

Policy in Focus

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Social protection
after the Arab Spring

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Policy in Focus



The International Policy Centre for Inclusive Growth (IPC-IG) is a partnership between the United Nations and the Government of Brazil to promote South–South learning on social policies. The Centre specialises in research-based policy recommendations to foster the reduction of poverty and inequality as well as promote inclusive growth. The IPC-IG is linked to the United Nations Development Programme (UNDP) in Brazil, the Ministry of Planning, Development, Budget and Management of Brazil (MP) and the Institute for Applied Economic Research (Ipea) of the Government of Brazil.

Director a.i.: Niky Fabiancic

IPC-IG Research Coordinators: Diana Sawyer; Fábio Veras Soares; Luis Henrique Paiva; Rafael Guerreiro Osorio and Sergei Soares

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Specialist Guest Editors:

Rafael Guerreiro Osorio and Fábio Veras Soares,
International Policy Centre for Inclusive Growth (IPC-IG)

In-house Editor: Manoel Salles

Publications Manager: Roberto Astorino

Copy Editor: Jon Stacey, The Write Effect Ltd.

Art and Desktop Publishing: Flávia Amaral and Rosa Maria Banuth

Cover photograph: Rafael Guerreiro Osorio/IPC-IG. Tahrir Square, Cairo, Egypt.

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Editorial

When countries in the Middle East and North Africa (MENA) achieved their independence, formal social protection schemes established by former colonial powers were, to varying degrees, assimilated or mimicked by the State, particularly pension systems for government and formal-sector workers. These systems, however, have proven to be highly subsidised and regressive in terms of income distribution in the face of large segments of the population engaged in the informal sector (or rural work), who have remained excluded from formal social protection unless eligible for some social assistance programmes, mostly with lower coverage and benefits. In fact, a significant share of the social expenditure with a social protection function in most of these countries was assigned to universal or quasi-universal subsidies of fuel and staple foods.

Today, formal non-contributory social protection systems in the region are undergoing significant reforms. There is widely acknowledged evidence that subsidies are badly targeted and, therefore, inefficient in the fight against poverty and vulnerability. Similarly, there is the perception—often backed by evidence—that non-contributory social protection systems are also badly targeted, excluding the poorest and most vulnerable people and benefiting those who are not in any immediate need of aid. Many countries are phasing out subsidies and redirecting social investment into direct, in most cases, targeted cash transfers. Some are adding conditional cash transfers to their social protection systems, as well as new or reformulated old-age pensions and disability grants.

This wave of non-contributory social protection reform now faces three great challenges. The first

is stunted economic growth in most countries of the region, largely caused by the global economic crisis and falling oil prices. Coupled with their demographic features, this translates into high unemployment rates, particularly among the youth. The second challenge is rising inflation rates—partially driven by the phasing-out of subsidies.

The combination of higher food prices and unemployment leads to increased poverty and greater demand for the support of non-contributory social protection.

The third challenge is the proliferation of conflicts and their consequences. Most of the millions of people displaced by these conflicts find refuge in neighbouring countries, and their personal tragedies are amplified by hunger and disease. Providing for these refugees adds to the already difficult task of supporting poor and vulnerable nationals.

This issue of *Policy in Focus* gathers articles from leading scholars, researchers and practitioners to discuss these challenges from different perspectives. They examine the current state of non-contributory social protection in the MENA region as a whole and in specific countries, and explore how these countries have been coping with and learning from the recent economic and humanitarian crises. We hope that these distinct views will help increase awareness and stimulate new debates regarding these complex topics.

Rafael Guerreiro Osorio and Fábio Veras Soares

Non-contributory social protection in the MENA region: an overview

by *Rafael Guerreiro Osorio*
and *Fábio Veras Soares*¹

This issue of *Policy in Focus*, dedicated to examining non-contributory social protection in countries of the Middle East and North Africa (MENA), opens with an article on pension schemes by Markus Loewe, who reminds us that all countries in the region have one or more Bismarckian old-age pension schemes. They were set up in the second half of the 20th century, when most of the MENA countries became independent. However, these schemes do not allow full coverage of the population, as they usually exclude informal urban and/or rural workers. In some countries, only the affluent workers of the public and private sectors have access to pensions, which are partially—sometimes fully—subsidised by the government.

These schemes have no substantial impact on poverty and contribute to inequality. The most privileged workers have access to generous schemes that yield high benefits from low levels of contribution and allow for early retirement. Loewe alerts that such schemes are not sustainable.

He ponders that even the few countries that have achieved large coverage through the inclusion of informal workers in contributory social protection have failed to provide social protection to the poorest people. While social assistance programmes do exist, they lack good coverage of the poor, as MENA countries have traditionally opted for universal food and fuel subsidies and categorically targeted transfers.

Indeed, various articles in this volume show that besides food and fuel subsidies, much of the social assistance in the MENA region has targeted households without an able-bodied adult man. There are pension schemes for elderly people and those with disabilities, as well as income support for unmarried women and orphaned children. Such schemes tend to exclude poor nuclear families with a male breadwinner, and include some that are not consumption- or income-deprived at all. However,

governments in the region have been reforming social assistance programmes, often aiming to improve the targeting and coverage of poor households.

In the following article, Rana Jawad delves more deeply into the historical and sociological reasons for the development of social welfare systems being skewed towards the political and urban elites in MENA countries, resulting in the huge gaps in social protection coverage that Loewe mentioned in his piece. Jawad describes how communities and families traditionally organised themselves to fill in solidarity gaps left by the State and markets, highlighting the important role of religious charities and institutions such as *zakat*.

Jawad's main concern is whether the introduction of targeted cash transfer programmes, following in the footsteps of Latin America and sub-Saharan Africa, is a paradigmatic shift in social protection or just a reaction to the Arab Spring, serving 'old wine in new bottles' without really touching the status quo—the 'autocratic social contract'. Is the introduction of means- or proxy means-testing (PMT) a way to increase the efficiency and effectiveness of social protection against poverty, or just a movement to narrow it down? Jawad posits that substituting targeted cash transfers for universal subsidies will not address the structural causes of poverty and might leave unprotected a substantive share of the population who, not being poor enough to be eligible for cash transfers, will have to face rising food and energy prices without any compensation.

Stephen Devereux draws attention to yet another problem. Conflicts in the region have led to large numbers of internally displaced persons (IDPs) and refugees, who must rely on the humanitarian assistance of international organisations, as the social protection systems of MENA countries usually do not cover them. Even the wealthy and economically stable Gulf States, which for regional standards offer outstanding social protection for their

citizens, have a large number of immigrants in their population who are not covered.

Devereux adds that the coverage gaps and the underdevelopment of modern forms of social protection in MENA might also stem from an over-reliance on informal and semi-formal social protection provided by extended families and religious institutions. He argues that other forms of non-contributory social protection in the region—namely, school feeding, public works and nutrition programmes, as well as targeted cash transfers and food vouchers—have been inefficient at addressing poverty due to a combination of low coverage, bad targeting, limited budgets, fragmentation and a lack of coordination.

He is particularly concerned about the lack of integration between food security and social protection policies, pointing out that a balance is needed between scaling up modern forms of social protection and reforming subsidies.

Devereux advocates that the resources currently allocated to subsidies should be diverted to social protection, integrating targeted cash transfers with labour market activation. This should be accompanied by improvements in targeting and a strong focus on child protection.

The argument for greater emphasis on child protection is also defended by Arthur van Diesen. In his article, he highlights children's well-being as a shortcoming of social protection systems in MENA countries. A recent poverty study commissioned by the League of Arab Countries revealed that one in four children in 11 countries are suffering from acute multidimensional poverty.

Although Van Diesen acknowledges that social protection reforms in MENA countries have started bridging the child protection gap, he argues that there is an urgent need for more. Most countries in the region have rising youth shares in their population and are in the first stage of the

demographic transition. The 'demographic dividend' is a window of opportunity for structural transformation, but to make the most of it, countries must invest heavily in children and create decent labour opportunities for the youth.

Social protection can help with this, although there are challenges. In many countries, the non-contributory social safety net is fragmented in loose programmes that receive a very small share of public expenditure. Conflict and displacement can disrupt social protection schemes when they are most needed, and IDPs and refugees are left to humanitarian assistance. The heterogeneity of the challenges faced by MENA countries is such that it precludes a single solution to improve child protection. Nevertheless, Van Diesen posits five principles that should lead to an improvement in the child-sensitivity of social protection systems in MENA.

In a similar vein, Gisela Nauk argues that the social protection systems of MENA countries produce a rift in the population, dividing people between insiders and outsiders—the protected and the unprotected. After the events of the Arab Spring, many countries have responded by increasing social expenditure, with limited impacts on poverty and inequality. As universal food and energy subsidies became unsustainable, reforms towards targeted cash transfer programmes spread throughout the region as a mitigation mechanism.

However, countries learned from experience that abruptly removing universal subsidies can generate resistance and civil unrest; thus gradual approaches were adopted to phase them out. To more efficiently channel the resources diverted from subsidies to poor people, registries of poor and vulnerable populations were set up and integrated with other government registries. These registries are being used to introduce large—often conditional—cash transfer programmes, which Nauk considers the main way to alleviate the social impact of diminishing food and energy subsidies.

Nauk, like Jawad, worries that replacing subsidies with targeted cash transfers might narrow the focus of social protection and investment to poverty alleviation only, losing sight of human development and inequality reduction goals. Recent research

suggests that only a small proportion of the revenues once allocated to subsidies have effectively been diverted into targeted social protection. Therefore, the fiscal space created by phasing out subsidies is not being efficiently used to accommodate the expansion of targeted cash transfers. There is still room for expansion, such as by reforming tax systems to increase their progressivity. This might face fierce opposition from the middle classes, which were already negatively affected by the reduction in subsidies.

In the following article, Kishan Khoday discusses the challenges of climate change. The Arab region is already the world's most water-insecure and dependent on food imports. This situation could be worsened by climate change, and the links to poverty and social protection are obvious. Droughts and other climate disasters are already responsible for a fair share of IDPs in the region. Khoday advocates that social protection systems can help communities build resilience.

He argues that to integrate social protection with the Sustainable Development Goals (SDGs), it is important to combine it with two other policy fields—climate change adaptation and disaster risk reduction. This integration has resulted in a new paradigm: 'adaptive social policies', which the author identifies as one of the most relevant emerging trends among international organisations devoted to fostering development.

Relatedly, Verena Damerau and Oscar Ekdhal show in their subsequent article that the combination of regional problems and challenges—from armed conflict and civil unrest to a high dependence on food imports and vulnerability to climate change—have led to increasing rates of malnutrition in MENA countries, while the opposite trend is true in the rest of the world. A recent study in eight MENA countries revealed that, on average, 20 per cent of households were food-insecure.

The authors argue that school feeding programmes are an important instrument to improve nutritional indicators, reduce food insecurity, build resilience to climate change and promote human development. School meals can be a vehicle for distributing nutrient supplements, and

the procurement process can prioritise 'home-grown' produce from smallholders.

Another interesting point raised by Damerau and Ekdhal is that the huge humanitarian assistance framework set up to deal with millions of IDPs and refugees can offer valuable lessons to social protection reformers in MENA countries. The policy instruments that were created to support refugees can drive innovations in traditional social protection systems. So far, few countries have grasped this opportunity, but the authors mention the promising case of Turkey, where humanitarian assistance to Syrian refugees has been embedded in and aligned with the standard social protection system.

Like Khoday, Damerau and Ekdhal posit that public works tailored to the agricultural sector and to build infrastructure in rural communities are a way to increase linkages between social protection, food security and resilience to climate change. Although this option has not yet been explored by governments in the region, the authors deem that it should be considered seriously in countries with large rural populations, such as Egypt and Sudan.

The next article, by Flavia Lorenzon, focuses on rural poverty—which has been rising in some countries—and the role of social protection. The agricultural sector in the MENA region, which accounts for about 38 per cent of the economically active population, contributes little to gross domestic product (GDP) due to its low productivity. Most of the production is provided by smallholders, and most of the agricultural land is farmed by families who are not covered by social protection programmes.

Lorenzon argues that poor people in rural areas do not benefit from food subsidies as producers, because they apply to imported food products or large national producers. Neither do they benefit much from food subsidies as consumers, as they rely—at least partly—on their own production for subsistence and spend little on food.

Joining the call for greater integration between agricultural policies and social protection, Lorenzon argues that cash transfer programmes that use PMT to select beneficiaries tend to favour rural

households, as they usually have worse indicators than urban ones. Therefore, ministries of agriculture and social protection in the region can work together to develop joint policies that can not only help poor smallholders overcome poverty but also increase the resilience of agricultural production in the face of climate change. This would lead to societal benefits such as a reduction in food prices and increased quality of produce.

Charlotte Bilo and Anna Carolina Machado's article provides a fresh take on child-oriented social protection, establishing a direct dialogue with Van Diesen. The authors present a mapping of social protection programmes in the MENA region and assess their child-sensitive features.

Based on more than 100 non-contributory social programmes, they show that unconditional cash and in-kind transfers are the prevalent form of non-contributory social protection in the region, followed by energy and food subsidies, and school feeding and conditional cash transfer programmes, which have been growing recently. Health care benefit programmes, health subsidies, education, cash for work, fee waivers and in-kind conditional cash transfer programmes complete the typology.

Many countries have introduced flagship programmes, some of which target poor and vulnerable families with children. However, the lingering focus on unconditional transfers for work-constrained populations seems to jeopardise the child-sensitivity of social protection systems by excluding vulnerable (working) families with children.

The next article, by Gabrielle Smith, discusses the integration between humanitarian assistance programmes and national social safety nets. Smith reminds us that, in 2016, the main international actors in the humanitarian aid field agreed not only to scale up the use of cash transfers in crisis settings but also to increase the shock-responsiveness of national social protection systems to channel humanitarian assistance.

Indeed, some countries in the region that already had targeted cash transfers worked with UNICEF to use features of national social protection systems to deliver

humanitarian cash transfers. She presents the cases of Turkey, Yemen, Iraq and Syria, which achieved some integration between humanitarian assistance and national social protection systems through unique institutional arrangements.

Smith lists some anecdotal evidence that this integration led to improvements in national social protection systems. However, she acknowledges that there are many challenges involved, such as providing more robust evidence of effectiveness.

The next section of this volume comprises articles discussing specific MENA countries. Sarah Shahyar provides an in-depth assessment of social protection in contemporary Iran. She takes us back to the 1930s, when the Iranian State became able to fund its activities—including social protection—with its oil revenues, without the need for taxation. Rapid development in the 1960s and 1970s, together with rising oil prices, led to an expansion of coverage. Still, a proportion of workers had no access to any scheme. Not surprisingly, one of the mottos of the 1979 Revolution was redistribution of wealth. Yet the new social protection institutions that emerged from the Revolution were not integrated with the existing ones, leading to the development of a dual system.

Despite this duality, in the decades after the Revolution Iran succeeded in expanding social policies: education, health and social protection. However, in 2010 the country started a subsidy reform, and its negative effects were mitigated by the introduction of a near universal cash transfer programme based on self-identification. This led to a very fast expansion, covering around 90 per cent of the population with generous benefits. This is likely one of the causes of the decline in poverty observed after its implementation. Nonetheless, the worsening economic conditions due to international sanctions were accompanied by rising inflation, eroding the purchasing power of the transfers. Programme funding difficulties led to the adoption of targeting mechanisms to exclude richer families.

Shahyar is sceptical of PMT approaches. Like other authors in this issue, she fears that PMT symbolises the loss of a

universalist, rights-based approach to social protection. Moreover, she anticipates that restricting social services to poor people will compromise their quality and lead to their provision being perceived as charity, not as a basic right of citizens. Closing her piece, she defends the adoption of a universal child subsidy as a solution bridging practical basic income, which the Iranians had for a brief period in the early 2010s, and more narrowly targeted (PMT-style) cash transfers.

In the next piece, Mahdi Halmi shows how Morocco achieved substantive reductions in poverty and advances in many dimensions of well-being through greater public investment in social policies. However, he points out that these achievements resulted from a disjointed set of initiatives—about 140 different programmes, according to a 2015 mapping. This extreme fragmentation ultimately motivated Morocco to start its social policy reform.

The mapping revealed that most initiatives lacked a clear definition of targeting and eligibility criteria. Targeting and coverage issues could lead to the exclusion of specific groups, notably children. Family allowances would not cover the children of informal workers, and the well-known *Tayssir* cash transfer programme targeted only school-aged children.

A multidimensional child poverty study was conducted to better inform the reform efforts. The study revealed that despite important achievements, a significant share of Moroccan children still suffered from multiple, overlapping deprivations. Halmi presents the main results of this study and offers policy recommendations to increase the child-sensitivity of Moroccan non-contributory social protection.

Mario Gyor, Fabio Veras Soares and Alexis Lefèvre provide a more detailed account of Morocco's *Tayssir* programme, the first targeted cash transfer programme in the MENA region.

Tayssir is known for its substantive impacts on educational outcomes, even larger than those of its Latin American counterparts. However, the programme's claim to fame was that its impact evaluation tested different programme design options.

It revealed that where the cash transfer was conditional, it had largely the same impact as where it was 'labelled'—unconditional—but a series of adjustments were made to signal to beneficiaries that the cash transfer was destined specifically to children's education. The enrolment of beneficiaries was performed at schools, and the official communication highlighted that the objective was to ensure that families would enrol their children in school and enforce their attendance.

However, as *Tayssir* is not implemented in all municipalities, many poor school-aged children still do not benefit from it. The authors also note that the programme is essentially an educational cash transfer, and that despite its outstanding impact on educational outcomes, it has limited poverty reduction potential. This is due to its limited coverage, and the fact that the values transferred only represent about 5 per cent of the average consumption of poor Moroccan families. To strengthen the programme, the authors suggest extending coverage to all municipalities benefited by the Moroccan strategy for rural development, and increasing the value of the transfers. They suggest that the fiscal space necessary to accommodate the scaled-up and increased transfers could be provided by revenues freed in the subsidy reform.

In the following piece, Amina Said Alsayyad describes how Saudi Arabia is trying to recast its social contract and reduce its dependency on oil by diversifying the economy and investing in human development. To accomplish this, Saudi Arabia has devised a national strategy that is thoroughly aligned with the SDGs—Saudi Vision 2030.

Saudi Arabia is a powerful and wealthy State, and it remains so despite having been affected by declining oil prices. The author states that simple income inequality is no more of a problem in the country than in others. Rather, the true issue is the multidimensional nature of poverty and inequality. One of these dimensions—perhaps the most relevant—is gender. Saudi Vision 2030 intends to unleash the economic potential of Saudi women by investing in their education and creating conditions for their participation in labour markets.

As in other MENA countries, Saudi Arabia is moving from food and fuel subsidies to targeted social protection. Access to health, education and social assistance depends on relative stratification by income quintiles. Citizens in the two bottom quintiles—the poorest 40 per cent of the population—will be entitled to full assistance; entitlements are partial and decreasing for the two subsequent quintiles, and the richest 20 per cent of the population will not be entitled to non-contributory social protection. Another interesting feature is the creation of a 'unified citizen's account' to integrate benefits.

In turn, Abdel-Rahmen El Lahga's article presents Tunisia's subsidy reforms and the possibility of implementing a compensatory cash transfer programme, discussing its possible impacts on poverty. El Lahga presents a time series of the composition and level of subsidies dating back to 2005, peaking in 2013 and subsequently decreasing, mainly due to a reduction in energy subsidies. He is also worried about a possible political backlash resulting from these reforms.

Energy subsidies are regressive: there is good evidence that they accrue relatively more to the richer quintiles of the population, although the middle and bottom do benefit from them to some extent. Thanks to the availability of good data, the Tunisian government has access to micro-simulation-based studies to draw possible scenarios contemplating how to compensate for the removal of subsidies.

In addition, the author discusses the potential impacts of diverting resources from energy subsidies to social protection under three distinct scenarios: universal; current targeting; and perfect targeting. Not surprisingly, this exercise reveals that a universal transfer to all Tunisians would have a small value and thus a negligible impact on poverty. The distribution of resources through the two main social assistance programmes would achieve only slightly better results due to bad targeting and low coverage. The enormous gap between current targeting and perfect targeting (even if it is unattainable) proves that there is much room to improve the efficiency and effectiveness of non-contributory social protection in Tunisia.

Finally, Atif Khurshid concludes this issue of *Policy in Focus* by analysing the evolution of social protection in Iraq, starting with the economic crisis that arose from the international sanctions imposed after the invasion of Kuwait in 1990. Ration Cards, initially a temporary solution to a specific crisis, were scaled up to cover almost all Iraqis. In 2005, Iraq established a cash transfer programme—the Social Protection Network (SPN)—which, like other programmes in the region, started with categorical targeting but eventually added a PMT layer. As of 2017, the SPN is the largest cash assistance programme in the country, reaching more than a million poor households. Although there are international organisations providing humanitarian assistance, Iraq has its own humanitarian cash transfer for displaced families.

According to Khurshid, Iraq allocated 6.2 per cent of its 2017 budget to its three main non-contributory social programmes. Like other MENA countries, Iraq heavily subsidises electricity, and this expenditure is greater than the amounts allocated to all these programmes. The author points out that this reduces the efficiency and thus the effectiveness of social protection resources. Khurshid argues that to better cope with increasing poverty within the constraints of a tight fiscal space, Iraq should phase out subsidies and reallocate resources to targeted cash transfers and to a better-targeted Ration Cards programme.

He also highlights that there are coverage gaps, and that the high poverty gaps require cash transfers to be scaled up and targeting mechanisms improved. The rate of child poverty is very high, particularly among IDPs, and the current system does not adequately address the issue. Finally, Khurshid states that in addition to targeting, benefit structures should also be revised so that transfers are administered according to the intensity of the poverty gap—which could also increase the efficiency and effectiveness of transfers in reducing poverty. ●

1. International Policy Centre for Inclusive Growth (IPC-IG).

Pension schemes in MENA: generous—but not to the poor!¹

by Markus Loewe²

All countries in the Middle East and North Africa (MENA) region show substantial inequalities in the provision of social protection for elderly people. They all have public old-age pension schemes, most of these with substantial budgets (2–5 per cent of the gross domestic product—GDP) and providing comparatively generous benefits to their beneficiaries, in some countries almost equal to their last salary/wage after 40 years of contributions (Loewe 2010; Lustig 2016).

However, these benefits are very unevenly distributed across the population. Some social groups receive decent transfers, whereas others much less so, while most people in MENA still lack access to any of these public pension schemes whatsoever. This is especially true for those who work for lower pay in the informal sector. As a result, most public pension schemes in MENA have only limited impact on income poverty and might even contribute to income inequality in some countries. In addition, public pension schemes in the region suffer from serious deficits with regards to efficiency and sustainability. These findings are particularly concerning given the fact that MENA societies are ageing—i.e. the share of people above age 65 is increasing rapidly—and that traditional forms of social protection continue to dwindle.

Some MENA countries built up their pension schemes immediately after independence. Algeria inherited its Bismarckian³ pension scheme—including not only pensions and health insurance but also unemployment benefits and child allowances—from the French colonial power. Iran and Egypt followed in 1953 and 1955, respectively, both also largely copying the French model. Subsequently, all other MENA countries adapted either the Algerian or the Egyptian model to their own needs and preferences. The Algerian model includes a child allowance component, and the schemes based on it tend to guarantee minimum pension levels that are defined

as a percentage of minimum wage levels. Social pension insurance schemes that follow the Egyptian model tend to provide for minimum pensions that are defined in absolute terms (Loewe 2010).

The Palestinian Territories are a particularly interesting case because they currently have three different pension schemes: the Gaza Strip still uses the pre-reform Egyptian pension model because it was administered by Egypt until 1967; the West Bank, which was part of Jordan until 1967, still applies the Jordanian pension law; and East Jerusalem is largely integrated into the Israeli scheme (Loewe 2014).

Today, most MENA countries have a non-contributory pension scheme in addition to one or more contributory social insurance schemes. However, hardly any of the non-contributory schemes are meant for poor people. Instead, they cover the armed forces—and in most countries (e.g. Bahrain, Egypt, Iran, Morocco, Oman, Tunisia and Yemen) also civil servants and other public-sector employees—while the contributory schemes cover private-sector employees. In most countries in the region this does not include informal employees, such as temporary and domestic workers and those who are self-employed, and in some not even employees in agriculture (major exceptions being Algeria, Bahrain, Egypt, Iran, Libya and Tunisia). Nevertheless, some contributory schemes receive government subsidies that finance from a small share to almost all their costs (Loewe 2010).

Most governments in the region subsidise one or more of the contributory schemes. Some cover a minor share of total costs, such as the Government of Jordan, which has taken responsibility for the costs of minimum pension rules (discussed further in the article). Others, however, bear the bulk of the costs—such as the Government of Egypt, which finances more than 90 per cent of the pensions which are paid by the so-called universal scheme. However, not a single MENA country has a proper anti-poverty pension scheme that is entirely financed by taxes.

Almost all MENA countries have means-tested social assistance systems in addition to their pension schemes. These are all entirely financed by government budgets, and most target households lacking a work-enabled male member between 15 and 65 years of age. However, these schemes typically reach no more than 5 per cent of all households, or 20–25 per cent of the households living below the national poverty line. Algeria, Iran and Tunisia are the main exceptions, since their social assistance schemes cover more than half the poor population (in fact, in Iran it covers almost all of them).

However, in almost all MENA countries, the provision of social assistance is not reliable. Even the poorest people have no guarantee of assistance, and in some countries (the most extreme case being Iraq), a considerable proportion of the beneficiaries are in the richest income quintile of the population. In addition, transfers tend to be low and, hence, not even sufficient to lift beneficiaries above national poverty lines. Therefore, receiving social assistance is not at all comparable with being covered by a public pension scheme.

Again, Iran is a major exception to this pattern. By 2010 it had managed to set up a near-universal social cash transfer programme reaching almost 90 per cent of the population, including almost all poor people and, therefore, elderly poor people as well.

In 2015 Egypt started implementing the *karāma* (dignity) programme, which provides means-tested social assistance to elderly people and those with disabilities. It seems better than social assistance programmes in other MENA countries, in terms of targeting and outreach, but a final evaluation is still not available.

In any case, most employees in the MENA region are not entitled to any pension when they retire. Even the combined legal coverage rate of all public pensions is less than 50 per cent in most MENA

countries, and their effective coverage rates are even lower. This phenomenon is typical of low- and middle-income countries and is due to three factors: some workers do not know that they are entitled to social insurance and are not registered by their employers (who do not want to pay their contributions); other workers do not dare to press for their right to be registered; and yet others are not interested in joining because they do not believe that paying contributions to a pension scheme will ever pay off.

Algeria, Libya and Tunisia are, in a way, exceptions in that the effective coverage rates of their public pension schemes were clearly higher than 70 per cent before 2011—a fact that probably remains in Algeria and Tunisia. Egypt and Jordan also do better than the rest: both countries achieved an effective coverage of more than 50 per cent. However, other MENA countries cover only between 15 and 30 per cent of all employees, while Yemen, Mauritania and Qatar cover even less. In the rich Arab Gulf countries, this is largely because foreign migrant workers are excluded from coverage by law, while almost all nationals are effectively covered.

At the same time, there is substantial inequality even among those who are effectively members of either contributory or non-contributory public pension schemes. The first reason for this is that most MENA countries have several

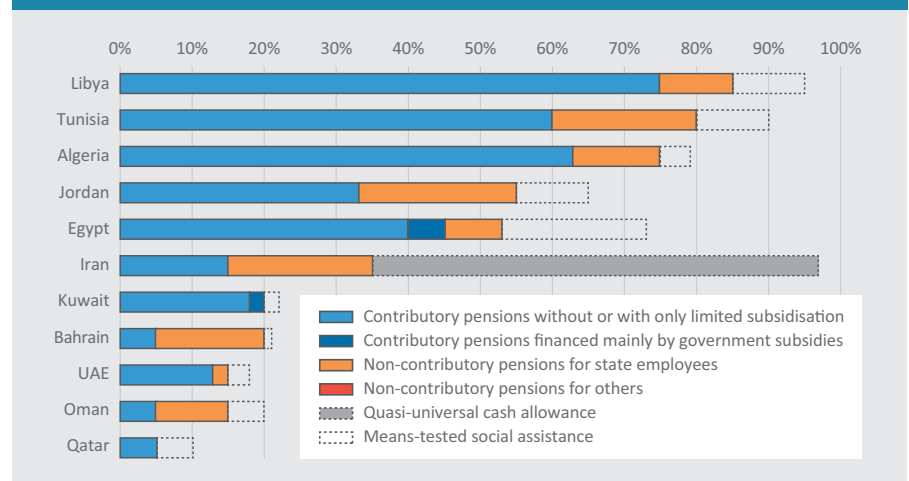
schemes with different membership criteria, different benefit packages and different modes of funding. Egypt, for example, has five different public pension schemes:

- The first is reserved for members of the armed forces, the secret service and some ministries. Its very generous payments are financed by government revenues.
- The second scheme entitles other public- and private-sector employees to pensions, which are, however, less generous and financed by its members' own contributions.
- The third scheme covers employers and self-employed people and generates even lower contributory pensions.
- The fourth scheme covers Egyptian workers abroad on a voluntary basis.
- The fifth scheme covers all other workers. It provides rather basic, flat, so-called 'social solidarity pensions' yielding almost symbolic payments. Even so, it is striking that even less than a quarter of all eligible workers enrol in this scheme.

Tunisia has a staggering 13 pension schemes with different contribution rates and benefit packages for different groups of employees.

“Most MENA countries have several schemes with different membership criteria, different benefit packages and different modes of funding.”

FIGURE 1: Estimated coverage rates of public pension schemes and other public social protection



Source: Author's elaboration based on data taken from Loewe (2014; 2017); Silva et al. (2012).



Photo: Dennis Jarvis. Carriages in Luxor, Egypt, 2004 <<https://goo.gl/kaa87G>>.

“ Pension schemes in MENA do not have tangible effects on poverty and inequality. People aged 65 or older are still more likely to be poor than people of working age.

Such fragmentation of pension schemes reflects and intensifies the existing stratification of societies, because people who already have above-average salaries, job security and access to the government also receive higher pension payments at lower costs.

The second reason as to why public pension schemes redistribute from the bottom up is that even the contributory schemes in the region tend to have minimum benefit rules. This means that there is a lower ceiling to pensions. If a pension would otherwise be less than the ceiling (typically 50–65 per cent of the beneficiary’s last wage), it is topped up by a government subsidy. On average, this subsidy equals 30 per cent of the beneficiary’s last wage (66 per cent in Iran, 42 per cent in Egypt). Furthermore, in Jordan, for example, almost 80 per cent of all pensioners benefit from this process. Most of them are from the middle class, as lower-class households are typically not covered by the scheme. However, the costs are borne by all taxpayers and, therefore, also by poorer households. As a result, what looks like a pro-poor provision at first glance is in fact against poor people (Loewe 2014).

Thus, pension schemes in MENA do not have tangible effects on poverty and inequality. People aged 65 or older are still more likely to be poor than people of working age (for Egypt, see, for example, El Laithy 2009). Furthermore, the Gini coefficient (a measure of inequality) for market incomes plus pensions minus contributions is almost the same as the

Gini for only market incomes (and even a bit higher in Tunisia—cf. Lustig 2016). This is because a disproportionate share of public pensions flows to the richest 40 per cent of the population.

These findings are particularly alarming given that most traditional and informal forms of social protection in the MENA region are dwindling. So far, mutual support among relatives, friends and neighbours still plays an important role for the social protection of poor and vulnerable households. However, support is increasingly being provided on an *ad hoc* basis and only for a limited time, whereas elderly people need regular transfers and often for longer periods. In addition, household surveys have shown that, for example, in Egypt, Jordan and the Palestinian Territories only 10 per cent of all households receive regular support from friends, neighbours or more distant relatives—as opposed to 44 per cent in Viet Nam and 33 per cent in El Salvador (Loewe 2010).

