Social Protection Series

ADDRESSING VULNERABILITY AND CRISIS THROUGH INCLUSIVE SOCIAL SECURITY

A working paper by Shahir Ishak and Kia Howson

ISSPF INCLUSIVE SOCIAL SECURITY POLICY FORUM FOR THE MENA REGION
للشرق الأوسط وشمال أفريقيا

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Inclusive Social Security Policy Forum (ISSPF) is a network and space for civil society organizations and individuals across the Middle East and North Africa (MENA) region that is challenging the dominant narratives and making the case for inclusive social security.

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Executive Summary

1. Economic and Political Context

Over the past decade, countries across the Middle East and North Africa (MENA) have faced a succession of crises that have increasingly overlapped and reinforced one another. Protracted armed conflicts in Syria, Yemen, Libya, Sudan, and the Occupied Palestinian Territories continue to disrupt livelihoods and erode infrastructure, while the economic aftershocks of the COVID-19 pandemic have been compounded by global food and energy price volatility, currency depreciation, and rising debt burdens. These pressures are unfolding in a region already characterized by structural labor market weaknesses, high levels of informality, and limited fiscal space. What distinguishes the current moment is not the presence of crisis per se—which has long shaped the region—but the degree to which economic fragility, inequality, and political strain have become mutually reinforcing.

Macroeconomic indicators reflect this cumulative strain. Although inflation rates have moderated in some oil-importing countries, price levels remain elevated relative to pre-pandemic baselines, particularly in contexts where exchange rate volatility has amplified imported inflation (IMF, 2025). In 2024, Lebanon and Syria recorded triple-digit food inflation at 138% and 106%, respectively (WFP, 2024), underscoring the intensity of price instability in conflict-affected settings. Regional growth projections of 2.3% in 2024, rising modestly to 2.8% in 2025 (World Bank, 2025), conceal substantial divergence across countries. Between 2022 and 2024, Sudan's economy contracted by nearly 40%, the Occupied Palestinian Territories by 30%, Lebanon by 8%, and Yemen by 3% (IMF, 2025).

Fiscal pressures have intensified alongside the slowdown of GDP growth. Indeed, public debt ratios have risen markedly since the global financial crisis and the Arab Spring, and in several countries, debt servicing absorbs a growing share of public expenditure (IMF, 2025). As revenues fluctuate and borrowing costs increase, fiscal adjustment often falls disproportionately on social sectors. Currency depreciation in countries such as Egypt, Iran, and Lebanon has further eroded real incomes (Bennett et al., 2023), while food import dependence and water scarcity heighten exposure to global shocks (FAO AQUASTAT, 2024). In this context, economic vulnerability is not confined to a marginal segment of the population but extends across broad sections of society, including households that would not traditionally be classified as poor.

These economic dynamics are unfolding in a region marked by some of the highest levels of income concentration globally. The richest 10% capture over 63% of national income (Alvaredo et al., 2019; WID, n.d.), and wealth inequality intensified during the COVID-19 period (Kentikelenis et al., 2023). At the same time, nearly half of the population in developing MENA economies lives on less than \$8.30 per day (2021 PPP), while extreme poverty has risen in recent years (World Bank, 2025). The juxtaposition of concentrated wealth and widespread economic insecurity is politically salient. Survey evidence indicates sustained dissatisfaction with governments' capacity to address inequality and economic hardship (Ceyhun, 2019; Arab Barometer, 2024), and protest mobilization has remained recurrent across multiple countries, often triggered by subsidy reforms, price increases, or service delivery failures (Robbins, 2020).

Conflict and displacement further intensify these pressures. Political violence has remained persistently elevated since 2011 (ACLED aggregated data), and as of late 2024, 59.2 million people across the region required humanitarian assistance, with 16.2 million internally displaced (GHO, 2025). In fragile and conflict-affected contexts, social protection systems are frequently underdeveloped or fragmented, and humanitarian responses have often substituted for, rather than strengthened, national systems (IDS, 2025). Yet even in relatively stable countries, economic precarity has become more widespread. Labor markets characterized by high informality, limited unemployment protection and low female participation leave households exposed to income volatility (ILOSTAT, 2025).

2. The state of social security in the MENA region

It is within this broader political and economic landscape that the architecture of social security systems assumes central importance. Most MENA countries operate bifurcated systems in which contributory social insurance protects a minority of formal sector workers, while tax-financed programs provide narrowly targeted assistance to selected poor households. Effective coverage across at least one social protection benefit stands at 35.8% in Northern Africa and 30% in Arab States (ILO, 2021), with particularly low coverage for children, persons with disabilities, and unemployed individuals (ILO, n.d.). These aggregate figures obscure a more fundamental issue: the design of existing systems assumes that poverty and vulnerability are marginal conditions that can be isolated and targeted. In reality, income insecurity in much of the region is widespread and dynamic.

These structural features mean that income insecurity is not restricted to a small residual population but affects a broad and heterogeneous group. Yet existing social security architectures continue to reflect a model premised on marginal poverty. Tax-financed programs are typically designed as targeted safety nets, intended to supplement rather than anchor social security provision. Contributory schemes, meanwhile, concentrate benefits among formal sector workers, who often constitute a minority of the labor force. The resulting system is fragmented, with limited coordination between programs and significant coverage gaps.

The reliance on proxy means testing (PMT) as the primary mechanism for beneficiary identification reflects this marginal poverty framework. PMT models attempt to infer household consumption or income using observable characteristics—such as asset ownership, housing quality, or demographic composition—rather than direct income measurement. While administratively expedient in contexts with limited income data, such models are inherently imprecise in settings characterized by income volatility and widespread informality (Kidd & Athias, 2020). Empirical evidence from the region confirms these limitations. In Tunisia, 83% of households in the bottom quintile are excluded from the main poverty-targeted program (Ben Braham et al., 2022). In Jordan, exclusion errors reach 67.5% (Anderson & Pop, 2022). In Egypt, more than half of the poorest quintile are excluded from Takaful and Karama (Kidd, 2022). These patterns are not statistical anomalies; they reflect structural misalignment between targeting mechanisms and the distribution of vulnerability.

Beyond statistical inefficiency, targeting can carry political implications. Where eligibility determinations appear opaque or inconsistent, they risk generating perceptions of arbitrariness or favoritism. In contexts where economic insecurity is widespread, exclusion from a targeted program may be experienced not merely as an administrative outcome but as a denial of entitlement. Evidence suggests that poorly functioning targeting systems can erode trust in public institutions (Sibun, 2022), particularly where broader social contracts are already under strain. In Lebanon, for example, where multidimensional poverty affects a large share of the population (ESCWA, 2021), debates around beneficiary selection have become politically charged.

Recent crises have further exposed the limitations of narrowly targeted systems. During the COVID-19 pandemic, most MENA countries expanded social protection coverage through new emergency programs rather than scaling up existing schemes (IPC-IG, n.d.). This reliance on ad hoc interventions reflected both limited institutional capacity and the narrow coverage of pre-existing systems. Transfers were often modest in value and short in duration (Sibun, 2021), providing temporary relief but insufficient income stabilization. In fragile contexts, humanitarian actors frequently delivered assistance through parallel mechanisms, reinforcing fragmentation (IDS, 2025; BASIC Research, 2025). While emergency responses were necessary, they highlighted the absence of robust, shock-responsive national systems capable of absorbing covariate shocks at scale.

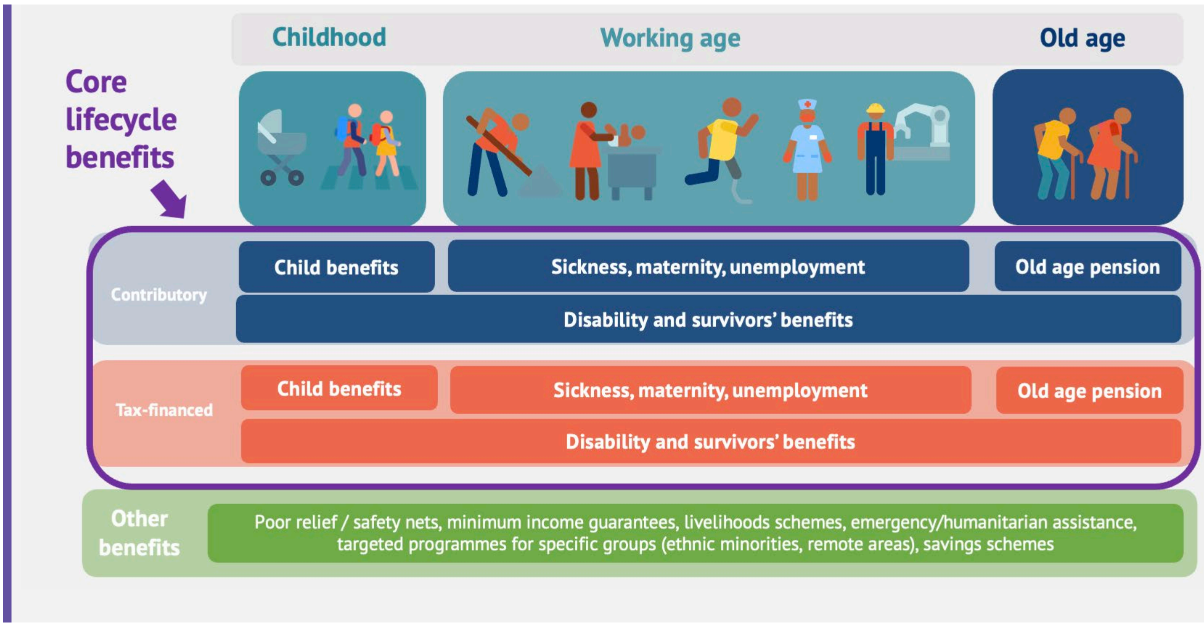
Against this backdrop, the question is not simply how to improve targeting efficiency or refine social registries. Rather, it is whether the prevailing model of narrowly targeted assistance is structurally misaligned with the scale and distribution of vulnerability in the region. Where low and unstable incomes affect large segments of society, social protection systems designed for marginal poverty are unlikely to deliver transformative outcomes. The evidence presented in this paper suggests that a transition toward inclusive, lifecycle-based social security systems—combining universal or near-universal tax-financed benefits with contributory insurance—offers a more coherent response to the region's structural challenges.

3. The case for life-cycle-based social security

This paper, therefore, argues that a transition toward inclusive, lifecycle-based social security systems offers a more coherent response to the region's structural conditions. Lifecycle systems are premised on the recognition that income risks arise predictably across stages of life—during childhood, periods of unemployment or illness, disability, and old age—and that these risks are not confined to a marginal subgroup. Rather than attempting to identify the "poorest" through complex and often exclusionary mechanisms, lifecycle systems establish predictable income guarantees linked to clearly defined contingencies.

Such systems typically combine tax-financed universal or near-universal benefits—such as child benefits and non-contributory pensions—with contributory social insurance for formal workers. By broadening the base of beneficiaries, they reduce exclusion errors and simplify administration. Universal or categorical eligibility criteria (for example, age or disability status) are more transparent than asset-based scoring models and less sensitive to short-term income fluctuations.

Figure 0-1 Multi-tiered lifecycle social security system



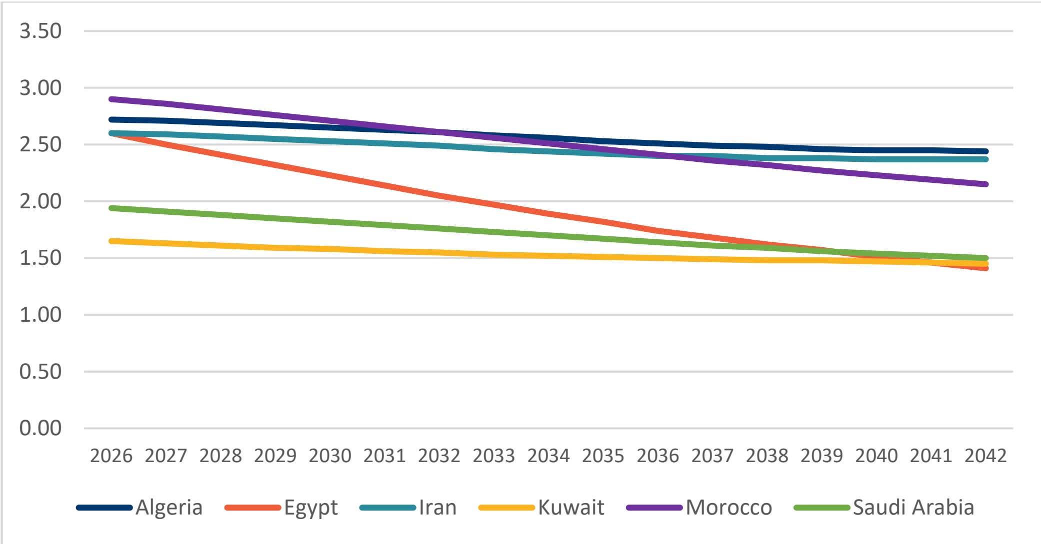
Source: Development Pathways depiction

4. Costs and Fiscal Space

A prevailing concern amongst lower- and middle-income countries concerns the affordability of universal schemes. Many MENA countries are currently facing a severe debt and economic crisis, limiting options in the short run to expand fiscal space for investing in a lifecycle social protection system. Crucially, armed conflict, political instability, and large-scale displacement further constrain the ability of governments to raise revenue, plan over the long term, or deliver services equitably. These crises not only reduce fiscal capacity but also increase demand for social protection—particularly in border regions and areas hosting displaced populations. In these circumstances, governments may achieve universality by designing social security systems to be implemented gradually over time, by initially limiting coverage to a clearly defined group within a life cycle contingency, or by initially achieving universal coverage but with low benefit levels, increasing the benefit value over time.

Consider this proposal for Algeria, Egypt, Iran, Kuwait, Saudi Arabia, and Morocco that demonstrates the investment needed for a comprehensive lifecycle social security system under several different contexts. This lifecycle system comprises a basic universal child benefit, universal disability benefits for children and adults, and a universal old age pension for each country. The projected costs associated with the immediate implementation of these core social security components would require a combined investment of approximately 1.94 to 2.72% of GDP in 2026, as illustrated in Figure 5-2. Notably, these expenditures are expected to decline incrementally over time, reaching an estimated 1.5 to 2.44% of GDP by 2042.

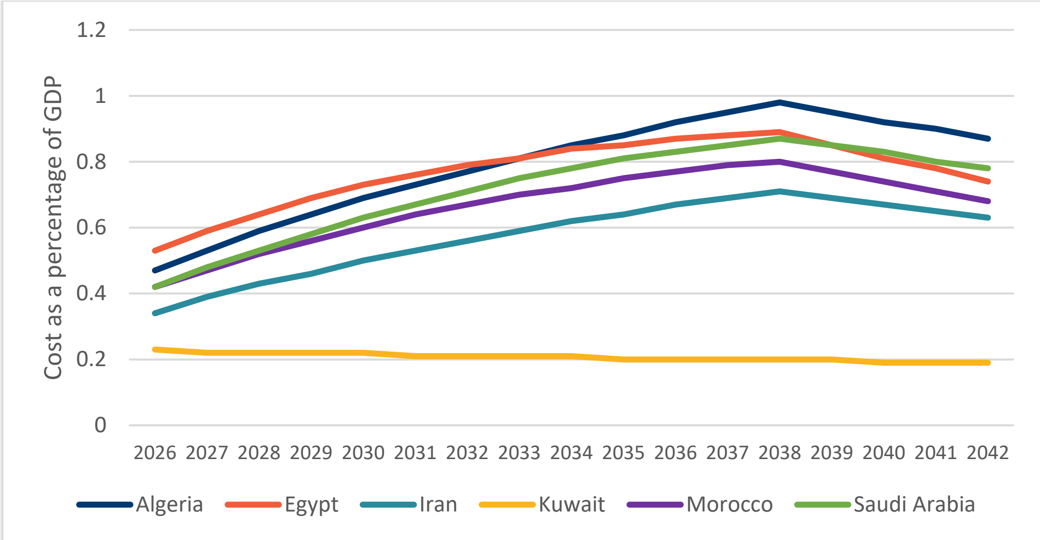
Figure 0-2- Overall level of investment required to establish a universal lifecycle social security system as a percentage of GDP in select countries (2026-2042)



Source: ISSPF costing tool. The figure illustrates indicative social protection benefit schemes across the lifecycle, including child benefits (ages 0–17) set at 4% of GDP per capita; disability child benefits and disability benefits set at 12% of GDP per capita; and old-age benefits (65+) set at 12% of GDP per capita. Values represent illustrative transfer levels used for costing and comparative analysis.

In circumstances where governments face a severe debt and economic crisis, limiting options in the short run to expand fiscal space for investing in a lifecycle social protection system, they may achieve universality by designing social security systems to be implemented gradually over time. Figure 0- demonstrates the cost of the gradual rollout of a universal child benefit for Algeria, Egypt, Iran, Kuwait, Saudi Arabia, and Morocco. In this figure, governments start with universal coverage of all children aged between 0 and 4 and gradually increase the upper age limit by 1 year annually until the age of 18. This would require an initial investment between 0.23 and 0.47% of GDP, and each year, governments would increase spending by between 0.01% and 0.07% age points, allowing for the progressive expansion of the scheme. In certain countries, figures remain unchanged for years. In doing so, governments could increase the available fiscal space needed to fund the benefit gradually each year.

Figure 0-3 Cost universal child benefit as a percentage of GDP, gradually expanded (starting from 0-4 years and increasing the upper age limit by 1 year annually until the age of 18) between 2026-2042



Source: ISSPF Costing tool (2023)

There are several strategies that governments can use to mobilize the resources needed to invest in a financially and economically sustainable national inclusive social security system. This includes increasing tax revenues; re-allocating public expenditures; drawing on official development assistance; fighting illicit financial flows; tapping into reserves; borrowing/ re-structuring debt; and adapting the macroeconomic framework (ITUC, 2022).

In this region, phasing out regressive subsidies presents a major new revenue base for financing inclusive social security. Yet, only a small fraction of fiscal savings made from subsidy reforms have been reinvested into strengthening inclusive social security. Indeed, in Egypt, cuts to energy subsidies between 2014 and 2021 saved 4.3% of GDP, but social security spending only increased by 0.07% of GDP in this period, reaching 0.3% of GDP in total (Friedrich-Ebert-Stiftung, 2023). With an investment of 2.6% of GDP required to establish universal inclusive social security, Egypt's savings could fully fund this expansion. Similarly, in Jordan, investment in social assistance decreased between 2011 and 2017 despite the government eliminating fuel and bread subsidies, which generated 788 million JD (US$1.1 billion) in savings during the same period (Government of Jordan, 2019).

Another potential source of revenue is increasing the rates for progressive forms of taxation, such as progressive income tax, corporate tax, and capital tax (ITUC, 2022). Few countries in the MENA region are effectively leveraging existing tax structures to finance investing in inclusive social security (ITUC, 2022). For example, income tax systems in the MENA region have limited ability to redistribute wealth despite being generally progressive by law. According to a recent IMF study, income taxes in MENA countries raise only about 2% of GDP on average, and revenues vary widely, from 7% of total revenue in Lebanon to 47% in Yemen (Mansour and Zolt, 2023). Minimal revenue generation is in part because of inadequate administration and enforcement, but also because personal income tax systems are generally only progressive for low-income earners. This is due to reduced personal income tax rates for high earners; minimal taxation of capital gains and business income; and increased social security contributions (ibid). Combined, these factors have created tax systems that fail to shift the tax burden onto high-income earners and raise significant revenue.

To make personal income tax more progressive and effective at raising revenue in MENA countries, reforms are needed that target high-income taxpayers and sources of capital income like capital gains. These are just two options that governments can use to create fiscal space for inclusive social security. Rouine (2023*)* presents several other **fiscal space options for financing inclusive social security** in the MENA region, showing that there is sufficient fiscal space to fill the financial gap needed to finance inclusive social security. Therefore, the amount that countries invest in social security is not related to fiscal constraints: rather, it is a matter of political will.

5. Impacts of investing in a lifecycle-based social security

Evidence from within and beyond the region suggests that universal or broad-based benefits can achieve substantial redistributive effects. Iran's universal cash transfer program reduced the Gini coefficient by 2.75 points following its introduction (IMF, 2017). Microsimulation modelling in Tunisia indicates that replacing fragmented targeted schemes with a universal lifecycle system could reduce poverty by 22% (Aboushady & Silva-Leander, 2022). In Jordan, modelling suggests that lifecycle reform could increase consumption among the poorest decile by 10.6% by 2031 (Anderson & Pop, 2022). These findings suggest that universal systems are not merely administratively simpler but can deliver significant poverty and inequality reductions.

Beyond redistribution, lifecycle systems can contribute to macroeconomic stabilization. Predictable income transfers support consumption smoothing, particularly during downturns, mitigating the contractionary effects of shocks. Investment in early childhood benefits has well-documented long-term returns through improved human capital outcomes (Richter et al., 2017). Non-contributory pensions can reduce reliance on intergenerational transfers and support local economic activity in low-income communities. In aggregate, these effects can generate multiplier impacts on domestic demand and, over time, strengthen revenue mobilization.

6. Imagining a Way Forward

As crises become more frequent and interconnected—ranging from violent conflict to climate-related shocks—the need to ensure social protection systems are fit for purpose in such contexts has never been more urgent. Yet, the prevailing model among many international actors still leans heavily on short-term, externally driven programs that often bypass or even weaken national institutions. While working through national systems during emergencies, particularly during conflict, can be complex and slower, it is also fundamental. Social protection should not be treated as a complementary feature of crisis response—it is a central pillar for enabling recovery, preserving dignity, and reducing long-term vulnerability. Crucially, donor financing should prioritize integration with national systems, with a view toward sustainability and eventual government ownership. Rather than building parallel structures, crisis interventions must reinforce the public institutions that will outlast humanitarian programming. Building resilience means shifting the starting point: supporting national systems from the onset of a crisis, not merely in its aftermath. This requires aligning with existing—sometimes imperfect—social protection frameworks, understanding local context, and recognizing that elements of these systems often continue functioning even amid conflict and instability.[1]

[1] See for example, FAO, 2025, which discusses how while the Palestinian National Cash Transfer Program (PNCTP) and broader social assistance mechanisms were already under strain prior to the start of the genocide in October 2023, aspects of the system remained functional into 2025. FAO (2025) highlights how, despite severe infrastructure damage and displacement, cash assistance to vulnerable households continued, facilitated by partnerships with international agencies and local actors. Although this assistance was largely humanitarian in nature, it often worked through or alongside existing targeting and delivery systems—including social registries and administrative networks—particularly in the early months of the crisis. This case illustrates that elements of social protection can be sustained, even amid widespread conflict. However, the Gaza response also underscores the limits of this resilience: delivery and

While the socio-economic landscape across the MENA region has significantly shifted in recent years, investing in inclusive, lifecycle-based social protection systems offers long-term developmental and economic gains. The core rationale for universal lifecycle systems is that they are more equitable, efficient, and politically sustainable than narrowly targeted programs. These systems support economic resilience by enabling consumption smoothing, protecting households during crises, and strengthening the social contract through visible, regular public investment. They also contribute to social cohesion in contexts where exclusion and marginalization often fuel instability.

coverage were constrained, and funding was heavily dependent on international partners. While imperfect, the continuity of support demonstrates the potential value of investing in adaptable, shock-responsive social protection architecture before crises hit.

