



International
Labour
Organization

Progress Report - EGYPT

13/12/2021 - 30/11/2022

BUILDING SOCIAL PROTECTION FLOORS FOR ALL - PHASE II

Project Code (GLO/21/34/MUL)



Donor: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Admin Unit: SOCPRO

Project title:	BUILDING SOCIAL PROTECTION FLOORS FOR ALL - PHASE II
Report type (pick one):	Annual
Reporting period:	From December 2021 to November 2022

Linkages:

Strategic Policy Outcome: Outcome 8: Comprehensive and sustainable social protection for all

Country Programme Outcome: EGY154 Technical Assistance on Social Security policies provided

Sustainable Development Goal: SDG 1: End poverty in all its forms everywhere

Related project(s): UN Joint SDG Fund Support to Egypt Integrated SDGs Financing

Preparation and Review

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► ILO Global Flagship Programme on Building Social Protection Floors for All

Annual update 2022 – Egypt

1. Country context

The current landscape of social protection in Egypt is made up of a wide range of programmes, including social assistance, through the Ministry of Social Solidarity (MOSS); public social insurance, administered by the National Organization for Social Insurance (NOSI); social services that include Active Labour Market Programmes and health services, as well as subsidies for necessities and utilities; and income tax exemptions for low-income earners. In recent times, two landmark regulations have been issued. The first of these, the Universal Health Insurance (UHI) law, was passed in 2018 (Law No. 2 of 2018), which gradually makes health insurance mandatory across a 15-year period and aims progressively to cover 92 per cent of the population by 2032 while exempting those who are in extreme poverty from paying contributions in order to access quality health care services.

The second of these landmark regulations was in 2019, when the Social Insurance and Pensions Law (Law No. 148 of 2019) was promulgated. It represents the result of a milestone effort aimed to achieving universal social protection. It established a more unified regulatory framework that has replaced a number of laws and that now provides legal coverage for categories of workers who were previously excluded, such as temporary and seasonal workers, domestic workers and agricultural workers. In addition to these two legal frameworks, in the context of the COVID-19 crisis, an inter-ministerial committee was established to develop a strategy to extend social protection to workers in the informal economy.

Despite the country's progress towards social protection extension, several concurrent challenges persist, and it is highly likely that they will be exacerbated by such global phenomena as climate change to which the country is highly vulnerable. Acknowledging the crisis and showing its commitment to combating it, in May 2022 Egypt launched its National Climate Change Strategy, which identifies “Strengthening and developing channels and funds for social protection, compensation and insurance against natural disaster” as a key guideline for enhancing resilience and adaptive capacity to climate change. The country also hosted COP27 in November of 2022, which was an opportunity for the Government to increase efforts in climate change mitigation and adaptation. In this context, the ILO is providing support to stakeholders in Egypt to identify to what extent its social protection system might address different sectors' needs and vulnerabilities in the wake of climate change shocks and how the country might support the adjustments to extreme weather events and slow onset processes.

2. Progress report

Outcome: Egypt: Improved national knowledge base and capacities to inform the capacity of social protection systems to address climate change impacts

The implementation of the project has met with some delays owing to the consultation process with the Ministry of Social Solidarity (the line ministry responsible for social insurance, social assistance and non-contributory schemes) in the course of which the length of time anticipated for the work had to be reassessed in order to strengthen counterparts' engagement. With regard to overall progress, however, it should be mentioned that a project coordinator was recruited in December 2022.

