United Nations Research Institute for Social Development

New Directions in Social Policy in the MENA Region

Country Cluster Study of Egypt, Jordan, Morocco, Oman and Tunisia

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Contents

Acronyms

ECE	Early Childhood Education
ERSAP	Economic Reform and Structural Adjustment Program
GCC	Gulf Cooperation Council
GoO	Government of Oman
IATF	Inter-Agency Task Force
ICCS	Islamic Center Charity Society
JRP	Jordan Response Plan
MENA	Middle East and North African
MoCI	Ministry of Commerce and Industry
MoM	Ministry of Manpower
MOPIC	Ministry of Planning and International Cooperation
MoSD	Ministry of Social Development
NAF	National Aid Fund
NEPCO	National Electric Power Company
NRP	National Resilience Plan

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Abstract

The key aim of this report is to understand the dynamics and mechanics of social policy institutions and discourses in the MENA region. The report focuses on five countries: Oman, Morocco, Tunisia, Egypt and Jordan, chosen because they represent a diverse range of political economic characteristics and also because they have witnessed social policy reforms as a response to the Arab uprisings. The country case studies provide a systematic review of social policy developments that represent wider experiences in the region. The research focused on four key policy areas of social protection / welfare / public policy, namely: employment and the labour market; income substitution or cash transfer programmes; education; and health. The main areas of enquiry in the report are:

- the nature of social policies and programmes
- links between social, economic and environmental policies
- the politics and political economy of policy choice
- the implementation and institutionalization of social policies

The report shows that countries in MENA have a combination of residual and corporatist governance models in relation to social policy. There are two over-arching tendencies both of which fall short of universal coverage or adequate benefit levels: (1) employment based social security which means that formally employed private sector workers 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; (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 for several decades now since independence in the 1940s and shows no sign of dramatic 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 neo-liberal stance whereby the private sector is the main engine of social and economic prosperity, though often it is the political establishment that are the main owners of capital such as in telecommunications and industry. The current donor-sponsored reform of food and fuel subsidies which is taking place in the countries examined in this report is occurring as part of these trends.

This report highlights a lot of diversity in the region especially between the oil rich countries and the other lower and middle-income countries. This diversity extends across the range of social policies provided and the sources of financing. For instance, as a high-Income country, Oman has invested heavily in social safety net policies and interventions for its country nationals. It now faces the challenge of reducing their financial and economic dependency on incomes derived from oil revenues to stimulate social enterprise and levels of youth employment. In contrast, in low to middle income countries, such Jordan, Egypt, Tunisia and Morocco income inequalities and lack of jobs pose a continuing challenge. These countries would benefit in the short to medium terms from administrative reform of their social assistance and social insurance systems in order for social protection services to better reach vulnerable groups. Lack of basic social protection services are significant here, with Jordan also experiencing the burden of a growing refugee population.

The key conclusions highlighted in the report are:

1. MENA countries have made small step changes in relation to social policy since the Arab uprisings. The main government priorities continue to be focused on economic growth, in the face of persistent social inequalities and 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.

2. There are some major national poverty targeting programmes such as Karama and Tayssir in Egypt and Morocco that reach large populations but the way in which the eligibility criteria and the assessment of poor households is carried out remains open to improvement. To this end, political stability continues to be perceived as the key determinant of social policy development in MENA.

3. Although MENA governments recognise the need to improve the quality and extend the coverage of social policies comprising of both social security and social safety nets, these remain fragmented. One of the key challenges for all the MENA cluster countries is to establish a coherent public policy for social protection that can be financed adequately from state funds in a sustainable manner.

Introduction

Social policy as a tool of government intervention to address social and economic deprivation has not traditionally occupied an intrinsic position in the Middle East North African region (MENA). This is because for the best part of their existence as modern nation states, MENA governments have allowed public policy to be dominated by the interests of economic and urban elites, the perpetuation of social bonds based on family, tribal, sectarian or religious ties. This situation was not always so. Between the 1950s and 1970s, MENA states pursued and implemented various social reform policies. These had a strong interventionist-redistributive character (Yousef 2004) and included some of the following policies: (a) Nationalisation of foreign assets and large domestic enterprises such as the Suez Canal in Egypt; (b) land reform; (c) mass education and in some cases, like Tunisia, secularisation of state institutions and the education system; (d) support of low-income groups through direct financial transfers by the state and large programs of state-provided education, housing, health care and food subsidies. Post-independence laws and constitutions reflected new discourses of radical populism in which the state directly controlled the workings of the private sector, but also allowed political space for new conceptions of citizenship and social mobilisation to take root through trade unionism, political parties and professional associations.

Well into the 1980s, the MENA region experienced immense social transformations, due to the additional key influence of the unprecedented oil wealth that affected the entire region. Oil and gas producing countries (mainly in the Arab Gulf States) were able to develop welfare systems based on state-provided social transfers. This was used to establish and fund state social services such as guaranteed government employment for graduates; new labour legislation (favouring workers in large public enterprises) such as health insurance, retirement pay, maternity pay; free education; free hospital care; and basic consumer subsidies, the most important of which were food and housing. Urbanisation and economic development were accompanied by significant attainments in education and enhanced female labour participation. Labour-exporting countries like Egypt reaped the benefits from the foreign remittances. At the height of the oil boom in the early 1980s, around 3.5 million Arab migrants were employed in the Persian Gulf states. Loans, grants and other forms of assistance from oil-producing states to non-oil producing countries strengthened government revenues and help to sustain distributive commitments.

But the volatility of the oil markets, rising political authoritarianism and continuing stagnation of economic and social outcomes in the MENA region have led to increased social discontent, expressed most recently in the 2011 Arab uprisings. These have led to a situation of political instability and outright civil conflict across the region. In North Africa especially (where three of the countries in this case study are located), disparities between rural and urban areas have been particularly prominent with, for example, rural migrants accounting for almost 60% of residents in some major urban centres. The MENA region continues to have the highest levels of unemployment in the world and female employment accounts for a large proportion of this. At present, the largest humanitarian crises can be found in Jordan (one of the country case studies) in the form of the Syrian refugee crisis which is exercising a toll on public services.

Against this turbulent background, MENA governments have grown increasingly receptive to the concept of social protection as a social policy tool to address economic deprivation and social discontent. The discourse is still in its early stages but is being promoted by the major international donors such as the World Bank and the UN. To a certain extent, the concept of

social protection heralds a new era in development policy discourse focused on risk mitigation for the poor as opposed to mere crisis management or consumption smoothing. According to some commentators, social protection can fulfill three functions: (1) a welfare function aimed at protecting basic levels of consumption among those living in poverty; (2) an economic function aimed at facilitating investment in human capital in order to promote economic participation and strengthen the agency of the poor; (3) a political function of state legitimation.

In terms of the current conceptualization of the social policy system in the MENA region, the literature is scant. The dominant analyses that are based on the welfare regime approach pay little attention to the MENA region. There is an older body of literature on the Arab state that explores the nature of allocation and production states, and a newer set of literature that looks at the impact of economic liberalisation and the rise of Islamic welfare movements. According to some observers, 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 necessities, but limited political and civil liberties. This social contract mainly targeted the urban middle classes as mentioned above. The persistence of this systems means 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. Hence, the social policy system in MENA may be described as being in administrative and political crisis.

Aim, research questions and report structure

The key aim of this report is to understand the dynamics and mechanics of social policy institutions and discourses in the MENA region. The report focuses on five countries: Oman, Morocco, Tunisia, Egypt and Jordan, chosen because they represent a diverse range of political economic characteristics and also because they have witnessed social policy reforms as a response to the Arab uprisings. The main research questions are:

1. The nature of social policies and programmes:
    - What forms of "new" social policies and programmes are being pursued by the five countries and with what results?
    - What are the historical and contemporary conditions that shape social policies in these states?
    - To what extent are policies moving from residual to more comprehensive and potentially transformative systems?
    - What meaning is social protection acquiring in the countries under examination?

2. Links between social, economic and environmental policies:
    - What is the relationship between the economic, environmental and social policies being pursued?
    - How do competing values and norms on such issues as growth, distribution, and environmental protection affect the nature and forms of social policies?
    - To what extent does the state's policy space for alternative economic and environmental policies affect social policies?

3. The politics and political economy of policy choice:

- What political or political-economy factors influence or determine policy choices in economic, social and other policy spheres?
- Within states, what different interests or alliances (e.g., between welfare and finance ministries) shape social policies?
- What forms of politics underpin or support different combinations of economic and social policies, or might account for the timing, sequencing or combination of policies?

4. The implementation and institutionalization of social policies:

- What are the key institutions shaping the financing and management of social policy?
- What factors drive social policy retrenchment or expansion, and support the institutionalization of social policies within the policy making context?

The country case studies chosen for this research provide a systematic review of social policy developments that represent wider experiences in the region. In particular, the research focused on four key policy areas of social protection/welfare/public policy, namely: employment and the labour market; income substitution or cash transfer programmes; education; and health. The types of social policy regimes and how they operate along these four pillars of policy are discussed in the report along the following lines:

- social actors in the provision of policy (formal / informal institutions and non-state actors)
- policy mechanisms and instruments (possible mechanisms and policy levers to enhance social protection)
- patterns and levels of social expenditure and how systems are financed (oil / non-oil / varying tax bases of each country)
- forms of entitlement (universalism vs. targeting; contributory vs. non-contributory)

The report is structured as follows: the next section reviews the overall institutional configuration of social policy systems the MENA region which are made up of a combination of social insurance and social assistance programmes. It then focuses in more depth at the five specific country studies which in turn analyse key developments in social policies in these countries against the political and economic backdrop of each setting.

Political and institutional configurations of social policy in MENA

Social policy initiatives in the MENA region are contextualised by a residual and patrimonial political and institutional framework that has long become recognised as the norm in the post-independence nation states of this region. The negative impact of colonialism on geo-political stability in the region has combined adversely with the consolidation of authoritarian and autocratic regimes as well as the prevalence of what is described by some authors as "particularistic distributional networks". Hence, in spite of various pockets of effective national development and economic successes in MENA countries, it is still not possible to identify successful examples of world-class industrial or technological transformation and socioeconomic development initiatives that entailed the mobilisation of domestic dynamism in a democratic manner (Unay 2011). Besides partially successful structural transformation experiments in counties like Egypt, there are few instances in which MENA countries have made more radical change in restructuring their mainly agrarian social and economic

structures as well as institutionalising democratic values (Unay 2011:178). Hence, it may be argued, according to Unay (2011) that three political models exist in the MENA region which provide the contextual policy backdrop for the analysis provided in this report:

- *Praetorian Republics:* these are states with a strong nationalist/anti-imperialist ideology and totalitarian security apparatuses such as Egypt and Tunisia,
- *Monarchies:* these are states with hereditary rule that seek to maintain cordial relations with Western powers such as Morocco, Jordan, and Oman;
- *Democratic regimes*: these are states that claim allegiance to some form of functioning democracy such as Turkey, Iran and Lebanon

The presence of oil in the region has also impacted on the regional power imbalances in MENA region as well as the geo-political interests of the West. The rentier model which has long characterised states in MENA has served to weaken institutions of governance and the state-society contract, creating a system of financial and political detachment between MENA governments and their citizens due to the lack of effective taxation and political representation systems. In the MENA rentier state context, "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: 182). Hence, the emergence of autonomous entrepreneurial classes who could organize powerful interest and pressure groups was severely hampered in MENA as state elites increasingly relied on oil extraction, foreign aid and worker's remittances as the main sources of citizen revenue to find social and public services.

Moreover, the co-option of the entrepreneurial groups that did emerge into networks of rent distribution as semi-public agents 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. Hence, the entrenchment of rentierism in the region did not only foster authoritarian rule, but also espoused inefficient domestic political economies based on corruption, clientelism, nepotism and misuse of public funds. In the exceptional cases of partial political liberalization such as Morocco and Jordan, the initial impetus towards political relaxation came from fiscal difficulties experienced by these states and the need to expand the tax base through limited democratization (Unay 2011). Since the 1990s, the neo-liberal orthodoxy that has governed social and economic policies across the world also made its mark on MENA countries but with greater relative emphasis placed on privatisation and de-regulation than on political forms of liberalisation. Hence, countries moved from developmentalist to managerialist forms of governance.

It is against this backdrop that the protracted advance of social policy provision in the MENA region needs to be understood. This paper will critically map out how social protection is currently provided in the region by examining the five key research questions outlined above. It will do apply these questions to the country case studies that are of interest to this paper. The findings of these case studies are brought together in the discussion section and concluding chapter of this paper. According to the classification described by Unay (2011) above, the countries chosen for this study are either monarchical (Jordan, Morocco, Oman) or Praetorian Republics (Egypt, Tunisia).

Country Case Study: Egypt

Historical and contemporary conditions shaping social policy in Egypt

The welfare state in Egypt was established during the 1950s and the 1960s under the rule of Nasser. The nature and scope of social policy was part of a broader context where an authoritarian regime had complete control over the economy. The main objective of social policy provision was to create and support an "urban middle-class" as the core of a modern post-colonial Egyptian nation. The state's policy reflected the necessity to ensure the loyalty of this politically relevant group by keeping it materially satisfied (Loewe 2013). The "authoritarian bargain" (Ghanem 2014) exchanged therefore political and civil liberties for public sector employment**,** public pension schemes, public healthcare and universal education systems, food, energy, and transport subsidies. The core of Egypt's social contract remained largely the same under successive regimes, yet grew weaker due to a number of factors limiting the quality of social services, such as population growth, financial unsustainability and institutional fragmentation of programs. These internal problems, in addition to overall changes in the politico-economic setting at the global level, pushed the government to adopt an Economic Reform and Structural Adjustment Program (ERSAP) in the early nineties under Mubarak's rule. Reforms aimed at correcting macroeconomic disequilibria and at creating a free market economy included privatization and liberalization of markets, downsizing the public sector and reduced spending on subsidies. Given the socio-political importance of the middle class, the regime preferred to keep the core of the existing schemes to avoid unrest and to maintain its historic identity and main pillar of legitimacy. Meanwhile, poverty increased, and the middle class itself became gradually poorer. The vulnerable, mostly excluded from the social services, were targeted by state opponents (such as the Muslim Brotherhood) through charity and social work.

To avoid further unrest after the 2011 uprising, and in the context of rapid government successions, no serious steps were taken towards social policy reform. The Supreme Council of Armed Forces ruling between February 2011 and June 2012 showed no interest in real policy change, and preferred using short-term solutions to avoid further unrest, such as increased public sector employment and social pensions, extended subsidies, and labour-intensive projects (Cockburn et al. 2014). Islamist parties, which won a majority in the 2011 parliamentary elections and won the run for presidency in June 2012, adopted a neoliberal vision while emphasizing on the need for greater social justice and less corruption. Few steps were taken towards subsidy reform and enhanced targeting. Leftist groups and trade unions remained largely unrepresented in parliament, which limited the opportunity for any real policy change (Kinninmont 2012). Increased spending on social policy components to appease the people led to wider fiscal deficits. At the same time, political elites, the media and the masses exerted pressure in favour of more equitable policies, and better health and education.

With the arrival of President Al Sisi in 2014, the government started a series of drastic policy reforms, challenging the pre-existing social contract and shifting from universal to targeted social policies. In 2016, the IMF announced it had reached an agreement with the Egyptian government on an extended fund facility of 12-billion-US$. The loan will be used to increase Egypt's foreign reserves and to restore macroeconomic stability, while implementing a comprehensive policy reform package to promote sustainable and job-rich growth, improve the functioning of the foreign exchange markets, and bring down continuous budget deficits.

Reforms include increased taxes, phasing out of energy subsidies and enhanced targeting mechanisms for food subsidies and cash transfer, and downsizing the public sector. Egypt has also moved to a flexible exchange rate regime after a series of sharp devaluations of the Egyptian Pound and the inability to maintain a safe amount of foreign reserves. The motivation behind reform is to reduce the financial burden on the state budget, but also to exclude the regime's opponents who previously won support from vulnerable segments of the population. Despite the heavy cost of such reforms, Al Sisi administration argues that it has no other choice if it is to avoid a serious macroeconomic crisis (Ghanem 2014). At the same time, Al Sisi adopts a nationalist discourse based on the importance of sacrifice, in order to justify on-going policy reform. Unlike the discourse used by Nasser, the current version of nationalism is at its heart pro-capitalistic (Adly 2014) and does not include any social or economic privileges in exchange for political support.

Reform towards comprehensive systems

Social policy in Egypt is based on universal subsidies, employment-based social security schemes, and cash transfers. With the exception of food subsidies, social policy components are generally regressive in favour of middle- and higher-income groups in urban zones. Energy subsidies do not reach inhabitants of urban slum settlements. Free secondary and higher education benefit largely to children whose families are able to afford private tutoring and other costs related to education. In the Fiscal Year 2014/2015, spending on food and energy subsidies has a share of 35% of total public expenditure (Central Bank of Egypt 2016).

In the health sector, over half of public spending on health goes to hospitals in large cities at the expenses of rural areas and lower income groups. Out-of-pocket spending on health is currently at more than 70% of total expenditure on health in Egypt (Nakhimovsky et al. 2011), and represents a heavier burden for the most vulnerable. Health insurance in Egypt is based on contribution. The National Health Insurance Organisation was established in the 1960's and mainly targets public sector employees. Health insurance is therefore regressive in favour of middle and high-income groups who are covered by their employer's (public and private) insurance schemes. Discrimination in access to social protection is also prevalent at the gender level: women are mostly employed in the informal sector and have therefore lower access to social security and health insurance.

