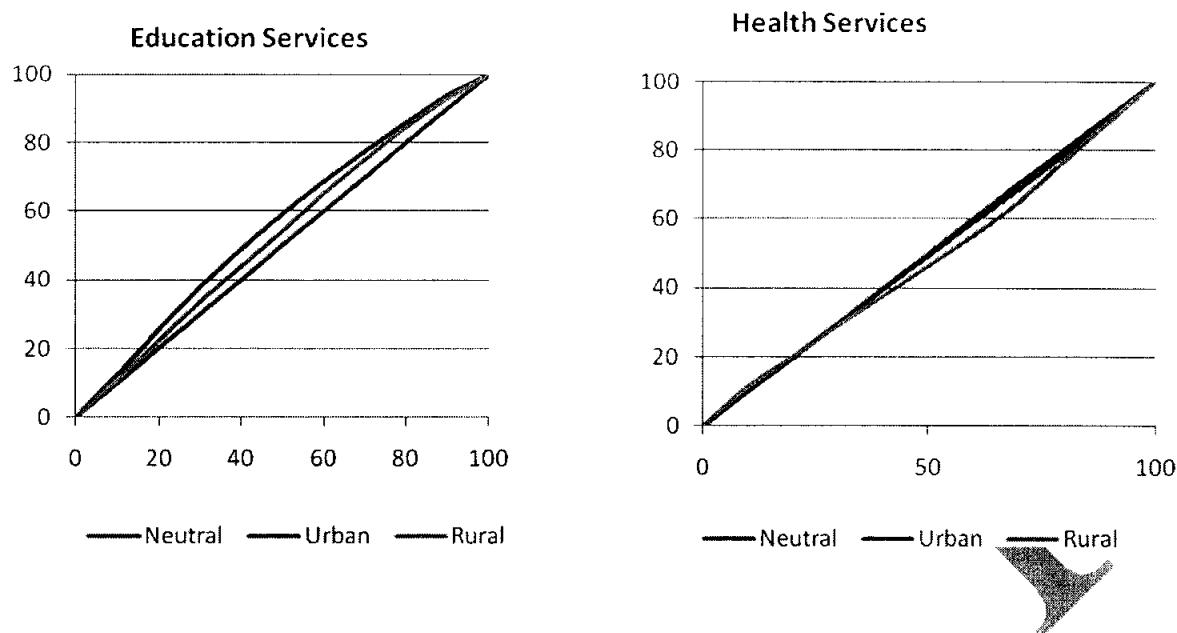
The corresponding subsidy amounted SL15.8 billion and SL14.2 billion, or 1.3 per cent and 1.1 per cent of GDP for the year 2004 and 2005, respectively.

Public subsidies are justified on a number of grounds. Market failure and the presence of pure public goods call for government intervention on efficiency grounds. But the case for public subsidies is also based on equity considerations. Helping the poor escape from poverty has also been considered a responsibility of the state. The provision of basic services for the poor is one of the most effective instruments governments have to achieve this objective. However, public policy in general, and public expenditure decisions in particular, must be based on a sound understanding of the needs and preferences of the population at large. The provision of public services should be viewed as collaboration between governments, on the one hand, and households on the other. To make this collaboration effective, there must be a two-way flow of information, with governments constantly 'listening' to households; and households, in turn, being informed of government objectives and their rights under explicit contracts or covenants.

Benefit incidence analysis shows that the use of public water, sewerage and health services is almost distribution-neutral as all expenditure levels get almost equal shares of the benefit. One could argue however that with regards to the latter, it should be better targeted to the vulnerable groups as beneficiaries in the lower deciles should get more access to subsidized health benefits. Benefit incidence curves for Mazot are significantly below neutral curve (45° line), indicating that public spending on fuel subsidies is regressive as the less vulnerable obtain more benefits than the most vulnerable. On the other hand, incidence curves for education show that the poorer population accrues a disproportionately higher benefit from public spending on education, El-Laithy and Abu Ismail 2009.

