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Social protection in Iran: Recent advances and challenges ahead for a more child-sensitive system

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1 Introduction

The Islamic Republic of Iran is a lower-middle-income country located in the Middle East and North Africa region. The population of the country is estimated at 86 million people, of whom 25.6 million (29.8 per cent) are under 18 years old (UNICEF 2022). About 11.5 million (43.4 per cent) of the 26.6 million households in Iran in 2020 were living below or just above the multidimensional poverty line (United Nations 2020).

The economic downturn in recent years has resulted in a deep recession in the labour market and a loss of jobs, particularly in the informal sector and deprived areas. In 2022, the economic participation rate stood at 41 per cent, and the youth unemployment rate (23 per cent) was higher than among any other population group (Statistical Centre of Iran 2022).

Furthermore, Iran is home to 780,000 Afghan refugees, 600,000 Afghan passport holders and 2.6 million Afghans without documentation. Since the Taliban takeover in Afghanistan in 2021, Iran has received thousands of new refugees whose livelihoods and employment have been adversely impacted (UNICEF 2022).

The socio-economic impacts of COVID-19 since March 2020 have exacerbated challenges faced by communities already burdened by the consequences of sanctions, the devaluation of the national currency, multidimensional poverty and other vulnerabilities. The partial lockdown measures directly or indirectly affected 50 per cent of Iran's workforce of an estimated 25 million people (ibid.).

According to the Ministry of Health and Medical Education, by the end of 2021, more than 51,000 children had lost a parent to COVID-19. A total of 3.5 million students have been out of school since the onset of the pandemic, according to the Ministry of Education. Further, during the 2021-2022 school year, an estimated 210,000 students in the first grade were out of school—a sharp increase compared to the estimated 140,000 in 2019-2020 (ibid.).

2 Social assistance system

Main social protection actors

There are three main institutions that provide social protection in Iran: (i) the Ministry of Cooperatives, Labor and Social Welfare (MCLSW); (ii) the Imam Khomeini Relief Foundation (IKRF); and (iii) the State Welfare Organization (SWO).

The **MCLSW** is the main ministry concerning social protection. Its responsibilities consist of identifying policy issues, policymaking, coordination and monitoring. It is also the guardian of the Iranian Welfare Database (IWD), the main database used for social protection programmes in Iran (for more, see below).

In addition, para-governmental and non-governmental institutions play a key role in Iran's social protection landscape. Non-governmental organisations and charities that had a prominent role in providing social protection services during the revolution, such as the IKRF, remained active and became further enshrined in the Iranian welfare mix as para-governmental institutions (often financially) linked but not accountable to the government. At the same time, institutions that dominated Iran's social protection system prior to the revolution remained in place—although some were dismantled and merged under the administration of the SWO.

The **SWO** is affiliated to the MCLSW, and the head of the SWO is also a Deputy Minister in the MCLSW. However, the SWO is older than the MCLSW, which also explains some of its independence. The SWO offers care, treatment and empowerment services to those with mental and physical disabilities, elderly people, orphaned and at-risk children, as well as vulnerable and marginalised groups. The SWO is also mandated to address social issues such as addiction, abuse, divorce and suicide. Its administrative enterprises were privatised, and currently 95 per cent of its services are provided through private entities. About 30 per cent of its budget comes from the MCLSW (Nazari et al. 2018), with other funds coming directly from the Plan and Budget Organization.

The mission of the SWO partially overlaps with that of the IKRF, which is why it was decided that the SWO would focus on empowerment and rehabilitation services, while the IKRF would deliver aid programmes directly to low-income and vulnerable communities. The IKRF's services include financial support to school and university students, as well as orphans. (Technical Website for Social Work 2015)

The **IKRF** is administered by the Office of the Supreme Leader; according to article 8 of its statute, the IKRF's financial resources are derived from the Office of the Supreme Leader, government credits and assistance (national budget), gifts and donations endowments to the entity, profits from the economic activities of IKRF companies and institutions, and property sales (IKRF 2021).

Despite similar objectives, the MCLSW, the IKRF and the SWO have distinct identification procedures for their programmes: the MCLSW's procedure is centralised, while those of the SWO and the IKRF are decentralised (except for oversight) and delegate authority to local offices based on established bylaws for each programme (IPC-IG 2020). As for implementation, provincial offices of the MCLSW coordinate policy implementation at the provincial level. Representative offices of the SWO and the IKRF established in each province engage with their target communities.

Main social protection programmes

Iran has had multiple social protection programmes, with the IKRF and the SWO being the two main implementing agencies.

