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The Future of Social Security in Arab States in the Middle East and North Africa

*Background Note to the ILO address at the
Inter-regional Tripartite Meeting on the Future of Social Security in Arab States
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International Labour Office
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1. Introduction: Social and economic policy background and the ILO mandate

The positive potential of globalization in terms of higher growth, higher levels of employment, higher standards of living and lower poverty, triggered *inter alia* through rapid technology transfers, fast pace of investment, global information access, as well as potentially enhanced fiscal space for social protection, will materialize only in politically and socially stable societies. Societies can only be stabilized if persistent and emerging social and decent work deficits in industrialized and developing countries are addressed effectively; these range from poor education and illiteracy with consequential social exclusion and gross productivity deficits, to unemployment, unmet health-care needs, health hazards in formal and informal workplaces, deep poverty, widespread inequality and finally to denied basic human and labour rights and lack of social dialogue. Such deficits create risks (insecurity, societal disintegration, environmental hazards, global health hazards, etc.) for sustainable economic and social development. Without social stability economic growth and development remain at risk.

Social stability rests on a variety of societal factors among which two are crucial:

- an adequate degree of security of decent employment for those who can work, and
- an adequate degree of effective social security for those who cannot or can no longer work.

In effect, people need to be confident – even in an economy dominated by global players – that their societies and governments can still provide an adequate level of economic and social security. In order to broaden and deepen confidence in the process of change set in motion by globalization, these twin objectives must be achieved:

- Effective social security means secure access to benefits and services that maintain and enhance an individual's employability and the guarantee of at least a minimum income level, including adequate and secure pensions when no longer active, together with basic social services (including health care);
- In general and in the long run, high levels of productive employment are necessary to finance social protection, as high employment levels substantially contribute to the creation of the tax base for social spending. Ultimately, social security systems can remain economically and financially viable only if they are successful in containing levels of dependency at socially adequate and economically responsible levels.

However, the case is made here that high levels of *decent and productive* employment can only be achieved in the long run if decent levels of social security are achieved in parallel. Change, for example, will be more easily accepted by employees and societies as a whole if the population is confident that governments and employers are seeking ways to facilitate the adaptation process in a socially responsible manner, using constructive social dialogue to build the necessary consensus for restructuring while providing the population with a basic floor of social security that helps to avoid excessive hardship for those that are affected by change. Social security systems also facilitate the distribution of benefits from growth and globalization to those most in need. They also help to create and maintain a productive workforce.

What is required is innovative combinations of government economic, employment and social policies. This Note focuses on the role of social security in that context. It also reports on a major shift in the international policy debate with respect to the role of social security in national development. Social security systems are increasingly seen as a crucial element in national economic and social development, and for the first time in decades

major innovations originate from countries in Africa, Asia and Latin America. The understanding that the globalizing world needs a minimum social security floor for all is gaining ground.

The constitutional mandate of the ILO, as re-stated in 1944 in the Declaration of Philadelphia,¹ “recognises the...solemn obligation of the International Labour Organisation to further encourage among the nations of the world programmes that will achieve, inter alia, the extension of social security measures to provide a basic income to all in need of such protection and comprehensive medical care”.

The ILO constituents reaffirmed the fundamental role of the ILO in the promotion and extension of social security and its obligations in this respect at the International Labour Conference in 2001.² On this occasion, the Conference Committee on social security concluded that “highest priority should go to policies and initiatives which can bring social security to those who are not covered by existing systems”.³ In this regard, it was proposed, among others, that a major campaign be launched in order to promote the extension of social security coverage.⁴ Thus, in 2003, the Global Campaign on Social Security and Coverage for All was launched, with a view to: achieving concrete improvements in social security coverage in as many countries as possible; strengthening social partners and individuals’ know-how in the field of social security and developing useful tools for key actors; and placing social security at the top of the international policy agenda. The promotion of a social floor is rapidly becoming the policy nucleus of the campaign and of international debate.

But our vision of social security development does not stop at the basic floor. The floor is a platform for an “upward-moving escalator” providing more security when the fiscal space of the government increases – as economies continue to develop. These systems are helping women and men climb up the ladder of opportunity and securing them on their arduous way up.

2. Achieving decent work and decent lives for the global society: The role of social security

The term social security – as used here – encompasses all measures that provide income security to people in case of poverty, unemployment, sickness, disability, old age, loss of the breadwinner, as well as access to essential social services. Such access to essential social services encompasses most importantly access to health services as well as access to education and occupational training and retraining. Social protection – including social security as defined above – is part and parcel of the ILO’s Decent Work Agenda. Social protection is also a productive factor that facilitates social and economic development. But before that case is made, some of the ethical foundations of social protection and the present political debate on the subject have to be revisited.

This meeting on the future of social security in Arab States is organized within the framework of the Asian Decent Work Decade, which was launched in the Republic of Korea in September 2006, the African Decent Work Decade, launched in Addis Ababa in

¹ Declaration concerning the aims and purposes of the International Labour Organization, adopted by the International Labour Conference at its 26th Session in Philadelphia on 10 May 1944.

² Resolution and Conclusions concerning social security, International Labour Conference, 89th Session, 2001, para. 2.

³ Ibid., para. 5.

⁴ Ibid., para. 17.

April 2007, and the ILO's Global Campaign to Extend Social Security to All. The Asian Decent Work Decade identified a set of priorities in realizing decent work in the countries of the region. One of the priorities is "extending the effectiveness and coverage of social protection for all, including workers in the informal economy."⁵ The African Decent Work Decade commits African countries to adopting coherent national social security strategies which would also provide for the introduction or extension of a basic social security package.⁶ Several Decent Work Country Programmes in the region, including Jordan, the Syrian Arab Republic and Yemen, have identified social security as one of the main priorities.

2.1 The moral challenge

Social security is a human right. Article 22 of the United Nations Universal Declaration of Human Rights states: "Everyone, as a member of society, has the right to social security". Almost sixty years later, that right remains a dream for 80 per cent of the global population. To many people a basic set of benefits could make the difference between a miserable and a decent life, or simply the difference between life and early death. Millions of children under the age of five die every year because they have no access to adequate health care and because there is not enough income to secure their food. According to ILO calculations,⁷ less than 2 per cent of Global Product would be necessary to provide a basic set of social security benefits to all the world's poor. Providing a basic set of benefits to all who lack access to social security would require 6 per cent of Global Product. That potential investment in people amounts, for the two scenarios, to less than 10 per cent or 30 per cent respectively of the total annual global investment in tangible assets. The major share of the cost of a set of basic social security benefits stands to be financed out of national revenues, although in some countries international help might be needed to jump-start such systems.

2.2 Social impact and historical experience

Social security systems providing social transfers are instruments to alleviate and prevent poverty, which work directly and fast in a way that the putative benefits of "trickle-down" effects of economic growth cannot match. We know from long experience in OECD countries that social protection is a powerful tool to alleviate poverty and inequality: It reduces poverty and inequality in many OECD countries by almost 50 per cent.

There is no successful industrialized country in the world that does not have a fairly extensive social security system. There has been widespread consensus in most industrialized countries that the social protection of their population should be improved as societies grew more prosperous. Until recently and over many decades that principle was rightly never questioned. Many of those "traditionally" regarded as the most successful amongst the "developed" economies of the world, such as Denmark, France, Germany, Netherlands, Norway and Sweden, also have the highest social expenditure when measured as a percentage of GDP, generally between 25 and 35 per cent. These economies are also traditionally open economies and have been subject to international competition for decades before globalization became a topical issue. They also have in common the fact that they all started to introduce their social protection systems about a century ago – that is, when they were poor. Providing social security was and is part of their development paradigm.

⁵ Conclusions of the Fourteenth Asian Regional Meeting, Busan, 29 Aug.–1 Sep. 2006, available at: <http://www.ilo.org/public/english/standards/relm/rgmeet/14asrm/conclusions.pdf>

⁶ Conclusions of the Eleventh African Regional Meeting, Addis Ababa, 24–27 Apr. 2007, available at: <http://www.ilo.org/public/english/standards/relm/rgmeet/11afrm/conclusions.pdf>

⁷ Presented in Cichon and Hagemeyer (2007).

There are positive examples of successes with modest universal social benefit systems in Africa, Latin America and Asia. In Botswana, Mauritius, Namibia and South Africa, for example, basic universal pensions have shown positive poverty alleviation effects. Valuable experience has been gained regarding the potential role of social transfers in combating poverty in countries such as Brazil and Mexico. Notable success in achieving full population coverage in health care could be observed across Asia during the last three decades. The Republic of Korea achieved full population coverage in a little over twenty years and Thailand in less than fifteen. Now major progress is being made in India and China. All experience shows that implementing basic social security systems in low-income countries can make an enormous contribution to achieving the first of the Millennium Development Goals (MDGs) – that of halving of poverty by 2015.

One may ask why is then the reduction or containment of social expenditure a predominant preoccupation of policy-makers in many countries the world over? Why does the stabilization of social security systems or the introduction of at least basic systems of social security not play a bigger role in economic and development policies? Why then do the majority of people in the world lack access to even basic social security? Why are many of those who provide advice to poor countries reluctant to support major transfer programmes? Why is there not enough support within the countries themselves? The answer lies in a fundamental and widespread misconception of the economic effects of social security.