Figure 4: Benefit Incidence Curves for Syria





(c) National Social Aid Fund

The tenth-five Year Plan (2006 – 2010) of the Syria puts poverty alleviation at the top of its agenda. One of the social protection schemes, Government strategy is to adopt a direct cash transfer system that targets the poor. MoSAL (Ministry of Social Affairs and Labour) through NSAF (National Social Aid Fund) has decided to adopt Proxy Means Testing procedure for selecting program participants for eligibility. NSAF started to provide cash transfers to eligible households on January 2011.

(d) Health services

Health care services in Syria are financed from the state budget and provided on a universal basis to all persons. In addition, the private sector participates in the delivery of a mix of health care services, the fees of which are paid from household sources.

Syria aims to provide health centres for every 10,000 population in the rural areas and for every 20,000 population in the urban areas, and consequently has witnessed a substantial growth in the number of health facilities across the country over the past few decades which reached a total of 1,795 primary health facility in 2005, compared with 1,188 in 2000 and 670 in 1990.

While the rate improved significantly for physicians and dentists from a rate of 10.9 and 5.6 per 10,000 populations of physicians and dentists, respectively in 1995, the rate for nurses and midwives worsened over the same period compared with the 1995 rate of 21.2 per 10,000 populations. The convergence between the number of physicians and nurses indicates an inefficient mix of health resources. Moreover, the growth of nursing and midwifery personnel was lower than the general population growth rate. This issue highlights the necessity of creating more coherence between the educational system's outcomes and the health care system's needs.

Total Health Expenditure (THE) in Syria increased modestly between 1996 - 2005 and was just sufficient to maintain the level of per capita expenditure at around 55-60 in US dollars. As a percentage of GDP, it declined over the same period from 5.5 per cent in 1996 to only 4.2 per cent in 2005.

Despite the increase in government spending on health from \$20 per capita in 1996 to \$29 per capita in 2005, the government allocation to health care declined as a percentage of overall general government spending from 7.2 per cent in 1996 to 5.9 per cent in 2004 before it picked up again to 6.8 per cent in 2005. Although

health care services are provided at nil cost by public providers, half of health care financing comes from household budgets in the form of out-of-pocket payments.

The ability to receive health care when needed is generally correlated with several factors, including: distance to health facility, cost, and the availability of health personnel and perceived quality of health care provided at health facilities. Proximity to a health care facility is a particularly significant impediment to accessing health care in rural communities. In 2003, while almost all urban populations, poor and non-poor, were living within 5 km from health facility, one out of four in rural areas (for the rural poor, one out of three) lived farther than 5 km from a health centre.

Public subsidies are justified on a number of grounds. Market failure and the presence of pure public goods call for government intervention on efficiency grounds. But the case for public subsidies is also based on equity considerations. Helping the poor escape from poverty has also been considered a responsibility of the state. The provision of basic services for the poor is one of the most effective instruments governments have to achieve this objective. However, public policy in general, and public expenditure decisions in particular, must be based on a sound understanding of the needs and preferences of the population at large. The provision of public services should be viewed as collaboration between governments, on the one hand, and households on the other. To make this collaboration effective, there must be a two-way flow of information, with governments constantly 'listening' to households and households, in turn, being informed of government objectives and their rights under explicit contracts or covenants.

G. BRAZIL¹¹

The universalism of social security is a mandate of Brazil's 1988 Federal Constitution, whose proclamation was an important mark of the return to democracy. The goal of the Constitution is the construction of a broad social protection system that would harmoniously coordinate contributory, non-contributory and targeted policies. According to the Constitution, the financing of this model should be diversified, combining pay-roll taxes with social contributions on firms' net profit and turnover, as well as general taxes.

Over two decades of the Federal Constitution's gradual implementation, an extensive social protection system was created, achieving a high degree of coverage in each of its components. The health care system is non-contributory and universal. The social welfare system manages a conditional cash-transfer programme that targets low-income families with children and adolescents. Additionally, there is a basic social pension for the elderly and handicapped BPC (a social pension), besides a wide range of social services. The contributory Social Security system currently covers 66% of the active population and pays 23.5 million benefits each month between pensions, family allocations and retirement, health, and maternity benefits. In the field of job-creation, unemployment insurance pays more than 600,000 benefits monthly and the Ministry of Labour and Employment manages a system that provides support and services to workers in search of employment and professional requalification.

