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The American University in Cairo

School of Global Affairs and Public Policy

**ROLES, RULES AND CONTROLS:
AN ANALYTICAL REVIEW OF THE GOVERNANCE OF SOCIAL
PROTECTION IN EGYPT**

A Thesis Submitted to the

Public Policy and Administration Department

**in partial fulfillment of the requirements for the degree of
Master of Public Policy**

By

Nada Mohamed Kassem

Under the Supervision of: Dr. Ghada Barsoum

Fall 2020

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List of Acronyms

ALMPs	Active Labor Market Policies
ATM	Automated Teller Machine
BB	Baladi Bread
CAPMAS	Central Agency for Public Mobilization and Statistics
EU	European Union
FSS	Food Subsidy System
GDP	Gross Domestic Product
GRM	Grievance Redress Mechanism
GSIF	Government Social Insurance Fund
HIO	Health Insurance Organization
HIECS	Household Income and Expenditure Survey
IFPRI	International Food Policy Research Institute
ILO	International Labor Office
ISSA	International Social Security Association
MENA	Middle East and North Africa
M&E	Monitoring and Evaluation
MIS	Management Information Systems
MoF	Ministry of Finance
MOHP	Ministry of Health and Population
MoMM	Ministry of Manpower and Migration
MOSIT	Ministry of Supply and Internal Trade
MoSS	Ministry of Social Solidarity
NGO	Non-Governmental Organization
NOSI	National Organization for Social Insurance
PLMPs	Passive Labor Market Policies
PMT	Proxy-Means-Testing
PSIF	Public and Private Business Social Insurance Fund
PTF	Project Task Force
RC	Ration-Cards
SIS	Social Insurance System
SP	Social Protection
SPF	Social Protection Floor
SSN	Social Safety Nets
TKP	Takaful and Karama Program
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UN ESCWA	United Nations Economic and Social Commission for Western Asia
UNR	Unified National Registry

Acknowledgments

In the name of Allah, the most gracious and the most merciful, all praises and thanks to Allah for giving me the strength to complete this dissertation.

I wish to express my deepest gratitude and appreciation to my supervisor, Dr. Ghada Barsoum, who has not only been patient, guided me and provided me with feedback and advice during the preparation of this work, but who has been mentoring me throughout the whole Master's degree journey. I am indebted to Her for many of the experiences and skills I have gained throughout this journey.

I am honored and thankful to have Dr. Laila El Baradei on the committee. She has helped me reach key informants for the study and has provided me with helpful insights. I would also like to thank Dr. Charles Kaye-Essien for his very valuable comments, for his support and for accepting to serve on the committee. Finally, I am also thankful for Dr. Khaled Abdelhalim for his continuous support and constructive feedback since the early stages of the dissertation.

I would also like to take this opportunity to recognize the invaluable assistance of Amira El-Biltagy and Mennatallah Abdelhamid whose support was a milestone in the completion of this project.

I would like to extend my thanks to all the interviewees and participants in my study who have taken time off their busy schedules; without their true insights, the research would not have been possible.

I owe a special gratitude to my friend Amina Tarraf who has been eager to support me since the early stages of this work, who has constantly provided me with insightful comments and who has helped connect me to many of the key informants in this dissertation.

I must also express my very profound gratitude to my parents, family and friends, especially my mother who has always believed in me, kept me going, tolerated and supported me. I could not have achieved much in my life without their constant support.

Last but not least, I would like to pay my special thanks to my loving husband who has always believed in me, tolerated my constant commute, who has been patient and understanding and who never seized to support me throughout any of my endeavors. Finally, to the baby I was carrying throughout this journey, my son Hussein, thank you for being my main inspiration, for being with me and for pushing me to go the distance.

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ABSTRACT

This study examines the governance of social protection in Egypt. In light of rising poverty rates and economic and political instability, the government of Egypt has started shifting part of its focus towards reforming the social protection system, especially after the revolution in 2013. Because economic reforms have not translated in household income growth and since the currency devaluation have worsened socio-economic conditions, it is crucial and timely to examine the social protection arena in Egypt, focusing predominantly on the conditions and challenges of the governance of the system. This study adopts a framework that identifies three operational entry points of governance— *Rules, Roles and Controls*— as well as two spheres of analysis— program and sector levels. Twelve in-depth interviews with policy-makers and experts in relevant governmental, international and non-governmental bodies are used. The analysis focuses on the level of the social protection system as a whole and the program level, by examining the contributory social insurance system as well as the non-contributory cash transfer programs, *Takaful and Karama*. Although Egypt has reformed the legislative framework of the social protection system, this analysis finds that the system still faces a number of shortcomings. Social protection in Egypt is confronted with the challenge of inadequate inter-ministerial coordination which hampers the establishment of a comprehensive, coherent and sustainable system that achieves social justice. The programs show a disconnect between design and implementation. Indeed, the two programs have designed and developed an adequate institutional infrastructure and monitoring and evaluation capacity. However, they face diverse implementation challenges. The recommendations of this analysis center around the establishment of an institutional home for social protection, the establishment of a common vision, the development of the necessary institutional and administrative capacity, a rigorous monitoring and evaluation toolkit, undergoing regular governance examinations, among others.

1. CHAPTER ONE: INTRODUCTION

The Arab Spring has highlighted the need for a new era of social justice in the Middle East and still. Social Protection (SP) issues were set aside after the revolution and more attention was given to political turn-overs, power arrangements as well as religious-secular conflicts (Gamal, et al., 2014). Nine years after the revolution, the concept of social justice is regaining its importance in the Arab region and governments are starting to recognize the importance of shifting a part of their focus to the development of adequate SP systems, an endeavor that was initiated right before the revolution in many countries but was halted due to the rebellions and later the eruption of conflict in many countries (Jawad, Jones, & Messkoub, 2019a).

A growing youth population, rising levels of food insecurity, political and economic instability as well as poverty and spatial inequality are some of the obstacles facing Egypt and its commitment towards SP (Selwaness & Messkoub, 2019). Egypt is a lower middle-income country (World Bank, 2017) which faces persistent socio-economic challenges. Poverty rates grew from 26.3% in 2012 (WFP, 2013) to 32.5% in 2017-2018 (World Bank, 2019), whilst food insecurity rates rose from 14% in 2009 up to 17.2% in 2011 (World Bank, 2019). According to the 2014-2015 Household Income, Expenditure and Consumption Expenditure Survey (HIECS), one in every four Egyptians is poor and almost one in every two citizens is poor or near poor (ERF, CAPMAS, 2014, as cited in: Abdalla & Al-Shawarby, 2018). Moreover, a very large percentage of the country's middle class is vulnerable to shocks and risks and can therefore, fall easily below the poverty line (Abdalla & Al-Shawarby, 2018). For this reason, the country has been undertaking several economic reforms that have so far improved the real Gross Domestic Product (GDP) from 4.2% in 2016 to 5.3% in 2018 (WFP, 2019). Nevertheless, this has not translated in household income growth. Indeed, poverty keeps rising while income of the bottom 40% keeps declining (Abdalla & Al-Shawarby, 2018). This highlights the importance of developing an effective and efficient social protection system.

The Egyptian government, aware of the importance of putting in place a SP system that cushions the effects of the current political and economic reforms on the middle class as well as those living in poverty, has pledged to expand social safety nets (SSN) and their coverage for the most vulnerable (Government of Egypt, 2015). Using savings gathered from the energy subsidy reforms gradually adopted since 2014 as well as the reforms that were made to the whole subsidy system (Ministry of Planning, Monitoring and Administrative Reform, 2019), the country aims to transform the design, delivery and scope of the current SP programs. This is why, the government has increased spending on social security and social assistance programs while it reduced spending on the subsidy system (Ministry of Planning, Monitoring and Administrative Reform, 2018). The evolution of social policies is therefore important and requires an in-depth analysis of developments in the country (Ameta & El Shafie, 2015).

1.1. Statement of the problem

Although there is no universally accepted definition of social protection, all definitions highlight the fact that social protection grants an effective response to poverty and vulnerability in the Global South (Barrientos & Hulme, 2008; Arjona, Ladaique, & Pearson, 2003; Holmes & Slater, 2007). Social protection measures provide a response to risk, deprivation, poverty and vulnerability which is accepted by the polity and the society (Conway, De Haan, & Norton, 2000).

As previously mentioned, Egypt is currently at a potential turning point in its efforts to reform the social protection system (Selwaness & Messkoub, 2019). In addition to the rise in poverty, the structural adjustment programs as well as the political instability, the government of Egypt has recognized the deficiencies in the existing SP system and has committed to improve targeting and delivery systems as well as reform the legacy programs that were neither efficient nor effective (World Bank, 2015). With regards to SSN, the government is slowly moving away from universal subsidies to more targeted programs (Selwaness & Messkoub,

2019). In 2014, the government introduced reforms to the food subsidy system (FSS) which aimed at enhancing the supply chain, providing the beneficiaries with a number of subsidized commodities to diversify their consumption, among others (Abdalla & Al-Shawarby, 2018). Moreover, the government has set aside 10-15% of the savings from the structural subsidy reforms to launch *Takaful and Karama*, the country's first targeted cash transfer program (World Bank, 2015, p. 4). Finally, new social insurance and health insurance laws have been passed in the last two years to transform the systems. The new social insurance law tries to mitigate many of the challenges of the old system, whereas the health insurance law provide universal health insurance (Selwaness & Messkoub, 2019).

Design and capacity limitations are some of the major challenges facing most developing countries in the extension of social protection programs (Barrientos & Hulme, 2009). Developing countries face a number of challenges at all levels of the policy cycle, starting with the design of the program, to the service delivery, institutional capacity as well as evaluation mechanisms (Barrientos & Hulme, 2009). In this regard, Egypt is not different. Despite its efforts in designing a program that fits international standards, *Takaful and Karama*, the program still faces a variety of challenges in terms of its targeting, service delivery as well as evaluation (Breisinger, et al., 2018b). Moreover, the country's social protection system is fragmented and is therefore, incapable of achieving social justice and reducing poverty (Selwaness & Messkoub, 2019). Similar to other Arab countries, the Egyptian SP system is incorporating innovative programs into the existing political and institutional frameworks and hence, fails to have a *transformative* impact (Sabates-Wheeler & Devereux, 2007; Jawad, Jones, & Messkoub, 2019a).

Most studies on SP in Egypt either focus on specific programs (e.g. Selwaness I. , 2012; Ido, 2018; Abdalla & Al-Shawarby, 2018; Loewe & Westemeier, 2018) are outdated or do not delve deep into the SP system as a whole. This is why they often neglect many of the enduring

challenges in the SP system. Moreover, Egypt is at a potential turning point where a number of reform efforts are being implemented. For this reason, it is crucial to open the “Black Box” of the SP system (Bassett, Giannozzi, Pop, & Ringold, 2012) and analyze the governance of the social protection system and the programs being implemented in Egypt.

Although *Governance* is a term which is conceptually ambiguous and vague (Pierre & Peters, 2020) and has been defined differently by different strands in the literature, for the purpose of this study, governance in SP is defined as a set of incentives and accountability relationships which improve the delivery of services, their quality, efficiency and outcomes (Bassett, Giannozzi, Pop, & Ringold, 2012, p. 5). An examination of the governance of a SP system in a country focuses on the “system” (Bassett, Giannozzi, Pop, & Ringold, 2012). as well as the program level. Not only design and implementation features are assessed, but also the regulatory framework, coordination among the relevant stakeholders as well as the accountability relationships governing the system and the programs are in the cornerstone of a governance analysis. Hence, effective governance aims to enhance the design, implementation and outcomes of SP programs (Campos & Pradhan, 2007). It aims to create an integrated social protection system which is comprehensive, *transformative* and achieves social justice. Since design, delivery and coordination obstacles are some of the challenges currently facing the Egyptian SP system, an in-depth assessment of the governance of SP in the country is both timely and necessary.

1.2. Research Objectives

This thesis aims to provide an analytical framework that identifies the governance conditions and challenges that are currently facing the Egyptian SP system. If the country does not reform the underlying constraints which have precluded it from developing an effective SP system in the past, reform efforts can go in vain. Established programs can also demise, similar to Mexico’s *Prospera* cash transfer program, which was abolished in 2019, 21 years after it

was launched and - at the time - represented an iconic and innovative conditional cash transfer program (Kidd, 2019). Thus, this study aims to examine the facilitators of SP which have been established to improve the SP system as well as challenges the system and the programs are still encountered with. This way, reform efforts can be guided by an evidence-based and in-depth examination of the strengths and weaknesses of the current system.

As such, the study does not engage with the conceptual debates on general SP issues, such as whether to target programs or not, whether to provide conditional or unconditional transfers, whether to provide in-kind or cash grants, among others. Although these are debates that are also essential within the context of the design of the SP system in the country, they are out of the scope of this paper. Instead, this study examines the challenge most countries face: fragmentation of services; and the poor governance of SP systems with limited institutional and administrative capacities (UNDP & UNCDF, 2013). This thesis seeks to offer an in-depth understanding of the challenges and conditions in the governance of SP in Egypt. It also maps the development in the field after the revolution, an endeavor which has not been undertaken by many scholars. While the impact of Covid-19 on the social protection system in Egypt might be significant, this study was conducted before the outbreak of the pandemic and thus, its effect on the social protection system in Egypt are not included in this thesis.

In order to do so, the conceptual framework *Rules, Roles and Controls* developed by the World Bank to enhance the governance of SP systems is employed (Bassett, Giannozzi, Pop, & Ringold, 2012). The framework defines governance in terms of accountability relationships and incentives and provides three operational entry points for governance; (1) the rules of the game which establish the regulatory and legal context of SP systems and programs, (2) roles and responsibilities which identify the institutional relationships as well as the incentive structures as well as (3) the controls and accountability relationships which aim to reduce error, fraud and corruption, improve transparency, monitoring and evaluation, among others. The

governance of SP is examined at three spheres; (1) macro-level or policy-/legal framework, (2) meso- or sector-level which focuses on coordination efforts as well as the (3) micro-or program-level which delves into an assessment of the design and implementation of SP programs. This conceptual framework is unique insofar as it can be applied to both contributory and non-contributory schemes, as it provides operational parameters to measure the different entry points and as it does not merely focus on the program level but most importantly the policy and coordination issues related to the SP system in a country.

By conducting in-depth interviews with twelve policy-makers, experts and consultants in the SP system in Egypt, and using the previously identified parameters, this study assesses the governance of SP in Egypt. The interviewees represent governmental agencies such as the Ministry of Social Solidarity, the National Organization for Social Insurance, the Ministry of Supply and Internal Trade as well as a number of international organizations. Data provided by the interviewees are triangulated with a content analysis of scholarly work on contributory and non-contributory schemes in the country. Both the meso- and the micro-levels of governance are examined.

At the program level, the focus lies on the social insurance system as well as the *Takaful and Karama* program for a number of reasons. First, not only was I able to gain access to data and documents on these programs, but I had the opportunity to interview policy-makers and consultants working on both programs. Moreover, the two programs have been operating for a number of years and hence, an evaluation can be rendered. On the contrary, the new universal health insurance scheme has not been fully implemented yet and therefore, a judgment of the program is still premature. Assessing the old health insurance scheme would be outdated since a new one is already in play. In terms of SSN, the inclusion of the Food Subsidy system would have been plausible and imperative, however, the area of food subsidies is complex and could have drastically widened the scope of this study. Moreover, data on food subsidies are scarce

and I was not able to interview many experts in the field. Nevertheless, food subsidies require an in-depth analysis on their own especially since they have been the most important but least efficient and effective SSN for decades (Abdalla & Al-Shawarby, 2018). With regards to active labor market policies and programs, on the one hand, this field is evolving but there is a lack of coordination between the players in this field (Barsoum, et al., 2019). Indeed, the government is not playing an active role in steering labor interventions and hence, an assessment of the governance of these interventions would not have been representative. On the contrary, the government is directly involved in steering the social insurance system as well as its first targeted cash transfer programs *Takaful and Karama*.

Although the examination of the two programs does not claim total representativeness of all other programs in the country, however, many of the findings can be generalized to other social protection programs in Egypt. Especially because the study examines a contributory as well as a non-contributory program, which differ in their nature, the common characteristics of the two programs can often be generalized to other programs in the country.

The study finds that the main challenge facing the social protection system is the lack of coordination across social protection programs. SP programs are mostly fragmented, do not have a common vision and thus, mandates can often overlap. Not only does the inadequate coordination prevent the system from achieving social justice, but it can impede service delivery. Another finding relates to the existence of a disconnect between design and implementation of the programs. While the legislative and regulatory framework seems to be designed according to international best practices in most programs, implementation challenges are more apparent and require an in-depth investigation of the governance, at the micro-level. Additionally, more rigorous assessments need to be undertaken in order to evaluate programs based on their outputs. Developing the necessary human and institutional

capacity is also one of the main necessities. Indeed, the lack of performance incentives often impedes effective service delivery.

1.3. Research Questions

As previously mentioned, this study aims to examine the governance of the social protection system in Egypt. Especially with regards to the country's ongoing efforts to reform SP, it is crucial to place these efforts within the framework of *good governance* and to elaborate on the challenges and facilitators of the system. The contributory and non-contributory social protection systems are in the focus of this work. Instead of solely focusing on governance challenges, this study also highlights the existing conditions in order to build on the system's strengths. This thesis tries to answer the following research questions using qualitative research methods.

Main Question: In light of the increase in the percentage of poverty and the ongoing reform efforts of the social protection system in Egypt, what is the status of the governance of the social protection system in Egypt and the challenges facing it?

First Sub-Question: What are the prerequisites needed to enhance the governance of Egypt's social protection system?

Second Sub-Question: What are the main challenges facing the governance of the Egyptian social protection system, as a whole?

Third Sub-Question: What are the main governance challenges facing the country's contributory and non-contributory schemes, taking the social insurance system as well as *Takaful and Karama* as case studies?

1.4. Structure of the thesis

This study is sub-divided into seven chapters which focus on the following aspects:

Chapter One introduces this thesis' research topic, as well as the problem which is being addressed in this work. The research objectives are also examined in this chapter in addition to

the scope of the study. This introductory chapter also provides insights into the methodology used as well as the findings of the study. It also incorporates the main questions this work aims to address.

Chapter Two provides a background about the social protection system. It starts by providing this study's conceptualization and understanding of social protection as well as the typology and classification which is used here. It then attempts to map the different social protection schemes and programs in the country, focusing predominantly on changes that occurred after the January 21st Revolution in Egypt. This chapter is sub-divided into contributory and non-contributory schemes followed by an examination of active labor market interventions in the country.

Chapter Three presents a review of the literature that is relevant to this paper. First, the concept of governance is in the highlight. This section shows that governance is an ambiguous concept which can be used in various domains. Tracing the development of governance and its relation to social protection starts with the relationship between governance and social policy. Indeed, the first scholarly works on the relationship focused on social policy. Contemporary studies concentrate on the governance of social protection. Before providing an in-depth examination of the governance of social protection, governance is placed within the discourse on social protection. At the end, the review emphasizes the studies focusing on social protection in the Middle East and Egypt and especially the governance of social protection in the region.

Chapter four elaborates the conceptual framework used to analyze the governance of social protection in Egypt. It provides a visualization of the framework and highlights the parameters that are most relevant to this study.

Chapter five describes the research methodology that is used in this study. The rationale for the use of qualitative research methods is elaborated and the data collection methods are described. This chapter also elaborates on the sample selection, the study framework, how the

data were analyzed, which ethical dimensions were taken into considerations as well as the study limitations.

Chapter Six presents the collected data and analyzes them. It is sub-divided according to the conceptual framework into the meso- or systems-level which tackles the sector of social protection and the coordination among the actors in it as well as the micro- or program-level. At the program level, this chapter focuses on a governance assessment of the social insurance system followed by an examination of *Takaful and Karama* program.

Chapter Seven concludes the thesis by providing the main findings of the analysis and offering a number of recommendations based on the identified strengths and weaknesses of the social protection system in Egypt.

2. CHAPTER TWO: BACKGROUND ABOUT SOCIAL PROTECTION IN EGYPT

This chapter provides an outline of the social protection system in Egypt. It focuses predominantly on changes that were initiated after the January 21st revolution in Egypt. In order to start a discussion on social protection, it is crucial to first elaborate on this study's conceptualization and definition of social protection. Afterwards, using the World Bank (2012) typology of social protection programs, the background section is sub-divided into contributory and non-contributory schemes as well as labor market interventions. The two most important contributory schemes in the country are the social insurance and the health insurance systems. With regards to non-contributory schemes, the food and fuel subsidies as well as the cash transfer programs - whether the Solidarity pension or *Takaful and Karama* - are in the cornerstone of this section. In Egypt, there are not many passive labor market interventions, this is why, the field of active labor market policies and programs is analyzed. Although the analysis section only focuses on *Takaful and Karama* and the social insurance scheme, this chapter aims to provide a comprehensive overview of the social protection arena and therefore, tries to describe and incorporate the most important schemes. Not all programs are included in this chapter, however, as elaborated above, the focus lies on the most important interventions that were identified based on the literature and scholarly work in the field.

2.1. Defining Social Protection

Social protection is a key contributor to social inclusion and the goal of leaving no one behind. It is a key contributor to all of the 2030 sustainable development goals, particularly goal one, which aims at eliminating poverty in all its forms everywhere (UN ESCWA, 2015).

It is important to start by having some clarity about what is meant by social protection and how it is understood. There is no universally accepted definition of social protection mostly because countries' social protection measures vary across the developed and developing world

(Yemtsov, Honorati, Evans, Sajaia, & Lokshin, 2017). The working definition that is used in this paper is adopted from the World Bank's book *Measuring the Effectiveness of Social Protection* (2012). The World Bank defines social protection as these policies that assist individuals and societies in managing risks and vulnerabilities and that protect individuals from poverty. These policies enhance resilience, equity and opportunity (World Bank, 2012). Social protection schemes are sub-divided into contributory schemes, non-contributory schemes as well as labor market interventions.

A. Contributory or Social Security schemes are central to income security. They refer to health insurance, social insurance and pension schemes that are funded by workers' contributions, which can either be voluntary or compulsory. The main aim of contributory schemes is to leverage income in order to cushion workers from the impact of shocks such as unemployment, inability to work due to health issues or maternity, and retirement. Workers contribute regularly throughout their work life to a fund in order to claim benefits. There are two main types of contributory schemes: benefit-defined schemes where individuals contribute to a collective fund and have specified benefits at the time of receiving pensions; and contribution-defined schemes where contributions are made to individual accounts and benefits are defined based on the contributions made. Health insurance programs are also an imperative part of the social security system.

B. Non-Contributory or Social Assistance schemes are social safety nets that aim to reduce poverty and vulnerability. Such social welfare programs assist individuals and households to adapt to chronic poverty and reductions in income which would lead to them sinking into poverty. Unconditional and conditional cash transfers as well as in-kind transfers are some of the social assistance programs where recipients are generally

not obliged to make any advance payments to receive benefits. These non-contributory schemes involve other informal forms of transfers and support.

C. Labor market programs and regulations help the unemployed and the under-employed. These measures include passive and active approaches. Passive labor market policies (PLMPs) incorporate contributory and non-contributory unemployment assistance. Such interventions are often a part of the social security or social assistance system of the country. This is why, PLMPs will not be discussed in depth in the context of labor market regulations.

Active Labor Market policies (ALMPs) are interventions that seek to improve the prospects for gainful employment among their participants (OECD, 2008). Youth-focused ALMPs are often paired with the key objective of facilitating the school-to-work transition process, by increasing the employability of new entrants to the labor market or by increasing labor demand (Angel-Urdinola & Leon-Solano, 2013). ALMPs are often regarded to have an inside-outsider role on employment (Rovny, 2014). Indeed, outsiders are those who are disadvantaged in the labor market such as the unemployed, low-skilled, immigrants, among others (Rovny, 2014.). ALMPs are generally divided into four main categories (Kluve, et al., 2016). These are (1) training programs, possible formats include: in-classroom, on-the-job, life skills, second-chance programs, non-formal apprenticeship, financial literacy, and mentoring; (2) entrepreneurship promotion programs, in the form of financial and non-financial assistance; (3) employment services, counselling, search assistance or job placement; and (4) services in the context of subsidized employment and public works projects.

Table 1 shows the objectives and types of programs that fall under each of the above-mentioned categories. When mapping the social protection arena in Egypt, this thesis focuses on these types of programs which are important for the contemporary social protection system

in Egypt. The most important contributory schemes in Egypt are the social insurance and health insurance schemes, while the most important non-contributory schemes are the food subsidy system, the old solidarity pension as well as the targeted cash transfer programs *Takaful and Karama*. Finally, ALMPs are the most relevant labor market interventions in Egypt.

Table 1: Social Protection and Labor Market Interventions

Social protection and labor programs	Objectives	Types of programs
Social safety nets/ social assistance (noncontributory)	Reduce poverty and inequality	<ul style="list-style-type: none"> • Unconditional cash transfers • Conditional cash transfers • Social pensions • Food and in-kind transfers • School feeding programs • Public works • Fee waivers and targeted subsidies • Other interventions (social services)
Social insurance (contributory)	Ensure adequate living standards in the face of shocks and life changes	<ul style="list-style-type: none"> • Contributory old-age, survivor, and disability pensions • Sick leave • Maternity/paternity benefits • Health insurance coverage • Other types of insurance
Labor market programs (contributory and noncontributory)	Improve chances of employment and earnings; smooth income during unemployment	<ul style="list-style-type: none"> • Active labor market programs (training, employment intermediation services, wage subsidies) • Passive labor market programs (unemployment insurance, early retirement incentive)

Source: Author's compilation based on World Bank (2018)

2.2. Contributory Schemes

The most important contributory schemes in Egypt are the social and health insurance schemes which are currently undergoing legal and regulatory reform efforts (Government of Egypt, 2015). This section highlights the reform efforts in both schemes as well as the challenges facing both schemes.

2.2.1. Social Insurance

This section describes reform efforts and challenges of the social insurance system (SIS) in Egypt. The old and the new social insurance frameworks are contrasted. The current legal framework, Law 148/2019 was officially launched on the first of January 2020, however, since it introduces drastic changes to the system, many of its provisions are still being implemented gradually. Thus, understanding the old legal scheme remains essential as many of the system's

challenges are caused by the complexity of the old social insurance legal and regulatory framework.

Law 148 for 2019 is currently the main legislative framework governing social insurance in the country. It unifies the different laws that were governing the SIS prior to its passing¹, creates a unified contribution rate and amends several of the flaws of the old legal framework. According to law 148/2019, the National Organization for Social Insurance (NOSI) should become the main body responsible for social insurance in Egypt and thus, should become independent from the Ministry of Social Solidarity (MoSS). Indeed, a full-time, independent and qualified managing director should soon be hired to manage NOSI.

Before law 148/2019 was passed, the contributory social insurance scheme in Egypt dated back to the laws developed in the 1970s (Social Security Administration, 2017). Although public and private employers are required to provide the contracted employees with access to social security, a large proportion of workers are not covered, especially in the private sector. These include temporary workers, self-employed and casual workers, artisans, domestic servants and small-scale farmers. The situation particularly affects new entrants to the labor market from the working youth (Barsoum, 2016). Egypt's social insurance schemes caters to disability, maternity, old age, sickness and unemployment² (Ameta & El Shafie, 2015, p. 7).

In June of 2010, Law 135/2010 was passed. It aimed at unifying the social insurance laws and resolving several of its core obstacles. Yet, due to the discontinuity and political transitions that occurred in early 2011, the law was annulled by the Presidential Decree No.79 in 2013.

¹ Before law 148/2019 was passed, four main laws were governing the social insurance system; Law 79 for 1975, Law 108 for 1976, Law 50 for 1978, Law 112 for 1980. A more elaborative account on the old social insurance system can be found in the following studies; Ido (2018); Loewe & Westmeier (2018); Selwaness & Roushdy (2014); Selwaness (2012); Sieverding & Selwaness (2012).

² Unemployment benefits are rarely provided to the beneficiaries due to a technical flaw in the system. According to the Ministry of Manpower and Migration, unemployment benefits are only given to insured persons who are dismissed involuntarily from their jobs. The majority of the private sector obliges employees to sign a resignation letter (Form 6) whilst signing the contract. This way, these companies evade many of their insurance liabilities and the dismissed workers do not receive their unemployment benefits (Selwaness & Messkoub, 2019)

Most recent statistics depict that around 17 million citizens contribute to the different social insurance schemes (ILO, 2019). Roughly 28.7% of the working age population and 53.6% of the labor force takes part in the system (ILO, 2019). Social insurance coverage among male participants dropped from 44.9% in 2006 to 39.8% in 2012, while female participation in the labor force increased and hence, their participation in social insurance increased from 43.2% to 54.5% in the same years (Selwaness & Messkoub, 2019). Nevertheless, the relatively low social insurance coverage can be attributed to several factors, among which the decline in public sector hiring that started in the late 1990s as a part of vast structural adjustment programs and economic reforms initiated at the time (Loewe & Westemeier, 2018; Assaad, 2009).

The Egyptian SIS faces various **challenges and shortcomings**. These can be summarized as follows:

A. There are wide gaps in coverage especially among youth. This is mainly due to the fact that the system was expanded for public sector employees in the 1970s and 1980s. At the time, a large number of citizens were being employed in the government and hence, SIS coverage was high. However, due to the decline in public sector hiring (Assaad, 2009) and the expansion of informal employment (Gatti, Bodor, Angel-Urdinola, & Silva, 2014), there was a significant decline of SIS among the younger groups (Sieverding & Selwaness, 2012). Moreover, due to the particularly low labor force participation among women, SIS coverage remains low (Assaad & Krafft, 2015; Barsoum, 2018). In particular, 18.7% of Egyptian women aged 15 to 24 were part of the labor force in 2017 (ILO, 2017). Moreover, the high cost of participation and the inadequate enforcement of law within the SIS have exacerbated the issue of low coverage (Roushdy & Selwaness, 2019). Finally, the lack of awareness about the SIS, especially among the poor or near-poor, which represent the largest portion of workers (Selwaness & Messkoub, 2019) is another main cause for the coverage gap (Loewe, 2014; Sieverding, 2016).

