



The Evolution of Social Protection in Egypt, 2006-2023

By

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1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable

ELMPS offers a unique opportunity to examine the trend in coverage of different Social Protection (SP) programs.

In this paper, we examine patterns of households' coverage by different governmental social protection programs:

1. Social assistance (non-contributory) cash transfers
 - 2006 and 2012: Sadat/Mubarak transfers – any other non-contributory transfers... *Daman pensions (ma'ash)*
 - 2018 and 2023: Takaful/Karama transfers – any other non-contributory transfers (Sadat/Mubarak no longer there)
2. Retirement (contributory) pensions
3. Having at least a member who is actively contributing to a social insurance scheme (i.e., working in a formal job)
4. Non-cash transfers e.g., food-ration smart cards (2018, 2023)

Coverage by any of these = 'effective' coverage (SDG 1.3.1) ILO(2024)

The term 'Effective' is about the scale and reach of the programs, but not their impacts on risk insurance, reducing poverty or income redistribution.

Outline

1. Trends in households' social protection coverage
2. Are there overlaps in social protection programs?
3. Dynamics of transition between social protection programs over time
 - Shifts from non-contributory to contributory programs
4. Values of transfers and pensions
5. Social Protection by (some) household characteristics

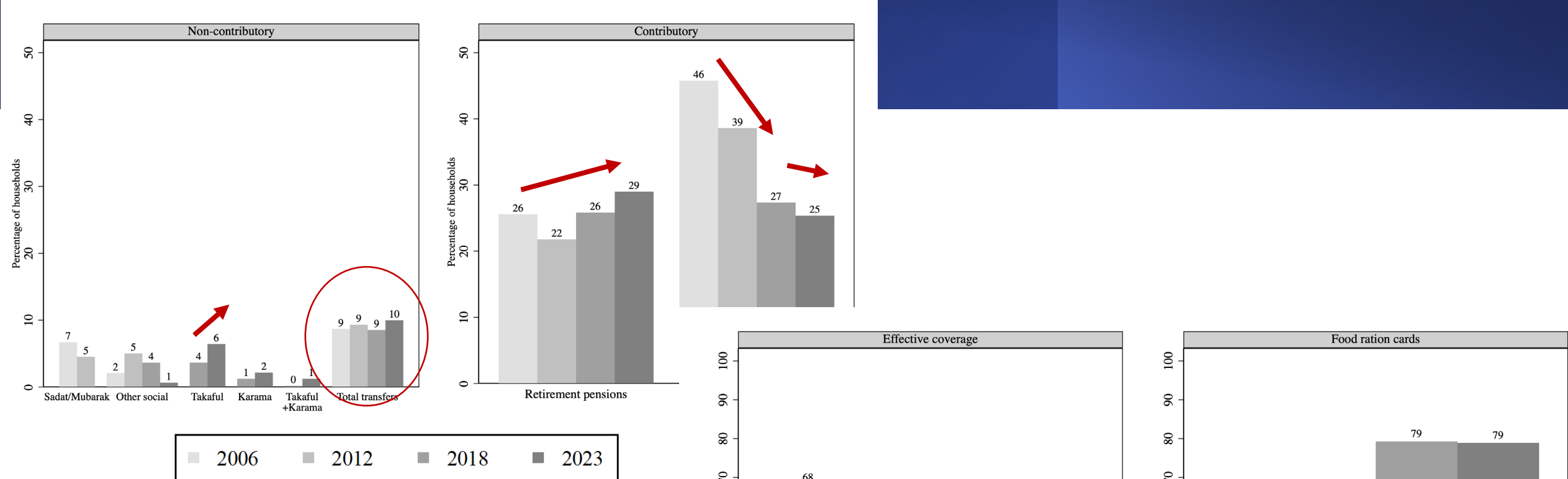
Summary of findings

1. 'Effective' coverage slightly increased in 2023, after continuous drops since 2006.
2. Contributory schemes are a major source of protection for households but shifts in importance: more reliance on retirement pensions than the labour market (social insurance coverage).
3. Uncovered households *(by any type) are likely to remain so over time.
4. Households who received non-contributory transfers are less likely to have to social insurance coverage=formal jobs in the next wave.
5. Least covered households: heads who are unemployed, or work in precarious jobs, and nuclear households with young children <5 years old, and 2nd and 3rd wealth quintiles.

Patterns of households' coverage by different social protection programs

Trends in households' social protection coverage

Fig 1. The coverage rate (% of households) of social protection programs, 2006-2023

