Inequality in the Arab region

Rights denied, promises broken

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Introduction

Throughout 2024, the Arab region saw diverging fortunes. Conflict, war and occupation continued to affect a third of the countries in the region. Humanitarian emergencies and the risk of famine became more severe, and the risk of a regional war became greater.

Temperatures in the Arab region continued to increase above the global average, with some countries experiencing deadly heatwaves. Prolonged droughts in several countries significantly reduced agricultural production, severely affecting overall economic activity. Rising sea levels pose a growing threat to the region, increasing the risk of disease outbreaks and further diminishing an already limited water supply. These climate change impacts are accompanied by substantial economic costs and financial implications.

On the economic front, some countries continued to struggle with economic instability, while others made gains. Rich countries have continued to benefit from high oil prices, which are expected to last into 2025. The price of oil averaged $81 throughout 2024.

Moreover, many Gulf Cooperation Council (GCC) countries have used their natural resource wealth to accelerate economic diversification by fostering sectors such as tourism, the digital economy, renewable energy, logistics and trade, and creative industries and culture. In parallel, they are creating an enabling environment to attract foreign investment, enhance the competitiveness of their private sectors and generate job opportunities for their citizens. These efforts are intended to drive sustainable economic growth, reduce societal inequality and ensure equitable development over the medium to long term.

By contrast, several other countries in the region faced severe economic pressures in 2024, with five countries working to contain double-digit inflation that disproportionately eroded the spending capacity of low-income households. Exchange-rate depreciation stemming from underlying economic weakness have widened inequalities between wealthier households with access to savings and foreign currencies and those without, further exacerbating socioeconomic divides. The resulting emergence of parallel exchange rates has prompted many Governments to impose capital controls and restrict withdrawals – measures that often place an undue burden on vulnerable households with limited access to alternative financing or insurance to manage unexpected emergencies.

Of the 17 countries for which public-debt data is available, seven have public-debt levels above 60 per cent of gross domestic product (GDP), which indicates an increased risk of debt distress.[1] High public-debt levels incur high repayment costs and limit Governments' access to further financing, which affects their ability to provide social services to their populations.

Under the prolonged economic stress affecting many countries in the region, seven countries are either enrolled in International Monetary Fund (IMF) programmes or are currently negotiating them, including three countries where negotiations have stalled. These programmes often mandate fiscal consolidation or austerity measures, which impose significant hardships on low-income households.

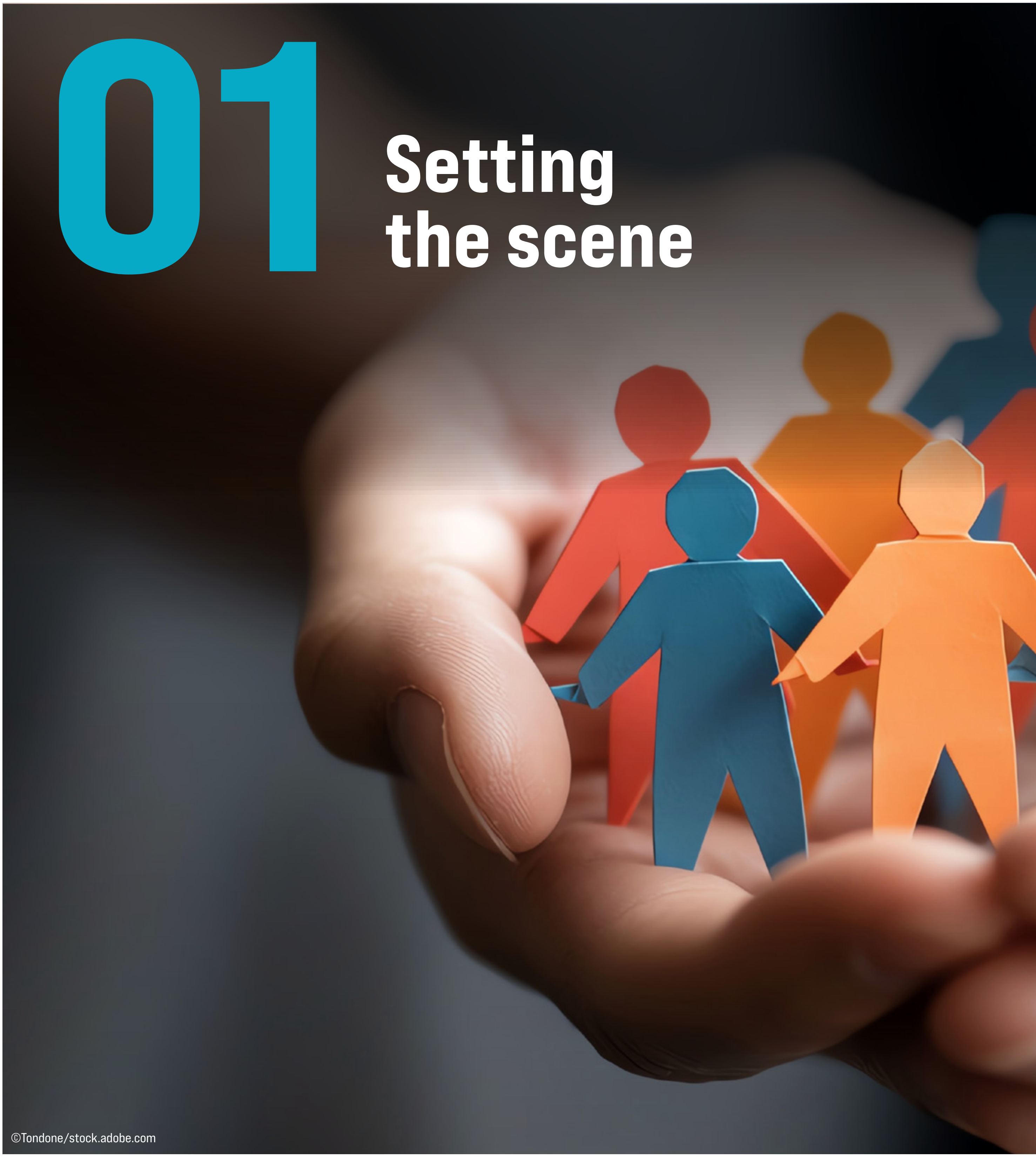
Economic, climate and other challenges have never had an equal impact on different population groups within the same country, including women, persons with disabilities, elderly and young people. Some have achieved economic gains; others have lost their access to resources, opportunities and livelihoods. These unequal consequences have resulted in a deepening divide within and among countries, and exacerbated existing inequalities.

Social protection – encompassing social insurance, social assistance and labour-market programmes – plays a crucial role in supporting low-income households during challenging times and preventing middle-income households from sliding into poverty. These programmes are essential not only for providing opportunities and protection across individuals' lifespans but also for addressing community-wide shocks. Furthermore, social protection contributes to economic development and redistribution; over the medium to long term, it reduces inequality and fosters social cohesion.

However, inequalities in social protection coverage and financing compound existing issues. Unequal access to social protection benefits or inadequate coverage as a result of limited fiscal space mean that the most vulnerable groups, who are already disadvantaged, face greater challenges. Also, depending on their design and implementation, social protection programmes can themselves reinforce inequality and the exclusion of certain groups of people.

The study has five chapters. The first chapter sets the scene by highlighting key-social protection developments in the Arab region that have either stimulated or limited equality, including income inequality. The second chapter explores how social protection systems across the Arab region have influenced inequality. Given the limited availability of data, the analysis focuses on the performance of Arab countries in terms of their social protection systems and inequality, mostly from an income perspective but also paying attention to multidimensional inequality and deprivation. The chapter provides an overview of the patterns and limitations of inequality and social protection. The third chapter examines the experiences of different population groups in benefiting from social protection. The fourth chapter examines four case studies: Oman, Morocco, Jordan and Tunisia; it analyses the role of social protection policies in addressing inequalities within these countries, and assesses whether they succeeded in narrowing the gap between the population groups. The fifth chapter provides policy options to capitalize on social protection to reduce inequalities.

01 Setting the scene



KEY MESSAGES

01 Early social welfare systems did not sustainably reduce inequalities, largely owing to insufficient creation of decent, formal private-sector employment.

02 The replacement of regressive general subsidies with targeted cash transfers has led to reduced social spending while slightly reducing income inequality.

03 Indirect taxes undermine the income gains of poor households provided by cash transfers.

04 Extending social insurance to “the missing middle” has been only partially successful.

05 Equitably financed social protection for lifecycle risks such as ill health, old age and maternity can play a role in reducing income inequality.

01 Setting the scene

A. What is social protection?

Social protection protects individuals and households against the financial impacts of life-cycle risks and poverty. In a technical sense, social protection is defined as a "set of public policies and programmes intended to ensure an adequate standard of living and access to healthcare throughout the life cycle. Social protection benefits can be provided in cash or in-kind through universal or targeted non-contributory schemes; contributory schemes, such as pensions; and complementary measures for building human capital, creating productive assets, and facilitating access to employment".[2,3]

Social protection is a human right: it applies to everyone throughout their lives, regardless of their level of vulnerability. It is more than a set of technocratic approaches such as social insurance and social assistance. Instead, it is aimed at managing the financial risks associated with life-cycle events and poverty.

Social protection has significant indirect effects that are crucial for policymaking across sectors. This study emphasizes the importance of looking beyond income inequality, and beyond the immediate protective and supportive roles of social protection. Notably, social protection can address other dimensions of inequality and generate indirect benefits, such as enhancing human capital, promoting economic development and fostering social cohesion.

B. How can social protection influence inequality?

To understand the unique capacity of social protection to address inequality, it is essential to look beyond which groups are not sufficiently covered by social protection measures, and to analyse the financial sources of social protection spending.

Equitably financed social protection against lifecycle risks such as ill health, old age, maternity and childcare and other individual life-cycle risks is considered to be one of the most effective policy approaches to address inequality. This chapter explores the approaches that Arab countries have taken to establish social-protection systems to manage these life-cycle risks, the inherent limitations and contradictions of these policy choices, and effective social protection policy designs that Governments in the region could apply to further reduce inequality through progressively financed social protection systems and programmes.

Unsustainable levels of consumer subsidies and public employment were key elements of several Arab countries' social contracts, while social insurance coverage against life-cycle risks remained at low levels. During the twentieth century, countries in the region established social welfare systems that incorporated large-scale public employment, publicly provided social services and consumer subsidies. These approaches were successful in certain aspects, yet faced challenges in reducing inequality, given that they were not accompanied by effective translation of economic growth into decent, socially insured employment in the private sector. Unfortunately, increasing fiscal imbalances eventually forced many countries to undertake reforms to reduce public employment and social spending. Meanwhile formal private sector job-growth struggled to grow commensurately with increasing numbers of labour-market entrants, leading to an increase in informality. The relatively low productivity associated with informal economic activity in turn trapped several countries in the region in the middle-income bracket. As a result of this vicious cycle, social-insurance coverage in the region plateaued at a relatively low level, effectively slowing down income redistribution through direct taxation and contributions to social insurance funds.

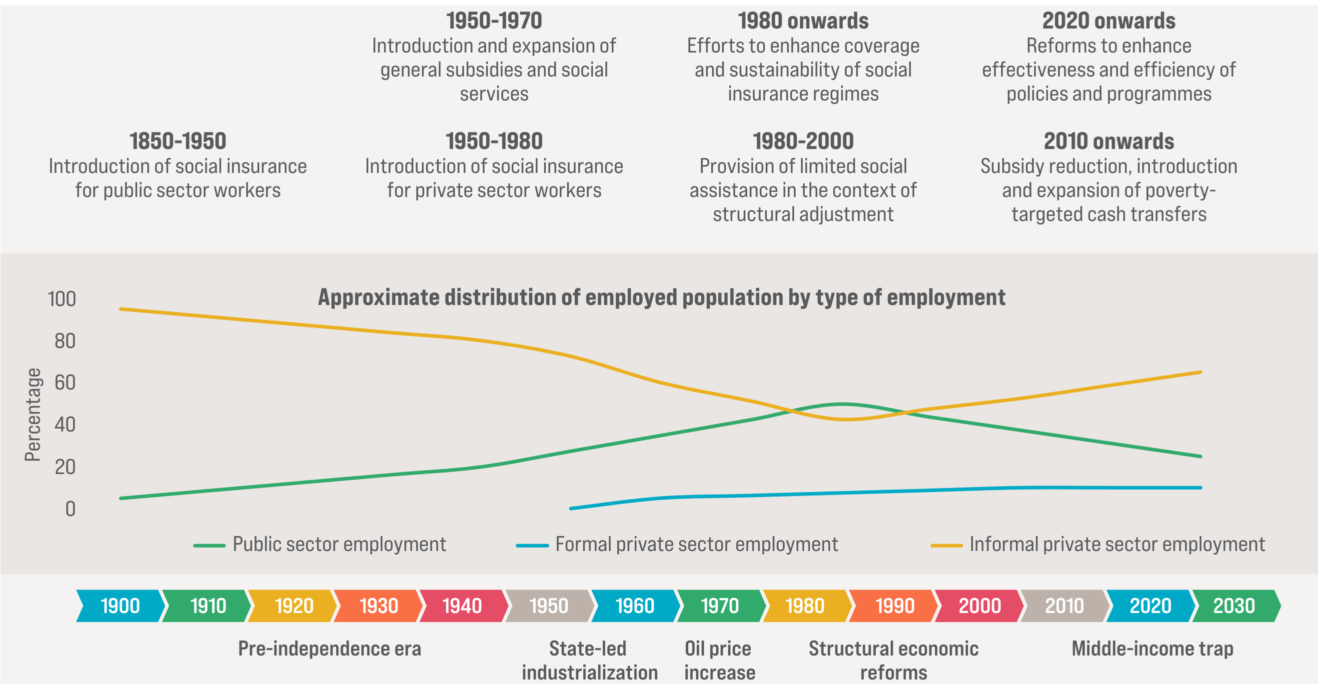
More recently, general subsidies were phased out to a large extent, while cash transfers aimed at reducing poverty were introduced across most countries in the region. In recent decades, several Arab countries grappling with rising public debts and low levels of revenue collection sought to phase out regressive general consumer subsidies, replacing them with social assistance programmes aimed at reducing poverty. While these reforms have improved the reach of cash transfers to cover a significant proportion of poorer people, the effectiveness of social protection in reducing income inequality remained constrained by factors such as adequacy, equitability and sustainability of financing.

C. Turning points in social protection policy decisions affecting equality

The austerity measures in recent decades and their impact are the result of interlinked policy choices.

Social policy choices which affect inequality do not happen in a vacuum. Instead, they have knock-on effects in the form of political and economic changes. Some policy choices have resulted in the stagnation of social-protection coverage – particularly in comparison with developments observed in other regions such as Latin America and East Asia. Figure 1 depicts the experience of many Arab countries in a general way, though there are various differences between contexts.

Figure 1. Timeline of political and economic events and social insurance coverage in Arab countries



Source: ESCWA.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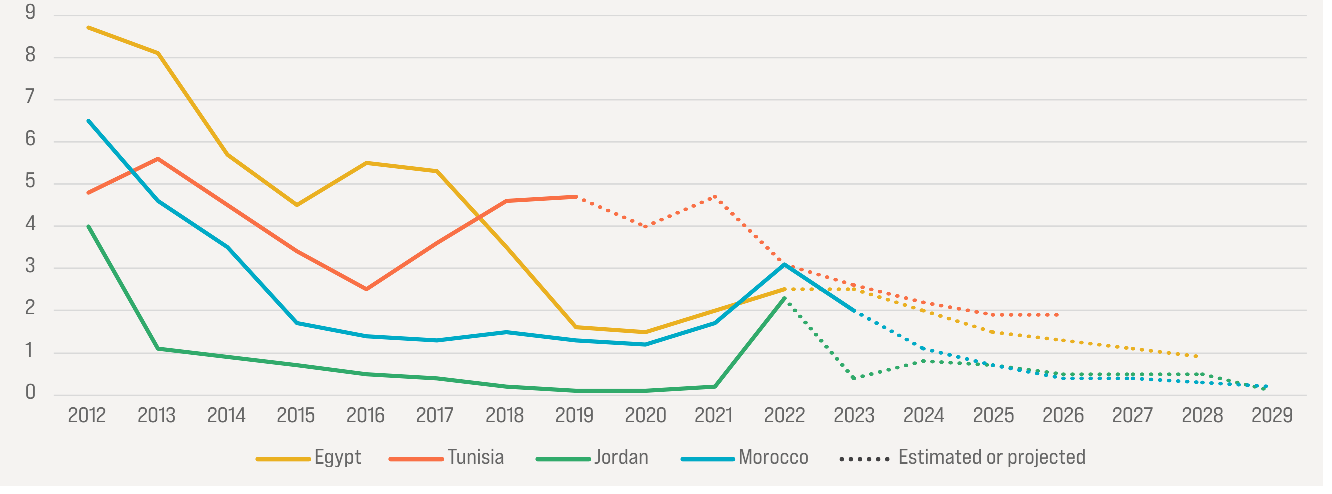
Social insurance regimes in the region have changed over time, but have not gained much traction beyond the shrinking public sector, thereby limiting their redistributive capacity. Contributory social protection regimes (i.e. social insurance schemes) were introduced in the Arab region during the second half of the nineteenth and the first half of the twentieth century; they were focused on providing protection to State employees against a limited number life-cycle risks. Eventually, these systems were expanded to cover a wider range of risks, such as disability and widowhood. They were also extended to some private-sector employees, though coverage within this group plateaued early on. In addition, the provision of public employment and social services increased substantially, and general subsidies on energy, food and other basic products became common across the region.[4]

The expansion of social protection, other tax-financed social services and public employment coincided with a considerable reduction in multiple dimensions of inequality. For instance, in Egypt, the Gini coefficient of consumption expenditure fell from 0.42 in 1958 to 0.38 in 1974.[5] School enrolment and the literacy rate also increased considerably, especially among girls, putting countries in the region on the path towards gender parity.[6]

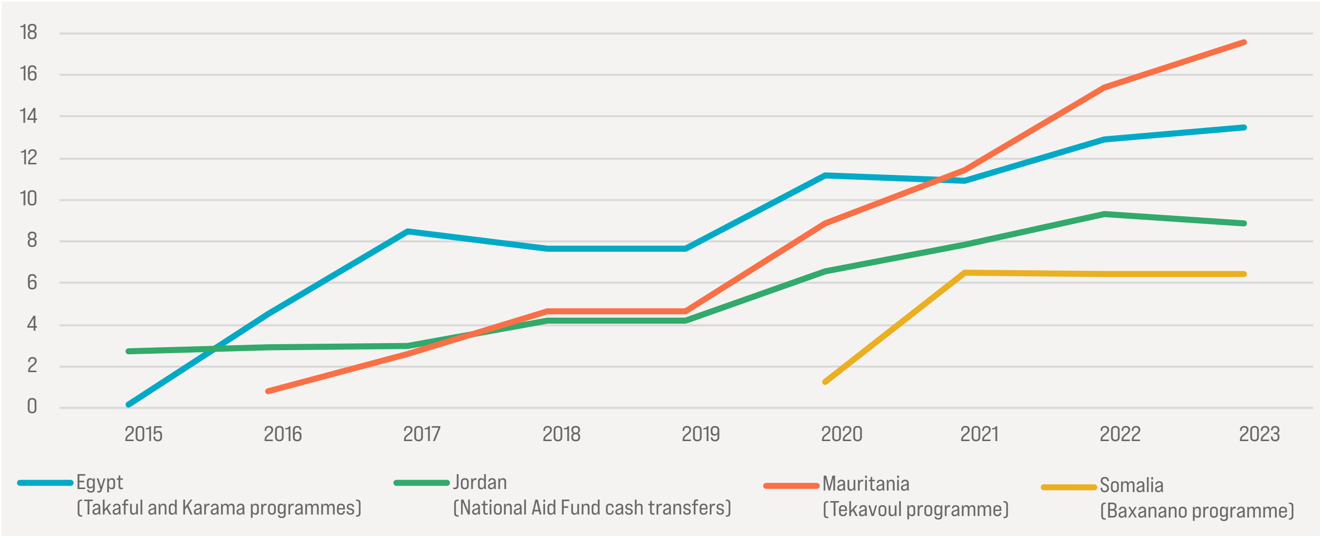
Fiscal constraints and related structural adjustment policies affected Governments' scope for redistribution. In the 1980s and 1990s, many low- and middle-income countries in the region faced fiscal imbalances and resorted to structural-adjustment programmes. These reforms entailed a reduction in public-sector employment, often implemented through hiring freezes. Meanwhile, despite economic growth, relatively few new jobs were created in the formal private sector, thereby additionally limiting the further expansion of social insurance provision and in turn constraining the redistribution of income between income levels and economic sectors.

Figure 2. Spending on subsidies as a percentage of GDP



Source: Data collected from IMF reports.
Note: The definition of "subsidy spending" may vary across the countries. For example, for Egypt, "2012" refers to the 2012/13 financial year.

Figure 3. Percentage of population covered by selected cash-transfer programmes



Source: ESCWA estimations based on administrative programme data and population data from UNDESA.

Consumption smoothing by means of general subsidies proved unsustainable. While general subsidies helped in keeping consumer goods affordable, they also proved highly expensive, and sometimes led to cross-border smuggling and shortages. In addition, richer people often derived substantially more benefits from the subsidies in absolute terms – specifically as a result of unequal energy and fuel consumption – than poor and lower-middle-class households.[7]

Recently, social protection systems have been increasingly geared towards greater efficiency and targeted social assistance. By the early twenty-first century, social protection systems in many Arab countries started shifting their focus towards greater efficiency, marked by reforms that reduce public-sector employment, phase out subsidies and expand cash-based social assistance. Subsidy spending has been declining since around 2012, although this trend was partially and temporarily reversed in 2022 following an increase in global energy prices (figure 2). Increased consumer prices have caused household expenses to rise, disproportionately affecting the poorest. This has been coupled with a reduction in public-sector employment opportunities, which has intensified income inequality and strained the middle class. To cushion these impacts and address the rising poverty, Governments have expanded targeted cash assistance (figure 3).[8]

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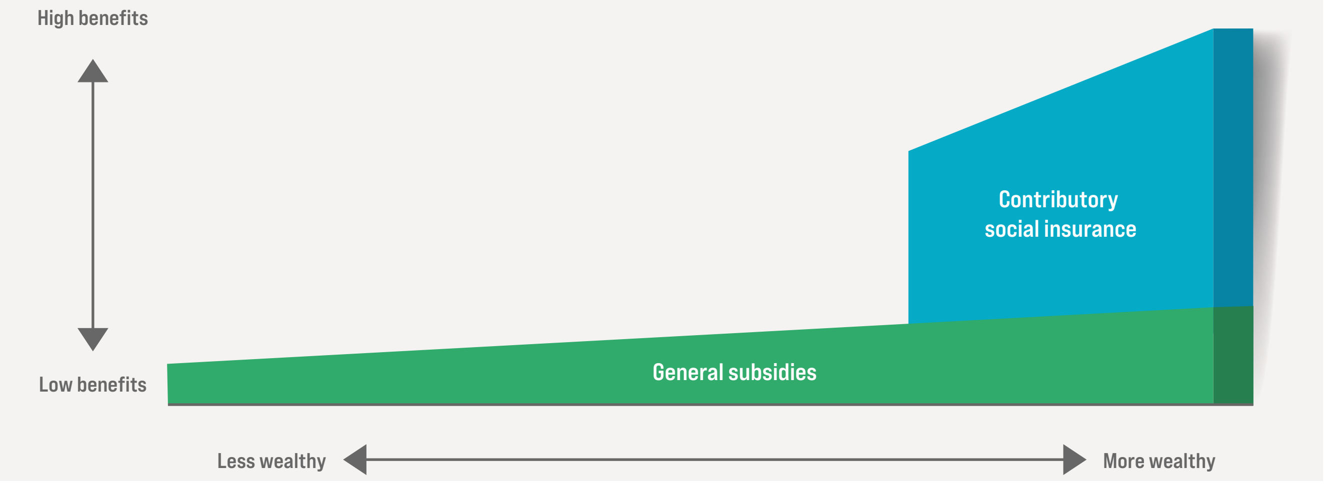
D. Where we stand now

Social protection reforms have achieved greater efficiency, but not always greater effectiveness. The reduction in subsidies and the increased provision of poverty-targeted cash transfers have meant that a bigger proportion of social assistance spending now reaches poorer people. However, all programmes aimed at reducing poverty suffer from imperfect targeting, meaning that not everyone who should receive benefits actually does so. In particular, many of the most marginalized poor people are not reached by any social protection coverage.