- B. The current scheme intensifies socio-economic disparities as it covers the more privileged groups in the labor market, the formal sector, whilst neglecting the most vulnerable, farmers and casual workers (Loewe, 2014). Less than 20% of the casual workers in Egypt had access to the SIS in the last decades (Roushdy & Selwaness, 2019). This exacerbates both the urban-rural divide in the country as well as socio-economic inequalities. Indeed, according to the World Bank (2007), 80% of pension-spending in Egypt goes to the non-poor (Sieverding & Selwaness, 2012).
- C. Another challenge facing the SIS is the evasion from social insurance contributions. A high percentage of the private sector either evades fully from SIS contributions of their employees or partially by under-reporting employees' salaries. Indeed, around 40% of the Egyptian private sector under-reports its social insurance contributions (UNDP, 2005). One of the main reasons why the system disincentives enrolment are the high contribution rates (Loewe, 2014; Maait & Demarco, 2012; Roushdy & Selwaness, 2015). Indeed, the Egyptian SIS is regarded as one of the most expensive in the Middle East and North Africa (MENA) region (Maait & Demarco, 2012). Prior to the ratification of law 148 for 2019, the contribution rates were 41% of the payroll, of which 26% are covered by the employer, 14% by the employee and 1% by the Treasury. Thus, both employers and employees have an incentive to under-report their earnings. Another reason why under-reporting is relatively high is the fact that pensions are calculated based on the monthly earnings of the last years in service (Roushdy & Selwaness, 2019). As they come closer to the pensionable age, contributors start fully reporting their salaries.
- D. The system also puts a ceiling on pensionable wage. This way, low-wage workers should pay their social insurance contributions on their total salary while high-wage workers whose revenues are above the pensionable wage ceiling do not report their total earnings (Sieverding & Selwaness, 2012). This way, not only does the system worsen socio-

economic gaps and inequalities, the SIS is deprived of contributions that could have been collected from high-wage workers.

E. Finally, the social insurance system's inadequate law enforcement and monitoring capacity worsens all of the above-mentioned challenges and shortcomings of the system (Sieverding & Selwaness, 2012; Roushdy & Selwaness, 2015).

As noted previously, law 148 for 2019 is currently the only law regulating social insurance benefits. The most important changes that were included in the law and consequently, in the new system are briefly highlighted here. This section is based on a report published by NOSI about the most important tenets of the new law (NOSI, 2019).

The main challenges that depicted a dire need for a new legal framework governing social insurance are, firstly, an anticipated actuarial budgetary deficit that would have occurred in 2037 (NOSI, 2019). The above-mentioned challenges and shortcomings of the old system including the low coverage rate and the evasion of social insurance contributions in addition to the increase in the percentage of early retirements and the low pension benefits were some of the main triggers to start working on a reformed legal framework.

In order to mitigate these challenges and upgrade the SIS, law 148/2019 was passed on the first of January 2020. It unifies all social insurance laws which should reduce the complexity of navigating the system. Furthermore, it lowers and unifies social insurance contribution rates but increases the minimum and maximum insurable salary. Law 148/2019 works with a unified *global* salary instead of fixed and variable salaries. It also includes the automatic adjustment of pensionable wage by 15% on an annual basis for the first seven years of its implementation. Afterwards, the rate would be adjusted based on the inflation rate. According to the new law, within the next couple of years the two social insurance funds managed by NOSI, Government Social Insurance Fund (GSIF) and Public and Private Business Sector Fund (PSIF) should be merged. Also, within one year from the implementation of the new law an independent

managing director should be appointed to head NOSI. This way, it would become independent from MoSS. Social insurance coverage for casual workers is also enhanced in the new system, thus, contributing to the inclusion of the informal economy and increasing the coverage of the system. Finally, the new law also foresees a voluntary social insurance scheme that is based on defined contributions and which would be invested in the country's new sovereign wealth fund.

2.2.2. Health Insurance

Before the Arab Spring, from 1965 to 1997, several laws extending health insurance to large portions of the population were being developed in Egypt (ILO, 2009b). Law 32/1975 extended health coverage to public servants whilst Law 79/1975 provided it to private sector employees. Successive laws broadened the coverage to include widows of pensioners, children, among others (ILO, 2009b, p. 4). Egypt's health care system included different and fragmented types of service providers and funders including tax-funded and social health insurance schemes. The tax-funded as well as the insurance-based systems both manage their own hospitals and health care facilities that provide primary, secondary and tertiary care. Moreover, the Ministry of Health and Population (MOHP), the Health Insurance Organization (HIO), the Ministry of Education as well as the Curative Care Organizations all run their own facilities (ILO, 2009b). The social health insurance system is mainly managed by HIO and a number of government hospitals and healthcare providers that grant services for the uninsured at subsidized rates (Sieverding & Selwaness, 2012). The HIO has its own network of healthcare providers but it also works with private doctors and facilities to provide additional services for those covered by the health insurance system (Sieverding & Selwaness, 2012).

This system faces many **challenges and shortcomings**. In terms of the coverage of the system, roughly 30% of the labor force was covered by the HIO in 2008 (Maeda & ElSaharty, 2008), among which less than 5% were private sector workers. This discrepancy can be largely attributed to the fact that private sector companies are not obligated to enroll their employees

in the health insurance scheme. Moreover, the poor quality of medical services and the exclusion of several services from the health insurance scheme has increased the pay out-of-pocket share of those insured under the system (Maeda & ElSaharty, 2008). In addition to many financial constraints and limitations that resulted from the legislative framework of the health insurance system and that have resulted in the unsustainability of the system, health insurance benefits the rich more than the most vulnerable populations. Indeed, 80% of the subsidized health care services are provided to the two highest income quintiles, according to MOHP (Sieverding & Selwaness, 2012). Other forms of inequality exist between the coverage of the urban and the poor, men and women as well as the formal and the informal sector (Sieverding & Selwaness, 2012). One of the main causes of these shortcomings is that many institutions and laws regulate the same coverage scheme. This leads to inefficiency, lack of coordination, in addition to several other obstacles and challenges.

The Government of Egypt has committed to reform the health insurance system (Government of Egypt, 2015). The government's efforts culminated in the passing of Law 2 for 2018 adopted in January 2018. It covers all citizens including all ages, all parts of the country, private employees, seasonal workers as well as women and children on a mandatory basis (NATLEX, 2018). Additionally, the law provides coverage against disease and health injuries. It also guarantees free healthcare services to those unable to meet the required contribution fees. Not only does the new law extend health insurance coverage geographically, demographically and by the level of service, it regulates all aspects of health insurance. In addition, it increases the revenues of health insurance and incentivizes quality and efficiency. Finally, the law focuses on the delivery of high quality services and guarantees the sustainability of funding (NATLEX, 2018). In June 2020, the World Bank has approved the provision of US\$ 400 million to support the development of the universal health insurance scheme (World Bank, 2020). The pilot phase of the law is being launched in Port Said where

approximately 506,000 citizens were registered in the first couple of months. Universal Health insurance is set to be rolled out gradually until 2030 (Egypt Today, 2019). No assessments can be rendered on the new law yet due to the lack of data about the pilot phase in Port Said that has only started in July of 2019.

2.3. Non-Contributory Schemes

Non-contributory social protection programs - also referred to as social safety nets or social assistance schemes - are interventions which do not necessitate direct contributions from the beneficiaries as a requirement to the entitlement to benefits (Behrendt & Hagemejer, 2018). Such programs help individuals adapt to chronic poverty, destitution, deprivation and vulnerability, thus, targeting the poor and vulnerable (World Bank, 2018a). As noted above, non-contributory schemes include conditional and unconditional cash transfers, in-kind transfers, non-contributory social pensions, food and in-kind transfers, school feeding and public works programs, fee waivers, among others (World Bank, 2018a).

In Egypt, the most important social safety nets are the subsidies as well as cash transfers. The focus of this section lies on the food and fuel subsidies since they are among the most important commodity subsidies and SSN in the country as well as the solidarity pension and *Takaful and Karama* cash transfer programs. Changes which were initiated after the Arab Spring are highlighted here.

2.3.1. Food and Fuel Subsidies

Subsidies play an important role in Egypt's social, economic and political landscape. Spending on subsidies, grants and social benefits amounted to an annual average of 9.7% of the GDP for fiscal years 2011/12 to 2015/16 (Abdalla & Al-Shawarby, 2018). The most important category of subsidies in Egypt includes commodity subsidies which reached an

average of 7.9% of the GDP in the same period³ (Abdalla & Al-Shawarby, 2018). Commodity subsidies can be divided into six categories; (1) Food Subsidies (*Tamween*) (2) Farmers' Subsidies (3) Fuel Subsidies (4) Electricity Subsidies (5) Subsidies for medicine and children's milk (6) Transfers to public water companies.

Egypt's non-contributory social assistance scheme has long focused on fuel and food subsidies. These policies have been often described as both expensive and regressive since 80% of their benefits are reaped by the non-poor (Devereux S. , 2016, p. 14). Step-by-step liberalization of energy prices is currently being implemented and a portion of the savings from these fuel subsidies is invested in reform, transformation and development plans of SSN, healthcare and education (Abdalla & Al-Shawarby, 2018).

Food subsidies remain, however, the cornerstone of Egypt's SSN, especially since the country is constantly faced with the double-burden of malnutrition⁴ - in spite of the prevalence of the subsidy system since the early 1900s (Ecker, Al-Riffai, Breisinger, & El-Batrawy, 2016). The Ministry of Supply and Internal Trade (MOSIT) is in charge of regulating the FSS in Egypt. It is estimated that roughly 80 million Egyptians are registered in the system (Emam, 2019). Spending on the FSS is the second-largest among Egypt's SSN, preceded by fuel subsidies (Abdalla & Al-Shawarby, 2018). Finally, the FSS has always played the role of mitigating price shocks and cushioning the population from falling into poverty and deprivation (Abdalla & Al-Shawarby, 2018). The removal of food subsidies - without an immediate substitution - could lead to roughly a 10% increase in the national level poverty (WFP, 2013). Upper Egypt, the region with the highest poverty rate in Egypt would be affected severely (WFP, 2013).

³ Subsidy spending in Egypt can be divided into four categories (a) commodity subsidies (b) subsidies and grants for social services (c) subsidies and grants for lagging regions and (d) subsidies and grants for economic activities (Abdalla & Al-Shawarby, 2018).

⁴ The double-burden of malnutrition resembles the co-existence of undernutrition and obesity or diet-related noncommunicable diseases (Ecker, Al-Riffai, Breisinger, & El-Batrawy, 2016).

In line with the new social contract and the demands for social justice and inclusive growth after the country's 2011 and 2013 revolutions, MOSIT started introducing a series of structural reforms aimed at enhancing targeting, efficiency, delivery, coverage or benefit level of the FSS (Abdalla & Al-Shawarby, 2018). A smartcard-based system where citizens are allowed to buy a number of loaves per day replaced the old scheme in which the government provided the flour for the bakeries at a subsidized price. In 2015, approximately 88.6% of all families made use of food subsidies through the smart-card system (Machado, Bilo, Veras Soares, & Guerreiro Osorio, 2018, p. 134). This is why, in 2017, the eligibility criteria were narrowed down to households earning below a certain income threshold. Additionally, only four family members are now allowed to be registered under one smart-card, however, this does not apply to already listed households (Machado, Bilo, Veras Soares, & Guerreiro Osorio, 2018, p. 131).

The contemporary system *Tamween* incorporates two principal elements; *Baladi Bread* (BB) and Ration Cards (RC). Starting from mid-2014, subsidized commodity quotas were replaced with monthly cash allowance that provide ration cards' beneficiaries with a variety of commodities to choose among. Several other reforms that incentivize beneficiaries to use RC instead of consume BB have been undertaken, as well (Abdalla & Al-Shawarby, 2018). Thus, Egypt has changed its food subsidy system from the provision of in-kind subsidized goods to an open voucher-style system. Moreover, the system is technologically developed so as to allow for the *personalization* of the subsidized food commodities (Abdalla & Al-Shawarby, 2018, p. 108). One of the major shortcomings in the system that still persists is the universality of food subsidies. Up until now, targeting mechanisms for the food subsidy system have not been fully developed.

The most important tenets of the reformed FSS are the following⁵.

- A. The BB subsidy shifted from an input-based subsidy to an output-oriented one. Instead of subsidizing the wheat flour distributed to bakeries, in the new system bakeries buy wheat flour at the market price and sell the loaves at the agreed-upon price (5 piastres). MOSIT now subsidizes the difference between the subsidized price and the real cost of the loaves. This change has helped in reducing leakage as well as the prevalence of a black market for wheat.
- B. The FSS system is now an automated smart system. The BB and RC systems are linked and bakeries have to have POS readers. This way, financial transactions between MOSIT and the bakeries as well as the bakeries and the beneficiaries are now automated.
- C. The new system also caps the number of bread loaves a family can purchase daily, enhances the quality of the bread and incentivizes families to alter their food choices by rewarding beneficiaries who do not purchase the maximum amount of BB. This way, the system promotes a more diverse diet which might have positive nutritional effects.
- D. The new FSS has encouraged commercial activities and market competition by allowing groceries which sell subsidized commodities to sell other goods in addition to the RC produce.

In spite of the upgrade of the system, FSS still encounters a number of **challenges**. First, the FSS still faces distortions in the market. Also, there have often been reports of shortages of basic commodities such as Rice and Oil. Many beneficiaries also complain about the value of the benefits. Indeed, after initiating the change to the RC point-based system, the relative value of the food subsidy has declined as opposed to earlier systems. Moreover, the system does not provide enough incentive to replace BB with other commodities. Indeed, beneficiaries are

⁵ This section is predominantly based on Abdalla & Al-Shawarby (2018) since it is one of the most comprehensive and recent accounts on the issue of subsidies. Their account includes a more detailed review of the FSS.

compensated with 10 piasters on their RC for every loaf of bread they save. This amount does not render beneficiaries many other options to purchase. Finally, the biggest challenge facing the sustainability of the FSS is the targeting. The FSS covered nearly 88.6% of the Egyptian population in 2015, among which are 77.7% of the richest decile and 90% of the second to fourth richest deciles (Abdalla & Al-Shawarby, 2018).

2.3.2. Cash Transfers

Social assistance had been managed in the form of monthly non-contributory pensions since the Anwar El-Sadat government. At the time, it was named *Sadat pensions* and afterwards it was changed to *Mubarak pensions* and finally, the scheme was called Solidarity Pension or *Ma'ash Al-Daman*. This scheme targets casual workers as well as those not covered under the SIS. Although it is named *pension*, this scheme is considered as one of the principal SSN together with other social assistance programs. This program has received criticism for its limited coverage, the low pension benefits as well as its bias in administration (Sieverding & Selwaness, 2012). The system reaches less than 10% of the poorest quintile (World Bank, 2015). Despite the heavy criticism, before and after the revolution, the pension was raised several times in an ad hoc manner by most governments due to social pressures (Ido, 2018). This exacerbated the issue of the financial sustainability of this pension scheme.

With regards to the provision of cash transfers, before the January 25th Revolution, MoSS initiated a geographical targeting program aimed at reaching the 1000 poorest villages in Egypt and providing them with conditional cash transfers (Ido, 2018). The conditions for the obtainment of the monetary transfers were minimum school attendance, constant visits to healthcare facilities and clinics as well as other nutritional issues. For a very long period of time, only 2% of the SP budget was targeted at non-contributory schemes (Devereux S. , 2016, p. 44), however, reforms are being undertaken in this area.

After the revolution and responding to the call for *Social Justice* MoSS launched the *Takaful and Karama* Program (TKP) – Dignity and Solidarity. *Takaful* is an income support program for under-privileged households with children (0-18 years). Conditional on school enrollment and attendance, health screenings, among others, eligible families receive monthly cash transfers (World Bank, 2015). The amount of *Takaful* monetary transfer is dependent on the number of children as well as their school level. It is notable that 89% of the recipients of this program are women (Breisinger, et al., 2018b). *Karama* is a social inclusion scheme that provides SP and decent living standards to elderly people, persons with disabilities and more recently, orphaned children. *Karama* grants a fixed cash amount per individual. Both programs use proxy-means-testing (PMT) formula to target the most vulnerable households. In December 2016, the programs reached almost 5.5 million citizens (Ministry of Social Solidarity, 2016) and the spending on the two programs amounted to LE 1.7 billion in 2015 to 2016 (Ministry of Finance, 2017).

As opposed to *Karama*, *Takaful* is regarded as more of a *developmental* SP scheme that aims at the enhancement of human capacity (Ido, 2018). *Takaful* is a conditional cash transfer program. Although conditionality has not been implemented yet, it aims to enhance the beneficiaries' education and health indicators as well as their quality of life (World Bank, 2018b). Additionally, *Karama* grants individuals with cash transfers whilst *Takaful* endorses a *feminist design* that targets female heads of households (World Bank, 2018b).

Both programs are supported by the World Bank's *Strengthen Social Safety Net Project* from 2015 up until 2019 (World Bank, 2015). Indeed, setting up the program, designing and maintaining its infrastructure, among other needs were financed by the World Bank's loan of LE 400 billion. After assessing the progress of TKP, the loan was renewed in 2020 in the amount of LE 400 billion that should last for four more years (World Bank, 2015). At the starting phase of the program in 2015, a portion of the loan was dedicated to the cash transfers.

Afterwards, the program was included in the government's budget and currently, the cash transfers are being provided by government's resources. The budget allocated to TKP increased by 250% from 2015 to 2017-2018 (MoSS, 2019). Within this period, not only was the program rolled out on a national scale, but the impact assessment conducted by the International Food Policy Research Institute (IFPRI) revealed that the program produced positive impact on the beneficiaries (Breisinger, et al., 2018a; Breisinger, et al., 2018b; ElDidi, et al., 2018).

The most dire challenge facing SSN in Egypt has always been the targeting efficiency, as shown from the assessment of the FSS as well as the Solidarity pension. To mitigate this challenge, the MoSS together with the World Bank developed a multilayer targeting formula to enhance the targeting of *Takaful and Karama* cash transfers; first through geographical targeting with the help of poverty maps, then a household targeting formula based on a PMT and finally, using categorical criteria such as children, the elderly and persons with disability (World Bank, 2015). Kurdi et al. (2018) provide a more detailed description of the targeting procedures. Criteria for the indicators of poverty were based on the HIECS conducted by the Central Agency for Public Mobilization and Statistics (CAPMAS) for the year 2012 to 2013 (ERF, CAPMAS, 2014). The poverty map focuses to a large extent on the least developed geographic regions - predominately the Southern parts of the country which were previously neglected (Government of Egypt, 2015). This is why, the government's outreach efforts and awareness campaigns towards the program were mostly targeted at the Southern poorest areas of the country (Breisinger, et al., 2018a).

Accepted beneficiaries receive cash transfers that are calculated depending on the number of children, their age groups, the number of elderly or people living with disabilities, etc. TKP benefits increase depending on the government's budget allocation.

Table 2 depicts the calculation criteria for the different benefit levels of TKP households.

Table 2: Calculation of TKP benefits

Takaful		Karama	
Monthly Payment	Mother with Children	Monthly Payment	Elderly + Living with Disability
EGP 325 = US\$ 20	Base	EGP 350 = US\$ 22.06	1
EGP 6 = US\$ 0.38	Primary school child	EGP 700 = US\$ 44.11	2
EGP 80 = US\$ 5.4	Preparatory (middle) school child	EGP 1,050 = US\$ 66.17	3
EGP 100 = US\$ 6.30	High school child		
Other parameters	Capped at 3 children (highest education level)	Other parameters	Capped at 3 eligible members in one household
	Paid to female in household		Paid to each individual separately

Source: Adopted from: World Bank (2015)⁶

From an institutional point of view, the Central Social Protection Department at MoSS is in charge of the overall management of TKP while the Central Unit for Social Pension is responsible for the daily handling of the program (World Bank, 2015). A Project Task Force (PTF) under the Central Unit for Social Pension has also been assigned to lead the implementation of the program at the central level as well as the coordination with relevant partners (World Bank, 2015). The PTF incorporates staff members and consultants in charge of Management Information Systems (MIS), procurement, communications, research, coordination, M&E, among others. The program's infrastructure was designed with the help of a number of international organizations, the most important of which is the World Bank which helps ensure the program's infrastructure matches international standards. MoSS is in charge of the registration, enrollment, payment Monitoring and Evaluation (M&E), as well as the grievance redress mechanism (GRM) of TKP through its offices at the governorate, district and village levels (World Bank, 2015).

Capitalizing on the database of *Takaful and Karama*, MoSS is providing the program's beneficiaries with other related and integrated packages of SP services (World Bank, 2015). These include a project for the eradication of illiteracy among *Takaful* women, *La Ommeya*

⁶ Dollar Equivalence calculated by researcher. Calculation is based on the following exchange rate (August 2020): US\$ 1 = LE 15.86.

(MoSS, 2019a); a *decent living* housing program, *Sakan Karim* (MoSS, 2019b); a program which aims at limiting the demographic growth of *Takaful* beneficiaries, *Etnen Kefaya* (MoSS, 2019c); among others (World Bank, 2018b).

2.4. Active Labor Market Programs

In Egypt, the Ministry of Manpower and Migration (MoMM) is the primary public employment agency. MoMM is in charge of labor policies, enhancing employability and managing the demands of the labor market (ILO, 2017). MoMM runs 300 public offices that are dispersed around the country (Barsoum, 2017). Since the initiation of the Economic Reform Structural and Adjustment Program in 1991 which launched privatization projects and limited employment opportunities in the public sector, several governments as well as donor-funded projects in the field of youth employment and school-to-work transition have been implemented in Egypt. This directive aimed at the mitigation of the impact of the above-mentioned policy shift. Nonetheless, the government is still regarded as the employer of first choice for a large portion of Egyptians (Barsoum, 2017).

ALMPs in Egypt integrate skill development programs - focusing primarily on technical and vocational training - with entrepreneurship promotion as well as financial services and access to credit. Only 2% of ALMPs in Egypt target subsidized employment (Barsoum, 2017).

One of the most important steps towards the development of ALMPs in Egypt was the establishment of the Social Fund for Development in 1991. The Social Fund was established as a semi-autonomous agency that targets the establishment of employment opportunities, the development of the capacities of different communities as well as the encouragement of small- and medium-sized enterprises (Ameta & El Shafie, 2015). The program is an important tool in the fight against unemployment, the alleviation of poverty and the enhancement of living standard as well as social and economic development (Abou-Ali, El-Azony, El-Laithy,

Haughton, & Khandker, 2009). The Fund was established as a joint initiative between the Egyptian Government, the United Nations Development Programme (UNDP) as well as the World Bank. In 2015, the Social Fund for Development funded a total of 15,211 small enterprises in sectors such as trade, industry, service, agriculture, among others (UNDP, 2016). In April 2017, a decree from the Egyptian Prime Minister established the Micro- Small- and Medium Enterprise Development Agency to replace the Social Fund for Development (GIZ, 2017).

It is worth noting that comprehensive ALMPs combining skill development with employment services and entrepreneurship promotion have only been established after the January 25th Revolution (ILO, 2017). In the context of Social Fund for Development, the Emergency Labor Intensive Investment Project as well as the Emergency Employment Investment project were launched with the support of the World Bank, UNDP and the European Union in 2012. Both projects grant temporary employment opportunities to unemployed unskilled or semi-skilled workers through labor-intensive projects (Social Fund for Development, 2013). These two programs target the mitigation of the economic downturn that occurred after the Arab Spring (ILO, 2017). At the macro-economic level, national standards for the provision of skill training were developed in partnership with the relevant industries, the Social Fund for Development – and later the Industrial Training Council – the World Bank as well as other international organizations. At the program level, the national program for training for employment was implemented by the, World Bank as well as the Industrial Training Council (ILO, 2017). In Egypt, civil society organizations play an important role in the development of ALMPs. The line between state and non-state providers is blurred, especially given that the Social Fund for Development used to work with hundreds of NGOs in the provision of ALMPs (Barsoum, 2017).

The Ministry of Social Solidarity has designed an ALMP to complement *Takaful and Karama*; *Forsa* Program - Opportunity - which is still at an early phase of its development (MoSS, 2019d). *Forsa* is the employment and livelihood support component of TKP (World Bank, 2015). TKP graduates should seek training and employment opportunities through *Forsa* (El-Shabrawy, 2019). *Forsa* targets TKP beneficiaries who are of age to participate in the labor force, those rejected by the PMT formula of TKP and people with disabilities who are capable of working, among others (El-Shabrawy, 2019) . The following are the services provided to *Forsa* beneficiaries; (1) behavioral and cultural awareness sessions focusing predominantly on financial literacy (2) mentoring especially with regards to entrepreneurship and the management of micro-enterprises in collaboration with the ILO (3) Job-specific and demand-driven skill-training in cooperation with the USAID (4) Financing micro-enterprises (5) linking beneficiaries to a database of employers and employment opportunities, among others (El-Shabrawy, 2019).

Egypt's ALMPs face several **challenges** related to the country's welfare regime structure (Barsoum, 2017). Not only are inefficient and unsustainable models of public employment still bolstered, but the government does not spend sufficient funds on skill development. Moreover, the activities in this field are fragmented due to the multiplicity of players that leads to a lack of coordination as well as donor-dependence (Barsoum, et al., 2019). Indeed, very often no clear outputs or monitoring and evaluation reports are available for these programs. Finally, despite the political support for entrepreneurship programs in the region, the number of beneficiaries, especially start-ups, is small, as compared to other activities (Semlali & Angel-Urdinola, 2013). Thus, Egypt focuses on financial services – as is clear from the Social Fund for Development - whilst few programs incorporate mentoring, coaching or business incubation (Semlali & Angel-Urdinola, 2013).

3. CHAPTER THREE: LITERATURE REVIEW

While most social protection and social policy discourses have centered around evaluation studies, design and implementation questions, regional divergences and similarities, limited attention has been given to institutional arrangements and governance of SP. This literature review examines the concept of governance and its relation to Social Policy and Social Protection. It also places governance within the works on SP. Finally, policy, design and implementation conditions and challenges of SP systems in the MENA region and in Egypt are examined.

3.1. Governance as a Concept

Over the years, the concept of governance has become an overarching approach which covers a number of phenomena in political sciences, economics, management, public administration as well as public policy (Pierre & Peters, 2000). From a state-centered perspective, governance is sometimes seen from the lens of public management (Hood, 1991; Du Gay, 1996; Hill & Lynn Jr, 2004; Lynn Jr, Heinrich, & Hill, 2000; Pollitt & Bouckaert, 2017). It also often deals with the coordination of different actors through policy networks (Klijn & Koppenjan, 2000; Rhodes, 2017; Börzel, 1997) as well as the coordination of a variety of sectors in the economy (Campbell, Hollingsworth, & Lindberg, 1991; Hollingsworth, Schmitter, & Streeck, 1994). Governance has also come to denote the collaboration and coordination of efforts between the public and private sector in public service delivery (Ansell & Gash, 2008; Donahue & Zeckhauser, 2012). In the private sector, corporate governance is a term which incorporates a variety of structures, rules, procedures and mechanisms that steer and control corporations and their relationship with stakeholders (Almqvist, Grossi, van Helden, & Reichard, 2013; Tricker & Tricker, 2015). Finally, international organizations such as the World Bank and the International Monetary Fund have coined the term *good governance*

as a development reform objective especially in the Global South (Leftwich, 1994; Santiso, 2001; Woods, 2000; Mkandawire, 2007).

Not only does the concept of Governance resonate in many academic domains and is understood in different lenses, but Pierre and Peters (2020) differentiate between *Governance as a structure*, *Governance as a process* and *Governance as an analytic framework*. In *structural* terms, governance regulates the relationships between the different political and economic institutions inside as well as outside the state (Pierre and Peters, 2020, p. 4). Governance can organize relationships in a *hierarchical* way. Structures can also revolve around the *market* given the importance of economic actors and institutions. One of the most common perceptions on the structural definition of governance is the understanding of *Governance as networks* (Pierre and Peters, 2020, p.11; Börzel & Risse, 2010; Marcussen & Torfing, 2006). Network governance deals with the relationship between networks in the policy arena as well as collaborations among actors and stakeholders in a given area “ranging from local government or neighbourhood to networks of states, or actors with joint stakes in a particular issue” (Pierre & Peters, 2020, p. 11). *Governance as a process* focuses both on outcomes as well as institutional arrangements (Pierre & Peters, 2020, p. 12). Thus, governance is not only concerned with structures but most importantly, relationships between them. In this regard, governance is dynamic with regards to both its configuration as well as objectives (Pierre & Peters, 2020, p.13). For the state this means that proper governance requires the state to coordinate and steer its efforts. Finally, governance can be regarded as a theory or *analytic framework* rather than a phenomenon.

Although there is no single definition of governance, this work takes a more operational perspective on governance. The focus is on the application of adequate governance mechanism rather than the theory of governance. Hence, this thesis' working definition of governance is one which highlights the importance of both governance as a structure - i.e. institutional

capacity - but also governance as a process which is dynamic. Governance includes the steering of subjects and practices in a way which helps reach social and politico-economic goals (Carmel & Papadopoulos, 2003).

This work also emphasizes the importance of accountability to governance (Bassett, Giannozzi, Pop, & Ringold, 2012). While a large portion of the corporate governance literature highlights the significance of accountability (Solomon & Solomon, 2004; Brennan & Solomon, 2008; Keasey, Thompson, & Wright, 2005; Solomon J. , 2007), accountability relationships are crucial for the governance of the public sector, as well (Bassett, Giannozzi, Pop, & Ringold, 2012). In this regard, accountability can be defined as a set of “principal-agent relationships between policymakers, providers and citizens” (Bassett, Giannozzi, Pop, & Ringold, 2012). This thesis’ conceptualization and working definition of governance is elaborated in Chapter four.

3.2. Understanding Social Protection

The terms *Social Policy* and *Social Protection* cannot be used interchangeably. Social Policy is a field of policy and academic inquiry that is predominately based on the early 2000s Western European welfare state literature (Jawad, Jones, & Messkoub, 2019b). It is a feature of postwar democracies which provides overarching theoretical and empirical setting to the current study of SP (Jawad, Jones, & Messkoub, 2019b). SP is a newer but related concept that can be considered the more nuanced arm of social policy which includes more targeted SSN as well as social insurance schemes, which were, however, often neglected in the Global South (Jawad, Jones, & Messkoub, 2019b). Thus, SP can be considered the emerging paradigm for social policy in developing countries that contributes to the reduction of vulnerability and poverty in the Global South (Barrientos & Hulme, 2008). Because SP is not merely a policy framework but includes different approaches to economic and social development, the governance of SP can be more easily operationalized than that of social policy (Barrientos &

Hulme, 2008). Additionally, SP is the more contemporary phenomenon (Jawad, Jones, & Messkoub, 2019b). For this reason, this work focuses on the governance of SP in Egypt.

Before analyzing the governance of social protection, it is crucial to map out the discourse on social protection that has been evolving for more than a decade. The term *Social Protection* has been defined differently by academics, donor agencies, governments and NGOs. Although there is no consensus on a single perception of SP, it is agreed-upon that SP is concerned with populations that are vulnerable and at risk, such as children, women, elderly, disabled, displaced, unemployed, sick, among others (Scott, 2012). Especially in developing countries, social protection puts an emphasis on poverty and poverty reduction strategies that reduce vulnerability and stimulate economic growth (Arjona, Ladaique, & Pearson, 2003; Barrientos & Hulme, 2009; Barrientos & Hulme, 2008; Barrientos & DeJong, 2006; Norton, Conway, & Foster, 2002).