2.3 Challenging conventional economic wisdom

The answer to the above questions lies in a lack of understanding about the economic effects of social protection systems. In a tough competitive environment of global markets, every perceived detriment to national competitiveness is subject to intense scrutiny. Thus, social expenditure – at a level of between 25 and 35 per cent of GDP in industrialized countries and between 5 and 15 per cent of GDP in many developing countries – is often feared to be an unproductive expenditure. The national social security systems in industrialized countries came under political pressure following the two oil crises, when economic growth slowed down and fiscal space for income transfers in cash and in kind contracted or at least no longer expanded. The perceived need to contain social security expenditure became even more pronounced when globalization took off in full force at the beginning of the new millennium. The pressure to perform in a global competitive environment led to a one-sided view of social security as a cost to a society rather than a potential benefit and an investment in economies and people.

The international social protection policy debate has thus become a debate on fiscal and economic affordability. In the developed world it is a double-edged debate. On the one hand – on the revenue side – real or perceived global tax competition between countries and growing informality are perceived to limit the fiscal space for transfers, while on the other hand – on the expenditure side – population ageing and new health hazards lead to higher dependency levels and treatment costs, and are hence seen as inexorably driving expenditure levels higher. In the developing world the fiscal space debate is likewise a debate on economic and fiscal affordability but also implicitly an opportunity cost debate. It is argued that scarce public resources can better be invested elsewhere where they would create more economic growth, which would in the long run be more beneficial to the welfare of a population than allegedly “unproductive” transfer payments – largely to people working and living in informality.

In making the economic case for strong social transfer systems, the conventional economic wisdom with regard to the relationship between social protection and economic performance has to be challenged. The major elements of that conventional economic thinking are:

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- (1) Social expenditure is perceived to be exclusively consumptive expenditure and does not have an investment character.
 - (2) Economic growth is believed to reduce poverty automatically (often described as the “trickle-down effect”) and thus in an environment of growth the need for redistributive (social protection) policies may remain very limited.
 - (3) There is a trade-off between social expenditure and economic efficiency or growth and hence high levels of redistribution are detrimental to growth.

Whereas, in our view:

(1) *Social expenditure has an investment character*

Social security systems reduce poverty and are an investment in productivity. The World Bank stated in a recent report that poverty is a risk to security and lack of security is a hindrance to the investment climate.⁸ Furthermore, only people who enjoy a minimum of material security can afford to take entrepreneurial risks.⁹ Social security benefits (that do not establish disincentives to work) can facilitate the adjustment of labour markets in the industrialized and the developing world; they can thus help to facilitate public acceptance of global changes in production processes triggered by globalization. The existence of collective social security systems can help to maintain competitive wage levels as, in their absence, individuals would have to seek higher incomes to finance individual or private risk-coping mechanisms out of current incomes. Furthermore, only healthy and well-nourished people can be productive. Only people that have enjoyed at least a minimum level of schooling – facilitated by child and schooling benefits – can work their way out of poverty successfully. Many people would not be able to afford that level of schooling without family cash benefits.

(2) *Economic growth alone does not automatically reduce poverty*

The empirical and statistical evidence of the last decade shows clearly that economic growth does not automatically reduce poverty without employment promotion and income redistributive mechanisms (such as social security systems) being put in place, otherwise countries with the same levels of GDP per capita would not experience a wide range of different levels of poverty and inequality. And one would not see persistently high levels of poverty in some countries with relatively high levels of GDP per capita.

(3) *The famous trade-off between growth and equity does not hold true*

There is ample evidence that countries with identical levels of social spending experience a wide range of different levels of GDP, contradicting the hypothesis that there is an automatic negative correlation between economic performance and levels of redistribution. The latter implies that there is no hard and fast rule as to what countries can afford. There is, however, a fairly strong positive correlation between per hour productivity and per capita expenditure on social protection in OECD countries. Thus, superior economic performance and high social expenditure do coexist and social expenditure and economic performance support each other. The famous growth–equity trade-off is a myth rather than fact.

Obviously, at early stages of development the available financial and fiscal space is more limited than at later stages, so the introduction of social security benefits needs to be sequenced by order of priority. But we will show in the following sections that even among low-income countries most can afford some level of social protection.

⁸ See World Bank (2005).

⁹ See OECD (2006).

At a later stage of development there may be a saturation point for social expenditure beyond which it becomes economically and socially counter-productive due to disincentives and crowding out of other public expenditure. That will depend on specific national circumstances and the specific design of the transfer systems and the affiliated incentives – for example, whether the system creates incentives for staying in or taking up work. Population ageing and the consequential reduction in the size of the labour force call for a close review of the incentives that need to be built into the systems to limit or reduce dependency levels without depriving those in need from necessary levels of protection.

However, a basic set of social protection benefits can only be promoted with credibility if it can be demonstrated that it is logistically feasible and affordable. Logistical feasibility can easily be demonstrated by examples of successful benefit delivery at reasonable administrative cost from Botswana, Brazil, Mexico, Namibia and South Africa. The critical question remains: Can developing countries afford a basic social security floor?

2.4 Fiscal affordability of social security in a development context

Fiscal space is always limited. Obviously, it is to be expected that in the early stages of development the constraint is tighter than at later stages, so the introduction of social security benefits may have to be sequenced by order of priority. However, ILO actuarial calculations have shown in the case of 12 developing countries that some form of basic social security can be afforded by virtually all countries. The following box describes that exercise in more detail. At the same time, countries need to invest in tax system design and the effectiveness of contribution collection mechanisms.

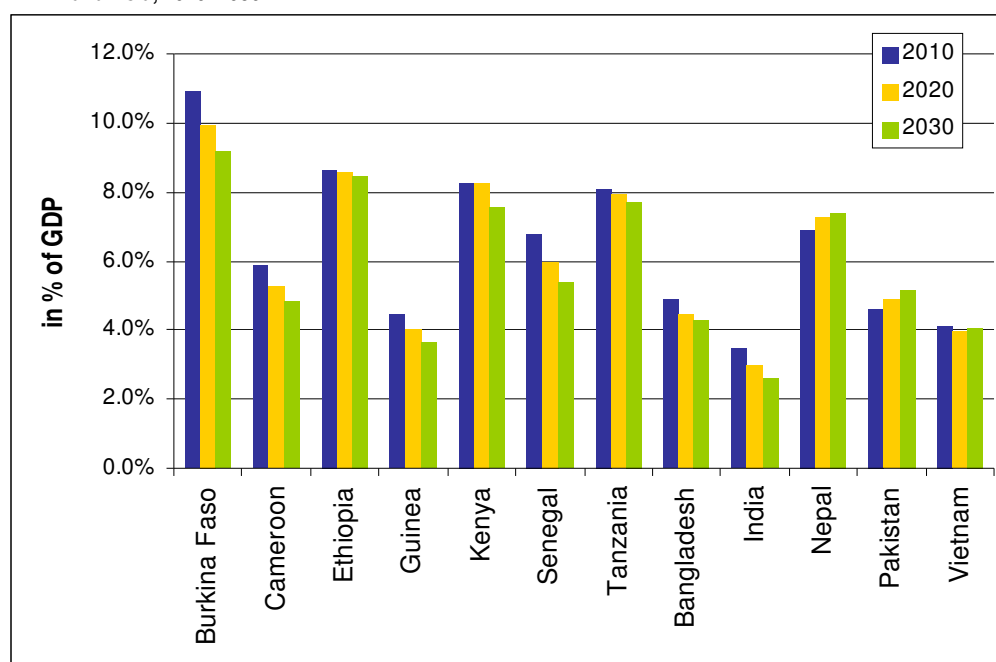
Can developing countries afford to close the social security deficit?

A recent ILO modelling exercise has demonstrated that basic social protection benefits are not out of reach for low-income countries in sub-Saharan Africa and Asia, even though some of them might require some international assistance for a transitory period.¹ The study covered seven African countries (Burkina Faso, Cameroon, Ethiopia, Guinea, Kenya, Senegal, United Republic of Tanzania) and five Asian countries (Bangladesh, India, Nepal, Pakistan, Viet Nam). The cost of a basic social protection package was assessed, including a universal old-age and invalidity pension, universal access to basic health care and a universal child benefit. The main assumptions were:

- *Basic old age and invalidity pensions:*
Benefit of 30 per cent of per capita GDP.
- *Child benefits:*
Benefit of 15 per cent of per capita GDP for the first two children under age 14 in a household.
- *Social assistance:*
100-day guaranteed employment at a wage of 30 per cent of per capita GDP for a maximum of 10 per cent of all people of active age.
- *Essential health care:*
Annual per capita costs based on the benchmark professional staffing ratio of 300 persons per one health professional (approximately the staffing ratio of Namibia and Thailand).

The results of the projection show that a modest basic social protection package or at least substantial parts thereof would be affordable for low- and middle-income countries. Expenditure on the basic benefits package could be kept at around 7 per cent of GDP in Nepal and below 5 per cent of GDP in Bangladesh, India, Pakistan and Viet Nam. The results show a generally lower level of relative cost in Asia as compared with Africa; this largely reflects lower demographic dependency rates in the Asian countries.

