



Policy Brief

GENDER-RESPONSIVE RECOVERY IN LEBANON

RECOMMENDATIONS FOR FISCAL, SOCIAL AND LABOUR POLICY REFORM¹



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There is a tendency for the pursuit of gender equality to fall by the wayside during times of crises and to be considered as a goal of secondary importance that can be placed back on the agenda once economic growth has recovered. But the reality is that taking steps towards gender equality is part of the solution and supporting women to enter the formal economy in significant numbers will widen Lebanon's tax base and support the fiscal sustainability of Lebanon's social security programmes. In addition, the International Labour Organisation estimates that Gross Domestic Product would grow by 9% in Lebanon if the gap in labour market participation rates between men and women were reduced by 25%.² At the same time, the effect of the current economic contraction on women's overall employment in Lebanon is estimated to result in a 14-19% reduction in women's employment.³ This should be of significant concern given women's participation in the economy already stands at only 29%⁴ and that Lebanon ranks 139 among 153 countries on economic participation and opportunity based on the World Economic Forum' Global Gender Gap Index (2020).

Gender inequality is endemic in all aspects of life in Lebanon. The extent of overlap between women and any correlate of economic deprivation is striking: in *relative* terms, across both the Lebanese and refugee populations residing in Lebanon, there are more women among the most food insecure, the elderly, the unemployed, among public school students, among survivors of GBV. Migrant workers are also predominantly women.— across both the Lebanese and refugee populations residing in Lebanon. The consistently high concentration of women among the more economically vulnerable means that any reform agenda must look at correcting some of the gender inequality that currently plagues Lebanon. Moreover, women in Lebanon represent a healthy and well-educated population that holds significant accumulated skills and human capital that must be leveraged for economic recovery.

The following reflects a set of recommendations to achieve a gender-responsive economic recovery in Lebanon, and are compiled from a larger forthcoming analysis of the gendered impact of Lebanon's economic crisis on different aspects of

1 This paper was synthesized by UN Women Lebanon from a forthcoming report by Dr Nisreen Salti, Associate Professor in the Department of Economics, American University of Beirut and Nadine Mezher, Project Manager, American University Beirut. Key contributions and inputs were provided by Sami Halabi, Co-Founder of Triangle Think Tank, Jonna Lundwall, Senior Social Scientist with the World Bank Group, Åsa Hjelt, Deputy Head of Mission, Embassy of Sweden, Luca Pellerano, Senior Protection Specialist with the International Labour Organisation in Beirut and Katarina Burgess, Political Counsellor with the Embassy of Canada, Beirut. June 2020.

2 ILO: How much would the economy grow by closing the gender gap? https://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/enhanced/WCMS_556526/lang-en/index.htm.

3 Estimates based on contraction up to the first quarter of 2020. Forthcoming report. Salti, N and Mezher, N, 2020, Women on the verge of an economic breakdown, UN Women.

4 Lebanon Labour Force and Households' Living Conditions Survey 2018-2019.

women's life. The recommendations focus on fiscal, social and labour policies, and are aimed at policy-makers shaping Lebanon's recovery framework. They are recommendations designed to create an economic system that is built on equality and that utilizes the economic potential of all Lebanese. Lebanon cannot afford to do otherwise.

In the following pages, the following key recommendations are provided for:

- Invest in the reform and financing of Lebanon's social protection systems, prioritize addressing gender discrimination that persists within Lebanon's social protection instruments and laws; promote progressive taxation to expand Lebanon's tax base and expand social protection;
- Ring-fence spending on health and education – commit to refraining from austerity within these sectors;
- Support a comprehensive pension scheme that combines a better contributory system with a non-contributory tax-financed social pension component to provide robust social protection for the elderly. In the short term, to address losses to current and soon-to-be retirees as a result of the economic collapse, the elderly should be included in social assistance programmes currently being devised;
- Extend paid maternity leave and introduce paid paternity leave; introduce a maternity insurance scheme funded through the National Social Security Fund, to decrease incentives for employers to prioritise the hiring of men;
- Reform the Kafala system to promote greater protections of domestic workers in the economy; and,
- Incentivise the formalisation of the economy – thereby supporting an expansion of Lebanon's tax base and enhancing women's entry and retention in the labour market, with an initial focus on female micro-enterprise owners and making support for micro enterprises could be conditional on non-discrimination in employment.

