

# **Background on 'Role of Social Protection to Achieve Sustainable Development'**

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## **1. Introduction**

Results of Arab development programs demonstrate that although some of them succeeded in realizing a level of overall economic growth, they have not contributed sufficiently in facing the problems of poverty and unemployment, which hinder fair economic growth; there have not been enough and adequate job opportunities for the unemployed. Coupled with the increase of severity of poverty, economic growth became unfair that has not realized social justice: the Rich become richer, and the Poor become poorer, thanks to the decline of the Poor's share in the national income, and the increasing gap between the average personal incomes in different segments of the society.

Development of social protection and provision of decent work opportunities have been a principal demand to Arab governments and officials. We are convinced that developing social protection is a part of the solution. History indicates that radical development of social protection has always been the fruit of severe economic and social crises. Adoption of such regulations and systems was introduced for the first time ever in the history of the world in the wake of the European economic crisis at the end of the 19<sup>th</sup> century, and the adoption of wide scale social protection systems in the United States of America was in the wake of the Great Depression crisis in 1929. Further to this, the development of such systems in some Asian countries was in the wake of the Asian financial crisis in 1990s.

We are convinced that the development of social protection is not constrained by economic budgets or correlated between income and spending on these systems, but rather it is more about the communal project, and whether it aspires to a better level of social justice or it accepts a wide disparity in income and protection, bearing in mind what challenges, unrest and crises this may generate.

Reviewing social protection systems in different world countries reveals to us another significant fact: deployment and development of social protection systems are not primarily associated with the growth of GDP in a country and the per capita share, but it is a will and a choice between several development alternatives.

The issue of balanced development and aspirations of the Youth to secure decent job opportunities has become a predominant issue for all authorities in the Arab countries and all those interested in the principles of achieving integrated development, especially as economic development alone, no matter how high its indicators rise, has not led to the desired social development.

Several Arab countries have witnessed major interactions, where peoples called for the need to activate and support social justice, develop human resources, and to focus on social protection strategies and policies that aim at fair and sustainable development for all segments of the society to achieve a better and concrete development results that can be sensed by citizens and duly boost their sense of national belonging. This comes after numerous doubts and queries about the credibility of achieving social justice in the phase following economic growth in the developing countries, as it is observed that adoption of economic policies that focus on economic growth led to social impacts that contradict with the notion of sharing the produce of growth, as follows:

1. Giving priority to economic development (as social development would subsequently follow) led to several social and political problems, as the increase of crime rate, health problems, and environment-related problems (such as pollution in land, water and air in addition to the depletion of natural resources).
2. Giving priority to economic development led to a remarkable and quick development in the macro economy, but on the other side, it led, in most cases that adopt this approach, to widening the gap between the incomes of different segments in the same society, especially in the middle-income developing countries. Therefore, the economic development has not resulted in the reduction of poverty levels, but, on the contrary, they increased. It has been observed that more than half of the revenues of development in most countries are directed to the high-income segments of the society, as they represent less than 20% of the population. Therefore, real experience emphasizes that economic development has not led to reduction of poverty levels (whether on the short or medium range) but led to the increase of the severity of poverty.
3. According to the previous item, it is clear that the stages of economic growth and development in the development countries do not follow the footsteps of the developed or industrial countries (as the developing countries reveal that this is due to several reasons, including scarcity of basic resources, lack of capital, lack of economic infrastructure, low level of human development due to the low level of education, spread of diseases, and the negative effects of the traditional social environment and the adverse cultural attitudes).

## 2. Conditions of social protection in the Arab countries

Social protection conditions on the Arab level vary according to the various economic, social and political conditions. In general, social protection conditions in the Arab countries can be seen according to the following:

- a. Old-age, disability and death insurance, and work injury insurance are available in all the Arab countries, like the other world countries, but social protection in cases of sickness and maternity is available in some Arab countries through social insurance (sickness and maternity insurance in Egypt, Algeria, Morocco and Libya). Other countries provide social protection for sickness and maternity through other programs or social aid (as in Bahrain, Jordan, Kuwait, Lebanon, Saudi Arabia, Syria and Yemen) as illustrated in table (1).

**Table (1)**  
**Availability of social insurance systems on the Arab level**

Country	Old age, disability & death	Sickness & Maternity		Work injury	Unemployment	Family aids
		Cash benefits	Cash benefits & medical care			
Bahrain	Available	(1)	(1)	Available	Available	(1)
Jordan	Available	(1)	(1)	Available	(1)	(1)
Kuwait	Available	(1)	(1)		(1)	(1)
Lebanon	Available	(1)	رعاية طبية فقط	Available	(1)	Available
Oman	Available	(1)	(1)	Available	(1)	(1)
KSA	Available	(1)	(1)	Available	(1)	(1)
Syria	Available	(1)	(1)	Available	(1)	(1)
Yemen	Available	(1)	(1)	Available	(1)	(1)
Algeria	Available	Available	Available	Available	Available	Available
Egypt	Available	Available	Available	Available	Available	
Libya	Available	Available	Available	Available		
Mauritania	Available		Available	Available		
Morocco	Available	Available	Available	Available		Available
Sudan	Available			Available		
Tunisia	Available	Available	Available	Available	Available	Available

**Source: Social Security Programs Throughout the World, 2008, 2009, U.S. Social Security Administration, Office of Retirement and Disability Policy.**

(1) Through other programs or aids.