Pension schemes are designed to primarily target the urban middle class, while there is no automatic coverage for the rural population and the informal sector. The pension system is fragmented into five laws issued in the 1970's and 1980's and cover the military, public and private sector employees, employers and the self-employed, Egyptians working abroad, and others not covered elsewhere (informal workers or farmers). The current social insurance budget is at 620 billion EGP, out of which 100 billion EGP are effectively disbursed. Nearly 48% of disbursed pensions benefit retired government employees. To date, 8.8 out of 16.8 million beneficiaries are retired[1].

It is unclear whether a new approach for defining social policy may be emerging in Egypt in the aftermath of the 2011 uprising. As a first step, the name of the Ministry of Social Affairs was changed to the "Ministry of Social Solidarity", suggesting a possible political trend to redefine social protection so as to include long-term human development opportunities, while

1 Data from government official at the Social Insurance Fund for Employees of the Public Sector, November 2015.

emphasizing the principle of solidarity as a guideline for the development of an integrated social policy framework.

While some experts consider current reform as potentially transformative, others remain sceptic. Recent reform in cash transfer programmes seems to use empowerment as a tool for breaking the poverty cycle. For instance, the Takaful cash transfer programme tackles several aspects of multidimensional poverty by linking cash transfer to the fundamentals of investment in human capital: health, education, and nutrition. The programme also offers a dimension for women empowerment by exclusively entitling women (even in male-headed households) to receive the allowance. Expected reform in the health sector and in the pensions system both provide potential transformation of the social security system from employment-based to universal. Meanwhile, a number of experts remain sceptic vis-à-vis current reform due to persistence of serious obstacles to success. Effective reform remains subject to the completion of a unified national registry (which is under preparation), automation of all governmental archives, database and programmes, and the availability of trained human resources across governmental authorities. Others consider reform as a simple tool to manage the current economic crisis, yet accompanied by a new political discourse and different justification. Since political stability has always been the main determinant of policy choice in Egypt, it may be difficult to view current policies as transformative rather than temporary crisis management tools accompanied by a new political discourse and different justifications. The current political discourse justifies the IMF loan and related reform measures as a last resort, emphasizing on the importance of “sacrifice” to save the Egyptian economy from an expected collapse. Finally, measures to protect the most vulnerable from the impact of reform in the short term seem to be insufficient. With the exception of an increase in the value of food subsidies from 18 to 21 EGP per beneficiary, there do not seem to be any other accompanying policies.

One of the important dimensions of sustainable economic development is environment and resource preservation. Previous economic policies may have served economic growth or equitable distribution, while the environment seemed to be less of a priority. Despite the strong ties between health and pollution, and between growth/sustainable development/food security and preservation of natural resources, environment is less reflected as an objective of social and/or economic policies. In the state budget, energy subsidies represent up to 20% of public expenditure and distort policy choices in a number of other spheres, such as investment in health and education. Energy subsidies also distort the market and contribute to the expansion of energy-intensive industries, which further increases pollution (The Egypt Network for Integrated Development, 2012). Social policy was also used as a tool to attenuate the impact of growth-oriented policies in the short-term. In the nineties, for instance, employment in the public administrative sector was increased and some government expansion programmes were carried out to reduce the impact of economic reform and structural adjustment on unemployment (Youssef 2008).

The 2016 IMF loan conditions stress – however - the importance of sustainable economic development. Protecting the vulnerable, fostering job-rich growth, inclusion, investment in human capital, are clear policy objectives. The 2030 Development Strategy announced in 2015 by the Ministry of Planning includes strategies for food security, preservation of natural resources and use of renewable energy (Ministry of Planning 2015). However, some experts[2] argue that social and environment-friendly policies are only carried out with an economic

2 Information based on two interviews conducted with a State representative for environmental affairs and a political economy expert, Cairo, October 2015.

motive. Reform has only taken place when Egypt was facing severe internal and external disequilibria. Also, the intention to diversify energy sources and policies that encourage generation of renewable energy should be interpreted in the context where imports of fuel and energy subsidies have become financially unsustainable.

New social policies and programmes

Subsidies and cash transfers

Food subsidies cover a certain number of basic commodities (sugar, oil, rice, tea) and baladi bread (accounting for over 70% of the cost of food subsidies) through a household ration card. Meanwhile, fuel, gas, water and electricity subsidies represent more than 63% of total public spending on subsidies (Central Bank of Egypt 2016). Energy subsidies are typically regressive, mostly benefiting middle- and higher-income groups with access to infrastructure and cars. Some modest subsidy cutbacks have taken place in the past. However, serious reform and enhanced targeting had been continuously postponed for political reasons. The government of Al Sisi, is massively cutting energy subsidies, and moving from universal in-kind subsidies towards targeted cash transfers. A new smart card system has been introduced with a Presidential Decree in March 2015. The new card includes a quota of five loafs per day per person in addition to a subsidized commodity basket. In an initiative to target those in need, only those who receive the baladi bread and get equivalent points on their cards are allowed access to subsidized food products[3]. Efforts are being made to include other forms of social assistance programs to this card, such as free healthcare package, in addition to cash transfers under Takaful or Karama. The shift to smartcards resulted into a drop in beneficiaries from 16 million to 11 million individuals, according to the Department for Social Protection at the Ministry of Social Solidarity. The government has signed a loan of 400 million dollars with the World Bank to implement new food subsidy and cash transfer programmes, until savings from subsidy reform occur and newly implemented programmes become financially sustainable[4].

Energy subsidy reform began in July 2014 and includes gradual phasing out of subsidies over a period of 5 years. Spending on food and energy subsidies and social protection decreased from 39% of public expenditure in 2014/2015 to 28.6% in 2015/2016 (Central Bank of Egypt 2016), leading to an increase in fuel prices by nearly 70% and in prices of natural gas by 175%. Electricity fares are expected to double within five years (Ghanem 2014). Half of the savings (EGP 51 billion) are allocated to the reform and expansion of social safety nets (World Bank 2015a). In April 2015, two targeted cash transfer programmes are launched by the Ministry of Social Solidarity: *Takaful* and *Karama*. Takaful (solidarity) is a conditional cash transfer programme providing financial support to low-income families with school-aged children (less than 18 years), while ensuring their commitment to providing their children with healthcare and education. Low-income families with a maximum of three children receive up to EGP 350 (the equivalent of US$20 at current prices) a month, conditional on a school attendance ratio of 80% by their children, on medical check-ups for mothers and children under 6, and on attending nutrition classes (World Bank 2015a). The Takaful Programme contrasts to the old system of "education scholarships" in the sense that it is renewable on a three-year basis (based on monitoring and evaluation outcomes), while the education grant had been valid for the entire schooling period with little follow-up, and therefore provides little motivation for children to attend or to graduate from school.

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3 Subsidized baladi bread is considered a low quality good. To enhance targeting of subsidies, buying the baladi bread is used as an indicator to the household income level.

4 Interview with Nivin Kabbag, Depute Minister of Social Solidarity, Department of Social Protection, October 2015

The second programme, Karama (dignity), provides income support of EGP 250 (the equivalent of US$14) per month to the elderly and people with disabilities preventing them from working. The programme replaces the old system of solidarity transfers/pensions, which disregarded the beneficiary's ability to work. In collaboration with the Ministry of Planning and Administrative Development, the Ministry of Social Solidarity is currently developing a unified national registry to track all types of assistance received by households from different government authorities and to register these on the recently introduced smart cards. In 2015, the Takaful and Karama programmes covered 1.5 million poor families (around 5.5 million individuals) in the six Upper-Egypt governorates: Assiut, Sohag, Luxor, Qena, Aswan and Giza. In the near future, Al-Minya and Beni Soueif governorates will be covered, followed by Al-Fayyoum on the longer term. Cairo and northern Egyptian governorates will be served based on poverty gaps. Finally, a School Nutrition Programme has been launched in public schools, starting with the poorest regions, mostly located in Upper Egypt.

Public sector employment, public works and minimum wage

The Public employment guarantee scheme was introduced in the 1960's and was gradually phased out at the end of the 1990s to liberate public resources (Economic and Social Commission for Western Asia 2013). Today, Egypt's public sector employs nearly 7 million individuals. Public sector employment is viewed as a form of protection from unemployment and poverty, and downsizing is therefore an issue of controversy. As a response to the deteriorating economic situation after the uprising, the budget laws of 2011/2012 and 2012/2013 approved under military government established of 450,000 new jobs in the public sector to appease the people (Paciello 2013). Even though one of the IMF loan conditions is to downsize the public sector, Al Sisi has announced the government is not intending to dismiss any of the 7 million employees. In 2015, the Al Sisi administration introduced – however- early retirement benefits to help downsize the public administrative sector, while offering restricted opportunities to obtain new long- term public sector contracts. By the end of 2016, the Parliament ratified the Civil Service Law proposed by the government.

The law includes strict monitoring and evaluation methods and more complicated conditions for promotion based on performance rather than years of experience. The new law is not welcomed by the public opinion, especially by the state employees who are likely to be hurt by the new legislation. As for public works, Egypt set up a Labour Intensive Works Programme that - by March 2015- had created over 100,000 jobs, directly and indirectly, 40% for women and 74% for unemployed youth. 366 schools and 12 youth centres had been rehabilitated, 3,147 km of canals and 77 km of rural roads had been upgraded, and 25 km of banks along the River Nile protected (World Bank 2015a). In October 2011, under the transitory ruling of the Supreme Council of the Armed Forces, the minimum wage was set at 700 Egyptian Pounds a month, and later raised to 1,200 Egyptian Pounds. Minimum wages apply only to public sector employees.

Social insurance

The current pension scheme is regressive, since the share of pensions financed by the government mainly originates from indirect taxes (Loewe 2009). Coverage is also modest given the prevalence of informality in the Egyptian labour market. While informal labour represents nearly 40% of total employment in Egypt, only some 900,000 seasonal workers are voluntarily registered in the pension scheme in 2013 (Du Pradel and Youssef 2015). In response to continuous pressure, pensions witnessed several increases since the 2011 uprising. The Social Insurance Law has been recently amended to allow for the increase in

early retirement pensions in order to encourage downsizing the public sector. In line with the recent directions to inclusive agricultural development, a number of reforms were also carried out to enhance protection of farmers: decree-law 120/2014 allows farmers with more than one *feddan* acquisitions to benefit from a wider scope of coverage under the self-employed pension scheme instead of being included in the fifth group (not listed elsewhere). Also, a new law 127/2014 has been issued to cover agricultural workers who do not have access to public health insurance. Finally, decree-law 126/2014 allows for the establishment of an Agricultural Solidarity Fund to provide relief to farmers whose harvests were affected by natural disasters (The Egyptian Centre for Economic Studies 2015). Informal workers are also generally targeted by the new law, which obliges the government to contribute an amount of 25% of the payments of the informal sector workers in order to provide an incentive for these to register for social insurance (International Social Security Association 2011). A new draft law on pensions is currently subject to Parliament discussion. The draft law provides an integral coverage scheme and eliminates the existing fragmentation[5]. It also suggests an increased retirement age to 65 by 2027.

Education

The 2014 constitution includes secondary education under the compulsory stages. Education is free and should be allocated a share of public spending equivalent to at least 4% of the Gross National Product. This share should increase to comply with international standards (Articles 20, 21) (National Center for Education Research and Development 2014). With the exception of these two reforms, no real policy change has taken place.

Health and health insurance

Provision of healthcare is based on a number of free services and a number of targeted insurance schemes (Handoussa 2010). The current system is complex, fragmented, inequitable, and lacks sufficient financial resources. At the same time, the Ministry of Health and Population is the regulator and provider of the service. There have been some initiatives in the nineties and early 2000’s to reform the health sector though separation of provision and regulation, and the shift to universal health insurance under a separate authority (Egyptian Initiative for Personal Rights 2009). Reform has never taken place and remained limited to a few local initiatives doomed to failure. Health insurance was introduced in the 1960’s to provide coverage to public sector employees. In the 1980’s, school-aged children enrolled in public and private schools were included. Health insurance suffers from insufficient financial resources, lack of transparency and internal accountability. The necessity to reform the health system has re-emerged after the 2011 uprising. Three laws were issued to extend health insurance to excluded segments of the population, in preparation for the provision of universal coverage.

The laws cover female household heads, children under school age, and farmers. The Parliament has ratified Law 23 for the year 2012 on providing health insurance to 6 million female household heads in return for a modest yearly contribution of 12 Egyptian Pounds. Law 86 of the year 2012, issued during the ruling of Mohamed Morsi, provides coverage for children under the age of 6 in the health insurance scheme, with a symbolic yearly contribution of EGP 8. In 2015, a new health insurance law has been issued to support farmers, in an initiative to extend coverage to informal workers. The Parliament is currently discussing a draft law on the reform of the health sector that proposes the establishment of a universal health insurance system, where public and private hospitals provide the service on a

5 The military are excluded from the new pension draft law and remain covered by an exclusive pension system.

competitive basis, and a separate regulatory authority. The new scheme should be financed through contributions [6], co-payments and taxes on products harmful to health [7]. An accreditation agency is to replace sub-ministerial committees that perform quality assessment and provide certification to healthcare providers. The State budget will continue to support public health, ambulance, and preventive services (immunizations, food safety, etc.). The Ministry will be involved in regulation, licensing and accreditation of service providers. A basic healthcare “package” is included temporarily into the newly introduced smartcard system.

Key policy actors, ideas, institutions and alliances

Provision of social policy is fragmented among several actors. At the state level, the Ministry of Finance prepares and executes the annual state budget and allocates resources to sectors. All pre-2014 regimes maintained subsidies, transfers and public sector employment policies dating back to the socialist regime of the 1960’s, while the economy has been gradually liberalized. Spending on subsidies, transfers and public sector wages reached 63% of total public expenditure in 2013/2014. With the arrival of Al Sisi, the regime gradually sheds the remainders of the socialist era, cutting back subsidies and public sector employment, and adopting rather neoliberal policies implying targeting the vulnerable. The Ministry of Social Solidarity is responsible for social protection: cash transfer programmes and pensions. The Ministry of Internal Supply regulates the market for necessity goods and provides subsidized food and bread across the country. Ministries of Petroleum, of Electricity, of Health and Population and of Education all play a dual role as a regulator and provider of the service. In 2015/2016, total spending on subsidies and cash transfers is as high as 28.6% of total public expenditure and around 11% of Egypt’s GDP (Central Bank of Egypt 2016). Meanwhile, the share of health and education does not exceed 9% (combined) of total public expenditure, or 5.5% of GDP (Central Bank of Egypt 2015). In light of the recent reforms, the Ministry of Social Solidarity cooperates with Ministries of Health, of Internal Supply and of Planning to target people in need of food subsidies, conditional cash transfer and related obligatory health visits through the smart card. The regime is highly centralized and local governments are not a major actor at the policymaking level.

The degradation of quality and coverage of social services over time, and the liberalisation of markets since the 1970’s gave rise to parallel informal social safety nets, in addition to the rise of actors from the civil society. NGOs and family support and remittances play an important role as a social safety net for low-income groups and rural populations due to prevalence of informality and absence of social protection (Economic and Social Commission for Western Asia 2009). Cooperation between the government and NGOs is rather limited to initiatives and short-term programmes. The civil society is not a partner in policy choice and there is a relatively limited effective societal dialogue prior to policymaking. NGOs mainly carry out charity activities, fund health services, and some initiatives seeking empowerment and job-creation. After the 2011 uprising, the civil society took part at the elaboration of the 2030 Sustainable Development Strategy and the new constitution is 2014.

The private business sector contributes to poverty alleviation and human development through Corporate Social Responsibility activities. However, it remains difficult to describe any alliances between the regime and the private business sector at the moment. The business

6 There is no clear mechanism to collecting contribution from the informal sector.

7 The Military will remain covered by their own health and social insurance schemes.

elite has emerged in the 1970's and had gained an increasingly important role in the era of Mubarak, enjoying a number of privileges, such as energy subsidies and tax exemptions. At present, energy subsidies are being quickly phased out, new and higher taxes are introduced to increase public revenue, and priority is given to the Armed Forces to enter and operate a number of economic activities, crowding out previous business tycoons. At the same time, the business elite is being asked to donate to help save the Egyptian economy. International organizations such as the World Bank, the ILO, the UNDP, UN Women and UNICEF, and donor agencies provide policy advice, financial and technical assistance, and fund initiatives and short-term programmes. In 2015, the World Bank has approved a US$ 400 million to fund the newly introduced cash transfer programmes Takaful and Karama. The ILO works closely with the Ministry of Social Solidarity to develop a Social Protection Floor for Egypt. The International Monetary Fund plays a fundamental role in policy choice accompanying the loan, in addition to monitoring and providing technical assistance to support current policy reform.

Apart from NGOs and faith-based organisations, the private sector is a key actor in the provision of health and education in Egypt. To date, over 2000 hospitals are run by the private sector, NGOs and charity organizations, in contrast to only 500 public hospitals across Egypt[8]. Private clinics, pharmacies and private health insurance companies also occupy a large share in the health market. The public health sector suffers from inefficiency, where most of expenses are directed to salaries, and little resources remain for investment and purchase of supplies and medicine. In addition to the Ministry's health services, a number of public authorities have autonomous hospitals upon which the Ministry has less supervision authority. These include teaching hospitals, curative care organizations, and university hospitals which operate under the supervision of other ministries and cover selected groups, such as Ministry patients, patients covered by public and/or private health insurance, public sector employees, children and students at school-age. Finally, the Army has its own hospitals, health insurance and pension schemes, with different benefits that can extend to two family generations. Military hospitals can extend their health services to the public for higher prices. The private sector and civil society organizations are also important actors in education, given degradation of public schools over time.