Recommendations for fiscal, social and labour reform

Invest in social protection to correct gender gaps and strengthen protections for formal and informal workers: Continued and increased investment in Lebanon's social protection instruments holds some promise of correcting some of the current gender gaps and shortfalls. In particular, expanding the National Social Security Fund's (NSSF) coverage, create an unemployment insurance scheme and establish training programs for the unemployed, which together can work to set a national social protection floor. Across all instruments, efforts should be made to ensure that working poor women are engaged, in particular women working in the informal sector, self-employed women and micro entrepreneurs. In these schemes, eligibility criteria should take into consideration the fact that women tend to have shorter and more fragmented careers, and therefore should reflect some of these structural differences in access to and retention in jobs.

Moreover, women must be engaged as part of the decision making spaces related to the design and implementation of the expanded NSSF program and all new instruments, and sex-disaggregated monitoring of beneficiaries will be key to understand – and potentially course-correct – any gender-differentiated impacts.

Ring-fence spending on education and health to protect social gains and to stem the outflow of women from the economy:

With a growing exodus of students from private to public schools (and the over-representation of girls in public school⁵), austerity in public education will significantly affect current students and their future earning potential. A commitment to continued spending must be combined with reforms in employment practices in public education, where women make up 70% of teachers from pre-school to secondary education.⁶ Reforms need to address the over-reliance on part-time teachers

5 Among the Lebanese, the fraction attending public school is significantly higher for females (43.7%) than for males (37.7%).

6 World Bank 2010, SABER Teacher Lebanon Country Report 2010, Washington DC: World Bank Group.

and the poor enforcement of workload policies.⁷ They must also tackle the strikingly thin representation of women at the highest levels of the workforce in the public education sector. Beyond the inequality that this gender imbalance signals in an otherwise overwhelmingly feminine sector, research has shown that the presence of women in top administrative positions in tertiary education is correlated with higher ranked institutions in Lebanon – thereby suggesting a correlation between women’s leadership in higher education institutions and their better performance.⁸

One of the heavier and more lasting costs of the economic crisis is the deterioration in population health, which is being compounded by the COVID-19 pandemic. Current levels of spending on public health should not be further subjected to cuts or austerity given the urgency of a strong health care system and given that the 2020 Government budget already reflects a 7% cut to healthcare expenditure.⁹ In addition to the importance of bolstering the health care system, particularly in light of the long term challenge COVID-19 will pose, there are also long-term economic benefits to investments in health care, including in sexual and reproductive health, through increased family planning and tackling gender-based violence. Decreasing overall spending on health would not only exacerbate the effects of the current health crisis, it would also set the government back on its purported long-run objective of providing universal health coverage. With universal health care as the ultimate objective, there is room in the short term for reallocating the budget for health away from bulky spending on tertiary care and towards preventive and primary healthcare.

Continued investment in health and education, or a commitment to refrain from austerity measures in these sectors will have the added impact of helping to mitigate employment losses for women, as these sectors represent those with a high concentration of female workers.¹⁰

Revise the Labour and Social Security laws to address gender discrimination: The labour code prohibits women from employment in certain occupations (e.g. mining, and specific exceptions remain around work in factories, agriculture, the energy sector and transportation¹¹) and does not criminalize sexual harassment in the workplace. Social security legislation excludes workers in the informal sector, including agricultural workers – the majority of whom are women and girls (particularly from the refugee community)¹² - and those working in family enterprises. In addition, the social security law does not extend equal social security benefits to the spouses of married women workers; under article 46 of the law, a male worker covered by the NSSF is entitled to a family allowance for his unemployed wife, whereas a female worker does not have the same right if her husband is unemployed. Under article 47, family and education allowances for children are paid to the father if parents meet legal requirements while a woman is not eligible for family allowances for her children except if her husband is imprisoned or absent, if she has the sole custody of the children, or if she is a widow.¹³ Another area of asymmetric treatment is article 14, which guarantees health insurance cover for a non-employed wife of a contributing husband, but only allows a contributing wife insurance coverage for her husband if he is over 60 or disabled.¹⁴

Improving current provisions on paid maternity and paternity leave is a critical issue to enable women to remain in the labour market. Paid maternity leave of 10 weeks falls short of the ILO’s standard of 14 weeks, while legislation on paternity leave – a key requirement in order to make both paid and unpaid work more equal between women and men – remains

7 World Bank 2018, Lebanon: Education public expenditure review 2017, Washington DC: World Bank Group.

8 Haidar, N. 2018. ‘Gender leadership and excellence: the case of higher education in Lebanon’. Administrative Sciences, 2018, 8(4), 78.