- b. The main focus of the prevailing social insurance systems in the Arab countries is to provide retirement benefits that correlate with income, as they come in agreement with the period of their extension for paid workers (except for the agricultural sector), as illustrated in table (2).

**Table (2)**  
**Benefits of compulsory retirement pension programs on the Arab level**

Country	Unified pensions	Income related benefits	Unified national system	Mutual Funds	Professional systems	Individual retirement systems
Bahrain		Available				
Jordan		Available				
Kuwait		Available				
Lebanon		Available				
Oman		Available				
KSA		Available				
Syria		Available				
Yemen		Available				
Algeria		Available	Available	Available	Available	
Egypt		Available				
Libya		Available				
Mauritania		Available				
Morocco		Available				
Sudan		Available				
Tunisia		Available				

Source: Social Security Programs Throughout the World, 2008, 2009, U.S. Social Security Administration, Office of Retirement and Disability Policy.

- c. There is a disparity in contributions of workers and employers to the Arab social insurance systems, and contributions range from 15% of wages in Kuwait to 40% in Egypt (including health and unemployment insurances). Meanwhile, on the international level, contributions range from 8% in Mexico and Rwanda to 42.5% in Austria and Scandinavian countries. It is worth mentioning that employers pay for family aids and unemployment insurances in several world countries, including developing countries.

**Table (3)**  
**Finance sources as percentage of income (%)**

Country	Old age, disability & death			All types of social insurance		
	Worker	Employer	Total	Worker	Employer	Total
Bahrain	6	9	15	7	13	20
Jordan	5.5	9	14.5	5.5	11	16.5
Kuwait	5	10	15	5	10	15
Lebanon	0	8.5	8.5	2	21.5	23.5
Oman	6.5	9.5	16	6.5	10.5	17
KSA	9	9	18	9	11	20
Syria	7	14	21	7	17	24
Yemen	6	9	15	6	13	19
Algeria	7	10	17	9	25	34
Egypt	13	17	30	14	26	40 including medical and unemployment insurances
Libya	(2)3.75	(2)10.5	(2)14.25	5.25	(2)12.95	18.2
Mauritania	1	2	3	1	15	16
Morocco	3.96	7.93	11.89	6.29	(1)18	24.29
Sudan	8	17	25	8	19	27
Tunisia	4.74	7.76	12.5	8.8	15.45	24.25

Source: Social Security Programs Throughout the World, 2008, 2009, U.S. Social Security Administration, Office of Retirement and Disability Policy.

(1) Employers pay for injuries and unemployment insurances.

(2) Old age, disability, death, injuries, health, unemployment, and family aids insurances, noting that some programs cover only paid workers.

- d. Resources and expenses of social security on the Arab level range from 0.1% of GDP in Sudan to 7.6% in Algeria, whereas on the European level the percentage is as high as 36%. With the exception of Canada, USA and Cuba where the percentages range from 12.2% to 20.2%, the percentages on the international level range from .3% to 35.9%.

Table (4) illustrates how resources and expenses of social security, as a percentage of GDP, decrease, though they should increase (as they are badly

needed), for example, in Sudan (resources 0.127% of GDP and expenses 0.03%) and Mauritania (resources 1% and expenses 0.9%).

**Table (4)**  
**Resources and expenses of social security programs**

No.	Country	Percentage of GDP	
		Resources%	Expenses%
1	Egypt	3.4	1.1
2	Sudan	0.127	0.03
3	Saudi Arabia	0.6	1.5
4	Tunisia	5.5	5
5	Kuwait	6.6	3
6	Bahrain	2.9	0.7
7	Morocco	2.4	1.6
8	Algeria	7.4	7.6
9	Syria	1.5	0.7
10	Libya	3.4	2.8
11	Mauritania	1	0.9
12	UAE	0.2	0.2

Source: Social Security Programs Throughout the World, 2008, 2009, U.S. Social Security Administration, Office of Retirement and Disability Policy.

Contradictory to this, resources and expenses of social security programs in Sweden are the highest compared to GDP (resources 36.4% and expenses 35.9%). Sweden is followed by the Netherlands (32.5% and 28.5%, respectively), then Denmark (29.4% and 28.4%, respectively) and France (27.6% and 27.1%, respectively). On the Arab level, resources reach 7.4% of GDP in Algeria (expenses are 7.6%) and 6.6% in Kuwait (expenses are 3%).

e. Weak social protection programs for workers in the agricultural sector:

There is an obvious weakness in social protection programs for workers in the agricultural sector, though annual reports of the United Nations Development Program (UNDP) stress the increasing role of social protection in the agricultural sector because there is an inverse relation between the proportion of the working population in rural areas and the level of human development, which declines as the percentage of workers increases, as illustrated in international human development reports. These reports show that:

- Percentage of rural population increases in Sudan and Mauritania to about 60% of the population and to almost two thirds in Yemen, while the level of human development in these three countries is low.
- In the countries with medium human development levels, urban population is always higher than rural population (such as Jordan, Algeria, Palestine, Syria, Morocco and Iraq).
- Human development is high in Saudi Arabia, Kuwait, Libya, Lebanon, Oman and Tunisia, as the rural population in all of them is low and ranges from 1.6% of the total population in Kuwait to 32.3% of the total population in Tunisia.
- Human development is considerably high in Qatar (rural population is less than 4.1% of the total population), Bahrain (rural population is around 11.3% of the total population), and UAE (rural population is 15.6% of the total population).
- Somalia is considered to be outside the international human development levels, and rural workers are 62.1% of the population.

f. Weak or lack of social protection programs for small and micro enterprises sector:

Small and micro enterprises represent more than 85% of the Arab enterprises. As a significant portion of these enterprises are in the informal sector, they are the biggest job generator. Despite their multiple advantages, work conditions need more care and development.

