



**Arab Labor Conference  
39<sup>th</sup> Session  
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**Summary  
Social Protection as a Means for Social  
Justice and a Guarantee for the Future  
Generation**

Report of the Director General of the Arab Labour Office  
Item One – Section One

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## Introduction

In our report for the 39th session of ALC, we discuss “Social Protection : **A means for social justice and a guarantee for the future generation**”. For the first time, a link has been established between social protection and social justice, as well as between the present and the future. As the Arab Labor Organization’s is incessantly concerned with issues of employment, manpower planning, organizing labor markets, among other issues that represent the Organization’s core, discussing “protection” is a normal development.

Several issues forced us to select this subject, as previous reports proved that unemployment does not mean just a loss of income and a damage of production capabilities, but rather it represents a serious threat for social peace and security; it is also a reason for social marginalization and a bitter disappointment, especially among the youth.

We also noticed that the issue of unemployment and employment is not a problem of quantity, which means finding an adequate number of job opportunities, but rather it is a problem of quality of work, which is more complicated. It is evident that low payment rates keep a significant number of workers under the poverty line, whereas a considerable percentage of job opportunities are in the informal sector, which lacks social protection and work conditions are indecent. Lack of job security colors this sector,

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and to a less degree in other formal sectors, including the government sector.

The Arab Social and Economic Summit adopted serious resolutions regarding employment and reducing the poverty of workers, based on efforts of the Arab Labor Organization in conducting wide scale consultations with social and economic partners. Although these resolutions were specific and clear, what has been achieved in practice is symbolic, on the Arab level, and limited, on the national level.

Peoples went to the streets, starting from Tunisia and Egypt, calling for a change for this reality. Their demands and aspirations were as simple at first as more job opportunities, better work conditions, a bit of social justice, and fighting corruption. As victims fell, peoples demanded political and economic reforms, and in some cases called for the change of regimes. Some Arab governments responded to the demands, yet some responses were late or partial, and thus the Arab Spring has seen the light. The Arab World through spring onward is not the same Arab world one year ago.

The development of social protection and the provision of decent jobs have been a prime demand for Arab officials and developments since the start of the Arab Spring.

Perhaps some may ask whether this is the proper time to discuss social protection, especially as several Arab economies suffer timeless stagnation and recession. As our report indicates, we are fully convinced that the



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development of social protection is a part of the solution. Conditions of employment and unemployment were the main reason for the uprising of peoples. As nothing has changed, the motive is still strong for peoples, especially with more freedoms that allow peoples to express their resentment and anger.

The Arab World goes through a bottleneck that would lead, according to the opinion of the majority, to the good and welfare of the public. Effects of the global crisis on employment further enhance this crisis. History indicates that the categorical development of social protection always emerges from severe economic and social crises: adopting new systems were witnessed after the economic crisis in Europe by the end of the nineteenth century, and similar social protection systems adopted in the United States after the Great Depression in 1929. The development of such systems in some Asian countries took place after the Asian financial crisis in the 1990s. The development of social protection for a better social justice is a part of the solution, despite the economic difficulties, which were then at its peak.

We are fully convinced that the development of social protection is not controlled by economic budgets or the link between incomes and expenditures of these systems. Rather, it has more to do with society as a whole, and whether the society seeks better social justice or it may accept a great disparity in incomes and protection, and duly deems this an incentive for more production.

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This question was implied in the core of economic reform programs in the Arab states as well as other states. In recent years, formulas prescribed by international financial institutions for economic reforms were preferred and adopted, and though globalization was inhuman and untamed in some aspects, its requirements were met. The result was the reduction of social expenditure, while priorities of social protection were postponed, and social network programs taken to the front. Such networks aim at social protection but they are of a temporary nature and target alleviating effects of economic reforms on society. Complementary to reform programs, they cared about giving guarantees to capitals and protection from social threats, rather than giving dignity to labor and improving labor conditions.

This approach led to an unlimited number of crises, including the global financial crisis, which still threatens the European economic giant. It is not then surprising that this approach is currently reviewed searching for reforms and alternatives, and perhaps what has been discussed in Davos Economic Forum this year is an attempt to realize this.

In the Arab states, we need to do more than that. A deeper look at reports of the global financial institutions, we would see them commending the outstanding economic performance of two Arab states; yet, the truth is that peoples of these two states went to the streets in mass protests, almost simultaneously, and changed the ruling regimes. Threats of such mass protests are still embedded, unless employment conditions improve significantly.

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Reviewing social protection systems worldwide reveals another important fact: propagation and development of social protection systems do not relate primarily to GDP in such states and the per capita in them. Development was a desire and a choice, yet richer states need to exert more efforts to develop their social protection systems, and they are capable of doing it.

For all of this, we find that it is the appropriate time to discuss the issue of social protection in our report for this session.

Our objective in this report is to be comprehensive, as if we are instituting a vision to control the work of the Arab Labor Organization in the next years. We meant to extend our explanation and clarification of data that may be needed by specialists, and for that reason explanatory margins were deliberately enhanced. Production parties are concerned with results and commitments of social protection systems, but they often monitor these systems remotely. Social security institutions, and, sometimes, independent ministries, are concerned with the details. Though they are closer to social protection systems, these bodies are not fully aware of the features of these systems, like poverty reduction, social security networks, health care, especially children and maternity programs, among other activities that are not among the direct care services provided by social security institutions.

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Therefore, as we gathered pace to be comprehensive on this topic, we had to set in this report our perception for social security, as a means for social justice.

Social protection is dealt with in this report in the broader sense of the term. It includes the concept of social insurance that protects from loss or insufficiency of income from work due to an illness, disability, maternity, injury, unemployment, ageing or death, as well as insufficiency of subsidies to independent children or adults. The concept of social protection undertakes means to reduce poverty, social exclusion, lack or loss of income due to economic reforms, especially privatization programs, free trade exchange and their consequences like dumping, social disorder or unemployment.

Hence, our approach to this issue should not be reduced to the limits of traditional social insurance, that is financed in whole or in part by contributions from workers and employers, which is barely the main concern of social insurance institutions in Arab states.

This comprehensive approach led us to review conditions of social protection in Arab states, making useful comparisons with foreign states, as we considered social security networks, which have been widely spread since 1990s. We also discussed social protection in two sectors that suffer acute lack of protection, namely the agricultural sector and the informal sector. As we reviewed conditions of protection, we mentioned traditional challenges protection always faces as well as the new challenges, which

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will be discussed in the due chapter. The new challenges are caused by the global economic crisis, which has significantly afflicted Arab states. Social protection is also affected by the consequences of economic reform programs. Perhaps consequences of Arab uprisings and revolutions are more important than other challenges, as they are motivated and fuelled by lack of protection, which is an implicit challenge ready to explode anew.

The third chapter of the report discusses the relation between social protection and social justice, adding that this relation shall not be positive without sound social development, balanced with economic development, and creates an atmosphere of equality between all genres of people, especially youth, women and workers in the informal sector or the agricultural sector. As we hope that fighting poverty and exclusion comes as a priority of development, as announced, social protection shall be the tool to attain this noble target. Social protection is not an urgent demand under normal circumstances, but it becomes imperative during economic and social crises. Unfortunately, Arab states are more vulnerable to such crises, and thus social protection is needed to defuse tension, reduce sufferings and eliminate risks of crisis aggravation.

The report concludes in chapter four with the theme of integration to activate social protection as a guarantee for a better social justice. In this chapter, new roles are suggested for each of the production tripartite and for the Arab Labor Organization, within the framework of the new horizons of social protection as a means for social justice.

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There are many ideas on the suggested roles for production parties but it may be too early to put in place a new strategy for social protection as a support of social justice in the Arab world. It may be hard to achieve this objective, but what can be easily attained is adopting a number of suggestions put together in the conclusion. These suggestions are classified in five levels:

- Arab summit institution
- Arab governments
- The role of employers
- The role of Arab trade unions
- The role of the Arab Labor Organization

The Arab Labor Conference is called upon to adopt a number of approaches, especially those discussed in the conclusion of the report.

Best wishes!

**Ahmed M. Luqman**

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## Preamble

- **Report objectives and chapters:**

The Arab world witnessed several uprisings, where Arab peoples called for the significance of endorsing and supporting social justice, development of human resources, giving more focus on strategies and policies of social protection that aims at fair and sustainable development for all sectors of the society. They also called for the integration of efforts of the Arab world, as a regional entity with similar economic and social conditions, so that Arab citizens may touch the development outcomes. This integration supports the feeling of national belonging, boosts national ability to lead development through setting objectives and measuring results based on studying Arab population conditions, as well as Arab human capabilities compared to other regions in the whole world.

Identifying conditions of social protection in the Arab World, it is inevitable to gather pace to realize social justice. It is a concept that we have called for and believed in for long, but perhaps this is the proper time to see it as a concrete reality for future generations. Political and public movements that give guidance to governments should gather pace, develop and communicate to realize social justice, based on their responsibility to secure jobs, payments over a job and the ability to work.

Therefore, the report “Social Protection as a Means for Social Justice and a Guarantee for the Future Generation” aims at reviewing social protection

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conditions in Arab states and measures of social security in relation to social protection as connected to Arab labor force, insurance against unemployment, in the agricultural sector, and in the formal sector. This aims at determining the main challenges to social protection and its role in realizing social justice, the most significant demand of Arab peoples.

The report is concerned with the multiple dimensions of social protection needed by vast sectors of the labor force suffering from poverty & exclusion. Such workers are in dire need of social justice through collective security networks (especially in the agricultural sector and workers in rural areas) to increase levels of employment & productivity, as well as using agricultural machinery and agricultural industries, among others. In addition, the report discusses several chronic challenges for equal opportunities and reduction of unemployment levels.

The report is divided into four chapters, the first discusses conditions of social protection on the Arab level and the main challenges to social protection, i.e., poverty, unemployment and the relatively poor social security services. The second chapter discusses global financial and economic crises that affected the Arab world. As the economic problem gets worse, priority is given to economic restructuring and economic reform, as the growth in economy was not matched by a growth in social protection; therefore, uprisings and revolutions took several forms so that social protection measures face new challenges. In the third chapter, social protection measures play a key role in meeting demands of peoples



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to realize social justice for social development and equal opportunities to combat poverty, exclusion and negative consequences of financial and economic crises. In the fourth and last chapter, new horizons for social protection are concluded to realize social justice through coordinating efforts of government agencies, trade unions, employers' organizations, bodies concerned with measures of social security and the Arab Labor Organization.

- **On the concept of social protection**

Social protection aims at realizing measures and services of social security in the comprehensive sense of the term so that it becomes a basic objective for states and peoples, and an integral part of programs and policies of political parties to realize national security and stability. It also aims at avoiding political unrests and public uprisings fuelled by high levels of poverty and unemployment on one hand, as it achieves a fair level of inter-Arab cooperation and a desire of global peace through global conventions and recommendations to achieve social security services for all, nationals and foreigners, on the other.