The International Labor Office (ILO) takes a rights-based approach on social protection and extends it beyond SSN (ILO, 2014). Indeed, SP is a human right based on shared principles of social justice and corresponds to the Universal Declaration of Human Rights' call for appropriate living standards, access to health and education, food, housing and social security (ILO, 2019). This is why, every country should develop a Social Protection Floor (SPF) and establish a coherent SP system. SPFs are nationally-defined guarantees which provide protection against illness, health, poverty, vulnerability and social exclusion (Ortiz, Schmitt, & De, 2016). These guarantees should make sure that citizens have access to health care and income security over the life cycle (ILO, 2019).

The World Bank's discourse on SP, on the other hand, focuses on risk management. The Social Risk Management Framework developed by the World Bank is grounded on the notion that the poor are most exposed to various types of risks and have the least instruments to deal with such risks (Holzmann, Sherburne-Benz, & Tesliuc, 2003). Thus, the poor should have

more access to Social Risk Management instruments (Holzmann, Sherburne-Benz, & Tesliuc, 2003). The main elements of Social Risk Management include *risk reduction, risk mitigation and risk coping*. Finally, the United Nations Children's Fund (UNICEF) approach emphasizes the importance of multi-dimensional poverty and its impact on children's poverty and deprivation. Their approach towards social protection is fixated around child poverty and providing children with inclusive and integrated SP systems that are equitable (UNICEF, 2012). A more elaborative account of different international organizations' and donor agencies' conceptualizations of SP is provided by Cook & Kabeer (2009).

It is evident that there are significant variations in the approaches towards SP as well as the objectives and design of SP interventions (Cook & Kabeer, 2009). While the World Bank's Social Risk Management framework has dominated international policy discourse for a long period of time, among others due to the Bank's influence, other scholarly accounts of SP have been influential, as well (Cook & Kabeer, 2009). Sabates-Wheeler and Devereux (2007) conceptual framework on *Social protection for transformation* focuses on the link between social protection and the reduction of vulnerabilities. It is one of the most elaborative and widely acknowledged conceptualizations of SP. Sabates-Wheeler and Devereux argue that social protection is broader than mere SSN and that it has to incorporate *protective, preventative, promotive and transformative* measures. *Provision* instruments describe social assistance programs as well as social services targeted at needy populations. *Preventive* measures aim to prevent deprivation and focuses on the eradication of poverty. Such instruments include social insurance and security programs that are targeted at economically vulnerable groups. *Prevention* tries to avert households from negative coping strategies (Carpenter, Slater, & Mallett, 2012). *Promotive* interventions focus on the improvement of real income and capacities by developing programs that enhance the livelihood, assets and productivity of individuals. Such programs include, for instance, ALMPs and microcredit.

Finally, *transformative* measures focus on social justice and inclusivity (Sabates-Wheeler & Devereux, 2007).

Aside from the conceptualizations of SP, the discourse on SP includes studies that map out the evolution of the field (Cook & Kabeer, 2009; Norton, Conway, & Foster, 2002; Barrientos & Hulme, 2009; Scott, 2012; European Commission, 2015). These trace the evolution of SP from short-term protective SSN that reduce the impacts of shocks and insurance interventions linked to formal employment to long-term preventive and promotive SP schemes which support equitable growth, address the structural causes of poverty and attempt to help people climb out of poverty.

Another strand in the literature focuses on regional developments and the impact of political economy on SP. Machado, Bilo, Veras Soares, & Guerreiro Osorio (2018) and Devereux (2015) provide a descriptive account of the development and status quo of SP programs in the Middle East and North Africa. On the other hand, Karshenas & Moghadam (2009) examine the evolution of social policy in the region before the revolution while the political economy of SP in the Middle East and North Africa received even more attention after the 2011 revolution calling for social justice (Loewe, 2013; Loewe & Jawad, 2018; Karshenas, Moghadam, & Alami, 2014; Silva, Levin, & Morgandi, 2013). Studies on the Latin American experience trace stronger and deeper structural developments that have started almost two decades ago (Barrientos A. , 2019). Since the beginning of the 1990s, newly democratized Latin American countries embarked on a mission to secure social rights (Levitsky & Roberts, 2012) and with the help of international organizations and donor agencies, they started developing large-scale social assistance programs targeting low-income and informal employment groups (Molyneux, 2007; Barrientos & Hinojosa-Valencia, 2009; Barrientos & Santibáñez, 2009; Ferreira & Robalino, 2010). More contemporary accounts of the Latin American experience assess the shock-responsiveness of SP in the region (Beazley, 2017) as

well as ways to move beyond SSN (Cruz-Martínez, 2019; Barrientos A., 2019; Papadopoulos & Leyer, 2016). The Sub-Saharan and South Asian experiences with SP are also crucial in the discourse on SP (Devereux & Cipryk, 2009; Kohler, Cali, & Stirbu, 2009).

Aside from the conceptualization and regional accounts on SP, a large portion of the literature analyzes the effectiveness and efficiency of different types of SP (Howell, 2001; Palacios & Sluchynsky, 2006; Betcherman, Olivas, & Dar, 2004) as well as the design and implementation challenges and lessons learnt (Barrientos A., 2007; von Gliszczynski, 2015; Slater & Farrington, 2009; Devereux, 2010). With regards to the types of SP, a wealth of literature assesses the impact and programming options of cash transfers; conditional and unconditional, targeted and universal, etc. (Slater, Farrington, Holmes, & Harvey, 2008; Hanlon, Barrientos, & Hulme, 2010; Hanlon, 2004; Fiszbien & Schady, 2009; Holmes & Slater, 2007). This is mainly because cash transfers are regarded as a feasible and viable measure in both developmental and humanitarian contexts (Scott, 2012).

3.3. Governance and Social Protection

This section maps out the literature on the governance of social protection. As noted previously, while social protection has gained momentum in contemporary studies, the discourse on social policy preceded SP. This is why, this section begins with an analysis of the relationship between governance and social policy, followed by an examination of works assessing the governance of social protection systems. Afterwards, the review zooms into the governance of social protection programs; cash transfers and contributory schemes.

3.3.1. Governance and Social Policy

The utility of governance as a frame of analysis to the study of social policy was firstly examined by Mary Daly (2003). She traces back the different definitions and conceptualizations of governance and shows that the concept is not foreign to social policy. Her definition of governance includes the analysis of relationships among local, regional and

national levels, the role of the state and its relation to civil society as well as the formulation, orientation and implementation of policies (Daly, 2003, p. 115). The analysis sheds light on the question whether governance extends beyond management and can lend itself to an analysis and understanding of social policy. In order to answer the question, she develops an analytic framework for governance and social policy and applies it to analyze the *New Labor Law* in the United Kingdom. The conceptual framework identifies four dimensions of governance; Public Sphere, Policy-Making, Policy Implementation and Societal Incorporation as well as the operationalizable referents that help analyze these dimensions. Although the conceptual framework is holistic and involves most parameters that need to be assessed when studying social policies, it is not easily operationalizable, as opposed to the framework used in this study (Bassett, Giannozzi, Pop, & Ringold, 2012). Daly (2003) reaches the conclusion that governance extends far beyond management and similar academic disciplines, however, further research is needed in order to further embed and integrate governance into the study of social policy. Her assessment is unique insofar as it is the inauguration of the linkage between the two domains. This paper also represents one of the few theoretically grounded studies linking governance to social policy. The conceptual framework used in this thesis will be briefly introduced in the next section and elaborated in Chapter four of the thesis.

3.4. Governance of Social Protection Systems

The World Bank has done extensive research on the governance of social protection as it has developed a holistic approach to analyze the governance of SP. The World Bank's Giannozzi & Khan (2011) find that the expansion of already inadequate SSN, requires an assessment of the current governance schemes of SSN in East Asia. They develop a conceptual framework which examines the governance of non-contributory SSN and apply it on the assessment of East Asia.

Building on this framework, Bassett, Giannozzi, Pop, & Ringold (2012) develop the conceptual framework *Rules, Roles and Controls* used in this thesis. Instead of merely focusing on the governance of SSN, this framework examines the governance of contributory and non-contributory schemes as well as active labor market policies. This conceptual framework will be elaborated in depth in the next chapter. It is centered around the importance of accountability to good governance and identifies operational entry points for the governance of SP; (1) Rules of the Game, (2) Roles and Responsibilities, (3) Controls and Accountability Mechanisms. Most importantly, it does not only tackle governance from the program level, but it identifies the three levels at which governance is crucial; (1) Macro-level, (2) Meso-level, (3) Micro-or Program-level. In parallel, another framework is developed at the World Bank which does not directly discuss the governance of SP but is closely linked to it. Robalino, Rawlings, & Walker (2012) provide a framework for designing and applying SP and labor systems in developing countries.

Similar to Bassett, Giannozzi, Pop, & Ringold (2012), the paper is concerned with social protection *systems*, i.e. a country's set of different SP programs which are often disintegrated and fragmented. Robalino, Rawlings, & Walker (2012) analyze some of the prerequisites of a well-designed SP system, among which is effective risk management, improved financial sustainability, equitable redistribution of resources, economies of scale in administration as well as better incentives. Many of these pre-requisites are incorporated into this study's conceptual framework. Robalino, Rawlings, & Walker (2012) assess these design and implementation features on the SP systems of Brazil, Chile, India, Niger, Romania and Vietnam and conclude that three levels are crucial to the design of efficient SP and labor systems— (1) policy level, (2) program level as well as the (3) administrative level. These three levels are similar to the categorization provided by Bassett, Giannozzi, Pop, & Ringold (2012).

Although not many, some scholars in different organizations and countries have worked on the governance enablers and challenges of social protection. Rohregger (2010) analyzes the conditions which are essential in establishing efficient and effective SP programs. Among the enablers are political consensus, adequate administrative structures, sustainable financing and economic growth as well as international conditioning. Rohregger identifies governance challenges that are entry points for the assessment of SP programs, among which are administrative structures, legal and political framework, lack of data and monitoring and evaluation, sustainable conditions, among others. Similar to Daly (2003), this study requires a more nuanced assessment of the parameters to be measured at the program and the policy level in order to examine the above-mentioned enablers and challenges. Similarly, the European Commission's report on Social Protection Systems (European Commission, 2015) examines issues related to the design and implementation of social protection systems. Designing adequate SP systems require the existence of an institutional home, a costing assessment, proper targeting means, among others. Implementation systems need to pay attention to the payment and registration systems as well as the development of proper measures for monitoring and evaluation.

Bozio & Dormont (2016) focus on the level most significant to the French SP system; the financial feasibility of social protection programs. While it includes other design features, the study aims to make the spending on SP more efficient and provides a number of reform recommendations, that are, however, specific to the case at hand. Some of the recommendations are reiterated in other works, such as the coordination of efforts between contributory and non-contributory social protection programs and the reorganization of the architecture and infrastructure of specific programs, especially from the administrative stance. Thus, although the paper does not provide a generic set of enablers, the recommendations set forth revolve around policy and administrative capabilities as well as fiscal sustainability.

A number of studies highlight the role of the international community in the delivery of effective social protection programs at the national level. Deacon (2013) takes governance into the global scene and analyzes the impact of international organizations, especially United Nations agencies on the governance of social protection at the country level. Since the focus is on SP, the ILO and the World Bank are predominantly in the highlight of this paper. Indeed, the role of the ILO and its Social Protection Floor as well as other International Governmental Institutions in the extension and governance of social protection is one which is studied extensively (Deacon, 2016; Çavus, 2016; Shriwise, Kentikelenis, & Stuckler, 2019). These works focus not only on the governance of social protection, but also the global discourse over social policy.

3.4.1. Governance of Cash Transfer Programs

The nature of contributory programs is different from non-contributory and active labor market programs. This is why, the largest portion of studies, whether reports or journal articles, assesses the governance of one type of social protection programs. Hence, most studies concerned with the governance of SP focus predominantly on the micro- or program-level of governance.

Non-contributory SP schemes and especially cash transfer programs have been in focus of the literature on social protection for decades (Bastagli, et al., 2016). Whether to target or to provide universal transfers, whether to condition cash transfers or not, among others are some of the issues surrounding non-contributory schemes which are studied extensively in the literature (von Gliszczynski, 2015; Hulme, Hanlon, & Barrientos, 2012; Hanlon, 2004; Barrientos & Hulme, 2009). This, however, is not in the center of this study. Instead, the focus is on the governance, implementation challenges and facilitators as well as delivery of non-contributory and contributory schemes.

UNDP & UNCDF (2013) focus on the governance of social assistance programs including unconditional and conditional cash transfers, in-kind transfers, among others. The report finds that non-contributory programs in most countries, especially in the Global South, are fragmented and characterized by improvised governance as well as a lack of institutional capacity. After mapping the existing institutional and governance details related to the implementation of social assistance programs in countries from Asia and the Pacific, it examines the efficiency and effectiveness of local government in delivering social assistance programs. The report also develops a conceptual framework for the assessment of local level governance of social assistance programs.

While UNDP & UNCDF (2013) highlight the role of decentralization and local governance in the implementation and service delivery of all types of social assistance programs, Slater, Farrington, Holmes, & Harvey (2008) advance a framework for the assessment of cash transfer programs. It focuses on three spheres; (1) institutions, politics and governance, (2) capacity and implementation, (3) local economic and social impacts. While this framework includes many of the dimensions of governance put forth by all previously elaborated studies, this work also emphasizes the importance of local governance and impact as well as the interplay between the different spheres. Although this framework is meant to be implemented on cash transfers it can easily serve in the assessment of other types of SP service delivery. The framework requires an in-depth analysis of the referents or the ways such spheres can be measured at the program level.

In contrast to this study, Bastagli, et al. (2016) review the evidence on the impacts of cash transfers at the individual and household level by analyzing the literature of 15 years spanning from the year 2000 to 2015. In order to do so, they advance a framework to assess the enablers and constraints of cash transfer programs at three levels; (1) household-level, (2) local-level and (3) country-level. As opposed to the conceptual framework used in this work (Bassett,

Giannozzi, Pop, & Ringold, 2012), Bastagli, et al. (2016) incorporate the crucial level of the household in order to also determine the impacts on the household, which is the most important level of impact. Outcomes and impacts of cash transfers are measured at three levels; (1) individual, (2) household (3) intra-household. In this thesis, the household level could not be incorporated given the lack of direct access to household data. The way to mitigate this issue with regards to *Takaful and Karama* program in Egypt was to incorporate IFPRI's impact assessment which included more than 8000 households in the analysis.

3.4.2. Governance of Contributory Schemes

Even though contributory schemes, such as social and health insurance have been existent far longer than cash transfers, they still face numerous challenges related to compliance, error, fraud and corruption as well as corporate governance and financial sustainability (Bassett, Giannozzi, Pop, & Ringold, 2012). The International Social Security Association (ISSA) has developed guidelines on *good governance* of social security organizations. “[...] [Good] governance is aimed at delivering what is mandated and ensuring that what is delivered is responsive to the evolving needs of the individual and society.” (ISSA, 2013, p. 1). Similar to Bassett, Giannozzi, Pop, & Ringold (2012), the guidelines highlight the importance of transparency and accountability mechanisms as well as strategic long-term planning, actuarial soundness, investment in human resources and internet communication technology infrastructure, the prevention of error, fraud and corruption, among others.

Using the recommendations and data of ISSA (2013), Enoff & McKinnon (2011) focus on the micro-level of the governance of social insurance schemes. Their emphasis lies on the improvement of program delivery especially with regards to compliance and contribution collection. Using survey evidence of different social security organizations, Enoff & McKinnon (2011) propose a set of techniques to improve contribution collection and the enforcement of compliance.

The concept of governance is applied differently to study social security policy in the United Kingdom in Carmel & Papadopoulos (2003). This study defines governance in more political and macro-level terms. “Governance is [...] a form of political regulation of social subjects [...] initiated, organised and partially controlled by an actor or actors vested with [...] political authority [...]. Governance involves the ‘steering’ of the subjects’ behavioural practices towards particular social and politico-economic goals via a set of institutions and processes that aim to maintain or change the status quo.” (Carmel & Papadopoulos, 2003, p. 2). Using this perception of governance, this paper analyzes policy developments in social security policy in the United Kingdom from two areas of concern. The first, is the area commonly referred to as the policy level of governance, i.e. the government’s policy goals as well as the principles they are based on. The second area of concern is the more operational side of governance focusing on the management of policy as well as program delivery.

After mapping out a number of studies analyzing the governance of social protection, it is crucial to highlight that many of these accounts develop operational conceptual framework for the assessment of governance. This is because governance of SP tackles the prerequisites and challenges of the policy and program level implementation of SP and is therefore more applied than it is theoretical. This also explains why a number of the mapped studies are reports conducted by scholars in international institutions. Another crucial finding is that whether a framework is developed for contributory, non-contributory schemes or both, most analyses pointed at the same governance entry points; coordination instead of fragmentation, political willingness and support, financial sustainability, administrative and institutional capacity, among others. While some works delve deeper into the program level, others focus on the macro-level of governance. The most viable frameworks and accounts are those which emphasize the different spheres of governance, are holistic and can be applied to different types of programs and are easily operational, i.e. provide operational parameters.

3.5. Literature on Governance of Social Protection in the Middle East

While the governance of SP in the Middle East and particularly in Egypt has not been studied in the literature extensively, there are a number of studies which analyze the design and implementation facilitators and challenges of SP in the region. United Nations Economic and Social Commission for Western Asia's (UN ESCWA) report on *Social Protection Reform in Arab Countries* (UN ESCWA, 2019) acknowledges the shortcomings SP systems have suffered from in the Arab Region. While contributory schemes are faced with challenges of low coverage, high fragmentation and financial unsustainability, non-contributory SP schemes have relied for a long period of time on universal subsidies (UN ESCWA, 2019, p. 10). Most SP systems in the region lack coherence and coordination at the policy level which undermines effectiveness and efficiency. UN ESCWA (2019) examines the reforms being implemented in the region from a *systems* perspective and thus, conducts a meso-level analysis of SP (Bassett, Giannozzi, Pop, & Ringold, 2012). The fourth chapter of the report analyzes governance aspects of SP systems in the region. It provides conditions for adequate program and system governance that ensure coordination and collaboration between relevant parties in the delivery of SP. Such recommendations include the establishment of national dialogue processes, creation of fiscal space as well as the inclusion of stakeholders at the local level. The chapter concludes with best practices from Morocco and Mauritania.

The Arab Region's SP systems share a number of common well-documented characteristics and challenges (Barsoum & Kassem, 2019). Coverage of SP programs and income support transfers is often inadequate insofar as it covers approximately 30% of those living in the poorest quintiles (Silva, Levin, & Morgandi, 2013). Contributory schemes face serious coverage challenges since the largest share of the workforce in the region is not covered by the formal social insurance systems (Jawad, Jones, & Messkoub, 2019; Silva, Levin, & Morgandi, 2013). Not only does this exacerbate the urban-rural divide as well as inequality,

but it worsens the conditions for the *missing middle class* (UN ESCWA, 2019). In addition, universal or quasi-universal energy and food subsidy schemes have been key in the region's welfare mix (Barsoum & Kassem, 2019). Most of these countries have been undergoing efforts to reform their subsidy systems, in particular Jordan, Morocco, Egypt and Tunisia (Jawad, 2014; Silva, Levin, & Morgandi, 2013). A number of Arab countries have also implemented cash transfer programs to mitigate the negative impacts of the gradual removal of subsidies (UN ESCWA, 2019). Coverage challenges aside, SP systems in the region lack an overarching and comprehensive long-term strategy, are usually disintegrated and fragmented and are confronted with challenges of coordination among all relevant actors in the field (Devereux, 2016).

Regarding program design and implementation, the region's SP programs face challenges related to targeting, especially in terms of the inherited and deeply flawed subsidy system (Devereux S., 2016; Jawad, 2015). SP programs also face serious challenges regarding the institutional capacities, financial adequacy, management information systems and the development of rigorous monitoring and evaluation systems. In spite of the multiplicity of studies analyzing the political economy of social policy in the region as well as the challenges and characteristics of social protection programs in MENA countries, very few studies provide a systematic examination of the evolution of social policy changes and social developments in the region (Jawad, Jones, & Messkoub, 2019a).

Studies on the Egyptian SP system analyze the design and implementation challenges related to the different types of SP schemes. A number of scholars highlight the challenges related to the contributory scheme and propose possible reforms to the social insurance and pension schemes in the country (Helmy, 2008; Selwaness & Roushdy, 2014; Selwaness I. , 2012; Loewe & Westemeier, 2018; Loewe, 2004). The focus remained, however, for a number of years on the inefficiencies of the food and energy subsidy system as it was the most

important SSN in the country (Abdalla & Al-Shawarby, 2018; Ecker, Al-Riffai, Breisinger, & El-Batrawy, 2016; Lofgren & El-Said, 2001; Abdel-baki, 2011; Ramadan & Thomas, 2011). Recently, a number of studies started mapping the social protection system in Egypt as a whole with its gaps, challenges and opportunities (Sieverding & Selwaness, 2012), especially in light of the reforms that have started after the revolution in 2013 (Selwaness & Messkoub, 2019; Helmy, Richter, Siddig, & Ghoneim, 2018; Jawad, et al., 2018; El Baradei, 2019). Aside from *Takaful and Karama*, since it is a recently launched program, most programs in Egypt have been studied in depth in the country.

Nevertheless, a significant gap remains; there have been no attempts to analyze neither the governance nor the challenges and opportunities on all different levels, the program and the policy spheres. This is also important because most programs in the country - and in the region - face very similar challenges. Moreover, implementation details have rarely been discussed. Indeed, even in terms of the well-studied social insurance system, no accounts have been found which examine the implementation and service delivery challenges, for instance those related to the institutional and human resource capacities. Finally, linking theory to practice often provides insights into recommendations and perspectives which have not been considered before. Many of the studies assessing the countries SP system do not link theory to practice. This is why, this thesis' application of the governance framework helps in the formulation of evidence-based and comprehensive recommendations.

This thesis provides a practical and operational account on the governance of SP in Egypt. By analyzing the governance of SP in Egypt, not only is a country's experience reviewed. But the assessment of governance challenges and prerequisites links between theoretical notions about how effective SP is designed and implemented as well as the practical hurdles faced both at the country and program-levels.

The governance of social policy and social protection is a niche which has not been studied extensively especially by academics, mostly since it requires an in-depth analysis of programs and policies in different countries, which are often not easily accessible by scholars. Additionally, the governance of SP links between theoretical conceptualizations, regional examinations, design and implementation features as well as program evaluations and thus, touches upon many of the different accounts on SP.

There are a number of studies analyzing program-level challenges in the delivery of SP in Egypt. Nevertheless, no studies have been found that incorporate both the “systems”-level of governance as well as an in-depth examination of the governance of contributory and non-contributory schemes. Furthermore, most studies assess different programs and do not examine *common* features, facilitators and challenges. Most of the studies on the Egyptian social protection system do not assess on the system as a whole. Hence, by providing a holistic and comprehensive governance examination of SP in Egypt, this study is the first of its kind in Egypt and the MENA region. Such an assessment is timely in light of the country’s efforts to reform the SP system.

To sum up, this study fills a gap in the literature on social protection in the Middle East and Egypt by analyzing the governance of the social protection system as well as the different programs inside the system. Thus, it not only examines the *big picture* but it also assesses design and implementation features and thus, *zooms in* on the different programs. This way, reform efforts in the region can be guided by evidence-based comprehensive analyses.

4. CHAPTER FOUR: CONCEPTUAL FRAMEWORK

As it has been clear from the literature review, the governance of social protection is an under-researched area, especially when it is analyzed in the context of a country, in this case, Egypt. As social protection moves to the center of academic research on the social dimension of development, a body of evidence is produced. Evaluation studies assessing the impacts of social protection programs on the reduction of poverty and vulnerability, design and implementation issues at the program level such as targeting, conditionality, financial issues as well as the impact of social protection on health, education, labor, among others, are areas of research which have been explored in depth by a number of scholars, international organizations and donor institutions (UNDP & UNCDF, 2013). Nevertheless, issues of governance and institutional arrangements of social protection have received little attention. With the scaling up of many programs across the developing world, issues related to the governance of social protection become more pronounced (UNDP & UNCDF, 2013). In order to efficiently and effectively deliver social protection programs at the national level as well as achieve social justice, it is relevant to examine the governance of SP.

Another reason why governance is in the focus of this study is the increased recognition and evidence of the importance of *good governance* in the enhancement of service delivery and the improvement of the outcomes of social protection programs (Bassett, Giannozzi, Pop, & Ringold, 2012). Governance is a holistic analytic approach which not only aims to reduce corruption, but provides incentives for policy-makers and program providers, improves the accountability relationship with citizens, among others (Bassett, Giannozzi, Pop, & Ringold, 2012). Most importantly, it aims to look inside the “black box” or “missing middle” (Bassett, Giannozzi, Pop, & Ringold, 2012) of SP service delivery and hence, improve legitimacy. Thus, governance can be viewed as a crucial building block for enhanced implementation and outcomes and therefore, an integral part of the social protection system. Instead of merely

examining programs, governance allows for an investigation of the “system” (Bassett, Giannozzi, Pop, & Ringold, 2012) and hence, the interactions among programs, actors, regulations, institutions, stakeholders and mechanisms.

Still, governance assessments face a number of constraints. First, as previously mentioned, there is a certain ambiguity around the definition of governance. Not only this, but scholars are unable to come up with a single definition of the governance of social protection because of the diversity of programs making up the sector (Bassett, Giannozzi, Pop, & Ringold, 2012). The conceptual framework used in this study tries to overcome this challenge by examining overarching concepts which do not differ across the various types of programs in the field. Additionally, an in-depth examination of governance requires a profound understanding of the political economy as well as country-specific details about the design and implementation of SP programs. Such data are often difficult to gain access to.

As previously explained, there are various definitions of governance with multiple entry points. The working definition of governance used in this thesis is derived from Bassett, Giannozzi, Pop, & Ringold (2012). Governance in SP incorporates a set of incentives and accountability relationships which impacts service provision, accountability behaviours, service quality, efficiency and outcomes (Bassett, Giannozzi, Pop, & Ringold, 2012, p. 5). Effective governance enhances implementation and influences outcomes by improving the coordination of SP programs, framing accountability relationships, promoting transparency and participation and enhancing service delivery (Campos & Pradhan, 2007). Thus, improved governance could lead to better development outcomes (Overseas Development Institute, 2006; Campos & Pradhan, 2007).

The conceptual framework used in this study *Rules, Roles and Controls* developed by the World Bank (Bassett, Giannozzi, Pop, & Ringold, 2012) operationalizes the working definition

elaborated above. It provides a set of conditions for effective governance. Accordingly, efforts to strengthen governance are categorized into three main domains⁷.

A. Rules of the Game: The rules of the game are a prerequisite for functioning accountability relationships between policy-makers, program providers as well as citizens. This translates into a clarity of the legal framework governing the SP system as well as a clarity of the legal, regulatory and operational guidelines at the program level. These guidelines and rules differ from contributory to non-contributory schemes. While contributory schemes need to manage compliance, publicize program rules and ensure the consistency of the rules, non-contributory schemes have to develop and publicize clear and transparent program rules, that are communicated to the citizens and are consistent both in application as well as content. In terms of non-contributory schemes, these rules need to be clear at all levels of service delivery; from the determination of eligibility, entry and exit of the programs, the determination of benefit levels, among others.

B. Roles and Responsibilities: It is crucial for SP systems to determine the roles and responsibilities of the actors involved both at the system as well as at the program level. In this regard, it is crucial to clearly identify the principals and agents in the accountability relationships, to clearly determine the roles and responsibilities across different levels of government and institutions, to clarify institutional relationships and job descriptions for providers and to ensure adequate performance incentives. Contributory and non-contributory schemes differ here, as well.

At the level of contributory schemes, it is imperative to define institutional roles and to establish an effective performance management system. Non-contributory schemes highlight the importance of accountability relationships. Upon conducting the data analysis of this study, a number of additional parameters were found to be relevant for the delivery

⁷ This section is derived from Bassett, Giannozzi, Pop, & Ringold (2012).

of non-contributory programs. First, it is important to be entrepreneurial and to consider outsourcing as a form of effective division of roles. Moreover, the separation of functions between payment and service delivery can help enhance the governance of the program. Finally, the capacities and individuals working on the design and delivery of the programs are imperative for its success. This is why, a rigorous and impactful capacity development program can aid in the clarity and effectiveness of the roles and responsibilities.

C. Controls and Accountability Mechanisms: In order to enforce accountability, it is important to include a number of oversight mechanisms and implementation procedures to ensure “the right benefit gets to the rights person at the right time” (Bassett, Giannozzi, Pop, & Ringold, 2012, p. 7). Contributory schemes highlight the importance of proper corporate governance. Moreover, transferring payments electronically reduces error, fraud and corruption. It is also essential to ensure the existence of effective, time-based and systematic checks as well as to ensure that sanctions are in place to penalize fraud and corruption.

Non-Contributory schemes involve supply-side as well as demand-side controls and accountability mechanisms. Supply-side mechanisms include the existence of verification measures, audits and monitoring and evaluation tools. Cross-checking the data provided by the citizens to other databases is also helpful in detecting fraudulent and corrupt behavior. Developing feedback loops such as a grievance redress mechanism can also help enhance the governance and accountability of the system. I have added the parameter *Management Information Systems* to the supply-side control measures since digitalization helps reduce human error as well as decrease and detect intentional corruption and fraud (Bassett, Giannozzi, Pop, & Ringold, 2012). *Conditionality* has also been added as another supply-side mechanism. As will be clear in the analysis section, conditionality helps reveal errors and corrupt behavior on both sides of service delivery; the citizens as well as the service

providers. Finally, demand-side control and accountability mechanisms involve citizens in the oversight framework. The two relevant demand-side mechanisms in the Egyptian context are community monitoring and public hearing. These are the two forms of social accountability measures incorporated into *Takaful and Karama* and are hence, relevant to this study.

Finally, contributory and non-contributory schemes would not be well-governed if they were designed in a way which does not ensure sustainability. This is why, the parameter *sustainability* has been added to the conceptual framework. Sustainability in social protection systems and programs can take different forms. Political and financial sustainability are crucial for all types of programs (György, Peschner, Rosini, & Van Rie, 2019). Financial sustainability of contributory schemes involves decisions regarding investment management as well as the choice of actuarially sound and sustainable contribution rates.

The above-mentioned operational entry points, *Rules, Roles and Controls*, function at three different levels or spheres that are inter-related and mutually reinforcing.