If we compare their roles in different world countries, we would find out that the non-large enterprises employ around 52% in the USA and 88% in Greece of the total employment. These enterprises contribute in the value-added with a percentage of 46% in South Korea and around 73% in Portugal. They also participate in exports with percentages of 23% in Finland and 85% in Italy.



The scene is different when it comes to the Arab countries, as their participation is most obvious in employment, as their participation in GDP is distorted by oil revenues that represent 40% of the total Arab GDP. However, their participation in exports is still limited in the Arab countries as they depend on local markets, except in Lebanon and in some sectors (like ready-made garments) in Morocco, Tunisia and Jordan.

The number of these enterprises in the Arab countries is around 12 millions, employing about 30 million workers. The Arab countries need to increase this number as the percentage of these enterprises to the total labor power (in thousands) is less than 0.47% in the Arab countries, whereas the percentage is three times higher in Asian, and the number of these enterprises in Latin America is double the number in the Arab countries.

Micro enterprises in the Arab countries include enterprises of self-employment. One third of the male Arab labor force and 12.5% of the female labor force are estimated to work under the umbrella of self-employment.

Despite the crucial role of this sector in the Arab economies, it does not have a parallel official interest to play its due role in social and economic development to realize a better work environment for workers.

Although the economic activities of these enterprises extend to cover all aspects of economy, most workers in these activities work outside the official umbrella, as they move from job to another and from activity to another. As their incomes decline, poverty increases and its dimensions multiply.

The informal economy witnesses the spread of micro units that produce and disseminate commodities and services. These units consist of independent self employed producers; however some of them employ family members, a small number of paid workers or industrial students.

Most of production activities in the informal sector work outside the legal framework, whether the framework of taxation (most of them do not often have taxation ability to pay), or frameworks of social protection and professional relations (as the informal economy is characterized with lack of regular relations and lack of official registration, as ownership of a production unit is an individual or family ownership).

Most of the workers in the small and micro enterprises, or their subcontracting workers, suffer from working in an environment that is not consistent with

decent work, and as they lack social security services in areas like health, training and retirement, their products are often incompatible with quality standards. Therefore, the significance of social insurance systems for those workers appears to achieve adequate incomes for them in cases of inability to work, and to work on improving their skills to move to other work sectors that would meet labor market requirements. We hope that old age, death, disability, and work injuries insurances would extend to the informal sector to provide insurance protection that would be determined according to a comprehensive and integrated system that would put into consideration the special features of this fragile sector.

### **3. Main challenges facing social protection coverage and efficiency**

- Reduction of human development levels, increase of poverty rates and decrease of national spending on education and health:

Human Development report released by United Nations Development Program in November 2011 indicates the increase of the proportion of population whose incomes is below the poverty line in several Arab countries to be 22% of the population (according to the national level of poverty line) in Egypt, Palestine and Iraq. Meanwhile, the percentage increases as high as 34.8 and 46.4 percent in Yemen and Mauritania, respectively.

Statistics confirm that poverty intensifies remarkably in several Arab countries as dimensions of poverty multiply, so that poverty of income is coupled with lack of basic services like electricity, fuel, sanitation and housing, for more than one third of the population in Tunisia (27.1%), Jordan (34.4%), Palestine (37.3%), Syria (37.5%), and to more than 40% in Egypt (40.7%), Iraq (41.3%), Morocco (45.3%), while it exceeds half the population in Yemen (56.3%), Mauritania (57.1%) and jumps to 63.3% in Somalia.

The increase of poverty rates (4 levels: a, b, c and d) is coupled with a decrease of national spending on services of education and health in most Arab countries, as illustrated in table (5):

**Table (5)**  
**Distribution of Arab population based on health (age) and education**  
**(basic)**

No.	Country	Rank among 187 countries	Population 2011	Basic Education		Life expectancy on birth modified by health (4)	% of spending to GDP	
				Literacy 15 & up %	Elementary education for children %		On education	On health
A	UAE	30	7.9	90.0	100.0	68	2.8	2.8
A	Qatar	37	1.9	94.7	100.0	67	2.5	2.5
A	Bahrain	42	1.3	91.4	96.4	66	4.5	4.5
B	KSA	56	28.1	86.1	98.9	62	5.0	5.0
B	Kuwait	63	2.8	93.9	94.8	69	3.3	3.3
B	Libya	64	6.4	88.9	100.0	64	3.9	3.9
B	Lebanon	71	4.3	89.1	100.0	62	8.1	8.1
B	Oman	89	2.8	86.6	83.9	65	3.0	3.0
B	Tunisia	94	10.6	77.6	100.0	66	6.2	6.2
C	Jordan	95	6.3	92.2	96.8	63	9.3	9.3
C	Algeria	96	36.0	72.6	100.0	62	5.8	5.8
C	Egypt	113	82.5	66.4	100.0	60	5.0	5.0
C	Palestine	114	4.2	94.6	78.9	NA	-	-
C	Syria	119	20.8	84.2	100.0	63	2.9	2.9
C	Morocco	130	32.3	56.1	100.0	62	5.5	5.5
C	Iraq	132	32.7	78.1	100.0	54	3.9	3.9
D	Yemen	154	24.8	62.4	85.4	54	5.6	5.6
D	Mauritania	159	3.5	57.5	100.0	51	2.5	2.5
D	Sudan	169	44.6	70.2	74.0	50	7.3	7.3