In other words, legislations of social protection are concerned with ensuring means of living and comfort for citizens so that they may not be in need or being unable to find and maintain work. Such legislations work on compensating for social, economic and natural threats, developing their work skills, and making available health and education services, measures for an adequate life and decent work.

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Thus, social protection is a bottom line and a general framework for a social, political and economic system, based on the achievement of social justice.

Looking at the reality of social protection in the Arab world, we have to investigate challenges and conclude solutions to create a new status to remain for the future generation and thus it would respond to the growing demands of the Arab peoples and their calls for governments and leaders to enact their basic rights in safe and decent life.

In this regard, successful solutions must be tailored, according to realities rather than depending on ready-made solutions, and thus we do not have to look at consecutive economic problems and crises as an inextricable destiny that justifies retreats of economic growth rates and deterioration of reserves in central banks. Yet, we have to look into facts and realities of our demographic, economic and social conditions to obtain successful plans and programs to face key challenges, and the work needed to realize social security in its wide sense, which is derived from securing jobs, payments over a job, the ability to work, and other social security services. As the concept of social protection integrates with networks of social security as indicated in the legislations of the developed states, as crystallized in the Universal Declaration of Human Rights, as adopted by the UN General Assembly in 1948 after the end of the Second World War. This also comes in accordance with Social Security Minimum Standards Convention (1952) of the International Labour Organization, and its

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regional counterpart launched by the Arab Labor Organization. All these conventions stress a comprehensive perception for social security as a social, economic and political system that aims at social protection for individuals from threats of poverty, ignorance and illness, while providing decent living standards and securing jobs, payments over a job & the ability to work.

Regarding the deep understanding of social protection, one should recognize that all facets of social protection are human rights, which are sought by all states as a guarantee for securing jobs, payments over a job, the ability to work, freeing man from need and deprivation. One also recognizes the extension of social protection to all fields that lead to the development of human capabilities for production, satisfaction, cultural as well as curative & preventive health services.

Therefore, our report participates in supporting principles of integrated Arab action. It aims at increasing and augmenting decent work opportunities and deciding upon urgent procedures on the national and Arab levels to face negative consequences of globalization as well as the financial & economic crises, which amplify significantly as far as labor is considered. This needs realistic and balanced political measures that centre around social protection, within a strategic framework to make available decent work.

To sum up, our report seeks to realize efficient development, social justice and putting in place a strategy for making and applying policies. The needed strategy should combine between realizing dignity at work at the

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national and Arab levels, quick economic development to curb poverty & realize equality, and enacting social protection to limit the high rates of unemployment. As a result, inter-Arab integration and cooperation needs to be strengthened for a sustainable future. This can be achieved through new modes of development that must be economically, socially and environmentally efficient. They must respond in a better way to the challenges in the field of labour and social work, and support means adopted to the transfer to a balanced and sustainable development.

Decent life for each citizen means availability of decent work, and the development of the ability to work through investment in human capital and social protection, while respecting labour rights in a strong labour market.

Political unrest that erupted in Tunisia and Egypt early 2011 and spread to several states in the Arab world made categorical changes in the region. These events underlined how high levels of poverty and unemployment may lead to social and political unrest, as voices call for realizing a new era of social justice, along with basic freedoms and respecting human dignity.

Therefore, we understand the essence of the call for governments and social partners to make the necessary reforms to balance between the economic development and social protection measures while continuing sustainable development for the future generations in accordance with ambitions of the Arab peoples.

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## **Chapter One**

### **Conditions of Social Protection on the Arab Level**

#### **Current Conditions – Severe Unemployment – Severe Poverty – Labor of the Agricultural Sector and In Formal Sector – Challenges to effective extension of Social Protection**

##### **1.1 Conditions of social protection on the Arab and International levels:**

Types of social protection vary and develop on the Arab and international levels, according to the development of events, economic, social and political conditions. As part of the endeavors exerted by states and governments seeking to support and enact different measures to realize a comprehensive social security, as part of their responsibilities to provide education and health services to all citizens, as a requirement of social protection for human development. States and governments have also responsibilities towards people in need and in emergencies, through social and public assistance provided by governments according to income tests.

Government efforts in education & health services are integrated with other basic services, public aids & assistance offered directly to all citizens as a basis for social protection. These are also integrated with what legislations impose on employers to care for workers, typically through regulations, and measures of social security systems represented by Social Insurance Systems securing incomes in case of ageing, disability, death, unemployment, sickness or injury, as a basic constitutional right. Such cases expand to include all categories of labor force, and then expand on the national level to include all citizens.

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The report's statistical tables (1,2,3, and 4), indicate that most of the Arab states are concerned with social insurance as an obligatory insurance system for workers in sectors rather than the agricultural one. The system is basically limited to the insurance against work injuries, ageing, disability and death, as health and unemployment insurances are not popular. Workers, employers and to some extent governments are responsible for the budget of the system, which relies on wages. The system goes as follows:

1. Insurance against ageing, disability, death and work injuries is widespread in all Arab states, like all other world states. Social protection in case of sickness or maternity are available in some Arab states through social insurance, like Egypt, Algeria, Morocco and Libya. In other states, social protection is available in case of sickness and maternity through other programs or social assistance programs as in Bahrain, Jordan, Lebanon, Saudi Arabia, Syria and Yemen. On the international level, social insurance covers cases of sickness and maternity and offers financial privileges and medical care (Table 1).
2. The main concern of social insurance systems in the Arab world is to provide pension packages related to income, as this comes in accordance with the system's concern for non-agricultural waged-workers. In Egypt, there are basic uniform pensions for workers in the agricultural sector, domestic workers and other categories that are not covered by the umbrella of social insurance for workers in the government, public & private sectors, and military pension

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system. For employers, there is a pension system, whose benefits are determined by income categories each one selects and finances. In Egypt, there are many private insurance funds, created by employers in the public & private sectors, in some units in the government sector, and in some syndicates (Table 2).

3. Contributions of workers and employers to the Arab systems of social insurance vary from 15% of wages in Kuwait to 40% in Egypt, including health insurance and unemployment insurance. However, contributions on the international level vary from 8% in Mexico and Rwanda to 42.5%. It is worth mentioning that employers bear the cost of family allowance insurance and insurance against unemployment in several world states, including developing states.
4. Resources and expenses of social insurance on the Arab level varies from 0.1% of the GDP in Sudan to 7.6% in Algeria. On the European level, it reaches 36% in Sweden. Except for Canada, USA and Cuba where the percentage varies from 12.2 to 20.2%, the cost in the rest of the world varies from 0.3 to 35.9%.

Table 4 in the appendix of the report shows how resources and expenses of social insurance are reduced, as a percentage of the GDP, despite the need to increase them, e.g. in Sudan resources are 0.127% of the GDP whereas expenses are 0.03%, and in Mauritania, resources are 1% whereas expenses are 0.9%.

On the contrary, resources and expenses of social security in Sweden are the highest in the world compared to GDP, with resources of 36.4% and

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expenses of 35.9%. Next comes the Netherland (with percentages of 32.5 and 28.5%), Denmark (29.4 and 28.4%), and then France (27.6 and 27.1%). On the Arab level, In Algeria resources are 7.4 of the GDP whereas expenses are 7.6%. The percentages in Kuwait are 6.6 and 3%. (See table 4)

### **1.2 Integration of social security networks to reduce unemployment:**

Studies performed by the Arab Labor Organization and the League of Arab States (Economic Affairs Sector) stressed the increasing levels of unemployment in the Arab world, as a part of a growing global problem, aggravated in some Arab states due to the negative consequences of globalization. This is augmented by the low Arab productivity levels, as Arab agricultural production represents 1.5% of the global production whereas the industrial production represents 0.5%.

Most probably, unemployment problems in the Arab world would continue unless states are concerned with reduction unemployment levels through the integration of the following measures:

1. The development of education services and social security networks to reduce the high fertility levels through increasing levels of education, elimination of women illiteracy on the one hand, and through the development of skills to raise wages and transfer informal workers to formal workers who are highly paid.
2. Putting in place programs for (social) ageing pensions, social security programs and social assistance systems, including unemployment assistance



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Public pension programs for elder citizens are sought to guarantee a minimum of living expenses for elderly people, following the approach adopted in most world states.

Perhaps it is worth to recommend to gradually extend social security systems to include all labor force in the community, including workers in sectors like agriculture, fishing, and handicrafts.

Conversely, social security systems must pay attention to redistribute incomes for the sake of the Poor.

Priorities for unemployment assistance and allowances are on equal footings with, or at least next to, pensions of elder citizens. States look for realizing the balance between social pensions for old people and assistance programs for unemployment & childhood according to the relative poverty index and the role played by aids and allowances of unemployment to reduce poverty. There may be political and economic reasons that support priorities of old people and other poor people. Perhaps the provision of pensions for poor old people is easier from unemployment assistance, as it is easier to verify the truth of the first.

3. Commitment to international conventions and recommendations on government financial support for public assistance to guarantee minimum income and curb severe unemployment:

As the poverty problem aggravates on the international level, the need appears for international collective efforts and cooperation to provide the poor with security. States were concerned with establishing bodies and holding international conferences to investigate means of public aids,

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following the example of social insurance conferences, and thus committing authorities to them, like their commitment to the obligatory social insurance, which is seen as a basic right. Therefore, the new public aids systems became a commitment to official authorities when deserved based on the actual need. As social insurance is a basic right, “social assistance” term is launched to replace “public aids” as a state-offered grant.

There was a dire need for unemployment assistance during and after the economic crisis in 1929. In 1931, measures to provide pensions for the old, widows and orphans without subscriptions started, as well as providing assistance to the unemployed, the sick, the handicapped (the excluded) who got medical services at home or in hospitals. This was coupled with maternity assistance in cases of delivery, breastfeeding & raising children, medical assistance in orphan and disabled houses, the sick, the deaf and dumb houses, in addition to family assistance.

As social security systems spread out during and after the Second World War, integration between social security systems and social assistance systems was observed, several states adopted an approach to put in place financial support to comprehensive social security systems through public resources.

