

Shifting the paradigm: In-depth study of the social security systems in Lebanon

Nora Aboushady and Sebastian Silva Leander

ISSPF Working Paper Series:
Shifting the Paradigm

Dec 2022
Issue: 08



Acknowledgements

This report was prepared with funding from the Ford Foundation as part of the Inclusive Social Security Policy Forum Working Paper Series¹ and is one of three national in-depth studies of social security systems in the MENA region. The lead author of this report is Nora Aboushady (Assistant Professor, Cairo University and Senior Researcher, German Institute of Development and Sustainability (IDOS)). The micro-simulation and quantitative analysis were provided by Sebastian Silva Leander (Independent Consultant) and build on a model previously developed by the ILO for production of the Vulnerability and Social Protection Gaps Assessment for Lebanon.² Conceptually, the paper draws heavily on and complements the conceptual and analytical framework used for the ILO-UNICEF Policy Note, [*Towards a Social Protection Floor in Lebanon: policy options and costs for core lifecycle social grants*](#), to which members of the ISSPF study team also contributed. The report was developed under the guidance of Shea McClanahan (Senior Social Policy Specialist, Development Pathways). A draft of the report was presented in November 2021 at a national dialogue hosted by the Center for Social Science Research and Action (CeSSRA) in Lebanon and benefitted from valuable feedback from national stakeholders gathered for that event. The authors are also grateful for detailed feedback from Luca Pellerano (Senior Social Protection Specialist, ILO Regional Office for Arab States) and Shahir Ishak (Senior Social Protection Specialist for the MENA region, Development Pathways).

¹This work is licensed under the Creative Commons Attribution 4.0 International License. To view a copy of this license, visit <http://creativecommons.org/licenses/by/4.0/> or send a letter to Creative Commons, PO Box 1866, Mountain View, CA 94042, USA.

² ILO (2021a).

Executive summary

Lebanon continues to face the worst crisis in its history since the Civil War. Its people are suffering from the economic and social consequences of the Beirut Port explosion, the pandemic, and the long-standing debt crisis. In the absence of shock-responsive, universal social security systems, nearly 75 per cent of the Lebanese population are now living under vulnerable conditions. Economic recovery is strongly reliant on the establishment of inclusive, rights-based social security systems that protect people against shocks, address chronic causes of poverty, and foster social and economic development.

Long-standing fragilities and the need for inclusive social security

Lebanon suffers from weak economic and social institutions. In line with the country's long-standing policy choice for minimal state intervention, national policies barely reflected long-term, sustainable, and inclusive development objectives. This includes the absence of an explicit right to social security in the national constitution, mixed and fragmented systems providing unequal benefits to formal sector employees, minimal tax-financed social assistance, and a myriad of non-state actors providing aid within religious, political, or humanitarian frameworks.

In 2019, macroeconomic indicators deteriorated rapidly, leading to a sovereign debt crisis and a sharp drop in the value of the Lebanese Pound. With the outbreak of Covid-19, the Beirut Port explosion and recurrent political deadlocks, the economy continues to teeter on the edge of collapse. The socio-economic consequences are severe. Based on ILO projections using the Labour Force and Household Living Conditions Survey (LFHLS) of 2018, the size of vulnerable population increased from 52.4 per cent to 74 per cent between 2018 and 2020. This means that, today, at least 2.7 million Lebanese are vulnerable, including 1.3 million individuals surviving on extremely low incomes.³ According to the same study, income vulnerability is most prevalent among children, people with disabilities and people in old age. The estimations for 2020 show that extreme income deprivation affects over 40 per cent of children, 45.2 per cent of people with disabilities, and 28.2 per cent of the elderly. Most children with disabilities and old persons with disabilities are also living on vulnerable incomes.

Mapping of social security benefits⁴ in Lebanon

A set of fragmented contributory and tax-financed programmes together constitute a “system” where mandatory social insurance is exclusively provided to formal-sector employees, and small-scale social assistance is provided to some of the poorest households. In the absence of a constitutional right to social security, these fragmented schemes have resulted in a wide coverage gap, the so-called “missing middle”. Informal sector employees, inactive and unemployed individuals and their dependants, and households “not poor enough” to benefit from social assistance, are not entitled any income transfers to protect them against lifecycle contingencies. Social insurance schemes provided by the National Social Security Fund (NSSF), Lebanon's main insurance authority covering formally employed workers in the private sector,⁵ provides a modest set of cash transfers in the form of family allowances, and a lump sum retirement, disability, and survivors' benefit. Lifecycle contingencies such as sickness and maternity, unemployment, work injury, disability, and retirement are not covered by regular and adequate income from the NSSF.

³ ILO (2021a).

⁴ The terms social security and social protection are frequently used interchangeably. Social security in this paper refers to public income transfers, regardless of how they are financed (from contributions or taxes).

⁵ Separate schemes cover public-sector employees and teachers (ISSA, latest year).

Under tax-financed social assistance, 15,000 eligible households benefit from modest cash transfers and health and education subsidies from the National Poverty Targeting Programme (NPTP). The 2021 Emergency Social Safety Net Programme (ESSN) intended to expand coverage to the “poorest” 20 per cent. Transfer values under this programme are equivalent to approximately USD 27 per person per month, capped at six members per household. An additional flat monthly amount equivalent to approximately USD 50 per household is provided to cover additional needs. In October 2021, the government removed foreign exchange subsidies on imported essential goods, previously the only universal social policy in Lebanon, and announced the introduction of affluence-tested cash transfers under the newly approved cash/ration card law. Over time, these affluence-tested transfers are to be phased out and replaced by poverty-targeting cash transfers to ostensibly cover the poorest 30 per cent of the population. There have also been discussions on the development of a National Social Protection Strategy based on a rights-based approach to social security, which, if adopted, could open up a new and more promising path for Lebanon.⁶ As part of this strategy, the “Haddi” child grant programme and the disability allowance initiative launched by international donor organizations are intended to pave the way for more inclusive social security by introducing these two tax-financed entitlements at the national level.

Assessment of social security benefits in Lebanon from a lifecycle perspective⁷

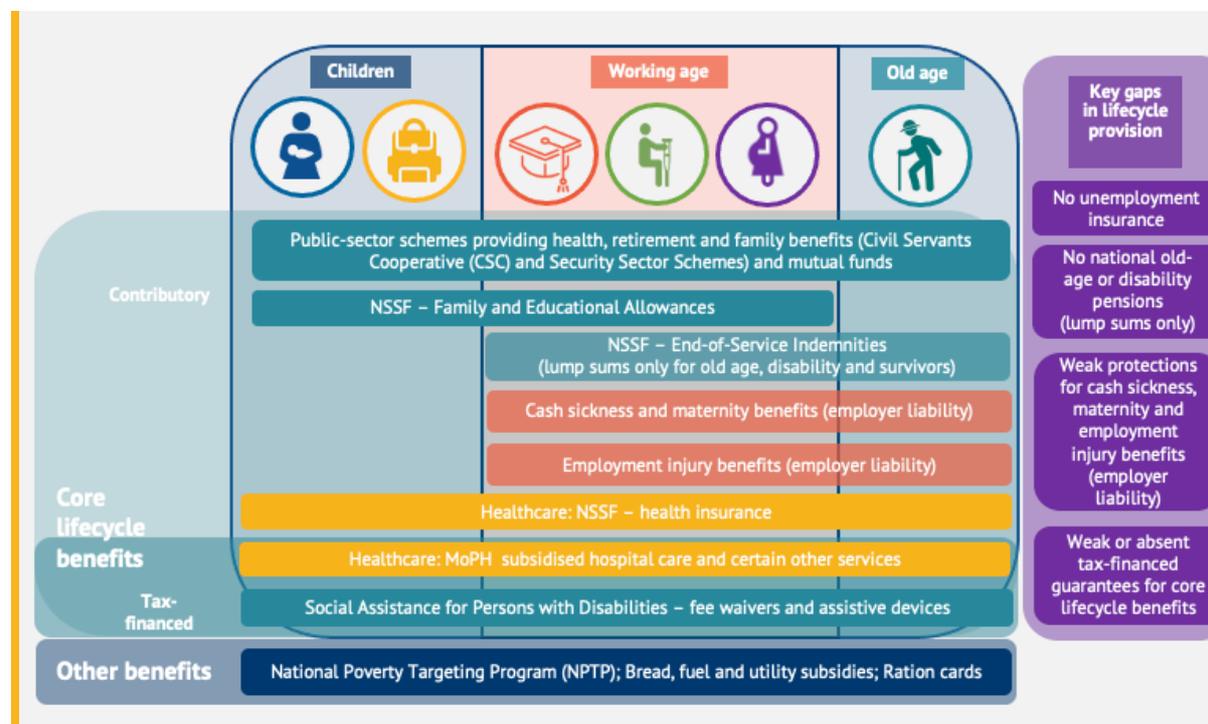
The social security system in Lebanon does not offer universal protection against common and internationally recognised lifecycle contingencies (childhood, old age, disability, sickness, maternity, unemployment, work injury, and survivorship) in the form of regular, adequate, and predictable income. Health services are fragmented and are not of the same quality to everyone (Figure ES-1). The absence of core benefits is particularly dangerous for children, people with disabilities, and people in old age. Children who are not covered under NSSF or public-sector schemes do not receive any cash benefits to cover their basic needs and enable them to access opportunities on equal grounds. All people with disabilities and in old age (with the exception of those covered by public-sector schemes) are left out without any cash benefits, whether they are affiliated to the NSSF or not. In fact, Lebanon is the only Arab country that does not provide monthly pensions to older people formerly employed in the private sector, which is particularly problematic given its ageing population.⁸ Under NSSF affiliation, only an end-of-service indemnity is paid at retirement or in the case of disability leading to loss of work capacity. If not eroded by inflation, the value of this one-time-off payment would cover a limited number of months at best. The situation is particularly dangerous for women. In fact, low female labour force participation puts women at risk of poverty in old age, given the absence of lifetime savings and universal old age pensions.

⁶ UNICEF and ILO (2020).

⁷ This section of the report draws heavily on the assessment of the Lebanese social security system and gaps in core lifecycle benefits presented in ILO and UNICEF (2021b), to which members of the present ISSPF study team (Sebastian Silva Leander and Shea McClanahan) contributed in 2020 and 2021.

⁸ ILO and UNICEF (2021b).

Figure ES 1 Key gaps in the Lebanese social security system from a lifecycle perspective



Source: ILO and UNICEF (2021a), updated to reflect the employer liability-based cash sickness and maternity benefits as specified in the labour code. Notes: The mapping and gaps focus on provisions for people not covered by public-sector schemes. Amendments to the labour code in 2014 introduced 7-10 weeks of paid maternity leave for women employed in formal-sector jobs. See CeSSRA (2022b).

Furthermore, the right to social security is not embedded in the Lebanese constitution, and social security spending is relatively low by international standards and as compared to the MENA region. Excluding health expenditure, Lebanon spends around 6 per cent of its GDP on social protection.⁹ The majority of spending is allocated to social insurance and public pensions for civil servants and military forces. Tax-financed social assistance (essentially represented by the NPTP) represents just 0.17 per cent of GDP.¹⁰ Transfer values are set to cover basic food needs and do not cater to vulnerabilities associated with individual contingencies like childhood or disability. ILO's (2021a) estimations suggest that the current social security schemes produce a substantial coverage gap of over 62 per cent. In the lowest income deciles, the coverage gap is even larger: 82 per cent of individuals in the lowest income quintile are not receiving any cash benefits, including children, people with disabilities, and older people; and the NPTP reaches only 8 per cent of the share of the population in the bottom income decile.

Towards an inclusive, lifecycle social security system in Lebanon

The crisis unearthed the pre-existing system's fragilities and emphasised the urgent need for the establishment of a universal and comprehensive social security system. Shifting from fragmented

⁹ Institut des Finances Basil Fuleihan (2021).

¹⁰ ILO and UNICEF (2021a).

contributory benefits and small-scale poverty targeted programmes towards a set of rights-based, inclusive tax-financed entitlements is of greatest importance.

This assessment echoes the calls in the ILO-UNICEF policy note *“Towards a Social Protection Floor for Lebanon”* for an inclusive social security system that offers at least three core lifecycle benefits: child benefits, disability allowance, and old age pensions. These three core benefits provide a foundation that can be augmented by adding other universal benefits in the future. Building on the conceptual framework presented in ILO-UNICEF policy note, this paper reflects, endorses and gives flesh to an understanding of the UN-wide notion of a “social protection floor” as comprising a set of rights-based, tax-financed guarantees that is increasingly accepted by governments and international actors around the world. A further discussion of the convergence and divergence in approaches taken in this study vis-à-vis the ILO-UNICEF policy note, is given in the “Brief note on context and methodology” section following the Executive Summary.

Policy options proposed in this paper are summarised in Table ES 1.

For coverage, the paper considers two scenarios: a universal scenario where all people falling under these three categories are entitled to income transfer financed by the general taxes, and another scenario where only those individuals without affiliation to social insurance are covered by the state (referred to as “benefit testing” or “insurance testing”). However, to be implemented, the second scenario would require substantive NSSF reforms to provide monthly (rather than lump-sum) disability and old age benefits, and to provide higher NSSF transfer values than those provided under the tax-financed tier. Within these categories, children aged 0-17 years are provided child benefits, and persons aged 65 years or older are entitled to pensions.

The rationale for transfer values can differ according to a country’s national objectives, priorities and budget, but this study draws on international experience and available evidence on transfer values for tax-financed benefits.¹¹ Child benefits are set at the equivalent of 5 per cent of GDP per capita, plus a top-up of 15 per cent for children with disabilities, reflecting both the additional costs related to disability as well as the implicit cost of the foregone income of a caregiver. Adults with disabilities would similarly receive a transfer equal to 15 per cent of GDP per capita to compensate for their own lost or foregone income due to inability or reduced ability to work as well as the additional costs faced by people with disabilities that prevent them from fully participating in society on equal terms. For older persons, social pensions are set at 12 per cent of GDP per capita, with a top-up of 3 per cent for older persons with disabilities.

¹¹ Global comparative data on transfer values for tax-financed benefits are sparse. While transfer values for child, disability and old-age benefits vary widely, data compiled by Development Pathways suggests that child benefits – as benefits aimed primarily at sharing the extra costs associated with bringing up a child – typically lie between 4 and 6 per cent of GDP per capita, while tax-financed disability and old-age benefits – as benefits designed to provide a minimum standard of living and/or to replace lost or foregone income due to old age or disability – range from 12 to 15 per cent of GDP per capita. Disability benefits also typically incorporate an “extra cost” or “personal independence” component to help equalise the cost of participating in society for persons with disabilities as compared with non-disabled persons.

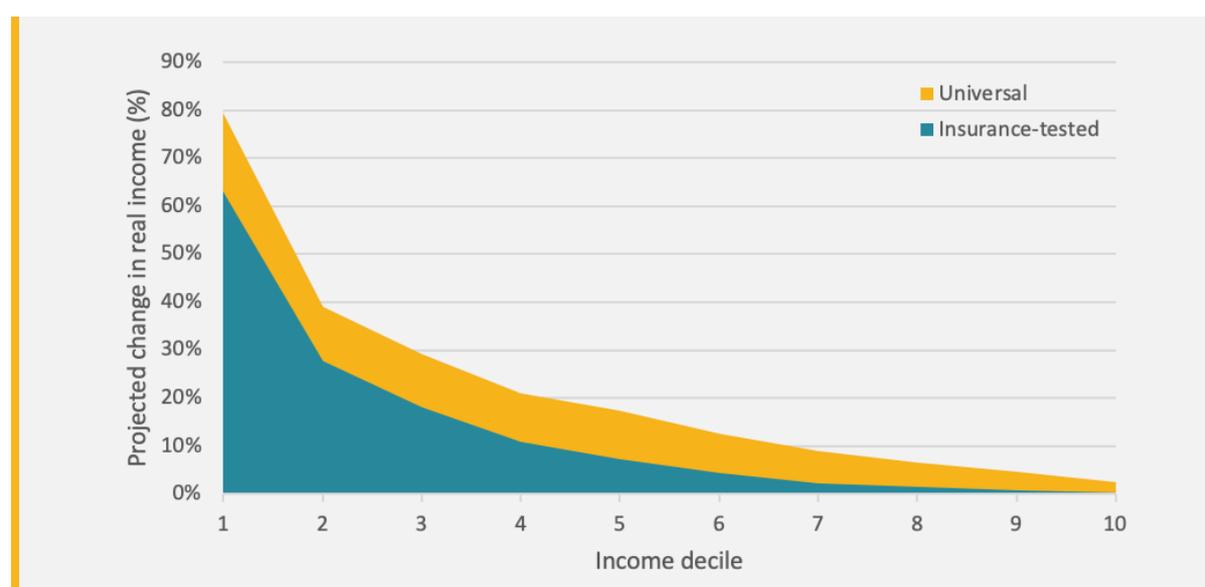
Table ES 1 Scenarios for inclusive social security in Lebanon

Benefit	Coverage	Age eligibility	Transfer values (per cent of GDP/capita)
Child benefit	Universal Insurance tested	Children 0-17	5 per cent + 15 per cent for children with disabilities
Disability allowance	Universal Insurance tested	All people with disabilities	15 per cent
Old-age pension	Universal Insurance tested	Persons aged 65 or older	12 per cent + 3 per cent for older persons with disabilities

Figure ES-2 illustrates the potential impact of universal and benefit-tested social security scenarios on changes in real income by decile. Undoubtedly, the universal benefit scenario would have a stronger impact on income changes across all deciles, as it would offer better overall coverage than the insurance-tested scenario, notably due to the distinct absence of monthly contributory pensions in Lebanon. Universal social security also provides substantially higher coverage for the lowest income deciles than the poverty targeted programmes currently in place (which target only 8 per cent of individuals in the bottom decile). Access to social security under the universal scenario is therefore more equitable and, in that sense, far more “pro-poor” than poverty targeting.

The simulations suggest that, insurance testing would not appear to be a viable policy option as long as disability and retirement benefits are not offered to NSSF affiliates. As discussed in the ILO-UNICEF policy note, insurance testing may be an option if the NSSF undergoes reforms to introduce regular, predictable income transfers and to enhance the comprehensiveness and adequacy of benefits. In this case, NSSF transfer values would need to be higher than tax-financed benefits to not discourage individuals from enrolling in mandatory insurance.

Figure ES 2 Impact of inclusive, lifecycle social transfers on real income, by decile

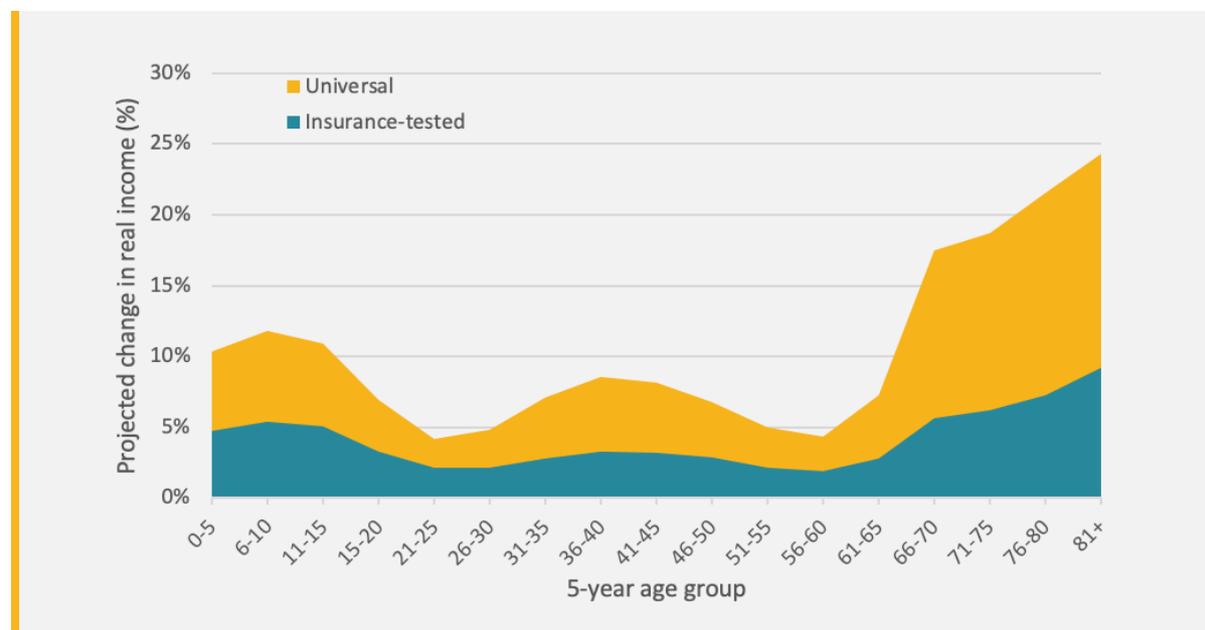


Source: Authors’ microsimulation using ILO microsimulation model based on LFHLC 2018. Lebanese citizens only

Similarly, the potential impact of universal and insurance-tested scenarios on changes in real income by five-year-age group is depicted in Figure ES-3. The potential impact on changes in real income of universal social security providing child, disability and old age benefits is twice as high as the

potential impact under the insurance-tested scenario. Here, the impact of social pensions is much more pronounced under the universal scenario than under the insurance-tested scenario due to the highly unusual absence of monthly retirement pensions from the NSSF.

Figure ES 3 Impact of inclusive, lifecycle social transfers on real income, by age group



Source: Authors' microsimulation using ILO microsimulation model based on LFHLC 2018. Lebanese citizens only

Investment in inclusive social security

The choice of policy options for a more inclusive social security system in Lebanon has implications for the level of investment necessary to finance it. Table ES-2 depicts the estimated costs of child, disability, and old age benefits under universal and insurance-tested scenarios. These figures were estimated using the ISSPF MENA costing tool,¹² as described in the “Brief note on context and methodology” section following the Executive Summary.

The universal social security scenario would require an estimated total investment of 2.88 per cent of GDP. The insurance-tested scenario would require a significantly lower investment of 0.93 per cent of the country’s GDP. However, while the insurance-tested scenario may be efficient in cost, it comes with clear drawbacks in terms of coverage and impact, as it excludes older people with NSSF affiliation from tax-financed pensions. Since the NSSF scheme currently provides no pensions, the insurance-tested scenario would leave a coverage gap of nearly 70 per cent of older persons who would rely only on inadequate end-of-service indemnities. Under the insurance-tested scenario, child benefits are reduced to 0.46 per cent of GDP. This scenario is less likely to produce coverage gaps for children since child benefits are already provided by the NSSF. However, cash disability benefits are not provided by the NSSF. The choice of an insurance tested scenario will exclude NSSF affiliates with disabilities of all ages (including children of NSSF affiliates) from coverage. Therefore, designing insurance-tested benefits must be accompanied by reforms in the NSSF scheme to enhance its comprehensiveness of benefits.

