



ESCWA
UNITED NATIONS ECONOMIC & SOCIAL
COMMISSION FOR WESTERN ASIA

Distr.
LIMITED
E/ESCWA/SDD/2011
2 September 2011
ORIGINAL: ENGLISH

Economic and Social Commission for Western Asia

EGM on Social Security in Western Asia:
Accessibility and Sustainability
Beirut, 8-9 September 2011

AIDE MEMOIRE

Background

Recent global food, fuel and financial crises have brought social protection coverage back to the centre of the international development debate. Previous global and regional crises – such as the 1997 Asian financial crisis and the Latin American debt crisis in the early 1980s – have shown that the existence of extensive social assistance and social security systems, together with increased social expenditure, is critical to alleviate the negative social impact of crises on vulnerable groups.

This debate on the role of social protection has become even more relevant in the wake of ongoing socio-political developments in the Arab world. The popular uprisings in several countries have exacerbated the social vulnerability arising from the global fuel, food and financial crises, and from recurrent conflicts in countries such as Iraq and Palestine. Ongoing popular demand for socio-political reform, social justice and a rights-based approach to development have also brought social protection to the centre of the regional development agenda.

The central role of the social protection in times of crisis has generated a good deal of debate on the reforms of social protection systems that are required in many ESCWA countries to address livelihood risks arising from socio-economic and socio-political crises. Some of the key questions include (i) the extension of social assistance to vulnerable population groups; (ii) the extension of social security coverage into critical areas, such as unemployment insurance and pensions; and (iii) the need to adopt more proactive initiatives to counteract or anticipate the impact of crises.

Social protection interventions to protect vulnerable groups against livelihood risks can be divided into two main categories: i) *social assistance* to provide immediate relief from poverty and deprivation, such as the provision of essential social services, food aid and family allowances and ii) *social insurance* schemes to cushion risks associated with unemployment, sickness, disability and old age. In this context, social insurance can be equated with the provision of *social security* targeting the population dependent on either formal or informal employment.

In this context, there is an urgent need to assess the effectiveness of existing social security systems namely health, disability, unemployment and pensions in the four categories of ESCWA member countries including i) high-income oil producers ii) middle-income more diversified economies iii) the least developed countries and iv) countries in conflict or post-conflict. In particular, recent socio-economic crises and ongoing social political developments call for a close examination of the universal provision of social security in the region, its financial sustainability and its ability to reduce social vulnerability and promote social cohesion. This requires an integrated approach to the debate focusing on (i) services being provided through social assistance and funded mainly by public sources as a complement to social security schemes; and (ii) the potential capacity of the governments to support social security systems in a context of demographic growth and population ageing.

The roles of ESCWA

The Social Development Division (SDD) of ESCWA has carried out a series of activities to respond to the increasing international debate on the role of social protection systems as a cushion to global and regional economic crises. These activities include:

- An Arab Forum on Social Policy, held in October 2009, aimed at enhancing national capacity to integrate social priorities into public policy. The Forum focused on key social protection issues and provided an opportunity to examine and share information on successful social protection programmes within and outside Western Asia. At the conclusion of the Forum, recommendations were made to governments, to civil society organizations and to ESCWA and other UN agencies to promote integrated social policy and social protection at the regional and national levels;
- An Expert Group Meeting on “The global financial and economic crisis: The social impact and response in ESCWA countries”, held in December 2009, aimed at assessing the social impact of the crisis on the different categories of countries in the region and exploring policy responses to ameliorate the effects of the crisis on the region’s poor and vulnerable groups;
- A workshop on “Social Protection as Development”, held in September 2010, aimed at identifying innovative approaches to increase the developmental impact of social protection programs and consider different ways of combining social assistance with social insurance;
- An Expert Group Meeting and a regional workshop on labour market policy, held in March 2011, examined a series of employment-related issues including data constraints and policy options to increase social protection;
- A publication in 2009 of a report on “Integrated social policy: visions and strategies in the ESCWA region” that considers the social protection as a requisite to any future development in the region and analyses how ESCWA countries address the issues of social protection.

These activities have identified and examined some of the critical components of social protection in the region and pointed the way to specific areas where action is required at the country level.

Goals of the expert group meeting

Building on those initiatives, the overall goals of the EGM will be (i) to examine different approaches to social protection in the region including social assistance and social security, (ii) to contribute towards a common regional understanding of social protection, and (iii) to promote closer regional collaboration leading up to the Third World Social Security Forum in Qatar in 2013. It will focus on issues related to the accessibility and sustainability of social security systems. The ultimate aim of the meeting is to

identify policy options to strengthen the role social security systems in promoting social development in different categories of ESCWA countries.

