Fourth Annual Regional Policy Forum

Who Pays for the Social Contract? Financing Equitable Education and Social Protection under Fiscal Squeeze and Compounded Crises in the Arab Region

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Beirut-Lebanon and Online

Across an Arab region increasingly defined by active war and mass displacement, deepening macroeconomic shocks, sovereign debt crises, and acute fiscal austerity are converging to unravel existing social contracts. Against this backdrop, global and regional labor market transformations driven by AI and digitalization, the green energy transition, and entrenched neoliberal policies are interacting with structural economic stagnation. Social protection systems, weak and largely tied to formal employment at baseline, are severely eroded as a result, leaving both the most vulnerable social groups and a growing "missing middle" excluded from contributory schemes and narrowly poverty-targeted social assistance.

Central to this crisis is the complex, often paradoxical relationship between education, labor market structures, and social protection in the Arab region. Challenging conventional human capital assumptions that educational attainment automatically translates into formal employment, educated unemployment remains a defining structural feature of Arab economies, notably in North Africa and the Levant. Regional informality is driven primarily by demand-side constraints – including distorted firm structures, weak private-sector job creation, and regulatory bottlenecks – rather than supply-side skill gaps alone. Consequently, education as currently structured has failed to guarantee domestic formal employment, often serving instead to export skilled graduates into formal economies in the Gulf or Europe. At the same time, rapid technological and environmental transitions threaten to widen existing divides in digital and green competencies, raising urgent questions about how foundational schooling, Technical and Vocational Education and Training (TVET), university curricula, and continuous adult retraining and capacity-building must adapt.

Social protection typically covers working adults through social insurance or vulnerable and poor groups through categorical or targeted social assistance, while education serves children and youth. Yet these domains are structurally connected at both the macroeconomic and household levels. From a "productive" social policy perspective, which holds particular traction in non-democratic contexts where purely rights-based demands often stall, investing in an educated, skilled, and healthy population is the foundational prerequisite for driving economic development, fostering middle-class formation (as seen in East Asian trajectories such as China), and generating the decent jobs needed to both access social protection systems and sustain a progressive tax system capable of financing these systems. At the micro level, these domains are

bridged through the household economy under conditions of severe fiscal squeeze. As indebted States withdraw from funding public services and fail to offer adequate child and educational grants, the accelerating privatization and marketization of primary, secondary, and tertiary education shift costs directly onto families (with Lebanon and Egypt serving as stark examples).

Rising out-of-pocket expenditures on tuition, private tutoring, and educational supplies act as a major economic shock that erodes disposable incomes, deepening multidimensional poverty and straining fragile and fragmented social safety nets. Not only are working adults within the household financially overburdened, but their children are also deprived of quality education – rendering them more vulnerable to future poverty and informality, and further disrupting social protection systems across generations. Rather than assuming a linear causal chain between education and formalization, this convening therefore provides an open, prospective space to critically interrogate how education and training systems interact with demand-constrained labor markets, and how public educational institutions might be reimagined as anchor sites for transformative social protection delivery, social mobility, and formalization – all while noting how different social groups are unevenly affected.

Once more, addressing this dual crisis of public education and social protection is complicated by severe fiscal constraints across contexts such as Lebanon, Egypt, Tunisia, Morocco, and Jordan, where State budgets are consumed by fiscal deficits and debt servicing. Meanwhile, neighbouring Gulf Cooperation Council (GCC) economies continue to pivot towards high-tech, decarbonized models despite regional instability, creating both divergence and opportunities for regional capital integration. In conflict-affected and recovery contexts such as Syria, Lebanon, and Palestine – much as post-WWII Europe forged modern welfare States out of massive wartime destruction – the current devastation underscores the urgent need for durable financing architectures that link immediate relief, public service reconstruction, human capital development, and structural labor market recovery.

Who, then, pays for a renewed social contract? Traditional funding models reliant on shrinking international aid and regressive taxation (namely VAT) are wholly insufficient. Sustainable solutions require exploring innovative and redistributive financing mechanisms – including progressive taxation on wealth and corporate income, debt restructuring and relief, grant-based climate finance, and global solidarity funds. They also require critically assessing the potential and risks of mobilizing diaspora capital, aligning GCC sovereign and philanthropic funds with regional public goods, and enforcing strict regulatory and Corporate Social Responsibility (CSR) frameworks so that public-private engagements safeguard public education and social protection rather than commodifying them, among others.

In this context, the Arab Reform Initiative (ARI)'s Social Protection Program (SPP) and its Arab Region Hub for Social Protection, in partnership with the Middle East and North Africa Social

Policy (MENASP) Network at the University of Birmingham, are organizing the Fourth Annual Regional Policy Forum. Moving beyond diagnosis towards open, interdisciplinary inquiry, actionable policy design, and collaborative research generation, the Forum bridges silos across educational studies, macroeconomics, political economy, sociology, law, and social policy. Rather than departing from fixed theoretical assumptions, the convening joins academic evidence with lived experiences to: (1) interrogate how public education decay, privatization, and household out-of-pocket educational burdens interact with demand-side informality, educated unemployment, and social protection erosion; (2) evaluate the fiscal space, feasibility, risks, and distributive impacts of progressive domestic taxation alongside alternative financing mechanisms (such as diaspora bonds/remittance leverage, blended finance, and GCC development funds); (3) examine how foundational schooling, TVET, universities, and adult retraining programs can be reformed and linked to social protection amid conflict, debt, digitalization, and decarbonization; and (4) analyze systemic, financial, and physical barriers facing marginalized groups – including women, low-income households, refugees, displaced populations, and persons with disabilities – to design adaptive, rights-based linkages between inclusive education and social protection.