This social protection system demonstrated a great capacity to absorb and mitigate the social impact of the recent international economic and financial crisis. Moreover, its role as an income-stabilizer was confirmed, given that the income it distributed was one of the important sources of demand for the strengthening of the domestic market and for Brazil's rapid economic recovery. Today, in Brazil, there is widespread consensus on the need for this new Welfare State. This Welfare State will face new challenges as it gradually evolves and as Brazilian society undergoes transformations. Among these complex challenges is the need to achieve a coordinated management of the rather diverse range of policies with varied operating principles, administrations and sources of funding.

1. The social pension, BPC

(Social pension) is a social assistance benefit equivalent to the official minimum wage that is given to individuals 65 or older and to individuals with handicaps. To qualify for the programme, candidates must have an income of 25% the minimum wage or less per member of the family and they must not already

¹¹ Brazil information is extracted from ILO and WHO, 2010

benefit from another income-replacement programme (social security benefit or unemployment insurance). The programme is operated by the National Institute for Social Insurance, whose social workers provide socioeconomic evaluations of potential beneficiaries and which makes the regular payments directly to beneficiaries through bank accounts. In May 2010, 3.4 million BPCs were being paid: 1.6 million were old-age pensions and 1.8 million were benefits paid to handicapped persons. The cost of the programme was R\$ 15.5 billion in 2008, corresponding to 0.5% of GDP.

2. The Universal Health Care System

Health care does not require out-of-pocket payments and is financed through taxes. It was created in 1990 when the Federal Constitution's provisions in the area of health care were implemented. Until then, health care in Brazil was provided by the social security on a contributory basis. The coordination, financing, production of services, etc. of the health care system are shared with states and municipalities.

The SUS indicators demonstrate that many advances have been achieved. The average number of medical consultations per inhabitant increased from 1.9 in 1995 to 2.7 in 2007. Child mortality fell 44% between 1996 and 2006 and life expectancy at birth rose from 68.5 years in 1995 to 72.4 years in 2006. The immunization programmes were universalized and various diseases were eradicated in Brazil. Many challenges must certainly be surpassed in the coming years. Among these are the strengthening of the financing basis for the SUS or, in the area of epidemiology, the fight against some tropical diseases for which there are no existing vaccinations (such as dengue fever and malaria). The total public health care expenditure in Brazil reached R\$ 84 billion in 2006, which corresponded to 3.5% of GDP.

The rural social security exists since 1971 but was enhanced in 1988 with the new Federal Constitution. The programme focuses on the small family farmer, who utilizes his/her own work and that of his/her family.

The rural social security represents an innovation when compared to the traditional social security systems that are based on individual contributions. This is due to the fact that the farmer's contribution is collected based on the production that was commercialized. Furthermore, the contribution is collected by the buyer (in this manner, taxes are not directly collected from the millions of small rural properties but from the few thousand commercial establishments). At the same time, the value of the benefit is flat rate, equaling the minimum wage, unless the farmer decides to voluntarily contribute under the same rules as urban workers do. In May 2010, of a total of 27.3 million benefits paid by Social Security, 8.2 million were rural social security benefits (5.4 million were old-age pensions, 2.1 million were widow pensions, and the rest were invalidity, maternity and work related accident benefits); 8.1 million rural benefits were equivalent to the minimum wage. The impact of these benefits on the reduction of poverty and inequality in rural areas is very favorable. They redistribute income regionally and strengthen food security by stimulating the production of food (carried out by family agriculture).

According to household surveys, the differentiation in the contribution rules allows for the expansion of coverage to 8.8% of Brazilian workers—small farmers and their families who do not have a regular monthly income—enabling them to contribute in the same way urban workers do.

The necessary subsidy, transferred from the National Treasury to the rural social security, amounted to R\$ 40.9 billion in 2009, which was equivalent to 1.3% of GDP.

Using household surveys, it is estimated that the income transferred by the rural social security and by BPC lifts 22.6 million people out of poverty, or 12.3% of Brazil's population.