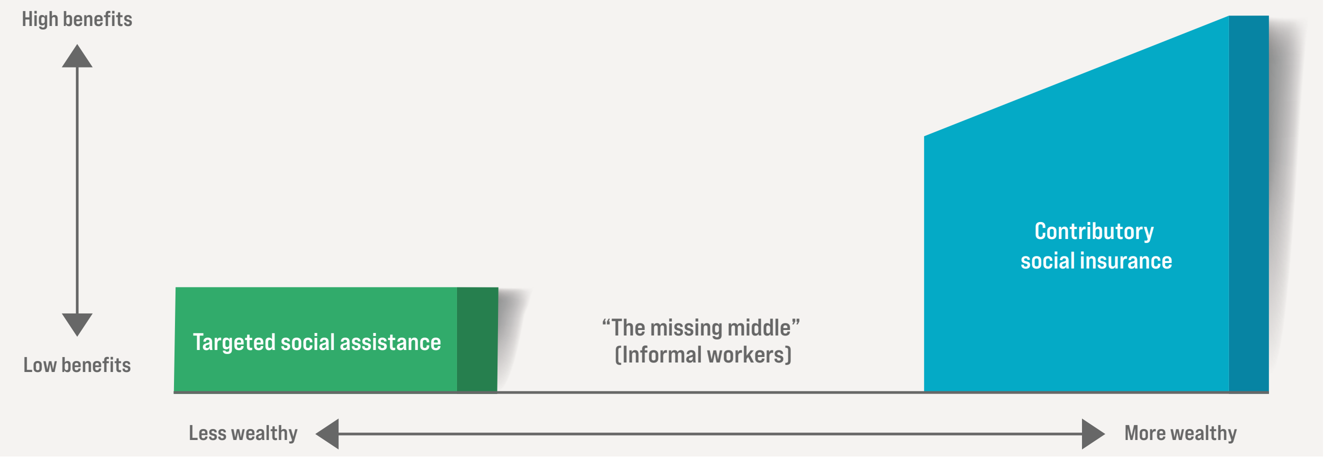
Informality remains high despite efforts to extend social insurance. Given relatively low formal employment rates and the extremely low labour-force participation rate of women,

Figure 4. Outset scenario



Source: ESCWA (2019) Social protection reform in Arab countries. E/ESCWA/SDD/2019/1.

Figure 5. Post-reform scenario



Source: ESCWA (2019) Social protection reform in Arab countries. E/ESCWA/SDD/2019/1.

social insurance coverage among the population overall is among the lowest globally, which has limited the potential of Arab social-insurance systems to effectively redistribute income and subsequently reduce inequality. It has been estimated that only around one third of the labour force in Arab countries contributes to a pension scheme.

An emerging "missing middle" has fallen between the cracks of poverty-targeted social assistance schemes and formal-employment-based social-insurance coverage. The increased focus on poverty-targeting has also ushered in a limited focus on monetary poverty at the expense of other dimensions of vulnerability, including those associated with life-cycle events such as maternity, disability and old age. In the context of persistent informality, the reduction in subsidies has led to the emergence of new forms of inequality: those who have access to any type of social protection and those who do not. A "missing middle" has emerged, consisting of those people who are not covered by contributory social insurance, but who are nonetheless not considered sufficiently poor to qualify for non-contributory social assistance. The abolition of subsidies has meant that the last type of protection that was previously available to members of this group now no longer exists. Figures 4 and 5 show how an entire population was initially covered by general subsidies, although richer groups benefited more in absolute terms. At the same time, relatively well-off parts of the population were disproportionately likely to be covered by social insurance. Following reforms, general subsidies have been replaced with targeted social assistance. Nevertheless, in practice, not poor people are covered by social assistance, thanks to a combination of budget shortages, targeting errors, and rapid changes in household income, moving them either below or above the poverty line within a short period of time. Meanwhile, social insurance remains limited to the relatively well-off.[9]

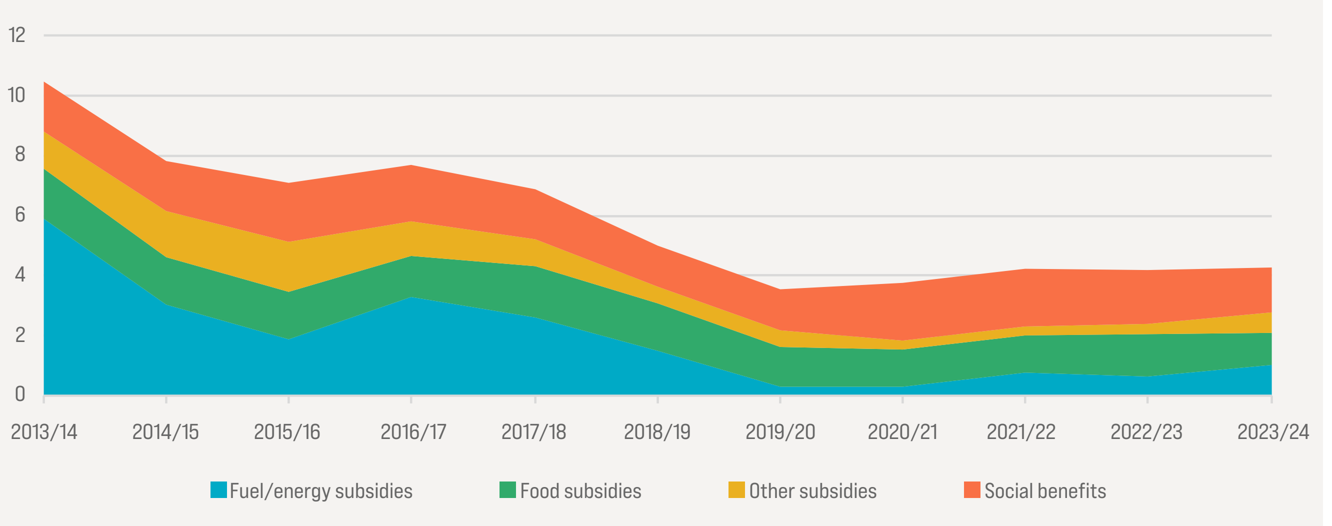
Poverty targeting has not always translated into more resources for the poor. The redistributive impact of poverty targeting is also determined by the total amount of resources allocated to social assistance. In many countries, substantially increased spending on targeted cash transfers corresponds only to a small fraction of the amounts previously spent on general subsidies. For instance, the ESCWA Social Expenditure Monitor shows that between 2012 and 2021, subsidy spending in Jordan as a proportion of GDP declined by 4.3 percentage points (from 4.5 to 0.2 per cent of GDP), while spending on direct income support increased by merely 0.6 percentage points (from 0.4 to 1 per cent of GDP).

Social protection spending levels overall – while they have increased slightly in recent years – remain lower than they were. In Egypt, spending on subsidies decreased from 8.8 per cent of GDP in the 2013/14 financial year to 3.2 per cent in 2023/24, while spending on social benefits (including social insurance and social assistance) increased from 1.1 to 1.8 per cent of GDP (figure 6). This suggests that additional spending on direct social assistance may only partially compensate for the socioeconomic impact of subsidy reductions. In other words, while the focus of social protection spending has slightly shifted towards poorer people, the overall amount made available for social protection has substantially decreased.

Indirect tax regimes disadvantage poor and vulnerable groups. Taxation generally makes up a smaller part of central government revenue in Arab countries than it does elsewhere (figure 7). In Arab countries, however, a relatively high share of tax revenue comes from indirect taxes such as value-added tax as opposed to direct taxes such as income and corporate taxes, suggesting that taxation in the region is likely to be relatively regressive. In some instances, beneficiaries therefore experience a reversal of the income gains achieved by cash transfers.

Effective income redistribution works through universal pooling of contributions to life-cycle protection through national social insurance funds. Countries in the Arab region have often established separate social insurance funds for different employment sectors. The members of these limited insurance schemes have tended to have relatively homogeneous income levels, which has significantly limited the schemes' capacity to redistribute income. Recently, policymakers – have increasingly opted to merge smaller social insurance schemes for individual occupation groups into unified national social insurance funds. An example of this is the comprehensive social protection reform of 2023 in Oman, which merged 11 individual insurance funds into one major social protection fund (see Oman case study).

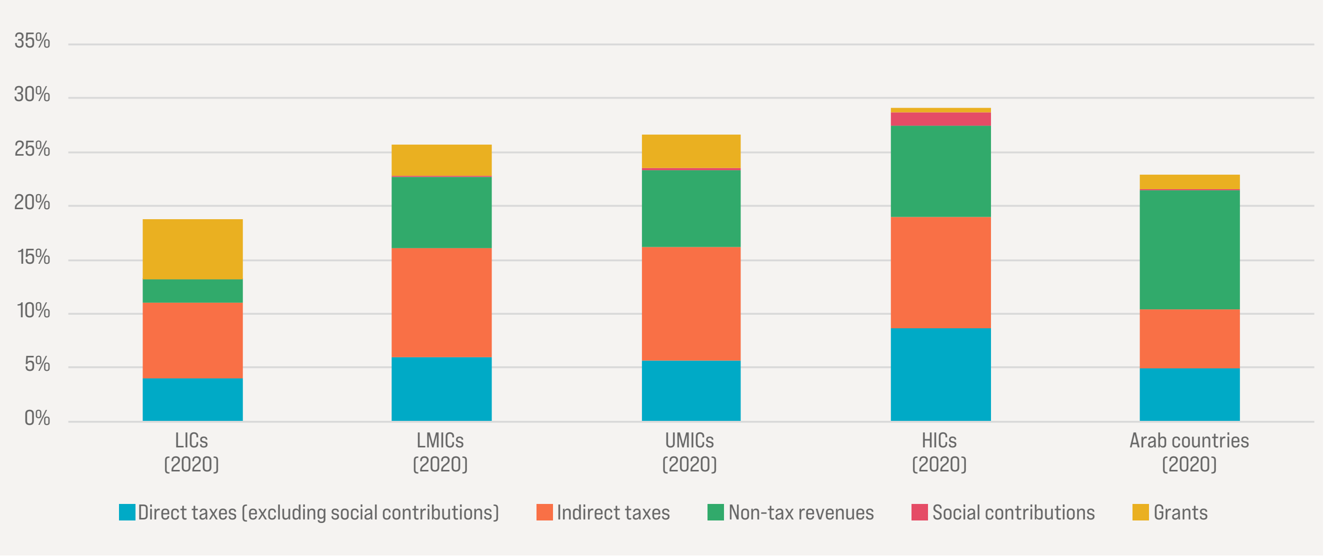
Figure 6. Social spending (subsidies and social benefits) in Egypt (Percentage of GDP)



Source: ESCWA, forthcoming, based on data from the Ministry of Finance of Egypt.

Note: For the financial years up to 2021/22, actual spending is shown. For the 2022/23 financial year, estimated spending is shown. Figures for the 2023/24 financial year are taken from the State budget.

Figure 7. Components of central government revenue (Percentage of GDP)



Source: ESCWA calculation based on data from UNU-wider.
Note: Unweighted averages based on countries with available data.

Crucially, this facilitates income redistribution, since different income groups – including high, medium and low earners – contribute to the same scheme, providing them with similar benefits.

Integrated social assistance and social insurance schemes can protect all income groups against life-cycle risks and reduce income inequality. A more redistributive social protection system therefore goes beyond enlarging tax-financed social assistance, but requires extending contributory systems to include earners across the income spectrum so that higher earners can cross-subsidize the lower contributions of those who earn less. Efforts to extend social insurance coverage are at times undermined by the ever-increasing enrolment of poor and near poor populations into social assistance programmes aimed solely at reducing poverty. This is unfortunate, since being a contributor to or recipient of a pension scheme is sometimes an exclusion criterion for being eligible for these programmes, thereby posing a disincentive for some near-poor people to join national social insurance schemes. Partly for this reason, countries are increasingly adopting life-cycle-based social-insurance schemes, whereby the contributions of those with limited capacity to pay are fully or partly subsidized by the State, and social assistance and social insurance coverage are not necessarily mutually exclusive. For instance, in 2023, Mauritania launched a health-insurance regime for informal workers. Workers pay a fixed annual contribution, of which two thirds is paid by the Government.

02 Social protection performance and its impact on inequality: a struggle to improve

KEY MESSAGES

01 Algeria, Bahrain, Saudi Arabia and Tunisia lead the Arab region in implementing inclusive social protection measures supported by substantial financial resources.

02 Countries with universal coverage, comprehensive protection of life-cycle risks and higher social-protection expenditure tend to have lower levels of both income and multidimensional inequality.

03 Several middle-income countries have achieved good social protection performance with relatively low levels of resources.

04 Upper-middle-income countries with more formal economies are struggling to provide key benefits, such as employment insurance and maternity benefits, particularly those associated with contributory schemes.

05 Consumption-based subsidies, such as subsidies for energy and fuel, exacerbate inequality by disproportionately benefiting wealthier households.

06 Cash transfers can reduce persistent income inequality by breaking the intergenerational poverty cycle in concert with improved education, skills upgrade and health services and broad-based economic growth.

02 Social protection performance and its impact on inequality: a struggle to improve

A. Social protection performance: stepping forward from the past

In an effort to understand the relationship between Arab countries' social-protection systems and their effects on inequality, the report establishes the comprehensiveness of these systems using a performance assessment referred to as the Social Protection Performance Index (SPPI).[10] The methodology used in this analysis relies on information available from the International Labour Organization (ILO) and ESCWA (table 1); it was inspired by a methodological proposal using information from Latin American countries to assess their social protection systems.[11]

Table 1. Indicators for the Social Protection Performance Index

Component	Indicator
Universality	Universal Health Service Coverage Index[a]
	Proportion of population covered by at least one social protection benefit (excluding health)[b]
Risk comprehensiveness	Proportion of older persons receiving a pension[b]
	Active contributors to a pension scheme as percentage of the labour force[b]
	Proportion of unemployed people receiving benefits[b]
	Proportion of children (0 to 18 years old) covered by social protection benefits[b]
	Proportion of women giving birth covered by maternity benefits[b]
	Proportion of workers covered in case of employment injury[b]
	Persons with severe disabilities collecting disability social protection benefits[b]
	Proportion of vulnerable persons receiving benefits (social assistance cash benefits)[b]
Social spending	Actual general government expenditure on social protection, excluding healthcare (percentage of GDP)[b]
	Domestic general government health expenditure (GGHE-D) as percentage of gross domestic product (GDP)[c]

[a] Data for this indicator is retrieved from WHO Global Health Observatory- SDG 3.8 2021 or latest data available.
[b] Data for this indicator is retrieved from World Social Protection Report 2024–26. A5.2 Social protection effective coverage (including SDG indicators 1.3.1).
[c] WHO Global Health Observatory.

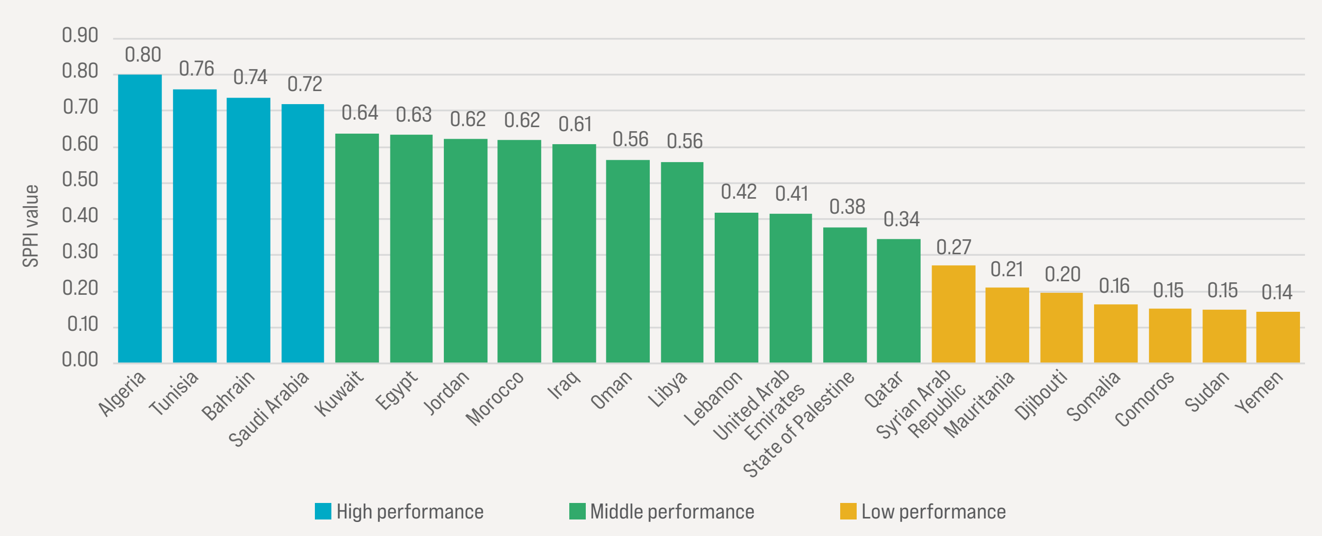
As illustrated in figure 8, the 2023 Social Protection Performance Index reveals significant disparities in social protection systems across Arab countries. High performers such as Algeria, Bahrain, Saudi Arabia and Tunisia have robust social-protection frameworks, scoring consistently high across all components of the index. These countries have successfully implemented inclusive social protection measures, underpinned by substantial financial resources. Conversely, moderate performers such as Egypt, Jordan and Kuwait have solid social-protection systems, but show some variability, particularly in risk comprehensiveness. While these countries provide a range of protections, they do not fully address all lifecycle contingencies.

Emerging performers – such as the Comoros, the Sudan and Yemen – exhibit significant limitations across all aspects of social protection. Yemen, for example, has an SPPI score[12] of just 0.14, with particularly low scores in universality (0.14) and social spending (0.09), highlighting a lack of effectiveness in reaching vulnerable populations. Outliers such as Somalia and Djibouti show mixed results. Somalia, with an SPPI score of 0.16, has notable gaps in universality (0.06) despite a relatively higher social spending score (0.30), indicating a misalignment in resource allocation. (Watch a short film featuring with the Minister of Labour and Social Affairs of Somalia, Yusuf Mohammed: https://youtu.be/2_ENOYP1mkM). Djibouti, with an SPPI of 0.20, also faces challenges, though its scores in risk comprehensiveness (0.21) and social spending (0.18) are slightly better.

On the other hand, among lower-middle-income countries, Tunisia stands out with a strong SPPI of 0.76, driven by solid performance in universality (0.77) and social spending (0.87). The country's social spending score is the second highest in the region after Kuwait. This indicates a significant financial commitment from the Government, even though the income level of Tunisia is not the highest of all Arab countries. In conflict- and war-affected countries such as Iraq, Somalia, State of Palestine, the Sudan, the Syrian Arab Republic and Yemen, the analysis reveals additional complexities: conflict and war have severely affected these countries' abilities to implement effective social protection systems, as demonstrated by their low SPPI scores.[13]

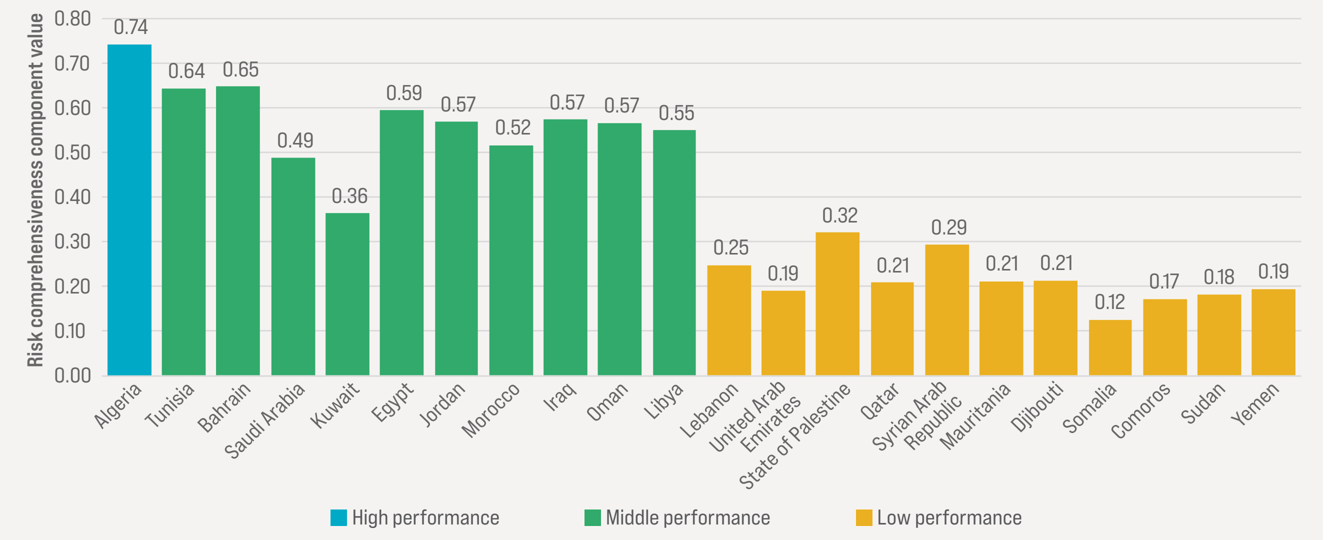
The modest overall level of risk comprehensiveness in high-income countries suggests that these countries, despite generally high levels of coverage in terms of social protection and health, do not offer significant coverage for various life-cycle risks (figure 9). In several cases, this could be due to the exclusion of specified groups, such as informal workers, the lack of national or public arrangements, such as social health insurance, and, in some instances, a preference for private providers, thereby limiting redistribution between income groups.

Figure 8. Arab countries' social protection performance in 2023



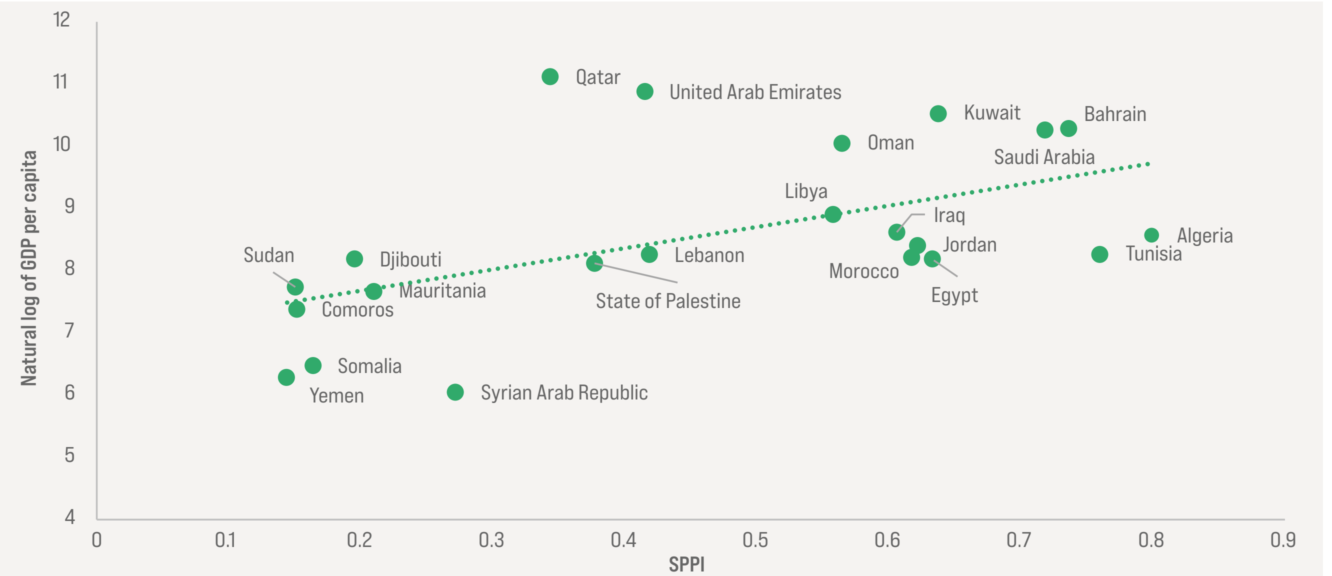
Source: ESCWA estimates based on ILO and WHO data corresponding to 2022, or latest available figures.

Figure 9. Arab countries' risk-comprehensiveness performance in the SPPI in 2023



Source: ESCWA estimates. To facilitate interpretation, the order of countries in this graph is consistent with the order of countries (figure 8) (SPPI).

Figure 10. GDP per capita (current United States dollars) vs. SPPI score



Source: ESCWA, using World Bank Indicators for GDP.

Countries with higher GDP per capita generally achieved better scores on the SPPI in 2023 (figure 10). High-income countries such as Saudi Arabia and Bahrain performed strongly, with Bahrain leading as a result of its high scores in universality (0.91) and social spending (0.65). However, certain countries in this group have lower SPPI scores than might be expected given their income levels. Qatar, with a score of 0.34, and the United Arab Emirates, with a score of 0.41, are examples of this. This discrepancy could be attributed to aspects of risk comprehensiveness, as both countries have lower scores in this component. Upper-middle-income countries such as Algeria (0.80) and Tunisia (0.76) also performed well, with comparable scores to high-income countries.[14]

B. Linking social protection performance to income inequality

A slightly negative relationship can be observed between social protection performance (measured by the SPPI) and income inequality as measured by the Gini index[15] (figure 11). Countries which score highly on the SPPI tend to achieve better outcomes in terms of reducing income inequality. For instance, Algeria, with a high SPPI score of 0.8, has a robust social safety net with high universality (0.9) and substantial social spending (0.8), potentially contributing to a low Gini coefficient of 26.9 in 2022.