Thus, many elderly people depend on social assistance provided by the State, religious foundations or welfare organisations. Yet this aid tends to be very small in per capita terms: on average, it constitutes just 12 per cent of the consumption expenditure of beneficiaries in the bottom quintile of the population, compared to 20 per cent in other developing regions. In Jordan, the respective figure is 26 per cent for the transfers given by the government’s National Aid Fund but just 6 per cent for

the transfers of Islamic Zakat committees (Silva, Levin and Morgandi 2012).

Another issue is that most old-age social protection schemes in MENA countries are also not sustainable. One reason is that benefits are more generous than in other parts of the world. After a full career (30 years of contributions), retirees typically receive a pension that equals 70–80 per cent of their last wage (even 95 per cent in Kuwait and 117 per cent in Iran), compared to about 56 per cent in both Europe and Latin America (Loewe 2014). In addition, the aforementioned generous minimum pension provisions also add to the problem.

Further, all MENA countries except Morocco and Libya allow for early retirement at age 50, 45 or even 40 without any reduction in the old-age pension, provided that a social insurance member has paid contributions for at least 10–15 years. Members, therefore, have an incentive to retire early. For male Bahrainis joining the general pension scheme at age 25, the return on contributions is more than 8 per cent annually if they retire at age 45, but only 4 per cent if they retire at 65. For Egyptians who retire at age 70, the rate of return is even negative (ibid.).

Finally, the sustainability of MENA pension schemes is also threatened by inefficient investment strategies. Many invest their reserves into secure but low-yield assets, such as real estate. Others lend their reserves at low interest rates to the government to finance social and

infrastructure projects. This is problematic in terms of return on capital, but also because it may be difficult to retrieve the funds once they are needed (for example, because the value of pensions exceeds the value of the contributions collected by the pension schemes). Algeria already reached this point during the late 1980s, its treasury having since made substantial contributions to the revenues of the social insurance scheme. Tunisia followed in the mid-2000s, and for Kuwait, Egypt and Morocco this will happen over the next 10 years (ibid.).

Nevertheless, hardly any country in the MENA region has implemented any systemic reform to overcome the weaknesses of their old-age social protection systems. Some have implemented a few parametric changes—for example, in the rules governing how pensions are adjusted for inflation (Algeria, Tunisia and Yemen), how pension reserves are invested (Kuwait and Oman) or under which conditions early pensions can be granted (Jordan and Yemen). But only Algeria, Jordan and Morocco have embarked on more fundamental reforms: the merger of two or more of their pension schemes. Egypt, Jordan, Lebanon, Morocco, Palestine, Saudi Arabia and Tunisia have also discussed even more comprehensive reforms: the switch towards fully funded, defined contribution schemes—thereby taking the pension reforms that happened in Latin America 20 years ago as an example. However, none of them have ever implemented similar reforms. Egypt even adopted a reform law

in 2010 but halted its implementation after the 2011 revolution and formally repealed it again by presidential decree in 2013.

Even more worrisome, most MENA countries have not yet striven to improve the coverage by their pension schemes of their poorest citizens, thereby reducing income poverty and inequality. Tunisia, Libya and Algeria were able to integrate large parts of their informal-sector employees into contributory schemes—but, again, not the poorest. Iran covers them with its near-universal flat cash allowance scheme. Egypt is building up its means-tested *karāma* social assistance scheme, the efficiency and effectiveness of which remains to be evaluated. In any case, all MENA countries should check whether a flat basic social pension benefit for all above retirement age would not be a more powerful tool to reduce poverty and inequality among elderly people, thereby learning from the positive experience of such schemes in other regions of the world (e.g. Bolivia, Mauritius and Lesotho). ●

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Photo: Arne Hoel/World Bank. Farmer near Sejnane, Tunisia, 2011 <<https://goo.gl/gQrJxE>>.

1. Large parts of this article are based on Loewe (2014).
2. German Development Institute (*Deutsches Institut für Entwicklungspolitik*—DIE).
3. Bismarckian pension schemes are contributory, providing earnings-related benefits to elderly people.

Is social protection becoming more solidary in the Middle East and North Africa?

Rana Jawad¹

The social and economic challenges of the Middle East and North Africa (MENA) region range from common problems found in other countries, such as income poverty or unemployment, to less common ones such as continuing geo-political conflict—which has fostered an image of ‘Arab exceptionalism’ or ‘Islamic exceptionalism’ in the Western media and even among some expert observers (Stetter 2012; Zubaida 2011). And, of course, it has been famously argued in the first *Arab Human Development Report* (2009) and Makdisi (2016) that MENA stands out as a region whose relatively high levels of average per capita wealth do not match its expected levels of human development, measured, for example, in terms of gender equality, children’s education, social insurance coverage and economic modernisation.

The arrival of the idea of social protection (more specifically, non-contributory social protection programmes) as a form of policy intervention in the region after the events of the 2010–2011 Arab uprisings is welcome. Through this set of development initiatives, MENA countries could undertake to improve poor people’s access to public services and to protect their most vulnerable populations against social risks.

In this sense, MENA has now joined Latin America and sub-Saharan Africa—regions which began to engage with new social assistance programmes, especially in the form of non-contributory cash transfer programmes. In the late 1990s Latin America saw the rise of child-focused conditional cash transfers, and in the 2000s sub-Saharan African countries implemented social cash transfers targeting mostly those unable to work (e.g. elderly people, persons with disabilities, orphans and vulnerable children).

The Latin American experience, in particular, has been heralded by some authors (such as Hanlon et al. 2010; Barrientos and Leisering 2013) as

signalling the rise of a new paradigm of social policy in developing countries that is sensitive to local and political realities, representing a new form of ‘social organisation’ that can form the basis of more inclusive citizenship. This association between social protection and wider social policy formulation in developing countries is indeed new in international development but leads to bigger and more fundamental questions about governance, institutional change and what we in this article term the ‘politics of entitlement’ in developing countries: who is responsible for what/whom? What is to be redistributed in society, and how? How do social factors relate to economic growth?

In this context, this article would like to pose the question: to what extent are MENA countries witnessing a new paradigm of social policy provision, or has the political and economic order remained unchanged, making new social protection programmes nothing more than ‘old wine in new bottles’? The article is based on extensive research by the author, for both academic and policy purposes, on the institutional and normative configurations of social policy in the MENA region.

Political economy and institutional configurations of social policy systems in MENA

According to some observers (e.g. Unay 2011), social policies in the Arab region historically formed part of an ‘autocratic bargain’ or ‘autocratic social contract’, based on the provision of free health and education, government jobs for all graduates and low prices for basic necessities, but limited political and civil liberties. This social contract mainly targeted the urban middle classes. The persistence of social welfare systems that are skewed towards the interests of political and urban elites, even after the events of the Arab Spring, means that political systems in MENA have been unable to provide quality services in the context of accelerated population growth, increasing poverty and an overall changing global context of

free capital, international labour flows and private-sector dominance.

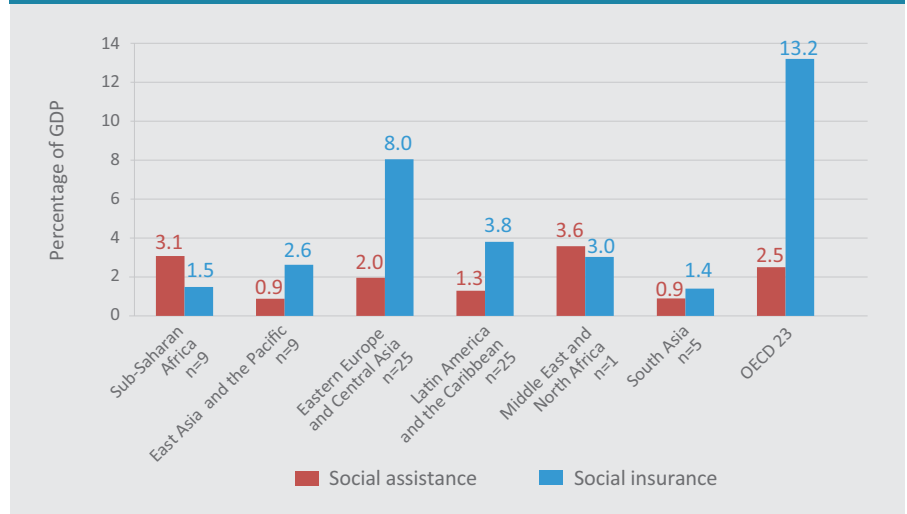
Furthermore, the presence of oil in MENA has fostered a rentier model of distribution, whereby “political elites sought to sustain their political dominance by avoiding nationwide taxation and constituting complex rent-distribution mechanisms designed to allocate rents derived from oil production, foreign aid or similar channels isolated from productive economic activities” (Unay 2011).

In the non-oil-based economics of the region, a high proportion of labour migration (especially from Egypt and Lebanon) to the oil-rich nations led to a reliance on foreign remittances and, therefore, an extension of the influence of rent. This was highlighted by Beblawi et al. (1990) in their seminal work on the Arab State. Thus, the emergence of autonomous entrepreneurial classes who could organise powerful interest and pressure groups was severely hampered in MENA, as state elites increasingly relied on oil extraction, foreign aid and workers’ remittances as the main sources of citizen revenue to fund social and public services.

Moreover, the co-optation of the entrepreneurial groups that did emerge into networks of rent distribution led to a situation in which domestic market mechanisms lost their dynamism. Thus, increasing the national competitiveness of MENA countries in the global economy became less of a national priority (Unay 2011). The entrenchment of rentierism in the region not only fostered authoritarian rule but also led to inefficient domestic political economies based on corruption, clientelism, nepotism and the misuse of public funds. In the exceptional cases of partial political liberalisation such as Morocco and Jordan, the initial impetus in the 1990s towards political relaxation came from fiscal difficulties experienced by these countries and the need to expand the tax base through limited democratisation (ibid.). Since the 1990s the neoliberal orthodoxy that has governed social and

“ Social assistance has represented a major share of social expenditures in MENA countries.

FIGURE 1: Social assistance and social insurance as a percentage of GDP, all regions



Note: Data on 87 countries taken from World Bank public expenditure reviews or other similar work. We used OECD-23, since OECD countries such as Poland and Mexico are already accounted for in the regional averages. OECD data from the OECD Social Expenditure database (OECD 2004).

Source: Jawad (forthcoming 2018).

economic policies across the world has also made its mark on MENA countries, but with greater emphasis placed on privatisation and deregulation than on political forms. Hence, countries have moved from developmentalist to managerialist forms of governance (keeping the ‘autocratic bargain’ untouched).

Social actors and institutions providing social protection

Underpinning social protection in the MENA countries are four institutions, which tend to be concentrated around specific types of social protection programmes (Jawad 2009): the **State**, the **family**, the **market** and the **community**. This division of roles is also clearly linked to specific segments of the population.

For instance, formal urban workers are more likely to be covered by state social insurance systems than informal rural workers. The general pattern in the MENA region is that state institutions oversee social insurance systems that are related to formal employment, particularly of public-sector workers, who tend to receive general benefits. The State also tends to have public education and public health systems. Health care may often rely on partnerships with private health care providers. There are some long-standing

non-contributory social assistance programmes in some countries, such as Morocco and the Palestinian Territories, as well as a regime of food and fuel subsidies, which has recently gained attention as a potential reform target to ease budget deficits among Arab governments.

Nuclear and extended families have always played a key role in social support, particularly in caring for dependents such as young children, elderly relatives, or family members with disabilities. The family is also a last resort for financial support (Jawad 2009). In the last decade, however, the family in the MENA region has become a less reliable source of social support due to the widespread incidence of poverty and the breakdown of family bonds (through higher divorce rates, for example). Younger women are also more likely to be employed, which has led to greater reliance on private childcare or on domestic workers.

In terms of social protection market share—that is, private insurance schemes or private education and health care—only about 5–10 per cent of the MENA population can afford them.

By far the most significant source of social protection for vulnerable populations—

particularly for those employed in the informal sector—are religious welfare organisations (ibid.). This is true for all communities in MENA. There are no official statistics for the whole region regarding how much these organisations spend on their beneficiaries, or what the total number of beneficiaries is.

Qualitative academic research suggests that the large welfare organisations such as Caritas may have budgets in the tens of millions of US dollars and reach tens of thousands of beneficiaries (ibid.). These organisations have been in operation for decades and have become entrenched in their societies.

They are often linked to larger networks of schools and hospitals, and though they may charge fees for some of their services, they provide both in-cash and in-kind services to extremely poor people. Religious groups tend to rely on religious fund-raising activities, such as during the month of Ramadan, or they might invoke religious teachings on paying *zakat*,² helping orphans and supporting the family as the basic unit of society.

Thus, in the absence of comprehensive social policies in the MENA region, it is more apt to argue that these countries have social strategies in place that

develop in a reactionary manner, such as the ones resulting from the Arab Spring. They comprise a combination of medium- and short-term social strategies aimed at alleviating the negative effects of public policies geared primarily towards economic growth, and to a lesser degree towards spreading the fruits of development.

All MENA countries have public social protection systems in place that combine labour market, social insurance and social assistance programmes. State-provided benefits tend to be universal social assistance schemes (mainly food and fuel subsidies) or contribution-based ones (employment social security schemes), while those provided by the non-governmental sector tend to be means-tested, categorical or geographically targeted, in-cash and in-kind social assistance services such as family allowances, orphan sponsorship programmes, food rations and household items.

The World Bank (in Silva et al. 2012) estimated that only one third of the MENA population are enrolled in formal social security schemes. This low rate does not correlate with the fact that most countries in the region are in the middle to lower-middle income groups. Hence, these countries have limited social insurance schemes for occupational injury, pensions or indemnity pay and

maternity cover. A detailed breakdown of the region's social assistance schemes (see Figure 1) is provided in the same report (ibid.), showing a two-tiered system made up of a much smaller contribution-based social insurance scheme which excludes low-income and non-salaried workers. Social assistance has represented a major share of social expenditures in MENA countries.

In sum, what we find in the region is that universalist principles of social protection are applied mainly in relation to commodity or fuel subsidies.

The emphasis after the Arab Spring events remains on targeted systems of social protection: categorical, means-tested or earnings-related. The evident shortcoming is that governments are spending too much on short-term poverty alleviation policies, including subsidies that are neither conducive to long-term economic and social investment nor address the structural causes of poverty and social disharmony. The types of programmes included under social assistance in Figure 1 are a broad mix depending on the country, but they include non-contributory family assistance and, especially, food and fuel subsidies.

Conclusion

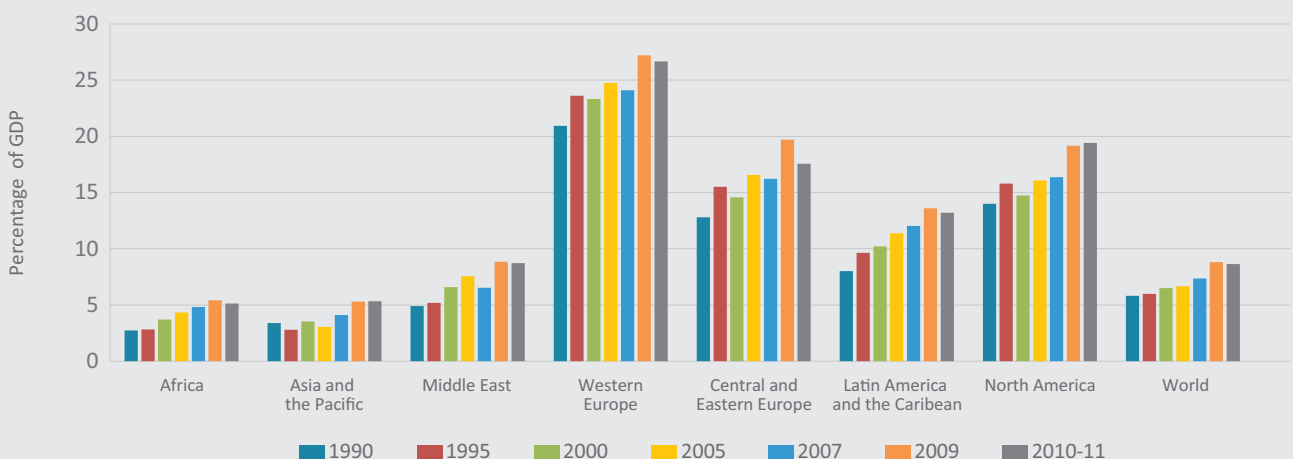
This article has sought to explore the extent to which social protection provides a new paradigm of social policy action in MENA. It has shown that there

are two overarching tendencies, both of which fall short of universal coverage or adequate benefit levels: (1) employment-based social security, which means that formally employed private- and public-sector workers are the most likely to receive protection, primarily in terms of end-of-service indemnity pay, health and education, but with some countries not having old-age pension schemes; and (2) social safety nets and in-kind assistance, often provided by community or family-based social networks, to vulnerable groups such as orphans or elderly people.

This has been the system in practice since the 1940s, and it shows no sign of significant reform. With some minor exceptions of countries with long socialist or trade union traditions—such as Egypt and Tunisia—most countries are now adopting a strong neoliberal stance, whereby the private sector is the main engine of social and economic prosperity, though often the political establishment is the main owner of capital—such as in telecommunications and industry. The current donor-sponsored reform of food and fuel subsidies that is taking place in MENA is part of this trend.

Countries in the region have taken incremental steps regarding social policy since the 2010–2011 Arab uprisings. The main government priorities continue to focus on economic growth, in the face of persistent social inequalities and

FIGURE 2: Public social protection expenditure by region, 1990 to the present (as a percentage of GDP)



Source: Jawad (forthcoming 2018).

“ Universal social protection would ensure access to essential services to the vast majority of MENA populations who are neither formally employed nor extremely poor yet still experience hardships and exclusion.



Photo: Héctor de Pereda. Man working on shoe cleaning, Cairo, Egypt, 2010 <<https://goo.gl/TWc8bw>>.

economic deprivation. The situation is exacerbated by the poor administration of services. The concept of social protection is mainly understood in a narrow sense of social safety nets of cash transfers. Universal social protection would ensure access to essential services to the vast majority of MENA populations who are neither formally employed nor extremely poor yet still experience hardships and exclusion.

There are some major national poverty targeting programmes, such as *Takaful* and *Karama* in Egypt and *Tayssir* in Morocco, which manage to reach large populations, but their eligibility criteria and assessment of poor households remains open to improvement. To this end, political stability continues to be perceived as the key determinant of social policy development in MENA. Yet the current trend towards cuts in subsidies and the adoption of targeted services might not be received positively by the people, further undermining political stability.

Although MENA governments recognise the need to improve the quality and extend the coverage of social policies comprising both social security and social safety nets, these remain fragmented. One of the key challenges facing all countries in the region will be to establish more coherent public policies on social protection that reach not only those most in need but can also alleviate the problems of unemployment and high living costs among their populations. ●

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1. University of Bath, UK. Rana Jawad is also convener of the Middle East and North Africa Social Policy Research Network (MENASP). See <<http://www.bath.ac.uk/corporate-information/middle-east-and-north-africa-social-policy-menasp-research-network/>>.

2. *Zakat*, the giving of aid to poor and needy people, is one of the five pillars of Islam.

Social protection and safety nets in the Middle East and North Africa¹

by Stephen Devereux²

Many countries in the Middle East and North Africa (MENA) region are undergoing a political transition or experiencing civil unrest, which has escalated since the Arab Spring, creating the world's largest number of internally displaced people (IDPs) and refugees. Economic growth in MENA has stagnated at 2 per cent per year since 1990, the lowest of any world region, while unemployment stands at 15 per cent, the highest in the world. Average income poverty has been persistently above 20 per cent since 1990 and is considerably higher in certain countries, notably Yemen and Sudan (Jawad 2014), while more than half of all Egyptians fell into poverty or near-poverty at least once between 2005 and 2008 (Silva et al. 2012). However, there is considerable diversity across the region, with some countries being wealthy and stable while others are poor and/or in protracted crisis.

Food insecurity is a major challenge across MENA, the only region in the world where malnutrition—including undernutrition, obesity and micronutrient deficiencies—has been rising rather than falling since 2000. In several countries, child malnutrition rates are defined as 'high'; for example, in Yemen 58 per cent of children were stunted in 2009 (Marcus and Perezniato 2011). The reasons are multifaceted: war and civil unrest; economic sanctions against several countries, including Syria, Libya, Iraq, Palestine and Yemen; high dependence on commercial food imports; climate change; water scarcity; and natural disasters, which have tripled in number since the 1980s (World Bank 2014). MENA is the largest net importer of cereals in the world, with imported food providing about half of all calories consumed. Since 50 per cent of food production and over 80 per cent of rural livelihoods derive from pastoralism and rainfed agriculture, climate change will exacerbate food security risks and could add further momentum to the economic, social and political stresses in the region.

Social protection and safety nets

Governments introduce social protection policies with economic objectives (reducing poverty, promoting economic growth, etc.), social objectives (reducing inequality, promoting social inclusion) and political objectives (reducing civil unrest, promoting state legitimacy). Social protection instruments in MENA include price subsidies, school feeding, public works and nutrition programmes. All countries also run social security funds that provide retirement pensions, compensation for injuries at work and other forms of social insurance. These are usually co-financed by contributions from employees, employers and the State, and are accessible only to civil servants and formally employed workers, so they do not reach the poor.

In many MENA countries, social protection has been incorporated into national development plans in support of employment creation and income generation goals, while safety nets aim to stabilise consumption against shocks and high food prices. Social assistance schemes in the region were substantially scaled up after the global food crisis of 2007/2008, the political crises that accompanied the Arab Spring of 2011, and recent initiatives to reform subsidies in many countries. Large-scale food and fuel subsidies serve mainly political purposes, as is evident from the political resistance that follows whenever subsidies are scaled down or removed.

Strategies and policies

Most MENA countries do not yet have a national social protection strategy, but most governments in the region have developed [food security strategies](#). There is scope for better coordination and integration between policies and programmes for food security, agriculture and social protection. In Sudan, for instance, where agriculture contributes 35 per cent of the country's gross domestic product (GDP), social protection should be designed to promote household and national food security and build resilient

livelihoods. In Yemen, the National Strategy for Food Security focuses on achieving self-sufficiency in staple crops to reduce the food gap, while the Social Fund for Development implements a public works programme that supports agricultural production through irrigation and terracing projects, rainwater harvesting and soil and water conservation.

[Refugees, IDPs and migrants](#) are treated differently in different contexts. Some are fully integrated into host communities, but many live in camps or marginalised rural or urban environments, with variable access to humanitarian support, social services and livelihood opportunities. Because social assistance and social security entitlements are not 'portable' across national borders, refugees typically lose access to these benefits and are not entitled to receive the social benefits that host country citizens receive. In Jordan, for instance, Syrian refugees receive no support from the Ministry of Social Development or the National Aid Fund. This leaves the majority of refugees dependent on humanitarian assistance from agencies such as the World Food Programme (WFP). Influxes of Syrian refugees into several MENA countries and Somali refugees into Yemen have negatively impacted on local livelihoods among host communities, who face competition for work and for access to services, and have contributed to social tensions and civil unrest in some cases.

Semi-formal and informal social protection

includes member-based organisations such as savings clubs, faith-based mechanisms such as *zakat*,³ and community-based support such as remittances within extended families. These are all significant in the MENA region. Because of the centrality of religious institutions in social, cultural and political life, the boundaries between state and non-state provision of social protection are fluid in MENA countries. *Zakat* is a major source of redistributive social transfers, either informal (as private

“*Zakat* is a major source of redistributive social transfers, either informal (as private charitable donations), semi-formal (collected and distributed by mosques) or formal (administered by the government).”

BOX 1: The formalisation of *zakat*

Iraq:	The Department of Zakat administers the collection and distribution of <i>zakat</i> funds to the poor, widows, and families of martyrs.
Palestine:	The Ministry of Awaqf administers a central Zakat Fund, which receives contributions from local Zakat Committees that solicit donations from abroad; they have been accused by Israel and the USA of raising funds for terrorism.
Sudan:	The Zakat Fund is administered by the Zakat Supreme Council of Trustees under the Ministry of Welfare and Social Security; there are 19,000 Zakat Community Committees in Sudan.
Yemen:	Under a Zakat Law of 1999, <i>zakat</i> contributions are collected through local councils and allocated by the Ministry of Local Administration, but mostly to infrastructure projects rather than to poor people.

charitable donations), semi-formal (collected and distributed by mosques) or formal (administered by the government). It is sometimes argued that an over-reliance on these traditional religious mechanisms explains the under-provision of ‘modern’ forms of social protection by most States in the MENA region.

Programmes and instruments

Governments and development partners in MENA have introduced numerous safety nets and social protection programmes. Especially in the poorest and most food-insecure countries such as Palestine, Sudan and Yemen, these interventions explicitly prioritise food security objectives. Popular instruments in the region are universal food price

subsidies, targeted social transfers (cash, food or vouchers), school feeding schemes, public works projects and nutrition interventions.

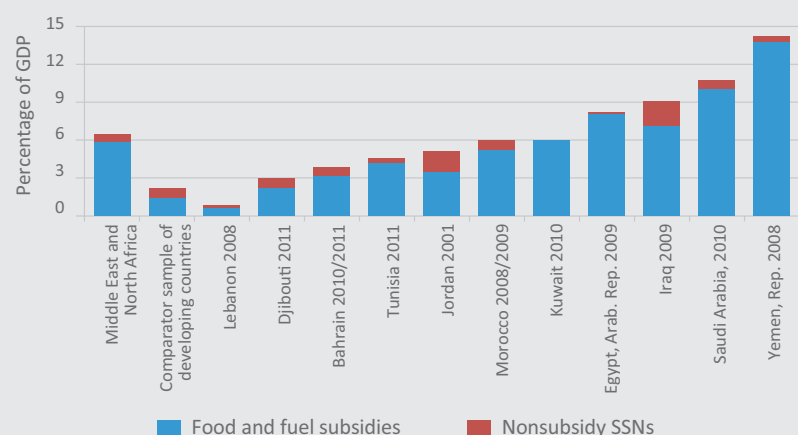
Consumer price subsidies have been historically favoured by governments in MENA as an instrument to reduce household food insecurity. There is a predominance of general food subsidies in this region, which are expensive and regressive rather than pro-poor, since the benefits are captured disproportionately by people who are not poor (over 80 per cent in Egypt). Governments in MENA spend more on subsidies, both absolutely and as a proportion of GDP (5.7 per cent on average), than other developing countries (1.3 per cent on average).

Conversely, social assistance programmes receive a much smaller fraction of governments’ social protection budgets. For every USD1 delivered as social assistance to a poor person in MENA in 2011, USD158 was spent on subsidies in Yemen, and USD194 was spent on ration cards in Egypt (Silva et al. 2012). Subsidies are increasingly recognised as inefficient and fiscally unsustainable, and are being phased out in several MENA countries. But experiences in Yemen and Sudan confirm that lifting subsidies drives food prices up and reduces poor people’s well-being, unless compensatory measures are introduced.

Social transfers—targeted cash, food or vouchers—have had only limited impact

“Governments in MENA spend more on subsidies, both absolutely and as a proportion of GDP (5.7 per cent on average), than other developing countries (1.3 per cent on average).”

FIGURE 1: Social safety net spending in MENA countries with and without subsidies, 2011



Source: Silva, Levin and Morgandi (2012).

on poverty and inequality in MENA because of low coverage, low benefits, inefficient targeting and inadequate monitoring and evaluation systems. Social assistance in MENA is poorly targeted: less than a quarter (23 per cent) of benefits reach the poorest quintile, compared to more than half in Latin America (59 per cent). Social transfers contribute only 12 per cent to consumption of the poorest quintile, compared to 20 per cent or more in similar programmes elsewhere (Silva et al. 2012).

School feeding programmes operate in many MENA countries. They have both nutrition and education objectives, and also aim to reduce child labour and gender inequities in education access by targeting girls (e.g. in Iran and Yemen). School meals in Egypt are fortified to enhance their nutritional benefits, while the WFP's food-for-education programme incentivises child labourers to return to school. Local purchases of food for 'home-grown school feeding' stimulates agricultural production. In Sudan, the WFP and the government source food for the national school feeding programme from local farmers.

Public works provide social transfers through temporary employment opportunities. Well-designed food- or cash-for-work projects can reduce seasonal food insecurity, stabilise income and smooth consumption after livelihood shocks. Public works can also contribute to building resilience and climate change adaptation, by creating community assets that promote better use of scarce natural resources and reduce the impact of disasters. For example, in Sudan's Safe Access to Firewood and Alternative Energy (SAFE) project, the WFP is distributing fuel-efficient cook-stoves, to empower women and reduce deforestation.

Nutrition programmes in the region include blanket or targeted interventions to prevent and treat chronic and acute undernutrition among children as well as pregnant and lactating women. Vitamin A and iron supplementation, salt iodisation and fortified and specialised foods are also becoming more prevalent.

The way forward

Social protection **coverage** is low and uneven in the MENA region: only 16 per

BOX 2: Jordan's National Aid Fund

The National Aid Fund (NAF) was established in 1986 as a semi-autonomous arm of the Ministry of Social Development, to provide social assistance to poor and vulnerable people. In 2013, the NAF delivered cash transfers to 271,000 individuals in 100,000 households (7.5 per cent of the population). Target groups include people who are poor, have a disability or are elderly. Although the NAF is relatively well targeted, in 2012 new eligibility criteria were introduced to reduce leakages to beneficiaries living above the poverty line.

cent of the poorest quintile receives any social assistance—less than half the global average of 40 per cent. Leakages to those who are not poor are especially high for general food and fuel subsidies, because rich people consume more than poor people do. When subsidies are reformed or removed, the 'subsidy dividend' must be invested in a substantial expansion of targeted social assistance programmes, to compensate poor people for their lost access to food.

However, even targeted transfers reach too few poor people and too many non-poor people in MENA countries, because of weak targeting design (e.g. excessive use of geographical and categorical targeting) or registration procedures. More work is needed to refine **targeting** strategies to identify and reach poor and food-insecure people, to achieve larger and more cost-effective impacts on poverty and vulnerability.

A stronger focus is needed on addressing **malnutrition** (undernutrition,

micronutrient deficiencies and obesity) in social protection programming. Addressing undernutrition during the early stage of a child's development—specifically, during the first 1000 days from conception until 2 years of age—would have far-reaching positive benefits on individuals and countries, including reducing the burden of high expenditures on health care throughout the life cycle.

Given the high degree of urbanisation in the MENA region, coupled with high youth unemployment, governments, humanitarian agencies and other development partners should identify social protection strategies and programmes to address **urban food insecurity**, which might require different approaches compared to rural food insecurity.

Economic stagnation, poverty and instability have contributed to high unemployment in many MENA countries. Governments need to design interventions that simultaneously address household food insecurity



Photo: Salahaldeen Nadir/World Bank. Man working at his own business, Kassala, Sudan, 2013 <<https://goo.gl/VQ9w2U>>.

“ Governments, humanitarian agencies and other development partners should identify social protection strategies and programmes to address urban food insecurity.



Photo: Henrik Berger Jørgensen. Market in Fez, Morocco, 2009 <<https://goo.gl/YgGNiW>>.

and support **labour market linkages**. Public work programmes can contribute to employment generation, both immediately on community infrastructure projects and more sustainably, if participants acquire skills and experience that enhance job-seeking prospects and support livelihood diversification.

The Arab Spring's potent demands for democracy brought new opportunities and hope in the MENA region. However, the challenges posed by the ongoing instability, conflicts and displacement of millions of people in countries already vulnerable to climate change and other stresses have escalated the need for humanitarian relief, which competes for funding and policy attention with regular social protection programmes. There is a need for a vision of a comprehensive and sustainable system that links short-term safety nets and emergency interventions with longer-term social protection, including **resilience-building** measures and contingency financing for 'surge capacity' that allows programmes to scale up rapidly in response to food security threats.

