

The Independent Oversight Board of the Reform Recovery, Reconstruction Framework of
Lebanon (3RF)

National Social Protection Strategy for Lebanon: An Overdue Exigency

Policy Brief
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Executive Summary

“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.” Article 25(1) of the UN Declaration of Human Rights.

Human rights are not optional. The Government of Lebanon (GoL) is the caretaker of the Lebanese people and is [entrusted](#) to [prevent](#) and protect its citizens from vulnerabilities during their lifecycle including securing the provision of child and family benefits, health protection, old-age and disability pensions, unemployment, and sickness benefits inter alia. Therefore, social protection is a right and not a luxury, and the citizens and the GoL should treat it as such.

With the plethora of omnipresent crises that have been burgeoning [before](#) 2019, it’s time for the GoL to rethink Lebanon’s social protection system. It’s time for the GoL to confer the basic human rights that are entitled to the citizens, under the UN Declaration of Human Rights, as Lebanon is not only a signatory of the Declaration but also a leading contributor, and whose adherence to the declaration is enshrined in our [Constitution](#).

Lebanon is entering its fourth year of macroeconomic, banking, and social crisis. The absence of a crisis management plan resulted in a high unemployment rate among the youth of [58%](#) and a national unemployment rate of 30%, a soaring inflation rate reaching [252%](#) in July 2023, the highest food inflation in the world hovering at [350%](#), a devaluation of the national currency by [98%](#), [food insecurity](#) which propelled 21% of the Lebanese to require immediate humanitarian action to diminish food gaps, and pushed more than [700,000](#) children out of school and into child labor.

With more than [80%](#) of the population living in multidimensional poverty and [13%](#) of families sending their children under 18 to work as a negative coping mechanism to offset the inflation and loss of purchasing power, the Lebanese continue to suffer from a [shortage](#) in medication with [more than half of the population](#) not profiting from any form of healthcare coverage.

The elderly is [forced](#) to work to cope with financial hardships and preserve their dignity but yet have found themselves living below subsistence levels amidst the plethora of crises. Such [coping](#) mechanisms may generate long-term negative imbalances that become hard to reverse, such as unskilled labor, low levels of education, malnutrition, and migration, among others. Lebanon, progressively becoming an [aging](#) population, will risk more social insecurities if reliable social systems including pension funds remain absent and unavailable. Lebanon is estimated to have the number of elderly to more than double between 2020 and 2050 and while only [9.8%](#) of the elderly population in Lebanon received pension payments in 2020,

staying the course is not an option. We urge the adoption of a revised national protection strategy for older persons in Lebanon 2020-2050 by MoSA to reflect the new challenges the nation is facing.

People with disabilities had their vulnerabilities [exacerbated](#) during the crisis as persons with severe disabilities tend to be the poorest and have more costly expenses to expend due to their incapacity. Not only are they less likely to be employed, but also earn less than their peers, and are less likely to receive income support, with only [7%](#) of persons with disabilities receiving social assistance. All social protection programs must include persons with disabilities at all levels, and enhance their participation in the job market by adding incentives to employers, among other things.

In 2021, [260,000](#) Lebanese children dropped out of school. Child labor has become a more discernible phenomenon that largely pushes children into vulnerabilities, jeopardizing their future. An estimated 7% of Lebanese households send their children to work (2021). School enrollment rates have dramatically decreased from 60% to 43% for teenagers and youngsters aged 15-24 according to UNICEF. Students have been leaving private schools to attend public schools at an increased rate of 11% for the year 2020-2021. Government spending on education at less than 2% of GDP, ranking amongst the lowest in the region, is reducing equity and equality, heightening the importance of providing free education for all and adequately funding public schools to be functional and operational. Failing to make primary, secondary, vocational, and technical education and healthcare financially accessible to all will make the Lebanese face [barriers](#) to employment, make them more likely to endure adverse health consequences, and reduce their potential to shape a more prosperous life for themselves and society.

Some households paid a high cost to cope with the concurrent crises. While inflation and currency devaluation continue to erode the value of people's income and pension fund, the national minimum wage, which continues to be far from adequate and not reflective of the real cost of living, households had to [prioritize](#) their needs and reshelve education and healthcare as a nonessential to merely satiate hunger since having access to all basic goods is not an option for most families.

To manage the humanitarian crisis in Lebanon and meet the growing and multiple needs of the Lebanese for social protection, the GoL needs to enact the National Social Protection Strategy (NSPS) draft as soon as possible to respond to current and future shocks.

A new NSPS and ideally a social protection system can be the springboard to reforming the existing haphazard, fragmented, and low-coverage social protection programs in Lebanon. The NSPS requires adequate and sustainable fiscal space in the State's budget. The predicament can veer from a threat to an opportunity to contrive a universal, financially sustainable, and shock-responsive social protection system that will turn the tide and anchor a new social contract. Due to the political, socioeconomic, and banking crises that have significant spillover effects on human security, enacting the NSPS is a top priority that cannot be shelved or further delayed.