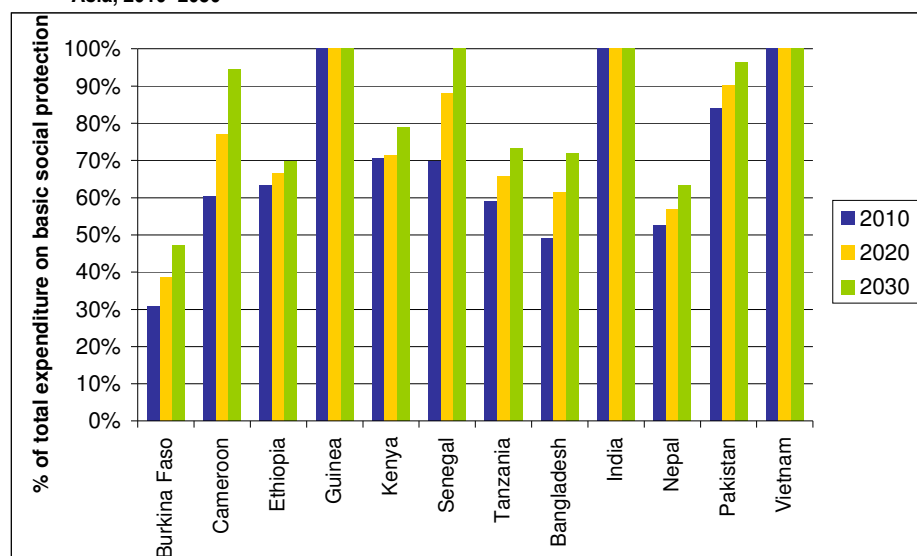
Box figure 1 Projected expenditure on basic social protection benefit package for the selected countries in Africa and Asia, 2010–2030



Source: ILO calculations.

If Asian countries, after some fiscal reforms, were able to use about 20 per cent of their revenues to finance the basic benefits package, full domestic financing for the complete benefit package would be possible in two out of those five countries. In the other countries the financing gaps during the next three decades might have to be closed through a gradual introduction of the benefit package, some budget support from international donors or the increase of the resource base for the national social budget. The latter could, for example, be achieved through the introduction of a health insurance system with wide population coverage.

Box figure 2 Projected share of total cost of basic social protection package that can be covered by domestic resources equivalent to 20 per cent of government expenditure, selected countries in Africa and Asia, 2010–2030



Source: ILO calculations.

¹ See Pal et al. (2005); Mizunoya et al. (2006); ILO (2008b).

The effects of a basic benefit package on poverty reduction could be quite dramatic. Our distributional analysis¹⁰ shows that the combination of a modest cash benefit for children and a modest pension, which could be an entry level benefit package for poorer countries, could reduce the poverty head count by about 40 per cent – a major contribution to the achievement of MDG 1 in some African countries. This set of benefits is estimated to cost no more than about 4 per cent of GDP.

The above costing exercise uses a static (i.e., a simple “all other things being equal”) economic and fiscal model. It does not take into account the potential dynamic effects of a basic social protection package on the levels of national growth.

The case can well be made that the net costs of early investments into a basic set of social security benefits are zero or even negative, given expected offsets by positive economic returns. A small “back-of-the-envelope” calculation illustrates this. We know that the basic conditional cash transfer programme in Mexico, *Oportunidades*, reduces sickness days of adults by about 19 per cent, a major productivity push. The cash-for-education programme in Bangladesh (formerly food-for-education) has enabled children, in particular girls, to remain in school for several years longer than would otherwise be the case, and hence improved individuals’ employment prospects to a degree which should increase the lifetime earnings of beneficiaries by an amount estimated to reach 25 per cent – once again a case of social benefits driving a productivity jump.¹¹ If we assume, conservatively, that such productivity increases, linked to basic social security schemes, lead to a rise in overall levels of GDP by no more than 10 per cent, then modest schemes should quickly pay for themselves. In the long run – and after some investment in the tax collection mechanisms –

¹⁰ See Gassmann and Behrendt (2006).

¹¹ See DfID (2005), pp. 13, 17.

the resulting enhanced tax revenues would increase in line with growth, creating sufficient fiscal space, and more, to finance the benefits.

3. The case for early investment in social security

There seem to be good social reasons to introduce social protection mechanisms at an early stage of economic development and generally no good economic reasons why that should not be done. The historical experience in industrialized countries shows that social security is an investment in social and economic development.

The ILO regards its generic strategy for the extension of social security coverage as one of progressive universalism. That strategy is based on two distinct types of rights of the individual that give effect to the human right to social security. The strategy envisages:

- (1) **for those who derive rights on the basis of payments of contributions or taxes**, the building of progressively higher levels of protection for all or defined subgroups of the population, on the basis of societal consensus and the minimum levels of ILO Convention No. 102;
- (2) **residents' rights**, comprising a basic "floor" of social security for all that can be introduced and strengthened progressively in line with economic development
 - by increasing the number of benefits
 - by increasing the levels of benefits, and
 - underpinned by commitment to the objective of reaching the floor and reporting on the progress towards the objective.

The time seems right to promote a basic set of social protection benefits that should be achieved by all countries in the shortest possible time. This could be the social security minimum benefit package as part of a global socio-economic floor that was advocated by the World Commission on the Social Dimension of Globalization. The World Commission argues: "As long as countries – however poor – are able to collect some taxes and contributions, they can afford some level of social protection. A global commitment to deal with insecurity is critical to provide legitimacy to globalization."¹²

Since about mid-2005, social security research in the ILO within the framework of the Global Campaign has focused on the affordability of minimum tax-financed cash benefits and the feasibility of pluralistic financing systems for health care.

Based on research undertaken in recent years and needs assessments carried out in the course of its technical cooperation activities, the ILO Social Security Department has identified a minimum set of four essential basic social security guarantees (a basic benefit package) that could constitute a social security floor:

- All residents have access to basic/essential health-care benefits, where the State accepts the general responsibility for ensuring the adequacy of the delivery system and financing of the scheme;
- All children enjoy income security at least at the poverty level: through family/child benefits aimed to facilitate access to nutrition, education and care;
- Some targeted income support for the poor and unemployed in active age groups;
- All residents in old age and disability enjoy income security through pensions granted at least at the poverty line level.¹³

¹² See ILO (2004a), p. 110.

¹³ ILO (2008a).

The Social Security Department also suggests that this minimum benefit package should constitute the social security part of the global socio-economic floor.¹⁴ In essence the floor thus consists of a guaranteed set of basic social transfers in cash or in kind to all. It is formulated as a set of guarantees rather than a set of defined benefits. This leaves the option open to individual countries to realize these guarantees by way of means-tested, conditional or universal transfers. The most important fact is that everybody in a given society can access these essential transfers. While conceptually these are part of the country's social security architecture, in most countries the benefits provided would most likely have the character of social assistance rather than social security benefits. It is assumed here that the basic/low benefits are financed from general taxation. The transfers of the social floor being granted to all residents as residents' rights, their financing is generally a responsibility of the society as a whole.

Support is increasing for the policy position that countries can grow with equity, i.e., providing some form of social protection from some early stages of their development. The Director-General's report to the International Labour Conference of 2004 announced that the Office will further explore that suggestion and will explicitly test the financial feasibility and deliverability of basic non-contributory pensions, basic health services and access to basic education.¹⁵ The United Kingdom-based initiative Grow Up Free From Poverty, a coalition of 21 leading NGOs, promotes a "social minimum"¹⁶ benefit package consisting of a basic set of cash transfers, similar to the one listed by the ILO, as a crucial tool in the combat against poverty in developing countries. This position is fully endorsed by the recent White Paper on development policy of the Government of the United Kingdom.¹⁷ The Governments of Belgium, France and Portugal have, for several years now, supported the extension of health security through a combination of community-based and central government approaches, through the framework of the ILO-STEP project. The Government of France launched a health insurance initiative for developing countries during the 2006 G8 meeting in St. Petersburg and is actively following up on this initiative. During its Presidency of the G8 in 2007, the Government of Germany provided continuity by adopting as focal topics health care in developing countries, the social dimension of social protection and the role of social protection.

What we observe is a real shift in development policy paradigms. The "grow first – distribute later" policies appear to be consigned to history. The Rt. Hon. Hilary Benn, then Secretary [Minister] for Overseas Development in the Government of the United Kingdom, described the new development policy with the statement: "Our agenda is about growth with equity, not either or."¹⁸ We are witnessing a growing awareness of the potential value of social transfers in development policies, as was recognized at the G8 Labour Ministers meeting in Dresden¹⁹ and in the Ministerial Declaration of the 2006 ECOSOC High-Level Segment that stated explicitly "...countries need to devise policies that enable them to pursue both economic efficiency and social security and develop systems of social protection with broader and effective coverage."²⁰ The ILO further developed the issue at an informal meeting of the Ministers of Labour and Social Affairs during the 2007

¹⁴ ILO (2006), p. 34.

¹⁵ ILO (2004b).

¹⁶ See Grow Up Free From Poverty (2006).

¹⁷ See DfID (2006), pp. 85–86.

¹⁸ The full text of the speech is available at: <http://www.dfid.gov.uk/news/files/Speeches/wp2006-speeches/growth190106.asp>

¹⁹ See the G8 Labour and Employment Ministers Conference: Shaping the social dimensions of globalisation, Dresden, 6–8 May 2007, Chair's conclusions.

²⁰ See United Nations Economic and Social Council (ECOSOC), Doc. E/2006/L.8, para. 19.

International Labour Conference where a possible new approach to a policy for balanced and inclusive growth was presented by the Office.²¹

However, this social security floor is only the “first floor” of the ILO’s development paradigm for social security. On the basis of the floor for all, progressively better protection has to be built for increasing groups of people as the economies develop and fiscal space for redistributive and protective policies increases. The benefits of the second- and third-tier schemes are usually the result of rights acquired on the basis of payment of contributions or taxes and usually of a high level of income replacement.

