Building Adequate Social Protection System for Families

Expert Group Meeting on

“Protecting the Arab Families from Poverty: Employment, Social Integration and Intergenerational Solidarity”

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Social security is the adoption of public measures to ensure

- basic income security to all in need of protection, in order to relieve want and prevent destitution by restoring up to a certain level income which is lost or reduced by reason of inability to work or to obtain remunerative work due to the occurrence of various contingencies: sickness, unemployment, old age, employment injury, family responsibilities, maternity, invalidity or death of the breadwinner; and

- access to medical care
Rationale

Social Security is a human right and a social necessity...

- Article 22 of the Universal Declaration of Human Rights states: “Everyone, as a member of society, has the right to social security”

- Social transfers and services are powerful tools to provide income security, to prevent and reduce poverty and inequality, and promote social inclusion and dignity

- Social transfers and services strengthen social cohesion and thus contributes to building social peace, inclusive societies and a fair globalization with decent standards of living for all
Rationale
Social Security is an economic necessity ...

- Social transfers and services are powerful policy instruments to combat poverty, insecurity and inequality and ...to achieve the MDGs

- Social transfers and services are an economic necessity to unblock the full economic potential of a country, only people that are healthy, well educated and well nourished can be productive

- There is now widespread acceptance that social protection/security serve as social and economic stabilisers in times of crisis

- And yet, still 75-80% per cent of the global population do not enjoy a set of social guarantees that allows them to deal with life’s risks......

- There is a need for a social protection floor below which nobody should fall ...
Employment and socio-economic situation - Regional overview

- Arab region has lowest labour force participation rates (50.4% in Middle East and 51.5% in North Africa in 2009)

- Unemployment rates in Middle East are the highest regional rates: estimated at 10.3% in 2009, while worldwide average is 6.3%
  - Women are more affected, their unemployment rate exceeds 17%, compared to 6.5% worldwide (e.g. Yemen: 41% in 2008; Syria: 26% in 2007; Jordan: 24% in 2009 and Lebanon 10% in 2007)

- The situation is even worse for the youth: the youth unemployment rate in the Middle East is 24.9% percent - almost 4 times the average adult rate of 6.4%
  - Young women double penalized: Jordan 46% in 2009; Syria 49.1% in 2007 and Lebanon 31.5% in 2007
Despite higher economic growth prospects in 2011, total unemployment rate is expected to remain mostly unchanged with large decent work deficits in the Middle East.

Poverty and income insecurity are still a common feature of many Arab societies, despite recent rapid economic growth:

- Recent estimates suggest that about 20 percent of the Arab population, equivalent to 34.6 million people, lived in poverty.

Another feature of many countries in Arab region is high informality, which translates into high social security coverage gaps: estimates of selected countries are often below 50% of the population:

- Women are again more penalized: few countries in Middle East reach coverage rates of more than 10% of the population for women.
Few Arab states have developed coherent national social security policies.

Most of the Arab countries have social insurance systems which only provide long-term benefits (old age, disability and survivors’ pensions and employment injury benefits).

Only few Arab countries offer short-term benefits: Bahrain and Jordan are the only countries which have unemployment benefits in place and Jordan is the only one which has a maternity insurance scheme in place.

Most countries of the region lack protection against catastrophic health expenditure, a critical factor contributing to vulnerability and poverty.

None of the countries in the region has a rights-based social assistance scheme.
## Social security programmes - Regional overview

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SI = Social Insurance; OI = Other Ins. Arrangement (Prov. Fund, etc.); SSA = statutory social assistance (rights-based); SN = Safety Net Programme (not rights-based)

Source: ISSA Observatory Country profiles
There are also considerable **coverage deficits** in the region.

While in most countries, existing schemes cover workers in the public sector and private sector on regular contracts, other workers, such as temporary, agricultural, domestic, informal and migrant workers, and to a large extent self-employed workers are excluded from legal coverage (recent WB estimates suggest a coverage of 30% of workers in the region for pensions).

Due to low levels of formal employment participation of women, their social insurance coverage is even lower.
All countries offer some kind of social assistance programmes, however, benefits are granted on a discretionary basis, as opposed to clear rights and entitlements.

The providers of these programmes range from governments to NGOs. A lack of coordination is of concern, resulting in the duplication of support to some groups, while others are hardly covered.

Another issue is funding, often decided ad hoc and creating a high level of insecurity for institutions and beneficiaries.
Social security deficits - Low social security expenditure

Social security expenditure by region, weighted by population, latest available year (percentage of GDP)
Social security deficits - Universal subsidies at the expense of more effective programs

The average MENA country spends 5.7 percent of GDP on food and fuel subsidies, as opposed to 1.3 percent of GDP in the average benchmark country.