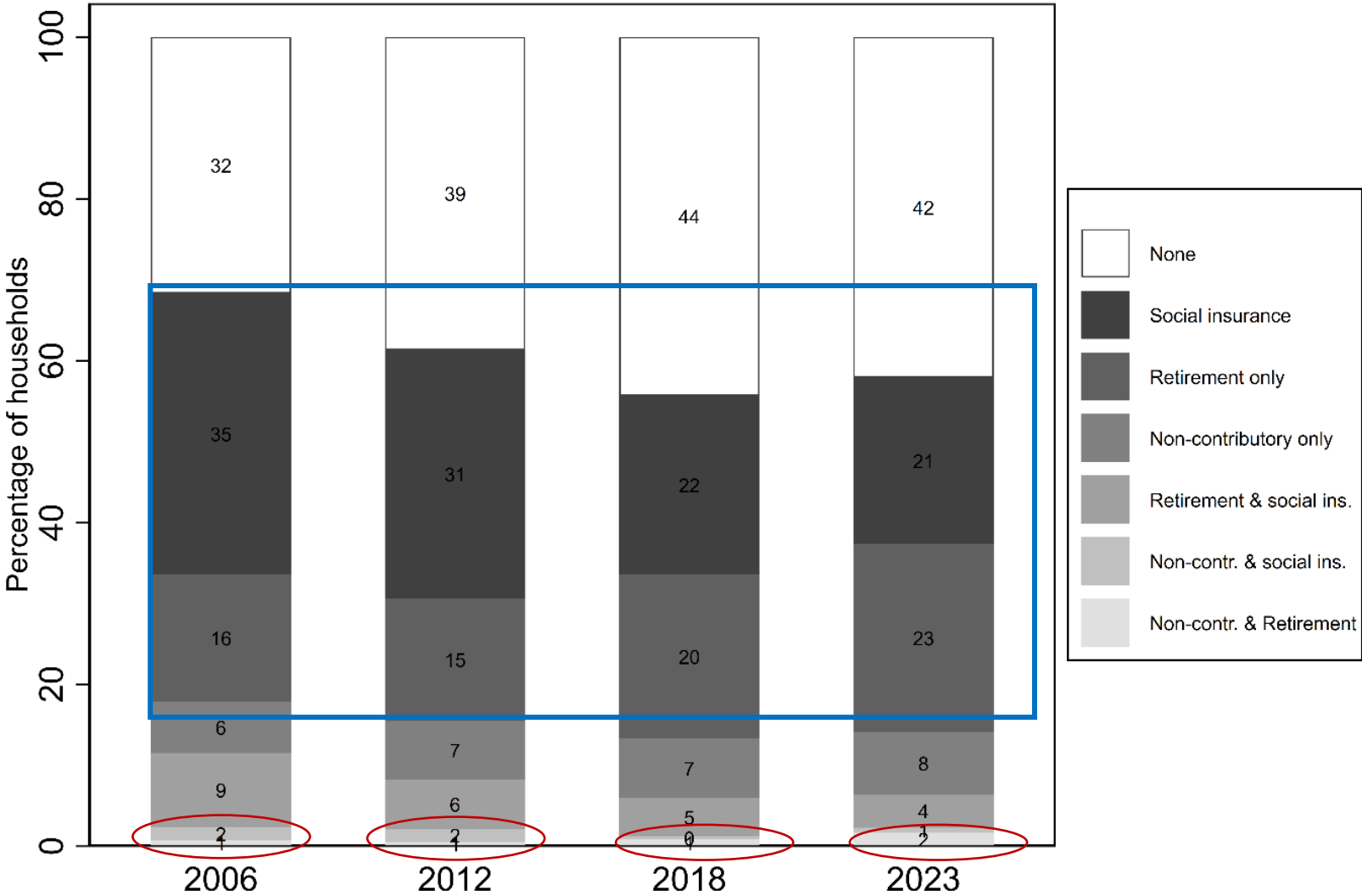


Source: ELMPS 2006-2023

Effective coverage: Proportion of households covered by social assistance transfers e.g. Sadat/Mubarak in 2006/2012, Takaful/Karama in 2018/2023 (or any other assistance from MoSS), or retirement pensions, or or have at least one socially insured working family member.

Are there overlaps in social protection programs ?

Fig 2. Distribution of households by different combinations of social protection programs, 2006-2023



- The overlap between social protection programs is small.
- Much of it is between contributory components (*rather than mixing between non-contributory and contributory*).
- Major reliance on contributory schemes – but shifts in contributory schemes over time.

Legend:

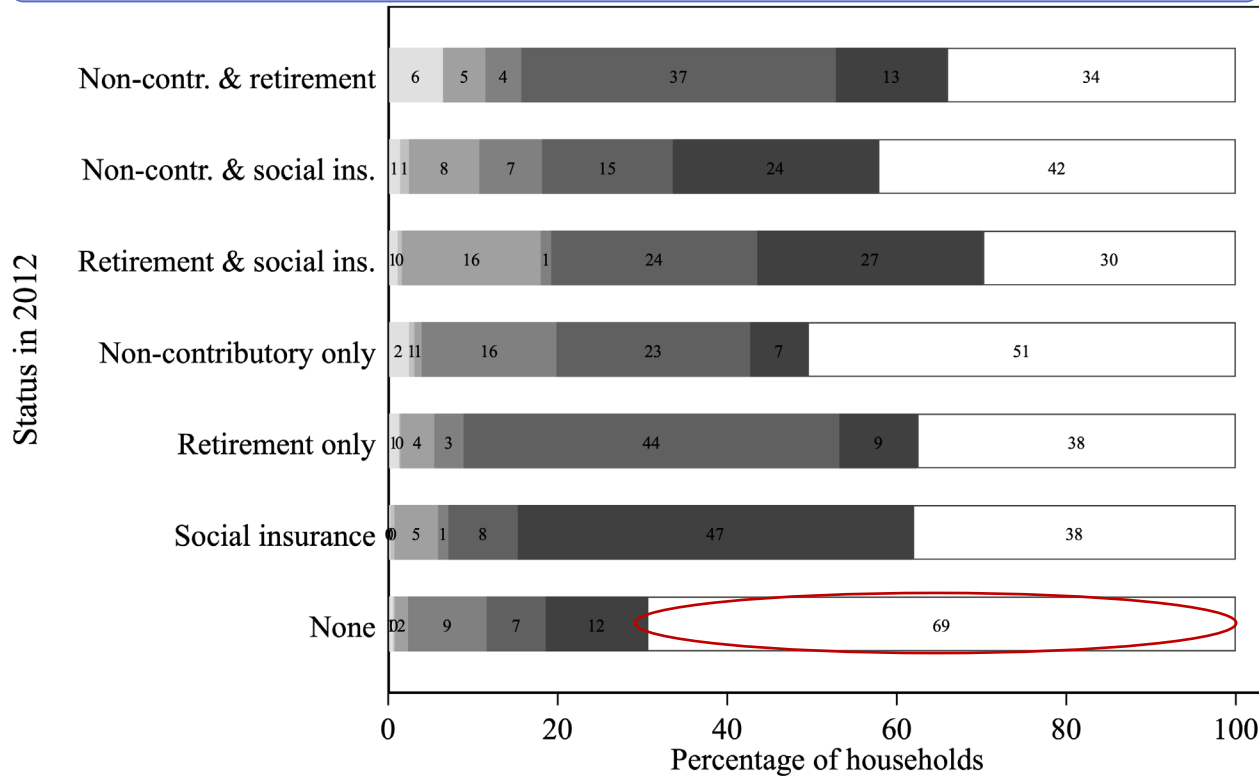
- Overlap between non-contr. & contr.*
- Households relying on contrib.*