The IKRF is one of the largest institutions offering support, covering about 4.48 million individuals in 2.18 million households (8 per cent of the total) in 2020 through cash or in-kind transfers. These beneficiaries included nearly 361,600 orphans, more than 644,000 schoolchildren and 51,000 university students. The IKRF's food security programme covered more than 38,600 malnourished children and 54,700 pregnant women. In addition, the IKRF supported more than 423,000 of its beneficiaries with their living expenses and provided financial support for employment, housing and marriage (IKRF 2021).

The SWO provides services to about 3 million households (7 million individuals) through its offices in every county of the country. In 2022, the SWO supported nearly 1.2 million households (2.4 million individuals) through monthly cash transfers (Ghadami 2022).

Despite the important role of the IKRF and the SWO, Iran's largest social protection programme is the **quasi-universal basic income (UBI) programme** based on the Targeted Subsidies Reform Act. This programme is administered by the Targeted Subsidy Organization (TSO), which is part of the Plan and Budget Organization. The UBI was passed in Parliament in January 2010 to compensate the population for price increases brought about by drastic reductions in subsidies, mostly for fuel. The funding for the programme (roughly USD40 billion—over 6 per cent of the country's gross domestic product (GDP) in 2011) comes from the increased revenues from goods and services that used to be subsidised before, as well as from other government funds (UNICEF 2019). Every citizen of Iran, including children, who qualifies for the benefit is entitled to a fixed monthly amount, paid through electronic transfer to the household head's bank account.

The UBI was originally planned to target only the poorest households; however, administrative difficulties in implementing a means test have resulted in nearly universal coverage. In 2011, 73 million Iranians (about 90 per cent of the population) received cash benefits (Shahyar 2015). The IWD is used as the main source for beneficiary identification (for more, see below). The government has repeatedly tried to remove the wealthiest people from the beneficiary list. However, the attempt to remove the top three income deciles failed for political reasons. According to an IWD report, out of a total of 24.9 million Iranian households who received UBI support in 2020 (93 per cent of the total), about 35 per cent were categorised as 'needy', 57 per cent as 'middle-income' and 8 per cent as 'affluent' (Esmaili 2022).

The initial transfer amount of the UBI was IRR455,000 (USD45 per person in 2010), and this was not increased until May 2022, despite the devaluation of the currency. By 2021, the value had decreased to about USD1.50.¹

In May 2022, the government removed subsidies on basic food items such as oil and flour. It announced that it would transfer compensation to needy families in the form of electronic vouchers. However, since the necessary infrastructure was not yet ready, the voucher was replaced by a cash transfer (Tejaratnews 2022). People in the first three deciles receive IRR4 million (about USD14), and those in the fourth to ninth deciles receive IRR3 million (about USD10) (Borna News Agency 2022). The tenth decile was omitted from the beneficiary lists.

Social protection responses to COVID-19

According to the IPC-IG dashboard,² up to the end of March 2021, the Government of Iran had implemented seven social protection measures in response to the COVID-19 crisis: four social assistance, two social insurance and one labour market intervention. One of the social assistance responses consisted of providing loans with low interest rates to informal workers affected by the pandemic, and interest-free loans to low-income households registered with the TSO.

In addition, the government provided up to IRR6 million (about USD22) to low-income people who were not covered by any social assistance programme, lasting for four months. The benefit value increased according to household size, which is considered a child-sensitive feature, as per the criteria used in the assessment conducted by the IPC-IG and the UNICEF Middle East and North Africa Regional Office (Bilo et al. 2022). Moreover, the SWO and the IKRF provided between IRR1 million and IRR1.2 million (around USD4.30) per person to about 40 million individuals in low-income families (Moulana and Sato 2022).

Up to the end of March 2021, Bilo et al. (2022) also mapped 10 humanitarian responses led by UNICEF, the United Nations High Commissioner for Refugees (UNHCR) and the World Food Programme. Eight of them had at least one child-sensitive feature: six were designed to directly support children's access to health and water, sanitation and hygiene (WASH); three directly supported children's access to nutrition, and two aimed to support children's access to education. Two measures also directly targeted children or linked benefit value to household size.

Humanitarian assistance has often focused on providing financial support to vulnerable groups—particularly

those excluded from government responses, such as non-nationals—using multi-purpose cash or one-off cash transfers. In July 2020, for instance, UNHCR provided a top-up of USD300 to around 9,000 existing beneficiaries (Moulana and Sato 2022).

3 Recent advances in the social protection field Iranian Welfare Database

The IWD was created in February 2012 under the MCLSW to serve as a systematic database for social protection policies (IWD 2019).

The IWD comprises more than 60 data sources with more than 200 sub-indicators that directly and indirectly describe different aspects of citizens' welfare and economic situation, including family size and employment status, but also items such as number of cars, declared properties, number of trips abroad, bank account transactions etc. (ibid.). As of May 2022, more than 95 per cent of the required data had been collected (Government of Iran 2022).