Coordination between food security and social protection strategies and programmes is weak in most MENA countries, possibly because food security is associated with 'economic' sectors (notably agriculture and trade) while social protection is seen as a 'social' sector (linked to education and health). Achieving food and nutrition security

should be an explicit priority objective of national social protection policies. ●

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1. This article draws from a research report (Devereux 2015) that was commissioned by the World Food Programme Regional Bureau for the Middle East, North Africa, Central Asia and Eastern Europe.

2. Co-Director, Centre for Social Protection, Institute of Development Studies, Brighton, UK.

3. *Zakat*, the giving of alms to poor and needy people, is one of the five pillars of Islam. It is obligatory for every adult Muslim of sound mind and means. The individual must own a specific amount of wealth or savings (after living costs, expenses, etc.). This is referred to as *Nisaab* and is the threshold at which *zakat* becomes payable.

Social protection for children and their families in the Middle East and North Africa: where child rights meet smart economics

by Arthur van Diesen¹

The imperative of social protection for children and their families in the MENA region

Poverty in childhood remains an important global challenge. By 2013 the estimated number of children living in extremely poor households (below USD1.90 purchasing power parity per capita) in 89 countries stood at 385 million. Importantly, children were more than twice as likely as adults to live in extremely poor households (World Bank and UNICEF 2016).

The countries of the Middle East and North Africa (MENA) are not covered in this global analysis, and there is a lack of comparable data on the income poverty status of the households in which children live in this region. But from recent analyses we know that multidimensional child poverty is a reality in the region. A recent study of 11 Member States of the League of Arab States (LAS) estimates that one in four children in these countries (29.3 million) live in acute multidimensional poverty—i.e. they are deprived of their most basic requirements in at least two dimensions of their well-being (LAS, ESCWA, UNICEF, and OPHI 2017).

There is ample evidence that poverty in childhood has detrimental effects not only for the children who experience it in the here and now, but also in the longer term. Poverty in childhood all too often translates into poor prospects in adulthood. And parents who experience poverty are often unable to provide their children with the means to break out of poverty (UNICEF and Global Coalition to End Child Poverty 2017). This is demonstrated clearly in the recent study, which shows that children who live in households where the household has no or incomplete primary education are two-and-a-half times more likely to live in acute multidimensional poverty

(LAS, ESCWA, UNICEF, and OPHI 2017). Looking at individual dimensions of deprivation, children whose household heads lack primary education are between one-and-a-half and three times more likely to be acutely deprived in housing, water, sanitation, health and education. When it comes to access to information and communication devices, they are five times as likely to be acutely deprived. In addition to the education of the household head, other drivers of childhood multidimensional poverty are the material wealth of the household and geographical location (urban or rural) (UNICEF 2017, forthcoming).

Clearly, social protection can play a critical role in reducing deprivation in childhood, ensuring that children can realise their rights, irrespective of the poverty status of the household in which they grow up, the shocks they experience and the disadvantages that derive from the place where they live. Guaranteeing that children can thrive and develop to their full potential is first and foremost a matter of child rights. But at the same time, it is a necessity for future economic prosperity and peace.

The population of the MENA region remains young, and the region is in the early stages of a demographic transition, with some countries more advanced than others. As the demographic structure of the population continues to change, the share of the working-age population will grow, while the share of children will shrink, with the elderly population still representing a relatively small share of the overall population. This results in a period of low dependency ratios, which can be translated into a demographic dividend. But this will only materialise if the economy provides jobs for the many young people entering the labour market, and if young adults are well educated, healthy, well nourished and otherwise fully equipped for adult life. The alternative is bleak:

widespread unemployment, continued and increasing poverty and inequality, and social discord.² Social protection in childhood can play an important role in ensuring that the demographic transition yields a demographic dividend. Therefore, social protection for children and their families is not only a rights issue; it is also smart economics.

How well do social protection systems in MENA serve children and their families?

Social protection reforms in the region have accelerated in recent years, and children and their families are benefiting from these reforms. Social protection in the region has traditionally been skewed towards contributory social protection measures for those working in the public and formal sectors of the economy. Those who work in the informal sector or are own-account workers, unemployed or outside the labour force generally had limited social protection benefits. The non-contributory social protection measures in MENA have long been mainly in the form of general subsidies—on essential food commodities, fuel and energy—and these have not served poor people well. Non-subsidy safety nets are a relatively more recent development in the region.

Nevertheless, there is distinct progress in this respect. As reported elsewhere in this volume, in a recent mapping commissioned by UNICEF, the International Policy Centre for Inclusive Growth (IPC-IG) identified well over 100 non-contributory social protection programmes, over half of which had at least one child-sensitive design feature (Bilo and Machado 2017).

However, much work lies ahead. Non-subsidy social safety nets in MENA tend to be fragmented and leave many gaps. In Morocco, for example, a recent mapping by UNICEF identified some 140 different schemes, each focusing on a specific population category or a particular risk, each with its own eligibility criteria and

“ Social protection can play a critical role in reducing deprivation in childhood, ensuring that children can realise their rights.



Photo: UNICEF/Chudeau. A boy washes his hands, North Darfur, Sudan, 2016.

administrative arrangements. Even so, the social protection system leaves gaps in coverage, with family benefits limited to those in formal employment and no social protection coverage for children of pre-school age (Halmi 2017). A similar situation can be found in many other countries of the region. Clearly, much is to be gained from a rationalisation of this multitude of schemes. In addition to fragmentation, the level of benefits is generally low.

According to the World Bank's ASPIRE database, after South Asia, the MENA region has the lowest average per capita transfer in its social protection and labour market measures. And the targeting accuracy of these interventions in MENA is the lowest in the world.

The level of public expenditure on social protection is still fairly low in the region, but with considerable variation. For the few countries for which public expenditure data in the region are included in the ASPIRE database, it varies from a mere 0.1 per cent of gross domestic product (GDP) in Djibouti to a considerable 5.2 per cent in Palestine (World Bank 2017).

The social protection reform efforts under way in many countries in the region have also encountered some challenges. In particular, conflict and displacement have posed new problems for the social protection systems in the region. Conflicts undermine state capacity to deliver social protection for

its citizens at a time when the need for this protection is surging. In Yemen, for example, even though the Social Welfare Fund was a well-established operation serving almost a third of the population, when the most recent conflict broke out in March 2015, its payments were suspended and have not been resumed since, leaving those already eligible for assistance before the conflict without assistance and leaving no provisions for those who may now be vulnerable as a result of the conflict.

The displacement that comes with conflict also creates challenges for social protection systems. Benefits are not always portable for those who are internally displaced. In Iraq and Sudan, for example, internally displaced persons face difficulties accessing some of their social protection entitlements when fleeing their location of origin.

Displacement across borders causes even greater difficulties for social protection systems. The Syria conflict has caused an unprecedented number of refugees in the region. Of the countries that have received the bulk of the refugee influx in the region, only Turkey has opened up its national social protection system to refugees.

Other countries were either unable to do so because of the rudimentary state of their national social protection system and/or unwilling to open up national provisions to non-citizens for political reasons.

As a result, social protection for refugees in the region has mainly been provided

by international agencies in the form of humanitarian cash transfers.

An agenda for change: five steps towards making MENA's social protection systems more child-sensitive

Making social protection systems in MENA more child-sensitive will require context-specific reforms that are informed by the specificities of each country, such as the extent and nature of child poverty and vulnerability, the historical trajectory of social protection and the character of the prevailing social contract, the macroeconomic situation and available fiscal space. Therefore, it would be futile to try to prescribe a single recipe for child-sensitive social protection in the region. However, policymakers might consider five general principles that will help set the direction of social protection reforms in favour of children.

First, the countries of the region need to continue investing in understanding childhood deprivation and vulnerability. Without this understanding, it is impossible to design social protection systems that truly address children's needs.

In measuring child poverty and vulnerability, due attention needs to be given to the fact that different aspects of poverty are important in different phases of childhood. These age-specific features of poverty and vulnerability need to be reflected in social protection programmes. With support from UNICEF, 12 countries in the region have

either completed or are in the process of conducting a child poverty study.³

While this is a great achievement, *ad hoc* studies are not enough. Countries need to routinely measure child poverty as part of their national statistical systems and to systematically consider the resulting evidence in policymaking processes, including in the reform of social protection. UNICEF is accompanying governments of the region in this process.

Second, it is of great importance to generate robust evidence on how well current social protection systems respond to childhood poverty and vulnerability. While it is encouraging to see non-contributory social protection programmes growing in number and increasingly incorporating child-sensitive features, we need to investigate how effective, efficient and equitable these programmes are in addressing childhood poverty and vulnerability. This is where further evidence needs to be generated.

There is a growing practice of assessing the benefit incidence of social protection schemes in the region, but few, if any, assessments look at benefit incidence for children of different age groups. This kind of assessment could reveal, for example, that while there are many schemes that focus on children of school age, it is less clear whether the social protection needs of children in the early years are being adequately met.⁴ Equally, the very specific needs for transformative social protection

measures of adolescents may well go unmet in many countries.

Third, armed with a better understanding of childhood poverty and vulnerability and a solid evidence base on how well existing social protection programmes serve children, governments are in a position to design truly child-sensitive, poverty-focused social protection measures.

Here, the point is not necessarily to introduce additional benefits in what in most countries is already a very fragmented social protection system with limited poverty impact. Rather, attention should focus on the rationalisation of social protection measures, a greater poverty focus and better integration of children's needs at different stages of childhood. This may take the form of child-specific social protection measures such as child grants, but may also be in the form of a better consideration of children's concerns in broader social protection measures. Of utmost importance is that governments pursue integrated social protection systems in a holistic manner that address the compounding and cumulative vulnerabilities that children and their families face. This means, for example, that providing cash transfers alone is not sufficient.

An element that is often underdeveloped in the MENA region is the social work component of social protection. A well-developed social work profession would

ensure that an individual child's poverty and vulnerability is assessed in all its multifaceted complexity and acted on holistically, with proper case management and referrals as required.

Fourth, governments need to think boldly about the measures required to create the fiscal space required for social protection reform. Much has been said about subsidy reform and the savings it can generate for new and improved social protection measures. But there are many competing demands for these savings, and the oil price crash has wiped out part of them. Still, reforms that phase out subsidies and other provisions that are less effective in reducing poverty and vulnerability can widen the much-needed fiscal space for social protection.

Two additional measures are of particular interest in the region. One is improved revenue collection, ensuring that new tax measures are progressive in nature and do not hurt poor people. MENA has some way to go towards the establishment of broad-based, progressive tax systems (Jewell et al. 2015). It is important for governments to realise that universal benefits, such as universal child grants, can be made affordable and equitable in combination with progressive tax systems, which essentially claw back the benefit from those who need it least.

The second potential avenue to generate fiscal space is in incorporating informal social protection provisions into formal



Photo: UNICEF/AI Shami. Children carry firewood to their family, Ghouta, Syria, 2015.

“ Making social protection systems in MENA more child-sensitive will require context-specific reforms that are informed by the specificities of each country.

“ It is important for governments to realise that universal benefits, such as universal child grants, can be made affordable and equitable in combination with progressive tax systems.



Photo: UNICEF/Anmar. Children in Mosul, Iraq, 2017.

social protection systems. *Zakat* is an important religious institution in the region which is welfare-oriented but not currently particularly effective or efficient as a social protection measure. A country such as Sudan has incorporated *Zakat* into the formal social protection system, but in most countries of the region this has not yet been pursued. Finally, harnessing the substantial remittance flows to the region for social protection may also be worth exploring.

Fifth, governments need to boost the shock-responsiveness of social protection systems. Emergencies are common in the region, and there is no reason to assume that this will change in the near future. Therefore, it is critical that social protection systems are resilient enough to provide adequate coverage in times of crisis. Social protection systems need to become scalable, both in terms of coverage (adjusting eligibility thresholds) and in terms of benefits (adjusting the level of benefits).

Social protection delivery systems also need to become more resilient—for example, by ensuring the portability of social protection benefits in case of displacement and through business continuity planning for social protection service providers.

As Smith (2017) points out in this volume, the more we invest in the shock-responsiveness of social protection responses up front, the likelier it is that

systems can subsequently successfully roll out a humanitarian response when disaster strikes. Building fiscal buffers is also of keen importance in this respect. ●

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2. This argument is developed fully for North Africa in UNICEF (2017).
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4. Halmi (2017), in this volume, mentions that a mapping in Morocco identified early childhood as an underserved age group in the social protection programmes in that country.

Social protection in MENA today: the quest for redistribution

by Gisela Nauk¹

Despite all the diversity in Arab countries in terms of poverty and wealth, size of populations and territories, and stages of economic diversification or development, there is one common trait that runs through Arab societies today: all are divided, to varying degrees, into insiders and outsiders, into well-protected population groups and others who are directly exposed to lifecycle risks and political and economic shocks.

Contrary to best intentions, Arab social protection systems still tend to exacerbate rather than bridge these gaps. The regressive impact of blanket subsidies, especially for fuel, but also of subsidies to pension systems is intensified by tax policy that relies on consumption taxes rather than on personal income or property taxation. Coverage varies across countries, but it is estimated that up to 65 per cent of the population in Maghreb² and Mashreq³ countries may not be covered by social insurance (Gatti et al. 2014). In addition, overstretched public services, especially in health and education, further translate this divide into unequal opportunities for human capital formation. In the countries of the Gulf Cooperation Council (GCC),⁴ the welfare gap runs between the national population and the stateless, on the one hand, and the communities of foreign workers and their families, on the other.

At first, things were designed differently. Arab social protection systems were historically driven by universal welfare ambitions. Built on the three pillars: (i) public employment, (ii) generous subsidies for a range of daily commodities ranging from food to fuel to housing, and (iii) free public health care and education, this approach resulted in significant development gains. However, in subsequent years, population growth, economic crises, as well as war and conflict increasingly strained the social protection systems beyond breaking point.

The Arab uprisings in 2011 were a popular call for the redistribution of privileges and opportunities. They served as a wake-up call for regional leaders to address the deep

social divide. In some countries, this fight for redistribution—reinforced by regional political ambitions—has led to violent and armed struggle. Several others still have the chance to achieve it through political change. The window, however, may be small.

Drivers of change

Most governments from the Maghreb to the Gulf immediately responded to the 2011 uprisings by increasing social benefits, such as pensions, salaries, subsidies and transfers, and by cutting taxes. However, the initial increase in social spending quickly revealed its limited impact on the social problems at hand. As it followed existing spending patterns, it reinforced existing gaps by providing additional benefits to those already well established and protected (ESCWA 2013a; 2013b). It became clear that the existing delivery infrastructure for social transfers and services was unable to reach a significant share of those in need of assistance. At the same time, due to high oil prices, total subsidies absorbed over a quarter of government current expenditures in several countries (ESCWA 2017c).

Budgetary pressure has thus made it difficult for governments to sustain the high levels of social spending witnessed in 2011 and 2012. Once the need for an immediate response to social unrest was satisfied, increasing budget deficits and fiscal constraints drove governments to introduce reforms and move away from blanket subsidies to more targeted forms of social assistance, which promised to be more efficient and sustainable (ibid.).

A third driver of change was the experience that in several countries the uprisings either started in rural areas (e.g. Tunisia) or were powered by strong rural movements, such as in Syria. This brought the concerns of marginalised subnational regions and rural areas closer to the hearts of political elites and urban middle classes, highlighting the urgency of introducing social reforms.

Current reforms

Falling oil prices in subsequent years provided governments with the opportunity

to address their fiscal deficits by embarking on subsidy reforms while limiting the immediate impact on the population or the wider economy. Learning from past experiences, countries strove to limit the knock-on effects of fuel subsidy reforms on other economic activities such as agriculture or construction, which are important sectors in some countries, especially for the more vulnerable parts of the population. Yemen represents a particularly tragic example of the difficulties involved.

Most Arab countries have adopted a gradual approach, sometimes also treating different energy products differently, starting with those that are mostly consumed by rich people. Morocco and Mauritania, for example, are very careful to avoid diesel price shocks.⁵

In parallel, to compensate for the negative effects of price increases on the most vulnerable population, countries started to take a broader approach and to establish new delivery channels able to directly reach those in need. For many of them, this is a daunting task, as civil registration does not always accurately record dates of birth and death, especially in the most marginalised rural areas and informal urban settlements (UNSD 2017). Several countries in the region—such as Egypt, Jordan, Mauritania and Palestine—have developed or are in the process of developing social registries. In some countries (e.g. Morocco), the social registries are already, or will eventually be, linked to national population registries and to social insurance and income databases.

These databases are supposed to lead to improved targeting of remaining subsidies (such as food ration cards), and to the delivery of other forms of social assistance, mostly (conditional) cash transfers. In some countries such as Egypt, Jordan and Mauritania, expenditures on food subsidies increased as one way of compensating for the onset of fuel subsidy reforms (ESCWA 2017b).

Larger cash transfer programmes are the current main avenue of reform, often targeting rural and marginalised areas. In most Arab countries, cash transfers

have historically been provided based on categorical targeting, to vulnerable groups such as orphans, persons with disabilities, children or female-headed households. The new programmes aim to increasingly introduce means-testing, which involves several challenges. Since direct means-testing in an informal environment is hardly possible, proxy indicators need to be developed that capture local and individual realities, including disability-related costs (ESCWA 2017d). Reliable transfer channels and modalities need to be identified, and transfer levels need to consider inflation, which is often the result of subsidy reform. Interventions need to be well coordinated across ministries and levels of government. This coordination is especially challenging in the case of conditional cash transfers, rolled out at a large scale in Egypt and Morocco, and planned to be implemented in several other countries, where ministries of health and education, as well as their subnational offices, need to be included (ESCWA 2017a).

The often heated debate about conditionalities in cash transfers has taken more pragmatic turns in most countries. The introduction of conditionalities, such as the use of health services and children's school attendance, is often decided based on political economy considerations. However, they can only work where the relevant services are available and of adequate quality. Thus, although

conditionalities may pose constraints on beneficiaries, they can also serve as a 'push' for governments to expand investments in social infrastructure and service quality.

Open questions

One of the big questions related to all social programmes, and especially those that are financed by general government revenues, is fiscal sustainability. This is especially true for Arab countries, which are all currently undergoing a period of fiscal consolidation and must find a balance between these competing demands. Savings from subsidy reforms currently provide some fiscal space, but preliminary research among selected countries indicates that only a small proportion of expenditure savings have been recycled into social programmes (ESCWA 2017a).

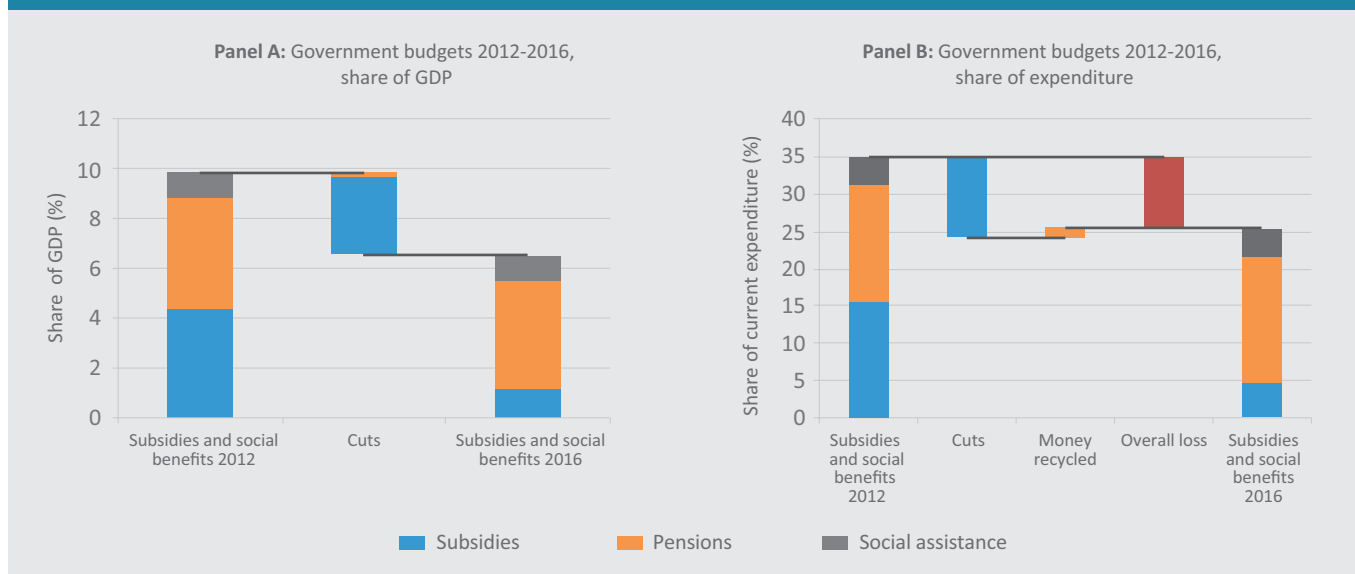
An even more significant question, intimately tied to funding, relates to the broader policy objectives: Is narrow poverty reduction the ultimate goal? Or do ambitions reach further into overcoming the social divide and increasing the opportunities for human capital accumulation through wider-ranging social reforms that can ultimately lead to the redistribution of development rights and privileges that was requested in 2011 and which is necessary for increasing social inclusion and cohesion?

A fairer distribution of risks and opportunities would require an expansion of cash transfers to achieve greater coverage of immediate needs. But at the same time, it is necessary to go beyond transfers, which are always under risk of being tailored according to budgetary pressure rather than actual needs. Social policy needs to go beyond mere income smoothing and enhance the productive capabilities of society through increased human capital. For most Arab countries, this would mean reversing the trend of stagnating or even declining public expenditures on health, education and housing (ESCWA 2017e).

If the objective is a better balance of risks and opportunities, a review of public finance priorities, and especially of tax policy, needs to become part and parcel of social protection reform (ibid.). The volatility of natural resource rents makes this even more critical. Arab tax systems currently under-employ personal income and property taxes (Mansour 2015), which contributes to the regressive impact of social protection systems.

The feasibility of introducing more progressive taxation and social protection reform in general will ultimately depend on the overall impact of reforms on the middle classes, who are currently losing out on subsidy reforms. They can, however, be

FIGURE 1: Subsidy reform in Jordan



Source: Author's elaboration based on IMF (2016) and Ministry of Finance of Jordan (2016).



Photo: Dana Smillie/World Bank. Girls use computers at school, Sana'a, Republic of Yemen, 2009
<https://goo.gl/YhBE7v>.

“ Social protection systems need an enabling environment to work well.

attracted by expanded coverage of social insurance and by better opportunities for human capital accumulation through significant improvement in the availability, affordability and quality of social services.

Therefore, the third avenue of reform is to invest more in social policy in general. Increased investment is essential, since social protection systems need an enabling environment to work well. This concerns the quality and costs of health, education and social housing services, as well as water and sanitation infrastructure, especially in rural and urban slum areas. With or without optimal conditions, experience shows that cash transfers work best when they are accompanied by additional interventions in social and economic infrastructure, embedded into a comprehensive local or regional development plan (Scarlato and d'Agostino 2016, 14; ESCWA 2017a, 29).

Leaving no one behind is the ambition and the promise of the United Nations 2030 Agenda for Sustainable Development. Social protection policies that are well integrated into over-arching development objectives are an essential path to deliver on this promise. ●

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2. Morocco, Algeria and Tunisia.
3. Egypt, Jordan, Lebanon, the Palestinian Territories and Syria.
4. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
5. For an overview of recent reforms, see ESCWA (2017b, 6).

Sustainable development as freedom: social protection in an era of climate disruption

Kishan Khoday¹

The launch of the Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and the Sendai Framework on Disaster Risk Reduction set a new era for global development policy, focused on the multidimensional nature of risk, the need for resilience-based approaches to development and a core focus on making development policy work for both people and planet.

The conventional view of human development, as expressed in Amartya Sen's classic *Development as Freedom*, is that progress is about expanding human potential, enlarging freedom and helping people develop the capabilities that empower them to make choices. However, the pace of ecological change today makes this equation incomplete. The concept of 'development as freedom' is quickly evolving into 'sustainable development as freedom', as climate change causes mass disruption and as sensibilities about justice and rights transform to account for the role of ecosystem degradation in generating social exclusion and poverty. In addition to the 'five freedoms' outlined in Sen's original human development framework, in many ways resilience to ecological change is emerging as a 'sixth freedom'.

The new development agenda makes it clear that goals such as poverty reduction and social protection are inherently complex and non-linear, with shocks and stresses as the new norm—particularly in an era of climate disruption. Converging ecological risks—from climate change, disasters, land degradation, and food and water insecurity—are exacerbating social vulnerability and threaten the achievement of all SDGs. As critical ecosystem services and resource security decline, it is poor people who, despite bearing little responsibility, suffer the most negative impacts on their lives and livelihoods. In response, the SDGs call for a shift from the 'social-only' orientation of traditional development policy, placing at the top

of the sustainable development agenda the very ecosystems and natural assets on which development results rest.

This is particularly relevant for SDG1, which seeks to "end poverty in all its forms everywhere". SDG Target 1.3 calls on countries to "implement nationally appropriate social protection systems and measures for all", and SDG Target 1.5 sets the goal to "build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters."

Today, over 2 billion people (one third of the global population) are poor or near-poor and face persistent vulnerabilities threatening the achievement of development goals, with climate-vulnerable communities among those most at risk (UNDP 2014). Some estimate that by 2030 an additional 100 million people may fall into extreme poverty as a result of climate change (Hallegatte et al. 2016). A person in a developing country is 79 times more likely to suffer from a climate-related disaster than a similar person in a developed country, while up to 600 million more people may face malnutrition in Africa, and an additional 1.8 billion people could face water shortages in Asia (UNDP 2009).

It is now clear that unless action is taken, climate change will decelerate progress on the SDGs in coming years, and may well lead to a reversal of many hard-won development gains by the middle of the century. The new integrated approach expressed under SDG1 seeks to move development policy beyond the traditional 'silos' of disciplinary action to an approach that manages trade-offs and builds synergies, including those between social protection and climate change.

Climate-induced poverty: the emerging crisis in the Arab region

The nexus between poverty and climate change holds special relevance in the Arab

region, already the world's most food-import-dependent and water-insecure region. More than 40 per cent of its 357 million people are already exposed to drought and other climatic disasters; with temperatures possibly rising by over 2 degrees by 2050, water run-off may drop by 30 per cent, and food output may drop by 20 per cent by mid-century (see WFP 2015). With temperatures rising faster than the global average, governments are now increasingly recognising climate change as one of the critical factors expected to catalyse new levels of poverty, conflict and displacement across the region.

From 2006 to 2011, the region suffered one of its worst drought events. In Somalia, up to 100,000 people perished, and 4 million people were displaced, while in Syria the drought decimated the livelihoods of more than 20 per cent of the rural population, internally displacing up to 1 million people (see Kelley et al. 2015). Climate impacts have likewise contributed to instability in Iraq, Sudan and Yemen. Increasingly, the areas of the region experiencing conflict and mass displacement are also those at greatest risk of climate change.

Droughts and climatic disasters are becoming more frequent and severe, and some evidence suggests that the region is in the midst of a long-term drought cycle, possibly triggered by the ongoing shift in the planet's climate, and similar in severity to historical droughts that led to major civilisational shifts in the past (Cook et al. 2016). Unless action is taken, impacts could be felt in the loss of agricultural livelihoods and increasing rural unemployment, growing conflicts over scarce resources, and mass displacement.

While governments and the international community have placed much attention on creating climate-resilient infrastructure, an even greater need exists to adapt poverty reduction policies to the new climate reality—moving from traditional systems of social security to systems that promote socio-ecological security. Social protection policies can play an important role in this

regard: building community resilience, reducing vulnerabilities and combating the ‘slow violence’ inflicted by climate change on the poorest people (Nixon 2013). A multidimensional perspective is more important than ever, not only to understand the evolving nature of vulnerability and poverty in the region, but to craft resilience-based responses that incorporate the social and ecological dimensions of the challenge.

Social protection for climate resilience

The domains of social protection policy, climate change adaptation (CCA) and disaster risk reduction (DRR) have historically evolved in relative isolation. But as risks to social vulnerability become more multidimensional, and as leaders seek to find synergies between humanitarian and development support, efforts are needed to make social protection more risk-informed, and CCA and DRR measures more pro-poor and rights-based. Recent years have seen a growing trend among international

development organisations and climate-vulnerable countries to explore the use of adaptive social protection (ASP) policies—integrated approaches among social protection, CCA and DRR fields meant to promote policy coherence and build resilience (Davies et al. 2009).

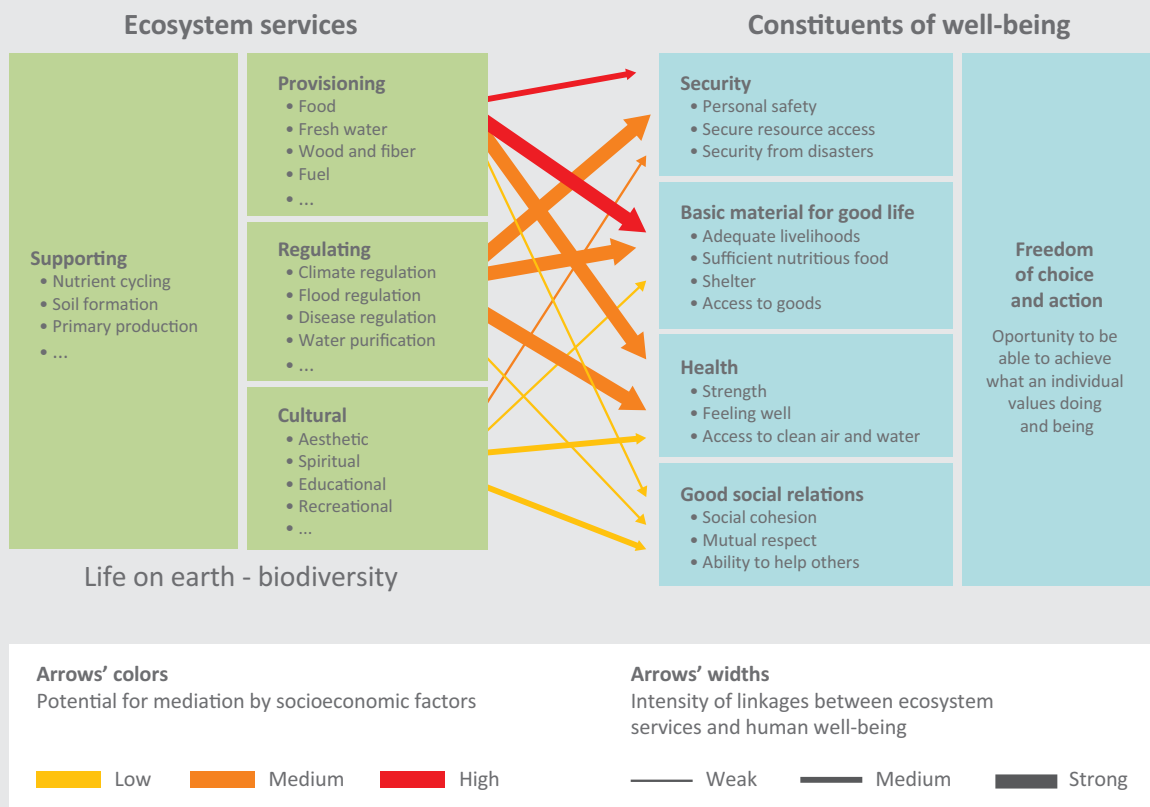
Social protection offers a range of instruments that can address the risk mitigation (anticipatory capacity), risk coping (absorptive capacity) and risk adapting (adaptive capacity) aspects of securing livelihoods (Bahadur et al. 2015). Specific solutions include: cash transfers before and after the onset of climatic disasters; subsidies for food, water and energy services; weather-indexed insurance for vulnerable farmers; employment-generating public works programmes in the agriculture and water sectors; community empowerment through new assets such as seed reserves, livestock and water retention systems; climate-resilient agriculture livelihoods; economic and

income diversification strategies; early warning systems; and facilitation of mobility and migration options.