Source: ELMPS 2006-2023

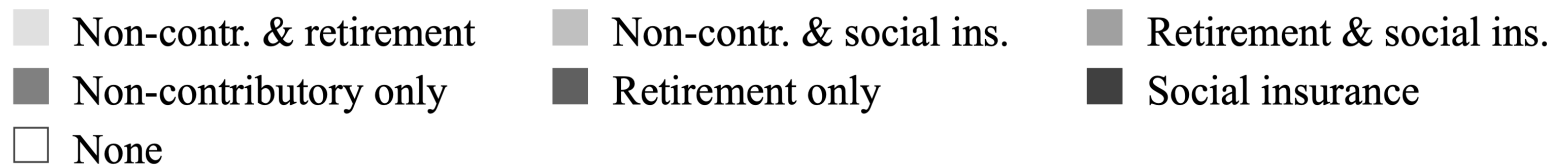
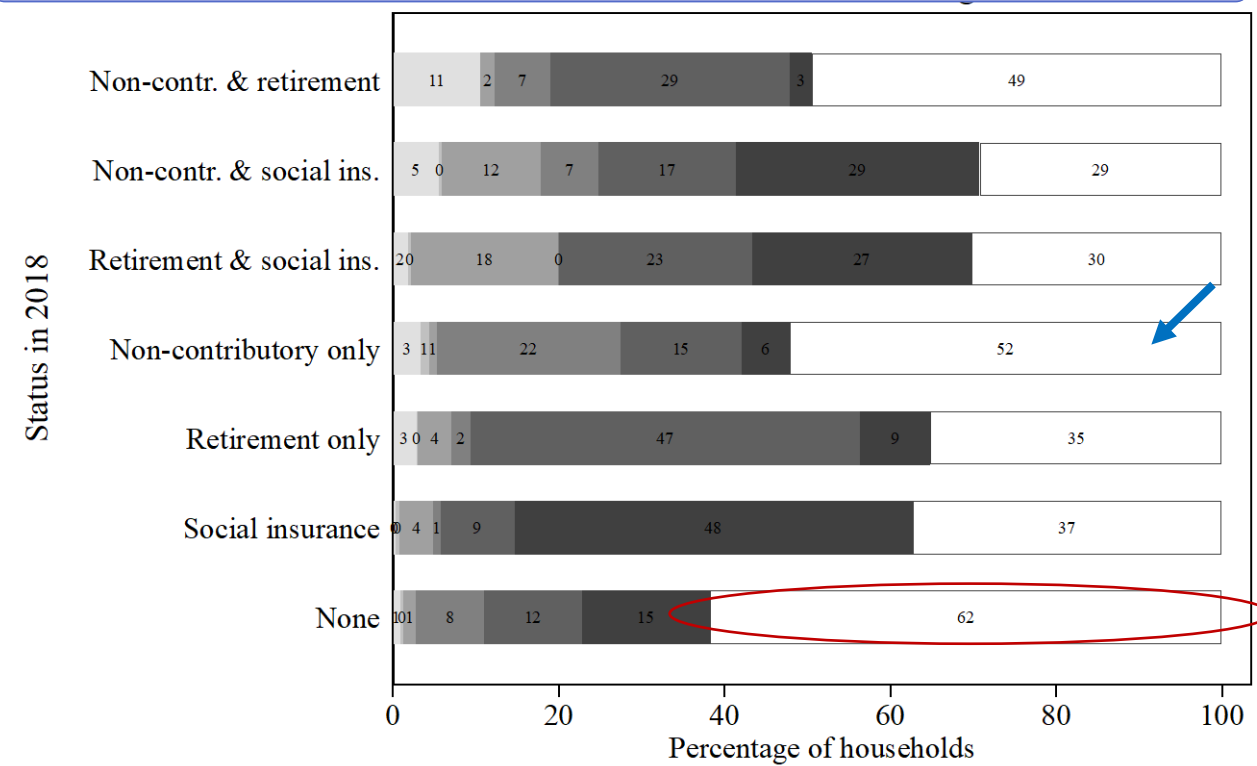
Dynamics of transition between social protection programs

Fig 3. Distribution of coverage (% of households) in (2018) 2023 by status in (2012) 2018

Distribution of coverage in 2018 by status in 2012.