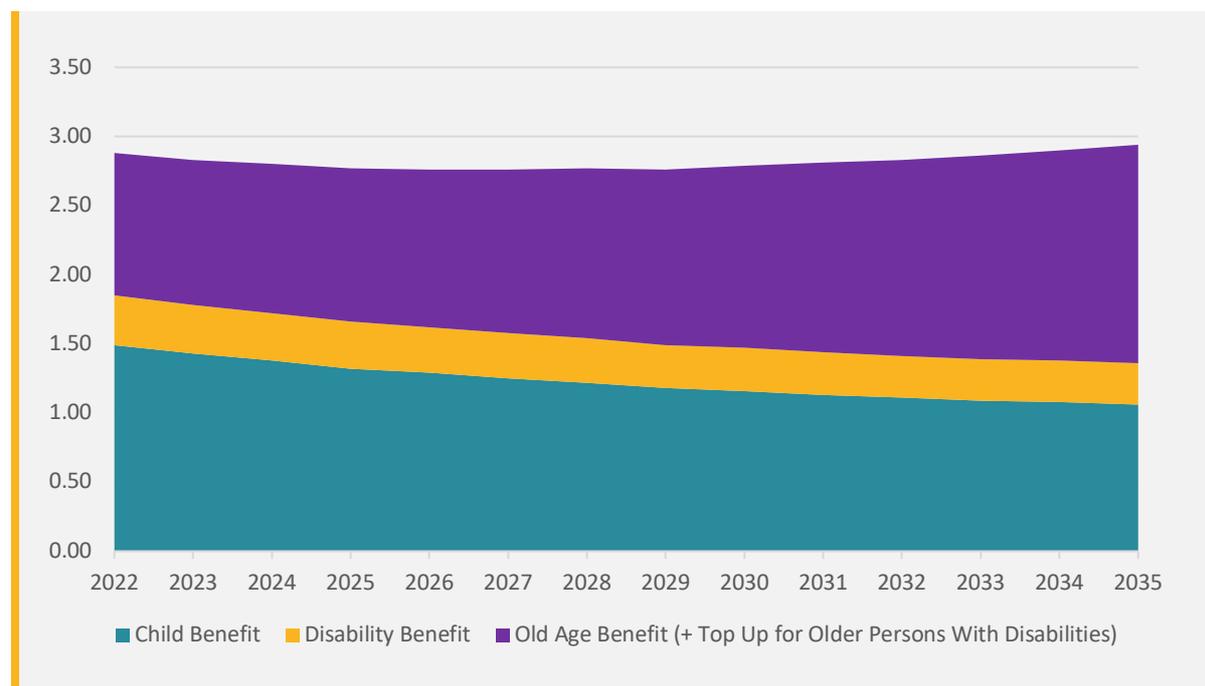
¹² <https://www.isspf-mena.com/costing-tool>

Table ES-2: Universal and insurance tested social security benefits – parameters and costs

Type of Scheme	Child benefit (0-17)	Disability benefit (0-64)	Old-age pension (65+) (plus top up for older persons with disabilities)	Total cost (3 benefits)
Universal	1.49% GDP (USD 450 million)	0.36% GDP (USD 110 million)	1.02% GDP (USD 310 million)	2.88% GDP (USD 870 million)
Insurance tested	0.46% GDP (USD 140 million)	0.16% GDP (USD 50 million)	0.31% GDP (USD 90 million)	0.93% GDP (USD 280 million)

Source: ISSPF online costing tool: <https://www.isspf-mena.com/costing-tool>

Figure ES-4 illustrates the projected range of costs of universal entitlements from 2022 to 2035. In 2022, the initial investment required for a package of core lifecycle transfers would be around 2.9 per cent of GDP and, under normal assumptions, would remain relatively stable until 2035. However, Lebanon is an aging population. Therefore, the share of old age benefits in the total costs increases over time. The total cost of old age benefits (including for older persons with disabilities) is expected to increase from around 1 per cent in 2022 to 1.6 per cent of GDP by 2035. At the same time, the level of investment required to finance universal child benefits in Lebanon would be expected to decrease from 1.49 per cent to 1.06 per cent of GDP during the same period. Under unchanged assumptions regarding the disability prevalence rate, the cost-to-GDP ratio of disability benefits remains largely unchanged.

Figure ES 4: Investment required for universal tax-financed social security in Lebanon (per cent of GDP), 2022-2035

Source: ISSPF online costing tool: <https://www.isspf-mena.com/costing-tool>

Creating fiscal space for inclusive social security in Lebanon

Tight fiscal space is one of the main arguments used by policymakers to justify the absence of inclusive social security systems in developing countries. The advocacy for poverty targeting ignores that fiscal constraints exist in the short term and are indeed present in countries of all levels of development. Proponent of poverty targeting fail to recognise that fiscal space is dynamic in the longer term and highly dependent on social policy choices. In Lebanon, investment in universal and inclusive social security can help to rebuild citizens' trust in their governments and foster tax compliance as taxpayers will receive cash entitlements and higher-quality public services. This is likely to create a "virtuous cycle" of higher public revenues and, consequently, better universal benefits.¹³ Indeed, the historical absence of investment in inclusive systems has been linked to generally weaker social contracts across the MENA region, especially in the context of the planned and actual removal or reduction of price subsidies.¹⁴

Following a series of multifaceted crises, the Lebanese government announced the expansion of poverty targeted programmes to ostensibly to "cover" 30 per cent¹⁵ at the expenses of investment in universal, inclusive social security. However, the costs associated with the implementation and monitoring of the poverty-targeting programmes is also likely to be high, which is contradictory to

¹³ Kidd et al. (2020).

¹⁴ Sibun (2022); Loewe, et al. (2019); Loewe and Zintl (2021).

¹⁵ The notion of "coverage" under World Bank-promoted social registries, such as the DAEM being implemented in Lebanon, frequently conflates two concepts: first, the erroneous usage of coverage to refer to the inclusion of a share of the population in a database of *potential beneficiaries* of poverty targeted programmes, which may be as high as 30 per cent or more of the population; and second, the more conventional understanding of coverage as referring to the actual number of individuals or households receiving benefits at any given time, which, under a poverty targeting paradigm, is typically far smaller. See Ben Braham et al (2022) for a discussion of this usage in Tunisia.

the logic behind focusing on targeted social assistance for cost-efficiency reasons. From a technical point of view, these programmes are designed to target the “poorest or the poor”, besides their built-in errors resulting into significant exclusion margins, cannot be expanded beyond the poverty line even if coverage is to be expanded to reach 30 per cent of the population.

In countries like Lebanon where a major share of the population lives under comparably poor circumstances and are prone to internal and external political and economic shocks, the logic behind the persistent focus on targeted social assistance, and the failure to invest in universal social security, is questionable. Poverty targeting has been shown to increase tensions between households receiving targeted social assistance and comparable households who were excluded. Especially in the Lebanese context where diverse identities contributed to fuelling a civil war in the past, universal social security is indispensable for internal stability.

Conclusion

Lebanon is facing multiple economic and social challenges that require substantial macroeconomic reforms to rebuild the economy and foster growth. However, in the absence of universal and comprehensive social security, economic growth and long-term development are arguably unattainable. Guaranteeing basic income security to everyone is a prerequisite for building a resilient economy and society, in Lebanon as elsewhere.

Echoing calls from other actors, this study has argued that a universal social system ideally begins with at least child, disability, and old age benefits. For the system to be universal, benefits can be either entirely financed by the general taxes or can be provided through a mix of contributory and tax-financed schemes. Over the short term, given the urgent needs across the population, re-allocation of public expenditure towards social policy would likely be required. However, over the longer term, sustained investment in inclusive social security will require a set of fiscal policy reforms that increase public resources, as well as ensuring that the share of social policy investment as a percentage of overall investment grows over time. Growing public resources requires building trust in government through investment in high-quality social services and adequate income transfers, which, in turn, will enable expansion and upgrade of social services and benefits.

The main goal of inclusive social security is to leave no one behind, and to ensure that rights and dignity are at the core of the system. Everyone, regardless of their attachment to the labour market, religious affiliation, age, gender, health, or disability status, should be entitled basic income security. In a country with a history of internal tensions like Lebanon and where party/religious based social assistance plays a central role, inclusive social security could play a substantial role in strengthening social cohesion and in shaping a new, strong social contract between the government and the people.

Brief note on context and methodology

Before turning to the detailed study, a brief note is warranted to clarify the context surrounding the development of the paper, and the implications of that context for the methodological approach taken by the authors. This includes a discussion of the complementary relationship of this study to the ILO-UNICEF policy note calling for a social protection floor in Lebanon;¹⁶ the general context in Lebanon, its data constraints and the implications of this for the analysis and interpretation of the results; the methodology applied for the impact assessment; and the methodology applied for the ISSPF costing tool.

A complementary to other calls for a social protection floor in Lebanon

This assessment echoes the calls in the ILO-UNICEF policy note “*Towards a Social Protection Floor for Lebanon*” for an inclusive social security system that offers at least three core lifecycle benefits: child benefits, disability allowance, and old age pensions. These three core benefits provide a foundation that can be augmented by adding other universal benefits in the future. This paper reflects, endorses and gives flesh to an understanding of the ILO-led and UN-endorsed notion of a “social protection floor” as comprising a set of rights-based, tax-financed guarantees – ideally integrated with a solidarity-based mandatory contributory system – that is increasingly accepted by governments and international actors around the world. As such, it builds on the lifecycle-based conceptual framework presented in ILO-UNICEF policy note and developed over recent years in a core body of work by Development Pathways and others.¹⁷

Compared to the ILO-UNICEF policy note, this paper presents a simplified set of policy options and has a different, though complementary, aim. As noted in the Acknowledgements section, the paper is the third in a series of three in-depth studies of national social security systems covered in the initial phase of the Inclusive Social Security Policy Forum (ISSPF) – a region-wide initiative developed with funding from the Ford Foundation. (The other studies consider similar packages of inclusive benefits in Jordan and Tunisia.¹⁸) A key aim of ISSPF is to build knowledge and capacity among civil society actors across the MENA region of the need and potential for more inclusive national social security systems. As such, this paper is aimed primarily at building awareness, demand and capacity to enable more effective advocacy for more inclusive systems.

To do so, it employs two tools:

1. A microsimulation model developed for the ILO based on Lebanon’s LFHLS of 2018 for a Vulnerability and Social Protection Gaps Assessment for Lebanon¹⁹ and subsequently leveraged for the ILO-UNICEF policy note.²⁰ The model allows for estimations of the potential impact of different policy scenarios on incomes across the population (see detailed methodological note below).
2. The *ISSPF Costing Tool* developed with funding from the Ford Foundation as a product of the ISSPF. Whereas the microsimulation model is specific to Lebanon, the costing tool covers 16 countries across the Middle East and North Africa. Notably, it is a publicly available tool that allows users to “design” a more inclusive social security system in a given country and estimate, using internationally recognised comparative sources of macroeconomic and

¹⁶ ILO and UNICEF (2021a).

¹⁷ See, for example, Kidd et al. (2016); Kidd (2017); Kidd, et al (2017a); UNESCAP and Development Pathways (2018); or UNICEF (2020).

¹⁸ Anderson and Pop (2022); Ben Braham et al., (2022).

¹⁹ Silva-Leander et al. (2021).

²⁰ ILO and UNICEF (2021a).

demographic data (see detailed methodological note below), the level of investment that might be required to finance it.

General context in Lebanon and implications for this analysis

The crises in Lebanon is unprecedented. One of the implications of such widespread economic, social and political upheaval is the absence of current stable and reliable basic indicators – such as the size of the economy or incomes of people living in the country – that would typically underpin an analysis such as this. For example:

- The last household survey (LFH LCS) at the time of writing was undertaken in 2018 and only includes information on incomes prior to the crisis. Therefore, information presented in the paper on the socioeconomic status of people in Lebanon reflects a pre-crisis situation.
- The exchange rate utilised in the paper is LBP 1,507.50 per one USD, which reflects the official exchange rate and has remained unchanged in IMF statistics since 2017. This rate is clearly not a reflection of the reality of the situation in Lebanon, which is characterised by hyperinflation and a mish mash of parallel exchange rates and currencies in circulation. To our knowledge, at the time of writing, there was no “accurate” exchange rate that could be applied, and some informally used rates exceed the official rate by many multiples. These realities create immense challenges for policymakers attempting to setting appropriate transfer values and eligibility criteria, as demonstrated in the Government’s recent attempts to do so with regard to the ration cards.²¹
- GDP and GDP growth rates use official IMF estimates, which may not be accurate given the current climate. As such, the growth projections represent what might be expected in a country of Lebanon’s size and level of development under more stable conditions and are only generally indicative of a potential future scenarios. They should therefore be interpreted with caution.

Even before the crisis, national data presented certain limitations. For example,

- The LFH LCS 2018 does not contain an aggregate welfare indicator. Therefore, analysts constructed one from available information on income from different income sources, which was used for both the ILO analyses and the present study.
- Demographic data are difficult to accurately estimate and vary significantly according to the source used. The last national census in Lebanon was carried out in 1932 and forms the basis for projections in the United Nations World Population Prospects projections, which were used for the costings in the present study. These estimates cover the total population, including non-nationals. LFH LCS 2018, on the other hand, is not statistically representative of the whole non-national population as it excludes refugee camps and other areas with refugees.

Methodology for the impact assessment

The results for the impact assessment presented in this study are based on micro-simulations carried out using the LFH LCS 2018 dataset. The results refer to partial equilibrium micro-simulations²² which consider the direct effect of transfers on household income and poverty. As such, they do not take into account possible second order effects that such transfers may have on consumer behaviour, nor possible third-order macro-economic externalities on inflation, economic growth, etc.

²¹ See CeSSRA (2022).

²² See Cogneau et al. (2003).

The following assumptions are used in the micro-simulation model:

	Eligibility	Transfer amount	Comment
Child benefit	0-17 years	5% of GDP per capita	
Disability benefit	All ages	15% of GDP per capita for adults 15% of GDP per capita for children 3% of GDP per capita for people aged 65+	The disability benefit is complementary to the other social grants, so that disabled children aged 0-17 receive 15% of GDP per capita., and those aged 65+ receive 3%. Disabled adults receive 15% of GDP per capita
Old age benefit	65+	12% of GDP per capita	

The baseline scenario includes income from labour, capital, remittances, and social assistance transfers from NGOs and government. Social insurance transfers (family, end-of-service, health, education, insurance, ...) are only included if at least one household member is affiliated with NSSF. Retirement income is not included, as there is currently no publicly provided retirement pension for non-civil servants.

All GDP figures are expressed in current USD values for 2018, as reported in the World Bank's World Development Indicators database. For the purpose of the simulations, USD figures had to be converted into Lebanese pounds using the official exchange rate for 2018, which was 1,507.50 LBP to USD.

Methodology for the costing projections

For the costing tool calculations, the following economic data from the IMF World Economic Outlook are used:

- GDP in National Currency
- GDP growth rate
- Average yearly inflation rate

The latest IMF World Economic Outlook database provides projections until 2026. The latest IMF WEO database provides projections for Lebanon until 2020. Furthermore, the IMF reports that the GDP growth rate for Lebanon in 2020 was -25 percent. Since we are assuming that GDP growth rate for the period of 2021-2035 remains constant at the 2020 level, we instead took the average of the GDP growth rate of the last five years prior to 2020 and used that to project the GDP growth until 2035. We used the same approach for the average yearly inflation rate; we took the average of the average inflation rate of the last five years prior to 2020 and used that to project the inflation rate until 2035.

Population projections for each country (by age) are derived from the United Nations World Population Prospects 2019.

The data used or exchange rate is taken from International Monetary Fund, International Financial Statistics. The exchange rate data is only available until 2020 so we have assumed that exchange rate for the period 2021-2035 remains constant at the 2020 level.

Divergence in cost projections between the ILO-UNICEF policy note and this paper are due to the use of different underlying data sources and assumptions to calculate costs as well as differences in transfer values.²³ These include:

1. *Size of the beneficiary population:* The ILO-UNICEF policy note calculates static costs for 2018 based on population extrapolations from the LFHLCs 2018, which excludes non-nationals. Therefore, the levels of investment required to finance an inclusive system presented in that note only refer to benefits for Lebanese nationals. The estimates in the present study rely on population data from the UN world Populations Prospects for 2019 and ostensibly cover the total population, including non-nationals, while also forecasting changes over time based on the same data.
2. *Exchange rate:* The present study utilises the official government and IMF exchange rate of LBN 1.507.50 to 1 USD, noting the significant caveats stated above.
3. *Transfer values:* Transfer values presented in the ILO-UNICEF policy note are presented in LBN and as a function of the national minimum wage (SMIC). They are significantly higher than those presented in the present study, which are presented only in relative terms (as a percentage of GDP per capita) and relate to relatively lower benchmarks for tax-financed benefits based on international experience, and comparable to those presented in the ISSPF Working Papers on Jordan and Tunisia.

²³ The present study also presents more simplistic coverage parameters than in the ILO-UNICEF policy note. For example: no affluence-tested scenario (wherein benefits are not paid to those in the highest income deciles) is considered; and no options for narrow age eligibility for child benefits or old age pensions are considered. While the ILO-UNICEF policy note presents more elaborate scenarios based on narrower and wider age eligibility, we focus on a “wider-coverage” scenario, where all children aged 0-17 years are provided child benefits, and all persons older than 65 years are entitled to pensions.

Table of Contents

Acknowledgements	i
Executive summary	ii
Brief note on context and methodology	xi
Acronyms	xvi
2 Introduction	1
3 Long-standing fragilities and the need for inclusive social security in Lebanon	3
3.1 Long-standing politico-economic fragilities	3
3.2 Widespread poverty and vulnerability	4
4 The current social security system in Lebanon – overall design and gaps	9
4.1 The Lebanese social security system from a lifecycle perspective	9
4.2 Access to social security in Lebanon	13
4.2.1 Social security for children	17
4.2.2 Social security for people in working age	19
4.2.3 Social security for older people	21
4.3 Non-State actors: Civil Society Organisations and international donors	23
5 Towards and inclusive, lifecycle social security system in Lebanon	25
5.1 Scenarios for inclusive social security	25
5.2 Potential impacts of inclusive social security	27
5.3 Investment required for inclusive social security	30
5.4 Creating fiscal space for inclusive social security in Lebanon	32
6 Conclusion	35
Bibliography	37
Annex 1 Mapping of social security schemes in Lebanon	42

Acronyms

CSO	Civil Society Organisation
ESSN	Emergency Social Safety Nets
LFHLCs	Labour Force and Household Living Conditions Survey
MoE	Ministry of Education
MoL	Ministry of Labour
MoPH	Ministry of Public Health
MoSA	Ministry of Social Affairs
NPTP	National Poverty Targeting Programme
NSSF	National Social Security Fund
PMT	Proxy Means Test
SPF	Social Protection Floors
VAT	Value Added Tax
WFP	World Food Programme

1 Introduction

Lebanon is facing the worst crisis in its history since the civil war. By the end of 2019, a combination of long-standing political instability, poor macroeconomic performance, and historically weak economic and social institutions had brought the country to the brink of collapse. A rapid escalation of internal and external deficits resulted in a sovereign debt crisis, a liquidity crisis, and one of the most severe episodes of recession. The outbreak of COVID-19 and the Beirut port explosion on August 4, 2020, added a humanitarian dimension to the crisis. Not only did the people of Lebanon face challenges of unemployment, increasing poverty and vulnerability, but they were confronted with additional risks from the absence of proper healthcare and difficult access to food, medication, and critical goods.²⁴ The human, social and economic crisis revealed that mechanisms and systems to protect the people against shocks were largely absent. This stems from a historical economic policy choice of minimal state intervention, but also from state capture and successive regional and internal conflicts leaving little opportunity for governments to design or implement long-term national development policies, including an appropriate social security system.

Today, Lebanon lacks a properly functioning, rights-based, and inclusive social security system designed to protect people against different shocks. Social security in Lebanon is built on a set of fragmented, uncoordinated programmes that provide different benefits to different groups.²⁵ As in other MENA countries, social security operates as a bifurcated system, where formal sector employees enjoy access to social insurance, and a minor share of the “extreme poor” receive limited targeted social assistance. This design creates a huge gap including all those who are neither entitled to social insurance, nor “poor enough” to receive social assistance. While this “missing middle” typically consists of informal labour and lower-income households excluded from social assistance, the absence under the contributory system of regular income transfers for key contingencies increases the share of population not receiving any cash transfers whatsoever to more than 60 per cent of the population. In the absence of universal and inclusive systems, many must resort to informal safety nets (families, friends, civil society organisations) to make ends meet.

The subsequent social, economic and health crises exposed the fragility of the existing structures and highlighted the urgent need for a paradigm shift in the model of social security. Lebanon must shift from a set of inadequate contributory benefits and residual short-term, charity-like assistance towards an inclusive, rights-based social security system that is able to protect people against shocks, address chronic poverty and vulnerability, and foster social and economic development.

Against this backdrop, this paper provides an in-depth assessment of the current social security system in Lebanon from a lifecycle perspective. It marks the gaps in coverage and adequacy of the existing benefits and explores specific triggers of vulnerability (such as childhood, old age, and disability) among the Lebanese population. This paper also proposes different scenarios for the shift towards inclusive social security and relevant fiscal reforms that may be necessary to sustain the new model in the long term. The study is structured as follows: Section 2 presents the political and economic context and discusses the rationale for an inclusive social security model in Lebanon. Section 3 analyses the current social security system in Lebanon from a lifecycle perspective and assesses gaps in coverage and adequacy of the existing benefits. Section 4 proposes different reform scenarios where core lifecycle guarantees are provided either universally or through a combination of tax-financed and contributory schemes and their impact on real income. Projected investments

²⁴ Abi Yaghi (2014); Jawad (2009).

²⁵ Scala (2022).

Introduction

and eventual fiscal reforms that may be necessary to sustain inclusive social security in the long term are also discussed. Finally, Section 5 concludes and points to a potential way forward.

2 Long-standing fragilities and the need for inclusive social security in Lebanon

2.1 Long-standing politico-economic fragilities

Lebanon is a fragile state. It is classified by the World Bank as a state with “high institutional and social fragility” and ranks 34th of 179 countries according to the Fragile State Index.²⁶ Lebanon’s fragility stems from a governance system tied to a strictly sectarian internal power structure and coupled with an obvious lack of political cohesion and institutional weakness. After its independence in 1943 and unlike other Arab states, Lebanon opted for a socio-economic “laissez-faire” policy model that allowed only for minimal state intervention. State minimalism was mirrored in a near absence of national policies focusing on human and socio-economic development. The so-called “merchant economy” witnessed a surge in banking, tourism and commercial services and a parallel decline in industry and agriculture. These shifts in the drivers of internal growth were accompanied by a heavy reliance on external remittances and imports of essential goods. Hence, the economy became even more fragile to global shocks.

The minimalist role of the state also meant weaker labour market institutions and a quasi-absence of mechanisms enforcing the right to minimum wages and social security. This institutional void was filled by non-state actors that provided informal social protection based on religious affiliation, mutual benefits and clientelism.²⁷ During the Civil War, political elites and militant groups established parallel social systems to reinforce their control of certain geographic areas, whilst mobilising primordial identities. The link between national citizenship and the right to social security was further weakened after the end of the Civil War. Not only did the political and sectarian subnational systems continue to operate, but neoliberal public policies of the reconstruction period had also left little room for state intervention in areas like social security and social services.