Acronyms

FLFP	Female Labor Force Participation
GCC	Gulf Cooperation Council
IDMC	The Internal Displacement Monitoring Centre
ITUC	International Trade Union Confederation
WFP	World Food Program
UNHCR	United Nations High Commissioner for Refugees
IMF	International Monetary Fund
IFI	International Financial Institution
ISSPF	Inclusive Social Security Policy Forum
GDP	Gross Domestic Product
UNICEF	United Nations Children's Fund
IFRC	International Federation of Red Cross and Red Crescent Society
IEA	International Energy Agency
ISSPF	Inclusive Social Security Policy Forum
PECS	Palestine Expenditure and Consumption Survey
MENA	Middle East and North Africa
NRC	Norwegian Refugee Council
SDG	Sustainable Development Goal

Introduction

Countries across the Middle East and North Africa (MENA) are confronting a prolonged and compounding crisis environment. Protracted armed conflicts, the COVID-19 pandemic, the war in Ukraine, global food and energy price volatility, climate-induced water stress, currency depreciation, and mounting sovereign debt have collectively intensified structural vulnerabilities across the region.

Macroeconomic conditions across the MENA region remain fragile. Although inflation has eased in some oil-importing countries, supply shocks linked to conflict, exchange rate volatility, and climate pressures continue to sustain elevated price levels (IMF, 2025). In 2024, Lebanon and Syria recorded triple-digit food inflation of 138% and 106%, respectively (WFP, 2024). After rebounding to 4.1% growth in 2021, regional GDP is projected to increase only modestly from 2.3% in 2024 to 2.8% in 2025 (World Bank, 2025), while conflict-affected economies have experienced severe contractions, including nearly 40% in Sudan and 30% in the Occupied Palestinian Territories between 2022 and 2024 (IMF, 2025). At the same time, declining revenues and rising debt burdens have narrowed fiscal space, with debt servicing increasingly crowding out investment in health, education, and social protection (IMF, 2025).

These pressures are unfolding in a region marked by extreme inequality. The richest 10% capture over 63% of national income (Alvaredo et al., 2019; WID, n.d.), and wealth concentration intensified during the COVID-19 period (Kentikelenis et al., 2023). Poverty remains widespread: extreme poverty rose from 7.4% to 8.4% between 2018 and 2023, and nearly half of the population lives on less than $8.30 per day (World Bank, 2025).

Conflict and displacement further deepen economic fragility. Political violence has remained persistently high since 2011 (ACLED aggregated data), and by late 2024, 59.2 million people required humanitarian assistance, with 16.2 million internally displaced (GHO, 2025). Economic insecurity has translated into sustained protest mobilization and declining trust in government, particularly during periods of austerity and rising living costs (Robbins, 2020; Arab Barometer, 2024). Survey evidence suggests widespread perceptions that governments are failing to address inequality and economic hardship (Ceyhun, 2019), signaling strain within social contracts (Kidd et al., 2020).

At the center of this instability lies a structural weakness in social security systems. Provision remains bifurcated: contributory schemes protect a minority of formal workers, while the majority—including informal workers and households experiencing income volatility—rely on narrowly targeted assistance. Proxy means-testing generates high exclusion errors, low benefit adequacy, and limited shock responsiveness (Kidd & Athias, 2020; Ben Braham et al., 2022; Anderson & Pop, 2022). In contexts where vulnerability is widespread rather than marginal, such approaches struggle to reflect the distribution of risk and can erode trust when exclusion appears arbitrary (Knox-Vydmanov, 2014; Sibun, 2022). Recent crises, including COVID-19, have further exposed the limited capacity of existing systems to scale in response to large covariate shocks (IPC-IG, n.d.; IDS, 2025).

This paper argues that incremental reform of poverty-targeted schemes is insufficient to address the scale and depth of socio-economic vulnerability across MENA. Instead, a paradigm shift is required—toward inclusive, lifecycle-based social security systems grounded in rights, universality, and sustainability. Such systems provide predictable income guarantees across core contingencies—including childhood, disability, unemployment, and old age—through a combination of tax-financed benefits and contributory insurance. They are more equitable, more transparent, and more politically sustainable than narrowly targeted programs. Evidence from both within and beyond the region demonstrates that universal or broad-based schemes reduce inequality more effectively, support economic resilience through consumption smoothing, and strengthen the social contract by visibly demonstrating state commitment to citizen well-being (IMF, 2017; Kidd et al., 2020; Aboushady & Silva-Leander, 2022).

Crucially, universal lifecycle systems are affordable. Costing simulations for selected MENA countries indicate that core guarantees—including child benefits, disability benefits, and old-age pensions—can be financed at levels typically below 3 % of GDP, with options for gradual roll-out and progressive tax reform (ISSPF costing tool; Mansour & Zolt, 2023). The barrier to reform is therefore less fiscal impossibility than political prioritization.

The paper proceeds as follows. Section 2 analyses the political and economic crises shaping the regional context, including conflict, inequality, and declining trust. Section 3 examines lifecycle vulnerabilities—from childhood through working age to old age—demonstrating how income insecurity manifests across different stages of life. Section 4 assesses existing social security systems in the region and their structural shortcomings. Section 5 proposes a feasible pathway toward inclusive, lifecycle-based social security, including costing scenarios, fiscal space options, and evidence of potential economic and social returns. The conclusion argues that investing in universal social security is not merely a social policy reform but a strategic investment in stability, prosperity, and renewed social contracts across the MENA region.

Crisis and Instability in the MENA Region

a. Economic challenges

In a worsening global environment, MENA economies have endured more than a decade of overlapping endogenous and exogenous shocks. Protracted regional and national conflicts, the lasting effects of the COVID-19 pandemic, and the economic fall-out of the Ukraine War have all compounded already fragile conditions. While conflict and violence continue to destabilize the region and displace millions, climate-related shocks—such as droughts, floods, and extreme heat—are increasingly disrupting livelihoods, particularly in rural and agricultural areas. These environmental pressures are amplifying economic vulnerability, deepening poverty, and contributing to rising food insecurity across the region.

The combined impact of these crises has left MENA economies grappling with persistently weak growth, widening budget deficits, mounting public debt, currency devaluation, and dangerously high inflation. High food prices, collapsing currencies, and stagnant incomes have sharply eroded household purchasing power, making it increasingly difficult for many people to meet their basic needs.

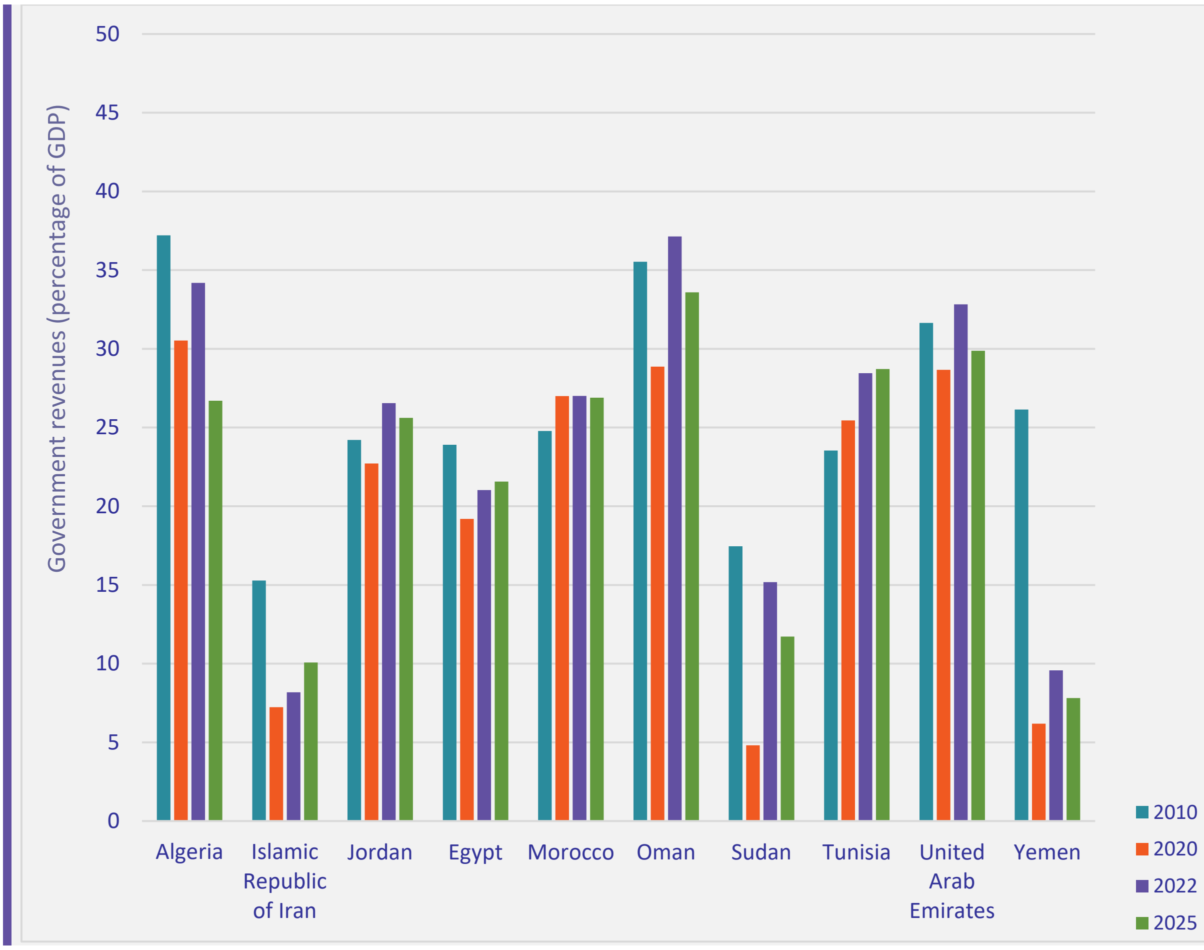
i. Economic slowdown

While the initial post-COVID-19 pandemic recovery saw GDP growth rebound to 4.1% in 2021, a series of economic shocks have severely weakened economic growth prospects across the region. The current growth outlook for the region is cautiously optimistic, with the average GDP growth rate expected to reach 2.8% in 2025, up from 2.3% in 2024 (World Bank, 2025).w. However, conflicts have sharply impacted MENA oil importers, causing economic contractions of nearly 40% in Sudan, 30% in the Occupied Palestinian Territories, 8% in Lebanon, and 3% in Yemen from 2022 to 2024. (IMF, 2025).

Low and fluctuating government revenues across the region have also contributed to economic instability. As Figure (2-1) shows, government revenues as a percentage of GDP have been declining and fluctuating between 2010 and 2025, for many countries in the region, with only Morocco, Tunisia, and Jordan experiencing slight improvements over this period. Fiscal deficits have persisted for oil-importing countries directly impacted by recent conflicts. In 2024, government revenues in Sudan, the Occupied Palestinian Territories, and Yemen continued to experience significant declines, averaging a cumulative drop of 7 percentage points of GDP since 2022, which has constrained spending. Both Sudan and Yemen remain in debt distress, with high or overdue debts (IMF, 2025).

In Egypt, spillover effects from the war in Gaza, along with higher borrowing costs, have made ongoing efforts at fiscal consolidation more challenging since the pandemic. The country's larger deficit in 2024 was mainly due to weaker revenues—particularly lower Suez Canal tax receipts—and an increased interest burden, with interest payments exceeding 9% of GDP, roughly 2 percentage points above the 2023 level (IMF, 2025).

Figure 2-1 Government revenues across MENA countries as a percentage of GDP in 2010, 2020, 2022, and 2025

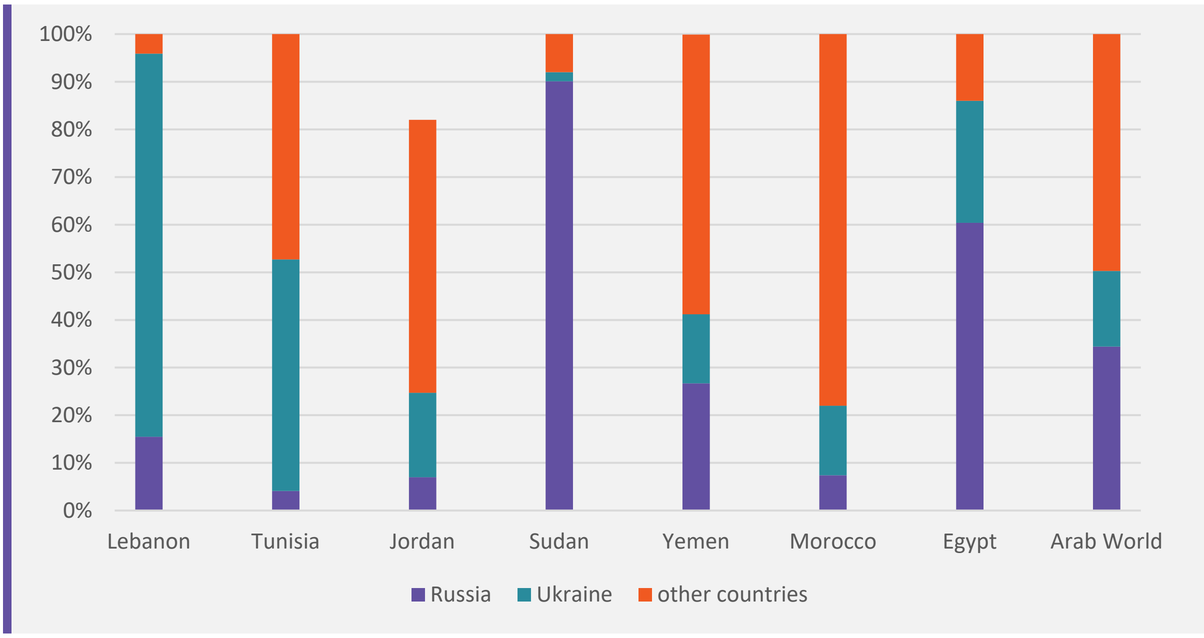


Source: IMF World Economic Outlook

ii. Food and water security in MENA

The MENA region's high dependence on food imports—often more than half of cereal demand in many countries—stems from structural water shortages and limited arable land, which constrain domestic production and deepen exposure to global shocks. Global supply chain disruptions—initially triggered by the war in Ukraine and associated sanctions—have been exacerbated by renewed instability in the Red Sea since late 2023. These disruptions have constrained wheat and grain imports from the Russian Federation and Ukraine, which are key suppliers for many MENA countries. As demonstrated in (Figure 0-), the MENA region is extremely import-dependent for staples: many countries import more than 50% of their wheat and other cereals, making them highly vulnerable to global price and supply shocks. Seasonal spikes in demand and limited domestic reserves have further strained food markets, putting pressure on governments—particularly where staple commodities remain subsidized—to contain price volatility amid tight fiscal space.

Figure 0-2 percentage of wheat imports from Russia and Ukraine in the MENA region



Source: Arab Reform Initiative, 2022

In recent periods, inflation rates have decreased among most MENA oil-importing countries, primarily due to a reduction in food inflation. Nevertheless, ongoing supply shocks arising from regional conflicts and foreign exchange fluctuations have sustained inflation above historical norms (IMF, 2025). Exchange rate volatility, conflict-driven supply disruptions, and climate-induced shocks continue to fuel domestic price pressures. As of mid-2025, several countries—including Lebanon, Syria, Sudan, and Yemen—remain among the most affected by food inflation. According to WFP (2024), Lebanon and Syria faced triple-digit food inflation in 2024, at 138% and 106% respectively.

These economic conditions are closely linked to worsening food and nutrition insecurity across the region. According to the *Global Report on Food Crises* (GRFC, 2025), Yemen continues to experience one of the most severe crises globally, with 18.1 million people—representing 52% of the analyzed population—projected to be in IPC Phase 3 or above (crisis or worse) between September 2025 and February 2026. In Lebanon, food insecurity also remained high, with 30% of the population facing acute food insecurity from December 2024 to March 2025, a slight increase from 27% a year earlier. The Gaza Strip saw a dramatic deterioration: by August–September 2025, 100% of the analyzed population (2 million people) was classified in IPC Phase 3 or above—up from just 20% in early 2024. In the West Bank, 32% of people were in crisis or worse as of October 2024. In Syria, 39% of the analyzed population faced crisis levels of food insecurity or worse as of late 2024. Refugees across the region also remain vulnerable: 75% of Syrian refugees in Jordan were classified as Phase 2 or above (stressed or worse) in mid-2025, while 6–7% of refugees in Egypt and Iraq were in crisis or worse.

Water scarcity in the MENA region is not only a standalone environmental crisis—it is a structural driver of both food insecurity and economic fragility. As discussed, the region is already grappling with inflation, collapsing currencies, and widespread disruption to food systems due to conflict and climate shocks. Intensifying water stress compounds these challenges by undermining the foundations of agricultural productivity and rural livelihoods.

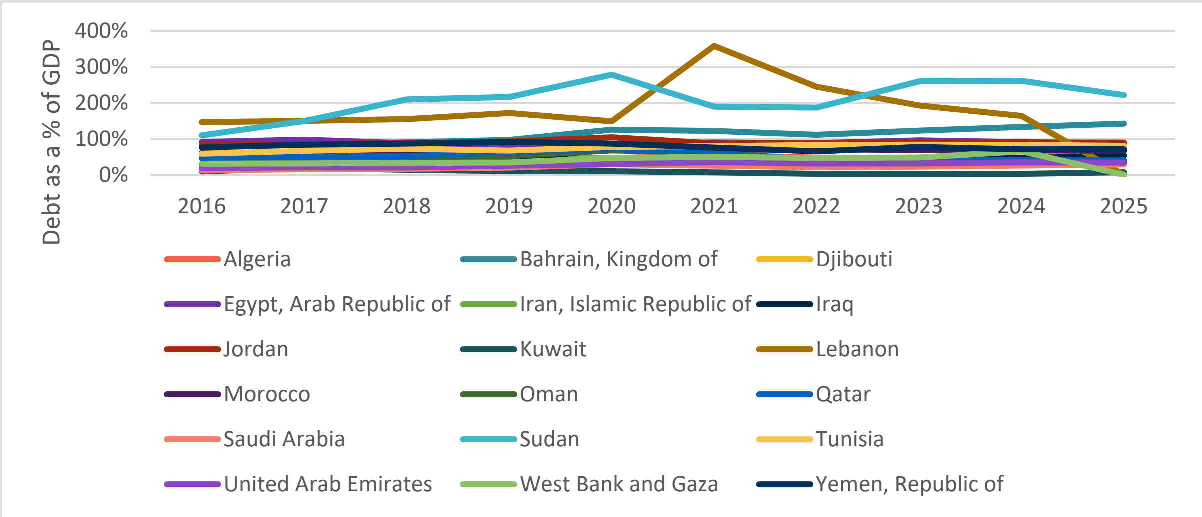
The MENA region continues to experience the highest levels of water stress globally, with countries regularly withdrawing freshwater far beyond their renewable supply. In total, eleven MENA countries exceed the critical 75% threshold, with several surpassing 100%, indicating unsustainable water use (FAO AQUASTAT, 2024). Notably, Kuwait (3850%), the United Arab Emirates (1510%), Saudi Arabia (974%), and Libya (817%) recorded the highest withdrawal-to-availability ratios in the world (FAO AQUASTAT, 2024).[2] Such intense water stress is driven by a combination of naturally low water availability, rapid population growth, agricultural demand, and the expansion of urban and industrial sectors. The consequences are wide-ranging, threatening not only agricultural productivity and food security, but also economic stability and human development. Moreover, the World Bank found that climate-related water scarcity could lead to economic losses totaling up to 14% of the region's GDP over the next 30 years (World Bank, 2018). Global evidence also suggests that when water insecurity adversely affects populations, it exacerbates grievances and weakens the social contract (see, for example, Wolf, 2001; Gleick, 2019; Gleick, 2022).

iii. Debt in MENA

The MENA region is one of the most highly indebted regions in the world. Across the region, debt ratios began increasing in MENA countries after the 2008 global financial crisis and further accelerated after the Arab Spring (2010-2011). Years of fiscal deficits through borrowing have led to the rapid accumulation of debt in several MENA countries. As shown in Figure 0-1, public debt has increased in the majority of countries in the region: In Tunisia, fiscal deficits increased from 59% of GDP in 2016 to 81% in 2025, and in Algeria from 18% to 54%, respectively. High debt servicing costs divert resources away from productive investments in areas like education, health, and social welfare. Elevated debt levels also increase vulnerability to external shocks, such as interest rate hikes or changes in investor sentiment, which could trigger debt distress. In 2020, Lebanon was the third most indebted country in the world, with debt amounting to almost 150% of its GDP (IMF, 2025). This debt consumed a third of Lebanon's public budget, ultimately leading the country to default on a $1.2 billion Eurobond loan in March of the same year (Mahmalat, 2020). The IMF has warned that if the status quo continues, public debt could reach 547% of GDP by 2027.

[2] According to FAO, a value above 100% simply means the country is "withdrawing more than its renewable internal freshwater resources"

Figure 0-1 Gross government debt as a percentage of GDP in MENA countries



Source: IMF World Economic Outlook, 2025

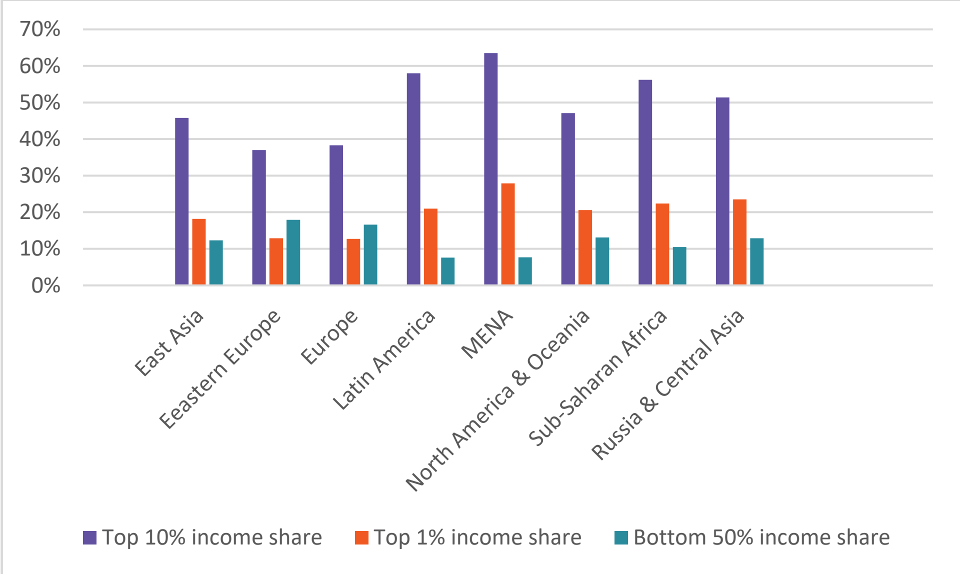
Currencies in countries like Egypt, Iran, and Lebanon have experienced significant depreciations against major currencies like the US dollar and the Euro. For example, between March and December 2022, Egypt's domestic currency depreciated vis-à-vis the US dollar by 32.2%, Morocco's by 7.4%, and Tunisia's by 5.8% (Bennett et al. 2023). This makes imports more expensive, fueling inflation and increasing production costs for businesses that rely on imported inputs. The depreciation of national currencies can also deter foreign investment and lead to capital outflows. Further, currency depreciations make imports more expensive, fueling inflation and increasing production costs for businesses that rely on imported goods.

iv. Income, poverty, and inequality

According to recent data (Figure 2-4), the MENA region exhibits the highest level of income inequality globally (WID, n.d.). In 2023, the richest 10% accounted for 63.5% of total national income, while the poorest half received less than 8 %. This level reflects an ongoing regional trend. A 2018 study by the World Inequality Lab identified the MENA region as the most unequal in the world for the period 1990–2016, with 64% of total regional income accruing to the top 10% of earners. By comparison, the top decile's share stood at 37% in Western Europe and 47% in the United States (Alvaredo et al., 2019).