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### **1.3 Increase of significance of social protection with increase of percentage of workers in rural areas due to reduction of human development levels and increase of poverty rates:**

Annual reports of human development prepared by UN Development Program stress the increasing role of social protection in the agricultural sector, as reports released in November 2011 underline the urgent need for developing Arab human resources, starting from rural areas. It is proved that there is an inverse relationship between the percentage of workers in rural areas and the level of human development. It is observed that the percentage is increased whenever the level of development decreases. This can be explained as follows:

1. The percentage of inhabitants of rural areas is high in Sudan and Mauritania (60%), and in Yemen, the percentage is about two thirds. The three states have low levels of human development.
2. In states with medium levels of human development, the percentage of population in urban areas is higher than in rural areas, e.g., Jordan, Algeria, Palestine, Syria, Morocco and Iraq.
3. Human development levels are high in Saudi Arabia, Kuwait, Libya, Lebanon, Oman and Tunisia. The percentage of populations in rural areas in these states is low, ranging from 1.6% in Kuwait to 32.3% in Tunisia.
4. Human development levels are significantly high in Qatar (where population of rural areas are around 4,1%), Bahrain (11.3%) and United Arab Emirates (15.6%).

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5. Somalia is not classified in the international human development levels, as workers in rural areas are as high as 62.1% of the population.

The role and significance of social protection legislations in rural areas increase, especially when the percentage of low-income citizens increases in states where citizens in rural areas outnumber citizens in urban areas. Therefore, the percentage of poor citizens living on or below the internationally accepted poverty line of 2 US dollars a day (according to the situation in 2004) is 63.1% in Mauritania and 45.2% in Yemen, as the classification of the two states is low in human development. The percentage is 43.9% in Egypt, and around 15% in both Morocco and Algeria, as the two states are classified as medium in human development (Table 5).

6. There is a growing significance of social security services for workers in the agricultural sector on the Arab level, as there is a growing number of working-women, whose share in education and income is relatively less than men. Therefore, there is a dire need to increase expenditures on education services (table 6) and health care services (tables 5, 8)

#### **1.4 Increase of significance of social protection to workers in the informal sector:**

The informal economic sector plays an undeniable role in Arab economies, especially when we talk about employment opportunities and unemployment rates. This sector is widespread in the services sectors, especially in light of policies of economic reform and restructuring

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programs, and duly their consequences on the labor market, which became a an attribute of developing economies.

In spite of the significant role played by the informal economy in the Arab states, it does not have a parallel official attention so that it may play a bigger role in social and economic development and thus achieves a better level of decent work.

Although informal economic activities cover all the economic activities, most of the workers in these activities do not work officially and move from one job to another, and from one activity to another. With their humble incomes, poverty increases and its dimensions multiply.

In the informal economy, micro economic units are widespread. Such units, which produce and disseminate goods and services, consist of independent producers who are self-employed. Some of them take their family members as workers, other recruit a small number of workers or apprenticeship students for modest payment.

Most of the production activities in the informal sector are kept away from legislations, in regard of taxes (they often do not have the ability) or social protection and professional relations, as the informal economy lacks official registration and production units are considered individual or family properties.

In addition to workers in the services sector, peddlers, shoe-polishers and domestic servants, informal economy expand to include workers in the sector of agriculture, forestry, livestock & fishery, in addition to workers

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in small enterprises, workshops, and workers at home & productive family projects.

Workers in the informal sector on the Arab level increase, due to several factors that include:

- Migration from rural to urban areas due to the decline of productivity, conflicts, wars or natural causes (desertification, draught, etc.),
- High population growth rates in rural areas, coupled with high rates of illiteracy, fertility and unemployment,
- Negative consequences of free economic policies, privatization and restructuring programs, which led to retire or terminate the service of many workers, in what is known as early retirement,
- Relative decrease of human capabilities due to the deterioration of basic and occupational education,
- Multiple forms of small and micro projects, established with tiny capital and need a low level of technology and skills.

When we have statistics of the number of workers in the informal economy, it is observed that it represents in Egypt most of the workers in construction, bakeries, quarries and transportation. In Sudan, those workers are wide spread as some estimates indicate that the number in Khartoum is as high as 1.5 million people working in productive activities and micro services, like peddlers, domestic servants and car washers. Those workers do not produce quality products and they work in an environment that does not respect decent work and lack social security services in health and education.

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Hence, social protection measures for informal workers aim at the provision of suitable income in cases of disability to work on one hand, and the improvement of skills to work in other sectors that meet market needs or to work in agricultural industries on the other.

According to the Egyptian experiment, social insurance against ageing, disability, death and work injuries for workers in the informal sector are applied through the provision of insurance protection, determined according to suggested wages, and using the same method, contributions are determined in conformity with special regulations.

### **1.5 Multiplicity of the main challenges to the effectiveness of social protection measures:**

#### **I. The correlation between severe poverty and high living costs on one hand, and low national expenditure on education & health on the other:**

The latest UNDP human development report, released in November 2011, indicates that there is an increase in the number of people whose incomes are below the poverty line in several Arab states. The percentage is 22% of the population, according to the national index for the poverty line, in Egypt, Palestine and Iraq, whereas it is as high as 34.6 and 46.4% in Yemen and Mauritania, respectively.

Statistics stress that poverty soars significantly in several Arab states, where poverty has multiple dimensions, and thus poverty of income correlates with lack of basics of life like electricity, fuel, sanitation and housing. The percentage is more than one third of the population in

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Tunisia (37.1%), in Jordan (34.4%), in Palestine (37.3%), and in Syria (37.5%). Meanwhile, it goes over 40% of the population in Egypt (40.7%), Iraq (41.3%) and Morocco (45.3%). It bypasses half the population in Yemen (56.3%), Mauritania (57.1) and Somalia (63.3%).

High poverty rates correlate with significant low national expenditure on education and health services in most Arab states, as shown in table 8 of the statistics appendix, as follows:

1. While the percentage of average international public spending on education is 10.2% of the GDP, this percentage drops to half in Arab states, in predominantly low and medium human development states.
2. Whereas the percentage of average international public spending on health is 6% of the GDP, this percentage drops to 5.3% in Arab states, as it rotates around 5.1 in predominantly low human development states and around 4.5% in medium human development states. (See table 8).

The global phenomenon of inflation strikes most, if not all, world states, especially the developing ones. Inflation is usually accompanied by several economic problems and crises, especially problems resulted from globalization and its requirements for economic restructuring. It proved the ineffectiveness of social security measures to guarantee that income would fall within the minimum acceptable living cost, whether this happens through a social security system or through aids and assistance system, seen as a relief system to meet individual and group special needs. Prices soared and included education and health expenses, while the ability of the



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poor to meet their living needs decreased. Poverty rates increased and touched several classes of the society, which used to have incomes that are higher than the poverty line. Poverty increased for women, especially in a community of inequality in wages and job opportunities.

Thus, the need to enact a role for social security became evident to confront the poverty problem by looking into means to develop the system's techniques to meet the desired ends in confronting consequences of the change in economic and population conditions. What adds to this is the correlation between this and the continuous global phenomenon of inflation. Therefore, we have a new role for social security that cares about securing and developing income at the same time.

It is worth noting that the circle of poverty and the Poor would expand, despite the fact that the average national income increases. On one hand, this is due to unfair distribution of revenues, and on the other hand due to the lack of the population characteristics, like skills development, needed to earn more money.

There is a remark in this regard, as there are various concepts of poverty. In addition to the poverty of income, when we use terms like national poverty line, there is something called self-poverty, which is the feeling of poverty one feels despite the increase of average income for the population. As the problem of poverty and the Poor continues to soar despite income guarantees measures that include assistance and compensations, the third concept of poverty emerges. It is about the poverty of abilities, and perhaps the first of which is the ability to earn, which one can win through education and training services. We call for

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adopting this third definition, which meets ends of social security. It is worth noting that women face a problem of low ability to earn in general, or under special circumstances like periods of pregnancy and delivery, or during the first period of maternity.

Therefore, it is clear that incomes are insufficient to satisfy basic human needs, as money is just a means used to facilitate exchanging commodities and services, so that if money is not increased to match the same level of price increase, providing that commodities and services are adequately available, financial social security shall not be effective. It is necessary to manage the poverty threats through identifying its reasons, while working on increasing incomes, not offering just compensations. The increase of incomes starts with improving abilities and skills, and empowering the Poor, especially women.

States paid more attention recently to augment abilities of their populations by providing them with health care, education services and subsidizing food, i.e., achieving a comprehensive social insurance that aims at offering more opportunities to the Poor and boosting their abilities. Thus, several social protection programs target mitigating the negative effects of economic transformations, and the accompanying national reform measure, which affect the Poor. Without such programs, states cannot start, or continue, reforms or economic transformations because the Poor cannot stand the negative effects, embodied in increasing prices of services, removal or reduction of food and health subsidies.

In the medium and long term, characteristics of the population should be advanced to improve the ability of the Poor to earn their living

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through development of childhood, public education, and health services, as well as realizing equality in opportunities, especially between males and females to achieve a productive and better life. Chief among basic tasks states shall do for citizens are health improvement, better education and seeking a higher growth rate to provide more job opportunities.

As human resources are considered one of the chief economic resources for any state, a comprehensive view is needed to develop such resources and realize an economic development. We may add that overpopulation in Japan, India and some East Asian states has become a catalyst for their economies, which contributed to recover their economic conditions and placed them well in the international arena.

## **II. The correlation between high levels of illiteracy & dependency and low per capita income:**

Challenging high poverty rates in several Arab states, another vital challenge pops up. Statistics (See table 9) indicate that the percentage of dependents, both young (less than 14 years old) and old (over 65 years old), is high compared to people at working age (15-64) in several Arab states. Negative effects of high dependency rates aggravate as such rates correlates inversely with per capita income, and thus dependency rates for low-income citizens aggravate. This adds to the severity of poverty so that social protection becomes a necessity. To illustrate, statistics released in 2011 indicate that GDP per capita in Mauritania has dropped to around 1900 US dollar, whereas dependency rate is about 74%. Meanwhile, GDP per capita in Yemen is 2470 US dollar but dependency rate is as high as 87.1%. When GDP per capita is around 5600 US dollar in Egypt and

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Jordan, fertility rate is 57.4% in Egypt and 69% in Jordan. On the contrary, when GDP per capita reaches its highest levels in UAE (57744 US dollar) and in Qatar (91379 US dollar), dependency rates are the lowest, 17.7% in Qatar and 21% in UAE (See table 9 in the statistics appendix).

When high dependency rates correlate with high fertility rates, their relation to human development rates and the spread of illiteracy becomes clear. In this regard, statistics in the appendix indicate that the average fertility rates in states with high human development rates are less than 1.7 child per woman, the average increased to 2.5 in the states with medium human development rates, and to 2.9 in the developing states. However, this average is 4.4 child per woman in Sudan, 5.8 in Mauritania and 6.2 in Yemen (See table 7). Based on the relationship between the spread of illiteracy (especially among women) and the high fertility rates, it is supposed that fertility rates would increase and duly population in the highly populous Arab states, which means the increase of poverty rates. Most of the highly populous Arab states could not eliminate illiteracy, and illiterate women over 15 years of age outnumber men. To clarify this, we would like to point out that the literacy rate is around 51.2% of the population in Mauritania, 52.3% in Morocco, 59.7% in Iraq, 60.9% in Sudan, 69.9% in Algeria, 71.4% in Egypt, 74.3% in Tunisia, 79.6% in Syria, 81% in Oman, 89% in Jordan & Qatar, and 93.3% in Kuwait. In other words, illiteracy rates vary from 6.7% in Kuwait to 40.3% in Iraq (See Table 6).