While social protection solutions have long been used as an immediate response to droughts and climatic disasters through initiatives such as cash transfers, the provision of food aid, and public works activities for crisis recovery, among others, there is now a call to engage the preventive potentials of ASP solutions to reduce some of the root causes of climate vulnerability that traditional CCA and DRR measures do not address, achieve transformational change through upstream policy change, and promote climate justice through the rights-based focus of social protection measures (Knox 2015), and the value of ASP in overcoming decision-making silos between the social and natural spheres of policymaking (Browne 2014).

One aspect of ASP of particular relevance to the Arab region is the role of social

FIGURE 1: The nexus of ecological security and social security



Source: Millennium Ecosystem Assessment (2005).

protection for those affected by climate-induced displacement. The region has witnessed an increase in the number of refugees and internally displaced persons (IDPs) in recent years, mostly triggered by violent conflict, but many of whom also originated from rural agricultural areas that have faced converging pressures from more frequent and severe drought cycles in recent years. While not addressed extensively in the past as part of climate adaptation options, mobility—whether economic migration or climate-induced displacement—is starting to emerge as one strategy for reducing the vulnerability of rural livelihoods. In some cases, entire communities have had to shift from rural to urban areas within their own borders, and in others, affected communities have sought refuge abroad.

All too often, climate-displaced communities re-emerge in situations of poverty and social exclusion in new urban settings, unable to effectively transition from former agricultural livelihoods, and often resorting to informal-sector activities in cities. As seen in the cases of Syria, Somalia and elsewhere in recent years, it is often the lack of effective government response mechanisms to meet the needs of drought-displaced communities that triggers subsequent situations of inequality, poverty and social instability. ASP can be an important tool in such contexts, to enhance the resilience of governments and communities to cope with climatic

shocks and to help affected communities transition to new development pathways.

While much more research needs to be done on the nexus of climate risk, displacement and integrated policy responses, some aspects of ASP can already be mobilised for the benefit of displaced communities in the region, to reduce the inherent inequity arising from displacement (Kuriakose 2013). Examples include cash transfers to support transitional needs during relocation, skills enhancement needed for securing new livelihoods in destination areas, support for access to finance and the conversion of rural assets to enable an effective shift of livelihoods.

The deployment of ASP solutions can be of great value in the Arab region. As countries move ahead to scale up responses to the unprecedented rise of climate risks, droughts, displacement and poverty, an opportunity exists to integrate ASP solutions into new climate change National Adaptation Plans (NAPs), as well as the new United Nations-backed Mainstreaming, Acceleration and Policy Support (MAPS) process to help countries align national development policies with achievement of the SDGs (UNDG 2015). MAPS and NAPs synergies can be a strategic entry point to achieve policy coherence and make progress on SDG Targets 1.3 (on social protection) and 1.5, on CCA/DRR. This can also support resource mobilisation from finance platforms, increasingly seeking mutual benefits among humanitarian,

development and climate investments (Bayat-Renoux and Glameric 2014).

The Green Climate Fund (GCF) is one such potential platform, meant to build local adaptive capacities in climate-vulnerable communities, while supporting innovative solutions to achieve triple wins among poverty reduction, CCA and DRR goals. The United Nations Development Programme (UNDP) is the UN's largest provider of country assistance for climate change, with close to USD3 billion in grants to over 140 countries around the world, from a variety of funding sources including the GCF and the Global Environment Facility (GEF). In the Arab region, UNDP projects financed by the GEF are already helping build community resilience through various forms of social protection. The Climate Change Resilience programme in Somalia improves the local assets of nomadic pastoralists, including water retention systems and diversifying the livelihoods of women farmers. A Climate Risk Finance programme in Sudan builds the capacity of public and private partners to bring to market new weather-indexed insurance, while the Nile Delta Coastal Adaptation programme in Egypt helps put in place new policies and infrastructure to manage the risks posed by rising sea levels to millions of people at risk of climate-induced displacement in coming years.² These and other similar initiatives will be scaled up in coming years in support of countries' efforts to achieve the SDGs, the Paris Agreement and the Sendai Framework.

“ All too often, climate-displaced communities re-emerge in situations of poverty and social exclusion in new urban settings, unable to effectively transition from former agricultural livelihoods, and often resorting to informal-sector activities in cities.



Photo: Scott Wallace/World Bank. Women retrieving water from a well, Morocco, 2007 <<https://goo.gl/zaaMTF>>.



Photo: Arne Hoel/World Bank. Farmer at his cabbage field, Tubas, Palestine, 2012 <<https://goo.gl/g8aBBH>>.

“The Arab region is emerging as a global hotspot of climate risk and social vulnerability.”

Conclusion

The Arab region is emerging as a global hotspot of climate risk and social vulnerability, and will be a much hotter, drier and socially vulnerable region by 2030, unless action is taken to put in place new climate-resilient approaches to poverty reduction. The SDGs express the reality that ecological fragility has arisen as a main source of ‘un-freedom’ in the world today, impacting a range of goals from poverty reduction and women’s empowerment to inequality and peace. Climate change in particular is destabilising the status quo of development policy, triggering an evolution in policy and practice. This is reflected in the new, integrated approach reflected in SDG1, which calls for new social protection measures that build the resilience of the poorest people alongside new climate resilience measures to empower communities in the face of more frequent and severe droughts. ASP policies can be an important response to growing levels of poverty and rising risks from climate change.

As countries move ahead with the new 2030 Agenda for Sustainable Development, an opportunity exists to rethink human development policy—shifting from social security systems to socio-ecological security systems that factor in the vital role of climate stability and ecosystem services for sustaining human development. A crisis can also present an opportunity, and in current times of transformational change

across the region, countries have the opportunity to adopt new risk-informed approaches to development and break the cycle of climate-induced poverty and displacement that threatens to fuel even greater instability across the region in years to come. ●

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Strengthening social protection and food security in MENA: experiences and opportunities amidst shocks, protracted crisis and reform processes

by Verena Damerou and Oscar Ekdahl¹

Ensuring food security and achieving the Sustainable Development Goals is a major challenge in the Middle East and North Africa (MENA) region. The reasons are complex and interconnected—conflict, civil unrest, governance challenges, economic sanctions, a high dependence on food imports, and an increasing vulnerability to natural disasters and climate change. As a result of limited productive resources, primarily a lack of water and arable land, the region has become the largest importer of cereals in the world, with imported food providing about half of all calories consumed (Jawad 2014). Most countries in the region are also experiencing political transition or are affected by civil unrest, which has led to the largest number of internally displaced persons and refugees in the world since the Second World War. Therefore, it is not surprising that against a global trend of falling malnutrition rates, MENA is the only region where this indicator has been rising since 2000 (FAO 2015). In eight MENA countries, including Egypt, Iraq, Libya and Sudan, more than 20 per cent of households are considered food-insecure; in Yemen, this figure has soared to 65 per cent (WFP 2017a).

The escalation of armed conflict has generated a surge of displaced people, requiring large-scale humanitarian assistance and placing extraordinary demands on countries in the Arab region. Refugees and internally displaced persons typically lose their economic and physical access to food. In many cases, including for Syrian refugees, these groups have difficulties in accessing safe and sustainable income opportunities in host countries. At the same time, the scale of conflict and displacement poses extraordinary demands on ensuring the continued provision of basic services and

social assistance for vulnerable citizens and, in some cases, to entire displaced populations. This has resulted in massive humanitarian needs, where the World Food Programme (WFP), for example—one of the largest humanitarian actors in MENA—has scaled up its food assistance from 6.8 million people in the region in 2010 to approximately 30 million in 2017.

Social protection and safety nets for food security and nutrition: a tool for achieving multiple objectives

Poverty, food insecurity and instability are critically linked, making social protection a relevant policy response for MENA. This link is obvious when examining various causes of food insecurity—poverty and food access issues being the main ones in MENA—which can in part be counteracted by social protection and safety net responses. Given this correlation, efforts to reduce poverty are, therefore, likely to be able to contribute towards tackling food insecurity. Similarly, social protection and safety nets reduce the risk of entrenched poverty and disenfranchisement by reducing negative coping mechanisms that might result from shocks. Social protection and food security are also universal human rights, which provide a common basis for equitable approaches in design and implementation (HLPE 2012).

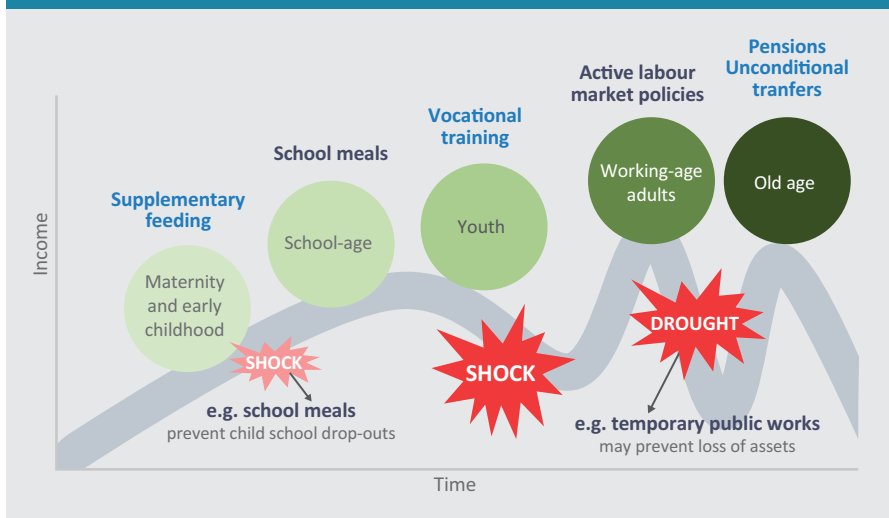
There is room for better alignment between social protection and food policies at the national level in the MENA region. This was a clear finding of a study on social protection carried out by the WFP and the Institute of Development Studies (IDS) in 2015, which included nine country case studies and a regional overview (Devereux 2015). The study also highlighted that social protection programmes with explicit food security objectives are especially prevalent in highly food-insecure and protracted crisis contexts, such as in Palestine and Yemen.

Food security is supported and implicit in many other forms of social assistance interventions across the MENA region, such as the Social Welfare Fund in Yemen and, more recently, the *Takaful* and *Karama* social protection programmes in Egypt, which provide cash transfers to extremely poor and vulnerable people.

Governments in the region have traditionally invested heavily in consumer price subsidies to support household-level food security. In fact, most governments in the MENA region spend more on subsidies as a proportion of Gross Domestic Product (GDP) than other comparable countries. However, more targeted social assistance programmes received much less support. For example, while in the 2016 fiscal year Egypt spent 4.8 per cent of GDP in commodity subsidies, 2.8 per cent of GDP was spent in subsidies and grants for social services (Abdalla and Al-Shawarby 2017). There are six different categories for commodity subsidies, with food subsidies averaging about 24 per cent of total spending. These subsidies are fiscally difficult to make sustainable, and analysis shows that most of them do not benefit the poorest and most food-insecure population (Silva et al. 2012).

A reform of social protection and safety net systems is under way in many countries in the region, offering real opportunities for increased stability, food security and improved poverty outcomes. These reforms are partly the result of a worsening fiscal situation affecting expensive subsidy systems, but also a recognition of the need for more accurately targeted and well-designed programmes to tackle poverty and food insecurity. The unsustainability of subsidy systems became particularly apparent in the aftermath of the global food and oil crises of 2007–2008—expenditures increased by up to 20 per cent on average. This brought important reform

FIGURE 1: Life-cycle approach to social protection and examples of interventions



Source: Authors' elaboration.

considerations to the forefront of many government agendas (Jones et al. 2009).

A life-cycle approach leads to social protection and safety net programmes being more holistic and results-driven and having more impact. Social protection, social service and social assistance needs change over a person's life-cycle. Figure 1 illustrates how different social protection instruments can support particularly vulnerable groups at critical stages of a person's life—for example, supplementary feeding for pregnant and lactating women targeting the first 1000 days of a child's life, or a focus on nutrition during school age. It also highlights potential instruments for working-age adults and elderly people. By adopting a life-cycle approach, governments can provide less fragmented social protection systems, ensure specific food and nutrition needs are met and prioritise scarce resources and investments for those who need them the most and at times when assistance has the greatest impact.

School feeding interventions² are a critical pillar of social protection and have multiple benefits, including food security, nutrition and education outcomes (WFP 2017b; Salah et al. 2012). The WFP directly provides school meals to about 2.5 million school children in Algeria, Egypt, Iran, Jordan, Lebanon, Morocco, Sudan, Syria, Tunisia and soon Yemen. Governments still provide for a significantly higher number. In countries

affected by the crisis in Syria, school meals are commonly provided to residents and refugees to keep children in school and support access to education for children who otherwise risk being a 'lost generation'. WFP, together with its partners, has recently launched a new regional initiative for school meals and social protection in crisis and stable contexts.³ By complementing school meals with nutrition interventions and making interventions more nutrition-sensitive, such as with the provision of micronutrient powders or by delivering nutrition-awareness sessions for parents

and teachers, evidence indicates that longer-term nutrition outcomes are achieved (Ruel and Alderman 2013).

The 'home-grown school feeding' (HGFS) framework, whereby school meals are sourced from locally produced food, is an example of how smallholder farmers and communities and local agricultural production can be promoted through school meal programmes. In this manner, a national school meal programme can contribute to local economies and the income of smallholders, becoming more sustainable while generating additional benefits and outcomes.



Photo: Dina El-Kassaby/WFP. School Feeding in Lebanon, 2016.

“ By adopting a life-cycle approach, governments can provide less fragmented social protection systems.

While HGSF has not yet not been implemented at scale in the MENA region, important approaches towards more comprehensive school meals that link local production and employment to schools have been undertaken. One such example is the Healthy Kitchen programme in Jordan, where school meal programmes have expanded to provide income opportunities for women, thereby addressing poverty in host communities and for refugees (WFP 2017c). Other examples can be found in Tunisia, where school meal pilots are being implemented that support local development by encouraging links to local agricultural production and the use of local produce in school menus (WFP 2017d).

Temporary employment and public works schemes supporting income and food security have high potential but are not yet implemented at scale in MENA.

By providing in-kind or cash transfers on the condition of participating in activities such as infrastructure rehabilitation and asset creation, these programmes combat temporary unemployment while also addressing food insecurity (Berhane et al. 2011). In contexts of crisis and where tension between resident and displaced populations might exist, these programmes can also serve to reduce competition over jobs and contribute to social cohesion.

In countries such as Egypt and Sudan, where the agricultural sector is significant in terms of workforce and contribution to GDP, the scope for productive social protection schemes is larger. These schemes should be based on community needs whenever possible, focusing on assets that support community resilience to various human and natural shocks, thereby promoting longer-term livelihoods and food security and helping communities become more self-sufficient, therefore reducing the need for future social assistance.

In view of natural disasters, climate change, and socio-economic shocks, there is an increasing need to also make these social protection systems shock-responsive—i.e. have the capacity to expand in times of shocks and crises. However, these efforts remain at an early stage in the region.

Humanitarian interventions and the contribution to social protection in the Arab region

Since the escalation of armed conflicts in the region, a new dimension of vulnerability is emerging due to large-scale protracted displacements. This has expanded the discourse on national social protection and safety nets into the humanitarian sphere.

Refugees and internally displaced persons enjoy different status and treatment in different contexts. For refugees in particular, although full integration into host communities may take place, the more common situation is for them to reside in camps and/or informal settlements, in marginalised conditions and with variable levels of access to humanitarian assistance, national social services and income-generating options. Refugees typically lose access to social benefits, as they do not have the same entitlements as the citizens of the host country, even though they represent the most vulnerable populations in any given context. Due to the scale and the effects of the Syrian conflict in the MENA region, where national systems and basic service provision have often been overburdened or unable to support incoming refugees, a broad recognition is emerging of the imperative of humanitarian assistance acting as a safety net (Bailey and Barbelet 2014).

Humanitarian assistance and safety nets: bridging to national capacities and contributing to enhanced national social protection systems over the longer term.

As conflicts become more protracted, humanitarian interventions are being increasingly designed to contribute to medium- to longer-term strengthening of capacities and resilience at all levels. Supporting displaced people and local communities using very large in-kind, cash and voucher emergency safety nets is gaining traction in the MENA region. Such efforts are particularly prominent in countries such as Jordan, Lebanon, Palestine and Turkey, where, for example, WFP food vouchers provide key support to the lives and livelihoods of vulnerable populations. At the same time, this support also entails capacity-strengthening of national social protection systems, focusing on enhancing operational platforms and improving targeting, monitoring and the capacity to rapidly scale up assistance when new needs arise.

Furthermore, the scale of these operations provides a broader set of positive outcomes. As of July 2017, WFP assisted more than 6.5 million people affected by the Syrian crisis within Syria and in the surrounding countries. Due to this scale, money injected into local economies through local food procurements and cash-based transfers is significant, estimated at USD3.5 billion since the beginning of the crisis. Based on economic impact studies in Jordan and Lebanon, these injections, which include locally procured food for humanitarian response in these countries, have had an economic multiplier effect ranging from 1.2 to 1.5, primarily benefiting the agricultural and manufacturing sectors (WFP 2014a; 2014b).

Turkey's case in particular is conceptually innovative. The government, together with partners and donor countries, is implementing a temporary EUR348 million Emergency Social Safety Net (ESSN) programme which provides monthly multi-purpose cash assistance to 1.3 million off-camp refugees. This programme works through and builds on existing national social assistance programmes by aligning with the government's targeting criteria, using existing procedures and standards. In this way, food security outcomes are supported, humanitarian assistance becomes aligned with national social protection systems, and local economies receive a boost from cash injections.

Opportunities moving forward

Recent conflicts in the Arab region have brought devastation to millions of lives, denied human growth for girls and boys, women and men, and created significant challenges for future development. Moving forward, a strong peace and stability agenda is required to enable a range of structural challenges at the root of social tension and escalation into conflict to be addressed. Amid the ongoing crisis, governments and other stakeholders, particularly humanitarian actors, have been driven to provide new forms of assistance able to cope with increasing short-term requirements that simultaneously maximise benefits for affected populations in the medium to long term. To capitalise on these efforts, more focus is needed on analysis and operational research, understanding how to improve coordination between various actors and synthesising lessons learned.

Challenges posed by the ongoing instability, conflicts and displacement of people in the region cannot be ignored and must be addressed in tandem with ongoing food security policymaking and social protection reform processes. From a social protection and food security perspective, the policy imperative is clear: as governments in more stable environments engage in food subsidy reform, the fiscal space created must be used to sequentially invest in more accurately and well-targeted pro-poor social protection programmes. If successful, larger and more cost-effective impacts on poverty reduction and food insecurity and positive contributions to a range of other priority areas can be achieved.

In MENA countries hosting large refugee populations, it is imperative for humanitarian actors to leverage their assistance platforms to strengthen national social protection systems. This approach contrasts with traditional emergency operations, which are more likely to run separately from state social protection programmes. Similarly, ensuring that these systems are nutrition-sensitive and can cope better under shocks further leverages their impact to contribute to national objectives.

While the tragedy of the massive crisis affecting Syria, Iraq and bordering countries hosting refugees is still unfolding, it is important to underline the fact that humanitarian systems have been able to innovate and develop new approaches to meet rising demands with scarce resources. Active labour market policies, school meals and nutrition interventions, alongside country capacity-strengthening efforts related to improved targeting, enhanced monitoring systems and stronger operational platforms that can scale up assistance more rapidly, represent some areas with high potential. On all of these aspects, the MENA regional experience will likely shape approaches that integrate social protection, safety nets, food security and humanitarian assistance into more effective solutions for people and governments. ●

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Photo: Russell Watkins/DFID. A Syrian refugee family in the Azraq camp, northern Jordan, 2017 <<https://goo.gl/qk51yb>>.

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1. United Nations World Food Programme, Regional Bureau for Middle East, North Africa, East Europe and Central Asia.
2. School feeding programmes and services include the provision of hot meals or snacks in schools, take-home food rations or the provision of food vouchers and cash transfers to households, conditional on school enrolment and attendance, as well as policy advice and technical capacity development activities and services.
3. This initiative brings together national governments, United Nations agencies and international organisations (the Food and Agriculture Organization, UNESCO, UN Women, the International Labour Organization), the World Bank, regional organisations (League of Arab States), non-governmental and community-based organisations, the private sector and donors.

Social protection and the agricultural sector in the Near East and North Africa region

by Flavia Lorenzon¹

The agricultural sector represents a central issue and one of the biggest challenges facing all countries in the Near East and North Africa (NENA) region. In recent decades evidence shows that agriculture has not become more productive in the region. The agricultural sector makes a relatively small contribution to overall gross domestic product (GDP), currently averaging 14 per cent (FAO 2016a), a decrease from 15 per cent in 2000. This low contribution to total GDP is disproportionate to the high percentage of NENA's economically active population engaged in agriculture, estimated to be around 38 per cent (ibid.). This is also illustrated by the fact that NENA countries are also among the world's largest food importers (FAO 2016b).

Domestically, more than 80 per cent of agricultural production is provided by smallholder farmers, and over 85 per cent of the agricultural land holdings are farmed by families (FAO 2017). Therefore, it is fair to assume that smallholder and family farmers in the region are quite affected by the low productivity rates in agriculture and, consequently, the high incidence of rural poverty. For the millions of rural households that are relying on agriculture for their livelihoods, critical productivity constraints are evidenced by a lack of access to resources and productive assets, imperfect or fragile market access and constant exposure to various risks. Social protection benefits can help alleviate critical credit, savings and liquidity constraints, providing greater security for households to manage covariate risks while enabling them to engage in more profitable agricultural activities (FAO, IFAD, and WFP 2015). Agricultural policies and social protection programmes can help smallholder farmers manage risk by stimulating farm output, income and overall poverty relief (FAO 2013).

Rural poverty refers to poverty found in rural areas, including factors of rural society, rural economy and rural political systems

(de Janvry et al. 2002). As in urban areas, inequalities in rural areas can be quite evident. Over recent decades, rural poverty in the NENA region has been decreasing much more slowly than urban poverty (IFAD 2007). For countries with available data, it is possible to notice an overall decline in poverty (see Figure 1). However, the total reduction in the proportion of poor people between 1999 and 2012 was around 38 per cent in rural areas, as opposed to 60 per cent in urban areas (IFAD and FAO 2017). Furthermore, the figures vary by country: for example, Egypt—one of the most populous countries in the region—did not reduce poverty in rural areas during this period; rather, poverty increased in both in rural and urban areas (see Figure 2).

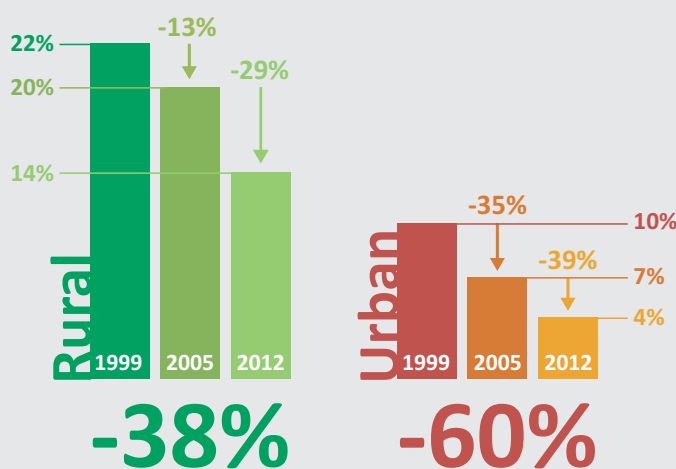
These patterns in NENA countries can be associated with economic growth that was not necessarily inclusive, driven by productivity increases in labour-intensive sectors. The manufacturing sector in the region did not grow enough to fully absorb the available labour, which may be reinforced by the growing rates of unemployment, especially among the

youth. According to estimates by the International Labour Organization (ILO), unemployment among NENA youth aged between 15 and 24 reached 27 per cent in 2014—close to double the global average of 14 per cent and more than double the region's overall unemployment rate of 12 per cent (FAO 2017). Urbanisation rates are also quite significant, and the trends in the region vary considerably by country. This can be associated with the size of rural poverty. As of 2015, countries such as Egypt, Sudan and Yemen remained the least urbanised (43 per cent urban), while nearly 90 per cent of Lebanon's population live in urban areas. Urbanisation in the entire NENA region grew by 2.4 per cent from 1990 to 2015, demonstrating that the proportion of the population living in rural areas is still quite significant (IFAD and FAO 2017).

Social protection landscape

Across the NENA countries, social protection has traditionally been associated with a high proportion of social spending, used primarily for subsidies that are fundamentally ineffective for sustainable poverty reduction. It is hard

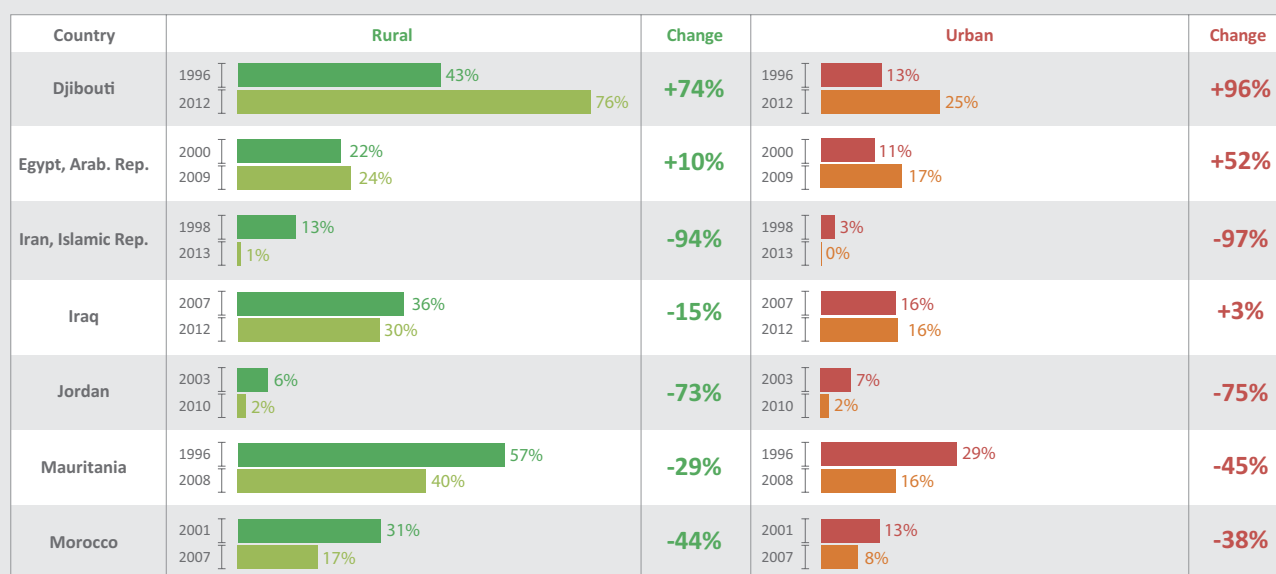
FIGURE 1: Rural and urban poverty headcount estimates for the NENA region



Note: The figure is based on a 2005 poverty line constituting consumption of USD2 per day purchasing power parity (PPP).

Source: Prepared by IFAD and FAO (2017) using World Bank data.

FIGURE 2: Rural and urban poverty headcount estimates for various MENA countries



Note: The figure is based on a 2005 poverty line constituting consumption of USD2 per day PPP.

Source: Prepared by IFAD and FAO (2017) using World Bank data.

to assess to what extent the consumer subsidies affect smallholder farmers and the agricultural sector as a whole, but they certainly do not contribute to improve productivity: most of the subsidised goods are either imported or produced by a small number of larger producers. As a social safety net, they can ultimately reach vulnerable farmers, however at a high cost and also benefiting parts of the population who are less in need of aid. At the same time, the removal of food subsidies could have negative effects on food prices and compromise a central aspect of many people's livelihoods.

Overall, the NENA region lacks rural development policies that support the production of smallholder farmers and/or protect their livelihoods. It is hard to find programmes that exclusively target rural areas. Apart from a few school feeding programmes that target rural schools, the vast majority of rural populations have difficult access to social services, and, if they depend on agriculture, they will hardly be able to benefit from social security. There are many contribution-based social insurance systems in the region that exclude informal sectors, as is often the case for agriculture. In Lebanon, for example, the National Social Security

TABLE 1: Urbanisation rates in NENA countries

	Percentage of total population		Growth (%)
	1990	2015	2015
Algeria	52	71	2.8
Bahrain	88	89	2.7
Egypt, Arab Republic	43	43	2.3
Iran, Islamic Republic	56	73	1.9
Iraq	70	69	3.3
Israel	90	92	2.1
Jordan	73	84	4.2
Kuwait	98	98	4
Lebanon	83	88	4.5
Morocco	48	60	2.2
Oman	66	78	6.5
Qatar	93	99	4.5
Saudi Arabia	77	83	2.7
Sudan	29	34	2.9
Syrian Arab Republic	49	58	-1.8
Tunisia	58	67	1.5
United Arab Emirates	79	86	1.2
West Bank and Gaza	68	75	3.2
Yemen, Republic	21	35	4.2
Near East and North Africa	55	64	2.4

Source: Prepared by IFAD and FAO (2017) using World Bank data.

Fund is ruled by a labour law from 1974 that does not include agricultural workers. The same is still the case in Egypt.

Similarly to social security and pensions, access to health insurance is mostly only available to public employees. Some countries in the region are trying to change this situation: Egypt and Lebanon, for example, are currently working on laws that would enable informal workers from the agricultural sector to benefit from both social security and health insurance. The Food and Agriculture Organization of the United Nations (FAO) is currently supporting the governments of both countries in these projects.

Targeting rural areas

To change how social development has been approached in the region, many governments are increasingly investing in social protection, especially in rural areas. This can be evidenced by the number of countries investing in cash transfer programmes (conditional or otherwise), such as Egypt, Jordan, Lebanon, Morocco, Sudan, Yemen, the West Bank and Gaza. Table 2 provides a summary of these programmes.

There are subsidy reforms currently under way in many countries in the region, and this has been followed by an increase in the budget and size of cash transfer programmes, so as not to leave vulnerable people without any assistance. In Egypt, for example, the government plans not to decrease food subsidies as much as fuel subsidies, and to increase

the joint expenditure on food and cash transfers by 1 per cent of GDP (IMF 2017). This is presented as a way to mitigate the social effects of structural reforms whose central element is the elimination of subsidies—the country maintains the benefit to vulnerable populations, striving to improve the targeting process while expanding its national cash transfer programme.

Although smallholder farmers and poor people living in rural areas in general are obvious potential beneficiaries of social protection, this correlation is not always clear, especially in the context of universal subsidies. In Egypt, a key aspect of the *Takaful* and *Karama* cash transfer programmes is a combination of geographic targeting and proxy means testing,² which is certainly beneficial for the rural population. With improved targeting, it is fair to assume that poor people living in rural areas would probably be better identified and served by social protection programmes. Even without specific provisions to target them, rural families tend to be larger, with fewer adults with educational attainments, and a higher probability of being engaged in temporary or seasonal work and living in more precarious conditions—all aspects that can be reflected in the proxy means test.

Therefore, social protection programmes (such as cash transfers) tend to have many rural families among their beneficiaries, either intentionally or not. There is an opportunity to increase the scope

“ To change how social development has been approached in the region, many governments are increasingly investing in social protection, especially in rural areas.

TABLE 2: Cash transfer programmes in the NENA region

Country	Programme	Type
Egypt	Takaful and Karama	CCT
Iraq	Social Protection System	UCT
Jordan	Naf – National Aid Fund	CCT
Lebanon	NPTP	UCT
Mauritania	Social Transfer Programme	UCT
Morocco	Tayssir	CCT
Sudan	Social Safety Net Project	UCT
Tunisia	Programmes des familles necessiteuses	UCT
West Bank and Gaza	Palestinian National Cash Transfer Program (PNCTP)	UCT
Yemen	Social Welfare Fund	UCT

Note: CCT = conditional cash transfer; UCT = unconditional cash transfer.

Source: Devereux (2015) using World Bank data.