During the COVID-19 pandemic, wealth distribution grew more unequal in nearly all countries worldwide, but this increase was especially high in the MENA region. In 2020, the wealthiest 10% of the population owned 65% of total personal wealth and the wealthiest 1% owned 35% (Kentikilenis et al, 2023). At the same time, the poorest half of the population owned just 3% of total personal wealth (ibid.).

Figure 0-4 Bottom 50%, Top 1%, and top 10% income shares across the world (2023)



Source: (WID, n.d.)

High levels of income and wealth inequality can have detrimental impacts on economic growth. According to the IMF, income inequality can have a positive effect on economic development until it reaches a Gini index of around 27—also known as the "inequality overhang"—at which point inequality will have a negative impact on economic growth (Grigoli, 2017). The level of inequality varies across countries within the MENA region, but for most countries, the latest Gini coefficient exceeds 30.

While the wealthy elite have seen significant financial gains, the majority—90 % of the population—have faced notable declines in income (Kallas, 2022). Although poverty statistics are updated irregularly, available figures show that in developing economies across the region, the extreme poverty rate rose from 7.4% in 2018 to 8.4% in 2023, based on the new international extreme poverty line set at $3.00 per day (2021 Purchasing Power Parity) (World Bank, 2025). In Egypt, where national data is most recent, the poverty rate at the country's own poverty line increased to 33.5% in 2021 from 29.7% in 2019 (World Bank, n.d.). Regarding the newly established low-middle income poverty threshold of $4.20 per day (2021 PPP), the percentage remained steady at 14.6% between 2018 and 2023. For the high middle-income poverty threshold of $8.30 per day (2021 PPP), the rate dropped slightly by 0.5%, but stayed elevated at 48.9% (World Bank, 2025).

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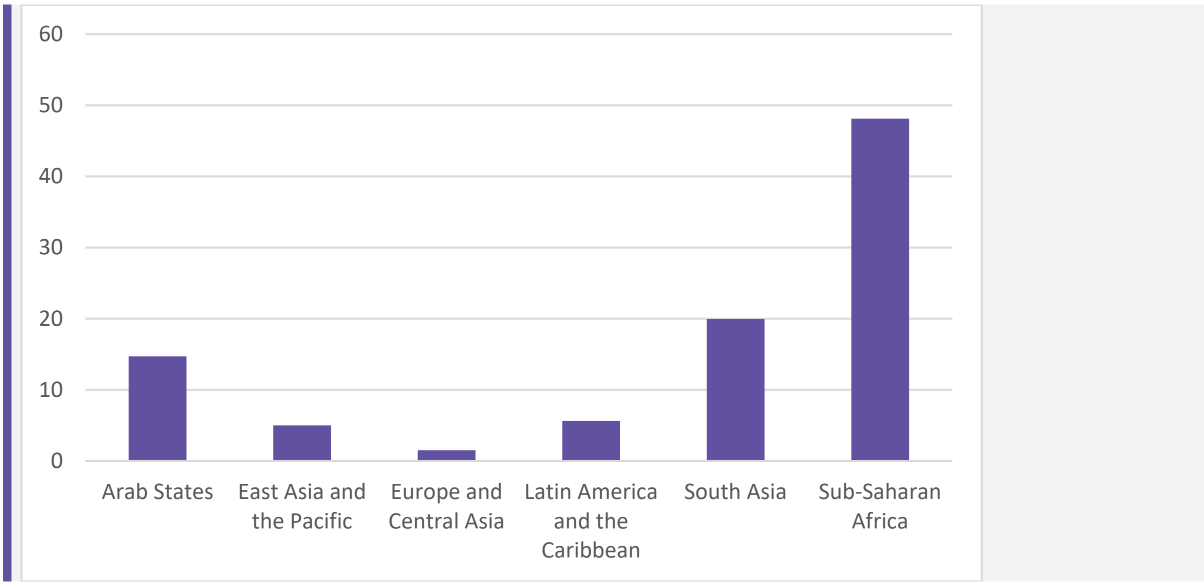
In countries affected by conflict, such as Yemen, Syria, Lebanon, or the Occupied Palestinian Territories, limited recent data is available. However, the latest available data indicate that poverty levels in these regions would currently be calamitous. For instance, in 2013, already 33.3% and 88% of the population in Yemen were living under $3/day and $8.3/day (World Bank, 2025). In Syria, 16.5% and 87.9% were living under $3/day and $8.3/day in 2023 (World Bank, 2025). Even in relatively stable, middle-income countries within the MENA region, many people survive on low and unstable earnings. Based on the most recent available data, 49% of Moroccans (2013), 58.5% of Egyptians (2021), and

41.83% of Algerians (2011) lived on less than $8.30 per day[3] (in 2021 PPP terms) (World Bank, n.d.).

Multidimensional poverty, which accounts for non-monetary deprivation in areas such as access to cooking fuel, sanitation, adequate housing, nutrition, education, and healthcare, is also relatively high across the region. According to the Multidimensional Poverty Index (MPI), 14.7% of the population in the Arab States is classified as multidimensionally poor, compared to 1.5 % in Europe and Central Asia (Figure 2-5). Of those identified as multidimensionally poor, 75.5% reside in low-income countries. Additionally, 9.3% of the population remains vulnerable to multi-dimensional poverty (UNDP, 2025). The highest contribution of deprivation in dimension to overall multidimensional poverty is standards of living, followed by education (UNDP, 2025). This data does not even account for countries affected by conflict, such as Yemen, Syria, Lebanon, Sudan, Libya, or the Occupied Palestinian Territory. In earlier surveys, 48.5% of the population in Yemen and 52.3% in Sudan lived in multidimensional poverty (UNDP, 2023).

Figure 0-5 percentage of the population in multidimensional poverty in MENA countries (2025)



Source: UNDP, 2025

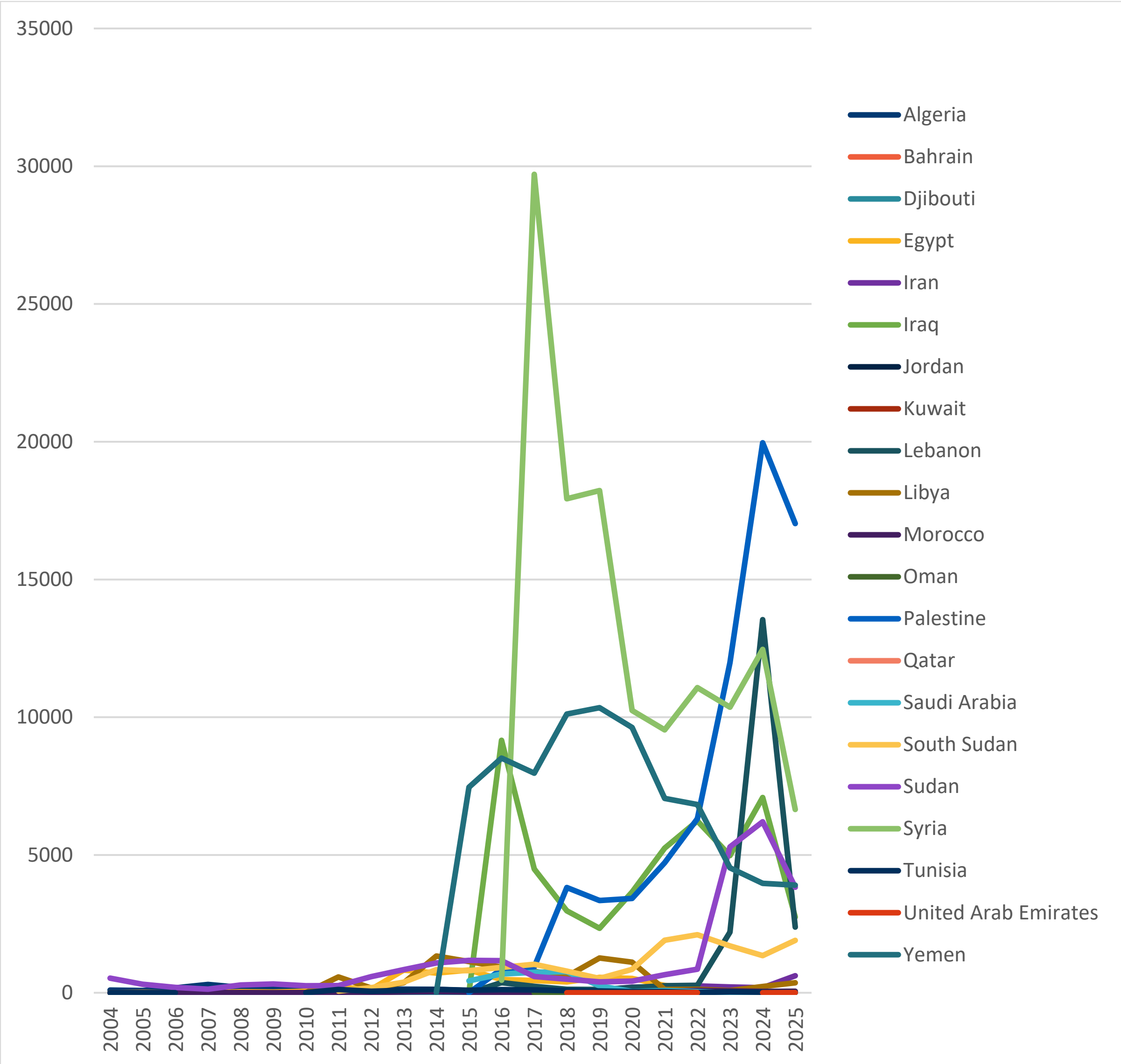
b. The challenge of conflict and instability

Drawing on aggregated ACLED data, Figure 2-6 illustrates a clear and sustained escalation of political violence across the MENA region over the past two decades. Rather than following a cyclical pattern of crisis and recovery, levels of violence have remained persistently high since the early 2010s, with notable intensification during successive periods of political and economic stress. The post-Arab Spring period marked a structural shift, after which conflict-related events failed to return to pre-2011 levels, reflecting the entrenchment of protracted conflicts in contexts such as Syria, Yemen, Libya, and Iraq. More recently, violence has further intensified in the wake of overlapping

[3] This is the new upper middle income poverty line

shocks, including the COVID-19 pandemic, rising food and energy prices, currency depreciation, and renewed large-scale conflicts in Sudan and the War in the Occupied Palestinian Territories. Importantly, the persistence of violence against civilians alongside battles and remote attacks underscores that insecurity in the region is not confined to frontlines, but increasingly shapes everyday life, livelihoods, and access to basic services. This sustained and geographically widespread pattern of political violence provides critical context for understanding rising displacement, fiscal strain, and the erosion of trust between citizens and the state across the MENA region.

Figure 2-6 Trends in political violence in the MENA region, 2004–2025



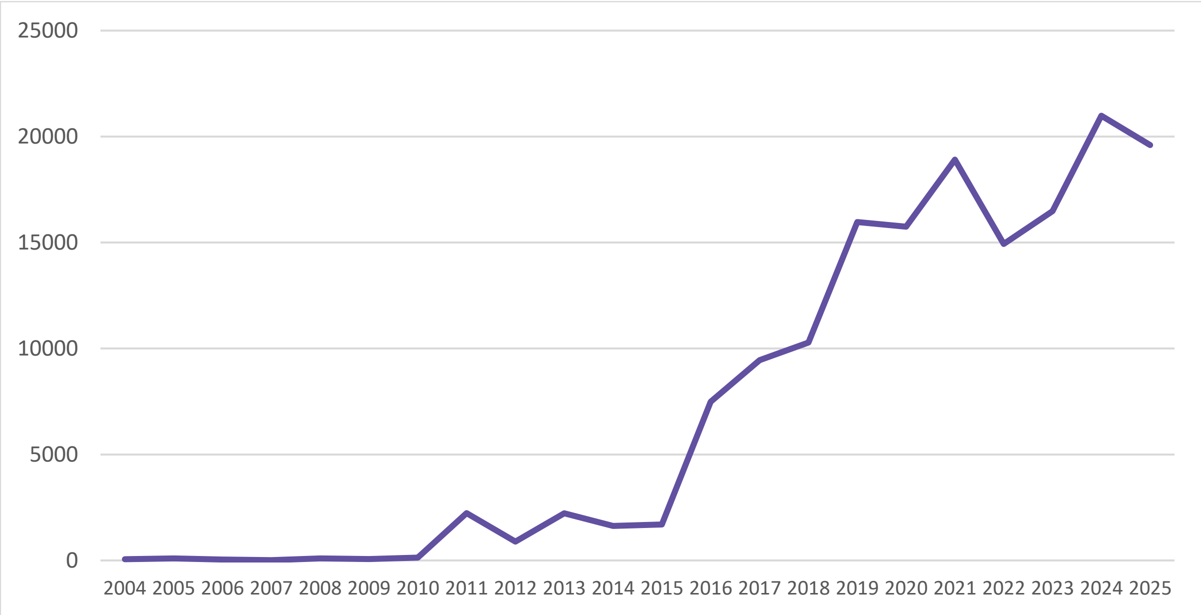
Authors' calculations using ACLED aggregated event data. Political violence events include armed clashes and attacks; explosions/remote violence (including airstrikes, shelling, and IEDs); and violence against civilians (including abductions and sexual violence). Protest-related events and other non-violent political developments are excluded. Events are aggregated annually across MENA countries.

Furthermore, the scale of humanitarian need illustrates how deeply conflict and insecurity are now embedded across MENA. According to OCHA, as of November 2024, 59.2 million people across the region required humanitarian assistance, and 16.2 million were internally displaced —equivalent to 21% of the global internally displaced population (GHO, 2025). Conflicts in the region are increasingly interconnected and entrenched, with severe implications for civilian protection, repeated displacement, and the functioning of essential services. Widespread damage to civilian infrastructure and persistent access constraints are undermining water, sanitation, health, and education provision, while insecurity and restrictions on humanitarian operations—including risks of targeting, detention, and visa denial—further limit the delivery of life-saving assistance. At the same time, disrupted supply routes and scarcity of basic commodities have contributed to price hikes, compounding socio-economic pressures on households and deepening vulnerability. This context reinforces the urgency of strengthening national systems capable of protecting incomes and delivering support at scale, as humanitarian resources remain insufficient and increasingly constrained.

Conflict-driven displacement has become both a symptom and a driver of broader regional destabilization. In 2024 alone, the number of refugees and asylum-seekers across the region increased by 22 %, reaching 3.2 million, while the number of internally displaced persons remained at approximately 13 million (UNHCR, 2025). These figures reflect not only the persistence of protracted crises in Syria, Yemen, and Iraq, but also the emergence or intensification of newer conflicts, notably Sudan, Lebanon, and the war in the Occupied Palestinian Territories. Host countries such as Egypt, Jordan, and Lebanon have absorbed large refugee populations, deepening fiscal pressures, straining public services, and inflaming tensions between host communities and displaced populations. As displacement becomes increasingly protracted, risks of entrenched marginalization grow, particularly where safe, voluntary, and sustainable returns remain elusive. Meanwhile, emerging patterns of return migration—especially in the context of Syria's political transition—pose additional challenges. While UNHCR (2025) indicates a sharp rise in expressed intent to return among Syrians in 2025, these movements are unfolding in contexts still characterized by insecurity, weak governance, and lack of essential services, particularly health, education, housing, sanitation, and livelihoods.

Beyond conflict and displacement, socio-economic discontent has become a defining feature of instability across MENA. Weak governance outcomes—marked by corruption, limited accountability, and widening inequality—have significantly eroded public trust in state institutions. This discontent is increasingly expressed through protest. As illustrated in Figure 2-7, protest activity across the region has followed a pattern of recurrent mobilization rather than isolated episodes of dissent. Following the Arab Spring, protest levels remained elevated and intensified further from 2018 onwards, coinciding with austerity measures, subsidy reform, the COVID-19 shock, and the post-pandemic cost-of-living crisis. Notably, protest activity remains high through 2024–2025, indicating that mobilization has persisted despite increasingly restrictive civic spaces and widespread state repression. This pattern suggests that protests are not driven solely by short-term political openings but reflect deeper and unresolved grievances linked to economic insecurity, service delivery failures, and perceptions of elite capture.

Figure 2-7 Protest activity in the MENA region, 2004–2025



Authors' calculations using ACLED demonstration event data. Protest events include peaceful protests, protests with intervention, violent demonstrations, and incidents involving excessive force against protesters. Events are aggregated annually across MENA countries. The figure is descriptive and illustrates patterns of mobilization during periods of economic and social stress.

The 2025 Gen Z protests in Morocco exemplify this evolving protest landscape. Sparked by maternal deaths in an under-resourced maternity hospital, demonstrations rapidly broadened to demand improved healthcare, education, and basic services—sectors widely perceived as neglected despite substantial state investment in prestige infrastructure projects (Colin, 2025). Organized through decentralized digital platforms such as Discord, the movement articulated a generational rejection of symbolic development in favor of redistributive governance and accountability (Yerkes & Selfe, 2025). While the 2011 Arab Spring uprisings centered on dignity, freedom, and economic opportunity, recent protests in Morocco—as well as smaller mobilizations in Algeria and elsewhere—signal a sharper focus on governance performance, service provision, and distributive justice. These movements are typically leaderless, horizontally organized, and technologically enabled, mirroring wider Gen Z-led mobilizations observed globally.

Elsewhere in the region, protest movements are often curtailed through repression before reaching a comparable scale. In Egypt, Tunisia, Algeria, and Sudan, demonstrations are frequently met with heavy-handed security responses, constraining civic space and limiting avenues for peaceful political expression (Hellyer, 2019; Reuters, 2019; Assal, 2018). Yet the underlying drivers remain strikingly consistent: economic insecurity, inequality, service delivery failures, and entrenched corruption (Alvaredo et al., 2019; Kentikelenis et al., 2023; Diwan et al., 2019). The persistence of protest across diverse political contexts points to growing disillusionment with the post-Arab Spring era's unfulfilled promises of reform (Abouzzohour, 2021; Arab Barometer, 2024). In the absence of meaningful political inclusion, social mobility, and effective social protection systems, large segments of the population—particularly youth—continue to experience precarity, reinforcing a cycle of distrust, mobilization, and instability (Kidd et al., 2020).

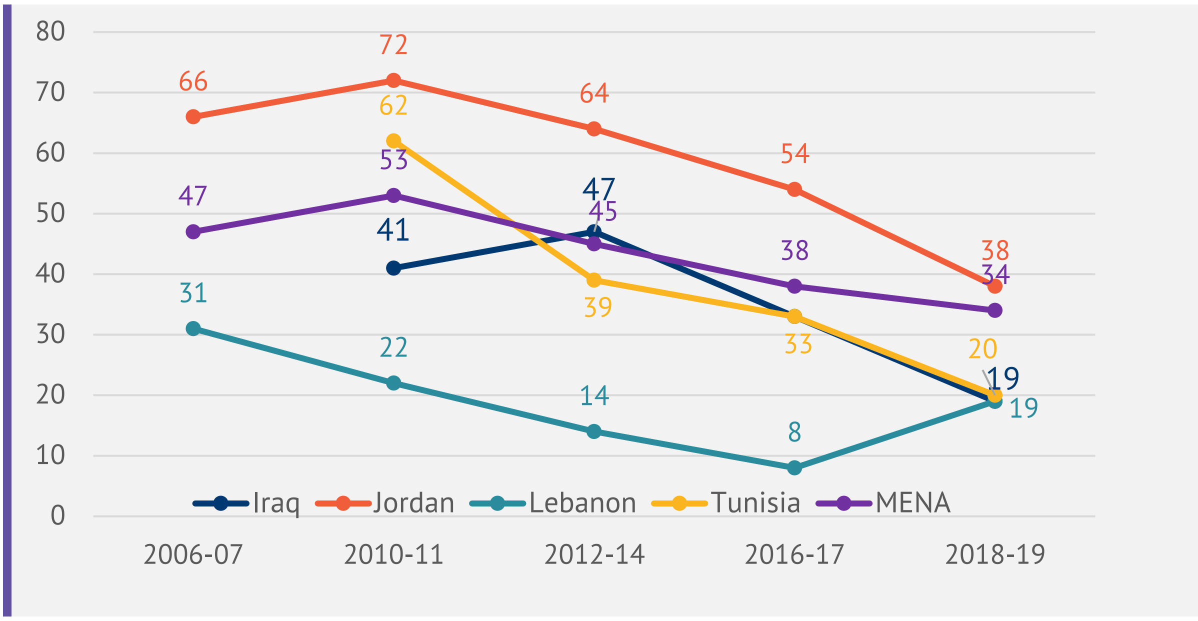
This public demand for a political reckoning suggests that many MENA countries are mired in a vicious cycle of **low trust in government, which is weakening social contracts and undermining the prospects for stability in many MENA countries** (Sibun, 2022). Critically, the economic grievances fueling widespread distrust in government have been acutely felt by the middle classes across MENA countries, and as such have driven the successive waves of popular uprisings demanding change for over a decade. As Moreover, the 2014 Arab Barometer Survey indicated that citizens' trust in their government to address inequality in the MENA region is staggeringly low, with 70% of citizens surveyed believing that "the government is doing bad or very bad at narrowing the gap between the rich and the poor" (SIDA, 2019). In Tunisia, while trust in government is relatively high, ratings of economic performance are low, with fewer than a quarter of the surveyed population satisfied with the government's efforts on narrowing the wealth gap, creating jobs, or addressing inflation (Arab Barometer, 2024).

Box 1: What is a social contract?

Put simply, a social contract can be understood as an agreement between citizens and the government. When it functions well, citizens and residents pay taxes to the government and, in return, the government should use these revenues to provide good-quality public services, infrastructure and protection. As long as both sides keep to the agreement, a functioning, decent and fair society can exist. However, if governments do not fulfil their side of the bargain, many will resent paying taxes and, often, actively avoid doing so.

Figure 0-2 shows, trust in government in the region has been steadily declining since 2010-11 and is at even lower levels than during the Arab Spring (Robbins, 2020). In Lebanon and Iraq, the 2019 Arab Barometer Survey suggested that trust in government was as low as 19% (Ceyhun, 2019). Moreover, the 2014 Arab Barometer Survey indicated that citizens' trust in their government to address inequality in the MENA region is staggeringly low, with 70% of citizens surveyed believing that "the government is doing bad or very bad at narrowing the gap between the rich and the poor" (SIDA, 2019). In Tunisia, while trust in government is relatively high, ratings of economic performance are low, with fewer than a quarter of the surveyed population satisfied with the government's efforts on narrowing the wealth gap, creating jobs, or addressing inflation (Arab Barometer, 2024).

Figure 0-2 percentage of people who trust government to a great or medium extent in the MENA region.