Source: World Bank 2012, Inclusion and Resilience
Social security deficits - Universal subsidies are inefficient and pro-rich

Universal subsidies and in particular, fuel subsidies have staggering leakages to the non-poor
Most Social Safety Nets in MENA have a limited effect on poverty and inequality.

Source: World Bank 2012, Inclusion and Resilience

Low coverage, poor targeting, and insufficient generosity of social protection in MENA account for their small impact on poverty and inequality.
Many in MENA are at risk of falling into poverty during shocks and crises.

Many in MENA live just above the poverty line, and are vulnerable to poverty.

% of people living between 2-2.5 USD/day

<table>
<thead>
<tr>
<th>Country</th>
<th>% of People</th>
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<tr>
<td>Egypt, Arab Rep.</td>
<td>17</td>
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<td>Yemen, Rep.</td>
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<td>Iraq</td>
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<td>Djibouti</td>
<td>14</td>
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<td>Syrian Arab Republic</td>
<td>13</td>
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<td>Algeria</td>
<td>12</td>
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<tr>
<td>Morocco</td>
<td>11</td>
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<td>Iran, Islamic Rep.</td>
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<td>Tunisia</td>
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<td>Jordan</td>
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Most expenditures of the poor and vulnerable are committed to essentials.


- **Richest**
- **4th Quintile**
- **3rd Quintile**
- **2nd Quintile**
- **Poorest**

Legend:
- Food
- Rent
- Utilities
- Education
- Health
- Clothes
- Telecom
- Other

Survey on poverty in MENA

Have there been times in the past 12 months when you did not have enough money to buy food that you or your family needed?

Source: World Bank 2012, Inclusion and Resilience
Survey on poverty in MENA

In your country, are you satisfied or dissatisfied with efforts to deal with the poor?

- United Arab Emirates
- Kuwait
- Saudi Arabia
- Bahrain
- Tunisia
- Jordan
- Yemen, Rep.
- Egypt, Arab Rep.
- Morocco
- Lebanon

Source: World Bank 2012, Inclusion and Resilience
Preference for Cash Benefits vs. In-Kind Benefits

What is the Social Protection Floor (SPF)–Initiative?

In April 2009, the UN Chief Executives Board (UN CEB) agreed on nine joint initiatives to confront the crisis, among them the Social Protection Floor Initiative.

The SPF Initiative aims at joint global and local UN action lead by ILO+WHO to promote access to essential services and social transfers for the poor and vulnerable. It includes:

- A basic set of essential social rights and transfers, in cash and in kind, to provide a minimum income and livelihood security.

- Geographical and financial access to essential public services, such as health, water and sanitation, education, social work.
The SPF is a global and coherent social policy concept that promotes nationally defined strategies for the provision of a minimum level of access to essential services and income security for all.

For such purposes, the SPF promotes a holistic and coherent vision of national social protection systems, rights-based, as a key component of national development strategies.

The SPF corresponds to a set of basic social rights, services and facilities that the global citizen should enjoy, for a life in dignity, across the life cycle.
The components of the Social Protection Floor

<table>
<thead>
<tr>
<th>Basic health care</th>
<th>Child benefits</th>
<th>Assistance for the unemployed and poor</th>
<th>Basic old-age, widows and invalidity benefits</th>
<th>Health services</th>
<th>Water and sanitation</th>
<th>Education</th>
<th>Housing</th>
<th>Other social services</th>
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Social transfers  
(ILO+WHO+UNICEF)

Essential social services  
(WHO+UNICEF+UNESCO+  
FAO+-HABITAT+  
Other Agencies)
The Social Protection Floor: four nationally-defined guarantees

A national social protection floor guarantees that:

- All residents have access to essential health care including maternity care
- All children enjoy basic income security (providing access to nutrition, education and care)
- All persons in active age who are unable to earn sufficient income (e.g. in case of sickness, maternity, unemployment, disability) enjoy basic income security
- All older persons enjoy basic income security

Transfers in cash and in kind should guarantee geographical and financial access to essential services such as water and sanitation, health, and education
Principles for the implementation of the two-dimensional strategy