H. MALAYSIA¹²

Social protection programs in Malaysia can be classified into two categories: social security and social insurance programs. Social Security Programs cover the social security retirement benefits of two major groups of employees: government civil servants and private sector workers. Civil servants are protected under the pension scheme, a defined benefit program based on length of service and last drawn salary. The

¹² Malaysia information is extracted from Ragayah, H et al 2009 and Mohd., 2009.

civil service pension fund is a non-contributory fund and is fully funded through taxation and other government revenue. The civil service pension covers all government employees. Although the amounts for the lowest income groups are sometimes claimed to be inadequate, the government does make periodic adjustments to the amount of the pension. Private sector workers are protected under the Employee Provident Fund (EPF), a defined contribution retirement scheme with shared contribution of employee and employer. However, for a large majority the amount saved is not adequate especially when they make lump sum withdrawals. The armed forces of other rank not protected under the pension scheme are protected under the Armed Forces Fund, a defined contribution retirement scheme. While the Social Security Organization (SOCSO) covers all workers who earn below RM 2,000 a month, it is restricted only to employees. The self-employed may make voluntary contribution to the EPF. However, this stipulation is neither carried out assiduously by the self-employed nor is it enforced by the relevant authorities. Officials of the EPF often cite inadequate staff as a reason for not being able to attend to this matter fully. Unless they are compelled by the law to make social security contributions, the self-employed may regard voluntary EPF contribution as something insignificant. All these findings imply that social protection coverage in Malaysia is sporadic and not universal.

Public welfare programs are the responsibility of the Department of Social Welfare under the Ministry of Women, Family and Community Development. While the Department focuses on broad social development goals in the community social welfare programs, it is also concentrating on various community programs focusing on certain target groups. Among the target groups and programs are children, the elderly, general assistance, foster children, the disabled, grants, victims of natural disaster and artificial body parts. The elderly is the largest group of people receiving assistance from the public welfare programs.

There are four major general assistance programs under the public welfare programs covering widows and dependents, school assistance (except text books), prisoners' dependents and unemployment benefits.

Unemployment benefits are for the workers who are destitute and their numbers of claimants and expenditures are the lowest. There is no comprehensive unemployment insurance or unemployment assistance to help the unemployed in Malaysia. This is partly due to the continuous economic growth in Malaysia that has led to low unemployment rates. Nevertheless, the 1997 financial crisis and the 2008 global crisis have caused an increase in the rate of unemployment involving fresh graduates and retrenchment workers. In 1998, the government launched the unemployed graduate scheme to recruit fresh graduates at government agencies for a few months with minimum monthly allowance. This scheme was established to provide the fresh graduates with some work experience before dispersing in the labour market in addition to providing them a minimum income. In 2008, a special program named 'retraining program' was developed under the Labour Department, Ministry of Human Resource to retrain the unemployed and to assist them with new jobs. During this training, the trainees would receive a monthly allowance to assist them with their expenses. Training and retraining schemes, especially of lesser skilled labour, are quite limited in their scope. The majority of unemployed workers does not register with the Manpower department, and do not have access to the job brokerage services that the department offers. The Manpower Department's network offices nationwide are inadequate to thoroughly conduct registration of the unemployed and facilitate their re-employment.

The Department of Social Welfare also provides assistance in the form of lump sum grant monetary value, subsidy-in-kind such as clothing and food parcels, apprenticeship training and small business launching grants. This scheme is strictly means-tested, and low income is the principle determinant of eligibility (Ragayah ca. 2005). Monthly allowance social assistance payments are given at a rate of RM80 per person, up to a maximum of RM 350 per family. Elderly citizens above the age of 60 years who are destitute and do not have any relatives to depend on for support are eligible to apply for assistance of up to RM 200 a month. There is a tendency, however, that the benefits are biased towards beneficiaries in the urban areas as most rural dwellers are excluded either through ignorance or through the administrative procedures of receiving and processing applications in the large urban centres (Ragayah ca. 2005).