While we acknowledge the liquidity crunch in the country and the tight monetary spending the State is assuming, refraining from allocating adequate fiscal space to build an inclusive, resilient, sustainable, and shock-absorbing social protection strategy would stagnate the Lebanese in a bottomless abyss of despair.

If an effective NSPS is not enacted, Lebanon will inescapably [face](#) a lost generation, one that has already scattered around the world and one that is more likely to have its vulnerabilities amplified and experience [exploitation](#) and violence like child marriage and child labor. With the absence of a national social protection system, the erosion of the socioeconomic rights of residents in crisis-riven Lebanon will accelerate and inequalities will widen with long-term negative imbalances that become hard to reverse.

The IOB strongly encourages the Council of Ministers to address the threat of social and human insecurities and their spillover effect on the nation and quickly adopt a national shock-resistant social protection strategy that ensures the restoration of dignity to the Lebanese and shields children, adults, people with disabilities, and the elderly from core lifecycle threats.

Key Recommendations

Adopt the national social protection draft strategy devised by the Ministry of Social Affairs (MoSA) and national and international organizations as soon as possible.
Establish social protection floors as a fundamental constituent of the NSPS, including social grants such as disability allowance, social pension, child grant, and basic income security.
Merge the National Poverty Targeting Program and Emergency Social Safety Net Program under one social safety net program to avoid duplication and increase efficiency and reach.
Many solutions to the State’s budget liquidity crunch are achievable, including debt structuring, improving tax collection, e-government, imposing a unified income tax, fighting corruption and tax evasion, and more.
Ensure the financial and governance independence of the National Social Security Fund (NSSF), in addition to its financial sustainability.
Enhance the institutional coordination between the NSSF, the Ministry of Labor, the Ministry of Finance, and the Ministry of Social Affairs.
To expand the basis for social protection.
Prioritize the disbursement of social assistance to vulnerable groups through categorical targeting.
Ensure that basic services including primary and secondary education, technical and vocational education and training, and healthcare are financially accessible to all.
Strengthen the role of MoSA to better coach, manage, and restructure social protection programs.
Establish a digital unified national social registry by MoSA to coordinate and streamline different short-term and long-term social protection systems.

Avoid the selection process for social protection programs to be too tight, as eligible people will be left out without access to assistance.
Alleviate poverty and lifecycle insecurities from childhood to disability, old age, and unemployment through a non-contributory social grant as part of a social protection floor that provides basic guarantees to all people across their lifecycle.
Revise the social protection strategy for older persons in Lebanon 2020 – 2050 by MoSA and integrate it into the new national social protection strategy.
Unify all existing programs and merge them into the NSPS.
Amend and develop the tax exemption and incentives systems and make them fair and effective.
Avoid imposing or increasing taxes unless they are fair, necessary, feasible, justified, and unharmed.
Secure tax resources by activating tax compliance and combating evasion and smuggling in various ways.
Transition from the scheduled tax system which allows people to avoid declaring revenues in the system to the unified income tax system, through procedures that are adopted by special laws.
Create a Sovereign Wealth Fund that is compliant with the Santiago rules and international standards and allocate revenues in the fund to social protection programs.
Enact an effective social protection strategy for persons with disabilities, and add it to the NSPS.

Existing Social Protection Programs & Their Limitations

The poor and most vulnerable tranches of society have borne the brunt of the government’s painfully slow pace of reforming the social security sector and instilling a resilient social protection system. The social impact of the manifold crises increased unemployment, sent inflation to unparalleled figures, pushed children out of school and into low-wage informal jobs, exacerbated food insecurity, and significantly [weakened](#) the health sector.

The existing social protection programs in Lebanon are the National Poverty Targeting Program (NPTP), a social assistance grant, Aman or the Emergency Social Safety Net (ESSN), a loan from the World Bank, and the National Disability Program, a grant. The National Social Security Fund (NSSF) is the leading institution providing social insurance to a limited segment of the Lebanese population. The NPTP and ESSN are social safety net programs covering [66,000](#) households and [82,000](#) households respectively. Merging both programs under one social safety program will prevent duplication, enhance effectiveness, and reduce fragmentation, striving to reach the [220,000](#) Lebanese households that live in extreme poverty. The existing programs have [structural](#) weaknesses, coverage gaps, and eligibility bias. First, the ESSN was delayed for a year before funds were rolled out during Lebanon’s most excruciating humanitarian and

socioeconomic crisis. The current programs have very narrow eligibility criteria that crowd out and exclude vulnerable trenches of the population. While ambitious plans by the GoL to roll out the social assistance program Broad-Coverage Cash-Transfer were delayed due to inadequate funding, the GoL is presented with an opportunity to reform the social security sector and protect its citizens from lifecycle threats.