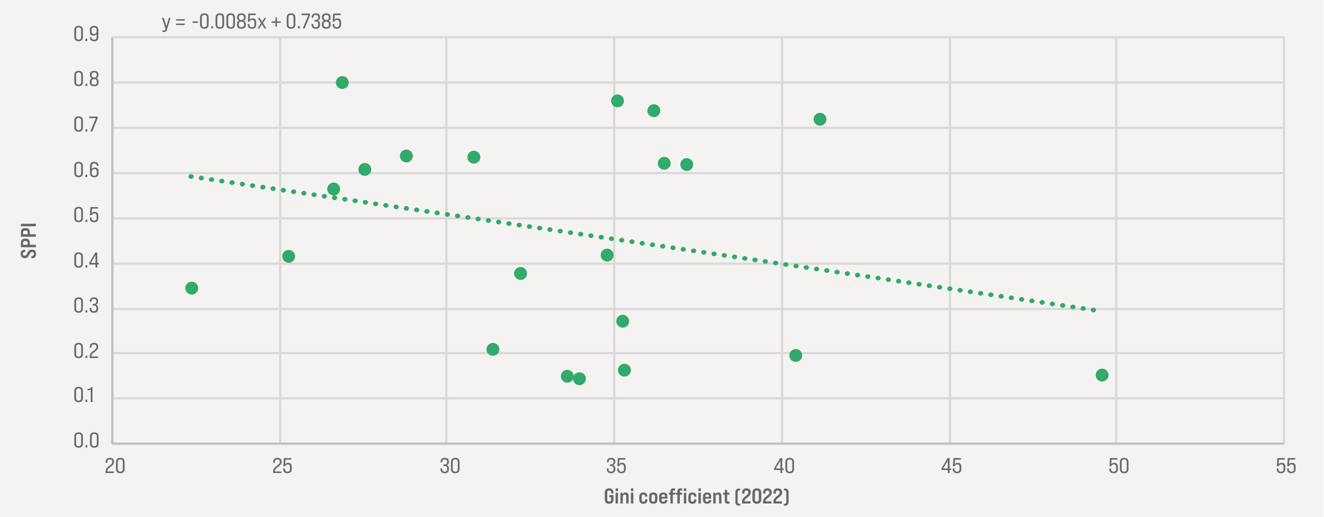
In contrast, inequality in high-income countries is more complex. Bahrain, for instance, scored 0.7 on the SPPI, indicating a relatively strong social protection framework. However, its Gini coefficient in 2022 was 36.2, suggesting higher levels of income inequality than in other high-income countries. On the other hand, Qatar, despite a surprisingly low SPPI score of 0.3, had a Gini coefficient of 22.4 in 2022. This suggests that in some high-income countries, income redistribution is influenced by more than just social spending. It may also be affected by factors such as the lack of national pooling of contributions across different income groups, and a preference for private insurance or public services funded by non-tax revenue, which limits income redistribution. The relationship between income, inequality and social protection is rendered even more complex by factors such as education, job opportunities and the structure of the economy, all of which also play a role in shaping income inequality.[16]

Lower-middle-income countries have achieved varying levels of social protection performance and inequality. In Tunisia, which has an SPPI score of 0.8 and a Gini coefficient of 35.0, comprehensive social insurance coverage against life-cycle risks could be contributing to reducing inequality. Conversely, the Comoros has an SPPI score of 0.15 and a Gini coefficient of 50.0, reflecting severe challenges in providing adequate social protection, which may be contributing to income inequality and exacerbating existing disparities.

In-depths analysis: seven Arab countries' approaches to social protection and their impact on income equality

Chapter 1 illustrates how countries' social protection policies have shifted from general subsidies to targeted cash transfers, leading to a greater proportion of overall social spending being concentrated on poorer people. However, the impact of this shift on poverty and inequality will depend on the total amount of resources allocated to social spending, and – crucially – on how those resources are mobilized.

Figure 11. SPPI vs Gini coefficient, 2022



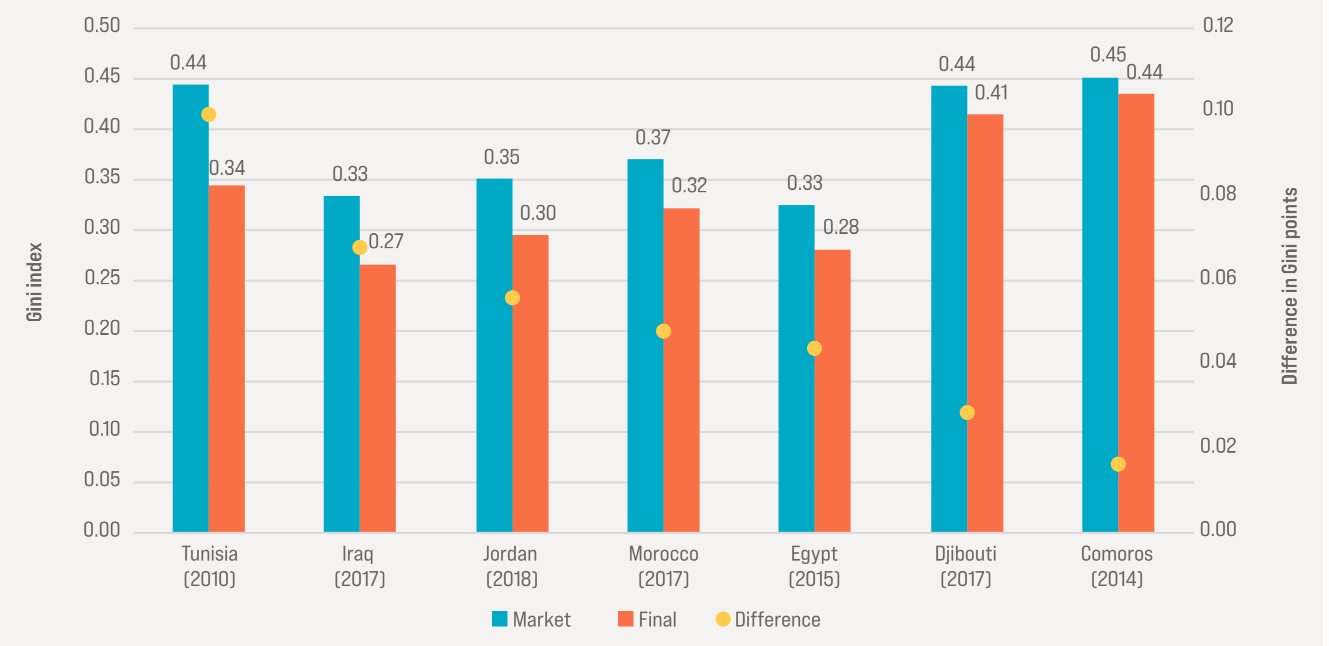
Source: ESCWA.

High indirect taxes, such as value-added tax on essential goods, can diminish the intended benefits for low-income households, as taxes of this kind have a disproportionate effect on less prosperous population groups. This is a significant concern: in many countries in the region, taxes on goods and services constitute a significant portion of overall tax revenue, ranging from 40 per cent in Morocco to 70 per cent in Jordan.[17]

Understanding the balance of different tools that Governments use to redistribute income and reduce inequality and poverty is essential to understanding the broader role of social protection beyond financial protection against life-cycle risks. To this end, this section[18] estimates the impact on households' income of taxes and benefits, including both direct transfers, such as cash transfer programmes and indirect transfers, such as the provision of public education and healthcare.[19] As a result, it is possible to determine how different segments of the population are affected and measures the regressivity or – conversely – pro-poor characteristics of programmes and interventions,[20] providing insights into the effectiveness of government policies in redistributing wealth and reducing inequality.

We have assessed the impact of taxes and benefits on income inequality by applying this approach on available data from seven countries – Tunisia (data from 2010), the Comoros (2014), Egypt (2015), Iraq (2017), Morocco (2017), Djibouti (2017) and Jordan (2018). Figure 12 shows the difference in income inequality in terms of Gini coefficient (left axis) between market income (income from private sources before taxes and transfers) and final income (including all taxes and transfers). The blue bar represents the Gini coefficient measured based on market incomes, the orange bar represents the Gini coefficient measured based on final net incomes, and the yellow dot indicates the difference between the two (right axis). These findings predate many important reforms, such as the reduction of general subsidies and the expansion and better targeting of cash-transfer programmes. Still, the results indicate that all countries experienced a reduction in Gini coefficient as a result of a combination of taxes,[21] subsidies, and transfer tools. Specifically, Tunisia in 2010 saw a reduction of 0.10 points, and Iraq saw a reduction of 0.06. The Comoros and Djibouti also reduced income inequality by 0.01 and 0.03 index points respectively.

Figure 12. Gini reduction: market income after taxes, transfers and subsidies

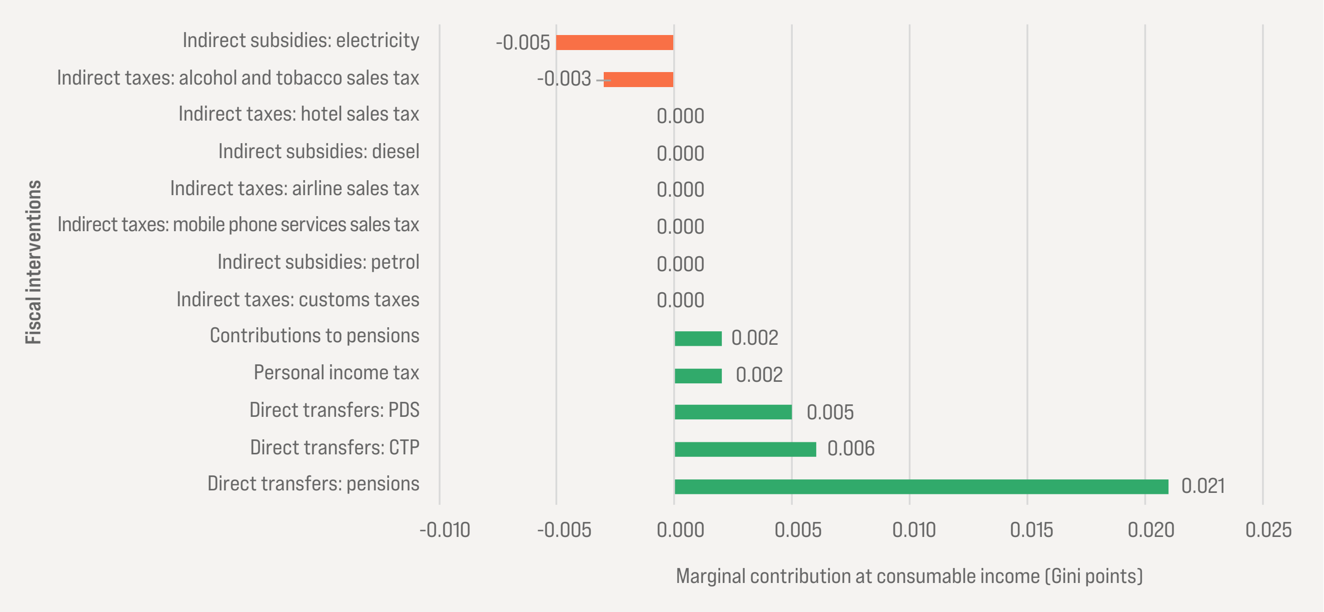


Source: ESCWA, using estimates by Amjad and others (2017), World Bank (2017), Jouini and others (2018), Lara Ibarra and others (2019), Ihnach and others (2020), Malaeb and others (2023) and Rodriguez and Wai-Poi (2024).

In Tunisia, cash transfers contributed modestly to redistribution. This modest effect was due to the country's approach to targeting, and to the limited size of budget allocations (chapter 1) – the programme accounted for only 0.15 per cent of GDP. The country's cash-transfer programme, like other social programmes, is designed to be pro-poor, targeting the poorest 20 per cent of society, although the richest 10 per cent also receive a share of the benefits. Despite this, the overall effect of such programmes is significantly progressive and equalizing. Subsidies are less effective in terms of redistribution than cash transfers because non-poor people benefit from them disproportionately. Overall, spending on education and health in Tunisia is equitably distributed across income groups.[22]

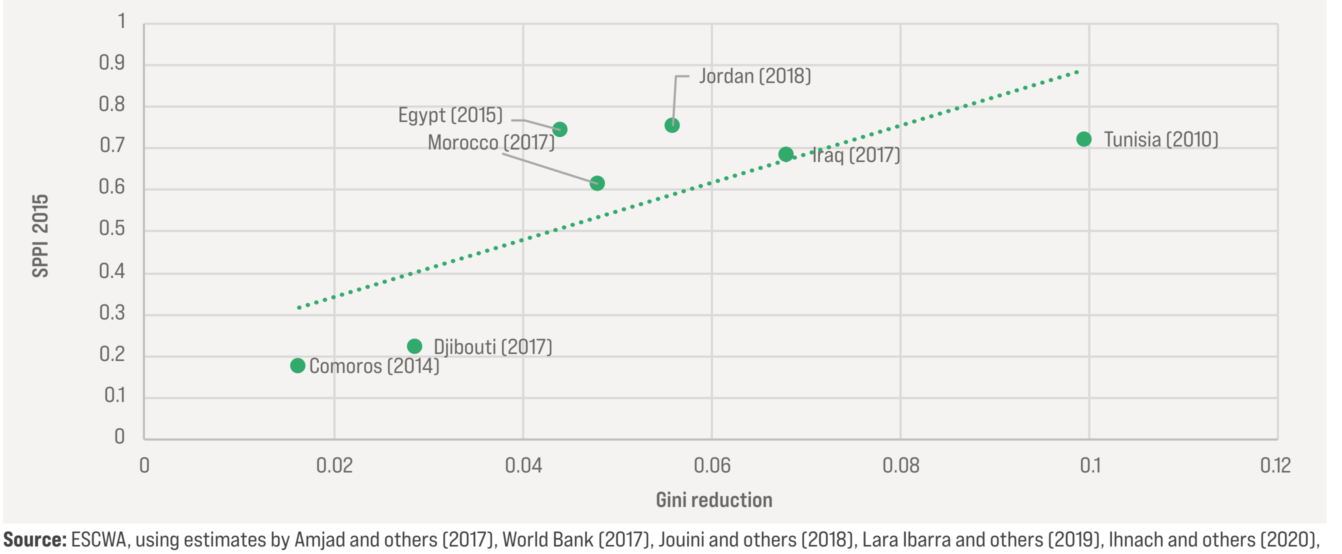
The fiscal system of Iraq plays a significant role in reducing inequality, primarily through targeted cash transfers and universal benefits. Key programmes include the poverty-targeted Conditional Transfer Programme and the Public Distribution System, which provides households in all income groups, including the poorest, with monthly rations of wheat flour, rice, sugar and vegetable oil. Direct pension transfers also contribute substantially to reducing inequality, with generous public pensions playing a major role (figure 13).

Figure 13. Marginal contributions to Gini coefficient made by various fiscal interventions in Iraq



Source: Amjad and others (2017).

Figure 14. SPPI 2015 and Gini coefficient reduction



Source: ESCWA, using estimates by Amjad and others (2017), World Bank (2017), Jouini and others (2018), Lara Ibarra and others (2019), Ihnach and others (2020), Malaeb and others (2023) and Rodriguez and Wai-Poi (2024).

However, while these pensions have a significant impact, they have high implementation costs.

Despite these positive measures, the fiscal system faces challenges, particularly as a result of the regressive nature of indirect subsidies. Measures such as petrol subsidies disproportionately benefit wealthier households and exacerbate inequality. Healthcare and education non-cash benefits were excluded from the analysis, leaving gaps in the understanding of the broader impact of fiscal policies on inequality in Iraq.[23]

In terms of in-kind transfers, the Comoros and Djibouti provide interesting examples. The Comoros uses education and healthcare services as primary tools for reducing inequality, since expenditure in these areas benefits poorer populations. While the Comoros has a progressive income-tax system, the overall impact of in-kind transfers is limited by the low starting point of taxation.[24]

Djibouti also uses in-kind transfers in education and healthcare to reduce inequality, with a particular focus on making these services available to poorer populations. Public primary education spending in Djibouti is evenly distributed; however, educational transfers vary. Lower-secondary education funding is concentrated in middle-income quintiles, and spending on higher levels of education becomes less progressive. Djibouti has significantly expanded its social protection programmes, such as the National Family Solidarity Program, which targets households living in extreme poverty with children aged 16 or younger through an unconditional cash transfer of 30,000 Djibouti francs per quarter (equivalent to $167).[25] These programmes have had a notable impact on poverty reduction. However, the country's fiscal system is complex, with even the poorest households paying more in taxes than they receive in additional disposable income.[26]

As shown in figure 14, the estimation of the SPPI for 2015 suggests a positive relationship between social protection performance and the reduction of income inequality, as measured by the Gini coefficient. The positive trend confirms the hypothesis for the countries in the sample. Jordan, Morocco and Egypt, for example, exhibit medium to high levels of SPPI performance, and have achieved moderate success in reducing income inequality. Although efforts in education and healthcare have contributed to reducing inequality, each country has room for improvement. For example, in Egypt, universal subsidies are seen as less targeted; the indirect taxes applied by Jordan are regressive; and in Morocco, indirect taxes similarly exacerbate inequality.[27] Most countries – possibly with the exception of Tunisia – do not yet redistribute income by pooling social insurance contributions across income groups.

C. Multiple inequalities and social protection policies

In many instances, social protection policies are intended to address income inequality directly. However, the relevance of these policies for inequality goes far beyond income. The ESCWA Multidimensional Inequality Framework[28] provides a well-established lens for understanding the relevance of social protection policies for various types of inequalities, for example those related to economic, gender and youth inequalities, and inequalities in access to education, healthcare, food, finance and technology.[29] As the analysis indicates, countries with lower SPPI scores tend to have higher levels of multidimensional inequality overall. This correlation also aligns with country income levels (figure 15).

Chapter 3 provides in-depth insights into the complex relationship between multiple dimensions of inequality and social protection policies and their implementation, in connection with factors such as informality, gender, disability, youth, old age and migration.

Figure 15. SPPI vs. ESCWA Multidimensional Inequality Index 22

Source: ESCWA, based on the Multidimensional Inequality Index described in ESCWA (2024), Inequality in the Arab region: Crisis upon crisis.

D. Indirect and long-term impacts

These insights, however valuable, do not sufficiently capture economic multiplier effects – such as the long-term benefits of investments in education and healthcare and their impact on the likelihood of entering the formal labour market. Income redistribution affects different income groups through interconnected economic sectors. For example, additional income for low-income groups tends to be spent on basic needs, circulating within sectors where poor people are more active, whereas income increases for wealthier groups often benefit sectors that largely exclude vulnerable populations.[30]

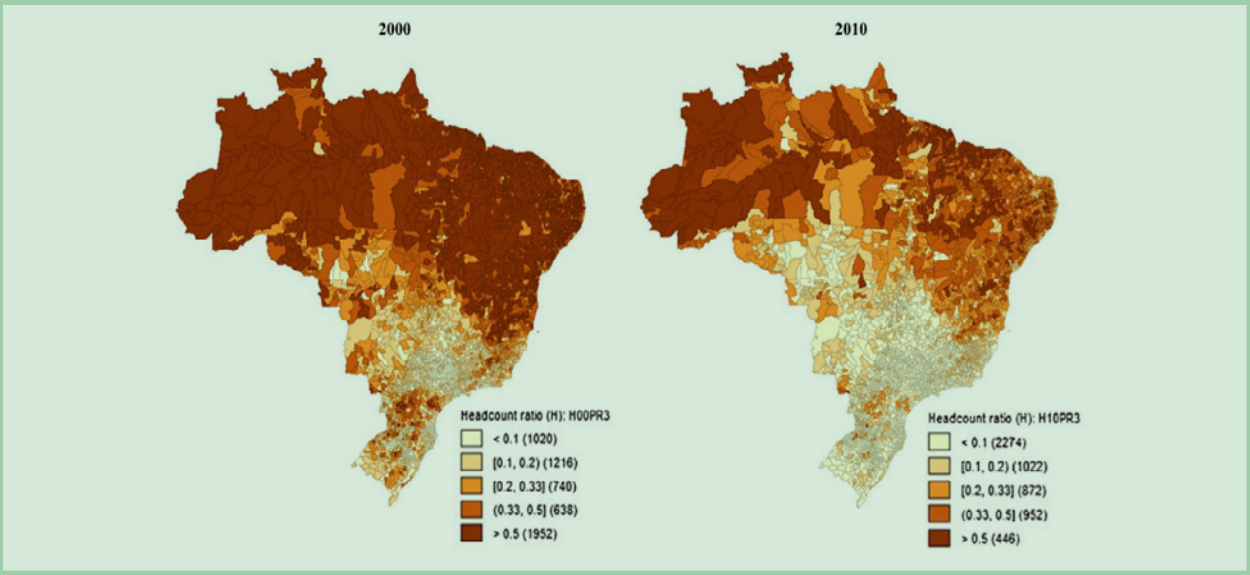
Beyond these secondary effects, other long-term impacts on inequality could be expected from social protection programmes, particularly those where the provision of cash transfers is contingent on participants fulfilling certain conditions. Such programmes are intended to help beneficiaries break the intergenerational poverty cycle by encouraging actions and behaviours that improve future outcomes. In principle, they increase the likelihood that the next generation of the most vulnerable people will be successful in entering the formal labour market and securing decent jobs, thus reducing inequalities over time. However, conditions associated with such programmes need to be designed carefully. For example, if conditions are imposed but the inadequacy of healthcare and education provision in a country prevents members of a targeted group from fulfilling them, the programme is unlikely to be effective. Conditional cash transfers can also have other unintended effects: for example, they can increase the caregiving burden of mothers who are too overwhelmed with tasks to meet programme conditions. In addition, access to education and healthcare services is not sufficient to tackle inequalities if the quality of these services does not enable beneficiaries to compete with higher-income individuals in the labour market, or if there are structural issues such as gender discrimination, or if there is not enough demand in the formal labour market, as seems to be the case in a number of Arab countries. These concerns are illustrated by the case of Bolsa Familia in Brazil (box 1).

Box 1. Bolsa Família: reducing social inequalities

Bolsa Família is a large-scale conditional cash-transfer programme in Brazil which provides financial aid to poor families in exchange for meeting various health and education conditions. Launched in 2004, Bolsa Família consolidates various social programmes to provide financial aid to the poorest families in Brazil, contingent on their meeting certain health- and education-related conditions such as school attendance and use of prenatal care. The programme supports over 14 million households; this support is based on income levels, and participants' compliance with conditions is monitored. Since 2023, the programme has been updated. It now has an improved focus on operational efficiency. Various gaps have been addressed, and the programme is now integrated more effectively with social-assistance services, reinforcing its role as a tool in the social policy of Brazil.

The Bolsa Família programme has reduced social inequalities in Brazil by increasing support for families living in extreme poverty and improving access to essential services such as healthcare and education. The programme's requirements for health check-ups and school attendance have improved healthcare access, reduced child mortality, and boosted school enrolment. Bolsa Família has positively affected social dynamics, including youth labour, women's decision-making, and education outcomes. By extending benefits to families with teenagers aged 16 to 17, it has increased school enrolment and encouraged studying and working, especially in rural areas and the Northeast/Southeast regions. It has also enhanced women's decision-making power in urban households, influencing children's education and health choices. The programme has led to higher school participation and grade progression, especially among girls.

Multidimensional poverty maps, by municipality – Brazil – 2000 and 2010. Data source: Demographic Census



Source: de Arruda, Pedro Lara. 2023. "Cash Transfer Programs in Brazil: The New Bolsa Família and Its Predecessors". de Brauw, Alan, Daniel O. Gilligan, John Hoddinott, and Shalini Roy. 2015. "The Impact of Bolsa Família on Schooling". World Development 70:303–16. doi: 10.1016/j.worlddev.2015.02.001. Estimations and map extracted from Stankiewicz Serra, Adriana, Gaston Isaias Yalonetzky, and Alexandre Gori Maia. 2021. Multidimensional Poverty in Brazil in the Early 21st Century: Evidence from the Demographic Census. Vol. 154. Springer Netherlands.

03 **Social protection for the most vulnerable:** inclusive or exclusive?

KEY MESSAGES

01 Gender inequality in the labour market, including lower levels of labour-force participation, lower incomes, and higher unpaid and informal work, limits women's access to social insurance and renders women more vulnerable to poverty when life-cycle events occur.

02 One in six persons with disabilities receives cash benefits in the Arab region, compared with one in three persons globally.

03 Men with disabilities are three times as likely to be unemployed than men without disabilities.

04 Persons with disabilities incur higher costs in accessing healthcare and transport, which can limit their expenditure on essential goods and services such as food and education.

05 The Arab region has the second-lowest level of pension coverage in the world: around half the global average.

06 High out-of-pocket expenditure on health disproportionately affects older people.

07 Statutory social protection systems are frequently not designed with migrants in mind.

03 **Social protection for the most vulnerable:** inclusive or exclusive?

