

Statement by Professor Olivier De Schutter, United Nations Special Rapporteur on extreme poverty and human rights, on his visit to Lebanon, 1 – 12 November 2021

Beirut, 12 November 2021

1. Introduction

"Lebanon has been embroiled in an economic, social, financial and cost of living crisis that has pushed the country to the verge of complete collapse — an unprecedented crisis in the country's modern history." These were the words of the ministerial statement adopted on September 16th by the new government of Prime Minister Najib Mikati, when it took office ending 13 months of caretaker-status governments. This is still a new government, and it is working under exceptionally difficult circumstances. A number of important initiatives have been announced, and various strategies and action plans identify the way forward: the most significant are the Lebanon Reform, Recovery and Reconstruction Framework (3RF), designed in response to the Beirut port blast of 4 August 2020 with the European Union, the World Bank and the United Nations Development Programme (UNDP), and which the Government of Lebanon has pledged to implement; and the Emergency Response Plan for Lebanon, issued in August 2021, prepared by the UN Office for the Coordination of Humanitarian Affairs (OCHA) to support a coordinated humanitarian response to the country's crisis. These frameworks provide important signposts for the reconstruction of the country, and for bridging the gap between the urgent humanitarian response required, and the long-term reconstruction effort needed. Yet, it is apparent to the Special Rapporteur that the political elites in the country, and the government in particular, still have not grasped the urgency of the situation. Lebanon is not a failed State yet. But it is a rapidly failing State, and unless swift and decisive measures are taken, its downwards spiral will accelerate.

The Special Rapporteur expresses his gratitude to the Government of Lebanon for having invited him to visit the country, particularly to the Ministry of Foreign Affairs and Emigrants for its remarkable cooperation and support in the preparation of his visit. During the 12-day visit, the Special Rapporteur met with the Prime Minister, H.E. Mr. Najib Mikati, the Speaker of Parliament, H.E. Mr. Nabih Berri, the Minister of Energy and Water, the Minister of Social Affairs, the Minister of Public Health, the Minister of Labour, the Minister of Economy and Trade, the Minister of State for Administrative Reform, the Minister of the Displaced, the Minister of Public Finance and the Central Bank Governor, as well as the President of the Central Inspection, the Director-General of the National Social Security Fund, and senior officials of the Ministry of Education and Higher Education, and the Ministry of Environment. He also met with municipal

councils of Bourj Hammoud and Bebnine, representatives of the Social Development Center in Bebnine, the National Human Rights Commission, representatives of civil society organizations, international organizations, ambassadors and members of the diplomatic community. Finally the Special Rapporteur had the opportunity to hold discussions with adults, youths, women and children experiencing poverty, refugees, migrant workers, persons with disabilities in Beirut, Tripoli, Akkar, Baalbek and Bekaa. He sincerely thanks all the persons who shared their views, perspectives and experience with him.

The Special Rapporteur visited Lebanon as the country was facing the conjunction of four crises. First, the arrival of refugees from Syria, following the outbreak of civil conflict in that country, has put the public services in Lebanon and humanitarian agencies under severe pressure. The solidarity of the Lebanese people towards the Syrian refugees has been remarkable. There are today 882,532 refugees and asylum seekers registered with UNHCR in Lebanon, including 851,717 Syrian refugees. New registrations of Syrian refugees have been suspended by the Lebanese Government since 2015, however, and the actual number of Syrians in need of international protection in Lebanon is therefore unknown. (The Government estimates that 1.5 million Syrian refugees are in the country, but these numbers are largely consensus and not evidence based.) The current crisis has severely impacted this population and is also now leading to increased tensions between host communities and refugees: during his visit, the Special Rapporteur was repeatedly confronted with comments hostile to the Syrian refugees, and it has been reported that refugees from Syria have been denied access to shops selling subsidized items, or have had to pay for basic consumer items at inflated prices.¹

Second, the macro-economic conditions have seriously deteriorated, particularly after 2019. Lebanon's GDP fell from 55 billion USD in 2017 to an estimated 33 billion USD in 2020, a contraction that is unprecedented in times of peace.² The announcement by the previous administration, on 7 March 2020, that the country would default on its debt and seek a restructuration of its foreign debt (an announcement made just two days before the country was to repay 1.2 billion USD in Eurobonds), as well as a favourable arrangement with the Central Bank (Banque du Liban - BdL), has temporarily allowed the fiscal balance to be maintained, since the sharp fall in public revenues due to the shrinking of the economy was compensated by the reduced expenditure on debt repayment.