The education system in Egypt is the largest in the Arab region, with more than 50,000 schools, 19 million students and 500,000 staff (Ministry of Education 2015). A significant portion of private schools is financially and socially exclusive, catering only to the political and economic elite (Economic and Social Commission for Western Asia 2015). However, civil society organisations play an important role in promoting access to education. A clear example is community schools, which provide personalized education in nearly 5,000 establishments to more than 106,000 children -mostly girls- living in poor communities that are not reached by formal education. Community schools are supervised by the Ministry of Education (UNICEF 2015). In addition to the classic system, a number of foreign education systems with equivalent secondary certificates are provided by private schools. Private education providers also include faith-based schools, such as Islamic or Christian schools (the latter, however, open to children from different backgrounds).

Finally, education provided by Al-Azhar is based on the same general curricula but offers further religious instruction. Higher education currently includes 23 public universities with

8 According to the Egyptian Ministry of Health, the number of government hospitals in 2011 was 643 with 98,319 beds, whereas the number of private hospitals was 926 with 25,827 beds. The updates above are based on the Egyptian Initiative for Personal Rights (EIPR) data.

over 1.6 million students, in addition to 19 private universities with more than 800,000 students. With the exception of community schools, all other providers are profit-seeking. Some NGO’s use profit from education services to fund charity and other activities.

Assessing the new directions in Egyptian social policies

Previous regimes allocated nearly two thirds of the state budget to social policies mainly targeting the urban middle class. The economy was not creating enough employment opportunities and growth lacked inclusiveness. According to the World Bank (2015a), extreme poverty has increased to about 26% in FY 2012/2013 from almost 17% in FY 1999/2000, and close to half Egyptians are classified as “poor” or “vulnerable” due to the lack of resources for basic human needs such as health and education, and due to inequitable access to social security schemes due to prevalence of informality. Poverty is also higher for women, being mostly unemployed or employed in the informal sector. Fixing a minimum wage has failed to maintain a certain purchasing power (Abdel Moati 2014), especially since the latest decision of the Central Bank to float the Egyptian Pound, and the shooting inflation that hit the economy as a result. Private sector and short-term public sector employees also remain excluded from the minimum wage regulation.

The Al Sisi administration aims to tackle poverty and carry out reform in a different and ambitious way. Policies emerging under this administration are targeting the household instead of the individual as the means by which to break the poverty cycles. Takaful and Karama programmes are therefore potentially successful, since these aim at empowering the household by combining cash transfer and investing in human development opportunities: the Takaful programme empowers the female household head and imposes access to health and education for her children. Lifting energy subsidies is also expected to liberate additional resources for investment in social and human development. However, energy subsidy reform is hurting everyone in the short term. Cutback in energy subsidies, floating the EGP and the resulting inflation has increased the cost of living. Additionally, cutback in energy subsidies is increasing the cost of energy-intensive industries and threatens their growth. Nevertheless, phasing out energy subsidies is expected to correct market distortion and shift Egypt’s comparative advantage from capital-intensive to labour- intensive industries, resulting into job-rich growth (IMF 2017).

In the case of education, net enrolment rates in primary and preparatory stages are at an average of 90% with no major gender gap for nearly 10 years. Access to both preschool and secondary education remains –however- inequitable in favour of higher income groups. Only 10,630 out of 50,000 schools throughout Egypt provide preschool education, of which more than 20% are private and unaffordable to the majority. Net preschool enrolment rate is only at 27% (Ministry of Education 2015), leaving behind a major part of Egyptian children in terms of a good start towards better learning at the primary phase. The enrolment rate for secondary and vocational education is less than 60%. Free secondary education is thought to be regressive. With low quality of education, out-of-pocket expenditure on private tutoring represents a heavy burden for most Egyptian families and causes high dropout rates for children of families with little income. Subsidized higher education is also regressive, in favour of middle and higher income groups who can afford private tutoring throughout school stages and hence the possibility of access to Universities.

Most importantly, the quality of education remains unaddressed by current policy change. Real progress on issues such as high classroom densities, low teachers’ qualification, lack of proper school equipment, out-dated curricula and learning methods is absent. A wide gap

remains between quality of education in public and in private schools, leading to significant mismatch between education and labour market needs in Egypt, and depriving most of the Egyptian youth from decent employment opportunities in favour of private school graduates. While conditional cash transfers in the context of the programme Takaful may help increase school enrolment rates, real challenges related to quality of learning and consistency with market needs remain far from being solved.

Expected health reforms are very ambitious and could drastically transform the sector within a range of 5 to 10 years, provided a strong will by the political leadership and cooperation from all stakeholders. At present, health insurance covers nearly 50% of the Egyptian population. Failure to cover universally is due to the lack of financial resources, a low utilization rate because of the bad quality of service, and limited coverage of rural areas and informal workers. The actual outcome of reforms extending coverage to women, preschool children and farmers remain limited to the quality of the service and the modest amount of annual insurance coverage per beneficiary.
A number of challenges are expected to limit the success of current policy reform. At the institutional level**,** the lack of sufficient horizontal coordination across sectors and agencies, the lack of qualified human resources, the lack of proper monitoring and evaluation are expected to affect the policy outcome. One of the main challenges facing social policy in general is financial fragmentation of policies and programmes. Finally, clear mechanisms for sharing policymaking or policy experiences in Egypt seem to be absent.

Other shortcomings relate to the lack of serious cooperation with the civil society[9]. The policymaker does not seem to be open neither to societal dialogue nor to being monitored by the civil society. A deeper and more comprehensive dialogue and cooperation between the government and NGOs needs to be in place, in addition to a better coordination between NGOs themselves in order not to duplicate services, often to the same beneficiaries. Finally, savings from cutback in subsidies should be clearly redirected towards the creation of equal and transformative economic opportunities. In this context, Takaful and Karama programmes should be accompanied by longer-term investment in the quality and coverage of health and education services, and of the overall orientation towards a job-rich growth.

Country Case Study: Jordan

The development of social protection policies in Jordan: Background and context

The Hashemite Kingdom of Jordan, a modern state carved out of the desert after the dissolution of the Ottoman Empire and the end of the British Mandate, is classified by the World Bank as a ‘lower-middle income country’(*World Development Indicators* 2017). It has a constitutional monarchy based on a Constitution drafted in 1952. King Abdullah II, Jordan’s ruling monarch since 1999, exercises his executive authority through the Prime Minister and the Council of Ministers, and is the official head of state, the chief executive and the commander-in-chief of the armed forces(Zureiqat and Shama 2015). Despite its classification as a middle-income country, however, Jordan remains one of the most resource-poor countries in the MENA region and faces challenges brought about by rapid population growth, unplanned urbanization, and severe water shortages. While GDP has more than tripled since 2005 and now accounts for close to USD 37.5 billion, levels of GDP per capita

9 Based on interviews with social policy experts in Egypt

have remained nearly stagnant at under USD 5,000 over the past decade (UN data 2017). At the same time unemployment rates have risen, including one of the highest youth unemployment rates in the world at 36% among 15- to 24-year-olds (World Bank 2017).

The combination of sluggish economic growth, water scarcity, low wages, and an ongoing refugee crisis have recently threatened the relative stability of the country as protesters took to the streets in the wake of the uprisings in Tunisia in 2010. Amid fears of political instability in a volatile region, the Government of Jordan has since made significant progress in terms of expanding its social protection services. In 2014, Jordan committed to ratifying the ILO Convention on Social Security, 1956 (No. 102) and to the adoption of a unified Social Protection Floor which would provide basic income security and affordable access to essential social services. However, many structural challenges remain in providing more equitable access to basic services due in part to fiscal consolidation measures, corruption, a lack of transparency, and overlapping services which tend to privilege the middle classes and those employed in the formal sector, while often failing to protect the poorest segments of the population. Furthermore, the arrival of more than 660,000 (registered) refugees from Syria since 2011 ("Syria Regional Refugee Response" 2018) has led to often overstretched resources and long waiting times for services. The competition for medical services, for example, has forced many Jordanian citizens to resort to more expensive private medical care which, in turn, has increased hostility and tensions among host communities and refugees (Doocy et al 2015).

In recent years, in response to the arrival of Syrian refugees, the Ministry of Planning and International Cooperation (MOPIC) has been heavily involved in drafting and revising the National Resilience Plan (NRP) and the Jordan Response Plan (JRP) 2017-2019 in cooperation with international donors to expand the services available to both refugees and Jordanian nationals. The JRP is the first national strategy document developed in response to the refugee crisis, which maps out the country’s priorities for refugees along with more than 200 partners among humanitarian and development actors. Despite these concerted efforts, however, existing public programmes lack the human resources for managing beneficiaries and monitoring results, and the cooperation between the government and the humanitarian system often remains weak.

In addition to state actors, secular and religious NGOs play an important role in providing means-tested social protection to the poorest and most vulnerable populations. Furthermore, many international donor agencies, microfinance institutions and international NGOs also provide capacity building, technical support and financing for projects that help support targeted beneficiaries from vulnerable communities. All projects implemented by international organizations, however, must be registered and must receive prior government approval.

Key social policy actors and institutions

The main state actors providing social protection include several government ministries and departments: the Ministry of Awqaf Islamic Affairs and Holy Places, the Ministry of Education, the Ministry of Finance, the Ministry of Health, the Ministry of Labour and, in particular, the Ministry of Social Development (MoSD). There is no national policy for social protection in Jordan and, despite calls for strengthening MoSD’s mandate to include a stronger coordination role, each agency has its own laws and regulations which define the scope of its work(Zureiqat and Shama 2015). The various components of social protection such as social assistance, social insurance, fiscal subsidies and cash assistance, labour market

interventions, and health care and education services are implemented by different stakeholders, mainly state actors, NGOs and the private sector. However, the levels of efficiency among NGOs vary and cooperation among stakeholders is often problematic.

Social assistance and cash transfers

The Ministry of Social Development

Most public non-contributory social protection and poverty alleviation schemes are provided by the Ministry of Social Development—whose beneficiaries include children, young people, vulnerable households, victims of human trafficking, older persons and persons with disabilities. Though MoSD's mandate includes coordinating social services for all citizens, the law does not specify an entity in charge of developing policy for social protection (Zureiqat and Shama 2015) which creates some difficulty in coordinating benefits and schemes among various social protection actors.

The MoSD offers several protection programmes, including cash and in-kind benefits, shelter programmes, and microcredit. More recently, however, the MoSD is shifting its approach from offering cash transfers to supporting employment and skills development in an effort to support community development(Röth, Nimeh, and Hagen-Zanker 2017). With a budget of JD 23.6 million in 2014, the MoSD reached approximately 23,000 beneficiaries through four main schemes (Zureiqat and Shama 2015)

- *Social defense*: provides care and protection services to women and children survivors of abuse, and juvenile offenders through its 56 centres and offices. It had a budget of JD 1.9 million in 2014.
- *Handicapped affairs*: operates 27 centres which provide rehabilitation and health care to young people and adults with disabilities. It reached an estimated 4,000 persons with a budget of JD 8.9 million.
- *Community Development and Combating Poverty*: provides micro- and medium-sized loans to individual families through a network of charities and societies. The loans support housing and income-generating enterprises. This scheme had a budget of JD 5.8 million in 2014.
- *Family and Childhood*: with a budget of JD 7 million in 2014, this scheme licenses and supervises nurseries for infants and children, and operates care centres for orphans and children from broken homes.

Overall, the MoSD has performed poorly in reviewing its mean-tested averages and databases over the years and has neglected to significantly update its absolute poverty indicators. The lack of regular updates in means-testing and targets means that the MoSD is often unable to capture the fluctuating needs of the most vulnerable populations over the course of the year. In fact, winter months, with increased costs of heating and shelter needs, tend to affect vulnerable household more severely. When it comes to funding, the MoSD's budget tends to fluctuate from year to year and has performed poorly in projecting budget needs and foreseeing setbacks. For both 2014 and 2015, for example, the Ministry's expenses amounted to double its requested budget leading to major deficits. More efficient forecasting systems would allow the various ministries to apply for funding from international donors well in advance and to prevent major deficits in the Treasury's budgets.

The National Aid Fund

The National Aid Fund (NAF) is a financially and administratively independent arm of the MoSD which provides benefits and financial assistance to vulnerable individuals and households. Established in 1986, NAF's Board of Directors includes representatives from various government ministries, NGOs and the public sector (Zureiqat and Shama 2015). As the main national social protection programme, NAF is a comprehensive scheme which includes regular cash assistance to vulnerable families living below the poverty line and for household caring for members with a disability. In 2013, its total budget was close to JD 85 million. Its programmes are means-tested and target vulnerable categories of beneficiaries. In 2015, NAF counted a total of 99,394 beneficiary households or almost 8% of the Jordanian population, while regular cash transfers reached 74,555 families (Röth, Nimeh, and Hagen-Zanker 2017).

Overall, the cash assistance provided by NAF only partially contributes to helping individuals and households reach the absolute poverty line. In fact, with a ceiling of JD 40 per person or JD 180 per household per month, cash assistance helps individuals reach 59% of the poverty line, while households receive only 49%. In order to reach the international standard of 75% of the poverty line NAF would need considerable additional funding. Furthermore, only 24% of food insecure and vulnerable households are estimated to have received aid from NAF, leaving more than 76% of households in need without coverage. This has brought about calls for an improved targeting of beneficiaries (Zureiqat and Shama 2015).

The National Zakat Fund

Administered by the Ministry of Awqaf, Islamic Affairs and Holy Places, the National Zakat Fund (NZF) runs another important social protection programme through cash and in-kind assistance (Röth, Nimeh, and Hagen-Zanker 2017). The Zakat Fund is based on donations as Zakat is considered a religious duty for Muslims whose wealth exceeds a certain threshold, and involves donating 2.5% of one's wealth. The Fund is organized through 210 regional committees across the country and only supports households which do not receive other benefits (Ibid.).

As one of the oldest funds in the region, the NZF targets poor and vulnerable households that do not receive any assistance from NAF or other assistance programmes. Assistance through this fund is quite low and includes long-term and seasonal cash assistance of approximately JD 20-30 per month. During the month of Ramadan, the NZF also provides food, clothing and cash assistance to approximately 70,000 households. More specifically, the NZF ran the following programmes in 2013(Zureiqat and Shama 2015):

- Cash assistance to approximately 15,000 poor beneficiaries of any nationality for a total allocation of JD 5.1 million
- Occasional in kind assistance to 53,000 households and 10,000 individuals with a budget of JD 2.6 million
- Cash assistance for orphans adopted by the fund (JD 10.4 million)
- Rehabilitation assistance for poor persons with some level of employment skills (JD 10.25 million)
- Medical care and medication costs for about 100,000 patients (JD 1 million)

- Urgent cash assistance for emergencies including a fire, disaster or a divorce (JD 200,000)
- Student cash assistance to support education-related expenses for approximately 400 students (JD 40,000).

In recent years, donors responding to the Syrian refugee crisis have greatly expanded the Fund's capacity. In fact, wealthy individuals and Islamic charities and endowments, particularly from Gulf Cooperation Council (GCC) countries, often refer to the Zakat Fund as their primary beneficiary. However, despite the improved funding conditions, the Zakat Fund has failed to redefine its scope and mandate to reflect an improved mechanism for resource distribution, transparency, and the provision of services. Community-based organizations (CBOs) who collaborate with local mosques to target beneficiaries also lack oversight and coordination, and often perform in an uneven manner. A greater collaboration between international NGOs and more successful CBOs, however, might improve poverty alleviation strategies as CBOs in rural areas may provide local knowledge about population needs and data collection.

Civil society and NGOs

Over the past two decades, civil society has begun to feature more prominently among the actors tackling Jordan's socio-economic challenges. While some of the major, national NGOs are chaired by members of the royal family, smaller NGOs tend to operate on a regional level with a more limited mandate and geographic scope (Röth, Nimeh, and Hagen-Zanker 2017). The main NGOs focusing on social protection are: Tkiyet Um Ali (TUA), the National Alliance Against Hunger and Malnutrition (NAJMAH), and the Islamic Center Charity Society (ICCS).

Founded by Princess Haya Bint Al-Husseinin 2003, TUA collaborates with local CBOs to provide meals and skills development to vulnerable and poor Jordanian families based on net income. Over the past few years, TUA has served almost 2 million hot meals and delivered 220,000 monthly food parcels("Tkiyet Um Ali" 2018). NAJMAH was established by Princess Basma Bint Tal in 2004 to support government programmes to combat hunger and improve food security. In 2008, it launched a food bank with a particular focus on improving the nutrition of children, pregnant women and older persons("National Alliance Against Hunger and Malnutrition" 2018). ICCS, one of the richest societies in the country, was established in 1963 by the Islamic Brotherhood political party and provides social services including health and education as well as services to refugee camps. However, in the wake of growing tensions between the Muslim Brotherhood and the government of Jordan, in 2006 the government published a report detailing cases of corruption within the charitable organization. Since then, the government has appointed a committee and has effectively taken over the running of ICCS (Shehata 2012).

Key policy developments

Fiscal subsidies

Like other countries in the MENA region, Jordan has traditionally provided subsidies for consumables such as fuel, electricity, gas and food. Since the 1960s the Jordanian government has protected its citizens from fluctuating global prices of commodities and food starting with subsidies for wheat and sugar (Atamanov, Jellema, and Serajuddin 2015).

Subsequent liberalization policies in the early 1990s, however, eliminated most food subsidies with the exception of wheat. Government attempts to eliminate wheat subsidies in 1996, which led to a sudden spike in bread prices, were met with social discontent and ‘bread riots’. As a result, the reforms were scaled back and accompanied by cash transfers to the poorest households to compensate for higher bread prices. The continuation of subsidies for wheat, water and other commodities has contributed to sharp increases in government spending due to global spikes in market prices. In fact, in 2005, the government was spending as much as JD 600 million in food and oil subsidies, or approximately 17% of its total expenditures (Ibid).