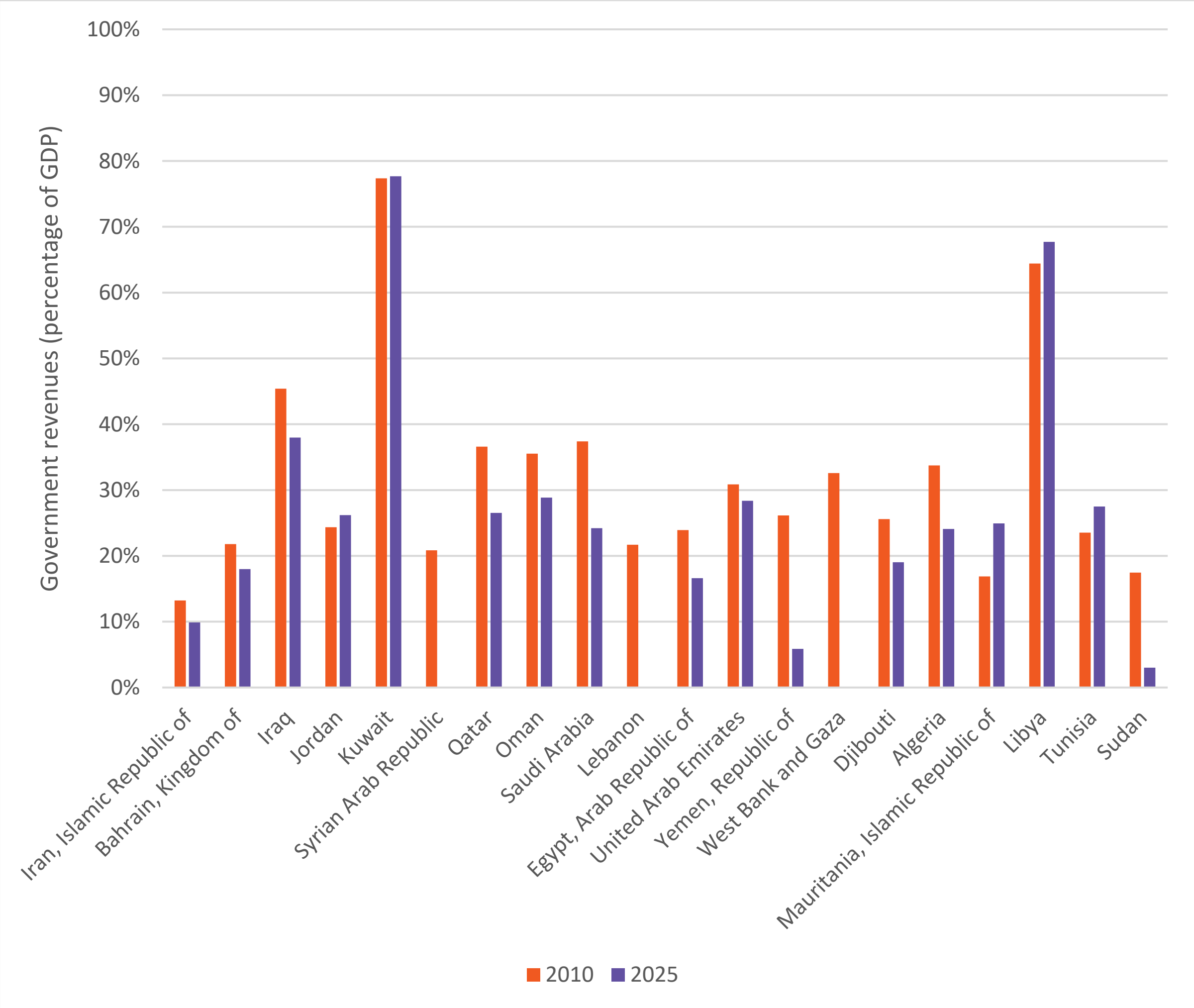


Source: (Robbins, 2020)

Low trust in government can also undermine the capacity of governments to generate public revenues. When members of society do not trust the government to protect their rights and offer good-quality public services for everyone, they have less incentive to meet their corresponding responsibilities to the state, which includes paying taxes. Low trust can negatively impact the ability of governments to mobilize the revenues needed to realize developmental outcomes, which can trigger a vicious cycle of low trust in government and a weak social contract (Sibun, 2022). As

Figure 0- shows, over the past 15 years, government revenues as a percentage of GDP have declined sharply across much of the MENA region, particularly in conflict-affected or resource-dependent states. Countries like Sudan and Yemen saw catastrophic revenue collapses—over 75%—amid conflict, economic contraction, and institutional breakdown. Even among the more stable economies, such as Qatar, Oman, and Saudi Arabia, revenue declines of over 25–35% suggest a narrowing fiscal space. This has significantly curtailed state capacity to deliver basic services and respond to rising demands for accountability, fueling further public dissatisfaction and undermining the social contract.

Figure 0-9- Government revenues across MENA countries as a percentage of GDP in 2010 and 2025

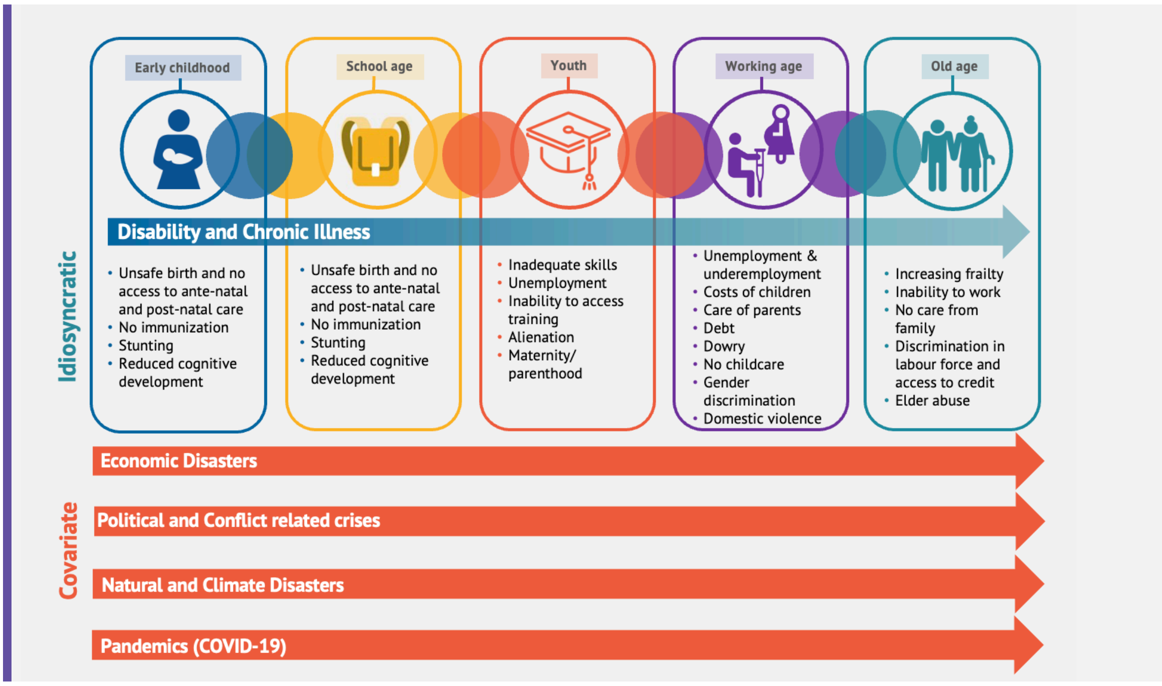


Source: IMF Economic Outlook Database, 2025

Challenges Across the Lifecycle

Given the aforementioned challenges, most citizens in the MENA region have been experiencing low and unstable incomes, intensifying income-related risks and unique vulnerabilities throughout their lifecycle, which may negatively affect well-being and living standards if not addressed. As shown in Figure 3-1, covariate risks affect entire communities, whereas idiosyncratic risks impact specific individuals or households and often change as people grow older. For instance, income-related vulnerabilities during early childhood may include malnutrition-related stunting and impaired cognitive development, whereas in old age, they may involve increased frailty and inability to work. Certain idiosyncratic vulnerabilities, such as chronic illness, disability, and gender-specific risks encountered by women and girls, can occur at any stage of life.

Figure 0-1 Summary of the main lifecycle risks

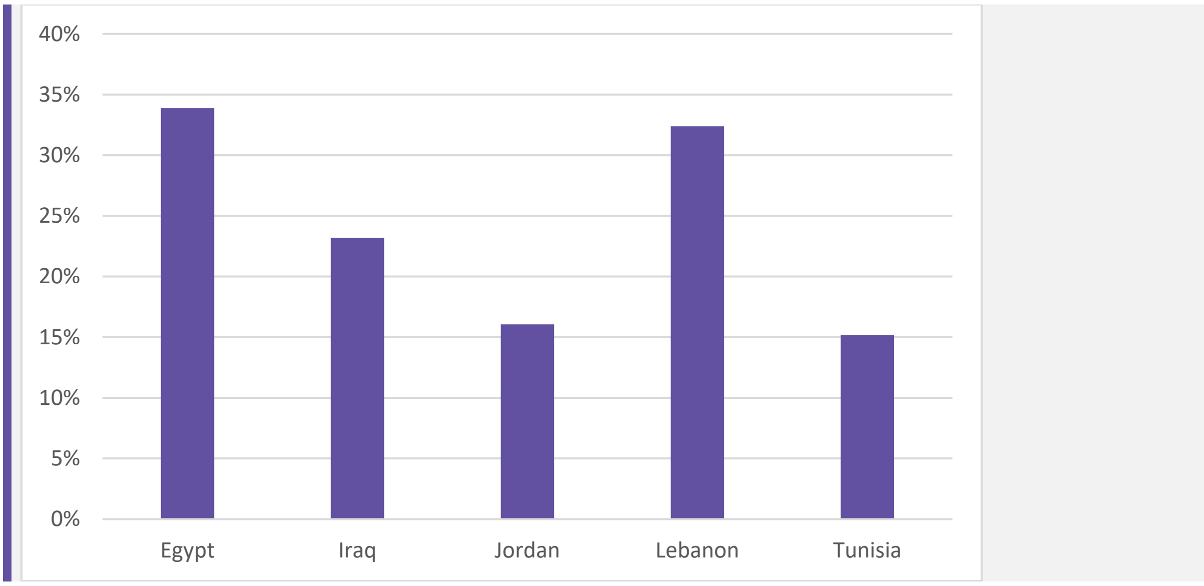


Source: Development Pathways

a. Challenges during childhood

Nearly one-third of the population in the MENA region are children. The nature of widespread low and precarious incomes means that many children in the MENA region live in households that are struggling to make ends meet. Consequently, child poverty is high, with 60.2% of children considered poor living below the higher threshold of US$8.3 per day and a further 13.3% of children living below the US$3.00 per day (both in 2021 PPP terms) (Ibarra et al., 2025). Further, there is a high percentage of children living in households with income below the national poverty line, as seen in the figure below.

Figure 3-2 percentage of Children living in households with income below the national poverty line according to latest figures (2020)

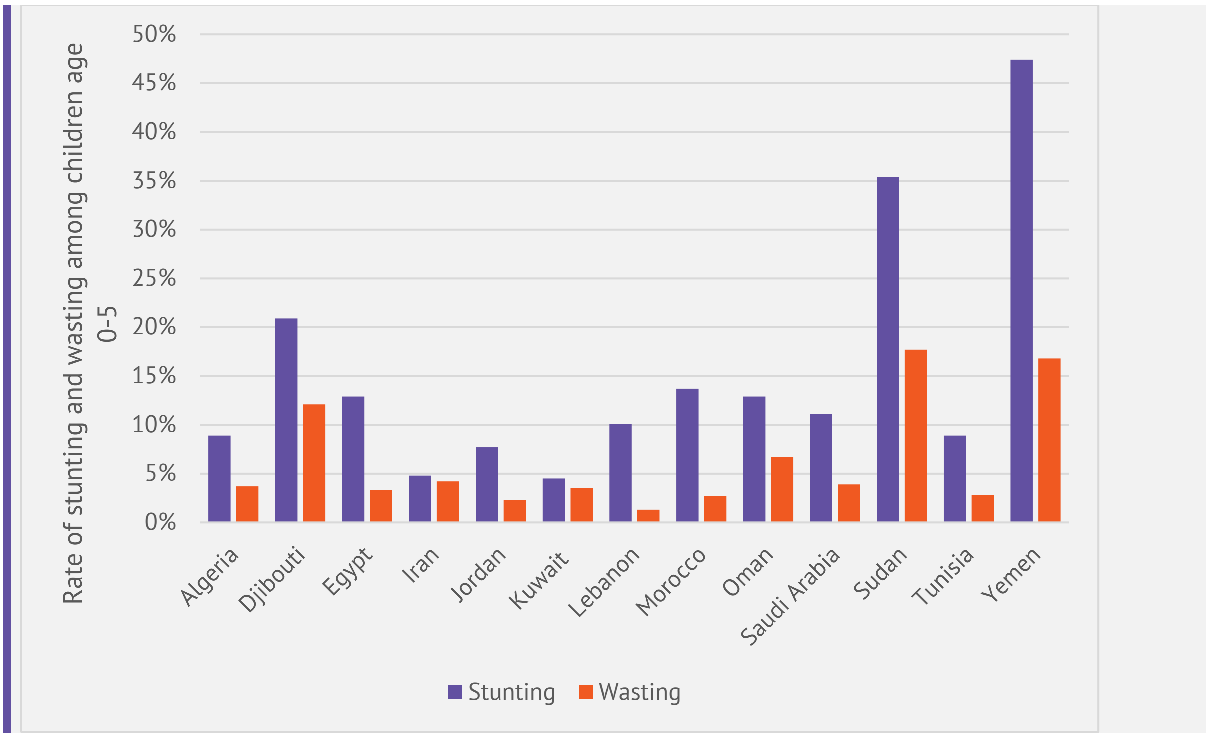


Source: (UNICEF, n.d.)

It is well established that the first 1, 000 days of life are critical to a child's development (Cusick & Georgieff (n.d.). If children are malnourished, even in utero, this can have irreversible negative consequences for their growth, survival, and cognitive and physical development, with associated risks including mortality, morbidity, blindness, hearing impairments, and stunting (ODI & UNICEF, 2020). One global study estimates that children who experience stunting are likely to earn 26% less as adults than if they had reached their full development potential, which could lead to a loss in GDP that is double what some countries currently spend on healthcare (Richter et al., 2017).

The MENA region also experiences high rates of malnutrition among children. Several countries rank highly on the Global Hunger Index (GHI), including Yemen, which ranked 1st out of 123 countries on the GHI in 2022 (GHI, 2025). As Figure 3-3 shows, wasting is less prevalent than stunting; however, many countries are experiencing rates of stunting and wasting well above the global average of 22.3% and 6.6% (WHO, 2020). Stunting rates are highest in Yemen and Sudan, where 47.7% and 35.4% of children under 5 years of age have a low height for their age.

Figure 0-3 Stunting and Wasting rates among children in select MENA countries 2024.



Source: Global Hunger Index (2025)

Similarly, micronutrient deficiencies can damage a child's well-being and development. For example, across six separate studies in low-income countries, infants with iron deficiency anemia were found to have mental capacity scores that were between 6-15 percentage points lower than their non-iron-deficient peers (Walker et al., 2007). In the MENA region, iron deficiency is high among pregnant women and children (aged 6-59 months), reaching 36% and 42%, respectively (*World Bank Open Data*, n.d.). In women of reproductive age (15-49), the prevalence of anemia is also high at 35%.

Further, stunting, wasting, underweight, and anemia affect children across the welfare spectrum. In Sudan, children in the poorest income quintile households experience stunting rates of 44%, while among the wealthiest quintile households, 21.1% of children are stunted (UNICEF, n.d.). Similarly in Morocco, 21.4% of children are stunted in the lowest income quintile compared to 10.4% among the highest wealth quintile (UNICEF, n.d.). In Jordan, one-third of children suffer from anemia, with 38% being from the poorest quintile, compared to 18% from the wealthiest quintile (Chandoul et al., 2022). Therefore, malnutrition is not just a challenge for the very poorest children, but for many children across the wealth distribution.

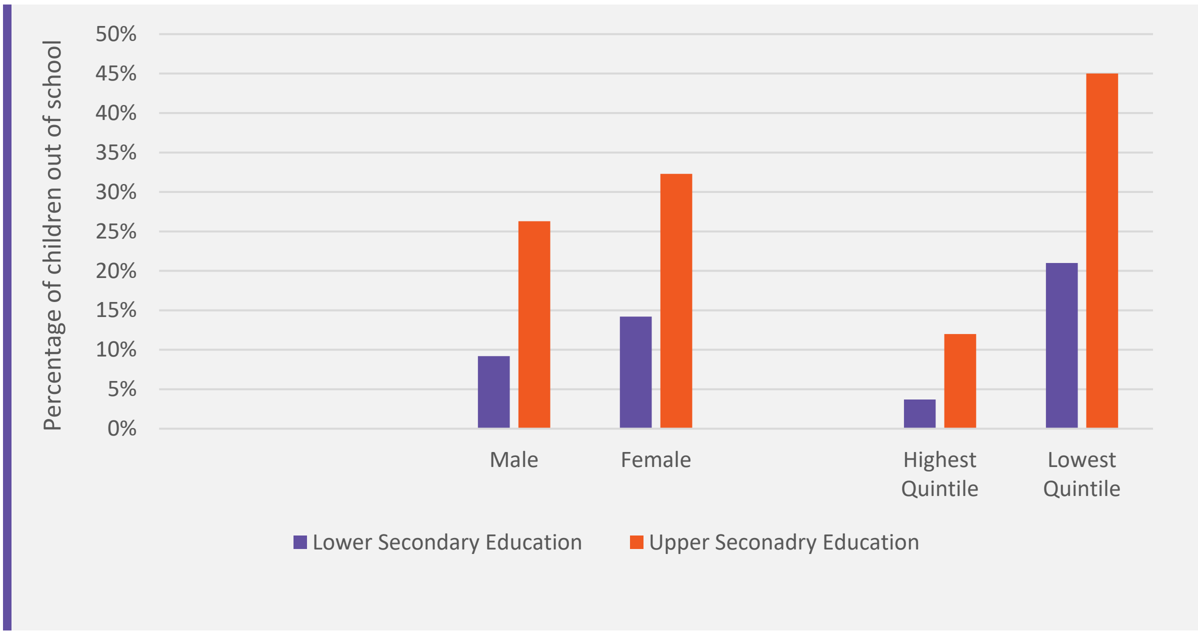
The causes of malnutrition are multifaceted, but a core underlying reason is poor diets. Only 26% of children (6-23 months) in the MENA region enjoy a minimal acceptable diet and only 39% enjoy minimal dietary diversity (UNICEF, n.d.). At the lowest wealth quintile, these rates drop significantly; in Sudan, only 5.6% of children in the lowest wealth quintile enjoy a minimally acceptable diet and only 9.3% enjoy minimal dietary diversity (UNICEF, n.d.).

i. Education

Although school attendance rates are high across most MENA states, according to UNICEF, “the recent string of crises is resulting in a staggering reversal of these gains”, with an estimated 30 million children out of school (UNICEF, 2025). Attendance declines significantly at the secondary level, likely because children need to seek work to support their families' incomes. In 2022 (the latest available figure), over one-third of enrolled children in lower secondary school and almost 60% of enrolled children in upper secondary school failed to complete their education (UNICEF, n.d.). There are alarming disparities in wealth when it comes to school dropout rates, with almost 50 % of children enrolled in lower secondary school and 77% of children enrolled in upper secondary school failing to complete their education in the lowest wealth quintile in 2022, while 13% and 30% of children dropped out of lower and upper secondary school in the highest quintile (UNICEF n.d.).. Out-of-school rates at the secondary level are also high in the MENA region, with noticeable disparity across gender and wealth. In fact, 14.2% of girls compared to 9.2% of boys are out of lower secondary education, while 32.3% of girls compared to 26.3% of boys are out of upper secondary education. As for wealth, out-of-school rates for both lower and upper secondary education are significantly worse at the lowest wealth quintile, reaching 21% and 45%, respectively, compared to 3.7% and 12% at the highest wealth quintile (Figure 0-).

Children from poorer households in the MENA region also exhibit substantially lower educational attainment compared to their wealthier peers. For example, students from the richest 20% of households in Jordan score 64 points higher than the poorest 20% (Chandoul et al., 2023). Children who drop out of school early with limited skills have greater difficulty finding well-paying jobs and escaping poverty in adulthood. This ultimately impacts national economies through lost human capital and productivity.

Figure 0-4 Out-of-School rates at Lower and Upper Secondary Education in MENA region (2022 or latest available figure)



Source: UNICEF data warehouse

ii. Challenges faced by children with disabilities

An estimated 21 million children with disabilities live in the MENA region (UNICEF, 2022). A dearth of reliable data and analysis have contributed to an underestimation of the number of children with disabilities needing services, often leading to discrimination and exclusion from school systems and even mainstream society (UNICEF, 2022). In Jordan, it is estimated that around 500,000 children are living with disabilities, and between 85-95% are excluded from the education system due to the lack of funding support and social stigmas (Anderson and Pop, 2022).

A growing body of global evidence indicates that the home environment and exposure to developmentally enriching resources like books and educational toys provide crucial support for cognitive, linguistic, and social competencies that are tied to later academic performance. In a study conducted by UNICEF, it was found that children with disabilities are far less likely to have two or more types of toys, and in Tunisia and the State of Palestine, children with disabilities are significantly less likely to have three or more children's books than their peers without disabilities (UNICEF, 2022).

b. Challenges during working age

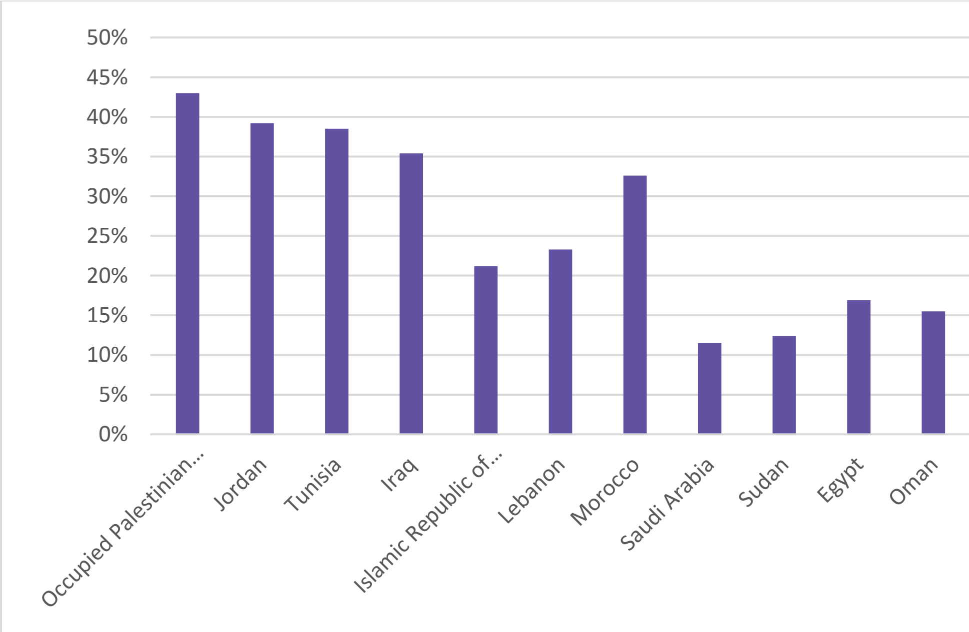
During the first half of the 21st century, the MENA region will see an unprecedentedly large share of its population transition into their most productive years. This opens potential for a demographic dividend if sufficient jobs and human capital investment are ensured (UNICEF & IPC, 2023; Bloom et al., 2003). However, realizing this demographic dividend is hampered by overall low labor force participation, particularly amongst women, and high youth unemployment. With rapid population ageing also looming, young persons are likely to have an increased burden of unpaid care responsibilities, which may reduce their capacity to engage in the labor market. Indeed, the demographic transition could instead hamper economic growth if current working-age vulnerabilities are not addressed (UNDESA, 2023; Hussein, 2021).

