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Economic and Social Commission for Western Asia (ESCWA)

REPORT

EXPERT GROUP MEETING ON SOCIAL SECURITY IN WESTERN ASIA: ACCESSIBILITY AND SUSTAINABILITY BEIRUT, 8-9 SEPTEMBER 2011

Summary

The Economic and Social Commission for Western Asia (ESCWA) organized an Expert Group Meeting to discuss the accessibility and financial sustainability of social security systems in ESCWA member countries. The meeting was held in Beirut from 8 to 9 September 2011.

The meeting adopted an integrated approach focusing on social assistance and social security and explored different policy options to strengthen social security systems in promoting social development in ESCWA member countries.

At the conclusion of the presentations and discussions, recommendations were made to expand social security coverage and enhance the financial sustainability of social security systems.

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Introduction

1. With the objective of promoting closer regional collaboration leading up to the third World Social Security Forum in Qatar in 2013, the Social Development Division (SDD) of the Economic and Social Commission for Western Asia (ESCWA) organized and Expert Group Meeting (EGM) focusing on social security on 8 and 9 September 2011 at the United Nations House in Beirut.
2. The meeting, which brought together representatives from national social security institutions, organizations of the United Nations system and regional and international experts from international organizations and academia, focused on issues related to the accessibility and sustainability of social security systems in ESCWA member countries.

I. RECOMMENDATIONS ISSUED BY THE MEETING

3. During the discussions at the plenary sessions, participants put forward a number of recommendations that were revised and agreed upon in a round table held at the final session of the meeting and moderated by Mr. Frederico Neto, ESCWA. Set forth below are the principal recommendations presented along six main pillars:

4. A common understanding of “social protection”, “social security” and “social assistance” in the ESCWA region was set forward by participants, based on the following considerations:

(a) Social protection can be considered as an umbrella of policy interventions aimed at protecting people against livelihood risks and reducing socio-economic vulnerability. It includes both social assistance mechanisms and social security systems. Social security comprises protection against risks associated with sickness, maternity, old age, invalidity, survivorship, family allowances, employment injuries and unemployment;¹

(b) Integrated social policies ensuring close linkages and synergies between social protection, education and employment are to be cautiously considered;

(c) The development of social security systems in the ESCWA region must be adapted to local contexts and take into consideration four different categories of ESCWA member countries, namely: (i) high-income oil producers; (ii) middle income more diversified economies; (iii) the least developed countries; and (iv) countries in conflict or post-conflict.

5. A set of recommendations related to the accessibility and financial sustainability of the social security systems in ESCWA member countries were agreed upon:

(a) One of the main challenges for the ESCWA region is to build an effective social protection floor that would guarantee a minimum level of social protection for the population. Social security systems should ideally be universally accessible and financially sustainable; nevertheless an appropriate balance between the coverage of the social security schemes and their financial sustainability should be established according to national conditions, needs and availability of resources;

(b) There is a need to consider a careful enlargement of the scope of social security represented by the number of programmes for which there is relevant and enforced legislation.² This can be achieved by

¹ The eight social security programmes (so-called branches) identified by International Labour Organization (ILO) are: sickness, maternity, old age, invalidity, survivors, family allowances, employment injuries and unemployment.

² None of the social security institutions in ESCWA member countries cover all eight aforementioned programmes (so-called branches) identified by ILO.

introducing new social security schemes or by expanding the extent of social security coverage represented by the actual number of protected persons as percentage of those expected to be protected according to legislation. Sufficient time must be allowed for the design and implementation stages and also to cautiously match the projected resources with expected expenditures;

(c) The financial sustainability of social security systems depends on both tax revenues and contributory mechanisms.³ The effective integration of social security programmes and tax systems is critical for the viability of social security provision at the national level;

(d) The expansion of social security systems may require additional revenue that could be mobilized through conventional sources such as enlarging the tax base, the use of progressive taxes and non-conventional and innovative sources such as a better treasury management and a more productive use of existing State assets. Governments may also choose to redirect existing expenditures from other sectors towards social security schemes;

(e) In many countries, there is an urgent need for improving the quality of social service provision. An expanded role for tax-funded social security benefits should thus be aligned with reforms in public service delivery.