The ILO has decided to take a pragmatic stance in the global social security reform debate and focus on its original mandate, i.e., safeguarding social outcomes, rather than argue about process and methods. This has a very clear consequence. The ILO does not have a specific reform model but it has a set of basic requirements of national social security systems. The ILO’s mandate as determined by its Constitution and its Conventions and Recommendations, requires the Organization to promote the following ten basic principles:

- (1) **Universal coverage:** social security systems have to provide at least a minimum level of income protection and access to essential health care for all residents;
- (2) **Benefits as of rights:** benefits should be acquired as of exactly specified and predictable rights as a resident and/or as of right as a contributor;
- (3) **Protection against poverty:** the system should provide a reliable minimum benefit guarantee for all residents that effectively protects people against poverty;
- (4) **Income security:** benefit levels acquired by contributions should provide for reliable minimum levels of income replacement as stipulated in Convention No. 102;
- (5) **Actuarial equivalence of contributions and benefit levels:** a minimum replacement rate for all contributors in relation to the level of the contribution rate should be guaranteed;
- (6) **Guaranteed minimum rate of return on savings:** the real value of contributions paid into savings schemes should be protected;
- (7) **Gender fairness:** Benefit provisions should be gender neutral and gender fair for working parents;
- (8) **Sound financing:** schemes should be financed in such a way as to avoid uncertainty about their long-term financial viability;
- (9) **Fiscal responsibility:** individual schemes should not crowd out the fiscal space for other social benefits in the context of limited overall national social budgets;
- (10) **State responsibility and good governance:** the State should remain the ultimate guarantor of access to adequate levels of social security, social partners should participate in the governance of social security.

The ILO has also embarked on a review of its social security standards with a view to exploring whether they provide sufficient guidance to countries with respect to the definition of a social floor. It appears from the present state of the analysis that a new binding or non-binding instrument defining a social floor could strengthen the ILO campaign.²²

²¹ The ILO tabled and presented a discussion paper entitled *Growth, employment and social protection: A strategy for balanced growth in a global market economy*.

²² ILO (2008a).

4. Towards comprehensive social security coverage in Arab States in the Middle East and North Africa: A policy agenda

Before developing a policy agenda for the region it is necessary to assess at national level the coverage gaps and the national and regional feasibility of building up a system of programmes that closes these gaps. The national strategies should not only be oriented only towards new programmes, but also to the reformulation, articulation and coordination of existing programmes.

4.1 Development of social security

The Arab countries in the Middle East and North Africa²³ have a long tradition of social and family solidarity that is reflected in their systems of government and social security arrangements. They are all members of the Arab League and, except for the Occupied Territories, of the ILO. In developing their social security and social insurance schemes they have attempted to follow the Conventions and Recommendations of the ILO and the Arab Labour Organization (ALO). In particular, the minimum standards and basic principles laid down in the Social Security (Minimum Standards) Convention, 1952 (No. 102), are reflected in most social security legislation throughout the Middle East and North Africa. A number of social security programmes have been established in the region since the 1950s. Algeria was one of the leaders in North Africa, setting up its retirement benefits programme in 1949, followed by Egypt in 1956, the Libyan Arab Jamahiriya in 1957, Morocco in 1959, Tunisia in 1960 and the Sudan in 1974. Social security programmes in the Middle East started in 1956 in Iraq, followed by the Syrian Arab Republic in 1959. By contrast, Oman started its programme only in 1991, as did Yemen, at the time of the country's reunification. Bahrain, Kuwait, Jordan, Lebanon and Saudi Arabia, for their part, set up their social security schemes in the intervening years.

Priority has generally been given to providing protection against the contingencies of invalidity, disability and employment injury. All the programmes are traditional defined-benefit social insurance programmes, with strong public involvement.

The current landscape of social security in the Middle East and North Africa, presented in Annex table 1, can be summarized as follows: Nearly all countries in the region provide old-age, invalidity and survivor pensions for employees in the public and private sector and partly for other groups. While short-term benefits such as sickness and maternity cash benefits have been included in the social insurance schemes in the Maghreb, most other countries require employers to continue paying salaries to their employees during sickness and after childbirth.

Based on their long tradition of family and community solidarity, the countries in the region have established, besides formal social security systems, social assistance programmes and some kind of targeted cash or in-kind benefits programmes to support the poor. The present features of national social security systems in the Middle East and North Africa²⁴ are outlined in the tables of Annexes I and II.

4.2 Socio-economic background

The Arab countries in the Middle East and North Africa have experienced considerable turmoil since the Second World War. Until the mid-1980s, some of them benefited from high growth rates largely based on oil price increases. Making use of oil revenues,

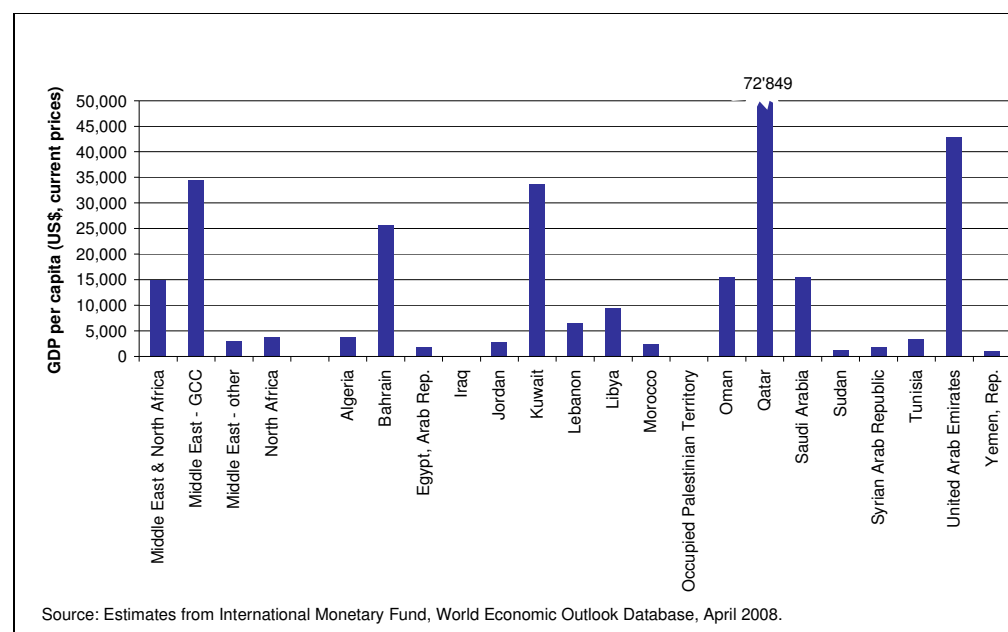
²³ The Arab States of the Middle East and North Africa will be referred to as one region throughout the present paper as their situation is analysed together.

²⁴ Due to a lack of reliable data, Iraq and the Occupied Territories cannot be fully represented in the following sections of the paper.

governments increased investment in the social sectors and poverty remained lower than in other regions; the State increased its role in wage setting and created most of the employment; population growth was not a matter of concern. The collapse of oil prices in the mid-1980s led to declining income and low investment rates; it slowed or even halted growth in GDP and thus increased vulnerability, poverty and unemployment. The countries of the region also experienced a number of serious conflicts in the years that followed, which contributed to socio-economic instability. Towards the end of the 1990s, however, they started witnessing economic growth once again. Partly due to the recent rise in oil prices, some of them have been enjoying comfortable rates of growth in recent years. Between 2002 and 2006, average annual growth rates in some Gulf Cooperation Council (GCC) countries, Jordan and the Sudan exceeded 6 per cent, while the consequences of recent wars and political instability have had a negative effect on a number of economies in the region, namely Iraq, Lebanon and the Occupied Territories.

Economic situation: GDP per capita in the region differs greatly between oil-producing and non-oil-producing countries. The two wealthiest countries in the Middle East are Qatar and Kuwait, with a per capita income exceeding that of many Western European countries, while Yemen is the poorest, with a per capita income roughly comparable to that of Zambia. In North Africa, the Libyan Arab Jamahiriya is the wealthiest country, followed by Tunisia, while the least wealthy country is the Sudan, with a per capita income comparable to that of Mongolia.