9 LCPS, 2020, Setting the agenda. The Government Monitor No. 13 - The 2020 Budget: Slashing Investment and Social Services. March 12.

10 According to the Institute of Health Management and Social Protection, 2012, women make up 50% of registered healthcare professionals and are far more highly concentrated among frontline health workers as they constitute 58% of pharmacists and 81% of nurses.

11 World Bank. 2020. Women, Business and the Law 2020. Women, Business and the Law. Washington, DC: World Bank.

12 “2018 VASRY in Lebanon,” UNHCR, WFP, UNICEF, January 2019.

13 Rashid, M. 2012, Social Security and Pensions in Lebanon A Non-Contributory Proposal, Lebanese Economic Association.

14 Kukrety, N., 2016, ‘Poverty, inequality and social protection in Lebanon,’ Oxfam and Issam Fares Institute at the American University of Beirut, January 2016.

under discussion. The introduction of a maternity insurance scheme, similar to that of the Government of Jordan¹⁵, funded through the NSSF rather than by employers, could decrease incentives for employers to prioritise the hiring of men.

In the face of significant pressure for increased austerity, it is important that the Government invest in the protection of the rights of workers. Raising the fees for work permits and reforming the Kafala system are equally urgent interventions needed to create a more protective environment for female workers.

Fast-track pension reform to address gaps in business protections (within broader NSSF reform): In comparison with other MENA countries, Lebanon is the country with the fastest ageing population, the only country with no pension system outside the public sector, and the country with the largest population of older adults who continue to work past age 60.¹⁶ The absence of a private pension system reduces job mobility, thereby creating inefficiencies in the labour market. It also leads to high levels of poverty in older age, which women are highly vulnerable to due to lower incomes throughout the life-course¹⁷; as a result of historically low levels of female labour force participation, a high gender wage gap and high levels of unpaid work.¹⁸ In 2019, out of a total 464,544 NSSF contributors, only 152,698 were women.¹⁹

Only a comprehensive pension scheme that combines a better contributory system with a non-contributory tax-financed social pension component can provide robust social protection for the elderly; those who have been in the labour market and those who have either never been employed or held informal jobs.²⁰

Since any large-scale policy reform, such as the introduction of a comprehensive pension plan, will take a few years to be put in place, the short- and medium-term losses to current and soon-to-be retirees from the economic collapse should be addressed more immediately as part of a rescue package. As a short-term measure, the elderly should be included in social assistance programmes currently being devised.

Incentivise the formalization of the economy: As a longer-term objective, incentives must be provided to encourage movement from the informal to the formal sector. These efforts will increase Lebanon's tax revenue and expand social protection, which can positively correlate with women's entry and retention into the economy through, inter alia, the provision of paid maternity and paternity leave and unemployment insurance. As examples, efforts should focus on encouraging women to start their own formal micro enterprises during this period of economic crisis, and broader support for micro enterprises could be conditional on non-discrimination in employment.

Financing Inclusive Recovery

Pass credible policies addressing competition law, the exchange rate and capital mobility: Lebanon has one of the world's highest levels of economic inequality.²¹ The most recent study of market structures and competition dates back to 2003 and shows extremely high levels of market concentration in domestic markets.²² The largest firm claims at least 40% of market share in 35% of domestic markets. In 58% of domestic markets, the largest three firms claim over 40% of market share. In the absence of a functioning and well-enforced competition law, and as long as import monopolies and exclusive agencies remain in place, elite capture will continue to stifle growth, jobs, and consumer welfare at the expense of the rest

¹⁵ ILO, 2017, Jordan Decent Work Country Diagnostic.