6. Specific social security sector recommendations related to health, unemployment and pension schemes were put forward:

(a) In countries where health insurance and disability schemes do not exist or need to be improved, Governments may wish to consider developing a co-pay system. This would decrease the financial burden of the new scheme on the Government by requiring individuals to pay a minimal amount. In addition, for those living at or under the poverty line, there could be exemptions or public subsidies to meet the cost of this co-payment;

(b) Governments should consider measures to strengthen the complementary role of different options to finance health protection, including national health systems (funded from general tax revenues), social health insurance schemes (funded from payroll taxes), private health insurance plans, and even community-based health insurance schemes (financed by voluntary contributions and supported by public subsidies);

(c) One way to make pension schemes sustainable is to discourage early retirement. This could be done through an indexing system that increases the return rate with the increase in the number of years of contribution. In fact, the return rate of early retirement is higher in many ESCWA member countries than the return rate for the normal retirement age. The current system encourages early retirement, entails a premature cessation of contribution and a prolonged delivery of benefits. This is unsustainable, especially considering that countries in the ESCWA region are undergoing a demographic transitional process in which they will soon be considered ageing societies;

(d) With regard to contributory pension schemes, an option to be explored by ESCWA member countries, and specifically Gulf Cooperation Council (GCC) countries, is to progressively increase, where appropriate, contribution rates to maintain the pension benefit offered. However, when increasing these rates, any adverse impact on the poor or those earning lower wages must be avoided. A second option to be explored is to increase the participation rate by promoting formal employment. Reducing the benefits could be cautiously considered as a third option;

³ Although social security schemes are generally contributory based, the Government either contributes to certain schemes such as the unemployment scheme in Bahrain, pays annual subsidy as in Saudi Arabia or cuts the deficit as in Lebanon. Furthermore, some social security funds for different target groups (private, public, military, civil servant, etc.) in ESCWA member countries rely on public revenues.

(e) Social security systems designed for formal employment tend to be inaccessible to vulnerable groups who depend on the informal economy for their livelihoods. Many countries in the ESCWA region should consider developing social security strategies to cover informal workers;

(f) Greater attention must be paid to the gender dimensions of social security provision, including the goal of increasing women's empowerment and participation;

(g) Greater attention should also be paid to migrant workers' access to social security benefits, along the lines of the Jordanian model;

(h) Governments in the ESCWA region should seriously consider setting up innovative unemployment insurance schemes along the Bahraini model, with contributions by the State, employers and employees. Innovative unemployment insurance for new entrants in the labour market should also be considered, given the urgent need to address youth unemployment in the region.

7. The recommendations to overcoming data constraints include:

(a) There is currently a lack of data regarding social protection spending in the ESCWA region. There is thus an urgent need in many countries to improve social protection data collection, analysis and availability. ESCWA countries need to develop comparable breakdowns of items of revenues and expenditures for benchmarking purposes. In this regard Governments are encouraged to develop functional classifications in their budgets which will allow them to truly assess the amount spent on key social security sectors, such as health and pensions;

(b) It is essential to adequately identify proper mechanisms for monitoring three key types of population-based data namely: (i) basic needs; (ii) access to services; and (iii) social transfers. Three types of non-population based data are needed including: (i) surveys; (ii) administrative records; and (iii) community-level data.

8. A set of recommendations addressing administrative efficiency and good governance were agreed upon:

(a) Building a coherent national social security system requires effective coordination mechanisms between the responsible ministries and social security institutions. Effective monitoring and planning mechanisms can improve coordination between different programmes and ensure that resources are allocated in the most effective and efficient manner;

(b) Political will, accountability and good governance are essential to develop high-performing and sustainable social security systems in most ESCWA member countries. Good governance of social security systems builds trust in the systems and fosters a strong popular constituency for the maintenance and expansion of social security systems;

(c) Investment in appropriate technology can save money and improve transparency. Governments are encouraged to introduce efficient, intelligent and cost-effective information systems to manage social security systems;

(d) There is a need to reduce the compliance cost that is usually higher than administrative cost;

(e) There is a need to develop crisis management capacities to be deployed, when needed, on an ad hoc basis.