A. The Macro-level analyzes how social protection is placed in the wider institutional configuration and within the public sector. This requires the existence of an effective framework governing human resources, policies, rule of law as well as an adequate enforcement capacity within the executive body. A civil service code often helps ensure the SP system is effectively governed at the macro-or policy/legal-level. This level is not examined in this study in depth, for many reasons. First, I was not able to gather sufficient data on the issue. Examining the macro-level of governance would require a study on its own. Even in the study by Bassett, Giannozzi, Pop, & Ringold (2012), when applying the conceptual framework, they exclude the macro-level since the micro-and meso-levels are more operational. Additionally, all interviewees assured that the legal or regulatory framework is not among the main challenges facing the country. On the other hand, global

experiences show that the macro-level of governance is imperative in order to guarantee effective accountability mechanisms, reduce corruption and enhance the system's effectiveness and efficiency (El Baradei, 2019b). This is why, the following paragraph will provide a brief description of some of the main findings regarding the crucial macro-level of governance.

In Egypt, rule of law, enforcement capacity and accountability are among the biggest challenges facing the public sector; the country has spent years without a legislature, the parliament is ineffective and thus, corruption in the public sector is high. Indeed, the World Justice Project, an organization working on legal policy issues has ranked Egypt 121 out of 126 in their perception of how rule of law is applied in the country (El Baradei, 2019b). Similarly, according to the worldwide governance indicator, in the period between 2009 up until 2017, Egypt has been ranked below the 50th percentile rank in good governance (El Baradei, 2019b). Their good governance indicators include accountability, political stability, absence of violence, government effectiveness, rule of law, control of corruption, among others (Kaufmann, Kraay, & Mastruzzi, 2010). While Egypt's performance in the different parameters fluctuates, the country's performance on control of corruption remains low (World Bank, 2018c). Many of the challenges to be iterated at the meso- and micro-levels of governance relate to these and other macro-level issues. However, since such challenges require an in-depth examination of the Egyptian constitution as well as an assessment of the functioning of the public sector under the different governments, it is difficult to incorporate this level in this work.

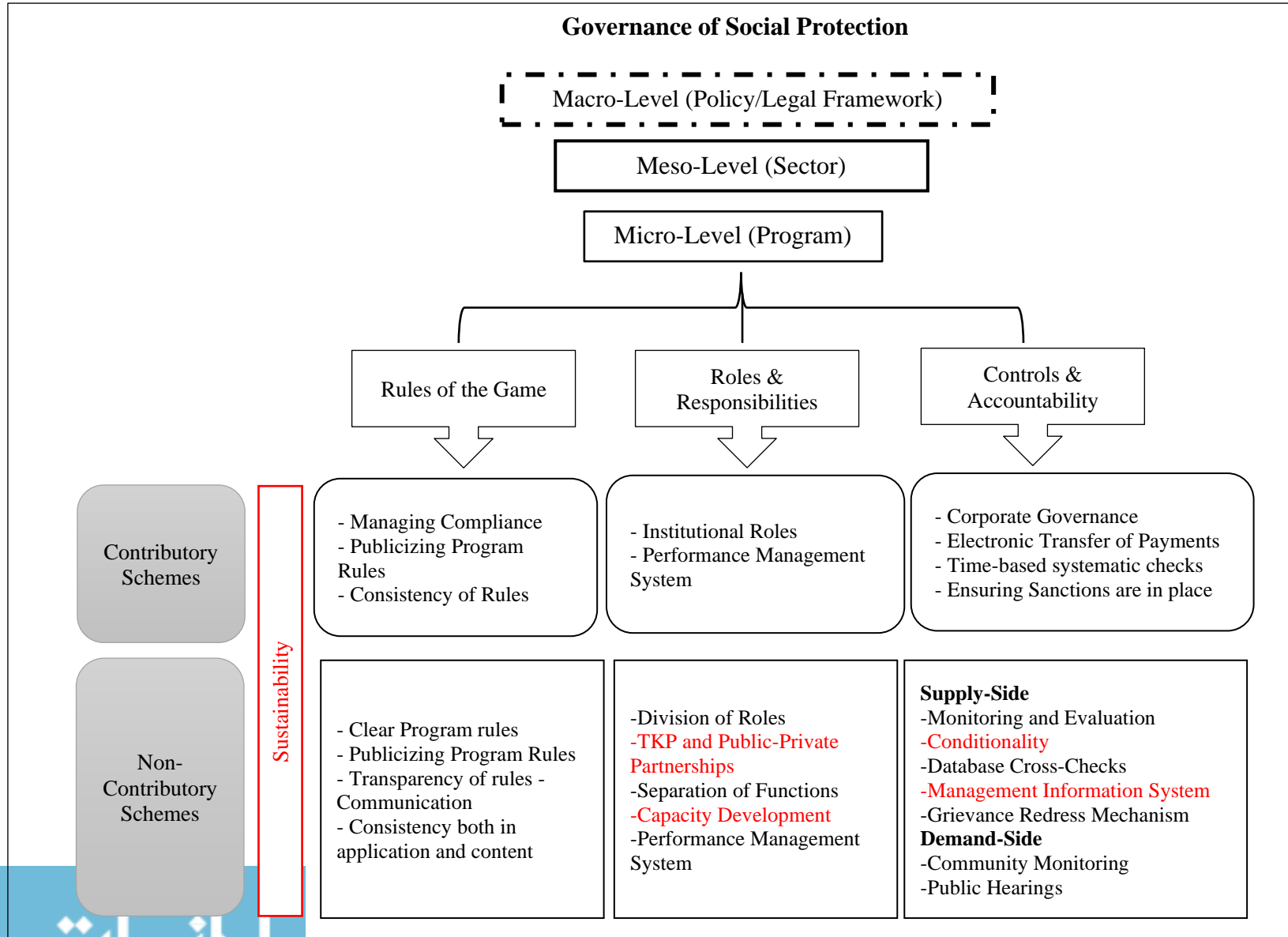
B. The Meso-Level tackles governance arrangements at the sector level. Accordingly, this level focuses on institutional arrangements as well as the coordination of efforts among ministries and institutions involved in the delivery of SP programs. Challenges at this level include inadequate inter-ministerial coordination, inconsistent policies as well as

disintegrated programs. Choices at the sector level determine how the SP system functions, as a whole. This level can also be referred to as the sector level.

C. The Micro- or program-level focuses on the design, administration and implementation of programs. This level highlights the importance of responsibilities and accountability mechanisms. Governance plays a role at every part of the service delivery chain. Indeed, from defining eligibility to enrolling the beneficiaries, providing them with the payments and services, monitoring them as well as facilitating an exit from the program, at all these stages, micro-level governance ensures effectiveness and efficiency. Challenges at this level are numerous since they can arise at every stage of service delivery. This is the most basic level of governance that provides the initial building blocks for the rest of the social protection system.

Figure 1 provides a visualization of the conceptual framework, the different levels of governance as well as the three operational entry points. The parameters highlighted in red are the ones I have incorporated into the framework. This visualization does not incorporate all parameters, but those that are relevant for the programs studied in this work. An in-depth assessment of all parameters is provided by Bassett, Giannozzi, Pop, & Ringold (2012).

Figure 1: The Governance of Social Protection - Conceptual Framework



Source: Author's compilation building on Bassett, Giannozzi, Pop, & Ringold (2012)

This conceptual framework has been chosen to guide the analysis in this study for many reasons. First, among the different governance frameworks examined in the literature review, it is the only one that provides a conceptualization of governance that is holistic and can be applied across the different types of programs as well as the systems level. Most frameworks either focus on contributory or non-contributory schemes and do not find common governance parameters between the Two (UNDP & UNCDF, 2013; Enoff & McKinnon, 2011; European Commission, 2015). *Rules, Roles and Controls* is also the only framework which tackles all different levels of governance, the macro-, meso- and micro levels. Additionally, the conceptual framework is operational. Many frameworks fail to operationalize the relevant variables or parameters that are needed in order to measure governance at the system and the program level (Daly, 2003; Slater & Farrington, 2009). Other frameworks require the depth of data only granted to international organizations and partners working in the field (Bastagli, et al., 2016). Finally, after having collected the data, during the coding process it became apparent that the three entry points of governance fit well into the emergent themes gathered from the collected data. For this reason, I have decided to add a number of parameters and use this conceptual framework to guide the analysis of this work.

On the other hand, the framework faces a number of limitations. Although it provides details of every level, entry point and parameter of governance, not every identified parameter could be analyzed in this study. This is because many parameters require detailed data and information that are not always available. Another delimitation is that the conceptual framework is more focused on the program than the macro-level. This is why, an in-depth assessment of the macro-level was not possible. Finally, while the framework highlights the importance of institutional roles, it neglects the roles of important stakeholders, like for instance NGOs. While I aimed to mitigate this challenge and tried to incorporate as many

stakeholders as possible in the study, I was not able to land interviews with the significant NGOs in Egypt.

In brief, *Rules, Roles and Controls* is a conceptual framework which tackles governance across different levels and various types of programs. An examination of governance provides insights into linkages and relationships that are often overlooked. It opens up the “black box” of social protection systems. While it has not been used by a large number of scholars, Bassett, Giannozzi, Pop, & Ringold’s (2012) conceptual framework was not only operational, but it fit easily into the data.

5. CHAPTER FIVE: METHODOLOGY

In this section, I elaborate on the choice of research method as well as the data collection methods used in this research. The sampling approach is also illustrated. Afterwards, the study framework will provide insights as to the researcher's role in the field and problems that were encountered in the field. Finally, ethical considerations as well as the limitations of this study are outlined.

5.1. Research Method

In order to examine the governance of SP in Egypt, qualitative research methods are employed. First, this is the first time such research is conducted in Egypt - and generally speaking the area of governance of SP is under-researched. Tapping into such an area of inquiry that explores policy and program implications and challenges and whose variables need yet to be identified requires the use of qualitative data (Marshall & Rossman, 2014). Key informants, policy makers and program beneficiaries⁸ are crucial for such governance analyses. Moreover, the research questions are of exploratory nature and delve into complexities, relationships and structures and thus, require a qualitative research design. Finally, the analysis of governance in the literature in many domains is usually studied using qualitative methods for the above-mentioned reasons (Pierre & Peters, 2000; Almqvist, Grossi, van Helden, & Reichard, 2013; Santiso, 2001; Mkandawire, 2007).

It has been uncommon in Egypt to analyze social policy using qualitative research methods. Many of the studies in the field make use of quantitative methods especially when examining the social security system (Selwaness I. , 2012; Selwaness & Roushdy, 2014; Assaad, 2009; Assaad & Krafft, 2015; Maait & Demarco, 2012). Quantative techniques are percieved by many academics in the country as well as informants for this thesis as being more reliable. Many of the informants with academic and especially economic background advised to use

⁸ However, for the purpose of this thesis, I was not able to interview program beneficiaries.

quantitative methods to take the analysis one step further and assess the impacts of the examined programs on multi-dimensional poverty. Not only would this have widened the scope of the thesis even further, but upon examination and after attempting to collect the quantitative data, a lag was found between the data collected on multi-dimensional poverty as well as for instance, the program evaluation of *Takaful and Karama*. Moreover, most of the needed data on programs aside from *Takaful and Karama* were either not available or could not be made available. Most importantly, policy-level data are in no way quantitative and hence, qualitative data are more suitable for a governance analysis (Marshall & Rossman, 2014).

5.2. Data Collection Method

The data collected and analyzed in this thesis builds predominantly on in-depth and semi-structured interviews with policy makers as well as experts in the field (Bogner, Littig, & Menz, 2009). For the purpose of triangulation, I also used content analysis of official documents as well as scholarly work to increase the validity and reliability of the data. I conducted a total of twelve interviews over the course of almost two months, from mid-December 2019 up until mid-February 2020, with policy-makers, experts and consultants working in the different branches of social protection and social policy in Egypt.

Policy makers are individuals in positions of power and influence (Marshall & Rossman, 2014, p. 155) while experts are individuals who have knowledge, experience and expertise on a relevant subject-matter, which might not be necessarily possessed by the expert alone but is not accessible to everyone in the field of study (Bogner, Littig, & Menz, 2009, p. 18). It can be up to the researcher to determine whether an individual is an expert in a certain field. This classification is not arbitrary but should be based on recognition and experience in the field (Bogner, Littig, & Menz, 2009). On the other hand, policy makers are influential, prominent and well-informed personas in a certain field (Marshall & Rossman, 2014, p. 155).

Conducting interviews with policy makers and experts on social protection in Egypt has been identified as one of the most efficient, feasible and effective data collection methods for several reasons. First, such elite interviews provide valuable data and information about social protection because the positions these individuals hold allow them to be familiar with and to have access to data, knowledge, agencies, structures and relationships which are complex and can be difficult to obtain (Lancaster, 2017). Moreover, elite interviews are particularly significant in policy research (Berry, 2002). Nevertheless, elite interviews pose a number of challenges especially when the research involves a contested policy domain that is being played out in real time (Lancaster, 2017). Indeed, very often they might provide politically-subjective data, might not be willing to disclose information or might be unwilling to participate. This, however, was not the experience I faced with most policy makers because I was able to gain access to a number of policy-makers who have academic backgrounds and were therefore, open, honest and accessible. Still, in order to increase the validity and reliability of the data, I conducted interviews with experts and consultants who not only work in the government or for the relevant ministries, many of which work in international and non-governmental organizations. Not only do experts offer an efficient and effective means of obtaining relevant data, they usually have first-hand experience but also an outsider perspective which might often make them more objective (Bogner, Littig, & Menz, 2009). All interviewed experts have worked on social protection programs with the government within the last two to three years.

As previously mentioned, in the two months of data collection, I have conducted interviews each of which have lasted for one to two hours. Despite their busy schedules, all informants blocked at least one hour for the interview and were often very interested in the topic of the thesis, especially since it is a very timely issue, according to experts from different international organizations as well as MoSS. All interviews were one-on-one meetings conducted in English,

audio-taped and materials were transcribed verbatim by myself. All interviews were conducted at the offices of the informants in Cairo during working days and hours.

Interviewees included three experts and senior specialists from different international organizations as well as an expert working at an international non-governmental organization working on issues of social protection in Egypt. Additionally, I have interviewed a senior policy-maker at the MOSIT, a former as well as a current consultant at the MoSS, a consultant at the Ministry of Finance, an analyst at the Ministry of Planning and a consultant at NOSI. I have also conducted interviews with a senior researcher at the National Center for Sociological and Criminological Research as well as an independent senior consultant who worked with most of the above-mentioned ministries and organizations. I also had informal interviews with a number of staff members at MoSS. Interviewees were classified based on whether they work on the social protection system as a whole or whether their work is more relevant to a particular SP program - FSS, TKP or the social insurance system.

Finally, I attended three conferences on social protection in which the former minister of Social Solidarity, Ghada Waly, or the current one, Dr. Nevine El-Qabbage, among other policy makers and experts were among the key note speakers and discussants. The first was the MOST Ministerial Forum hosted by the League of Arab States and UNESCO on the 4th of December, 2018. I also attended the Annual conference of the Public Policy Hub held on the 30th of November, 2019, at the American University in Cairo. Finally, I participated at a workshop organized by the Friedrich Ebert Stiftung and the International Labor Office to present the results of their report on “Costing a Social Protection Floor in Egypt”. This workshop was held on the 5th of December 2019 at the Marriott Hotel in Zamalek, Cairo.

Given the diversity of the programs that are being analyzed in this study as well as the diversity of backgrounds of many of the interviewees, a different set of questions was prepared for informants on contributory schemes as opposed to non-contributory schemes. It is also

crucial to show an understanding of the interviewee's background to gain their trust and respect in elite interviews (Lancaster, 2017). This is why, it was imperative to tailor some of the questions' to the interviewees' backgrounds. Nevertheless, there were a lot of recurring questions in all interviews. Moreover, all of the interview questions revolved around a common theme which is assessing the conditions and challenges in the design, delivery and implementation of social protection programs as well as the integration and coordination challenges and conditions. This is why, the gathered data were complimentary to each other and I was able to find common themes.

The interviews took the form of topical or guided interviews with semi-structured questions (Marshall & Rossman, 2014). In this type of interviews, the researcher probes into a number of topics in order to reveal the participant's perspective and still allows the informant to steer a part of the discussion, frame and structure the responses in a direction of their choice (Marshall & Rossman, 2014). This is because it is crucial in qualitative research for "the participant's perspective on the phenomenon of interest [to] unfold as the participant views it [...] not as the researcher views it." (Marshall & Rossman, 2014, p. 155). The in-depth type of the interviews allowed addressing the issues that are most relevant for the study. Although I had conducted plenty of literature review prior to the beginning of the interviews, I did not let the conceptual framework guide the interview questions. The choice of the conceptual framework occurred after the finalization of the interviews. Still, the understanding of governance and social protection were clear before the interviews started. Asking more open-ended type of questions that are less reliant on conceptual frameworks allows the interviews to be less manipulated by the researcher and instead uncover the participants' views (Marshall & Rossman, 2014).

For purposes of triangulation a desk review was being conducted in parallel to the interviewing process. With regards to contributory schemes, a number of scholars have been

tracing the development of the social insurance scheme in Egypt for more than a decade; Markus Loewe, Irene Selwaness, Maia Sieverding, Rania Roushdy, Omneia Helmy, among others. In addition to the official publication of the new social insurance law, these scholarly works were reviewed and compared to the primary data as a part of the data collection process. Regarding the non-contributory schemes and especially *Takaful and Karama*, as far as I am concerned, there are still no scholarly papers on the program as it was only launched in 2015. Still, I have worked with the following studies for the content analysis; the impact evaluations conducted by IFPRI (Breisinger, et al., 2018a; Breisinger, et al., 2018b; ElDidi, et al., 2018), the World Bank's Project Appraisal document (World Bank, 2015) as well as a number of unpublished reports and evaluations conducted by MoSS.

5.3. Sampling Approach

Sampling is the choice of specific data sources from which the data are gathered in order to analyze a certain research objective (Gentles, Charles, & Ploeg, 2015). Decisions about the sample of the study are made concurrently with the choices of data collection methods (Marshall & Rossman, 2014, p. 64). Because "all sampling activities are theoretically informed" (Denzin, 1989, p.73, as cited in Marshall & Rossman, 2014), the literature review as well as the tentative research questions helped in the sample selection.

The sampling used in this work is purposeful and theoretically guided. Snowballing technique was used in order to reach the different study participants. Based on prior literature review and the research question, I identified ministries, organizations and areas of expertise that are imperative for the study. Since the study focuses on contributory and non-contributory schemes, MoSS and NOSI were the first institutions I hoped to interview experts and policy-makers from. After attending the two afore-mentioned conferences and workshops, I discovered which international organizations are most relevant to the field in Egypt. Additionally, since the thesis looks deeply into inter-ministerial coordination, it was crucial to

interview experts from the Ministry of Planning as well as the Ministry of Finance. I tried to ensure diversity, relevance and expertise in the sample. Many of the informants were reached through chain referrals - snowballing. I asked the participants at every single interview who in their view would be valuable for the study and there were many names which were recurrent. Very often, since most of the interviewees are policy makers and experts, they were able to contact relevant informants on the spot and schedule an interview with them. This not only helped in widening the scope of the organizations and institutions I initially started with, but it helped me in gaining trust and respect in the eyes of the interviewees, which is crucial in elite interviewing (Lancaster, 2017). This also helped overcome one of the major obstacles of elite interviews, availability and reachability of the informants (Marshall & Rossman, 2014). Many of the interviewees gave me insights to significant organizations and individuals whose relevance I was not aware of. These very different chains of referrals helped in overcoming the challenge of the “limited range of respondents in snowball sampling” (Barsoum, 2018).

Qualitative research does not claim sample representativeness and so does this thesis (Denzin & Lincoln, 2005). Instead, the diversity of informants providing in-depth information about policy choices, conditions and challenges elucidates important patterns. The sample size - twelve interviewees - was identified based on theoretical and practical saturation. Indeed, not only had I reached a stage where all interviewees would mention informants I had already met with, but I had already transcribed all the data and reached a stage of saturation of information.

5.4. Study Framework

In this section, I will highlight the researcher’s role in the data collection process as well as the challenges that occurred in the field. During the interviews, I presented myself as a Master’s student of Public Policy at the American University in Cairo. Not only did the referrals and the reputation of the university for ethically sound research help in making the interviewees open, critical and honest in their answers and discussions. But also, I researched

details about these individuals' careers prior to the interviews, which helped in gaining trust and respect. My role as the researcher was more exploratory, leaving room for the interviewees to steer part of the conversation (Marshall & Rossman, 2014). While all interviewees were experts and policy makers, they differed in their ages, seniority as well as the positions they held. I interviewed a minister, an associate minister as well as a number of senior consultants and experts. The type of discussion differed from a minister - who wanted to steer the conversation - to a consultant who was ready for a two-sided discussion. Ensuring access to a number of social phenomena and events where these policy makers and experts were present also helped in gaining their trust prior to the interviews.

Aside from the fact that each interview had to be prepared for separately for the above-mentioned reasons, I faced a difficulty in setting interview dates with top-level government officials since I was conducting the data collection during a period of ministerial transition. This is why, many of the interviews were re-scheduled several times, often after I had arrived to the premises. In the interviews with top-level government officials, very often they were sceptical at the beginning so I had to demonstrate an understanding of the area of research as well as their careers to gain their trust. Often, I also had to be very subtle when critiquing the different programs. On the one hand, both the challenges and conditions are crucial for the study. On the other hand, usually the interviewees were the ones in charge of the programs I am targeting so reaching analytical and critical data was not always easy. Nevertheless, most interviewees, even those in charge of the programs, after gaining my trust, were often open to a constructive and critical discussion.

5.5. Data Analysis

After transcribing all interviews verbatim and separately, I started conducting the analysis of the transcripts traditionally without using a software. Interview data were thematically categorized based on emergent analytical themes. Contributory and non-contributory schemes

were sub-divided from the beginning of the analysis. I used the open-coding approach by segmenting and clustering data into themes and describing them using short sequences of words (Marshall & Rossman, 2014). The analysis then followed the inductive reasoning analytic approach (Marshall & Rossman, 2014). Instead of imposing hypotheses *a priori* on the data, data collection is a “learning” process (Rossman & Rallis, 2003, as cited in Barsoum, 2018). Afterwards, the codes and data were triangulated with the desk review of works on contributory and non-contributory schemes in Egypt. In parallel, while conducting the literature review, I came across the *Rules, Roles and Controls* conceptual framework (Bassett, Giannozzi, Pop, & Ringold, 2012) cross-checked it with the data and the emergent codes and noticed how the data fit into the three categories identified by the conceptual framework. Coding was then guided by the conceptual framework’s division of the meso- and micro-level analysis. I had to add as well as remove parameters from the conceptual framework which are less or more relevant to the study on Egypt.

5.6. Ethical Considerations

Primary data collection that involves human subjects requires an in-depth assessment of ethical considerations. The Institutional Review Board approved this work’s proposal on the 21st of December 2019 prior to the data collection process. This is why, all possible ethical considerations were analyzed and approved before the data collection process started.

Participation in the study was completely voluntary. Although many of the interviewees referred me to other possible study participants, I had to contact all study participants on my own and make sure they agreed to conduct the interview while aware of all the givens and details. Moreover, I collected informed consent forms from all participants either orally or in a written format to guarantee their voluntary participation. I offered to send the interview guides prior to the interviews, but often, the interviewees were busy and only needed to be aware of the topic of the study. I obtained consent from all interviewees to audiotape the interviews.

After transcribing the tapes, all recordings were erased. All interviewees were assured of their confidentiality prior to the interviews. Because these are policy makers and experts I should not *do harm to* (Marshall & Rossman, 2014), pseudonyms were employed in the presentation of data. However, confidentiality in such interviews is more complex than merely “disguising the identities of research participants” (Tilley & Woodthorpe, 2011, p. 198). In this regard, confidentiality is not static (Tilley & Woodthorpe, 2011). It is case-specific and poses the dilemma of balancing faithful reporting with potentially exposing the participants’ identities (Tilley & Woodthorpe, 2011). For this reason, I have not mentioned the names of the international organizations whose experts and specialists participated in this study. This is because the field of social protection in the country and especially TKP and the social insurance system involve a limited number of consultants, experts and policy-makers who have worked together and know each other well. To avoid revealing their identities, I removed the names of the organizations they represent. This ensures confidentiality even more.

5.7. Study Limitations

From a methodological stance, the sample size of this study is one of its main limitations. Although the sample size was chosen based on the saturation of data, I believe more insights could have been uncovered if I had interviewed even more staff members and policy-makers. Many of the ministries’ more junior employees refused to participate in the study. Interviewing local-level officials would have been an added value for the study and would have provided different type of evidence to cross-check with the elite interviews. Yet, this was not possible as I would have needed governmental authorization to interview officials at the local units. Because of the timing of the data collection - ministerial transitions, this was not feasible. Nevertheless, the diversity of the interviewed officials offset this limitation, to some extent.

Another limitation with regards to the interviewees is the interview setting. As previously mentioned, most interviews were conducted at the offices of the participants and hence, were

included on their official calendars. Although most of them were honest, critical and analytical to a very large extent, a more informal setting might have reassured them even more.

With regards to the data collected and the interviewees, another limitation is the scope of the data. I was able to interview more officials, representatives and consultants who work on TKP than the food subsidy system. This is why, I was not able to conduct a fully-fledged analysis on the food subsidy system in spite of interviewing a senior official at MOSIT. I was also unable to gain access to national non-governmental organizations who work with MoSS and NOSI. Finally, the data gathered on TKP were provided by a larger number of study participants than the data on the social insurance system. However, the interviewed expert from NOSI has been working in the field for more than a decade and provided an in-depth assessment of the system. Additionally, the social insurance system has been extensively analyzed in scholarly works which were triangulated with the interviews conducted on the social insurance system.

Finally, while the study can be replicated, replication is not easy especially since the identities of the study participants are disguised. Moreover, replication requires the establishment of strong networks in the country being examined. Nevertheless, researchers who have access to policymakers and experts relevant to social protection can replicate the study.

6. CHAPTER SIX: DATA ANALYSIS AND KEY FINDINGS

This chapter presents the findings of the data collected on the governance of social protection in Egypt. As previously mentioned, a macro- or policy-level analysis was not feasible in this study because of the lack of data on this sphere. Furthermore, this sphere does not represent the main challenge facing the country's social protection system. This is why, this chapter starts with an analysis of the meso- or sector-level of social protection. Here, the focus lies on the coordination challenges between the ministries, especially in terms of data sharing. I also highlight the coordination obstacles MoSS is facing in the design and implementation of TKP as well as the issues NOSI is confronted with when designing and applying the social insurance system. Afterwards, the analysis is dedicated to the micro- or program level. In terms of the contributory system, the analysis focuses on the governance of the social insurance system. *Takful and Karama* are in the center of the governance assessment of the non-contributory social protection schemes in Egypt.

6.1. Meso-or Sector-Level Analysis: Coordination Challenges

Governance of social protection at the meso-level focuses on the institutional arrangements between ministries involved in the SP system as well as agencies who work on its service delivery (Bassett, Giannozzi, Pop, & Ringold, 2012). This level determines the coherence as well as integration of the SP system. Effective governance of SP at the meso-level is an important prerequisite for the achievement of social justice. Challenges at this level include inadequate inter-ministerial coordination within the SP sector, incongruous policies, disintegrated programs, lack of capacity for joint action, lack of shared motivation and the lack of principled engagement (Bassett, Giannozzi, Pop, & Ringold, 2012). This sectoral level determines the success of the SP system, as a whole. Thus, the lack of coordination among implementing partners impedes the efficiency and effectiveness of the SP system a whole (European Commission, 2015).

At the policy level, a Ministerial Committee for Social Justice was established by Prime Minister's Decision Number 1940 for 2014 in order to coordinate the policies and financial resources of social justice programs in Egypt. The committee includes thirteen ministries among which is MoSS, MOHP, MoF, Ministry of Education, MOSIT, Ministry of Planning and Economic Development, Telecommunications and Information Technology, Labor, Higher Education, International Cooperation and Local Development. The committee is headed by the Prime Minister. Most interviewees, when asked about the committee, argued that its members met a few times but it has not been active for years.

Another body mandated with the coordination of SP programs is the Economic Justice Unit of the Ministry of Finance. The unit should provide technical support especially with regards to M&E to the different SP programs as well as help in the coordination of efforts (World Bank, 2015). Lack of coordination and coherence between the programs leads to the fragmentation of the SP system which in turn leads to its inefficiency and ineffectiveness (European Commission, 2015; UN ESCWA, 2019). According to a consultant, both the unit and the committee on social justice have been inactive and have not yet taken up the role of coordinating and ensuring the coherence of SP programs.

“Although the Economic Justice Unit follows up on the progress of TKP it has not taken up any initiatives to coordinate the efforts of different social protection providers.” (Interview, Consultant, February 2020)

Inter-ministerial coordination in Egypt faces a number of challenges. First, all interviewees highlighted the fact that neither the ministerial committee on Social Justice nor any other coordination efforts will have an impact on social justice unless there is an overall **strategic vision and a clear institutional structure**. SP programs are multi-sectoral and fall under the responsibility of a number of governmental and non-governmental entities (Devereux, 2016; UNDP & UNCDF, 2013). In most cases, their objectives should be inter-

related and complementary which should automatically translate into an integrated system (Robalino, Rawlings, & Walker, 2012).

There is no single body in charge of the coordination of social protection efforts in Egypt. The establishment or choice of such a body would pave the way for the integration of SP programs into a comprehensive and *transformative* system (Sabates-Wheeler & Devereux, 2007). According to an expert consultant who has worked with MoSS, NOSI, MOSIT as well as MoMM, the MoSS has taken up the role of devising a social protection strategy which outlines a common vision of SP in Egypt and divides the roles between the different agents in the country. Still, without a common vision, it will be very difficult to steer social protection programs towards a common goal.

The expert consultant on SP highlighted the difficulty of reaching a **common vision** while the MoSS *voluntarily* coordinates the efforts. Indeed, according to a top-level government official at MOSIT, the SP strategy can only be implemented if there is a **top-down political push** towards the implementation of a common vision of SP.

“In order for the ministries to implement a common vision and to take it seriously, in order for the social protection strategy to be designed and implemented by all relevant partners, it is crucial for the President or Prime Minister to issue a decree or advise these ministries to work together. Otherwise, every ministry will be busy with its own mandate and they will not take the time to work together on a comprehensive common agenda.” (Interview, Top-level Official at MOSIT, December, 2019).

Because ministries are already busy with their own mandates, service delivery and the implementation of programs, inter-ministerial coordination necessitates top-down intervention, especially in a country like Egypt.

Cooperation between ministries often depends on the persona and the personal relationships of the ministers, especially in fragmented settings that lack a common vision (Bassett, Giannozzi, Pop, & Ringold, 2012). A number of respondents noted that cooperation between the ministries in Egypt depends on the personal and professional relationship between the relevant ministers.

“Coordination at all levels of social protection can be very difficult as it depends on the relationship between the relevant ministers. If they respect and work well with each other, it is a *trickle-down* effect and they encourage the relevant parties to cooperate. [...] One of the relevant ministers in the field of social protection refused to attend the conference on the launch of TKP so [she/he] would not be obligated to work with MoSS on the program.” (Interview, Consultant at MoSS, January, 2020).