It is significant to recall how China, the world's most populous country, could tackle overpopulation, as China's 1.3 billion people represent one

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fifth of the world population. China considers population as a fortune that must be used to enhance production wheel. It is worth noting that the total number of high calibers in the field of science and technology in china is 43.46 millions, whereas the number is 42 millions in the United States and 54 millions in the European Union. Therefore, China is ranked first in this domain, and sixth in attracting foreign students.

### **III. The increase of severe unemployment rates:**

With growing poverty and illiteracy rates, unemployment rates increase in the Arab world as indicated in the statistics appendix. The general unemployment rate was around 14% with the turn of the millennium, yet Algeria, Bahrain and Oman witnessed a considerable decrease, and later another important decrease took place in Saudi Arabia and Morocco, whereas Jordan, Tunisia and Egypt witnessed a slight reduction.

Two years ago, the general rate increased in Arab states to be 15%, and furthermore, the Arab Labor Organization estimates that the rate is more than 17% this year due to the negative effects of the global economic crisis over employment and in part due to effects of what is known as the Arab Spring. In Egypt, unemployment rate increases to 12%, compared to 9% earlier; In Tunisia the rate increased to 16%, compared to 13% earlier, and in Libya the rate was 18% before the uprising and the rate could be higher today. Estimates are more pessimistic in Yemen and Syria, but the situation could be the result of popular protests and instability; this situation may gradually change within two years, especially if governments give priority to employment issues.

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The situation in Gulf Arab states is different, as the index of employment among citizens reaches the maximum, especially in Qatar and Bahrain, followed by UAE and Kuwait. In Saudi Arabia, unemployment is still high, exceeding 9%. This rate shall decrease, no doubt, after the application of the recently approved procedures for the employment of nationals, as more than 30 billion US dollars are allocated for this purpose. However, the problem of the employment of women is a difficult to solve, due to social restrictions that prevent women from full engagement in the labor market<sup>(1)</sup>. This can also apply, in part, to the weak employment rate of women in other Arab states<sup>(2)</sup>. What is unfortunate in this phenomenon is that female university graduates are more vulnerable to unemployment, as is the case with Palestine, Egypt and Saudi Arabia, regardless the

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<sup>1</sup> In general, it is observed in the Arab Gulf states that:

- a. Governments indicate that there no job opportunities are available in the public and private sectors, and that its security commitments in the private sector are costly, yet nationals can be employed without any prejudice to profitability.
- b. To correct disorders the labor market, there must be in place objective media, a role for family & vocational guidance, and comprehensive strategies. Perhaps minor industries would not help in solving the employment problem, as a survey made by the Bahraini ministry of labor and social affairs in 2003 indicated that the percentage of nationalizing jobs in Bahrain in one-worker enterprises is 22%, in two-workers enterprises it is 9.2% and in three-workers enterprises it is 9.2%. Meanwhile, the percentage increases to 53% in big enterprises, with more than 600 workers. The main reason for this is the phenomenon of renting names of nationals to foreigners, as the Bahraini small industries becomes a chance to increase income of some citizens, instead of offering job opportunities for citizens.
- c. Nationals started to accept working at jobs they used to refused earlier. In Oman and Bahrain, nationals started to accept working as janitors, hotel workers, etc. The situation was similar in Jordan and Egypt as the situation is dependent on the type and availability of education and training, the relation between this and actual needs, availability of guidance, media, incentives, punitive actions, i.e., efficient management systems. Due to education, social changes, women's application for jobs increased at an uncalculated pace.

<sup>2</sup> Unemployment rate of women is 22.6% in Egypt, (2010), 21.7% in Jordan (2009), 22% in Syria (2010), 15.9% in Saudi Arabia (2009), 40.2% in Yemen (2009). See the statistical book of ALO, Version 8, 2010, and surveys as well as reports of central authorities for statistics in cases of Yemen, Saudi Arabia, Qatar and Kuwait, as well as other sources for other states.

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unprecedented increase of unemployment among secondary education graduates.

The most significant phenomenon is the increase of unemployment rates among youth. In 2010, unemployment among youth in the age bracket 20-24 years was 26.7% in Jordan, 39.6% in Palestine, and 20.8% in Syria, as was the situation in most Arab states. In general, youth unemployment is double the general rate of unemployment, which was a chief trigger to the peaceful youth outrage protests that started with calls for job opportunities and ended with calls for change and for toppling regimes in some cases.

In the usual course of events, there is an increasing significance for unemployment insurance, on the Arab level, especially at times of various financial and economic crises, as such insurance would help stabilizing the rate of demand on consumable commodities and services, and make available basic labor market data, needed to create economic and investment policies. This significance further increases in the phase of structural transitions, which accompany economic reforms. Nowadays, most Arab states do not have unemployment insurance, which dates back in Egypt to 1964 but it is inactive, while Bahrain put in place a scheme since 2007.

In the field of employment, training and qualification programs, fair distributions of job opportunities and improving the abilities for earning a living must be activated to boost GDP and GNP for several peoples, based on their human resources, despite the poverty of their economic resources. This stresses the fact that there is an apparent relation between poverty and low wages, between access to education, training & qualification services

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and the need to improve characteristics of workers. As a result, it is essential to develop characteristics of the Arab manpower, starting from eradicating illiteracy, and comes later the development of education and training to improve the quality and skills of labor. However, the difference between the communities in urban and rural areas must be noted; the problem of poverty exists in urban communities, whereas the poor in rural areas suffer from hunger, ignorance and illnesses.

On the Arab level, it is significant to enhance abilities of the poor to earn their living through the provision of education, training and qualification services, starting from women, as the analytical reading of the attached statistical appendix suggest, as while rates of women unemployment are high, their wages are low, and the public spending on education is low.

Unemployment insurance has been widespread in several states for decades, based on a concept of tackling temporal unemployment rather than long-term unemployment, which was tackled by assistance systems and employment. The insurance authority deemed this type of insurance a temporal insurance, putting into consideration traditional conditions of the unemployment period as well as the maximum period to be entitled for compensations, as annual contributions of this type of insurance should suffice its annual expenses, while making reserves in the first phases of its application.

Although several economic experts warn against high population levels, asking to put controls for such an increase, there are growing calls putting emphasis on the role of human development to make the population increase a value- added. Meanwhile, there is a stress on the significance of



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family planning programs, which led in China, in addition of the reduction of fertility rates, to an ideal level of two children per family.

Therefore, population is an energy that can add to the economy and society if they have education services and democracy, while developing the economic theories, which were based on natural resources.

Now there are new mechanisms and techniques that develop new types of production, such as organic agriculture and biotechnology, which can suffice tens of millions of people. Meanwhile, the importance of social justice in the redistribution of wealth to prevent a monopoly of production and distribution should be taken into account.

**In the field of improving human characteristics and developing the ability to earn for a living, the following should be stressed:**

1. Putting in place a new education policy that puts into account phases of development a society goes through, the volume of investments, costs of job opportunities, and the sectors that need labor so that the government would give them priority in economic development. This leads to transfer the increase of population from being a burden to be resources that add to the national economy.

Appropriate education is the way to find groups capable of serving development phases in the society and implement the needed projects. Training programs are required for the rehabilitation and training of graduates, according to market needs, noting that despite the current high unemployment rates, many jobs are always vacant as they need high calibers and advanced skills.

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2. Characteristics of the population must be improved through reducing the high illiteracy rates, particularly among women, especially in rural areas, as statistics indicate that the increase of birth rates is due mainly to illiteracy and poverty.
  3. Education and training, tailored to meet market needs, are the only solution to transfer human resources to positive calibers equipped with skills & experience needed in the labor market, and training experiences that qualify them to the labor market, to help forward national production. Then, they will be transferred from unemployed potentials to active manpower; therefore, continuous training for state-workers and graduates must go side by side with appropriate education policies.

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## **Chapter Two**

### **Global financial and economic crises and the growing social protection challenges**

Under the pressures of global financial and economic crises, high poverty levels, unemployment rates, costs of living increased. Accordingly, several popular uprisings erupted calling for social justice, provision of profitable job opportunities, decent and safe life for citizens in the shade of the negative effects of globalization, and the transfer from totalitarian economies to free economies in a world dominated by economic blocs and multi-national projects. Free economies led to the creation of new framework for labor relations, new structures of wages, and new approaches to economic projects. Meanwhile, this is accompanied by high rates of inflation, unemployment and substantial changes that have socio-political dimensions. This comes with a decline of the role of the state to provide a decent life and social security to citizens as a social and economic objective.

#### **2.1 Negative economic & social effects of globalization, global financial crises and their implications on the labor market and social protection:**

Under the pressures of globalization and global economic crises, the interest in social protection measures declined at the expense of giving priority to economic growth as a framework to deal with leading international economic organizations, i.e., the International Monetary Fund (IMF), which is concerned with financial and monetary policies of troubled states. This aims at restructuring their economy, rearranging their

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priorities, monitoring performance of their currencies, and the effects of all this on foreign trade. In this context, IMF decides on the validity of the economy of a state, the success of its financial and monetary policies and duly its appropriation to lend from the World Bank (WB). Economic and financial conditions always have negative effects on the social and political dimensions, because the target is always the reduction of deficit in the general budget through the reduction of public spending on one hand and the increase of public revenue on the other; meanwhile, adopting a deflationary policy to reduce the effective aggregate demand.

The International Bank for Reconstruction and Development (IBRD) is the second most significant international financial institution working on the path of economic development of the indebted state and restructuring its economy. The main activity of the IBRD is lending to encourage states to construct projects, reconstruct their economic policies and find remedies for the deficit in the balance of payments.

Globalization, especially in a short term, had negative economic effects, especially after the lifting of customs tariff protection, giving access to high quality imported commodities with competitive prices. This would jeopardize local industries in the developing states and duly they would continue to depend on others, exporting raw materials to developed states and importing all means and necessities of life. This led to the increase of trade deficit for many Arab states, coupled with aggravation of debts, increase of prices and retreat of development rates.

Therefore, there must be joint Arab efforts to confront negative effects of globalization global financial crises through the creation of Arab economic

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blocs that would enable the Arabs to impose their will on other states, especially in a world of economic interests. The establishment of such an Arab bloc is normal, and agrees with the correlations between Arab states. There is an increasing need to support and develop services activities to be able to compete, e.g., banks, insurance, tourism, constructions, transportation, and consultancies.