Photo: Mohamed Abdel Wahab/USAID. Smallholder farmer holds a tomato planted by him, Luxor, Egypt, 2014 <<https://goo.gl/aatS87>>.

“ Therefore, social protection programmes (such as cash transfers) tend to have many rural families among their beneficiaries.

of programmes aimed at productive inclusion and promote the increased productivity of rural populations who depend on agriculture. This is central to FAO's core mandate and work within social protection: maximising synergies between social protection and agricultural policies and articulating a coordinated strategy for rural development and poverty reduction.

In the NENA region, FAO is committed to supporting governments and partners in addressing the challenges of incorporating social protection into national strategies while expanding their coverage, especially in rural communities. FAO is currently supporting national governments in: (a) expanding social security to rural areas, starting with legal assessments regarding how to fit smallholder farmers and other rural workers within the legal framework; (b) identifying and operationalising the linkages between agriculture and social protection, especially by inserting a 'rural component' in social protection programmes such as cash transfers; and (c) fostering partnerships with organisations and national ministries that are able to comprehensively approach poverty in a way that is sensitive to rural needs.

Another frequent challenge in expanding the coverage of social protection in the region is linked to the lack of inter-ministerial coordination on topics such as social development.

The Ministries of Social Development and Agriculture rarely share data or collaborate in joint programmes that envision rural development. Currently, the FAO is working with the Lebanese Ministry of Agriculture in the design and implementation of a farmers' registry that, among other core functions, should use socio-economic data to link vulnerable farmers to social assistance programmes in the country.

Despite having significant positive impacts, social protection alone cannot sustainably eradicate issues of poverty and underdevelopment, hence the need for complementary interventions. Social protection programmes can provide initial levels of income security and asset protection that enable people who are socially excluded to be lifted out of poverty. However, the promotion of income-generating activities and decent employment is also key to sustainable livelihoods. Moreover, agricultural policies can also increase the productive impacts of social protection by influencing the expected returns on investments in agriculture (Tirivayi, Knowles, and Davis 2013). ●

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2. Proxy means testing uses multivariate regression to correlate certain proxies, such as assets and household characteristics, with poverty and income.

Child-sensitive non-contributory social protection programmes in the MENA region

by Charlotte Bilo and Anna Carolina Machado¹

Children in developing countries are more than twice as likely as adults to be living in extremely poor households. They account for half of all extremely poor people, even though they only represent around a third of the world's population (UNICEF and World Bank 2016). Children experience poverty differently from adults: not only are they more vulnerable to malnutrition, disease and abuse, but they are also more dependent on others for support (UNICEF 2012).

Of the total estimated 456 million people living in the Middle East and North Africa (MENA) region² in 2015, 36.4 per cent were under the age of 18, and 11.7 per cent were under the age of 5 (UNICEF 2016a). Levels of child deprivation are alarming: according to a recent study covering 11 Arab countries, one in four children experiences acute deprivation, lacking basic rights in two or more of the following dimensions: decent housing, health care, safe water, sanitation, nutrition, basic education and information (UN ESCWA 2017). Especially in countries affected by conflict, such as Yemen and Syria, millions of children are deprived of their most essential needs (UNICEF 2016b; 2017).

Social protection systems can play an important role in reducing both monetary and multidimensional child poverty, given their potential to contribute to break the inter-generational cycle of poverty, improve outcomes in children's nutritional, health and educational status and reduce socio-economic barriers to children's well-being. However, it is crucial that social protection systems respond to children's specific needs and rights. To this end, the design, implementation and evaluation of social protection programmes should take into account age- and gender-specific vulnerabilities, as well as the different dimensions of children's well-being.³

This article assesses the child-sensitive features of non-contributory social protection programmes in the MENA region based on an inventory prepared in

partnership between the International Policy Centre for Inclusive Growth (IPC-IG) and the UNICEF Middle East and North of Africa Regional Office (MENARO).⁴ This inventory focuses on programmes implemented by national governments and that are at least partially financed by them. In total, more than 100 non-contributory social protection programmes were mapped in the region. Mapping efforts concentrated on the following types of schemes: cash and in-kind transfers (conditional and unconditional); school feeding programmes; public works programmes (cash-for-work); educational fee waivers; housing benefits; programmes facilitating access to health (non-contributory health insurance and health care benefits); and food and energy subsidies.

Context and key features of social protection in the MENA region

In recent years, budget constraints—largely due to decreasing government revenues and lower oil prices—have contributed to a change in the composition of social protection spending in Arab countries (World Bank 2017a). Universal or quasi-universal energy and food subsidy schemes, traditionally widespread in the region, have been undergoing significant reforms. Between 2010 and 2014, Iran, Yemen, Jordan, Morocco, Egypt and Tunisia undertook reforms to reduce or even phase out some subsidy schemes. Subsidy reforms are a common policy recommendation from international organisations, such as the International Monetary Fund (IMF) and the World Bank, which also advocate the use of some of the savings yielded by this reform to implement compensatory measures—usually conditional or unconditional cash transfer programmes targeting poor people (IMF 2017a).

In 2010, Iran introduced one of the largest cash transfer programmes of its kind—the Targeted Subsidies Reform Act—to compensate for the impacts of its subsidy reform, reaching almost universal coverage in 2011 (see Sarah Shahyar's article in this issue of *Policy in Focus* for more details). In 2014, the Government of Egypt launched

substantive fossil fuel price reforms and announced the allocation of nearly 50 per cent of the savings from these reforms (USD3.6 billion) towards health care, education and social protection programmes, including the targeted cash transfer programme *Takaful* and *Karama* (World Bank 2015). More recently, Saudi Arabia has announced the expansion of targeted cash transfers to compensate for large-scale subsidy reforms (through the Citizens Account Programme).

In addition to fiscal constraints related to subsidy reform proposals, coupled with the implementation of targeted cash transfer programmes, the region has recently seen a dramatic increase in the number of internally displaced persons and refugees. Conflicts and violence are widespread in parts of the region, leaving millions of children in need of humanitarian assistance, as in the case of Iraq, Syria and Yemen. In some countries, such as Iraq, Syria, Turkey and Yemen, humanitarian cash assistance programmes have been designed to make use of parts of national social protection systems. The Syrian crisis has underlined the importance of improving the shock-responsiveness and resilience of social protection systems and to use cash schemes⁵ built in the context of the humanitarian crisis to strengthen social protection systems (see Gabrielle Smith's article in this issue for more details).

Distinctive features

An important peculiarity of non-contributory social protection in some countries in the MENA region is the role played by *Zakat*. One of the five pillars of Islam, *Zakat*—the compulsory giving of a portion of one's wealth to charity—is considered a religious duty for all adult Muslims with a minimum standard of wealth and functions as an important redistribution mechanism. In some countries, *Zakat* collection is regulated by the State, and its distribution has been channelled through social protection systems. Programmes provided by state-operated *Zakat* Funds were mapped in Jordan, Kuwait, Qatar, the State of

Palestine and Sudan. In the latter, the Zakat Fund supported over 2.1 million families with cash transfers and other benefits in 2016 (Office of Zakat 2016). Similarly, the National Zakat Fund in Jordan is, after the National Aid Fund, an important component of the national social protection system, offering cash transfers to poor people and other vulnerable groups such as orphans and people with disabilities.

Non-contributory social assistance programmes in the MENA region have traditionally relied on categorical targeting, particularly for those citizens unable to work due to old age and disability, or in need of protection such as orphans, and dependent family members who had lost the family provider/breadwinner such as widows and their children, divorced women, or even women who are single after a certain age. The categorical approach is sometimes further complemented by some type of means-testing, and more recently, proxy means-testing (PMT), to prioritise poor and vulnerable individuals.

Categorical targeting tends to ensure larger coverage than other targeting approaches. However, even in rich countries with generous social assistance programmes there seem to be large segments of the population that are not entitled to social protection. The countries in the Gulf region, for example, are characterised by large numbers of foreign workers. The United Arab Emirates (UAE) and Qatar have a significant non-national population (80 per cent), composed mainly of low-skilled workers from South- and South-East Asia. In those countries, most social security and assistance schemes are only available for nationals.

Overview of non-contributory social protection programmes in the MENA region

Typology

According to the mapping of non-contributory social protection programmes (see Table 1) in the region, unconditional cash transfer (UCT) programmes are by far the most prevalent form of non-contributory social protection, of which more than half are targeted at poor households. The second most common programme type are unconditional in-

kind transfers, mostly in the form of food distribution programmes, and energy and food subsidies. School feeding programmes and conditional cash transfer (CCT) programmes come next. The former is targeted at school-age children, but even the latter also tends to cover them extensively, as there are conditionalities related to school enrolment/attendance.

In addition, six countries had educational fee waivers, and three in-kind conditional transfer programmes—all linked to education—were identified in two countries (Algeria and Morocco). The mapping has found 11 health subsidy programmes in six countries, such as Morocco's Regime for Medical Assistance (RAMED) and Jordan's non-contributory component of the Civil Insurance Programme, and 10 health care benefit programmes in seven countries, such as the National Poverty Targeting Programme (NPTP) in Lebanon.⁶ Finally, 11 programmes in 10 countries provide housing benefits, and eight programmes in five countries are classified as 'cash-for-work' programmes.

Targeting methods

Categorical targeting is the most prevalent targeting mechanism in these schemes, commonly used to identify families without a male breadwinner or whose adult members—particularly the head of household—are unable to work, including elderly people, those with disabilities and widows. This is followed by means-testing, which is often used in addition to categorical targeting. PMT is gradually becoming more common in the region. In Yemen's Social Welfare Fund, for example, PMT was introduced at a later stage of the programme to improve the accuracy of geographical and categorical targeting. There are, however, also cases in which PMT has been used from the programme's inception, such as *Takaful* in Egypt, the Palestinian National Cash Transfer Programme and Lebanon's NPTP.

Geographical targeting is the third most common targeting mechanism, often used for school feeding programmes that prioritise rural areas. Morocco's CCT programme *Tayssir* targets students in rural schools with poverty rates above 30 per cent and drop-out rates of at least 8 per cent per year (see the article by Mario Gyori and Fabio Soares in this issue for more details).

Target population groups

Figure 1 illustrates the prevalence of different target population groups of programmes in the region. It is important to keep in mind that schemes may target more than one group. Most programmes target poor households, identified mostly through means-testing. Children are the second most prevalent group. Of all schemes targeting children, children with disabilities and orphans, most are UCTs, followed by school feeding programmes and CCTs. Women are the third most commonly targeted population group, followed by people with disabilities and orphans; elderly people; the unemployed; children with disabilities;⁷ and people who are chronically ill.

Child-sensitivity of non-contributory social protection programmes in the MENA region

To analyse child-sensitivity in the design of non-contributory social protection programmes in MENA, five features were considered: (i) support for children's access to education; (ii) access to health; (iii) access to nutrition interventions; (iv) cash transfers whose structure allows for the benefit levels to increase according to the number of children/members in the household (even if there is a cap), as well as programmes in which benefits are paid per child; and (v) other programmes targeting children. Of course, many programmes—such as food or cash transfers to poor households—can have indirect positive effects on children's well-being without explicitly including child-related features in the programme design. However, we choose to focus on explicitly child-sensitive design features.

These five features are not mutually exclusive, and some programmes are classified under more than one category. As illustrated in Figure 2, more than half of all programmes have at least one child-sensitive feature. Many schemes classified as child-sensitive are related to education, including all cash transfer programmes that are conditional on children's school enrolment and/or attendance, as well as school feeding programmes and educational fee waivers up to secondary school. About 20 programmes are linked to child nutrition, and 11 programmes were found to directly support children's access to health care. In 17 countries, 34 cash transfer programmes were identified in which benefits are either paid per child or

the benefit level increases according to the size of the household—a prevalent feature among countries in the Gulf region.

We will discuss in further detail the child-sensitiveness of the three programme types: cash transfers, in-kind transfers and school feeding. It is important to note that other programme types can also be child-sensitive; examples include the Social Safety Net Project in Djibouti, a public works programme that also offers nutrition sessions and micronutrient powders for pregnant women and pre-school-age children, and the Civil Insurance Programme in Jordan, which offers non-contributory health insurance for both Jordanian and non-Jordanian children under the age of 6. However, this article focuses on the most prevalent schemes in the region.

Cash transfer programmes

Most cash transfer schemes in the region are unconditional (63), and only 13 are

conditional, mostly tied to children’s school enrolment or attendance. All 20 countries implement at least one cash transfer scheme, varying in scale, benefit value and delivery frequency. Iran’s Subsidy Reforms Act, for example, reaches almost universal coverage. Yemen’s Social Welfare Fund covered 35 per cent of the population in 2013 (IPC-IG and UNICEF 2014), before being suspended during the conflict. Other programmes have a significantly smaller scale. Algeria has the largest number of cash transfer programmes identified in the mapping (five in total); the same number was also identified in the UAE, although four of those are only available to nationals residing in Dubai.

Half the countries in the MENA region provide cash transfers for orphans.⁸ Moreover, financial support programmes targeting widows and unmarried women are present in Bahrain, Iraq, Jordan, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, Sudan, UAE and Yemen. As previously discussed, UCT

programmes in MENA are often designed to support poor families—including households without a male breadwinner or those whose head is unable to work—which explains why children are not usually the focus of these programmes (except for orphans and children with disabilities). Cash-based schemes targeting lactating women and younger children are still incipient in the region. The few examples include Yemen’s Social Fund for Development and Djibouti’s Social Safety Net.

Ten countries in the region were found to have one or more CCT programme (see Table 1). Of the total 13 CCTs, 12 use categorical targeting, 5 of which also use a means test to further target beneficiaries. Eight CCTs are also linked to educational conditionalities. In fact, scholarships and/or financial support to purchase school materials as well as CCTs linked to school attendance are the two ways in which cash transfers tend to be linked to education. Algeria’s *Allocation Spéciale de*

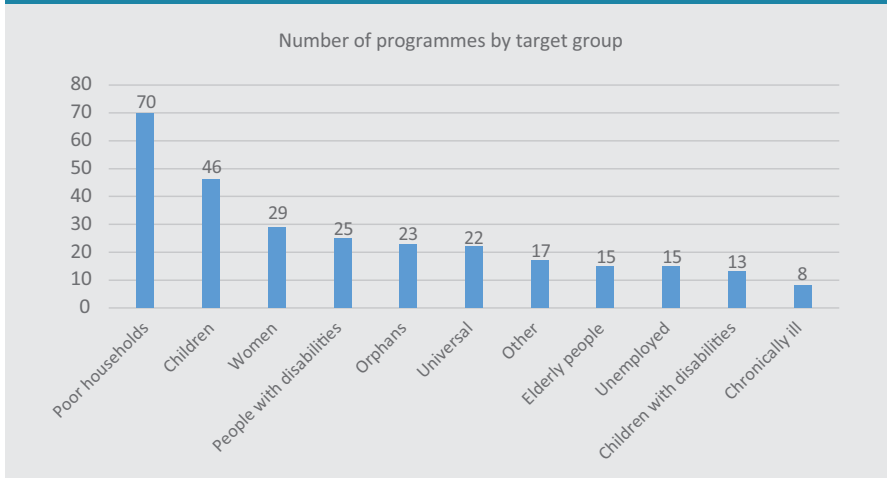
TABLE 1: Types of non-contributory social protection programmes in the MENA region

	Unconditional cash transfers	Unconditional in-kind transfers	Subsidies	Conditional cash transfers (CCT)	School Feeding programme	Housing	Non-contributory health insurance	Health care benefits	Cash-for-work	Educational fee waivers	Conditional in-kind transfers
Algeria	●		●	●	●	●	●		●	●	●
Bahrain	●		●			●					
Djibouti	●	●	●	●	●			●	●	●	
Egypt	●		●	●	●	●	●		●		
Iran	●	●	●		●		●	●			
Iraq	●	●	●								
Jordan	●	●	●	●	●	●	●	●		●	
Kuwait	●	●	●	●	●	●					
Lebanon	●	●	●					●		●	
Libya	●	●	●			●					
Morocco	●		●	●	●		●	●	●		●
Oman	●	●	●			●					
Qatar	●	●	●		●	●					
Saudi Arabia	●		●	●	●						
Palestine	●	●								●	
Sudan	●	●		●	●	●	●			●	
Syria	●										
Tunisia	●		●	●	●			●			
UAE	●	●	●			●					
Yemen	●	●		●				●	●		

Note: All programmes and subprogrammes were counted separately. Programmes and subprogrammes may be classified as more than one programme type and can target more than one target group.

Source: Authors’ elaboration.

FIGURE 1: Most prevalent target population groups



Source: Authors' elaboration.

Scolarité, for example, was created in 2000 to incentivise school attendance among children from poor households. Similarly, Morocco's *Tayssir* programme was designed to minimise school drop-out rates in the most impoverished regions of the country. There are also cases in which conditionalities are not strictly verified, as in Tunisia's *Programme d'Allocations Scolaires*. All the aforementioned programmes are only available for households with school-age children. Two CCTs are also tied to health-related conditionalities: *Takaful* in Egypt requires four visits a year to health clinics by mothers and children under the age of 6, and the Recurring Cash Assistance of the National Aid Fund in Jordan requires immunisation (among other conditionalities).

While the benefit levels of different cash transfer schemes vary, it can be observed

that it often increases according to the size of the household and, to a lesser extent, with children's age or school grade. In comparison to programmes which pay a fixed amount of benefit per household, they are considered child-sensitive here, as they take into account higher expenditure levels of larger families (and for older children). Examples include the *Takaful* programme in Egypt, in which the benefit level depends on children's age and school grade, and most cash transfers schemes in the Gulf region, such as in Oman, Saudi Arabia and the UAE. In these countries, the level of financial support is commonly determined by the number of dependents (children and wives) in the household.

In-kind transfer programmes

In-kind transfers are commonly provided in

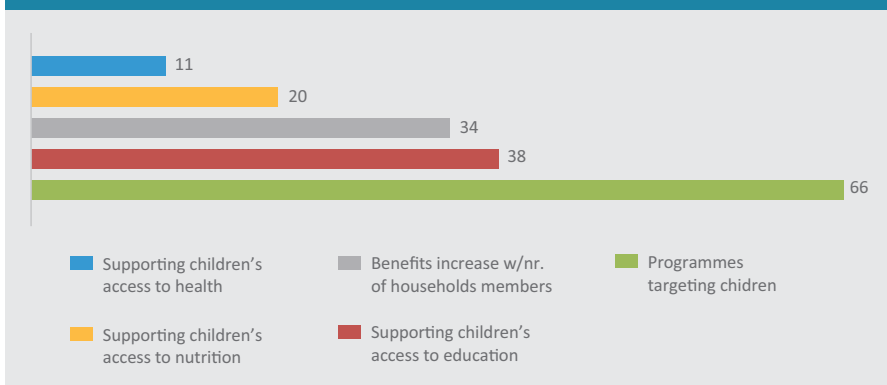
“ Social protection systems can play an important role in reducing both monetary and multidimensional child poverty.

the form of food.⁹ Most in-kind transfer programmes in the region are unconditional, and only three were found to be conditional. They are less widespread than cash transfer programmes, but 13 countries in the region have at least one in-kind transfer programme (see Table 1). In-kind transfers are rarely delivered monthly; in fact, they are often delivered *ad hoc* or following other delivery timetables, such as the Food Security Programme in Jordan, which provides two food baskets per year.

Food transfer programmes are especially common in countries with higher levels of food insecurity such as Iraq, where the near-universal Public Distribution System (PDS), launched in 1991, provides basic food items to improve the nutritional status of the population (see Atif Khurshid's article in this issue discussing the need for reform of Iraq's social protection system, including the PDS). In 2016, 90 per cent of Iraqi households (33 million people) received subsidised food (IMF 2017b). While the PDS is an example of an in-kind transfer programme with large coverage, in-kind transfers usually have lower coverage rates than cash transfers. Exceptions are the two school-related in-kind transfers in Algeria and Morocco.

Several in-kind transfer programmes use vouchers. Depending on the context, these can be more efficient and effective, while affording greater choice to beneficiaries compared to direct food distribution. The Food Assistance Programme in

FIGURE 2: Child-sensitive design features of programmes mapped



Source: Authors' elaboration.

“ Despite increased efforts by governments in the MENA region, challenges remain to ensure equitable childhood development and improve the child-sensitivity of existing social protection systems.



Photo: UNICEF/Yar. Students attend a class at the Ammar Ibn Yasser School, Mosul, Iraq, 2017.

Palestine, for example, uses electronic food vouchers in addition to traditional in-kind provision. In Djibouti, e-vouchers are used to deliver food to severely food-insecure, drought-affected populations in rural and urban communities. Transfers are made monthly through mobile phones, enabling beneficiaries to purchase their choice of foods from selected shops.

In-kind transfers that specifically target children often provide school-age children with school materials to reduce education expenditures. In Algeria, for example, about 4.4 million children receive free school books annually (UNGA 2015). In Morocco, 3.9 million students received school materials in 2015-2016 through the *Initiative Royale un million de Cartables* (Ministère de l'Économie et des Finances 2017), a coverage of 53 per cent of children aged 6 to 17 in 2015 (World Bank 2017b).

Food transfers can cater to the specific nutritional needs of children. Iraq's PDS, for example, includes milk among other items. In Iran, several initiatives provide powdered milk to children. A few in-kind transfer programmes, such as the Palestinian Food Assistance Programme, also offer accompanying measures and nutrition sessions to mothers.

School feeding programmes

School feeding programmes have the capacity to not only improve the nutritional status and learning capacity of school-age children but also incentivise their attendance. Moreover, food can be

guaranteed to reach children directly, which cannot always be ensured by cash transfers or take-home rations. In total, 11 countries in the region have school feeding programmes (see Table 1).¹⁰ They are implemented by both high-income countries, such as Kuwait and Saudi Arabia, and by low-income countries, such as Djibouti and Sudan. These programmes have a long tradition, dating back to the 1950s in Egypt and Morocco. The World Food Programme (WFP) often supports countries financially and/or institutionally, as in the case in Djibouti and Tunisia. In contrast, in Algeria the programme is fully implemented and financed by the State. School feeding programmes can have large coverage, as in Egypt, where it reached almost 57 per cent of all children aged 6 to 17 in 2016 (WFP 2016a, World Bank 2017b). In comparison, the School Feeding Programme in Tunisia targets only around 12 per cent (240,000) of the country's almost 2 million children aged 6 to 17 (WFP 2016b; World Bank 2017b).

In addition to categorical targeting, geographical targeting is used in some countries to target beneficiary schools, such as in Djibouti, Egypt, Morocco, Sudan and Tunisia. In Sudan, the national school feeding programme targets states with higher poverty rates. School feeding programmes can also help foster local agricultural production. In Tunisia, the school feeding programme is implemented in a decentralised manner. Schools are in charge of the food procurement, thus favouring the

participation of local farmers in the provision of school meals, and potentially having an impact on the local economy. A noteworthy feature of the School Feeding Programme in Djibouti is that it provides extra take-home rations for families of selected girls as an incentive for parents to send their daughters to school and maintain their enrolment and attendance.

Conclusion

Countries in the MENA region have a long tradition of social provision for poor people, those who are chronically ill, have disabilities or are elderly, children, orphans and widows. This article has shown that non-contributory social protection programmes in MENA countries are very diverse. Many countries are reducing or phasing out food and energy subsidies and reallocating parts of the accrued budget savings to targeted cash transfer programmes. The region has introduced many new flagship programmes, some of which specifically target families with children. Nevertheless, many programmes still target individuals who are unable to work (such as elderly people and those with disabilities) or live in households without a male breadwinner, such as widows or divorced women living in poverty. An over-reliance on programmes based on these traditional target groups can jeopardise the child-sensitivity of social protection systems by excluding the children of vulnerable (working) families. Therefore, there is a strong need to expand the existing schemes—particularly cash transfer programmes in the form of child allowances or health- and school-related cash transfer programmes—to reach all vulnerable children.

More comprehensive evaluations of the impact of non-contributory social protection programmes on children are essential to understand the linkages to all spheres of children's well-being, including health, nutrition and education. Most programmes identified as having child-sensitive design features target children and/or support children's access to education. However, programmes supporting children's access to health care or nutrition are less common. Few programmes were found to directly address malnutrition, especially among pre-school-age children. Given the importance of addressing children's

needs at early stages of development, more schemes targeting lactating women and younger children (under 5) should be promoted in the region.

Despite increased efforts by governments in the MENA region, challenges remain to ensure equitable childhood development and improve the child-sensitivity of existing social protection systems. It is particularly important to promote equal access to and incentives for the completion of primary and secondary education, enhance child and maternal health care services and create institutional arrangements to ensure the protection of pregnant women and children. Expanding support to the poorest families and their children and improving children's well-being should remain at the centre of social policymaking. ●

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1. International Policy Centre for Inclusive Growth (IPC-IG).
2. Based on UNICEF's definition of the MENA region, this study covers the following 20 countries: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Palestine, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.
3. See Roelen and Sabates-Wheeler (2012) for a more detailed discussion on child-sensitive social protection, as well as Tebaldi, Esser and Davidsen Davies (forthcoming) on best practices for child- and gender-sensitive social protection.
4. Forthcoming study to be published by the IPC-IG and UNICEF MENARO.
5. Cash schemes for humanitarian assistance are not covered by our inventory.
6. Health care benefits refer to free or subsidised health care services.
7. Programmes for which only children with disabilities or orphans are eligible were counted separately from those targeting children in general.
8. Algeria, Egypt, Iraq, Jordan, Kuwait, Oman, Qatar, State of Palestine, UAE, Yemen.
9. Neither school feeding programmes nor food and fuel subsidies are included in this category.
10. Iran has three different programmes classified as 'school feeding' in this mapping.

Linking cash transfer programming with national social protection systems in humanitarian settings¹

by Gabrielle Smith²

Humanitarian actors are increasingly recognising the critical importance of cash transfer programming (CTP) as an integral component of humanitarian assistance. Globally, evidence shows that well-designed cash transfer programmes achieve a variety of humanitarian outcomes in many contexts, giving affected people the power to prioritise their own needs while having a positive effect on the well-being of communities (Bailey and Harvey 2017).

In 2016, humanitarian actors (including the United Nations Children's Fund—UNICEF) agreed on major collective commitments to increase investment in and the scale, volume and quality of humanitarian CTP. These include the 'Grand Bargain' and other commitments to CTP made at the World Humanitarian Summit;³ ECHO's 10 principles for increasing the adoption of multi-purpose grants; the recommendations of the High-Level Panel's report on CTP; and the call for action from the Agenda for Humanity.⁴ They include commitments to make greater use of national social protection systems to deliver humanitarian CTP. This reflects growing interest within the humanitarian community in the potential to leverage national social protection programmes and their underlying systems to support humanitarian response, and in ways through which social protection systems can be supported to become more 'shock-responsive'.

Many low- and middle-income countries that are affected by crises have developed national social protection systems to reduce chronic poverty and vulnerability. Social transfers of cash and food are the most common programmes in these countries, with cash transfers being a common modality bridging relief and development. Strengthening social protection in humanitarian contexts and emergency-affected areas is crucial to build resilience to shocks, provide

more integrated and cost-effective responses to crises and support long-term development.

The protracted conflicts seen in the Middle East and North Africa (MENA) region over the last several years have led to the need for humanitarian actors to explore and implement CTP. UNICEF has been part of this response since 2014, implementing a range of CTP aiming to contribute to children's outcomes in eight countries.⁵ Several of these countries have well-established national social protection programmes that provide regular cash transfers to poor and vulnerable citizens. In Iraq, Syria, Turkey and Yemen, UNICEF has designed and implemented humanitarian cash assistance that links to and makes use of some parts of national social protection systems. The objective of linking to existing national systems is twofold: to build on existing administrative systems and processes for response efficiency and effectiveness, and to strengthen national systems and capacities for humanitarian response and social protection in the longer term.

While the broad steps and decisions in the project cycle are the same as for any other humanitarian CTP, linking to government systems meant that certain aspects of these interventions—namely, the decisions made and the processes followed—were different.

Response analysis

As with any humanitarian CTP, it was necessary to ensure that the preconditions for the use of cash assistance existed: that needs could be met through cash transfers, that a cash response was accepted by governments, and that markets would respond. Programme teams then also had to determine whether linking to national systems was the best option to achieve their programmatic objectives. This involved collecting specific information to make an informed decision on whether linking humanitarian CTP to

social protection systems was feasible or appropriate, mainly regarding the maturity and coverage of the social transfer programme, its targeting approach, political will and regulations, and the humanitarian context and needs to be met (see Box 1).

Implementation

UNICEF Country Offices have linked to various national social protection programmes' operational processes, systems and institutions in different ways. In Turkey, for example, UNICEF closely aligned with the parameters of an existing national social protection programme to implement a conditional cash transfer for education (CCTE) for refugees, which the Ministry of Family and Social Policies considers an extension of the national CCTE for Turkish citizens (which targets poor families with school-age children who achieve 80 per cent attendance). UNICEF's CCTE for refugees makes use of the existing national programme's rules and regulations as well as several aspects of its operational systems for targeting, registration and monitoring, while also adapting these to make processes relevant for a large-scale humanitarian response. Given the lack of verifiable socio-economic data on refugees and the need for rapid scale-up, targeting is based on six demographic vulnerability criteria—unlike the CCTE for regular citizens, which is based on a proxy means test.

In Yemen, UNICEF has built on several aspects of the national social protection system. Social welfare officers of the government's Social Welfare Fund were trained to implement a separate humanitarian CTP targeting conflict-affected households.

In Iraq, the social welfare officers of the Ministry of Labour and Social Affairs are implementing partners of UNICEF's humanitarian CTP in Dohuk governorate.

In Syria, UNICEF is partnering with the Ministry of Social Affairs and Labour, and specialist non-governmental organisations authorised to run national social protection services during the conflict, for the targeting and case management of CTP beneficiaries.

Lessons learned

Several lessons have been learned from UNICEF's experience in linking humanitarian CTP with national social protection systems in the MENA region. The four key lessons are as follows:

National social protection systems can be leveraged in different ways, to greater or lesser degrees. The experiences of UNICEF Country Offices highlight that there is no single 'right' way to link with national social protection systems.

This can be done in different ways and to varying degrees. Decisions should be based on the humanitarian programme's objectives, the strengths and limitations of the social protection programme, and the wider context. UNICEF has built on select administrative and institutional processes of national social assistance programmes, aligning with only the relevant design features and avoiding bottlenecks. This also means that where there are barriers to providing humanitarian funds to governments, national social protection systems can still be leveraged, as funds do not need to be transferred to the national programmes.

Providing humanitarian assistance through national social protection systems has the potential to benefit both humanitarian responses and national systems, but evidence needs to be built.

Experience has shown that in the right context, linking to national systems has the potential to improve the efficiency and effectiveness of humanitarian responses. This includes reducing the time and resources needed to establish new systems and processes; improving cooperation between humanitarian agencies and government departments on broader aspects of the response; and mediation with communities in conflict areas. Another key perceived benefit is the potential contribution from humanitarian programmes to strengthen underlying social protection systems. This can include keeping systems functioning during a crisis, building

BOX 1: Key aspects to consider before linking cash transfers to national social protection systems

- i. Maturity and coverage of social transfer programmes: programmes that are well established are more likely to have well-functioning operational processes, well-developed staff capacities and well-defined roles and responsibilities.
- ii. The targeting approach used by social transfer programmes: depending on the geographical, categorical or socio-economic indicators used by the national programmes, there may be a high degree or only a limited degree of overlap between the households targeted for social protection and those that are most affected by a disaster.
- iii. Political will and regulations: without the prior engagement and support of the departments involved in the management of social assistance, it is not possible to design and implement a linked programme. In Turkey, changes to the regulatory environment that allowed Syrian refugees to access national social protection services constituted an important precondition for any linked programme.
- iv. The humanitarian context and needs to be met: the design of social transfer programmes is geared towards the regular and predictable distribution of cash to beneficiaries. This fact, allied with the time and effort required to set up a linked programme, means that a linked programme is more suited to meet needs that are addressed through regular repeated support, rather than those involving *ad hoc* or one-off distributions.

their capacity to respond to humanitarian needs, and even informing and improving their design and implementation.