In Egypt, as long as inter-ministerial cooperation is not coordinated by a superior body, or as long as there is no single authority in charge of the steering of the whole SP system, personal relationships will determine the success of the SP system. Even if a common vision is achieved, it is crucial to institutionalize this vision within the government (Robalino, Rawlings, & Walker, 2012).

One of the results of the inadequate inter-ministerial coordination in the area of SP is the lack of clarity on roles and responsibilities. This can lead to an **overlap in the mandates of ministries**, according to an expert consultant working on SP.

“Because of the lack of coordination some ministries might take up the mandates of other ministries despite being overloaded with their own mandate. Is this sustainable or efficient? [...] For instance, ALMPs are presumably the mandate of MoMM. *Forsa* program, developed by MoSS is indeed an incredible initiative since it aims to graduate TKP beneficiaries onto different job opportunities. However, it is not MoSS’ mandate. Although MoSS have the know-how related to program design and implementation - especially after having worked on TKP for almost five years, they do not have the details related to the needs of the labor market, what skill training is mostly needed in which area, etc. (Interview, Expert consultant on Social Protection, February, 2020).

Although MoSS has developed delivery capacity and an adequate infrastructure to manage SP programs, taking up the mandate of a different type of program outside of its scope might not only overload the ministry but might affect the quality of the program. In addition to *Forsa* (El-Shabrawy, 2019), MoSS is working on designing a comprehensive set of programs; linking TKP to *La Ommeya* - No illiteracy project (MoSS, 2019a), or to *Etnen Kefaya* - a project that aims at limiting the number of children of TKP beneficiaries (MoSS, 2019c). Although it is understandable that linking such projects to TKP will strengthen the message and the impact of TKP, these complementary projects are not always impactful and effective, according to a consultant at MoSS.

“Many of these projects are ineffective, weak and inefficient on the ground especially since they are not implemented by the ministry mandated and qualified with delivering such messages. [...] Not only this, but such overlap creates tensions between the different ministries since every ministry is in charge of a certain mandate.” (Interview, Consultant at MoSS, January, 2020).

Overlaps in the mandates of the ministries exacerbate tensions and disintegration between the ministries (Bassett, Giannozzi, Pop, & Ringold, 2012) as well as impedes the effective delivery of the messages. However, it is still plausible that MoSS aims to deliver a number of messages especially since the conditionality of *Takaful* creates a communication channel with beneficiaries through which you can build their awareness on contraceptives, cultural tolerance, vaccination, antenatal care, the dangers of female genital mutilation and school attendance, according to a senior specialist at an international organization.

Data freedom and coordination is not only crucial in the reduction of error, fraud and corruption but it allows for the complementarity of programs. For instance, TKP beneficiaries who are not registered in the FSS were automatically redirected to MOSIT in order to register them in the system (World Bank, 2015). Almost 32,000 TKP beneficiaries received ration cards after the TKP system discovered that they do not receive food subsidies which they should be entitled for, according to a senior specialist at an international organization.

On the other hand, because data collection and processing is not always digital and unified, it is sometimes difficult to work with data from other ministries, according to the same specialist.

“For instance, when implementing *Takaful's* conditionality, coordination is difficult because of the time lag in data collection as well as the fact that MOHP collects data manually. The Ministry of Education's data are digital but aggregated at the local level and thus, it takes too long for the data to arrive at the national scale. Now that MoSS has signed a protocol with both ministries, it is essential for all partners to find a way to efficiently collect, aggregate and report the data needed for the application of conditionality sanctions.” (Interview, Senior specialist at an International Organization, January, 2020).

Even when ministries are open or obligated to share their data with other bodies, often the **lack of unified method** impedes the efficiency and effectiveness of data collection and

analysis. Because all SP programs are multi-sectoral, data coordination is necessary (Devereux, 2016; UNDP & UNCDF, 2013).

Coordination challenges are more pronounced in the **implementation of conditional cash transfers such as *Takaful***, according to a former consultant at MoSS. For conditionality to be applied, a number of actors need to be willing to work together in an efficient manner.

“Conditional cash transfer programs in particular present significant institutional coordination challenges between line ministries due to the need to ensure an adequate supply of services across sectors, and to verify co-responsibilities. Close intersectoral coordination is key to ensure that supply-side services are provided, that management information systems to monitor compliance at schools and health clinics are developed, cross-referenced, and timely, and that monitoring and oversight at the local levels is effective.” (Bassett, Giannozzi, Pop, & Ringold, 2012, p. 45)

In order for MoSS to sign the protocols that aim at regulating the implementation of conditionality with MOHP and the Ministry of Education, TKP Program Task Force were in constant dialogue with members of the two ministries as well as El-Azhar as an educational institutions. A former MoSS consultant highlighted the difficulties that were faced during the process.

“The problem is that MoSS takes the credit for the success of *Takaful*. So, the staff members from the other ministries were not always very helpful since they have an attitude of ‘what is in it for me?’. [...] Another challenge is that the whole process is not institutionalized. You are talking to individuals. So for instance, the representative of the MOHP changed three times throughout the process which takes us several steps back.” (Interview, Former consultant MoSS, January, 2020).

This protocol should be implemented now that conditionality is set to be applied in 2020. The real challenges of inter-ministerial coordination will be apparent during the phase of the implementation since multi-sectoral programs need all partners to be alert, to have a sense of ownership to the program, to believe in the common objective or goal and to be responsive and flexible to the needs of the program (UNDP & UNCDF, 2013). In Egypt, top-down political support is needed in order to achieve this.

Social insurance faces similar challenges of inter-ministerial coordination in Egypt.

One of the biggest challenges is the conflict of interest between the MoF and the Treasury, on

the one hand, and NOSI, on the other hand. According to an expert consultant at NOSI, there is a serious coordination and trust issue in the SIS between the Treasury - MoF - and NOSI, which is an independent body, as noted earlier. In the old SIS, NOSI calculated different scenarios for the annual adjustment of social insurance contributions, submitted them to the MoF which chose the most appropriate scenario which is compatible with the government's budget. Legally speaking, MoF is obliged to cover any deficit that faces the SIS.

“MoF argues that these are NOSI's actuarial experts, and so we cannot trust their calculations based on which you will hold the Treasury liable. [...] NOSI invests the funds and MoF does not supervise. Hence, if NOSI's performance is bad, why should MoF be held accountable?” (Interview, Expert consultant at NOSI, January, 2020).

While the annual adjustment of social insurance contributions used to be financed by MoF, the scenarios and the policies were analyzed by NOSI. If MoF did not agree to the increase of the optimistic scenario, pensioners revolted and attacked NOSI claiming that it is against pensioners, according to the expert from NOSI. In this case, NOSI was held accountable for MoF's decisions. After MoF approved the budget, it went to the Prime Minister's office then the Parliament. “Coordination at all these levels takes a very long time and is very difficult.” (Interview, Expert consultant at NOSI, January, 2020). The new SIS includes the automatic adjustment of social insurance contributions. Accordingly, NOSI would be in charge of financing the annual adjustment, and hence a part of this challenge is mitigated.

Data freedom and sharing can have a positive impact on the SIS, as well. The inclusion of casual workers requires serious intergovernmental coordination, according to the expert consultant at NOSI.

“Including the informal economy would require for instance, ministries such as the Ministry of Agriculture to provide data on the ownership of agricultural land. The Ministry of Interior already does not allow the renewal of drivers' licenses unless they register for the SIS as casual workers - if they do not own certain categories of cars.” (Interview, Expert consultant at NOSI, January, 2020)

Such data sharing efforts are facilitating the inclusion of a portion of the informal economy. As noted previously, the coverage of the SIS in Egypt is inadequate. In order to overcome this shortcoming, data sharing and coordination between the ministries is imperative.

In brief, inadequately defined roles and the lack of coordination across implementing institutions not only affects programs' effectiveness but it leads to a duplication and an overlap of roles that make accountability unclear (World Bank, 2015). Indeed, this section has shown the difficulty of establishing a comprehensive integrated system without the existence of an institutional home for social protection, without top-down political support and without the existence of a common vision. In Egypt, this has led to an overlap in the mandates of different ministries which can create tensions. The design and implementation of *Takaful's* conditionality also revealed the difficulty of coordinating efforts between different ministries. Indeed, solely the process leading up to the signing of the protocol between the line ministries spanned more than two years. Finally, the conflict of interest between the Treasury and NOSI depicts that the old SIS faced a challenge regarding intergovernmental coordination, as well.

In order for SP to achieve social justice, it is crucial not only to coordinate the efforts of ministries, but also the non-governmental sector. Such coordination requires political will, preferably top-down support in a country as centralized as Egypt, a unified vision, the establishment of an oversight body in charge of social justice or SP, the unification of data - both in terms of collection as well as sharing, as well as the unification of the tools. For instance, it is not plausible for MOSIT and MoSS to use different PMT formulas as well as different data since both ministries target the same category of the population. Nevertheless, according to a senior researcher the National Center for Sociological and Criminological Research, the PMT formulas used in both programs are different. "Indeed, neither of the ministries is aware of the other ministry's PMT threshold or the details of the calculation of

the PMT formula.” (Interview, Senior Researcher, January, 2020). Only when the above-mentioned challenges are mitigated and a unification of goals and strategies is achieved, can SP achieve the desired goals of equity, inclusivity and the reduction of poverty.

6.2. Micro- or Program-Level Analysis

The meso- and micro-levels are essential areas of engagement in building coherent and strong SP systems (Bassett, Giannozzi, Pop, & Ringold, 2012). The program-level of social protection is the most basic form of engagement which establishes the building blocks of an effective SP program (Bassett, Giannozzi, Pop, & Ringold, 2012). Challenges at this level are diverse as they arise at every stage of SP service delivery, from beneficiary identification to monitoring and evaluation (Giannozzi & Khan, 2011). This section analyzes the conditions and challenges that are prevalent in the governance of SP programs; the social insurance system as well as TKP. Not only were these two programs chosen because of the availability of data and expert knowledge on them, but TKP is a novelty while the social insurance system has recently been reformed and hence, they can both provide insights into the *improved* governance of SP in Egypt. The two programs are not fully representative of the whole spectrum of SP programs in Egypt and its strengths and weaknesses, but they are helpful in gaining an understanding of the common challenges and facilitators of contributory and non-contributory schemes in Egypt. Thus, an assessment of other programs, like the FSS or the health insurance scheme, would not be identical but would reap similar findings.

6.2.1. Contributory Schemes - Social Insurance System

As previously noted, the two main contributory schemes in Egypt are the social and health insurance schemes. This section analyzes the governance of the social insurance system by examining the *rules, roles and controls* governing SIS in Egypt. The component *sustainability* is also added to the analysis. This part of the analysis examines the old and the new social

insurance schemes. While the old one has already been legally reformed, many of the implementation and delivery challenges might still prevail in the new SIS. It is also premature to judge the application of the new system which started being implemented on the first of January, 2020. The analysis of the system relies predominantly on interviews with expert consultants at NOSI as well as scholarly work which has been published on the SIS.

The main challenges facing the SIS were elaborated in the chapter providing a background on the social protection system in Egypt. These include a significant gap in coverage among youths, females and males, urban and rural citizens as well as casual workers, which aggravated socio-economic disparities. Moreover, a large percentage of the workforce evades either fully or partially from their social insurance contributions. Finally, many scholars criticized the law enforcement and M&E capacity of the SIS (Sieverding & Selwaness, 2012; Roushdy & Selwaness, 2015).

6.2.1.1. Rules of the Game

Generally, contributory schemes do not face the same challenges related to the targeting of non-contributory programs since the beneficiaries of social insurance schemes are determined by their contributions to the system (Bassett, Giannozzi, Pop, & Ringold, 2012). The main governance challenges related to the rules and the legal framework of the SIS which will be tackled in this section are the following; (1) managing compliance, (2) publicizing program rules and (3) consistency in the content and application of program rules.

One of the most important prerequisites of an efficient SIS is the ability to **manage compliance** (ISSA, 2013; Enoff & McKinnon, 2011). This is because the incentives to evade or under-report can be very high in many systems (Carmel & Papadopoulos, 2003). An effective SIS ensures compliance with legal contributions and wage reporting requirements (Bassett, Giannozzi, Pop, & Ringold, 2012).

In Egypt, a large portion of the participants in the SIS under-report their earnings. This percentage is particularly higher among private sector workers (Sieverding & Selwaness, 2012). Indeed, roughly 40.3% of private sector workers under-report their salaries, whilst 18.6% of public sector workers under-report their wages (Roushdy & Selwaness, 2019). According to an expert consultant at NOSI, the “design of the system” encourages under-reporting as well as the full evasion of SI contributions.

“Not only have the contribution rates been historically very high, but the presence of maximum bounds for pensionable wage and the calculation method of benefits does not provide enough incentive for workers to properly report their earnings. Prior to law 148/2019, pensionable wage used to be linked to the average of a few years’ earnings prior to retirement. ‘Why would I spend my life receiving a lower salary while only the last few paychecks count towards my pension benefits?’ This is one of the main arguments that have led workers and employers to evade the social insurance contributions.” (Interview, Expert consultant at NOSI, January, 2020).

The calculation method of benefits has also led many workers to opt for early retirements which endangers the actuarial and fiscal sustainability of the system (Loewe, 2004). Moreover, the system’s design acts as a “regressive tax” (Helmy O. , 2008) for low-wage workers. Typically, more well-educated and “richer” quintiles of the population are more likely to work in bigger establishments and earn higher wages. Since the SIS puts a maximum bound on insurable salaries - which stood at approximately LE 5000 and has now changed to around LE 7000 - low-wage earners pay a larger percentage of their salaries, and thus, have a bigger incentive to under-report (Selwaness I. , 2012).

According to the expert consultant at NOSI, the new law aims at addressing the above-mentioned shortcomings and enhancing the compliance to the system. Law 148/2019 calculates pensionable salary according to the average of the contributor’s lifetime earnings (NOSI, 2019). Although the system is still defined-benefits, it encourages participation in the system further by adding a voluntary pension scheme that is contributions-defined, and hence encourages proper reporting. Another incentive for under-reporting was the relatively low increase in pensionable wages that are not automatically adjusted for inflation but are subject

to the government's periodic and often slow increases (Sieverding & Selwaness, 2012). This has led to a system that charges high contribution rates while providing relatively low returns (Loewe, 2004). The new system foresees the automatic adjustment of the pensionable wage by 15% on an annual basis for the first seven years and afterwards based on the inflation rate.

While drafting law 148/2019, NOSI was fully aware of the needs of the workers since it holds regular meetings with the Federation of Egyptian Industries. According to the expert at NOSI, the federation's main concern was the reduction of contribution rates. This is why, in the new SIS contribution rates were reduced from around 41% to 29.75% (NOSI, 2019). Thus, it should be expected that coverage and reporting would be ameliorated. On the other hand, the new system still includes a cap on the maximum insurable salary. When asked about it, the NOSI expert responded that a maximum insurable salary is necessary in order to maintain the private life insurance industry.

“The removal of the cap, on the one hand, could make the system more equitable, but it would kill the life insurance industry and is, therefore, not feasible.” (Interview, Expert consultant at NOSI, January, 2020).

Thus, it is still possible that the new SIS would retain its bias towards higher-wage-earners and would still act as a “regressive tax” (Helmy O., 2008) for low-wage workers.

One of the biggest shortcomings of the system is that it widens the urban-rural divide and aggravates the difference between social classes (Loewe, 2004; Sieverding & Selwaness, 2012; Selwaness I., 2012). Social insurance benefits mostly reach advantaged groups in the labor market, formal sector workers, whilst falling short of attaining the most vulnerable; farmers, casual workers and irregular laborers (Sieverding, 2016). Although the social insurance scheme for casual workers and irregular laborers has always been mandatory, many are not aware of their rights and obligations. Moreover, the system does not cover them from all risks. In the old system, they did not benefit from maternity leave, workplace disability compensation as well as sickness coverage (Loewe, 2004). According to the expert consultant

at NOSI, the old SIS was considered as more of an income support mechanism than a social insurance scheme for casual workers and irregular laborers.

“In the old SIS contributions were made through the acquisition of a stamp of LE 1 on a monthly basis from NOSI office. Pensions were then provided to those who have contributed for at least 120 months. These would then receive a monthly pension payment of LE 63. Beneficiaries would not pay the monthly contributions, and after reaching pensionable age, they would pay LE 120 in the NOSI office and receive LE 450 in return. This was one of the reasons for the deficit NOSI had calculated for the year 2037.” (Interview, Expert consultant at NOSI, January, 2020).

Although many reforms need to be undertaken in order to increase the awareness of the most vulnerable groups, the new SIS designs a new scheme for casual workers and irregular laborers (NOSI, 2019). Accordingly, they would be treated as “wage workers” while the Treasury is the employer, as reported by the consultant at NOSI. The Treasury would then pay 12% of the minimum insurable salary whilst the worker would pay 9% thereof (NOSI, 2019). “This way, contribution rates would be high and therefore, the benefit level would be high as well, which would provide an incentive for casual workers to enroll in the system.” (Interview, Expert consultant at NOSI, January, 2020). Whether this change is sufficient and would lead to an increase in the coverage of workers in the informal economy is yet to be determined.

It is clear, that the old SIS had a difficulty in managing the compliance to the system. Nonetheless, the new social insurance law aims to mitigate several of the shortcomings of the old one. If this would lead to an enhancement of the compliance is still unclear.

Another hurdle reported by the expert consultant at NOSI which deters the SIS capacity of managing compliance is *awareness*. One of the biggest challenges facing both the old and the new SIS in Egypt is the lack of social insurance awareness.

“A large portion of the citizens is not aware of the benefits and rights of the pensioners, the insured, the survivor. They are not aware that ‘I am entitled to this, secured against that’, etc.” (Interview, Expert consultant at NOSI, January, 2020).

It is crucial to underline the significance of raising awareness about the SIS, the calculation method of benefits, among others (Sieverding, 2016). This is specifically essential among new

entrants to the labor market as well as youth, especially given the initiation of the new social insurance law (Sieverding, 2016). Without proper SIS awareness, the coverage and compliance to the system will remain inadequate.

One of the most important facilitators of the governance of social insurance schemes is the **publicization of program rules** (Bassett, Giannozzi, Pop, & Ringold, 2012). This is especially important given the challenge of the lack of social insurance awareness. When asked about the possibility of launching awareness campaigns, the NOSI expert highlighted the difficulty and lack of feasibility of implementing such campaigns, at least for the “time being”.

“It is very difficult to spend the organization’s financial resources on awareness. Awareness campaigns incur large costs; TV and radio campaigns as well as other media campaigns will require NOSI to allocate a large portion of its funds towards the cause. This is not feasible, at least not for the time being.” (Interview, Expert consultant at NOSI, January, 2020).

The consultant also added that such awareness campaigns necessitate the support of international organizations. Since there are no detailed plans yet to raise the awareness of the system’s beneficiaries and new entrants, it can be asserted that one of the major issues facing the SIS is the transparency and communication of program rules. The new social insurance law is published and is available online, yet communication and awareness campaigns should go one step further (Enoff & McKinnon, 2011).

Finally, **rules also need to be consistent**, both in content as well as application (Bassett, Giannozzi, Pop, & Ringold, 2012). Consistency can improve both the effectiveness of SP systems, contribute to better integration, coordination and accountability, as well as enhance the legitimacy of interventions (Bassett, Giannozzi, Pop, & Ringold, 2012). Moreover, when eligibility and exclusion criteria are consistent with program objectives, not only does this lessen inclusion and exclusion mistakes but it reduces error, fraud and corruption, as well, a challenge which faces most social protection programs (Bassett, Giannozzi, Pop, & Ringold, 2012). Although old and new social insurance systems included relatively consistent rules, the

old system's contribution rates and benefit levels were so diverse that it led to complexities and a rise in error, fraud and corruption, according to the expert consultant at NOSI.

“Law 79 for 1975 of the old SIS divided salaries into a basic and a variable salary. The calculation of the contribution of each differed, which made it difficult for contributors to properly estimate and calculate their contributions. The new social insurance law unifies salaries into one single *global* salary.” (Interview, Expert consultant at NOSI, January, 2020).

Moreover, the multiplicity of laws governing different types and schemes of workers also complicated the social insurance calculations of the old SIS (Loewe & Westemeier, 2018). Not only did this complicate the calculations of the contributions, but it made it more difficult for the inspectors to supervise and assess their reporting, and thus, increased the likelihood of error, fraud and corruption. This is another reason why the SIS faces a difficulty in managing compliance.

This analysis shows that the old legal framework governing SIS did not include systems to manage the compliance to rules, did not publicize them properly and involved relatively complex rules that impeded the consistency of application. Nevertheless, the new law 148 for 2019 tries to establish clear *rules of the game*. Indeed, to improve compliance to the system, the new SIS changes the calculation method of pension benefits to include the average of a contributor's lifetime earnings. Moreover, the social insurance contribution rate was reduced to accommodate the needs of the workforce. The SIS was also reformed for casual workers in order to incentivize them to enroll in the system. The inconsistency of the old social insurance rules and laws was also addressed. Law 148/2019 unifies all social insurance laws, it unifies contribution rates and unifies the calculation methods of salaries into one *global* salary. Nevertheless, not all of the shortcomings of the old SIS were addressed by the new scheme. In fact, one of the main challenges linked to the publicization of program rules is the lack of social insurance awareness which is not addressed by the new SIS.

6.2.1.2. Roles and Responsibilities

As previously mentioned, the governance of SP is not only concerned with rules but rather their implementation. *Roles and Responsibilities* are central elements to the effective governance of SP. They ensure the identification and definition of principals and agents in the accountability triangle (Bassett, Giannozzi, Pop, & Ringold, 2012, p. 7). Mechanisms for strengthening roles and responsibilities in the design and implementation of contributory schemes involve (1) creating clear institutional relationships and (2) establishing an effective performance management system.

It is crucial for the principals and agents to have a clear understanding of their **institutional relationships** in order to make accountability relationships work. According to the expert at NOSI, this is one of the most dire challenges that is difficult to address.

“Many of the employees at the organization are not adequately qualified. Since the job descriptions were published in the 1970s and have not been changed ever since, you find people who are not qualified for the positions they are holding. [...] NOSI staff members have to deal with very different social levels while they are not trained to deal with such exposure. Especially since the load of work is intense, they start dealing with, for instance, big companies in an unsuitable way. And the salaries do not incentivize them to develop themselves any further. [...] Ever since government hiring has been suspended [...], we have a shortage of employees. So, employees become over-worked and mandates become unclear.” (Interview, Expert consultant at NOSI, January, 2020).

It is evident that there is no clear conception of the institutional roles and responsibilities at NOSI which impedes accountability (Bassett, Giannozzi, Pop, & Ringold, 2012) and aggravates service delivery. Although there have been efforts by different administrations to hire new employees in the needed positions, very often the educational level of the targeted employees - for instance doctoral candidates - is not suitable for the posted titles, according to the expert. Not only this, but the existing employees who are permanently employed do not receive proper training and tutelage and can thus, interfere with reform efforts (Assaad & Krafft, 2015).

As previously mentioned, law 135/2010 foresaw the change of the system to a contributions-defined scheme (Maait & Demarco, 2012). Contributions-defined schemes give stronger incentives to the contributors to report their earnings precisely and to enroll in the system (Sieverding & Selwaness, 2012). The transition was never carried out due to the employees' resistance to change, as stated by the expert consultant at NOSI.

“Law 135/2010 foresaw a change in the system from a benefits-defined system to a contributions-defined one with individual and solidarity accounts. NOSI employees resisted the change. They believed it would be difficult to enact such a fundamental change. They did not want to put the effort to learn a totally new system. For this reason, this transition was not even included in law 148/2019.” (Interview, Expert consultant at NOSI, January, 2020).

Although law 148 for 2019 remains benefits-defined, as previously elaborated, the law has added a voluntary contributions-defined scheme which would be invested in the country's new sovereign wealth fund (NOSI, 2019). The expert consultant argued that this would allow the employees to gradually learn the new system and thus, get slowly accustomed to it. This way, the next time the system is changed, it might be transformed into a defined-contributions scheme. Hence, not only are NOSI employees over-worked, often working on different mandates which they are often not qualified for, they are not incentivized to work on developing themselves. In this regard, performance management systems are crucial.

Performance management systems (PMS) are essential in order for the staff members to put effort into their personal and skill development. Putting in place performance incentives can enhance efficiency and effectiveness (Robalino, Rawlings, & Walker, 2012). The expert at NOSI stated that as with most public sector organizations, NOSI has not developed neither a proper human resource management and development capacity nor an adequate PMS.

“First of all, up till now, there is no PMS in the public sector. [...] Human Resource functions are distributed among a number of departments. Even these employees are resistant to change. When the organization introduced the proposal of a new salary scheme, where the salary would not be fragmented, they rejected the change.” (Interview, Expert consultant at NOSI, January, 2020).

For this reason, often the employees represent the biggest burden on the social insurance system. It is difficult to initiate performance incentives since it is often the perception -of senior officials- that “public sector employees work out of altruism rather than incentives” (Nevine Qabbage, Minister of Social Solidarity, Annual Conference of the Public Policy Hub, December, 2019). The lack of financial or performance incentives makes it even more difficult to motivate the employees to develop their capacities. Indeed, a very large percentage of the employees in the public sector in Egypt receive monthly salaries that place them below the international poverty line (El Baradei, 2019a). This is problematic since “providing basic material support for staff to perform their functions” is crucial (Bassett, Giannozzi, Pop, & Ringold, 2012, p. 21).

Finally, another hurdle that faces the contributory SP scheme in Egypt are the constant changes of the NOSI leadership, according to the expert at NOSI.

“NOSI was first a semi-independent agency headed by the Minister of Insurance and Social Affairs. Afterwards, its managing director was the Minister of Social Solidarity, then the Minister of Finance, then again the Minister of Social Solidarity and finally, an independent managing director should be appointed to head the ministry within the year.” (Interview, Expert consultant at NOSI, January, 2020).

This constant change in leadership has led to a difficulty in initiating long-term change and clearly identifying the roles and responsibilities of the principals and agents at NOSI.

Although the legal framework in Egypt has been reformed, it would be difficult to implement the changes without the support of the employees at NOSI. This is why, it is imperative for NOSI to work on re-organizing the already existing human resources into more suitable positions, work on their capacity development, create a PMS system whereby there are incentives for those who achieve and work towards the transformation of the system. Moreover, the appointment of an independent, a full -time, well-trained and educated managing director for NOSI is another crucial step that is yet to be implemented.

6.2.1.3. Controls and Accountability Mechanisms

Controls and Accountability mechanisms bridge the gap between the legal framework and its implementation; they bridge the discourse-implementation gap (Bassett, Giannozzi, Pop, & Ringold, 2012). The size of this gap is an indicator of the governance of SP at the macro-, meso- and micro-levels. “At the program level [controls] help ensure that ‘the right beneficiary gets the right benefit at the right time’. [They are the] building blocks of program implementation and administration.” (Bassett, Giannozzi, Pop, & Ringold, 2012, p. 53). The most important controls regarding contributory schemes are (1) transferring payments electronically which has also been shown to reduce error, fraud and corruption, (2) guaranteeing that systematic and random checks take place to reduce error, fraud and corruption and (3) making sure that sanctions are in place to hinder irregularities and ensure that remedial actions are taken. In order to reduce error, fraud and corruption, the **electronic transfer of payments** can be very beneficial. NOSI disburses pensions either through bank transfers, Automated Teller Machines (ATMs), post offices, or through a debit card that has been issued by the company E-Finance, as noted by the expert from NOSI. According to the information available in the literature (Selwaness & Messkoub, 2019; Sieverding & Selwaness, 2012) as well as the informants’ accounts, the SIS does not face issues regarding the electronic transfer of payments.

The bigger challenge facing the Egyptian SIS is ensuring **time-based, systematic and random checks to reduce error, fraud and corruption**. Regular as well as random, time-based and well-designed inspections are crucial in order to avoid the evasion of social insurance contributions and enhance the accountability of the system (Bassett, Giannozzi, Pop, & Ringold, 2012). Although there are inspectors who try to assure random and systematic checks on the reporting and contributions of the different contributors, their number is fairly low and they are often inefficient and corrupt, according to the expert at NOSI.

“Only 1500 inspectors work with the PSIF across all governorates in Egypt. 800 inspectors work with GSIF even though the public sector faces less challenges with regards to the evasion of social insurance contributions. Moreover, the incentives for inspectors to undergo systematic checks are low and the regulatory framework does not grant proper means of overseeing the work of the inspectors.” (Interview, Expert consultant at NOSI, January, 2020).

Given the large number and the geographic dispersion of the workforce in Egypt, inspections are crucial. They would allow the detection of error, fraud and corruption as well as mitigate several of the challenges the system is facing. As noted above, not only does the system face a challenge with regards to the number of inspectors, but their incentives to undergo systematic checks are low. The new social insurance law promulgates the merge of PSIF and GSIF (NOSI, 2019). However, their integration would require at least three years, according to the expert from NOSI. Once merged the number of inspectors checking on the more challenging private sector will grow. However, the new law does not include additional checks or incentives for the inspectors.

Regarding the detection of fraud and under-reporting, it might be helpful to cross-check the data NOSI contributors provide about their earnings with those they give to the Tax Authority. In 2015, NOSI signed a protocol of cooperation with the Tax Authority. Nevertheless, the Tax Authority refused to provide NOSI with the data about the contributors due to the “confidentiality of such data since these are client information” (Interview, Expert consultant at NOSI, January, 2020). Another problem relates to the availability of an electronic database that is up to date.

“Such authorities [like the Tax Authority] do not have a database in your understanding of a database. The responsible employees there simply scan the financial statements of the companies and individuals. So, if NOSI is interested in a contributor’s financial statement, the most the authority can offer is pull it out of the archives and show it to us. However, the databases would not be linked, especially since often the Tax Authority does not categorize the data it receives. Moreover, even if there were an electronic database, there will always be a time-lag in the update of the database between NOSI and Tax Authority which would impede a proper cross-check.” (Interview, Expert consultant at NOSI, January, 2020).

As previously elaborated, the lack of intergovernmental data sharing and coordination of tools and efforts at the meso-level impedes the development of a well-controlled, efficient and effective SP system (Bassett, Giannozzi, Pop, & Ringold, 2012). In order to implement proper control and accountability mechanisms, cross-checking with other governmental databases is crucial. Hence, given that it has not been mentioned as one of NOSI's priorities to work on this deficiency, it will remain difficult to detect fraud.

Finally, when irregularities are detected in the system it is essential to ensure **the existence of a system of sanctions** to avert the contributor as well as others from defrauding the SIS. It is also crucial to reduce the corruption committed by the inspectors themselves. According to the expert from NOSI, the new SIS imposes stricter and more aggravated punitive measures on those who commit fraud, corruption, among others (NOSI, 2019). Indeed, most of the financial penalties were doubled, according to law 148/2019 (NOSI, 2019).