Despite attempts at implementing reforms and further reducing subsidies since 2005, recent regional instability has had a significant impact on energy prices and interrupted the supply of natural gas from Egypt. This has led to the use of costly imported oil products to produce electricity. In the interest of preventing social and political unrest in the wake of the 2012 uprisings, the government protected consumers from the increased costs of electricity which resulted in accumulated debt for the National Electric Power Company. In 2012, subsidies on petroleum products alone accounted for close to 9% of government expenditures and as much as 2.8% of GDP (Atamanov, Jellema, and Serajuddin 2015). The sudden fiscal burden of these subsidies proved to be unsustainable and in November 2012 the government either reduced or completely removed subsidies for various categories of fuel. At the same time, to compensate vulnerable demographics, the government introduced a large-scale cash transfer scheme to households with an income lower than JD 10,000 a year. Despite the success in removing these subsidies, the government is struggling to gain popular support for the removal of further subsidies on electricity, which are proving to be an even larger burden than the fuel subsidies (Ibid.).

Studies conducted by the World Bank have determined that the current subsidy system provides significant assistance to the poor who can be the most vulnerable to fluctuating electricity and fuel prices. However, subsidies are also considered to be inefficient and to primarily target the most affluent sections of society who are also the highest consumers of fuel and electricity. According to the 2010 Household Expenditures and Income Survey, the wealthiest quintile in Jordan spends seven times more than the poorest quintile on subsidized petroleum products. Implementing further reforms, however, has been met with resistance from the population and remains a politically sensitive issue.

Social insurance

Social insurance is delivered through three major government programmes: the Military Pension System, the Civil Servant Pension System and the Social Security System. The first two schemes, however, are currently being phased out and will eventually be merged with the Social Security System. Administered by the Social Security Corporation (SSC), the Social Security System covers all workers subject to the Labour Law, regardless of nationality, between the ages of 16 and 60 for men, and 16 and 55 for women. The scheme also includes public employees hired after 1994 and military employees hired after 2003. Recent developments of the Social Security Law include provisions for unemployment and maternity insurance schemes as well as a draft law for health insurance. The SSC also provides work injury insurance and pension schemes covering old age, disability and natural death and is based on contributions (ILO 2013).

In 2008, a Social Security Extending Coverage Project served to extend coverage to include businesses with fewer than five employees who had been previously exempt from

participation. As a result, the number of participating employers increased from 15,000 in 2008 to more than 45,000 enterprises in 2015(Social Security Corporation 2014). The number of active insured workers was estimated at close to 1,167,000 in 2015. However, despite the expansion of the coverage, the SSC reported than only approximately 64% of the work force was covered by the scheme. This appears to indicate challenges in implementing and enforcing the compulsory scheme in addition to the role played by Jordan's large informal sector. Statistics also show that Jordanians accounted for 88.3% of active insured workers, while non-nationals made up 11.7% of active insured persons in 2015 (Ibid.).

Since 2017 the pension and disability funds require a contribution of 6.5% of the monthly payroll while the employer (or the government for public sector workers) matches the contribution by 11%. Furthermore, the employer matches 0.75% and 2% of the payroll for maternity and work injury insurance respectively. Unemployment benefits account for a final 1.5% which is split between the employer and the employee. In 2017, overall insurance coverage contributions accounted for a maximum of 21.75% of an employees' monthly payroll (Social Security Corporation 2014). The available services are:

- *Old age pension and death of breadwinner*: According to the Temporary Law on Social Protection n. 7/2010 any male workers above the age of 60 or female worker above age 55 are entitled to a monthly income equal to 75% of their payroll based on their last two years of employment. In 2015, there were reached 179,849 pensioners in Jordan—a 7.7% increase from the previous year. In 2015, the average pension amounted to JD 278 in the public sector and JD 444 in the private sector (Social Security Corporation 2014).
- *Workplace injury*: This scheme ensures at least 75% of the monthly payroll to any employee for as long as he or she is unable to resume work. Should injuries cause permanent disability, employees are covered with a pension equal to 75% in case of total impairment, and 30% of their previous salary in case of partial impairment. Moreover, a lump sum or reparations are calculated based on the gravity of the injuries.
- *Sickness leave*: Formally employed private sector workers are entitled to a maximum of 14 days per year of fully paid sick leave plus an additional 14 days in case of hospitalization. As for the public sector, Civil Services Bylaw 30/2007 allows for a maximum of seven days per year of fully paid sickness leave, with any additional days deducted from annual vacation leave.
- *Unemployment*: Any employee with at least 15 years of accrued unemployment contributions qualifies for three to six months of unemployment benefits which begin at 75% and decrease to 45% of monthly payroll. Workers with less than 15 years of contributions qualify for a maximum of three months. The total number of insured persons who benefited from the unemployment insurance benefits reached 10,711 insured persons during 2015 (Social Security Corporation 2014).
- *Maternity insurance:* This scheme covers women for the time period of six months before and 10 weeks after the birth of a child. The benefits include an allowance equal to the employees' last deductible wage at the beginning of maternity leave. The number of beneficiaries of maternity insurance benefits counted 7,556 women in 2015 (Social Security Corporation 2014).

Though the Social Security System is the largest social insurance scheme in the country, it only covers approximately 20% of the estimated 4.5 million working age adults in Jordan and does little to alleviate the problem of poverty among employees. According to some estimates, about close to 40% of workers earn less than JD 300 a month and more than 70% of non-Jordanians earn less than JD 200 per month (ILO, 2013). Furthermore, an estimated 44% of workers are employed in the informal sector and thus not covered by social protection schemes.

Employment and the labour market

The right to work for Jordanian citizens is enshrined in the Constitution, which also protects certain labour rights such as fixed working hours and paid rest, compensation for old age, illness and emergencies, health safeguards, and fair wages. The 'Labour Law and its Amendments' No. 8 from 1996 governs the labour rights and conditions for most professions except for public and municipality employees, domestic workers and agricultural workers. The current fixed minimum wage is at JD 220 per month (World Bank 2017a). Though the absolute poverty line in Jordan stands at JD 68 per individual per month, the minimum wage is generally not sufficient to support a family, and the working poor make up 44% of all poor citizens in Jordan. Furthermore, non-Jordanian citizens face particularly low wages and difficult conditions. According to SSC statistics, close to 60% of insured foreign nationals earned JD 190 or less per month, compared to less than 7% of Jordanians (Social Security Corporation 2015).

In the wake of the 2008 global financial crisis, unemployment has been increasing, especially among the most educated, and currently stands at 15.3% (World Bank 2017a). Youth unemployment in particular is among the highest in the world, at 35.6% in 2016 (Ibid.). Despite widespread protests in 2010 calling for improved employment opportunities, Jordan's labour market is struggling to keep up with the demand for more jobs and improved job security. Given the population demographics in the MENA region—which presents the fastest growing populations after sub-Saharan Africa—hundreds of thousands of jobs would need to be created by 2020. However, job creation has been declining with only a net of 48,309 jobs in 2015, which is more than a 31% decrease compared to 2007 (World Bank 2017a).

Another characteristic of the Jordanian labour market is the presence of a large informal sector. According to World Bank statistics, 44% of the Jordanian workforce was employed in the informal sector in 2012 with little or no access to social security. In many cases, the informal sector has been perceived as a short-term solution to youth unemployment. In the long term, however, it has affected the employability of young people who struggle to find employment in the formal labour market (Achcar et al. 2017). Some of the challenges to improving the overall labour market conditions include a lack of skilled workers, adequate unemployment insurance, and the weak role of trade unions in protecting workers' rights. Furthermore, there has been slow progress on the Jordan Compact, which was supposed to create jobs and provide work permits for Syrian refugees. With a target of 200,000 jobs for refugees, only 37,000 permits had been issued by the end of 2016 while industries have been struggling to fulfil a 15% quota of Syrian labour.

Education

With two-thirds of its population aged 30 years or younger, Jordan is one of the world's youngest countries with roughly one-third of the total population enrolled as students from

kindergarten through university. Students in Jordan begin their formal education at the age of six and school attendance is mandatory until the age of 15. Over the past decades Jordan has invested considerably in the education sector and has achieved positive results including a 99% young adult literacy rate. Furthermore, the literacy rate for the entire population is estimated at 94.6 percent—a vast improvement compared to an estimated literacy rate of 33% in 1960 (USAID 2015). These developments have mainly been made possible through several government reforms, including a USD 1 billion investment in 1998 and a second major reform in 2002 (Ibid.).

In 2014, the budget for publicly funded education programs amounted to little over JD 1 billion or 12.9% of the total government budget. This is low compared to other MENA countries which generally spend between 18-20% of their budgets on education. Furthermore, Jordan's spending on education has dropped from 3.8% of GDP in 2011 to 3.1% of GDP in 2014, which remains significantly lower than the worldwide average of 4.6% (USAID 2011, 2015). The Ministry of Education has achieved several objectives over the past few decades, including adopting results-oriented budgeting methodologies, providing computer credentials for teachers, developing an information management system, and participating in international studies such as the Program for International Student Assessment (PISA) (USAID 2015).

The main education programs in Jordan are:

- *Kindergarten*: despite government efforts to educate the public on the benefits of pre-primary education, the gross enrolment rate is only 36%--or less than half of the OECD rate. Especially in poor and rural areas, the government's objective is to increase enrolment rates. This program represented 1% of the Ministry of Education's budget in 2014 (USAID 2015).
- *Basic education*: took up 78% of the Ministry's annual budget in 2015. Though an estimated 50,000 primary school aged children have either never attended or have dropped out of school, Jordan outperforms other MENA countries in terms of enrolment rates, primary school completion rate (100%), youth literacy, and student-teacher ratios (Ibid.).
- *Secondary education*: covers students in grades 11 and 12 and takes up 11% of the Ministry's budget. Total gross enrolment is 88%, which outperforms world averages as well as other MENA countries (USAID 2015).
- *Vocational education*: represents 2.6% of the Ministry's budget and prepares students for the requirements of the labour market through skills training (Ibid.).
- *Higher education*: the gross enrolment rate is 40%, which means that roughly 4 out of 10 Jordanians of higher education age attend university. This is well above the MENA average of 26% and includes high levels of gender parity, with women enrolling in higher numbers than men. Public colleges and universities account for 9% of the Ministry's budget (USAID 2015).

Despite its successes, however, the education sector in Jordan is facing several challenges, including the arrival of large numbers of Syrian refugee children. While integrating refugee children into the existing primary education programmes is placing a strain on the overall education system, other challenges include providing additional teachers and textbooks, and

responding to the increased need for classrooms and psychosocial services. These needs have led most schools to operate in shifts, with Jordanian students attending school in the mornings and Syrian students in the afternoons (USAID 2015).

Despite the government's awareness of the need for additional investment in education—as addressed in the Jordan 2025 Strategic Plan—it has not allocated sufficient funding to prevent a decline in the quality of its education services. In fact, due to competing priorities and austerity measures brought about in part by the refugee crisis, education expenditure as a percent of total public expenditure has been declining since 2013. This decline is becoming increasingly visible in student performances in international standardized test scores such as the Trends in International Mathematics and Science Study (TIMSS) and the Programme for International Student Assessment (PISA) (USAID 2015).

Health and health insurance

Since the early 1960s Jordan's population has increased five-fold. By 2019, the population is expected to reach 7.4 million. The population increase is due in part to high life expectancy rates at 73 years of age for both men and women, relatively high fertility rates of 3.5 children per woman, and the arrival of more than 660,000 Syrian refugees. Though fertility rates had been steadily declining over the past decade, the current population increase, and higher life expectancy is creating several challenges including high dependency ratios due to the large proportion of children and older adults (Ajlouni 2011). In fact, in recent years Jordan has begun experiencing the typical demographic transition of many middle-income countries. In 2012, an estimated 6.5 percent of the population was above the age of 60. By 2050, this figure is expected to double to more than 10% (Department of Statistics 2012). At the same time, the country has been undergoing an epidemiological transition similar to other middle- and high-income nations. In fact, the leading causes of death are now non-communicable diseases (NCDs), such as diabetes and cancer, which are often chronic and expensive to treat.

Despite the challenges, Jordan is considered to have one of the most advanced and sophisticated health care systems in the region. On average, the country also spends more per capita on health care than its neighbours. In 2010, Jordan spent as much as $350 per person or approximately 8.6% of GDP on health care (Ajlouni 2011). An estimated 82% of the population is covered by formal health insurance, which includes government-sponsored insurance, private health insurance schemes, and insurance offered by UNRWA to Palestinian refugees(*The National Strategy for Health Sector in Jordan 2015-2019* 2015). For those without insurance, including refugees, health care costs are almost twice as high as for insured Jordanians and, for inpatient care, can be as much as three times higher. For Jordanians officially certified as 'poor', the Ministry of Health waives out-of-pocket expenses and offers free treatments for certain conditions such as cancer, kidney disease, AIDS and addiction (Ajlouni 2011).

The health care system is divided into public and private health care in addition to care provided by international organizations and charities. The largest provider is the Ministry of Health, which is responsible for preventive, curative and monitoring services. The Ministry also manages all public training and education institutes and provides primary, secondary and tertiary care services (WHO 2006). Ministry of Health facilities provide subsidized health care to nearly the entire population, covering approximately 75-80% of expenses. The Royal Medical Services (RMS), also publicly funded, provides medical insurance and specialized secondary and tertiary care to military and security personnel. This includes active and retired staff, dependents, staff of the Royal Court, and of the aviation academy for a total of 1.5

million people. The RMS also treats patients without health insurance who have been referred by the Ministry of Health or the private sector (Ibid.). Other providers include the Jordan University Hospital and the King Abdullah Hospital which provide training and high-tech, specialized care. Private health care also represents a large section of health care delivery. Many private firms in fact purchase private insurance for their employees. The high tech diagnostic capacity also attracts foreign patients from neighbouring countries, which produces more than USD 600 million in revenue (WHO 2006).

When it comes to psychiatric health, the Ministry of Health provides more than 250 beds at the National Centre for Mental Health(*The National Strategy for Health Sector in Jordan 2015-2019* 2015). It also provides treatment for drug addiction and a psychiatric clinic for children. One of the main challenges, however, is overcoming the negative attitudes towards mental health among families and communities. This is reflected in the low number of psychiatrists available (only 10 per 100,000 people, whereas the WHO recommends between 20-30 per 100,000 people). In particular, the lack of insurance coverage for mental health in the private sector means that the cost of psychiatric care can be unaffordable for many Jordanians (Ibid.).

To date, there are few external sources of health care. These are mainly comprised of services offered by UNRWA and local NGOs. In response to the influx of refugees from Iraq and Syria, UNHCR has taken over the financing of health care for refugees in partnership with government institutions. Other bilateral aid, such as USAID, has invested in strengthening existing health care structures, in particular for women's and reproductive health (Ajlouni 2011).

Links between social, economic and environmental policies

The effects of climate change are already being felt across the MENA region. In Jordan, soaring summer temperatures and water scarcity are speeding up the pace of desertification. These factors, combined with high levels of pollution and environmental degradation, have become one of the greatest constraints to economic growth and development. In fact, in recent years the combined effects of urbanization and population growth have increased water demand by 21% throughout the country with a 40% increase in northern governorates (World Bank, 2017a). Furthermore, climate projections estimate an increase in mean annual temperature of 2 C by 2050 with the climate becoming warmer and drier. Recurring droughts and the subsequent depletion of water resources could well undermine the future stability of the country amid fears that the influx of Syrian refugees and rapid population growth will further strain limited resources.

Environmental issues, including challenges in the water and energy sectors, have also had an effect on economic growth, unemployment and high fiscal deficits. In 2016, the gross debt-to-GDP ratio rose to 95%, with close to a quarter of the debt incurred by National Electric Power Company of Jordan (NEPCO) and the Water Authority of Jordan (WAJ). Furthermore, dependence on imported fossil fuels to serve the growing demand for electricity, water and transportation from both private consumers and industries has a direct impact on the environment with higher pollution levels and greenhouse gas emissions (World Bank 2017a). In response to these challenges, at the policy level the government has implemented several reforms in the energy sector since 2011 and has made progress on promoting renewable energy and mitigating the effects of climate change. In fact, since 2014 the National Electric Power Company has reduced its losses and carbon emission have decreased. The government

has also launched a Green Growth Plan which brings together action on climate change, promoting tourism and local development, and strengthening the power grid.

While Jordan's National Vision and Strategy for Jordan 2025, its Green Growth Plan, and its National Climate Change Policy represent progress in acknowledging the need for improved environmental policies, many of these policies have yet to be implemented. To respond to the challenges posed by scarce resources, regional instability and population demographics, the country will have to recognize the strong link between climate change and extreme poverty, and push for more sustainable development and growth. Furthermore, climate action will require improved coordination among ministries, agencies and development partners to move away from short-sighted policies focusing exclusively on economic growth to include a more long-term vision for climate action and reform.

The influence of politics and political economy on social policy decisions in Jordan

Over the past few decades, social protection has played an increasingly prominent role in Jordan's development priorities. While the right to work and access to basic social and health services were already enshrined in the Constitution, the country also recently ratified the ILO Convention on Minimum Standards of Social Protection, 1952 (No. 102). Similarly, over the past two decades Jordan has ratified a series of provisions and conventions which have demonstrated the country's commitment to improving the living conditions of some of its most vulnerable citizens, including persons with disabilities and older people. In 2006, Jordan ratified the International Covenant on Economic Social and Cultural Rights of 1966, which specifically recognizes the right of everyone to social security and social insurance. The Covenant further strengthens the right of all citizens to education, a decent standard of living, and "the highest attainable standard of physical and mental health"("International Covenant on Economic, Social and Cultural Rights " 1966). The following year, Jordan ratified the Convention on the Rights of Persons with Disabilities of 2007 which also highlighted the rights of older people. To date, Jordan offers a variety of assistance programmes which range from subsidies to cash transfer schemes, tax exemptions and social services. To the extent that Jordan is considered to have one of the strongest social protection programmes and health care systems in the MENA region.