9. Several recommendations stressed the importance of partnership with key stakeholders:

(a) It is important to improve the relations between the Governments and the social security organizations in order for better decision-making to be reached;

(b) The involvement of key stakeholders both as beneficiaries and partners in the design, implementation, monitoring and evaluation of social protection systems increases their legitimacy and effectiveness, together with their relevance to the local context. The public sector should creatively engage other key social security stakeholders in private and non-governmental sectors;

(c) There is a need for ESCWA to engage with members of parliaments in order to advocate for the legislation needed on social security and build the capacity of the legislators to better address social security issues.

(d) There is a need in the ESCWA region to encourage universities to set up specialized graduate programmes in social security management and in health policy and management.

II. DISCUSSION TOPICS

A. FINANCIAL SUSTAINABILITY OF SOCIAL PROTECTION SYSTEMS IN ESCWA MEMBER COUNTRIES

10. The first working session of the meeting was moderated by Mr. Samir Makdissi, American University of Beirut, who highlighted the interdisciplinary character of development whereby social protection is not residual but should play a central role in any governmental plan. He stressed the importance of social issues as part of the developmental process. Mr. Makdissi pointed out the inadequacy of macroeconomic stability when accompanied by high poverty rates and inadequate income distribution policies.

11. Mr. Kamal Hamdan, Consultation and Research Institute, presented a paper prepared for the EGM on the financial sustainability of social protection systems in ESCWA member countries. The paper was based on a desk review of qualitative and quantitative aspects of social protection utilizing national and international sources of data. The first main conclusion of the paper was that there is a lack of consensus within international organizations on the definitions and scope of social protection, social security and social assistance as well as other forms of familial and community-based support. The second main conclusion of the paper was that the lack of consensus on what each of the concepts includes is translated at national levels in the national accounts and national expenditures. The production of a quantitative assessment over time requires consistent, coherent and accurate serial information. There is a need for an agreement on the definitions of the concepts that will be translated in the indicators and databases related to social issues. Furthermore, Mr. Hamdan presented some of the main results of the paper. Informal labour leads to limited coverage not exceeding 30 per cent of social security in the region as social security is mainly contributory-based and related to formal employment. Social protection in the region is residual since any economic recession is most often translated into a reduction in social expenditures. He noted that health expenditures as a percentage of gross domestic product (GDP) are low in GCC countries while in Lebanon they are close to the rate seen in the Organisation for Economic Co-operation and Development (OECD) countries (8-9 per cent). In Palestine and Iraq, social assistance is highly developed, far behind the social security. Out-of-pocket expenditures on health are very high in the Sudan (around 70 per cent), Egypt (55 per cent), Yemen (60 per cent) and Lebanon (40 per cent). In GCC countries, public expenditures on health are around 85 per cent. It was observed that the lower the per capita income is, the higher the out-of-pocket expenditures on health are likely to be.

12. Mr. Maxime Ladaïque, OECD, delivered a presentation focusing on the social expenditures database (SOCX), developed in the 1990s to monitor trends in social expenditures and to analyse changes in the composition of social expenditures in 34 OECD countries covering the period from 1980 to 2007. The importance of SOCX is that it assesses expenditures at the programme level including nine programme areas.⁴ The presentation highlighted trends in social protection in OECD countries. Social expenditure is

⁴ The nine programmes are the following: old age, survivors, incapacity related benefits, health, family, active labour market programmes, unemployment, housing and other social policy areas.

most important in Europe. Generally, most spending is focused on pensions and health. Nordic countries also register high spending on social services. He argued that the higher the social spending is, the lower the poverty rates are likely to be. Private social protection spending has increased since 1990. Based on provisional data, public social spending would have had an average increase of 3 per cent from 2007-2012, increasing from 19 per cent to 22 per cent following the financial crisis across OECD countries.