<table>
<thead>
<tr>
<th>Principle</th>
<th>Requirements</th>
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<tr>
<td>Universal coverage</td>
<td>• Universal coverage of all residents</td>
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<td>• If necessary gradual implementation based on rational priority-setting in a</td>
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<td></td>
<td>social dialogue process</td>
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<tr>
<td>Sustainability</td>
<td>• Fiscal, financial and economic sustainability</td>
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<td></td>
<td>• Scope of basic guarantees commensurate with available fiscal space</td>
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<tr>
<td>Rights-based approach</td>
<td>• Benefit provision as a legal entitlement</td>
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<td>Adequacy and focus on outcomes</td>
<td>• Adequacy of guarantee levels with clear focus on outcomes</td>
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<td></td>
<td>• Flexibility as to institutional arrangements (pluralism)</td>
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<td></td>
<td>• Coherence and efficiency of overall social security system</td>
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<tr>
<td>Progressiveness</td>
<td>• Encouraging progress towards C102 and higher-level ILO standards</td>
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Guaranteeing access to essential health care and minimum income security for all

Vertical dimension:
- Progressively ensuring higher levels of protection guided by C.102 and more advanced standards

Horizontal dimension: Guaranteeing access to essential health care and minimum income security for all

Social Protection Floors Recommendation: A key instrument to promote social inclusion

Provides guidance to members to:

- (a) Establish and maintain, as applicable, social protection floors as a fundamental element of the national social security systems
- (b) Implement social protection floors within strategies for the extension of social security that progressively ensure higher levels of social security to as many people as possible, guided by ILO social security standards

Progressively build and maintain comprehensive and adequate social security systems

Nationally defined sets of basic social security guarantees aimed at preventing or alleviating poverty, vulnerability and social exclusion
The Social Protection Floor can be achieved through different systems:

- Social assistance
- Social insurance
- Universal systems
- Combination of those

Nationally guaranteed outcomes

national choice
The underlying development policy paradigm: “Growing with equity” ... that could look as follows

The virtuous cycle of development:

- Employable
- Employed in formal sector and paying taxes
- Higher levels of Social Protection
- SPF Investments
- Schooling/Training Health

Higher levels of Social Protection

The virtuous cycle of development

Employable
The basic social protection package is affordable: Cost of basic transfers...

In percent of GDP
Estimated effect of cash transfers on reduction of poverty (headcount)

- Senegal
- Tanzania

Poverty rate (percent of the population)

- Universal old age and disability pension
- Universal child benefit for school-age children (7-14)
- Simulated remaining poverty rate
Successful SPF Experiences

Argentina

- Asignación Universal por Hijo (AUH) (Universal Child Allowance)
  - **Coverage:** 85% of Argentinian girls and boys
  - **Impact:** Reduced poverty (-22%) and extreme poverty (-42%)

India

- Mahatma Gandhi National Rural Employment Guarantee Scheme (Wage employment programme)
  - **Coverage:** 52.5 million households (50% of women participants)
  - **Impact:** Increase in minimum wages for agricultural workers, decreased out-migration from villages, women’s empowerment

Thailand

- Universal Coverage Scheme (Universal health care)
  - **Coverage:** 80% of the population
  - **Impact:** 88,000 households (2008) were prevented from falling below poverty line
Successful SPF Experiences

Brazil

- **Bolsa Familia** (Conditional cash transfer)
  - **Coverage:** 26% of the population
  - **Impact:** Reduced the poverty gap by 12% between 2001 and 2005

- **The Rural Social Insurance Programme** (Non-contributory pension for the rural poor)
  - **Coverage:** 80% of agricultural workers - 66% of rural population
  - **Impact:** Reduction of 4 million poor people

South Africa

- **Child Support Grant** (Means-tested non-contributory cash transfer)
  - **Coverage:** 10 million children
  - **Impact:** Reduced the poverty gap by 28.3%
Key issues for the future of social protection

- Need attention to politics of social protection and relationship to social justice.

- Social protection is much more than a service-delivery. It shows the type of society we wish to live in - individual vs collective.

- Social protection must be multi-sectoral in design and delivery. Link Social protection to labour market, health, poverty reduction and governance policies.
Comprehensive social security systems represent important social tools that can temper exclusion and latent or simmering unrest.

Thereby they can contribute to creating more cohesive and inclusive societies.

National social protection floors go beyond providing basic social relief:

- They also fosters forms of democratization that build citizenship, and
- Break down barriers that impede fuller participation by the poor in political processes that affect their lives.
Conclusions -
The Arab Spring calls for ‘bold reforms’

- Social protection and social security are required to build the resilience of individuals and communities during times of crisis and political transition.
- Urgent need in the region to enhance social protection mechanisms for those left behind in the labour market and health care systems.
- Urgent need to establish national Social Protection Floors across the region.
- Social protection needs political will and support.

- Current and new regional governments should view social protection as a fundamental component of economic growth.
THANK YOU