A. Informality: a mounting challenge for equality in social protection

Informal work is characterized by a lack of job and income security. It is often part-time, carried out on an on-demand, seasonal or temporary basis, and is frequently linked to challenging working conditions, long working hours, the absence of paid sick leave, and significant risks of physical injury or illness. Informal labour is usually associated with a lack of social protection: informal workers are not covered by social insurance, yet often are not deemed poor enough to qualify for poverty-targeted social assistance.[31]

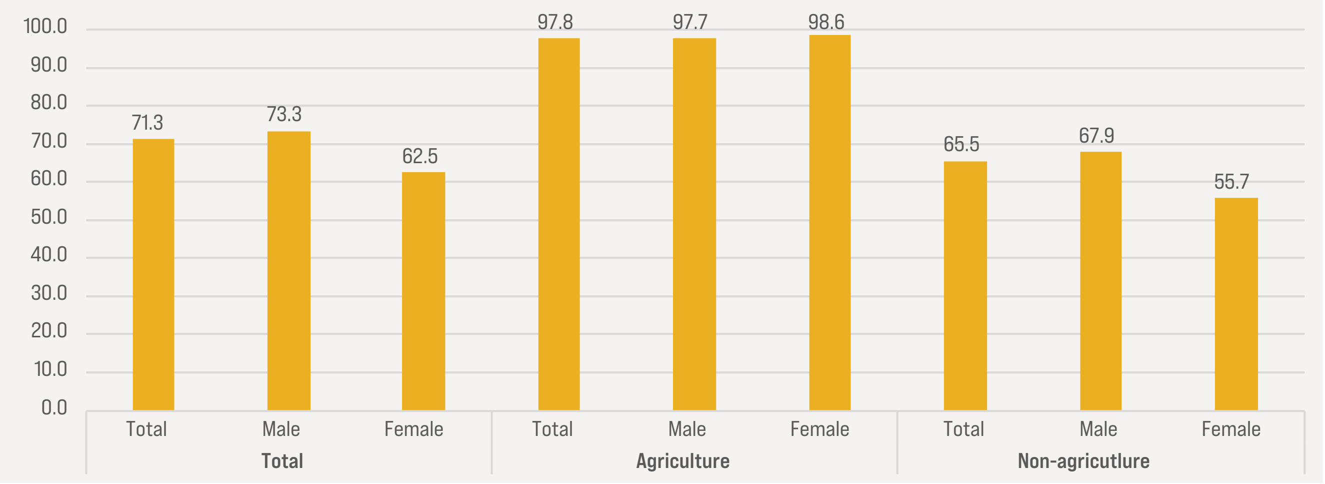
Definitions of informal employment vary, but they generally include own-account work, employment without a contract, and exclusion from social insurance. Using the latter measure – calculated as the proportion of the labour force that does not contribute to social insurance schemes such as pensions – only 32.9 per cent of workers in the Arab region contribute to a pension scheme. This figure is significantly below the global average of 58.5 per cent, and only slightly above the global average for lower-middle-income countries, which stands at 32.7 per cent (figure 16).[32]

In most Arab countries, informality is more prevalent among men than among women. This is largely because women frequently have a stronger preference for formal employment, especially in the public sector, and when such employment is not available, they often withdraw from the labour force altogether, frequently transitioning into unpaid care and domestic work rather than taking up informal employment.[33]

Figure 16. Formality and informality in the labour force (Percentage)

Source: ILO Social Protection Platform.

Figure 17. Proportion of informal employment by economic sector and gender, Egypt, 2023



Source: International Labour Organization (ILO), ILOSTAT Indicators and tools (accessed on 11 April 2025).

One exception is the agricultural sector, where informality is very high among both sexes, and frequently even higher among women than among men.

In Egypt, for instance, informal employment constituted 71.3 per cent of total employment in 2023. Among men, it reached 73.3 per cent, compared with 62.5 per cent among women. However, in the agricultural sector, 98.6 per cent of female workers were employed informally; compared with 97.7 per cent of male workers (figure 17). Because of this tendency, countries in which the agricultural sector accounts for a large proportion of total employment tend to have higher informality rates, especially among women.

Informal work intersects with other forms of precarious work such as care work and migrant work. Informal workers are often also vulnerable in other ways: for example, they may be members of marginalized communities or non-working age groups, they may be living with disabilities, or their background may involve migration and displacement. As a result, informal work can be an environment where several social vulnerabilities intersect.[34]

Informality is frequently determined and compounded by other forms of inequality. For example, people living in urban centres may be less at risk of informality than people dwelling in rural regions, where formal employment is often limited and where people who are active in the labour market are often forced to undertake informal labour such as day labour in agriculture or construction. Informality also often exacerbates other inequalities. For instance, informal workers are frequently exposed to greater risks to their health, not just as a result of the nature of their work, but also because of the limited protection against work injury and health hazard associated with this type of work.[35] These mutually reinforcing inequalities greatly influence people's access to livelihood opportunities, income and essential labour protections.

Since informality is inherently tied to the limited availability of formal, socially insured decent employment, the populations of Arab middle and low-income countries are increasingly divided into three distinct groups. Changes in the size of one group directly affect the size of the others.

- Individuals covered by social insurance through formal employment. This group is decreasing slowly, driven in part by factors such as hiring freezes in the public sector.
- Individuals reliant on poverty-targeted social assistance programmes. This group is gradually growing.
- Individuals who earn enough to be ineligible for poverty-targeted social assistance programmes, but who lack access to formal, decent employment that provides social insurance.

Frequently, the inequality that results from this situation is not captured by quantitative indicators because of a lack of available data in the region and the failure of mainstream measurements such as the Gini coefficient to account for the multidimensional nature of inequality and accurately quantify the distribution of resources and services.[36]

The shifting relative proportions of the above-mentioned groups can also be interpreted against the background of limited private-sector-driven formal job creation. Some formal employers – aiming to avoid paying their share of contributions to social insurance schemes – tend to not register parts of their workforce, thereby additionally depressing social insurance coverage rates and contributing to informality. This is particularly true of small and medium-sized enterprises (SMEs), whose owners frequently consider taxes and social security contributions to be unaffordable.[37]

Good examples from the Arab region

Governments have made efforts to expand social insurance coverage to informal workers (box 2). Morocco and Tunisia, inspired by earlier developed schemes in South America – introduced simplified, flat-rate, combined taxation and contribution arrangements, known as "Monotax" regimes. The contributions made by low-income and self-employed workers to these schemes sometimes need to be subsidized. Morocco has been moving beyond merely giving informal workers the option to contribute to and benefit from social protection coverage: it now compulsorily includes them in its national health insurance scheme. Informal workers will soon also be compulsorily included in the country's national pension scheme.[38]

Box 2. Extension of social insurance to informal workers in Tunisia

Tunisia has been successful in extending social insurance coverage to informal workers and reducing the level of informality. According to the latest data, 81.6 per cent of workers contribute to a pension scheme, significantly higher than the 32.9 per cent regional average.[a]

This has been achieved by creating specific social insurance schemes for specific groups. For instance, a scheme for agricultural workers was established in 1981, followed by schemes for self-employed workers and workers on low revenues, bringing the total number of schemes for private sector workers to seven. In October 2024 a new social protection scheme specifically for female agricultural workers – one of the groups that remains most affected by informality – was introduced.[b] Members' contributions are subsidized during the first three years of membership. Meanwhile, Tunisia is making efforts to facilitate the inclusion of self-employed entrepreneurs in its national social insurance system: in November 2024, a dedicated platform to this end was launched.[c]

Each of the social insurance regimes in place is tailored to the contributory capacities and priorities of the professional category it covers. Some schemes have significantly lower contribution rates, which makes it more affordable for the contributors, leading to higher take-up. However, these schemes also provide less generous benefit packages, since the pooled number of contributions is also lower.[d] This illustrates the difficult trade-off facing policymakers between achieving affordable contribution rates and high enrolment, and ensuring that comparable levels of benefits are provided across professional and income groups.

[a] **International Labour Organization,** World Social Protection Report 2024-26: Universal social protection for climate action and a just transition, 2024.
[b] **La Presse.tn,** Par décret présidentiel paru au JORT : Les ouvrières agricoles ont leur régime de protection sociale, 2024 (in French).
[c] **Tunisie Numérique,** La Tunisie lance la "Plateforme de l'Auto-Entrepreneur" pour soutenir les initiatives individuelles et renforcer le rôle social de l'État**, 2024.**
[d] **United Nations Economic and Social Commission for Western Asia (ESCWA),** Social protection landscape and perspectives Comprehensive national review of the system and reforms of Tunisia: Edition 1 (Paysage et perspectives de la protection sociale Revue nationale exhaustive du système et des réformes de la Tunisie: Édition 1), 2024.

B. The dilemma of gender inequality

In many countries in the Arab region, structural and cultural factors make it harder for women to achieve their full potential in the society. By doing so, these factors widen the socioeconomic gaps between them and men. Practices such as child marriage, adolescent pregnancies and unpaid care work put women in a downward cycle of deprivation.

Adolescent fertility rates in many low-income (7 per cent) and least developed (8 per cent) countries in the Arab region are almost twice the global average of 4 per cent. In Somalia, 12 per cent of girls aged 15–19 have at least one child.[39]

Women and girls in the region spend significantly more time on unpaid care work than men: while women spend an average of 5 hours 29 minutes per day on unpaid care work, men spend just one hour and 10 minutes per day.[40]

These practices discourage women from participating in the labour force, resulting in a female labour-force participation rate of just 22 per cent, compared with 53 per cent globally.[41]

Despite there being fewer women in the Arab labour force, women in the region are still twice as likely to be unemployed as men. Unemployment among women in the Arab region is more than twice as high as among men – although it is only 10 per cent higher than the global average. Meanwhile, the male employment rate in the region is fully 4.4 times higher than the female one.[42]

Box 3. Cash transfers for adolescent girls

Unconditional cash transfers given to adolescent girls have been proven to delay the age of marriage and pregnancy and to reduce the number of pregnancies each women and girls has. However, evidence shows that once cash transfers finish, the effects on delaying marriage and pregnancies are sharply reversed, suggesting that there is a lack of any lasting impact on female empowerment.

This evidence highlights the need for a life-cycle approach to social protection provision for women and girls that ensures that their needs are met at all stages of their lives.

Source: World Bank (2019), The promise and limitations of cash transfers to adolescent females.

Box 4. Pension coverage for older women

In 2022, there were 12 million women aged 65 and above in the Arab region. For countries where data are available, the average pension coverage for older women was 24.5 per cent. Applying this coverage rate to the whole Arab region implies that fewer than 3 million older women across the region received a pension, leaving around 9 million older women without one.

By 2050, there will be 38 million women aged 65 and above in the region. Assuming that pension funds can cover the growing population and that the female pension coverage rate remains constant, 9.3 million older women will be receiving a pension by 2050, while 28.7 million will be without.

Source: ESCWA calculations based on data from the ILO and UNDESA.

For every dollar earned by men, women in the Arab region earn an average of 89 cents. When various complementary factors are adjusted for, this amount decreases to 82 cents.[43] Women tend to hold fewer senior positions: only 11 per cent of managerial positions in the Arab region are held by women, compared with 27 per cent of positions globally.[44] Not only are women typically paid less than men for the same work, they are also more likely to work in sectors where pay tends to be lower, such as care work and agriculture.

1. The social protection deficit for women and girls

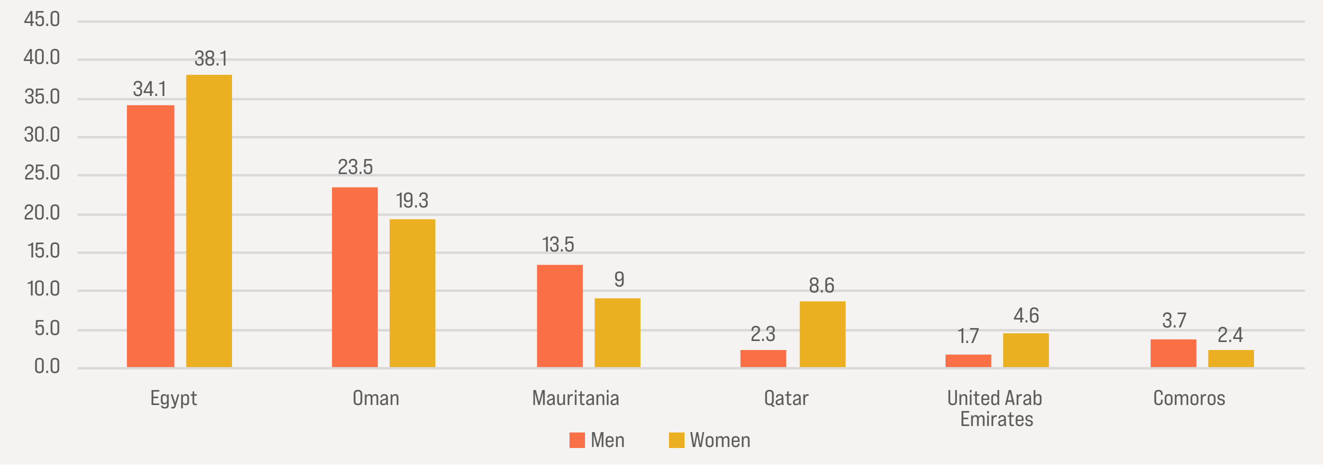
Of the six countries that publish gender-disaggregated data on the coverage of at least one social protection benefit, three – the Comoros, Mauritania and Oman – report greater coverage among men than among women (figure 18).

A closer analysis reveals significant disparities in the type of social protection women receive. Women are predominantly enrolled in social assistance programmes, reflecting their role in family welfare, particularly in healthcare and education. These programmes often fall short of lifting families above the poverty line.

By contrast, women are underrepresented in contributory social insurance schemes, which offer more comprehensive protection. This gap is driven by lower labour-force participation, higher unemployment rates and lower wages for women. Exclusion from the workforce limits women's ability to contribute to social insurance, restricting their access to unemployment benefits, pensions and health insurance. Women in the informal economy are also excluded from contributory systems, and are particularly vulnerable to the risk of income insecurity. These inequalities leave women more vulnerable to poverty, relying heavily on non-contributory social assistance and facing long-term challenges to financial security and quality of life, especially in old age (figure 19).

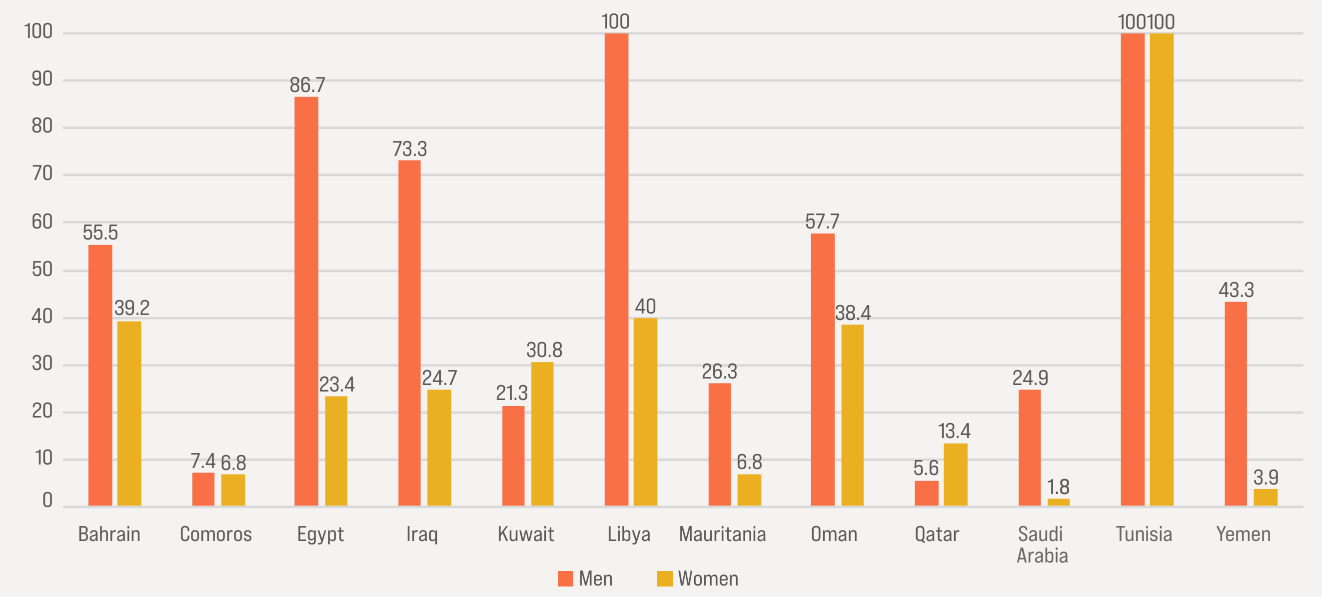
Women have a specific need for social protection in the form of maternity provision. Well-designed maternity benefits protect the health of the mother and child and help to protect families against falling into poverty as a result of childbirth. Oman has the highest coverage of maternity provision in the Arab region, at 26 per cent (figure 20); nevertheless, this still falls below the global average, where 45 per cent of mothers with newborn babies receive maternity benefits.

Figure 18. Proportion of population covered by at least one social protection benefit, by gender



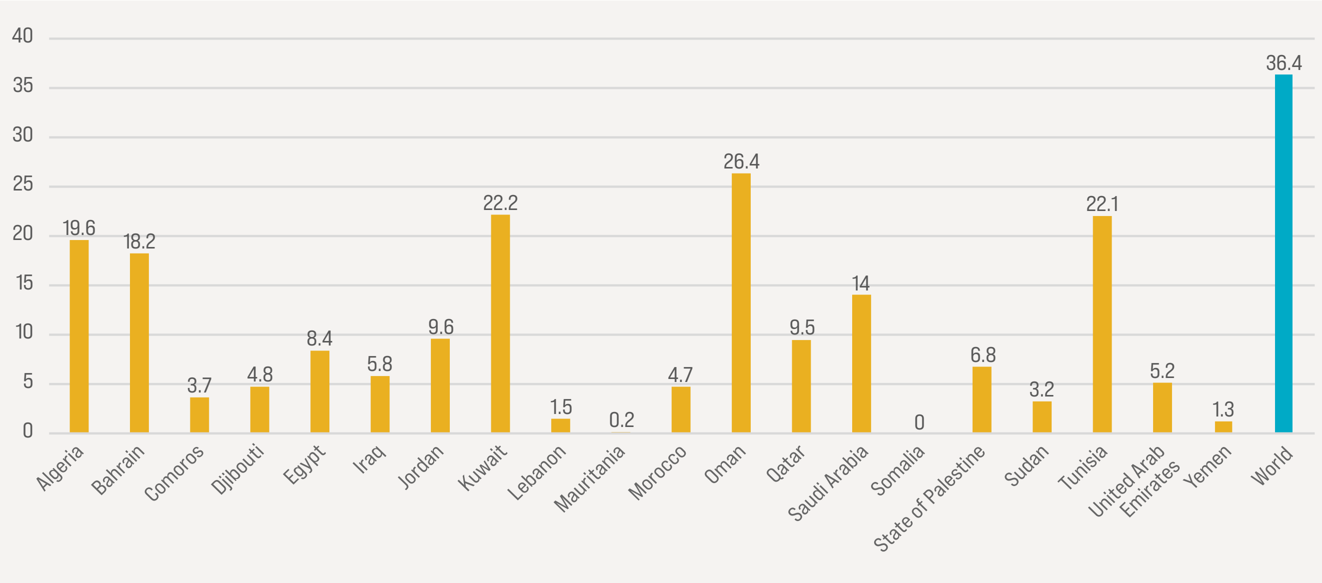
Source: ILOSTAT.

Figure 19. Proportion of persons above retirement age receiving a pension, by gender



Source: ILOSTAT.

Figure 20. Mothers with newborn babies receiving maternity benefits (Percentage)



Source: ILOSTAT.

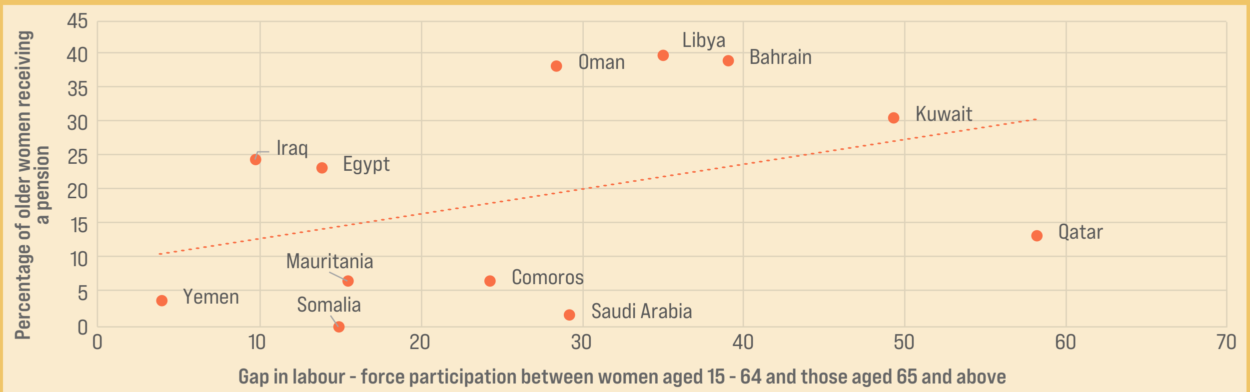
If maternity benefits are solely reserved for women, this may risk reinforcing social norms whereby women are responsible for childcare and men are the breadwinners. The provision of paternity leave is thus also important to promote more equal gender roles within families and to encourage women to re-enter the labour market after childbirth. However, paternity leave provisions are scarce throughout the Arab region.

Box 5. Women's pension provision and work in old age

Women in the Arab region, because of their low employment rate, have much lesser access to contributory pensions than men. This increases their risk of old-age poverty; it also increases the likelihood that women will need to work into old age in order to secure an income. Older workers are vulnerable to discrimination that may lead to higher unemployment and underemployment rates and lower incomes. In some countries, older workers also do not fall under normal employment conditions and may therefore be vulnerable to exploitation.

As the figure illustrates, greater access to pensions is strongly correlated with whether or not women work past retirement age (measured by the difference in labour-force participation rates between women aged 15–64 and women aged 65 and above). This may appear obvious, but it highlights the importance of adequate and comprehensive pension coverage to protect women in old age from exploitation.

Female pension coverage and reduction in female labour-force participation in old age



Source: ILOSTAT and ESCWA calculations.

2. Barriers to gender-inclusive social protection

The challenges Arab women encounter in accessing social protection are complex. They are deeply rooted in cultural, economic, structural, legal and procedural barriers.

Cultural barriers include expectations that women should be the primary caregivers for their families, which result in a greater burden of unpaid care work for women. This expectation also results in women being disproportionately employed in jobs such as domestic work, where pay is low and regulation less developed. This is compounded by the lack of available and affordable care services.

The elevated risk of gender-based violence for women also poses a barrier to social protection. A lack of privacy, fear of disclosure, or financial control by an abuser hinders economic empowerment and access to social protection. At the same time, limited economic empowerment can increase the risk of gender-based violence, creating a vicious cycle.

The low labour-force participation (the lowest in the world), low levels of formal employment, and lower incomes of women in the Arab region limit women's access to social protection, in particular contributory social insurance, either by preventing their access altogether or by reducing the potential contributions they can make (and thus reducing their final benefits). Lower levels of access to contributory social insurance often leave women financially dependent on men and more vulnerable to poverty, increasing their need for social assistance.

Greater economic exclusion can also risk reducing the avenues through which information is shared with women, and can risk reducing women's awareness of their rights to social protection.

Because of women's lack of political representation at national level, and because most social protection policies are designed at national rather than at local level, where women's groups have greater influence, social protection systems in the Arab region often do not structurally respond to female-specific needs, such as maternity insurance.[45]

Other legal barriers include differences in retirement age: in 11 Arab countries, women retire earlier than men.[46] For example, Iraq has just updated its retirement law to narrow the gap, but the maximum women's retirement age in Iraq is 58 years, while men can continue to work until the age of 63.[47] Earlier retirement limits the contributions that women can make to most pensions (and so limits their final benefits), but also extends the amount of time that women's pensions have to last.

Box 6. Gender-inclusive social protection reform in Oman

In July 2023, Oman announced a new social protection law. The law (Royal Decree No. 52/2023) outlines an ambitious set of reforms, including many that promote gender equality.

The introduction of a universal pension scheme (115 Omani rials, or approximately $300, per month for all Omanis above the age of 60) provides all women with an old-age pension, regardless of the economic opportunities available to them during their working life. Differences in pension payouts will remain, determined by initial contributions, but all women will receive a minimum State pension.

Similarly, the introduction of employment-protected maternity leave for 14 weeks at full pay, funded through a 1 per cent levy across all employers, promotes the well-being of mothers and babies and mitigates discrimination against new or potential mothers.

Finally, the introduction of universal benefits for children and persons with disability is designed to ease the burden of unpaid care work that is borne by women, and support women's integration into the formal labour market.

Gender-inclusive social protection programmes

Children and young people	Mothers	Adults	Older persons
	Financial maternity benefits		Universal old-age pensions
	Employment protection during pregnancy		
Universal child benefits			
Free primary, secondary and tertiary medical care			
Means-tested family income support			

Source: ESCWA.

3. Good examples from the Arab region

Despite the above, there are many good examples in the Arab region of areas where countries are adopting gender-inclusive social protection, such as gender-sensitive cash-transfer programmes in Jordan[48] and Morocco,[49] infant nutritional programmes in Egypt,[50] universal pension schemes across most of the Arab region,[51] and paternity provisions in Oman.[52]

C. Persons with disabilities face wide-ranging and persistent inequalities

1. The challenge of multiple inequalities faced by persons with disabilities

Persons with disabilities can face a combination of economic, social and political exclusion as a result of structural, societal, economic and procedural barriers. In the Arab region, up to 1 in 20 persons are living with a disability. This proportion is lower than the global average, and most likely reflects a greater level of exclusion, as persons with disabilities are not well accounted for in household surveys or reflected in public programmes and policies.[53]

Persons with disabilities face a range of inequalities across their lives. For example, they tend to have poorer health and education outcomes than the general population. Additionally, they are particularly prone to income and expenditure inequalities. This is due to the combination of at least two elements: (a) they are more likely to be unemployed or underemployed than the general population and (b) at the same time, they face higher living costs. For example, persons with disability need medical check-ups more often than the rest of the population, and have a greater need to acquire medical supplies and devices. Inclusive educational equipment is also expensive, which frequently excludes children with disabilities from quality education. They also face hidden costs, such as additional time spent navigating systems and services, and psychosocial costs from the stress of managing disability-related challenges and discrimination.