Data from the IWD have been provided to 20 different organisations. They are used to categorise individuals into income deciles to receive support from the TSO through the UBI programme. Furthermore, data on insurance enquiries have been shared with the SWO, and data related to pensions and annuities with the IKRF (IWD 2019).

The IWD has also been used by the Department of Social Welfare in cooperation with other government institutions to carry out numerous projects in the field of data-driven governance, including identifying needy people to receive support (IKRF and SWO), investigating the reasons for children to drop out of school (Ministry of Education), and generating poverty maps (ibid.).

The MCLSW has recently developed a new definition of needy families, which is those who meet at least two of the following three conditions: (i) being in the first five income deciles; (ii) being covered by the SWO or the IKRF; and (iii) having no fixed income. About 9.3 million poor families have been identified using these three conditions. Based on these criteria, households can be split into two groups: (i) those covered by any support institution (a total of 2.8 million households or 30 per cent of all poor households); and (ii) those not covered by any support institution (a total of 6.6 million households or 70 per cent of all poor households) (Esmaili 2022).

One of the main limitations of the IWD is that its data are outdated, which makes it difficult to contact beneficiaries for verification and might result in exclusion or inclusion errors for the programmes that use the IWD. However, there is an opportunity for citizens to request a review and make their own claims.

Soft conditional cash transfer programme supported by UNICEF

The soft conditional cash transfer programme in Iran is a pilot project that commenced in March 2021. The programme is implemented by the MCLSW, with support and funding from UNICEF and the Government of Austria. The pilot phase will be used to inform the national scale-up of the programme (UNICEF 2022).

The programme's overall goal is to increase the resilience of impoverished households and to enhance the well-being of women, men and children by establishing an inclusive social protection system that can anticipate, respond to and reduce the impacts of future shocks and emergencies through shock-responsive social protection. The programme aims to provide predictable cash transfers to vulnerable families with children during emergencies to mitigate any negative impacts on the children. It builds on the existing social protection system and, in particular, the payment modality used for the government's UBI scheme (ibid.).

In the first phase of the pilot, the most vulnerable children impacted by COVID-19 in two provinces (Khouzestan and Kermanshah) were targeted. It is planned to target two additional provinces (Hormozgan and Tehran). Beneficiaries of the first roll-out in Khoramshahr and Harsin counties were identified through a mixture of geographical, categorical (households with certain vulnerability characteristics, such as children out of school) and means-tested targeting (using the IWD) (ibid.).

In the target areas of the first roll-out, the specific goals were to: (i) bring children back to school after increased dropout numbers and ensure that children at risk of dropping out remain in school; and (ii) empower/develop skills for unemployed heads of households and adolescents (aged 15–18 years) by conducting intensive technical education and vocational training (TVET) and providing the necessary tools to facilitate the transition from learning to earning. From March 2021 until July 2022, around 6,500 vulnerable households with 7,215 at-risk children received cash and in-kind assistance (ibid.).

In addition, a total of 4,652 of the targeted children aged 6–18 years (2,460 girls and 2,192 boys) accessed remedial education and received information on how to observe COVID-19 protocols. Of those, 464 boys and girls (aged 15–18 years) also received intensive TVET to facilitate the transition from learning to earning (ibid.).

Among several activities, a child-sensitive integrated management information system (IMIS) was planned. The aim of the IMIS was to serve as a reporting tool, with embedded case management that could assess the needs of beneficiaries, profile them, make referrals, monitor activities in real time and evaluate the efficacy of the assistance provided. However, the IMIS has not been implemented yet (ibid.).

New waves and variants of COVID-19 and the political transition in Iran have made implementation exceptionally challenging. Furthermore, decentralisation strategies and the goal of building the capacity of local governance structures have reduced the speed of implementation (ibid.).

The MCLSW and UNICEF work closely and consult regularly with other partner ministries to inform any adaptation. While implementing the remaining activities in the first two areas, the next steps include conducting a situation analysis, as well as identification, registration and delivery of the cash and voucher assistance in Hormozgan and Tehran, which hosts a large number of Afghan refugees.

4 Key remaining gaps and recommendations for a more child-sensitive and shock-response social protection system

Coordination challenges

Multiple entities are working concurrently in the social protection sector in Iran, with some geographic and mission overlaps.

The entities can be divided into two administrative structures:

(i) presidential; or (ii) Supreme Leader administration. For instance, the MCLSW (Welfare Deputy), the SWO and the TSO are working under the presidential administration system, while the IKRF and other organisations, such as the Alavi Foundation, the Barakat Foundation and the Endowments and Charity Affairs Organization are working under the Supreme Leader's supervision (Abouhamzeh 2022). Although the reform of the missions of the IKRF and the SWO has helped streamline their activities, large areas of overlap remain.