¹⁶ Ajrouch K.J., Yount K., Sibai A.M., Roman P., 2013, A gendered perspective on well-being in later life: Algeria, Lebanon and Lebanon. In McDaniel S., Zimmer Z. (Eds), *Global Ageing in the 21st Century* (pp. 49-77). Surrey, UK: Ashgate Publishing.

¹⁷ AUB, 2019, *Towards a Rights-Based Social Protection System for Lebanon*.

¹⁸ World Economic Forum (2020). *Global Gender Gap Report 2020*.

¹⁹ ILO (2019). *Social Security Inquiry (SSI)*.

²⁰ Abi Mehio, 2020, *Towards a Rights-Based Social Protection System for Lebanon*.

²¹ Assouad, Lydia, Lucas Chancel, and Marc Morgan. 2018. "Extreme Inequality: Evidence from Brazil, India, the Middle East, and South Africa." *AEA Papers and Proceedings*, 108: 119-23.

²² Consultation and Research Institute, 2013, *Competition in the Lebanese Economy: A Background Report for a Competition Law in Lebanon*.

of society, but particularly the poor. Any policy to encourage investment and improve competition must be paired with credible policies on the exchange rate and capital mobility.

Promote progressive taxation: It is not only in its spending that the government can be protective of the more vulnerable segments of the population and correct some of the injustice underlying the present inequality. The sources and composition of government revenues are also exceedingly regressive. One important source of revenue for the government has been telecommunications (taxes and fees). Like other indirect forms of extraction in Lebanon, revenues from telecommunications are regressive. They contribute to placing consumer prices for mobile internet in Lebanon among the top quartile of all MENA countries.²³ Beyond the regressive nature of this source of government revenues, providing affordable mobile technology is essential for protecting the most vulnerable, particularly at a time when social distancing may have to be periodically enforced: research shows that mobile phones and internet, unaffordable though they have been, have proved invaluable in improving the livelihood of Syrian refugees in Lebanon.²⁴

In its bid to increase the value of its receipts, the government has other serious tax inequities to correct. In the current tax structure, the treasury relies overwhelmingly on indirect taxation, and specifically the value-added tax (VAT), customs duties, as well as revenues from telecommunications, all of which impose a far heavier relative toll on the poor. Meanwhile, direct taxes on wealth, property, capital gains, and interest income, all of which are more concentrated both among men and among the wealthy, are either low or non-existent. The government's Financial Recovery Plan²⁵ (FRP) includes some small increases in progressive taxation, while also including a larger number of regressive taxes.²⁶ To finance government spending on social programs and protection, tax reform becomes an imperative both to raise more revenue and to do so more equitably. Lebanese think tank Triangle has used conservative estimates to calculate that reaching the average tax potential of similar middle-income countries could generate an additional USD 3.5 billion per year. Similarly raising the rate on top income-earners to the OECD standard of 40% rather than increasing the top marginal income tax rate from 25% to 30% as proposed by the FRP, would generate an extra USD 6.82 billion a year.²⁷



Photo © UN-Habitat Lebanon

23 Howdle, D. 2020. Worldwide mobile data pricing: the cost 1GB of mobile data in 228 countries.

24 Goransson, M. 2018. 'App-ing and resilience: how smart phones help Syrian refugees in Lebanon negotiate the precarity of displacement.' Clingendael Policy Brief, the Netherlands Institute of International Relations; Goransson, M., L. Hutlin and M. Mahring. 2020. 'The phone means everything. Mobile phones, livelihoods and social capital among Syrian refugees in informal tented settlements in Lebanon'. Migration and Development.

25 A full copy of the FRP is available here: <https://bit.ly/zyXHML2#>

26 <https://www.arab-reform.net/publication/lebanon-government-recovery-plan-asks-too-much-of-ordinary-lebanese-and-not-enough-from-elites/>

27 J. Oswald, D. Wood and S. Halabi, "Shake On It A Fair IMF Package for Lebanon", Triangle, March 2020. Available at <http://www.thinktriangle.net/wp-content/uploads/2020/03/Triangle-Shake-On-It-A-Fair-IMF-Package-For-Lebanon.pdf>.