Lebanon’s weak social infrastructure experienced additional pressure during episodes of conflicts with and in neighbouring countries. Especially since the influx of Syrian refugees in 2011, health, education, and housing services have been stretched beyond their capacity. In the labour market, increasing juxtaposition between Lebanese citizens and the non-Lebanese population is exacerbating informality, pushing down wages and risking livelihoods.²⁸ In 2019 and 2020, Lebanon witnessed the worst financial and economic crisis in its history since the Civil War and one of the most severe crises globally since the mid-19th century. With the country’s surging and unsustainable public debts and the decline in foreign aid, the official peg of the Lebanese Pound against the dollar collapsed, leading to huge currency depreciation, shooting inflation, sharp GDP contraction, and massive layoffs. The events sparked large-scale demonstrations and political unrest in October 2019. Hit by the Covid-19 pandemic and the Beirut port explosion in 2020, the economy is now on the verge of collapse. Within two years, the Lebanese Pound had lost 90 per cent of its value, GDP had plummeted from USD 55 billion to USD 33 billion, and GDP per capita had declined by more than 40 per cent. The inflation rate exceeded 84 per cent in 2020 and 150 per cent in the first quarter of 2021. Real wages plummeted as the value of the Lebanese Pound was eroded; real GDP is estimated to have contracted by 20.3 per cent in 2020 compared with a 6.7 per cent contraction in

²⁶ Fund for Peace (2021).

²⁷ Catusse and Alagha (2008).

²⁸ Bastagli et al. (2019).

2019.²⁹ Mass layoffs resulted in an unemployment rate of 40 per cent.³⁰ For Lebanese and non-Lebanese people alike, the socio-economic consequences are severe. According to the World Bank's estimates, more than half of the population is now living below the national poverty line. The health system was under pressure from the pandemic and, more recently, suffers from severe energy, equipment, and medication shortages.

Indeed, the government must implement swift macroeconomic stabilization measures to stop the currency collapse and restore creditors' and investors' confidence. At the same time, the investment in universal and inclusive social security is indispensable to remedy the socio-economic consequences of the crisis in the short term, and to strengthen the society's resilience to shocks in the long term. In the special context of Lebanon, adopting a rights-based approach in the design of social security can play a major role in strengthening social cohesion and reducing the impact of sectarian rifts and political factionalism on the country's overall political and economic stability.

2.2 Widespread poverty and vulnerability

The accumulation of political, economic, and humanitarian crises during the past three years left most of the Lebanese in a situation of rapidly growing vulnerabilities and widespread impoverishment. Figure 2-1 depicts indicators of vulnerability for the Lebanese population and within specific segments, based on ILO (2021a) estimations using data from the LFHLCs 2018. According to these estimations, the share of the Lebanese vulnerable population increased from 52.4 per cent in 2018 to 74 per cent in 2020.³¹ This means that at least 2.7 million Lebanese are vulnerable, including 1.3 million individuals surviving on extremely low income.³² Vulnerability is higher for specific segments of the populations and in specific regions. The estimations for 2020 show that 78.7 per cent of children aged 0-5 years live in vulnerable households. Lebanon has also one of the highest proportions of working children in the world, with 100,000 children subject to child labour and trafficking.³³

For people in working age, the situation is not significantly better. There is a high unemployment rate of 40 per cent, of which 87.3 per cent of the unemployed are estimated to be income vulnerable.³⁴ Informal employment is also particularly high and continues to be a major source of vulnerability among the Lebanese. Data from ILO (2021a) suggest that informal jobs (including informal employment in the formal sector) account for 43.4 per cent of total employment and affect 22.7 per cent of the population in working age.³⁵ Because employers are legally obliged to support the larger bulk of contributions³⁶ and in the absence of properly functioning governance and compliance frameworks, there is a growing tendency to declare lower wages or hire informally altogether. This results in the growing exclusion of nearly half of the employed population from the formal protections against lifecycle shocks afforded by formal contributory mechanisms and

²⁹ World Bank (2021a).

³⁰ World Bank (2021a).

³¹ ILO (2021a) estimates extreme income deprivation, income deprivation and income vulnerability to match the World Bank's poverty estimates for 2018. Projections for 2020 were calculated using the Central Administration of Statistics (CAS), the World Bank's growth estimates and the World Bank's CPI estimates. These income levels are not official poverty lines, as the World Bank's definition relies on consumption data, while these estimations rely on income data.

³² ILO (2021a).

³³ Bastagli et al. (2019).

³⁴ World Bank (2021a).

³⁵ LFHLCs 2018.

³⁶ According to the NSSF website (<https://www.cnss.gov.lb/index.php/book-saheb-amal>), employers' contributions are as follows: 8.5 per cent end-of-service indemnity for retirement, disability and survivors, 7 per cent for sickness and maternity (8 per cent according to ISSA), and 6 per cent for family allowances. Employees' contributions are 2 per cent for sickness and maternity according to the website of the NSSF, and 3 per cent according to ISSA.

increases their vulnerability to any income fluctuations. For example, 81.7 per cent of the self-employed informal labour are vulnerable, frequently working in the agriculture, construction, and services sectors.³⁷ Seasonality is main source of vulnerability, where work in these sectors typically decreases in the winter months, and expenses rise to due to school entry, increased food, and heating expenses. The situation is not particularly better for formal sector employees, with the ILO estimating that 45 per cent experience income vulnerability despite their affiliation to contributory social security schemes.³⁸ This suggests persistent gaps in coverage and lack of adequacy of benefits.

According to data from LFHCLS 2018, non-Lebanese make up 21.3 per cent of the total labour force living in residential dwellings. They have a higher labour force participation rate compared to the Lebanese (60.8 per cent versus 56.3 per cent) and a lower unemployment rate (8.7 per cent versus 12.4 per cent). However, over 91 per cent of non-Lebanese workers in residential dwellings have informal jobs with no access to social security.³⁹ Other vulnerabilities stem from restrictions on the legal status and work permits (as in the case of Palestinian, Syrian, Iraqi and Yemeni refugees).

Gender is also an important dimension in the analysis of vulnerabilities in Lebanon. Given the overrepresentation of women in unemployment and informality, female and widow-headed households are more exposed to vulnerability. In fact, Lebanon has one of the highest female inactivity rates in the world. The survey data suggest that 66.04 per cent of women above 18 are inactive (compared to 19.12 per cent for men). Further ILO estimates suggest that the female labour force participation rate in Lebanon is 23.1 per cent, compared to 19.6 per cent in the MENA Region, and 54.7 per cent for Upper-Middle Income Countries.⁴⁰ For Lebanese citizens, unemployment rates are also higher for women than for men (17.37 per cent versus 10.05 per cent).⁴¹ Moreover, Lebanese working women are concentrated in the informal sector, with a proportion of 84 per cent of employed women working in the informal sector. This means that only 14.26 per cent of women above 18 years have formal jobs with access to social security coverage. Women also move in and out of the labour market more frequently than men because of their childcare responsibilities and the lack of maternity benefits allowing them to retain their jobs during childbearing months. These factors contribute to the vulnerability of female-headed households in Lebanon, which tend to survive on extremely low incomes and depend on informal support networks.⁴² Data from the LFHCLS 2018 suggest that as high as 74.7 per cent of Lebanese women are living on vulnerable incomes, as shown in Figure 2-1.

³⁷ ILO (2021a).

³⁸ Estimates from ILO (2021a).

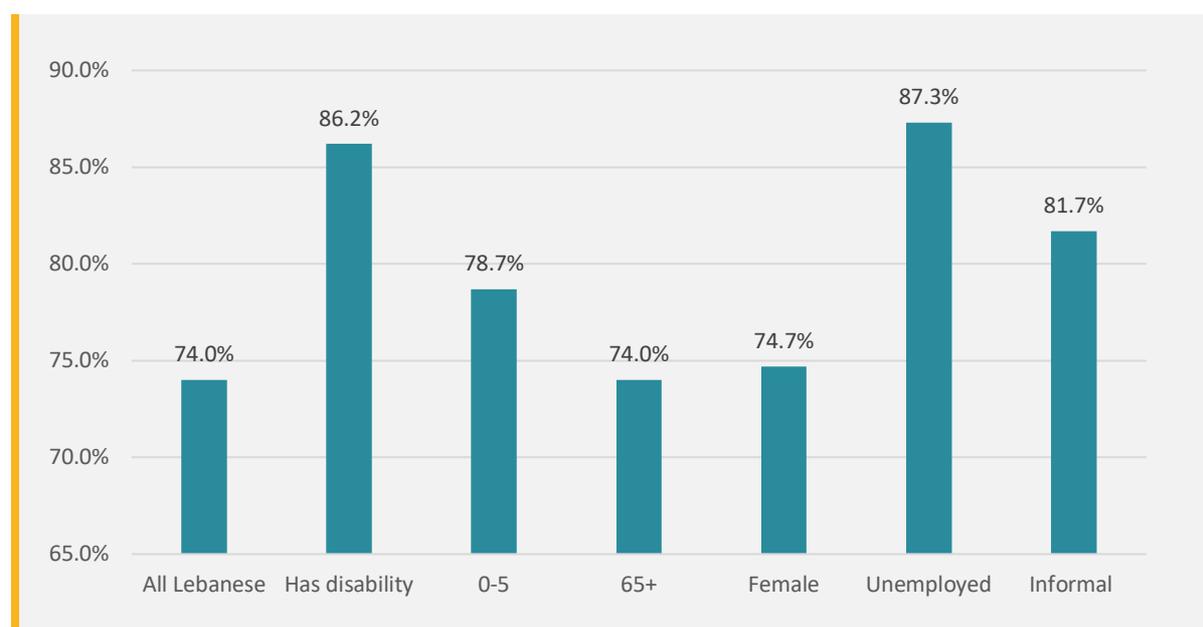
³⁹ CAS, ILO & EU (2020).

⁴⁰ ILOSTAT, last update on 31/10/2021. Labour force participation rates are for populations aged 15 and above.

⁴¹ LFHCLS 2018.

⁴² Kukrety (2016).

Figure 2-1: Income vulnerability by group in 2020



Source: Analysis of LFSLCS 2018 based on ILO (2021a). Lebanese citizens only.

ILO (2021a)'s estimates also suggest that 86.2 per cent of people with disabilities are vulnerable. Additionally, most children with disabilities and older persons with disabilities are living on vulnerable incomes. Over 92 per cent of the households with at least one disabled child are income vulnerable, including nearly 60 per cent surviving on extremely low incomes.⁴³ The dire situation of households with disabled children inarguably supports the need for universal child benefits in general, and additional guarantees for children with disabilities. Households with disabled children incur extra costs related to the status and care of their child(ren), including foregone income from paid employment for caregivers, and need additional support.

Figure 2-2 depicts disability prevalence by 5-year-age group, showing the rise in disability prevalence starting at retirement age – for example, around one in five people aged 76 to 80 has a disability, rising to more than 60 per cent for those aged 90 and above.⁴⁴ The data also suggest that 74 per cent of older people are income vulnerable. As will be discussed in the next section, the social security system in Lebanon provides neither old-age pensions, nor regular disability cash benefits, even for those with a formal attachment to the labour market.⁴⁵ It is worth noting that Lebanon has an ageing population, with the population aged 65 and above representing 12.5 per cent of the total Lebanese and non-Lebanese population, the age group 0-24 years representing 41.5 per cent, and the working age population (15-64 years) representing 64.7 per cent of the total population.⁴⁶ This strengthens the case for old-age benefits and additional disability benefits allowing people to live in dignity for the remaining years of their lives.

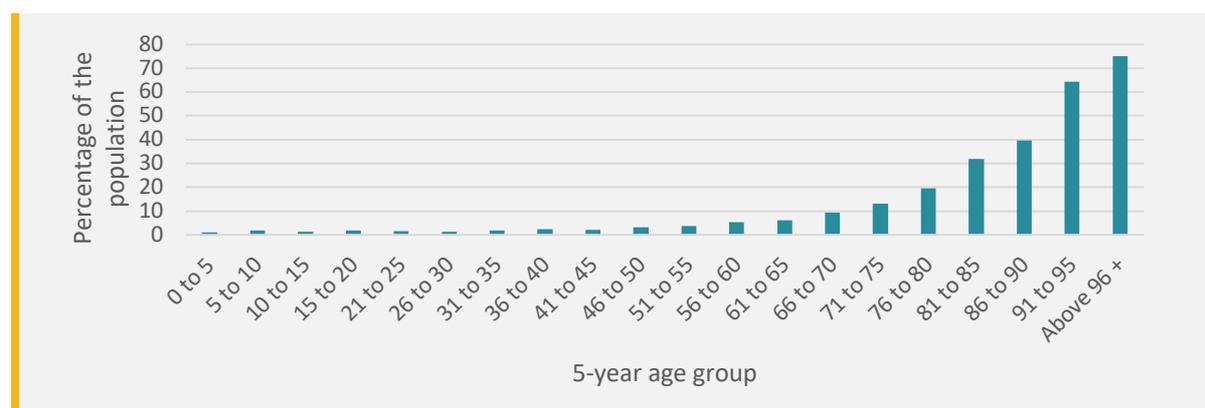
⁴³ ILO (2021a).

⁴⁴ Based on analysis of LFHCLS 2018. The figures are likely to be underestimated.

⁴⁵ Only an end-of-service indemnity is offered to formal sector employees at retirement or in the case of a degree of disability exceeding 50 per cent.

⁴⁶ LFHCLS 2018.

Figure 2-2: Disability prevalence (per cent) by 5-year-age group



Source: Authors' calculations based on LFHLCs 2018. Lebanese citizens only.

At the governorate level, deprivation and vulnerability are widespread across the country, particularly in rural areas. Outside of Beirut and Mount Lebanon governorates, more than 80 per cent of the population is vulnerable. Vulnerability exceeds 90 per cent in the northern governorate of Minieh-Dannieh and the governorate of Baalbek-Hermel in the West.⁴⁷ In governorates with slightly better conditions like Beirut and Mount Lebanon, ILO estimates show that vulnerability increased significantly as compared to the pre-crisis findings for 2018. In Beirut, for example, over 63 per cent are income vulnerable in 2020, compared to 39.6 per cent in 2018, and over 41 per cent and 20 per cent live on low incomes and extremely low incomes, respectively.⁴⁸ While these figures are estimated for Lebanese citizens only, the situation is undoubtedly worse for non-Lebanese refugees such as Syrians. These are concentrated in governorates bordering Syria, i.e., Al-Beqaa, Baalbek-Hermel and Akkar. Recent estimations by the UNCHR suggest that more than 89 per cent of Syrian refugee families in Lebanon live below the extreme poverty line, up from 55 per cent in 2019.⁴⁹

Finally, Lebanon ranks among the countries with the most unequal wealth distribution worldwide. It is estimated that people in the top percentile of the income curve receive 25 per cent of the national income and that the top decile receives 55 per cent.⁵⁰ In terms of wealth, the top percentile holds 40 per cent of the country's total wealth, while the top decile receives 70 per cent.⁵¹ Average nominal monthly income curves for 2018 and 2020 depicted in Figure 2-3 show relatively flat income curves until the 6th income decile, before the slope begins to slightly increase from the 7th to the 9th income decile. The average nominal income per adult in the top decile is nearly double the average income of the 9th decile and about 5 times higher than the income of the 5th decile. The income curve shows that the circumstances are not substantially different for the vast majority of the Lebanese population and that large differences are perceived primarily in the upper 10 per cent of the distribution. In a context like the Lebanese one, it arguably makes little sense to put efforts and costs into measures identifying and targeting the poor instead of investing in universal entitlements. In fact, as shown in Figure 2-3, nearly three quarters of the population are vulnerable and live on relatively comparable income levels. In this case, targeting the "poor" risks leaving out most of those who would be classified as poor according to official definitions. Exclusion due to statistical errors

⁴⁷ ILO (2021a).

⁴⁸ Ibid.

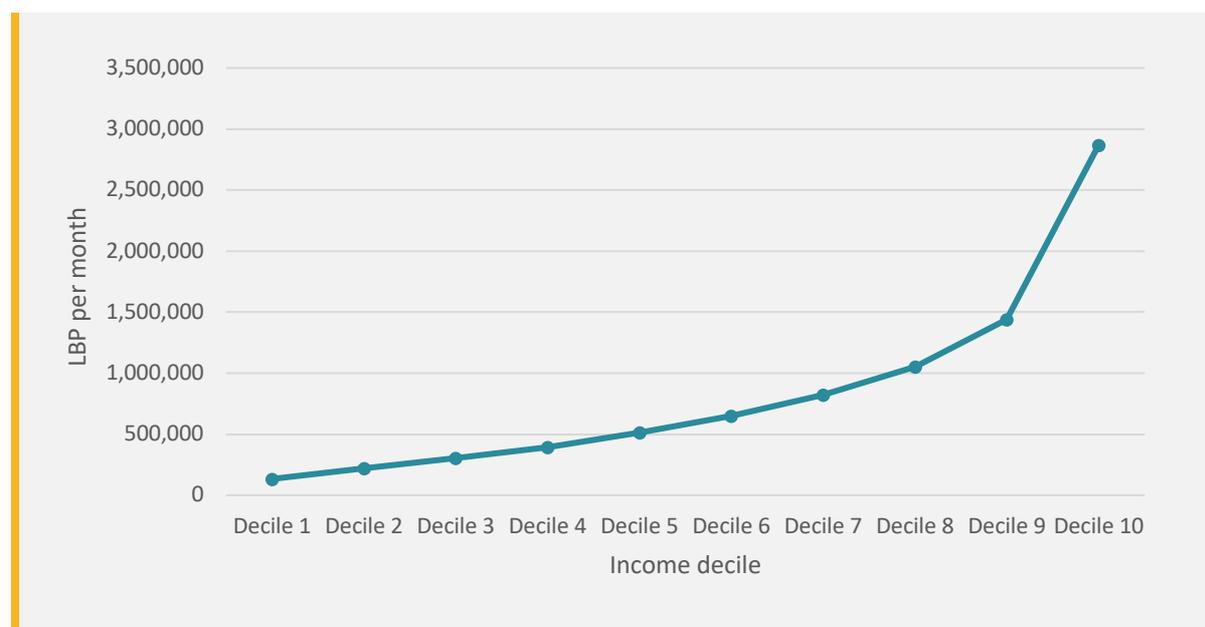
⁴⁹ UNCHR Global Focus: <https://reporting.unhcr.org/lebanon>.

⁵⁰ Bastagli et al. (2019).

⁵¹ ESCWA (2021).

embedded in poverty targeting measures, or due to the government’s choice to focus on the “poorest of the poor” always carries risks of sparking community tensions. Finally, it is worth noting that the projections for 2020 provide nominal figures. Real average income is undoubtedly eroded by the severe inflation of the past two years, undermining the livelihood of the vast majority.

Figure 2-3: Average monthly nominal income per adult-equivalent, by income decile, Lebanon, 2018



Source: Analysis of LFSCLS 2018 based on ILO (2021a). Lebanese citizens only.

Debt is another factor that adds to vulnerability. Households with bad economic conditions and irregular income often face tightening economic conditions and lack of access to formal credit by resorting to borrowing informally. Debts can accumulate to around USD 1000 a year, equivalent to 25 per cent of the total expenditures of households classified as poor. Households with little income often control expenditure by reducing the number of meals they eat and the quantity and quality of what they consume, or by cutting down education expenses, and health expenses related to chronic illnesses.⁵²

⁵² Oxfam (2015).

3 The current social security system in Lebanon – overall design and gaps

Social security is a human and economic right incorporated that should be enshrined in national constitutions and underpinned by national legislations and regulations. Social security is also incorporated in several international frameworks, such as the Universal Declaration of Human Rights (articles 22 and 25), the ILO Convention No. 102 concerning Minimum Standards of Social Security (1952), the ILO Social Protection Floors Recommendation No. 202 (2012), and in the framework of the Sustainable Development Goals (SDG) as a tool to end poverty and ensure decent lives. According to these frameworks, States -as duty bearers- are to guarantee that every member of the society has the right to income security during circumstances that are beyond their control and that may affect their livelihood.⁵³

The role of social security can extend beyond its contribution to guaranteeing acceptable living standards, to being a driver of fundamental changes in social relations and social institutions.⁵⁴ The role of social security as a component of social policy is therefore not strictly limited to protection against poverty or poverty prevention, but can extend to cater for other social, economic, and political objectives (such as social cohesion, social inclusion, equity, political stability, and conflict management and prevention). It is therefore understood as a part of a broader agenda of social transformation that aims to address structural causes of the lack of welfare in a country.

Against this backdrop, the next sections present an in-depth analysis of the existing structures that build together what can be understood as Lebanon’s social security system. These programmes are assessed from a lifecycle perspective, in reference to the ILO Social Protection Floors Recommendation No. 202 and the ILO Convention No. 102 concerning Minimum Standards of Social Security. At present, the right to social security is not incorporated in the Lebanese constitution,⁵⁵ and Lebanon is not a signatory of the two abovementioned ILO conventions. Finally, most of the social assistance programmes in place are short term initiatives and projects and lack appropriate legislative underpinning.

3.1 The Lebanese social security system from a lifecycle perspective

In Lebanon and in most MENA and low- and middle-income countries, social security systems are fragmented, exclusive and inadequate. These typically “bifurcated” systems (Figure 3-1) often include a set of insurance benefits for formal sector employees, in addition to small-scale tax-financed social assistance for the “poorest” of the society. In the Lebanese case, social insurance is provided to formally employed individuals and their dependants through a set of institutionally fragmented and unequal schemes. On the one hand, private sector employees are covered by Lebanon’s largest insurance institution, the National Social Security Fund (NSSF). On the other hand, other small-scale funds provide more generous social security benefits for civil servants and army members.⁵⁶

⁵³ McClanahan and Barrantes (2021).

⁵⁴ For more details on transformative social policy, see UNRISD (2006).