Despite these efforts, however, many local laws and regulations have as yet to be aligned with international standards, and several key provisions of the ILO Convention have not been ratified—including a section on minimum standards for social security. In fact, though Jordan has made progress over the past decade in expanding its social protection services, partially in an effort to secure social stability, this has not necessarily translated into a reduction of overall poverty, vulnerability and social inequality. Moreover, some of the policies aiming towards progressive liberalization have contributed to limiting the expansion of social protection including equitable access to essential services and infrastructure (Phenix 2016).

As a whole, the development of Jordan's social protection policies has followed an uneven trajectory since the country's independence in 1948 and has been greatly influenced by geopolitical events, global financial shocks, and pressure from international financial institutions. In fact, though government policies have strengthened some aspects of social protection by raising the minimum wage and expanding insurance coverage, the overall trend has been a progressive dismantling of the social protection policies of the 1960s, which included progressive taxation, redistributive agrarian reforms, improvements in health care,

and the democratization of education(Achcar et al. 2017). The debt crisis of the 1980s, which ensued after heavy borrowing to cope with the steep energy prices in the 1970s and early 1980s, resulted in a first round of cuts in welfare policies and subsidies. The Washington Consensus of 1989 led to pressure from international financial institutions such as the World Bank and the International Monetary Fund to encourage the liberalization of foreign trade and the removal of tariffs protecting the national economy (Ibid.). Economic liberalization further shifted policies towards fostering private sector initiatives and improving conditions for foreign and domestic investment in the form of economic 'free zones' in the 1990s, which provided tax incentives to large corporations rather than to small and medium enterprises.

Successive decades of liberalization, tax reduction, privatization, deregulation and integration into the global economy, have left large segments of the population living below the poverty line, weakened the safety net of the middle class, and left many young people either unemployed or in precarious circumstances. The resulting expansion of the informal market has left large parts of the population—and especially foreign nationals—beyond the regulation and protection of the state. Policies which might improve the government's budget and ability to invest in public infrastructure have faltered in the face of public disapproval. Progressive taxation which would improve the redistribution of resources and the lifting of subsidies which often benefit the wealthy have been met with public resistance. On the other hand, indirect taxes on goods and services which are paid by all consumers regardless of income level make up as much as half of tax revenues and have a negative impact on poor and low-income households. Compounded with high levels of tax evasion and avoidance, Jordan faces deepening levels of social inequality.

Assessing the new directions in social policy in Jordan

Overall, social protection programmes in Jordan remain mired in bureaucracy and, despite government efforts, reform processes are slow and administrative expenses high. In some cases, administrative expenses alone account for more than 20% of the total cost of programmes, which is twice as high as the international recommended standard of 10%. Improving these processes and reducing expenditures would require a thorough revision of current management structures(Zureiqat and Shama 2015). The absence of a clear coordinating mechanism for social protection and the weak mandate of the Ministry of Social Development has led to overlapping programmes and responsibilities which have left many gaps in coverage. In particular, monitoring and evaluation exercises are often not conducted regularly and do not always result in improved efficiency or quality services. Furthermore, reforms are required for targeting the most vulnerable households to ensure that the poorest members of the population are the ones who truly benefit from social assistance.

When it comes to reforms, the government has continued to focus on measures to improve economic performance. In 2016, the Economic Policy Council was established which recommended the Jordan Economic Growth Plan for 2018-2022 (JEGP). The main objectives of the five-year plan are to double economic growth, reduce the debt burden, create jobs and raise income levels in line with the original Jordan 2025 Vision. According to the newly-established Council, doubling economic growth would require at least an annual 5% growth rate, compared to the current 2% rate over the past few years. However, experts say that this growth rate is unrealistic and unsustainable as a large portion of the economy, including the public sector, is already strained and bound by rationalized fiscal policies (World Bank 2017a). Furthermore, economic growth does not always translate into improved social

protection measures and poverty alleviation. In fact, the gaps in social assistance and protection have been felt across the country by Jordanians, foreign nationals and refugees.

When it comes to health care, the overall quality of care appears to be deteriorating. According to one government official from the Ministry of Health, this has resulted in an overall reduction of life expectancy rates. As to Syrian refugees, in 2014 the government curtailed free health care services and refugees now pay higher out-of-pocket expenses at the same rate as uninsured Jordanians (Achilli 2015). As a result, 57% of refugees with chronic health conditions say they cannot afford the care they need (UNHCR 2015). Furthermore, refugees report facing hostility and discrimination from health care professionals (Groenveld and Abu-Taleb 2016). This, in turn, has influenced health-seeking behaviour to the extent that close to 20% of female refugees reported difficulties in accessing antenatal care due to either long waiting times or rude staff (UNHCR 2015). In the face of the current economic climate and increasing tensions between Jordanians and refugees, these challenges are unlikely to improve soon, and many refugee families face the difficult choice between meeting the basic needs of their households and the health care needs of individual family members (Amnesty International 2016).

In terms of labour conditions, slow economic growth since 2010 and high youth unemployment rates of up to 34% among 20- to 24-year-olds have led to high levels of frustration. Low wages have further contributed to high levels of poverty among households and, among 44% of Jordanians who work in the informal sector, most do not have any form of social protection (Awad 2014). The Jordan Compact, an agreement between the Government of Jordan and international donors signed into effect in February 2016, plans to attract new investments and create jobs for Jordanians and Syrian refugees. This would improve the living conditions within host communities and increase financing of the Jordan Response Plan. One of the provisions includes a commitment to providing Jordan with £1.6 billion in foreign assistance and investment in exchange for offering up to 200,000 work permits to Syrians. Though 48,026 permits have been awarded to Syrian refugees as of May 2017, experts say that these work permits are of limited scope as they only cover certain sectors and bind workers to specific employers. Furthermore, employers are often hesitant to register their foreign national employees for fear of being tied to labour laws and having to provide a minimum wage.

The combination of these challenges and the retrenchment of the state in providing adequate services and social security has resulted in protests and public discontent. In 2016, a record number of public protests were registered throughout Jordan as a response to unemployment and the curtailing of subsidies. In 2017, budget debates over tax hikes and spending cuts to meet the IMF Extended Fund Facility programme resulted in protests in Amman and other urban centres despite the recent increase in minimum wage from JD 190 to JD 220 (World Bank 2017a). Public opinion polls conducted by the Arab Barometer indicate a downward trend in Jordanian's trust in public institutions and in the role of the government in alleviating poverty and promoting greater equality. While the latest survey conducted in 2016 showed that the vast majority, or 79% of Jordanians approve of their health care system, many of those surveyed expressed concern for their economic situation(Ceyhun 2017). In fact, only 35% of Jordanians say they are able to meet their household expenses without difficulty and 61% report worrying about their ability to provide a good education for their children. What may be particularly telling about public attitudes about the overall economy and labour market performance is that close to a quarter of Jordanians say they are thinking about emigrating due to economic reasons. The preferred destinations appear to be the United

States, the Gulf Cooperation Countries (with the exception of Saudi Arabia), and the EU (Ibid.).

Country Case Study: Morocco

Social policy in Morocco: Background and context

Like many middle-income countries, Morocco faces development challenges that hinders a universal and equitable access to social protection. GDP growth in Morocco in the last 10 years averaged about 4.20% whereas GDP per capita reached 7,606.00 USD (2014) and about the equivalent of 3000 USD using national currency and current exchange rate. As far as Human Development Index is concerned, Morocco HDI value in 2014 is 0.628 which situates the country in the medium Human Development category ranked at 126 (shared with Namibia) out of 188 countries. Despite significant efforts in reducing poverty (relative poverty decreased from 15.3% to 6.2% in the last decade and vulnerability to poverty from 22.8% to 13.3%), taken together, the poor and the vulnerable population represent nearly 20% of the population or 6.2 Million.[10] Very high poverty rates in more than half of Moroccan regions going above the national poverty rate amplifies the extent of inequality measured by Gini Coefficient of 0.4 which is amongst the highest in the region.[11] With a formal labour market that absorbs less than half of the population and high rates of self-employment and informal economy sectors the challenges facing social protection policies in theirs two forms (social insurances and social assistance) are huge. Although the proportion of tax revenue relative to GDP is well positioned around 35%, the share of budget dedicated to social protection is among the lowest compared to countries in the same income group as Morocco.

The present country section is organised as follows: the first section outlines the development of the social protection programmes including both social security and social assistance focusing on the most important components; the second sections briefly examines the links between social and economic policies; the third section looks at the possibilities of institutionalisation and emerging new directions whereas the forth and the last section outlines some concluding remarks including the scope for policy transfer.

New forms of social policy programmes: extension of coverage but weak policy coherence

The social protection system in Morocco started in the early 20th century under French colonial rule. The first experience goes back to 1917 through the “Caisse de Prévoyance Marocaine” which benefited exclusively the French civil servants on an optional basis until 1930 where social protection was generalised in France and became compulsory and extended to Moroccan civil servants recruited by the French administration through the newly created “Caisse Marocaine de Retraite”. In 1942 and 1949 respectively were marked by the creation of the “Caisse d’Aide Sociale” for the employees of the public sector and “Caisse Interprofessionnelle Marocaine de Retraite” which constituted the main pension fund for private sector before the creation of CNSS in 1959.

Since independence in 1956 Morocco inherited the early French social security system which was limited to the minority of civil servants as well as a range of social assistance initiatives restricted to some religious NGOs Christian- and later Muslim- NGOs providing charity

10 World Bank (2015), Morocco: Social Protection and Labour Brief: Diagnostic.
11 Ibid.

services to poor population in some urban centres in the country. Such a situation led to a highly fragmented social protection system in the long run with at least three main wide pillars: contributive Social Insurance, partially contributive such as medical insurance for the poor and the vulnerable and Social Assistance including universal subsidies. A recent study conducted on behalf of the Ministry of General and Economic Affairs and UNICEF by Economic and policy research institute remarked that although we call it a "system" of social protection, its elements were introduced progressively in response to specific issues that required action in different circumstances. It follows that what we have is rather an output of fragmented responses to particular social issues rather than a coherent system.

The main analytical framework used in the analysis of the Moroccan social protection system are the concepts of risk, vulnerability and capacity. The authors attempt to link the three concepts by considering vulnerability as a high degree of exposure to risk of losing or not being able to reach a certain degree of wellbeing combined with the inability to protect oneself from different kinds of adversities. In practice, the identification of vulnerable groups can be done on the basis of the actual coverage of social protection and social assistance programmes. This maybe done through drawing the main contextual risks, which highlight the vulnerability of households and individuals. This is the approach followed by a World Bank (WB) strategic note on social protection elaborated in 2012 in collaboration with the government of Morocco. It classifies the risks into two broad categories: the risks associated with the life-cycle and groups at risks and risks that affect the population in general such as poverty, volatility of market prices of the basic commodities, lack of access to health care, basic infrastructures, precarious shelter and climate changes, etc. The identified risks by age groups provide a fairly good idea of the depth of such risks.

According to the WB note, children under 5 years old face risks such as malnutrition, child mortality as well as low psychosocial and cognitive development. Children between 6 and 15 face inappropriate preparation to and retention in schools, violence as well as child labour are also among the main risks facing children of this age group. The youth aged between 15 and 23 face risks such as low level of human capital, difficult transition from training to labour market, unemployment and risks behaviors such as drug use and adolescent pregnancy. As far as adults are concerned, they face risks such as low human capital, usually translated into low pay due to precarious and informal labour, under employment and unemployment. Maternal mortality is also a major risk for women in this age group. The elderly face increasing health risks often not covered by a medical insurance and/or a pension scheme. Lastly, one major area of risks concerns the poor population with low access and poor quality of basic social services including housing, health care especially chronic diseases. The note adds that about 1.5 among Moroccan are in a disability situation, which is a major factor of vulnerability.

The most recent mapping of social protection programmes in Morocco conducted in 2016 by the Ministry of General and Economic affairs with the support of UNICEF revealed some 140 initiative that can broadly fall under social protection targeting a given group of the population and the associated risk of vulnerability[12]. A few programmes fall under the narrow definition of social insurance such as pension and medical insurance and social assistance such as cash transfer for education or medical insurance for the poor; whereas many programmes may be categorized under basic social services in general or social action such as education and health programmes; access to safe drinking water and electricity in the rural areas as well as students housing and other related programmes. A more convenient label to shape all these programmes

12 Ministère des Affaires Générales et Economiques & UNICEf (2016) ; pour une politique intégrée de protection sociale au Maroc.

would social policy but since the official documents highlight the lack of a common vision and of a coherent policy, the current state of the art reflects rather a collection of programmes of social security; programmes of social assistance and more general social and community services. However, emergent elements of a social protection system are discernable provided significant policy reform and efforts are undertaken. The current section on Morocco will not review all of these programmes but a few selected significant programmes of social security and social assistance.

Thus, it can be said that the Moroccan social protection system is still fragmented between relatively limited social insurance coverage and attempts of extension to reach those who have means to contribute, and large scale social assistance programmes. There are signs of some movement away residual systems, though these remain slow. Key examples are unemployment insurance and the health insurance extension to independent workers and students that took place recently (these are outlined below).

Social insurance

The contributory part of the social protection system in Morocco covers the employees of Public and Private sector which represent only a third of the population enrolled in the formal employment sector. It insures mainly sickness, maternity leave, disability, old age, death, and unemployment as well as family benefits. Work related accidents have been covered since 2002. Unemployment benefit is put in place since 2014. The public sector employees are covered through the "Caisse Nationale des Organismes de prévoyance sociale (CNOPS)" whereas the private sector employees (and theoretically liberal professions) are covered through "Caisse Nationale de Sécurité sociale (CNSS)". The Dahir number 1-72-184 of 27th July 1972, as updated in 2004 through the law number 17.02 covers exclusively the public sector and private sector employees. Such a scheme ensures employees are protected against risks of illness, disability, old age, death as well as unemployment and family benefits. Public and private employees are covered through two separated funds. On the other hand, the National Agency for Health Insurance is in charge of technical assistance to make effective the compulsory health insurance scheme for employees of both public and private sector as well as managing the resources for the medical insurance for the poor (RAMED).

The CNSS which is a public institution delivers all social insurance services for private sector employees and has a network of direct health services composed of 13 clinics. The CNOPS is a union of eight public sector social insurance institutions (Policy, Military, Customs, Civil servants and public administration, education and ports administration). The national health insurance agency is a public institution, which monitors the functioning of basic health insurance national wide regardless of the affiliation. Since 2015, it is also the institution in charge of managing the newly established health insurance for students. Up to 2005-2010 the coverage rate of pension has not exceeded 21% of the economically active population and only 61% among the employed.[13] Despite the low coverage of pension and related social protection services, the system reached its limits and is currently at a high risk of bankruptcy. One of the main reasons of such risk is the demographic transition. In fact, according to official figures between 2000 and 2009 the population contributing to pension scheme represented about 4.1% whereas the retired population increased with annual rate of 6.6%.[14]

13 Haut-Commissariat au Plan (2005), Prospective Maroc 2030, Changements démographiques et répercussions a long terme sur la protection sociale : Cas des retraites.

14 Haut Commissariat au Plan (2011). Vieillissement de la Population Marocaine : Effets sur la situation financière du système de retraite et sur l'évolution macroéconomique.

A reform plan has been implemented despite wide contestation from trade unions. It consists of extending the age of retirement progressively from 60 years old to 65, increase the contribution of the employees to pension schemes and decrease the pension net amount in various degrees depending on the mean of the salary rather than the last salary. Thus, the reform was adopted at the expense of the workers and might have contributed to a decreased purchasing power. In sum, the social insurance system in Morocco is fragmented along several dimensions such as financing, delivery and management.

Among the recent development in terms of social security concern the establishment of unemployment allowance and health insurance for the poor.

Unemployment allowance

In accordance with the law N° 03-14, which modifies the law N° 1-72-184 pertaining to the organisation of social security appeared in the «Bulletin Officiel» 6290 of 11th September 2014, a loss of employment allowance entered into force the 1st of December 2014.

According to this new law, an insured employee who unintentionally lost their job may benefit from this allowance for six months. The conditions of eligibility are as follows: being an employee of private sector, being in the process of actively searching for a job, have cumulated 780 days of contribution to social security during the last 36 months preceding the date of losing their job including 260 days during the last 12 months of the same period. The allowance will be equivalent to 70% of the net monthly salary expressed as the mean of the last 36 last months and up to the minimum salary level. The allowance also includes medical insurance, family benefits and will be accompanied by a programme run by the national agency for the promotion of employment to search for a new job. A training programme will also be put in place once the beneficiary ceases to work. It should be noted that the number of private sector employees in Morocco is estimated around 3.6 million persons but the number of those affiliated to the social security scheme is around 2.9 million.

Social protection for independent workers and students

The government of Morocco is in the process of promulgating a law to organize and ensure that independent workers such as doctors, pharmacists and lawyers are covered through a contributive scheme adapted to their activity. Similarly, student aged under 30 years old starting September 2015 become eligible to medical insurance in the same standards as the employees of public sector. Students of private universities are subject to a contribution perceived along the tuition fees.