The Forum will bring together academic researchers from across Arab and European universities; technical and middle-level policymakers from Ministries of Education, Labor, Social Development/Affairs, and Finance (across Lebanon, Egypt, Tunisia, Jordan, Morocco, Syria, and GCC States); civil society organizations, trade unions, and policy advocacy groups; organizations representing marginalized communities, including disability rights organizations (DPOs), youth advocates, and refugee support networks; and regional and international development partners. By engaging researchers directly with technical policymakers, civil society coalitions, and rights advocates, the Forum will be able to co-design actionable policy briefs, institutional roadmaps, a Regional Policy Consensus Note, and a flagship multi-country collaborative research agenda.

Agenda

(Set to Beirut time)

DAY 1: PUBLIC CONFERENCE – December 10, 2026		
08:30 - 09:00	**WELCOME AND REGISTRATION (refreshments served)**	
09:00 - 09:50	**OPENING SESSION:** ***Opening and Context Setting*** Welcoming remarks, Arab Reform Initiative (ARI) / Arab Region Hub for Social Protection and Middle East and North Africa Social Policy (MENASP) Network framing, interdisciplinary objectives, context, and setting the exploratory questions of the Forum. **Welcoming Remarks** **Keynote Speakers**	
09:50 - 11:20	**PANEL DISCUSSION 1:** ***Compounded Crises, Labor Market Realities, and the Education–Social Protection Nexus*** This opening panel situates Arab labor markets within the broader backdrop of protracted conflict, sovereign debt distress, austerity, and global digital and green transitions. Rather than assuming that educational attainment automatically yields formal jobs, speakers will critically examine the region's structural realities: high educated unemployment, demand-side informality driven by firm structures and weak private-sector job creation, and the brain drain of skilled graduates to external markets. Within this context, the panel will prospectively explore how different tiers of continuous education and training – foundational schooling, TVET, universities, and adult retraining for displaced workers – can be reimagined alongside demand-side economic policies to cultivate the educated, skilled, and healthy workforce needed to drive decent job creation, expand the progressive tax base, and halt the erosion of social protection systems.	
11:20 - 11:40	***Coffee Break***	
11:40 - 13:00 (Two Parallel Sessions)	**SPECIAL TECHNICAL SESSION 1:** ***Fiscal Retreat, Education Privatization, and the Household Cost Shock*** This technical session investigates the fiscal and household consequences of	**SPECIAL TECHNICAL SESSION 2:** ***Vulnerabilities, Intersectionality, and Inclusion in Human Capital***

	State withdrawal from public education across primary, secondary, vocational, and tertiary levels. Participants will analyze how rampant privatization and marketization shift educational costs directly onto households, turning school fees, supplies, and private tutoring into severe economic shocks that drive families into poverty and overload social assistance systems (as seen in Lebanon, Egypt, Tunisia, and Jordan). The session will also explore policy strategies to reclaim public education as a core pillar of the social contract and evaluate whether public educational institutions can effectively serve as institutional touchpoints for social protection delivery, labor market preparedness, and formalization.	Focusing on marginalized and historically excluded populations, this session applies an intersectional lens to address structural, financial, and physical barriers for vulnerable groups, with a specific focus on people with disabilities, refugees, displaced populations, and low-income women. Discussions will center on how rising out-of-pocket educational costs and digital divides disproportionately exclude these groups, and how to build inclusive educational infrastructure and adaptive, life-cycle social protection designs that foster genuine human capital equity.
13:00 - 14:00	***Lunch Break***	
14:00 - 16:00	**PANEL DISCUSSION 2:** ***Who Pays for the Social Contract? Progressive and Alternative Financing for Education and Social Protection*** The first 30 minutes of this session will be dedicated to the rapporteurs from the two parallel Special Technical Sessions, who will present their key outcomes and takeaways in plenary. The discussion will then address the core question of the Forum: how to finance equitable public education and universal social protection under severe fiscal squeeze and debt servicing. Panelists will evaluate progressive, redistributive domestic revenue mobilization (such as wealth and corporate income taxation) alongside non-traditional financing mechanisms – critically assessing the potential and limitations of leveraging diaspora remittances and bonds, aligning GCC sovereign and development funds with regional public goods, and deploying sovereign debt-relief and climate finance instruments.	
16:00 - 17:00	**CLOSING PLENARY SESSION:** ***Actionable Regional Policy Recommendations and Synthesis*** The final public session synthesizes the day's debates into an actionable Regional Policy Consensus Note. Stakeholders will distill concrete	

	recommendations for ministries, civil society, and development partners on protecting household incomes from educational privatization shocks, expanding fiscal space through progressive and innovative finance, and linking continuous education and training to transformative social protection reform, while agreeing on collaborative outputs and ongoing advocacy tracks.