Source: UNDP Human Development report 2012

As the average international spending on education is 10.2% of GDP, this percentage is reduced by half in the Arab countries (according to the predominant approach in the low and medium human development countries).

Meanwhile, the average international spending on health is 6% of GDP, and this percentage in the Arab countries is around 5.3% (about 5.1% in the low human development countries and 4.5% in the medium human development countries).

Several countries have shown recently more interest in strengthening the capabilities of the population by giving them access to health care, education services and available food, or rather achieving a comprehensive social insurance that aims at increasing opportunities for the Poor and boosting their abilities. There are several social protection programs that aim at reducing negative effects of economic transformations and the accompanying so called national reform measures that affect the Poor. Without such programs, governments cannot initiate or pursue economic reforms or transformations, and duly the Poor and workers in the low paid jobs would not be able to bear the consequences that shape in high prices of utilities, elimination or reduction of food and medical subsidies.

On the Arab level, there is a necessity to support the ability of those categories for earning through services of education, training and rehabilitation, with a focus on women as illiteracy of women is higher and their income is lower, compared with men. This is coupled with the reduction of public spending on education and health.

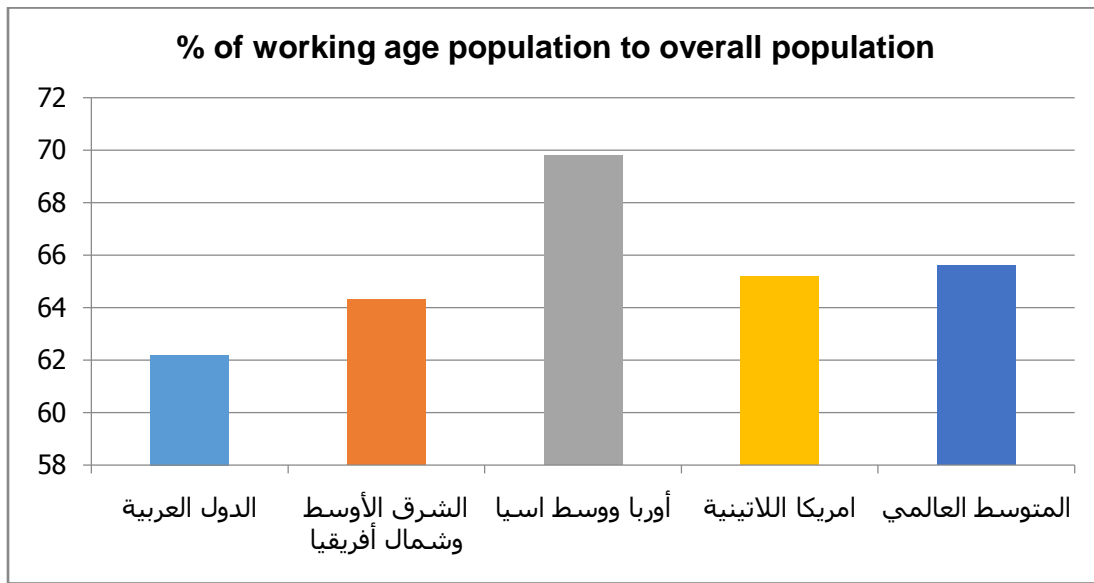
- High dependency ratios and low per capita income:

While we keep an eye on high poverty rates in several Arab countries, another serious challenge appears. Statistics indicate high ratios of dependents, whether young (less than 14 years old) or old (+65 years old) compared to the percentage of working population (15 to 64 years old) in several Arab countries. Negative effects of high dependency ratios intensify as these rates correlate inversely with per capita income, and therefore there are high dependency ratios for low income people. This adds insult to injury as the severity of poverty amplified, and the need for social protection increased. To demonstrate this, we would indicate the decrease of per capita from GDP in Mauritania to 1900 US dollars (PPP), whereas dependency ratio is 74%. Meanwhile, per capita from GDP in Yemen is 2470 (PPP) and dependency ratio increases to 87.1%. On the other hand, when per capita rises to the highest levels in UAE to be 57744 US dollars (PPP), and Qatar to be 91379 US dollars (PPP), dependency ratios decrease to the lowest level to be

17.7% in Qatar and 21% in UAE. This situation requires different social protection policies, according to each case.

Though several social programs succeeded in dealing with this problem, the Arab region is still representing the lowest global level of the population in working age for economic, social and cultural reasons, as figure (1) illustrates. This may dictate to tailor special social programs for the region.