Box 2: The Demographic Dividend

The demographic dividend refers to the potential economic growth benefits that can be reaped from demographic changes. As fertility rates decline, the share of working-age people typically grows relative to dependents, creating a "youth bulge" in the working-age population. With fewer children per household and longer life expectancy, people can achieve higher incomes over their lifetime. These changes create a window for accelerated economic growth, but only if the large working-age population is employed productively (Bloom et al, 2003).

The MENA region faces high unemployment, a proliferation of irregular informal sector jobs, and a growing number of working-age people outside both the labor market and the education system. These vulnerabilities, on top of existing challenges for the working-age population in the region, pose a key challenge. Indeed, 31.3% of young people in the MENA region aged 15–24 is neither employed nor in training or education (ILO, 2025). Estimates show the average total unemployment in the Arab States stands at 9.4%, with North Africa having a higher estimated unemployment rate of 9.7% (ILOSTAT, 2025). Unemployment amongst women is even higher at 17.1% in 2025, compared to just 7.8% of men in the MENA region, while in the Arab States, unemployment amongst women is at 16.5%, compared to 7.9% of men (ILOSTAT, 2023). The high rate of unemployment amongst women partly explains the high level of youth unemployment in the MENA region – the highest globally - averaging at 23.4% (Figure 0-).

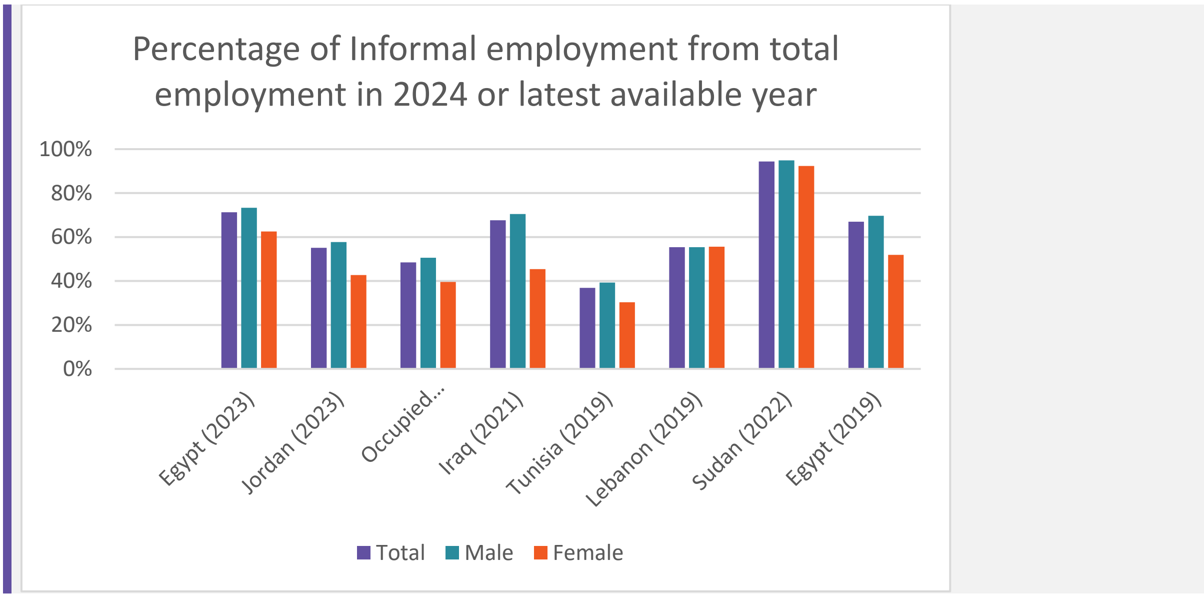
Figure 0-5 Unemployment rate of 15–24-year-olds in MENA countries (2024 or latest available figure)



Source: ILOSTAT modelled estimates, 2025

For those young people who are employed, they increasingly find themselves working in the informal sector with fewer protections and fewer opportunities to build new skills. Modelled Estimates suggest that 52.9% of total employment in the MENA region is informal (*ILOSTAT Data Explorer*, n.d.). As Figure 0- demonstrates, in 2023, informal employment reached 71.3% in Egypt, while Jordan and the Occupied Palestinian Territories of Occupied Palestinian Territory, the percentage of informal employment reached 53.4% and 49.3%, respectively. Such high rates of informality leave the majority of workers even more precariously exposed to the worst impacts of job and income loss since informal workers often work in poor conditions and without access to social security.

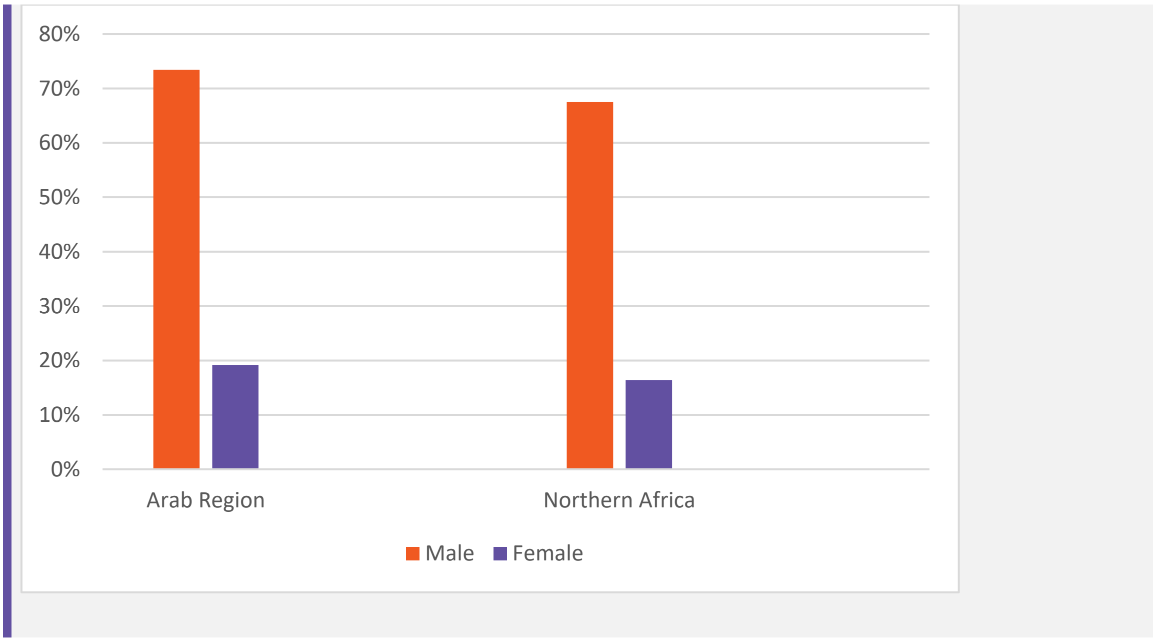
Figure 0-6 percentage of Informal employment by sex in MENA countries (2024 or latest available year)



Source: ILOSTAT Labor Force Statistics, 2025

There are also significant gender disparities in access to the labor market. Notably, the MENA region has the lowest level of female labor force participation in the world (ILOSTAT). In 2025, the average percentage of women aged 15 and over who participated in the workforce was 16.7% compared to 69.4% of men (see Figure 0-). Women predominantly hold care jobs in the public sector: 67% in Egypt, 72% in Jordan, and 52% in Tunisia (Kentikilenis et al, 2023). When austerity measures backed by the IMF are implemented, often involving cuts to public sector employment, women tend to bear the brunt of the impact.

Figure 0-7 Labor Force Participation in MENA disaggregated by sex (2025)

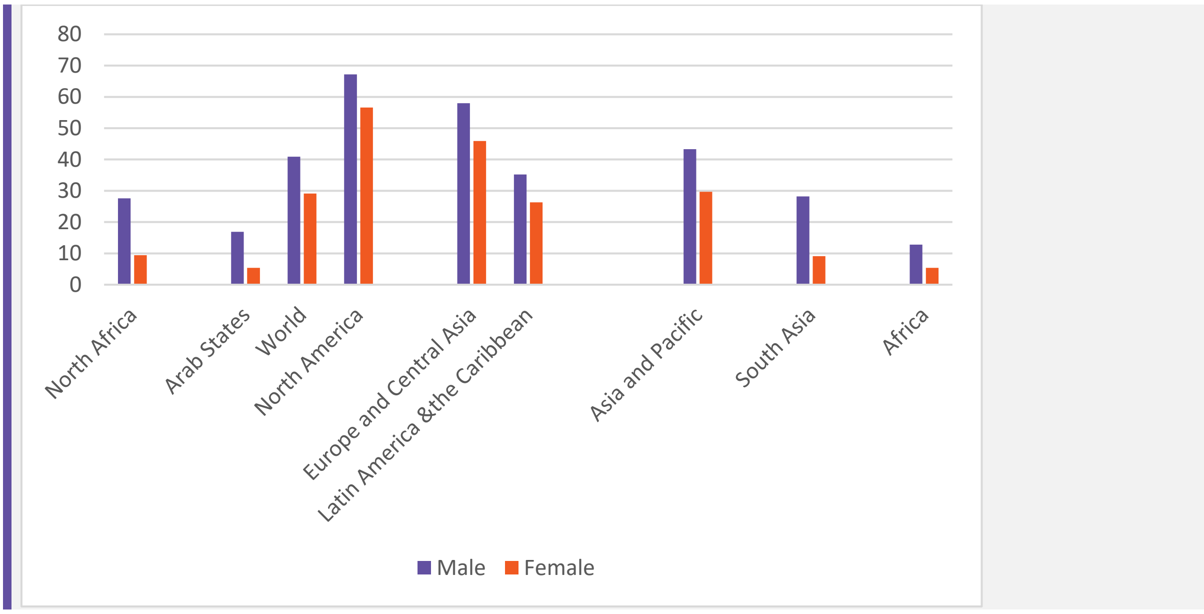


Source: ILOSTAT

Women's participation in the labor market is also negatively affected by the unfair burden of unpaid care responsibilities. Globally, women do three times as much unpaid care and domestic work as men. Yet, in the MENA region, women do 6 times as much unpaid care work, making it the widest gap among all regions (UNWOMEN, 2020). A significant proportion of working-age women report care responsibilities as their primary reason for not participating in the labor force: 59% in Arab States and 63% in Northern Africa. (ILO, 2024a). Causes of this unfair burden on women include deteriorating public services as a result of austerity measures, persistent gender norms, and a tendency to undervalue care work because of the belief that it is a female prerogative. Further, during the COVID-19 pandemic, the closure of schools and nurseries, illness, more limited access to health and social–care facilities, and the closure of services resulted in the intensification of household labor and women's decision to leave the labor market (Sherman, 2020).

Low levels of labor force participation and high unemployment among women affect their income security when they get older. As Figure *0-* shows, active contributions to pension schemes are strikingly low among women in the MENA region. In North Africa, 9.4% of women, compared to 27.6% of men, are contributing to a pension scheme. In the Arab States, only 5.4% of women, compared to 16.9% of men, are covered; both at a much lower rate than the world average of 29.1% among females.

Figure 0-8 percentage of working-age population aged 15+ years contributing to a pension scheme disaggregated by gender (2023 or latest available year)



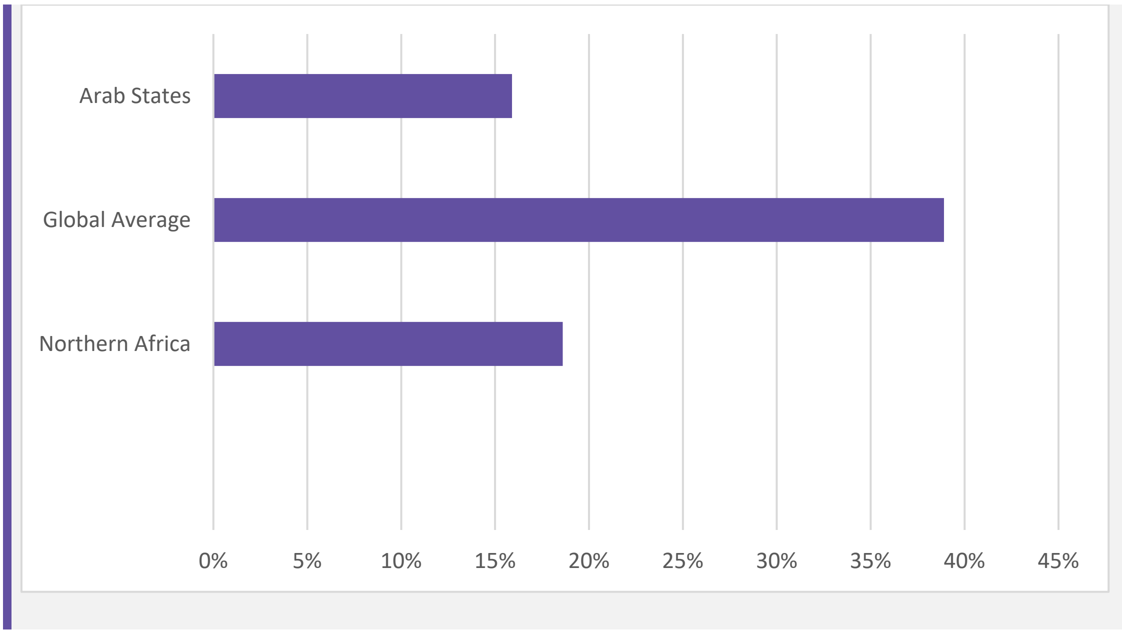
Source: (ILO, 2021)

i. Challenges faced by persons with disabilities.

Despite legislative advances, **persons with disabilities across the Arab region are among the most marginalized and excluded populations** (Narbona & Messieh, 2022)**.** They frequently lack visibility in public life as environments continue to be inaccessible. Additionally, they are disproportionately affected by crises and disasters. They frequently face challenges accessing education and employment, as well as bearing the extra disability-related living costs for health, transportation, and assistive devices. While limited data exists on persons with disabilities in the MENA region, estimates suggest the population prevalence is around 2.9% (UNDP, 2019). Given the estimated 15.6% global disability prevalence and even higher rates in lower-income regions, official disability figures in MENA are likely significantly underestimated. For instance, a UN assessment in Syria found an exceptionally high disability rate of 27% among people aged 12 and older in the country (Narbona & Messieh, 2022). Underestimates are likely due to Inconsistent definitions and the stigma of disability, which can lead to underreporting. Disability assessments also frequently rely on the Washington Group Short Set questions, which have been criticized for not adequately capturing cognitive and mental disabilities. In some cases, these disabilities are wrongfully attributed to spirits *(jinn)*, framing disability as a spiritual issue, rather than a health need (Narbona & Messieh, 2022).

Still, some MENA countries indicate rates above the 2.9% regional average, such as 7.2% among Saudis in 2017 and 5.1% in Morocco in 2014. Under these circumstances, people with severe disabilities have restricted access to social security compared to the 38.9% global average (Figure 3-9). Further, benefits rely on outdated medical and charity models of disability. In most cases, individuals are assigned a percentage rating that determines eligibility, perpetuating barriers and discrimination (Narbona & Messieh, 2022).

Figure 0-9 Share of persons with severe disabilities receiving cash benefits in the region compared to global average (2021)



Source: *(ILO, 2024b)*

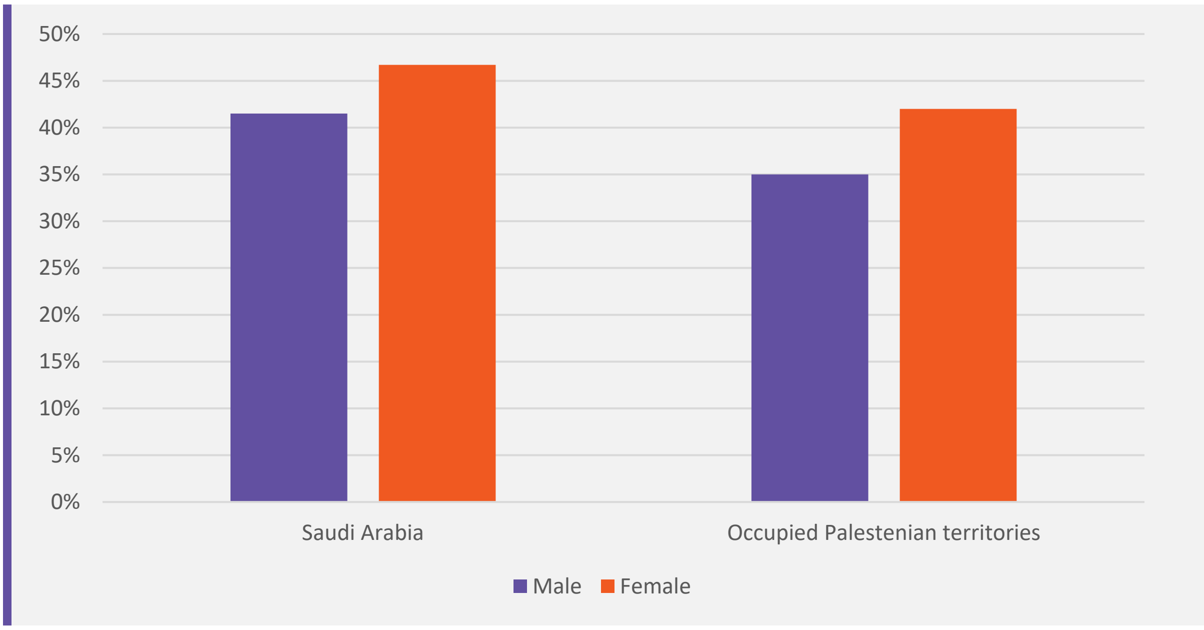
c. Challenges during old age

As people grow older, their ability to earn their own income declines, and their need for care increases. While many MENA countries are at an earlier stage of population ageing due to the "youth bulge" and historically high fertility rates, the rate of ageing will be considerable by 2030, when the population aged 65 and above is expected to reach 50 million (HelpAge International & UNFPA, 2020). By 2050, the number of people aged 60 and over is expected to triple (Hussein, 2019).

Older people are at greater risk of experiencing disability than other age groups. In Iraq, for example, 7% of all persons with disabilities are above the age of 60 (UNFPA & HelpAge International, n.d.-a). In the Occupied Palestinian Territories of Occupied Palestinian Territory, 42% of women and 35% of men above 60 have limited functional ability (UNFPA & HelpAge International, n.d.-c), In Saudi

Arabia, the prevalence of function disability among older persons aged 60 and older is also high, reaching 46.7% of women and 41.5% of men (UNFPA & HelpAge International, n.d.-b). The gender gap in disability tends to widen into old age. The reasons for this are multifaceted and include that women may be more likely to report or overreport disability than their male counterparts and that women tend to have more severe disabilities compared to similarly aged men (Hosseinpoor et al., 2012; Murtagh & Hubert, 2004). Also, men often face life-threatening health conditions leading to early mortality, whereas women, although enjoying greater life expectancy, tend to encounter more disabling health conditions (Murtagh & Hubert, 2004; Nusselder et al., 2019). As Figure 0- shows, the percentage of women over 60 with a functional disability in Saudi Arabia and Palestine is much higher in women than in men. As people age, the prevalence of illness also increases. In the Arab States, non-communicable diseases (NCDs) are the leading cause of death, with NCDs responsible for 52% of deaths in the 15-49 age group compared to 85% in the 50-59 age group (ESCWA, 2022). Among individuals aged 60 and above, the majority of fatalities in most Arab countries are attributed to NCDs, surpassing 85% of all deaths (ibid).

Figure 0-10 Prevalence of functional disability among people above 60 in Saudi Arabia and the Occupied Palestinian Territories disaggregated by gender



Source: Data taken from UNFPA, 2021a; UNFPA 2021b

The rapidly ageing population and the high prevalence of poverty in old age highlight the need to guarantee appropriate support to the older population as they age, in turn relieving pressure on the health care system and any economically active household members that they rely on. However, the reality is that social security coverage among older persons is very limited, with only 55.1% in Northern Africa and 27.8% in Arab States of people above retirement age receiving a pension – significantly lower than the global average of 79.6% (ILO, 2024b). Moreover, the rates among women are much lower, reaching 38% in Northern Africa and 11.5% in Arab states, owing to their lower rates of labor market participation, their overrepresentation in the informal sector, and their work as unpaid care workers (ILO, 2024b). Due to a lack of adequate social security, older people continue to work, often informally out of economic necessity (Solano, 2021). Surveys by the Pan Arab Project for Family Health indicate that 85% of those over 60 in MENA households are the head or spouse of the head (UNFPA, 2018). Heading households financially strains older persons, as meeting expenses may involve forgoing healthcare.

Ageing without adequate income security or care places older persons at heightened risk of hardship and maltreatment. Working into old age can present difficulties as people become frailer and more susceptible to disability, severely compromising their quality of life. Lack of income independence also renders older persons vulnerable to social exclusion, which stems from problematic narratives that they fall outside the "economically productive" demographic since productivity is equated to earning potential. Exclusion can manifest through elder abuse and violence against marginalized, weaker older persons, especially when care in the region depends heavily on family members with minimal formal support alternatives (Pillmer et al, 2016). The failure to protect the rights of older people during the pandemic not only led to the deterioration of cognitive, mental, and physical health, it also increased discrimination, abuse, and social exclusion (ILO, 2021). UNFPA found that in 2019, 10% of older women and 8% of older men in Iraq reported being exposed to violence (UNFPA & HelpAge International, n.d.-a). In the State of Palestine, 24% of older women and 19% of older men reported being neglected in the same year (UNFPA & HelpAge International, n.d.-a).