13. During the discussions that followed the presentations, participants stressed the importance of calculating social expenditures per capita and not only as a percentage of GDP as is done in OECD database in order to better inform policymakers. It was agreed that there is no “one-size-fits all-solution” that could be relevant to all ESCWA member countries particularly with regard to health schemes that are currently covered through: (a) national public health systems funded through general tax systems; (b) private social insurance; and (c) social security funded through payroll taxes. National needs and specificities are to be taken into consideration. Mr. Hamdan stated that establishing a universal system, covering a minimum package of benefits, is closely related to the capacity of the Governments to undertake tax reforms that would tax capital operations, such as stock and real estate profits. He further stressed the critical role that should be played by national Governments to coordinate efforts deployed by international partners and to provide a clear vision of what social protection is meant to be in the country. At the end of the session, it was agreed that funds could be redirected from other budgetary areas such as the military to the social sectors.

B. APPROACHES TO SOCIAL SECURITY IN ESCWA MEMBER COUNTRIES

14. The second working session was moderated by Mr. Nadim Khouri, ESCWA, who noted that the session was dedicated to an in-depth examination of the instruments and approaches to social security in ESCWA member countries.

15. Ms. Heba el-Laithy, Cairo University, presented the paper prepared for the meeting focusing on the levels of provision of social security in ESCWA member countries. She identified the three functions of social protection namely: (a) the social function to reduce the impact of life risks and help to stabilize livelihood; (b) the political function to promote social justice and greater equality leading to political stability; and (c) the economic function to widen productive capacity through the inclusion of marginalized social groups in the growth process. She stated that social protection systems in ESCWA member countries are not based purely on universal or targeted principles. Targeted schemes are presented as (a) more effective in bringing resources to the poor while maintaining low levels of social spending and (b) more cost-efficient in reducing poverty than universal provision. She emphasized that the inconvenience of the targeted approach originated mainly in (a) the loss of human capital when all poor and vulnerable are not reached, (b) the lack of political sustainability of such schemes and (c) their inadequacy when multidimensional poverty is taken into consideration. The self-targeting approach, whereby beneficiaries select themselves, is the most appropriate in crisis situations because it does not entail any data collection and revision. She noted that although Arab countries provide subsidized public education and health services, access to such services is unequal. In ESCWA member countries, the highest inequality is in education followed by income and health. The dominant elements of social security policies in most ESCWA member countries are social insurance programmes providing long-term benefits in case of old age, disability and survivorship that mainly cover employees of the public and private sectors. Social assistance programmes are offered by all Arab countries either on a universal basis (subsidized public health, education, energy subsidies in some countries) or targeting specific groups. At the end of her presentation, she proposed policy options to be considered that focused mainly on the unemployment schemes. She stressed the importance of establishing unemployment insurance schemes for new entrants to the labour force that could start in the early school stages and would later help the first job seekers. These schemes could be supported by the Governments in GCC countries. She suggested considering unemployment schemes whereby recent graduates are recruited by Government agencies for few months to provide them with experience and minimum income. Furthermore, she highlighted the benefits of the public works and employment programmes in times of crisis to build or rehabilitate public infrastructure while generating job opportunities for unskilled labourers. She pointed out the importance of microcredit at subsidized rates, exemplified by a Brazilian programme that established

“productive safety nets” that included access to farm inputs at subsidized prices to support crop and/or livestock production.

16. During the discussions, a number of issues were raised. Mr. Amjad Rabi, United Nations Children’s Fund (UNICEF), presented two arguments to support the establishment of universal approach to social security. First, the lack of data, which is the case in most ESCWA member countries, greatly increases the administrative costs of targeted approaches. Second, targeted approaches lead to low coverage of women since they are less frequently employed especially in the formal sector. Mr. Elhusen emphasized the importance of assessing social security programmes and sharing lessons learned by the social security institutions in Arab countries. Mr. Yasser Shalaby noted that the establishment of a universal approach to social security in any country should go hand in hand with the establishment of a progressive tax system. He also argued that targeting should be multilayered granting particular attention to the geographic dimension and to vulnerable groups. At the end of the session, Mr. Khouri stressed the importance of the geographic dimension of development and noted that Tunisia is establishing a ministry to ensure the equitable development of all geographical areas of the country.

C. THE SOCIAL PROTECTION FLOOR

17. The third session was moderated by Ms. Heba el-Laithy, who stated that the social protection floor is one of the best articulated strategies to ensure social protection since it guaranteed minimum security to all residents, comprising universal health services, income security for the unemployed and the poor, child benefits as well as universal old age and disability pensions.