**Figure (1)**



Arab countries – MENA – Europe and Central Asia – Latin America – Global average

Source: World Bank database and collected data from the Arab countries

- Increase and severity of unemployment rates:

Unemployment rates in the Arab countries increase, as the average unemployment rate was as high as 14% at the turn of the century. However, this average was significantly lowered in Algeria, Bahrain and Oman. The average was also seriously lowered in Saudi Arabia and Morocco, and slightly lowered in Jordan, Tunisia and Egypt in the first decade of the millennium. However, this average increased again in the Arab countries two years ago to reach 15%. According to the Arab labor Organization estimates, the average exceeds 17% this year, due to the consequences of the global economic crisis on employment, and as a reaction to what is known as the Arab Spring. In Egypt, unemployment rates increased to hit 13.5%, compared to 9% earlier, and in Tunisia, unemployment rate exceeds 16%, compared to 13% earlier. In Libya, the rate was 18% before the revolution, and perhaps it is higher now. In Yemen and Syria, estimates are more pessimistic but

there is a hope that the current situation, due to popular protests and unrest, would change gradually in the near future, especially if governments give priority to employment issues.

The situation is different in Arab Gulf countries, as employment rates of citizens reached full employment levels in Qatar and Bahrain, followed closely by UAE and Kuwait. In Saudi Arabia, unemployment is still in medium level with 6% unemployment rate, but this percentage will be definitely lowered after the application of the recently adopted measures for the employment of citizens, with allocations exceeding 40 billion US dollars. However, the problem of employment of females is harder to solve due to social considerations that hinder the full involvement of females in the labor markets. This consideration is also applicable to the low level of female employment in the other Arab countries. Unfortunately, female university graduates are more vulnerable to unemployment, as is the case in Palestine, Egypt and Saudi Arabia, not to mention the record-high unemployment rate of secondary education graduate females.

The most prominent phenomenon is the high unemployment levels among youth. In 2011, unemployment rates in the age bracket 20-24 years was 26.7% in Jordan, 39.6% in Palestine and 20.8% in Tunisia, and most of the other Arab countries are not an exception. In general, youth unemployment is usually double the general unemployment rate.

In this domain, the increasing significance of unemployment insurance is highlighted, especially with multiple financial and economic crises. This insurance works on stabilizing consumption demand level on commodities and services, and makes available basic information on the labor market so as to set economic and investment policies, especially in transformational phases accompanying economic reforms. This insurance plays two role: the first is economic as it maintains demand on levels that would reduce possibilities of a slowdown in growth or recession. The other role is a social one, as it saves the worker's dignity and boosts motivation to search for a new job.

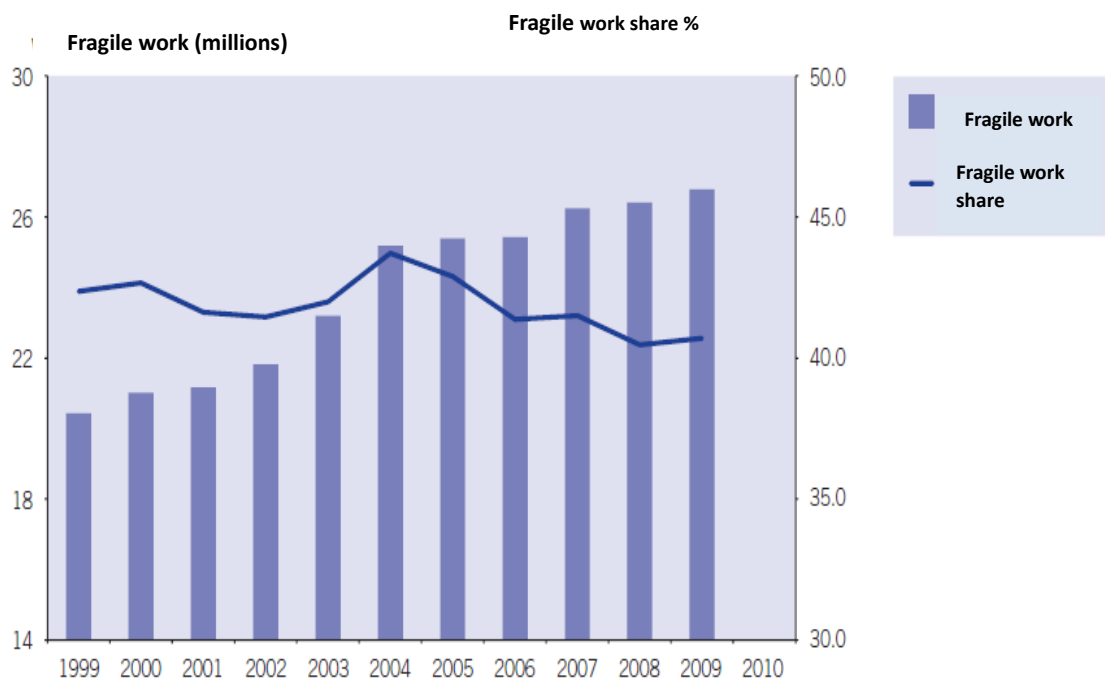
Employment needs to activate training and rehabilitation programs, fair distribution of job opportunities, and improving the capacity for earning. According to this, it is necessary to pay more attention to improving qualities of the Arab labor hand, starting from solving the problem of illiteracy, and then make educational and training development that aims at boosting the quality and skill of the labor.