Furthermore, the Department of the Welfare Deputy still faces a mismatch between tools and mandate, including a lack of human resource capacity and data infrastructure. The department also faces resistance as it tries to coordinate the various social protection actors in Iran. In practice, the Deputy is neither the programme designer nor the implementer and does not have the infrastructure to monitor them (IPC-IG 2020).

Since each organisation has extensive experience in social protection matters, in the short to medium term an annual social protection country plan would help address some of the coordination problems and ensure synergies to enhance programme impacts. Under the MCLSW, this country plan could be developed in collaboration with the key organisations mentioned above to define the area of responsibility of each entity, prioritise the needs of each target group and develop contingency plans to appropriately anticipate and address programming risks in case of shocks. United Nations agencies should base their support to the government on this plan and coordinate their activities accordingly. In the medium to long term, Iran should also develop a social protection strategy with a clear vision for the sector, concrete goals and a division of responsibilities among the different actors, including international partners.

Coverage vs. adequacy and comprehensiveness

Due to the sharp drop in the value of the national currency (by about 30 times) over the last 10 years, the value of financial support has decreased significantly. Whereas the value of the UBI programme was about USD45 in 2010, it decreased to about USD1.50 in 2021. The programme's potential to make a difference to the lives of families, and especially children, is, therefore, limited.

The MCLSW has made attempts to exclude the most affluent households by introducing a new definition of needy families, as explained above. However, research by Mahmoodinia (2022) has shown that there is a risk of exclusion errors when using the new definitions. For instance, households with a fixed (even insufficient) income or those who had high medical treatment costs and hence higher bank account turnover were categorised as affluent, and consequently not eligible for support, although they might require it.

This calls for a careful review of the targeting methods used, to ensure that those in most need are adequately covered. At the same time, benefit values need to be increased to actually provide meaningful support to families in need.

In addition, developing integrated (or 'cash plus') programmes that link targeted beneficiaries to other essential services, such as education, health and protection, is key to addressing the multiple facets of poverty, especially for children. The cash plus pilot programme implemented with UNICEF provides important lessons which should be considered for national scale-up.

Outdated databases risk omitting needy households

The most comprehensive database of information on the welfare of the population in Iran is the IWD. Many social protection schemes use the IWD, but the database is not updated appropriately. This causes problems in reaching those in most need. Although more than 95 per cent of the required data had been collected by May 2022 (Government of Iran 2022), there is a need for the most up-to-date data, given that the government bases macroeconomic decision-making on the IWD.

The MCLSW should establish an online connection with the databases of the various social protection entities to receive real-time data that could update the IWD automatically under MCLSW supervision. This would also help make the social protection system more shock-responsive, as it could be used in times of shocks. Especially if addresses are up to date (or even geo-referenced), the IWD could be used to identify households in need in case of natural disasters. United Nations partners should assist the MCLSW in this endeavour; indeed, UNICEF and the IPC-IG have together been providing capacity-building and knowledge-sharing on single registries.

Lack of sustainable financing

The financing of social protection can be affected by political priorities. In Iran, economic recessions and sanctions have also decreased the fiscal space.

One key priority should, therefore, be to identify fiscal space, including: tax reforms to increase progressiveness and tax mix; debt restructuring and management; subsidy reforms (if considered feasible); budget reallocation; and extension of contributory social protection to informal workers. The COVID-19 crisis has shown the need for a shock-responsive social protection system more than ever. For future crises, the government should, therefore, assess the extent to which contingency funds, standby funds from donors, insurance mechanisms and/or sovereign wealth funds can be used.

One possible way to ensure sustainable financing in Iran would be to oblige key social protection organisations (under both presidential and Supreme Leader supervision) to dedicate a proportion of their income from their economic enterprises to child-related programmes. At the same time, United Nations agencies need to continue working on guaranteeing funds from donors.

Limited access to social protection for particularly vulnerable groups

Certain vulnerable groups continue to have limited access to social protection. For instance, there are people who live in remote areas whose identity has not even been recorded by the government. Empowering and equipping local entities to enable them to provide support in remote areas is, therefore, key.

Further, the crisis in Afghanistan has resulted in a large increase in the number of people in need of protection and basic services. Closer cooperation between international partners and the government is required, especially to provide support to children and adolescents on the move.

Weak monitoring and evaluation

In most programmes implemented by the government, results-based management (RBM) approaches were not considered, and planning is often not based on evidence. In this regard, clear monitoring and evaluation (M&E) strategies need to be designed, since they are important

for efficient budgeting and achieving the expected outcomes.

Since many local authorities are unfamiliar with RBM approaches, they often lack information regarding the M&E process and its importance. To address this challenge, training is needed to build the capacity for M&E. United Nations agencies can provide experts and conduct training in this regard.

1. Market exchange rates were used in this brief.
2. See: <shorturl.at/jtwGS>.

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