1. Zakat

The zakat is an Islamic welfare institution that collects funds and distributes them to a specified list of qualifying recipients. In the modern Malaysian context, it may be considered a form of social assistance. Although it operates openly and has a formal structure, the means of allocating assistance are more informal, i.e. based on the deliberation of zakat councils subject to Quranic guidelines, not strict and consistent economic criteria. Zakat collection and distribution is not centralized at the national level, but is overseen by 14 Islamic Councils – one in each state, and the Federal Territories. Beneficiaries may qualify under one of eight categories. The regulations are also decentralized to the state level. Zakat councils comprise elected politicians, religious officials, academics, businessmen, and other prominent individuals. The destitute and poor are known to comprise a large portion of zakat recipients, although in recent years more priority has been given to fund transfers for upholding the Islamic faith. This system reaches out to needy persons, but faces limitations in scope and size.

To sum up

Although all countries analyzed have adopted contributory social insurance programmes, there are substantial differences in terms of coverage; in ESCWA countries only 30 percent of population are covered, while 66 percent of active population in Brazil are covered of social programmes. The majority of social insurance programmes do not provide coverage in case of unemployment, however training and retraining programmes were provided in non GCC countries as well as Malaysia. Registered unemployed workers with the Manpower department are a common problem that is always cited. Voluntary contributory social insurance programmes are also available in most countries, however individuals are reluctant to participate in such programmes because of low value of benefits; Egypt represents a good example,

While all countries provide universal health care and they maintained good coverage, the quality of the service varies; GCC countries provide good quality but they suffer from awareness and information problems, other ESCWA countries suffer from low quality of services and high out of pocket health expenditure. Unlike Brazil, financing health care is highly centralized and municipalities manage only the production of the services.

Social assistances are provided by all countries, but in charitable and not in right approach as in Brazil. In most ESCWA countries categorical and self targeting are the main approaches to provide social assistance programmes, while conditional cash transfers approach is the main approach in Brazil and proxy means approach is used in both Palestine and Malaysia.

Zakat¹³ represents a major financial source of social assistance, if it is well managed. Several NGO's, Mosques and government enterpris are concerned about collecting and distribute Zakat funds. There is lack of coordination between those bodies which leads to duplication in services provided and sometimes they are competing with each other. Malaysia offers a good example of how Zakat can be managed. There is one institution, with one branch in each municipality, which collect and distribute funds in transparent manner. Decisions and regulations are decentralized.

VI. CHALLENGES AND POLICY OPTIONS

The Social Protection program in Arab countries covers a wide range of policies and issues that aim at better risk management, including prevention, protection and promotion programs. However, there are several challenges that ESCWA countries have to address; low coverage is the main challenge. Another challenge is the need to achieve a coordinated management of the rather diverse range of policies with varied operating principles, administrations and sources of funding.

All ESCWA countries offer preventive social systems which are contribution financed and linked to formal employment. Several of social insurance systems exclude from coverage employees working in small enterprises and in informal sector. Therefore, low formal employment levels (outside of the Gulf States), low female labour market participation and high levels of youth unemployment remain the main causes for low

¹³ Muslims are obliged to pay zakat (almsgiving), of the Islamic tithe of 2.5 percent of one's net wealth. Zakat is provided to the poor, the needy, those employed to administer the Zakat, Those Whose Hearts are Made to Embrace Islam, In the Cause of Allah, The Wayfarer, To Emancipate Slaves, and relief debts.

coverage rates of formal social security schemes. Moreover, the small proportion of women with stable employment careers in the public and private sector are relatively well protected, many women have little or no social security coverage in their own right. This leaves **a large portion of the population very vulnerable to social risks.**

Unprotected migrants in GCC countries represent another challenge. The GCC countries are the major migrant receiving countries in the region, with an overall average proportion of migrants corresponding to approximately 50 percent of the population. Non-GCC countries migrant workers are not covered by the relevant social security systems, apart from employment injury protection. Thus a huge proportion of the population in these countries is left without any protection in case of old age, disability and death of the breadwinner. Some GCC countries are aware of the need to address this issue, however. One positive example in this regard is Bahrain, which has included protection of migrant workers in its new unemployment insurance scheme (Tzannatos 2009).

Some countries have already embarked on reforms to extend the scope of coverage of their pension scheme, for example through including workers in small enterprises, workers in temporary or other forms of “non-regular” employment, agricultural workers, migrant workers and domestic workers. For example, Tunisia implemented a series of measures in the 1980s and 1990s which gradually extended the scope of pension insurance coverage to previously unprotected groups of workers, (ILO and Arab Employment Forum, 2009). The Jordanian Parliament is currently discussing extending the country’s social security law to the branches of unemployment, health and maternity benefits and extending coverage to all enterprises with one or more employees, which would nearly double the number of persons covered. Some countries, including Yemen, have already extended social security to workers in small enterprises in recent years, but face some difficulties in enforcement.