At the same time, persons with disabilities experience greater challenges than the general population in accessing labour-market opportunities. Overall, men with disabilities in the Arab region are three times as likely to be unemployed than are men without disabilities. Inequality in accessing the labour market is even more severe among women with disabilities, in line with their worse access to the labour market in general. In Saudi Arabia, 66 per cent of persons with disabilities, including 90 per cent of women with disabilities, are not part of the labour market, compared with 56 per cent of persons without any disability.[54]

Even where persons with disabilities are formally employed, they are likely to earn less. In Lebanon, formally employed persons with disabilities earn on average 37 per cent less than peers without disabilities.[55]

Poverty is both a cause and a consequence of disability, as people living in poverty likely cannot afford the support they need to manage or overcome a disability. The economic exclusion faced by persons with disabilities can lead to an increased prevalence of poverty.

Finally, ageing further increases the prevalence of disability, widening the inequality gap. This is largely due to age-related conditions, reduced mobility and cognitive decline, with older women being the most severely affected. In Lebanon, the prevalence of severe disability steadily increases from 3 per cent among children aged between 0 and 9 (2.4 per cent among girls, 3.4 per cent among boys), to 21 per cent among those aged over 70 (24.8 per cent among women and 17.3 per cent among men).[56]

Box 7. The cost of disability in Mauritania

Household survey data in Mauritania shows that the everyday expenditure of people with disabilities is 4 per cent lower than that of people without disabilities. However, consumption patterns indicate that persons with disabilities spend on average 31 per cent more on healthcare than their non-disabled peers. This additional expenditure on health limits spending in other areas. Persons with disabilities spend 7 per cent less on food, and 24 per cent less on education than their non-disabled peers.

For the general population who are enrolled in social protection, their expenditure is 82 per cent of that of persons not enrolled in social protection (who are assumed to be from higher income brackets). This indicates that social protection does have some positive effect in smoothing consumption. People with disabilities who benefit from social protection spend more on healthcare than persons without disabilities who are beneficiaries. However, they only spend 58 per cent as much on healthcare than do persons with disabilities who are not enrolled in social protection (and thus assumed to have higher incomes), which indicates that although social protection allows them to cover some of their costs, they remain unable to cover all the additional healthcare costs made necessary by their disability. Persons with disabilities who benefit from social protection are still sacrificing spending in other domains such as education and food; this demonstrates that social protection does not fully cover the costs associated with their disability. Among all social protection beneficiaries, persons with disabilities spend 59 per cent as much on education and 88 per cent as much on food as their non-disabled peers.

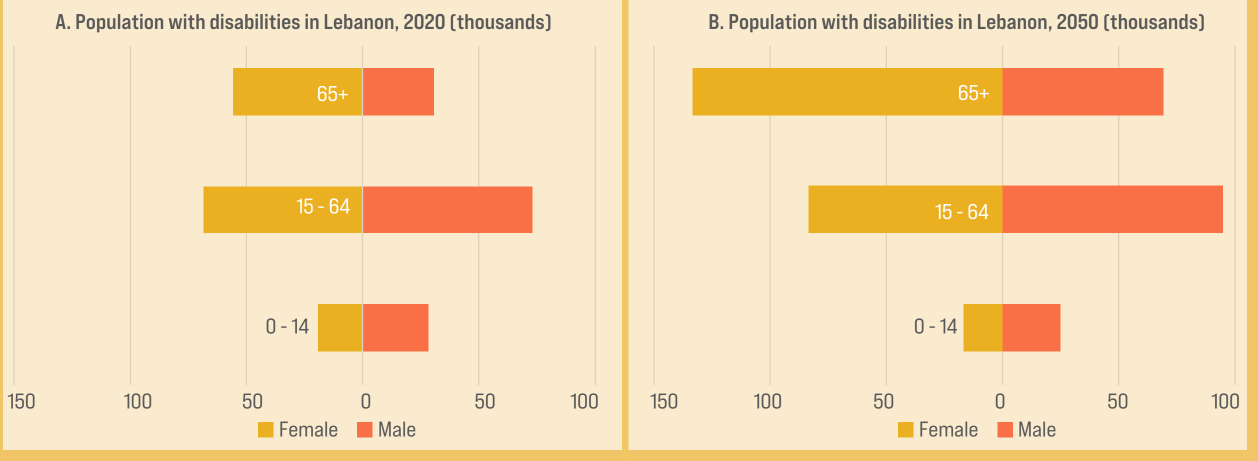
Source: ESCWA calculations based on Mauritania 2022 Household Expenditure and Income Survey and US Social Security Administration – Mauritania.

Box 8. Old-age disability in Lebanon

Lebanon has an ageing population. Between 2020 and 2050, the number of people aged 65 and above will increase by 119 per cent, from 522,000 to 1,143,000. Given the relationship between age and disability, and assuming no increase in the prevalence of disability by age category as a result of external factors such as conflicts, this will cause an increase in the number of persons with disabilities from 275,000 in 2020 to 422,000 in 2050 (from 4.9 per cent to 6.7 per cent of the population) (figures A and B).

Assuming that the cost associated with disabilities is constant, and disregarding inflation, the increase in the number of persons with disabilities would increase the cost to Lebanon of looking after persons with disabilities by 50 per cent across the 30-year period. If social protection schemes do not account for this increase, older people with disabilities will be at risk, and the gap between them and their non-disabled peers will increase.

Persons with disabilities



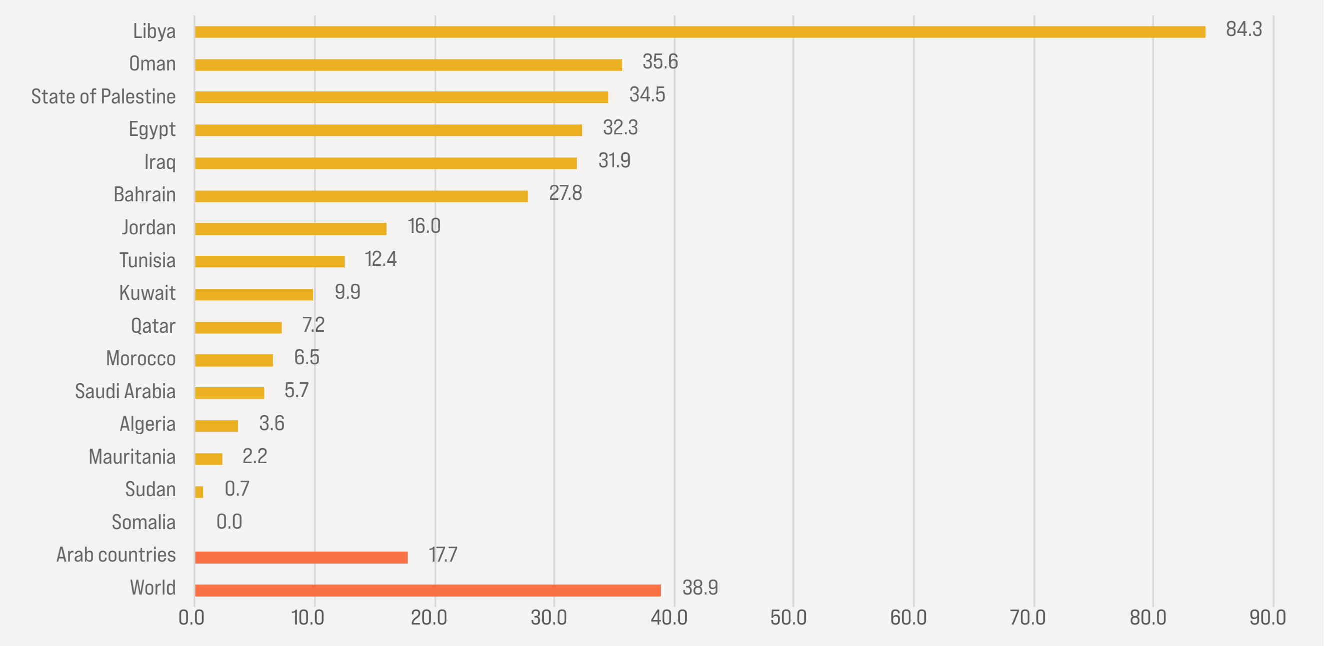
Source: Based on population data from UN DESA, World Population Prospects (accessed in February 2025) and ILO, Living with disabilities in Lebanon (2023).

2. Social protection deficit for persons with disabilities

Persons with disabilities have a greater need for social protection, but this need is only rarely met in full. For example, only 1 in 6 persons with severe disabilities (17 per cent) receive any sort of cash benefit, compared with 1 in 3 persons globally.[57] In only one country in the Arab region, Libya, is the proportion of persons with severe disabilities receiving a cash benefit (84 per cent) greater than the global average (figure 21).[58] However, given that the number of people living with disabilities in the region is probably underreported, it is likely that the true proportion of people with disabilities in the region receiving cash benefits is much lower.

Persons with disabilities, however, do not only experience limitations in terms of social protection coverage. Frequently, this group also encounters challenges in terms of benefit adequacy, delivery modality, and disincentives created by programmes' overall policy design. For example, cash-transfer benefits are often insufficient to cover all disability-related costs, and can create situations where carers or family members manipulate the beneficiary or use the finances for other purposes. Furthermore, cash-transfer programmes are frequently aimed at reducing poverty by providing limited financial assistance to eligible poor households or individuals.

Figure 21. Proportion of population with severe disabilities receiving disability cash benefits, latest available years (Percentage)



Source: Based on International Labour Organization (2024), World Social Protection Data Dashboards.

Given that persons with disabilities, if they find employment, are more likely to be informally employed and underpaid, this creates a trade-off between choosing to be unemployed and receiving a regular cash transfer, or trying to attain employment and thus receiving a potentially unpredictable and low salary, which at times can dissuade persons with disabilities from seeking employment. This restriction also prevents cash transfers from compensating for the disability-related costs, as they are intended only to contribute towards the cost of basic needs.

3. Barriers to disability-inclusive social protection

Persons with disabilities face structural, societal, economic and procedural barriers to accessing social protection.

Structural barriers include inaccessible infrastructure and digital exclusion. A lack of physical accessibility in some social protection centres, such as an absence of ramps, difficult-to-open doors and non-accessible toilets, can prevent people with mobility impairments from accessing services. As social protection systems increasingly move online to increase efficiency and coverage, websites and applications are often not made accessible for people with visual, auditory or cognitive impairments, which leads to further exclusion.

Procedural barriers, including complex and multiple application procedures being required to access benefits, can be challenging for persons with cognitive or intellectual impairments.

If social protection providers are not trained to be inclusive, or if they demonstrate discriminatory attitudes or practices, this may prevent persons with disabilities from accessing social protection. In certain cases, stigma and discrimination may also lead to caretakers taking advantage of people with disabilities and diverting cash-based assistance to cover their own costs, rather than using them in the best interests of the individual.

Box 9. Mokhtar: a child with disabilities in Libya

"My son was diagnosed with Cornelia De Lange syndrome and autism. He has been receiving monthly stipend assistance of 650 dinars ($100) provided by the Social Solidarity Fund since he was 6 years old. However, his education and hospitalization were always paid "out of pocket" by the family despite having national laws that confirm his right to receive governmental help in this area. Unfortunately, these laws were never implemented.

As for the disbursement of the monthly stipend, we had to submit the application to an examination committee, present in every governorate, that meets once a week for the assessment of disability. After obtaining approval from the committee, the case is referred to another committee, that further sets the percentage of disability to estimate the rate of disbursement of the financial subsidy. In the case of my son, the disability rate was estimated at 60 per cent.

The cash is transferred to the person with a disability through a bank transfer directly from the SSF. In the case of my son, we had a delegation from the court to receive this financial aid. Once he became 18 years old, he became legally eligible to receive the subsidy, it was finally transferred to his direct benefit. He is now 26 years old, and we will continue to be always by his side to support and empower him."

Source: ESCWA interview with a mother of a person with disability in Libya.

4. Good examples from the Arab region

Box 10. Act on the Rights of Persons with Disabilities in Jordan, 2017

This law is one of the first national disability laws in the Arab region to protect the autonomy of persons with disabilities, including their right to make their own life decisions. It guarantees the right of persons with disabilities to access education, employment, healthcare and social protection without discrimination, and is implemented through various social protection initiatives:

- The National Aid Fund, which directly targets persons with disabilities through rehabilitation aid and the Disability Aid Fund.
- Rehabilitation aid is a monthly cash transfer for persons with disabilities. It falls under the scope of the National Aid Fund's broader cash-assistance measures. The Disability Aid Fund provides an additional 12 per cent pension coverage to persons who have a family member with a disability.
- People with disabilities also have free or subsidised access to healthcare (depending on the type of treatment).

The progress achieved in covering persons with disabilities under social protection programmes still needs to be complemented by reliable disability data to allow policy effectiveness to be analysed. In addition, the application process that persons with disabilities are required to follow to access social protection schemes are in the process of being simplified.

Source: Handicap International (2023), Disability and Social Protection in Jordan.

Many countries in the Arab region are moving towards better social protection programmes for persons with disabilities, ranging from increased disability cash benefits (Algeria, Mauritania[59] and United Arab Emirates[60]), subsidised transportation costs (Algeria and Jordan[61]), and free healthcare coverage (Algeria, Jordan and the Sudan[62]).

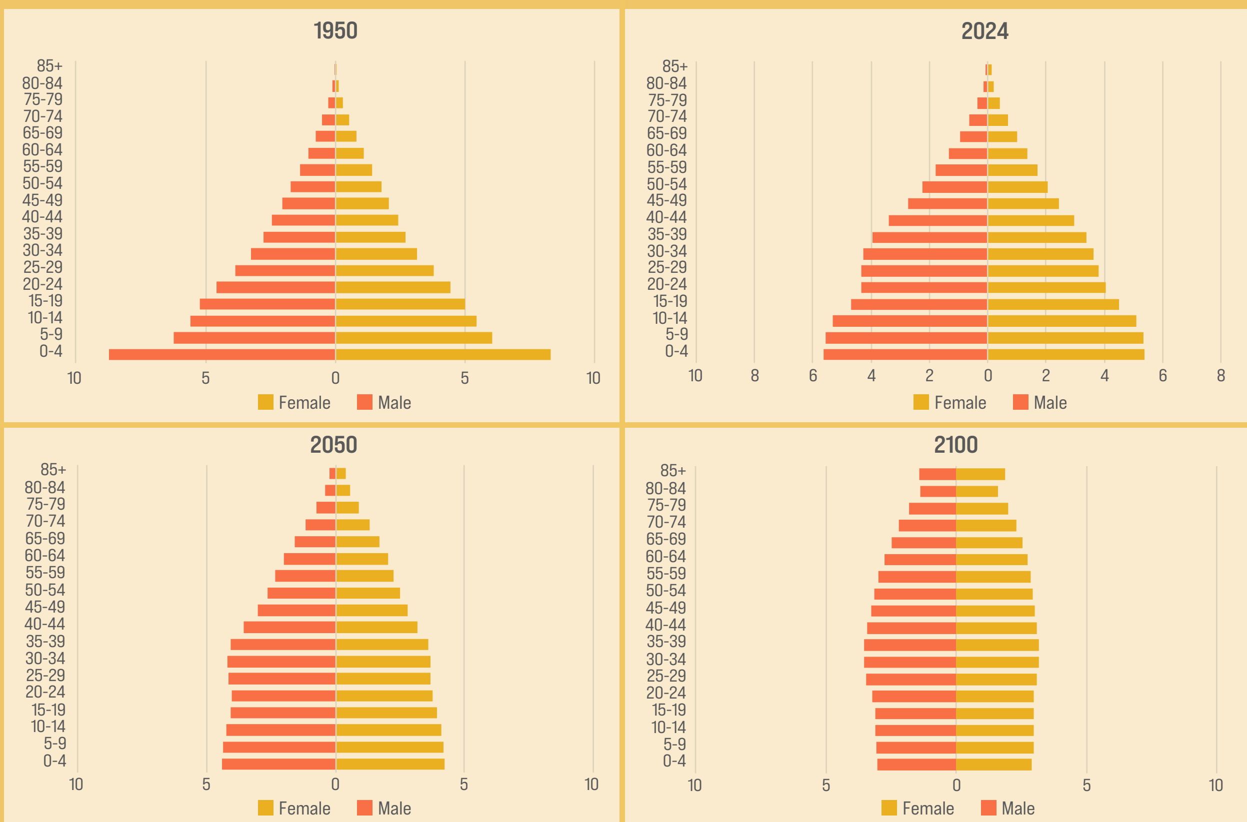
D. Inequalities in old age

Box 11. Demographic changes present a growing risk to older persons

Demographic booms can be an opportunity to fast-track economic transformation, as they can create a bulge in the working-age population. However, in the Arab region, the demographic boom has coincided with unequal economic growth and limited job creation, which has increased informal employment among older persons. This has resulted in a large proportion of the working population being excluded from contributory social insurance schemes.

As this demographic boom subsides, the region will be left with an ageing population with limited access to social insurance, especially pensions, throughout their lives. As the labour force shrinks, the working population which will need to take care for a steadily increasing proportion of elderly persons in society.

Demographic changes and population growth in the Arab region (Percentage of population)



Source: ESCWA calculations based on UNDESA World Population Prospects, 2024 revision cited in the Population and Development Report, No. 10 [forthcoming].

The Arab region is undergoing major demographic change, including a rapid increase in both the number of older persons in each country, and an increase in the proportion of the population they account for. The proportion of older persons aged 65 and above in the total population is expected to increase from 4.6 per cent in 2024 to around 9 per cent by 2050 (box 11). In light of these changing population trends, Governments have started to pay increasing attention to the inequalities faced by older persons, especially those related to economic inequalities, and inequalities in access to healthcare.

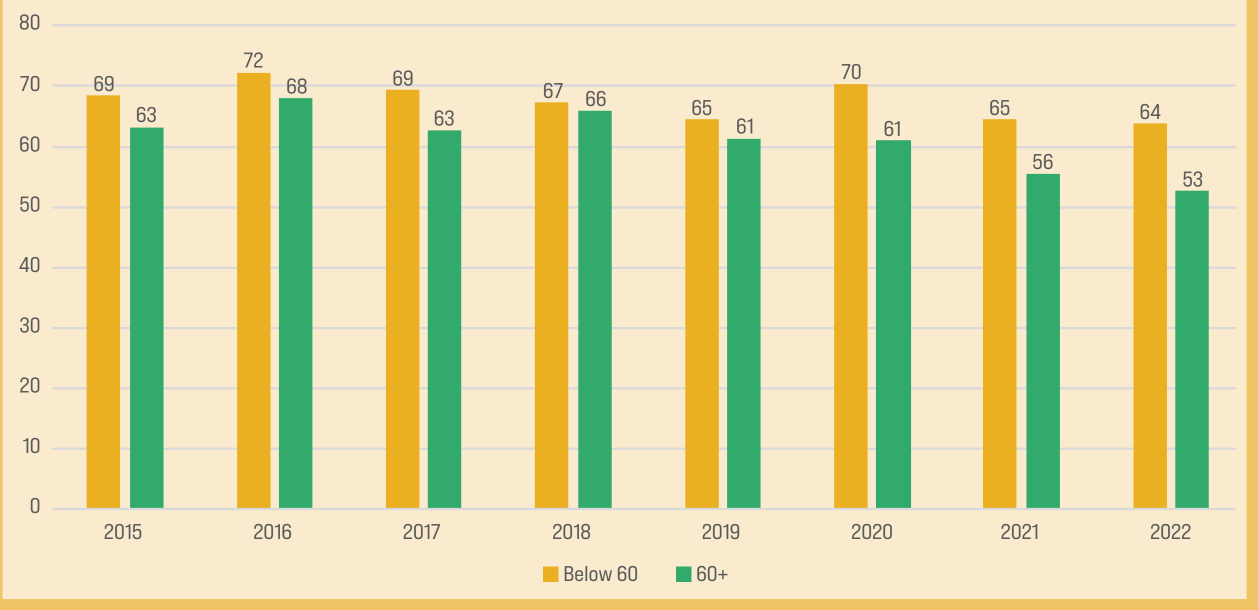
Older persons are more likely to live in poverty as a result of a lack of sufficient retirement income, pensions or savings. Where older persons continue to work, they may face age-related discrimination and difficulties in finding decent employment.

A greater need for healthcare services, typically as a result of declining health in old age, exacerbates existing inequalities in access to healthcare. Changing household dynamics, such as smaller household sizes, sometimes driven by urbanization, has reduced the prevalence of multigenerational households and resulted in an increased likelihood of social isolation for older persons. Notably, older persons in the region report lower life satisfaction than younger persons (box 12).

Box 12. Old-age life satisfaction

Globally, older persons tend to report higher levels of life satisfaction than their younger peers. However, this global trend does not seem to apply in the Arab region. When asked, "are you satisfied or dissatisfied with your standard of living, all the things you can buy and do?", persons aged 60 and above in the Arab region tend to report lower satisfaction levels than people aged below 60. Further, older persons' satisfaction levels are steadily falling, both in absolute terms and relative to their younger peers.

Proportion of population reporting that they are satisfied with their standard of living, all the things they can buy and do (Percentage



Source: Gallup World Poll 2023 perceptions data.

1. Social protection deficit for older persons

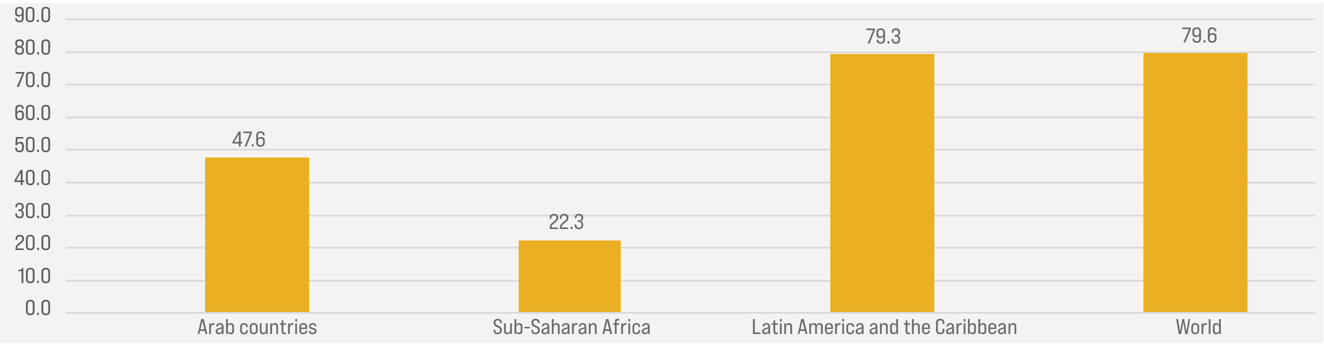
Older persons tend to be less represented in both social insurance and social assistance programmes, for different reasons. In terms of social insurance, pension coverage and access to universal healthcare are the greatest challenges facing older persons. The proportion of older persons receiving a pension in the region is the second lowest in the world (figure 22), at 47.6 per cent – well above the average for sub-Saharan Africa (22.3 per cent) but significantly lower than for Latin America (79.3 per cent) and of the world overall (79.6 per cent).

Older women and older persons who were informal workers are particularly prone to exclusion from pension schemes, given their low participation in formal labour markets.

A lack of universal health coverage leaves large groups of vulnerable older persons without access to healthcare. At the same time, significant out-of-pocket spending on health affects older persons disproportionally, given that the prevalence of non-communicable diseases, and thus healthcare costs, increase significantly with age, especially since older persons are less likely to be in wage-earning employment (figure 23).

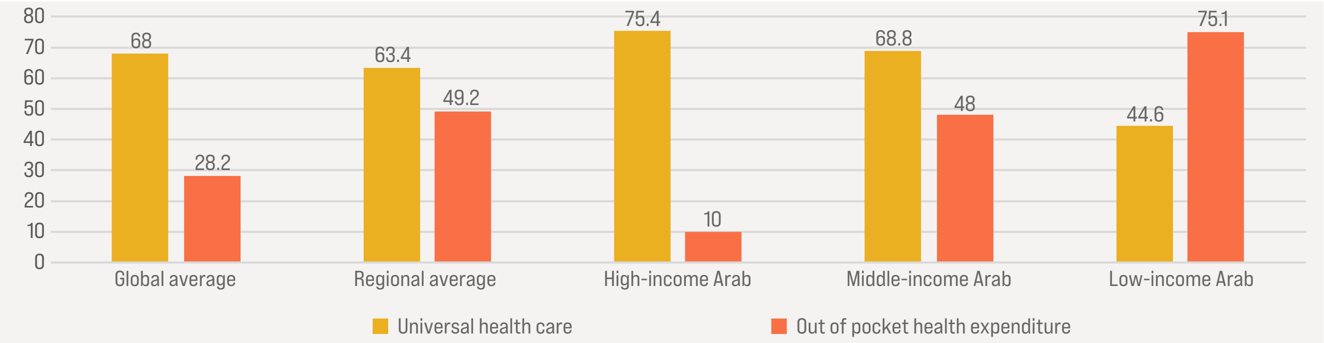
With respect to social assistance, very few data are available to estimate the inclusion of older persons in social assistance programmes. However, while the lack of inclusion in social insurance schemes would increase the need for older persons to be included in social assistance schemes, evidence indicates that older persons may in fact be at greater risk of exclusion. Social assistance schemes increasingly target vulnerable families with children, and so while older persons may obtain benefits under such a scheme indirectly if a family member is a beneficiary, they tend not to be direct beneficiaries.

Figure 22. Proportion of older persons receiving a pension (Percentage)



Source: ILO World Social Protection Database.

Figure 23. Universal health coverage and out-of-pocket health expenditure in the Arab region



Source: WHO Global Health Observatory and ESCWA calculations.