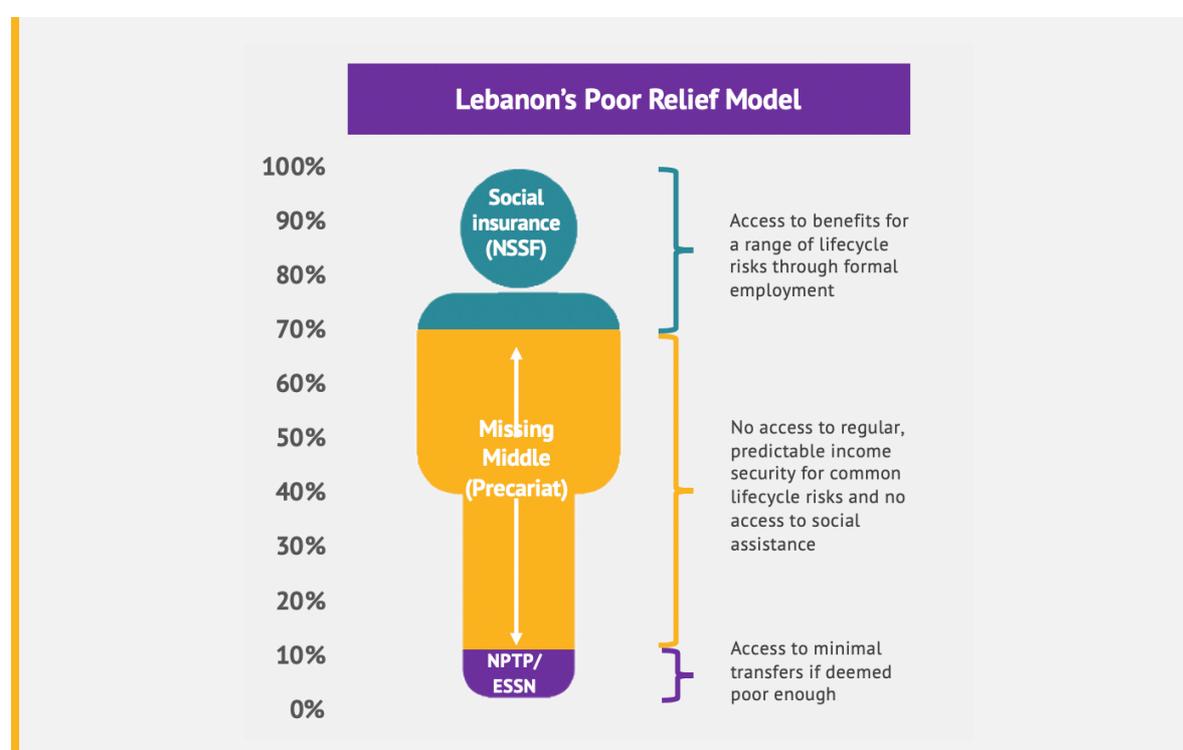
⁵⁵ Among 18 MENA countries, only Lebanon and Qatar do not mention the right to social security in their constitutions (Mohamud, 2021).

⁵⁶ See Annex 1 for a detailed description of the different programmes in place.

Universal tax-financed social security is absent. Minimal poverty-targeting social assistance is provided to the “extreme poor” under the umbrella of the National Poverty Targeting Programme (NPTP). In 2021, a 3-year Emergency Social Safety Net Programme (ESSN) was launched in cooperation with the World Bank and the World Food Programme to expand the NPTP.⁵⁷

This fragmented system produces a wide coverage gap; a so-called “missing middle” which includes all individuals who are ineligible for contributory or tax-financed cash benefits: Informally employed individuals and their dependants, people outside the labour force, and lower income households that were “not poor enough” to benefit from poverty targeting programmes are denied access to any form of social security. Due to this exclusionary design, the current social protection system falls short of SDG 1.3. that aims to guarantee universal social protection by 2030.

Figure 3-1: Lebanon’s bifurcated system and the “missing middle”



Source: Development Pathways depiction.

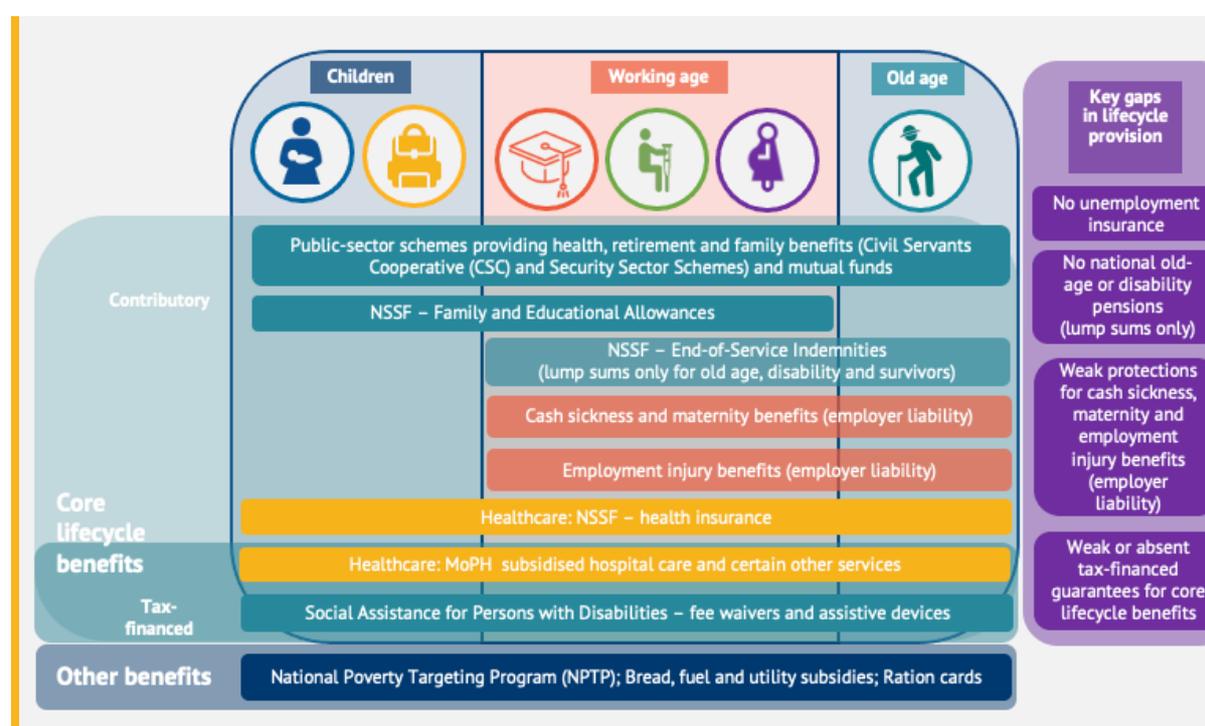
From a lifecycle perspective, the Lebanese system fails to deliver protection against all core contingencies. The State does not guarantee basic income across childhood, working age contingencies, old age, or disability for everyone. As depicted in Figure 3-2, the social security system in Lebanon suffers from huge gaps in coverage and comprehensiveness of the benefits in reference to the ILO Convention 102 concerning Minimum Standards of Social Security and Recommendation 202 on Social Protection Floors. Contributory social insurance under the NSSF covers some health services, modest family allowances and end-of-service indemnities. Sickness and maternity cash benefits, unemployment insurance, employment injury benefits, regular disability and survivor benefits and pensions remain weak or largely absent, with certain benefits (employment injury, cash sickness and maternity) only provided through an employer-liability

⁵⁷ As of November 2021, the ESSN was still not operational (<https://civilsociety-centre.org/cap/timeline-social-protection-in-lebanon#event-parliament-ratifies-the-world-banks-246-million-loan-financing-the-essn>).

framework according to the labour code and can be difficult to enforce. Public-sector insurance schemes offer exclusive and more generous benefits. However, these schemes cover only a minority of the workforce; just 4 percent of Lebanese citizens are covered by public-sector insurance schemes, including both direct beneficiaries as well as their dependents.⁵⁸

Under tax-financed social assistance, the NPTP provides modest cash transfers as well as health and education subsidies to eligible individuals. The absence of many cash benefits from social insurance and the modesty of tax-financed schemes do not only create a vast “missing middle”, but also leave a significant share of individuals affiliated to contributory social insurance without any actual cash benefits protecting them against different lifecycle risks.

Figure 3-2: Social security in Lebanon and key gaps from a life cycle perspective



Source: ILO and UNICEF (2021a), updated to reflect the employer liability-based cash sickness and maternity benefits as specified in the labour code. Notes: The mapping and gaps focus on provisions for people not covered by public-sector schemes. Amendments to the labour code in 2014 introduced 7-10 weeks of paid maternity leave for women employed in formal-sector jobs. See CeSSRA (2022b).

As part of the macroeconomic reform agenda accompanying loans from international financial institutions, poverty-targeting programmes occupy a central place in national policies of MENA countries, including Lebanon. However, these programmes suffer from several conceptual, design, and implementation drawbacks that make them exclusive by nature. Even if these programmes are to be expanded or scaled up, they fail to replace universal, rights-based social security.

As depicted in Figure 3-3 poverty-targeting programmes are designed to identify eligible individuals that belong to the lowest income groups. Hence, a predetermined poverty line remains upper limit of expansion of such programmes. Parameters used by these programmes to identify “the poor” rather reflect chronic poverty and do not take into account individuals who experience poverty due to their exposure to shocks at a specific stage of their lifecycle, or those who move in and out of

⁵⁸ LFHCLS 2018.

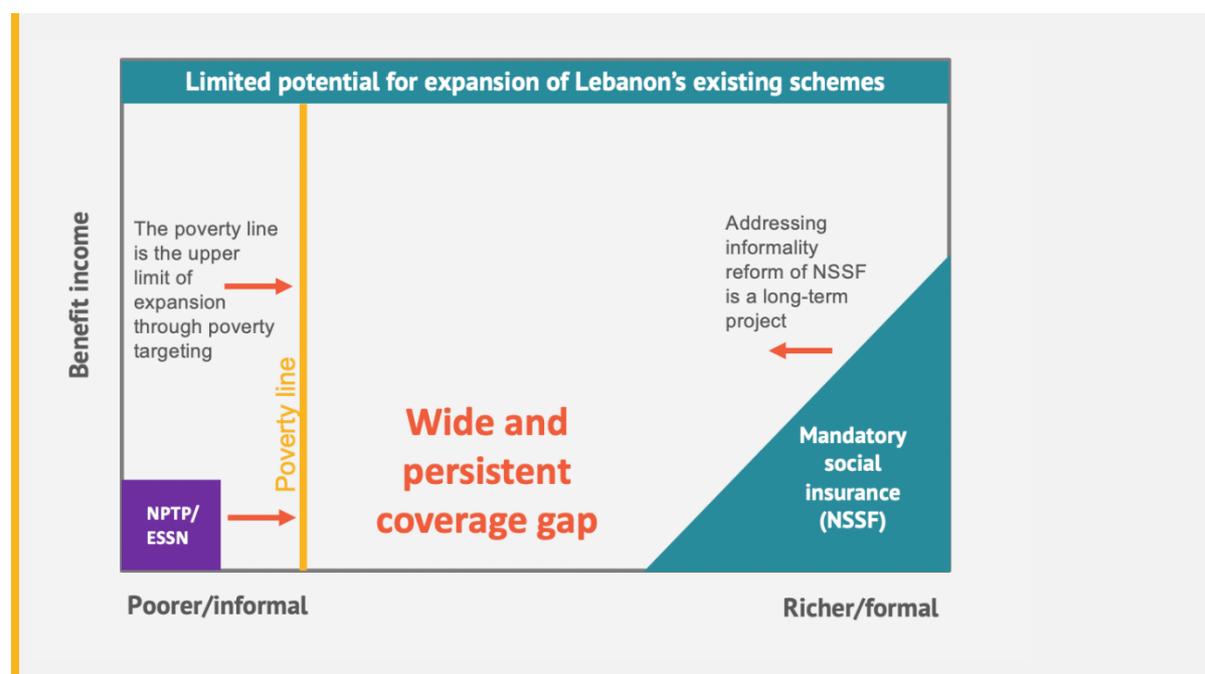
poverty annually - if not seasonally.⁵⁹ The parameters are also revised over long periods (often every five or ten years⁶⁰) and therefore fail to capture changing circumstances defining poverty. These programmes are also designed to relieve chronic poverty, without preventing it from happening in the first place. Core lifecycle benefits, on the other hand, are more adequate as they correspond to the severity of challenges, and therefore more successful in preventing poverty.

Another challenge is the identification of eligible individuals or households in countries like Lebanon where most of the population lives under equally poor circumstances. Estimations for 2020 suggest that nearly 74 per cent of the Lebanese are vulnerable.⁶¹ An expansion of the NPTP to include this bulk is impossible.

Another myth illustrated by Figure 3-3 is that mandatory social insurance could be gradually expanded by enrolling larger bulks of the population. However, this scenario is less likely to succeed when the bulk is informally employed and there are no accurate income data to determine the equivalent level of benefits. Expansion of social security through formalization is a rather long-term process that requires extensive economic and institutional reforms.

Finally, the design of poverty-targeting programmes such as the NPTP and the ESSN relies on proxy-means tests (PMT) to identify beneficiaries when income data are unavailable. The PMT method suffers from built-in design errors that produce substantial exclusion margins, limiting the success of the programme. Limitations of PMT measures are summarized in Box 3-1.

Figure 3-3: The myth of “progressive universalism” in Lebanon



Source: Development Pathways’ depiction.

⁵⁹ Freeland (2018).

⁶⁰ Knox-Vydmanov (2014).

⁶¹ ILO and UNICEF (2021a).

Box 3-1: Limitations of Proxy Means Tests

Proxy means tests (PMT) are a popular statistical tool used in many low- and middle-income countries to identify “the poor” by predicting the level of welfare in a household. They rely on national household survey datasets, including variables related to demographics, human capital, type of housing, durable goods, and productive assets.⁶² Households are assigned “poverty” scores depending on these parameters or “proxies”.

Numerous evaluations of PMTs around the world have found that they result in huge exclusion error margins. Large exclusion errors are often “built-in” the design of the program and further increase with implementation. For example, out of 16 programmes around the world using PMT to target the poorest 25 per cent of the population or less, 12 have exclusion errors above 50 per cent. In Guatemala and Ghana, targeting programmes using PMT excluded nearly 95 per cent of their intended recipients.⁶³

Another major issue with PMT is that these ignore intra-household poverty when assigning scores to identify the beneficiary households (if social assistance is provided at the household level). Within the same household, individuals unable to generate income are likely to be particularly vulnerable, such as people with disabilities, women, and the elderly.⁶⁴ In households identified as ineligible, vulnerable individuals are excluded from social assistance.

PMT formulas are reviewed infrequently, and therefore leave individuals and households experiencing income volatility without immediate assistance between revisions. In the case of Lebanon, the last revision of the PMT was in 2018. Moreover, to develop the PMT formula used in the 2018 NPTP revision, data from the 2011-2012 Household Budget Survey were used. Considering the socio-economic implications of the refugee crisis since 2011, the consequences of the pandemic, the Beirut Port explosion, and the ongoing economic crisis, the PMT formula and scores are far from reflecting the status of the registered households. The efforts to scale-up the NPTP and to update the national registry through the ESSN could yield better coverage but will be always undermined by exclusion errors. The Lebanese government would be wasting time and resources by augmenting the social security system through poverty targeting measures, without first investing in laying a foundation of universal core entitlements.

3.2 Access to social security in Lebanon⁶⁵

As explained above, access to social security in Lebanon is fragmented and unequal. According to ILO’s estimations,⁶⁶ 53.5 per cent of the population are affiliated to mandatory public social insurance (mostly the NSSF), 6.5 per cent are registered with private insurance, and 40.5 per cent are not affiliated to any contributory scheme. The figures for the actual recipients of cash transfers are significantly lower, as affiliation to contributory schemes does not necessarily mean that beneficiaries are receiving any cash benefits. Findings from ILO (2021a) suggest that only 33.1 per cent of the Lebanese are receiving cash transfers from contributory schemes and 6.9 per cent are receiving tax-financed cash transfers. This leaves out 62.6 per cent of the Lebanese population without any form of cash benefit.

Asymmetries in affiliation and benefits exist across income deciles and are in favour of higher income groups. Figure 3-4 depicts share of individuals with access to different types of transfers by income decile. Due to the absence of several core cash benefits from the NSSF (such as maternity/paternity, disability, unemployment benefits) and the limited scale of tax-financed schemes, less than 40 per cent of the Lebanese are actual recipients of any cash benefits. The share of beneficiaries is significantly lower for lower income deciles. For example, only 15 per cent of the

⁶² Kidd et al. (2017b).

⁶³ Kidd and Athias (2020).

⁶⁴ DFAT (2015).

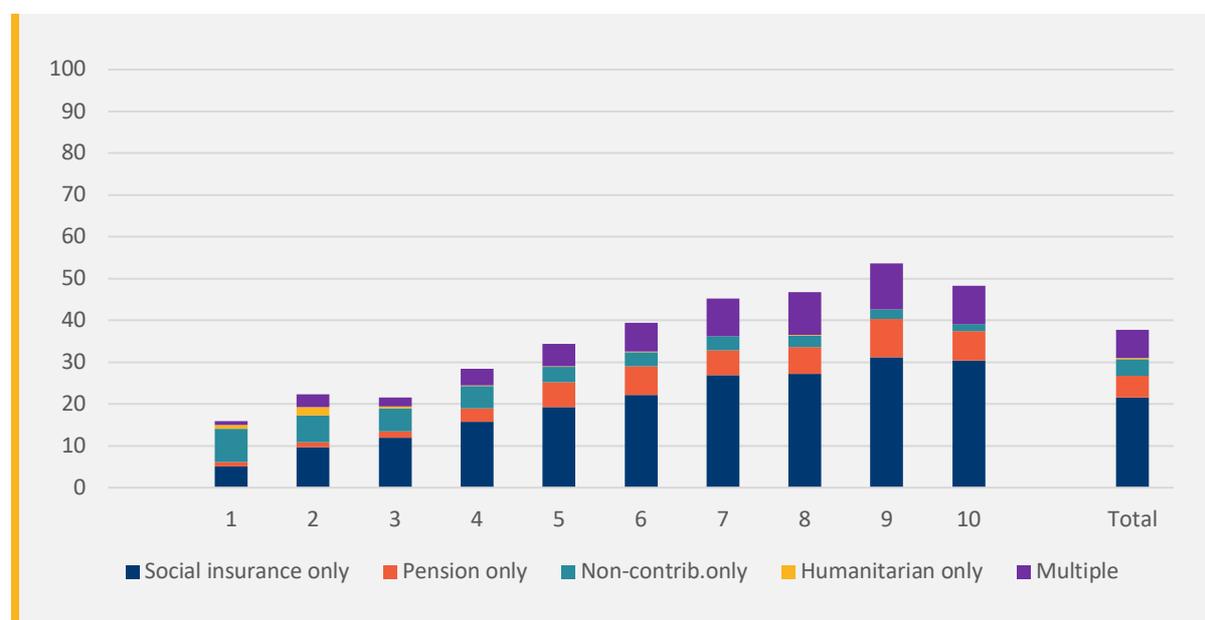
⁶⁵ The analysis in this section extends and adopts the conceptual definitions developed by ILO (2021a) and offers a complementary perspective of the gaps in Lebanon’s social security income transfer system.

⁶⁶ ILO (2021a).

individuals in the lowest income decile receive cash transfers. Since individuals in lowest income decile are more likely unemployed or informally/seasonally employed, only 5 per cent receive cash benefits from social insurance. At the same time, only 8 per cent of the individuals in the lowest income decile receive tax-financed benefits under the NPTP. Access to cash benefits is also very low in the second- and third income deciles, with about only 20 per cent of individuals receiving any cash transfer at all. Significant coverage gaps across lower income deciles suggest that poverty-targeting measures fail to reach the intended recipients. These failures can be attributed to exclusion errors built into the PMT methodology itself, as discussed above, as well as other constraints related to the budget, administration and implementation of the programme. Undoubtedly, the roll-out of the ESSN will extend coverage to a larger proportion of individuals in the lowest income quintile. However, the design and selection process is very likely to continue to produce large exclusion errors and suffer from typical limitations of poverty targeting measures. The adequacy of the benefits is also questionable, as these are designed to replace the old food voucher system without necessarily catering for any additional individual needs related to childhood, disability, old age or other lifecycle or labour market contingency.

Access to cash benefits from social insurance (NSSF) and retirement pensions increases with income but remains relatively modest in coverage. The proportion of individuals receiving cash benefits from social insurance is around 31 per cent at its highest (for the 9th income decile). Moreover, in the absence of regular old age benefits from the NSSF, pensions depicted in this figure could be pensions provided by civil servants and military funds, or cash benefits from affiliation to private insurance. The percentage of individuals receiving cash benefits from multiple programmes also increases with income. Evidently, this is because higher income groups are covered by mandatory insurance and can afford voluntary private insurance, too.

Figure 3-4: Percentage of the Lebanese population receiving transfers- by type of transfer and income decile

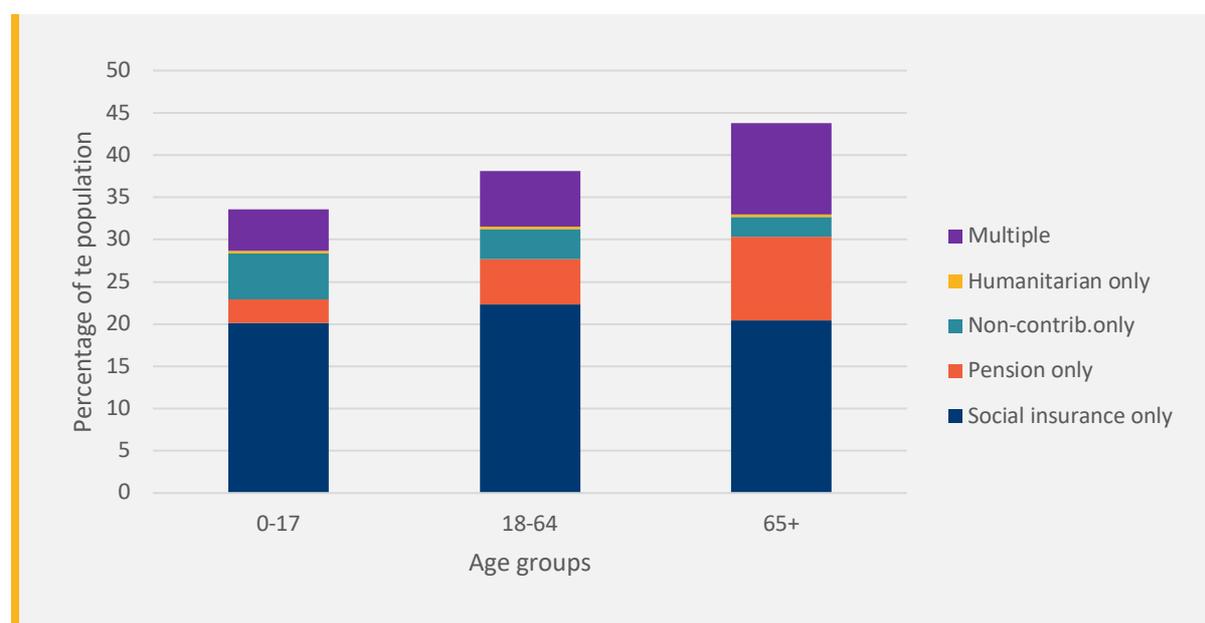


Source: Authors' calculations using data from the LFHLCs 2018 based on ILO (2021a). Lebanese citizens only.