Output 1: Stakeholders have identified the most vulnerable sectors to climate change and have assessed key social protection programmes in terms of their capacity to address climate change-related impacts

The Ministry of Social Solidarity has requested the ILO's support to identify the sectors most vulnerable to the effects of climate change, provide an overview of the current social protection system's capacity to address climate change-related contingencies and issue recommendations for feasible improvements. The Ministry of Social Solidarity has provided feedback to the respective terms of reference and they have been approved. The consultancy will commence in 2023 and will assume the following tasks:

- a) Provide an overview of the most vulnerable areas, work sectors and economic activities to climate change effects, particularly regarding job and income loss and forced displacement (using a gender lens).
- b) Identify international experiences and best practices in extending social protection to workers in sectors affected by climate change.
- c) Map the existing social protection system in Egypt, including programmes and their policy and legal framework; identify key relevant programmes in the context of climate change (adaptation); review the capacity of such programmes to support people in addressing/adapting to climate change along a set of defined criteria (the CODI methodology). These tasks will be undertaken jointly with the ILO to identify both gaps in social protection and opportunities to extend social protection to workers affected by, or vulnerable to, climate change.
- d) Design and organize consultations with key national and sub-national authorities and other key stakeholders/social partners and affected population groups (focus group discussions) to inform the review and promote dialogue and coordination between the key relevant stakeholders on how to strengthen the social protection system for climate change adaptation.
- e) Based on the previous findings, identify and propose a prioritization of options to strengthen the ability of the social protection system in Egypt to support the adjustment to actual or expected climate-related events and their impacts (climate change adaptation) and identify potential contributions of social protection towards supporting particularly vulnerable populations over the medium term.

Output 2: Stakeholders have enhanced their capacities to strengthen and advance social protection extension, climate change adaptation and just transition

Capacity-building aimed at policy development on social protection, just transition and reskilling and South-South Cooperation (SSC) and experience exchange in the areas of social protection and climate change adaptation is currently under way and will involve the participation of the main line ministries concerned with social protection and climate change, such as the Ministry of Social Solidarity (MOSS), Ministry of Planning and Economic Development (MEPD), Ministry of Finance (MOF), Ministry of Manpower (MOM) and the National Organization of Social Insurance (NOSI), not to mention others. In the context of the concurrent project “UN Joint SDG Fund Support to Egypt, Integrated SDGs Financing”, several capacity-building activities and training sessions have been provided to the above-mentioned stakeholders on social protection extension and shock responsiveness through the ILO’s International Training Centre.

3. Collaboration and partnerships

The ILO has a longstanding and well established relationship at the institutional level with several Government stakeholders in Egypt. With regard to these cooperations, mention should be made of the protocols of cooperation with MOSS/NOSI and with MOF, which included components on social protection, capacity-building and development of knowledge products and policy advice. These linkages are being harnessed to ensure that the outputs of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)-financed project might have a significant impact.

The ILO also has strong partnerships at country level with UN agencies and development partners working on social protection, which constitute an active part of the Development Partners Group on Social Protection. The relationship with UNICEF should likewise be highlighted for its being a technical and financial partner in the work related to the extension of social protection to workers in the informal economy.

4. Challenges and actions

The main challenge has been adapting to unforeseen changes in political priorities resulting from global crises, notably the war in Ukraine. The conflict has had a singular impact on the Egyptian economy as it is highly dependent on commodities imported from the belligerent countries (such as wheat, with an import share of 80 per cent coming from Russia and Ukraine) and it has resulted in inflation and a drastic currency devaluation. General support to social protection stakeholders has been provided to cope with the emerging challenges through the “UN Joint SDG Fund Support to Egypt Integrated SDGs Financing”, and in particular through an ongoing actuarial study of the retirement scheme managed by NOSI, which will factor in the 13 per cent increase in pensions implemented in April 2022 as a result of the economic crisis. In relation to the work on social protection and climate change, the duration and scope of the work have been adapted to ensure that feasible recommendations are provided.

5. Summary and outlook

The context in Egypt – marked by relatively recent reforms to health and social insurance, a renewed interest in climate change and an ongoing crisis – highlights the need to enhance social protection coverage while improving its capacity to face and absorb shocks. This thus puts the ILO in a key position to support stakeholders' efforts towards extending and improving social protection coverage and benefits. Finally, Egypt has been proposed as a pathfinder country of the Global Accelerator on Jobs and Social Protection for Just Transitions, owing to the country's commitment to climate action and the preparation of a National Employment Policy/Strategy with a focus on active and passive labour market policies.