18. Ms. Ursula Kulke, International Labour Organization (ILO), explained that within ILO the terms “social security” and “social protection” are interchangeably used. The tendency is to use the term “social security” which has been established as a human right. She highlighted the role of social security as a social and economic stabilizer in times of crisis. She emphasized the need for a universal approach through a social protection floor. The experience of recent years has proven that contributory social insurance schemes cannot be extended to cover all populations mainly because of the informal labour and the weak contributory capacity of vulnerable groups. Ms. Kulke presented the components of social protection floors that include: (1) social transfers (basic health care, assistance for the unemployed and poor, child benefits and basic old-age and invalidity benefits); and (2) essential social services (health services, water and sanitation, education, housing and other social services). She explained that universality is guaranteed by coverage either from general tax systems or through contributions. Throughout her presentation, Ms. Kulke stressed the fact that social transfers related to selected components of the social protection floor are affordable even for the least developed countries. She provided examples from Nepal, Kenya, Ethiopia and Cameroon where pension schemes cost around 1 per cent of GDP. She concluded by emphasizing the impact of cash transfers on poverty reduction.

19. Mr. Amjad Rabi, presented the UNICEF-ILO costing tool of social protection measures that feeds into the social protection floor. The objective of this generic tool is to provide estimates of associated costs of different existing and/or projected social protection benefits. He noted that the main components of the tool that determine the affordability of the social protection measures are the demographic profile of the population, the labour market, the macroeconomic environment and the fiscal space. Mr. Rabi pointed out two main advantages of this tool. First, it can be considered a basis model and thus more developed in order to provide different levels of depth analysis. Second, it can be paired with other software tools.⁵ Mr. Rabi provided figures related to the cost of child benefits in Senegal according to four different scenarios that projected costs ranging from 0.32 to 1.46 per cent of GDP. Figures were developed using the costing tool in order to inform policymakers in Senegal.

⁵ For example, the UNICEF-ILO costing tool can be used with a new software tool called ADePT, which was developed to analyse gender, income and geographic equity in education access, progression, attainment, and expenditures.

20. Mr. Marwan Khawaja, ESCWA, delivered a presentation on social data related to populations at risk in ESCWA member countries. He described population-based and non-population-based data sources and availability in ESCWA member countries. Analysis and outputs vary significantly depending on the sources of data used. National population data do not include any projections and provide quite a different picture than United Nations data. National accounts data lead to a picture that differs and even conflicts with the picture derived from data drawn from household surveys or social protection data produced by the national official statistics. Almost all ESCWA member countries conduct annual labour-force surveys which are limited to basic indicators. He noted that the annual labour-force surveys could be good vehicles for collection if they were expanded to comprise data on underemployment, wages, work conditions, and so forth. He asserted that the major problem does not lie at the level of data availability but rather in the comparability of the data intercountry and intracountry across time. Numerous issues of comparability are related to the existing data namely the discrepancies in definitions and concepts, the difference in classifications and the difference in survey design. At the end of his presentation, Mr. Khawaja highlighted the importance of disseminating all data available since some countries do not share all the data they produce. He also pointed out the lack of qualitative data related to satisfaction with services received, opinions, perceptions, and so forth.

21. Throughout the discussions, participants made a number of observations and comments. Mr. Mukul Asher, National University of Singapore, stressed the relevance of considering any cost related to social benefit as a proportion of the total tax revenue to GDP ratio. He gave the example of Bangladesh where even a 1 per cent increase in social expenditures will be challenging since the total tax revenue represents 9 per cent of GDP. Mr. Asher noted the demographic challenges facing the ESCWA region and stated that it is critical in this context not to adopt irreversible programmes in order to prevent future conflicts. Mr. Daoud Deek stated that cash transfers protect households from additional vulnerability but do not allow poverty reduction. He also pointed out the problems related to the never-ending changes in the data collection methodology of several national and international parties and donors, which sometimes lead to controversial results. Ms. Kulke said that the social protection floor is a concept that builds on existing initiatives at the national level. She clarified that the UNICEF-ILO costing tool of social protection measures provides indicative figures to initiate dialogue and reflection about existing and projected social benefits. Nonetheless, detailed actuarial studies are necessary prior to any policymaking. Mr. Rabi noted that assumptions linked to national pension laws and regulations could be introduced to the UNICEF-ILO costing tool in order to lead to more accurate results. Mr. Khawaja warned of misusing data or using bad data that might lead to irreversible mistakes and loss of funds.

