

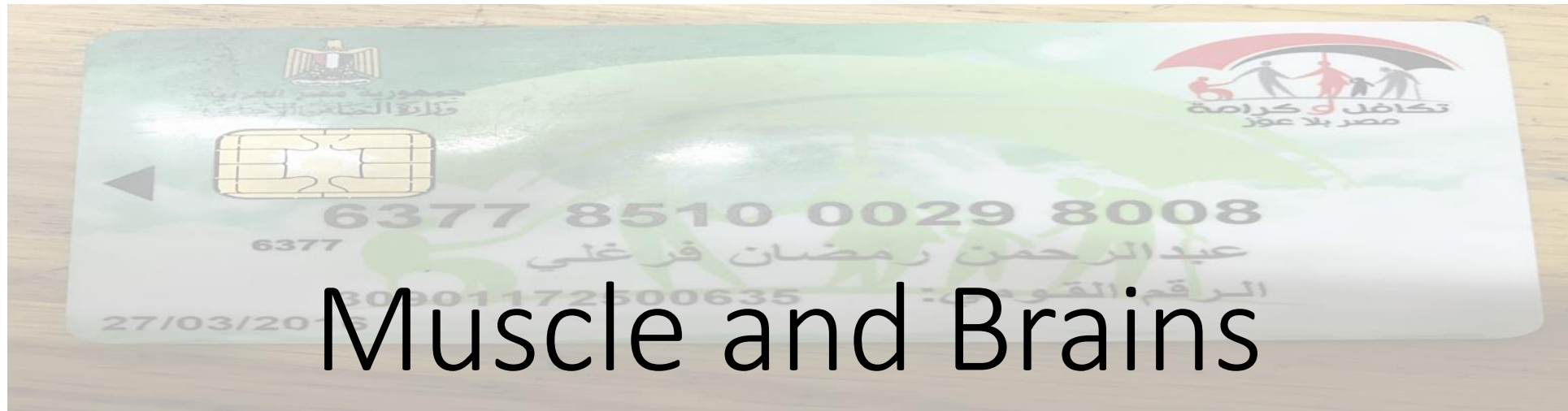
Designing Sound Economic Policies: Social Policy and Protection Concerns

7 Observations

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Muscle and Brains

Social and economic policies are a product of evidence based, politically contextualizes thinking and consultation and are only as good as their quality of implementation. The technocratic approach has had very limited purchase.

One: Cash Transfers are Not Enough

- Targeting Limitations
- Sufficiency and adequacy
- Financing
- How can cash compliment work?
- Graduation and phasing out
- Rule based social spending
- Cannot adequately compensate for lack of work

Two: Income Poverty is an insufficient Metric

- Targeting based on income poverty is costly and difficult (but bestows legitimacy on policies of redistribution)
- The Egyptian welfare state was geared towards multi-dimensional poverty (categorical targeting, health and education, productive programs, subsidies for production inputs)
- The failure of this welfare regime is due to: Inadequate funding, poor implementation, high transaction costs and corruption
- Social protection programs need to transcend income poverty and aim for minimum rights or realizing a social protection floor and thus optimize the complimentary nature of all services and transfers

Three: Inequality is Structural

- Egypt needs to address structural inequalities. The report mentions the hardship and problems of agricultural production. But it does not address social mobility and its direction and pace.
- Social mobility (and not redistribution) is the antidote to inequality. The lack of opportunity for women and men and the frustrations that are a result of structural barriers point to the deep dysfunctions of public services (see Assaad 2010). Public goods and services need to be repurposed as channels of social mobility
- Not only education is necessary for enabling employment but also health, environment and access to mobility and shelter.

Four: Research and Evidence are Key to Policy

Research and data are the solid infrastructure upon which good policies are based. Open and sound data is a necessity for:

- **Poverty Targeting**
- **Interpreting UNR**
- **Assessing adequacy and sufficiency of social spending**
- **Accountability**
- **Impact and evaluation**

Sound policy needs open data

Five: Middle Class Stagnation is a drag on all Policies

- The misrepresentation of current social protection needs has precipitated a middle class crisis. Inefficient subsidies were not only serving the rich. They were part of the value chains and enterprises of the not so rich and even of the near poor. Subsidy reform and other measures for macro-economic stabilization have echoed in a variety of classes. Compensation has been provided for the very poor and for the formal employed. Very recent increases to pensions are much needed and are a sign that the middle class are vulnerable and require different forms of protection

Six: Where are Women and Children

- Pillar one of the report is oblivious of gender and generational differences and potentials. The demographic profile of Egypt is mentioned (population bulge (or *budge* as in the report) and the low labor force participation of women is noted but the policy reforms noted do not reflect these specificities. For example:
 - Creating fiscal space to serve the needs of a young demography
 - Recognizing women's care work
 - Creating gender neutral labor markets
 - Aggressively optimizing our demographic gift (91% of 15-29 yr old youth work in informal economy)

Seven: LOW PAY

- The report recommends expanding current social protection programs but ignores the complex problems of targeting and the challenges facing the possibility of work as welfare. Millions work but their incomes are too low to enable a **dignified Life**. The problem of low pay is pervasive and effects multiple sectors most clearly the informal, service, home based and for family work. The issue is mis-characterized as underemployment.

What are Possible Universal Interventions and Contextual Innovations that can realize development and Growth?

Should Egypt introduce universal programs to enhance the welfare extended by markets? For example a UBI (**where / stands for insurance not income**)

What are the legal and security requirements for growth and development?

Open access to data and freedom of information acts work (MNREGA in India)