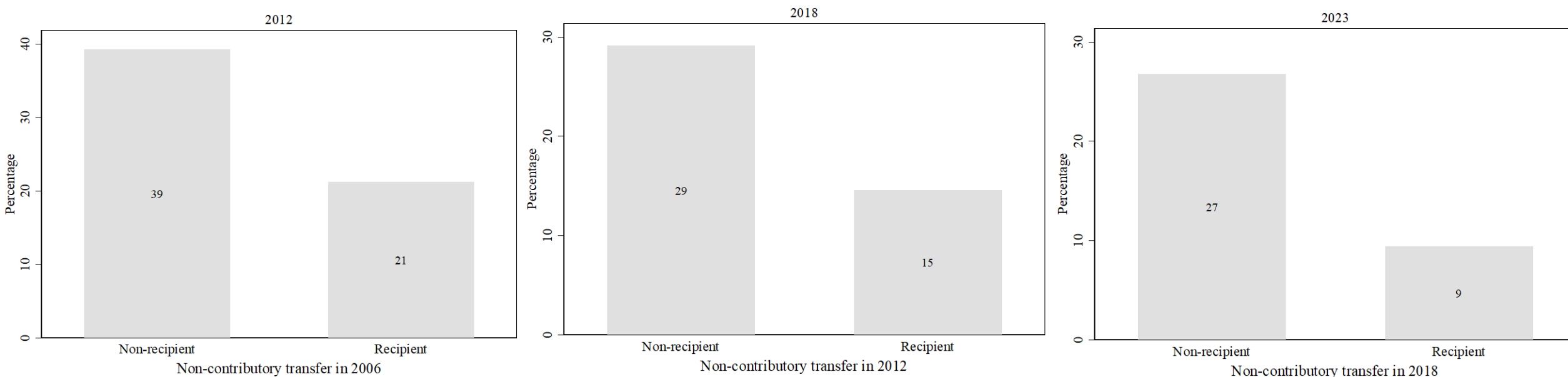
Distribution of coverage in 2023 by status in 2018.



Shifts between non-contributory to contributory schemes?

Households who received social assistance transfers in the previous wave were substantially less likely (than non-recipient households) to have a socially insured working family member in the next wave.

Fig 4: Percentage of households who acquire social insurance coverage through a household member by their status of non-contributory coverage in the previous wave.



These are associations and not causations. Area of future research questions

Values of transfers and pensions (individual-level)

- Non-contributory transfers are much lower (as expected) than contributory retirement pensions.
- Although nominal values increased over time, real values decreased (especially between 2018-23 for retirement pensions).

Fig 5. Average Nominal and real values of transfers by type

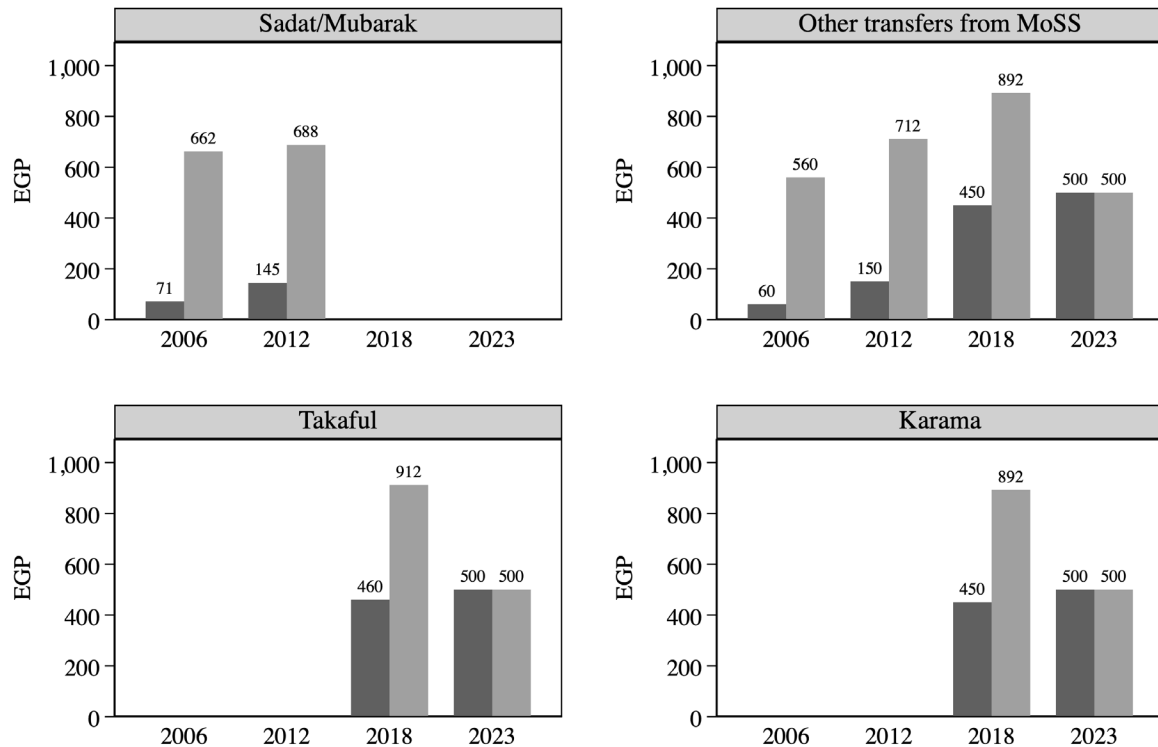
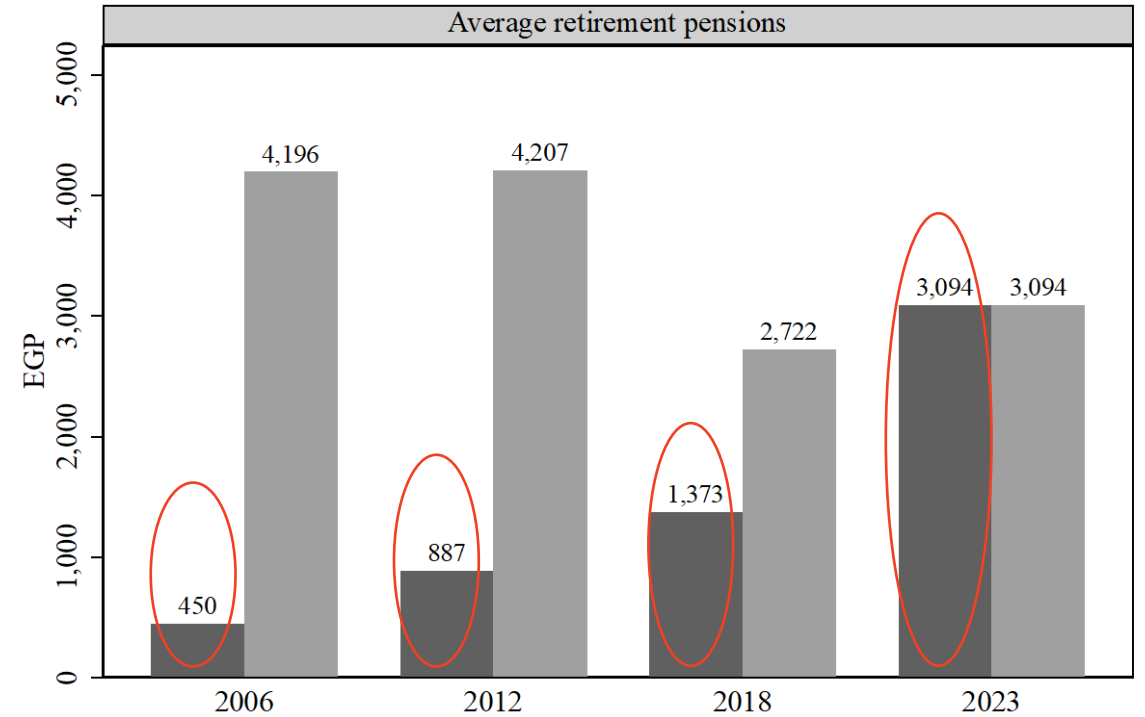