D. EXTENSION OF SOCIAL SECURITY COVERAGE IN ESCWA MEMBER COUNTRIES

22. In the course of the fourth session moderated by Mr. Monzer Mourad, Public Institution for Social Security, Kuwait, country case studies on national social security coverage were presented by experts from Jordan, Saudi Arabia, Bahrain, Iraq and Morocco. The case studies followed a presentation focusing on the challenges and lessons learned from the extension of social security coverage in Asia-Pacific in general.

23. During his presentation, Mr. Mukul Asher, tackled the issues, avenues and challenges of extending social security coverage in Asia-Pacific. The presentation focused on retirement financing. Mr. Asher stressed that demographic and labour-market trends indicate that the population of the Asia-Pacific region will grow old before it attains upper-middle income and high income status. He highlighted the administrative issues that will rise in parallel with the population increase, particularly given the heterogeneity within countries where different regions are growing with different rates and with different capacity. Asia-Pacific countries have a large number of social security programmes as defined by ILO, but their coverage and level of risk protection are quite limited and modest accomplishments have been achieved with contribution rates which are extremely high. Additional increases in contributions will be very difficult and insufficient particularly in large countries. He proposed several avenues for extending the social security coverage. The first avenue would be to modernize and professionalize existing formal social security organizations in performing core functions. This would mean ensuring a productive use of the savings at the

national or international level, to increase economic growth and ensuring the reliable collection of contributions and taxes. A second avenue would be to undertake parametric and systemic reforms of some components of existing systems which were set up at a time when the economic environment, growth strategy and demographic and labour trends were different. A variety of reform measures would encourage retired individuals to be at least partly active in the labour market. The third avenue would entail introducing or expanding retirement income transfers which do not entirely depend on formal labour-market relationships or entirely on contributions by members. In India, co-contributory schemes were introduced for informal sector workers to guarantee some aspects of social protection during retirement. At the end of his presentation, Mr. Asher noted the main challenges facing the extension of social security coverage, including: professionalism; the adoption of systematic approach that would entail complementary reforms in other areas such as labour markets; fiscal policy and financial and capital reforms; and indigenous research capability.

24. Mr. Maen Nsour, Jordanian Social Security Corporation, presented the development of the social security services in Jordan since the establishment of the corporation in 1977. The corporation offers coverage for (a) old-age, disability and death and (b) work injuries. Beginning in September 2011, it extended the scope of its coverage to include maternity insurance and unemployment insurance. It is also expanding the extent of coverage to include microenterprises employing less than five workers and all Jordanians working abroad, especially in countries where foreign workers are excluded from social security and protection systems. Eliminating the connection between insurance and employment paves the way for covering previously excluded groups such as employers, housewives and students. Mr. Nsour stressed that rules and regulations had undergone comprehensive reforms to make significant change and achievement possible. He noted that the reforms were based on a thorough actuarial study that pointed out weaknesses the corporation would have faced if the reforms were not put in place. He explained that without any reforms, the changes in demographic and labour-market structure would have led to a situation whereby one insured person would be supporting one pensioner by 2060. Due to reforms, five insured persons supported one pensioner in 2004. Reforms allowed the corporation to overcome abuses of the previous laws, particularly the early retirement law. During his presentation, Mr. Nsour stated that public expenditures on basic social protection instruments were about 8.1 per cent of GDP in 2009. The corporation is currently developing a future health insurance programme and considering a child benefits programme that would be conditional on schooling. He stressed the importance of allowing sufficient time and resources for the design phase of any projected programme in addition to the importance of initiating a dialogue between all involved stakeholders at the earliest phase of design.

