



Webinar 2 concept note

webinar 2

IMF and WB reforms of social security systems: the complicit and gradual destruction of inclusive and universal schemes

July 27 th, 2023

02:00 PM Tunis Time

04:00 PM Beirut time

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In the past decade, countries in the region, including Egypt, Tunisia, and Lebanon, have turned to the International Monetary Fund (IMF) and the World Bank to secure financing, leading to the implementation of significant reforms in their social security systems. These reforms were introduced as part of the conditionalities imposed by these international financial institutions (IFIs).

The IMF's conditionalities, particularly targeting to the subsidies system, have had a profound impact on these countries. As a result, subsidies have been removed in certain sectors, altering the dynamics of the social security system. This has prompted the need for countries to explore alternative approaches to ensure the protection and well-being of their citizens.

Similarly, the World Bank has also imposed reforms on social security systems in these countries. The objective has been to shift towards monetary targeting and direct cash transfers as mechanisms to address poverty and inequality. This approach reflects a broader trend towards more targeted and social assistance programs, aimed at reaching the most vulnerable segments of the population.

These conditionalities have generated debates and concerns about their impact on social protection systems and the welfare of the population. Studies proved that the removal of subsidies and reforms to social security systems lead to increased inequality and vulnerability for certain groups.

Over the years, Tunisia has gradually lifted commodity subsidies,¹ including fuel subsidies, in alignment with IMF conditionalities through the signed agreements since 2013. The pace of reform, particularly in fuel subsidies, has accelerated in 2022. However, the dismantling of these universal systems raises the question of their social impact³ and the effectiveness of the targeting systems,

especially sectoral ones, designed to replace them⁴. Currently, Tunisia is transitioning towards a monetary targeting and cash transfer system, primarily facilitated by the "Amen Social" social security program, which has been backed by the World Bank since 2016. The program's outcomes have been mixed, and the anticipated impact on social security rights in Tunisia⁵ remains uncertain.

In a similar vein, Egypt has also implemented subsidy reforms in line with IMF conditionalities in the different agreements in recent years. Additionally, a targeted social protection program based on cash transfers, known as "The Takaful and Karama", has been supported by the World Bank since 2015. Among these subsidy reforms, the "Tamween system", which pertains to the food subsidy system, is in the crosshairs. Historically, Egypt has relied on a targeted food ration card⁶ system to distribute food subsidies, including bread allowances for the most vulnerable. However, the limitations of this targeting⁷ approach have been evident, resulting in a decline in the number of beneficiaries between 2015 and 2019⁸. Although the Egyptian government is considering abolishing this subsidy system in favor of conditional cash transfers⁹, this does not appear to be "the best alternative" to the current system and could threaten household food security¹⁰.

Continuing with the situation in Lebanon, the country urgently requires systemic and policy reforms for short-term socio-economic recovery and to address long-term structural gaps towards a more just society. Although Lebanon has only reached a Staff-Level Agreement on economic policies with the IMF in April 2022, the expected IMF-backed reforms, including austerity measures, come at a high social cost that could further worsen living conditions. Lebanon has already taken steps towards subsidy reform, with fuel subsidies abolished¹¹ and plans for a targeted emergency cash transfer program. While the World Bank's support through the Emergency Social Safety Net project aims to enhance the existing National Poverty Targeting Program¹², it is crucial to evaluate the effectiveness of these programs in meeting needs. Additionally, the removal of foreign exchange subsidies, accompanied by the IMF conditionalities and austerity measures considering the discussions between the Lebanese government and the IMF, will lead to a rise in increased poverty levels. The IMF's approach to social protection focuses on poverty targeting rather than universal social protection, with measures like reducing subsidies and proposing VAT increases. These measures have already contributed to rising poverty rates.

In light of the aforementioned situations in Tunisia, Egypt, and Lebanon , it becomes crucial to analyze the role played by the IFIs in reforming social security systems, and the actual and potential impact on fundamental rights, in order to explore other alternatives for reform that are better adapted to the contexts of the countries in the region. For although the contexts have their specificities, the socio-economic crises that the three countries are experiencing highlight the urgent need for universal social protection schemes. An analysis of the impact of the IFIs and their reforms could potentially lead to the safeguarding of non-contributory systems such as universal subsidies being put on the agenda, as well as a review of current social security programmes. By conducting such an analysis, we can ensure that the protection of fundamental rights remains at the forefront and consider the inclusion of universal social protection schemes as part of the discourse on reforming social security systems.



Webinar objectives:

1. Interpret and explain the IFI reforms on non-contributory social security systems, providing a comprehensive understanding of their underlying principles and implications.
2. Analyze their impact from a macro-economic point of view, but above all their impact on rights, and in particular on social security rights and assess the potential benefits and drawbacks.
3. Explore alternatives to guarantee adequate social protection, taking into account the specific socio-economic context of each country.
4. Identify policy recommendations that can address the evolving needs of the population in an inclusive and sustainable manner.
5. Start building a regional research and advocacy agenda on these issues.

Program

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| (10 minutes / Moderator) | <p>Introduction :</p> <p>Shahir Ishak , ISSPF</p> <ul style="list-style-type: none">• Presentation of the organizers, speakers and moderator.• Presentation of the economic and social context of the MENA region and the influence of International Financial Institutions.• Presentation of the webinar objectives |
| (10-15 minutes) | <p>Speaking point n°1 : Case study of Tunisia (the title can be left to the speaker's choice)</p> <p>*TOE speaker : Fathia Ben Slimane (TOE)</p> <ul style="list-style-type: none">• Presentation of subsidy reforms, particularly energy subsidies, in the past or under discussion, links with the IMF (previous agreements, or negotiations/new agreement with the IMF), consequences for the economic and social situation.• Impact of subsidy reforms on rights, current status of transition towards cash transfer system• Desirable alternative reforms |



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| (10-15 minutes) | <p>Speaking point n°2 : Case study of Egypt (the title can be left to the speaker's choice)</p> <p>Selma Hussein,</p> <ul style="list-style-type: none">• Presentation of past food subsidy reforms or those under discussion (in parallel with previous agreements, or negotiation/new agreement with the IMF), link with IFI, consequences for the economic and social situation.• Impact of past subsidy reforms (product restrictions, restrictions on the number of beneficiaries), as well as potential risks of transition to a cash transfer system on rights.• Urgent reforms given the current context, and desirable longer-term reforms |
| (10-15 minutes) | <p>Speaking point n°3: Case study from Lebanon (the title can be left to the speaker's choice)</p> <p>Olga Jbeily (ANND)</p> <ul style="list-style-type: none">• Presentation of past and current subsidy reforms (upstream and downstream of IMF negotiations), link with IFI, consequences for the economic and social situation in Lebanon,• Analysis of the consequences of economic policies on rights, with an analysis of Lebanon's national poverty-targeting program and its impact (concrete examples of vulnerable populations affected by these policies in Lebanon).• Presentation of alternative visions or policies to these reforms. |
| (35 minutes) | <p>Questions and answers with participants (35 min)</p> <ul style="list-style-type: none">• Opportunity for participants to share their experiences and points of view. |
| (15minutes) | <p>Responses or reactions from speakers</p> |
| (10 minutes) | <p>Conclusion and closing of the webinar</p> <ul style="list-style-type: none">• Recap of the main specific points discussed, as well as points of common diagnosis at regional level.• Highlighting perspectives for action and next steps. |