Figure 1 GDP per capita in the Middle East and North Africa, 2007



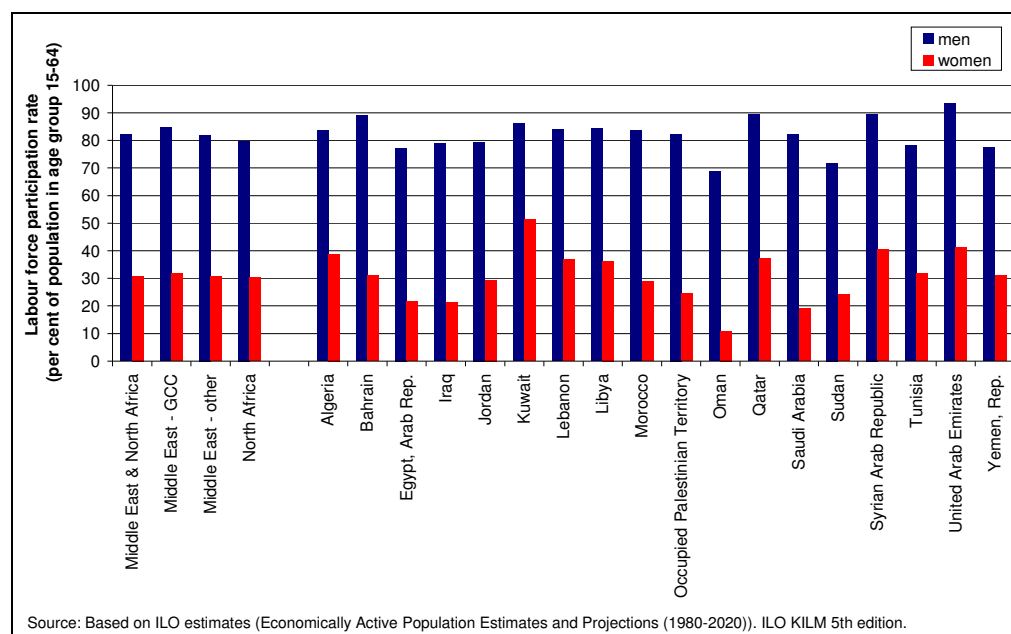
Demographics: Average life expectancy at birth in all countries in the region is 70 years or higher, except for the two poorest countries, namely the Sudan (56.7) and Yemen (61.7). With an average of 3.1 children per woman, fertility rates in the region are substantially above replacement level; the highest fertility rate is observed in Yemen (5.9) and the lowest in Tunisia (2.0), followed by Lebanon (2.3), Kuwait and the United Arab Emirates (both 2.4).

Labour market: Despite the rapid decline in population growth rates in most countries of the region, the momentum of past population growth has accelerated labour force growth. For the region as a whole, the rate of labour force growth rose from 2.4 per cent per annum during the 1960–1980 period to 3.3 per cent in 2006, which is high compared to other parts of the world. However, this growth was not matched by labour demand although many

countries were experiencing high rates of economic growth. Despite substantial growth in private sector employment, new entrants into the labour force could not be fully absorbed. The Middle East and North Africa are currently the region with the highest average unemployment rates in the world.²⁵

Female labour market participation in the region is growing rapidly: over the past ten years the proportion of economically active women increased from 26.7 to 30.9 per cent. However, there is still a substantial gap between participation rates of men and women compared to those observed in other regions (see figure 2).²⁶

Figure 2: Labour force participation rates in the Middle East and North Africa, 15-64 age group, 2006

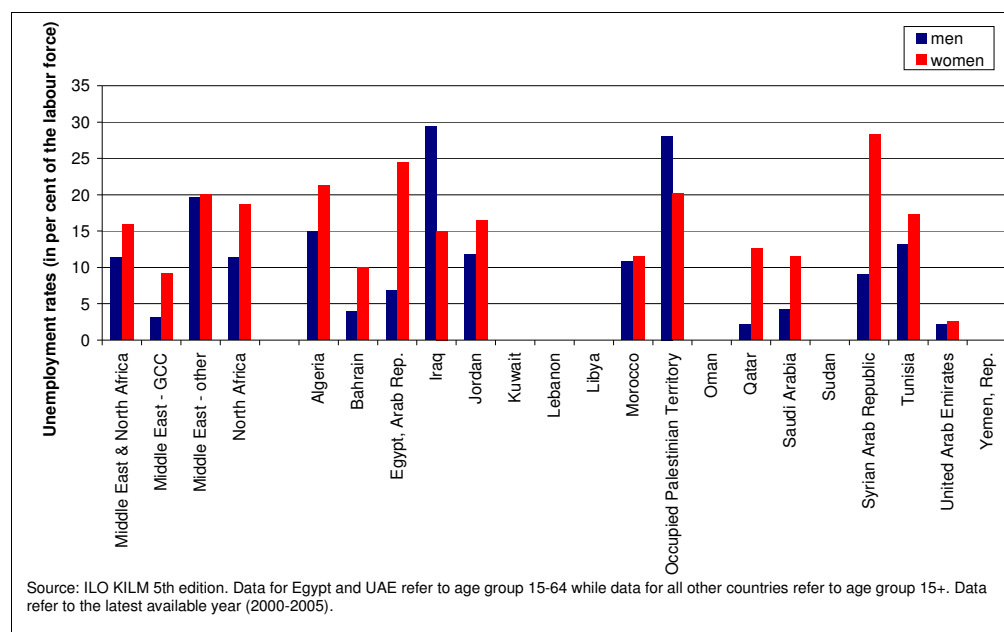


Unemployment rates in the region remain high, and female unemployment in some cases exceeds dramatically that among men (see figure 3). This means that despite their traditionally low labour market participation, women generally face more difficulties in finding employment than men.

²⁵ See ILO (2008c).

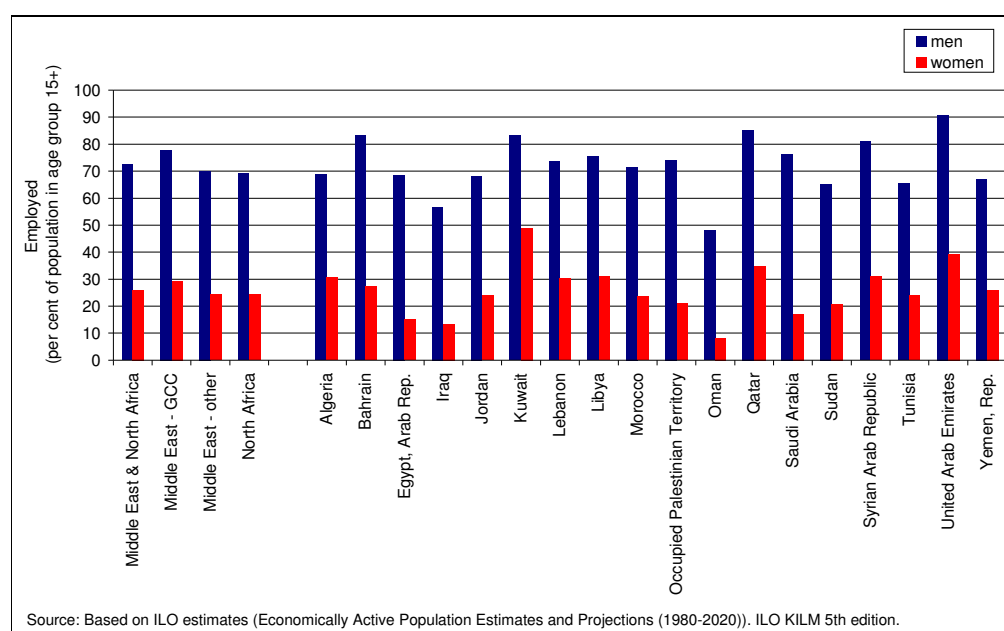
²⁶ See ILO (2008d).

Figure 3: Unemployment rates in the Middle East and North Africa, latest available year



While comparable unemployment statistics are not complete and are often out of date, employment–population ratios are more robust. Figure 4 shows the proportion of women and men in employment as a share of the total population aged 15 and over. There is considerable variation throughout the region. The highest employment rates for both men and women are found in the GCC countries.

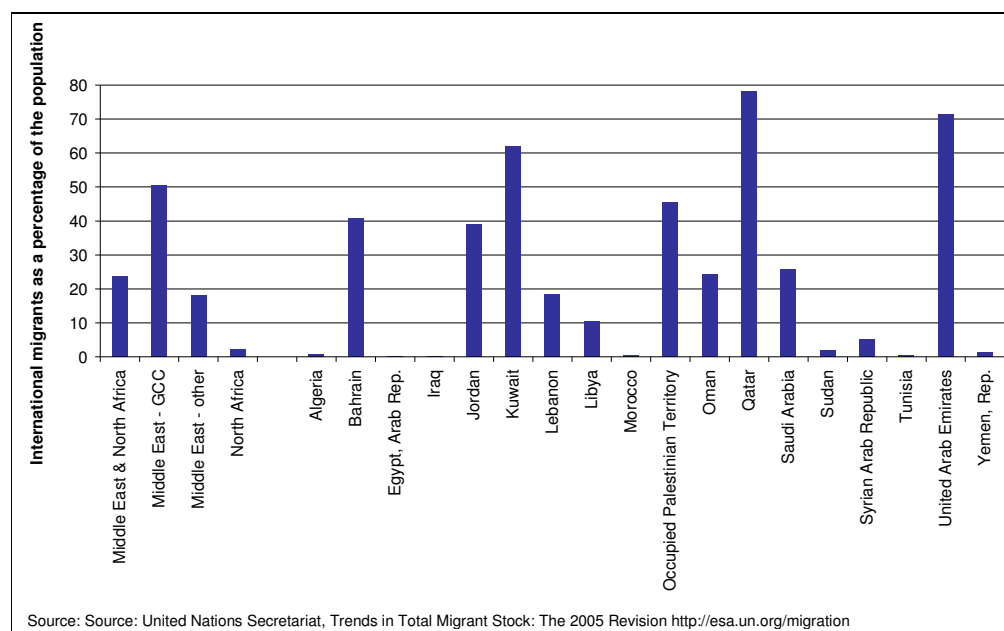
Figure 4: Employment-to-population ratios in the Middle East and North Africa (estimate), 2006