Subsidy system

Initiated in 1940, the subsidies regime has acted an essential part of the Moroccan social protection system for decades. It aimed at protecting the population’s purchasing power in terms of food and fuel products such as sugar, flour, butane gas and different types of fuel. Since early 2000s, in the context of the raise of food prices globally, subsidies system has been criticised for its increasingly huge costs reaching large proportions of the state budgets; and for failing to address social inequities since it largely benefited the middle classes and high income groups in addition to supply chain corporations rather than the poor and the vulnerable population.

Its budget reached a dramatic extent as it expanded from 4.89 billion Dirham or 1% of GDP in 2003 to 48.8 billion Dirham in 2011 reaching 6.1% of the GDP.[15] Since the fuel products represented the largest parts of the subsidies budget, the 2011 newly elected government proceeded in 2012, after many years of reluctance, to increase liquid fuel prices in 2012 and starting 2013 prices of such products were indexed on global market prices. As a result, in 2014 the subsidies budget decreased from 48.8 billion Dirham to 25 Billion Dirham. This figure was expected to decrease further to 10 Billion by the end of 2015 since the fuel products are now totally regulated by market prices and no longer subsidised.[16] The World Bank has advised, in a number of strategic notes as well as co-organised conferences and study visits with Moroccan governments, to phase out the subsidies system and replace it with better targeted programmes for the poor.

The reform of the subsidies system was studied by Chen, Liverani and Krauss (2014) to assess the political economy of policy choice in Morocco using problem driven political economy analysis. The authors summarise the political economy model in Morocco and how it shapes decision's makers' room for manoeuvre and reform in three main points: first the population and citizens increase pressure upon the government to expand inclusiveness of the political economy system, along with increasing demand for accountability, transparency and economic opportunities. The second point, according to the authors, is the historical concentration of powers and decision making in the monarchy since independence up to the present decade before a gradual shift took place in executive power from King Mohamed VI to the prime minister, culminating in the constitutional reform of 2011 where, for example, many senior official appointments have been transferred from the monarchy to the head of government. The third point concerns the business environment, and shows how alliances between privileged businessmen and governments are strong, exclusive, and often historically rooted. The authors point out that the constitutional reforms adopted in 2011 in Morocco and their successive implementation have begun to shift this equilibrium. Finally, despite these reforms, the concentration of economic benefits within a narrow group for decades affects the employment creation in the long run and results in deficits that are difficult to absorb in a short time. The authors argue that it is in this context that the subsidies system has been of particular significance for the average citizen in both economic and political terms.

Social assistance

Since independence of Morocco in 1956 social assistance has been limited to social care and residential care institutions hosting mainly children from poor families and children from rural areas who come to cities to continue education upon graduating from primary schools. Other initiatives mainly of Entraide Nationale, an institution created in 1957 to provide care, support and training for the deprived populations in Morocco. Entraide Nationale has today a central office in Rabat and more than 80 regional and local delegations; it has more than 3000 care center including vocational training, daily care centers, residential care institutions for children and the elderly as well as many social assistance programmes for women, youth and community development. The total beneficiaries of Entraide Nationale can be estimated to around 300,000 persons. In addition to Entraide Nationale, the King of Morocco Mohamed VI has created in 1999 the Foundation Mohamed 5th for Solidarity, which provides relief to victims of natural disasters, food aid especially during Ramadan as well as reception services

15 Dorothée Chen, Andrea Liverani, and Judith Krauss (2014), Assessing Public Opinion. The Political economy of Reform, The Case of Energy Subsidy Reform, in Morocco In Verena Fritz, Brian Levy and Rachel Ort (eds). Problem-Driven Political Economy Analysis: The World Bank's Experience.

16 Bennani, Salima (2015) Directrice de la caisse, conférence à l'université Internationale de Casablanca.

and support to Moroccan nationals living abroad. The foundation also creates and supports social work centers, centers for the advancement of women, hostels and boarding houses for children and homes for the elderly, hostels for young girls, student hostels, facilities for disabled people including training as well as sports centres and other facilities for coaching and for supervising young people involved in social and cultural activities. The foundation also supports sustainable development: improving basic infrastructure, literacy, informal education, vocational training, developing activities and setting up sustainable income generating units, particularly for women in rural areas.[17]

However, given the huge social and economic challenges facing Morocco which are reflected in the low level of human development and persisting poverty, inequality and social exclusion, since 2005, Morocco initiated many larger scale social assistance programmes. The most important are the National initiative for human development, Education including cash transfer programmes, youth employment and employment promotion, medical insurance for the poor, a social pension such as for widows and orphans. The National Initiative for Human Development launched in 2005 consisted in geographical targeting of poverty and social exclusion, Conditional Cash Transfer Programme called "Tayssir". This programme aims to reduce drop out of schools and increase equity in access to education for children belonging to the most vulnerable and poor households. The programme provides financial assistance for children aged between 6 and 15 years - that is the age for compulsory formal education. Among the factors driving such programmes are the continued pressure on Morocco to improve its performance in human development. The score of HDI for example was more or less the same for more than a decade given the huge gaps in education and health especially in rural areas.

In 2013 only, the National Human Development Initiative implemented 4583 projects and 1644 activity; that is 6227 interventions, with a budget exceeding 3.9 billion DH. The total number of beneficiaries reached 1.2million individuals.[18] The National Observatory of Human Development undertook an impact evaluation of the initiative in 2012 covering the period of 2005-2010. It showed some important achievements, such as the increase of income of targeted rural households by 49%; though increase touched mostly the middle and upper quintiles of the population rather than the poorest; it also showed some mitigated results. Whereas, overall multidimensional poverty significantly decreased in rural targeted areas from 26.7% in 2008 to 7.8% in 2011; it slightly increased in targeted urban areas passing from 0.6% in 2008 to 0.7% in 2011. The main lessons drawn from the impact evaluation were mainly that while significant positive changes have been identified they benefited mainly the lower middle class than the poorest. The conception of the projects did not take into account the needs of the poorest.

As far as the Tayssir cash transfer for education is concerned it showed encouraging results, drop out of schools in targeted areas decreased from 7.8% to 3.1% among girls that is almost 5 points and 4 points for boys. A recent evaluation of the programme showed that among the shortfalls is the joint targeting with the Human development initiatives, which leaves out many poor households due to geographic targeting inclusion and exclusion errors.

In terms of the medical insurance for the poor (RAMED), despite the improved accessibility to health care of the vulnerable and poor population, many shortfalls have been identified.

17 For more details, see www.fm5.ma/en

18 Initiative Nationale pour le Développement Humain. Genèse et Evolution, Coordination Nationale de l'INDH, Septembre 2013, consulté le 25 Novembre 2015 : http://www.indh.ma/pdfrapann/rap1.pdf

Upon the generalization of the scheme, the health sector professionals in public hospitals are faced with lack of appropriate financial and human resources. Such limits are exacerbated by an increasing demand for health care services along with excessively delayed bill calling for an urgent reassessment of the situation to enable the scheme to continue.[19]

Employment and youth employment promotion

It is well established that the most effective way to access social protection is through formal employment. Morocco has a relatively high rate of unemployment as well as a large informal sector workers. Many initiatives and programmes have been designed and implemented to tackle this issue. Among these the creation of the National agency for the promotion of Employment and skills (ANAPEC). Other programmess have been designed and implemented such as IDMAJ for integration into labour market and first employment[20]. Another programme called “TAEHIL”[21] aims at training and skills development adapted to the needs of enterprises. It is managed by the national agency for the promotion of employment and provides training contracts of up to one year, especially in areas where enterprises have difficulty to identify trained candidates.

Lastly, the programme called “Moukawalati” aimes at encouraging young people to create enterprises, especially among university graduates. The Moroccan employment and labour market policies often prioritise the economic growth model to promote employment. However, some recent labour market analyses[22] show that the impact in terms of productive and decent work remain very limited dute to a lack of a prospective approach to labour demand to anticipate the needs in employment in terms of committed investments. Moreover, most of the above-mentioned programmes are self-employment programmes in the face of weak factors of succcess of such employment programmes such as weak entrepreneurship culture; weak follow up and lack of coherence in terms of public policies.[23]

Medical insurance for the poor (RAMED): another large scale social assistance programme

The RAMED scheme is grounded on the principle of social assistance and national solidarity with the vulnerable and poor population. It targets the individuals who live in Morocco and are not eligible for the compulsory medical insurance. They should have an annual income below 5650 DH per person composing the household.[24] This threshold is far above the national poverty line threshold and is close to the definition of the vulnerable to fall into poverty. That is those whose income or consumption expenditure is 1.5 times above the poverty line. Up to date more than 8.5 million persons benefit from the programme including basic health services. The health sector policy is very fragmented in Morocco. The Ministry of Health implements many programmes aiming at improving the health of the population including vulnerable populations; such programmes to reduce maternal and child mortality. However, health insurance is fragmented and lacks a coherent vision. Despite the significant increase in coverage through different programmes effectiveness and efficiencies remain

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19 HAJJI, M.A (2014) Evaluation du Régime d’Assistance Médicale au Centre hospitalier préfectoral de Salé, Mémoire de fin d’études (2012/2014), Management des Organisations de santé, ENSP.

20Royaume du Maroc, Ministère de l’Emploi et des Affaires Sociale : http://www.emploi.gov.ma/index.php/fr/emploi/politique-de-l-emploi/10-emploi/169-amelioration-de-l-employabilite.html

21 Royaume du Maroc, Ministère de l’Emploi et des Affaires Sociale : http://www.emploi.gov.ma/index.php/fr/emploi/politique-de-l-emploi/10-emploi/169-amelioration-de-l-employabilite.html

22 Fondation européenne pour la formation, 2015, les politiques de l’emploi et les programmes actifs du marché du travail au Maroc. Etude réalisée par Aomar Ibourk.

23 Ibid.

24 Centre des Liaisons Européennes et Internationales de Sécurité Sociale (2015), le régime marocain de sécurité sociale. http://www.cleiss.fr/docs/regimes/regime_maroc.html. Consulté le 27 novembre 2015

weak as a result of the lack of coherence and coordination of all these programmes into a single national programme.

A pension fund for widows and orphans

The law pertaining to direct assistance to widows living in vulnerable or precarious conditions and in charge of school-age orphans aged under 21, or who are living with a disability sets an amount of 350 DH per child. The upper limit of the monthly allowance should not exceed 1050 DH and without cumulating such an allowance with another transfer such as ‘Tayssir’, a pension or a family benefit or any kind of assistance directly provided by the government including local government or any other public institution.[25] Launched in February 2015, this scheme reached 10500 request, about 40.000 requests for assistance are currently under consideration. However, this allowance will reach only 300.000 widow compared to the initial estimate of 600.000 women.

Until the mid-2000s, only public sector and formal private sector employees were entitled to social protection coverage as stated above. The scope of coverage did not exceed 20-30% of the population including all types of coverage. The remaining 70% were composed, in part, of formal liberal professions (Lawyers, Pharmacists, doctors working for their own, etc.) and of those working in the informal economy and/or in agriculture sector. If we limit the analysis to the economically active population only, according to a recent report elaborated by ILO in collaboration the Moroccan Ministry of Labour, only 18.1% of employed people have access to a medical insurance. When this figure is desegregated by gender and location 44% of employed women in urban areas are covered while the proportion of covered women in rural areas is only of 1.1% where the coverage rate for men in rural areas is around 5%. Moreover, the coverage rate among non-skilled workers is around 7% whereas it reaches 25% among employees with a university degree.[26] While the first group do not face vulnerability as well as the majority of risks outline above because high incomes, the majority of the population were left outside any significant effort to alleviate such risks.

Excluding universal fuel and some food products subsidies, which proved not to benefit the poor and the vulnerable, and are being progressively phased out, it has been the case that [27] [28] only private transfers such as remittances have helped more than 1 million Moroccans to escape poverty for decades now.[29] However, since 2005, the Government of Morocco started to tackle the issue of social protection and social assistance more seriously, though not yet systematically. By 2014, the coverage rate in terms of medical insurance all schemes included reached 53% which equates to 17.5 million people.[30]

Support to the elderly

Between 1980 and 2010, the proportion of the elderly has doubled in Morocco and is expected to steadily increase to reach 25% by 2050.[31] The government of Morocco has

25 Décret n° 2-14-791 du 11 safar 1436, BO n° 6318 en arabe du 18/12/2014

26 Ministère de l’emploi et des affaires sociales, Bureau International du Travail, Agence Espagnole de Coopération internationale. Etude de diagnostic sur la situation de l’emploi au Maroc, Rapport Global, 2014.

27 Despite it did benefit the rich more than the poor, except probably for domestic gas, the universal subsidies system was not a major issue for public finance until 2008. At the time of the economic crisis and the raise in market prices, especially fuel products, the subsidies system became a major burden on the Budget, to the point that it reached 7% of Moroccan GDP while the international mean benchmark is of 0.7%. In 2013, just before its reform was enacted, the subsidies system costed 40 billion Moroccan Dirham, that is more than investment budget of the same year.

28 Bennani, Salima (2015).Opcit.

29 Soudi K, Teto A (2004), « Contribution des transferts des Marocains resident à l’étranger à la réduction de la pauvreté : analyse comparative entre différentes sources des transferts – cas du Maroc », Fifth Mediterranean Social and Political Research Meeting, Florence, 24-28 mars.

30 Agence Nationale de l’Assurance Maladie, Feuille de route 2014-2018 : www. assurancemaladie.ma

31 United Nations, Department of Economic Population Prospects, The 2010 Revision, http://esa.un.org/unpd/wpp/index.htm.

adopted a national strategy for the elderly in 2009 whose main priorities were housing and living condition. However, this strategy has not been implemented.[32] According to the available data only one fifth of the elderly have a pension and a medical insurance scheme. For those without any family support, the Entraide Nationale has 44 centres situated in different Moroccan cities. It provides financial and human resources to NGOs hosting them. In 2011, 3224 (1627 women and 1597 men) have benefited from the services of such centres.

A recent study conducted by the Economic and social council pointed out the inadequacy of infrastructures of the centres hosting the elderly in Morocco as well as inappropriate profiles, skills and motivations of the personnel working in these centres. It advocated for a significant improvement of services including appropriate training and recruitment of qualified staff, development of gerontology, and putting in place daily care centre for the elderly.[33]

People with disabilities

According to the latest available data, about one and a half million (equivalent to 5.12% of the overall population) of Moroccans live with a disability. One household in four include at least a disabled person among its members. Also, one in five has never visited a health care institution. Only one person in 100 has access to a medical insurance.[34] In addition, 71.8% of disabled people in Morocco do not have any education. The schooling rate among disabled children 32.4% against 92.6% among non-disabled children. As a result, the poverty rate is higher among disabled people and their families than the rest of the population. To deal with this catastrophic situation, the Ministry of Social Development is in the process of proposing a law that protects the rights of disabled people. The law proposes establishing a fund to promote professional integration of disabled people, help to families caring for a disabled child regardless of their age as well as the creation of a national council for disabled people, which will provide policy advice to the government on the promotion of the rights of disabled people in Morocco. These measures have not yet been implemented and are still under discussion.

Links between social, economic and environmental policies

Economic growth in the last ten years showed a relatively good performance averaging about 4.6% annual economic growth. However, such performance has not been sufficient to impact on labour market. Unemployment in the last ten years was held at 9-10% of which long term unemployment reached 65%. Vulnerable employment also represents more than 50% of the labour force. According to a recent World Bank report, it is estimated that Morocco needs to reach annual growth rate of 6 to 7% to absorb new entrants to labour market.

The economic activity rate among working age (15-64) reached only 51.6% in 2012. Unemployment rate reached 9.2% in 2013. Among youth in general, this rate reached 19.3% and 16.5% among young graduates. Among women, the unemployment rate reached 38%. The number of unemployed reached 1.081.000 in 2013 among which, more than half are primarily seeking employment.[35] In addition to economic growth and subsequent consequences on labour market, Morocco like many lower middle-income faces additional

32 Conseil National des Droits de l'Homme (2013), la promotion et la protection des droits de l'homme des personnes âgées au Maroc http://www.ohchr.org/Documents/Issues/OlderPersons/PublicConsultation2013/MarocCNDH.doc
33 Conseil Economique, social et Environnemental (2015), Avis : les personnes âgées au Maroc. Auto-saisine n° 20/2015 : http://www.ces.ma/Documents/PDF/Auto-saisines/2015/as20/avas20f.pdf
34 Haut Commissariat au Plan, Direction de la Statistique (2009). Population en situation de handicap au Maroc, Profil démographique et socio-économique, Impression Editions OKAD,
35 Haut Commissariat au Plan (2013) enquête Activité, Emploi, Chômage.

challenge of increasing the elderly population without protection against illness, old age as well as appropriate medical services.

In terms of social protection, the social insurance system is limited in coverage. Contribution-based social security is accessible to less than 20% of the employed population whereas social assistance, despite significant increase of coverage remain fragmented, poorly coordinated and suffers from important targeting defects. This is reflected, among others, in the extent of social protection expenditure, which reaches 6.57% of the GDP including health expenditure and 4.51% out of GDP in 2014 excluding health expenditure[36]. Like countries in the same income group, Out of pocket health payments in Morocco are also among the highest in the world representing more than 85% out of total health expenditure.

A recent review of the social protection programmes revealed that more than 50 institutions are involved in all the programmes including both social security and social assistance working in isolation from each other despite attempts to increase coordination both nationally and locally. However, effectiveness and efficiency levels remain low missing the opportunity to reach better results with the same or less resources than those deployed today. The review concludes that the approach followed focused on certain categories vulnerable individuals instead of households making difficult for some groups to be included such as young children under 5; children out of schools who are under 18; the informal sector workers; unqualified youth as well as the elderly who have never worked in the formal sector. Such risks are amplified in the rural areas much more than their urban counterparts.[37]
Furthermore, interviews conducted with senior officials in social and economic sector converge in the assessment of economic and social policy choice in Morocco that prioritise economic growth and entrepreneurship environment enhancement. Social protection is viewed as an output of economic growth and not as a prerequisite for social change and more sustainable and equitable economic growth.