Many of the necessary conditions of a proper control and accountability mechanism are developed in the Egyptian SIS. Since payments are transferred electronically, there are not many cases of error, fraud and corruption in this regard. Moreover, the new SIS has aggravated the sanctions imposed on contributors who do not abide by the rules and regulations of the SIS or who evade their social insurance contributions. Nevertheless, a number of challenges still persist; the low number of inspectors and the lack of oversight on inspections as well as the difficulty cross-checking the data provided by the contributors with other governmental databases, are among the most dire challenges, in this regard.

6.2.1.4. Sustainability

The success of SP programs rests upon the existence of **political and financial sustainability** (Bozio & Dormont, 2016; ISSA, 2013; Robalino, Rawlings, & Walker, 2012; Carmel & Papadopoulos). The political sustainability of the social insurance scheme, generally, does not pose enormous risks as contributory schemes are often included within the civil service

code and embedded in the legal and regulatory framework of the country (ISSA, 2013). Additionally, contributors to the SIS are often from the middle class, who are usually vocal and politically influential (Kidd, 2019). Therefore, it is doubtful that the government would neglect the demands of social insurance contributors.

Financial sustainability determines the success of a SIS. First, according to the Voluntary National Review conducted in 2018, the government of Egypt has been increasing the spending on social security programs; while the spending on the SIS accounted to 2% of the budget in 2011/2012, this figure reached 11% in the fiscal period 2017/2018 (Ministry of Planning, Monitoring and Administrative Reform, 2018). To develop a financially sound social insurance system, it is also crucial to establish an investment strategy which manages investment funds in a sustainable and actuarially sound way (Bozio & Dormont, 2016). Thus, investment managers have to be properly incentivized to “maximize returns, manage risks and limit administrative costs.” (Bassett, Giannozzi, Pop, & Ringold, 2012).

The old SIS was built on a fully-funded basis but is now partially-funded with aggregated reserves (Maait & Demarco, 2012). These reserves are then invested in governmental debt instruments. During the early years of its operation, the Egyptian funds generated surpluses, however, over the period from 1975 to 2005 the system generated low or negative real returns as a result of ineffective investment policies (Maait & Demarco, 2012). According to the expert from NOSI, the old SIS was not financially sustainable. Moreover, the long decision-making process whereby changes could be initiated in the system, further aggravated the issue of the financial sustainability of the system.

“The system foresaw that the Treasury would finance any deficits that would occur in the budget of NOSI. It was anticipated that a cash deficit would occur in 2037. [...] Furthermore, in the old system, changes to the contribution rate or the pensionable salary had to undergo a very difficult process of decision-making; after the actuarial study is conducted at NOSI, the Minister of Social Solidarity would send the proposed changes to the Ministry of Finance and the Prime Ministers’ Office, if they agree on the changes, they would be discussed in the House of Representatives and finally, a presidential decree with

the changes would be published. This made it difficult to respond to the findings of the actuarial studies.” (Interview, Expert consultant at NOSI, January, 2020).

In order to design an actuarially sound and financially sustainable SIS, the new social insurance law was only published after a number of actuarial studies were conducting. As noted by the expert at NOSI, the law was almost ready in 2017 but NOSI were awaiting the results of the actuarial study regarding the sustainable contribution rate. Not only have they come to a conclusion regarding the rate at which no deficit would occur, but law 148/2019 includes the automatic adjustment of the insurable salary. Thus, decision-making regarding the changes in insurable salaries has been facilitated. In addition, a sustainable contribution rate has been fixed. No data are available regarding changes in the investment of funds.

As mentioned previously, the current SIS contains a well-developed legal framework which aims to address many of the shortcomings of the old system. Nevertheless, the development of the capacities in charge of implementing the new system has not taken the same level of attention as the legal framework itself and hence, it might still pose a threat to the governance of social insurance schemes. Finally, error, fraud and corruption might still be prevalent in the system especially since there is a lack of monitoring and supervision. Not only this, but the system itself allows for the occurrence of error, fraud and corruption since many of the regulations are outdated and very often such errors are therefore, “unintentional” as stated by an expert consultant at NOSI. The new SIS is designed in a way which is financially sustainable and therefore, the issue of sustainability seems to be resolved, for the time being. In brief, it is imperative to focus on the *roles and responsibilities* as well as the *control and accountability mechanisms* in order to ensure the proper governance of contributory SP schemes in Egypt.

6.2.2. Non-Contributory Schemes - *Takaful and Karama*

Non-contributory cash and in-kind benefits, also known as social assistance schemes or social safety nets, are designed to “help individuals and households cope with chronic poverty,

destitution and vulnerability” (World Bank, 2018a, p. 5). The food subsidy system and cash transfer programs are the two most important social safety nets in Egypt, as noted previously.

Due to the lack of data availability and the complexity of the FSS, the analysis focuses on the country’s “iconic” (World Bank, 2018b) cash transfer program, *Takaful and Karama*. Indeed, cash transfer programs are gaining importance in the MENA region (Silva, Levin, & Morgandi, 2013). While in the past, governments used to respond to political and economic instabilities with the scaling up of in-kind transfers and subsidies, the focus shifted to cash transfers as subsidies proved their difficulty to be sustained as well as their ineffectiveness (Silva, Levin, & Morgandi, 2013). Generally speaking, cash transfer programs have gained momentum since the mid-2000s in the Global South (von Gliszczynski, 2015), a phenomenon which was often referred to as a “development revolution” (Hanlon, 2004).

It is worth noting that the Egyptian government is shifting the largest portion of its focus on the development of SSN and more importantly, the advancement of TKP. This is not only apparent in the increase in budgetary resources of the program by 250% since it was launched in 2015 until 2017-2018 (MoSS, 2019), but an economist at the Ministry of Planning and Economic Development emphasized the macro-economic significance of the program. The problem with the emphasis on cash transfers is that policies remain focused on the poor (von Gliszczynski, 2015) and neglect the *missing middle class* (UN ESCWA, 2019), an issue which will be discussed in the section on *Sustainability*.

This part of the thesis highlights the main governance conditions and challenges that TKP has confronted since its launch in 2015. It is worth noting that cash transfer programs are often exclusively delivered by government agencies and include a degree of decentralization in terms of the service delivery (Giannozzi & Khan, 2011). Generally speaking, the main governance challenges that face most cash transfer programs are how to target the most needy in society and how to reduce error, fraud and corruption (Bassett, Giannozzi, Pop, & Ringold, 2012).

While this section incorporates data about TKP as a whole, it is essential to note that many of the data concern the conditional cash transfer program, *Takaful*. Since it is the more *developmental* (Ido, 2018) scheme, its design and implementation requires a more nuanced governance analysis (Bassett, Giannozzi, Pop, & Ringold, 2012). This section depends on data collected from in-depth interviews with policy-makers, experts and consultants in the field and a content analysis of IFPRI's impact evaluations and unpublished documents provided by MoSS.

6.2.2.1. Rules of the Game

In order to adequately deliver SP services and benefits, a clear, transparent and consistent regulatory and legal framework is a prerequisite. Such clear and enforceable *rules of the game* ensure a proper accountability mechanism between all actors involved; policy-makers, service providers, program managers as well as the beneficiaries (Bassett, Giannozzi, Pop, & Ringold, 2012). Rules need to be clear at all levels of the service delivery chain. With regards to the delivery of non-contributory SP programs, it is crucial to have clear, transparent and consistent rules and procedures at all stages of service delivery; from enrolling the beneficiaries, to determining the benefit level, exit criteria, among others (Bassett, Giannozzi, Pop, & Ringold, 2012). This way, both inclusion and exclusion errors are reduced and uneven interpretation of rules and ad hoc decision-making are avoided. This section examines (1) the clarity and publicization of eligibility criteria, targeting methods, calculation of benefit levels as well as the application of conditionality, (2) the transparency and (3) consistency in their application at the program level.

Clear and Publicized Program Rules

As previously mentioned, program rules need to be clear for the beneficiaries as well as the service providers at all levels of the service delivery chain. Rules also need to be publicized. The geographic reach that TKP has achieved after less than five years of its launch speaks for

the fact that the application process was relatively clear for the citizens. TKP is currently in 27 governorates in Egypt. The program disburses cash transfers to roughly 2.5 million households, among which are approximately 1.98 million *Takaful* household recipients (MoSS, 2018). According to a senior specialist at an international organization working with MoSS as well as a consultant at the ministry, roughly 27 million Egyptians applied for the program which was only launched in 2015.

In spite of the fact that many of the beneficiaries were not aware of the program and its **eligibility criteria** at the beginning, awareness was built, as is clear from the statistics above.

“In the early years of the program, many of the beneficiaries were not aware of the self-targeting component of TKP, i.e. that they needed to apply for the program. So, MoSS needed to build their awareness on the existence of such a SSN.” (Interview, Senior specialist at an International Organization, January, 2020).

Even if many were not aware of the application process at the beginning, as is evident from IFPRI’s impact evaluation conducted between 2017-2018, the largest percentage of the beneficiaries in the sample believed the program’s required paperwork was clear (ElDidi, et al., 2018).

In terms of the clarity regarding the **targeting, acceptance and rejection criteria** of the program, the same impact evaluation depicts that most of the beneficiaries reported a confusion associated with the acceptance and targeting criteria (ElDidi, et al., 2018). As previously mentioned, *Takaful and Karama* used a multilayer targeting formula, first through geographical targeting using the PMT and finally, using categorical criteria (World Bank, 2015). The targeting is designed in a way which aims at significantly reducing error, fraud and corruption, according to a former consultant at MoSS as well as a senior specialist at an international organization.

“After the beneficiaries have applied for TKP at the local social unit, to determine their eligibility, field visits were conducted by MoSS field workers. These field workers had a tablet with the questionnaire and the possible scores. The questionnaire was based on the poverty criteria set by HIECS. The questions included details about the size and type of housing, electricity and water usage, the location of bathroom, stove type, flooring, roofing,

the number of children, among others. The field workers themselves are not aware of the weights of the scores they are giving to the different households, which aims at ensuring the reduction of error, whether intentional or unintentional.” (Interview, Former consultant at MoSS, January, 2020).

From the perspective of service providers, the design of the program ensures the reduction of targeting errors, especially since the multi-layer targeting formula depends on a variety of different data sources, thus, increasing the reliability and validity of the data (World Bank, 2015).

In addition to the field workers, data provided by the beneficiaries were cross-checked against other governmental databases at the central level. Although the targeting of the program might seem clear and just for the program providers, acceptance and rejection criteria are not clear for the majority of the beneficiaries since they are not aware of the details of the PMT formula (ElDidi, et al., 2018). Moreover, the eligibility to the program caused a confusion for many of the beneficiaries since the PMT threshold was changed several times in order to adjust it to the budget of the program whilst targeting the poorest 40% in the country (Kurdi, et al., 2018). This has also increased the exclusion error of poor households. When the cut-off score was updated, the new threshold was applied to households that were registered previously (Kurdi, et al., 2018). Nevertheless, it was sometimes difficult to include these households previously excluded because of the lower threshold, which caused an increase in the incidence of error. The budgetary constraints and the changes of the PMT threshold are some of the reasons why the program is currently only reaching 20% of the poorest quintile in Egypt (Breisinger, et al., 2018b).

Despite the changing policies of acceptance and rejection for the beneficiaries and field workers, as well as the changes of the PMT threshold, the TKP’s targeting efficiency has met the original goal (Breisinger, et al., 2018a). According to IFPRI’s impact assessment, 67% of TKP households are in the lowest two quintiles of households with children.

Another *rule of the game* which has to be clear for all parties involved are the criteria for **setting benefit level** of TKP transfers as well as the **program's exclusion criteria**. On the one hand, the calculation formula of benefit level is clear - as it has been elaborated in the background section - although not sufficient for the beneficiaries, as stated by a social policy expert at an international organization working closely with MoSS. On the other hand, beneficiaries are not aware of the exit criteria. There is a number of possible exclusion as well as rejection criteria from the program, among which is the ownership of assets, the receipt of other governmental types of support and the receipt of transfers from abroad (Kurdi, et al., 2018). According to an expert consultant at an International NGO, these criteria are clear for the program providers but unclear for the applicants, which is plausible, in the consultant's view.

“Employees involved in the delivery of TKP benefits at all levels - central and local - are aware of these rejection criteria. Although the clarity of program rules makes service delivery more efficient and effective, it seems plausible not to inform the beneficiaries because a large percentage of the applicants tries to defraud the system and lies on their application. Thus, providing them with information as to the program's exclusion criteria would only increase the chances they would lie on their applications.” (Interview, Expert consultant at an International NGO, December, 2019).

As will be clear in the following sections, many citizens lie on their applications in diverse ways in order to be accepted or to receive higher benefit levels. This is a phenomenon which is not unusual for cash transfer programs (Slater R. , Farrington, Holmes, & Harvey, 2008; UNDP & UNCDF, 2013; Fiszbien & Schady, 2009). This is why, it seems plausible not to inform applicants of the possible rejection criteria, which they might try to disguise.

One of the biggest shortcomings of the system is the lack of clarity on **the application of conditionality**. It is crucial for beneficiaries to be aware of conditionality, in order for conditional cash transfer programs to reap the developmental impact they aspire to achieve (Giannozzi & Khan, 2011; Bassett, Giannozzi, Pop, & Ringold, 2012). *Takaful* is a cash transfer program conditioned on 80% school attendance by children aged six to 18 as well as

two visits to the health clinics by mothers and children below six years (World Bank, 2015). Although the program conducted a service readiness assessment at the beginning of its launch (El-Zanaty and Associates, 2016), up until now, conditionality has not been fully implemented yet, according to consultants at MoSS. Moreover, only 2.5% of the beneficiaries are aware that conditions would be added to the program (Breisinger, et al., 2018b). Not only does this contradict with the program's developmental approach, but it makes it even more difficult to implement conditionality, as argued by the consultant at MoSS.

“You cannot impose conditionality unless you establish the proper regiment, unless you succeed in convincing the people of the importance of health and education. Still, how do you think does it sound for someone living in the poorest quintile, if you *suddenly* tell them ‘we care about you, but we cannot give you the monthly transfers’ especially if you do not first mentally prepare them? [...] Another problem related to conditionality is that the local social units are not fully aware of how it should be implemented yet. Finally, one of the main reasons why conditionality is not applied yet is because of the quality of the [health and educational] services. When conducting the service readiness assessment, there were so many cases in which the health facility was not even open during so-called opening hours. Other cases where the facility did not even have a scale -which is needed for antenatal care.” (Interview, Consultant at MoSS, January, 2020).

Thus, the implementation of conditionality will face a number challenges. First, the lack of awareness on conditionality, will make it difficult for vulnerable and poor households to accept the conditions since they are neither accustomed to nor informed of the conditions. Another challenge relates to the program providers. As elaborated above and will be explained in depth in the following sections, employees at the social unit are not fully aware of the means of implementing conditionality. Finally, the supply-side of conditionality poses a number of risks. Indeed, as stated by an expert consultant on social protection issues, service delivery at the local health and educational unit need to first be enhanced before the ministry can apply conditionality. A former consultant at MoSS emphasized the same challenge.

“Our biggest problem is that we cannot condition transfers without the existence of the ‘supply’. For instance, we tell the families to send their children to schools but the school is far away, or there are no teachers, or the teachers do not like their child so they do not include them in the attendance, or many examples like this.” (Interview, Expert consultant on Social Protection, February, 2020).

Thus, not only does the program face challenges with regards to the clarity of conditionality, but it might be argued that there is still a lack of readiness for its implementation from both sides of the service delivery.

On the other hand, the former consultant at MoSS argued that MoSS has put effort into building the awareness of the beneficiaries on TKP as well as conditionality in many ways.

“First, [we tried to build awareness] through a television and radio campaign which included advertisements on the program. We also conducted a *Guerrilla* marketing campaign where we organized around 32 public events with singers and games for the kids and disbursed eco-friendly bags with TKP details printed on them. We also distributed flyers, and printed the details on the *Toktoks* in relevant areas. [...] Then, we thought we had to reach even women who are always at home and won’t get to see all of these marketing tools. So, we created a system of door-to-door awareness and trained 2000 MoSS social workers on the issue of conditionality. In addition to the 2000 social workers, we worked with 4000 women who are conducting their civil service to help with the door-to-door awareness. As far as I am concerned almost one million visits were reported up until now.” (Interview, Former consultant at MoSS, January, 2020).

It is evident that there are different opinions with regards to MoSS’ efforts in publicizing program rules as well as conditionality. The MoSS is to a large extent successful in publicizing program rules and encouraging applications. Yet, with regards to conditionality, although, the marketing and awareness campaigns were conducted, IFPRI report indicates the small portion of beneficiaries were aware of its details. This might be attributed to the efficiency and effectiveness of the tools used. An expert at an International NGO criticized the door-to-door awareness highlighting the inability of the social workers to deliver the message. The senior specialist at an international organization argued that the social workers had ten to twelve messages to deliver to the households with regards to family planning, conditionality, health issues, among others. This might have caused confusion and have led to the lack of awareness. Another possible reason for the discrepancy between the beneficiaries actual knowledge and the conducted awareness campaigns might be the time that is needed in order for the campaigns to have an actual impact. In fact, the impact evaluation was conducted between 2017 and 2018 and by the time, not all the awareness campaigns were conducted, yet. Thus, the impact

assessment to be started by the end of the year 2020 can provide more definitive answers in this regard, according to an expert at an international organization.

Transparency of Program Rules

Along with clarity and publicization of program rules, **transparency** is crucial (Giannozzi & Khan, 2011). A lack of communication and transparency between local social units and TKP beneficiaries has been reported by many beneficiaries and has often led to grievances and a feeling of unfairness (ElDidi, et al., 2018). Indeed, a large portion of non-beneficiaries complained about not being informed of the status of their application despite numerous visits to the local MoSS office (ElDidi, et al., 2018). Many of the applicants who were rejected complained about the lack of communication with regards to the reasons for rejection. Moreover, some beneficiaries argued that the transfers stopped suddenly without prior notice and without knowing the reasons after filing complaints (ElDidi, et al., 2018). The lack of transparency has led to a culture whereby the people “do not trust and try to defraud the government.” (Interview, Expert at an International NGO, December 2019).

Consistency in the Content and Application of Rules

Not only does the lack of transparency aggravate the perception and acceptance of the program, but the consistency in the content and application of TKP is essential (Bassett, Giannozzi, Pop, & Ringold, 2012). Although, the PMT formula is like a “ruler” (Interview, Senior specialist at an International Organization, January, 2020) applied on all applicants, corruption often raises doubts with regards to the consistency of application. Many of the beneficiaries in IFPRI’s sample do not perceive the program’s targeting as fair (Breisinger, et al., 2018a). A large percentage of those interviewed in the sample highlighted the issue that there are many “well-off” (ElDidi, et al., 2018) families who receive *Takaful* transfers whilst there are very poor ones who do not.

These issues can occur due to error, fraud and corruption on both sides of TKP service delivery (Campos & Pradhan, 2007). Some field assistants do not properly process and assess the registration forms (ElDidi, et al., 2018). Others would facilitate paperwork for relatives or friends (ElDidi, et al., 2018). Indeed, many beneficiaries complained about the local social units in charge of screening and application process (ElDidi, et al., 2018). Many “of the documents submitted to the MoSS unit are simply piled on the floor and don’t travel to Cairo” (ElDidi, et al., 2018, p.41). This is why, many beneficiaries emphasized their openness to audits and random visits - which will be discussed in-depth in the following parts (ElDidi, et al., 2018). The senior specialist at an International Organization stressed on the existence of many oversight mechanisms to reduce such errors in the processing of the application which is made possible by automation of the process. Another interviewee argued that automation is not yet being effectively and efficiently implemented.

“Automation is fairly new and is not always easily applied by the field assistants. So, we cannot say that the automation of the system has drastically reduced errors.” (Interview, Consultant at MoSS, January, 2020).

Even if there was no corruption or favoritism on the side of the service providers, the existence of error along with the lack of transparency aggravates the beneficiaries’ lack of trust in MoSS employees. This lack of trust leads many beneficiaries to submit false documents, to lie on their applications, to hide assets, among others, according to many of the interviewees.

“It has even become a cultural issue that the beneficiaries want to defraud the government in any kind of way.” (Interview, Former consultant at MoSS, January, 2020)

Thus, the existence of error, fraud and corruption on both sides of service delivery precludes a fully consistent delivery of TKP benefits. Making the beneficiaries trust the program is one of the most important steps in order to reduce intentionally providing wrongful data.

Another challenge which affects the consistency of the application of cash transfers is the confusion between the solidarity pension and TKP, according to a senior specialist at an international organization.

“Not only is the confusion available among the beneficiaries but also among MoSS employees at the social units. This is why, the World Bank is working with MoSS on a second phase whereby the old solidarity pension is dissolved, its beneficiaries re-assessed and either included or excluded from TKP. Since the old scheme had many flaws, it is probable that a significant portion of its beneficiaries would not qualify for TKP which would create a fiscal space to increase TKP benefits or its number of beneficiaries. By consolidating all cash transfers into one program, TKP, with one targeting formula, you’re enhancing the equity and social justice. This way, there is one measurement against which everyone is being assessed.” (Interview, Senior specialist at an International Organization, January, 2020).

The co-existence of the two schemes exacerbates the challenges related to the consistency of the application of TKP. It is therefore, crucial to unify the solidarity pension and TKP as more consistent rules would lead to better integration and outcomes of SP programs as well as improve the accountability and legitimacy of the system.

Although not absent of flaws, it is evident that MoSS has created a cash transfer program which has relatively clear eligibility criteria and benefit levels. The ministry has established a number of regiments to optimize the targeting and build the awareness of the people. Nevertheless, the program is currently in its fifth year of implementation and is therefore still in a “trial and error phase” (Interview, Former consultant at MoSS, January, 2020) in which it is constantly being re-evaluated. Challenges regarding the rules of the program include the transparency and communication with the citizenry, the efficiency of service delivery - both at the local social units as well as at the education and health facilities - as well as the irregularities, favoritism and error, fraud and corruption which can be caused by MoSS employees as well as by the beneficiaries themselves. TKP is a novelty and is a state-of-the-art program with regards to its implementation in Egypt, according to a senior specialist at an international organization. This is why, it is crucial to constantly come up with innovative solutions to ever-existing challenges in the country.

6.2.2.2. Roles and Responsibilities

In the last section, it became apparent that many of the governance and implementation challenges of TKP are related to the capacities and the service providers working on the

program. Effective governance requires the existence of clear and well-functioning accountability relationships, an institutional incentive structure, coordination among the different levels of service providers, separation of functions, among others (Bassett, Giannozzi, Pop, & Ringold, 2012). Thus, *Roles and Responsibilities* across different levels of government and institutions involved in SP need to be clearly identified and communicated (Bassett, Giannozzi, Pop, & Ringold, 2012). In this section I will first analyze the (1) division of tasks and responsibilities, (2) TKP and public-private partnerships, (3) separation of functions, (4) capacity development of the resources and the (5) program's performance management system and incentive structure. It is crucial to highlight that this section is predominantly based on the data collected by the interviewees since there are no scholarly accounts on the issue.

Division of Responsibilities between MoSS and the local offices

Decentralization and coordination efforts between the central and local levels are crucial when implementing cash transfer programs (UNDP & UNCDF, 2013; Bastagli, et al., 2016). Thus, it is essential to have clear division of tasks between the two levels. According to a number of interviewees, the division of tasks between the central and local level is relatively clear. Not only this but the division is driven by a logic which aims to reduce error, fraud and corruption. A senior specialist at an international organization emphasized that the division of tasks at TKP aims at reducing corrupt behavior.

“We do not want the field workers to come and tell us, we believe this person is poor and is eligible for TKP. Their role is merely to observe and collect descriptive data. Analysis occurs at the central level since the data is submitted on the database of MoSS. [...] After having collected the data about the households, according to the cut-off point of the PMT, the MoSS identifies who is in and who is out. It is like a ruler which is applied on all applicants. The system is therefore very objective and harsh. You could be rejected because of a decimal point, but that is the beauty and the difficulty of the PMT; this decimal point might exclude you from the program although you are still poor or near-poor.” (Interview, Senior specialist at an International Organization, January, 2020).

Hence, when it comes to, for instance, determining eligibility; at the local level, the field workers collect the necessary data about the households without having prior knowledge as to

the PMT threshold or how the data would affect the application. This aims to reduce favoritism. This division of roles and responsibilities is also institutionalized as described in the background section (World Bank, 2015). Another example concerns the grievance redress mechanism - which will be described in one of the following sections. The data on the citizens' grievances are collected at the local level, some of which are resolved at the same level while other decisions are taken at the central scale. All of this is elaborated in depth in the World Bank's Project Appraisal document (World Bank, 2015).

Effective decentralization is relevant in the application of conditionality, as a large portion of the tasks is carried out by the local-level authorities (World Bank, 2015). In terms of the implementation of conditionality, the responsibilities are distributed between the local education and health units and coordinated by the social unit and later MoSS, as described by a former consultant at MoSS.

“The data collection about the attendance of children to school is run digitally by the local education offices, while the collection of data about the beneficiaries' health visits are still collected manually and provided to the social units. Then, on a quarterly basis, a report is sent to MoSS with details of the different households' compliance to the conditionality standards and the sanctions are then imposed digitally by the MoSS.” (Interview, Former consultant at MoSS, January, 2020)

In order for the local education and health units to implement the described system, not only was there a protocol signed between the relevant ministries, but a capacity development (CD) program was designed and implemented, according to the same consultant.

“The capacity development program targeted 60,000 employees working at the local education, health and social units. It included four chapters; (1) introduction to TKP, (2) what is conditionality, (3) how the system of conditionality and reporting will work and (4) a training on soft skills and training of trainers. The MoSS first trained 27 trainers across 24 governorates who in turn were trained to train employees at the local, district and village levels.” (Interview, Former consultant at MoSS, January, 2020).

Despite the design and implementation of a capacity building program for the staff members at the local level, “the concept of conditionality is a novelty which is also implemented by three

different bodies, automation is a novelty, so errors are very much prevalent.” (Interview, Consultant at MoSS, January, 2020).

Although tasks may be divided in a plausible way between the center and the peripheries, this does not mean that the system is decentralized. Decentralization requires more of the decision-making process to be taken at the local level (UNDP & UNCDF, 2013). One of the main hurdles of decentralization efforts is the lack of ownership and accountability towards the program from the side of the local officials and especially governors, according to an expert consultant at an international NGO. Not only this, but he argued that the authorities at the local level are not sufficiently qualified for a program like TKP to be fully decentralized.

“The governors receive three- to four-day training workshops which are not sufficient. Most of them do not want to be held accountable for TKP. Legally speaking, many of the tasks are delegated to the governors. Many of them, however, do not want to receive more authorities and tasks. But there are also some of them who want to take up the delegated responsibilities but can't because of the lack of adequate training and capacity development.” (Interview, Expert consultant at an international NGO, December, 2019).

Decentralization efforts are crucial in the context of the division of tasks between the central and local levels (Giannozzi & Khan, 2011). Decentralizing the system can make TKP more effective and efficient (Bastagli, et al., 2016). Nevertheless, there are a number of facilitators of decentralization which have not been established yet, like for instance, the establishment of the necessary legal and regulatory framework, the development of the capacities of the authorities at the local level, as well as the inclusion of local civil society organizations (UNDP & UNCDF, 2013).

By and large, although tasks are divided between the local and central levels. In many areas, such as the determination of eligibility, the division is clear and does not pose many risks. Theoretically, the division is also clear in the implementation of conditionality. Because conditionality has not been applied yet, no judgement can be rendered. Furthermore, there are a number of prerequisites for effective decentralization which are not evident in the case of TKP.

TKP and public-private partnerships

The fact that TKP works with the private sector and fosters public-private partnerships is one of its main strengths. According to a senior specialist at an international organization, this *entrepreneurial* approach towards program implementation is what allowed the program to have “such an impact in such a short period of time” (Interview, Senior specialist at an International Organization, January, 2020). Although the MoSS has a specialist on management information systems in TKP’s task force, the automation of TKP services - from registration to payment - was conducted by an Egyptian company named E-Finance (World Bank, 2015).

“The government should not do everything. The government should have the flexibility to outsource. MoSS exceeded the number of target beneficiaries ahead of schedule because it was entrepreneurial. [...] For instance, regarding the door-to-door-awareness, MoSS social workers were not sufficient in order to roll out the program on a national scale as quickly as it did. This is why, they worked with other social workers from other ministries as well as the girls conducting their civil service. Very often, these were even more efficient than MoSS’ social workers.” (Interview, Senior specialist at an International Organization, January, 2020).

The Ministry also worked with Care International in order to pilot and develop its social accountability committees (World Bank, 2015). A local consultancy firm conducted the program’s service readiness assessment (El-Zanaty and Associates, 2016), IFPRI was in charge of the impact assessment, among other consultants that MoSS worked with in order for the program to have this reach and impact in just five years (Interview, Expert at an International Organization, February, 2020). Hence, it is clear that TKP was rolled out in an efficient manner, among other reasons due to MoSS’ ability to outsource relevant portions of the program and to separate and divide functions effectively.

On the other hand, this entrepreneurial approach is criticized by a number of interviewees. As with the social insurance system, there are a number of crucial positions which require calibers to be hired at MoSS, however, due to the government’s suspension or reduction in hiring, these positions are either not filled or the ministry relies on consultants, according to an

expert consultant on social protection. She/He emphasized that MoSS and many other ministries and governmental agencies are overcoming this challenge by hiring consultants on project contracts. According to a consultant at MoSS, the reliance on consultants is not sustainable “because the project could break down as soon as the consultant leaves.” (Interview, Consultant at MoSS, January, 2020). Additionally, it is difficult to retain such calibers since they get offered more competitive positions in the private and non-profit sectors.

“I was just watching one Parliamentarian argue that the government is, indeed, working with ‘A class’ consultants who are well-educated and are efficient and productive. But this way, the government is creating a system that is reliant on consultants who do not have the time or the energy to transfer skills to the employees at the ministries. In addition, these consultants are working with frameworks and tools, the traditional Egyptian public sector employee has not learnt to operate with.” (Interview, Consultant at MoSS, January, 2020).

On the other hand, a former consultant at MoSS underlined the fact that the former and current ministers of Social Solidarity have always been keen on the transfer of knowledge between the consultants and the employees at the MoSS.

“Not only did we [the consultants] always have to work with them [the employees] even if the task did not require more than one staff member working on it, but there were so many procedures we could not have ever been able to do without them. Consultants are not aware of the governmental procedures with regards to filing paper work as well as the details of the legal and regulatory framework. This is why, the ministry’s employees were always imperative.” (Interview, Former consultant at MoSS, January, 2020).

Although the government of Egypt is relying to a very large extent on consultants, many ministries and especially MoSS care about the development of their human resources and are aware of the difficulty of retaining high-caliber consultants. Still, MoSS entrepreneurial approach has been complimented by a number of the interviewees for being effective and efficient. Whether it is sustainable or not is questionable.