At all cases, the basic function of the state must be protective to provide citizens with basic rights.

States should start with re-evaluating their economic policies to promote growth, employment, and to provide an infrastructure for social protection to address negative effects of the economic restructuring, which is usually accompanied by an increase in the rates of unemployment and labor mobility.

In this regard, serious efforts should be made so that social protection should address the dangers of unemployment, taking into account cases of early retirement and labor mobility, through the extension of social insurance to include unemployment insurance. This should be made in an effective way to provide an appropriate income to those who are unemployed for reasons beyond their controls; a partial compensation of the income could be appropriate so that the unemployed person would have a motive to return to the labor market. According to the learnt lessons from the experiences of other states, designing an unemployment insurance scheme in light of globalization can be seen as follows:

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1. The direct objective of establishing the scheme must be the provision of appropriate income to citizens unemployed for reasons behind their controls; this income should generally range from 50 to 80 percent of their last income before being unemployed.
  2. Citizens who deserve the benefits of insurance should have a genuine record of previous employment before his/her unemployment. Unemployment allowances should be provided to citizens who are unemployed against his/her will.
  3. Unemployment insurance is funded by contributions of employers and the state, taking into account the economic conditions of the least developing countries, where social needs are always larger than resources of the state.
  4. The system should encourage, rehabilitate and train the unemployed to adapt to continuous changes in tools and techniques, especially in the light of free economy, fierce international competition and incessant technological changes that require continuous development of skills and the provision of new calibers to work.

As there are multiple negative effects of economic changes, unemployment compensations dedicated to the unemployed should integrate compensations to workers whose wages stopped despite the fact that the employment contractual relationship continues, and unemployment assistance to the unemployed who are graduated and rehabilitated to work in jobs consistent with labor market needs.

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## **2.2 Economic reforms and the development of fundamentals of insurance rights**

The qualification to old age pension needs reaching the retirement age, when man rests from the fatigue of work throughout his career life. Thus, he/she qualifies for a paid vacation (pension) for the rest of life. Some systems may require the retirement of worker for the entitlement of age pension, putting into account addressing insurance rights after reaching retirement age.

Early retirement was not favorable on the national level, as entitlement of pensions is only justified by subscription for a long time, although the retirement age has not been reached yet. This indicates that the period of entitlement for the pension is likely to expand, which dictates the reduction of the pension at a rate relevant to the length of expected entitlement period. However, such propositions proved to be inaccurate, as economic transformations led to the discharge of many workers, as if they resigned, to have an early retirement pension. Hence, a new version for early retirements appeared, where a worker is forced to resign, and where it is inappropriate to deem early retirement a violation to the entitlement of old age pension.

Consequently, early retirement during periods of reforms and economic transformations should be regarded as one of the negative effects of globalization, which leads to the increase of unemployment levels on one hand and the increase of early retirements on the other. Many states resort to different measures that allow the person who retired early to have an

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uncut appropriate pension and to combine between the pension & the income incurred from any new job.

### **2.3 Arab labor mobility and significance of social protection to mobile labor:**

According to the periodical book of Arab labor statistics (volume 8 issued 2010), Arab countries are divided into labor sending countries and labor receiving countries (See table 15 at the statistics appendix). If the current status of population is expected to continue (See table 7 at the statistics appendix), and therefore the mobility of Arab labor continues, especially with the increase of demand on professionals and skilled labors, social protection legislations should be coordinated, extended and integrated in the labor market to guarantee equal rights to realize more integration. This prepares the road for an Arab role that helps providing social protection for Arab workers, regulates contractual arrangements for Arab workers, and standardizes labor conditions, their distribution to different sectors, their effects on labor markets, enacting legislations for workers' rights and facilitating insurance and financial remittances. This can be achieved through bilateral conventions, within the framework of Arab labor mobility conventions. We would like to point out the role of the Arab Labor Organization in consolidating social dialogue, the participation of social partners in drafting policies of labor migration, and in protecting labor, both nationals and foreigners.

There are several bilateral conventions on the Arab level, e.g., between Sudan, Tunisia, Libya, Morocco and Egypt.



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We would like to indicate the significance of the ratification of conventions of the Arab Labor Organization and International Labor Organization on work injuries, equality at work between nationals and foreigners.

#### **2.4 Arab uprisings & revolutions and social protection:**

Reviewing the progress and development of social security systems and measures helps in understanding their relations to political, social and economic crises and problems, especially those accompanying or resulting from wars and economic transformations, as international measures to provide citizens with basic living needs. Social security provisions were crystallized after the First World War to take a totalitarian form aiming at realizing social justice and dealing with negative effects of different economic systems, and associated political disorders. This is realized through satisfying masses with the guarantee of their livings, reforming what is ruined by economic regimes, achieving social justice, security and peace.

With the emergence of many problems and economic transformations, associated with globalization, whose effects are dispersed among world countries, inflation has become a global phenomenon afflicting all world countries. With the increase of population in many developing countries and least developed countries, unemployment has not become the result of unavailability of opportunities, but rather the result of lack of ability to earn a living as broad segments of the population lack scientific & technical skills, and training to earn a living. In several states, there are job opportunities for mobile labors coming from abroad, although this country may have a high rate of unemployment.

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In light of these developments, several Arab uprisings and revolutions erupted, calling for the endorsement of social security methods, so that it shifts from a measure to free man from poverty (economic poverty) to care for guaranteeing that the individual, and his family, would live decently (development of capabilities). This would include aspects of life, culture, health and preventive health, services for all family members as needed, in what can be called a comprehensive social security as a means for sustainable social justice.

This leads to a recommendation on the necessity and inevitability to develop the potentials of the workforce, improve their characteristics and livelihoods to achieve social security. Such measures should extend to cover working-women, as the least fortunate in getting the rehabilitation services (education and training), the least fortunate in wages, although women support man's ability to earn a living through their undeniable role in bringing up the children and working at home but the economic benefits of that work are not associated to them. In the following items, we address areas of developing the role of social security to realize social protection:

**I. The integration of measures of the comprehensive social security:**

The comprehensive social security is a general and principal objective that provides effective social protection, preceded by social cooperation measures and a free social realization on the levels of individuals, families and communities but proved ineffective or inefficient with the partial or total increase of economic and earning problems. Legislation wise, the comprehensive social security is made as social and legal commitments imposed on employers for the benefit of their workers, or to decide

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mandatory provisions to encourage, control and monitor protection measures, such as imposing the retirement system, compensations for work injuries adhered to by employers, encouraging public savings and establishing reciprocal cooperatives.

As the industrial revolution emerged, labor communities emerged so that labors would work and live in the same circumstances, adopting one style, due to the similarity of social and economic status, the uniformity of their thinking, hopes and goals in respect of work and earnings. Economic crises led to the eruption and extension of revolutions of the poor classes. As authorities resorted to violence to curb such revolutions, class hatred was duplicated and social & democratic principles were generated, which committed states to create social legislations that care for providing cultural, health and pension services for some categories. In addition, reciprocal cooperatives, mutual & pension funds, labor legislations to protect workers from work injuries & illness, and committing employers to pay compensations and insurance were established.

As clashes continued, legislations and effective measures to secure the livings of citizens retreated. Many states adopted a social insurance system, which alleviated the rage of deprived classes, and at the same time general commitments were imposed against employers in favor of workers in cases of end of service and compensating for work injuries; meanwhile, employers and workers, with contributions appropriate to their wage, funded social security. Compensations led to the increase of purchasing power of beneficiaries.

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Within the framework of this legislative development, it is significant that Arab states should establish an effective social protection system that would provide a minimum level of social protection that would realize the comprehensive social security on the Arab level. However, we must putting into account the fair distribution of economic revenues as a means of sustainable economic and social development, adopting a comprehensive and coordinated approach that combines political and economic policies to enact the integration of social security services and measures.

It is necessary and appropriate to stress that the expansion in the coverage of social security is not just a social imperative designed to respect human and social rights, but it is a also a prerequisite for strong labor markets and the provision of productive labor, the cornerstone of economic growth. Duly, expansion in social security in all labor sectors becomes a necessity, especially in cases of retirement, unemployment and maternity protection.

**II. Development of the role of social security in protecting income and the ability to earn:**

Political demands of the popular revolutions and uprisings were accompanied by calls to realize social justice in a way that enacts social security measures to improve incomes through the development of the ability to earn a living and productivity. This entails the transfer of a guarantee of income to solve the problem of poverty of income to a guarantee of abilities to solve the problem of poverty of abilities, which allows individuals, and their dependants, decent lives in light of guarantees of work, income and ability to work.

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Article twenty-two of the Universal Declaration of Human Rights (1948) states that every human being, as a member of the group, has the right of social security.

Article twenty-five of the Declaration pays special interest to social security, as it states that each person has the right to an adequate standard of life to secure the health and happiness of his/her families, especially in terms of food, clothing, shelter, basic medical and social services. A person has the right to security in cases of unemployment, sickness, disability, widowhood, old age, and loss of other means of subsistence due to reasons beyond his/her controls. Motherhood and childhood are entitled to the needed relief and assistance, and all children are entitled to the same social protection.

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## Chapter Three

### Social protection and social justice

#### **3.1 Preventive and curative social protection through social security services (public, health and pension allowances and services):**

Social protection cares for social development through making available several preventive services, i.e. measures of reducing threats of ignorance and illness. They include services of basic education, general culture, health care and treatment services in cases of illness & injury as well as the provision of rehabilitation compensatory services and assistances after misfortunes, in addition to unemployment compensations, family allowances for children care and individual needs. These curative and preventive services are the core of social security services, represented in all procedures and assistance of all types, like cultural, healthcare, and pensions provided directly by social insurance to everyone as preventive measures against illiteracy, illness, and poverty. This is coupled by the rehabilitation of the disabled to work in their domains, even partly, as well as assisting them socially to cater for their own, and their families', basic needs as a human right to free them from material anxiety and to be reassured about their lives, at present and in the future.

Therefore, curative and preventive services of social insurance work to realize social development, through the dissemination of public, scientific or practical culture, public and private health care, provision of services and guidance for all that through preventive services that care for

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protecting individuals from poverty and deprivation. This can be achieved by the provision of work for them and preventing them from being afflicted by injuries (personal or work injuries) or unemployment. Social development is interested in childhood through the provision of family assistance or through adapting cultural, health and economic means and procedures that would protect productive manpower, or by inciting them for working, producing, and developing their skills and potentials. It is also interested in curative and compensatory services to cover misfortunes, and help afflicted people and their dependents to live in ease and peace of mind.