- Fragility of a large percentage of jobs:

A large percentage of current jobs cannot be classified as decent jobs in terms of longevity, remuneration and work conditions, as most of them are in the informal private sector. This offers an explanation of the large percentage of poor workers, and dictates a reconsideration of work environment, and finding appropriate mechanisms to integrate the informal sector into the formal one.

Fragility of the work and lack of decent work (including low remuneration) is not limited to the informal private sector, but it gradually extended in recent years to the public sector as well. In fact, a large percentage of available jobs do not meet decent work conditions, as they are low paid, unguaranteed jobs, and lack basic labor standards like security, safety and hygiene, not to mention other work conditions like working hours, holidays, insurance, retirement and representation. This is reflected in the existence, and expansion, of the informal sector on one hand, and poor workers on the other.

Available statistics on poor workers (less than 2 US dollars a day) in Arab North African countries demonstrate that the percentage of poor workers decreased in the last decade with only 11% to be 32% in 2009, whereas fragile employment exceeds 40.5% in 2009, after it was 42% at the beginning of the century. The following figure demonstrates these two phenomena in Arab North African countries:



Such conditions need social policies that may have an increasing role of the state, while recognizing the difficulty of achieving this in light of the current economic conditions of several countries in the region. However, having clear policies in this domain is a key step in this road.

- Increasing need to avoid consequences of financial and economic global crises and their reflections on the Poor:

Social conditions in several Arab countries are affected by global financial and economic crises, which increased more recently. This forced some countries to adopt financial policies that aim at reducing the deficit in the state budget in two directions: the first is to reduce public spending and the second is to increase public revenues and to adopt deflationary policies to reduce the effective total demand level. One of the tools used to achieve this is to setting bank credit ceilings, increasing interest rate, issuance of treasury bills, freeing and unification of exchange rates based on supply and demand, and to free foreign trade while giving a greater role to the private sector in light of supply and demand mechanisms. This, however, leaves negative impacts on social programs and at the end the poorest and most vulnerable assume consequences of these policies.

It is necessary, therefore, to note that the basic function of the state is protective against aggressions that leave citizens with a feeling of a prey. The state should pay more attention to the fair distribution of incomes, defending basic rights of citizens and taking into account the social dimension during the processes of inclusion and exclusion that characterize globalization. Therefore, governments should recognize that:

- Social legislations are affected by economic conditions and international standards,
  - It is important to coordinate economic, social and labor policies to achieve social protection and justice.
- Increasing burdens of social protection measures:

The essence of social protection is social security measures, whether national and factional insurances, or public assistance and family aids measures, as all of them work together to guarantee income and compensate for risks. These measures integrate with measures of developing the capability to earn (i.e., education, training and vocational rehabilitation) and improving health.

As these measures, with all its domains, cover the whole society, their financial costs are the main challenge for governments. There should be a separation between social assistance and social security services (family aids and education & health services), usually borne by the state as a representative of the whole society. As states work on alleviating their burdens, they work on integrating social assistance measures with social security systems in one system or framework, while regulating the state participation in funding, side by side with the insured and



employers. Some governments may impose certain taxes to participate in funding, while other states allocate part of the national production for this purpose.

- Facing consequences of economic reform and restructuring programs on the Arab level:

Economic reform and restructuring programs are accompanied by soaring unemployment. There must be a plan to use advanced social protection systems, especially in the developing countries where most workers are unable to make savings during their career life. This aims at the provision of adequate incomes for those who are unemployed for reasons beyond their control (a partial income compensation to maintain the motive to return to the labor markets in appropriate jobs). The state should encourage, rehabilitate and train the unemployed to adapt to the incessant changes as well as the new techniques in production in light of a free market economy, international competition and continuous technological developments that require new qualifications to join the labor market.

#### **4. Social protection systems extended roles in achieving development and maintaining social peace:**

Social protection systems, including social insurances, play an increasing role in achieving the sustainable and integrated development and maintaining social peace to guarantee the continuity of development and achieving development goals to be welfare society. Roles of social protection systems include the following:

- Utilizing reserves of social insurance programs, including:
  - Utilizing accumulations of reserves and allocations of insurance risks to increase local investment rates and duly increasing economic growth rates,
  - Addressing negative consequences for economic restructure (reform),
  - Providing appropriate alternatives for early retirement cases included in economic reform programs.
- Extending the role of social security to improve capability to earn and guaranteed income:

There is a real need to activate social security measures to change them from just being a poor income to improve the income through developing the ability to earn and increase productivity according to:

- The traditional role to guarantee a poor income to face poverty (financial poverty) through social insurance and social aids,

- Activating the role of social security to guarantee decent work and improving the ability to earn, as there are several social security measures that include various services, financial and substantial assistance to meet the basic needs of living and to develop one's capabilities in the cultural, health and vocational domains, and the measures to ensure means of earning, maternal and child protection, and care for the sick, disabled and old-aged.