The NSSF limits the coverage of its services to workers formally employed in the private sector, who represent significantly less than 50% of the Lebanese labor force. The fund has structural [weaknesses](#) that hinder its function to support the elderly since it doesn't offer an adequate pension fund or retirement plan. The end-of-service indemnity that beneficiaries receive upon retirement is subject to risks that leave beneficiaries prone to social threats and does not qualify as an efficient social protection tool. Among other weaknesses of the program is its high cost as a percentage of the GDP (3.5% in 2019) despite its inequitable distribution of benefits among contributors, and shortage of [liquidity](#) to cover its liabilities. Besides, the end-of-service indemnities from the NSSF do not cater to the retirement needs of beneficiaries since the financial sum does not take into account the severe devaluation of the local currency.

Existing social protection programs are limited in scope, coverage, and reach and are largely constrained by financial limits. They are also enacted sporadically without **following the steps of the national strategy and** without being embedded in a proper economic and financial plan for the country's rebirth. The success of the NSPS will primarily hinge on two crucial factors which are (1) the availability of adequate and sustainable financing, and (2) a comprehensive dataset in the form of a unified national registry that will guide decision-makers in constructing programs and a system that is resilient, inclusive and shock-responsive.

The [dearth](#) of data that can be used to efficiently lead social protection programs and achieve their objectives, coupled with the narrow scope of existing programs, accentuates the need for a **unified national social registry**. The new NSPS can be the bulwark against the practice of clientelism and sectarian-based welfarism to alleviate poverty and vulnerabilities. Lebanon has allocated [22%](#) of its budget to social protection in the years 2017 to 2020, yet failed to cover the needs of the population inclusively and alleviate poverty.

The lack of a unified digital national social registry is a cause of the haphazard and ineffective approach to reducing poverty and reaching the vulnerable. It is therefore imperative to develop the registry as it is a prerequisite to crafting effective and targeted programs.

Challenges

Among the existing challenges are political and social resistance to enacting an inclusive national social protection strategy. While no census has been conducted since 1943, concerns regarding the sectarian balance or imbalance, and data privacy concerns, pose significant opposition to the adoption of the NSPS.

On the political front, the political unwillingness to provide a universal, financially sustainable national social protection system including developing a unified digital social registry, reforming the NSSF, and merging other programs is understandable as the political elite is striving to preserve the clientelism link with their communities and support base. The GoL urgently needs to build [trust](#) with its citizens and residents to reinforce institutional legitimacy. Yet, the impediment to the development of a direct and firm relationship between residents and the state is none but the political class.

In securing a financially sustainable NSPS, the state and its people face many obstacles. With the State's inability to collect adequate revenues as tax evasion is rampant in Lebanon, coupled with its unwillingness to impose redistributive taxes to fund social protection schemes, the large coverage purview the state has to cover remains a major challenge that the State has to surmount.

The challenges in adopting an NSPS also lie in the [wide range of stakeholders](#) in the decision-making process which slows down the anticipated progress, in addition to the existing delay by the GoL in enacting reforms.

To narrow the budget deficit and allow more fiscal space for social protection programs, debt restructuring remains one of the key tasks the GoL would have to complete to allow the financial sustainability of social protection spending.

[Resistance](#) to enacting urgent reforms remains the mainstream approach of the GoL to get to stabilization, implicating a serious challenge to be surmounted by the Lebanese and the international community.

The NSPS must achieve universality, shock responsiveness to life cycle threats, and financial sustainability. The newly devised NSPS must expand coverage and reach, the scope of social benefits including child grants, disability allowances for all ages, and old-age pension funds, ensure all applications are accessible to the public, and assign a third party to monitor and hold accountable all stakeholders.

Policy Implications

An effective social protection system has the power to [decrease](#) inequalities over the long term and end chronic poverty. A universal social protection embedded within the NSPS will ensure that no individual is left behind, promoting the opportunity for everyone to thrive. The following policy implications are drawn from enacting an inclusive, shock-responsive, universal NSPS;

- Having timely and inclusive information on residents in times of crisis is of utmost importance to steer the policy direction appropriately. The unified national social registry will [accelerate](#) the realization of policies' objectives as the programs will be populated with the right data that will efficiently address the needs of targeted groups.
- Financial support like conditional cash transfers can be a solution for families who are increasingly sending their children to informal jobs and distancing them from school as a negative coping mechanism.

- Social protection floors can significantly contribute to [averting](#) and diminishing poverty levels, inequality, social exclusion, and social insecurity. According to [ILO](#), they are nationally defined sets of essential social security assurances that ought to guarantee as a minimum that during the life cycle of humans, all those in need can reach essential health care and basic income security which collectively assure efficient access to goods and services described as essential nationally.
- Efficient policies will grant access to healthcare, education, employment, and retirement income.