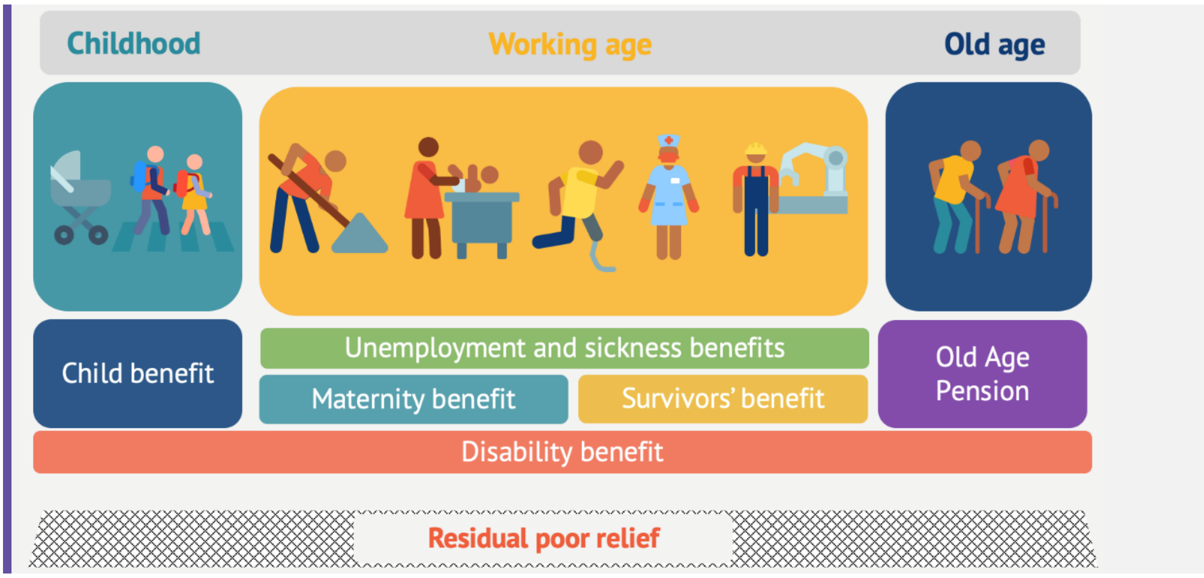
Overview of Social Security Systems in the MENA Region

Good quality social security systems provide support to individuals to address the risks they face across their lifecycles – from birth through to the end of life. As **Error! Reference source not found.** demonstrates, the main schemes found in well-developed social security systems offer income support to children, persons with disabilities, older people, the unemployed, and those who cannot work due to sickness or due to raising children. Within this citizenship paradigm, inclusive, lifecycle social security schemes are accessible to all citizens and offer universal or, at the very least, high coverage. Under this approach, social security is rightfully recognized as a human right, ensuring a minimum income to address lifecycle challenges for all individuals. The transition towards universal social security can also play a major role in the building of an effective social contract, and the strengthening of democracy and prosperity.

Box 3: The Right to Social Security

Article 22 of the Universal Declaration of Human Rights (1948) declares that "Everyone, as a member of society, has the right to social security," while Article 25 states that "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family."

Figure 0-1 A lifecycle system of universal social security

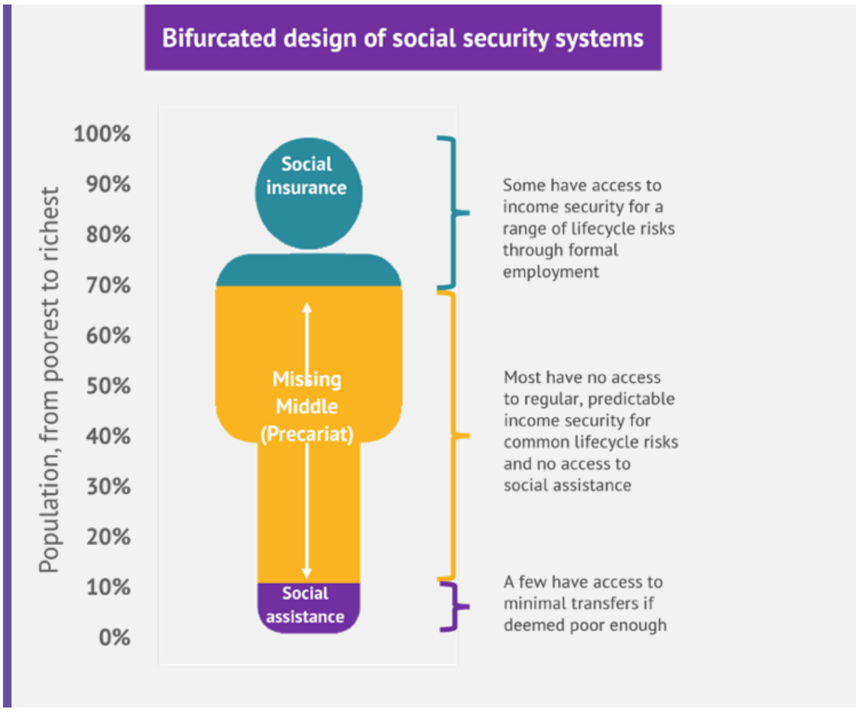


Source: Development Pathways depiction

a. Assessment of social security in the MENA region from a lifecycle perspective

The dominant social security paradigm in the MENA region denies a large segment of society, both citizens and non-citizens, essential social protection, and in doing so, reinforces inequality. In many MENA countries, the design of social security systems is bifurcated, only providing social insurance for an elite minority and small, poor relief schemes targeted at the poorest households. By design, a large proportion of the population living on middle, but still low and precarious incomes, or who are outside the formal economy, are excluded from accessing social security (Figure 0-2). Gaps in social security systems prevent vulnerable groups such as informal workers, the unemployed, and households not deemed “poor enough” from accessing much-needed income support. Moreover, most systems in the MENA region narrowly target ‘citizens’, legally excluding non-nationals and overlooking complex questions around the right to social security for refugees and the reality of migration and protracted displacement in the region. The prevailing model of social security, therefore, leaves most of the population in many MENA countries without access to regular, predictable income security for common lifecycle risks and no access to social assistance.

Figure 0-2 Bifurcated social security systems in MENA region



Source: Development Pathways depiction

i. Historical legacy

The emergence of the bifurcated social security model can be traced, in part, to the historical evolution of social welfare systems in the region. Post-colonial regimes, between the 1950s and 1970s, established an authoritarian corporatist model of governance to consolidate power and maintain stability (Loewe et al., 2020). This model exchanged social provisions for limited government accountability and political acquiescence, predominantly in the form of commodity subsidies, free education and healthcare, and guaranteed public sector employment. These social provisions were generally financed by substantial external rent income from oil and gas, foreign aid, and transfers from wealthy GCC countries (Loewe et al, 2020). However, from the 1980s onward, decreasing global energy prices and falling remittances left authoritarian regimes unable to sustain this model and forced governments to succumb to pressure from international financial institutions (IFIs) to reduce social spending (Loewe et al., 2020). Under this pressure, governments initiated structural and fiscal reforms in the 1990s to scale back spending on social provisions that mostly benefitted the poor, concentrating the reallocation of external rent income on societal groups that were important for the stability of their rule, mainly formal sector employees (Loewe et al., 2020). Additionally, this was accompanied by a decline in public sector hiring in many MENA countries, which was not met by growth in the formal private sector sufficient to compensate for the loss of those public sector jobs. As a result, informal employment increased, leaving many workers without access to social security. For example, in Egypt and Tunisia, the share of public sector employment fell dramatically from 75-80% in the mid-1970s to around 25-35% in the 2010s (Assaad & Barsoum, 2019).

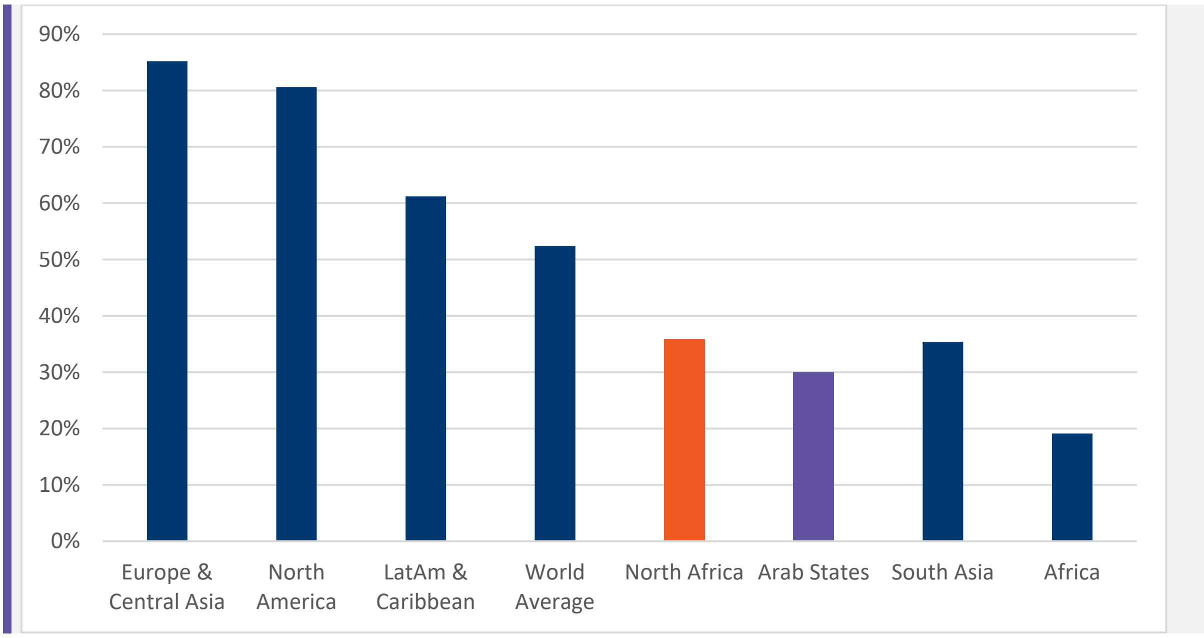
This trend accelerated in the 2000s due to continued fiscal pressures and declining government revenues, leaving increasingly more people without any access to social security. Since the mid-2000s, governments across the MENA region have faced significant budgetary pressures to reduce or eliminate subsidies, especially on fuel, which contributed to large fiscal deficits (Achy, 2012). Although food subsidies tend to be progressive because the poor tend to spend proportionately more on food, fuel subsidies, in many cases, benefit wealthier households and contribute to a large budget shortfall. Therefore, from 2010 onwards, many MENA governments decided to initiate subsidy reforms, often under IMF bailout conditions.

Subsidy cuts have a disastrous effect on people's well-being. This is because subsidies tend to reach a large share of the population, and, as a result, have had a positive impact on poverty reduction. In Egypt and Iraq, for example, Silva et al (2013) found that food ration cards reduced the poverty headcount by more than 30%. Fuel subsidies are also a major benefit to poor people's incomes, and their removal forces them to pay a higher share of their income for transport and goods and services tied to energy prices. Not only can eliminating subsidies spike prices and deteriorate living conditions, but it can also threaten economic and social stability when those negatively impacted—many of whom are part of the middle class—are not compensated (Devereux, 2015). In Sudan, the elimination of energy subsidies in 2021 resulted in significant civil unrest, contributing to regime change and ongoing civil conflict, following increases in petroleum and diesel prices by 93% and 128%, respectively (Oman Observer, 2021). Further, in many other MENA countries, the fiscal space created by these drastic reductions in government subsidies has not been reinvested into building more inclusive social security systems; rather, IFIs have pushed governments to use a portion of the savings to increase financing for means-tested poor relief schemes that often reach only a small fraction of the population and exclude even the poor families they intend to reach.

b. Coverage and adequacy of social security in the MENA region

The historical legacy of the corporatist model of social security in the MENA region has left the majority of the population—the "missing middle"—unable to benefit from either social insurance or tax-financed social security. Although effective coverage varies across upper and lower-middle-income countries in the region, ranging from 53.8% in Tunisia to 20% in Lebanon, many households living on low or middle incomes or who have a household member working in the informal economy are unable to access income support through social insurance or a poverty-targeted scheme. In Lebanon, for example, just 6.5% of the population receives a tax-financed benefit and around 13.5% receives a contributory benefit (ILO, n.d.). In general, only 35.8% of people in Northern Africa and 30% in Arab States have effective coverage in at least one area of social security, significantly less than the global average (Figure 4-3).

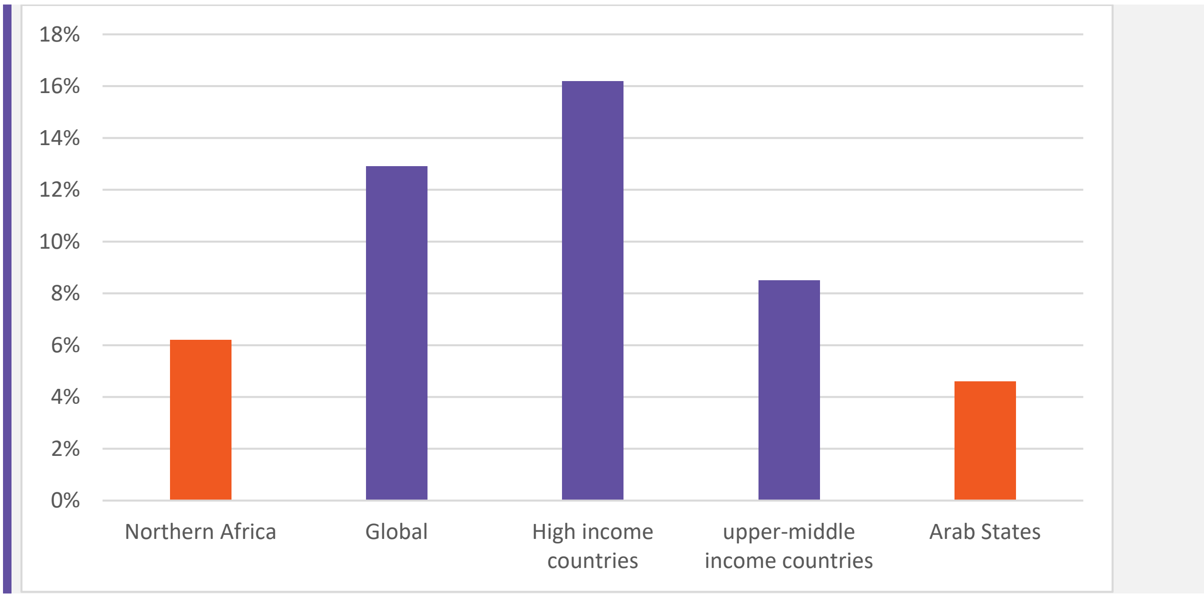
Figure 0-3 percentage of population covered by at least one social security benefit (excluding health) in MENA region compared to other regions



Source: ILO, 2021.

The unequal and low coverage of the population can be attributed to exclusionary social insurance schemes and underinvestment in tax-financed social security, particularly for vulnerable groups (Jawad, 2014). As Figure 0-4 demonstrates, the average investment in social protection (excluding health) amounts to only 7.8% of GDP in Northern Africa and 4.6% in Arab States, both significantly below the global average (ILO, n.d.).

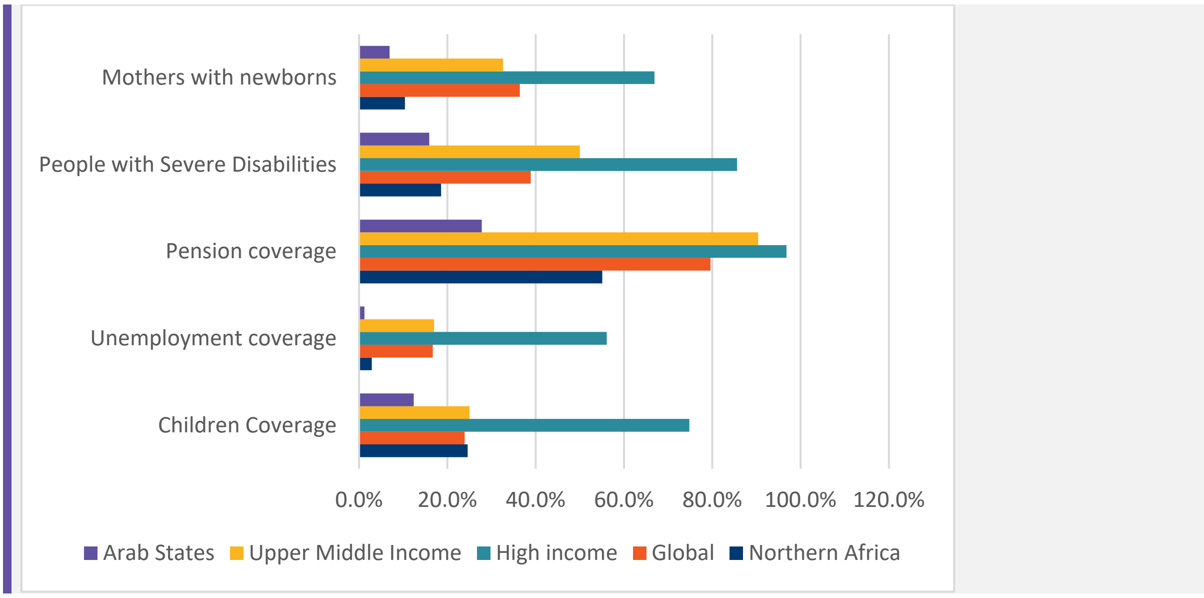
Figure 0-4 Average expenditure on social protection (excluding health) in MENA region compared to different income groups and globally, as a percentage of GDP



Source: ILO, 2021

As Figure 0-5 shows, coverage among children, persons with disabilities, and working age is especially low. The coverage of children (0-18) within social security systems in the Arab States region is only 12.4%. This figure falls short of the global average of 23.9% and is significantly lower than the 74.8% coverage observed in high-income countries. In the MENA region, 15.8% of people with severe disabilities are covered by social security, well below the global average. At working age, only 2.7% of the region's unemployed had access to unemployment benefits, compared to 16.7% globally and 56.1% in high-income countries(ILO, n.d.).Mothers with newborns are likewise poorly covered, with only 11% receiving maternity benefits compared to 36.4% globally (ILO, n.d.). Notably, pension coverage is highest among lifecycle risks, yet it still falls significantly below the global average. Gender disparities are particularly evident in statutory pension coverage as well. In Northern Africa, 75.9% of men receive pensions compared to just 38% of women; in Arab States, the figures are 46.8% for men and only 11.5% for women (ILO, n.d.). Non-contributory pension benefits are also limited, with just 5.9% of people above statutory retirement age in northern Africa and 2.8% in Arab States receiving them. These pensions often fall well below national poverty lines— for instance, Egypt's minimum tax-financed pension amounts to just 40.8% of its national poverty threshold (ILO, 2024b). Given these circumstances, active participation in pension schemes is typically necessary for adequate coverage. However, this option remains largely inaccessible to women, primarily due to previously noted low female labor force participation; only 8.5% of working-age women in the MENA region are enrolled in pension plans.

Figure 0-5- MENA populations covered with social security compared to global, high-income and upper-middle-income countries



Source: (ILO, n.d.)

c. Reform efforts

Since 2010, MENA governments have attempted to address the socioeconomic challenges of subsidy removal by reforming existing social insurance schemes and introducing more poverty-targeted schemes. Social insurance reforms mainly aimed to increase registration compliance, achieve fairness across generations of insured members or decrease the financial burden on public spending (ILO, 2021). This manifested in new social insurance laws across the region such as law no. 1, 2014 in Jordan, law no. 148, 2019 in Egypt, law no. 14, 2022 of Bahrain, law no. 18, 2023 in Iraq and Royal Decree No. 52/2023 in Oman. The laws consolidated the administration of the respective social security systems and unified fragmented schemes under one framework. They included parametric reforms to increase financial sustainability, including increasing the retirement age and reducing incentives for early retirement. While the legal frameworks generally attempt to encompass all employees, certain vulnerable groups may face exclusion or limited access to benefits. Moreover, even when those groups are included, they primarily cover long-term risks and only provide coverage if voluntary enrolment conditions are met. Since enrolment is voluntary, including these groups has limited effects on increasing overall coverage (ILO, 2021). Additionally, inadequate enforcement, vulnerable labor conditions, and limited resources contribute to inequitable outcomes and challenges in accessing social insurance, even with these reforms.

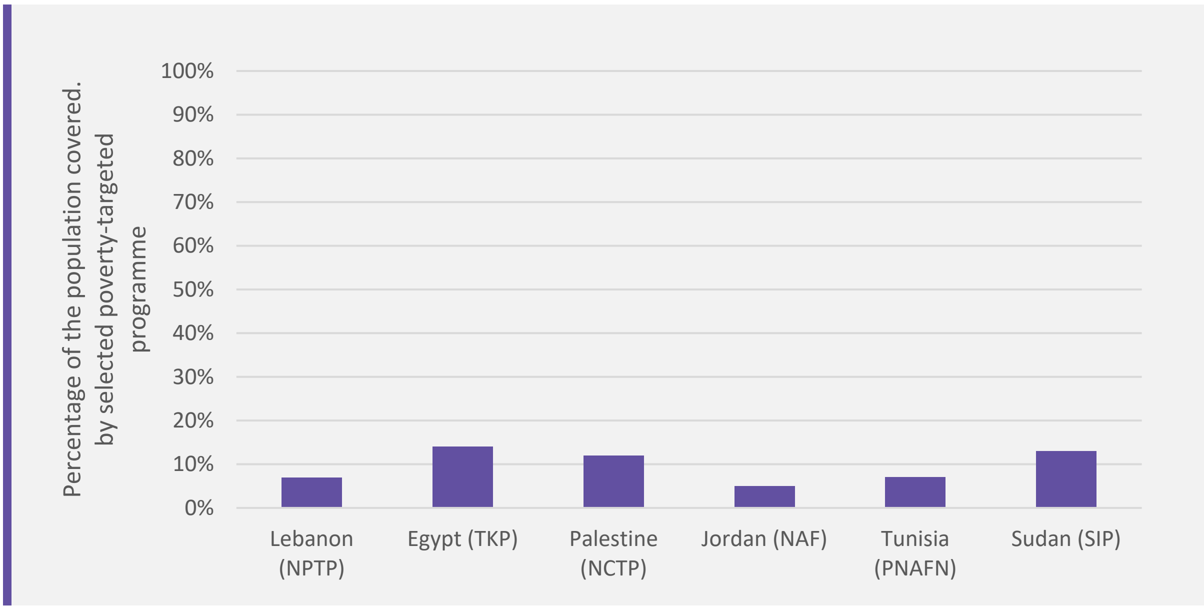
Poverty-targeted schemes have also been pushed by IFIs in recent years and represent the main measure promoted by the IMF in the MENA region between 2020-2022 (Rouine., 2023). These means-tested poor relief schemes aim to select beneficiaries by identifying those with the lowest incomes. Identification is normally achieved through a proxy means test (PMT), which utilizes a household survey to develop a number of proxies to statistically predict a household's income. In the MENA region, a PMT has been employed in Morocco, Algeria, Jordan, Egypt, the Kingdom of Saudi Arabia, Palestine, Tunisia, Yemen and Lebanon (World Bank, 2020).

Consistent with global evidence, PMTs erroneously exclude many of the poor households they intend to reach (Kidd & Athias, 2020). In Tunisia, 83% of those in the bottom 20% of the welfare distribution are incorrectly excluded from the Programme National d'Aide aux Familles Nécessiteuses (Braham et al., 2022). In Jordan, estimates suggest that 67.5 % of eligible households are excluded from accessing tax-financed social security benefits administered by the National Aid Fund (NAF) (Anderson & Pop, 2022). Similarly, Egypt's Takaful and Karama Program (TKP) has an exclusion error of 55% for the poorest quintile and 75% for the second quintile (Kidd, S., 2022). In Palestine, the poverty-targeted Palestinian National Cash Transfer Program (NCTP) excludes 58% of intended beneficiaries due to targeting errors, despite being heralded as "among the world's best targeted programs" by the World Bank (own calculations based on PECS 2017; World Bank, 2012). Means-tested and poverty-targeted approaches do not provide financial security to cover all people within a defined contingency, and, by design, exclude individuals with the right to social protection. Even high-income countries like the United Kingdom face substantial exclusion errors with means-tested schemes. Indeed, approximately £19 billion of means-tested benefits in the UK are unclaimed each year (Clegg et al., 2023).