2. Barriers facing older persons' access to social protection

The absence of policies that specifically target the needs of older persons is a major barrier. Many national social protection frameworks do not distinguish between the needs of the general population and those of older persons, leading to gaps in service delivery.

The combination of high informality, meaning fewer contributors, population ageing, and overly generous parameters – notably low retirement ages – threatens the sustainability of many pension schemes in the region. Resolving this requires a combination of parametric reforms and more formal employment, which requires policymakers to make difficult trade-offs (box 13). Low-income workers are also highly vulnerable to inadequate pension schemes, because their low contributions may imply that the benefits they receive are insufficient to protect them against poverty in old age.

In addition, some countries have experienced economic challenges, including hyperinflation and severe currency devaluations, which have diminished the adequacy of pensions and left older persons at a higher risk of income insecurity and dependency.

A lack of health professionals specialized in geriatrics and gerontology, together with underdeveloped home care services, further jeopardize the well-being of older persons and reduce their ability to access services. For example, dementia is the seventh leading cause of death worldwide, and is highly correlated with old age (91 per cent of persons with dementia are over 60 years old).[63]

The rising digitalization of social protection programmes is also likely to be a barrier to many older persons. As social protection programmes increasingly move online to benefit from greater reach and easier accessibility, there is an increasing risk that they will exclude older persons, who are less likely to use the internet than their younger peers (figure 24). This may also affect older persons' knowledge of social protection schemes available to them, if awareness campaigns are held online.[64]

Finally, as older persons are more likely to have impairments related to mobility, hearing, vision and mental health, the accessibility of social protection centres and documents (whether online or paper-based) may be a barrier to some older persons.

Box 13. Pension reforms: a blessing or a curse?

"Pension reform is high on the agenda of many emerging economies, for many reasons. First, public pensions often constitute a large share of government expenditure. In light of the substantial fiscal adjustment needs of many economies, a discussion of how much countries can afford to spend on pensions – and how important it is to preserve pension spending relative to other expenditures – is inevitable. Second, population ageing means that reforms would be needed just to keep pension spending from rising in the future. Third, in many economies, low or falling pension coverage will leave large segments of the population without adequate income in old age and at risk of falling into poverty. [...]

"Since 1990, Governments in both advanced and emerging economies have made a number of reforms to pension systems that have improved their fiscal sustainability and helped offset the adverse fiscal effects of aging populations. These pension reforms have sharply curtailed pension eligibility and benefits for future generations of retirees and have brought to the fore equity concerns."

Source: IMF (2014), Equitable and Sustainable Pensions – Challenges and Experience.

Box 14. Economic crises have eroded pension provisions

In 2024 alone, five countries in the region had double-digit inflation. Between 2020 and 2024, four of these five countries (Lebanon, the Syrian Arab Republic, the Sudan and Yemen) experienced five consecutive years of double-digit inflation, whilst the fifth country (Egypt) experienced three consecutive years of double-digit inflation.

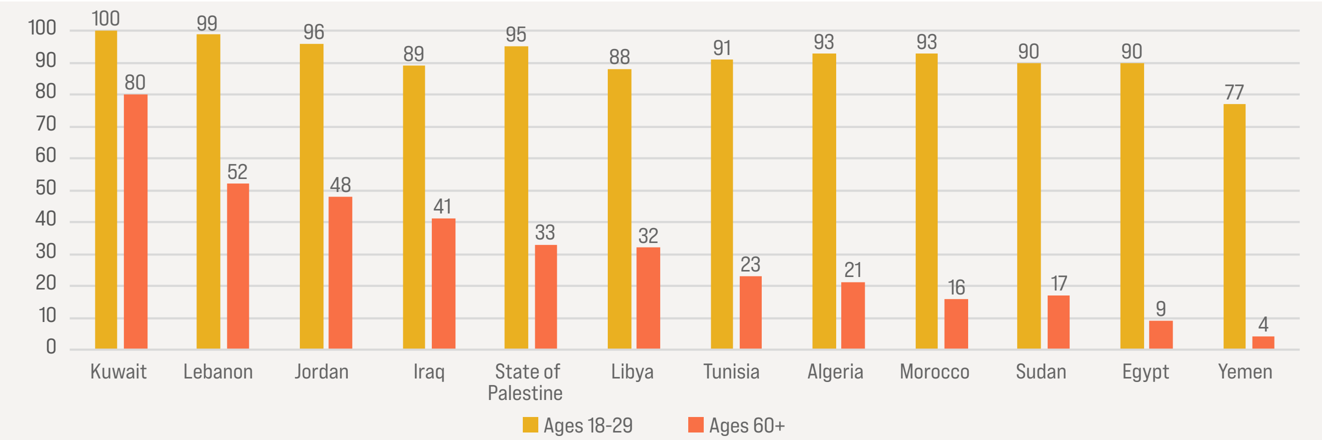
Even the most lucrative pension funds are unable to keep up with such high levels of inflation.

In Egypt, pension funds have offered growth of between 10 and 15 per cent every year. High levels of pension growth in Egypt mean that a pension that offered 100 Egyptian pounds (EGP) per month in 2015 would offer EGP 308 per month by 2024. However, when accounting for inflation, the real value of a pension worth EGP 100 per month in 2015 would be just EGP 50 per month by 2024.

The depreciation in the real value of old-age persons significantly increases the risk of old-age poverty.

Source: ESCWA calculations using figures from IMF WEO and Draya-eg.org.

Figure 24. Internet use by older and younger users (Percentage)



Source: Arab Barometer wave V.

3. Good examples from the Arab region

Many countries have introduced non-contributory pension schemes to the benefit of all older persons. Tunisia has more than tripled the number of old-age pensioners who receive a pension over the past twenty years, achieving full coverage of all older persons by the country's social insurance administration. Some countries, including Morocco and Algeria, have significantly expanded their pension coverage in recent years, while many others, including Bahrain and Saudi Arabia, have undertaken pension reforms to ensure the sustainability of their pension funds for future generations.

Elsewhere, countries are expanding their healthcare provision, and more general care provisions, to better cater to the needs of older persons.

Box 15. Universal health and pension coverage in Tunisia

Tunisia enshrined the right to social protection coverage in its constitution in 2014. In doing so, the country seeks to achieve universal coverage for health and pensions. It is very close to achieving its goals.

This has been done using a multilayered approach. First, Tunisia established income scales for occupational groups; these were then used to calculate contributions and addressed the under declaration of incomes by certain groups. An extensive awareness campaign followed, in collaboration with employers' and workers' organizations, to attract new contributors. Following this, the Government started to penalize non-compliance by employers. As more people enrolled, universal health and pension coverage services improved, and as confidence in the system grew, additional enrolment followed.

"In increasing numbers, [Tunisians] saw [social insurance] as an effective tool to protect themselves against rapidly rising health care costs, as well as a guarantee of income security in old age."

Source: Inequality Solutions Portal. Moving towards comprehensive and inclusive social protection in Tunisia (2014-ongoing), and ILO, Extending Social Security and Fighting Poverty: A Complex Challenge Experiences from Africa.

Box 16. Qatar National Dementia Plan 2018–2022

In 2018, Qatar became the first country in the Arab region to develop a National Plan for Dementia and to incorporate it into its health coverage for the population.

The National Plan for Dementia outlines the services to be provided to people with dementia, their families and their caregivers. It includes measures to increase public and professional awareness of dementia, stressing the importance of diagnosis and intervening early, in addition to improving therapeutic methods and healthcare after diagnosis.

The plan was implemented between 2018 and 2022; it encouraged human and financial investments as well as joint planning between different Government ministries. The plan includes workers in the areas of healthcare, social care and civil work institutions, in addition to people with dementia, their families and their caregivers.

Source: Qatar Ministry of Public Health, Qatar National Dementia Plan 2018–2022.

E. Young people: a generation at risk

In the Arab region, young people (usually defined as those aged between 15 and 24) face growing inequalities across the dimensions of education, health, economy, society and politics. If these inequalities are not reduced promptly, there is a real danger that current inequalities will have a life-long impact on today's young people, leaving them socially, economically and politically excluded. This will put the future development of the region at risk.

Inequalities in education and economy are separate but closely related. Despite investments in education across the region, significant inequalities persist. Young people in rural and or low-income areas are more likely to attend schools with lower levels of resources, fewer trained teachers, and less access to technology, all of which will affect their educational outcomes and their future earning potential.

In addition to this, 33 per cent of children in the region attend a private secondary school, compared with 27 per cent globally.[65] The privatization of education fuels inequalities, as it exacerbates differences between the wealthy and the poor in education outcomes. Furthermore, as private schooling becomes more commonplace, it reduces investments and the quality of education offered in public schools, further widening inequalities and increasing the demand for private schooling. A cycle of growing inequality ensues. High private-school enrolment may be a result of high-income inequality or a perceived lack of governmental capacity to provide quality education, but it nonetheless reflects inequality in education.

As the pace of technological development has accelerated throughout the world, young people have often been heralded as the most technologically adept generation. However, young people who are not technologically literate are at greater risk of exclusion, partly because they cannot access services and information that they need, and partly because they cannot meet the demands of the labour market. COVID-19 highlighted the inequalities faced by young people who had limited access to technology, as they found it more difficult to access education than their peers with greater access to technology.

Inequalities in access to quality education feed into inequalities in economic prospects, including employment. The creation of formal jobs, driven by the private sector, has not kept pace with the rate of young people entering the labour market, resulting in extreme competition among young people for a very limited pool of socially insured, decent employment opportunities. It is often the privately educated and well-connected who are the first to benefit from formal employment, which further fuels existing inequalities. Those who cannot compete or access decent employment are left either economically inactive, unemployed, or in underpaid and moderately productive informal jobs, with no employment protection or safeguards.

It is therefore no surprise that the proportion of young people not in education, employment, or training in the Arab region (29 per cent) exceeds the global average of 22 per cent. In low-income countries, the rate is particularly high, at 39 per cent.[66] Furthermore, 85 per cent of young people who are employed are working in the informal sector; this exacerbates their vulnerability and erodes their productive potential.[67]

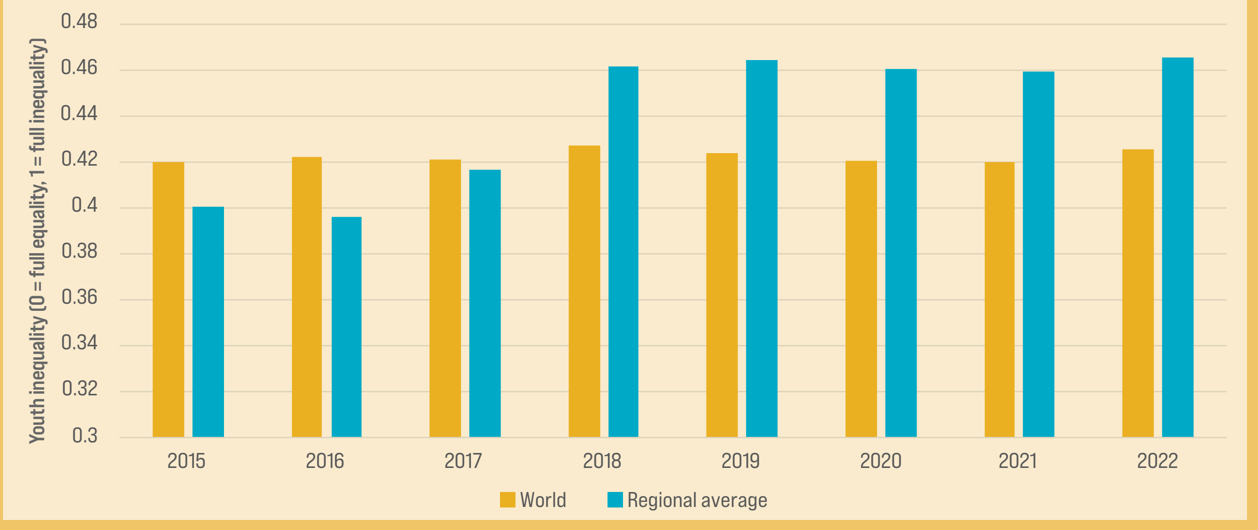
The health needs of young people are different from those of children and adults. The dominant causes of mortality amongst young people are self-harm (related to poor mental health), injuries (including road accidents), maternal conditions, and interpersonal violence. Poor mental health can lead to coping behaviours with negative health implications, such as drug abuse, violence, and poor sexual and reproductive health practices. However, because the health needs of young people often differ from the wider population, their needs are frequently unmet or overlooked.[68] Given the previously mentioned challenges – structural inequalities related to education, the limited capacity of labour markets to absorb young people, the large proportion of people not in education, employment, or training, the large proportion of informal workers within this group, and their heightened vulnerability to factors such as violence, self-harm and accidents – it is clear that young people are not systematically well addressed in social protection policymaking and implementation.

Box 17. Growing inequalities between young people globally and in the Arab region

The ESCWA multidimensional inequality analysis reveals a growing divergence in the inequalities faced by young people globally and within the Arab region.

Until 2017, youth inequality in the Arab region was lower than the global average; since 2018, however, it has consistently exceeded the global average. The rise in youth inequalities is particularly pronounced in middle-income Arab countries, driven by a growing prevalence of underemployment among young people that is far above the adult rate.

.Youth inequalities globally and within the Arab region



Source: ESCWA.

The gaps are evident across the different components of social protection, such as non-contributory social assistance (such as poverty alleviation programmes) and contributory social insurance (such as universal health coverage and unemployment benefits). Particularly significant are active labour-market policies aimed at fostering productive inclusion and providing sustainable, decent employment opportunities.[69] These policies have the potential not only to provide young people with secure livelihoods, but also to extend essential social security benefits, including unemployment protection and health insurance. These are relevant protections, especially considering that, according to ILO,[70] young people are one of the main groups that often lack unemployment protection.

1. Barriers towards youth-responsive social protection

Young people are often excluded by the eligibility criteria of many social protection programmes, which are frequently age-based. For instance, certain poverty-alleviation programmes restrict access to benefits, such as child and family support, to certain age groups, leaving many young people without adequate coverage. However, the extent of their exclusion is difficult to establish, since the social protection coverage of "young people" as a category is rarely monitored – notably not within the statistical framework of the 2030 Agenda. At the same time, learning-to-earning programmes for young people transitioning from school or university to employment, where they exist, are frequently complemented by a subsistence allowance, which is not always reported as "social protection".

Young people transitioning between education and employment are particularly vulnerable. They frequently fall between the cracks of protection offered to students and those offered to workers, while at the same time facing labour-market constraints as a result of their limited job opportunities and work experience.

Importantly, young people face procedural and perceptional barriers in relation to complex application processes and at times a lack of awareness about social protection benefits. Young people are frequently unaware of social protection and active labour-market programmes available to them, and do not know how to access information about benefits that they may qualify for. Even when young people are targeted directly, the complexity of social security benefits, coupled with their own perceptions and attitudes, sometimes results in them prioritizing access to social assistance programmes, which provide support for consumption, over long-term benefits such as pensions.[71] While this provides relief in securing basic needs, it fails to protect them against life-cycle risks such as sickness, disability and old-age.

Young people often have little experience of accessing social protection, and may be unable to navigate complex application procedures. Young people, though, tend to be familiar with digital devices and apps; countries such as Algeria, Egypt, Kuwait and Libya have therefore digitalized certain procedures associated with social protection programmes.

Education-related barriers include a lack of access to vocational education and skills-development programmes, which may leave young people ill-prepared for the labour market and heighten their risk of unemployment or informal employment, both of which may exclude them from many social protection benefits.

2. Good examples from the Arab region

Young people's need for unemployment benefits is increasingly acknowledged by policymakers across the region. Recent social-protection-policy innovations include passive labour-market policies that provide income support while the beneficiary searches for a new job. Unemployment insurance, while largely new to the region, is typically contingent upon a person contributing to social insurance for a period beforehand, which meant that never-before-employed young people and those working in the informal economy have tended to be excluded. Providing unemployment benefits – either as a standalone scheme or as a complement to technical and vocational education and training (TVET) programmes – for young people that have never been previously employed is a new policy for many countries.

For example, Bahrain began to offer unemployment insurance in 2006. The scheme contains elements aimed at bridging the social protection gap that many young people face between learning and earning. The scheme provides a standard "compensation benefit" to those who have lost their jobs, but also provides an "unemployment aid benefit" for young jobseekers with no prior employment experience or who have less than a year's work experience and do not qualify for the compensation benefit.

The unemployment aid benefit provides a monthly stipend of 200 dinars ($530) for young people with a degree, or 150 dinars ($398) for those without. To be eligible for the unemployment aid benefit, young people must attend training programmes provided by the Ministry of Labour. They also receive suggestions of appropriate employment opportunities. Between 2019 and 2021, 24,344 young people had been matched with jobs in this way, and by 2022, 10,000 young people had attended a training programme. The overall unemployment package is funded by a 1 per cent contribution from employee wages, which is matched equally by the employer and the Government. To date, the amount collected has far exceeded the amount paid out, and the additional funds have been invested.[72]

In 2022, Algeria introduced unemployment benefits for first-time jobseekers aged 19 to 40. By January 2024, more than 2 million beneficiaries had been enrolled on the programme, with around 290,000 of them being directed to vocational training centres to enhance their chances in the formal labour market.

Another good practice can be found in Saudi Arabia, which has invested in a tailored vocational education system as a means of connecting young people, and especially young women, to formal jobs which offer social security benefits. As a result, Saudi Arabia has met its target of achieving 30 per cent female labour-force participation eight years early.[73]

F. Migrant workers: a perennially underserved group

There are almost 45 million international migrants residing in the Arab countries, many of whom come from other countries within the region.[74] A large proportion are migrant workers, the foreign workforce being especially prominent in the GCC countries, where most workers in the private sector are migrants.[75] The Arab region is also notable for high levels of cross-border and internal displacement. The United Nations High Commissioner for Refugees (UNHCR) reports that in 2024, the region was hosting almost 4 million refugees, almost 600,000 asylum seekers, and more than 27.5 million internally displaced persons. An additional 6 million Palestinian refugees in the region are eligible for the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) services.[76]

Social protection coverage among refugees and other migrants is significantly lower than among the general population. Data from Jordan indicate that the coverage rate for permanent employees is around 86 per cent for citizens, but only 13 per cent for non-nationals and only 4 per cent for Syrians.[77] Similarly, in Lebanon, the coverage rate for permanent employees is around 47 per cent for citizens, compared with 5 per cent for Palestinians and 4 per cent for Syrians.[78] Such inequalities are often compounded for specific groups, such as women. For example, a study of 1,000 Nepalese migrants recently returned from the GCC shows that healthcare registration – the most widespread social protection benefit – was 76 per cent for male workers, compared with 51 per cent for female workers[79] (mainly because female migrants disproportionately worked in domestic work, the sector with the lowest coverage).

Migrants' access to social assistance is often negligible, even in countries with established social welfare systems. In 2017, 95 per cent of Iraqi citizens received government benefits, but only 8 per cent of Syrian refugee households living in camps.[80] Internally displaced persons (IDPs) also had significantly lower coverage rates than other citizens.[81]

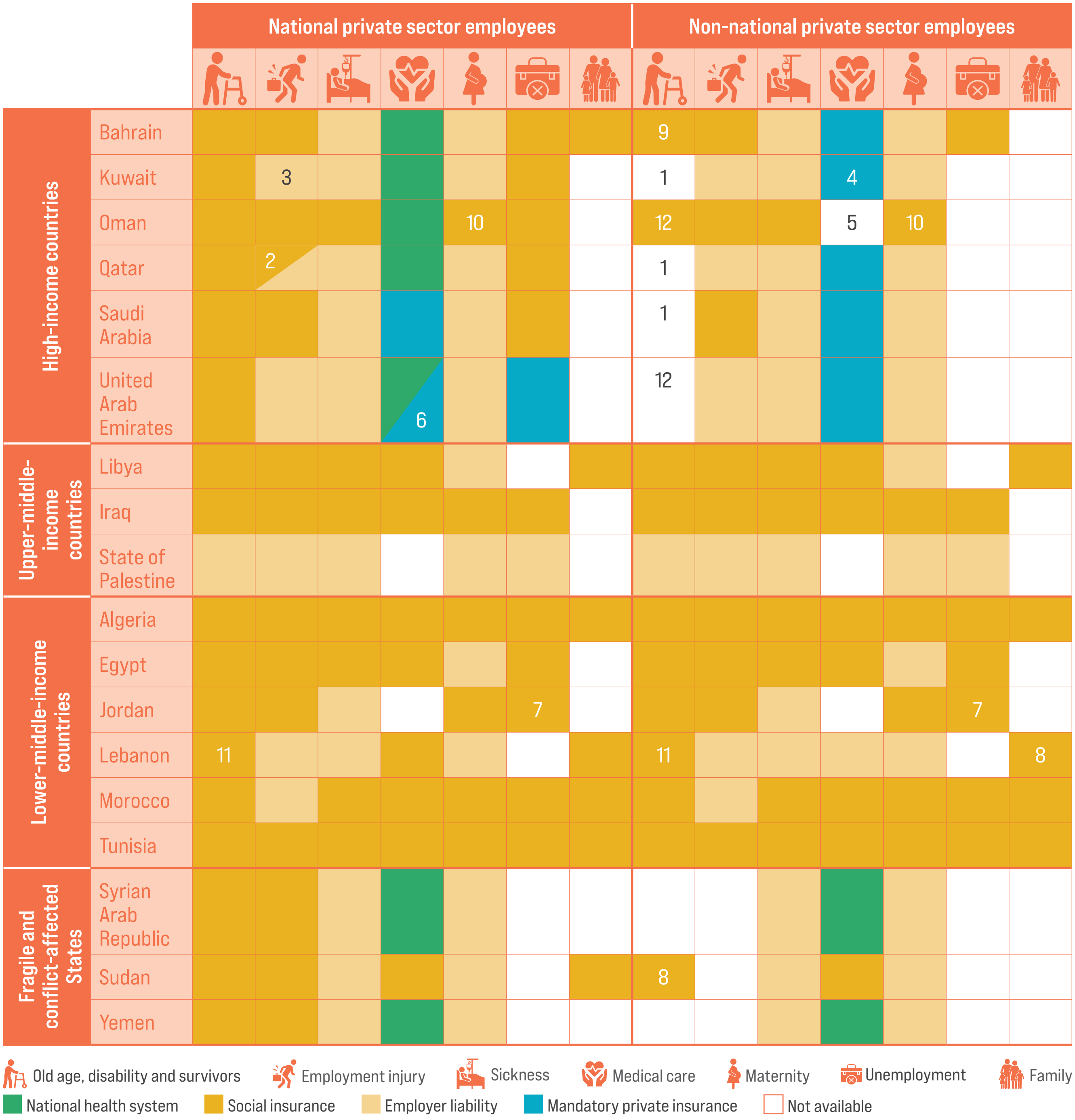
1. Barriers to social protection for migrants

There are several key barriers that explain migrants' reduced access to social protection, including legal factors, compliance and awareness levels, affordability and practical barriers.

Migrant workers face significant legal barriers to accessing social protection, often as a result of nationality-based exclusion. As figure 24 shows, many countries restrict non-nationals from accessing social insurance, with access sometimes limited to migrants from countries with bilateral social security agreements, typically benefiting higher-income workers. In social assistance, while laws may not explicitly exclude non-nationals, policies or programme guidelines often contain citizenship requirements, leaving many vulnerable migrants without support.

Social protection legislation may also exclude those without a permanent or legal residence.[82] For example, the 2014 social assistance law of Iraq specifically includes non-nationals, making particular reference to Palestinian refugees.[83] Nevertheless, the law is worded in a way that limits its scope to those residing "permanently, continuously and legally" in Iraq, excluding "temporary" residents such as refugees and other migrants on temporary work permits. It is also difficult for people seeking asylum in some countries to apply for and eventually be granted refugee status. In the absence of regular residence status, this group is typically ineligible for social protection.[84]

Figure 25. Social insurance coverage for national and migrant workers in the Arab region



Source: ILO, Social protection coverage for national and migrant workers in the Arab World (2024) (updated with recent developments).

Migrants may also be legally excluded from social insurance based on other characteristics of their employment status. For example, the social insurance provisions outlined in figure 25 only cover those working in full-time, permanent jobs in the private sector, excluding those working in temporary, seasonal, part-time or informal employment, and often also excluding sectors such as agriculture, construction and domestic work,[85] where migrants tend to be widely represented.[86] Benefits may also be restricted only to workers who have contributed to the system for a minimum number of years, which can effectively exclude access for many recent or temporary migrant arrivals.

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Finally, refugees are different from other migrants in that they may not have the right to work while residing in the country, which excludes them from any social insurance access. Occasionally, refugees may have the right to social assistance when other migrants, such as those on migrant work visas, do not.

1. The country's end-of-service indemnity system does not work as a social insurance mechanism and falls short of minimum standards of protection for old age, disability and survivors.
2. Survivors of Qatari nationals insured with the General Retirement and Social Insurance Authority are eligible to a periodical pension equal to 100 per cent of the previous wage in the event of work-related death, regardless of length of service.
3. The provisions of the social insurance scheme dealing with employment injury for nationals have not been implemented. Article 88 of the labour code stipulates mandatory private insurance.
4. The rollout of mandatory private insurance is underway.
5. Coverage was not previously mandatory, but non-nationals did have the right to access the national health system on a subsidized rather than free basis. The rollout of mandatory private insurance is still under debate.
6. Mandatory private insurance in the Dubai Financial Insurance Corporation and the national health system in Abu Dhabi.
7. Individual accounts.
8. Limited.
9. In December 2023, the Government of Bahrain promulgated a new provident fund for end-of-service indemnities for non-Bahraini workers in the private sector which is to be managed by the Social Insurance Organization (Edict 109 of 2023).
10. Maternity and paternity.
11. In December 2023, the Parliament of Lebanon passed a law that establishes a comprehensive old-age pension system for private sector workers. Implementation is pending.
12. In July 2023, Oman established a national provident fund to manage end-of-service indemnities, which is to be managed by the Social Protection Fund (Royal Decree No. 52/2023). Implementation is pending.
13. Voluntary pension schemes are in place.