Thematic Pillars

The EGM will deepen the analysis of the above social protection issues and consolidate it around two pillars:

Theme 1: The financial sustainability of the social protection systems in ESCWA countries

An accurate assessment of the public expenditures allocated to social protection systems at a country level, including a breakdown among different sectors, is critical to feed on social policy choices which determine the level and scope of provision. In this context, three key sets of questions will be examined:

1. **Where does the funding for the provision of social protection systems come from?** To what extent social protection systems are relying on contributions? To what extent are they tax-funded? What is the role of non-government players in the provision of social protection? What should be the appropriate funding mix (governments, employers, employees, family networks, etc.) in different categories of ESCWA countries?
2. **How are these social expenditures being used?** How are they broken down among the four main social security sectors, namely health, disability, unemployment and pensions? What are their recipients and which groups are excluded? What should be the appropriate expenditure mix in different categories of ESCWA countries?
3. **Do governments have any contingency plans to cushion the impact of unforeseen crises on the financial sustainability of their current social protection systems?** What other funding options could be explored? Is there a need to look into political choices related to the role of social expenditure *vis-à-vis* other public expenditure, such as government support to the financial sector and defense spending?

Answering those questions will contribute to better understand the role played by social security systems, not only in the reduction of poverty, exclusion and social vulnerability, but also in promoting social cohesion, political stability and broad-based development as a whole. Furthermore, it will help countries to identify core social protection expenditure that is required to ensure a more equitable and inclusive process of socio-economic development.

Theme 2: Universal provision of social security in ESCWA countries

As mentioned above, the current political instability arising from popular uprisings in the region has exacerbated previously existing socio-economic vulnerabilities and created new challenges for the provision of social protection coverage in ESCWA countries. In this context, it is argued that universal social protection systems are more effective in reducing vulnerability and that “it is possible to implement such systems in most developing countries with a modest increase of budgetary resources”.¹ In addition, universal social protection systems can ensure that poor and vulnerable social groups are better able to cope with the livelihood risks associated with socio-economic crises.

One of the best articulated and comprehensive international social protection strategies is the *Social Protection Floor* (SPF). The SPF can be adapted to national priorities and contexts but generally includes (i) universal access to essential services such as health, education, water and sanitation and (ii) a set of social rights and transfers, in cash and in-kind, to provide income support and subsistence security to the poor,

¹ See United Nations, *Rethinking Poverty – Report on the World Social Situation 2010*, United Nations, New York, 2009.

unemployed, children and the elderly.² The SPF is strongly supported by organizations of the United Nations system and its implementation is estimated to cost as little as 1-2 per cent of GDP. This would thus be affordable to most ESCWA countries, provided that there is the political will to prioritize public expenditure on comprehensive social protection systems.

It is worth noting that several ESCWA countries – notably in the Gulf – already have universal access to health and education for their citizens, including Oman, Qatar, Saudi Arabia and the United Arab Emirates. In addition, Bahrain became the first ESCWA country to introduce an unemployment insurance scheme in 2007, based on equal contributions paid by employees, employers and the government.

However, some key issues that must be further examined include the accessibility, affordability and financial sustainability of universal social security systems in different categories of ESCWA countries, namely high-income oil producers; middle-income, more diversified economies; the least developed countries; and countries in conflict or post-conflict. In particular, the EGM will look into different levels of ‘universality’, such as for example universal access to basic health services versus more advanced health care. It will also address questions related to which social groups should be covered, such as migrant workers and refugees.

The provision of universal social security also requires an assessment of benefits and challenges and opportunities at country level. While the evident benefits include direct positive impact on poverty reduction and investment in human development; major challenges include their affordability and lack of administrative capacity in lower income countries, as well as the inability of poor countries to invest adequately in the supply of key services, such as health facilities, to cope with increased demand arising from improved access to health, disability and old age insurance.

Outcomes

The five main expected outcomes of the meeting are as follows:

- Given the different interpretations of and approaches to social security both at the global and regional levels, the EGM will provide an opportunity to move towards a common regional understanding and promote closer regional collaboration leading up the Third World Social Security Forum in Qatar in 2013;
- It will provide an increased understanding of the needs, challenges and opportunities the provision of social security in ESCWA countries;
- Papers and presentations prepared for the meeting will contribute to new knowledge in this critical social development area, to bridge data gaps and to open the way for additional regional studies;
- The EGM will provide an opportunity to assess the sustainability of universal social security systems in different categories of ESCWA countries, including their effectiveness in reducing social vulnerability and promoting social cohesion;
- The ultimate aim of the meeting is to identify policy options to strengthen the role of social security systems in different categories of ESCWA countries.

Organizational issues

- **Date & Venue:** The Expert Group Meeting will be held at the United Nations House in Beirut, Lebanon on 8-9 September 2011.

² See ILO (2009). The Social Protection Floor (SPF) was adopted by the United Nations Chiefs Executive Board in April 2009 as a response to the global financial and economic crisis. The SPF was subsequently integrated into the *Global Jobs Pact* adopted by the ILO in 2009.

- **Language of the meeting:** The meeting will be conducted in English with simultaneous interpretation in both Arabic and English.
- **Contact Information:** For further information about the meeting, please contact:

*Mr. Frederico Neto, Director,
Director,
Social Development Division
Phone: 961-1-981301
Fax: 961-1-981510
E-mail: neto2@un.org*

*Ms. Rouba Arja
First Social Affairs Officer,
Social Development Division
Phone: 961-1-978469
Fax: 961-1-981510
E-mail: arja@un.org*

*Ms. Nadine Chalak
Research Assistant,
Social Development Division
Phone: 961-1-978413
Fax: 961-1-981510
E-mail: chalakn@un.org*