Separation of Functions between Payment and Processing

The separation of functions between payment and processing is another one of TKP’s advantages which aims to significantly reduce error, fraud and corruption. Once a beneficiary registers for TKP, the enrollment to the program is managed electronically through a system

designed and managed by E-Finance (World Bank, 2015). TKP payments are administered by the local post offices through individual accounts. Beneficiaries can withdraw the transfers using TKP smart-cards -also developed and administered by E-Finance - through ATMs or points of sale at the post office or the social units (World Bank, 2015). According to IFPRI's impact assessment, the majority of the sampled beneficiaries believe the delivery of transfer payments is smooth (Breisinger, et al., 2018a).

Capacity Development

Capacity development is another area with substantial shortcomings. It is true that MoSS trained the social workers, field assistants and conditionality officers at all relevant bodies (MoSS, 2017). Nevertheless, several challenges related to the implementation and the impact of service delivery are apparent, for instance during the registration and processing, the door-to-door-awareness as well as the implementation of conditionality - as elaborated in the previous parts. A consultant at MoSS highlighted that these challenges arise in spite of the delivery of capacity development, since the training programs are not outcome-oriented but process-oriented.

“In Egypt, we do not have a problem of the quality of design, we have a problem of the quality of delivering the program. You give a capacity development program on M&E but do not even introduce it with the definition of M&E. Instead of investing in the human capital, we invest in the projects that cross the boxes of the checklists. [...] For instance, we would like to automate several processes, we buy the software, train 20 individuals on its usage and then you find out that the software is not being used. So what is the unit of measurement? In Egypt, the unit of measurement is process-based not results-based. ‘What were the impacts of the program’, is the question we should be asking? What are the indicators you are using to measure the impact? [...] In order for the investment in human capacity to reap results, it takes time. Policy-makers want the impact to appear while they are in office in order to be attributed to them. This is why, they choose processes over results. [...]” (Interview, Consultant at MoSS, January, 2020)

Not only does this reflect a challenge with regards to the measurement of CD programs and their impacts, but these challenges are also related to the capacities implementing the service delivery. The large number of public sector employees and civil servants and their permanent

contracts have always been highlighted as some of the main acute challenges of public administration in Egypt (Assaad, 2009; Assaad & Krafft, 2015). As it has been clear in the context of the SIS, the lack of an incentive structure often makes the employees a burden on the system.

TKP's Performance Management System and Incentive Structure

The large number of permanent hires in the public sector, the inadequate division of tasks, their incomplete training on important tools and the lack of a performance management system are some of the most dire challenges facing MoSS. Similar to the rest of the governmental bodies in Egypt, MoSS does not have an efficient PMS, according to an expert at an international NGO as well as a consultant at MoSS.

“The regulations in Egypt favor the employee. Even the Minister cannot fire an employee. Also, the system is not merit-based which affects the quality of service delivery. It is all about seniority. It is not about excelling and getting promoted. It is about the number of years I have served. Employees take trainings just to get promoted. They do not focus on what to learn from the capacity building programs, but rather it is a ‘tick’ on their CV. This goes for a large portion of the public sector. The legal and regulatory framework is fairly adequate but the system is flawed.” (Interview, Consultant at MoSS, January, 2020)

Generally speaking, a large percentage of the public sector employees in Egypt are not incentivized to work on their self-development because of the lack of an effective PMS. Yet, MoSS has developed a simple incentive mechanism for TKP social workers, according to a number of interviewees.

“By paying the social workers by visit, they were incentivized to conduct the largest number of visits.” (Interview, Former consultant at MoSS, January, 2020)

Still, many of the social workers, although efficient, were not effective for many reasons among which is the number of different messages they needed to convey (Kurdi, et al., 2018). Even if there is an incentive structure for social workers, it is crucial to institutionalize it and apply it all stages of service delivery (Sholkamy, 2018). Currently, the Ministry of Planning

and Economic Development is working on such a PMS and a human resource management system, according to an economist at the same ministry.

In brief, the MoSS has developed an institutional structure as well as specific *roles and responsibilities* for TKP. Although the ministry has worked with calibers and consultants, increased the efficiency of many aspects of the program by outsourcing them, automated several of the steps of service delivery, MoSS has to deal with many of the challenges that face the Egyptian public sector. These include a shortage in high-caliber staff members in important positions, an inadequate division of tasks, a reliance on consultants, a difficulty in implementing impactful CD programs as well as the lack of an effective PMS.

6.2.2.3. Controls and Accountability Mechanism

For SP programs to be governed effectively, it is crucial to incorporate oversight mechanisms that ensure adequate flows of information and financial resources (Bassett, Giannozzi, Pop, & Ringold, 2012). Such controls and accountability mechanisms can be subdivided into supply-side and demand-side measures. Supply-side mechanisms include verification, M&E processes, spot checks, database crosschecks as well as a formal grievance redress mechanism (GRM). This section starts with an examination of these measures followed by the demand-side mechanisms. These include oversight mechanisms by the citizenry. For instance, they could take the form of social audits, social accountability committees, public hearings, third-party monitoring, among others (Bassett, Giannozzi, Pop, & Ringold, 2012). Proper control and accountability mechanisms can lead to the significant reduction of error, fraud and corruption.

Before analyzing the demand-and supply-side mechanisms that ensure proper governance of SP, it is crucial to reiterate a challenge that was previously alluded at and that underscores the importance of controls and accountability mechanisms. Due to the economic instability, persistent poverty levels as well as years of corruption, a large percentage of the Egyptian

population believes they can “casually deceive the government”, according to most of the interviewees. The citizens do not trust the government, hence they believe it is acceptable to defraud the government and provide false information to receive more money from the government.

“Because one of the exclusion criteria of TKP is the ownership of assets like cars, there are cases where applicants fake documents selling their cars to acquaintances, then receive a document enabling them to drive it. This way, it looks like they do not own any assets and they can receive TKP benefits. Other women hire men to look like their husbands to deceive the field assistants during the interviews while in fact, their husbands are working abroad which would also make them not eligible for TKP.” (Interview, Expert Consultant at an international NGO, December, 2019).

Aside from the usual importance of controls and accountability mechanisms, in a culture where there is a lack of trust between the citizenry and the government, it is crucial to make sure the right benefits reach the right beneficiaries at the right time (Bassett, Giannozzi, Pop, & Ringold, 2012). Thus, by developing rigorous supply-and demand-side mechanisms, MoSS can significantly reduce corrupt behavior.

Monitoring and Evaluation

With regards to the supply-side mechanisms, MoSS designed and implemented a number of M&E tools, especially with the help of the World Bank. Conducted and still to be conducted evaluations focus on the targeting accuracy, process improvements as well as the measurement of the program’s impact, both on the long-and the short-run (MoSS, 2016; MoSS, 2017; World Bank, 2015). To assess the targeting accuracy as well as the program’s impact, MoSS hired IFPRI to manage such evaluations. IFPRI conducted both a qualitative as well as a quantitative impact assessment (Breisinger, et al., 2018a; ElDidi, et al., 2018). With the help of a local survey firm, they included both beneficiaries as well as non-beneficiaries in their sample, according to a consultant who was involved in the impact evaluation. In addition, a service readiness assessment was undertaken in order to analyze the beneficiaries’ readiness for the implementation of conditionality (El-Zanaty and Associates, 2016) as well as to enhance

MoSS' understanding of the beneficiaries' perception of the program and its processes (World Bank, 2015). Nevertheless, it is crucial to highlight the fact that such an impact assessment covers solely the sampled population.

Conditionality

Another mechanism for auditing conditional cash transfer programs, like *Takaful*, is the implementation of conditionality itself (Bastagli, et al., 2016). According to some of the interviewees, conditionality will reveal both supply-side as well as demand-side error, fraud and corruption (Interview, Former consultant at MoSS, January, 2020; Interview, Senior specialist at an International Organization, January, 2020).

“For instance, if you have a beneficiary who is living in Cairo but has registered for TKP in Assiut since he knows the chances of getting admitted into the program are higher in the Southern part of Egypt, we will detect this. As soon as we implement Conditionality, we will be able to catch him since his son will not be attending the school he is supposed to be registered in in Assiut. This way, the ministry will be able to check whether he really is eligible for TKP but given all the right information.” (Interview, Former consultant at MoSS, January, 2020)

In addition, conditionality will allow MoSS to track and report mishaps on the supply-side of service delivery. Indeed, as soon conditionality is applied, households will be keen on receiving the educational and health services needed in order not to be excluded from TKP. Through the program's GRM - which will be elaborated below - they can then report any issues they face, according to a senior specialist at an international organization.

“For instance, they can report having visited the health facility during normal opening hours and finding it closed. They could also report if their children are being bullied at school and are therefore not attending or if the school is too far away or if there are not any teachers available at the schools.” (Interview, Senior specialist at an International Organization, January, 2020).

This way, MoSS can hold those accountable for such errors, sanction them, audit the local service providers as well as work on the enhancement of the educational and health facilities and the supply-side services.

Database Cross-Checks

Other crucial supply-side evaluation mechanisms are database cross-checks. The government is working on a Unified National Registry (UNR) together with the Ministry of Planning and Economic Development (Government of Egypt, 2015). The UNR is an integrated database of beneficiary information which includes data about a large portion of the citizens and is linked to their national identification cards (World Bank, 2015). The database includes data from various sources among which the MOSIT, NOSI, MoSS as well as water and electricity usage, among others (MoSS, 2016). The main objective of the UNR is to “establish a national database platform to support consolidation of SSN programs and facilitate coordinated targeting and delivery mechanisms.” (World Bank, 2015). Thus, it should provide verifiable administrative information on household characteristics and thus, enhance targeting and reduce errors and fraudulent behavior. Although the UNR is still under development, the MoSS has been able to use its data in many cases, according to an expert on Social Protection. Yet, many interviewees argued that one of the biggest challenges facing evidence-based policy-making and service delivery in Egypt is the lack of data freedom.

“Before the development of the UNR, it was very difficult to obtain data from other ministries unless there was political support, the minister intervenes or the projects were intertwined and hence, it would be plausible to share data. The biggest challenge, however, is still the culture and mind-set of the sanctity and the secrecy of the data.” (Interview, Consultant at MoSS, January, 2020).

Even after the UNR is fully developed, only few individuals at every ministry will have access to the database, according to an economist at the Ministry of Planning.

Before the development of the UNR, MoSS worked with NOSI in order to determine the eligibility or disqualification of TKP applicants. Since the SIS’ minimum pension stands at LE 900 whilst TKP beneficiaries receive approximately half of this amount, applicants receiving social pension are not entitled for TKP transfers, according to an expert consultant at NOSI. This is why, while determining the eligibility of TKP applicants, MoSS staff members had

access to NOSI's database. "They were able to cross-check and validate the answers provided by the applicants with regards to the receipt of other types of governmental support." (Interview, Expert consultant at NOSI, January, 2020).

Spot checks

Another crucial set of control mechanisms are spot checks. Spot checks are usually conducted on a periodic basis by a third-party to provide a deeper evaluation and analysis of the program effectiveness and efficiency as well as prevent fraud and corruption through deterrence (Bassett, Giannozzi, Pop, & Ringold, 2012). TKP spot checks are not conducted by a third party and are not regular. IFPRI's qualitative impact assessment showed that most study participants recommended the MoSS should send more regular inspectors to do background checks since "otherwise, it's government's money lost for nothing" (Study Participant, as cited in ElDidi, et al., 2018). According to a consultant at MoSS, there are areas in the country where spot checks are effective and efficient.

"Spot checks are functioning in some governorates better than others since inspectors in some governorates are corrupt and provide data of inspections they have not conducted, while in others, they are conscious." (Interview, Consultant at MoSS, January, 2020).

The consultant's recommendation is to improve automation and MIS and thus, mainstream and tighten the system. It is also essential to have measurable and specific key performance indicators which are evaluated on a regular basis, but which are not available yet.

Management Information System

MoSS has developed a rigorous Management Information System that was praised by almost all interviewees as being state-of-the-art and well-developed. From registration, to back-office registry, payment cycle, case management, GRM, compliance with co-responsibilities in health and education for *Takaful* beneficiaries, all steps of the management of TKP service delivery are automated and included in the MIS (World Bank, 2015). The MoSS is working on a regular basis with the World Bank, E-Finance as well as Ministry of Planning

and Economic Development in order to maintain, update and upgrade TKP management information system (MoSS, 2016). Additionally, it hired an international consulting firm to conduct an MIS gap analysis (MoSS, 2016). Also, an MIS team is working inside the ministry to coordinate the efforts and consolidate the data. Because of the strides in digitalization, TKP is moving faster than many of the Latin American countries' experiences with cash transfer programs, according to a senior specialist at an international organization.

“All TKP modules are automated. Running the PMT, enrolling the beneficiaries, rejecting the disqualified applicants, the payment process, the GRM, all are IT-based. This is why, you can say the program has achieved a paradigm shift both at the ministry as well as in the government. In order to design and implement a program which is well-targeted and well-monitored, you have to create built-in oversight mechanisms. Egypt has started these cash transfer programs twenty years after the Latin American experience. In that time, technology has achieved huge strides so technology is allowing the program to move fast and be more efficient.” (Interview, Senior Specialist at an International Organization, January, 2020).

Although the MIS is relatively advanced, the capacities working on it are not yet well-acquainted with the system. The system is also not yet tight enough to prevent error, fraud and corruption, as argued by a consultant at MoSS. Yet, it has made strides and is being upgraded so as to close any loopholes or significant gaps. Therefore, the MIS might be used as an efficient tool to reduce fraudulent and corrupt behavior.

Grievance Redress Mechanism

A grievance redress mechanism includes a number of systems and procedures aiming at resolving complaints, queries and requests (World Bank, 2015, p. 65). Channels to receive complaints are both at the local -social units- and the central level (MoSS, 2015). The national office is in charge of more complex complaints including targeting and misreporting whilst local social units are trained to deal with more simpler day-to-day complaints and case management (MoSS, 2015). The resolution rate of grievances takes five to ten working days if the issue is concerned with MoSS solely (MoSS, 2017). If it is a complaint related to other ministries, resolution rate is slower since it requires coordination with other ministries, according to a former consultant at MoSS. This consultant also highlighted that the GRM helps

in implementing a softer and more flexible type of conditionality, that gives a voice to the beneficiaries.

“*Takaful* was rolled out nationally and in a quick manner. Yet, the system will stay fair since it is a very flexible system. If the school is further away than 10-15 kilometers - depending on the age group, the family can easily file a complaint through the GRM and the sanctions [imposed on the lack of school attendance due to the distance of the school] would be lifted. [...] We tell the families in general that there is a GRM, however, we do not provide them with the details as to the flexibility of the system because we do not want to give them ideas. [...] There were cases where the women went to the health facilities for the quarterly check-ups and found it closed. Naturally, this would cause a sanction to be implemented under the system of conditionality. The GRM allows her to tell her story, the grievance officer reports the mishap and the sanctions are then lifted.” (Interview, Former consultant at MoSS, January, 2020)

Such a GRM which includes the option to complain and appeal can help ensure the cash transfers reach the intended population and minimize social tensions and grievances (Bastagli, et al., 2016; Overseas Development Institute, 2006). This is because this platform gives a voice to the beneficiaries and allows the system to be more equitable and “democratic” (Bastagli, et al., 2016).

According to the biannual TKP assessment conducted by MoSS, a large portion of TKP beneficiaries are not aware of the existence of a GRM (MoSS, 2016). The majority of the respondent have not filed complaints through the GRM system before. Many of the beneficiaries and non-beneficiaries who are aware of the possibility of filing complaints through the GRM refrain from doing it since they do not trust the process (MoSS, 2016). According to the report, they believe it will not make a difference. This is why, it is crucial to raise the awareness of both beneficiaries and non-beneficiaries to their rights and the due process to file complaints and grievances.

Although the system is designed according to international standards, it is still premature to judge the GRM system, especially since conditionality has not yet been implemented and many of the (non-) beneficiaries are not aware of its existence. As soon as awareness is raised and conditionality is implemented, more complaints will be filed since beneficiaries’ actions would

have consequences such as the imposition of sanctions. In order to avoid being sanctioned, beneficiaries would resort to the GRM. This will represent a true evaluator of the system. Nevertheless, the GRM is automated and there is a certain resolution rate that is expected. Thus, given the data available, one can say that the GRM is developed according to international standards and can lead to more equitable program delivery.

Community Monitoring and Public Hearings

As mentioned previously, TKP's targeting efficiency met its original goal. Nevertheless, the program faced some significant inclusion error - including undeserving beneficiaries from higher income quintiles - as well as exclusion errors - leaving a large portion of the poor uncovered by the program (Breisinger, et al., 2018a). In order for such errors and misrepresentations to be detected, the MoSS is starting to establish "co-responsibility" or "social accountability" committees to conduct **community monitoring**. Such committees also target an enhancement of the communication channels between MoSS and the beneficiaries, one of the recommendations of IFPRI's impact assessment (Breisinger, et al., 2018b). In 2018, the government passed decree number 794/2018 to establish community monitoring committees. The main objective of the committees is to ensure "transparency of efficient resource management [and] monitoring the quality of social services [...]" (Amr, Heikal, & Moharram, 2019, p. 10). To date 449 committees were formed in Qena, Assiut, Minia, Beni Suf and Sohag involving 3,725 members (MoSS, 2017). Each committee included 13 members among which the village head, village lead workers, MOHP and Ministry of Education representatives, religious representatives, youth representatives, Non-Governmental Organizations' representatives, among others (MoSS, 2017). Selection of these members is approved by the village or city head (MoSS, 2017). The committees were trained for approximately two days on TKP details as well as critical skills needed for communication and awareness building (MoSS, 2017). More than 100 beneficiaries were disqualified from

receiving TKP benefits after community monitors discovered them misreporting their earnings (Amr, Heikal, & Moharram, 2019). Thus, they were able to reduce inclusion errors.

Although many committee members' work out of a sense of religious consciousness, they face several challenges. According to an expert consultant at an international NGO some of the most dire challenges they are confronted with are the lack of social acceptance in the community, as well as the lack of communication with the local social units.

“Many of the communities regard community monitors as intruders who spy on them to try to disqualify them from the program which creates tensions that can sometimes get physical.” (Interview, Expert consultant at an International NGO, December, 2019).

In addition to the poor understanding of the goals of community monitors, communication between the monitors and TKP staff members is weak. This is why, many of the community monitors do not have a proper understanding of the program, its target beneficiaries as well the selection criteria which exacerbates the issue of distrust between committee members and program beneficiaries (Amr, Heikal, & Moharram, 2019). Finally, in light of the distrust and social tensions community monitors face, it is doubtful whether the committees will stay incentivized to raise the awareness of the beneficiaries and report wrong-doings. One possible way to incentivize them would have been providing them with a financial return (Bassett, Giannozzi, Pop, & Ringold, 2012). This proposition was, however, declined by current minister of social solidarity Dr. Nevine El-Qabbage at the annual conference of the Public Policy Hub held at the American University in Cairo. She argued that they should be working out of a sense of nationalism and that these are honorable committees that are not working for the financial return. It is also crucial to highlight to the beneficiaries that community monitors not only monitor and report wrong-doings on the side of the beneficiaries, but they also monitor service delivery on the side of TKP program providers.

Another successful model of demand-side control mechanism is a **public hearing**. Care International was conducting the pilot of community monitoring in Assiut when its staff

members noticed huge discrepancies in the transfers provided to the beneficiaries. Some were receiving transfers that were less than the minimum provided by TKP.

“In order to close this feedback loop, a public hearing was conducted. The head of the post office, social unit, among others were all attending. The people then started voicing their complaints on the low level of benefits they were receiving. This is when, in front of everyone, we started asking them how they were receiving the benefits. We then found out that the officer at the post office had collected 1000 cards from mostly illiterate beneficiaries and was giving them an amount less than what they were entitled to every month. After having detected this roguery and reported it to MoSS, changes to the payment scheme through the post office were made in order to ensure that such actions are not repeated in any other community.” (Interview, Expert consultant at an International NGO, December, 2019).

To date, no other public hearings were conducted, according to the above-mentioned consultant. Whether through a public hearing or community monitoring it is crucial to ensure transparency at every level. It is also necessary to include all different partners, so not only the ministry of education and the MOHP, but also the post offices. Although public hearings might not always be feasible but they should be conducted in an aggressive manner, especially in areas where corruption is persistent, as highlighted by the expert consultant above.

For a program that is the first targeted cash transfer in Egypt, which was rolled out on a national scale in a very expedited manner and reached millions of beneficiaries in less than a year (MoSS, 2015), TKP has an advanced set of control mechanisms. Not only is the program being constantly evaluated, both in terms of the processes as well as the progress and the impacts. But also, the program has automated most parts of service delivery and established a rigorous and constantly upgraded MIS. MoSS is also working with other partners as well as the UNR in order to do cross-checks on the data provided by its applicants. Conditionality is also set to ensure misreporting and inadequate service delivery is detected. This should also be guaranteed through the GRM. Finally, social accountability committees are being developed across the country to add another layer of demand-side M&E. On the other hand, the program’s biannual evaluations are conducted by the Ministry itself which might represent a conflict of interest. Spot checks are also not conducted by a third party. The GRM, although well-

developed and embedded into the MIS, has still not been fully tested since conditionality has not been applied yet. Also, the majority of the beneficiaries are not aware of its existence. Even though the MIS is supposed to significantly reduce error, fraud and corruption, the capacities working with it are still not fully acquainted with automation. This is why, some loopholes are still to be closed. Regarding community monitoring, it is crucial to enhance transparency and reduce the tension community monitors face by holding such a position. It is also necessary to find ways to incentivize them.

To sum up, just like most SP programs in Egypt, TKP has demonstrated a disconnect between design and implementation. The program is designed up to international standards. Indeed, the World Bank has provided technical support in building the infrastructure of the system. Nevertheless, the program's implementation is inadequate in many levels which highlights the existence of the discrepancy between design and implementation, which is one of the most challenging parts in the delivery of SP (Bastagli, et al., 2016; Slater R. , Farrington, Holmes, & Harvey, 2008; Robalino, Rawlings, & Walker, 2012; Giannozzi & Khan, 2011; Bassett, Giannozzi, Pop, & Ringold, 2012)

6.2.2.4. Sustainability

Unlike social insurance schemes which are ever-existing in most countries, whether developed or developing, cash transfer programs need to include measures to guarantee their sustainability (Slater R. , Farrington, Holmes, & Harvey, 2008; Rohregger, 2010). Especially in light of the economic instabilities and persistent poverty in Egypt, it was imperative to ensure that TKP is both financially as well as politically sustainable, according to a senior specialist at an international organization.

“Since it is the first cash transfer program in the country, the MoSS was keen to institutionalize it from the beginning. TKP was established by Prime Minister's Decision Number 540 of 2015. Afterwards, the program was included in the government's budget. The Minister of Social Solidarity at the time, Ghada Waly, was aware that TKP is being launched after two revolutions, eight cabinet reshuffles, and a very unstable economy. So

the program had to be protected from a legal and financial point of view.” (Interview, Senior Specialist at an International Organization, January, 2020)

While at the beginning, the budget that was allocated to the program stood at roughly LE 2.5 billion, over time when the program’s impact became evident the budget increased to LE 19 billion (MoSS, 2018). The Ministry of Finance has committed to increase the program’s funding in a way that corresponds to the program’s impact. Indeed, budget spending on TKP increased from 0.1% of the budget in 2011/2012 to reach 3% in 2017/2018 (Ministry of Planning, Monitoring and Administrative Reform, 2018). Although the cash transfers are funded by the government’s budget, the program’s infrastructure was financed by a loan provided by the World Bank in the amount of LE 400 billion (World Bank, 2015). The loan was renewed this year by the same amount and should be spent over the course of the next four years on the advancement of the infrastructure, according to a senior specialist at an international organization.

The program also enjoys political support (World Bank, 2015). It is designed in a way so as to become the country’s national SSN, to replace the Solidarity pension and to enhance the human capital of the poor and vulnerable in the country (World Bank, 2015). The program is also regarded as a model that would aid in the shift from untargeted subsidies to targeted SSN (Government of Egypt, 2015).

Even though TKP is currently backed by political support, it is doubtful whether it will continue to do so. First, the implementation of conditionality might reduce the satisfaction with the program among its beneficiaries. It has been argued in the literature that conditionality does not respect the agency of the poor (von Gliszczynski, 2015). The consultant from MoSS also noted that the question of conditionality is a human rights question.

“Conditionality poses a human rights question; does the government have the right to stop giving money to a child because his parents do not obey the orders?” (Interview, Consultant at MoSS, January, 2020).

Also given the lack of awareness on conditionality, it can be anticipated that the beneficiaries would not be prepared for the application of sanctions. Mexico's *Prospera* cash transfer program was abolished in 2019 (Kidd, 2019). One of the reasons for the unsustainability of the program is the lack of satisfaction caused by the implementation of conditionality.

" A further challenge for the *Prospera* programme – which further enhanced its vulnerability to closure – is that it probably didn't even have the support of the majority of those living in poverty. [...] *Prospera* has also been well-known for its use of sanctions, punishing families unable to comply with the programme's conditions by withdrawing the transfer." (Kidd, 2019).

Thus, the implementation of conditionality eroded the support and satisfaction with *Prospera* in Mexico, which was considered an iconic cash transfer program (Barrientos & Santibáñez, 2009).

Another hurdle which might affect the program's political support in the long-run is the lack of societal support, specifically from the middle class. Indeed, political support for a program stems from societal satisfaction, buy-in as well as the public support of the program (Rohregger, 2010). Cash transfer programs aid the poor and vulnerable who are not vocal and do not steer policies (Sen, 2001), while they neglect the *missing middle class* (Kidd, 2019) who pay the taxes and hence, contribute to the government's budget. The experience of the demise of *Prospera* cash transfer program in Mexico suggests that poverty-targeted programs are usually unpopular with the majority of the populace (Kidd, 2019). This is because the middle class pays the taxes but is unable to access the benefits. Thus, when the Mexican government made the decision to terminate the program, there was not a "powerful constituency" (Kidd, 2019) in place to object to the decision, which was not implausible since the majority of the population was not benefitting from the program but was still paying it through the taxes (Kidd, 2019). Hence, TKP's political sustainability is endangered by the fact that its constituency is not vocal and powerful as well as the fact that the program's beneficiaries might not support it

when conditionality is applied. This also highlights the importance of focusing on both contributory and non-contributory schemes and developing an integrated SP system at the meso-level. Solely investing in non-contributory schemes might antagonize the *missing middle class* (von Gliszczynski, 2015), while SSN should not be neglected since they support the poor and vulnerable.

To sum up, although TKP enjoys political and financial support and thus might be regarded as sustainable, its impact will only be sustainable if coupled with other SP measures, if the level of benefits or number of beneficiaries increase, if its governance challenges are overcome and if there is a true graduation mechanism whereby a percentage of those receiving the benefits truly graduate poverty. The program's sustainability is also endangered so long as the middle class is not benefitting and is not satisfied with the SP system. Unless these aspects are taken into consideration, the program might demise - like *Prospera*.

7. CHAPTER SEVEN: CONCLUSION AND RECOMMENDATIONS

This chapter summarizes the main findings of this paper and proposes a number of recommendations that concern the effective governance of social protection in Egypt. The concluding remarks briefly elaborate on the different components of this research study, first. Afterwards, the main findings regarding the conditions and challenges of SP in Egypt are compiled and a number of recommendations are suggested to the overcome these shortcomings.

7.1. Concluding Remarks

This thesis examines the governance of the social protection system in Egypt. By looking both at the policy and program level, the analysis explores the main conditions and challenges facing the SP system as a whole as well as the contributory and non-contributory schemes, specifically.

In light of the Arab Spring which has revealed the importance of social justice, the rising poverty rates as well as the economic and political instability in Egypt, the focus on social protection has become even more fundamental for the country. Social protection measures are aimed at providing an effective response to poverty and vulnerability. The government of Egypt is currently in the process of reforming the social protection system. In 2014, the government launched a ministerial committee on social justice to demonstrate its efforts in reducing poverty and inequality. Strengthening social safety nets has become one of the government's most important policy targets. This is why, the Ministry of Social Solidarity launched the country's first targeted cash transfer program, *Takaful and Karama*. The government also embarked on a number of reform efforts of the Food Subsidy system. Regarding the social security system, the government has passed legislative reforms to the social and health insurance schemes.

Social protection systems need to be adequately designed and implemented so as to achieve the desired outcomes. In the context of SP reforms, it has been common for developing countries to establish complex systems while failing to respond to a number of common governance challenges, such as the lack of coordination between SP programs, the incompetent institutional capacity, the lack of transparency, the discrepancy between design and implementation, among others. For this reason, it is crucial and timely to assess the governance of the social protection system in Egypt. An examination of governance necessitates an analysis both at the systems level as well as at the program level. It provides insights as to the loopholes and challenges in the design and delivery of SP schemes, but also depicts the facilitators of effective social protection which are either present or neglected within the Egyptian context. By analyzing the governance of SP in Egypt, this study aims to enhance accountability, transparency and legitimacy of the system, as well as base reform efforts on an evidence-based assessment of the strengths and weaknesses of the current SP system in Egypt.

In accordance with the World Bank's (2012) typology of SP schemes, social protection programs are divided into contributory and non-contributory schemes as well as labor market interventions. The most important contributory schemes in Egypt are the social and health insurance schemes. Starting from the first of January, 2020, a new law started governing the social insurance system in Egypt. It aimed at mitigating many of the challenges of the old legal framework among which is the complexity of the old framework, the difficulty in managing compliance, the coverage gap as well as the inadequate law enforcement capacity. The health insurance system has always been facing a number of challenges regarding the coverage and the quality of the services. Currently, the universal health insurance scheme is being piloted in Port Said and is set to be rolled out on a national scale by 2030. Regarding non-contributory schemes, the Food Subsidy system has undergone a number of reforms which aim at enhancing its efficiency and effectiveness, among which is the change from an input- to an output-based

system, the provision of a larger portion of produce to choose from and the rationalization of bread consumption. In 2015, the government has launched its first targeted cash transfer program, *Takaful and Karama*, which has been designed with the help of the World Bank and has been able to reach 20% of those living in the poorest quintile. The program is supposed to gradually replace the old *Solidarity pension*. Active labor market policies face many shortcomings, among which is the lack of coordination among the players in the field, the provision of supply-driven programs and the focus on financial services.

It is crucial to place the governance of social protection within the discourse on social policy and protection. *Governance* is a term which has been used in many fields and domains and is conceptualized in a variety of ways. The governance of social protection takes an operational and structural stance towards SP. Although the relationship between the two concepts has not been studied extensively, there are a number of accounts which show the necessity of governance in social protection. Indeed, an examination of governance allows for an in-depth examination of the “black box” (Bassett, Giannozzi, Pop, & Ringold, 2012) of social protection systems which aims to enhance accountability, improve coordination, optimize service design and delivery and reduce error, fraud and corruption. This thesis fills a gap in the literature by examining the governance of social protection in a country in the Middle East, for the first time. Governance assessments of SP systems have been applied to a number of developing countries but not in the MENA region. Moreover, studies in the MENA region and in Egypt lack a holistic and comprehensive analytic framework which examines both the SP system and the underlying programs.