The impact of social shocks/risks on population per se and especially on the unprotected has short and long term consequences on sustainable growth and development. Uninsured persons/families have to adopt many coping strategies to protect their current living conditions and most of them have lasting consequences. Debts often rise; key productive assets (such as livestock or land) are sold, kids are taken out of school to save money and add to the family’s current earnings and their nutrition levels fall too low. These adjustments can severely impede longer-term prospects of falling into or escaping poverty and are often difficult to reverse. Therefore, **universal social protection system that would harmoniously coordinate contributory, non-contributory and targeted policies is essential not only from the right perspective, but also for sustainable growth and development.**

Some countries have unemployment insurance schemes such as Bahrain, Egypt and Jordan have embarked on extending their social security schemes to cover additional benefits. The main challenge in applying unemployment insurance schemes is that most of unemployed are new graduates who entered the labour market for the first time. Several unemployment protection programs may be suggested and implemented in **non GCC countries; Unemployment insurance of new entrants...** According to international experience, a system of social insurance starts from the stage of joining school. This program is appropriate and student pays a small amount annually deposited in a special fund. This special fund pays unemployment insurance for those who do not get a job immediately after graduation, and within the limits of a certain period of time. All ESCWA countries in the region may apply this type of insurance, and governments especially GCC countries may to pay student’s contribution.

ESCWA countries can benefit from Malaysian experience which was launched in 1998; the **unemployed graduate scheme** is to recruit fresh graduates at government agencies for a few months with minimum monthly allowance. This scheme was established to provide the fresh graduates with some work experience before dispersing in the labour market in addition to providing them a minimum income. Another program was launched in 2008 to retrain the unemployed and to assist them with new jobs. During this training, the trainees would receive a monthly allowance to assist them with their expenses.

International experience also suggests the adoption of Public Employment Programmes in time of crisis. These programmes can be applied in Least developing countries, conflict countries and middle income countries in times of crisis.

Public Works and Employment Programmes (PEP): In times of crisis; such as Egypt experienced nowadays where about 250,000 workers have returned home from Libya, and for a long-term sustainable growth and development, Public works and employment programmes have long been considered a staple of social assistance. For the most part, though, Public work programs have been designed as short-term 'safety nets'.

PEPS are self-targeting by design: self-targeting public employment programmes and unconditional transfers are probably preferable during crisis. Advantages of such programmes can be summarized as follows: First, PEPs have less effect on inflation than measures that aim for a general expansion in aggregate demand and that only boost incomes, since employment programmes directly target the unemployed and affect both aggregate demand and supply, the later through the expansion of infrastructure, goods and services.

Second, PEPs can help to stabilize local development and help to lay foundations for new growth: Public job creation "may be the only effective way to aid those among the long-term unemployed who are less skilled and less well educated" if the objective is to enable them to work while also helping to 'crowd-in' local investment through the provision of needed infrastructure and services. Investment programmes can also help to pave the way for recovery by addressing infrastructure bottlenecks and stimulating investments in new sectors (e.g., green investments and jobs).

Third, PEPs reduce the depreciation of human capital; Unemployment is typically associated with the depreciation of skills, motivation and work habits. By employing those who would otherwise be unemployed and by offering training and education, PEPs can help to maintain and even to appreciate human capital. .

Forth, PEPs have Political Advantages; it can have relative quick impact on unemployment, Especially in economic crisis and /or rural distress; unemployment figures are always political. It is social protection, not charity, potentially enhancing the political and social acceptability of programmes.

Finally, it has Social Advantages. It can contribute to solving basic needs insufficiencies at the household level through income earned as well as through the provision of services that beneficiaries can both create and access. It helps improves human capital at the individual, local, and national levels.

