

POVERTY AND SOCIAL PROTECTION IN LEBANON

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Summary

This Policy Brief is based on the “Poverty, Inequality and Social Protection in Lebanon” Research Report, published by AUB’s Issam Fares Institute for Public Policy and International Affairs in partnership with Oxfam, and led by Nupur Kukrety, an independent consultant. The study aims to gain insight into the struggles of households living in poor and vulnerable conditions in Lebanon; to survey the formal and informal support mechanisms accessible to them; and to offer programmatic and policy recommendations.

MAIN FINDINGS

- ▶ Updated poverty data is needed to gain a better understanding of the nature and structural causes of poverty Lebanon;
- ▶ Poor households in Lebanon tend to be reliant on seasonal and inconsistent daily labor in the informal sector, have low levels of education, large amounts of debt and high dependency ratios;
- ▶ Constantly living on the edge of the poverty line, households are coping with community level economic stresses and are vulnerable to spiraling downward when faced with household level shocks;
- ▶ MoSA provides much-needed support to the poor, however more should be done to prevent households from falling into poverty and to lift them out when they do by creating a more comprehensive and consolidated package of social services.

In recognition of the immense and multi-dimensional impact of the Syria crisis on Lebanon, there is a need for more research on poverty among households in Lebanon. Data on poverty and its structural causes is outdated with regard to national statistics for Lebanese households. By gaining a better understanding of the challenges faced by the poor and how they cope and access various types of support from different networks, more equitable and effective assistance can be provided to prevent households from falling into poverty and helping struggling households to escape it.

This Policy Brief argues that poor Lebanese households are continually impacted by a faltering economy; household level shocks; and by the negative economic implications of the Syria crisis as well as lack of access to adequate social assistance. These factors have pushed households to engage in negative coping strategies, such as taking on huge debts, selling assets, reducing food consumption and taking low paying or exploitative work, mostly in the informal sector.

Research Methodology

This research followed a mixed-method approach for information collection and involved key informant and stakeholder interviews as well as household interviews and focus group discussions with Lebanese, Syrian and Palestine refugees to better understand how the poor survive, using the Household Economy Approach. A review of secondary literature was also conducted regarding definitions of poverty and how poverty is measured in Lebanon. This Brief only focuses on Lebanese poverty.

Thirty-three interviews and focus group discussions were conducted with 128 households in five locations: Beirut, Tripoli, Akkar, Beka'a, and Nabatieh using the snow ball method - households were referred from community-based organizations. An additional 17 traders were interviewed to gain a more multi-dimensional perspective on labor issues and how the debt system works. The research is qualitative and not representative of Lebanon; however, it provides an insight into the lives and struggles of the poor and opens the door for further research.

Poverty Data and Measurement

Lebanon suffers from a poverty data gap as the last poverty survey, called the Living Conditions and Household Budget Survey, was conducted by the Government of Lebanon (GoL) and UNDP in 2004. As per the money-metric (income poverty) World Bank measurement of \$2.40 as the lower and \$4.00 for the upper poverty line, 8% of Lebanese are extremely poor and 29% are poor.

Findings – Household Expenditures

According to the sample interviewed, households living in poverty earn an income ranging between \$4,000 and \$8,000 per year with urban households faring better than rural. To put this in perspective, for a household of five persons, the minimum amount needed to reach the lower poverty line is \$4,380 per year. The households interviewed were dependent on daily wage labor in the agriculture, construction and service sectors and on seasonal and inconsistent work patterns. Education levels were low, especially for women, and households tended to be large (eight members or above) and dependent on one bread winner. Food was the main expense comprising 35% to 50% of their total monthly expenses; health at 20%; and education the third at 15%. Debt repayment and housing costs took up 10% to 15% of their monthly expenses with debt rates higher in the winter when labor opportunities are scarcer.

Findings – Main Household Challenges

Of those interviewed, all considered themselves to be under severe economic stress since before the Syrian crisis occurred, comparing the current year to 2010. They described two types of economic vulnerabilities: community-level, such as an unstable economy and a weak labor market and household-level, such as a health emergency or the death of the breadwinner. Household-level shocks played the largest role in destabilizing the household economy, pushing households into a downward spiral of poverty.

Since 2010, incomes were reported to have remained either the same or have decreased by up to 25-30%. Job competition due to increased labor supply and work instability in the form of shorter term contracts and difficulties becoming regularized were also common challenges. From interviews with employers, lack of regularization was rooted in a reluctance to pay into the National Social Security Fund (NSSF) and in case cheaper labor became available.

“Female-headed households and female members of poor households face additional hardships due to less education and mobility, cultural restrictions, and institutionalized gender discrimination”

Women reported receiving less years of education, having less mobility, and occupying lower-paying, usually informal jobs. They also have to maintain their role as carer, maintaining childcare and domestic duties as well as contributing to the household income.