Statistics stress the significance of curative and preventive social development for the majority of the Arab population, especially women, seeking to realize equal opportunities, equality in wages for similar jobs, and improvement of work conditions for women, focusing on the growing significance of woman's work and her role in development.

### **3.2 Social protection to realize opportunities for working women:**

Woman's work is not just a human right, but it becomes a necessity imposed by economic hardships that force everyone to work to secure decent and peaceful living conditions. In this context, woman's work plays a significant economic role in the provision of reasonable living standard for the family. The percentage of women who enter the labor market grows in recent years, as a large number of women represent an active economic power in the society.

We need to acknowledge the outstanding role of working women in development, as the woman bears multiple burdens, for a woman



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combines characteristics of a working woman, and characteristics of a mother and housewife doing her housework after returning from her job.

Therefore, there is a need to stress the significance of measures aimed at putting working women on equal footing with men, in regard of opportunities and productivity, especially in rural areas, where women do the bigger share of the work, and her role is not economically calculated.

According to the situation in 2011, the population of the rural areas represents 67.4% in Yemen (24.8 million), 58.3% in Mauritania (3.5 million), 59.2% in Sudan (44.6 million), 56.5% in Egypt (82.5 million) whereas the percentage is less than half in Syria with a percentage of 43.8%, and morocco (41.2%). The percentage is around one third in Iraq (33.9%), Algeria (32.9%), Tunisia (32.3%), and around one quarter in Palestine (25.6%), Oman (26,7%), Jordan (21.4%), Libya (21.9%). The percentage drops to be 4.1% of the population in Qatar (1.9 million) and 1.6% in Kuwait (4 millions). See table 6 in the statistics appendix.

In rural areas, it is observed that working women are widespread, and illiteracy rates are higher than rates in urban areas due to high illiteracy rates among women, compared to men.

In 2009, statistics indicate a significant decrease of women's opportunities to work compared to men on the Arab level. The percentage of working women to the total number of women in work age is 13.8% compared to 68.9% for men.

In 2007, the actual percentage of participation for males (more than 15 years old) on the Arab level is 72.6%. This indicates a relative decrease in actual participation of females, compared to international rates. Percentage

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of participation for females is less than 19% in seven Arab states (Yemen, Oman, Palestine, Jordan, Syria, Algeria and Saudi Arabia). The percentage ranges from 20% to 29% in five states (Tunisia, Iraq, Lebanon, Egypt, Morocco and Mauritania). Whereas the percentage is higher than 30% in other Arab states, it is 55.5% in Kuwait and 49.3% in Qatar.

Though participation rate of women improved in some Arab states during the last two decades, rates dropped in some states. In Syria, the percentage was 26% in 1995, dropped to 14.41% in 2007, whereas the percentage in Somalia was 63.4%, and dropped to 35.21%. In Lebanon, the percentage was 23.7%, dropped to 20.4%, whereas the percentage in Yemen was 28.2% and dropped to 9.6%.

There is no doubt that the low rate of women participation in the labor force on the Arab level (24.02%) points out that there is a huge human power outside the labor market, unexploited. Therefore, there is a need to implement strategies and policies to boost employment and create more job opportunities, especially for women, but this needs a coordination of Arab efforts to promote the Arab labor market in a way that would realize the aspired development, which would absorb all human potentials in the Arab world.

Social insurance appears to be crucial in the Arab world, especially with a continuous increase of illiteracy rate and the percentage of the poor, whose incomes are below the poverty line, as indicated by statistics of human development in the statistics appendix attached to the report.

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### **3.3 Social protection to fight poverty (and exclusion to the disabled)**

The phenomenon of inflation, which is accompanied by several economic crises and problems, proved inefficiency of social insurance measures of income to guarantee minimum cost of living. This is due to the prevalence of poverty because of unfair distribution of income on one hand, and due to lack of population characteristics to earn a living, on the other hand.

Several countries paid due attention to develop their human resources, which led to an increase of income levels, despite the poor economic resources of such countries. Therefore, there is a strong connection between poverty, which is measured based on income levels and consumption, and acquiring services of education, training and rehabilitation, which lead to the improvement of the poor's characteristics and ability to earn. It becomes crucial to improve qualities of the Arab workers, starting from tackling the problem of illiteracy, and then undertaking the issue of education and training development, which aims at raising the level, quality and skills of workers. However, we have to put into consideration the disparity between urban and rural communities: when the problem of poverty can be felt in the former, the poor in the latter suffer from hunger, illiteracy and illness.

Supporting the ability of the poor to earn a living becomes inevitable, which can be achieved through services of education, training and rehabilitation, starting with women. This is further supported by the analytical reading of the statistical tables in the appendix of this report on illiteracy in the Arab world, the percentage of women income compared to men, and the percentage of public spending on education.

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The Arab Labor Organization and the International Labor Organization have been concerned with setting minimum standards of social security in different fields of protection and social services.

In regard of the gradual application, the most needed areas will start first, while putting into account the administrative burdens, availability of statistics and financial loads. To determine the most needed, the poor has the priority in compensating income and threats, while the threat of unemployment has the same weight and priority for youth.

According to Conventions, social insurance systems should cover all insurance threats, e.g. ageing, disability, death, unemployment, illness & injury, and all categories of workers, e.g. in agriculture & fishing workers, the self-employed, temporary, seasonal & casual workers. With regard to vertical & horizontal developments, law determines compensations, usually called benefits, conditions for entitlement, level of contributions, relevant parties and percentages to bear these contributions.

Though unemployment insurance is not widespread in the Arab world, it appears significant for the role it plays in the provision of social protection, which was the reason for its spread in several countries in the world for decades. It is concerned with temporal unemployment, as the system of assistance and employment is concerned with long-term unemployment. Taking into account this concept of unemployment as well as traditional conditions of the insurance period to be eligible for compensations, the maximum period to issue the insurance, unemployment becomes a threat that should be covered by insurance. Unemployment insurance, thus, is seen as a temporal insurance, similar to the case of epidemics, which is ignored when discussing costs of health insurance, as

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authorities gather pace to prevent them. The same should happen to general unemployment. Experiments indicate that the threat of unemployment is not achieved at one level for all sectors of workers, but it varies.

Social security measures integrate with social assistance measures to provide pensions for elder citizens. It is worth noting that social insurance measures on the international levels cover only 20% of the total workforce, and note that in most national pension systems the qualifying periods for sufficient pensions are not always available to the poor, and the problem is greater for women who do not work outside their homes.

Social pensions provide protection for aged people without calling for them to pay contributions. These pensions could be comprehensive, i.e. pensions in Botswana, Mauritius, Namibia and Bolivia, or could depend on income testing, i.e., pensions in South Africa, Senegal, India, Bangladesh, several Latin American states, Australia, Italy, and New Zealand. Many of these systems pay contributions equivalent to the contribution paid by the highest income. As public pensions are paid based on income testing, such programs are considered negative incentives to work, but this approach could be adopted when there is no urgent need for the efforts of old men.

Furthermore, we are keen to make a recommendation to enable the poor and women to have retirement pensions appropriate to their incomes through a social pension system for all workers in the society, including workers in agricultural sector. Due attention should be given to these systems and their role in the redistribution of incomes for the good of the poor.

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### **3.4: Social protection to face crises:**

Based on the multiplicity and severity of crises, decent work becomes a central objective for national and pan-Arab policies to integrate and accelerate to achieve this objective. It is time to renew the commitment to the objective of “Decent Work” as the first mean for social justice, and as a means to realize higher development and more sustainable productivity, which Arab countries will have to depend on increasingly to boost economic growth. Future prospects require that economic growth should go inseparable with the expansion of Decent Work. This will need political leaders to have a belief, approach, vision and commitment to gather pace to achieve social protection as a means for sustainable social justice for the future generation.

Therefore, the growing significance of horizontal and vertical expansion of social insurance systems becomes evident, providing the following points are observed:

1. Protection is obligatory, whether it is group protection for workers or national for all citizens,
2. There are several sources of funding for the benefits, which is determined based on contributions paid to the system by or for the insured and their beneficiaries,
3. Law determines conditions of benefits and how they are calculated,
4. It is not required that there must be a direct relationship between benefits and the share paid in contributions, as the total income is redistributed to provide adequate insurance benefits to people with low wages and family responsibilities,

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5. Expenditures are financed from three sources: subscriptions by the insured, employers and contributions paid by the state,
  6. Governments run the system through a public body and a board of directors that encompass representatives of the tripartite.

Social insurance should expand to include the whole society, or a wide sector of it, as interests converge on the level of individuals and families (as a consumer unit), on project level (economic unit), on society level (the economic level of society). Therefore, protection would extend to cases that have not paid the full cost of benefits they receive, yet the difference is covered from resources of the state, or rather contributions of the people and employers, or rather the projects, in a way that explains reasons for multiple sources of funding.

Social insurance is a compulsory national and international system spreading all over the world, though its provisions may differ from one country to another, as all systems face similar threats and have similar concepts. Sometimes it is called social security. Social insurance is an economic system that guaranteed continuity of income, while making available huge amounts of money for investment. It has positive social, political and economic effects.

There must be a philosophical framework to govern conditions and cases eligible for pensions and compensation. It should provide suitable solutions for general problems that face the application of social insurance in the Arab world, otherwise the objective would be lost and answers would contradict.

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**It is significant to determine priorities to develop and extend social insurance systems in light of realities in the Arab world according to the following:**

1. The significance of the inclusion of ageing insurance to workers in agriculture and rural areas, putting into consideration their demographic and economic conditions,
2. Dealing from an insurance perspective, with threats of permanent disability and death provides social protection with a little financial burden, which does not hamper its extension to all labor categories on the national level,
3. Work injury insurance must be extended to workers in the agricultural sector, especially those working on machinery and those exposed to occupational diseases related to livestock, while putting into consideration the development of the concept of accident and civil liability, assuming the responsibility of employers.
4. Extension of health insurance (sickness insurance) to cover treatment and medical care for pregnancy and childbirth,
5. The significance of the inclusion of unemployment insurance in social insurance systems according to its insurance perspective, and as a means to address effects of economic recession



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## Chapter Four

### **Integrating efforts to enact social protection as a means to social justice and a guarantee to future generation**

#### **1.4 New horizons for social protection in order to achieve more social justice:**

In 1975, the population in Arab countries amounted to about 145 millions, with an annual population growth rate of 2.6%. This figure increased in 2001 to about 286 millions. In spite of a declining annual population growth rate, the figure increased in 2008 to about 333.1 millions, then to about 360.7 millions in 2010. It is expected that the number will rise to 386 million in 2015 (See Tables 7.8).