The analysis of the governance of social protection in Egypt follows the conceptual framework *Rules, Roles and Controls* by Bassett, Giannozzi, Pop and Ringold (2012). The framework is developed in the context of the World Bank’s Social Protection and Labor strategy. The working definition of governance used in this study is one which highlights the

importance of accountability relationships as well as the interplay between actors, programs, rules and regulations, policies as well as outcomes. The framework provides three operational entry points for the analysis of the governance of SP; *the rules of the game, the roles and responsibilities*, as well as *the controls and accountability mechanisms*. These entry points which make up the parameters upon which the analysis is built, operate in three spheres; the macro- or policy-level, the meso- or sector-level and the micro- or program-level of governance. This study, examines the sector and program levels since they are more operational, their data are more accessible and are more relevant for the study of governance of SP in Egypt.

This study is guided by a qualitative research design. Qualitative research methods are chosen because the study is exploratory, examines a policy arena and probes into complexities, relationships and structures. Data collection methods include both in-depth, semi-structured elite and expert interviews as well as a content analysis of scholarly work and published and unpublished government reports covering the social protection system, *Takaful and Karama* as well as the social insurance system in Egypt. Interviewees included policy-makers at different ministries and governmental institutions such as the Ministry of Social Solidarity and the National Organization for Social Insurance, expert consultants at different international governmental and non-governmental organizations who have worked closely with MoSS as well as a number of researchers and consultants at the ministries, among others. These interviewees were chosen based on their positions as well as most importantly the organizations they represent. Purposeful and snowballing sampling approaches guided the interviewee selection process since the interviews consisted of policy makers and experts who are well-connected and were able to provide useful and helpful contacts in the field.

Although the data collection process was not influenced by the conceptual framework, inductive analytic approach, the framework guided the analysis and the organization of the

emergent themes. This is why, the analysis is sub-divided into the meso-or sector-level and the micro-level which delves into the governance of contributory schemes, in this case the Egyptian social insurance system, as well as the non-contributory, *Takaful and Karama* program. Due to the data availability, both in terms of the data collected through the interviews as well as the desk review, and the limited scope of this thesis, the study focused solely on these two programs. Nevertheless, the two programs, although not totally representative of other SP schemes, provide an insight into the common challenges and conditions of the SP system, in Egypt. Moreover, many of the features are common between the two types of programs and can therefore, to some extent, be generalized on the Egyptian SP system, as a whole. All necessary ethical dimensions were taken into consideration, in this study, most importantly the approval of the Institutional Review board, the confidentiality of the study participants and their voluntary participation. The limitations of the chosen method are firstly, the difficulty in its replication since it would be crucial to gain access to senior officials and expert consultants. Another limitation relates to the study participants. Although the interviewees represented a spectrum of different agencies, I was not able to gain access to local level officials or local NGOs which might have provided a different perspective to the study. Finally, the data on TKP are more extensive mainly because the program is in the cornerstone of contemporary governmental efforts.

Table 3 summarizes the main findings of the micro-level analysis in this study. It lists the entry points of governance, the parameters that were obtained from the conceptual framework, as well as the ones that were added. The table also presents some of the main findings regarding the conditions and challenges prevalent in the governance of SP programs in Egypt, the social insurance scheme as well as *Takaful and Karma*.

Table 3: Micro-level Analysis of the Governance of SP Programs in Egypt

Micro-level Analysis of the Governance of SP Programs				
Entry Points of Governance	Contributory Schemes		Non-Contributory Schemes	
	Prerequisites	Social Insurance	Prerequisites	Takaful & Karama
Rules of the Game	Managing Compliance	<ul style="list-style-type: none"> - More than 50% of workers under-report their earnings - Lack of coverage of casual workers - New SIS tries to mitigate many of the challenges related to coverage 	Clear Program Rules	<ul style="list-style-type: none"> - TKP targeting and eligibility criteria clear - Multilayer targeting formula - Changes in PMT formula create confusion - Criteria for setting benefit level clear - Lack of clarity regarding conditionality
			Publicizing Program Rules	<ul style="list-style-type: none"> - Inadequate awareness and communication campaigns to build awareness towards TKP and Conditionality - Efficiency of used tools questionable, especially door-to-door awareness
	Publicizing Program Rules	<ul style="list-style-type: none"> - Lack of social insurance awareness 	Transparency of Rules	<ul style="list-style-type: none"> - Lack of communication and transparency between local social units and TKP beneficiaries leading to lack of trust
	Consistency of Rules	<ul style="list-style-type: none"> - Diversity of rules in the old SIS led to confusion - New System: Unified contributions, Global Salary 	Consistency of Rules and Application	<ul style="list-style-type: none"> - PMT formula acts like a ‘ruler’ - Existence of error, fraud and corruption on both sides of service delivery leading to many beneficiaries believing the targeting of the program is not ‘fair’ - Confusion between Solidarity pension and TKP
Roles and Responsibilities	Institutional Roles	<ul style="list-style-type: none"> - Lack of adequately qualified personnel - Lack of training and capacity development - Shortage of employees 	Division of tasks	<ul style="list-style-type: none"> - Clear division of tasks at all levels - Challenges of effective decentralization - Governors and local capacities - Challenges of effective decentralization related to conditionality
			Outsourcing	<ul style="list-style-type: none"> - Entrepreneurial approach - E-Finance, Consultants, IFPRI - Reliance on Consultants vs working with them
		<ul style="list-style-type: none"> - Lack of a Performance Management System 	Separation of functions	<ul style="list-style-type: none"> - Separation of functions between payment and processing as well as data collection and decision-making

	Performance Management System	<ul style="list-style-type: none"> - Employees resistance to change - “Employees should work out of altruism rather than incentives.” 	Employees & Capacity Development	<ul style="list-style-type: none"> - Training of social workers and field assistants as well as health and education units at the local level - Unit of measurement of CD process-based not output-based
Controls and Accountability Mechanisms	Electronic Transfer of Payments	Transfer through: bank transfers, ATMs, post offices, or through a debit card	Monitoring and Evaluation	<ul style="list-style-type: none"> - Constant evaluations focusing on the targeting accuracy, process improvements and the measurement of the program’s impact - Conditionality as a verification and audit tool
			Conditionality	<ul style="list-style-type: none"> - Supply-side as well as demand-side checks and balances
			Database crosschecks	<ul style="list-style-type: none"> - Unified National Registry - Cross-checking with NOSI
	Sanctions	<ul style="list-style-type: none"> - Sanctions of the new SIS more severe 	Spot Checks	<ul style="list-style-type: none"> - Not conducted by a third-party
	Time-based Systematic Checks	<ul style="list-style-type: none"> - Low number of inspectors (exacerbated by division of GSIF and PSIF) - Lack of incentives for proper inspections (Corruption) - Difficulty cross-checking data 	Management Information System	<ul style="list-style-type: none"> - Includes all stages of TKP service delivery - State-of-the-art and well-developed - Problem with the capacities working with MIS
Grievance Redress Mechanism			<ul style="list-style-type: none"> - High resolution rate - Lack of awareness of beneficiaries and non-beneficiaries of its existence 	
Community Monitoring & Public Hearings			<ul style="list-style-type: none"> - Community monitors face several challenges and tensions among which the lack of transparency from social units - One successful experience of a public hearing 	
Sustainability	<ul style="list-style-type: none"> - Old System: Anticipated Cash Deficit in 2037 + Difficulty initiating changes in the system - decision-making - New system: automatic adjustments + Calculation of contribution rate that would not cause an actuarial deficit 	<ul style="list-style-type: none"> - Program embedded in the government’s budget (Financial sustainability as long as it produces positive impact) - Political sustainability granted in the short-run since the program cushions from the economic instability - In the long-run political sustainability doubtful because of the lack of support from the <i>missing middle class</i>. 		

Source: Author

While the table categorizes the findings according to the structure of the analysis, in the following, I will cluster, group and elaborate the main findings of the meso- and micro-level analysis of the governance of SP in Egypt.

A country's social protection system is often organizationally complex and includes diverse governmental as well as non-governmental actors, systems, processes and programs (Bassett, Giannozzi, Pop, & Ringold, 2012). In order for a country to establish a *transformative* SP system (Sabates-Wheeler & Devereux, 2007) which achieves social justice and inclusivity, it is crucial to ensure the **meso-level** is properly governed. In this regard, coordination is imperative.

A. Coordination: The main challenge facing the social protection system in Egypt and in many other developing countries, relates to the meso-level of governance. Indeed, the inadequate intergovernmental coordination as well as the deficient coordination with other relevant actors impedes the development of a comprehensive and *transformative* social protection system.

This study finds that the social protection system in Egypt is fragmented, lacks a unified vision, is neither comprehensive nor coherent and hence, is not effective in delivering a bundle of complementary social protection programs which can help the poor out of poverty, which promotes the livelihood of the middle class and protects them against shocks and risks. Not only is the coordination inadequate between the different SP programs, but the different governmental agencies do not coordinate their efforts in the development of SP tools and methods and often face difficulties in terms of data sharing. The lack of effective coordination impedes the development of an integrated social protection system, creates an overlap in the mandates between the different ministries and deters effective service delivery at the program level.

Indeed, the Ministry of Social Solidarity has been facing challenges in the implementation *Takaful's* conditionality. This is because the program necessitates the cooperation of line ministries such as the Ministry of Education and the Ministry of Health and Population. Due to the lack of the institutionalization of coordination efforts, only the process leading up to the signing of the protocol between the three partners on the implementation of conditionality spanned more than two years.

Regarding the social insurance system, one of the main shortcomings of the system is the evasion of social security contributions. Gaining access to the database of the Tax Authority would pave the way for the NOSI to detect under-reporting practices. This would not only enhance the fiscal sustainability of the program but it would also increase the coverage and make the system more equitable. This has not been possible due to the culture of data secrecy which is persistent in Egypt.

The government has been putting efforts into the improvement of coordination on social protection, in Egypt. First, the government tried to institutionalize efforts by establishing a Ministerial Committee on Social Justice. Yet, the committee only convened two to three times and has therefore, been ineffective.

With regards to the challenge of knowledge and data sharing, the government has been working on a Unified National Registry which consolidates the data collected by the different agencies working on SP in Egypt. The consolidation of the data is undertaken by the Ministry of Interior with the help of the Ministry of Planning and Economic Development. Although it is still premature to judge the registry, all study participants highlighted that the data will not be made available for all government employees. Moreover, the ministries and agencies providing the data, collect them in different period of times which might create a lag that would impede the feasibility of the usage of the registry.

Turning to the challenges and conditions related to the design and delivery of social protection programs, the **micro-level of governance**, it is essential to highlight that most of the challenges center around the **disconnect between design and implementation**. This discrepancy is evident whenever programs are well-designed but do not achieve the targets and outcomes they set out to reach. A governance examination is well-suitable for the detection of shortcomings in the delivery of programs. Another issue which will be evident in many of the presented challenges relates to the **behavior, culture and misconceptions** of the service providers. Finally, most of the challenges that are highlighted below are **inter-connected**. This is why, the challenges are often mutually-aggravating. In the following, these themes will be apparent in the discussion of a number of governance prerequisites and constraints.

B. Laws, Rules and Regulations: At the program level and even at the policy level, the challenges of SP rarely relate to the laws, rules and regulations. Especially in the last five years, the government of Egypt has been investing in reforming the inherited and deeply flawed SP legislative framework. As it has been clear from the analysis, the social insurance system has been recently revamped with the issuance of law 148/2019. The law has changed several of the outdated provisions of the old legal framework, thus, aiming to mitigate many of the challenges of the old SIS. IFPRI's impact evaluation as well as the data provided by the interviewees have also revealed that many of TKP's rules are clear for both the beneficiaries as well as the service providers, among which are the eligibility criteria, the calculation of benefit levels, among others.

Nevertheless, in line with the culture of the secrecy of data, problems persist in the **communication, awareness and transparency** towards the different programs' rules. This obstacle is apparent in both the social insurance scheme and TKP. The SIS faces a serious challenge of awareness. Not only is a large portion of the populace unaware of their social insurance rights and obligations, they are not aware of the benefits of the system and

are not well-informed about the reforms being undertaken. The challenge here relates to the resources, both financial resources as well as the know-how to carry out awareness campaigns and build the awareness of such a large percentage of the population.

TKP does not face the same challenge regarding awareness campaigns. Indeed, the MoSS has developed the expertise with the help of the World Bank and other partners to conduct awareness campaigns. The ministry is also capable of financing such campaigns since the loan provided by the World Bank supports these activities. Nevertheless, such campaigns have not proven their efficiency and effectiveness. The largest percentage of *Takaful's* beneficiaries are not aware of the application of conditionality, in spite of the use of different types of awareness techniques such as marketing campaigns and door-to-door awareness. The next impact evaluation to be conducted within one to two years will reap more information on the effectiveness of the conducted campaigns. Moreover, many of the beneficiaries and non-beneficiaries are not aware of the existence of a grievance redress mechanism. Hence, although the GRM is developed so as to increase the efficiency and effectiveness of the program, to reduce error, fraud and corruption and to enhance communication with the beneficiaries, a small portion of the beneficiaries is aware of its existence and made use of the system.

Another challenge relates to the **transparency** regarding rules and regulations. Both at the central and the local levels, often service providers are guided not to disclose information regarding the rejection criteria of the program, the details of the implementation of conditionality, the existence of community monitoring, among others. On the other hand, this cultivates a culture of lack of trust from the side of the citizens. They believe the government is disguising information and hence, they expect officials to be acting in a corrupt manner, which leads citizens to find it justifiable to provide false information both regarding their TKP applications as well as regarding their contributions in the SIS. Egypt

has been referred to as the “security state” (Khalaf, 2016) for many years due to the culture that portrays hiding information as the *safer* option, and transparency as the riskier variant. Even when sharing data, the culture of the country - both the officials and the citizens - is to view data as *secret* and thus, sacred and should not be shared. Hence, the lack of transparency leads to an increase in error, fraud and corruption, as well as to the impediment of effective accountability on both sides of service delivery.

C. Quality of services: Another challenge which is reiterated in both programs is the quality of service delivery. Regarding the social insurance system, in the old social insurance system, the management of compliance was difficult because many of the contributors were not incentivized to report their earnings accurately. Since the system was designed in a way which, for instance, calculates the pension benefits as the average of the last number of years’ earnings, neither employers nor employees were encouraged to report their real salaries. Indeed, contributors did not want to deduct a large amount of their monthly income and put into a social insurance scheme which would not benefit them on the long-run. Nevertheless, the new social insurance system reduced the high contribution rates, the calculation formula of pension benefits and made other changes to the system that aim at increasing social insurance benefits.

Regarding *Takaful*, it has been emphasized that the poor quality of educational and health services at the local level were among the main causes why conditionality has not yet been applied. The conditionality component of cash transfer programs aims to enhance the participants’ quality of life by ensuring beneficiaries send their children to school and health care units for regular checks and vaccines. In order for the system to achieve its developmental objective, it is crucial for the quality of health and education services to be adequate. In reality, there are a number of areas with no proximity to schools, many schools have a deficit in teachers, the quality of the curricula can also present a challenge, and often

children could be bullied at schools. According to the Egyptian Social Justice Index, the Egyptian health and education systems are among the sectors facing the greatest degree of social injustice (El Baradei, 2019a). This is not only the case in Egypt, but lower middle income countries often have educational systems where public schools do not provide an adequate learning environment (Slater R. , Farrington, Holmes, & Harvey, 2008). Health care units also lack adequate resources and competent staff. Thus, the supply-side of the implementation of conditionality faces dire challenges.

D. Institutional and Human Resource Capacity: Developing the necessary institutional capacity to design and deliver social protection programs is one of the most important prerequisites of the effective governance of SP. It is crucial for every program to develop an adequate human resource capacity to administer service delivery. Generally speaking, there are a number of shortcomings related to the institutional and human resource capacities of social protection programs in Egypt.

Starting from the end of the 1990s up until now, the government started suspending public sector hiring and celebrating **understaffing** efforts. This has created a gap in the service delivery of SP programs. Indeed, there are often crucial positions which require calibers who are difficult to hire due to the hiring freeze. These positions are usually filled by consultants who are difficult to retain in the public sector due to the inability to provide them with suitable financial incentives. Even if there are many consultants who have filled important roles, the sustainability of the reliance on consultants cannot be guaranteed.

Understaffing negatively affects the SIS insofar as the staff members are overloaded and need to deal with a wide segment of the society which they are often incapable or unable to deal with, properly. Understaffing has also led to the impediment of the existing controls and accountability measures since the number of inspectors is so low that it would almost

be impossible for the inspectors to reach the whole spectrum of contributors across the country.

MoSS has been able to adapt to the gaps in human resources by outsourcing a portion of the program. Not only has the MoSS worked with consultants but it worked with women who are doing their civil service for the door-to-door awareness campaigns.

Labor market regulations in the public sector pose another hurdle. Indeed, most SP programs do not have effective **performance management systems**, incentive structure or human resource capacities. This is why the employees themselves often represent a burden on the implementation of programs. As previously mentioned, the staff members at NOSI refused to implement the planned defined-contributions scheme in law 135/2010, which was one of the main reasons why this change was not included in the reformed legal framework.

An efficient **human resource management system** would include a plan for the capacity development of the service providers. Although many of the staff members of both the SIS and TKP received a number of training programs, these are often ineffective. One of the main reasons for the **ineffectiveness of capacity development** is the unit of measurement, which is often process-based instead of outcome-oriented.

TKP faces another serious challenge related to **decentralization**. Indeed, cash transfer programs need to shift a part of the discretionary power to lower levels of government. Coordination efforts become more difficult in a decentralized context. Theoretically speaking, the different functions of TKP are divided between the central and local level. In the implementation of conditionality, not only the social units will be imperative but also the local health and education units. Although the line ministries have signed a protocol, it has been pointed out several times that such coordination efforts are often very difficult.

On the other hand, it is also important to highlight the positive conditions that are prevalent in terms of the institutional capacity of the programs. Both programs were able to design systems where **payment and processing are separated**. This way, the systems ensured the reduction of error, fraud and corruption. Moreover, the separation of functions between **data collection and data analysis** leads to the same positive outcome.

E. Controls and Accountability Mechanisms: While controls and accountability mechanisms are crucial to reduce error, fraud and corruption, they reveal the system's **disconnect between design and implementation**.

Regarding the SIS, many of the prerequisites of proper control tools are incorporated into the system. Not only are transfers delivered electronically, but the system foresees the conduct of random and systematic checks as well as the imposition of sanctions in cases of misreporting. The implementation of these conditions is, however, faulty. Indeed, as previously elaborated, the number of inspectors is low and many of them are not incentivized to conduct regular spot checks. This is why, many contributors get away with the evasion of their contributions and do not face the necessary sanctions. As opposed to TKP, the SIS has not been subject to regular monitoring and evaluation.

TKP's infrastructure is designed according to international standards. The program has incorporated different types of regular monitoring and evaluation tools which assess the impact, process and targeting efficiency. The system also involves database crosschecks, a management information system and automation processes, community monitoring and social accountability committees as well as a grievance redress mechanism. While all of these tools have been incorporated into the infrastructure of the system, they all face a number of **implementation challenges**. For instance, many of the beneficiaries are not aware of the existence of the GRM, while many of the staff members are not trained on the use of the MIS. Additionally, community monitors face social tensions due to the lack of

transparency and hence, their efficiency and effectiveness is questionable. Therefore, it can be argued that the SP programs in Egypt have developed rigorous and advanced sets of controls mechanisms, which are not properly implemented due to a number of related challenges. Here, it also becomes apparent that the **challenges of the SP system are inter-related.**

F. (Un-) Sustainability: One of the most dire obstacles facing the social protection system in Egypt is its (un-) sustainability. While the financial sustainability of the SIS and TKP is granted so long as the economy is growing, the more dire challenge emanates from the political sustainability of the system.

Because of the structural adjustment programs and economic instabilities the country was facing in the last few years, it was crucial to cushion the poor from extreme deprivation. This is why, TKP was rolled out on a national basis in an expedited fashion. Aside from TKP, the government of Egypt - similar to other MENA countries - has been fixated on social safety nets for decades. By nature, such programs target the ultra-poor and are therefore described as “residualist” (von Gliszczynski, 2015). On the one hand, they benefit the poor, but they are often financed by the taxes paid by the middle class. Although the middle class, rightfully, is not eligible for SSN, it is crucial to design policies addressing them and protecting them against economic crises. Otherwise, the middle class, who is the more powerful fraction of the society (Kidd, 2019), could revolt. Thus, programs such as TKP can only be maintained if the middle class is satisfied with the state of social protection in the country. Moreover, sustainability of cash transfer programs can also be reinforced if the poor support them. If conditionality is applied in the absence of the necessary supply-side services, this satisfaction might be difficult to maintain.

In order to further the discourse on the governance of SP in Egypt, **future research** should incorporate even more programs into the examination. This might require the addition of

parameters, I was unable to explore. Moreover, it will be beneficial to include more participants in future studies, most importantly local level officials. Scholars with access to more reports and data sources from the ministries can also provide more in-depth analyses. Finally, it is essential for such a governance assessment to be regularly conducted since reform efforts are underway and it is necessary to keep tracing the efforts, their strengths and their weaknesses, the *big picture* as well as the one which is *zoomed in*.

7.2. Recommendations

In this section, I will propose a number of recommendations to mitigate the above-mentioned challenges. It is crucial to highlight that I am not entering into an in-depth examination of every policy option because this is out of the scope of this study. Instead, this is an effort to start a discussion on possible resolutions to the above-mentioned shortcomings of the SP system. These recommendations are all inter-related, for the SP system is complex and multi-sectoral and hence, isolated solutions are not feasible. This section will be guided by the structure of the challenges described above.

A. Coordination: The key word for an enhanced social protection system is coordination.

Indeed, all social protection efforts should be **coherent, consistent and well-coordinated**.

In order for the social protection system to be fulfill these conditions, it is imperative to focus on the following measures⁹.

- i. First, it is necessary to establish an **institutional home** for social protection. A single body or authority should be in charge of the coordination of social protection efforts so as to avoid fragmentation, overlap of mandates and competition. This authority would be in charge of overseeing the efforts of the different players, facilitating coordination and steering the system onto a common agenda, strategy and vision. Such an institutional home could be one of the existing ministries or could involve

⁹ These measures are not chronologically organized.

the establishment of an external body. While the establishment of an external body might seem regressive and inefficient, the choice of a single ministry might create tensions. The choice of a certain ministry might also lead other actors to refuse to subjugate themselves to it. Ministries are already overwhelmed with their own mandates, so adding such a burden might not seem plausible. Thus, I propose the establishment of an external body to oversee, regulate, coordinate and monitor the activities of all social protection actors.

- ii. **Top-down political support** might make it feasible to create the institutional home inside a certain ministry. Aside from the institutional home, without a top-down push, it is questionable why ministries would agree to start coordinating their efforts and to subjugate themselves to additional mandates and tasks.
- iii. Without a **common vision**, coordination efforts are not attainable. It is essential for the body in charge of SP to undertake a thorough assessment of the SP system, upon which a detailed common vision is articulated. This vision should divide mandates clearly and establish a common goal, towards which all ministries and agents are working. In addition to the vision, the institutional home would have to prepare a strategy along with all the necessary implementation and action plans.
- iv. It is also necessary to **incentivize** policy-makers to implement the common vision. Since policy-makers are more concerned with short-term rather than long-term successes, the vision should articulate key deliverables that can be praised if achieved in the short-run.
- v. In order for ministries to work together, it is crucial to **unify the methods**. Along with the vision, the institution in charge of SP should develop a generic social protection toolkit, which includes the methods of data collection, targeting, the M&E tools, among others.

- vi. **Knowledge and data sharing and consolidation** are also imperative. Since the government is already establishing the UNR, it might be helpful if the UNR developed a system of phased data access. Because it could be risky and implausible in a country like Egypt to share the data with all the different staff members involved in SP, the UNR could be made available to the agency in charge of SP. This institution would in turn grant different levels of access to the different levels of government. Most importantly, it is necessary for data collection efforts to be conducted in a manner which does not create a time lag between necessary data sources. This would facilitate data sharing and enhance the analysis that would be conducted on a regular basis by the institutional home of SP.
- vii. It is important to build evidence about the effectiveness of different approaches for which there is not enough data. Thus, the body in charge of SP should have a unit in charge of the conduct of **evidence-based research** which is geared towards the assessment of best practices and their suitability to the Egyptian context.
- viii. Finally, social protection programs should aim to truly **graduate from poverty**. Cash transfer programs do not suffice. This is why, the linkage to active labor market programs is necessary.

B. Laws, Rules and Regulations: In order to enhance the communication, awareness and transparency across SP programs, I propose the following recommendations;

- i. It is necessary to have a system of communication and awareness which differentiates between SSN as well as programs targeting the middle class. Awareness campaigns of, for instance, TKP should focus on door-to-door awareness since it is very often one of the most useful means of communication with beneficiaries who are outside of the workforce. On the other hand, awareness towards social insurance can take the form of social media, radio and television campaigns. Such campaigns need to

highlight the benefits of the enrollment in the social insurance system as well as the sanctions applied on those evading their contributions.

- ii. Regarding door-to-door awareness, it is imperative to work on a detailed capacity development plan for social workers. Moreover, a system should be established to assess their performance and possibly provide them with incentives. For TKP, this might take the form of quarterly assessments based on the citizens' abidance to conditionality, for instance.
- iii. The lack of financial resources can be detrimental for such awareness campaigns. Even though the investment in such communication tools should increase the system's financial viability on the long-run, very often there is an unwillingness to invest in these measures. In this regard, international organizations can be beneficial in providing both the expertise as well as the material resources. With regards to the technical expertise, outsourcing such campaigns might enhance their effectiveness and might therefore, be feasible, if financially attainable.
- iv. Transparency poses a more deeply-rooted challenge since it requires a change in the culture and behaviors of the policy-makers, service providers as well as the citizens. Such change should be top-down. The government should be made aware of the consequences of the lack of transparency and should try to be more transparent about issues that do not affect national security. This culture should be transmitted to the local level officials for they are the ones who deal with the citizenry and are able to create a behavioral shift. However, it first starts with convincing the policy-makers, - possibly via quantitative data, of the negative impacts of the lack of trust between the citizenry and the government.

C. Quality of Services: While the new SIS has reformed many of the obstacles that precluded contributors from evading their social insurance contributions, it is still unclear whether this will have an impact on the contributors' reporting practices.

The quality of service presents a more serious challenge in terms of the application of *Takaful's* conditionality. On the one hand, *Takaful's* conditionality is considered as one of its main developmental tenets. Although many scholars argue that it does not respect the agency of the poor and poses, in essence, a human rights dilemma, most interviewees stressed on the fact that conditionality is imperative for the system. If conditionality is to be applied, it is necessary for the services to be of adequate quality. Many interviewees believed the application of conditionality would expose the system. Yet, policy-makers are aware of the quality of the educational and health services at the local level. Thus, exposing the quality of the service delivery is not necessarily what is needed. In the following, a number of recommendations are proposed, however, the challenge of the quality of services is a more serious challenge which requires interventions on a scale larger than the SP system.

- i. One way to incentivize the two line ministries to cooperate is to integrate education and health within the government's social protection strategy. It is crucial to incentivize the MOHP and the Ministry of Education to enhance the quality through key performance indicators as well as performance incentives. Providing them with a sense of ownership, making TKP the success of more than one ministry might pave the way for the ministries to focus on enhancing the quality.
- ii. The SP institutional home with its evaluation capacity should make sure the staff members at the local level receive adequate capacity development. It should also ensure the existence of a sufficient number of staff members at the local health and education units.

- iii. One way to monitor the quality of service provision is through citizen report cards and community scorecards. Along with the regular spot checks and inspections, the involvement of the citizens would help gain an understanding of the weaknesses and deficiencies of service delivery. It would also help create local solutions to local problems. Another way to guarantee an improved interface with the citizens, is to create communication channels between the local social units and the local service providers.

D. Institutional and human resource Capacity: The recommendations regarding the institutional capacity of the SP system are not innovative, but are rather based on generic management best practices.

- i. Indeed, the Ministry of Planning and Economic Development has been working on a human resource management system to be rolled out at all governmental institutions. Thus, this is a crucial first step which has already been initiated.
- ii. Programs should also develop a performance management system as well as an incentive structure which does not allow employees to become a burden and to halt progress.
- iii. The design of capacity development programs needs to include an impact evaluation which is outcome-based instead of process-based. Employees should follow an organized system of capacity development along with appraisal and evaluation which leads to their reward or punishment.
- iv. Finally, it can be helpful to ring-fence administrative resources in the program's budget. The World Bank's loan allows for the allocation of a portion of the funds for administrative and human resources. This needs to be applied to all SP programs. Ensuring the existence of a budget to reward dedicated employees or hire calibers in positions where they are needed, can help enhance program administration.

E. Controls and Accountability Mechanisms: First, all SP programs need to incorporate an infrastructure which includes the same control and accountability mechanisms as TKP; M&E tools, database cross-checks, spot checks, management information system, grievance redress mechanism as well as demand-side measures. Although TKP has designed and incorporated all of the above-mentioned mechanisms, they do not seem to be effectively implemented. A governance assessment reveals the implementation challenges that arise in the application of all the tools. Thus, programs need to develop the capacity to analyze and examine the governance and implementation obstacles which preclude an effective program delivery. Afterwards, these challenges need to be reported to the responsible authorities who in turn should address them in a timely fashion. The whole process would be overseen by the SP oversight body.

F. (Un-) Sustainability: In order for the social protection system to be politically sustainable, it needs to be backed up by all fractions of the society. To achieve this, it is crucial to design programs that cater to all different fractions of the society and thus, enhance inclusiveness, equality, equity and resilience. This is why, an integrated SP vision and strategy that provides every fraction of the citizenry with the necessary programs and conditions is necessary. As previously mentioned, the SP vision needs to be evidence-based, constantly revised and to explore different types of programming and best practices.

By and large, the development of a properly governed social protection system which is not fragmented necessitates political support, the establishment of an institutional home for SP that coordinates the efforts of the different actors involved, the development of a common vision, the focus on the advancement of the institutional and human resource capacity as well as the unification of the tools and data that are used. It is also imperative to constantly evaluate the system, to conduct evidence-based research on best practices and to assess the governance of the system so as to understand the details related to the very common obstacle of the

disconnect between design and implementation. Finally, institutional capacities need to be organized and well-trained, mandates need to be clearly defined at all levels of government and performance incentives need to be incorporated.

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