25. Mr. Abdulaziz Alhabdan, General Organization for Social Insurance, Saudi Arabia, delivered a presentation on the unified law of insurance protection that extends social security coverage to all citizens of GCC countries working in any GCC country. He explained that the unification of social security schemes of all GCC countries was not a feasible alternative. Thus, each GCC country agreed to extend social security coverage, according to its rules and regulations, to its citizens working in any other GCC country. He stressed the relevance of this alternative since it does not entail complicated administrative procedures that would delay or hamper the implementation of a common law. Mr. Alhabdan highlighted the employer's role of collecting contributions. The role of the social security institution of the country the citizen is working in is to liaise with the employer and the social security institution of the citizen's country of origin. At the end of his presentation, he stated that this law, implemented since 2006, allowed labour mobility, created more employment opportunities for GCC countries and decreased poverty rates among retirees.

26. During the discussions, participants raised numerous issues and asked for several clarifications. Mr. Neto asked about the coverage of non-GCC Arab workers in GCC countries. Mr. Alhabdan clarified that the implementation of the unified law of social insurance was only possible because of the close economic and social collaboration among GCC countries while a policy umbrella that would allow coverage to be expanded to other Arab workers is lacking. He stated that such a role could eventually be played by the League of Arab States. Mr. Alhabdan clarified that Saudi Arabia had experience in providing old-age coverage for all foreign workers, but the programme was interrupted around 15 years ago because of

administrative and communication constraints in addition to abuse and corruption. All workers in the public and private sectors in Saudi Arabia are covered by health insurance. Ms. El Laithy asked about the extent to which decision-making within the Jordanian Social Security Corporation is independent and raised a related major issue that in Egypt social insurance surplus funds are often used to cut the budget deficit. She explained that this situation led to a lack of trust among contributors and thus to a decrease in social security participation. Mr. Nsour stressed on the importance of rules alongside the power of management to ensure the financial sustainability of social security institutions. He also highlighted the role of management to ensure the proper investment of social security surpluses. He noted that the Jordanian Social Security Corporation is investing in such national sectors as industry, tourism and infrastructure and that the return on investment is around 10 per cent. Mr. Asher specified that contingent liabilities of almost all pension schemes are on the State. He explained that in many countries income tax authorities authorize companies to start pension schemes.

27. In her presentation, Ms. Najwa Abuhassan, Ministry of Labour, Bahrain, provided information regarding the Unemployment Insurance Scheme, its benefits, related challenges and lessons learned. She explained that the scheme provides unemployment aid for national first time jobseekers and unemployment compensation for both nationals and expatriates who participated in the scheme by paying contributions. She notes that the scheme targets both public and private sectors, and that it relies on equal contributions from the Government, employers and workers. The number of female jobseekers is much higher than the number of male jobseekers, and the total number of jobseekers is significantly decreasing since the establishment of the scheme in 2006. In implementing the scheme, it is important to clearly identify the unemployed to enable the Ministry of Labour to monitor and study this group of people and better design and tailor training for them. One of the major challenges is a perception that unemployment coverage is the Government's responsibility, making it difficult for the public to accept the concept of contributions. She noted the challenge of maintaining benefits coverage during the financial crisis when the number of beneficiaries increased and the contributions decreased. She highlighted the importance of dialogue between all involved parties beginning at the earliest phase of the design process and the importance of conducting thorough studies before initiating any project. She also stressed the need for a proper launching campaign.

28. Mr. Riyadh Mohammad Ali, Ministry of Labor and Social Affairs, Iraq, delivered a presentation that highlighted the role of the Ministry in supporting the poor and the unemployed. Following a thorough explanation of the socio-economic challenges facing Iraqi society, the focus shifted to the social safety net and microcredit programmes. He explained that the main challenge in Iraq during and after the war was to quickly and efficiently expand the coverage of social protection because the number of poor and unemployed significantly increased. The social safety net is one of the outputs of the national strategy to alleviate poverty and provides one million households with minimum income. He noted that the social safety net was designed based on the national poverty lines established in 2007 with the objective of linking social protection to the most in-need population. He clarified that this programme provides training activities closely linked to part-time jobs. Mr. Mohammad Ali stated that since 2006 a microcredit programme was launched that reached 93,000 beneficiaries by the end of 2009. The microcredit programme is a joint effort between the Ministry and the banking sector since all loans are distributed through grants.