The institutionalization of social protection and new emerging directions

Despite the efforts to extend both the quality of services and coverage, social protection and social assistance programmes in Morocco remain fragmented including some more than 50 stakeholders among ministries, public and semi-public institutions, and more than 140 programmes. One of the key challenges is to establish a coherent public policy on social protection to increase coordination. The Ministry of General Affairs and Governance is taking responsibility on this issue and proceeded in the last couple of years to map out all social protection and social assistance programmes as well as identifying their strengths and weaknesses and propose a common vision for a better policy protection coherence.

Although very high in number of programmes and stakeholders, the current social protection programmes and practices, still exclude large proportions of children and youth, some groups of the economically active population and a large proportion of elderly people and people with disabilities. The lack of a common targeting system as well as a monitoring and an evaluation system remain the biggest weaknesses of the current state of social protection.

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36 Social protection expenditure does not include health care, it consists mainly of :social benefits, or transfers in cash or in kind, to households and individuals with the aim to relieve them of the burden of a defined set of risks or needs; administration costs, or costs of managing or administering the social protection scheme; and other miscellaneous expenditure by social protection schemes (payment of property income and other).

37 Ministry of General and Economic Affairs & UNICEF (2016) ; mapping de la protection sociale au Maroc, étude réalisée par Economic Policy Research Institute

However, elements of a coherent social protection policy in the long run are emerging provided an equitable reform agenda is maintained. The Ministry of General and Economic Affairs, in collaboration with UNICEF and other partners, recently developed a vision for an integrated social protection policy[38]. The document outlined directing principles that shall shape the integrated policy including the necessity to relate the whole components of the policy to the population experienced risks according to the life cycle approach; the integration of such components in a systematic way; the adoption of a pragmatic approach taking into account the economic and political constraints as well as the orientation of such integration towards a fundamental rights of the individuals and the population. Despite the limited scope of reform that the proposed vision is promoting, the integration of existing programmes shall improve their effective

The vision proposes to integrate programmes according to six broad categories:

- All programmes targeting children such as combining the cash transfer programme for education "Tayssir" which targets about 800.000 children and their families, with health programmes for the children under 3 and vulnerable women (widowed, divorced living in poverty) as well as the disabled people. Since many children benefiting from such programmes belong to families facing multiple risks; the integration shall improve the targeting and improve its effectiveness;
- Combining all programmes targeting the economically active population such as employment promotion programmes and associated risks;
- Combining all programmes targeting the elderly with a focus on establishing a social pension that would be introduced progressively;
- Establish a universal health insurance including all programmes with a specific unique provision for the disabled covering all health related costs;
- Combining all programmes targeting people with disabilities;
- Combining all other provisions covering other type of risks such as children and people in residential care institutions and other types of vulnerability.

The vision also recommends the establishment of a commission under the leadership of the head of government office to improve the governance of the social protection programmes and ensure the possibility of integration outlined above. The commission would include representatives of each department or institution involved in social protection and organise its work in the format of working groups according to the six areas of integration outlined above. These elements form an integrated vision for social protection and as such, are a good start toward a more coherent social protection policy in Morocco. They would, however, require strong political will to engage such reform and place it under an accountable governance structure such as the head of government. In order to further analyse the feasibility of such policy reform a political economy analysis focusing on the six areas of integration would be useful to shed light on the groups of interests that would facilitate or hinder such integration especially in the light of the fiscal reform that would be a prerequisite to a viable and inclusive social protection reform. In the context of increasing popular protests expressing dissatisfaction with the current political elites, strong challenges face attempts of reform, though this might also be an opportunity to move toward a more inclusive and transformative system of social protection.

[38] Ministry of General and Economic Affairs & UNICEF (2016), pour une vision politique intégrée de la protection sociale au Maroc

Country Case Study: Tunisia

Tunisian social policies: Background and context

In the Tunisian context, Active Labour Market Policies (ALMP) are an important area of social policies that underwent significant changes in the last few years since new tools were adopted by the government to tackle rising unemployment in the revolution's aftermath. Various government programmes such as Cash transfers (National Program for needy families targeting around 240 000 households), the subsidized health program (640 000 beneficiaries) and High Intensity Labour Force Programs have been used by transitional governments (2011-2014) to calm down social protestations. A national dialogue has also been initiated on the performance of health and education policies in Tunisia. This societal dialogue addressed several burning issues that are relevant to social policy in Tunisia: inequality of access to health services notably in less developed governorates and areas, the content of educational programmes and the effectiveness of programmes to tackle school drop-out rates. However, there are as yet no concrete indicators pointing to whether or not Tunisia is actually moving from one paradigm to another in the field of social protection. The residual approach to social policy is still the principal referential model and is characterised by the absence of awareness among the principal stakeholders involved in the design and management of social protection policies in Tunisia. On the other hand, some interviewees noted the emergence of a new awareness as regards the importance of coordination mechanisms in the implementation process of social policies.

To this end, two major factors have shaped the design/implementation of social policies. The first one could be attributed to the dramatic increase in social pressure and social demand, notably in the aftermath of the revolution in 2011. This conflict has been nourished by the dramatic increase in unemployment rates among the youth (34% in 2016) and the particularly high poverty rates in impoverished governorates (15.2% in 2015 according to the last survey published by the National Institute of Statistics with widening gap between the western regions and the coastline governorates: 30.8 percent in the Centre West and 11.5 percent in the centre east). The current government is trying to cope with ever-growing social contestation. The second factor is the weakening of the state that explains in large part the astonishing rising power of the historical Tunisian labour union (Union Générale des Travailleurs Tunisiens, UGTT). In fact, Tunisia entered into a severe political crisis on July 24, 2013, when a prominent parliament and politician Mohamed Brahimi was killed, following the assassination of Chokri Belaid in February of the same year.

Since that time, the UGTT (Union Générale des Travailleurs Tunisiens) has been playing a major role as a political mediator between the islamist Party Annahda, secular Parties, particularly Nida Tounes and other actors from the civil society. The political consensus in place since the late-2014 parliamentary and presidential elections has stabilized Tunisian politics but is beginning to reach its limits. Despite the formation of a national unity government comprising of the main political parties, the country suffers from a growing sense of socio-regional exclusion and mounting weakening state authority, which are nurtured by spreading corruption and clientelism. Continuing the democratic transition and achieving economic recovery will require this consensus to be deepened beyond current arrangements between political and union leaders. All those factors combined to the weakening of the actual ruling party Nida Tounes, have led *de facto* to the UGTT becoming the major political player in Tunisian politics.

Nevertheless, at senior social policy level, it would appear that there is no strategic vision guiding the implementation of social policies in Tunisia. In seeking to appease social tensions, the government is not able to focus on more transformative forms of social change. At a more macro-level, it may also be argued that Tunisia faces deep challenges in terms of what paradigm of governance it will pursue.
A change of paradigm should imply the change of the governance model. According to one senior official, the case of universal subsidies (Food and energy), for instance, could be taken as a relevant example of effective regulation of the public sector. It raises the question of whether or not Tunisian political parties have a real commitment to changing the governance model in Tunisia.

Changing the mode of governance in Tunisia would imply a more participative approach, greater decentralisation and accountability, and most importantly, the reform of the public service. More recently, the first signs of a change could be detected at the level of education policy in Tunisia through the introduction of some changes at the level of the governance of the educational establishments and the professionalization of key stakeholders. In addition, the dramatic increase in the central government wage bill (13 percent of GDP in 2015) deemed to be among the highest in the World, of cash transfers for needy families, the vast wave of job creation in the public for social/political aims shows that there was a populist tendency which increased on a large scale at the time of the Troika (Islamist Party Nahda, Takattol and CPR, two secular parties). Social protection policies are far from being based on the transformative approach which deals with the inequalities and the poverty upstream of the policies design process in Tunisia.

What can therefore be noted in Tunisia is that since the 2011 revolution, there have been piece meal reforms in the sphere of social protection policies. The rationale of those measures as seen from the policy side, is to mitigate mounting social pressures and discontent, for instance, the decision taken by the government to increase the amount of cash transfers and the overall number of beneficiaries. It may also be argued that the current set of social policies in Tunisia appear as the continuity of the policies conducted before the revolution contrary to what is said across official discourse. Social protection policies are still implemented on the basis of a residual approach. Even in the case of the transition of workers, for instance, from the informal to formal labour markets, there is an absence of a holistic and coherent vision. The few initiatives that are in place are too dispersed and without any coordination between the government departments involved in this initiative.

Links between social, economic and environmental policies

Ties between the economic, social and environmental policies are very weak in Tunisia as the government considers social concerns as a residual matter in comparison to how important economic growth policies are. The content of social assistance programmes depends on the performance of Macroeconomic policies and economic growth. This weak coordination between social, economic and environmental policies has worsened after the revolution.

The conflictual relationship between workers and employers in the Tunisian private sector have always heavily impacted upon the relation between social policies and economic policies. Those tensions are due to the positioning of Tunisian industry along the international value chain. Indeed, comparative advantages never evolved and stayed stuck in low value added activities. Only a change in terms of the model of international and the industrial

development policy could mitigate the existing tensions and facilitate the national social dialogue.

All the policies (social, economic and environmental) are carried out independently of each other in Tunisia and in total dichotomy. The Ministry of the Environment was never regarded as being a transectoral department that is linked to all sectors. There is some coordination that exists between social policies and economic policies which may be reflected through planning documents such as the annual Economic Budget and the Five Year Plan of Development. The key challenge lies in the emerging paradigm for the design of development policies in Tunisia. This model is based on two dynamics: (1) the endogenization of the populations' aspirations for a more inclusive and equitable growth, and (2) the conduct of sound macroeconomic policies. However, it may be argued that it is difficult to reconcile these two aspects.

In view of the deep economic recession that Tunisia is actually undergoing as well as the importance of the security challenges in the country, it is difficult to see how the country can reach a coordinated approach between economic, social and environmental aspects. Governments are giving more importance to economic and social issues and less to environmental problems. The Tunisian government is currently giving impetus to civil society initiatives in the field of social and solidarity based economies, local development and a few initiatives on environmental issues.

The politics and political economy of policy choice

Policy choices in the social and economic spheres in Tunisia have become heavily influenced by political choices in the transitional period. The ruling political parties (Nida Tounes and Nahda) have adopted many measures at the expense of economic rationality (all the governments since the revolution have decided to extend the scope of the cash transfer flagship programme (PNAFN: Programme National d'Aide aux Familles Nécessiteuses) to cover 230 000 families in 2015 corresponding to 5 percent of the total population (118000 families in 2010). The amount of the cash transfer has been doubled passing from 75 dinars per month (37 dollars) in 2010 to 150 dinars (75 dollars) in 2015). Those policies have been guided more by their impact on voting considerations rather than by their economic or social rationale. The labour union (UGTT) is the main non-state stakeholder in the field of social protection and social dialogue. The Ministry of Social Affairs has to take into account all the UGTT's positions and proposals before moving forward in any reforms or decisions in the field of social protection and social dialogue.

There are also a few economic activities which are pushing towards alliance between the trade unions and employers in Tunisia**.** The economic and social choices are determined in Tunisia by two major official documents: the annual economic budget and the Five Year development plan. However, the content of the social policies as well as the space of flexibility given to ministries are discussed within an arbitrage process with the Ministry of Finance. This arbitrage is usually guided by the available budget and the fiscal space for each policy. Additional factors that influence public policy choices are also influenced by popular demands and the labour union without being supported beforehand by scientific arguments and evidence-based studies. Hence, the Ministries of finance, social affairs, education, health and planning are heavily involved in the design and the implementation of social policies.

The implementation and institutionalization of social policies

The key institutions shaping the financing and management of social policy in Tunisia are:

- The Ministry of Social Affairs which manages non-contributory (social assistance programmes) and the contributory schemes (three major institutions manage social insurance for workers: The Tunisian Social Security Fund (Private sector), the National Pension and Social Providence Fund (Public Sector) and the Tunisian National Health Insurance Fund;
- The Ministry of Finance (Fiscal Space of social policies);
- The Ministry of Education;
- The Ministry of health;
- The Ministry of Employment and Vocational Training

The main factors that have shaped and driven social policies since the revolution are the ever-growing pressures and the challenges related to youth unemployment, pervasive poverty in some impoverished regions, informality in the labour market. Ministries have to execute and implement the strategy of the Government (Education, Health, Social protection). Major economic and social reforms are designed and implemented under the supervision of the presidency of the Government.

Social and economic development outcomes

The main factors that determine the success of the public polices of the Tunisian government are a peaceful social environment which may be enabled through the support of all the main stakeholders involved in the national social dialogue. Failure is largely due to ineffective policies and programmes and the absence of coordination mechanisms. Whereas Tunisia allocates annually 18 percent of its GDP to social transfers, poverty and unemployment remain at high rates. This calls for the need to evaluate social protection and active labour market policies. Hence, a number of evaluations have been undertaken in the field of social protection (operational evaluation of social assistance programmes, targeting accuracy, impact evaluation of cash transfer programmes) by the Centre for Research and Social Studies (CRES). [39]

It would be premature at this stage to offer judgement on the impact of social policies since few ex-post evaluations have been undertaken in this field. Nevertheless, results could be considered as mixed and problematic in the domains of education (high drop-out rates, mismatch in terms of the labour market between the output of the education system and the labour demand, the health system (low quality of services, high level of out-of-pocket health expenses) and social protection (high rates of inclusion and exclusion errors, low effective coverage for some professional categories and rising informal employment).

Country Case Study: Oman

The nature of social policies and programmes

The Government of Oman’s (GoO) ‘Vision for Oman’s Economy: Oman 2020’ expresses the commitment to tackle and enhance the country’s social and economic development. In terms of social protection, it notes the need to improve the social protection system especially for the vulnerable segments of the population. The vision recognises and highlights the importance of data in order to develop effective development projects that can then be

39 http://www.cres.tn/uploads/tx_wdbiblio/Rapport_CRES_mai_2017.pdf

evaluated.[40] In addition to government statistics via the census, other studies that include relevant data include the draft Situation Analysis of Children and Women in Oman conducted in 2014 by UNICEF and the first Multiple Indicator Cluster Survey (MICS)/household survey conducted jointly with the National Centre for Statistics and Information.[41] According to the ILO[42], social security statistics are unreliable and there is a lack of data for social insurance schemes targeting specific groups of the population.[43]

Oman has an established comprehensive social protection system. As a result, a wide range of basic services are available, such as access to insurance against old age, disability and death, maternity, health care and education. Considerable investments have led to substantial social development progress, which include significant reductions in child mortality[44] and child immunisation rates.

The Constitution of the Sultanate of Oman also known as "The White Book. The Basic Law of the Sultanate of Oman", was adopted by Royal Decree No. 101/1996 and issued on November 6th, 1996. Article 12 of the Constitutions provides: "*The State guarantees assistance for the citizen and his family on cases of emergency, sickness, incapacity and old age in accordance with the social security system. It also encourages society to share the burdens of dealing with the effects of public disasters and calamities."*[45] Oman is a signatory to a number of Human Rights Conventions that have implications on social development. Conventions include the Convention on Elimination of Discrimination against Women (CEDAW), the Convention on the Right of the Child (CRC), and the recent Convention on Discrimination against Persons with Disabilities (CPWD).

Social spending has increased since the 2011 protests which occurred throughout the Arab region. As a response to the protests a number of changes were made. These included a 'marriage fund'[46] to provide assistance to low-income young people, an increase of the minimum salary by 43%, a monthly allowance for individuals registered as job seekers, an increase in the monthly allowance for students at universities and vocational schools from 25 to 90 Omani Riyals (OR) and to promise to create 50,000 new public sector jobs. There was also an increase in civil servant wages, which represented a pay hike of between 5% and 42% for public-sector employees. In terms of food security, the price was fixed for essential food commodities such as rice, and subsidies products such as sugar, wheat and local produced fodder were subsidised. The economic concessions made since the start of the protests in late February were estimated to be OR1 billion.[47]According to the 2015 budget, the budgeted current and capital expenditure for the GoO Ministries were: Education (13%), Health (5%), Social Security and Welfare (4%), House (4%), Public Services (4%), Others (7%). This constitutes 37% of the total budget.[48]

40 ESCWA, 2009.
41 UNICEF, 2014. See also https://www.ncsi.gov.om/
42 A social enquiry is being conducted
43 http://www.ilo.org/dyn/ilossi/ssimain.home?p_lang=en&p_geoaid=512
44 11 per 1000 live births < http://www.who.int/gho/countries/omn.pdf?ua=1>
45 http://lexarabiae.meyer-reumann.com/blog/2010-2/healthcare-in-the-sultanate-of-oman/
46 An amended proposal was sent to the Council of Ministers at the end of 2013. The fund aims to benefit 2,500-3,000 Omanis per annum. It provides a grant of OMR 4,000 to unmarried Omanis with a salary less than OMR800. The existing fund supports those earning less than RO600 a month < http://www.timesofoman.com/article/44800/Oman/Marriage-fund-yet-to-see-the-light-of-the-day-in-Oman> < https://www.y-oman.com/2014/04/marriage-money>
47 Bailey and Willoughby, 2013; ILO, 2011; Valeri, 2011.
48 KPMG, 2015.

The ILO's The Decent Work Country Programme[49], which started in 2010, was recently extended till 2016.[50] This will focus on four priorities which include – the 'omanisation'[51] of employment policies which aims to support productive work in the private sector, enhance employability of Omanis through strengething technical and vocational education and training and reduce dependence on foreign labour. National legislation related to the Unemployment Insurance Fund will also be introduced.

