

# Social protection in Iran: Recent advances and challenges ahead for a more child-sensitive system<sup>1</sup>

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## The Islamic Republic of Iran is a lower-middle-income

country located in the Middle East and North Africa (MENA) region. The population of the country is estimated at 86 million people, of whom 29.8 per cent are under 18 years old. About 43.4 per cent of the 26.6 million households in 2020 were living below or just above the multidimensional poverty line. In 2022, the economic participation rate stood at 41 per cent, and the youth unemployment rate (23 per cent) was higher than among any other population group. In addition, Iran is home to a large number of Afghan refugees, legal and illegal immigrants.

There are three main institutions that provide social protection:

(i) The [Ministry of Cooperatives, Labour and Social Welfare \(MCLSW\)](#) is the main ministry concerning social protection and in charge of policymaking, coordination and monitoring. It is also the guardian of the Iranian Welfare Database (IWD), the main database used for social protection programmes. (ii) The [Imam Khomeini Relief Foundation \(IKRF\)](#) is administered by the Office of the Supreme Leader and one of the largest institutions offering social protection services. In 2022, the IKRF covered about 4.48 million individuals through cash or in-kind transfers. (iii) The [State Welfare Organization \(SWO\)](#) is affiliated with the MCLSW and offers care, treatment and empowerment services to about 7 million individuals.

Since 2010, Iran's largest social protection programme has been the [quasi-Universal Basic Income \(UBI\) programme](#) under the administration of the Targeted Subsidy Organisation. Every citizen of Iran—including children—who qualifies for the benefit is entitled to a fixed monthly amount, paid through electronic transfer to the household head's bank account. The IWD is used as the main source for beneficiary identification. The initial transfer amount was IRR455,000 per person (USD45 in 2010). Due to the devaluation of the currency, by 2021, the value had decreased to about USD1.50.<sup>2</sup> In May 2022, the government increased the amount to IRR4 million (about USD14) for people in the first three deciles of the income distribution and IRR3 million (about USD10) for those in the fourth to ninth deciles in compensation for removing subsidies on some of basic food items. Although the government has repeatedly tried to remove the wealthiest people from the beneficiary list, these attempts have failed, mainly due to political reasons.

The IWD was created in February 2012 under the MCLSW to serve as a systematic database for social protection policies. It comprises more than 60 data sources (from 20 organisations) with more than 200 sub-indicators that directly and indirectly describe different aspects of citizens' welfare and economic

situation. Data from the IWD has been used by the Department of Social Welfare in cooperation with other government institutions to carry out projects in the field of data-driven governance. Although more than 95 per cent of the required data had been collected by May 2022, there is a need for the most up-to-date data, given that the government bases macroeconomic decision-making on the IWD. Therefore, establishing an online connection with the related entities' databases to receive real-time data could update the IWD automatically under MCLSW supervision. This would also help make the social protection system more shock-responsive.

The [soft conditional cash transfer programme](#) implemented by the MCLSW, with support and funding from UNICEF and the Government of Austria, is a pilot project that started in March 2021 in two provinces (Khouzestan and Kermanshah). The programme aims to provide predictable cash transfers to vulnerable families with children during emergencies to mitigate negative impacts. The lessons learned from the pilot should be taken into consideration for the development of more integrated (or 'Cash Plus') programmes at the national level, which link beneficiaries to other essential services such as education, health and protection. This will be key in addressing the multiple facets of poverty, especially for children.

A key priority for [financing social protection](#) is identifying and creating enough fiscal space, including: tax reforms to increase progressiveness and the tax structure; debt restructuring and management; subsidy reforms; budget reallocation; and extension of contributory social protection to informal workers. In addition, a more [inclusive social protection system](#) should guarantee that people living in remote areas, as well as Afghan refugees, have access to social protection, for example through the empowerment of local governments and closer cooperation between international partners and the central government. Moreover, there is a lack of clear [monitoring and evaluation \(M&E\)](#) in social protection programmes. To address this challenge, the UN and partners could provide experts to train government stakeholders on M&E.

## Reference:

Hosseini M.H., and C. Bilo. 2022. "Social protection in Iran: Recent advances and challenges ahead for a more child-sensitive system". *Policy Research Brief*, No. 92. Brasília: International Policy Centre for Inclusive Growth.

## Notes:

1. All data in this *One Pager* are referenced in Hosseini and Bilo (2022).
2. Based on market exchange rates.