The gap between the growth of economic resources and that of human resources is evident, particularly in the population-rich Arab countries (most of which are not oil producing). However, their populations in 2008 were estimated at about 295.3 million (including, of the oil producing countries, Saudi Arabia, whose population accounted for 7.34% of the Arab's population, and Libya, with 1.96%, and of the non-oil producers, Egypt, 22%, Sudan, 11.17%, Morocco, 9.59%, Iraq, 9.04%, Somalia, 9.1%, Yemen, 6.76%, Palestine, 1.15%, Lebanon, Syria, Djibouti, and Mauritania).

Table 16 shows the distribution of the Arab population in 2008 (333.1 million people), according to age groups. It shows that about 32.8% of the population belong to the under 14 year old age group, i.e., about 109.7

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millions. The percentage rises to 36.9% in non-oil producing countries <sup>(1)</sup> (i.e., about 100.8 million). Accordingly, most of the Arab countries are considered young, population wise, which requires huge efforts to prepare the economic, social and political environments for future generations (in order to realize optimal utilization of this future energy to achieve collective advancement and progress in different fields). If not, this population growth<sup>(2)</sup> will become a burden on the job market, as it will lead to an increase in the number of the unemployed and the marginalized, in addition to jeopardizing security and social peace. Taking into consideration that the number increase in the below labor age children means an increase in the dependency rate (leading to a widening gap between income and spending for the workforce, and also the increase in the phenomenon of poverty in those countries).

It is worth pointing out to the necessity of cooperation between all Arab countries in order to achieve optimal investment to prepare a positive future for the employment children.

If we move on to the youth category (15 - 24 years), we will find that their percentage on the Arab level is 20.9% (about 70 millions), with 20.1% (62.24 millions) of them being inhabitants of non-oil producing countries.

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<sup>1</sup> The percentage of children (under 14 years) varies between 24.7% in Tunisia and 46.9% in Somalia. It is 27.2% in Lebanon, 27.8% in Algeria, and goes up to 45% in Yemen, 44.1% in Palestine, and 43.3% in Mauritania.

<sup>2</sup> It is noted that many states suffer from problems, disputes and weak ability to utilize their available natural resources. There are about 13 million working children, most of whom work under inappropriate work conditions in which Arab and International work criteria are not observed. This leads to an increase in the number of unemployed adults, and low pay in small establishments in the private sector.

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Generally speaking, the percentage of children (under 14 years) and youth (15: 24 years) in Arab countries, the 0 - 24 age group, is estimated at 53.4%.

On the Arab level, development of social protection means is natural, as it goes in accordance with economic and social changes, in order to express the actual reality of the society, which regulates those means and controls them in order to achieve their aim. Accordingly, economic changes, and economic reform programs, led to numerous developments in social security systems, next to which financial services developed, sometimes taking a national form, and sometimes taking different group, and sometimes individual, forms. They varied from national and group saving funds, special group insurance funds, retirement funds, and personal accounts. On the other hand, schemes provided by the insurance sector (and collective insurance contracts) varied, along with employers' obligations for bonuses and retirement compensations set by labor legislations.

Therefore, the methods of social protection varied in order to form a framework regulating social security on the national level to face the radical social and economic developments taking place in societies, in pursuit of a better future. Effects of such developments on the market and labor mechanism varied in a number of aspects, the most important of which are:

1. There is a new role (and a new economic structure) for the state after acquiring a major stake in economic projects through the public sector (which controlled economic projects so they can be managed according to a political view, away from economic rules and market

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mechanism), which required a specific legal structure that achieved its goals. It was overcome by a stage of economic transformation to new economic structures, with new mechanisms.

2. There are variable structures of economic projects and the control of multinational companies and giant companies of the most important economic sectors. Free labor relations became multiple, and market economics and mechanisms prevailed.
3. All states are interested in applying international standards, conventions and recommendations.
4. The gap is growing between incomes and wage levels, and this stipulates financial measures that are concerned with achieving social and economic balance appropriate for the new economic conditions. Meanwhile, international labor standards should be put into consideration, as much as possible, in light of economic conditions.

On developing social protection methods, we have to consider the reciprocal influence of social protection methods and economic and social conditions. Methods and legislations of social protection influence, and are influenced by, economic & social conditions of society and by the economic & social changes and transformations, based on the correlation between those means and the reality of society, its hopes, and ways of realizing them to satisfy the aspirations and needs of individuals.

Hence, social security legislations are seen as the most important legislations affecting economic, social and political life in various states, developed, developing and less developed, which are concerned with the dangers to which human resources are subjected to as a human, social and economic value. By virtue of the size, quality and structure of those

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resources, developed communities managed to exploit nature and science in their service, and achieved varies degree of riches and incomes, which varied according to the work effort made, its perfection and well organization.

Social security legislations determine the minimum limits for the financial rights, which the citizen enjoys, in addition to the social and health services, in activation to its role as the most important method of social protection.

Through the accumulation of reserves, allocations and savings, many social problems are treated by investing social security funds in economic developmental projects on the society level.

Within the framework of economic transformations, i.e., economic reform, the importance of developing social protection methods rose to regulate this protection in accordance with the radical development, which states are going through socially and economically, in regard of market freedom, and market mechanisms. This aims to participate in productive processes and economic activities, in a way that strives to promote investments.

Opening borders for the movement of labor force and capitals has led to the affection of national legislations with international labor standards and international principals of social protection. In this framework, we understand that core development in social protection legislations, which complies with the effects of the still-unfolding and expanding globalization, gives rise to new hazards. This also increases the severity of present ones with market mechanisms, the approval of workers right to strike, and the right of employers to close down business.

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## **4.2 The role of governments in national support and funding to activate social protection:**

### **I. National funding of costs to appropriate pensions with prices and wages:**

Inflation is a global phenomenon that disrupts the curve of wages, and boosts the rate of wage increase. Therefore, it is necessary, on the level of social security associations, to appropriate pensions and their minimum and maximum limits to prices and wages, in order to secure a stable living standard for the insured.

On the other hand, transformation to market economy is accompanied by an irregular increase in the wage curve for many reasons. The most important of which are the actual economic structure, conditions of demand and supply in the labor market, and special conditions related to the wage structure. This is due mostly for handy craft workers who receive high wages at a middle age, as a result of their high physical capacity, adopt piece-work wages, and undertake additional work. Their wages then decrease at old age.

Hence, a lot of social security systems in free economy states tend, during periods of economic transformation, to set maximum wage limits, based on which contributions are paid, raising such limits from time to time according to price and wage changes. At the same time, setting minimum limits for pensions by taking into consideration not to wear out those with low wages with the burden of subscriptions, with employers or society as a whole bearing their share of the cost of benefits or part of it.

From another perspective, there should be a kind of proportionality between long-term benefits and the change in wage level in all countries, developing countries included. It is best for insurance beneficiaries and

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their heirs after them that benefits be less generous when initially determined, and not lose their value later on, than to be generous initially and then gradually lose their true value, with the continuous increase in prices and cost of living.

**II. Governmental support and financial policies to develop skills of informal workers, provision of work, social services, support of compensations and unemployment allowances:**

Most categories of informal workers, the self-employed and those working from home lack legal and social protection.

Hence, many countries are working to develop the earning ability of people working in these sectors through developing their skills, education, health and training so they would have the opportunity to work for wages or returns that would guarantee a decent life. On the other hand, it is necessary to develop social security measures to deal with the danger of unemployment, and its spread to all work forces through unemployment compensations and allowances.

Unemployment insurance aims to provide the laborer with compensation as part of their lost wages, which resulted from compulsory unemployment. It is provided as weekly benefits to workers according to tables or rates set by law. Entitlement of benefits and their amounts are dependent on contributions paid earlier.

Through this role, unemployment insurance is considered one of the factors that maintains workers' skills and provides training opportunities by reducing their tendency to accept jobs below their ability levels under the pressure of need.

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Unemployment insurance effects on unemployment rates can be supported by linking the worker's contributions rate paid by employers, to the measures they take to stabilize their labor force.

Studying social insurance systems in different countries of the world, it is evident that there are multiple forms of state participation in funding unemployment insurance. A State may adopt more than one form, while fully bearing the cost of unemployment benefits (as is the case of Germany, the UK, Austria, France, Holland, and Hungary), and also the cost of unemployment compensations over the due period set by the insurance system (as in Canada).

Different countries experiences had shown a 75% state participation in funding unemployment insurance systems in developed countries, and some developing ones. State contribution is related to the wealth of the country and its ideologies (93% in advanced countries, compared to 46% in developing countries).

It is preferable to link unemployment insurance with placement service programs (especially for lower level workers) for those who deserve them. This participates in confirming the effectiveness of employment agencies by stimulating the unemployed to frequently visit them and register with them. Some countries may stipulate that unemployed workers attend rehabilitation or retraining programs (or else benefits would be stopped) in order to facilitate mobility and thus using qualifying and rehabilitation to avoid reasons for unemployment.

The government may grant tax concessions and incentives to encourage industries in areas where unemployment is widespread, with the aim of creating jobs, particularly for seasonal unemployment.

### **III. Supporting and funding national programs for universal pensions:**



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The problem of poverty is increasing in a number of Arab countries. Its severity increases with economic crises, particularly those arising due to globalization as a negative effect of the economic reforms, restructuring programs and accompanying the increase in the rate and severity of unemployment. Hence our need in Arab countries to set a minimum level for pensions that will meet basic needs (as a true human and constitutional right for every citizen, which may extend to residents in case of old age, disability and death), without associating eligibility with working durations or bearing a set amount of subscriptions. In those systems, pensions are universal, and are set according to the economic capability of the State, which is usually the main source of funds, in addition to subscriptions paid by those ensured and their employers, according to their financial ability.

**IV. Enacting insurance and public benefits systems (social assistance):**

In addition to the agreed role of governments' responsibilities to support and enact social security systems, they are committed to enact social assistance systems to provide necessary benefits through assessing individual and family resources (to determine their sufficiency to meet necessary subsistence needs) and provide benefits as social pensions, usually funded from public resources. This applies to groups that are not covered by social insurance, or where income benefits, resources and other individual and family resources are not sufficient. Generally, social assistance is considered one of the responsibilities of the modern state, as a duty of the authority, which holds power and general rule. Social assistance systems are widespread, with the spread of labor movements, as complementary basic systems to the social security system, in order to achieve social security.

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### **4.3 The expansion of the role of social security and insurance to cover social burdens, informal workers and the self-employed:**

Economic changes & crises, as well as their negative effects have influenced social security and insurance systems. Hence, the issue is no longer related to determining social hazards as much as it is determining the burdens that have to be covered by social security and insurance measures.

We have to explain here that the main difference between burdens and hazards is that social hazards are probable and by nature, they are future events. Meanwhile, social burdens are different as the social security system may cover them though their nature is always past, along with the reasons that led to them, prior to being subject to the system.