Fig 6. Average Nominal and real values of retirement pensions

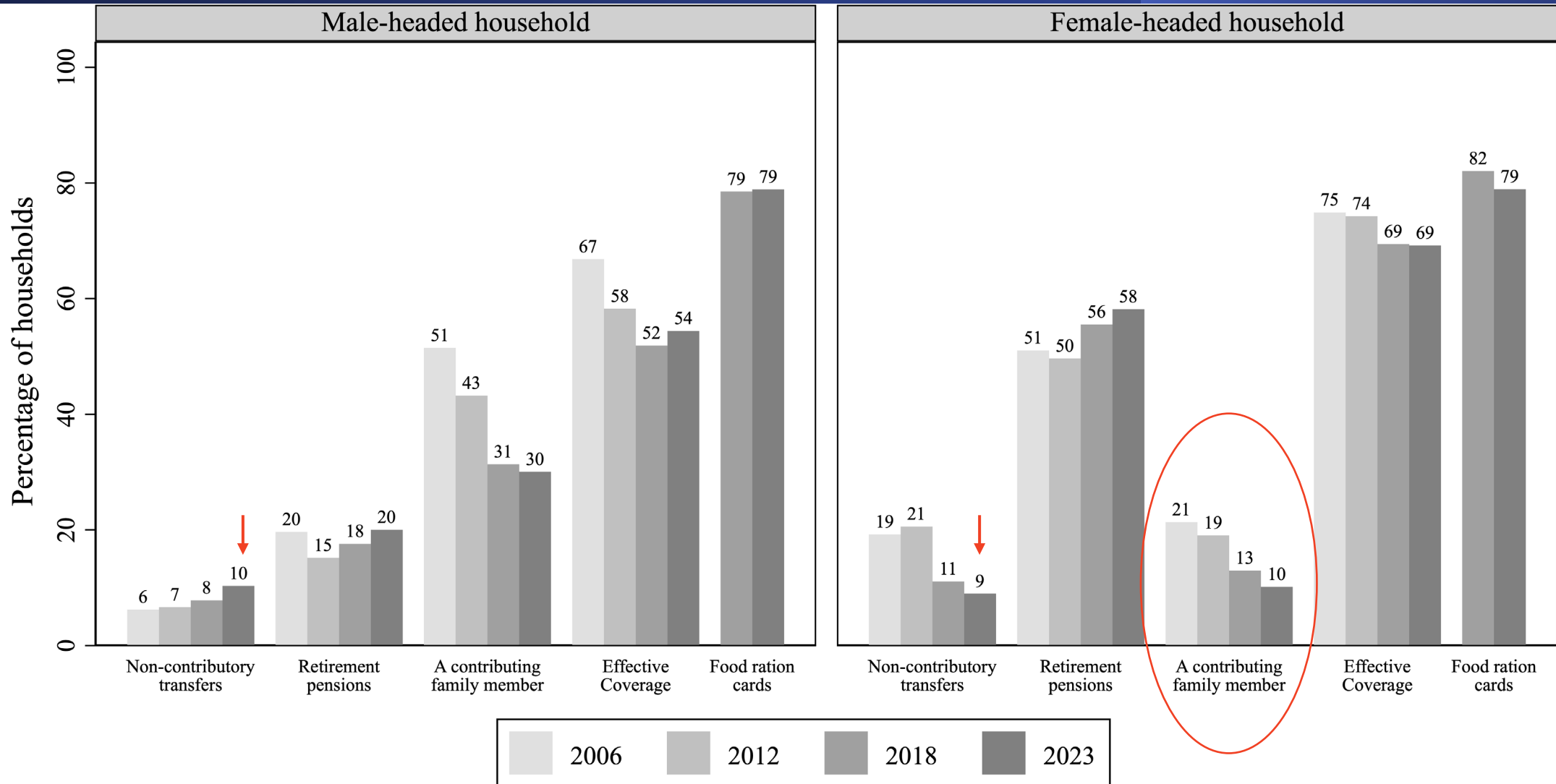


Nominal
 Real (2023=100)