Migration is of substantial importance for some labour markets in the region (see figure 5). The GCC countries are those that receive most migrants, with an overall average proportion of migrants corresponding to around 50 per cent of the population: in Qatar and the United

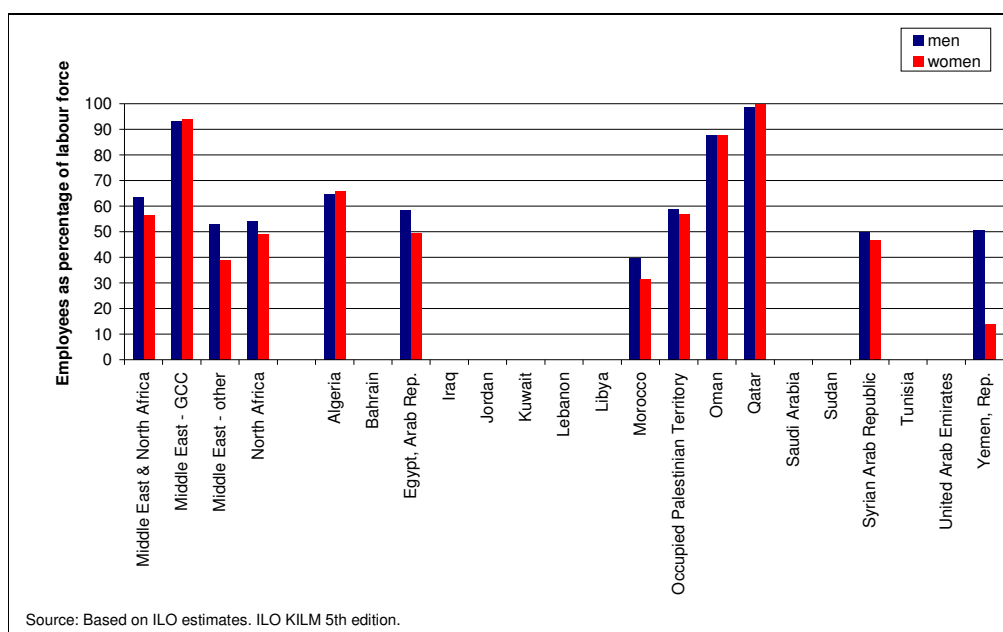
Arab Emirates (UAE) migrants make up over 70 per cent of the population, followed by Kuwait, Bahrain and Saudi Arabia. The other countries of the Middle East also have a significant share of migrants (almost 20 per cent of the population), while in Jordan the proportion reaches nearly 40 per cent. In contrast, in North Africa migrants account for less than 5 per cent of the population on average; the country receiving most migrants is the Libyan Arab Jamahiriya, where they represent around 10 per cent of the population.

Figure 5: International migrants as a percentage of the population in Arab States



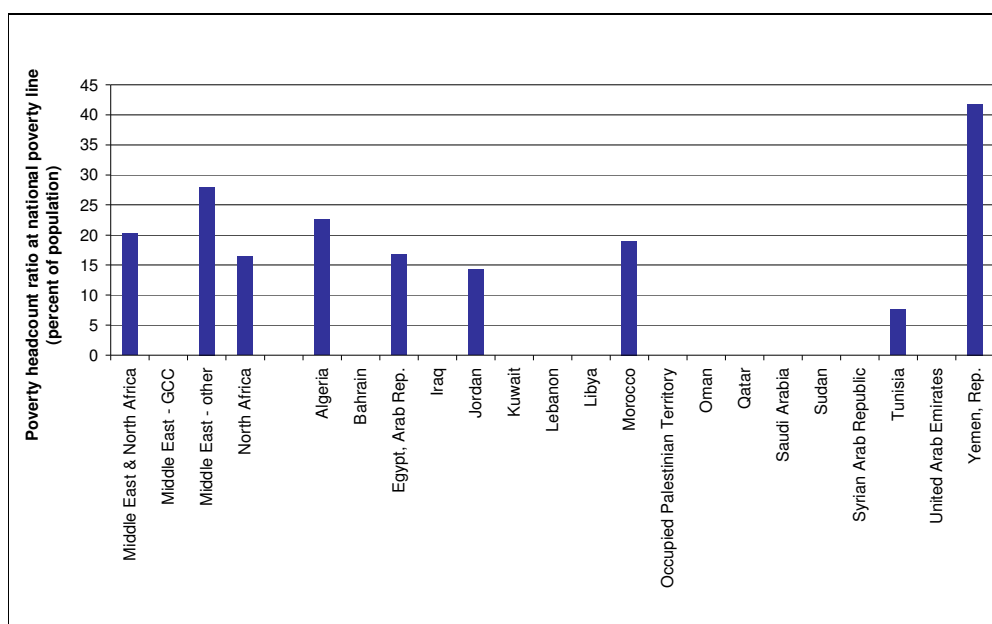
Informal employment has probably grown in most countries in the region during the last decades. Data are incomplete but, as shown in figure 6, the share of formal economy employees at the total labour force (which is here used as a proxy for formalization) hardly exceeds 60 per cent. However, there is a wide variation between the Gulf States on the one hand, where formalization reaches more than 90 per cent on average, and North Africa and the other Middle East countries on the other hand, with formalization rates of around 50 per cent. These data can also serve as proxies for the level and variation of formal social security coverage in the region.

Figure 6: Employees (wage and salaried workers) as a proportion of the total labour force in Arab States, latest available year



Poverty: Although economic performance has been relatively favourable in most of the region and poverty rates have been falling, poverty is still a problem in some countries. The poverty rate is highest in Yemen, where 42 per cent of the population live below the national poverty line, while in Algeria and Morocco it stands at 22 and 19 per cent respectively (see figure 7).

Figure 7 Poverty headcount ratios in Arab States



4.3 Policy challenges

4.3.1 The coverage gap

Formal social security schemes: Formal economy workers in many of the countries in the region do not always enjoy comprehensive social security coverage. According to recent World Bank estimates, national social security pension schemes cover on average only about 34 per cent of the region's workers, the proportion ranging from 8 per cent in Yemen to 87 per cent in the Libyan Arab Jamahiriya.²⁷

While the social security systems in North Africa (e.g., in Algeria and the Libyan Arab Jamahiriya) provide almost comprehensive protection in all nine branches of social security, most social security systems in the Middle East grant access only to invalidity, old-age and survivors' pensions, as well as benefits in case of employment injury. The majority of these schemes do not provide coverage in case of unemployment, sickness, maternity and for the maintenance of children, nor do they provide access to appropriate health-care benefits.

In order to remedy this coverage gap, some countries in the region, such as Bahrain and Jordan, have embarked on extending their social security schemes to cover additional benefits. To this end, Bahrain has recently set up an unemployment benefits scheme aimed at facilitating the return of the unemployed to the formal labour market. The scheme also covers first-time jobseekers, with incentives to take up formal employment. Jordan is in the process of extending its social security benefits to cover maternity and unemployment and is envisaging the introduction of health-care benefits in due course. These measures, among others, constitute an effort to prevent people from being forced into informality, to promote women's participation in the labour market and to ensure sustainable growth of employment in the formal economy.

In addition to the above limitations, several of these systems exclude from coverage employees working in small enterprises. As a result, considerable parts of the region's labour force are left out of any social security coverage. The Jordanian social security system, for example, in 2007 covered only around 50 per cent of the formal private sector workforce.²⁸ In order to provide comprehensive protection and remedy this coverage gap, the Jordanian Parliament is currently discussing extending the country's social security law to the branches of unemployment, health and maternity benefits and extending coverage to all enterprises with one or more employees, which would nearly double the number of persons covered. Some countries, including Yemen, have already extended social security to workers in small enterprises in recent years, but face some difficulties in enforcement.

Another remarkable example of extending social security coverage to a wider group of the population is Tunisia, which between 1987 and 2001 increased the membership in its social security system from about 900,000 to nearly 2 million people.

Income support measures for the poor: While most of the countries in the region have achieved relatively good economic performance, economic growth has not fully translated into sufficient increase in quality employment. Low formal employment levels (outside of the Gulf States), low female labour market participation and high levels of youth unemployment remain the main causes for low coverage rates of formal social security schemes. This leaves a large portion of the population very vulnerable to social risks. As nearly all social security systems in the region are contribution financed and linked to

²⁷ Robalino (2005).

²⁸ ILO calculation for 2007.

formal employment, a high proportion of people lack any form of social security other than some basic social assistance. While the small proportion of women with stable employment careers in the public and private sector are relatively well protected, many women with short and interrupted formal employment careers have little or no social security coverage in their own right.

Some countries have set up cash transfer systems and social assistance programmes in order to grant at least some minimum benefits to the most vulnerable groups of the population. In Tunisia, the Ministry of Social Affairs set up the National Programme for Aid to Needy Families to provide direct cash transfers to the poorest households. In 2005 the programme benefited 115,000 families, most of which include elderly or disabled persons. The programme also grants, among others, the right to free care in hospitals. It covers 717,100 individuals in total, or 7 per cent of the population. According to surveys, however, coverage under the programme is not fully satisfactory and administration is complex, eligibility lists are rarely updated, and when they are, benefits are not always granted to those families newly identified as eligible.

Algeria has set up a public works and cash transfer programme which provides compensation to those able to work and financial support to those unable to work due to old age and invalidity. The programme shows deficiencies, however, as it covers only 20 per cent of the poor, while some people receive multiple benefits. In Morocco, there are a number of different programmes coordinated by an administrative body under the authority of the Ministry of Social Development and Social Solidarity in support of the poor. Overall, these programmes reach only 1.6 per cent of the poor due to inadequate coordination with other agencies and lack of administrative capacity.