There is anecdotal evidence that UNICEF's programmes have strengthened certain aspects of these national systems. For example, in Iraq, Syria and Yemen, UNICEF invested in capacity-building for social welfare officers in aspects such as data collection, targeting a humanitarian CTP, case management and complaints management. In Turkey, the national social protection management information system is being adapted to effectively include refugee data and to integrate the school attendance data of non-Turkish students. However, evidence is yet to be built to fully comprehend the extent to which such humanitarian programmes contribute to sustainable improvements to national systems.

Organisational preparedness is important for timely programming. Undertaking the necessary assessments and analysis to decide whether linking to national systems is feasible and establishing the requisite agreements can be a time-consuming process. Where UNICEF has developed an understanding of the social protection system prior to the emergency, this led to a more timely response. In Yemen, UNICEF's prior working relationship with the Social Welfare Fund (SWF) before the crisis meant there was mutual understanding

and trust from both parties and a good understanding of the strengths and limitations of the national systems. This accelerated the process of reaching agreements and meant that the SWF was more inclined to allow flexibility in precisely how national systems were to be used.

Implementing humanitarian CTP through national systems presents both opportunities and challenges compared to stand-alone programming. While there are potential advantages to linking with national social protection systems to deliver humanitarian assistance, this way of working also presents particular challenges—just as with any other programme. In some cases, tensions might arise between the two objectives of a linked programme: on the one hand, delivering rapid and effective humanitarian assistance, and on the other, engaging with and strengthening national systems. For example, while working through pre-established systems for targeting or cash delivery has the potential for efficiency gains and more rapid implementation, the national system must ensure that the necessary financial controls are in place, while the government's involvement in targeting humanitarian assistance should abide with humanitarian principles. Engaging with and building the capacity of national governments requires a major investment of time and resources, particularly if these institutions are not familiar with the requirements or

“ UNICEF’s experience in the MENA region has shown that linking to national social protection systems has the potential to improve the efficiency and effectiveness of humanitarian response.



Photo: UNICEF/Herwig. Child pushes a friend’s wheelchair in a refugee camp, Jordan, 2017.

principles of humanitarian response. If this leads to programme delays or restricts the design of humanitarian assistance, it may offset some of the assumed benefits of linking to national systems. Country Offices need to anticipate and assess these respective trade-offs—time, cost, speed and effectiveness of implementation—for each component of the CTP programme cycle, to decide whether a linked programme is the most appropriate approach. Any linked programme must strike a good enough balance, achieving its humanitarian objective while supporting these longer-term objectives of system strengthening where possible. More important, UNICEF Country Offices should plan, during pre-crisis preparedness, to build the capacity of their national social protection partners.

Refugee response and national systems

Similar linked approaches to humanitarian CTP were not feasible for UNICEF in Jordan or Lebanon. In Lebanon, the national social assistance system is very limited, and restricted to in-kind and voucher-based assistance, while in Jordan the cash assistance provided through the National Aid Fund (NAF) is also quite limited. This and the fact that these programmes are focusing exclusively on citizens meant that, at the time UNICEF began its humanitarian CTP, there was no political space or operational feasibility to implement them through existing national systems in those countries.

However, this humanitarian CTP is providing an entry point for UNICEF to engage with national governments on

social inclusion issues and advocate for improvements to the national social protection system, to the benefit of both refugees and vulnerable citizens. In Lebanon, UNICEF’s child-focused humanitarian cash transfer, which reaches refugees and children enrolled in second-shift schools, has been a vehicle through which UNICEF Lebanon is advocating for cash-based social transfers for citizens. UNICEF Lebanon is working closely with the Ministry of Education and Higher Education to implement the programme. Monitoring data is highlighting the significance of cash as a tool to support education outcomes for Lebanese children. In Jordan, UNICEF has started collaborating with the government to improve the administrative processes in the NAF. The intention is to use this as a window of opportunity to engage the government and donors in ways to support nationally led assistance for refugees going forward, while simultaneously improving the quality of social protection for vulnerable citizens.

Conclusion

UNICEF’s experience in the MENA region has shown that linking to national social protection systems has the potential to improve the efficiency and effectiveness of humanitarian response. In addition, it can further strengthen national social protection systems. However, there is no single prescribed modality on how to pursue such linkages. What is clear is that pre-crisis investment in social protection systems yields gains during humanitarian response. Where development partners

such as UNICEF engage in the strengthening of social protection systems, there needs to be an additional focus on emergency preparedness and contingency planning. Necessary steps need to be taken to ensure that national social protection provisions can adapt quickly in times of crisis in terms of geographic scalability and benefit levels. Preparedness on the side of development partners entails being familiar with the strengths and weaknesses of national social protection systems before the onset of a crisis. Furthermore, clear parameters for decision-making regarding the involvement of social protection systems in humanitarian cash transfers will facilitate timely responses. Finally, safeguards must be built into humanitarian cash transfers when they are delivered through national systems, to ensure that humanitarian principles are respected—i.e. ensuring impartiality in the identification of beneficiaries. ●

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1. This article is based on an inventory, undertaken in 2017 and commissioned by UNICEF MENARO, of the experiences of UNICEF Country Offices with humanitarian cash transfer programming in the region.
2. Independent consultant specialising in cash transfer programming, social protection and linking humanitarian assistance with national systems.
3. Held in Istanbul, Turkey, on 23–24 May 2016.
4. See <<https://www.agendaforhumanity.org/>>.
5. Egypt, Iraq, Jordan, Lebanon, Palestine, Syria, Turkey and Yemen.

Social protection in modern Iran: a historic perspective

by Sarah Shahyar¹

Since the mid-1930s, oil revenue has provided the Iranian State with a substantial source of income, enabling it to expand its social and economic activities without having to rely on taxation. During the first half of the 20th century, major plans for social welfare and education were put forth in Iran during the brief periods of democratic and constitutional rule—i.e. 1906–1911, 1943–1946 and 1951–1953 (Messkoub 2006). By the 1940s, the social insurance schemes that were initially introduced for state employees in the 1920s were extended to cover the employees of major industries, mainly a result of the rising influence of the Iranian left and the growing urban working class, which was no longer negligible (Schayegh 2006).

The first seven-year development plan in Iran was ratified by parliament in 1948. Since then, Iran has pursued different development strategies to alleviate poverty and improve social welfare. A growth-oriented strategy, however, dominated all development plans until the end of the 1960s (Qaffari and Omid 2008).

During the two decades preceding the 1979 Revolution, Iran experienced rapid economic growth and industrial development. Following the great rise in oil prices in 1973, the absolute spending on social affairs increased (Harris 2010), and between 1973 and 1979 the share of social spending increased by 18 per cent per year (Messkoub 2006). However, despite a reduction in absolute poverty across the population, the already significant level of inequality increased even further during this period (Kiddie 1980).

The 1979 Revolution had the slogan of redistribution of wealth “from the capitalist rich class to the disinherited” at its heart (Salehi-Esfahani 2009), so it was not surprising that these sentiments found expression in the Constitution of the Islamic Republic. Chapter 3 of the Constitution covers individual rights,

including the right to social welfare. Article 29 stipulates the universal right to social security with respect to such matters as health, unemployment and retirement. The universal right to social welfare is further reinforced in Article 43, where “uprooting poverty and deprivation, and fulfilling the human needs in the process of economic development” are defined as both the objectives of the economy under the Islamic Republic and its basic criteria (Islamic Republic of Iran 1979; 1989). However, despite the shift in political rhetoric from economic growth to equality, the gap between rich and poor people remained quite unchanged in post-revolutionary Iran (Salehi-Esfahani 2009).

The Revolution led to a ‘dual institutionalisation’ of the social welfare system in the country, with technocratic institutions characterised by a well-developed administrative and physical infrastructure continuing to exist alongside the new revolutionary organisations, which were “unplanned in structure and ideological in rhetoric” (Harris 2010). While this duality is not unique to post-revolutionary Iran, what is unusual is that these institutions never merged into one welfare system. This can be partly explained by the State-making outcome of the prolonged war with Iraq (1980–1988), during which the three major para-governmental organisations developed a large body of constituencies for their services (ibid.).

The eight-year war deeply impacted the already fragile economy of post-revolutionary Iran. Beyond a mere decline in output or erosion of industries, the post-revolutionary economic crisis in Iran is characterised by an expansion of petty commodity production and a significant increase in redundant service employment (Nomani and Behdad 2006). The economic decline of the first decade after the Revolution is evident in all major economic activities (Nobakht 2008). During this period, the safety net

provided by the government through subsidising and widespread rationing of basic commodities was crucial in mitigating the effects of economic hardship (Assadzadeh and Paul 2004).

By the mid-1980s, the share of social spending of the government budget increased to 30 per cent, up from 16 per cent during the 1970s. However, real social spending per capita had declined since 1979, mainly due to a decline in gross domestic product (GDP) and high population growth during the first post-revolutionary decade. In 1989, real per capita spending was half of its 1979 level, and it only reached its pre-revolution level in 1999 (Messkoub 2006).

Post-war Iran saw a shift towards economic liberalisation. Departing from the post-revolutionary social welfare policies, the government virtually returned to the pre-revolution planning and development framework (Assadzadeh and Paul 2004; Nomani and Behdad 2006; Messkoub 2006; Salehi-Esfahani 2009).

This shift in the country’s economic ideology found most expression in the Islamic Republic’s Second and Third Development Plans (1995–1999 and 2000–2004), which set the legal framework for replacing dirigisme with an increased role for the market. However, the reforms stalled when opposition to economic liberalisation mounted (Nomani and Behdad 2006; Salehi-Esfahani 2009). Following a retreat from a full-scale liberalisation policy, the State began what has been described as a ‘zigzag’ strategy, pursuing liberalisation where it could and backing down when public discontent arose (Nomani and Behdad 2006).

The second post-revolutionary decade saw some economic growth that also benefited from the rise in oil revenues. Evidence shows that absolute poverty has declined since the mid-1990s, exhibiting a sharp contrast to the absolute poverty rates during the late 1970s (Harris 2010). However, despite the reduction in

“Iran has made significant strides in making key public goods such as health care and education more affordable and accessible to its population.



Photo: David Stanley. Students sketching, Isfahan, Iran, 2013 <<https://goo.gl/X9MPJA>>.

absolute poverty, inequality climbed back to its 1960s levels, after a marginal fall during the war (ibid.). In 2014, the Gini measure of inequality stood around 0.36.

One of the most significant changes experienced by the Iranian economy since the 1979 Revolution has been a change in the size and nature of available employment. In the first decade after the Revolution, while the working-age population grew, there was a general decline in work opportunities, mostly affecting the working-class and middle-class employees of the private sector, whose economic activity was severely disrupted (Nomani and Behdad 2006). According to the Iranian Social Security Organisation, in 2002 the informal workforce accounted for 49 per cent of all urban workers (Etminan and Chaker-Ol-Hosseini 2007). To date, the Iranian economy continues to face double-digit unemployment rates and high inflation. According to the Statistical Centre of Iran (2017), unemployment hovers around 12.6 per cent, while inflation stands around 8 per cent.

In 2014, Iran emerged from recession with a real GDP growth of 4.5 per cent in the second quarter (EIU 2015). While the country is gaining from increased oil exports in the post-sanctions era, falling oil prices have seriously constrained a windfall. Having *de facto* absorbed the effects of lower oil sales at lower prices as a result of international sanctions, the impact of sustained low oil prices on Iran's economy is argued to be more severe in the long

term than in the short term (Nephew and Salehi-Esfahani 2015). The country's GDP is forecast to grow on average around 5.6 per cent annually between 2017 and 2021 (EIU 2017), however, given the challenging business environment and weak oil prices, it is projected to remain below its potential.

The social protection system in Iran

Despite all these challenges, Iran has made significant strides in making key public goods such as health care and education more affordable and accessible to its population. Social protection in Iran is currently provided in the form of social insurance, social assistance and emergency aid.

A variety of mostly State-run insurance organisations and pension funds provide insurance benefits mainly to the employees at the core of the labour market, including both State-owned and private enterprises. The most significant social insurance organisations include the Social Security Organisation, the Iranian Health Insurance Organisation, the Civil Servants Pension Fund, the Armed Forces Pension Fund, the Special Pension Funds for the employees of State-owned enterprises such as the National Iranian Oil Co. and the Central Bank, and the Rural and Nomads Insurance Fund.

With the launch of the Health Transformation Plan in 2014, Iran is now one of the few countries in the developing world that has a universal health insurance scheme covering over 90 per cent of the

population. The plan aimed to increase the coverage of basic health insurance, improve the quality of care in state hospitals and reduce out-of-pocket and catastrophic health expenditures. Evidence suggests that it has indeed contributed to a decrease in out-of-pocket health expenditures for inpatient services in different provinces (Heidarian and Vahdat 2015; Fazel Jahromi et al. 2017; Piroozi et al. 2017).

Non-contributory social assistance in Iran is administered through the State Welfare Organisation, para-governmental organisations and the State's subsidy programmes. The State Welfare Organisation's social services include the provision of income support to households that are considered in need, and rehabilitation services for people with disabilities, mostly in urban areas. Services provided by the Imam Khomeini Relief Foundation (IKRF) include financial assistance, health insurance, education grants, construction grants, marriage grants and self-sufficiency loans. The IKRF provides financial assistance in the form of cash and in-kind transfers to the households considered to be in need, including elderly people in rural areas and victims of natural disasters.

Iran's Subsidy Reform Act, launched in late 2010, can be described as one of the most significant interventions in social and economic policies of the past decade. The phasing-out of the subsidies was accompanied by the introduction of a cash transfer programme that had near-

universal coverage (around 90 per cent of the population), resembling a basic income scheme. The application process was based on self-assessment, only requiring Iranians to file an application to be included in the programme. Within a few months after the programme's launch, the number of participants had risen to over 70 million (Guillaume et al. 2011).

At the beginning of the plan, before the erosion of the value of the cash transfers—due to inflation and devaluation of the national currency—the benefits were generous: the cash transfer for a family of four would amount to about 60 per cent of the minimum wage and 28 per cent of median per capita expenditures (Salehi-Esfahani 2014). Salehi-Esfahani's analysis shows that between 2009 and 2012 the Poverty Gap Index registered a more significant decline than the Headcount Ratio, which can partly be explained by the higher impact of cash transfers for individuals at the lowest income strata, and the relatively high reach of the scheme, particularly among the poorest people.

A year and a half after the programme started, however, international sanctions constrained the country's access to global trade and caused oil exports to fall considerably, disrupting industrial production. Consequently, the value of the Iranian national currency (Rial) collapsed by 300 per cent between 2010 and 2014. This depreciation of the national currency, compounded by rising inflation,

significantly eroded the real value of the cash transfers, arguably diminishing their poverty reduction effects, at least to some extent. The Parliament Research Centre (2017) estimates that due to high inflation levels, only 35 per cent of the country's population gained in real terms from the subsidy reform and its compensatory cash transfer programme.

Since the roll-out of the scheme, the government has been using a phased approach to exclude the higher income deciles—a process that is accompanied by a rigorous complaints mechanism. Eligibility for the programme is determined by a means test that relies on employment and income status data, as well as ownership of assets. The data to determine eligibility for the cash transfer have been consolidated through an integrated information system that stores and cross-checks data on individuals' assets, income, social benefits and credit.

The cash transfer programme continues to be a source of heated debate in the country, with mounting pressure from all sides to further narrow the targeting, thus reducing the programme's coverage and cost. The immediate challenge has been to finance the transfers. In a recent report, the Parliament Research Centre indicates that the Budget Law of 2017 requires a further exclusion of at least 14 million people from the programme.

In the context of subsidy reforms, the cash transfer programme emerged more as a

compensation for the loss of subsidies than a right or entitlement, though the reforms were at least in rhetoric motivated by distributional considerations. The birth of a basic income scheme in Iran was, therefore, an outcome of the subsidy reforms, where universality came in mainly for reasons of administrative difficulties that hindered targeting at the early stages of implementation (Tabatabai 2012; Guillaume et al. 2011). However, the move away from a universalistic social protection regime to a scheme that is primarily designed for poor people can further change the character of the Iranian social welfare system to one that is based on principles of charity rather than on citizenship.

As Richard Titmuss famously said, "services for the poor become poor services". A programme that only focuses on the poor runs the risk of losing support from the middle class and the more affluent sections of the population, and, in time, can become a poor programme both in quantity and quality. Furthermore, econometric targeting is being increasingly criticised for failing to predict who is poor and who is not (Brown et al. 2016).

When targeting is inevitable for reasons of budgetary or political constraints, the question remains whether alternative targeting methods other than means-testing can preserve at least some of the key universalistic features of the social welfare system, and mitigate some of the costs associated with poverty targeting,



Photo: Tobi Gaulke. Butcher shows his products, Kermanshah, Iran, 2016 <<https://goo.gl/qnEzUH>>.

“ A programme that only focuses on the poor runs the risk of losing support from the middle class and the more affluent sections of the population, and, in time, can become a poor programme both in quantity and quality.

“ The move away from a universalistic social protection regime to a scheme that is primarily designed for poor people can further change the character of the Iranian social welfare system to one that is based on principles of charity rather than on citizenship.



Photo: Ninara. Nomad migrating in Lorestan, Iran, 2011 <<https://goo.gl/Pqv61d>>.

such as the cost to social solidarity, administrative costs, high exclusion error, low impact on poverty reduction, and risk of public discontent.

From a life-cycle perspective, a universal child benefit targeting all children in certain age groups, combined with an old-age benefit, might present an alternative to the current poverty-targeting approach, and help minimise its associated risks and costs. ●

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1. Social Protection Specialist, UNICEF Syria.

Social protection reform and child poverty in Morocco

by Mahdi Halmi¹

Among its goals, the 2030 Agenda for Sustainable Development aims to implement social protection systems that are appropriate for all. More specifically, target 1.3 of Social Development Goal 1 calls on countries to “implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable” (United Nations 2017). This joint effort will also help countries achieve other sustainable development targets, such as reducing inequality and building a world where no one is left behind and everyone has access to social protection.

In this context, the development model based on inclusive growth that Morocco adopted more than a decade ago has enabled the country to significantly reduce its poverty and vulnerability levels. Rates of absolute monetary poverty dropped dramatically,² from 15.3 to 4.2 per cent of the population between 2001 and 2014, despite persisting territorial disparities (8.9 per cent in rural areas, as opposed to only 1.1 per cent in urban areas) (HCP 2015).

Substantial improvements were achieved in several areas, such as education, health and nutrition, regarding child and maternal survival indicators and the incidence of child malnutrition. However, significant challenges remain as far as the equity, quality and sustainability of this progress is concerned, especially among specific vulnerable categories, such as people living in rural or landlocked areas, foreign migrants, people with disabilities etc.

The recent progress in Morocco was made possible by public investments in basic social services, infrastructure and the offer of diversified social protection. Indeed, social protection in Morocco has contributed to positive changes in the country through its contributory social security component,³ its partially contributory social protection component (including the medical assistance scheme

for the economically underprivileged, *Régime D’assistance Médicale Aux Économiquement Démunis*—RAMED) and its non-contributory system (including the TAYSSIR programme,⁴ energy and food subsidies, and allowances for vulnerable widowed or divorced women with children). These various initiatives were developed independently based on non-harmonised governance and targeting approaches, resulting in a lack of integration and coverage of specific risks and vulnerable population groups. These programmes could have had a more significant impact with better coordination, hence the necessity to reform the social protection system has been at the heart of the government agenda since 2013.

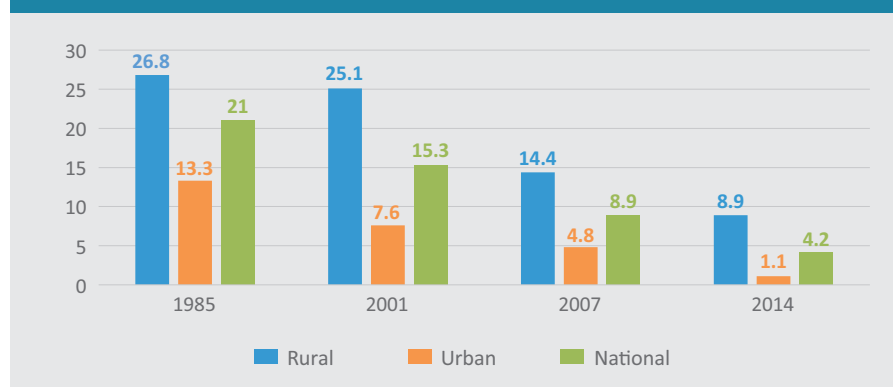
The Ministry of General Affairs and Governance (*Ministère des Affaires générales et de la Gouvernance*—MAGG) is the national entity in charge of coordinating this complex reform process, one component of which is supported by UNICEF. From 2013 to 2016, UNICEF’s technical support led to the articulation of an ‘integrated vision of child-sensitive social protection’, subsequently adopted by the MAGG in November 2016. The Vision is based on the results of MAGG and UNICEF’s joint mapping of social protection programmes in 2015, which revealed the existence of 140 different initiatives in this area.

An analysis of the mapping pointed out the lack of clarity regarding each programme’s eligibility criteria and definition of its target populations. As in many middle-income countries, the initiatives launched in Morocco to meet the needs of specific sections of the population did not anticipate their own unexpected cross-effects, nor did they take unprotected categories into account. For instance, the energy subsidies placed a heavy burden on the government’s budget, whose deficit was over 6.8 per cent of gross domestic product (GDP) in 2012 (Ministry of Economy and Finance of Morocco 2017), although a large part of its beneficiaries were not poor.⁵

According to the mapping, the categories at risk of exclusion include: pre-school-aged children, children and women living in rural areas, informal workers and their families, unskilled young people, elderly people, most persons with disabilities, women in difficult circumstances (widowed, divorced or single women with dependent children), migrants and refugees.

The mapping also highlights that as far as social protection initiatives targeting children are concerned, the coverage of existing programmes is visibly inadequate. In specific geographical areas, for instance, the TAYSSIR programme only covers school-age children; in addition, family allowances only cover the children of workers in the

FIGURE 1: Evolution of absolute poverty by area of residence (%)



Source: HCP (2015).

formal market, whereas the monetary allowance for vulnerable widowed women and poor divorced mothers with children cover only a very low proportion of children facing difficulties.

At the institutional level, an example of this lack of integration is the multitude of small-scale programmes dedicated to persons with disabilities, mainly conducted through social action and operated by various institutions, such as the Ministry of Social Development, the National Mutual Aid (*Entraide nationale*), the Ministry of Health etc. The mapping exercise highlighted the diversity of organisations in charge of designing and implementing the components of the Moroccan social protection system. There are over 50 stakeholders responsible for governing, implementing and/or financing social protection, which hinders institutional integration.

The Vision was developed from broad national consultations conducted in 2015–2016 and provides a basis for addressing the challenges of harmonisation, integration and coverage on a national scale. It suggests an integrated social protection system reflecting the risks and vulnerabilities faced by people throughout their life cycle, and it is articulated around six main components (see Figure 2).

To implement this Vision and translate it into a sound strategy, further information

is necessary to develop efficient and well-targeted social protection programmes.

Solid evidence on child poverty and vulnerability is of paramount importance to inform the forthcoming social protection integrated strategy and programme design.

Contributing to this process, in partnership with the Ministry of Social Development and with the support of UNICEF, the National Observatory of Human Development (*Observatoire National de Développement Humain—ONDH*) finalised in 2017 a study on multidimensional child poverty in Morocco. This study applies the Multiple Overlapping Deprivation Analysis (MODA) approach⁶ to the Moroccan context and provides an in-depth analysis of the Vision's components—benefits for persons with disabilities, universal health insurance and, above all, a harmonised cash transfer programme (*Transferts monétaires harmonisés—TMH*). This study also helps better understand the different aspects of child poverty and vulnerability and make better public policy choices targeting children. The MODA analysis selected relevant poverty dimensions and indicators to analyse child poverty throughout the life cycle. In the case of Morocco and following the national consultations that were conducted to adapt this methodology to the national context, three age groups were selected: 0–4, 5–14 and 15–17 years, to analyse eight dimensions of child well-being

and deprivation: health, education, nutrition, water, sanitation, housing, information and health insurance coverage. The main lessons learned from this analysis were:

In Morocco, 4 out of 10 children experience multiple deprivations

The study showed that 39.7 per cent of children experience deprivations in at least two essential dimensions of their well-being, hence, the need to further improve the well-being of the poorest children, whereas only 27.4 per cent of them do not experience any deprivation.

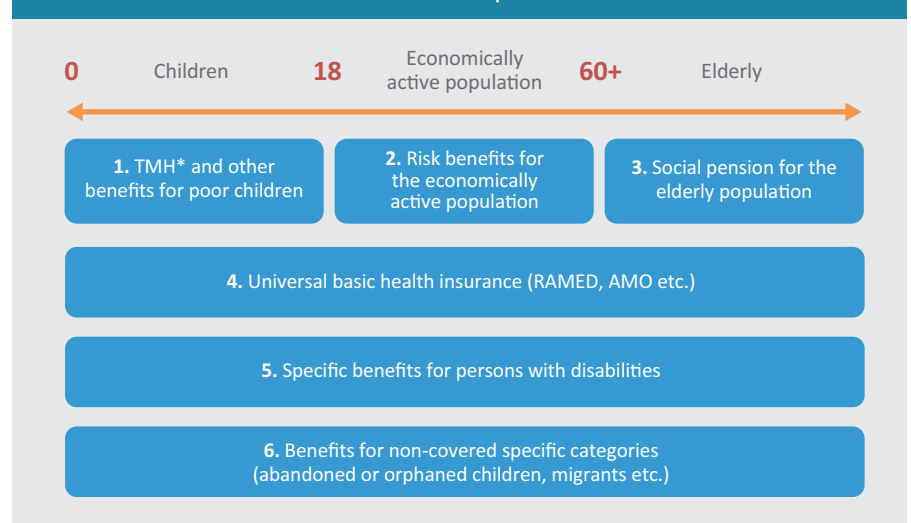
Nearly half of children have no access to health insurance

The analysis identified higher deprivation rates within the 'health insurance coverage' dimension: regardless of age group, nearly half the children have no access or are not enrolled in the compulsory health insurance (*Assurance maladie obligatoire—AMO*), the RAMED or in any other public or private insurance scheme (Figure 4).

In addition to the considerable prevalence of deprivation in this dimension, the analysis shows that children in rural areas, children living in households where the head has a low education level, and children living in households in a situation of monetary poverty or vulnerability, are at higher risk of not being covered by health insurance and therefore more likely at risk of not seeking health care when needed.

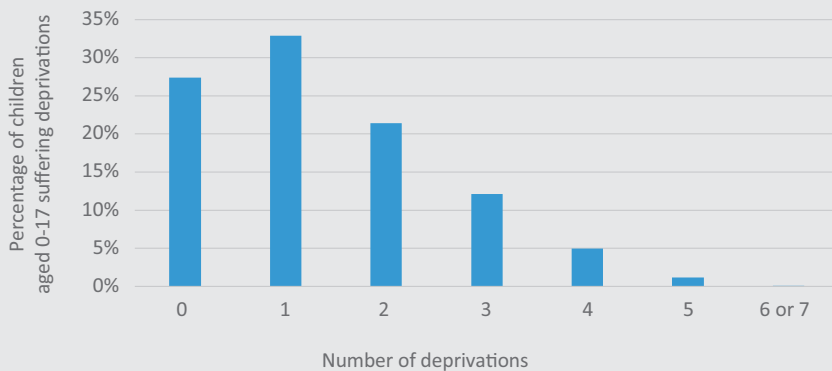
“ To implement this Vision and translate it into a sound strategy, further information is necessary to develop efficient and well-targeted social protection programmes.

FIGURE 2: Overview of the Vision's components



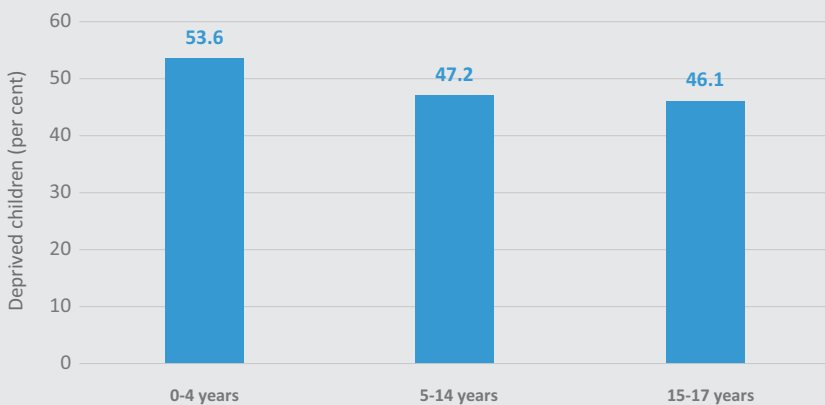
Note: TMH = Harmonised cash transfer programme for poor children (*Transferts monétaires harmonisés*). Source: MAGG, UNICEF and EPRI (2016).

FIGURE 3: Multidimensional child poverty in Morocco in 2015



Source: ONDH, UNICEF and EPRI (2017).

FIGURE 4: Proportion of deprived children by age group in Morocco in 2015



Source: ONDH, UNICEF and EPRI (2017).

“ In Morocco, 4 out of 10 children experience multiple deprivations.

Significant progress has already been achieved in expanding health care coverage by expanding access to the RAMED, including among poor or vulnerable populations, as reflected by the decrease in deprivation rates regarding this dimension (in 2013, the deprivation rates were 65.4, 64.3 and 67.1 per cent among children aged 0–4, 5–14 and 15–17, respectively) (ONDH 2013). However, additional efforts are necessary to ensure that every child has access to health care coverage, hence the importance of the fourth component of the Vision, health care coverage, as per Figure 2.

Poor children have common characteristics

The profile of vulnerable children could be studied through their household’s socio-economic characteristics. The highest level of vulnerability corresponds to the

largest accumulation of deprivations; it is often found among rural households living in monetary poverty or in a position of vulnerability and/or whose heads have no formal education. The study also showed that: (i) multidimensional poverty also affects children from non-poor households: 27.6 per cent of them live in multidimensional poverty—i.e. they experience deprivations in at least two of the analysed dimensions of child well-being—and (ii) 6.7 per cent of the children of households living in monetary poverty or in a position of vulnerability are not affected by multidimensional poverty. The first component of the Vision—the TMH programme—thus represents an appropriate response that can be further developed to increase consistency and efficiency, especially in terms of targeting.

Implications for public policies targeting children, especially in terms of social protection

Investing in fields related to child well-being

The MODA analysis highlighted deficiencies in areas such as infrastructure (water, sanitation, housing), nutrition, health, health insurance coverage and education, hence the need to improve the implementation and efficiency of policies and strategies in these areas and, above all, in social protection.

Implementing necessary interventions to fight multidimensional poverty

The MODA study shows that 34.6 per cent of children in Morocco living in households that do not suffer from monetary poverty or vulnerability are

affected by deprivations in two or more dimensions, suggesting that respect for children's rights does not only depend on households' financial means and thus challenging ideas about the best ways to identify poor children. As the monetary aspect of poverty is not sufficient to determine children's level of well-being, adopting a comprehensive strategy is necessary to eradicate monetary poverty, disseminate information and invest in public infrastructure.

Addressing multidimensional poverty through an integrated social protection system

Despite the progress achieved in Morocco, many children are still experiencing multiple deprivations. Indeed, the MODA analysis shows that 39.7 per cent of children simultaneously experience deprivations in at least two dimensions. Implementing a child-sensitive integrated social protection system, as described in Figure 2, seems, therefore, to provide an

appropriate response to fight the multiple deprivations affecting children in Morocco.