Social Protection by household characteristics

Coverage patterns by the sex of the head of household:

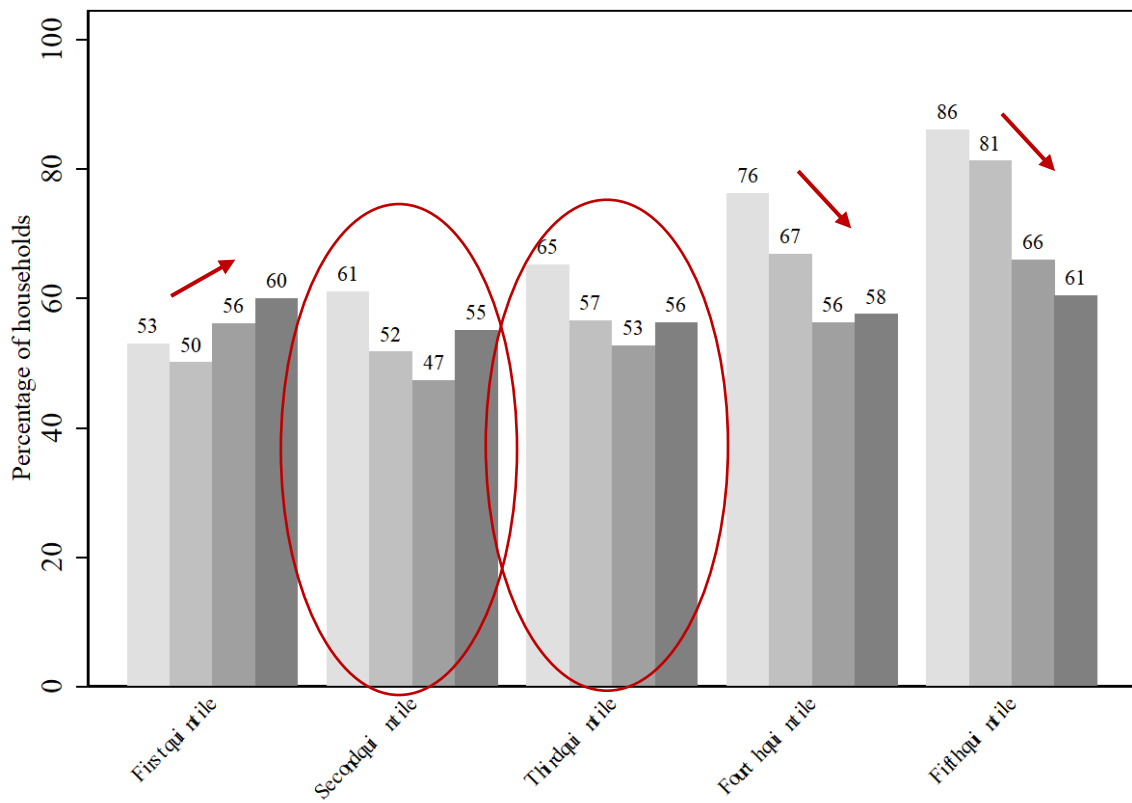
- The fact that Takaful cash transfers are given to women, even in households headed by men meant that by 2023, both male- and female-headed households were almost equally likely to receive non-contributory transfers.



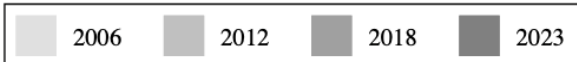
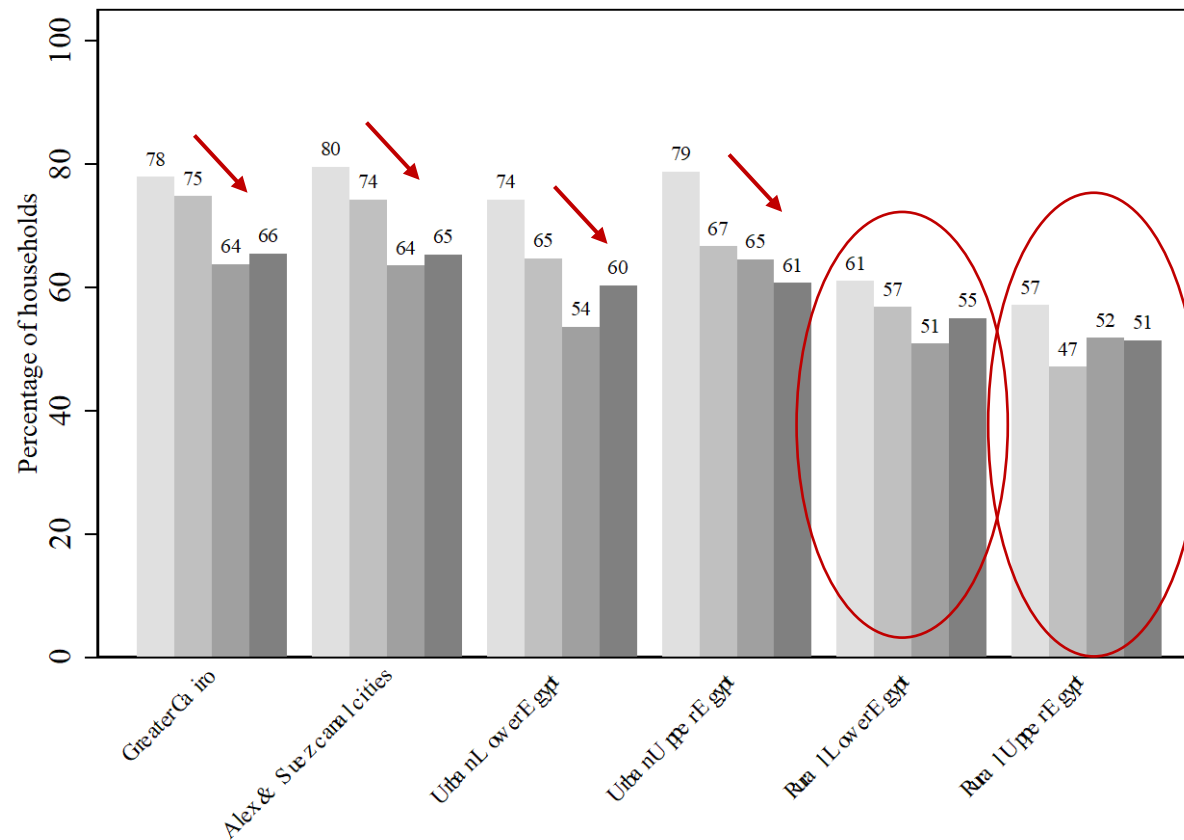
Coverage by any form of social protection is lowest among:

- Households in the second and third wealth quintiles (55-56%) – and sharp declines across all quintiles except the first (due to TKP)
- Households in rural areas: rural Upper Egypt (51%) and rural Lower (55%).

Asset-based wealth quintile



Region

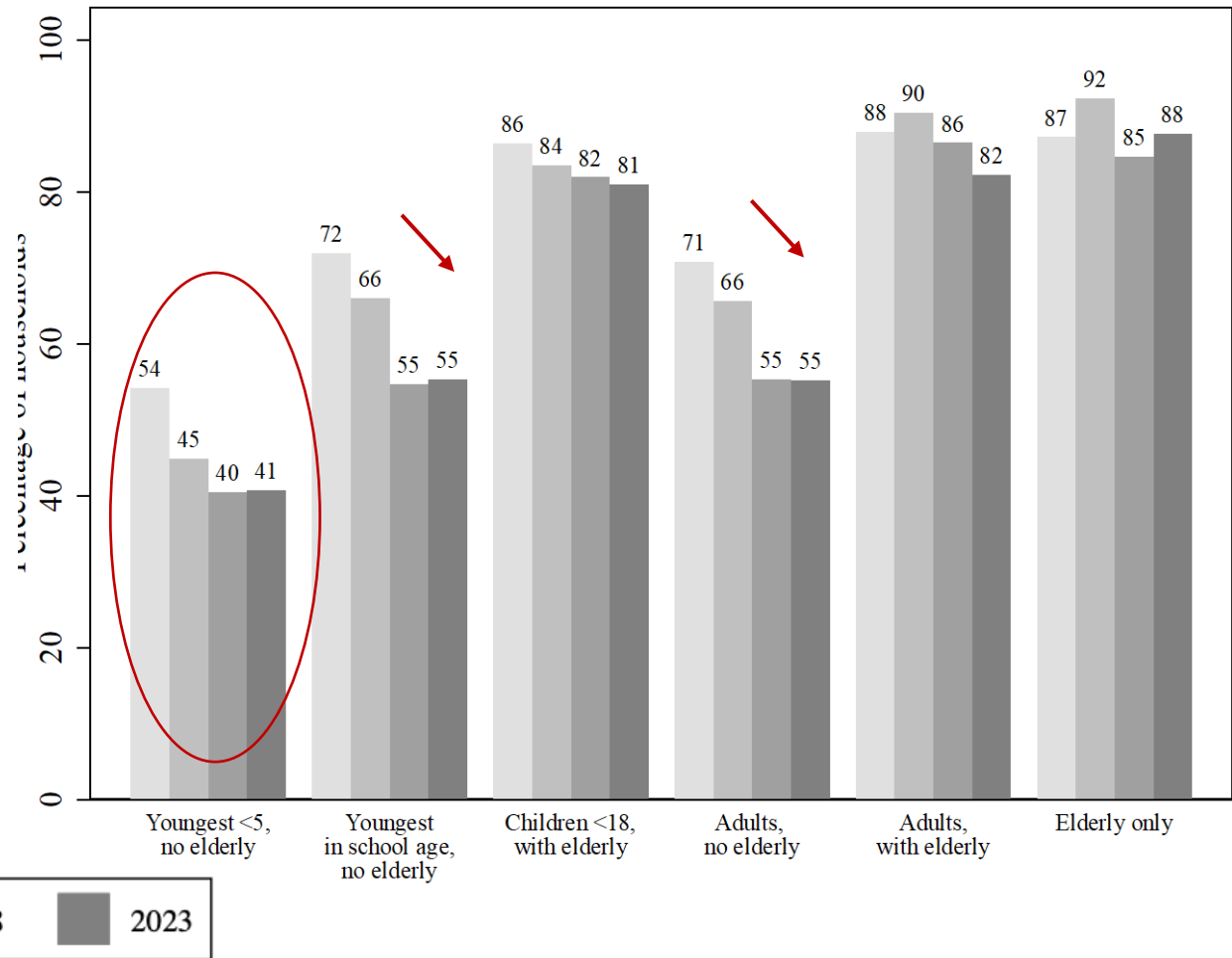
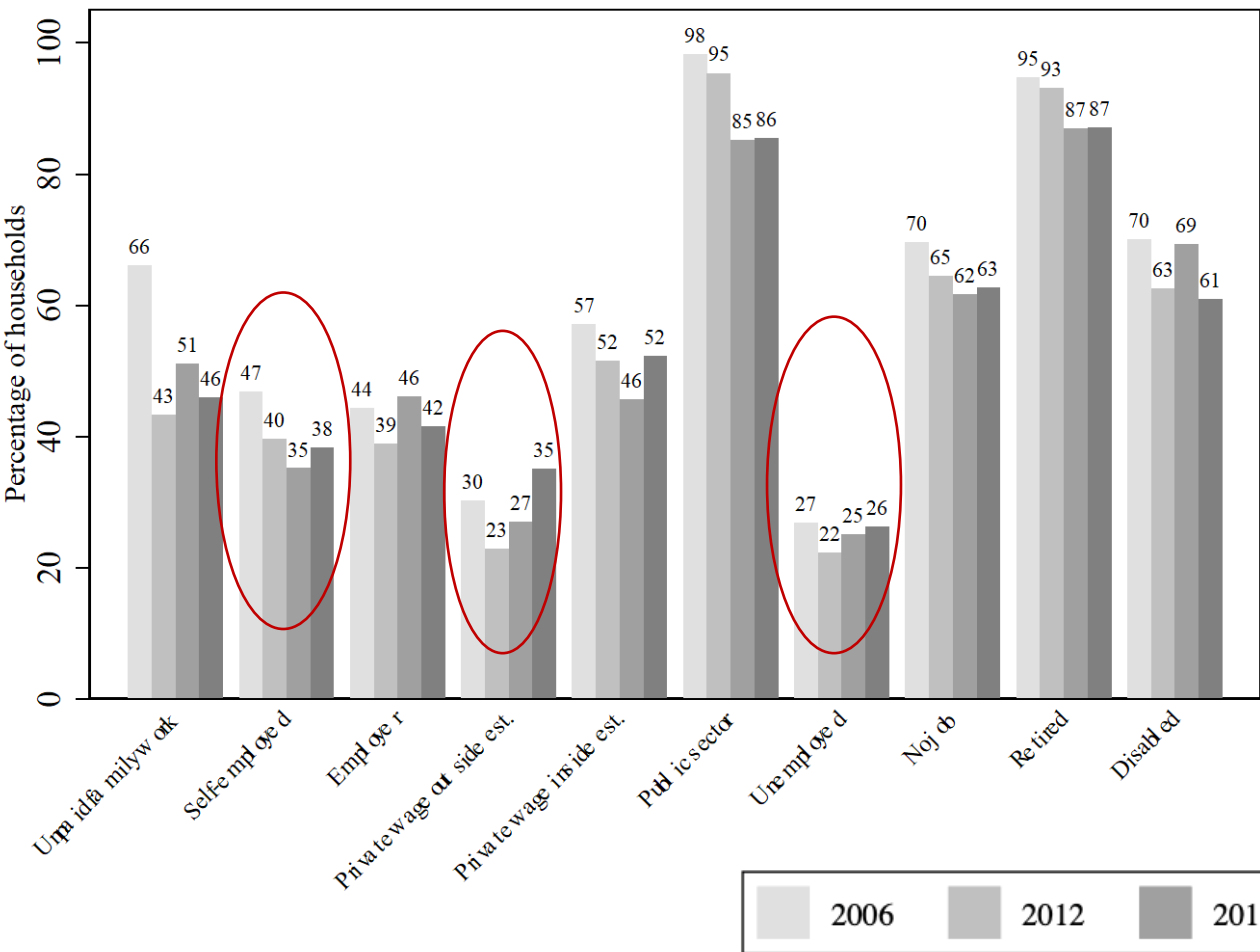