Figure 3-5 depicts the share of Lebanese population receiving social transfers by age group. Overall, around 20 per cent of the Lebanese live in households receiving income from social insurance. The share of Lebanese children living in households with access to transfers is the smallest compared to

people in the working age and older people. Only 28.7 per cent of Lebanese children live in households receiving income transfers, including 20 per cent receiving transfers from social insurance (NSSF) and 5.5 per cent with access to tax-financed transfers. Another 5.5 per cent lives in households with access to multiple types of transfers. For people in working age, 31.5 per cent live in households receiving transfers, including 5.4 per cent living in households with access to pensions, and 6.6 per cent with access to multiple benefits. However, because of the absence of pension plans from the benefits provided by the NSSF, only 9.9 per cent of the Lebanese older than 65 years live in households with a member receiving pensions.⁶⁷ The share of individuals living in households with access to non-contributory schemes and humanitarian assistance remains almost negligible for this category (2.4 per cent and 0.3 per cent respectively).

Figure 3-5: Percentage of population living in households receiving transfers by age group

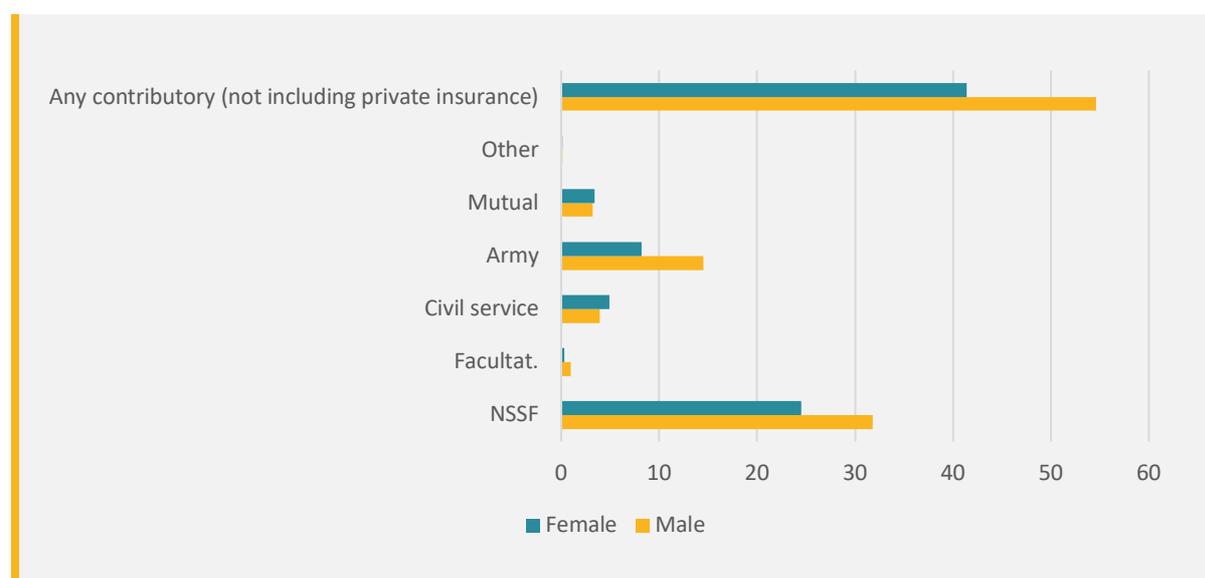


Source: Authors' calculations using data from the LFHLCs 2018 based on ILO (2021a). Lebanese citizens only.

Gender asymmetries arise from access to social insurance throughout the different available schemes, as shown in Figure 3-6. Overall, 54.6 per cent of Lebanese men are affiliated to contributory schemes (excluding private insurance) versus only 41.4 per cent of women. The share of women covered by social insurance benefits from civil service schemes and mutual funds is slightly higher than the share of men. This reflects the relatively higher representation of women in civil service sectors. Benefits from the NSSF, the largest insurance fund in Lebanon, cover 31.8 per cent of men and only 24.5 per cent of women in working age.

⁶⁷ In addition, the economic crisis and banking constraints have negatively impacted the NSSF and other funds, which face restrictions on their funds and still pay at the official exchange rate, where hospitals may refuse to accept insured patients due to lack of confidence in payment. See Scala (2022).

Figure 3-6: Affiliation to social insurance by scheme and sex



Source: Authors' calculations using data from the LFHLCs 2018 based on ILO (2021a). Lebanese citizens only. Affiliation means being a direct beneficiary or a covered dependent.

The current design of the NSSF benefit scheme reveals several gender asymmetries, as discussed in Box 3-2. These mainly arise from the Bismarckian design of the contributory system founded on a nuclear family model, where a breadwinner (typically male) is expected to provide income for the household during his working life and draw a pension in retirement. Under this structure, women mostly perform unpaid work in the household and have access to benefits through the affiliation and entitlements of their husbands (derived entitlement).⁶⁸ This design has been widely recognised to increase the vulnerability of women, especially in old age.

⁶⁸ For a detailed discussion of the Bismarckian model and pension reforms in Latin America, see Arza (2012).

Box 3-2: Gender asymmetries in the design of NSSF benefits, with implications for women and families across the lifecycle

The current design of mandatory insurance under NSSF reveals built-in gender imbalances. Being primarily designed for male breadwinners, women are mainly perceived as “mothers” in the current system. Under contributory schemes, such as the NSSF, direct female beneficiaries are entitled to maternity leave, while men are not entitled to paternity leave. The NSSF also entitles women to early retirement and an end-of-service indemnity within the first 12 months of her marriage, encouraging women towards an early exit from the labour market.

The system also places women as “dependants” of the male household head. For example, contributory schemes offer an allowance to wives of male beneficiaries who are outside of paid employment, while excluding husbands in the same situation from the same benefit (except if husband has a disability or is older than age 60 years). Similarly, child benefits are primarily included under the contributory scheme of the male household head. Only in cases where the husband is not entitled child benefits for his dependent minors, or if a woman is divorced or widowed, can a female beneficiary enrol her children under her own account.⁶⁹

The built-in gender bias of these benefits places women in situations of vulnerability and reinforces stigma associated with working women. Women are encouraged to exit the labour market as a “natural” transition towards their “new role”. They are more likely to lose their only source of income and any lifetime savings. As retirement entitlements depend on the previous salary and the number of active years, end-of service indemnities are likely to be very modest for women who quit the workforce at an early stage. Some women are even forced to give their end-of-service indemnity to their husbands or to spend it in the household.

The current design of the NSSF in Lebanon not only nurtures the long-standing inequalities between men and women, but also challenges the principle of equal rights for men and women as citizens or residents of the same country. SDGs relating to gender equality and women empowerment, particularly SDG targets 5.1, and 5.5 (ending gender-based discrimination, and ensuring women’s participation and equal opportunities in political, economic, and public life respectively) are undermined.

The next three sections are dedicated to an in-depth analysis of social security from a lifecycle perspective. Both contributory and tax-financed benefits are evaluated in terms of coverage and adequacy for children, people in the working age, and older people.

3.2.1 Social security for children

Unlike nearly all high-income countries and a growing number of low- and middle-income countries, the social security system in Lebanon does not offer universal child benefits. Child allowances are included only under social insurance schemes covering employees in the formal public and private sector, and the army. Targeted assistance under the NPTP and ESSN includes incomes transfers for households with children but are not paid for children specifically as individual entitlements. A modest share of children from low-income households are provided institutional care in the form of accommodation, feeding and education through charitable (mostly faith-based) organisations supported by the MoSA. In short, a national child allowance is absent.

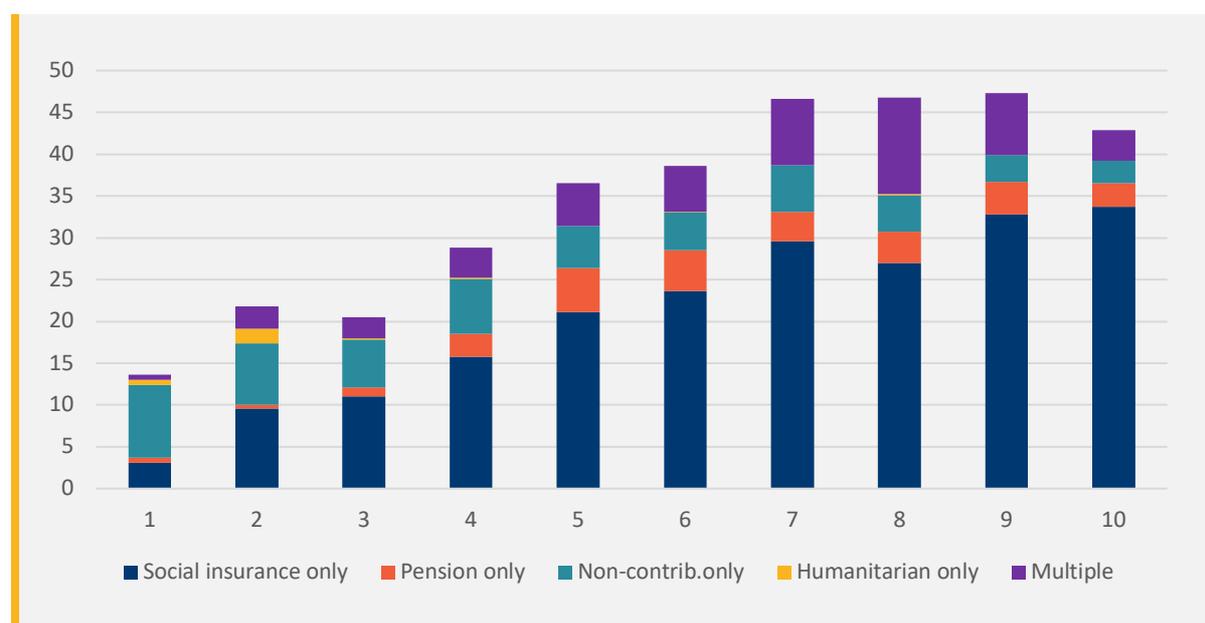
A bulk of Lebanese children (including children living in extremely poor conditions) are neither covered by social insurance nor by social assistance and are denied their individual right to child benefits that ensure access to their basic needs. As per LFHLCs 2018 data, nearly 40 per cent of Lebanese children live on extremely low incomes. Compared with other age groups, Lebanese children are between 25 per cent and 33 per cent more likely to live in a household with low income.⁷⁰

⁶⁹ Brochure of the NSSF benefits, <https://www.cnss.gov.lb/index.php/publicrelations/dalilmadmoun>, in Arabic.

⁷⁰ ILO and UNICEF (2021a).

As depicted in Figure 3-7, there are evident gaps in coverage of children in lower income groups. For example, more than 80 per cent of children living in households from the lowest income quintile do not benefit – even indirectly – from any income transfers. In the lowest income decile, only 3.1 per cent of children live in households receiving social insurance benefits, and 8.7 per cent live in households receiving tax-financed (non-contributory) transfers. The gap in coverage is substantial given that at least 40 per cent of Lebanese children are concentrated in the lowest income quintile.⁷¹ Gaps in coverage decrease as access to social insurance increases along higher income deciles. Moreover, the share of children living in households receiving multiple benefits increases with income. Overall, gaps in coverage remain significant across all income deciles. The highest coverage rate in 40 per cent for children living in households in the 9th decile.

Figure 3-7: Percentage of children living in households receiving transfers, by income decile



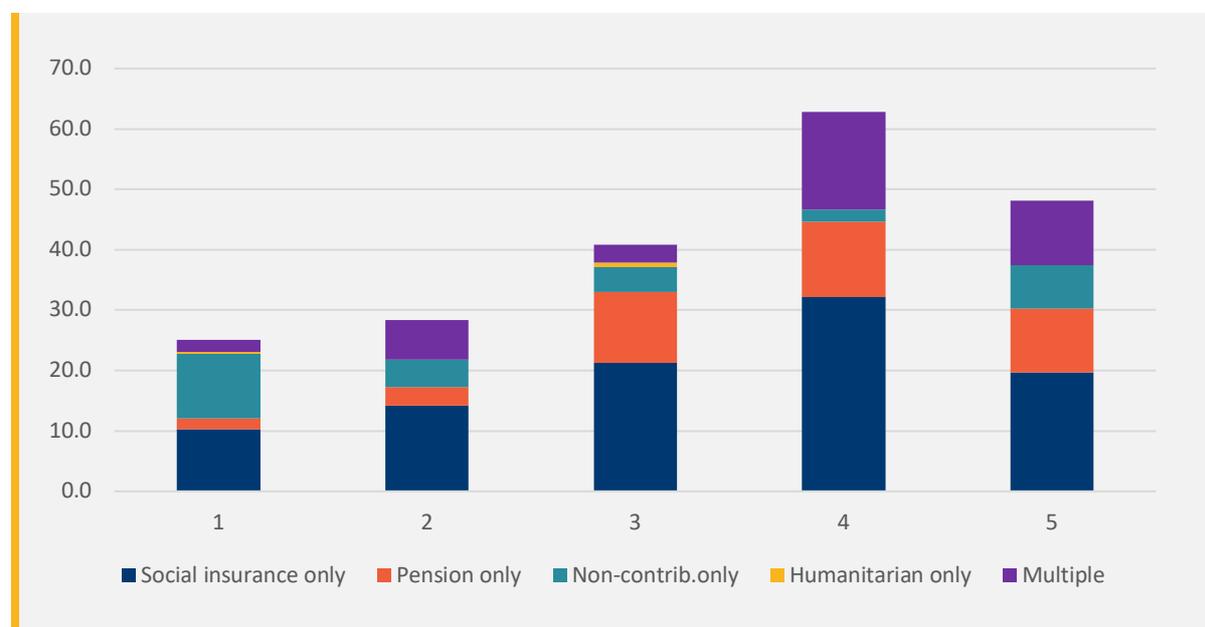
Source: Authors' calculations using data from the LFHCLS 2018 based on ILO (2021a). Lebanese citizens only.

The Lebanese social security system does not provide a national disability allowance. Only dependent children of employees affiliated to the NSSF are offered disability allowances equivalent to child allowances without an age limit. Figure 3-8 depicts the indirect access of children with disabilities to different social security transfers across income quintiles. Overall, access of children with disabilities to social security benefits is modest in the lowest income levels and increases along income to reflect coverage of formal sector employees by contributory social security schemes. However, a substantial coverage gap persists across all income levels. Access of children with disabilities to any form of social security transfer is lowest in the first income quintile. Overall, only 23.2 per cent live in households are receiving income transfers, including 10.3 per cent are receiving transfers from social insurance and only 10.7 per cent are receiving non-contributory income transfers. Coverage increases along income to up to 46.6 per cent in the 4th quintile, including 32.1 per cent covered by social insurance, and 16.2 per cent living in households receiving multiple transfers. Coverage of children with disabilities by social security transfers drops in the highest income quintile to 37.5 per cent, including 19.7 per cent living in households covered by social insurance and a surprising 7.2 per cent receiving non-contributory transfers. It is worth noting that

⁷¹ Based on LFHCLS 2018.

these figures indicate if the child lives in a household where a member receives income transfer. This does not mean – however- that these transfers are intended to target children with disabilities or that these transfers are adequate to cover additional costs from disability.

Figure 3-8: Percentage of children with disabilities receiving transfers by income quintile



Source: Authors' calculations using data from the LFHLCs 2018 based on ILO (2021a). Lebanese citizens only.

3.2.2 Social security for people in working age

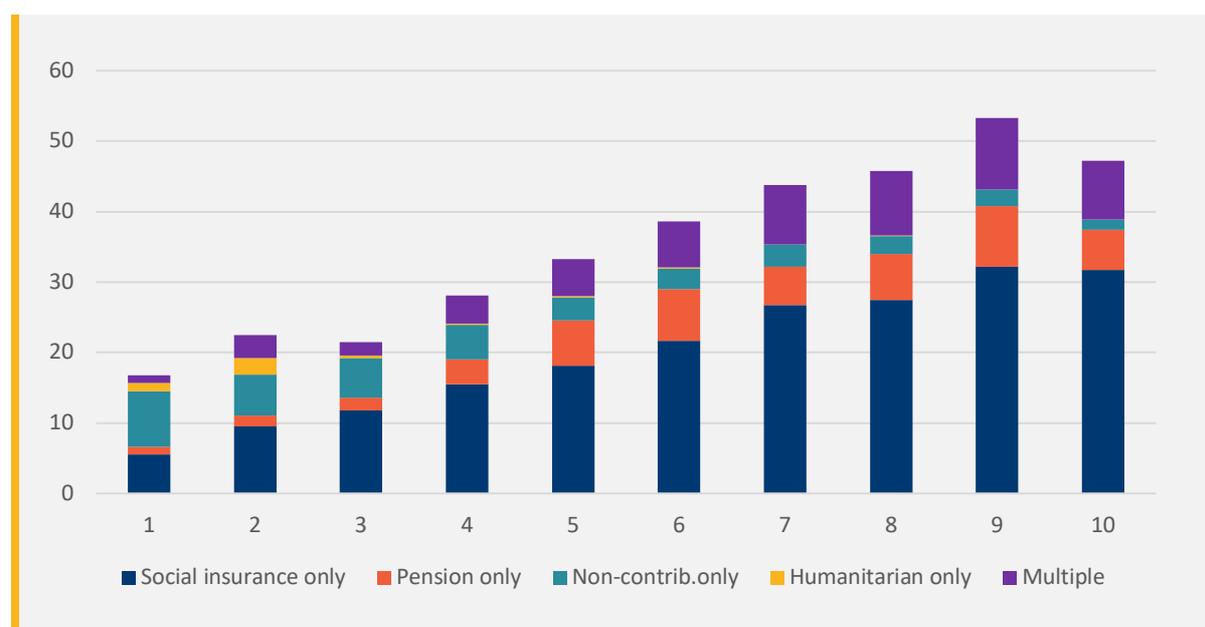
For people in the working age, social security coverage is modest and does not include benefits covering all contingencies. At the national level, universal unemployment, sickness, and maternity benefits are absent. Contributory social insurance under NSSF also excludes these benefits. This is a major drawback in the scheme's design. For working women, the absence of maternity cash benefits means a loss of their income during their first childcare months. This puts women at a high risk of vulnerability and adds to long-standing gender imbalances in the labour market. The same applies to sickness, where beneficiaries are not entitled any cash benefits to sustain their regular household expenses. Moreover, the NSSF does not provide employment injury benefits, although these are officially incorporated into the description of the insurance scheme, and leaves these to the employer's liability. Similarly, no unemployment benefits are disbursed, which puts job seekers at risk of extreme poverty in the absence of any source of basic income.

Another major drawback is the exclusion of self-employed and informal workers from social insurance under the NSSF. Although secondary voluntary fund was established to covers these categories, it remains underfunded and offers reduced benefits.

Figure 3-9 depicts the share of people in the working age living in households receiving income transfers by income decile and type of transfer. The exclusionary design of the NSSF in terms of eligibility and types of benefits is reflected in the modest share of people from the lowest income groups receiving benefits from social insurance (5.5 and 9.5 per cent in the first- and second income deciles respectively). Income transfers from social insurance increase to a maximum of 32.2 per cent in the 9th decile. This modest coverage even in higher income groups can be explained by the absence of many core cash benefits from the contributory schemes in the first place.

Income transfers from non-contributory schemes are present along all income deciles, covering 7.9 per cent and 5.8 per cent of the first and second deciles respectively. Around 5 per cent of people in the 3rd and 4th deciles also receive non-contributory transfers, before this share decreases for higher income deciles. The presence of non-contributory transfers in higher income deciles could reflect either inclusion errors in the design and application of poverty-targeting programmes, or the receipt of transfers from non-state actors based on political and religious affiliations.

Figure 3-9: Percentage of people in the working age receiving transfers by income decile



Source: Authors' calculations using data from the LFHLCs 2018 based on ILO (2021a). Lebanese citizens only.

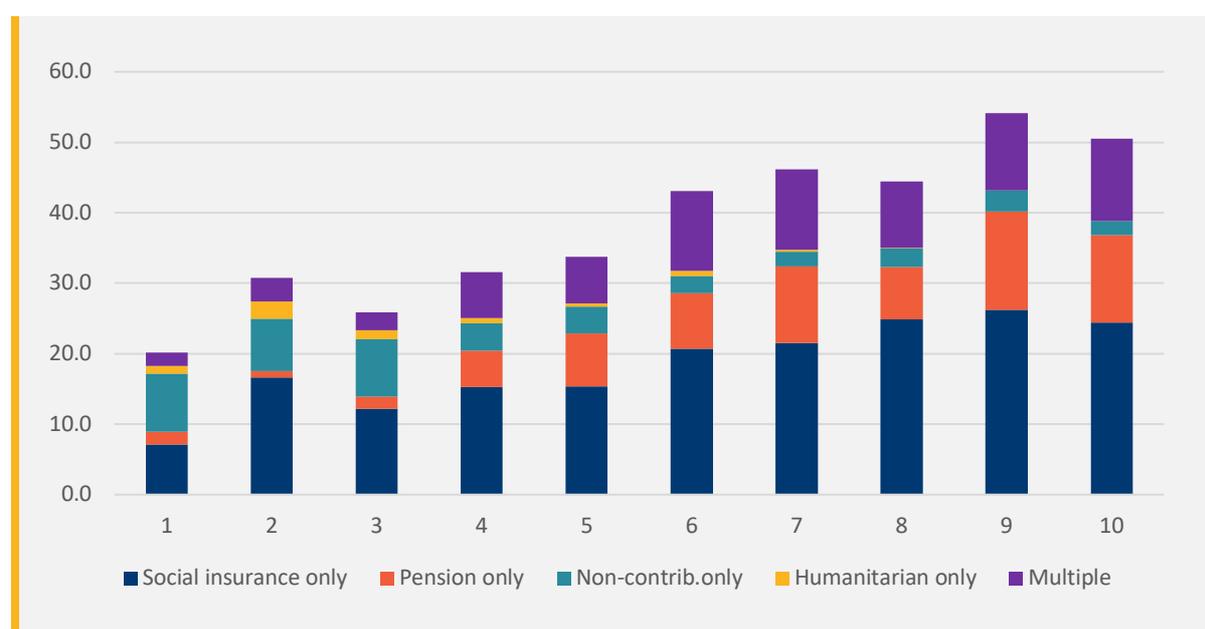
The social security system in Lebanon does not include a national disability allowance. Tax-financed disability benefits are limited to in-kind support and access to services, such as education, therapy, equipment, and some tax exemptions. Although the legal framework of disability assistance is considered progressive and focuses on the concept of rights rather than charity, it does not provide disability cash transfers. Indeed, persons with disabilities require more than subsidized access to equipment and services because they experience difficulties to secure income in the first place. Estimates from Lebanon show that households with disabled members are spending an additional 16.5 per cent to reach the same standard of living as households without disabled members, and those in the lowest income quintile must spend an additional 31.8 per cent of their average income to achieve the same economic standard of living as their peers.⁷² Figures from the LFHLCs 2018 show that more than 48 per cent of households with at least one disabled member are surviving on extremely low income. Other losses of potential income stem from the obligation of other household members to exit the labour market to support a disabled family member. These costs and lost income opportunities must be accounted for and compensated by regular, adequate disability income transfers. In the case of children with disabilities, a top-up may also be necessary to ensure equal opportunities and to cover extra costs related to childhood, access to education, learning difficulties, etc. Under social insurance provided by the NSSF, people at working age may only receive an end-of-service indemnity in the case of disabilities preventing them from being part of the labour force. Moreover, adult dependants with disabilities may continue to receive the equivalent of

⁷² ILO and UNICEF (2021a).

a child allowance. In that sense, NSSF offers some minimal “disability benefit” as the main beneficiary is affiliated with social insurance.