## **5. Social protection and social justice:**

Social protection is interested in social development through the provision of several protective measures (to reduce risks of illiteracy, poverty and sickness). These services include services of basic education, culture, health and medical care services in cases of disease and injury, and offering rehabilitation and compensatory aids and services when risks happened, despite protection (unemployment benefits, family aids for child care and individual needs). These therapeutic and protective services are the core of social security services that consist of all public aids and measures (cultural, health and pension offered directly by social security to all members of society for their protection from risks of illiteracy, disease and poverty), aids to save them from consequences of these risks, and to rehabilitate the disabled (to return fully or partially to their jobs) as well as helping them socially to meet their own and family basic needs as a human right. This also aims at freeing them from material anxiety and fear and to reassure them of their lives at present and in the future.

Statistics also confirm the importance of protective and therapeutic social development for most Arab citizens (especially women) as international indicators show the deterioration of health, education and income levels in several Arab countries. This can be illustrated as follows:

- Relative reduction of life expectancy in low human development Arab countries coupled with low public spending on education and health:

International statistical reports argue, in this regard, that international life expectancy goes around 61 years while it is only 59 years in the Arab countries. However, there is an obvious disparity in life expectancy in high human development countries and low human development countries; life expectancy in Bahrain is 66 years, in Qatar 67, in UAE 68 and in Kuwait it is 69 years, as these are high human development countries. On the other hand, life expectancy is reduced to 54 years in Iraq and Yemen, to 51 in Mauritania, and to 50 years in Sudan, as they are low human development countries. It is further reduced to be 45 years in Somalia, less than the

average life expectancy age of 48 in low human development countries, according to UNDP human development report released in November 2011.

- Low average schooling years with low per capita in national income

Statistics in the same report illustrate a relative low schooling period whether for ages more than 25 years or expected for children in low human development countries. While average schooling period in Sudan (ranked 169 out of 187 countries) is 3.1 years for ages 25 and more, and 4.4 for children, the average schooling period in UAE (ranked 30 out of 187 countries) increases to 9.3 years for ages 25 and more, and to 13.3 years for children.

- High levels and percentages of all types, forms and definitions of poverty:

Statistics stress that there is a significance increase of poverty in several Arab countries, where there are different dimensions for poverty (poverty of income is coupled with lack of basic services like electricity, fuel, sanitation and housing) for more than one third of the population in Tunisia (37.1%), Jordan (34.5%), Palestine (37.3%) and Syria (37.5%), more than 40% of the population in Egypt (40.7%), Iraq (41.3%) and Morocco (45.3%), and more than half the population in Yemen (56.3%), Mauritania (57.1%) and jumps to 63.3% in Somalia (See table 5).

## **6. Social protection and crisis response:**

The global economy has gone through several financial and economic crises that have extended to the Arab world. Duly, Arab labor markets are affected and as a consequence unemployment rates soared, irregular labor spread, the number of poor families increased and poverty severity raised in several Arab countries, so that several countries suffered from multi-dimensional poverty, which caused long-range negative political repercussions.

Putting into consideration lack of equality between males and females and the widespread illiteracy, respecting basic labor rights becomes a priority for political and economic stability in several Arab countries, a priority that needs to quickly achieve a type of growth that would be more balanced and more oriented to social justice and respecting basic rights for decent work (dignity for worker) as a principal basis for ILO charter, i.e., labor is not a commodity. On the level of social protection measures, there is a dire need to work harder in the following domains:

- 1- Encouraging and developing small and medium enterprises based on their role in economic growth and in generating job opportunities,

- 2- Developing workers' production capabilities, their competitive potentials and skills to develop their incomes and ability to earn,
- 3- Giving priority to making available funding for principles of social protection, as an activation for basic social insurance (pensions of old age, disability, death, maternal and child care aids, unemployment compensations with an eye on partial unemployment, as well as basic social services in the fields of health, housing, water supply, sanitation, education and food security),
- 4- Effective support for social dialogue and endorsing basic Arab agreements in the domains of labor and social security

Based on the multiplicity and severity of crises, Decent Work becomes a pivotal objective for national and Arab policies to integrate and accelerate to reach this objective. It is now the time to renew the commitment for Decent Work as a prime means for social justice, as it is also a means to realize higher and more sustainable growth for the productivity of labor (Arab countries should increasingly depend on this to push economic growth forward in the future). Future prospects require that economic growth should correlate with expanding Decent Work domain.

Accordingly, there are numerous social protection techniques that together form a framework to regulate social security on the national level to face the radical social and economic developments our societies go through (seeking a better future). There are several consequences of this on labor markets and mechanisms.

## **7. Expected outcomes of activating social protection programs:**

Having effective social protection programs would realize significant outcomes in the fields of fighting unemployment and poverty. This can be achieved through:

- Alleviating severity of unemployment: International studies and experiments stressed that the interest of countries in alleviating the effects of soaring unemployment can be achieved through the integration of the following measures:
  - a. Developing education services and social security networks to work on reducing levels of population increase (fertility rates) and this can be achieved through raising education level and curbing illiteracy of females on one hand, and developing workers' capabilities for earning to raise wage levels and transform irregular workers to regular workers with higher payment,