It is worth noting that the difference between social burdens and social hazards lies in the fact that the former usually arise due to events in which man plays part, and desires, e.g., having children. Child expenses are considered a social burden, in a technical sense, and it is also considered a social hazard, in a broader sense, with the consideration of the effects of those events, which include everything that affects the income of a working individual.

Wherever social security extends to cover informal workers, we have to choose the method appropriate to the nature and conditions of those workers. Either through developing tables for mandatory wages of work groups, if they can be classified, or through providing basic pensions to ensure the minimum amount for living expenses.

Some social security systems allow voluntary contributions, particularly for the self-employed. The government provides benefits to encourage voluntary subscription.

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At the end, the state is the ultimate guarantor of many benefits. In many countries, government participation in the funding of benefits received by some groups of informal workers is through:

- An appropriation from general revenue (determined as a percentage of total labor wages, to cover part or all of the system expenses),
- An assistance to cover any deficit that may arise between resources and expenses,
- Bearing contributions to be made by low paid workers (in addition to the commitment of the government to contribute as an employer when the system extends to government employees).

#### **4.4 Stressing the role of cooperatives, small enterprises and financial services provided by employers:**

1- Conferences and seminars held by the Arab Labor Organization recently stressed the active role of cooperatives, and small and medium enterprises in creating job opportunities and improving productivity. Recommendations of those conferences and seminars stated the importance of supporting cooperatives and small and medium enterprises (in addition to supporting microenterprises) through training and developing the skills of those who are self employed.

Statistics indicate that the majority of the poor live in rural areas, where they are engaged in farming activities, a seasonal activity by nature. Generally, labor and social protection legislations do not extend to cover those workers, in spite of their relatively low income.

Hence, there are recommendations on the importance and role of the private sector in developing and improving the skills and capabilities of agricultural labor to increase their productivity & income, and in directing

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them to process agricultural products through cooperatives and cooperative marketing.

Meanwhile, there should be opportunities to increase the percentage of non-agricultural labor, through small and medium enterprises, cooperatives, and giving more attention to rural women to be involved in productive activities. The importance of rural establishments as an important source of labor is increasing. It can economically employ them to enter new markets according to the increase in local demand.

Consequently, Arab countries have to pay more attention to the provision of proper education for everybody, along with vocational training and basic labor skills, as well as encouraging investments in the field of skill training and retraining.

2- The accelerated economic growth and development of the countries of South East Asia, Japan and several economically advanced countries stressed the primary, effective and growing role of human resources. Numerous measures and efforts to develop those resources came into effect. Employers scrambled to provide multiple forms of financial services and created savings and insurance funds to provide complementary social protection to the services provided by social insurance systems, whether to ensure full, limitless compensation of income elements, or to face some social hazards or burdens with which social security is not concerned.

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#### **4.5 The role of trade unions and civil society organizations to make available labor rights and decent work:**

##### **I. Enacting and supporting social dialogue in its relation with trade unions:**

Labor criteria and recommendations are considered the most important means for facing financial and economic crises. They are concerned with enacting labor rights and other basic aspects of decent work, e.g., full, productive, freely chosen labor, tripartite deliberations, employer and employee rights, means of arbitration through representatives, basic rights against discrimination, the release from forced labor and child labor, and social protection. Therefore, the importance of social dialogue and the role of trade unions appear on the local and Arab levels (on the level of sectors, and in work places in the public and private sectors). This aims at realizing the basic principals and rights of labor.

The Arab Labor Organization was keen in its seminars and conferences to stress the importance of the commitment of Arab countries to labor standards and criteria, along with providing the necessary technical and technological support to fulfill their obligations. The Organization called for the promotion of mutual understanding and joint practice, through social dialogue. This comes in relation to the freedom of association and collective bargaining, tripartite deliberations, and the due respect for the basic right of freedom of association, collective bargaining, technical and epistemic capability in the field of social dialogue, effect of its participation and its effect on social and economic policies.

##### **II. The role of civil society organizations (locally and internationally):**

Cooperatives and civil society organizations play a basic role in facing the challenges that hinder the development of the private sector and small and

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micro-sized enterprises in the Arab countries, supporting and providing their competitive and productive capabilities and enhancing their spirit for initiative action, free business and providing basic services in those fields.

**4.6 Enacting social protection through ALO and its activities to develop human resources for vocational & technical training and disseminate insurance awareness:**

This can be achieved through the following:

**I. Through centers and institutes affiliated to the Organization:**

- 1- The Arab Social Insurance Institute, Khartoum, Sudan, is concerned with developing the knowledge and capabilities of workers in the field of social security and social insurance in the Arab World, as well as the dissemination of insurance awareness among production tripartite.
- 2- The Arab Health and Occupational Safety Institute, Damascus, Syria, is concerned with developing the technical capabilities of workers in the health and occupational safety authorities in the Arab World, and the dissemination of health and preventive awareness in this field among production tripartite.
- 3- The Arabic Center for Human Resources Development, Tripoli, is concerned with preparing generations of specialized trainers needed for training at territorial vocational centers and participating in fulfilling the need of Arab countries for skilled labor in the various professions.

It is worth mentioning that the Organization had held a conference on social security under the title: "Towards effective social and insurance policies in the Arab World," Sharma Al Sheik, Egypt, December 2009. In light of its results, the Arab Labor Conferee, in its 37<sup>th</sup> session, held in Manama, Kingdom of Bahrain, March 2010, agreed on forming the Arab

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Society for Social Security, and approved its charter (to replace the coordination committee of social security organizations), located in the Republic of Lebanon.

**II. Through the role of the Organization in the development of Arab human resources:**

The organization is concerned with economic and social development of social resources through:

1. Planning the labor force,
2. Developing employment and combating all forms of unemployment,
3. Making available job opportunities for women, which suit their abilities and conditions,
4. Facilitating Arab labor mobility within the Arab World, securing equal rights and duties with nationals, and working in substituting non-Arab workers with Arabs,
5. Paying interest in the conditions of immigrant Arab workers, defending their rights, maintaining their cultural identity & national affiliation, and encouraging them to return to the Arab World to participate in its development and construction

**III. The Organization strives to raise efficiency of Arab labor productivity through:**

1. Developing labour administration systems and supporting workers and employers organizations,
2. Expanding the base of vocational training and developing its methods and programs,

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3. Disseminating labor culture based on characteristics of the Arab society,
  4. Initiating vocational retraining for the disabled and ensuring suitable job opportunities for them

In this respect, the Organization held the Arab forum on "Technical and vocational training and labor market needs," (Riyadh, Saudi Arabia, January 2010). In light of its outcomes, the Arab Labor Conference, in its 37<sup>th</sup> session, issued resolution 1424, which states:

1. Adopting the document of the requirements to fulfill the Arab decade for employment, along with its general approaches, mechanisms, and the executive programs related to the decade,
2. Adopting the Arab strategy for technical and vocational education and training, taking into consideration the submitted remarks,
3. The creation of the Arab Society for Technical and Vocational Training and Education, located in Riyadh, Saudi Arabia, and adopting its Code of practice



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## **Conclusion**

The report allows multiple inferences, which were presented in part four. We would like to concentrate on issues of priority to several Arab parties.

### **I. The Arab Summit:**

It is appropriate to approach the Arab Summit in order to accentuate the following issues:

1. Social security is a human right, in accordance with Article 22 of the Universal Declaration of Human Rights (Everyone, as a member of society, has the right to social security.)
2. Social security is a social necessity and an economic need, which provides security of income and evasion from poverty, as it participates in the realization of social justice, social cohesion and social peace. Social security also alleviates effects of economic crises and the rescission that follows, and enhances productivity & employability.
3. Concern for social protection represents a direct response to the demand of Arab peoples in several countries, who took to the streets strongly calling for social justice and more & better job opportunities.
4. The Summit, within a framework of Arab solidarity and cooperation, calls for:
  - a. A serious study to adopt insurance systems against unemployment and get benefit from available experiences,

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- b. Adopting programs to support young job seekers through transparent systems, and effective employment programs that meet the need of different youth categories,
  - c. Adopting an Arab program with the aim of providing primary health services to everybody,
  - d. Studying the possibility of establishing an Arab solidarity fund to combat the social effects of disasters

## **II. Arab Governments:**

1. Governments should acknowledge that the extension of social protection is possible and not limited by the balance of revenues and expenditures, but governed by the endeavor for more social justice and the realization of social peace. The share of social protection in Arab states' GDP is still tiny compared to many world states. Necessary expansion fields for social security include:
  - The unemployed and job seekers,
  - Workers in the informal and agricultural sectors,
  - Women who are dependant, of low income, or have lost their supporters,
  - People with disability or chronic illnesses,
  - Pupils and students in different grades of education
2. Governments should acknowledge policies that suit conditions in their countries, provided they include a horizontal dimension for the rapid fulfillment of basic guarantees, which include the provision of primary health services to everybody, guarantee a minimum income and other

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aspects. Governments also seek to expand vertically, gradually. Those policies shall be within the framework of a society program for development, in which social protection, employment support, and the encouragement of establishing productive institutes.

3. The State shall undertake, particularly through government, to manage social protection, which should be effective, transparent and fair. Peer social dialogue and collective bargaining bound by suitable legislations are guarantees to the achievement of this.
4. Employ all means to transform the informal economy to a formal one, taking into consideration employment conditions, and a gradual approach to do this,
5. Disseminate awareness of social protection as a tool for social justice, include it in education curricula and encourage relevant scientific specialties, including actuary studies.

### **III. The role of employers:**

1. Active participation in the social dialogue, particularly concerning social protection,
2. Full commitment to the implementation of social protection legislations and making use of concessions given to social protection obligations in order to provide more work opportunities,
3. Participation in professional pension systems and public savings funds whenever the legislative and administrative frameworks are available,
4. Participate in reducing the informal economy in favor of a formal economy, and participate in combating all forms of human trafficking or discrimination.

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**IV. The role of trade unions:**

1. Active and positive participation in the follow up of the application of social protection systems,
2. Encouraging the establishment of cooperative insurance societies and group retirement system funds,
3. Participation in the provision of health services to members and their families, and follow up developments in health and occupational safety systems

**V. The role of the Arab Labor Organization:**

1. Participation in dissemination of awareness regarding the significance of social protection as the most important arm for social justice,
2. coordinating with other Arab labor associations to support social protection and present relevant pressing issues to the Arab Summit,
3. Following up ratification of relevant Arab conventions and seeking to develop an Arab strategy for social protection,
4. Participation in developing activities of the Arab Society for Social Security,
5. Supporting training and research efforts in the field of social protection and seeking cooperation with Arab, African and International associations,
6. Following up achievements in the field of social protection and presenting them to sessions of the Arab Labor Conference.