Figure 3-10 shows that only 7.1 per cent of people with disabilities in the lowest decile live in households receiving income from social insurance, and only 8.3 per cent receive non-contributory transfers. Additionally, 1.8 per cent live in households receiving some form of old-age pension, and 1.1 per cent live in households receiving humanitarian assistance. None of these transfers were initially designed to target disability. In the case of social assistance, for example, income transfer from the NPTP is initially designed to cover basic nutritional needs of eligible households and does not include a disability component.

Figure 3-10: Percentage of people with disabilities receiving social transfers by income decile



Source: Authors' calculations using data from the LFHCLS 2018 based on ILO (2021a). Lebanese citizens only.

3.2.3 Social security for older people

Both contributory (NSSF) and tax-financed social security do not include old age pensions. This means that nearly everyone in Lebanon, whether affiliated to NSSF or working in the informal sector, is denied access to regular income after retirement.⁷³ The situation is worse for women, especially those who quit the labour force and have limited or no resources to support themselves.

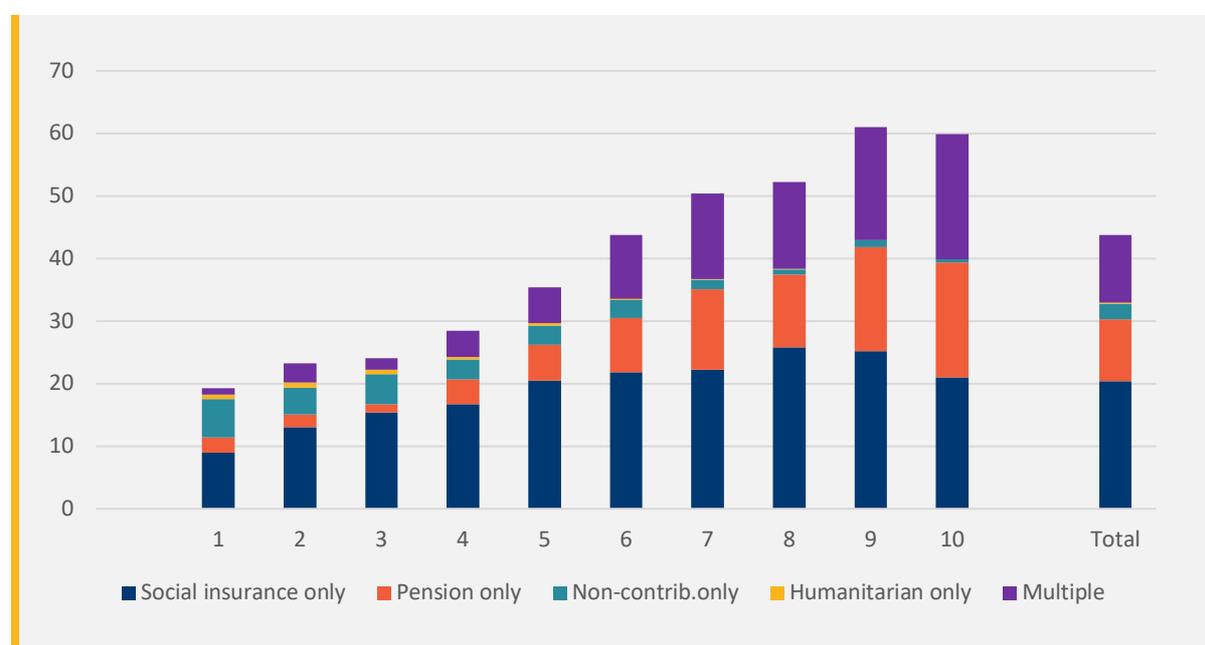
At retirement, the NSSF does not offer pension plans, and old age benefits are limited to an end-of-service-indemnity. People in the retirement age are also automatically excluded from health insurance unless they register for the NSSF voluntary schemes after retirement. At the same time, private insurance does not accept candidates above the age of 70 and the government does not provide any type of income transfer at retirement. The current design therefore excludes one of the most fragile segments of the population at a time where they are in utmost need for regular income and health care. Despite their contribution to the economy during their active years, people are left without basic health and income protection during a critical phase of their life. Moreover, the value of the NSSF end-of-service indemnity would at best cover a limited period, if not swept by inflation.

⁷³ Public-sector schemes do offer monthly pensions, but these cover a small minority of older people.

In the absence of adequate and regular income from pensions, retired persons are often obliged to seek an informal job after retirement to be able to sustain themselves and their families, which puts them at a higher risk of health complications and injuries leading to disabilities. ILO (2021a)'s estimations suggest that, in the absence of universal old age pensions, at least 28 per cent of the elderly are living on extremely low incomes in 2020.

As depicted in Figure 3-11, only 9.9 per cent of Lebanese old age people receive some type of pension. In the absence of regular pensions from the NSSF, income from pensions illustrated in this figure is likely from private insurance schemes and from social insurance covering civil servants and army members. Access to pensions and other social security income transfers is asymmetric across income deciles. In the two lowest income deciles, a little over 2 per cent of old age people live in households receiving some form of pensions. This share increases with income to reach a maximum of 18.4 per cent in the highest income decile.

Figure 3-11: Percentage of older people receiving transfers by income decile



Source: Authors' calculations using data from the LFHCLS 2018. Lebanese citizens only.

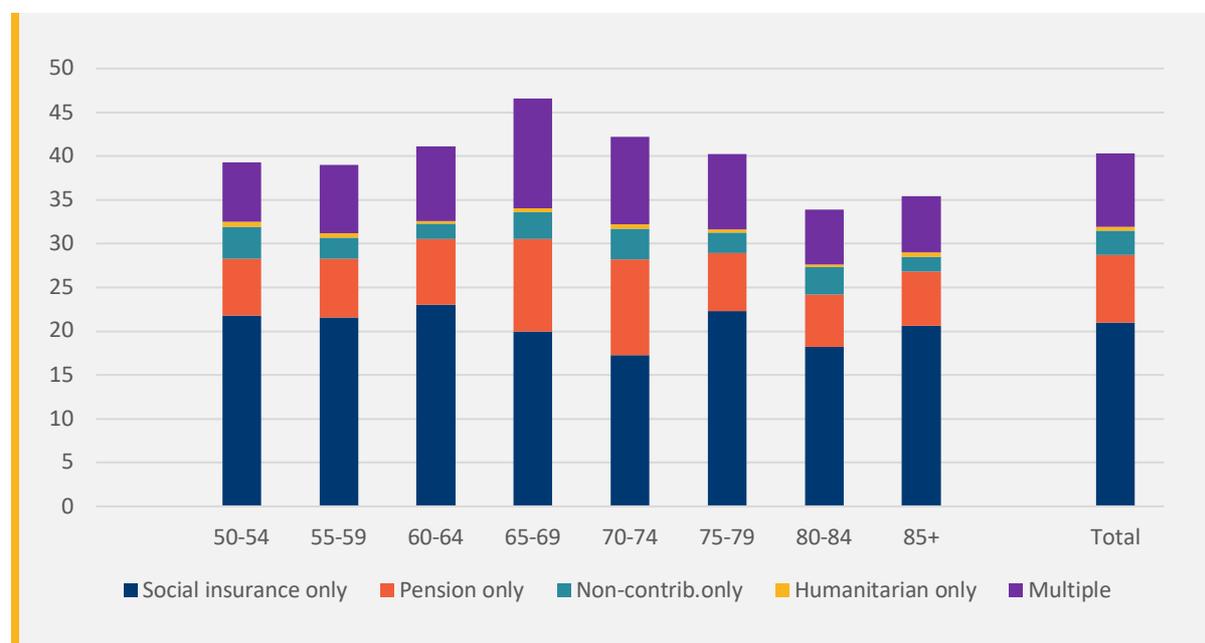
Access to pensions by older women is particularly low. Figure 3-12 suggests that only 7.7 per cent of women older than 50 live in households receiving some form of pension (including these women being direct beneficiaries). This share drops to a little over 6 per cent for women aged 75 years and above. The absence of universal pensions increases the vulnerability of women in old age. This is because in Lebanon, as in many developing countries, the labour market reveals structural gender imbalances putting women at a higher risk of poverty: Women have less access to formal sector employment than men, quit the labour force earlier, and earn generally less.⁷⁴ These imbalances limit women's lifetime savings, if any. Women are more likely than men to be caregivers and are often on work breaks or leave the workforce to care for their children and/or for their elderly family members. Despite the substantial size of the unpaid care economy, it remains generally unrewarded by most pension systems in developed and developing countries.⁷⁵ Women

⁷⁴ For a detailed discussion of gender-biased pension systems in developing countries, see Kidd (2009).

⁷⁵ Brimblecombe and McClanahan (2019).

are also more likely to live longer than men and are therefore at a higher risk of living alone and in poverty in old age, especially in the absence of regular tax-financed and contributory pensions as in the case of Lebanon.

Figure 3-12: percentage of older women receiving transfers by 5-year age group



Source: Authors' calculations using data from the LFHCLS 2018 based on ILO (2021a). Lebanese citizens only.

3.3 Non-State actors: Civil Society Organisations and international donors

Lebanon has a “welfare mix” where it is difficult to detangle public and private provision of social protection.⁷⁶ The prominent role of non-state actors, which arose from complex historical processes,⁷⁷ and is not only limited to the provision of their own financial aid and social services but extends to support the funding and distribution of government programmes. Non-state actors in Lebanon vary between international organisations and donor agencies, local charities, faith-based/political-based organizations, and CSOs. Non-state actors are involved in a wide scope of activities ranging from charity and short-term poverty relief to programmes with long-term development objectives. Due to the accumulation of political, social and economic crises, the government is unable to deliver short-term shock responsive solutions or to address vulnerabilities in the longer term. With limited public resources and in the absence of the necessary infrastructure,

⁷⁶ Bastagli et al. (2019).

⁷⁷ For example, the Civil War contributed to the institutionalization of the role of non-state actors in the social domain. The prominent role of non-state actors in providing social protection in Lebanon is not only a consequence of sectarianism and its reflection on the country's policy choices, but also a consequence of recurring internal and regional conflicts affecting the country's ability to carry out sustainable measures. For more detailed consideration, see Jawad (2009) or Abi Yaghi (2014).

civil society becomes obliged to fill in the gaps left by the state and often to assume its role in responding to basic needs.⁷⁸

Assistance provided by local charities take the form of cash and in-kind aids that increase in certain seasons, for example during the month of Ramadan (as *Zakat*). Similar organisations exist for other religious affiliations, such as the Armenian Red Cross, and some organisations are reported to provide aid to serve their political interests. Some NGOs often cooperate with the government to deliver one time-off payments or to distribute in-kind transfers. Non-state interventions providing social protection to the most vulnerable are sometimes subsidized by the state. Some non-state actors are also completely funded by the state but undergo no financial supervision and enjoy wide-scope mandates in this field. These include Majlis al Janoub (the Council of the South) established in 1970, the Refugee Fund (1991) and the Council for Reconstruction and Development (1977).⁷⁹

International donor organisations also play a major role in social protection by funding or providing technical assistance to existing government programmes or by launching new initiatives. In view of introducing a national child grant, for example, the UNICEF launched the “Haddi” program in June 2021. The program provides a child benefit in the form of a monthly allowance and necessary services for households with children, ranging from USD 40 to USD 80. It was planned to cover 100000 Lebanese, Syrian, and Palestinian children by the end of 2021. Later, the program should be embedded in Lebanon’s social protection strategy and should be expanded at the national level.⁸⁰ In a promising turn, the Ministry of Social Affairs is due to launch a new national disability allowance, developed in collaboration with the ILO and UNICEF with financial support from the EU, which will provide income support for people with disabilities living in Lebanon. The programme aims at reaching 20,000 Lebanese and non-Lebanese individuals in 2022. This initiative constitutes the government’s first attempt to embed the lifecycle approach into the national social security system in Lebanon.⁸¹

International donor organizations also often launch small-scale and one-time off initiatives in specific seasons or in times of crisis. For example, UN agencies provide one-time-off payments to vulnerable children under the umbrella of Regional Winterization Plans and support NPTP registered families with short-term cash transfers. International organisations also provided humanitarian assistance to the populations affected by the Beirut Port explosions.

Finally, international donors offer a multitude of humanitarian assistance programmes to Syrian and Palestinian refugees. While it decreased for Palestinian refugees,⁸² since the beginning of the refugee crisis, international humanitarian funding has increased substantially from USD 44 million in 2011 to USD 1.3 billion in 2016 and USD 1.9 billion in 2017.⁸³ However, it is unlikely that high levels of humanitarian assistance will be sustained in the long term as they largely depend on the availability and allocation of funds. In general, humanitarian assistance is a short-term shock response intervention that cannot substitute universal systems providing basic income security across the lifecycle of individuals. Most importantly, and in contrast to the concept of rights-based social security, humanitarian aid is not a citizenship right and cannot be claimed on a regular basis.

⁷⁸ UNICEF and ILO (2020).

⁷⁹ Lebanon Support (2019).

⁸⁰ UNICEF (2021).

⁸¹ Delegation of the European Union to Lebanon (2021).

⁸² LHIF (2021).

⁸³ Bastagli et al. (2019).

4 Towards and inclusive, lifecycle social security system in Lebanon

The unprecedented series of crises in Lebanon since 2019 unearthed the pre-existing fragilities and emphasized the urgent need for substantial reform towards the establishment of a universal and comprehensive social security system. In the aftermath of the Beirut explosion, the government, with assistance from international organisations, were forced to take actions to recover from the accumulated crises and to carry out several social protection reforms.

In October 2021, the government removed foreign exchange subsidies of imported essential goods. This decision justified by their huge cost (nearly 287 USD million per month), the depletion of foreign reserves, and the regressive energy items using up half of these subsidies.⁸⁴ Instead of subsidies, the government's plan is to introduce affluence-tested cash transfers under the newly approved cash-card/ ration-card law⁸⁵. Later, these transfers are to be phased out and replaced by a targeted safety net programme relying on the NPTP and ESN infrastructure is to cover the poorest 30 per cent of the population. Discussions concerning the development of a National Social Protection Strategy that adopts a rights-based approach to social security were also reported.⁸⁶ As part of this strategy, the "Haddi" child grant programme and the imminent disability allowance initiative are intended to pave the way for more inclusive social security by introducing these two tax-financed entitlements at the national level.

Recognizing the importance of right-based, universal social security as the only effective way to help the Lebanese overcome the recent shocks, to build a resilient economy, and to realise social justice, this paper proposes different reform scenarios enabling a shift from the fragmented system towards a more inclusive one. The next sections present these reform scenarios that adopt the approach described in the Brief note on context and methodology. The last section discusses potential fiscal reforms and may be necessary to sustain the investment in inclusive social security.

4.1 Scenarios for inclusive social security

There is an array of possibilities to establish an inclusive social security system in Lebanon. Most importantly, there must be a shift from the bifurcated system providing fragmented contributory benefits and small-scale social assistance towards a more inclusive system providing a set of universal tax-financed entitlements, in addition to more comprehensive and adequate contributory benefits. Instead of being at the centre of the Lebanese social protection strategy, small-scale poverty targeting programmes should be a last resort. Under a well-functioning social security system providing protection against core lifecycle contingencies, the need for these programmes should be reduced.

The international experience suggests that the best social security outcomes emanate from substantial investment in a range of policies covering lifecycle risks through the introduction of social protection floors. These are augmented by social insurance schemes that enable people to invest in their own protection.⁸⁷ In that sense, tax-financed schemes should provide basic income security to everyone, while contributory schemes should allow people to obtain higher benefits. Universal

⁸⁴ World Bank (2020).

⁸⁵ See Annex 1 for details of the programme.

⁸⁶ UNICEF and ILO (2020).

⁸⁷ Knox-Vydmanov (2014).

coverage can also be achieved through a mix of contributory and tax-financed schemes, where the provision of social security is benefits-tested: Individuals who are affiliated to mandatory insurance will receive benefits under their contributory schemes, while the general taxes will be used to provide core lifecycle benefits to everyone else. The optimal combination of both funding sources is largely dependent on labour market legislations, tax policy and the country's economic performance. Under both scenarios (universal and benefits-tested) universal coverage is indeed achieved yet funding sources are different. What matters most is to achieve universal coverage, to assign adequate transfers, and, above all, to place the concept of human and economic rights at the core of the system.

An inclusive social security system in Lebanon must begin with at least three core lifecycle benefits: child benefits, disability allowance, and old age pensions. These three core benefits are the first building blocks of a national social security system that can be later augmented by adding other universal benefits in line with the ILO's Recommendation 202 on Social Protection Floors, such as maternity or unemployment benefits. This paper reflects, endorses and gives flesh to an understanding of a "social protection floor" as comprising a set of rights-based, tax-financed guarantees – ideally integrated with a solidarity-based mandatory contributory system – that is increasingly accepted by governments and international actors around the world. As such, it builds on the lifecycle-based conceptual framework presented in ILO-UNICEF policy note and developed over recent years in a core body of work by Development Pathways and others.⁸⁸ Indeed, the new national disability allowance due to be launched by the Ministry of Social Affairs represents an important first step toward the development a more inclusive system in Lebanon.

Alternative scenarios for inclusive social security in Lebanon are summarized in Table 4-1. In all scenarios, all children aged 0-17 and all persons older than 65 years are eligible. Options for both universal and insurance-tested scenarios are explored. From a technical point of view, insurance-tested systems also allow for a smoother integration of tax-financed and contributory schemes: all that is required is to maintain data on who is registered in the social insurance system, and everyone else receives the tax-financed income transfer.⁸⁹ In this context, old-age pensions are particularly important. As the population ages, access to regular income is necessary. Universal pensions are essential for Lebanese women in old age who are more likely to live longer than men and without any other sources of income. Although these pensions would be mostly tax-financed, they may also count as "contributory pensions" for older women as a reward for their unpaid work in earlier years.

Because of the volatile economic and financial situation affecting Lebanon, transfer values put forward in this paper are expressed as a percentage of GDP per capita. For children, benefits represent the equivalent of 5 per cent of GDP per capita, plus a top-up of 15 per cent for children with disabilities to cover for the specific costs discussed previously. Children with disabilities receive higher transfer values than for adults or older people with disabilities to account for specific costs related to access to education and other childhood-specific challenges, as well as to compensate for income losses incurred by family members that care for the child. For older persons, social pensions are fixed at 12 per cent of GDP per capita, in addition to 3 per cent for older persons with disabilities. For adults, disability benefits are equivalent to 15 per cent of GDP per capita.

⁸⁸ See, for example, Kidd et al. (2016); Kidd (2017); Kidd, et al (2017a); UNESCAP and Development Pathways (2018); or UNICEF (2020).

⁸⁹ UNDESA and ILO (2021).

Table 4-1: Scenarios for inclusive social security in Lebanon

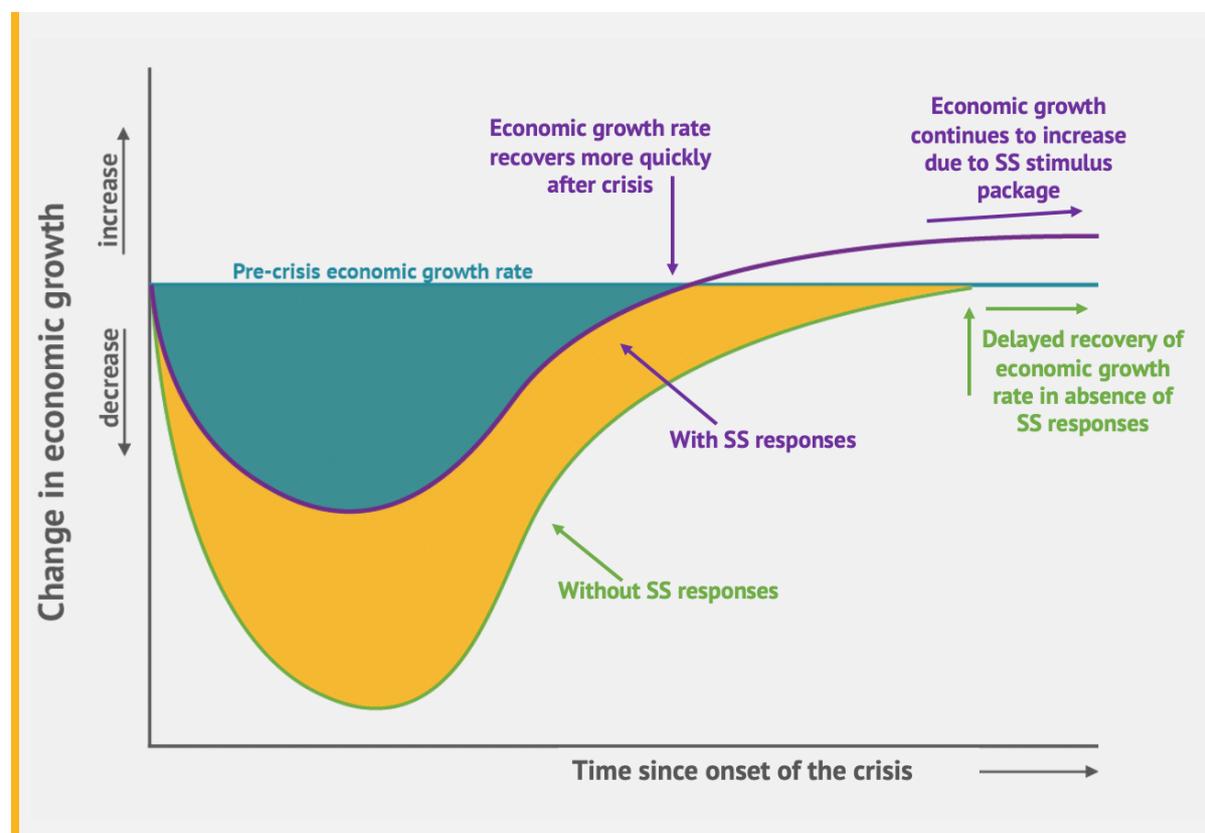
Benefit	Coverage	Age eligibility	Transfer values (per cent of GDP/capita)
Child benefit	Universal Insurance tested	Children 0-17	5 per cent (+ 15 per cent for children with disabilities)
Disability allowance	Universal Insurance tested	All people with disabilities	15 per cent
Old-age pension	Universal Insurance tested	Persons older than 65	12 per cent (+ 3 per cent for older persons with disabilities)

4.2 Potential impacts of inclusive social security

Against the backdrop of the unprecedented economic, political, and humanitarian crisis in Lebanon, the shift towards universal and inclusive social security is necessary to help mitigate the impact of the crisis on income and to help the economy recover faster. Figure 4-1 provides a simplified representation of the impact of social security reforms on economic growth and recovery. Economic growth typically responds to internal and/or external shocks by dropping below the pre-crisis growth rate. However, the negative impact is mitigated in the presence of a universal, inclusive social security system that allows for compensation of income losses and that guarantees basic income security for everyone during times of crisis. A universal system also allows to channel additional income transfers to specific population groups or people in specific geographical regions through the existing structure. As depicted in the figure, the decline in economic growth is smaller when governments inject cash into the economy in the form of income transfers. Income transfers covering core contingencies and shock-responsive transfers also allow for a faster economic recovery, by bringing the economy back to its pre-crisis growth levels sooner than in the case where such structures are absent. Over the longer term, these transfers could contribute to economic transformation by pushing economic growth beyond its pre-crisis levels. Findings from several developing countries suggest that inclusive social security systems act as a buffer to prevent people’s incomes from dropping further during times of crisis and guarantee a relatively smooth consumption during such times. Recent studies of South Asian countries suggest that universal lifecycle transfers could help mitigate the impact of the Covid-19 crisis and increase the income of people in bottom deciles faster than higher income groups.⁹⁰

⁹⁰ See for example UNICEF (2020).