Even when migrants have the legal right to social protection, access may in practice be restricted owing to low employer compliance with enrolment or benefit provision requirements.[87] Forcibly displaced migrants or those in precarious socioeconomic positions are particularly vulnerable to exploitative practices, especially in the absence of adequate monitoring and enforcement.[88] In contrast, high-income migrant workers are less affected, as they usually have better access to employment information and face less severe power imbalances with employers.

In addition, migrants are often less aware of social protection schemes in their new places of residence and may be less willing to participate in them, owing to a range of factors including language barriers, unfamiliarity with local systems, and geographic and social isolation (for example, as a result of residing in refugee camps or migrant worker accommodation). High-income migrant workers may have higher levels of awareness than other groups, particularly if they come from countries where social protection entitlements are more widespread. Migrants may also have concerns about the value or implications of enrolment; for example, IDPs may be hesitant to register for State assistance, while international migrants, including refugees, may not have confidence that the payments they receive under social insurance systems will justify the cost of contributions, particularly given the limited portability of systems in the region.[89]

Social insurance systems are not designed with migrants in mind. Furthermore, even where migrants are keen to participate, standard social insurance contributions are often unaffordable for migrants, given their generally lower average earnings and pressure to send as much as possible of their salary home in the form of remittances.[90] Indirect costs associated with travelling to social welfare or social insurance offices may also be problematic for lower-income migrants.

Non-nationals may face bureaucratic barriers to accessing social protection. These may include a lack of necessary documentation, such as identity cards and birth certificates, which may have been lost during the events that led to displacement (as documented, for example in Egypt[91] and the Sudan[92]). Benefit payment or accumulation may also be tied to a particular place of residence; for example, a lack of portability has limited IDPs' access to social assistance in Iraq[93] and has left migrants unable to fully benefit from their social insurance contributions in countries without bilateral SSAs in place. A further example is Tunisia, where non-nationals generally cannot claim old-age pension contributions they themselves have paid and are entitled to unless they are still resident in the country.[94] This can also relate to specific residence within a country, and since refugees and other migrants may reside in geographically isolated locations, sometimes with official limitations on their movement outside of camps or accommodation sites, geographical restrictions can also make it difficult to access benefits, or to appeal when social protection entitlements are denied. Meanwhile, infrequent enrolment windows may also prohibit migrants from accessing social protection; for example, in Iraq, the online registration system for the country's Social Safety Net system has been closed since June 2016, making it impossible for new arrivals to register.[95] In some cases, such as in Bahrain, migrants contribute to unemployment insurance but lose eligibility when the residence visa tied to their employment expires.[96]

2. Good examples from the Arab region

Governments in the region have adopted several noteworthy solutions to help overcome migrants' barriers to social protection.

Many Arab countries are expanding legal provisions for migrants, including by ratifying conventions and recommendations and enshrining these rights in national legislation for all migrants. In practice, several Governments in the region follow international social security standards on the equal treatment of migrant workers in formal full-time employment. Examples include Algeria, Egypt[97], Iraq, Jordan, Libya, Morocco, the State of Palestine and Tunisia. In the more progressive cases, such as Algeria, Tunisia and most schemes in Egypt, Iraq, Morocco and Oman, these entitlements are delivered through national social insurance systems, which are more equitable and effective than employer-liability mechanisms.

Several Governments have taken steps to remove restrictive supplementary criteria from their social insurance legislation. Egypt, for example, recently extended benefits to all non-nationals with regular employment contracts, rather than limiting benefits to workers from countries with bilateral SSAs.[98]

In some cases, Governments have also extended social insurance provisions to workers outside of the formal private sector. For example, in Algeria, social security coverage for wide-ranging contingencies includes workers irrespective of their nationality, the amount or nature of their renumeration, and the nature or validity of their work contract, with domestic workers also covered by a mandatory special social security scheme.[99]

There have also been extensions of entitlements to social assistance to non-nationals, particularly refugees. For example, the recent reform in Djibouti provides refugees the right to participate in the country's nascent social assistance system.[100]

An important related area of legal provision for international migrants is the recognition of foundational rights, such as employment and residence rights, which serve as precursors to full social protection access. Egypt, Jordan and Morocco, among other countries, have introduced legal and regulatory reforms over the last decade to facilitate access to regular employment and residence for asylum seekers and migrants with unregularized status.[101]

Many Arab countries have been promoting access to social insurance provisions in practice for migrants. Tailored outreach and communication programmes have been designed to raise awareness of migrants' rights among employers, government officials in countries of both origin and destination, recruiters and rights-holders themselves.

Reforms have been introduced to subsidize social insurance contributions for vulnerable migrants, especially IDPs, refugees, and domestic workers, to expand their registration in social insurance systems. A noteworthy recent example is the Estidama++ programme in Jordan, where the Government is working with international partners to provide a contribution reward and phased contribution subsidies to self-employed and waged workers, including vulnerable citizens and refugees. Eight months after its launch in June 2022, the fund had reached 3,000 workers.[102]

Tangible efforts have been made to monitor and enforce the contractual provisions of social insurance; for example, by verifying compliance when labour and migration departments issue or renew migrant work visas, by collecting data on non-nationals' access in practice in national socioeconomic surveys, and by working with migrant worker organizations supporting the effective use of appeal mechanisms.
For example, in Bahrain, the Government has signed a memorandum of understanding with Migrant Forum in Asia, a regional network supporting migrant workers, to collaborate in facilitating migrants' access to and effective use of complaints and monitoring mechanisms.[103]


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Some Governments are promoting the portability of benefits through social security agreements. This ensures that social insurance benefits for international migrants can be paid out after they leave the country, and their acquired rights transferred to their next country of residence. A good example of this is the old-age pension system of Morocco.[104] The intra-GCC social security agreement for workers moving between GCC countries is a further example of effective regional social security coordination.[105]

Some Governments have taken notable steps to increase social assistance for vulnerable migrants. Mauritania offers a good example: the Government has collaborated with UNHCR, the World Food Programme (WFP) and the World Bank to survey around 20,000 refugee households,[106] and included the most vulnerable households in the national social registry. These households have now become eligible for the cash transfer programmes, free healthcare coverage and shock-responsive social assistance provisions.[107] In Iraq, the Government has worked with international partners and NGOs to provide mobile teams to issue missing documentation to IDPs, and to set up community resource centres to deliver “one-stop shop” services directly to IDPs and returnees.[108] Efforts are also underway to digitalize the information system for the largest social assistance programme, and to pilot a digital application allowing households to update their information more easily after displacement, with the aim of increasing IDPs’ access to social assistance.[109]

04 **Closing the divide:** lessons from four countries

04 Closing the divide: lessons from four countries

A. Oman – Comprehensive reforms for universal protection and equality

At the end of 2023, the Government of Oman adopted a comprehensive social protection reform package[110] that completely transformed the country's social protection provision (details of the reform and its financing is detailed in this video by Laila Al Najjar, Minister of Social Development of Oman: https://youtu.be/pGtZQJmH3m4).

The reform package was aimed at making the entire system substantially more accessible and equitable for all population groups. The reform introduced new contributory and non-contributory social protection schemes across all social groups with the aim of promoting income equality, as well as other dimensions of inequality.

1. Coverage and benefits

Before the reforms, social assistance in Oman primarily targeted vulnerable people, such as persons with disabilities. This at times led to a limited number of beneficiaries receiving multiple benefits, which was ineffective in reducing overall vulnerabilities across groups. This approach resulted in fragmentation and duplication, with minimal impact on inequality and poverty reduction.[111]

Likewise, the existing contributory social insurance system, which comprised 11 distinct pension funds for formally employed workers in the private and public sectors, was not designed to promote redistribution or equality, and did not reach large parts of the population. The system provided benefits (table 2) for contingencies such as old age, disability and employment injury, but with unequal coverage for different categories of workers, leaving many unprotected in the event of key risks. Moreover, fragmentation across professional and income groups limited risk-pooling and redistribution.

In 2023, however, a comprehensive social protection reform changed almost every facet of the country's existing system. The new system covers the entire population, and comprises non-contributory (social assistance) as well as contributory (social insurance) elements. It spans the full lifecycle, and provides protection against multiple dimensions of inequality.

Under the new system, social assistance benefits are provided broadly to children, persons with disabilities and older persons. Such non-contributory benefits are also provided to orphans and widows not covered by social insurance. A poverty-targeted social assistance benefit is provided to households with low incomes.

The reorganized social insurance landscape provides protection in the event of old age, disability, work injury and occupational disease. Unlike the old system, the new one also covers unemployment, sickness and maternity/paternity. The fact that fathers as well as mothers receive benefits is highly significant from a gender equality perspective and makes Oman a regional pioneer.

Table 2. Social insurance schemes in Oman for various life stages before the social protection reform

Contributory scheme	Old-age pension	Disability pension	Survivors pension (+death benefits)	Employment Injury	Unemployment	Cash sickness	Cash maternity/ paternity	Child or family allowances
Public Authority for Social Insurance (PASI)	X	X	X	X	X (planned)	-	-	-
Petroleum Development Oman LLC Pension Scheme (PDO)	X	X	X	-	-	-	-	-
Central Bank of Oman Pension Scheme (CBO)	X	X	X	-	-	-	-	-
Civil Servant Employees Pension Fund (CSEPF)	X	X	Funeral only	-	-	-	-	-
Diwan Royal Court Pension Fund (DRCPF)	X	X	Funeral only	-	-	-	-	-
Ministry of Defense Pension Fund (MODPF)	X	X	Funeral only	-	-	-	-	-
Royal Oman Police Pension Fund (ROPPF)	X	X	Funeral only	-	-	-	-	-
Royal Guard of Oman Pension Fund (RGOPF)	X	X	Funeral only	-	-	-	-	-
Special Force Pension Fund (SFPF)	No information	No information	No information	No information	No information	No information	No information	No information
Internal Security Pension Fund (ISPF)	No information	No information	No information	No information	No information	No information	No information	No information
Royal Office Pension Fund (ROPF)	No information	No information	No information	No information	No information	No information	No information	No information

Source: ILO (2021).

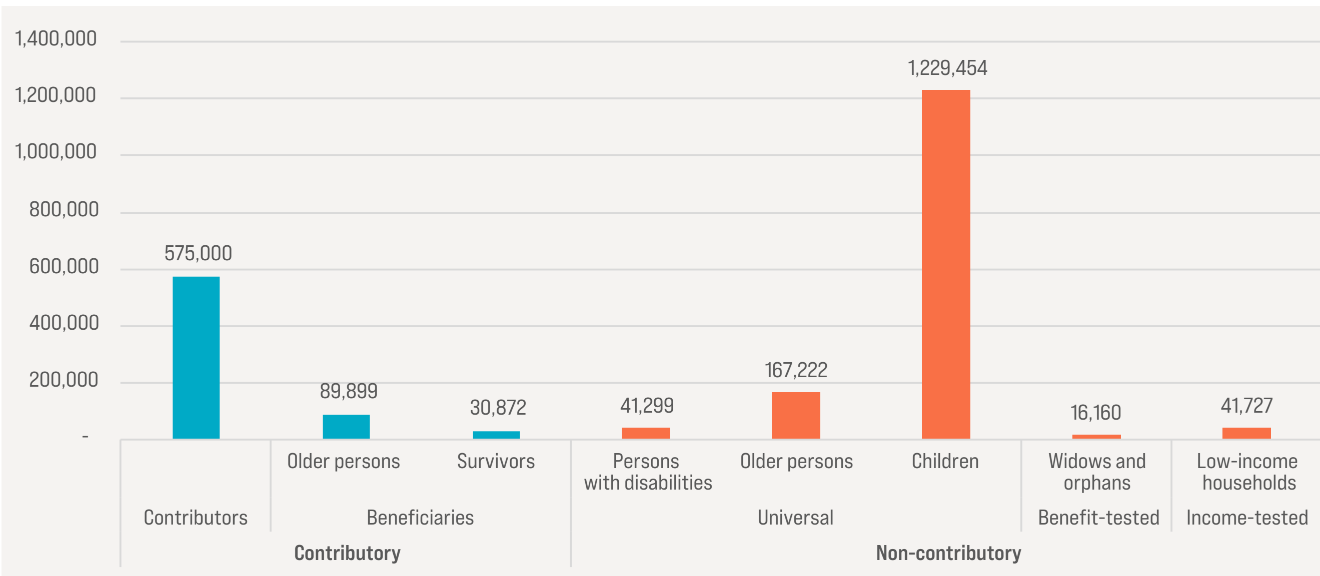
Table 3. Summary of the new social protection system in Oman

	Childhood	Working age	Older persons
Contributory		Work injury benefits	Old-age pension
		Sickness benefits	
		Maternity/paternity benefits	
		Unemployment benefits	
	Disability/survivors' pension		
Non-contributory	Child benefits (universal)		Old-age benefit (universal)
	Disability benefits (universal)		
	Orphans' and widows' benefits (benefit tested)		
	Family income support benefit (means-tested)		

Source: ILO, Far-reaching reforms in Oman set new benchmark for social protection in the region, 20 July 2023.

Note: The figure illustrates the main features of the social protection system and leaves out certain aspects, notably benefits that are planned but have not yet been adopted.

Figure 26. Coverage of the Oman Social Protection Fund, September 2024 (Number of people)



Source: Oman, Social Protection Fund (2024).

Implementation of the new system started in 2024; by September of that year, more than 575,000 contributors had enrolled, 89,899 people were receiving old-age pensions, and 30,872 people were receiving survivor's pensions. Universal non-contributory benefits were being provided to 41,299 persons with disabilities, 167,222 older persons, and 1,229,454 children; pension-tested benefits were being provided to 16,160 widows and orphans; and means-tested benefits were being provided to 41,727 households on low incomes.

Notably from an inequality perspective, significant progress has been achieved through the inclusion of non-nationals in several important schemes, enhancing the social protection system of Oman in line with the principles of the Equality of Treatment Convention in relation to social security. Law 52/2023 ensures that migrant workers will gradually be given access the same benefits as Omanis in areas such as sickness and employment, maternity and paternity and injury insurance.[112]

Furthermore, a national provident fund has been established to replace the current end-of-service indemnities system, simplifying the process for collecting employers' contributions and administering benefits to non-Omani workers for retirement, death, disability, and when returning to their home countries.[113] This is one important step towards reducing social-protection-related inequalities between citizens and migrant workers upon retirement.

2. Equity and financial sustainability

The total social protection expenditure (excluding health) of Oman amounted to 2.3 per cent of GDP before the reform. This was significantly lower than the regional average of 5.4 per cent of GDP and the global average of 12.9 per cent during the same period.[114]

Following the reform, the 2024 State budget reflects a heightened focus on social protection, with 560 million rials ($1.5 billion, or 4.8 per cent of total expenditure) being allocated to social assistance – a considerable increase on the 384 million rials ($1 billion, or 3.4 per cent of total expenditure) in the 2023 budget. Meanwhile, 750 million rials ($2 billion) are expected to be channelled through the social insurance system in 2024.

The new financing system integrates financing from the general budget with contributions from social insurance. Providing non-contributory old-age, disability and child benefits on a universal basis has the potential to generate broad-based support for the system. However, in order for such a system to reduce inequality, the resources going into it need to be mobilized in a progressive manner.

In 2021, Oman introduced a value-added tax, following other GCC countries. This type of taxation, owing to its regressive nature, could counteract the income-equality-promoting effects of social assistance targeted towards poor and vulnerable people, who usually have to spend a larger proportion of their income on consumption goods. The Government, however, has provided exemptions for items such as essential food to protect low-income populations.[115] In 2024, Oman further made history by instituting a personal income tax for wealthy individuals,[116] making it the first GCC country to do so. This is a significant step towards fostering a fairer, more progressive fiscal structure, and one which will promote income redistribution if social benefits are at least partly financed by this new source of government revenue.

Meanwhile, the integration of numerous existing social insurance regimes into one allows for a higher degree of risk pooling and redistribution across income groups. The consolidation of the various pension funds into a single entity is anticipated to improve the overall efficiency of the pension system. With a more centralized and cohesive structure, the newly merged pension fund is expected to withstand changing economic conditions and demographic trends, ensuring that retirees and future beneficiaries will receive stable and sustainable financial support.

The reform also supported gender-equality efforts, particularly through its approach to maternity and paternity benefits. Under the new law, these benefits are financed by a 1 per cent contribution paid by all employers. Unlike the previous system, where the cost of maternity leave was borne directly by employers, this new policy removes any disincentive to hire women, and thus constitutes an important step in promoting women in the labour market and hence increasing their access to social insurance.

B. Morocco – Significant steps towards health equality

In 2002, Morocco adopted a new, comprehensive health-insurance scheme, known as Assurance Maladie Obligatoire (AMO). Contributory social health insurance coverage was made mandatory for salaried private sector employees and administered on their behalf by the National Social Security Fund (CNSS). Between 2005 and 2016, effective coverage among this group increased from 43 to 82 per cent. To achieve such substantial take-up, the CNSS adopted a range of measures, including workplace inspections and digitized contribution payments.[117]

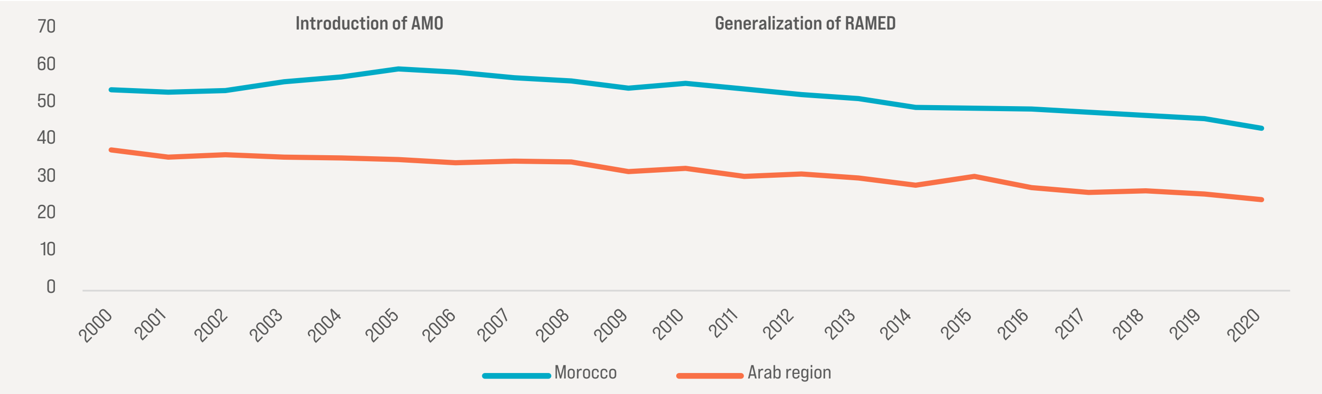
In addition to AMO, the law instituted a health assistance regime, Régime d'Assistance Médicale (RAMED), to cover poor and vulnerable people. Those identified as belonging to this group consequently enjoyed non-contributory health coverage, financed mainly by the State. RAMED was first piloted in 2008; it was extended to the whole of the country in 2012. By 2018, it covered almost 12,000,000 people.[118]

Among the Moroccan population as a whole, effective health coverage (contributory or non-contributory) increased from 16 per cent in 2005 to 70.2 per cent in 2020.[119] However, the reforms to health insurance brought new challenges, one of which was a lack of coverage for people who were neither salaried employees nor poor enough to qualify for RAMED. This group – largely comprising self-employed workers, as well as those who did not work, but nonetheless were not considered poor – remained without coverage.[120]

Another challenge was that the different components of the health coverage system did not offer the same level of protection. While AMO beneficiaries had access to both public and private healthcare services, RAMED beneficiaries were only entitled to public-sector healthcare (table 4).[121]

Increased demand from RAMED beneficiaries led to public hospitals and other healthcare facilities being increasingly overburdened. As a result, even though inequality decreased tremendously in terms of health coverage, it persisted in terms of actual access to adequate healthcare. As shown by figure 27, although out-of-pocket expenditure decreased following the introduction of AMO and RAMED, it remained far above the regional average.[122]

Figure 27. Out-of-pocket expenditure as percentage of current health expenditure



Source: World Bank Open Data, based on data from the World Health Organization.

Table 4. Statutory health coverage in Morocco before the recent reforms

<table>
<tr><td rowspan="4">Benefit Package</td><td></td><td>Non-contributory</td><td colspan="2"></td><td>Contributory</td></tr>
<tr><td>Private provision</td><td></td><td colspan="2" rowspan="2">(No legal coverage)</td><td rowspan="2">AMO employees</td></tr>
<tr><td>Public provision</td><td>RAMED</td></tr>
<tr><td></td><td>Poor and vulnerable</td><td>Non-working, non-poor</td><td>Self-employed</td><td>Salaried employees</td></tr>
</table>

Note: The table shows only the most basic characteristics of the health-insurance system. The schemes vary in other ways than access to private healthcare. The size of each rectangle does not correspond to the associated proportion of the population.

1. Ongoing reforms to attain healthcare equality

To address this type of inequality, additional reform measures were introduced to achieve full health equality. In 2017, Morocco passed legislation extending AMO coverage to self-employed workers; this was gradually implemented from 2020.[123] In 2021, Morocco adopted a new social protection framework law (No. 09/21). The law has four pillars, the first of which concerns the generalization of health insurance coverage (table 5).

Table 5. Pillars and timeframe of law No. 09/21 in Morocco

<table>
<tr><td>Generalization of mandatory health insurance coverage</td><td>2021–2022</td></tr>
<tr><td>Generalization of family allocations</td><td>2023–2024</td></tr>
<tr><td>Increased pension coverage</td><td rowspan="2">2025</td></tr>
<tr><td>Generalization of loss-of-employment benefits</td></tr>
</table>

Source: ESCWA.

Table 6. Coverage of statutory social health insurance in Morocco after the recent reforms

<table>
<tr><td rowspan="4">Benefit Package</td><td></td><td>Non-contributory</td><td colspan="3">Contributory</td></tr>
<tr><td>Private provision</td><td rowspan="2">AMO Tadamon</td><td rowspan="2">AMO Achamil</td><td rowspan="2">AMO self-employed</td><td rowspan="2">AMO employees</td></tr>
<tr><td>Public provision</td></tr>
<tr><td></td><td>Poor and vulnerable</td><td>Non-working, non-poor</td><td>Self-employed</td><td>Salaried employees</td></tr>
</table>

Note: The table shows only the most basic characteristics of the health-insurance system. The size of each rectangle does not correspond to the associated proportion of the population.

As a result, RAMED was abolished in 2022, and replaced with a new non-contributory scheme, AMO Tadamon. The new scheme is an integrated part of AMO, meaning that those covered by it have access to the same healthcare benefits as those who are covered on a contributory basis. Beneficiaries are targeted by means of the country's new social registry, introduced as part of the overall social protection reform.[124]

In January 2024, a voluntary contributory scheme, AMO Achamil, was introduced to cover economically inactive people who nonetheless have the capacity to pay contributions.[125] As a result of these reforms, statutory social health insurance coverage in Morocco is now universal, with all of the population having equal access to the same benefits package (table 6).

2. The way forward

The reforms outlined above have positioned Morocco as a regional leader in advancing health access equality. Nonetheless, there are significant challenges ahead. One key issue is ensuring take-up – that is, translating full statutory coverage into full effective coverage – particularly for newly included population categories.

Another challenge lies in mobilizing sufficient financing and ensuring that healthcare staffing levels can meet the added demand for healthcare resulting from expanded coverage.[126] Adding to this, the methodology used for identifying AMO Tadamon beneficiaries may need further refinement to ensure that no one is mistakenly left out.[127]

C. Jordan – Data-driven boosting of equality through the National Unified Registry

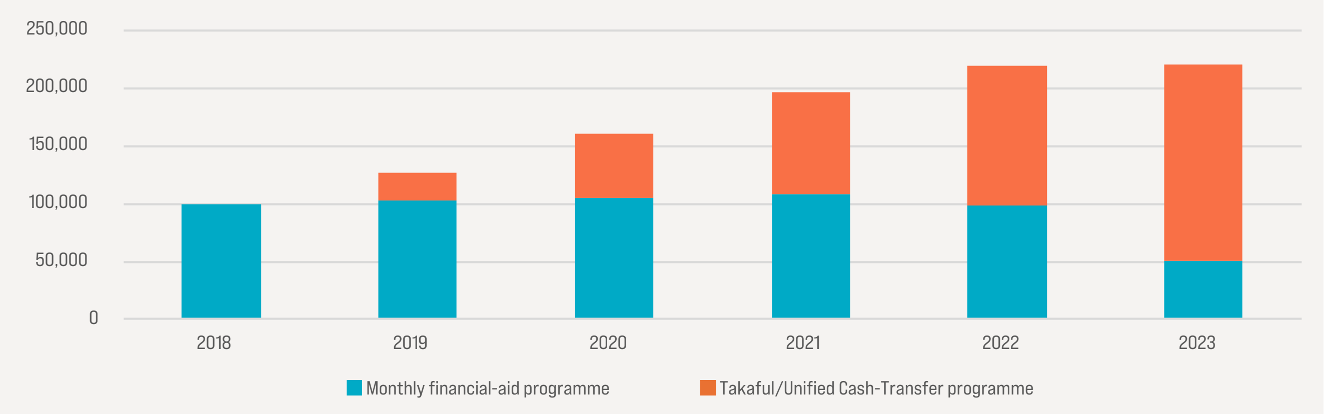
The National Aid Fund of Jordan was established in 1986 to mitigate the impacts of economic reforms. By 2018, it provided assistance mainly through a monthly financial-aid programme which covered around 100,000 families. This programme was deemed to have certain shortcomings related to coverage, notably the exclusion of bigger households and working poor people. Therefore, a key strategic objective of the country's 2015–2019 social protection strategy was to improve the performance and efficiency of social assistance programmes.[128]

In 2019, the National Aid Fund launched a new cash-transfer programme, the Unified Cash-Transfer Programme, which would gradually replace the old monthly financial-aid programme. By the end of 2023, the new programme covered 170,147 households comprising 866,400 individuals, corresponding to around 7.6 per cent of the national population. Meanwhile, the number of people covered by the monthly financial-aid programme had been reduced by around half, to around 1.3 per cent of the population.[129]

The Unified Cash-Transfer Programme targets beneficiaries based on a comprehensive list of 57 indicators chosen as proxies for estimating income. These indicators relate to demographic and socioeconomic characteristics, including disability status, material possessions and type of housing. The indicators are verified through the National Unified Registry, which was launched the same year as the Unified Cash-Transfer Programme.[130] The new registry has a simplified online registration process, which has facilitated the expansion of the new programme.