Egypt has established a social assistance programme in the form of cash transfers. The impact of this programme is very moderate, however, as payments represent only 5 per cent of the amount of the absolute poverty line, while administrative costs are high. Jordan has set up two programmes of cash transfers to vulnerable segments of the society. One is targeted at the chronically unemployed poor on a case-by-case basis and covers only 45,000 households; the other is a cash transfer programme for the poor, disabled, widows and the elderly, which covers 3.6 per cent of the population. Both programmes have a limited impact due to extensive and burdensome administration. The Yemenite Social Welfare Fund provides small cash transfers to orphans, unsupported women and disabled persons and poor families without income. Although it has been expanded to cover close to a million people, the programme shows major deficiencies: unequal distribution, lack of transparency, low level of payments and a weak monitoring system. Similar cash transfer programmes have been established in other countries in the region, including Lebanon, Syrian Arab Republic and the GCC countries. A further important shortcoming besetting nearly all of these programmes is that they do not grant legal rights to adequate benefits but have been set up as ad hoc measures, depending on the amount allocated from government budgets and therefore subject to variations and cuts.

Expatriate workers: As noted above, the GCC countries are the major migrant receiving countries in the region, with an overall average proportion of migrants corresponding to approximately 50 per cent of the population. In the other countries of the Middle East migrants account for almost 20 per cent of the population, whereas in North African countries the proportion of migrants is relatively low, representing less than 5 per cent of the population on average. While in North Africa and in non-GCC countries in the Middle East regular migrant workers are covered by the relevant social security systems, in the GCC countries there is no such provision, apart from employment injury protection.²⁹ Thus a huge proportion of the population in these countries is left without any protection in case

²⁹ It is worth mentioning that at the onset of the schemes, migrant workers were protected in the same way as national workers, but were excluded after several years of the operation of the schemes.

of old age, disability and death of the breadwinner. Some GCC countries are aware of the need to address this issue, however. One positive example in this regard is Bahrain, which has included protection of migrant workers in its new unemployment insurance scheme.

4.3.2 The need for further reforms

As mentioned earlier, most social security systems throughout the region were put in place in the 1950s and are thus now in the final decades of their maturation process. The time has come for careful design reforms.

Compared to other regions, national social security systems in the Middle East and North Africa enjoy extraordinary public and political support. Population coverage is higher than in all other developing regions of the world. Their conceptual and administrative basis also provides a solid starting point for the extension of social security coverage. However, the “white spots” that have been identified in population coverage as well as in benefit coverage indicate that there is a need for a systemic review of the overall architecture of the national social security system as a whole.

There is also mounting criticism with respect to the design and performance of individual components of the systems. In an extensive review of the pension systems in the Middle East and North Africa,³⁰ in 2005 the World Bank observed a number of systemic weaknesses. Specifically, the schemes:

- are overpromising benefit levels,
- are unsustainable due to design deficiencies (early retirement ages, inter alia),
- provide negative incentives for labour market participation, and
- have inefficient, costly and often fragmented administrations.

Even if that criticism cannot and should not be generalized, there are certainly reasons for performance reviews in many schemes. The favourable demographic situation still helps to stabilize the financial situation of most schemes even if longer term actuarial valuations already signal long-term financial problems. However, there is still time to enter into an intensive national dialogue to remedy the deficiencies of the existing systems.

5. A possible way forward

All countries in the region have well-established social security systems, based on insurance principles and defined benefit schemes, which cover the private and public sector workforce. However, these schemes show gaps regarding the range of benefits provided and the coverage of workers. Most of the countries in the region that receive substantial numbers of labour migrants do not include expatriate workers under the coverage of their pension schemes. In addition, although female labour market participation has significantly increased over the last decade, women’s participation rate is still quite low and thus many women are left without any social security in their own right. Furthermore, labour force growth over the last decades has not always been accompanied by corresponding job creation. This has led to high unemployment rates, mainly among young people and women, with the consequence that unemployment has increased in many countries. In the absence of unemployment benefit schemes and comprehensive social assistance schemes in most countries of the region, large numbers of unemployed workers are left without protection. These deficits contribute to the expansion of the informal economy and consequently to increasing poverty.

³⁰ See Robalino (2005).

Although most countries in the region have taken measures to provide assistance to the poor, social assistance programmes show significant gaps with respect to coverage, low benefit levels and burdensome and inefficient administration and thus do not constitute effective tools for poverty alleviation and income security.

As previously mentioned, several low- and middle-income countries worldwide have embarked on the establishment of innovative cash transfer systems. Some of these transfer schemes provide benefits that are conditional on welfare-enhancing behaviour such as schooling of children or undergoing a minimum set of medical check-ups during early childhood, etc. Others are simply universal benefits, for instance basic pensions that are paid to all residents over a certain age. Table 1 presents a classification of a selection (by no means complete) of significant new cash transfer schemes in countries at different levels of development. It is worth noting that Arab countries in the Middle East and North Africa are not among the countries that have introduced some form of cash transfer schemes seeking to reach either the total population or a specified group of the population, whether on a conditional or unconditional basis.

Table 1 Global prevalence of conditional and unconditional cash transfer programmes, 2008 and ongoing

Type of cash transfers	Countries	Number
Unconditional		
Household income support	Chile, China, Indonesia (till 2007), Mozambique, Pakistan, Zambia	6
Social pensions	Argentina, Bangladesh, Bolivia, Brazil, Botswana, Chile, Costa Rica, India, Kiribati, Lesotho, Mauritius, Namibia, Nepal, Samoa, South Africa, Uruguay	16
Child/family benefits	Mozambique, South Africa	2
Conditional		
Cash for work	Argentina, Ethiopia, India, Republic of Korea, Malawi, South Africa	6
Cash for human development	Bangladesh, Brazil, Columbia, Ecuador, Indonesia, Honduras, Jamaica, Mexico, Nicaragua	9
Total number of countries with at least one programme		30
Of which Arab countries		0

Source: University of Sussex and ILO.

There is a need to establish or improve targeted, coordinated and administered social assistance schemes following a rights-based approach. Such schemes could provide the basic set of social guarantees representing a basic social security floor.

At the same time, the protection provided under formal social security schemes needs to be progressively extended both in terms of the range of benefits and of personal coverage so that all workers in the formal economy have access to higher and more comprehensive social security benefits in line with ILO social security standards and their principles. The overall process should be organized in the form of extensive national dialogue including a complete social budgeting exercise that evaluates:

- the financial status of the existing schemes and their relative resource use within the overall national social expenditure envelope,
- their performance in respect of effectiveness and efficiency,
- the possible fiscal space for additional benefits,

and then – based on established facts – develops overall sectoral reform strategies. To pursue coverage for all based inter alia on the conclusions of the African Regional Meeting in April 2007, the ILO recommends to the countries in the Middle East and North Africa the following practical measures:

- (1) All countries in the region should develop, as part of their Decent Work country programmes where applicable, national social security development plans that determine a roadmap towards national social security systems that are compatible with social needs and available fiscal space, and that are conducive to economic performance, to consist in each case of:
 - a. a fully inclusive basic social security guarantee, representing a social security floor for all, even if implemented only gradually. Such a guarantee could consist of a combination of contributory and non-contributory programme elements, or of non-contributory programmes. The exact components of such a floor for each country level, and the sequencing for its introduction, remain a matter of national policy priorities;
 - b. schemes providing higher levels of health protection and income security that complete the existing structures, once economic performance and fiscal space permit the financing of such benefits, and implemented through multi-pillar (including social insurance) schemes.
- (2) All countries should subscribe to a review system that allows them to self-monitor progress with respect to population coverage. Without such a self-binding mechanism progress might not be as rapid as it could be.

The ILO is well prepared to assist governments in establishing the basic social security floor and in extending the basic benefit package to more comprehensive social security benefits replacing former earnings and to improved medical care. In this regard, the ILO is able to provide technical advice and capacity building covering legal and managerial aspects, in addition to actuarial and social budget analyses. The latter should ensure that the progress made towards coverage is compatible with national economic and fiscal capacity and should help to facilitate donor support for the design and implementation of a social security floor as well as the development of sustainable and comprehensive social security schemes.

Annex I Overview of national social security systems in Arab States

The following tables summarize the current state of social security in the Arab world. In view of the complexity of social security systems, an effort has been made to summarize the current situation in the best possible way. The tables reflect the current legislation as far as possible, yet it was not always possible to account for incomplete implementation of the regulations.

As the sources of information that could be used for this summary are not fully up to date and complete, the authors of this background note would very much welcome to obtain comments in case the information in the tables is not fully correct and complete.