In this context, Morocco aspires to further this child-sensitive focus and to translate its Vision into the creation of a modern, effective and efficient social protection system. To that end, the country has defined the following steps: (i) developing a comprehensive strategy and analysis of the pillars of the new system, including an analysis of the beneficiaries, to design robust policies; (ii) analysing the fiscal space; and (iii) defining a road map for the reform, with a particular emphasis on interventions related to children, youth and families. This process will aim, among other objectives, to reduce multidimensional child poverty and reaffirm their rights, as enshrined in the International Convention on the Rights of the Child. ●

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Photo: UNICEF/Pirozzi. Children in the Oriental Region of Morocco, 2007.

1. Social policy specialist, UNICEF Morocco. The views expressed in this article are those of the author and do not necessarily reflect the views of UNICEF or other institutions mentioned in this document. The author wishes to acknowledge the UNICEF Representative in Morocco, Mrs. Regina De Dominicis, and the Head of the Social Inclusion Section, Mr. Leonardo Menchini, for their support. Special thanks to the ONDH and MAGG for their collaboration.

2. The High Commissioner for Planning (HCP) calculates the absolute poverty line based on FAO-WHO's standards (food component) and on the method used by the World Bank to estimate the non-food component of this line. In 2014, the average value of the absolute poverty line was USD2.5 purchasing power parity (PPP) per person per day (USD1 PPP = AED4.88). Any household whose per capita expenses are between the absolute poverty line and 1.5 times this line is considered vulnerable.

3. HCP (2015).

4. A cash transfer programme for school-aged children living in targeted rural areas.

5. Government of Morocco (2012).

6. This analysis approach was developed by the UNICEF-Innocenti Research Centre. For further information, see <<https://www.unicef-irc.org/MODA/>>.

Tayssir: the first conditional cash transfer programme in the MENA region

by Mario Gyori, Fábio Veras Soares and Alexis Lefèvre¹

Morocco's Tayssir is the pioneer conditional cash transfer (CCT) programme in the Middle East and North Africa (MENA) region. It provides monthly cash transfers to all families with school-age children (from 6 to 15 years old) who reside in municipalities with a high prevalence of poverty (at least 30 per cent of the population) and high drop-out rates (at least 8 per cent). The receipt of these monthly cash transfers is conditional on the children's school attendance.

Tayssir's basic design is reminiscent of the CCT programmes in Latin America and some Southeast Asian countries. Such programmes have become crucial elements of the social protection systems in these countries. Evidence suggests that they are in a position to fulfil two objectives: alleviate monetary poverty and increase consumption in the short term (Asfaw et al. 2014), and break the intergenerational cycle of poverty through investment in the human capital of children in poor households by improving school enrolment and attendance (Barham, Macours, and Maluccio 2013; Baird, McIntosh and Özler 2009) and improving the health and nutrition of the programme's beneficiary families (Barber and Gertler 2008; Evans et al. 2014). For many of these outcome variables, there is evidence that the positive effects can also persist in the long term (Gertler, Martinez, and Rubio-Codina 2012).

In this article, we will review Tayssir's implementation details and summarise the available evidence on the programme's impact. Moreover, we compare Tayssir's characteristics with those of other CCT programmes across the globe and discuss possibilities to further develop it, increase its coverage and improve its positive impacts in the future.

Our article complements the analysis by Halmi (2017), also present in this issue of *Policy in Focus*, whereby the

author provides a critical analysis of the achievements and shortcomings of Morocco's current social protection system, based on a review of the country's social development indicators, in particular those relating to child deprivation. Halmi points out that while poverty in Morocco has decreased substantially over the last two decades—from more than 15 per cent in 2001 to 4.2 per cent in 2014—children are still disproportionately affected by poverty. In particular, citing UNICEF's most recent N-MODA study, Halmi highlights that 39.7 per cent of all Moroccan children suffer from multiple deprivations. CCT programmes have been very effective in reducing such inequities in other contexts. This article contributes to the discussion of whether Tayssir could have similar impacts in Morocco and puts forward alternative scenarios to further expand the coverage of the programme, as well as proposed changes to the programme's design.

The Tayssir programme

Tayssir is a CCT programme which provides monthly payments to households with school-age children, under the condition that their children are enrolled in school and attend their classes regularly. The programme is targeted at the municipality (*commune*) level. All families with primary and secondary school-age children from 6 to 15 years old who attend school and live in targeted municipalities—those with a poverty rate of at least 30 per cent and a school drop-out rate of at least 8 per cent—are eligible for Tayssir benefits if they comply with the school enrolment and attendance conditionalities (*Ministère de l'Éducation et de la Formation Professionnelle* 2014). Benefits increase according to the school grade, starting with MAD60 per month for the first two years of primary school and gradually rising to MAD140 per month for children in secondary school (see Table 1). The benefit is paid bimonthly for the 10 months of the school year (five payments in total) and is capped at three children per household. The following paragraphs will summarise the available evidence on Tayssir's impacts and its coverage.

Education

The impacts of Tayssir on educational outcomes were evaluated in its pilot phase between 2008 and 2010. The impact evaluation conducted by Benhassine et al. (2013) consisted of a randomised controlled trial in which 320 school sectors in Morocco's five poorest regions were randomly assigned to a treatment group (i.e. receiving Tayssir benefits) or to a control group (i.e. not receiving benefits). The treatment group was further split into four subgroups to evaluate four different implementation modalities of the programme: (i) main version—CCTs paid to the father; (ii) CCTs paid to the mother; (iii) education-labelled cash transfers paid to the father; and (iv) education-labelled cash transfer paid to the mother. In the case of the education-labelled variant, even children not enrolled in school would receive benefits, but the benefits were explicitly 'labelled' as a support to facilitate school participation. Programme advertisement flyers pictured schoolchildren sitting at their school desks with the following headline: "Pilot programme to fight against school drop-out—so that your child's seat is not left empty". In addition, programme registration would have to be performed at school to reinforce the message that Tayssir is a programme for children's education.

The evaluation results confirm Tayssir's success in the educational domain and reveal that there is no significant difference between the programme's variants. In broad terms, the positive impacts are independent of whether the programme is made conditional or labelled, and whether payments are made to the mother or to the father of the child. Benhassine et al. (2013) estimate that the Tayssir variant of labelled cash transfers (LCTs) paid to the father, on average, leads to an increase of 7.4 per cent in school attendance for all children, and an increase of 12.1 per cent for those who had previously dropped out of school. Moreover, the programme reduces drop-out rates by 76 per cent (7.6 percentage

TABLE 1: Tayssir benefits by grade progression

Grade	Monthly benefit per child
1 st and 2 nd grade	MAD60
3 rd and 4 th grade	MAD80
5 th and 6 th grade	MAD100
Secondary school	MAD140

Source: Ministère de l'Éducation et de la Formation Professionnelle (2014).

points) and increases re-enrolment of those who had previously dropped out by 82 per cent (12.1 percentage points). These impacts are substantially higher than those found in more established CCT programmes, such as the Mexican Progresa, although one should bear in mind that attendance rates in Morocco were a priori lower than in Mexico.

Interestingly, Tayssir's impact on school attendance is even estimated to be 2 percentage points higher under the LCT version of the programme than the CCT one. Moreover, the key determinant for this performance increase is the rates of re-enrolment, which are higher under the LCT. Thus, the LCT outperforms the CCT regarding the ability to bring back those who were never enrolled in school or had dropped out before the programme started, while exhibiting similar performance in avoiding the drop-out of those already in school at the time the programme started.² Given that the LCT also has lower administrative costs than the CCT, the authors conclude that an LCT, understood as a nudge, might be the most cost-effective cash transfer modality to promote school attendance in Morocco.

Poverty

Tayssir's experimental evaluation did not investigate the programme's impacts on poverty and per capita income, but we can obtain a sense of its poverty-reducing potential by comparing its benefit levels to that of other CCT programmes. Cash transfers can be expected to increase beneficiaries' household income one by one³ and, therefore, by definition, reduce poverty rates.

As illustrated in Table 1, Tayssir's benefits increase with the school grade of the children, creating an additional incentive to keep children in school beyond primary schooling and enrol them in the *cycle collégiale* (secondary schooling).

However, by international standards, Tayssir's benefit levels are very low, on average only amounting to 5 per cent of the beneficiary households' consumption (see Table 2). This suggests that the programme's impacts on poverty and consumption are substantially smaller than for similar programmes in Latin America and Southeast Asia. Therefore, its poverty impacts can be expected to be rather modest.

Fiszbein and Schady (2009) compared Mexico's *Progresa*, Honduras's *PRAF*,

Nicaragua's *RPS*, Colombia's *Familias en Accion*, Cambodia's *CESSP* scholarship programme and Ecuador's *BHD*. They found that programmes with smaller transfer sizes relative to beneficiaries' consumption levels produced the smallest impacts on household per capita consumption and had very minor—if any—impacts on poverty at the programme level. In their sample of CCT programmes, the Cambodian *CESSP* scholarship programme most closely resembled the Tayssir model (focusing on education and featuring a small transfer size). It failed to affect either median consumption level or poverty rates among beneficiaries, which, it is worth noting, was not its objective inasmuch as short-term poverty alleviation is not an objective of Tayssir.

This suggests that Tayssir has been designed with a focus on just one of the two objectives of standard CCT programmes. Thus, it is more an educational programme to reduce school drop-out than a poverty alleviation or social inclusion programme with the objectives of providing income security and smoothing consumption, as in most of the CCT programmes in other regions of the world. This is also illustrated by the fact that it is managed by the Ministry of Education (*Ministère de l'Éducation Nationale, de la Formation Professionnelle, de l'Enseignement Supérieur et de la Recherche Scientifique* 2017), rather than by the Ministry of Social Development.

Coverage

Tayssir's coverage has been increasing over recent years, but the programme

TABLE 2: Comparison of selected programme benefit levels

Country	Programme	Reference years	Monthly transfer	
			Amount (USD)	As a percentage of household consumption
Morocco	<i>Tayssir</i>	2008–2010	8–13 per child	5
Mexico	<i>Progresa</i>	1998–1999	8–30.50 per child + basic benefit of 12.50 per month + support for school material	20
Philippines	<i>Pantawid Pamilyang Pilipino Program</i>	2009–2011	11–30 per household depending on the number of children	11
Indonesia	<i>Program Keluarga Harapan</i>	2007–2009	3.60–13.40 per household	17.5
Nicaragua	<i>Red de Protección Social</i>	2000–2002	28 per household + 2 per child per month for school attendance	20

Source: Banerjee et al. (2015).



Photo: Dana Smillie/World Bank. Children at school, Morocco, 2010 <<https://goo.gl/C9KNc7>>.

“ Tayssir is a conditional cash transfer programme which provides monthly payments to households with school-age children, under the condition that their children are enrolled in school and attend their classes regularly.

still only reaches a fraction of the country’s poor and vulnerable populations. Since 2008 the programme’s coverage has increased from 88,000 beneficiary students to 609,000 in 2010–2011 and to 828,000 (522,000 households) in 2015–2016 (*Ministère de l’Education et de la Formation Professionnelle* 2014; *Ministère de l’Economie et des Finances* 2017).

However, a rough assessment based on the child poverty estimates provided in Abdelkhalek (2014) shows that approximately 1.29 million poor children aged 6–15 are not covered by Tayssir. If one also considers vulnerable children as Tayssir’s target population, the undercoverage is substantially higher: almost 2.5 million children who are either poor or vulnerable are not yet covered by Tayssir. One can conclude that as of 2014, Tayssir had reached 40 per cent of its target population when using poor people as a reference group, and 25 per cent of its target population when using both poor and vulnerable people as a reference group. It should be noted that these estimates should be considered ‘back-of-the-envelope’ calculations.⁴

Summary

- Tayssir has been extraordinarily successful as an educational programme to increase school enrolment and reduce drop-out rates. Its educational impacts are higher than for most other CCTs in other parts of the world.

- Unlike the CCTs in Latin America, Tayssir has primarily been designed as an educational programme, not as a poverty reduction or social inclusion programme, and is managed by the Ministry of Education.
- This is also reflected in very low benefit levels, which correspond to only 5 per cent of the average consumption of beneficiary households. This incentive is enough to ensure regular school attendance by children, but not to substantially relieve poverty.
- Tayssir is still far from covering all children in need. The programme only reaches 40 per cent of all households living in poverty, and 25 per cent of all poor and vulnerable households.

Policy options for strengthening Tayssir

Based on the previous analysis, three complementary policy scenarios to consolidate Tayssir could be considered.

First, based on the experience of other countries in Latin America, Asia and Africa, it can be inferred that Tayssir has the potential to have much broader impacts if its benefit levels were increased. As outlined in Banerjee et al. (2015), the benefits in other CCT programmes around the world amount to 6–25 per cent of the average consumption of beneficiary households, whereas in Tayssir they represent only 5 per cent.

Second, the programme’s coverage could be expanded with a view to cover the

poor households that currently remain excluded from Tayssir. One option would be to expand Tayssir to all municipalities that are currently covered by the country’s rural development initiative (*Initiative nationale pour le développement humain—INDH*).⁵ The INDH is targeted based on a poverty map; expanding Tayssir to INDH areas could promote synergies between the two programmes. In the medium term, however, it might be advisable to expand Tayssir’s coverage to all municipalities, possibly in combination with a household-level targeting approach in newly enrolled municipalities (so far, Tayssir only covers households in municipalities with a poverty rate of at least 30 per cent). In this way, Tayssir could also reach poor and vulnerable families living in relatively better-off areas and provide them with some form of social protection, thus improving equity across families with similar characteristics but living in different geographical areas.

Finally, the limit of three children per beneficiary household could be revised, either extending it to five children or abolishing it altogether. This would be an important step to protect poor children in large households, bearing in mind that child poverty in Morocco is positively correlated with household size (Haut Commissariat au Plan 2012).

Fiscal space for Tayssir expansion and design changes

Morocco has been reforming its food and fuel subsidies, which represent an important share of the government’s

“ Tayssir’s coverage has been increasing over recent years, but the programme still only reaches a fraction of the country’s poor and vulnerable populations.



Photo: David Rosen, Morocco, 2014 <<https://goo.gl/Qdu4dP>>.

budget. This reform was partially initiated in 2014, mostly focusing on petrol, diesel and electricity subsidies. The potential savings from this reform could be used to develop Tayssir, thereby compensating the poorest Moroccan populations for the negative impacts of such a reform.

Verme and El-Massnaoui (2017) simulate the distributional impacts of the 2014 reform and of the phasing out of all remaining food and energy subsidies. They found that while the 2014 reform has had very limited impacts on poverty rates, given that poor people are modest users of petrol and diesel fuel (even considering indirect impacts), the complete elimination of subsidies will have much more substantial impacts on poverty headcount (1.44 percentage points), given

that liquefied petroleum gas and wheat are largely consumed by poor people. Compensation measures for poor and vulnerable Moroccan populations, including the country’s lower middle class, would, therefore, be needed to avoid any adverse impacts on these groups.

One possibility discussed by Verme and El-Massnaoui is a universal cash transfer for all households, using half of the government’s savings (MAD11.5 billion out of MAD23.6 billion) accrued from the subsidy eliminations. The authors show that this would be enough to cancel out the negative effects of the reform, although they point out that a well-targeted cash transfer would allow a lower level of spending of those savings to keep poverty

constant. However, as argued in the paper, the Moroccan poverty line seems too low, and the lower middle class also seems quite vulnerable to the effects of the reform, which seems to play in favour of compensating programmes with a broader targeting approach (e.g. categorical or universal targeting). This could also enhance social cohesion and avoid unnecessary social unrest.

Another option would be an expansion of Tayssir. Table 3 shows the total cost of the three policy scenarios previously outlined, *vis-à-vis* the savings that would accrue from the subsidy reform: increasing the value of the transfer, achieving national coverage of poor children, and achieving national coverage of both poor and vulnerable children.

“ Expansion of Tayssir, financed by a phasing out of the country’s food and fuel subsidies, would not only allow social protection coverage to all of the country’s poor people but would even imply fiscal savings.



Photo: Daniel Gasienica, Morocco, 2007 <<https://goo.gl/nC3VZQ>>.

TABLE 3: Increasing Tayssir benefits: different scenarios and their estimated costs

	Scenario 1	Scenario 2	Scenario 3
	Increase the benefits of all current Tayssir beneficiaries to 20 per cent of their household expenditure	Increase the benefits to 20 per cent of household expenditure and expand the programme to all poor children (geographical targeting for existing beneficiaries, household targeting for new beneficiaries)	Increase the benefits to 20 per cent of household expenditure and expand the programme to all poor and vulnerable children (geographical targeting for existing beneficiaries, household targeting for new beneficiaries)
Estimated additional cost	MAD2.139 billion	MAD6.599 billion	MAD10.740 billion
Cost as a percentage of Morocco's annual spending on subsidies	9	28	46

Note: Estimates are for the additional cost of the proposed changes. To obtain the total cost of Tayssir after expansion, add MAD730 million (the current Tayssir budget), to the figures above.

Source: Own estimates based on Abdelkhalik (2014), Ministère de l'Éducation (2014), Verme and Massnaoui (2017).

The advantage of this option over a universal (or targeted) basic transfer is twofold: it relies on a proven, successful programme whose benefits go beyond short-term poverty alleviation, and it avoids narrow targeting—particularly in the poorest *communes* as per the current design—and it also includes vulnerable children from families that are likely to be negatively affected by the last stage of subsidy reform.

Table 3 illustrates that only a fraction of Morocco's current spending on subsidies would be enough to implement the policy scenarios described in this paper. In this sense, an expansion of Tayssir, financed by a phasing out of the country's food and fuel subsidies, would not only allow social protection coverage to all of the country's poor people but would even imply fiscal savings. ●

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2. This difference seems to be important, since the CCT that targeted children already going to school may have limited impacts on those who are already out of school by the time the programme is implemented.

3. Assuming that potential earned income loss due to behavioural change (e.g. reduction in child labour or on mother's labour market participation) would not be large enough to compensate for the value of the benefit.

4. This estimation assumes a population size of 33.9 million, of which 4.63 per cent are poor children aged 6–15 and 4.37 per cent are vulnerable children (own calculation based on Abdelkhalik 2014). This means that, in total, 1.57 million children are poor, and 3.05 million children are either poor or vulnerable.

To get an estimate of the undercoverage, we subtract the number of present Tayssir beneficiaries who are poor (34 per cent of the 825,000 Tayssir beneficiaries, as per the *Direction de l'appui social*, MEN) from the total number of poor children: 1.57 million – 280,500 = 1.289 million. To calculate the undercoverage within the vulnerable population, we assume that 68 per cent of the Tayssir beneficiaries are vulnerable (i.e. 563,800 individuals) and subtract this number from the total number of vulnerable children in Tunisia: 3.05 million – 563,800 = ~2.5 million.

5. The INDH is a development programme that provides targeted municipalities with extra resources to strengthen the provision of social services and to promote income-generating activities/projects at the *commune* level, fostering local development. Between 2005 and 2010, almost 23,000 projects with a budget of MAD14.6 billion were initiated under the INDH.

Social protection in Saudi Arabia

by Amina Said Alsayyad¹

Saudi Arabia is the largest Arab economy and one of the largest donors of official external development assistance (UNDP 2014). It is also one of the members of G20, with a gross domestic product (GDP) of about USD650 billion. Yet the country is paradoxically struggling to address internal development issues such as poverty, unemployment, vulnerability and inequality, particularly the challenges of translating economic growth into sustainable development outcomes.

In rich economies, poverty is usually defined as relative rather than absolute. Thus, Saudi Arabia's principal concern is not with necessity—standard basic needs—but, rather, with sufficiency—augmented basic needs which would ensure a decent standard of living for citizens (Al-Damigh 2014). The inequality of the distribution of income is often measured by the Gini coefficient. The value of the Gini coefficient in the country was 0.459 in 2013, dropping from 0.513 in 2007 (Kingdom of Saudi Arabia 2013). However, simple income inequality does not pose more of a problem in Saudi Arabia than in other countries of the world. Rather, the problem lies in multidimensional poverty and inequality—i.e. in the non-income space, particularly gender inequality.

Restrictions on women have additional effects on poverty because of their limited capacity to compensate for income losses. For example, granting men exclusively the advantage of driving a car² has been identified among many poor female-headed households as a structural factor limiting their ability to cope with poverty. Women have low participation in the labour force, and among those who do participate, the unemployment rate is more than seven times higher than the rate among males. From 2002 to 2012, GDP from oil increased, and unemployment decreased among men, but it increased among women, suggesting the feminisation of poverty.³

In a conservative society, the selection of certain social dimensions for reform presents an additional challenge and must

be done carefully, given that distinct forces position themselves differently on various reform issues. Therefore, social reform often follows a non-linear path in Saudi Arabia. We call it the 'zig-zag hypothesis of social change'—proceeding if the proverbial weather is good enough, otherwise swerving right or left to weather storms and crashing waves, and cruising to safety.

There should be a policy focus on building leaderships that believe in reform, especially in promoting young women to leadership roles. Indeed, over the past two years, many economic sectors in the country have begun to provide more opportunities for women and to transfer more power to the younger generation. Moreover, rather than a top-down approach, social reform is perceived as an instrument of political reform.

The abrupt decline in oil prices from mid-2014 until late 2016 caused Saudi Arabia to lose financial resources. Oil revenues in the government's budget decreased from USD277 billion in 2014 to USD163 billion in 2015 and to USD141 billion in 2016. This precipitous decline required pressing reforms to maintain the government's ability to maintain social spending, including economic and social transfers, and to be the employer of last resort. Since HRH King Salman took office in January 2015, many legislative, regulatory and public policy changes have been launched.

April 2016 saw the launch of Saudi Vision 2030, a broad plan to reduce the country's dependence on oil and develop its public service sectors, followed by two executive programmes, the National Transformation Programme (NTP) 2020 and the Fiscal Balance Programme (FBP) 2020, which aimed at balancing the budget by 2020. The state apparatus was restructured, including the integration of the portfolio of labour and social affairs into a new Ministry of Labor and Social Development. Early in 2017, 10 additional programmes were announced.⁴

The fundamental change brought about by Saudi Vision 2030 is the introduction of a new philosophy of transformative management, represented by the

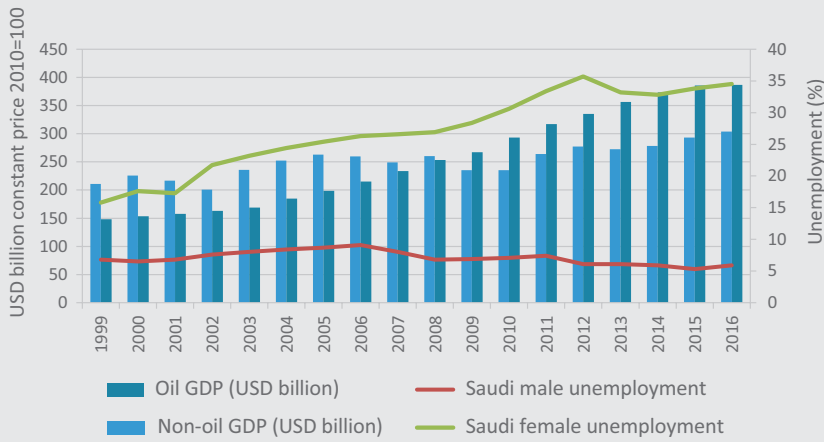
transition to a 'programme–performance–governance' paradigm (Nawar and Alsayyad 2016). Programmes allow cost–benefit analysis. Key performance indicators are used to monitor and evaluate progress towards targets and goals, leading to transparency and accountability. Good governance ensures striking a rational balance among many stakeholders involved in all decision-making levels, while meeting the Vision's goals and mitigating the risks of national transformation.

The Vision is based on three pillars. Saudi Arabia is: (1) the heart of the Arab and Islamic worlds; (2) a global investment powerhouse; and (3) a global hub connecting three continents: Asia, Europe and Africa. These pillars represent the country's unique competitive advantages. The themes around which the Vision is based are: (1) a vibrant society; (2) a thriving economy; and (3) an ambitious nation. These three themes are completely intertwined in the country's development efforts.

The Vision's main objective is to create a qualitative economic, social and cultural transformation in Saudi society within a new social contract, based on transitioning from the rentier-State model, under which a major share of a country's revenues comes from the rent of its indigenous resources to external clients, and thus determining the nature of its political and policy decisions, to the developmental-State model, under which Saudi Arabia will mobilise its resources to achieve the highest growth rate, diversify the sources of national income through non-oil exports, implement social policies investing in human capital, and reform government finances in a way that does not negatively affect social protection. This raises important questions about the sustainability of the new social contract and the extent to which it can help achieve sustainable development.

Additionally, Saudi Vision 2030 and its programmes are perhaps the world's largest national transformation plan that fits squarely into the United Nations 2030 Agenda for Sustainable Development, embracing the mutually reinforcing

FIGURE 1: Unemployment and oil and non-oil GDP in Saudi Arabia, 1999–2016



Source: Author's elaboration based on data from the Kingdom of Saudi Arabia's General Authority for Statistics, National Accounts and Labour Force Surveys (various issues): <<https://www.stats.gov.sa/en>>.

Saudi Arabia has long had in place generous social safety nets with components of social protection that benefit many social groups in cases of emergency, disease, disability and old age, encouraging institutions and individuals to contribute to charity (Kingdom of Saudi Arabia 1992). Over time, social safety nets have expanded in terms of funding and coverage, but have suffered from a legacy of waste due to targeting errors for potential beneficiaries.

With the turn of the century, a 'Poverty Reduction and Growth Strategy Paper' was drafted but was later revised and considered a substantive input to the National Strategy for Social Development (NSSD). The NSSD aimed at promoting social development, and improving the standard of living of its target social group, expanding community engagement and broadening people's choices to build up their resilience.

Implementation of the NSSD started in 2004 and progressed in stages, each having its unique set of public policies:⁵

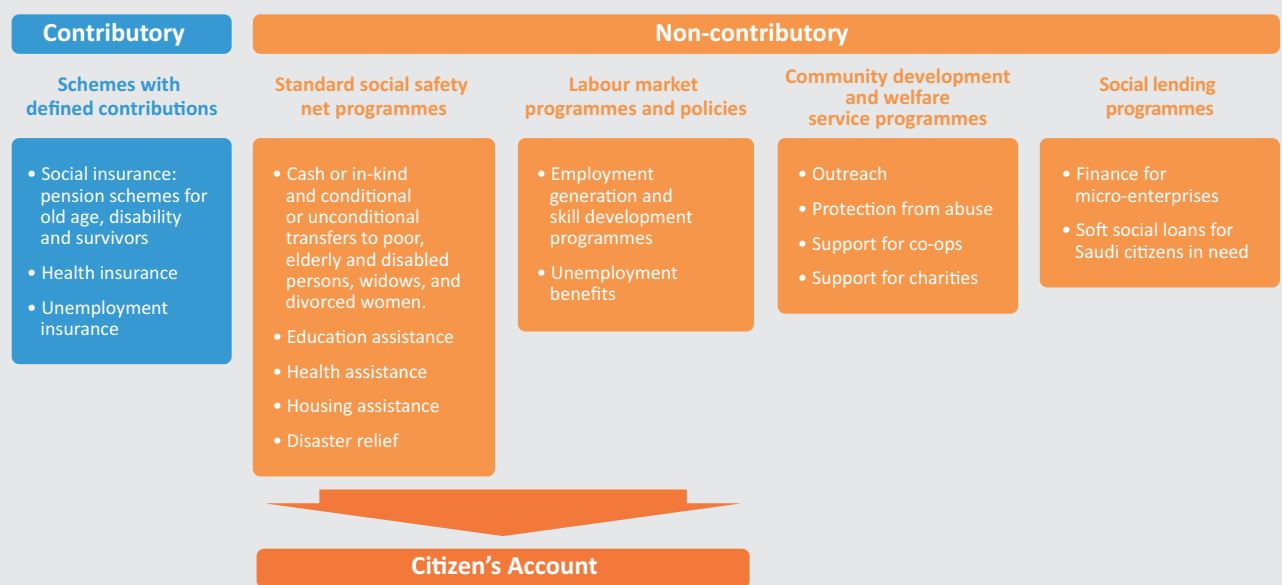
- **Stage 1 (2004–2009):** Launching an emergency assistance programme

fundamental principles of inclusion, equity and sustainability. One can almost draw a one-to-one mapping between the goals of Saudi Vision 2030 and the Sustainable Development Goals (SDGs). However, the Saudi Vision 2030, being a national rather than a global agenda, does have more goals, targets and indicators.

Saudi social protection system

Saudi Arabia has developed social protection systems combining both contributory and non-contributory programmes. Focusing on non-contributory social protection, many social safety net programmes have been in place and expanding for decades.

FIGURE 2: The current architecture of the Saudi social protection system



Note: Social lending programmes are provided through the Social Charity Fund (SCF) and the Social Development Bank (SDB). The SDB is responsible for programmes such as Pathways, which supports young people of both sexes who wish to practise self-employment in any economic activity commensurate with their preferences and abilities. Source: Author's elaboration.

for poor people living below the extreme poverty line and preventing more citizens from falling into further poverty by overhauling the fragmented social safety nets and increasing fiscal allocations for programmes.

- **Stage 2 (2009–2014):** Focusing on a broad range of social issues, such as increasing the cap for the entitlement of social security benefits to households (from 8 people in Stage 1 to 15 people thereafter), introducing programmes to enhance the income capabilities of poor and needy populations, addressing housing insecurity by approving a scheme for building 500,000 housing units distributed to all Saudi regions, approving unemployment benefits for the youth, and activating a wide array of social security support programmes through which various social needs could be met.
- **Stage 3 (2015–2030):** Addressing concerns of social equity and exclusion via broader transformative reforms of the Saudi Vision 2030, including making the goal of ‘raising women’s participation in the labour force’ a cornerstone of achieving the new version of NTP, NTP 2.0.

Universal in-kind subsidies and transfers, including for food, water, electricity and fuel, have contributed to reduce

household vulnerability and to maintain reasonable per capita consumption patterns and standards of living. Over time, the expansion of subsidies, transfers for social security and unemployment benefits have helped mitigate the consequences of development disparities at the local level and among regions. This expansion has also disincentivised internal migration; however, universal in-kind subsidies have also benefited 11 million expatriates, who comprise 33 per cent of the country’s total population.

The evolution of the Saudi experience has shown that government-provided social safety nets are only part of a broader social protection system, which includes many other components with rising demands. It has also demonstrated the importance of elevating the partnerships in social development with partners from the private and charitable sectors. This transition to the concept of more reliable social policy was strengthened by Vision 2030.

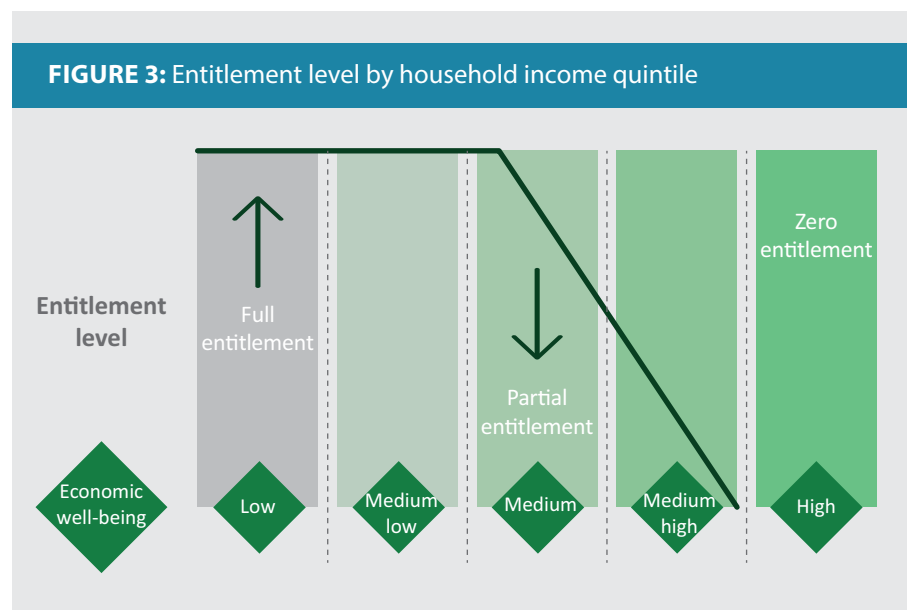
Citizen’s account and the transition to social policy

Within the framework of fiscal reform measures included in the Fiscal Balance Programme, the ‘Unified Citizen’s Account’ was launched, marking a first step towards integrating all social safety nets and other programmes—such as conditional cash transfers (CCTs) to mitigate the impacts of the rising prices

of electricity, water and fuel—under a single registry. This platform supports eligible beneficiaries, protecting low-income families and re-directing subsidies and government benefit allocations to the broader context of social protection. The government defines ‘sensible consumption’ levels for households and encourages citizens to observe them. The total value of the cash transfer benefit is then determined by a ‘well-being’ score that varies according to the income level, size and composition of the household.