Figure 4-1: Diagrammatic representation of how an expansion of the social security system would support economic recovery from Lebanon’s unprecedented crises

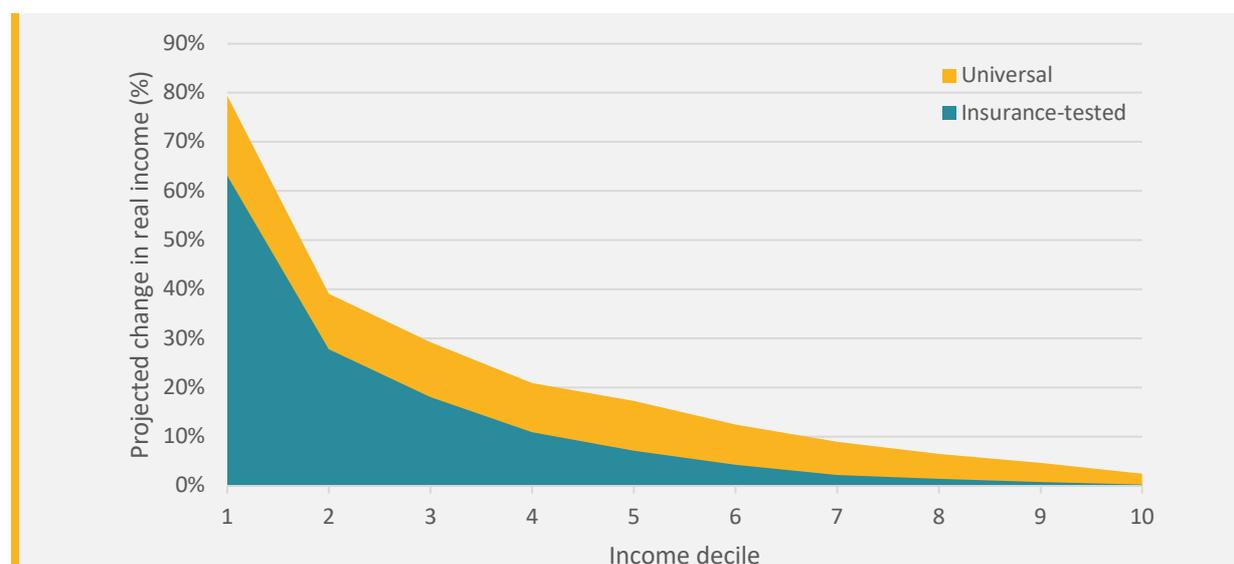


Source: Development Pathways depiction based on World Bank (2020).

Findings from the microsimulations of the proposed social security reform scenarios are depicted in Figure 4-2 and Figure 4-3. As shown in Figure 4-2, the introduction of child benefits, disability allowances, and old age pensions is estimated to increase real income across all income deciles, with bottom deciles witnessing a higher change in real income. The impact of universal lifecycle transfers is undoubtedly stronger across all income deciles. This is because universal tax-financed income transfers guarantee that everyone belonging to these three categories is covered.

The insurance-tested scenario is also “pro-poor” in a way, as the real income of the bottom deciles increases more than top deciles. However, the change in real income under this scenario is lower than estimated changes in real income under the universal scenario (for example, a 60 per cent increase in real income of the bottom decile under the insurance-tested scenario versus 80 per cent change under the universal scenario). This is because NSSF affiliates from the lowest income groups would be excluded from tax-financed core benefits. Under the current NSSF benefits design, insurance testing may not be the best option, given the absence of disability allowances and retirement pensions. The impact of the insurance-tested policy option may be similar to the universal scenario if the NSSF undergoes reforms to enhance the comprehensiveness and adequacy of benefits. In this case, however, NSSF transfers must be higher than those financed by the general taxes, so as not to discourage individuals from enrolling in mandatory insurance.

Figure 4-2: Impact of inclusive lifecycle transfers on real income, by income decile

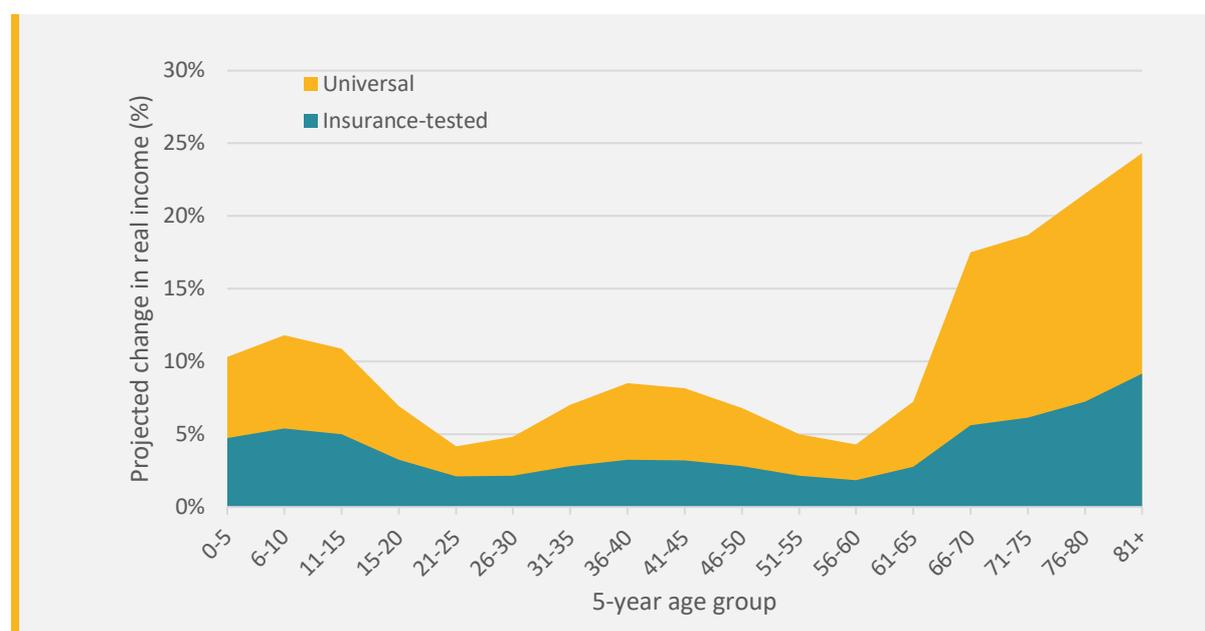


Source: Authors' elaboration using ILO microsimulation model based on LFHCLS 2018.

The estimated impact of inclusive, lifecycle social security scenarios on changes in real income by 5-year age group is illustrated in Figure 4-3. Insurance-tested benefits increase real income across all age groups. However, the impact is less powerful than universal benefits. This is due to the absence of disability and old age benefits from the current NSSF scheme. For older people, the impact of universal transfers is more pronounced than insurance-tested transfers, where the projected increase in real income is 17 per cent to 24 per cent for people older than 65 years, compared to 6 per cent to 9 per cent in the case of insurance-tested transfers. The provision of universal pensions can correct for fundamental gender imbalances that characterize the Lebanese labour market. Although old age pensions are tax-financed, they can be perceived as contributory pensions rewarding women in old age for their unpaid work during their earlier years.

For children aged 0-17 and for people in the working age, the impact of the universal scenario on changes in real income is twice as high as the impact of the insurance-tested scenario. This is because not only the direct beneficiaries are positively affected by the receipt of transfers, but the also the entire household. Higher coverage achieved by the universal scenario would guarantee that the bulk of households whose breadwinners work in the informal sector are entitled child benefits and disability allowances. In all cases, social security reforms in Lebanon must be accompanied by reforms in the contributory schemes to include more comprehensive and adequate benefits and to encourage affiliation.

Figure 4-3: Impact of inclusive lifecycle transfers on real income, by age group



Source: Authors' elaboration using ILO microsimulation model based on LFHCLS 2018.

4.3 Investment required for inclusive social security

The choice of each coverage scenario has implications on the size of public resources necessary to finance it. Table 4-2 depicts the total investments required for each scenario, including the total cost of each parameter in Lebanese Pounds, USD and as a percentage of GDP. These figures were estimated using the ISSPF MENA costing tool.⁹¹

The universal social security scenario has an estimated total cost of 2.88 per cent of GDP, divided between child benefits and old age benefits (1.49 per cent and 1.02 per cent respectively). Child and adult disability benefits fixed at 15 per cent of per capita GDP have a total cost of 0.28 percent, while the old age disability top up accounts for only 0.01 per cent of GDP. The insurance tested scenario costs 1.07 per cent of the country's GDP. The insurance tested scenario may be efficient in cost, but not in coverage, as it excludes older people with NSSF affiliation from tax-financed pensions. Since pensions are currently absent from the NSSF scheme, the insurance tested scenario is expected to create a coverage gap including nearly 70 per cent of older persons that are not receiving any regular income. Under the insurance tested scenario, child benefits are reduced to 0.46 per cent of GDP. This scenario is less likely to produce coverage gaps for children since child benefits are already provided by the NSSF. However, disability income transfers are not provided by the NSSF. The choice of an insurance tested scenario will exclude people with disabilities of all ages (including children) from categorical tax-financed entitlements. Therefore, designing insurance-tested benefits must be accompanied by reforms in the NSSF scheme to enhance its comprehensiveness of benefits.

⁹¹ <https://www.isspf-mena.com/costing-tool>

Table 4-2: Potential level of investment required for inclusive tax-financed social security in Lebanon, 2022

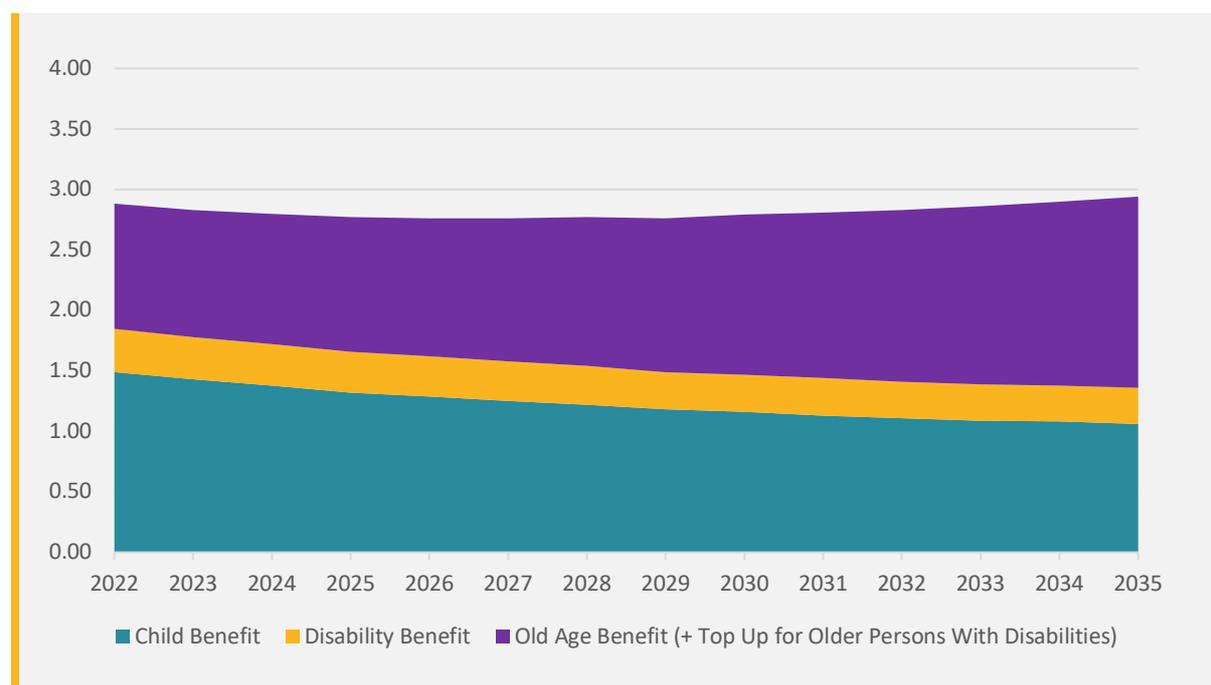
Type of Scheme	Child benefit (0-17)	Disability benefit (0-64)	Old-age pension (65+) (plus top up for older persons with disabilities)	Total cost (3 benefits)
Universal	1.49% GDP (USD 450 million)	0.36% GDP (USD 110 million)	1.02% GDP (USD 310 million)	2.88% GDP (USD 870 million)
Insurance tested	0.46% GDP (USD 140 million)	0.16% GDP (USD 50 million)	0.31% GDP (USD 90 million)	0.93% GDP (USD 280 million)

Source: ISSPF online costing tool: <https://www.isspf-mena.com/costing-tool>

Figure 4-4 illustrates the projected range of costs of universal entitlements from 2022 to 2035. In 2022, the initial investment required for a package of core lifecycle transfers would be around 2.9 per cent of GDP and, under normal assumptions, would remain relatively stable until 2035. However, Lebanon is an aging population. Therefore, the share of old age benefits in the total costs increases over time. The total cost of old age benefits (including for older persons with disabilities) is expected to increase from around 1 per cent in 2022 to 1.6 per cent of GDP by 2035. At the same time, the level of investment required to finance universal child benefits in Lebanon would be expected to decrease from 1.49 per cent to 1.06 per cent of GDP during the same period. Under unchanged assumptions regarding the disability prevalence rate, the cost-to-GDP ratio of disability benefits remains largely unchanged.

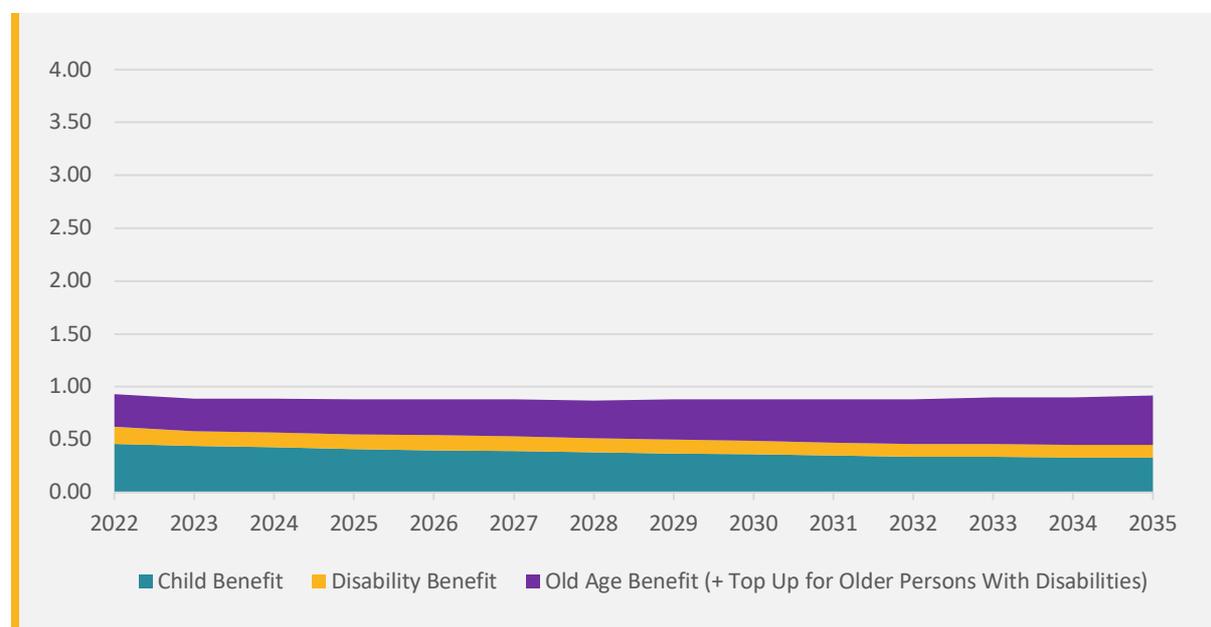
The same conclusions on the change in the size and cost of the different benefits can be drawn from the projections of the total costs of insurance-tested social security illustrated in Figure 4-5. The total cost of this system remains around 1.1 per cent of GDP, while the internal distribution of costs changes to reflect the aging population.

Figure 4-4: Costs of universal social security in Lebanon (per cent of GDP), 2022-2035



Source: ISSPF online costing tool: <https://www.isspf-mena.com/costing-tool>

Figure 4-5: Costs of insurance-tested social security in Lebanon (per cent of GDP), 2022-2035



Source: ISSPF online costing tool: <https://www.isspf-mena.com/costing-tool>

4.4 Creating fiscal space for inclusive social security in Lebanon

Because the right to social security is not recognized in the Lebanese constitution, public expenditure on social security is relatively low by regional and international standards. Between 2016 and 2020, Lebanon spent nearly 6 per cent of its GDP and 22 per cent of its budget on social

protection. This share is almost entirely allocated to social insurance schemes of the public sector and military forces, especially after the increase in pensions and end-of service indemnities resulting from public sector salary scale reforms introduced in 2017.⁹² Social protection expenditure (excluding health) in Lebanon is lower than the world average (10.8 per cent), lower than upper middle income countries' average spending (8 per cent) and lower than other MENA countries like Egypt (9.5 per cent), Jordan (9 per cent) or Tunisia (7.5 per cent).⁹³ Excluding food and energy subsidies, social safety net (tax-financed) spending accounts for less than 1 per cent of GDP. This is low by international standards (2 per cent) and lower than the average of MENA countries (1.7 per cent).⁹⁴ Within this modest share, only 0.17 per cent of GDP is allocated to tax-financed income transfers.⁹⁵ Hence, social security spending in Lebanon is not only comparatively low (regionally and internationally), but also remains far from being inclusive.

Tight fiscal space and poor economic performance are two main arguments used by policymakers to justify the absence of inclusive social security systems in developing countries and the continuous investment in poverty-targeting social assistance. International financial institutions also advocate for poverty-targeting programmes for cost efficiency and better redistribution outcomes.

Following this rationale, the Lebanese government intends to expand the NPTP to cover 30 per cent of the population by rolling-out the ESSN and other income transfers to respond to the ongoing crisis. However, this policy choice is unlikely to yield the expected outcome for several reasons. First of all, the advocacy for poverty-targeting due to the presence on fiscal constraints relies on simplistic assumptions of fiscal space exogeneity to the social policy choice and ignores the fact that social security and increased public revenues are two endogenous variables of a rather dynamic process. In the short term, there is a fiscal constraint given limited public resources. However, in the longer term, fiscal space tends to be rather dynamic. In Lebanon, investment in universal and inclusive social security is one of the policy choices that can successfully rebuild citizens' trust in their governments and foster tax compliance as taxpayers will receive cash entitlements and higher-quality public services. This is likely to create a "virtuous cycle" of higher public revenues and, consequently, better universal benefits.⁹⁶

Second, the gradual expansion of poverty-targeting programmes in Lebanon is unlikely to be successful. From a technical point of view, these programmes are designed to target the "poorest or the poor" and cannot be expanded beyond the poverty line even if coverage is to be expanded to reach 30 per cent of the population. In addition to built-in errors in design that produce substantial exclusion margins, errors in implementation and monitoring of the NPTP and the ESSN are likely to increase the overall cost of these programmes and undermine their outcome. For example, it has been reported that the "Daem" platform launched by the Lebanese government in 2021 to accept applications for the ESSN and the cash-card programme is difficult to use to complete the application process.⁹⁷ High implementation costs, limited outreach and reduced outcome are counter-intuitive to the rationale behind poverty targeting in the first place. The focus on such programmes and the significant efforts deployed in their implementation is likely to waste resources that could be more efficiently invested in the implementation of universal policies, which are simpler to administer and more cost-efficient.⁹⁸

⁹² Institut des Finances Basil Fuleihan (2021).

⁹³ World Social Protection Database (2021).

⁹⁴ Bastagli et al. (2019).

⁹⁵ ILO and UNICEF (2021a).

⁹⁶ Kidd et al. (2020).

⁹⁷ CeSSRA (2022b).

⁹⁸ See, for example, McClanahan, et al. (2021).

In countries like Lebanon where a major share of the population lives under comparably poor circumstances and are prone to internal and external political and economic shocks, the logic behind the absence of universal social security and the persistent focus on targeted social assistance is questionable. Estimations from the LFHLCs 2018 suggest that over 74 per cent of the Lebanese people lived on vulnerable incomes in 2020⁹⁹ and can easily move into poverty without being necessarily caught by the poverty targeting programmes in place. In this case, tensions could easily spark between households receiving targeted social assistance and similar households who were excluded by their scores. Especially in the Lebanese context where ethnical and confessional diversities contributed to sparking a civil war in the past, universal social security is indispensable for internal stability. In fragile states, inclusive social security is key to strengthen the social contract between the government and the people and achieve political stability. The international experience shows that a core strategy to overcome fragility and build strong nation-states is to establish universal public services, including social security.¹⁰⁰

Another justification used by international financial institutions to advocate for poverty-targeting is to achieve objectives of social justice and redistribution. However, there is growing evidence that universal systems yield higher levels of equality than those where social transfers are limited to small-scale social assistance. This is because universal systems are usually part of an integral policy scheme founded on the concept of social justice (for example, including progressive taxes and strong labour market institutions).

Finally, policy choices that focus on targeting “the poor” undermine the design and outcome of transfers. The poor being politically underrepresented, “benefits meant exclusively for the poor often end up being poor benefits”.¹⁰¹ If, however, transfers are given on a universal basis, the more “powerful” are able to hold government to account and act on behalf of the weaker and less represented members of the society to demand higher transfer values and higher quality of benefits even if, in practice, they are acting in their own self-interest.¹⁰²

⁹⁹ ILO (2021a).

¹⁰⁰ Kidd et al. (2020).

¹⁰¹ Sen (1995).

¹⁰² Abi Yaghi (2014).

5 Conclusion

The objective of this paper is to provide an in-depth assessment of the social security system in Lebanon, to highlight gaps in coverage, adequacy, and comprehensiveness, and to offer policy options for the establishment of an inclusive, rights-based, lifecycle social security model. In doing so, it contributes to calls from a growing chorus of actors for more inclusive systems, while providing civil society and the broad public with a more focused understanding of alternatives that can inform a more robust public discourse around Lebanon's future social security system.