Annex table 1 Overview of social security programmes in Arab States

	Middle East										North Africa							
	Bahrain	Iraq	Jordan	Kuwait	Lebanon	Oman	Palestine	Qatar	Saudi Arabia	Syria	UAE	Yemen	Algeria	Egypt	Libya	Morocco	Sudan	Tunisia
Old age	SI	SI	SI	SI	OI	SI	..	..	SI	SI	..	SI	SI	SI	SI	SI	SI	SI
Survivors	SI	SI	SI	SI	..	SI	..	..	SI	SI	..	SI	SI	SI	SI	SI	SI	SI
Invalidity/disability	SI	SI	SI	SI	OI	SI	..	..	SI	SI	..	SI	SI	SI	SI	SI	SI	SI
Employment injury	SI	..	SI	SI	— ^a	SI	..	..	SI	SI	..	—	SI	SI	SI ^a	— ^a	SI	SI
Sickness	..	..	..	..	SI	..	..	..	—^a	..	..	—	SI	SI	SI	SI	—	SI
Medical care	..	..	..	..	SI	..	..	..	..	..	..	—	SI	SI	SI	SI	—	SI
Maternity	— ^a	..	— ^a	..	..	..	..	..	—^a	..	..	—^a	SI	SI	— ^a	SI	—	SI
Unemployment	SI	—	—	—	—	—	—	—	—	—	—	—	SI	SI	— ^a	—	—	SN
Family	..	..	..	..	SI	..	..	..	..	..	..	EL	TF	..	..	SI	..	SI
Social assistance	SN	SN	SN	SN	SN	..	..	..	..	SN	..	SN	SN	SN	..	SN	..	SN

Notes : SI Social insurance
OI Other insurance arrangement (Prov. Fund etc.)
SSA Statutory social assistance (rights-based)
SN Safety-net type programmes (not rights-based)
TF Tax-financed programme
a Employer liability/employer-financed
.. sufficient information not available

Source: Based on US Social Security Department, *Social security programs throughout the world, 2005–2006*, and online information from national governments.

ANNEX II: Characteristics of national social security systems in the Arab States

Annex table 2 Legal coverage for old age, disability and survivorship

	Public sector employees			Private sector employees						
	Civil servants	Others	Workers with 'regular' contracts	Workers in small enterprises	Agricultural workers	Casual workers	Domestic workers	Non-citizen workers	Self-employed/ employer	Citizens abroad
Algeria	yes	yes ^a	yes	yes	yes	yes	yes	yes	yes ^c	..
Bahrain	yes	yes	yes	yes	partial	–	–	–	vol.	vol.
Egypt	yes	yes	yes	yes	yes ^c	yes ^c	yes ^c	yes ^c	vol ^c	..
Iraq	..	..	..	..	..	..	..	..	..	..
Jordan	yes	yes ^a	yes	– ^a	– ^g	–	– ^g	yes	vol	vol.
Kuwait	yes	yes	yes	yes	yes	..	..	no	vol	..
Lebanon	yes ^d	yes ^{b,d}	yes	yes	yes	–	yes	partial	no	..
Libya	yes	yes ^a	yes	yes	yes	yes	yes	yes	yes	..
Morocco	yes	yes	yes	yes	yes	..	..	..	partial	..
Oman	yes	yes	yes	yes	–	–	–	–	–	vol.
Palestine	..	..	..	..	..	..	..	..	..	..
Qatar	..	..	..	..	..	..	..	..	..	..
Saudi Arabia	yes ^c	yes ^a	yes	yes	–	–	–	–	vol.	vol.
Sudan	yes	yes ^a	yes	yes	–	–	–	..	yes	..
Syria	yes ^c	yes ^a	yes	yes	yes	yes	yes	–	yes	vol.
Tunisia	yes ^c	yes	yes	yes	yes	yes	yes ^c	..	yes ^e	vol.
UAE	..	..	..	..	..	..	..	..	..	vol.
Yemen	yes	yes	yes	yes	–	–	–	yes	–	..

Notes: ^a Special system for police and/or armed forces

^b Special system for teachers

^c Special system for this category of workers

^d Special system for all public sector workers

^e Excluded are workers in enterprises with less than 5 employees

^f Excluded for foreign military, political or international missions

^g Covered by law, but not yet applied in practice

– not covered

.. sufficient information unavailable

Source: Based on US Social Security Department, *Social security programs throughout the world, 2005–2006*, ISSA, *Social Security Worldwide Database* and online information from national governments.

Annex table 3 Statutory retirement ages in Arab States

	Public sector scheme								Private sector scheme							
	Early retirement				Regular retirement				Early retirement				Regular retirement			
	Age		MMC		Age		MMC		Age		MMC		Age		MMC	
	m	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Algeria									50	45	240	168	60 ^a	55	180	120
Bahrain									any	any	240	180	60	55	180	120
Egypt	any	any	240	240	60	60	180	180	any	any	240	240	60	60	120	120
Iraq																
Jordan									45	45	216	180	60	60	180	180
Kuwait	a	a	a	a	50	50	180	180	a	a	a	a	50	50	180	180
Lebanon					60	60	240	240					60	60	240	240
Libya					62 ^a	62 ^a	240	240					65	65	240	240
Morocco									55	55			60	60		
Oman									45	45	240	180	60	55	180	120
Palestine																
Qatar																
Saudi Arabia	any	any	300	300	60 ^a	55	120	120	any	any	300	300	60 ^a	55	120	120
Sudan									50	50	240	240	60	60	240	240
Syria									any	any	300	300	60 ^a	50 ^a	180	180
Tunisia	55	55			60	60			50	50	180 ^a	180 ^a	60	60	120	120
United Arab Emirates																
Yemen	50 ^c	46 ^c	300	240	60	55	180	120	50 ^c	46 ^c	300	240	60	55	180	180

Notes: MMC = minimum months of contribution.

^a Special provisions apply for certain groups of workers

^b 62 for civil servants, all other public service employees (except armed services) retire at 65. In general, workers in hazardous or unhealthy occupations retire at 60

^c Any age for men with 360 months of contribution, or any age for women with 300 months of contribution

Source: U.S. Social Security Department (2005 and 2006): *Social Security Programs Throughout the World*, Washington D. C., ISSA: *Social Security Worldwide Database*; Robalino, D. et al. (2005). *Pensions in the Middle East and North Africa: Time for Change*. Washington D.C., World Bank.

Annex table 4 Overview of social security and other relevant ILO Conventions ratified by Arab States

	Middle East													North Africa						Total number of ratifications (worldwide)
	Bahrain	Iraq	Jordan	Kuwait	Lebanon	Occupied Territories	Oman	Qatar	Saudi Arabia	Syrian Arab Republic	UAE	Yemen	Algeria	Egypt	Libyan Arab Jamahiriya	Morocco	Sudan	Tunisia		
Up-to-date instruments																				
C102 Social Security (Minimum Standards) Convention, 1952	-	-		-	-	..	-	-	-	-	-	-	-	-	1975	-	-	-	43	
C118 Equality of Treatment (Social Security) Convention, 1962	-	-	1963	-	-	..	-	-	-	1963	-	-	-	1993	1975	-	-	1965	37	
C121 Employment Injury Benefits Convention, 1964	-	-	-	-	-	..	-	-	-	-	-	-	-	-	1975	-	-	-	24	
C128 Invalidity, Old-Age and Survivors' Benefits Convention, 1967	-	-		-	-	..	-	-	-	-	-	-	-	-	1975	-	-	-	16	
C130 Medical Care and Sickness Benefits Convention, 1969	-	-	-	-	-	..	-	-	-	-	-	-	-	-	1975	-	-	-	16	
C157 Maintenance of Social Security Rights Convention, 1982	-	-	-	-	-	..	-	-	-	-	-	-	-	-	-	-	-	-	3	
C168 Employment Promotion and Protection against Unemployment Convention, 1988	-	-	-	-	-	..	-	-	-	-	-	-	-	-	-	-	-	-	7	
C 183 Maternity Protection Convention, 2000	-	-	-	-	-	..	-	-	-	-	-	-	-	-	-	-	-	-	14	
Fundamental Human Rights Conventions																				
C87 Freedom of Association and Protection of the Right to Organise Convention, 1948	-	-	-	1961	-	-	..	-	-	1960	-	1976	1962	1957	2000	-	-	1957	148	
C98 Right to Organise and Collective Bargaining Convention, 1949	-	1962	1968	2007	1977	-	..	-	-	1957	-	1969	1962	1954	1962	1957	1957	1957	158	
C29 Forced Labour Convention, 1930	1981	1962	1966	1968	1977	1998	..	1998	1978	1960	1982	1969	1962	1955	1961	1957	1957	1962	172	
C105 Abolition of Forced Labour Convention, 1957	1998	1959	1958	1961	1977	2005	..	2007	1978	1958	1997	1969	1969	1958	1961	1966	1970	1959	170	
C100 Equal Remuneration Convention, 1951	-	1963	1966	-	1977	-	..	-	1978	1957	1997	1976	1962	1960	1962	1979	1970	1968	164	

	Middle East												North Africa						Total number of ratifications (worldwide)
	Bahrain	Iraq	Jordan	Kuwait	Lebanon	Occupied Territories	Oman	Qatar	Saudi Arabia	Syrian Arab Republic	UAE	Yemen	Algeria	Egypt	Libyan Arab Jamahiriya	Morocco	Sudan	Tunisia	
C111 Discrimination (Employment and Occupation) Convention, 1958	2000	1959	1963	1966	1977	-	.	1976	1978	1960	2001	1969	1969	1960	1961	1963	1970	1957	166
C138 Minimum Age Convention, 1973	-	1985	1998	1999	2003	2005	..	2006	-	2001	1998	2000	1984	1999	1975	2000	2002	1995	150
C182 Worst Forms of Child Labour Convention, 1999	2001	2001	2000	2000	2001	2001	..	2000	2001	2003	2001	2000	2001	2002	2000	2001	2003	2000	165

Source: Based on ILOLEX.

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