The GoO has established a number of initiatives to increase SME financing. A microfinance institution (MFI) called the *Sanad* Project, targeted for unemployed youths, was established in 2001 by the Ministry of Manpower (MoM) to encourage young entrepreneurs by providing loans and network opportunities.[52] Between 2001 and 2012, 3184 projects were funded. The Fund for Development of Youth was established in 1999, with a grant of RO 1 million granted by His Majesty, to encourage young Omanis to start SMEs[53]. In 2012, the Minsitry of Commerce and Industry (MoCI) launced an SME Development fund (also known as *Al Namaa*), with an initial capital of OMR100 (approx US$260m) to subside finance for entreprenuers.[54] In 2013, as MFIs started to proliferate, all the funds were merged into one programme called the *Rafd* Fund.[55]A recent amendment to the social housing law had made it easier for low-income workers to obtain a loan. The maximum limit for interest-free loans was increased from RO20,000 to RO30,000[56]. In 2009, a fund worth OR7 million (approx.US$18.2 million) was set up for women involved in agriculture.[57]

The politics and political economy of policy choice

Oman is a middle-income country that is heavily dependent on decreasing revenues from oil resources. Because of declining reserves and a rapidly growing labour force, the government has pursued a development plan that focuses on diversification, industrialization, and privatization, with the objective of reducing the oil sector's contribution to GDP to 9% by 2020 and creating more jobs to employ the rising numbers of Omanis entering the workforce. Tourism and gas-based industries are key components of the government's diversification strategy. However, increases in social welfare benefits, especially after the Arab uprisings of 2011 may challenge the government's ability to balance its budget if oil revenues continue to decline.

In response to protester demands following the 2011 Arab uprisings that swept across the MENA, The ruler of Oman, Sultan Qaboos promised to implement economic and political reforms, such as granting legislative and regulatory powers to the Supreme Council (Majlis al-Shura) and introducing unemployment benefits. Additionally, in August 2012, the Sultan announced a royal directive mandating the swift implementation of a national job creation plan for thousands of public and private sector jobs. As part of the government's efforts to decentralize authority and allow greater citizen participation in local governance, Oman successfully conducted its first municipal council elections in December 2012. The municipal

49 The Sultanate ratified four of the ILO's eight core conventions since its accession to the Organisation in 1994. In June 2010, Oman became the second Gulf state, after Bahrain, to sign a DWCP. http://www.ilo.org/global/about-the-ilo/decent-work-agenda/lang--en/index.htm
50 http://www.ilo.org/public/english/bureau/program/dwcp/download/omandwcpextension2014-2016.pdf http://www.ilo.org/beirut/media-centre/news/WCMS_245915/lang--en/index.htm
51 Operational since 1988
52 http://www.oxfordbusinessgroup.com/analysis/small-mighty-financing-and-other-services-expand-support-smes
53 The fund also accumulated equity from private companies
54 http://www.arabianbusiness.com/oman-launches-us-260m-sme-development-fund-455140.html
55 Hussein,. 2014.
56 http://www.arabianbusiness.com/oman-relaxes-low-income-housing-loan-laws-527029.html
57 https://freedomhouse.org/sites/default/files/inline_images/Oman.pdf

councils gained the power to advise the Royal Court on the needs of local districts across Oman's 11 governorates.

In recent years, the Sultan has made various statements that revenue from oil will not be sustainable, and called for increased efforts to support Small and Medium Enterprise development and entrepreneurship. Government agencies and large oligarchic companies acted accordingly, announcing new initiatives to pass on non-essential functions to entrepreneurs, support new businesses, train and mentor new business people, and provide financing for start-ups. In response to fast growth in household indebtedness, the Central Bank introduced various debt alleviation measures such as reducing the ceiling on personal interest loans, lowering mortgage rates and capped the percentage of consumer loans at 50% of borrower's salaries for personal loans.

Social and economic development outcomes

Oman has made important strides in its Human Development Index over the past 40 years and is considered by UNDP as one of the world’s best performers in terms of its achievements in human development as measured by its HDI. Road, transport and communications infrastructure has been built and effectively enhanced linkages between communities. Women’s participation in the labour market rose from 7.6% to 23% between 2003 and 2010 and enrolment rates of girls in post-basic education (grades 10-12) are now at 88%. Oman’s strong performance on many of the Millenium Development Goals (MDGs) reflects a combination of measures that helped tackle the underlying determinants of material poverty, well targeted and executed programmes, and political will. Thus, Oman serves as a model high-income country investing in both economic development and its human capital.

There have also been progressive developments in social policy in Oman to create a more protective environment for children and women which include ratification of the Convention on the Rights of Persons with Disability. The Omani government has increasingly turned its attention to the rights of people with disabilities. Oman has developed legislation that supports women and a strategy for empowerment of women is under preparation. Over the past few years, national legislation has been issued on women’s representation in elected bodies, and a number of women have been appointed by the Sultan to the State Council. Much of Oman’s economic progress has been enabled by a sustained period of high oil prices. Nevertheless, the volatility of commodity prices has returned in recent months with oil prices experiencing 50% decline in 2015 alone, and this decline may well remain in the near future. To reduce reliance on revenue from oil, the diversification of the economy has become a key priority for the Omani government whereby the focus will be on undertaking structural investments in new areas, such as the knowledge economy and medium, small and micro enterprises. It will also require putting in place sets of incentives that can re-balance public sector and private sector employment differentials. In this context, the Omani government has embraced the Post-2015 Millennium development goals as a key framework for devising new social policies. The SDGs require governments to not only achieve one set of goals as with the MDGs but three at the same time: economic growth and poverty reduction, social inclusion, and environmental sustainability.

The implementation and institutionalization of social policies

Health

Oman has a system of (almost) free, universal medical care, based largely on public sector providers. Until 1996, all healthcare services were free at the point of delivery, but given the

burden on the government budget, a small fee was subsequently introduced. Since then a family card has to be bought for one rial every year and consultation costs 200 baisas. Health spending as a percentage of GDP over the last three years was 1.7% in 2013, 1.93% in 2014 and 2.15% in). According to the IMF in 2001 Oman spent approx. 3.66% of GDP on social protection and health care. As a result, approx. 90% of the population is covered by universal health care services (ILO 2011). The Omani Health Vision 2050 rests on the World Health Organization's framework approach. The Ministry of Health has developed a series of Five Year Health Development Plans in order to achieve it. It is planned to set up 10,000 health centres by 2050 in order to meet the requirements of a rapidly growing population.

Disability

The GoO signed the Convention on the Rights of Persons with Disabilities (CRPD) in 2008 and ratified it in 2009. Through a royal decree (No. 63/2008) a person with disabilities is given the right to preventive and rehabilitation health services (articles 5 and 6), education (article 7), vocational rehabilitation (article 8), work (article 9) and participation in social, cultural and sports activities (article 11). In 2010, it was estimated that 3.2% of the Omani population was affected by disabilities in 2010 (65,506).

There are specific programmes for children such as community based rehabilitation and home visits. In addition, there are three specialist centres for the education of children with difficulties seeing, hearing or speaking and 300 schools with integrated provision for children with special needs. Oman has attempted to make education more inclusive by adopting the National Strategy for the Disabled.
UNICEF and the GoO jointly determined two strategic areas in the Country Programme 2012-2015: (1) early childhood learning, care and development; and (2) child-centred, inclusive strategies and plans.

Education

Under the Royal Decree No. 22/2014, education is both compulsory and free. The average net enrolment rate for the academic year 2012/13 was 98.2% in State schools for grades 1 to 6, while the average net enrolment rate in the educational system for grades 7 to 9 was 95.5% (UN General Assembly 2015). In 2014, Early Childhood Development (ECD) standards were put in place, as part of the National Action Plan on Early Childhood Education (ECE) thereby enabling Oman to promote a multi-faceted approach to early childhood. This includes nutrition since Oman suffers from persistent nutrition challenges in regard to young children. Its progress against global WHA targets are all currently off course. In 2011, UNICEF and the Ministry of Health launched the 'Child Nutrition Campaign' to raise awareness and behaviour change and reduce malnutrition in children under the age of five. A national nutrition survey will be conducted as soon as next year, which will provide an evidence base for future policy-making. Enrolment in ECE quadrupled between 2010/2011 and 2013/2014 and currently stands at 55%. Access to quality ECE for rural and low-income children needs to be strengthened in order to enhance equity.

Cash transfers

In 1984, social assistance programmes were set up to assist the vulnerable. This group includes orphans, disabled, widows, divorced or abandoned women. In 2007, 49,500 people benefitted from such financial stipends. Between 2010 and 2011, cash transfers doubled from 40,000 to 80,000 and reached 84,000 by 2014.

Commodity subsidies

The GoO grants subsidies to producers of various essential items. Due to a slump in oil prices, the GoO cut subsidy spending on various food items by 48% in the first quarter of 2015. It was argued that the subsidies were ineffective because they didn't target the poor. On the other hand, Petroleum product subsidies cost the government OR1.5 billion. Other cuts are being considered. The IMF (2013) also noted that general subsidies that disproportionately benefit the well-off need to be targeted towards the poor, in order to achieve a sustainable fiscal position.

Social insurance

Since 1992, a comprehensive pension system has been in place, overseen by the Ministry of Manpower, which provides old age, death and disability pensions to both public and private sector employees. The administration of the private sector segment comes under the Public Authority for Social Insurance (PASI). This is a system of shared contribution between the government, employer and employee. PASI recently approved its 2016-20 plan, which aims to cover the entire Omani population under social protection. Voluntary insurance was recently introduced for the self-employed and social Insurance coverage could be extended to non-Omani workers in the near future. In 2014, the Social Insurance System covered 14,116 employers compared to 11,130 in 2013. The number of active insures in the Social Insurance System increased to 197,510 in 2014 from 181,860 in 2013 (PASI 2014). An amended social insurance law by Royal Decree 61/2013 came into effect from July 2014 which increased pensions by 5% amongst others. Oman currently has eight governmental pension funds, which consist of workers both in the government and the military.

Migrants

Social protection provisions exist for temporary migrant workers. Short-term benefits include health care, work injury benefit, sick pay and maternity leave. Family benefits such as health care and allowances are non-compulsory.

Synthesis of Key Findings

The MENA cluster research shows that countries have a combination of residual and corporatist governance models in relation to social policy. There are two over-arching tendencies both of which fall short of universal coverage or adequate benefit levels: (1) employment based social security which means that formally employed private sector workers 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; (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 for several decades now since independence in the 1940s and shows no sign of dramatic 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 neo-liberal stance whereby the private sector is the main engine of social and economic prosperity, though often it is the political establishment that are the main owners of capital such as in telecommunications and industry. The current donor-sponsored reform of food and fuel subsidies which is taking place in the countries examined in this report is occurring as part of these trends. Residual or 'productivist' models of social policy give priority to economic growth over more equitable mechanisms of redistribution and universal non-contributory coverage.

The arguments for the intrinsic importance of social policy or even the need to eradicate poverty and social inequality have yet to be won in MENA, and indeed face growing challenges. The definition of social protection is based primarily on the fulfilment of human needs and the protection of socially vulnerable groups as demonstrated by the precedence given to social safety nets in social policy discourses. Thus, MENA countries are still far away from the discourse of social rights and it is not evident that the reforms underway are truly comprehensive or transformational in scope. The focus on needs and social safety nets contradicts government policy rhetoric in some MENA countries that seek to 'help citizens achieve their full potential'. Thus, MENA countries remain socially conservative societies where it is envisaged that the family will play the central role in issues of moral and social identity.

This report highlights a lot of diversity in the region especially between the oil rich countries and the other lower and middle-income countries. This diversity extends across the range of social policies provided and the sources of financing. For instance, as a high Income country, Oman has invested heavily in social safety net policies and interventions for its country nationals. It now faces the challenge of reducing their financial and economic dependency on incomes derived from oil revenues to stimulate social enterprise and levels of youth employment. The key challenge for Oman in terms of social policy is how to develop human capital and effective active labour market programmes that promote social mobility. The Gulf countries in general, stand apart in terms of the political and economic context of social policy there due to their relative wealth. As such, it should also be recognised that Oman has made important strides in its Human Development Index over the past 40 years and is considered by UNDP as one of the world's best performers.

In contracts, in low to middle income countries, such Jordan, Egypt, Tunisia and Morocco income inequalities and lack of jobs pose a continuing challenge. These countries would benefit in the short to medium terms from administrative reform of their social assistance and social insurance systems in order for social protection services to better reach vulnerable groups. Lack of basic social protection services are significant here, with Jordan also experiencing the burden of a growing refugee population. As well as suffering from serious humanitarian and development issues such as drought, malnutrition, high infant mortality and illiteracy, these countries are also heavily dependent on foreign aid to fund social protection and development programmes. Not all these countries are resource poor but some, like Jordan, lack human capital resources to drive economic development. Cash transfer programmes, food and fuel subsidies as well as school feeding programmes that seek to improve access to human development opportunities such as health, nutrition education and employment, are considered to be among the main new initiatives in terms of new directions in social policy in the countries studied. At the institutional level, lack of inter-sectoral cooperation continues to pose a challenge, such as the decision in Egypt to reduce subsidies of liquefied gas, while approving use of coal in cement factories as a cheaper source of energy.

Thus, in response to the key questions guiding this paper, it is possible to synthesise the findings of this report as follows:

1. The nature of social policies and programmes:
    - The "new" social policies and programmes that are being pursued by the five countries appear to be mainly in relation to the reform of social safety net programmes and the extension of health insurance programmes targeting the poor.

This trend is not towards a more comprehensive and socially transformative system, but rather, remains based on a targeted understanding of social protection focused on vulnerable social groups. The meaning of social protection that is orienting these changes nevertheless embraces the concept of solidarity more though it is possible to argue that this remains at discourse level mainly. Real challenges remain in terms of finance, information provision and access to services.

2. Links between social, economic and environmental policies:
   - The effects of climate change are felt across the MENA region but the extent to which they find expression in social policy remains questionable. In Jordan, the government has implemented several reforms in the energy sector since 2011 and has made progress on promoting renewable energy and mitigating the effects of climate change. In fact, since 2014 the National Electric Power Company has reduced its losses and carbon emission have decreased. The government has also launched a Green Growth Plan which brings together action on climate change, promoting tourism and local development, and strengthening the power grid. At the other extreme in Tunisia, ties between the economic, social and environmental policies are very weak in Tunisia as the government considers social concerns as a residual matter in comparison to how important economic growth policies are. The content of social assistance programmes depends on the performance of Macroeconomic policies and economic growth. This weak coordination between social, economic and environmental policies has worsened after the revolution.

3. The politics and political economy of policy choice:
   - Since political stability has always been the main determinant of policy choice in the MENA region, it may be difficult to view current policies as transformative rather than temporary crisis management tools accompanied by a new political discourse and different justifications. In Egypt for example, the current political discourse justifies the IMF loan and related reform measures as a last resort, emphasizing on the importance of "sacrifice" to save the Egyptian economy from an expected collapse. In oil economies like Oman, social policy decisions are made or broken on the availability of oil finance and thus, volatility in relation to the price of oil is the status quo. Because of declining reserves and a rapidly growing labour force, the government has pursued a development plan that focuses on diversification, industrialization, and privatization, with the objective of reducing the oil sector's contribution to GDP to 9% by 2020 and creating more jobs to employ the rising numbers of Omanis entering the workforce. Tourism and gas-based industries are key components of the government's diversification strategy. However, increases in social welfare benefits, especially after the Arab uprisings of 2011 may challenge the government's ability to balance its budget if oil revenues continue to decline.

4. The implementation and institutionalization of social policies:
   - Social protection systems remain fragmented between relatively limited social insurance coverage and attempts of extension to reach those who have the means to contribute, and large scale social assistance programmes. There are signs of a beginning to move from residual systems, though very slowly, toward more inclusive social protection. Among these are some of the unemployment insurance and the health insurance schemes to independent workers and students that have taken place recently in some of the countries discussed in this report. The countries discussed in this report have succeeded to various degrees in improving access to social protection,

especially for the vulnerable and for the poor population in the areas of health care, access to education, promoting employment and improving living conditions. These efforts aim to generalize social protection including pension and medical insurance, as well as maintaining purchasing power through subsidies of basic food and fuel products. Despite these efforts, the intended consequences of these policies are not yet achieved. Among the major challenges faced by these policies is the fragmented nature of these initiatives and programmes, which lack coherence and efficiency within a unified system. Social insurance programmes are fragmented and dispersed in many schemes and suffer from a lack of coordination. Social assistance programmes remain sectorial with diverse targeting methods. An important fraction of the population that qualify as vulnerable is not yet covered by any of the existing pension and medical insurance schemes.

Conclusion: Key Messages

MENA countries have made small step changes in relation to social policy since the Arab uprisings. The main government priorities continue to be focused on economic growth, in the face of persistent social inequalities and 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 mainly characterised by being neither formally employed nor extremely poor, yet still experience hardship and exclusion.

There are some major national poverty targeting programmes in Egypt and Morocco such as Karama and Tayssir that reach large populations but the way in which the eligibility criteria and the assessment of poor households is carried out 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 adoption of targeted services might not be received positively by the local populations, further undermining political stability.

Although MENA governments recognise the need to improve the quality and extend the coverage of social policies comprising of both social security and social safety nets, these remain fragmented such as in Morocco where there are more than 50 stakeholders among ministries, public and private institutions, and more than 70 programmes. One of the key challenges for all the MENA cluster countries is to establish a coherent public policy for social protection that can be financed adequately from state funds in a sustainable manner.

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