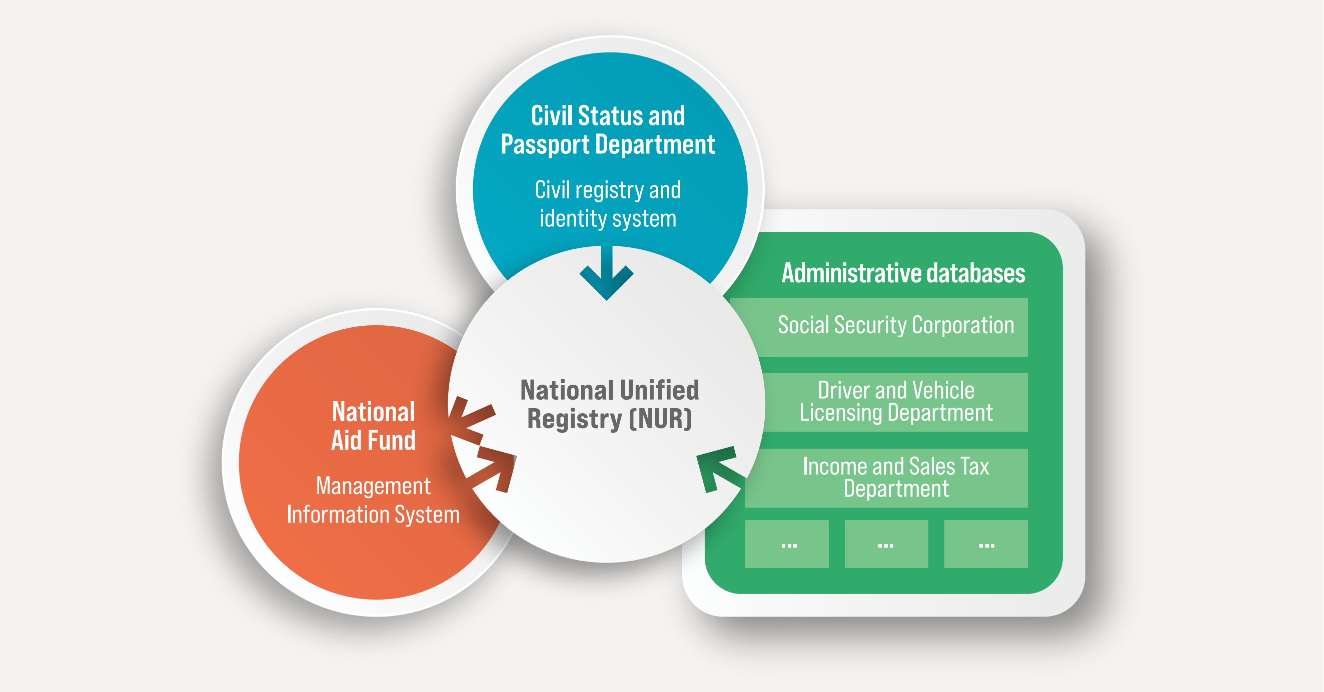
By 2023, the number of ministries and agencies connected with the new registry had reached 35.[131] The system is also connected with the civil registry and identity system, which encompasses the entire national population.

Figure 28. Number of households covered by National Aid Fund cash-transfer programmes



Source: National Aid Fund annual reports 2018–2023.

Figure 29. The National Unified Registry



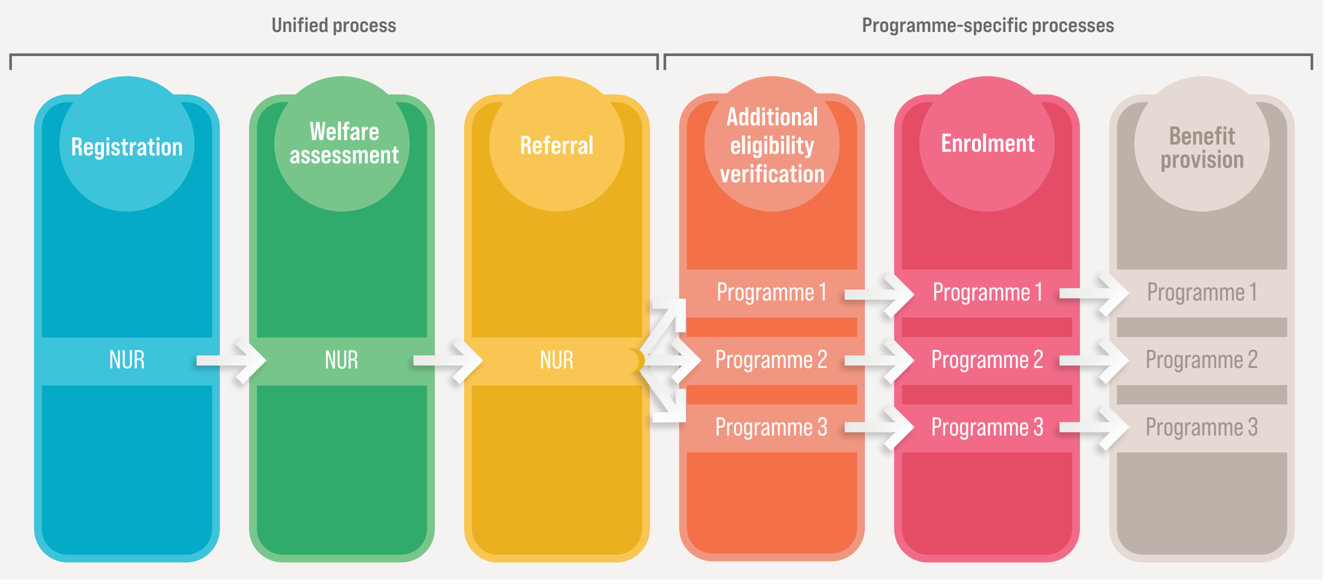
Source: Digital Convergence – USP 2030, Talking Interoperability – In focus – Jordan (n.d.).

1. An integrated social protection information system for comprehensive service provision

The current objective is for the National Unified Registry to become an integrated social protection information system, which will include the function of a proper social registry. It will contain data not only on current beneficiaries but also on potential ones. It will also be used to select beneficiaries for multiple programmes operated by different entities, eventually functioning as a "single-window" entry point.[132]

Applications will go through the new registry by default, being evaluated using a unified welfare ranking formula. Applicants may then be referred to one or several of programmes, depending on eligibility.[133] In 2024, a plan was approved to use the new registry for directing applicants towards five additional social protection services, including assistance for persons with disabilities, energy support and health insurance.[134]

Figure 30. Envisioned national unified social registry process



Source: Digital Convergence – USP 2030, Talking Interoperability – In focus – Jordan (n.d.).

Box 18. Multiple programmes for one family: the case of Inam

Inam is a mother of nine. In 2016, she and her five sons and four daughters were forced to relocate from Zarqa Governorate to Amman after a retaliatory attack led to their home and belongings being set on fire.

One of Inam's sons died in prison following the incident. Another remains incarcerated, and a third who sustained a gun injury is currently unemployed. Her fourth son has Down syndrome, while her youngest son is in his final year of school. Three of her daughters are married; the youngest, recently divorced at the age of 20, now lives with her mother. Inam herself suffers from health issues, including burns from the fire and epilepsy.

Inam receives 50 Jordanian dinars per month in assistance from the Jordanian National Aid Fund after learning about it from others. She qualified for aid as a mother of orphans. She also received emergency cash assistance to help replace furniture lost in the fire, and occasionally receives seasonal support, such as assistance during Ramadan. Additionally, her high-school-aged son has been participating in a programme offering online educational support for students (for the full story, see this video: https://youtu.be/EpAMdzRuuNE).

Source: ESCWA.

Using the National Unified Registry as a social registry will address multiple dimensions of inequality by ensuring that households receive relevant services and benefits and are assessed equally in terms of their social protection and social service needs. For instance, a person with a disability applying for cash transfers under the National Aid Fund may be referred to disability-specific programmes or services that they would not otherwise have been aware of.

This, in combination with a facilitated registration process, ensures that more people will benefit from specific social protection mechanisms appropriate to their needs, since cash transfers alone cannot effectively tackle all dimensions of inequality.

The National Unified Registry's enhanced cross-verification functions – for example, verifying land and vehicle ownership statements – will also allow scarce resources to be channelled to those most in need, thereby further reducing income inequality.

2. The way forward

Enabling the National Unified Registry to function as a proper social registry will further enhance both the effectiveness and the efficiency of the national social protection system of Jordan, with positive impacts on poverty and inequality. Additionally, using the new registry to foster economic empowerment – possibly supported by machine-learning-aided job-market information systems[135] – could also promote sustainable poverty reduction, by identifying training needs and matching social assistance beneficiaries with jobs.

However, the unification of structures and processes carries various risks. In the worst case, targeting errors could be multiplied across all programmes that use the registry. It is therefore important not only to ensure that the unified welfare ranking formula is well devised and reliably implemented, but also that there are accessible and effective redress mechanisms in place. Furthermore, processes that are standardized across programmes for different social groups must remain responsive to the specific circumstances and needs of individual vulnerable groups. This is relevant not just in terms of the benefits provided but also in terms of implementation processes (such as outreach, registration, enrolment and payment) that such an integrated information system requires households and individuals to use.[136]

For more details about social protection reform, see this video featuring the Jordanian Minister for Social Development, Wafaa Bani Mustapha: https://youtu.be/n5jJtTxxaYA.

D. Tunisia – Social protection to promote gender equality: new law on parental benefits

Tunisia has one of the region's most developed and comprehensive social protection systems. In 2024, 54 per cent of the population was covered by at least one form of social protection, far above the regional average of 35 per cent. This is partly due to comparatively comprehensive social insurance coverage, which exceeds that of most other countries in the region.[137]

The Government of Tunisia has taken steps to address one of the system's longstanding shortcomings, a limited maternity-benefits policy. This issue was particularly significant for women in the private sector, where the duration of leave and financial benefits provided were among the lowest in the Arab region. Recent reforms to maternity-leave policies represent a critical step toward enhancing women's labour-market participation given the role of maternity insurance in supporting working mothers. It is also a step towards ensuring that both men and women can balance work and family responsibilities without jeopardizing their financial security and career prospects.[138] These efforts come against the backdrop of persistently low labour-force participation in Tunisia, which stood at 24 per cent in 2023, compared with 63 per cent among men, underscoring the need for structural changes to close the gender gap.[139]

Previously, mothers in the private sector were only entitled to four weeks of maternity leave.[140] This short period was well below the minimum standard set by ILO in the Maternity Protection Convention,[141] which provides for a minimum of 14 weeks' maternity leave at two-thirds pay. Previous legislation did not recognize the role of fathers during childbirth, granting only one day of leave for fathers in the private sector and two days for those in the public sector. This disparity in leave arrangements had contributed to widening the inequality between men and women, putting the burden of postpartum childcare solely on women and consequently pushing them out of the labour market after giving birth.

1. The adoption of the 2024 parental-leave law in Tunisia

In 2024, Tunisia ratified a new law[142] which introduced significant updates to maternity and paternity leave in both the public and private sectors. The new law establishes equal leave rights for employees, addressing maternity and paternity leave with a focus on social justice, gender equality and family support.

2. Key legal provisions

Maternity leave: under the new law, mothers in both the private and public sectors are entitled to maternity leave covering both the pre- and post-natal periods. This includes a maximum of 15 days before the birth and three months after birth, with an extension to four months in the case of multiple births, children with disabilities or other special circumstances. In addition, the law grants mothers the right to breastfeeding breaks for up to one year after returning to work to ensure a balance between work and childcare responsibilities.

Paternity leave: one of the most notable improvements under the new law is the extension of paternity leave, making Tunisia one of the leading Arab countries in this regard. Fathers in both the public and private sectors are now entitled to 7 days' leave, which can be extended to 10 days in the case of multiple births, children with disabilities or other special situations. The extension of paternity leave is in line with global trends towards more inclusive family policies, recognizing the importance of fathers' involvement in early childcare.

Job protection and non-discrimination: a key element of the new law is the guarantee of job protection during maternity, paternity and breastfeeding leave. The law explicitly prohibits the dismissal or punishment of workers on the grounds of pregnancy or childbirth. Employees in both the public and private sectors are guaranteed to retain their rights to career advancement, promotion and retirement during these leave periods. This protection is an important step in fostering an environment where workers, especially women, do not have to choose between career advancement and starting or growing a family.

3. The way forward

The new parental-leave law of Tunisia is an essential part of the country's broader social protection reforms aimed at promoting a more inclusive and equitable society. However, continued monitoring, enforcement and adjustments are necessary.

While the law harmonizes leave entitlements, significant challenges remain in addressing financial disparities between the public and private sectors. Although the length of leave has been equalized across both sectors, inequalities in pay persist. Mothers working in the public sector are entitled to their full salary during maternity leave, whereas those in the private sector receive an allowance equivalent to two thirds of the average daily wage.[143] This allowance is capped at twice the minimum wage and does not include employer contributions. This disparity underscores the financial inequalities between the public and private sectors and indicates the need for further reforms to fully achieve the objectives of the law.

Private-sector concerns about the financial burden of compliance highlight the need for supportive measures such as government subsidies and tax incentives. The requirement to apply for the allowance within one month of childbirth adds another layer of administration that can be burdensome for mothers navigating the postpartum period.

While the recognition of the father's role in childcare is a positive development, the provision of only seven days of paternity leave is still insufficient and undermines the goal of shared parental responsibility.

05 Social protection reform pathways for more equal and cohesive societies

05 Social protection reform pathways for more equal and cohesive societies

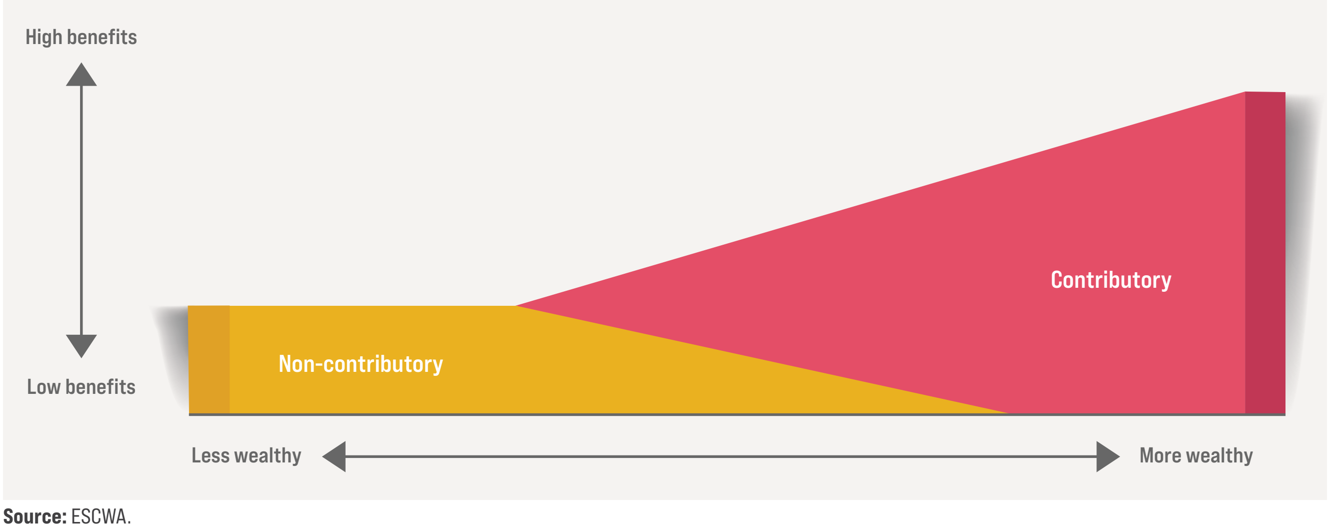
To effectively reduce inequality, social protection systems and programmes need to be universal, progressively financed, and responsive to the needs of vulnerable groups. This requires Governments to plan economic development in conjunction with social policies, and vice versa.

Broad-based economic growth is key to ensuring that opportunities are created in sectors that foster socially insured, decent employment. At the same time, budgets need to be planned and implemented with a view to limiting unintended negative effects, such as the unintentional exclusion of people without access to poverty-targeted social assistance or employment-based social insurance. To avoid this, Governments may find it beneficial to reduce the legal, administrative and financial factors which make it difficult for informal workers and low-income self-employed to enrol in national social insurance schemes, such as by temporarily co-financing their social insurance contributions.

Figure 31 illustrates the broad principles of an integrated and universal social protection system (figures 4 and 5 in chapter 1). In this example, non-contributory support is not limited to the poorest, but also covers the middle section of society, where it can partly take the form of co-financed social insurance contributions. The level of this support is gradually discontinued for those who have a certain level of earnings, while the level of benefits provided through the system always increases in line with incomes.

Extending social insurance coverage and consolidating funds provides higher potential for reducing inequality though risk pooling across income groups. At the same time, social assistance programmes need to be progressively financed. An excessive reliance on resource collection through regressive measures such as value-added tax risks undermining the redistributive impact of cash transfers. Direct taxation, such as through personal or corporate income tax, is generally more

Figure 31. A universal social protection system



Source: ESCWA.

equitable. However, it currently plays a relatively small role in the Arab region. Furthermore, in order for social protection to effectively reduce inequalities, including multidimensional ones, it is essential that design and delivery mechanisms be adapted to the various life-cycle needs and often overlapping vulnerabilities of different groups, notably women, older persons, young people, persons with disabilities and migrants.

1. Actions for fair redistribution through social protection

At macro level, the following social protection reforms can be advanced to guarantee universal and progressive social protection in support of redistribution while leaving no one behind:

Ensure fair financing of social assistance. Non-contributory social protection can have an inequality-reducing impact if it is accurately targeted and equitably financed. It has a greater impact if it is financed through progressive forms of taxation – for example, personal and corporate income tax – rather than regressive indirect taxation such as value-added tax.

Progressively move towards enrolling all informal workers in unified social insurance funds. By bringing a higher number of workers – including self-employed workers with relatively high incomes – into risk and contribution pools, Governments can reduce the need for further expansion of social assistance resulting from unprotected exposure to life-cycle risks such as poor health, old age and maternity/childcare. Depending on the context-specific reasons for informality, measures to be taken may include awareness and advocacy campaigns, simplification of procedures, and labour inspections at larger companies to enforce effective social insurance coverage for workers that employers have not registered.

Prioritize investments in accessible quality education and healthcare. Social services, including healthcare and education, often complement social protection programmes, which stimulate demand for these services – notably in the case of conditional cash transfers. To enable the effective human capital accumulation that could break the poverty cycle and promote equality, it essential that such services are not only accessible, but also of good quality.

Ensure the adequacy of benefits. While horizontal expansion (adding more beneficiaries) may often be a necessity the desired impacts in terms of poverty and inequality reduction will not materialize if benefits are too low. Especially in contexts of high inflation, it is therefore essential to have indexation mechanisms in place that maintain the purchasing power of beneficiaries.

Integrate economic and social policy planning. Social protection policies should not be conceived in a silo, as they are closely connected with macroeconomic and other policies. Integrated and coherent policy planning should be aimed at translating economic growth into the creation of formal private-sector-driven employment that is socially insured against life-cycle risks, and to ensure that social protection policies are conducive to such growth.

Introduce and facilitate enrolment in unemployment insurance. When introducing unemployment insurance schemes such as those currently being arranged in Tunisia and planned in Morocco, options should be considered which allow informal workers to join. Policymakers might consider subsidizing these workers' contributions and simplifying procedures with a view to providing short-term benefits for temporary periods of unemployment.

2. Actions to improve social protection policy design and delivery for the most vulnerable

The report identified six groups particularly affected by inequality, who must be given particular consideration in the context of social protection reform: informal workers, women, persons with disabilities, older persons, young people and migrants. There are considerable overlaps between these groups – for instance, older persons are much more likely than people in other age groups to have disabilities, and young people are disproportionately affected by informality.

Apply tailored efforts to enhance take-up of social insurance among informal workers. Informal workers are a diverse group, and different informal workers may be informal for different reasons. While informality may in some cases be a result of a lack of statutory social insurance coverage, meaning that there is no social insurance scheme in place for certain groups of informal workers to join, it may also be due to other reasons, such as unaffordability of contributions or limited awareness. It is therefore important to better understand the reasons behind informality and, on that basis, to devise measures tailored to enhance take-up.

Consider simplified social insurance mechanisms for informal workers. To facilitate formalization and social insurance membership of the self-employed, domestic workers, and micro and small enterprise owners, policymakers should consider arranging simplified, flat-rate combined taxation and contribution arrangements (such as Monotax-type schemes), the contributions of which at times need to be subsidized for low-income self-employed individuals and micro-entrepreneurs.

Devise and implement policies to enhance women's participation in the formal labour market. While the formality rate in many Arab countries is higher among women than among men, the number of female formal workers remains vastly inferior to the number of male formal workers, as a result of lower labour-force participation among women. Stimulating women's labour-force participation and their access to formal jobs, including in the private sector, is therefore an effective means of increasing women's social insurance coverage. The introduction of maternity benefits in a number of Arab countries is an important and encouraging step in this direction.

Make workplaces and public spaces accessible in order to enable persons with disabilities to participate in the labour market. In order for persons with disabilities to take up employment opportunities in the formal sector, and thereby contribute to social insurance, it is necessary that workplaces as well as public spaces more generally, including public transport systems, are accessible. This requires measures to adapt the physical infrastructure as well as to change attitudes and combat prejudices. It is also important to adapt the eligibility criteria for social assistance for persons with disabilities so that they do not force beneficiaries to choose between receiving benefits and carrying out economic activity. Social assistance is often provided only to those who are deemed "too disabled to work"; instead, it should be conceived of as a means of enabling labour-force participation.

While striving to increase participation in contributory pension schemes, provide non-contributory social protection for older persons. Many countries in the region are attempting to increase enrolment in social insurance, including pension schemes. This will eventually mean that a higher proportion of older persons receive old-age pensions. However, persistently low levels of economic inactivity among women mean that even with measures to increase enrolment, coverage will not be complete. Contributory old-age pensions should therefore be complemented by non-contributory ones. These should not be set up in a way that disincentivizes participation in the contributory system.

Enhance young people's access to vocational education and other active labour-market programmes. Investing in vocational education tailored to labour-market needs will help young people, especially in underrepresented sectors, to gain relevant skills, improving their employability and access to formal social protection. Expanding unemployment support programmes for young people, such as the provision of aid by Bahrain to first-time jobseekers, alongside training and job-placement services, can bridge the gap between education and employment, reduce youth unemployment and ensure access to social protection.

Enable registration of migrants in relevant systems and promote portability of benefits. Some countries in the region have taken steps to increase migrants' registration in social protection systems or to adjust restrictive requirements that hindered earlier access. Furthermore, substantive measures are needed to ensure that social insurance benefits for international migrants can be paid out after they leave the country, or their acquired rights transferred to their next country of residence.

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138. World Bank Group, The Impact of Paid Maternity Leave on Women's Employment, 2022.

139. Data from ILOStat (accessed on 19 November 2024).

140. ILO, Maternity and paternity at work – Law and practice across the world, 2014.

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142. Law No. 2024-44 of 12 August 2024. Available at https://natlex.ilo.org/dyn/natlex2/r/natlex/fe/details?p3_isn=116911.

143. Cleiss, Le régime tunisien de sécurité sociale (salariés), 2023 (in French).

People living in the Arab region face various forms of inequality, many of them linked to unequal exposure to life-cycle risks. By providing financial protection against these risks, social protection systems can address inequalities. To be fully effective, social protection systems must take into account the particular needs of specific vulnerable groups such as informal workers, women and girls, older and younger people, persons with disabilities and migrants.

This fourth edition of the Arab Inequality Report describes how social protection systems in the Arab region have evolved in response to economic developments and external shocks, and examines the varying degrees to which these systems provide effective protection and reduce inequalities. It concludes with practical policy recommendations for countries to ensure that their social protection systems are effective and responsive.

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