Lessons have to be drawn from Brazil that seeks to set a broad social protection system that would harmoniously coordinate contributory, non-contributory and targeted policies. According to the Constitution of Brazil, the financing of this model should be diversified, combining pay-roll taxes with social contributions on firms' net profit and turnover, as well as general taxes.

Brazil also offers an innovative rural social security which can be implemented in non GCC countries. . The programme focuses on the small family farmer, who utilizes his/her own work and that of his/her family. Farmer's contribution is collected based on the production that was commercialized and the contribution is collected by the buyers.

All countries in the region offer some kind of **social assistance** programmes (income support and other safety net programmes). Cash transfers are provided to elderly and handicapped, coverage under the programme is not fully satisfactory, administration is complex, targeting mechanisms do not necessarily identify the most needy, procedures are complicated and papers are required to apply, eligibility lists are rarely updated, and when they are, benefits are not always granted to those families newly identified as eligible. Some countries provide food and fuel subsidies, with food and fuel crisis these subsidies become very costly. Unlike energy subsidy, food subsidy system has a large poverty reducing impact and has been successfully used as a vehicle to address micronutrient deficiencies through fortification, e.g. iron fortification of flour.

Most of social assistance policies applied in the ESCWA countries are a type of crisis management aimed at neutralizing the impact of certain crisis on ad hoc; they failed to deal with the social impact of the food, fuel and financial crises that have been imposed by globalization-related policies. The political context greatly

influences the speed with which states respond to emerging difficulties and shapes the measures they take¹⁴. Such failure is primarily the result of social policies in those countries that are inadequate and uncoordinated and they are not linked within a single framework of an integrated vision or policy. For instance, the Government of Syria set again the open ended subsidized diesel quotas and GCC governments had the largely increased salaries and pensions after the recent popular uprising in several Arab countries.

In recent years, several ESCWA countries started to reform their social assistance programmes by reviewing targeting mechanisms and increasing administrative capabilities. However, the main challenge in this respect is that **targeting requires a means test based on accurate income information which needs to be updated regularly. And the information problems are compounded in a crisis, in which it is hard to know where the short-term impacts are greatest. Therefore, self targeting approaches should be applied whenever possible. ESCWA countries should realize the political cost of targeting since empirical results showed that fine targeting undermines political support for the program.**

Affordability, lack of coordination, low skill levels, crisis ad-hoc policies and financial difficulties are the main challenges, resulting in the duplication of support to some groups of the population, while others are hardly covered at all. Many of these schemes grant benefits on charity basis, as opposed to clear rights and entitlements. Funding of these programmes is often decided ad hoc, which creates a high level of insecurity for the administering institutions as well as for the beneficiaries. **There is a need to have clear right based social assistance policy, to merge some of the existing schemes into unified social assistance programmes with a view to enhancing effectiveness and efficiency. Greater transparency of these social assistance programmes, better administration and coordination will help to facilitate access to benefits for that in need, and to promote a rights-based approach to social security.**

Sustainability depends on having broad political support, which can be at odds with fine targeting. ESCWA countries should consider self-targeting approach in providing social assistance which incorporates a cost of participation into the design of the scheme. Self-targeted schemes have the added benefit that power is taken away from civil servants and hence incentives toward corruption and favouritism are reduced. Self targeting approach for providing safety net is to build in design features that only encourage those in need of help to seek out the program and encourage them to drop out of it when help is no longer needed given better options in the rest of the economy. As mentioned by Ravallion 2008, the beauty of this approach is that it elegantly solves the severe information problem of targeting in a crisis (or even in normal times).

The governments of non GCC countries could target productive safety nets, such as Cash for work or food for work programs, to the chronically poor. While all categories of ESCWA countries, should provide micro credit at subsidized rates. Productive safety nets could also include access to farm inputs at subsidized prices to support crop and or livestock production. These safety nets build community assets and provide an income transfer that can improve livelihood security. Program-wide emphasis should be given to connecting productive safety nets with risk reduction activities.