The inherent challenges with poverty targeting are because it is premised on the erroneous assumption that the "poor" can be accurately identified. In reality, large parts of the population are living on low or insecure incomes, meaning that income and consumption are volatile for many people and households fluctuate in and out of poverty (Knox-Vydmanov, 2014). The volatility in income is due to households experiencing shocks—such as sickness, disability, death of a breadwinner and unemployment—which reduce their income. Conversely, individuals may also experience income increases when seizing opportunities such as obtaining a new job or benefiting from a successful harvest. Fluctuating levels of household income and consumption can skew poverty assessments, and often, the data fed into the systems is often out of date. For example, poverty-targeted programs in Lebanon and Yemen use census data that is more than a decade old. Therefore, the algorithms used to target the "poorest" can only capture a static picture of poverty, which is not the reality of how people experience crises or shocks.

As shown in Figure 0-6, poverty-targeted programs also have very limited population coverage, despite high levels of poverty. For instance, only 14% of the population in Egypt received income support from the TKP program, despite 30% of the population were living below the national poverty line (CAPMAS, 2021). Similarly, only 7% of the population received income support from the PNAFN, despite 16.6% of the population were living below the national poverty line in 2021 (World Bank, 2023b). In Sudan the situation is much worse, with 46.5% of the population were living below the national poverty line and only 13% were covered by the SIP (World Bank, 2023c). It should be noted that this poverty estimate was from 2009 and, given the political and economic crises in Sudan then, coupled with rising global food prices, it is highly likely that poverty rates were significantly higher than those captured in 2014/2015. Low levels of coverage, inadequate benefit levels and exclusion errors mean that the gradual expansion of poverty-targeting schemes is unlikely to have any meaningful effect on consumption, inequality and poverty reduction (Devereux, 2015). Indeed, analysis in Jordan and Lebanon shows that existing poverty-targeted social security schemes have contributed to a reduction of only 1.5 and 0.5 percentage points in nationwide poverty rates, respectively (ILO, 2021).

Figure 0-6- Population coverage rate of select poverty-targeted programs in the region in 2020



Source: (ESCWA, 2021)

In response to the inherent challenges of poverty targeting and the failure of poor relief schemes to address the impacts of recent large-scale shocks such as the COVID-19 pandemic, IFIs have pushed technology and digitization as a silver bullet solution claimed to improve accuracy, reliability and efficiency of the PMT (Human Rights, 2023). Advances in big data, artificial intelligence, and machine learning, proponents claim, can improve the accuracy of poverty-targeted programs by delegating the eligibility assessment to computer algorithms and by digitizing the application process. Nevertheless, the digitization of welfare systems is often accompanied by reductions in social welfare spending, the elimination of some public services, and more stringent means-testing, eligibility criteria and conditions which shrink the pool of beneficiaries (Special Rapporteur on extreme poverty and human rights, 2019).

In Jordan, the World Bank funded the automation of eligibility decisions in the Unified Cash Transfer (UCT) program. After screening out families that do not meet basic eligibility criteria, the UCT program employs an algorithm to select recipients from among the pool of eligible applicants by ranking their income and wealth (Human Rights Watch, 2023). However, algorithmic indicators like electricity and water consumption to measure economic vulnerability fail to capture the reality individual family's economic situation. The algorithm, for example, assumes that higher utility usage broadly correlates with greater wealth. However, low-income families often reside in poorly insulated apartments where heating costs are higher and frequently utilize older, inefficient appliances that drive up utility expenses because they cannot afford replacements (Human Rights Watch, 2023). Consequently, people are wrongly excluded from the program because aspects of their livelihoods are decided to be accurate indicators of their household's wealth. In short, better technology is not a silver bullet solution to the inherent challenges of poverty-targeting.

i. Poverty-targeting can undermine trust and weaken the social contract

In contexts where low incomes, insecurity and poverty are widespread, schemes that set out to identify and target only "the poorest" are likely to be perceived as excluding people arbitrarily, especially when poverty is widespread (Sibun, 2022). Not only can this erode the social contract, but it can also erode social capital – the relations of trust and reciprocity that bind individuals in a society together – by generating stigma and mistrust within already polarized communities. In Lebanon, for example, 82% of the population live in multidimensional poverty (ESCWA, 2021). In such contexts, attempts to distinguish between the poor and the non-poor inevitably weakens trust in a system perceived as arbitrary. As one unemployed woman noted, many people are excluded from the National Poverty-Targeting Program (NTPT) despite having no income and multiple dependents. Her sentiments echo broader public criticism that the selection process for the NTPT breeds resentment among the population, who feel victimized by an arbitrary system that provides vital income support to some, but not others, in a seemingly random process (Osseiran, et al, 2023). In contexts with high levels of inequality and a precarious threat of social unrest, promoting poverty-targeted schemes – which can harm trust, both in government and between citizens – Can worsen the risk of instability.

ii. Despite reforms, security systems are poorly equipped to respond to major shocks

In recent years, there has been growing national and donor interest in leveraging social protection systems to respond to large-scale covariate shocks (O'Brien et al., 2018). This has given rise to the

Box 4: Summary of shock-responsive social protection options

A broad typology of the types of shock-responsive policy and administrative actions available during a crisis are outlined by OPM (2018) as:

1. Vertical expansion – Temporarily increasing the value or duration of benefits for existing recipients to provide a "top up" in response to a shock
2. Horizontal expansion – Temporarily increasing the number of recipients in an existing social protection program.
3. Design tweaks – Making small adjustments to the design of routine social protection interventions. For example, this may include waiving conditionalities or altering payment protocols.
4. Piggybacking – Using elements of an existing social protection program or system while delivering a separate emergency response, including "borrowing" beneficiary lists, staff, databases, etc.
5. Alignment – The development of one or more elements of a parallel humanitarian response that aligns as best as possible with those used in a current or possible future social protection program or DRM system. Examples include an alignment of objectives, targeting methods, transfer values or delivery mechanisms.

In addition to those identified above, countries can introduce completely new schemes to cater for risks/contingencies or population groups that were previously excluded from or not taken into account under the existing system.

concept of *shock-responsive social protection* (SRSP), which refers to the use of existing social protection systems to scale up assistance in times of crisis. SRSP can be scaled up vertically—by increasing the value or duration of support to existing recipients—or horizontally—by temporarily expanding coverage to include new, crisis-affected populations not previously enrolled in the system. Beyond immediate crisis response, the SRSP agenda can also incentivize governments to invest in stronger, more adaptive social protection systems that reduce long-term reliance on humanitarian aid and improve state accountability in meeting basic needs.

As a consequence of systemically low spending, low coverage, poor design, and limited institutional capacity social protection systems across the MENA region remain structurally ill-equipped to respond to large-scale shocks, despite recent reforms. For instance, in the absence of strong social protection systems before the onset of the COVID-19 crisis, most countries in the region could not effectively scale up their systems, and as a result, a low proportion of the population were reached by emergency support. Across the region, 85% of COVID-19 responses were new, emergency interventions, and only 15% were due to scaling up either horizontally or vertically existing systems. Moreover, 87% of emergency interventions aimed at increasing the coverage of existing programs, showing their limited coverage (IPC-IG, n.d.). Further, although 73% of low- and middle-income countries in the region implemented some kind of emergency social security response, the investment in these responses was inadequate.

The majority of emergency responses amounted to investments of less than 0.3 % of GDP, severely limiting the scope and impact of the emergency responses. Moreover, transfer amounts were too small to provide meaningful protection. In fact, 47% of transfers were one-time payments, providing very minimal support when divided among household members and stretched over the extended duration of the crisis (Sibun, 2021). Indeed, when evaluating the sufficiency of benefits provided in the region, it becomes evident that the highest number of days during which beneficiaries of emergency payments were shielded from poverty amounted to 103 days (IPC-IG, n.d.). Notably, this extended coverage was observed in only two programs, namely those implemented in Lebanon and Iraq. In contrast, the majority of programs fell considerably short, offering far fewer days of protection against poverty (ibid). While emergency responses were often necessary, the over-reliance on parallel, short-term interventions meant that many countries missed a critical opportunity to invest in the institutional capacity and infrastructure of national social protection systems. This perpetuated a cycle of ad hoc, unsustainable crisis responses with little long-term resilience gains.

Despite the clear need, many governments in conflict-affected and fragile contexts remain reluctant to invest in social protection, often citing insecurity, fiscal constraints, weak administrative capacity, and fears of political capture or diversion of resources. Evidence from the Institute of Development Studies (IDS), drawing on five years of research under the BASIC (Better Assistance in Crises) program, suggests that these concerns—while legitimate—frequently result in short-term decision-making that undermines longer-term stability and recovery (IDS, 2025). Across multiple crisis-affected contexts, governments and international partners have tended to deprioritize social protection during periods of conflict, viewing it as fiscally risky or operationally unfeasible amid violence, displacement, and fractured governance arrangements (IDS, 2025). However, IDS research finds that the suspension or erosion of social protection during crises often exacerbates vulnerability, accelerates chronic poverty, and weakens state–citizen relations, ultimately increasing humanitarian caseloads and prolonging reliance on emergency assistance (IDS, 2025; BASIC Research, 2025).

Importantly, the BASIC program demonstrates that maintaining even core social protection functions during conflict can protect critical development outcomes in food security, health, and education, while also preserving institutional continuity and frontline delivery capacity (IDS, 2025). Nevertheless, political risk aversion, rigid financing structures, and a preference for parallel humanitarian delivery mechanisms continue to crowd out sustained investment in national social protection systems, despite evidence that adaptive delivery models, innovative partnerships, and conflict-sensitive design can make such systems viable in highly insecure settings (IDS, 2025). As IDS argues, the reluctance to invest in social protection during crises reflects not only capacity limitations, but also deeper issues related to political incentives, trust, and weakened social contracts in fragile contexts (IDS, 2025).

Imagining a Way Forward

As crises become more frequent and interconnected—ranging from violent conflict to climate-related shocks—the need to ensure social protection systems are fit for purpose in such contexts has never been more urgent. Yet, the prevailing model among many international actors still leans heavily on short-term, externally driven programs that often bypass or even weaken national institutions. While working through national systems during emergencies, particularly during conflict, can be complex and slower, it is also fundamental. Social protection should not be treated as a complementary feature of crisis response—it is a central pillar for enabling recovery, preserving dignity, and reducing long-term vulnerability. Crucially, donor financing should prioritize integration with national systems, with a view toward sustainability and eventual government ownership. Rather than building parallel structures, crisis interventions must reinforce the public institutions that will outlast humanitarian programming. Building resilience means shifting the starting point: supporting national systems from the onset of a crisis, not merely in its aftermath. This requires aligning with existing—sometimes imperfect—social protection frameworks, understanding local context, and recognizing that elements of these systems often continue functioning even amid conflict and instability.[4]

While the socio-economic landscape across the MENA region has significantly shifted in recent years, investing in inclusive, lifecycle-based social protection systems offers long-term developmental and economic gains. The core rationale for universal lifecycle systems is that they are more equitable, efficient, and politically sustainable than narrowly targeted programs. These systems support economic resilience by enabling consumption smoothing, protecting households during crises, and strengthening the social contract through visible, regular public investment. They also contribute to social cohesion in contexts where exclusion and marginalization often fuel instability.

a. The design of a lifecycle-based social protection scheme

Well-designed social security systems achieve universal coverage by providing a multi-tiered system of support. This includes tax-financed and social insurance schemes that together ensure no gaps in coverage. Within this system, everyone can access core lifecycle guarantees financed through taxes or contributions. These guarantees offer income support to everyone across the lifecycle, including the majority on middle incomes—from birth through the end of life. Support is provided to children, persons with disabilities, older people, the unemployed, those unable to work due to sickness, and new parents. Additionally, those who have paid contributions to the insurance system receive top-up benefits, financed by members' contributions and residual social assistance programs offer additional support to those still living in poverty. Moreover, universal programs remove the need for subjective and error-prone assessments of people's income and welfare, and the intrusive data collection practices required for these assessments. They also simplify eligibility requirements, easing the burden of applying while improving transparency and accountability.

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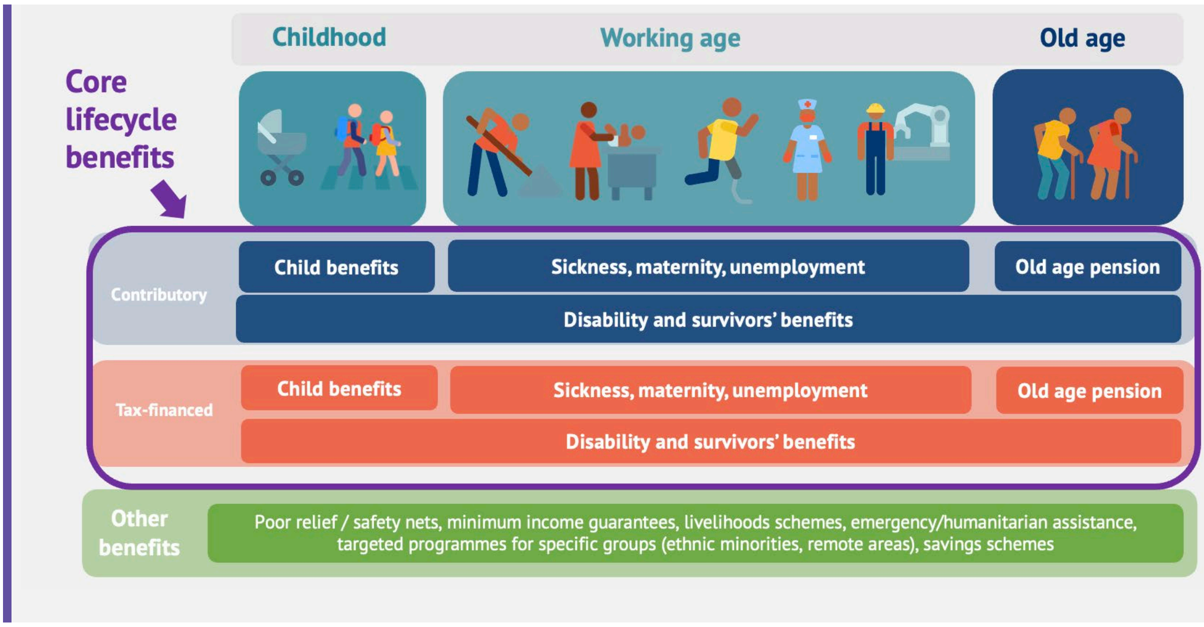
[4] See for example, FAO, 2025, which discusses how while the Palestinian National Cash Transfer Program (PNCTP) and broader social assistance mechanisms were already under strain prior to the start of the genocide in October 2023, aspects of the system remained functional into 2025. FAO (2025) highlights how, despite severe infrastructure damage and displacement, cash assistance to vulnerable households continued, facilitated by partnerships with international agencies and local actors. Although this assistance was largely humanitarian in nature, it often worked through or alongside existing targeting and delivery systems — including social registries and administrative networks — particularly in the early months of the crisis. This case illustrates that elements of social protection can be sustained, even amid widespread conflict. However, the Gaza response also underscores the limits of this resilience: delivery and coverage were constrained, and funding was heavily dependent on international partners. While imperfect, the continuity of support demonstrates the potential value of investing in adaptable, shock-responsive social protection architecture before crises hit.

Figure 0-1 Multi-tiered lifecycle social security system



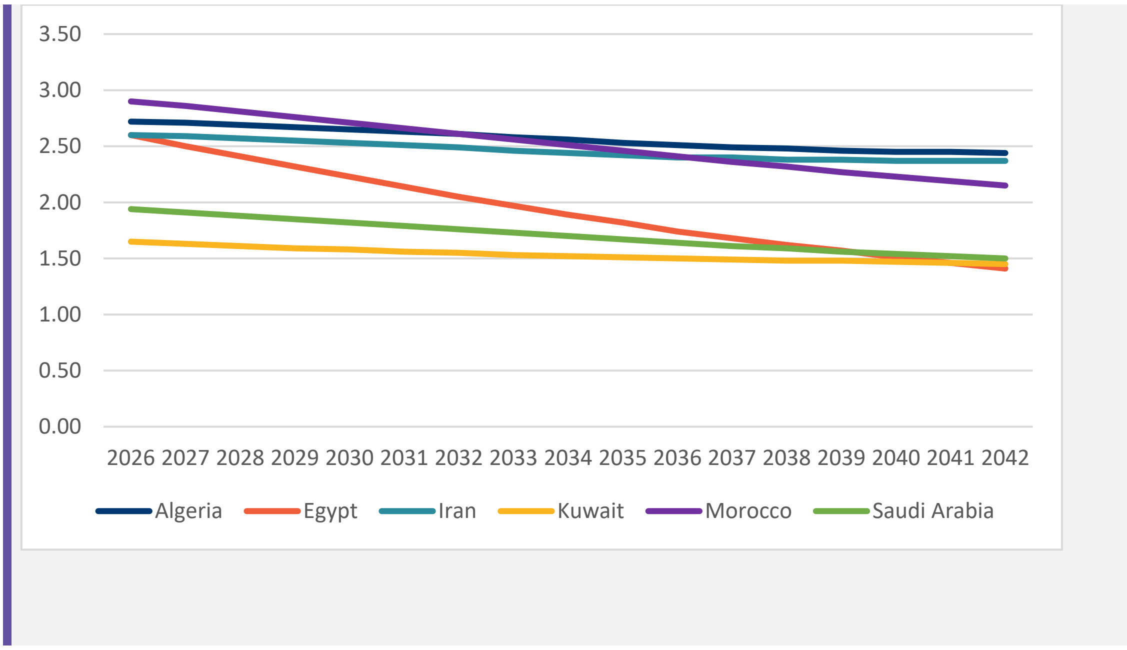
Source: Development Pathways depiction

b. Costs and fiscal space

A prevailing concern amongst lower- and middle-income countries concerns the affordability of universal schemes. Many MENA countries are currently facing a severe debt and economic crisis, limiting options in the short run to expand fiscal space for investing in a lifecycle social protection system. Crucially, armed conflict, political instability, and large-scale displacement further constrain the ability of governments to raise revenue, plan over the long term, or deliver services equitably. These crises not only reduce fiscal capacity but also increase demand for social protection—particularly in border regions and areas hosting displaced populations. In these circumstances, governments may achieve universality by designing social security systems to be implemented gradually over time, by initially limiting coverage to a clearly defined group within a life cycle contingency or by initially achieving universal coverage but with low benefit levels, increasing the benefit value over time.

Consider this proposal for Algeria, Egypt, Iran, Kuwait, Saudi Arabia and Morocco that demonstrate the investment needed for a comprehensive lifecycle social security system under several different contexts. This lifecycle system comprises a basic universal child benefit, universal disability benefits for children and adults and a universal old-age pension for each country. The projected costs associated with the immediate implementation of these core social security components would require a combined investment of approximately 1.94 to 2.72% of GDP in 2026, as illustrated in Figure 5-2. Notably, these expenditures are expected to decline incrementally over time, reaching an estimated 1.5 to 2.44% of GDP by 2042.

Figure 0-2- Overall level of investment required to establish a universal lifecycle social security system as a percentage of GDP in select countries (2026-2042)

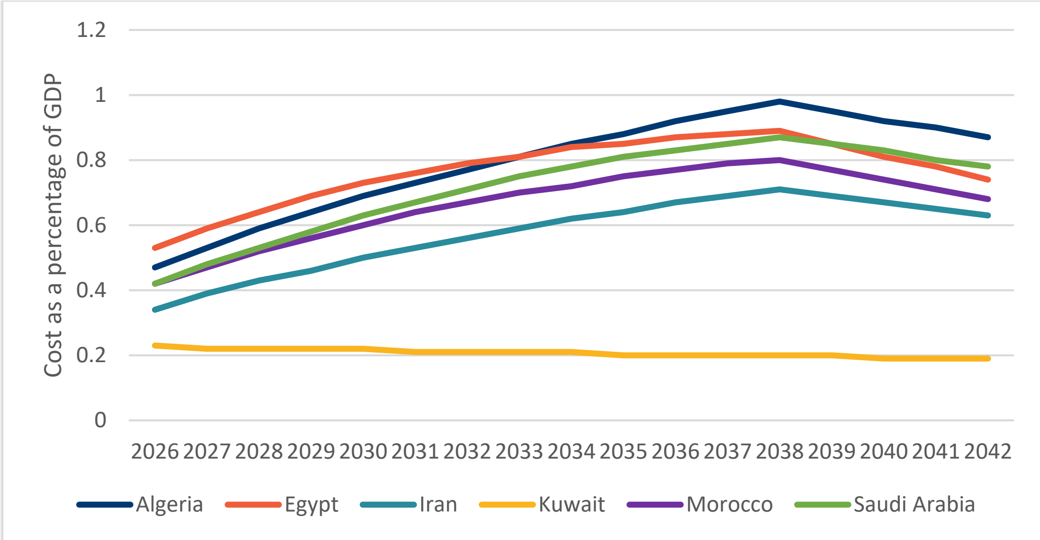


Source: ISSPF costing tool

The figure illustrates indicative social protection benefit schemes across the lifecycle, including child benefits (ages 0–17) set at 4% of GDP per capita; disability child benefits and disability benefits set at 12% of GDP per capita; and old-age benefits (65+) set at 12% of GDP per capita. Values represent illustrative transfer levels used for costing and comparative analysis.

In circumstances, where governments face a severe debt and economic crisis, limiting options in the short run to expand fiscal space for investing in a lifecycle social protection system, they may achieve universality by designing social security systems to be implemented gradually over time. Figure 0- demonstrates the cost of the gradual roll-out of a universal child benefit for Algeria, Egypt, Iran, Kuwait, Saudi Arabia and Morocco. In this figure, government starts with universal coverage of all children between 0-4 and gradually increase the upper age limit by 1 year annually until the age of 18. This would require initial investment between 0.23 and 0.47% of GDP and each year, governments would increase spending by between 0.01 – 0.07 percentage points, allowing for the progressive expansion of the scheme. In certain countries, figures remain unchanged for years. In doing so, governments could increase the available fiscal space needed to fund the benefit gradually each year.

Figure 0-3 Cost universal child benefit as a percentage of GDP, gradually expanded (starting from 0-4 years and increasing the upper age limit by 1 year annually until the age of 18) between 2026-2042



Source: ISSPF Costing tool (2023)

Relatedly, there are several strategies that governments can use to mobilize the resources needed to invest in a financially and economically sustainable national inclusive social security system. This includes increasing tax revenues; re-allocating public expenditures; drawing on official development assistance; fighting illicit financial flows; tapping into reserves; borrowing/ re-structuring debt; and adapting the macroeconomic framework (ITUC, 2022).