Lebanon has a mix of fragmented social security programmes with limited coverage, adequacy, and protection against lifecycle contingencies. As in many other MENA countries, social security in Lebanon is not rights-based and is not incorporated under a unified institutional framework.

Today, at least 74 per cent of the Lebanese population are surviving on vulnerable incomes. Poverty and vulnerability are concentrated in children, people with disabilities, older people, in addition to informal labour and the unemployed. The absence of tax-financed core lifecycle social transfers and the exclusionary nature of contributory social security create together a huge coverage gap: nearly 63 per cent of the population do not receive any social transfers.

The sequential crises hitting Lebanon over the last three years revealed long-standing political, social, and economic fragilities and highlighted the urgent need to carry out significant reforms, including the establishment of a comprehensive, rights-based social security system that guarantees basic income to everyone. Without investing in more comprehensive frameworks, the country is less likely to recover in the short-term or to sustain growth in the long-term.

Echoing the recommendation of ILO and UNICEF (2021a), social security reforms in Lebanon must begin with at least three core benefits: child, disability, and old age benefits. For the system to be universal, benefits can either be entirely financed by the general taxes or can be provided through a mix of contributory and tax-financed schemes. The main goal is to leave no one behind. The choice between universal and benefit-tested transfers depends on several factors, such as the comprehensiveness and adequacy of contributory schemes, the size of the informal economy, and the availability of resources to fund social transfers.

Drawing on the framework proposed by the ILO-UNICEF policy note, the microsimulations done in this paper using the LFHLCs 2018 suggest that a universal social security model has an estimated annual cost of 3.15 per cent of Lebanon's GDP. In the absence of core lifecycle benefits from the current contributory scheme (especially pensions), the choice of insurance-tested social security will exclude a large proportion of older people and people with disabilities from the receipt of any benefits and is likely to have reduced effects on real income. The estimated changes in real income are twice as high under universal social security assumptions than under the insurance-tested scenario. Regardless of the choice of policy reform, it is vital that contributory schemes (particularly the NSSF) be revised to enhance comprehensiveness and adequacy of benefits.

Regardless of the chosen reform scenario, the concept of rights must be at the heart of any social security model to be adopted by the Lebanese government. Everyone, regardless of their religious affiliation, their administrative status, their age, gender, health, or disability status, should be entitled to basic income security. With historic social and political tensions, inclusive social security could play a considerable role in strengthening social cohesion and in shaping a new, strong social contract between the government and the people. Establishing a universal and inclusive social security system is therefore not an option for Lebanon; it is a must. Without it, the country is less

Conclusion

likely to witness political stability and the economy is less likely to recover in the short-term or to grow steadily in the long-term.

Bibliography

- Abi Yaghi, M.N. (2014). *تقرير الراصد العربي، لبنان والحماية الاجتماعية ما بين الإحسان والسياسة*. دعم لبنان.
- Anderson, C. and Pop, A. (2022) Shifting the paradigm: building inclusive, lifecycle social security systems in the MENA region: In-depth study of the Social Security System in Jordan. ISSPF Shifting the Paradigm Working Paper No. 03. https://www.developmentpathways.co.uk/wp-content/uploads/2022/03/Jordan_in-depth-study_150322-compressed.pdf.
- Arza, C. (2012). Pension Reforms and Gender Equality in Latin America. UNRISD Research Paper 2012-2.
- Barrantes, A. (2020). Why are human rights considerations fundamental to inclusive and lifecycle social protection systems? *Pathways' Perspectives on Social Policy in International Development*, (30).
- Bastagli, F., Holmes, R., & Jawad, R. (2019). Social protection in Lebanon: a review of social assistance. 10.13140/RG.2.2.36564.01920.
- Ben Braham, M., McClanahan, S., Decamps, C. and Nastasi, S. (2022). Shifting the paradigm: building an inclusive, lifecycle social security system in Tunisia. ISSPF Shifting the Paradigm Working Paper No. 06. https://www.developmentpathways.co.uk/wp-content/uploads/2022/07/Tunisia-Shifting-the-paradigm_v4.pdf.
- Bou-Karroum, L., Nassour, S., Nasreddine, R., Abou Samra, C., El-Jardali, F. (2021). K2P Evidence Brief: Informing the design and implementation of the newly approved Cash Transfer Program by the Parliament of Lebanon, Knowledge to Policy (K2P) Center, Beirut, Lebanon.
- Brimblecombe, S. and McClanahan, S. (2019). Improving gender outcomes in social security retirement systems. *Social Policy Administration*, 53 (3), 327-342. DOI: 10.1111/spol.12476.
- CAS, ILO & EU (2020): Labour Force and Household Living Conditions Survey 2018-2019, Lebanon, Beirut. <http://www.cas.gov.lb/images/Publications/Labour%20Force%20and%20Household%20Living%20Conditions%20Survey%202018-2019.pdf>.
- Catusse, M., & Alagha, J. (2008). Les services sociaux du Hezbollah. Effort de guerre, ethos religieux et ressources politiques. Hezbollah. Etat des lieux, Actes Sud, Sindbad.
- CeSSRA. (2022a). "Can ration cards save Lebanon's poor without universal social security?" Infographic by the Centre for Social Science Research and Action (CeSSRA). <https://civilsociety-centre.org/content/can-ration-cards-save-lebanon's-poor-without-universal-social-security-0>.
- CeSSRA (2022b). "Timeline: Social Protection in Lebanon – September, 1946 to December, 2021." <https://civilsociety-centre.org/cap/timeline-social-protection-in-lebanon#event-women-can-extend-their-nssf-benefits-to-family-members-law-decree-no-2-1987>.

Bibliography

- Cogneau, D., Grimm, M., & Robilliard, A. S. (2003). Evaluating poverty reduction policies: the contribution of micro-simulation techniques: The contribution of micro-simulation techniques. In *New international poverty reduction strategies*, 362-392. Routledge.
- DFAT (2014). Social exclusion and access to social protection schemes. Department of Foreign Affairs and Trade. Australian Government.
- Delegation of the European Union to Lebanon (2021). UNICEF and ILO in partnership with the European Union launch a new national disability allowance to provide cash support to people with disabilities living in Lebanon. https://www.eeas.europa.eu/delegations/lebanon/unicef-and-ilo-partnership-european-union-launch-new-national-disability_en.
- ESCWA (2021): الحوار الاقتصادي والاجتماعي لبنان. الأزمة الاجتماعية في لبنان، قضية الحماية الاجتماعية: خلاصات أولية ومقترحات للمعالجة
- Freeland, N. (2018). Poverty-targeting: the Social Protection Flaw? *Pathways' Perspectives on Social Policy in International Development*, (26).
- Fund for Peace (2021). Fragile State Index. <https://fragilestatesindex.org/country-data/>.
- ILO (2021a). Vulnerability and Social Protection Gaps Assessment – Lebanon. A microdata analysis based on the Labor Force and Household Living Conditions Survey 2018/19. https://www.ilo.org/beirut/publications/WCMS_820467/lang-en/index.htm.
- ILO (2021b). Social Assistance Response to the Covid-19 Shock in Lebanon: the National Social Solidarity Program. https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_814400.pdf.
- ILO & UNICEF (2021a). Towards a Social Protection Floor for Lebanon, Policy options and costs for core life-cycle social transfers, Policy Note. Beirut.
- ILO & UNICEF (2021b). Delivering on the urgent need for a national social assistance system: Putting in place social grants. https://www.unicef.org/lebanon/media/6361/file/BRIEF_Building_the_social_assistance_system.pdf.pdf.
- Institut des Finances Basil Fuleihan (2021). Social Protection Spending in Lebanon. A deep dive into state financing of social protection. <http://institutdesfinances.gov.lb/publication/social-protection-spending-in-lebanon-a-dive-into-the-state-financing-of-social-protection/>.
- ISSA (latest year). Lebanon country profile. International Social Security Association. Geneva.
- Jawad, R. (2009). Social welfare and religion in the Middle East: A Lebanese perspective. Cambridge University Press. DOI: 10.2307/j.ctt9qgnrx.
- Kidd, S., Nycander, G., Tran, A., & Cretney, M. (2020). The social contract and the role of universal social security in building trust in government. DOI: 10.13140/RG.2.2.27757.10728.

Bibliography

- Kidd, S., & Athias, D. (2019). Hit and Miss: An assessment of targeting effectiveness in social protection. DOI: 10.13140/RG.2.2.16951.16809.
- Kidd, S. (2017) Citizenship or Charity: the two paradigms of social protection. 25. London, UK. Available at: <https://www.developmentpathways.co.uk/wp-content/uploads/2017/11/Citizenship-or-Charity-PP25-1-1.pdf>.
- Kidd, S., Freeland, N. and Khondker, B. (2017a). 'International Best Practice in Social Protection: Implications for Bangladesh', in S. Alam (ed.) Exploring the Evidence – Background Research Papers for Preparing the National Social Security Strategy of Bangladesh. Dhaka: Planning Commission, Government of the People's Republic of Bangladesh, pp. 253–316. Available at: <https://www.developmentpathways.co.uk/wp-content/uploads/2019/12/NSSS-Background-Papers-for-Website-2.pdf>.
- Kidd, S., Gelders, B. & Bailey-Athias, D. (2017b). Exclusion by design: An assessment of the effectiveness of the proxy means test poverty targeting mechanism. International Labour Office, Social Protection Department (SOCPRO), ILO.
- Kidd, S. et al. (2016). Social Assistance in Vietnam: Review and proposals for reform. Hanoi: UNDP and Ministry of Labour, Invalids and Social Affairs. Available at: <https://www.developmentpathways.co.uk/wp-content/uploads/2018/06/3.Social-Assistance-in-VN-A-review-and-proposal-for-reform-EN-1.pdf>.
- Kidd, S. (2009). Equal Pensions, Equal Rights: Achieving universal pension coverage for older women and men in developing countries. *Gender & Development* 17:3, 377-388, DOI: 10.1080/13552070903298337.
- Kukrety, N. (2016). Poverty, Inequality, and Social Protection in Lebanon. Issam Fares Institute of the American University Beirut & Oxfam International.
- Lebanon Humanitarian INGO Forum (LHIF). (2021). "Slipping through the Cracks. The Limitations of Response in Palestinian Communities in Lebanon." <https://reliefweb.int/sites/reliefweb.int/files/resources/FINAL-Slipping%20Through%20The%20Cracks-LHIF%20Briefing%20Paper-June%202021.pdf>.
- Lebanon Support (2019). Understanding the social protection needs of civil society workers in Lebanon. Towards strengthening social rights and security for all. Beirut.
- Loewe, M, Trautner, B and Zintl, T. (2019). The Social Contract: An Analytical Tool for Countries in the Middle East and North Africa (MENA) and Beyond. German Development Institute.
- Loewe, M. and Zintl, T. (2021). State Fragility, Social Contracts and the Role of Social Protection: Perspectives from the Middle East and North Africa (MENA) Region. *Social Sciences* 10: 447.
- McClanahan, S., Chirchir, R., Kidd, Stephen, Barrantes, A., Kidd, Sarina, Hillson, D., (2021). Global Research on Governance and Social Protection - Global overview. UNDESA and ILO.
- McClanahan, S., & Barrantes, A. (2021). Workers' rights and human rights: Resolving historical tensions through a multi-tiered social security agenda. *International Journal of Labour Research*, 10(1-2), 13-26.

Bibliography

- Mkandawire, T. (2005). Targeting and Universalism in Poverty Reduction. Social Policy and Development Paper Number 23. United Nations Research Institute for Social Development.
- Mohamud, I. (2021). Brief Compendium on the right to social security in the constitutions of countries in the MENA region. Development Pathways.
- Oxfam (2015). Lebanon: looking ahead in times of crisis. Taking stock of the present to urgently build sustainable options for the future. Oxfam discussion papers.
- Scala, M. (2022). An Intersectional Perspective on Social (In)Security: Making the case for universal social protection in Lebanon. CeSSRA, Beirut. <https://civilsociety-centre.org/sites/default/files/resources/cessra-intersectionalperspectivesocialinsecurity-jan2022-en-online.pdf>.
- Sibun, D. (2022). Inclusive Social Security and the Social Contract: Overcoming instability and building trust in the MENA region. ISSPF Shifting the Paradigm Working Paper Series, No. 5. https://www.developmentpathways.co.uk/wp-content/uploads/2022/07/ISSPF-social-contracts-paper_comp.pdf.
- UNESCAP and Development Pathways (2018) 'How to Finance Inclusive Social Protection', p. 19. <https://www.developmentpathways.co.uk/publications/how-to-finance-inclusive-social-protection/>.
- UNICEF (2021). Paving the way for a national child grant in Lebanon. The "Haddi" programme. <https://www.unicef.org/lebanon/reports/haddi-programme>.
- UNICEF (2020). Addressing the economic impacts of the Covid-19 crisis in South Asia through universal lifecycle transfers. Working Paper. Special Series: Responding to Covid-19 crisis in South Asia. <https://www.developmentpathways.co.uk/wp-content/uploads/2020/08/COVID-South-Asia-Paper-Aug-2020.pdf>.
- UNICEF, & ILO (2020). Social Protection in Lebanon: Bridging the immediate response with long-term priorities, Position Paper of the United Nations in Lebanon. Beirut.
- UNRISD (2006). Transformative Social Policy. Lessons from UNRISD Research. UNRISD Research and Policy Brief 5. Geneva.
- World Bank (2021a). Lebanon Economic Monitor. Lebanon sinking (To the top 3). <https://www.worldbank.org/en/country/lebanon/publication/lebanon-economic-monitor-spring-2021-lebanon-sinking-to-the-top-3>.
- World Bank (2021b). Lebanon Emergency Crisis and Covid-19 Response Social Safety Net Project (ESSN). (12 January 2021). <https://www.worldbank.org/en/country/lebanon/brief/lebanon-emergency-crisis-and-covid-19-response-social-safety-net-project-essn>.
- World Bank (2020). South Asia Economic Focus, Spring 2020: The Cursed Blessing of Public Banks. Washington D.C., World Bank.

Bibliography

World Bank (2020). Targeting Poor Households in Lebanon. (21 April 2021).

<https://www.worldbank.org/en/news/factsheet/2020/04/21/targeting-poor-households-in-lebanon>.

World Food Programme (2021). WFP Support to National Social Protection Systems. (June).

<https://docs.wfp.org/api/documents/WFP-0000130796/download/>.

World Social Protection Database (2021). [https://www.social-](https://www.social-protection.org/gimi/WSPDB.action?id=15)

[protection.org/gimi/WSPDB.action?id=15](https://www.social-protection.org/gimi/WSPDB.action?id=15).

Annex 1 Mapping of social security schemes in Lebanon

Contributory schemes

The National Social Security Fund (NSSF)

The NSSF was established by Decree No. 13955 in 1963 as the main institution providing mandatory social insurance in Lebanon. It provides private sector employees with family allowances, end-of-service indemnities and health coverage. The NSSF falls under the mandate of the MoL and the Council of Ministers. The NSSF offers contributory wage-based schemes (23.5 per cent of the wage), where the bulk is provided by the employer (21.5 per cent by the employer and 2 per cent by the employee). The NSSF covers the following benefits:

- Sickness and maternity: a medical and maternity insurance is provided upon need and reimburses 80 per cent of the cost of a doctor's treatment, 90 per cent of hospital bills, and 100 per cent of maternity care fees.
- Family and education allowance (support to the legal wife if she is not working (LBP 60000), parents over 60, and up to 5 children (including under 18, 18-25 if they are enrolled in education, children with disabilities (no age limit), unmarried unemployed daughters below 25 years of age (LBP 33000).
- End-of-service indemnity in the form of a lump sum at retirement, for people with at least 50 per cent loss of work capacity, women retiring within 12 months following their marriage, and survivors. At retirement, the end-of-service indemnity is calculated as the value of the last monthly salary multiplied by the number of years in service. There is a top-up of half a month for each year above 20 years of service.

The Cooperative of Civil Servants

Established in 1963, this fund offers more generous benefits for its members including the coverage of at least 90 per cent of medical costs, school allowances, marriage cash benefits, maternity cash benefits, survivor benefits, in addition to a lump sum end-of-service indemnity or a pension plan. This fund is overseen by the Prime Minister.

Cooperatives for the military and security forces

These funds offer different benefits and pension schemes including refund of medical expenses, school allowances, family allowances and an end-of-service indemnity or pension plans. They are overseen by the Ministry of Interior and Municipalities.

Tax-financed schemes

The National Poverty Targeting Programme (NPTP)

The NPTP offers a combination of social transfers and social services targeting "extremely poor" Lebanese households. The programme was first launched as a pilot project in 2008-09, before being scaled up nationally in 2011 with a USD 28 million budgetary allocation by the Council of Ministers

for the period 2012–14.¹⁰³ In 2014 and in response to the refugee crisis, the NPTP was refunded by the World Bank, UNHCR, WFP and the government, and re-launched as the Emergency NPTP (ENPTP). The Cabinet Decree of June 2009 officially establishing the programme puts it under the umbrella of the Council of Ministers and the MoSA. It is listed under the state budget but not institutionalized through a proper legislation yet. The programme is currently listed as a MoSA “emanating project”.¹⁰⁴

One of the main objectives of this programme is to build a national database of the most vulnerable households in Lebanon to roll-out the benefits, and to serve as a first step to reform the national social protection system. Currently, the NPTP uses a Proxy Means Test (PMT) to target the beneficiaries. The NPTP basket of benefits is introduced on the “Hayat card” and consists of the following:

- Subsidized hospital care through the waiver of 10 per cent to 15 per cent co-payments for hospitalization, and coverage of medication costs for chronic diseases.
- Fee-waivers for school registration and free books for students in primary and secondary public schools.
- Food baskets for eligible households: a separate e-card food voucher is loaded with a monthly allowance of USD 27¹⁰⁵ per person capped at 5 persons per household, to buy foodstuffs at around 500 registered shops countrywide. Recently, transfer values were topped up with an additional LBP 200000 per month per household that can be used to secure additional food needs¹⁰⁶ (World Food Programme, 2021).
- According to the NPTP website, the programme also secures a job for beneficiaries to help them graduate of poverty¹⁰⁷.

World Bank data¹⁰⁸ suggest that 140000 households (580000 individuals) are registered in the database. Only 43000 households carry the Hayat Card (entitled to access subsidized health and education services), and only 15000 households receive the e-card food voucher. According to these statistics, the cash transfer reaches less than 10 per cent of the extreme poor households, estimated at 155000 households by the World Bank in 2020. The Hayat card holders are regionally concentrated in North Lebanon (41.4 per cent including North Lebanon and Akkar governorates), followed by Bekaa (29.6 per cent including Bekaa and Baalbek-Hermel), Mount Lebanon (16.1 per cent), South Lebanon (8 per cent), Nabatiyeh (4.5 per cent) and finally Beirut (0.4 per cent).¹⁰⁹

The Emergency Social Safety Net Programme (ESSN)

The ESSN is an NPTP scale-up launched in 2021 with support from the World Bank and the WFP. The objective is to provide cash transfers and social services to the extreme poor and vulnerable Lebanese households affected by the economic crisis and the Covid-19 crisis. With a 3-year total budget of USD 246 million from a World Bank loan, the ESSN replaces food voucher cards with cash transfers, provides a top-up to cover school fees, and offers extended coverage to the elderly, people with disabilities, female-headed households, and Syrian refugees. Cash assistance is offered to 147000 extreme poor Lebanese households (or 786000 individuals) for the year 2021. Other

¹⁰³ Kukrety (2016)

¹⁰⁴ Bastagli et al. (2019)

¹⁰⁵ Approximately 100 000 LBP at an exchange rate of 4000 LBP/USD.

¹⁰⁶ Approximately 50 USD with the exchange rate of 4000 LBP/USD. Transfer values are to be reviewed periodically in order to adjust for depreciation/inflation.

¹⁰⁷ Website of the NPTP: <http://www.nptp.gov.lb/ProgrammeInfo/ProgrammeTargeting>.

¹⁰⁸ World Bank (2021b).

¹⁰⁹ World Bank (2020).

donor funding will ensure the inclusion of an additional 50000 households.¹¹⁰ Beneficiary households will receive LBP 100000 per person per month (capped at 6 beneficiaries per household), in addition to a flat amount of LBP 200 000 per household per month. Additionally, 87000 students aged 13 to 18 will receive a top-up cash transfer to cover costs of schooling (LBP 1235000 to LBP 1921920¹¹¹). A social services component will cover 100000 individuals from vulnerable households, including displaced Syrians and other non-Lebanese vulnerable groups.¹¹² The roll-out of ESSN is supposed to extend coverage from 1.5 per cent to 20 per cent of the population. As in the NPTP, the ESSN also relies on PMT to target beneficiaries. The scale-up is estimated to reduce extreme poverty from 21.8 per cent to 9.5 per cent. After the end of the fund, the government will need to finance the programme from its own resources. Given the current situation, the programme may not be sustainable, and may fall under short-term emergency response.

The Cash-Card/ Ration-Card Programme

On June 30th, 2021, the Lebanese Parliament approved a cash transfer law bill with the value of USD 556 million (including USD 360 million from internal sources) for a period of one year. The transfer amounts include a monthly flat amount of USD 25 per household, USD 15 per person per month capped at 6 people per household, and a top-up of USD 11 for household members with disabilities.¹¹³ This cash transfer programme is likely to be a short-term shock responsive measure covering 500000 households (excluding another additional 250000 households that benefit from World Bank and European Union funds). An affluence test is used to exclude the richest 20 per cent.

The National Social Solidarity Program (NSSP)

The NSSP is a categorical targeting cash assistance programme launched in 2020 to provide income support to an intended 400000 households affected by the economic shock stemming from Covid-19. It targets families with children in grade 4 or below that are enrolled in public schools, drivers with a public license and victims of land mines or their surviving family members, households registered on the NPTP database that were not receiving the food e-voucher, people with disabilities, civil defense volunteers, and households classified as highly vulnerable (for example, female-headed households, households with members with disability that fulfill specific criteria). Targeted households receive a monthly amount of 400000 LBP per month for a period of six months¹¹⁴.

Subsidized health services

Individuals not entitled to NSSF and those not covered by other private health insurance schemes can seek subsidized health services at the MoPH. Given the low quality of public health services, out-of-pocket expenditure accounts for over two thirds of the total expenditure on health in Lebanon.¹¹⁵ Subsidized health services include fee waivers covering 85 per cent of medical expenses and full coverage of people with chronic or high-risk diseases. The MoPH cooperates with Primary Healthcare centres affiliated to NGOs, MoSA and MoPH, and local municipalities to provide these services.

¹¹⁰ World Bank (2021a).

¹¹¹ Approximately 200 to 300 USD at an exchange rate of about 6240 LBP/USD.

¹¹² World Bank (2021b).

¹¹³ Bou-Karroum et al. (2021)

¹¹⁴ ILO (2021b).

¹¹⁵ ESCWA (2021).



DEVELOPMENT --- PATHWAYS