While health care services are universally provided, the most pressing concerns are related to the quality of health-care services, high inequality in the distribution of health-care facilities and insufficient coverage by health insurance systems, thereby leaving households in very vulnerable positions in cases of illness and injury. Health care services in ESCWA countries suffer from limited coverage of pre-paid health funding

¹⁴ In Egypt, political rather than social calculations have dominated policies, making government decisions seem arbitrary. For example, the Egyptian government has been criticized for being five months late in responding to the crisis. The government had wrapped up a package of economic policies that include spurring economic growth in the form of spending EGP 15 billion (\$2.63 billion) on labor-intensive projects and forging a social solidarity program aimed at fighting unemployment. The government has approved a fiscal stimulus of around 3 billion dollars—of which around 85 percent will be channeled to public investment. To counteract exacerbating unemployment, the government has charged the Social Development Fund to focus more on labor-intensive and small-scale income generating projects for young people. Moreover, under a plan to enhance loans granted to SMEs, the central bank of Egypt has recently cancelled the 14 percent reserve requirement on loans to small businesses and worked towards facilitating procedures.

mechanisms and lower quality of public health services and high level of out-of-pocket payments for health care. Publicly provided services are more concerned about curative rather than protective services. Lack of protection against catastrophic health expenditure is one of the critical factors contributing to vulnerability and poverty. **The main challenges consist of closing the significant gaps in health coverage and inequality, improving quality of health care services, and establishing or extending mechanisms of social health protection. The ultimate goal is to achieve accessibility and affordability to at least an essential level of medical services. Although GCC countries have managed good coverage of health services in good quality, the high rate of infant and under five mortality rate (compared to high income countries) call for comprehensive health awareness campaigns.**

VII. RECOMMENDATIONS

Given the above challenges, Arab countries should adopt the following principles which guide the development of social security policies¹⁵:

- A coherent national social security system should follow a universal but progressive approach of income security and health systems: Access to an adequate level of benefits should be provided to all (permanent and temporary) residents of a country on a gender-fair basis. Social insurance should cover every one, contributors or non contributors. Social assistance should be universal, but self targeting should be adopted to achieve progressiveness. Productive safety net should be provided for all individuals who are able to work. Targeting using means testing or other characteristic targeting should be the last targeting option. Health care services, especially primary health care, should be available free to all population; full coverage with good quality should be maintained, Brazil provides good example;
- Collective “actuarial fairness” of contributions and benefit levels: Scheme members should receive a minimum benefit replacement rate (or a minimum rate of return) which reflects the overall level of contributions paid, and which are effectively guaranteed, preferably by the State. Egypt provides a good example of low participation rate of self employment to join voluntary insurance scheme;
- Social security is a matter in the public domain and hence requires not only involvement of the traditional tripartite parties, that is, employees, employers and the government but also contributions from civil society as a whole. Therefore, there is a need to improve coordination among the various service providers in order to avoid duplication and misallocation of scarce resources;
- The national strategies should not be oriented only towards new programmes, but mainly to the reformulation, articulation and coordination of existing programmes;
- It is also important for governments to experiment with schemes that offer better incentives, to carefully monitor the costs and outcomes, and to be flexible and pragmatic in their policy responses;
- It is necessary to formulate a new social contract between the state and the citizen in Arab society. This contract should define clearly the rights of the state and its duties towards the citizen and, likewise, outline the rights of the Arab citizen and how to safeguard them.
- Ensuring the good governance of social security is one of the key challenges for future operations and reform of social security. Good governance nurtures trust in the systems, which in turn fosters popular support and helps to increase levels of compliance. Social dialogue between the government, workers, employers and other stakeholders is essential to progressively developing a national social protection strategy in order to ensure a balanced and sustainable approach. Building a coherent national social security system requires effective coordination mechanisms between the responsible ministries and social security institutions, ideally associated with a national social security statistical system which allows the identification of gaps and imbalances in the functioning of the system. Effective monitoring and planning mechanisms can help to improve coordination between different programmes and ensure that resources are allocated in the most effective and efficient way;

¹⁵ Parts of this section are based on ILO and Arab Employment Forum, 2009

- Integrated National Plan and multi-sector coordination: Policies and strategies to risk management should be an integral component of the coordinated and multi-sector national development framework effectively coordinated by line ministries. The successful design and implementation of such an integrated Plan of Action depends on the creation of a forum for maintaining a sustained trans-sector multi-disciplinary dialogue at the policy level between all stakeholders and that has the power of decision on resource allocation.

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