Coverage by any form of social protection is **lowest** among:

- Households with unemployed heads (26%)
- Households with private sector wage workers outside of establishment (35% - although improving) and self-employed heads (38%).
- Households with a youngest child <5 and no elderly (41%) – and sharp declines among households with children or adults only but no elderly.

Labor market status of head of household

Household composition



2006 2012 2018 2023

Key findings

1. Signs of progress in coverage (as coverage by any form of protection recovered *slightly* to 58% of households in 2023), after continuous drops since 2006.
 - Mostly because of a surge in retirement pensions, slight increase in TKP and and the slowdown in the declining trend of social insurance coverage.
2. But some challenges and gaps persist:
 1. The non-coverage is a persistent state: Uncovered households *(by any type) are likely to remain so over time.
 2. Some types of households are considerably less likely to benefit from any type of social protection:
 1. The middle quintiles: less chances of formal jobs over time, and non-eligibility for poverty targeted transfers
 2. Families with young children not in schooling
 3. Families with unemployed heads, or those in precarious types of jobs
 4. Chances finding formal jobs among households who received non-contributory tranfers are much lower than the non-recipients.

Policy discussion

1

Improve the labor market conditions (*via* social insurance coverage = future retirement pensions)

- Examine and address the bottlenecks of social insurance coverage among both employers and employees.
- Adopt a regional and gender perspective

2

Sustain the state's spending on social protection

- Spending as % of total expenditure has been dropping.

3

Strengthen the social protection floor

- Children-focused programs
- Activate the unemployment insurance and ensure the eligibility criteria can be met
- Expand non-contributory schemes to vulnerable populations – but ensure pathways to formal jobs (= contributory schemes) exist.

Thank you!

Link to full working paper: <https://erf.org.eg/publications/the-evolution-of-social-protection-in-egypt-2006-2023/>

Link to policy brief: <https://erf.org.eg/publications/strengthening-social-protection-in-egypt/>

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