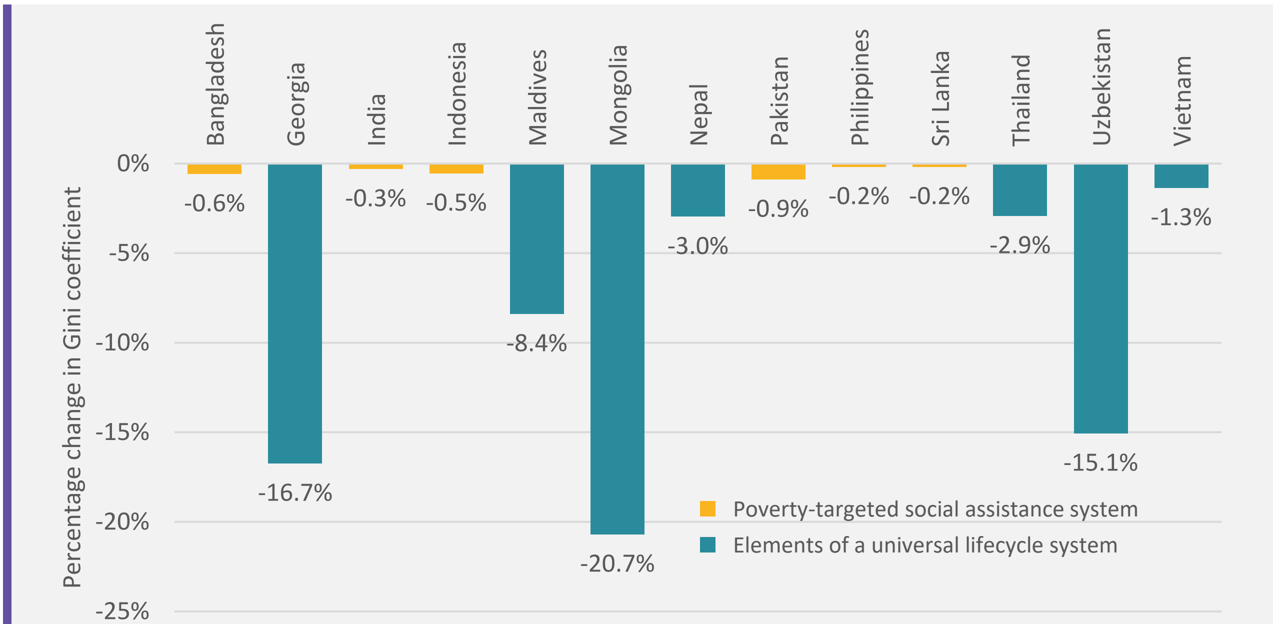
In this region, phasing out regressive subsidies presents a major new revenue base for financing inclusive social security. Yet, only a small fraction of fiscal savings made from subsidy reforms have been reinvested into strengthening inclusive social security. Indeed, In Egypt, cuts to energy subsidies between 2014 and 2021 saved 4.3% of GDP, but social security spending only increased by 0.07% of GDP in this period, reaching 0.3% of GDP in total (Friedrich-Ebert-Stiftung, 2023). With an investment of 2.6% of GDP required to establish universal inclusive social security, Egypt's savings could fully fund this expansion. Similarly, in Jordan, investment in social assistance decreased between 2011 and 2017 despite the government eliminating fuel and bread subsidies, which generated 788 million JD (US$1.1 billion) in savings during the same period (Government of Jordan, 2019).

Another potential source of revenue is increasing the rates for progressive forms of taxation, such as progressive income tax, corporate tax and capital tax (ITUC, 2022). Few countries in the MENA region are effectively leveraging existing tax structures to finance investing in inclusive social security (ITUC, 2022). For example, income tax systems in the MENA region have limited ability to redistribute wealth despite being generally progressive by law. According to a recent IMF study, income taxes in MENA countries raise only about 2% of GDP on average and revenues vary widely, from 7% of total revenue in Lebanon to 47% in Yemen (Mansour and Zolt, 2023). Minimal revenue generation is in part because of inadequate administration and enforcement, but also because personal income tax systems are generally only progressive low-income earners. This is due to reduced personal income tax rates for high earners; minimal taxation of capital gains and business income; and increased social security contributions (ibid). Combined, these factors have created tax systems that fail to shift the tax burden onto high-income earners and raise significant revenue. To make personal income tax more progressive and effective at raising revenue in MENA countries, reforms are needed that target high-income taxpayers and sources of capital income like capital gains. These are just two options that governments can use to create fiscal space for inclusive social security. Rouine (2023*)* presents several other **fiscal space options for financing inclusive social security** in the MENA region, showing that there is sufficient fiscal space to fill the financial gap needed to finance inclusive social security. Therefore, the amounts that countries invest in social security is not related to fiscal constraints: rather, it is a matter of political will.

c. Potential impacts of investing in universal social security

The impacts of a lifecycle-based social protection system are well documented. Well-designed social security systems organized around a lifecycle contingency-based approach are a more efficient and effective way of addressing inequality and poverty than poverty-targeted schemes. For example, Iran's universal cash transfer proved to be very popular, reducing the Gini coefficient by 2.75 points (IMF, 2017). Universal social security schemes are also more likely to reduce poverty because individual lifecycle benefits are more likely to reach a higher proportion of the population. The experience of several countries globally validates this, as programs prioritizing lifecycle contingencies prove far more effective at alleviating poverty, even without explicit poverty reduction goals. As Figure 0- demonstrates, the impacts on inequality are higher in countries that invest more into a universal lifecycle-based social security system than those countries that prioritize poverty-targeted schemes. Nepal, for example, has a universal old-age pension and the impacts of social security on inequality are much higher than in the richer countries of Bangladesh, India, Pakistan and Sri Lanka which rely on poverty-targeted social security. Moreover, In Mauritius, the Government invests around 4.5% of GDP into both tax-financed and contributory old-age pensions. As a result, absolute poverty among older people is almost non-existent and relative poverty is just 4%; in contrast, Mauritius invests much less in children at just 0.3% of its GDP. Consequently, child poverty rates are much higher, at 7% and 18%, respectively (ILO, 2017; McClanahan & Hillson, 2021*).*

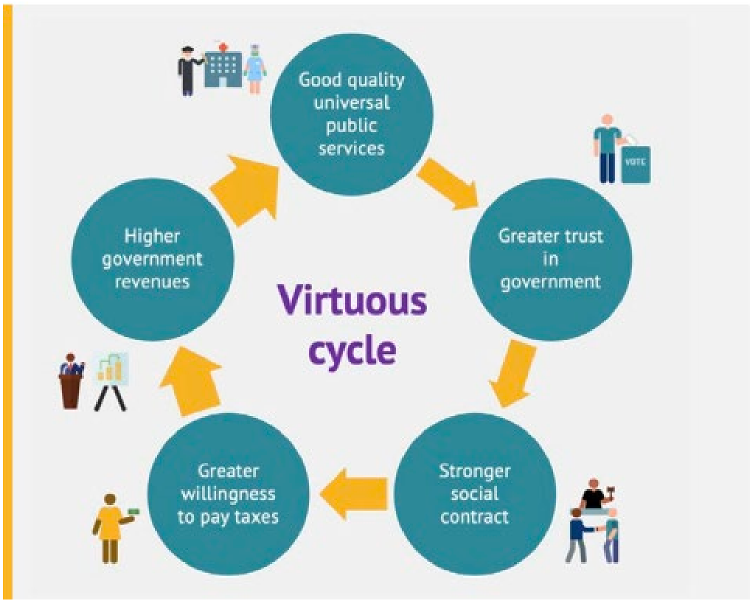
Figure 0-4 Simulated impacts on inequality of social security systems across Asia, comparing situations of with and without transfers and taxes in the year of the surveys



Source: Own analysis of Bangladesh's HIES 2016, Georgia's IHS 2018, India's IHDS-II 2011-2012, Indonesia's SUSENAS 2017, Maldives' HIES 2016, Mongolia's HSES 2018, Nepal's AHS 2014-2015, Pakistan's HIICS 2015-2016, Philippines' APIS 2014, Sri Lanka's HIES 2016, Thailand's SES 2018, Uzbekistan's L2CU 2018, Vietnam's VHLSS 2016.

Simulating the impact of a more inclusive set of tax-financed benefits in the region shows the significant potential of these schemes in reducing aggregate measures of social welfare like poverty and inequality, which is both indicative of, and supportive of, more sustainable and inclusive economic growth. For instance, a recently published paper on **Tunisia** presents a proposal for a universal scheme, indicating that such an approach could potentially result in a 22 **%** reduction in overall poverty. Findings from microsimulations of proposed social security reform scenarios in Lebanon show that the introduction of child benefits, disability allowances, and old-age pensions would increase real income across all income deciles, with the lowest income deciles witnessing a higher change in real income (Aboushady and Leander, 2022).

Figure 0-5 The virtuous circle of investing in universal social security to generate higher government revenues



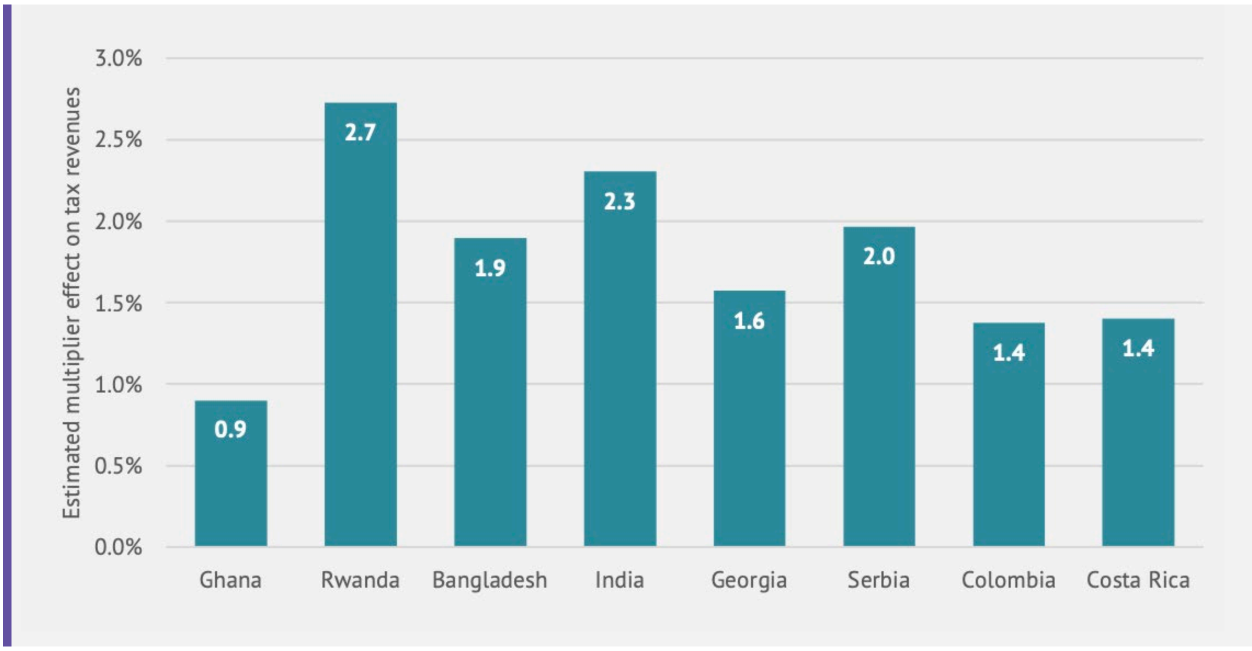
Source: Kidd et al, 2020

Additionally, **inclusive social security contributes to economic growth** because it provides a higher level of income security across the lifecycle, enabling individuals and households to smooth their consumption, and removing financial barriers to accessing essential public services, such as healthcare (Tran et al, 2022). In **Jordan**, for example, Anderson and Pop (2022) estimate that introducing a lifecycle social security system could see consumption increase for households in the bottom 10% of by 10.6% by 2031, while those in the top 10% would only see a 0.4% increase. This means the potential consumption growth for the poorest households is more than 20 times higher than for the wealthiest households.

Well-designed, inclusive social security systems, when coupled with sound tax policies, can yield economic returns and higher government revenues from taxes. Once a country makes a paradigm shift in policy to increase investment in universal social security, a virtuous cycle of generating higher government revenues and strengthening the social contract can be set in motion (Figure 5-5). This is because well-designed inclusive lifecycle schemes, through reliable monthly cash transfers, tangibly demonstrate that the government is investing in good-quality public services for its citizens. Once citizens have greater trust in their government, the social contract becomes stronger, and people are likely to be more willing to pay their taxes, perpetuating the virtuous circle of greater trust in government, economic growth and boosting higher government revenues through encouraging greater levels of taxation. Figure 5-6 demonstrates this potential for positive impact on tax revenue in eight low- and middle-income countries, where 1% of GDP social security investment is estimated to increase tax revenues from 1.8% to 2.7% as a result of these investments.

The introduction of inclusive, lifecycle-based social security schemes have also contributed to reducing social unrest and strengthening national social contracts in a range of middle-income countries, such as Georgia, Mauritius, Nepal, South Africa and Timor Leste (Druzca, 2016; Kidd et al, 2020; Holmes and Uphadya, 2009; Adhikari et al, 2014). Inclusive social security systems, therefore, represent a strategic investment as they promote stable nations capable of strong, sustained economic growth.

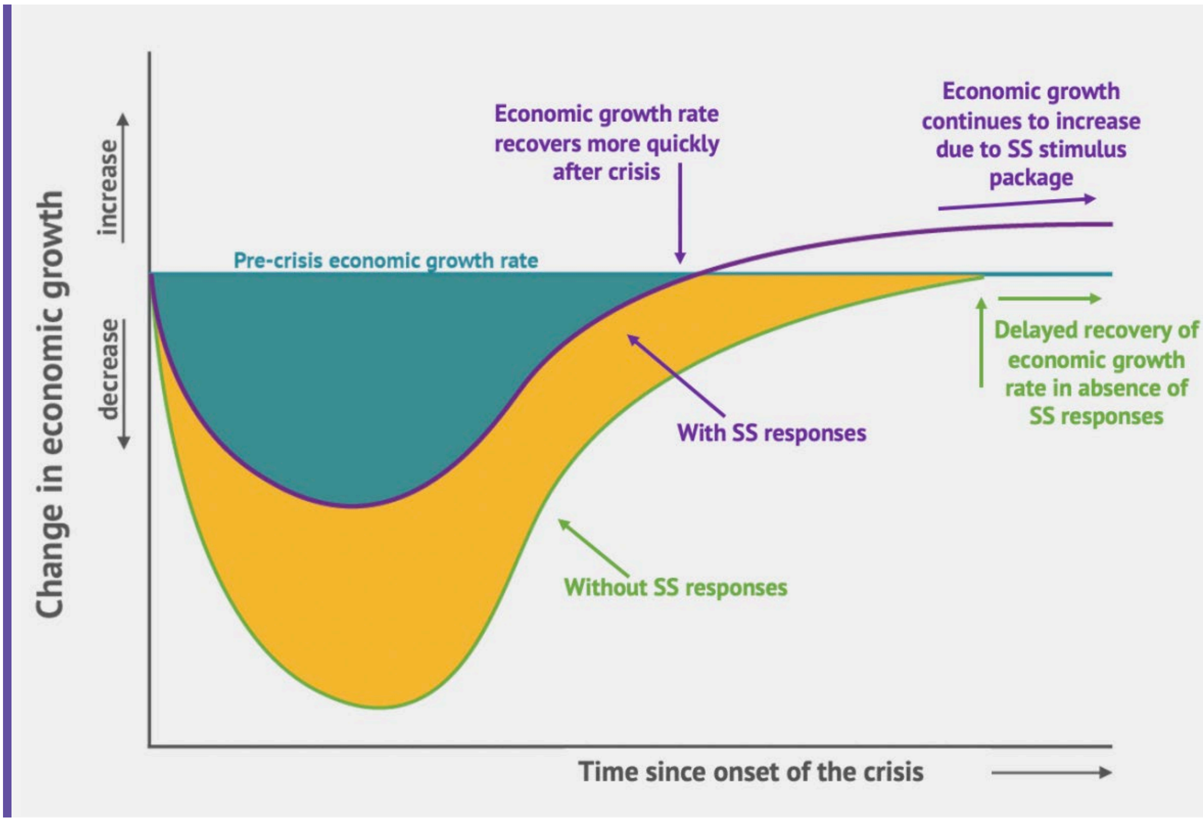
Figure 0-6 Estimated multiplier effect on tax revenues as a result of a one percent of GDP social security investment across eight country case studies



Source: Development Pathways & ITUC (2021)

Finally, against the context of protracted socio-economic and conflict-related crises, transitioning to universal, inclusive social security is critical to aid economy recovery and mitigate the negative effects on income (Figure 0-). While growth typically drops below pre-crisis levels following shocks, a universal system compensating income losses and ensuring basic income security can help to mitigate this negative impact. When comprehensive social security systems are already in place, they can also be immediately scaled up to extend coverage to additional members of the population. As depicted, growth decline is smaller when governments inject income transfers. Covering core contingencies quickens recovery by restoring pre-crisis growth faster, and, long term, these transfers could spur growth beyond pre-crisis levels. Findings across developing contexts, such as South Asia, indicate inclusive systems safeguard incomes throughout crises and stabilize consumption (UNICEF, 2020).

Figure 0-7 Diagrammatic representation of how an expansion of the social security system would support economic recovery after crisis



Source: Development Pathways depiction based on World Bank (2020).

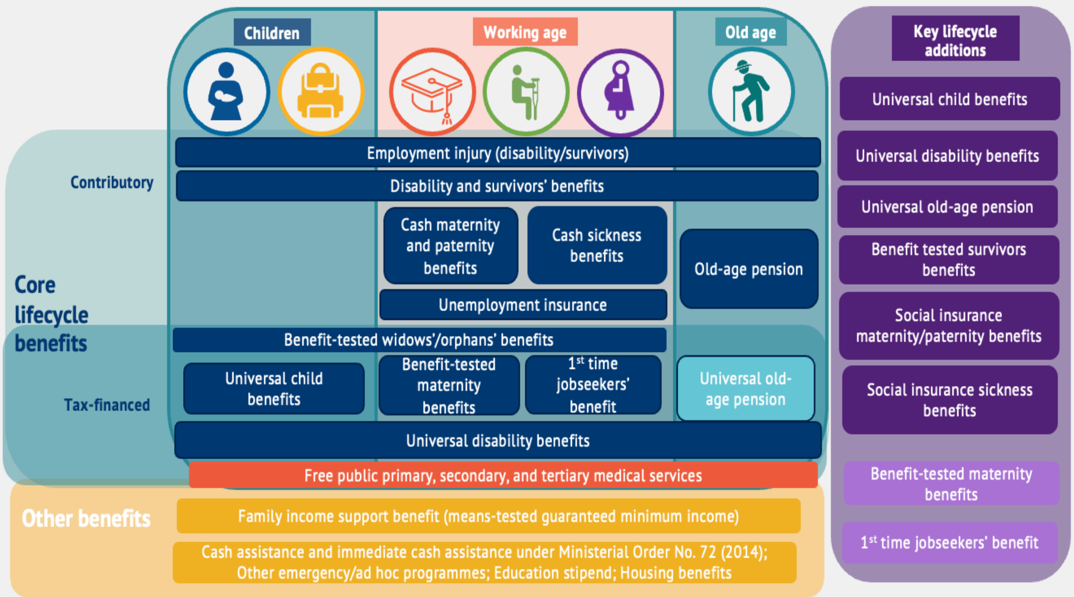
d. Shifting the paradigm

There are several MENA countries that are making the paradigm shift towards inclusive social security, suggesting that the political will is emerging. Morocco, for example, has made significant strides towards strengthening its old-age pension, increasing the benefit value by 5 % in 2023, and increasing coverage by 8000 beneficiaries (Ntungwabona, 2023; Erraji, 2023). In Oman, the government has announced a set of reforms that will set Oman on the path towards an inclusive, universal social security system (Box 3). These reforms will be a fundamental component of Oman's new social contract going forward, particularly in the context of the ongoing reduction of public spending, which includes the removal of universal price subsidies for electricity and fuel.

Box 5: Social protection reforms in Oman

In July 2023, the Sultanate of Oman announced a new draft Social Protection Law which reflects a set of reforms that are to radically reshape Oman's social security system. Previously, tax-financed social security schemes were inadequate in extending support to its citizens, particularly in the context of the gradual and ongoing removal of universal price subsidies for electricity and fuel. Oman's investment in social security was low by international comparison and spending on government-financed benefits was largely insufficient due to the narrow means-tested nature of most provisions. However, from 2024, the Government of Oman has budgeted 400 million rials ($1.1 billion) a year for integrated and multi-tiered social security system (Figure 5-3) that is primarily structured around core lifecycle benefits for old age, children and disabilities (The National, 2023). These core benefits will cover large numbers of households at any given time and follow all individuals throughout their lives, working seamlessly with social insurance benefits to provide regular and predictable income security regardless of income or means. Oman's decision to introduce universal child benefits and old-age pensions are a clear investment in future generations and will ensure older persons can live in dignity in their later years.

Overview of Oman's inclusive, multi-tiered social security system



Source: Development Pathways' depiction of ILO (2023)

Conclusion

After over a decade of repeated shocks, governments in the MENA region have reached a critical juncture. They can either continue investing in poverty-targeted schemes that are likely undermining trust in government and failing to address widespread low incomes and staggering inequality or alternatively, MENA governments can choose to break this vicious cycle of instability by investing in inclusive, lifecycle-based social security. As living standards continue deteriorating amid largely unaddressed economic grievances, without concerted efforts to build a stronger social contract, leaving these issues unaddressed risks serious welfare challenges that, in an environment of high political fragility and social unrest, threaten to further rupture the already fragile relationship between MENA governments and their citizens. To break this vicious cycle of instability and generate inclusive development, governments must make a paradigm shift in policy away from reforming failing poverty-targeted schemes and towards greater investment in building an inclusive, inclusive, right-based social security system that protects all citizens' well-being from the cradle to the grave.

Investing in inclusive, rights-based social security schemes that promote equity and stability through mutually reinforcing social security and economic growth are an investment MENA governments simply cannot afford to forgo. If MENA governments fail to make the critical investment in their nations' future prosperity, the already dire impacts of the current multiple and complex crises could become catastrophic.

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About the Arab Region Hub for Social Protection

We are a space in and through which professionals dedicated to exploring, understanding and advocating for better social protection in the Arab region exchange ideas and explore and initiate collaborative action. We envision an Arab region in which all people, regardless of their identities, are guaranteed social protections that secure their access to the essential goods and services needed to ensure their well-being and decent standards of living, which in turn gives them the opportunity to prosper and contribute as active members of society. We aim to facilitate the development of equitable and sustainable social protection systems in the region by: executing, encouraging and facilitating the production, analysis, collation, and dissemination of interdisciplinary knowledge about the topic; facilitating dialogue within professional spheres and awareness raising among the wider public; and enhancing collective action that amplifies advocacy efforts with the different stakeholders and decisionmakers.

About the Social Protection Program

The Arab Reform Initiative's Social Protection Program, which gave birth to the Arab Region Hub for Social Protection, aims to place social policy and its impact on the socio-economic rights of citizens and residents in Arab countries center stage in the research and advocacy efforts seeking to achieve social justice and social equality. By mobilizing and coordinating a community of practice and knowledge on social protection, the program aims to create a safe space for regular and systematic dialogue between the different stakeholders, in order to help addressing the problem of fragmented, non-inclusive, ineffective, and unsustainable social protection systems in the region. While doing so, the program adopts different perspectives – from addressing the necessary policy, programmatic, institutional, financial, legal and legislative reforms; to the political economy involved in the feasibility of these reforms; passing by social activism around welfare policies.

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About the Arab Reform Initiative

The Arab Reform Initiative is an independent Arab think tank working with expert partners in the Middle East and North Africa and beyond to articulate a home-grown agenda for democratic change and social justice. It conducts research and policy analysis and provides a platform for inspirational voices based on the principles of diversity, impartiality, and gender equality.