Findings – Coping Strategies

Poor Lebanese households tend to adopt negative coping strategies in order to deal with shocks and stresses. They resort to borrowing from multiple channels of credit then repaying the bare minimum to keep the credit channel intact in order to meet their basic needs. When a household-level shock occurs, most commonly a health crisis, the household may need to take out more loans, usually from informal lenders and at high interest rates, to cope with the extra costs which at the same time may mean less income coming in. These debts accumulate quickly hence repayment forms a significant part of households' expenses and further pushes them into poverty.

Another common coping strategy is controlling expenditure. Households reported skipping and reducing the size of meals and consuming lower-quality and lower-price foods. They also reduce expenditure on healthcare and resort to over-the-counter medicine rather than prescriptions.

When further pressed, more extreme coping strategies are employed, such as taking exploitative, low-paying work; taking children out of school; and selling productive assets to pay for basic needs and rent.

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Findings – Formal and Informal Support Mechanisms

Lebanon has formal and informal structures in place to support households coping with poverty. Social assistance is available through various programs provided by the GoL. Programs include: **Social Development Centers (SDCs)** are local institutions designed to implement MoSA's social development policies. They are permanent government institutions at the grassroots level and provide a range of services from medical support to vocational training. However, most SDCs appear to have limited resources and capacity to meet the demand for these services. **The Emergency National Poverty Targeting Program (ENPTP)** covers the poorest 12% of the population. It combines social assistance and social service provision to 'extremely poor' Lebanese households in the form of partial medical bill payments¹, school fee waivers, free books, and for the poorest, food assistance. **The National Social Security Fund (NSSF)** is a contributory fund that gathers the contributions of employers, employees, and the government and, in turn, provides: The End of Service Indemnity; Health and Maternity Insurance; and the Family and Education Allowances. The contribution to the fund is 23.5% of the wage, with 21.5% borne by the employer and 2% by the employee². Because the contribution is high for the employers, more than 40% of employees are not registered with the NSSF.³ NSSF does not cover informal labor or self-employed. Other ministries that provide support include: **The Ministry of Education and Higher Education** which provides enrolment fee waivers and scholarships in order to encourage poor households to keep their children in school and the **Ministry of Public Health** which provides health insurance to about 1.6 million beneficiaries, most of whom are not covered by the NSSF or private insurance.

Informal support providers are heavily relied upon because of insufficient formal state support. These are usually in the form of charity and assistance from relatives, friends, neighbors, faith-based organizations, political organizations, and local charities. These are often tied to the household's sectarian alignment.

¹ Access to clinics is free of charge for beneficiaries of the NPTP. Lebanese non-beneficiaries have to pay LL 7,000 per visit.

² Arab NGO Network for Development, Abi Yaghi M, 2014, *The Social Protection System in Lebanon in Social Protection in the Arab World: The Crisis of the State Exposed*

³ World Bank, 2013, *Lebanon, Good Jobs Needed: The Role of Macro, Investment, Education, Labor, and Social Protection Policies*

Conclusion and Recommendations

Years of unrest, political stalemate and slow economic growth has meant that households have lived in poverty for a long time. Few efforts have been made at the national level to assess Lebanese poverty in the country so there is a lack of data available to understand the scope and nature of poverty. According to the findings of this report, poor households in Lebanon are concentrated in the informal sector working in precarious jobs that earn wages that are below or dangerously close to the lower poverty threshold. Household-level shocks play a big role in pushing households into poverty. The conflict in Syria has exacerbated the problem by increased competition for unskilled jobs thus negatively affecting annual household incomes of the poor.

Social protection in Lebanon is in need of reform in order to functionally address preexisting and more recent emergent needs. The informal sector is excluded from any kind of social insurance. Instead of being universal and based on risks faced in different stages of the lifecycle, social protection efforts in Lebanon comprise a few programs that are not well-funded or well-coordinated.

While existing programs operating through MoSA provide much needed support to the poor, more should be done to prevent households from falling into poverty and to lift them out when they do. For this to happen, a more comprehensive package of services in line with the Social Protection Floor needs to be available. All policies and programs should be consolidated under one strategy that helps to mitigate shocks and is reactive to households that fall under the poverty line. Existing programs, especially through SDCs, should be strengthened and more awareness should be created in the community regarding what programs are accessible, especially in rural areas. In addition, SDCs should be empowered with adequate resources and capacities to bring them all to the same standard and functioning capacity.

Updated poverty data is also needed to gain a better understanding of the nature and structural causes of poverty, as well as to reassess the poverty line, and to know where the poor are concentrated.

Stricter enforcement of the labor market in terms of maintaining the minimum wage and ensuring appropriate contracts and NSSF contributions is also needed to help the poor escape poverty.

Civil society also has a role to play to create awareness of the importance of a comprehensive social protection package and should work to strengthen existing programs and resilience-building activities through SDCs.

UN and international agencies should take leadership in initiating a dialogue with the GoL to create a social protection floor that protects the poor in times of crisis but also provides an equal start in life to the future generation in Lebanon. Similarly, the outreach of existing social protection initiatives can be improved through supporting a proactive approach to include the poor in the programs. For these initiatives to happen, adequate resources must be allocated by the GoL and donor agencies to strengthen the social protection system in Lebanon.

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