Since the beginning of registration in February 2017, the number of registered households has reached about 3.5 million, comprising a total of about 12 million people—more than 50 per cent of the Saudi population. Registered potential beneficiaries enter their data online directly to a single account database. Status updates must be made quarterly for the household to maintain its entitlement. The categories of potential beneficiaries include Saudi heads of household, persons with disabilities, Saudi women married to a non-Saudi, independent Saudi individuals, and social security beneficiaries. Electronic synchronisation and interoperability among 15 government agencies facilitate data analysis and validation of self-declared household profiles. Therefore, by establishing a single registry for potential beneficiaries of CCTs and other social protection programmes,

“Government-provided social safety nets are only part of a broader social protection system, which includes many other components with rising demands.



Source: Kingdom of Saudi Arabia (2016b).

TABLE 1: Social goals in the NTP 2.0

4.2.2	Increasing women's labour market participation
4.2.3	Empowering the inclusion of people with disabilities in the labour market
4.3.3	Increasing the contribution of productive households to the economy
4.4.1	Improving the living conditions of expatriates
4.4.2	Improving working conditions of expatriates
4.4.3	Effectively attracting worldwide talent
2.6.4	Empowering citizens through the social services system
2.6.5	Improving the effectiveness and efficiency of social services
6.1.2	Encouraging volunteerism
6.2.1	Promoting corporate social responsibility
6.3.1	Supporting the growth of the non-profit sector
6.3.2	Supporting the non-profit sector to achieve greater impact

Source: Ministry of Economy and Planning (2016).

the Unified Citizen's Account database will help authorities integrate social policies, build appropriate social and economic indicators related to household conditions, and better develop evidence-based policymaking.

The measures taken by the government to reduce fiscal deficits and rationalise spending are associated with restructuring government subsidies to better target the people in actual need and to develop citizens' incentives to consume responsibly. This is a new way of thinking and working, where the government runs economic and social reforms informed by issues of economic and social protection. These recent measures demonstrate this fundamental shift in economic philosophy and political will.

Table 1 illustrates this shift and its practical significance, detailing the first 12 strategic goals for empowering social protection in the NTP 2.0, which represent one third of the 36 total strategic goals of 10 government agencies.

Conclusion

The set of policy changes in that we term 'policy resonance' can be characterised by the progressive move beyond standard social safety nets and into more specific and inclusive social policies, the transition of the subsidy system from universal to targeted, the launch of the Unified Citizen's Account initiative, inter-

agency coordination and getting other private and non-profit actors on board as partners will redefine social policy in Saudi Arabia.

This policy shift is the lynchpin of political reform, with the capacity to empower women and increase their participation in the labour market, as the country moves from a traditional rentier State to a more progressive developmental-State model. This will allow Saudi Arabia to finally leverage its natural, strategic and economic strengths to the social benefit of all its people, ensuring a decent living standard for all its citizens. ●

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1. PhD, Department of Sociology, Faculty of Humanities, Al-Azhar University, Egypt.
2. A royal decree was issued on 27 September 2017 allowing women in Saudi Arabia to drive vehicles for the first time. This historical decree will enter into force on 24 June 2018.
3. For a detailed analysis, see Efad Center for Studies and Consultations (2014).
4. See Kingdom of Saudi Arabia (2017).
5. See Ministry of Labor and Social Development (2016).

Energy subsidy reform and non-contributory social protection: the case of Tunisia

by Abdel-Rahmen El Lahga¹

The current universal food and energy subsidies are a cornerstone of Tunisia's social protection system. However, they have been proven to be inequitable and increasingly expensive. They are also inefficient, as they can introduce relative price distortions that typically provoke overconsumption and increasing budget deficits. Indeed, energy, transport and food subsidies have substantial fiscal implications, representing around 3 per cent of gross domestic product (GDP) in 2016, down from 7 per cent in 2013. Data from 2017 also show that subsidies accounted for 11.2 per cent of government expenditures: 4.8 per cent for fuel, 5 per cent for basic products (mostly food) and 1.4 per cent for transport, whereas social assistance expenditure accounted just for 1.4 per cent (Ministry of Finance 2017).

During the last three decades, rapid growth rates and untargeted subsidies have contributed to poverty reduction but have not had a similar effect on reducing inequalities, especially regional inequalities across inland and coastal regions. According to recent revised figures from the Institut National de la Statistique (INS), national poverty rates fell from 25.4 per cent in 2000 to 15.2 per cent in 2015. Extreme poverty more than halved, falling from 7.7 per cent to 2.9 per cent over the same period. The Gini index also fell from 0.36 to 0.31. However, this reduction in inequality was mostly driven by declines within regions; inequality across regions has actually increased, leading to the concentration of extreme poverty in the typically less well-off western regions, where poverty rates are still as high as 30.8 per cent

in the centre-west and 28.4 per cent in the north-west (INS 2016).

Fiscal and equity concerns have prompted the Government of Tunisia to reform its social protection system, and to reconsider the level of expenditures on universal subsidy schemes to make government spending less regressive. However, an overhaul of energy subsidies in Tunisia must strike a delicate balance between the need to improve fiscal equity in public spending and the risk of raising social tensions, given the importance of the share of subsidised products in household budgets—on average 4 per cent, but reaching almost 9 per cent for the poorest quintile of the population (Cuesta et al. 2017). Although the Tunisian authorities have announced their intention to reform energy subsidies, policy is still in the planning stages. The intended strategy announced at the end of 2014 has been one of progressive reduction of subsidies coupled with an expansion of the non-subsidy elements of social protection, such as targeted cash transfers.

Cuesta et al. (2017) provide an analysis of the distributive impacts of a hypothetical energy subsidy reform to understand the implications of the country's current strategy. The study argues that energy subsidies still play an important role in appeasing social tensions, since their distributional impacts are considerable. Before 2011, the generous subsidy system combined with mass recruitment in the public service and periodic revisions of wage levels were the principal mechanisms for maintaining, at least partially, social peace and stability during the past regime.

Similarly, the need to maintain social stability after the 2011 revolution also warned against a profound reform of the subsidy system. In fact, during the post-revolution period, energy subsidies increased both in absolute and relative terms. As a result, energy subsidies went from one third of total public subsidies before the revolution to about 45 per cent in 2017. In contrast, subsidies of food and other basic needs have lost relative weight in the total subsidy spending, despite having notably increased in absolute terms (see Figure 1). Paradoxically, the increase in subsidy expenditures happened in a context of an emerging national consensus around the need to streamline subsidy costs and ensure their fairness, given the economic situation of the country.

When analysed in per capita terms, all energy subsidies—gasoline, diesel, liquefied petrol gas (LPG) and electricity—are found to be regressive in that the absolute amount of subsidy benefits are higher for richer individuals or households. The subsidies for the richest per capita income quintile are 1.7 times the amount received by the poorest quintile (TND136.7 compared to TND81.8). The energy price structures result in a regressive and pro-rich transfer system that produces a huge fiscal bill. Furthermore, the distributive impact of the system is heterogeneous, with LPG and electricity being the most significant among poor (also among the non-poor) consumers (see Table 1). This is the result of the interplay between the price and subsidy structure, on the one hand, and differences in consumption patterns across socio-economic groups, on the other. Whether the subsidy is universal or has some targeted features, such as in the case of electricity, in which the subsidised rates decrease according to consumption, does not make much of a distributional difference in the current Tunisian context.

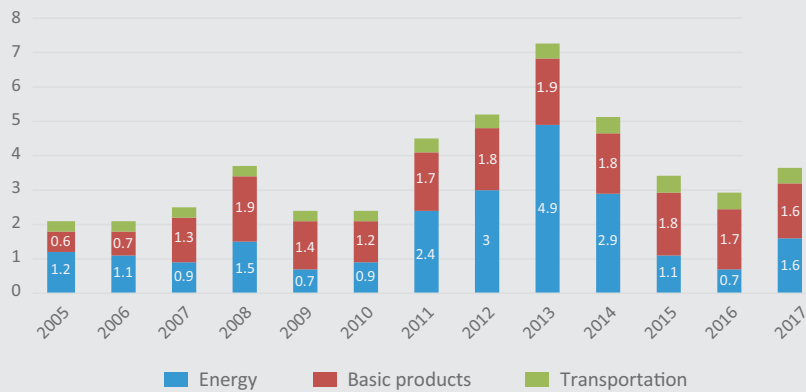
A simulated reform based on a uniform increase of 10 per cent for electricity prices and a total removal of LPG, diesel and gasoline subsidies would increase poverty by 2.57 percentage points in the short

TABLE 1: Per capita energy subsidy benefits, in Tunisian Dinar (TND)

Quintile	Gasoline	Diesel	LPG	Electricity	Total
1 (poorest)	0.1	0.2	44.5	37.0	81.8
2	0.4	0.7	55.3	41.4	97.8
3	1.6	1.2	59.9	46.1	108.7
4	4.7	1.9	68.3	47.9	122.7
5 (richest)	18.2	5.7	63.9	48.9	136.7

Source: Cuesta et al. (2017).

FIGURE 1: Evolution of the composition and level of subsidies by type, 2005–2017



Note: Basic products refer to food products such as cereals, bread, sugar and vegetable oil.
Source: Cuesta et al. 2017 and author's estimation for 2017.

“ During the last three decades, rapid growth rates and untargeted subsidies have contributed to poverty reduction but have not had a similar effect on reducing inequalities.

term. However, it is important to note that the largest impact on poverty is brought about by removing LPG subsidies (a 1.91 percentage point increase out of a total 2.57) and the short-term different impacts, rather than through indirect impacts. Removing subsidies will reduce the purchasing power of the poorest quintile by about 6.7 per cent, and by about 3.2 per cent for the richest quintile. Even more problematic, as shown in Table 2, the fiscal savings of TDN817.5 million come mostly from subsidies for LPG (78 per cent) and electricity (13 per cent), the two energy sources that are used more often, in relative terms, by households in the poorest quintiles, as shown in Table 1. However, given the regressive nature of the subsidies, the poorest quintile will be responsible for 13 per cent of the total savings, while the richest quintiles will account for 28 per cent (Table 2).

Compensation mechanisms were simulated using three scenarios: (i) ‘universal transfers’ paid to every Tunisian citizen; (ii) ‘current targeting’, channelling cash compensation through the two most important social protection programmes—the PNAFN social assistance programme, which currently covers 7.3 per cent of the population,² mostly from labour-constrained poor households (e.g. old age, disability), and subsidised health cards (AMG 2), which cover 23.6 per cent of the population;² and (iii) ‘perfect targeting’, where only poor households would receive the compensation transfers. This last scenario is unrealistic due to the prohibitive costs and the impossibility of perfect targeting given the dynamics of poverty. Nevertheless, it offers a benchmark to measure what can be achieved with ‘universal’ and ‘current targeting’ options.

In the three scenarios, all savings from energy subsidy reform are redistributed to the different targeted populations. The targeting scenarios yield different average values of benefits and coverage (number of beneficiaries), as depicted in Table 3. The first conclusion is that even under the highly unrealistic scenario of perfect and costless targeting, poverty would not be eradicated. The total savings coupled with perfect targeting would have a huge poverty reduction impact—a decrease of 12.6 percentage points compared to post-reform poverty rates and of 10 percentage points compared to pre-reform poverty rates. However, poverty would still affect 5 per cent of the population.

The second conclusion is that although both ‘universal transfers’ and ‘current targeting’ are able to counteract the poverty increase in the post-reform scenario: the poverty decrease yielded by the compensation programme (-2.97 and -4.01, respectively) is higher than the increase in poverty simulated as the result of the reform (2.57). However, they are not able to dent pre-reform poverty levels in a substantive way (-0.40 and -1.44, respectively), particularly when compared to the ‘perfect targeting’ scenario.

These results are worrisome, as Tunisia is still far from having comprehensive and updated lists of beneficiaries and potential beneficiaries matched with operating monitoring and information systems.

TABLE 2: Total energy spending by income quintile

	Gasoline	LPG	Diesel	Electricity	Total
Quintile: 1 (poorest)	0%	15%	2%	11%	13%
Quintile: 2	2%	19%	7%	15%	17%
Quintile: 3	6%	21%	13%	18%	19%
Quintile: 4	19%	23%	19%	22%	23%
Quintile: 5 (richest)	73%	22%	59%	34%	28%
Total	100%	100%	100%	100%	100%
Proportion of total savings	7%	78%	3%	13%	100%

Source: Author's elaboration based on Cuesta et al. (2017).

“ An overhaul of energy subsidies in Tunisia must strike a delicate balance between the need to improve fiscal equity in public spending and the risk of raising social tensions.



Photo: Carsetn ten Brink. Roadside petrol station, Djerba, Tunisia, 2010 <<https://goo.gl/wmPWRa>>.

TABLE 3: Features of poverty reduction and compensation measures under different scenarios

Scenario	Poverty reduction (percentage point)		Features of the transfers	
	Post-reform	Pre-reform	Average benefit	Number of beneficiaries (millions)
Universal transfer	-2.97	-0.40	TND75	10.9
Current targeting	-4.01	-1.44	TND264	3.1
Perfect targeting	-12.59	-10.02	TND420	1.9

Source: Author's elaboration based on Cuesta et al. (2017).

These features have been key to the success of many cash transfer programmes worldwide, improving their targeting accuracy and efficiency. In addition, it should not be expected that all fiscal savings from the energy subsidy will be invested into social protection programmes.

The simulation results suggest that, if both poverty and disparities are to be substantively reduced, bold reforms of energy subsidies need to be accompanied by equally bold improvements to current cash transfer programmes and administrative capacities. It is also important to adopt a strong communications strategy to explain distributional patterns of subsidies and ensure large appropriation of potential reforms. Any intended reform should be progressive and start with the most unequitable subsidies, such as petrol and diesel fuel. Finally, public authorities must also reconsider the problem of implicit or indirect subsidies

generated by the inefficiency of refining and electricity companies. ●

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Iraq's social safety nets: the need for reform

by Atif Khurshid¹

The international sanctions imposed on Iraq due to the invasion of Kuwait in August 1990 severely affected Iraq's economy. The sanctions were imposed on all exports, including oil—a key source of government revenue and employment, and the largest contributing sector to Iraq's gross domestic product (GDP). Imports were also restricted, except for medicines and key commodities needed for humanitarian assistance. The sanctions not only affected the government's revenues but also impacted the availability of and access to essential food and non-food goods, the majority of which were imported.

To address the adverse consequences of the sanctions, in around 1991 the Government of Iraq started the Public Distribution System (PDS) project, using ration cards² to provide relief to all Iraqi citizens irrespective of their poverty status. At the beginning, due to a lack of capacity and resources, as well as restrictions on imports, the food distributed was of low quality and in limited quantity. The items initially included were flour, rice, sugar and cooking oil. Over the years, many other items were included and removed.

In 1995 the international community and the Government of Iraq agreed on limited exports of oil in exchange for food, to minimise the impact of the economic sanctions on the population and decrease their adverse effects on food security and the humanitarian situation. The objective was to improve the quality and quantity of food to better respond to the needs of the population, particularly children. The Ration Cards, at first a temporary solution to a specific crisis in 1991, have now become the largest single non-contributory social protection programme in Iraq. The Ration Cards are still universal, as there is no targeting mechanism. In 2012 approximately 98 per cent of households were covered by the programme (UNICEF 2017). It was not until 2016 that high-income households were excluded from the list of PDS beneficiaries.

The next big milestone in terms of non-contributory social protection in Iraq was

the establishment of the Social Protection Network (SPN) in 2005, to provide financial assistance to the most disadvantaged population, based on categories already defined in the Social Welfare Law of 1980. The programme's objective was to provide additional support through cash assistance to individuals and families lacking productive means of income generation. The categories included were unemployed people, minor orphans, people with disabilities, families of prison inmates and missing people, heads of families who were unable to work, widows, married students until graduation and divorcées.

Based on data from the 2012 Iraq Household Socio-Economic Survey, the government defined the national poverty line as IQD105,500³ per person per month. In 2014, in collaboration with the World Bank, the government passed Social Protection Law 11, which is very progressive in nature and calls for social protection for any Iraqi or non-Iraqi resident through social assistance. The law also changed the selection criteria of the SPN, from categorical to poverty-based. Subsequently, the beneficiary selection process adopted a self-targeting method and proxy means-testing (PMT). All Iraqis who believe that they are poor are encouraged to apply online, using communications strategies and social mobilisation. These applications are then verified through PMT. In addition, the verification process also involved cross-checking applicants' tax, land ownership and employment records.

As of 2017, the SPN is the largest cash assistance programme in Iraq, reaching more than one million poor households. These households comprise around 6.1 million people—16 per cent of the population.⁴ To implement Law 11, the Government of Iraq, with technical support from the World Bank and UNICEF, is implementing a pilot project to develop the human capital of Iraqi society. The pilot incentivises SPN beneficiaries with additional cash assistance if their children are enrolled in schools, if pregnant women seek antenatal and post-natal visits, and if children between the ages of 0 and 5

follow an immunisation schedule.

The pilot is being rolled out in Sadr City 2, the poorest neighbourhood in Baghdad Governorate, with plans to add additional areas as the programme takes off.

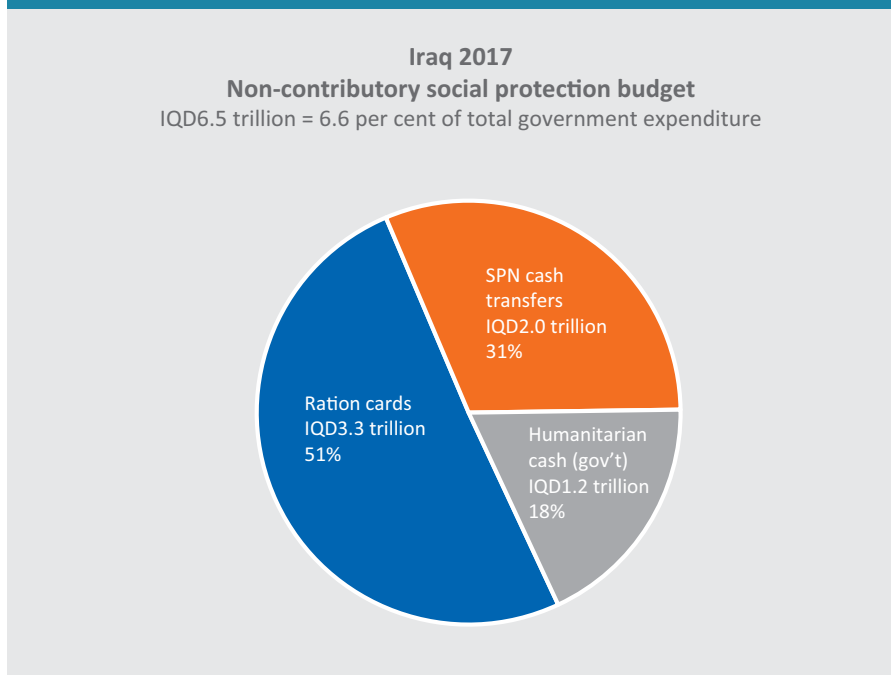
Iraq's non-contributory social protection also includes a humanitarian assistance programme for displaced families, which is managed by the Ministry of Migration and Displacement (MoMD). Assistance is provided to government-registered displaced families and individuals as needed. In addition, United Nations agencies and international non-governmental organisations are also implementing a Multi-purpose Cash Assistance (MPCA) programme, targeting displaced populations and host communities to help them meet their basic needs. The MPCA pays one emergency cash transfer to vulnerable displaced families, and two additional transfers to extremely vulnerable families. The MPCA is managed and coordinated under the Cash Working Group, led by the United Nations High Commissioner for Refugees (UNHCR) and Mercy Corps in Iraq. The government-led humanitarian assistance is managed by the MoMD.

The government's non-contributory social protection reforms

The realities of Iraq have changed dramatically since 2014, when the Social Protection Law was passed: low oil prices and armed conflict have led to increased poverty rates and a tighter fiscal space. When the armed conflict started in 2014, government revenues also dipped from IQD164.5 trillion in 2014 to IQD100 trillion in 2017 due to decreasing oil prices.⁵ The country's GDP contracted from USD230 billion in 2014 to USD170 billion in 2016. The tightened fiscal space is primarily due to low oil prices and thus low revenues (85 per cent of the government's expenditure and 53 per cent of real GDP in 2014) (IMF 2015), challenges in public planning and financial management, and a lack of diversification in the oil-driven economy. The budget deficit at the end of 2014 was 20 per cent of the total expenditure and around 10 per cent of GDP. As part of the standby agreement with the International

“ Though the fiscal space for social protection is tight due to increasing poverty rates and massive displacement, it could be rationalised if the operational efficiency and targeting of the existing programmes were improved, thus ensuring alignment and avoiding duplication.

FIGURE 1: Allocations to non-contributory social protection programmes, according to Iraq’s 2017 budget



Source: Author’s elaboration based on Iraq’s 2017 National Budget (internal).

Monetary Fund (IMF), the Government of Iraq has agreed to protect essential social spending during the fiscal consolidation process. In addition, the government is committed to rationalise the wage bill by natural attrition, only hiring one new staff member for every five retiring. The next step in the process could be to rationalise spending in the social sector, particularly recurrent expenditures, to promote efficiency and effectiveness.

In 2017, Iraq allocated IQD6.4 trillion to non-contributory social protection programmes—around 6.2 per cent of the total expenditure budgeted for 2017. Figure 1 shows the budget distribution among programmes. Half of the resources were allocated to the Ration Cards, operated by the Ministry of Commerce and Trade. About 31 per cent were earmarked to the SPN. The MoMD received 18 per cent to provide cash and in-kind assistance to displaced families. In addition, if we include subsidies, the Government of Iraq is subsidising electricity to its citizens at a rate of around 85 per cent—only recovering 15 per cent of the total cost of electricity production and distribution. According to IMF figures, the electricity subsidy was around 8 per cent of the total expenditure

and around 3.5 per cent of GDP in 2013-2014, and electricity production, distribution and financial management is extremely poor and inefficient. Overall, Iraq is allocating around 14.5 per cent of its expenditure to social protection (subsidies, non-contributory cash transfers and in-kind assistance).

Though the fiscal space for social protection is tight due to increasing poverty rates and massive displacement, it could be rationalised if the operational efficiency and targeting of the existing programmes were improved, thus ensuring alignment and avoiding duplication. There is much room for improving value for money by rationalising the purpose of social transfer programmes (universal vs. targeted) and ensuring pro-poor targeting. In addition, the elimination of subsidies will allow additional resources for poverty-targeted programmes. The savings could then be reinvested to expand the coverage of social protection programmes that target equity and children.

The Ration Cards system is especially important; it needs not only reforms to achieve better efficiency and management but also a reconsideration

of its relevance in the face of targeted cash assistance programmes being implemented. A UNICEF (2017) child poverty study noted that, in 2012, 98–99 per cent of the poorest segments of the population were receiving food rations, and 90 per cent of the most affluent (the richest 10 per cent of households) were also receiving them. Although in 2016 the Government of Iraq started excluding individuals earning USD1, 250 per month or more from the Ration Cards programme, there are still households in the wealthier income quintiles who benefit from the food rations.

Increasing demand and reducing revenues: possible strategies

The poverty rate in Iraq increased to 23 per cent (a conservative figure) in 2014, while the population rose to 37 million people in 2016, pushing an additional 2 million people below the poverty line (8.4 million in total) (World Bank 2017). In addition, the internal armed conflict has resulted in the massive internal displacement of over 3.3 million Iraqis, as of August 2017, and over 2 million returnees. Iraq also hosts 244,235 Syrian refugees and 40,227 non-Syrian refugees as of August 2017 (IOM 2017). The poverty rate among the displaced population is estimated to be 38 per cent (World Bank 2017). The increasing poverty rates, coupled with the loss of livelihood of millions of displaced people, is increasing the demand for comprehensive reform of the three branches of social protection programmes currently being implemented in Iraq.

Reforms could focus on clearly articulating the purpose of each programme in relation to other programmes (and how they could complement each other), and on establishing better linkages between government-led efforts and international humanitarian cash assistance in the country.

We conclude with four points on reforming non-contributory social protection programmes in Iraq to cater for increasing demand due to poverty and displacement:

- Sudden reforms of the Ration Cards will be challenged by political fallout from Iraqi political parties and large numbers of people (as has happened before), negatively impacting poor

people who are not included in the cash assistance due to coverage challenges in conflict-affected areas and inclusion and exclusion errors in targeting. In addition, this will negatively impact the near-poor and middle-class populations who are dependent on Ration Cards for their daily nutritional intake. A well-thought-out and comprehensive strategy of reforming Ration Cards could be developed by clearly articulating trade-off scenarios/modelling with cash assistance programmes. A gradual approach of transitioning from the Ration Cards system to cash assistance, while strengthening the coverage and targeting of the SPN, might be more plausible. The impact of eliminating Ration Cards on poor, near-poor and middle-class households should be clearly understood, keeping in mind the high dependency of these groups on the intervention.

- It would be important to continue improving SPN targeting methods to minimise errors, and to define variable benefit levels according to the poverty context. The development of an integrated, single registry data management system is already under way, which will further improve the overall performance of the social protection system. In addition, the government should look at mixed targeting methods: a better communications strategy for self-targeting, particularly in high poverty areas, adjustments in PMT to reflect new realities, and possibly the inclusion of a community-based targeting/verification process, while ensuring equity and child-focused targeting. A better-targeted SPN would provide better relief to the poor population and could represent a political victory for the government to initiate much-needed reform of the Ration Cards system as part of the overall social protection reform process.
- The overlap between MoMD-led humanitarian assistance, SPN and international cash assistance in Iraq needs to be further improved, particularly in the short term, developing cross-referrals for better targeting, reducing leakages and

avoiding wastes of resources and time. In the long term, a clear strategy could be developed for the MoMD to define its objectives, mandate and institutional role with sufficient capacity development. Iraq is prone to both natural disasters and conflict; therefore, transforming the MoMD into a body responsible for crisis response (shock-proofing) would be one of the possible long-term options.

- Finally, removing electricity subsidies and improving production and distribution to increase collection rates could be explored to expand the fiscal space for investment in social protection programmes, and child-focused basic social services such as education and health care. This requires both political commitment to remove the subsidies and a technical review of public expenditure on education, health care and social protection to identify a programme that would yield the best results for vulnerable children and their families. ●

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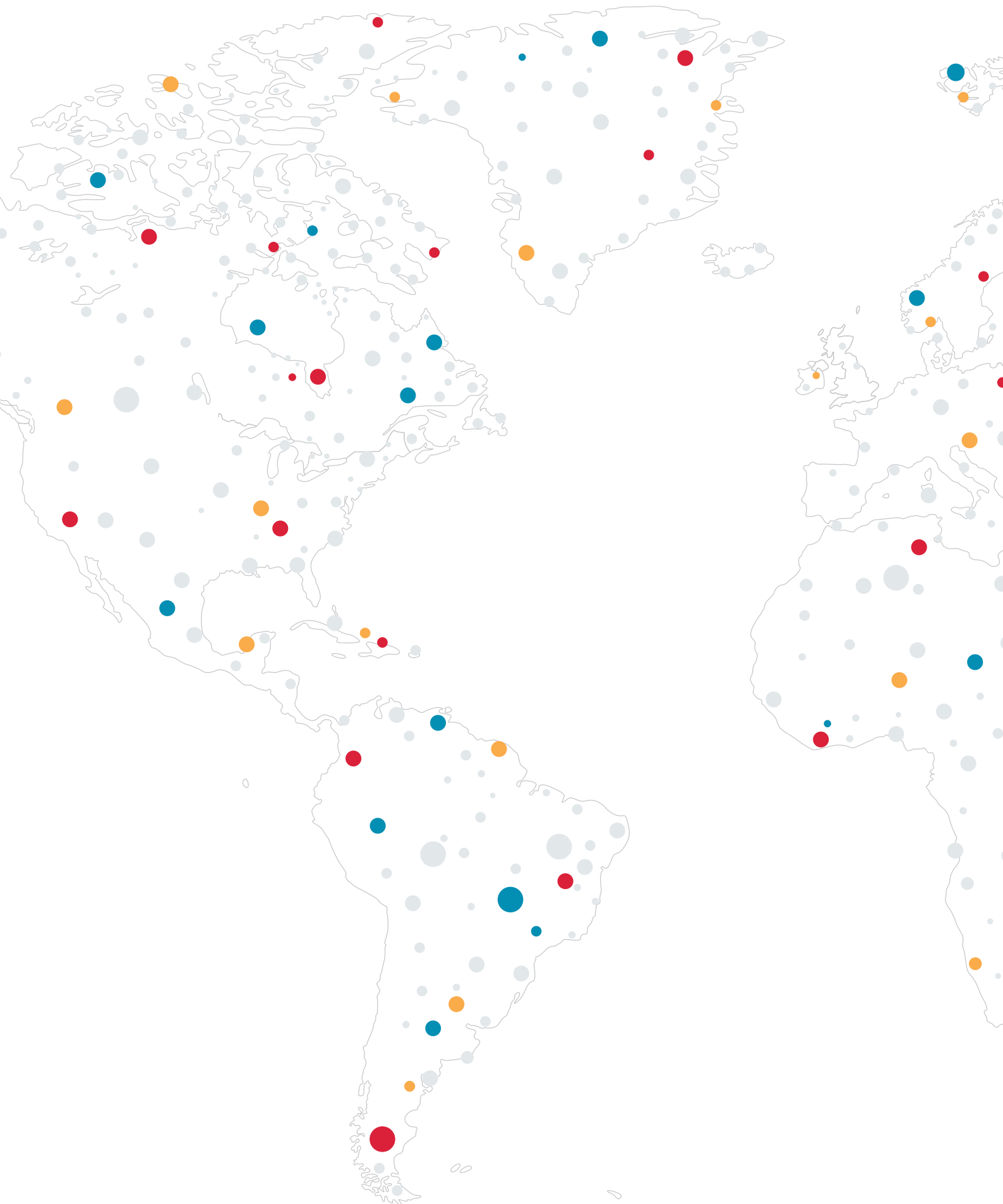
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2. In Iraq, the Public Distribution System is usually known as 'Ration Cards'.
3. USD1 = IQD1,185. This is the conversion rate used in Iraq's 2017 budget.
4. The population is 38.3 million people in 2017 (UN DESA 2017).
5. According to the 2017 government budget.





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Most governments from the Maghreb to the Gulf immediately responded to the 2011 uprisings by increasing social benefits, such as pensions, salaries, subsidies and transfers, and by cutting taxes. However, the initial increase in social spending quickly revealed its limited impact on the social problems at hand.

Gisela Nauk

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There is a strong need to expand the existing schemes—particularly cash transfer programmes in the form of child allowances or health- and school-related cash transfer programmes—to reach all vulnerable children.

Charlotte Bilo and Anna Carolina Machado

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Social protection in childhood can play an important role in ensuring that the demographic transition yields a demographic dividend. Therefore, social protection for children and their families is not only a rights issue; it is also smart economics.

Arthur van Diesen



International Policy Centre for Inclusive Growth (IPC-IG)

SBS, Quadra 1, Bloco J, Ed. BNDES, 13º andar
70076-900 Brasília, DF - Brazil
Telephone: +55 61 2105 5000

ipc@ipc-undp.org • www.ipcig.org

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