29. Ms. Najat El Mekkaoui, Paris Dauphine University, France, provided an overview of the pension systems in OECD countries since Morocco's pension system is similar to European systems with strong pay-as-you-go schemes. She noted that pension reforms initiated in the 1980s in OECD countries tended to reduce pension benefits and reinforce the link between contributions and benefits. She explained that previous pension schemes would have been unsustainable because of the early retirement age, high replacement rate, low contribution rate and high unemployment rate. She noted that pension systems in most countries in the Middle East and North Africa (MENA) region are currently facing the same challenges as OECD countries despite demographic differences. In addition, pension systems in the MENA region remain fragmented. She stated that in most OECD countries that implemented significant reform, the pension benefit was reduced by 22 per cent. Ms. Mekkaoui stressed the importance of considering life expectancy when changing the retirement age and stated that pension reforms in OECD countries combine an increase in

the retirement age with lower replacement rate. She noted the reform process in Morocco that resulted in recommendations that will be put in place shortly, namely delaying the retirement age, merging different pension schemes into one or two national schemes and developing methods to evaluate the schemes. At the end of her presentation she insisted on the importance of the social dialogue during all phases of the long reform process.

30. During the discussions, participants made several observations and comments. Mr. Yasser Shalaby suggested that Iraq could benefit from Palestinian experience in formulating and implementing social protection policies in the context of conflict. He also stressed the importance of social protection policies in stepping beyond the alleviation of poverty and addressing the root causes of poverty. Ms. Kulke pointed out the important role of social dialogue in any social security programme's design or reform process.

III. ORGANIZATION OF WORK

A. VENUE AND DATE

31. The Expert Group Meeting on Social Security in Western Asia: Accessibility and Sustainability was held at the United Nations House in Beirut, from 8 to 9 September 2011.

B. OPENING

32. Mr. Frederico Neto, ESCWA, welcomed participants and gave the opening keynote address. He noted the conceptual differences between social protection, social security and social assistance, which are entangled in international debate. He stated that the discussions of the sessions would aim to disentangle them and explain the perspective of ESCWA. Social protection is a broad term and it includes a protective dimension consisting of social assistance alongside the preventive dimension consisting of social security schemes. He declared that the United Nations system is moving beyond those two dimensions consisting of the social protection, to include the promotive and transformative dimensions. The promotive dimension focuses on measures to enhance economic opportunities such as income diversification, microcredit and insurance, while the transformative dimension focuses on measures to address such root causes of inequality. The transformative dimension comprises tax instruments of redistribution, measures to tackle exclusion, discrimination and disempowerment, measures to improve access to land and other assets that help to protect people and build resilience against the impact of crises.

33. Mr. Neto announced that the EGM would not focus exclusively on social security. In addition, it would tackle social assistance because of its interaction with social security. He highlighted the importance of the debate related to universal versus targeted approaches to social protection. He stated that the United Nations system had promoted the social protection floor as a point of reference for a universal approach. However, in the region, interest in and the popularity of conditional cash transfers has been rising. Mr. Neto stressed the importance of reaching a common understanding of and approach to social security in the ESCWA region to prepare for upcoming commitments within the United Nations and with regard to other bodies, particularly the World Forum on Social Security in Qatar in 2013.

C. PARTICIPANTS

34. The meeting was attended by 40 regional and international experts, practitioners and United Nations agency representatives. A list of participants is contained in annex I of this report.

D. DOCUMENTS

35. A list of the documents to the Expert Group Meeting is available in annex II of this report as well as on the ESCWA website at <http://www.escwa.un.org/information/meetingdetails.asp?referenceNum=1656E>.

Annex I*

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Annex II

LIST OF DOCUMENTS

Symbol	Title
E/ESCWA/SDD/2011/WG.7/INF. 1	Information Note
E/ESCWA/SDD/2011/WG.7/L.2	Organization of Work
E/ESCWA/SDD/2011/WG.7/3	Sustainability of Social Protection Systems in the ESCWA Region
E/ESCWA/SDD/2011/WG.7/4	Levels of Provision of Social Security in ESCWA Countries