- b. Putting in place programs for (social) general old age pensions in addition to social insurance programs and social assistance systems (including unemployment aids), as seeking to put these programs in place aims at guaranteeing the minimum living expenses for senior citizens, similar to what is applied in most world countries,
  - c. Gradual expansion of the social insurance systems to include all the labor force in the society, including workers in the agricultural sector (as well as in fishing and handicrafts), and workers in the informal sector, as this would expand the domains of employment and help in generating quick job opportunities especially in the services sectors, in which the informal sector is a key player.
  - d. Insurance systems should pay more interest in redistributing incomes in favor of the Poor.
- Fighting poverty through developing capabilities to earn: Political demands of the Arab peoples in their revolutions and uprisings always called for social justice. This dictates the activation of social security measures so that the guarantee of poverty of income would transform to improve the income through developing the ability to earn and increase productivity, and to change its concept from a guarantee of income to deal with poverty of income and change it to a guarantee of capabilities to deal with poverty of capabilities so as everyone would guarantee for himself/herself and their dependents decent life, while keeping an eye on the guarantees of work, earning and employability.
  - Increasing opportunities to employ females: Woman work is not just a basic human right, but it is an economic must dictated by economic conditions that forced all parties to work harder to secure decent and secure living conditions. In this respect, woman work has a major economic role in providing a reasonable living standard for her family. The percentage of women entering the labor market increased in recent years as some of them have become an active economic power in the society. The existence of a comprehensive social protection system is one of the most important catalysts to increase woman participation in the labor force.
  - Fighting marginalization of people with special needs: Advanced social protection systems, which put into consideration international conventions and agreements on people with special needs, increase the chances of employment and therefore their reintegration in society.

- Boosting efficiency and effectiveness of small and micro enterprises: International experiments demonstrated that one of the main elements of success for small and micro enterprises is the existence of social protection systems that secure for owners and workers appropriate guarantees similar to those available to medium and large enterprises.

## **Conclusion**

- Policies of social protection are no longer a demand that could be postponed, but it becomes a main element in any economic policies that aim at realizing integrated and sustainable development. This is a guarantee for stability and social peace, which are in turn a basic component of economic growth. However, one must keep in mind that adopting these policies must come out of the scope of the idea of deficit in budgets, even if its application is associated with the fixed phases approach.
- Social security is one of the human rights as stated in article 22 of the Universal Declaration of Human Rights (Everyone, as a member of society, has the right to social security).
- Social security is a social and economic need that helps in providing income security, avoidance of poverty, realizing social justice and cohesion, and building social peace. Social security alleviates effects of economic crises and subsequent recession, and it boosts productivity and employability.
- Interest in social protection is a direct response for demands of several Arab peoples who strongly demanded social justice as well as more and better job opportunities.
- There is an urgent need in several Arab countries to start moving in order to:
  - Make serious studies to adopt unemployment insurance systems and to benefit from existing experiences.
  - Adopt wide scale programs to support young job seekers through decent and transparent assistance systems and effective employment programs that meet the needs of different categories of youth.
  - Adopt a program to make available basic health services for everyone.
  - Extend the scope of social security for all small and micro enterprises as well as workers in the informal sector.
- Efforts to build an integrated social protection system are based on the integration of the roles played by all participants in development, whether socially or economically, as follows:

▪ **Role of governments:**

- a. Governments should approve that expansion of social protection is possible and that it cannot be confined by balances of income and spending but it is governed by seeking more social justice and achieving social peace. Social protection share in GDP in the Arab countries is still low compared to many other world countries. Necessary areas for the expansion of social protection include:
  - The unemployed and job seekers
  - Workers in the informal sector and the agricultural sector
  - Breadwinner woman, low-income or distressed with losing her breadwinner woman
  - Persons with disabilities or chronic diseases
  - Students and learners in different education stages
- b. Governments should adopt policies that would fit the conditions of their respective countries. Such policies should include the objective of the horizontal dimension in the quick implementation for basic guarantees such as the ability to put in place basic health services for everyone and guarantee a minimum income, among others. They should also seek to gradually expand vertically. These policies should be within a framework of a societal development program in which social protection correlates with employment support and encouraging the establishment of productive enterprises,
- c. The state should, through governments, manage social protection, which must be effective, transparent and fair. The guarantees to achieve this include objective social dialogue and collective bargaining bound to issue appropriate legislations,
- d. Gathering pace to transform informal economy to a regular economy, taking into account employment conditions and appropriate gradual achievement of this,
- e. Raising awareness of social protection as a tool for social justice and inclusion of this in education curricula, as well as encouraging relative academic disciplines including actuarial studies

- **Role of employers:**
  - a. Effective participation in social dialogue especially on social protection
  - b. Full commitment to implement legislations on social protection and benefitting from cases of exemption from social protection commitments to generate more job opportunities
  - c. Contribution in professional pension systems and public mutual funds whenever the legislative and administrative framework for this is available
  - d. Contribution in transforming the irregular economy to a regular economy and participation in fighting all sorts of discrimination and human trafficking
- **Role of trade unions:**
  - a. Active and effective participation in following up the application of social protection system
  - b. Encouraging setting up insurance cooperatives and factional retirement systems funds
  - c. Participation in providing health care services for members and their families and following up the development of vocational health and safety systems
- **Role of the Arab Labor Organization:**
  - a. Participate in spreading awareness of the significance of social protection as the most important means for social justice
  - b. Coordination with the institutions of joint Arab action to support social protection and present the pressing issues to the Arab summit
  - c. Following up the ratification of relevant Arab agreements and working on developing an Arab strategy for social protection
  - d. Following up the progress in the field of social protection and presenting it to Arab labor conferences.