However, the primary balance (not including debt repayments) deteriorated in 2020 to -2.8 percent of the GDP, and this imbalance is now severely restricting the ability of the government to provide essential services to the population and to maintain the existing infrastructures. The foreign exchange reserves of the Central Bank have been severely depleted, as capital inflows have been declining since 2011 despite the high interest rates provided by the BdL to attract foreign capital, both in order to service the debt and to pay for essential imports (fuel, medicine and wheat) at the official rate of exchange between the

LBP and the US dollar. This has forced a significant drop in imports since 2020, with severe consequences on the population. It also has led to very high inflation rate: year-on-year inflation rates reached 146 percent in December 2020, and according to WFP data, the cost of food in Lebanon increased by 404% between October 2019 and June 2021 -- a particular source of concern in a context where for more than half of the population, food accounts for more than 30 percent of the household's expenditures.³

These developments have had massive impacts on poverty. Households whose incomes are labelled in LBP saw their purchasing power fall significantly with the devaluation of the lira, putting imported goods often beyond their reach. This includes basic items such as food and fuel, and therefore the cost of transport and of producing electricity through generators: at the time of the visit, 20 liters of gasoline were worth almost one half of the legal minimum wage,⁴ making it increasingly expensive or even unaffordable for employees to travel to work or for children to attend school. Only the privileged, who either receive a salary in US dollars or receive remittances from relatives abroad, have escaped this general impoverishment process.

Moreover, many public services rapidly deteriorated, both because their operating costs increased due to the devaluation of the lira (and the need to pay suppliers at inflated prices or in US dollars), and because social needs suddenly increased -- with many households unable to afford seeking services from the private sector. For instance, a large number of pupils formerly in private schools sought to move to public schools, as private schools became unaffordable. Patients who, in the past, might have opted for private hospitals turned to public hospitals, which are now overwhelmed by the surge in demand: the Special Rapporteur met with personnel from the Tripoli Governmental Hospital who are exhausted by this situation and who explained that the hospital is now functioning far beyond its capacity. Even the middle class who have certain bank deposits cannot cash these deposits, and face, like the other parts of the population, the breakdown of public services.

Third, the Covid-19 pandemic affected Lebanon as it did other countries, but with particular impacts due to the vulnerability of the poorest segments of the population. At the time of the visit, about 650,000 people had contracted the virus, and more than 8,500 people had died as a result. The pandemic put the public health system to the test. It led to school closures starting in March 2020. This affected particularly children from low-income households who were unable to follow classes online, due to their weak access to internet, to the fact that electricity was only available for a few hours per day, combined with the absence of a laptop at home: the Special Rapporteur met many families who had only one mobile phone for the whole household, making it impossible for the children to continue to pursue education; and 25% of families reported to Unicef that they were unable to afford the tools required to continue online learning.⁵

Although the authorities appear to have no precise data on the evolution of the dropout rates, anecdotal evidence and the testimonies received suggest that the dropout rates soared both for that reason and because many households, impacted by the financial crisis, encouraged their children to work. The single positive lesson from the pandemic, however, was that it allowed to roll out the IMPACT Platform, a database of households supervised by the Central Inspection, which could prove its effectiveness in accelerating the distribution of vaccines and should support in the next few months the deployment of expanded cash transfer schemes.

Fourth, finally, the Beirut port blast of August 4th, 2020, resulted not only in 219 deaths, but also in hundreds of thousands of people made homeless, with a large number of homes deteriorated to a more or less significant extent. 70,000 workers lost their jobs. The blast damaged at least 183 schools, impacting access to education for more than 85,000 children. The Special Rapporteur visited the neighborhoods most affected, and he heard testimonies of victims who feel entirely abandoned by the State. In the immediate aftermath of the blast, a number of non-governmental organisations were established in order to provide support to victims. But the support they could provide was highly uneven, sometimes based on sectarian affiliation, unaccountable, and grossly insufficient.

These crises obviously have severely affected people in poverty, and the situation may further worsen soon, as the impacts on businesses are being felt. Behind these crises however, there is another crisis, one that is perhaps even more difficult to address: it is a crisis of trust. The population feels abandoned by a government that is incapable of guaranteeing their rights or addressing their basic needs. For many with whom the Special Rapporteur spoke, the State has become simply irrelevant: their coping strategies are based on self-help and improvisation, while the main strategy of the government has been described as "kicking the can down the road".

2. Groups at risk

While the impoverishment of the residents in Lebanon is general, some groups are particularly vulnerable, and they have been particularly hard hit by this combination of crises.

a) Stateless persons

No official records exist for stateless persons, who remain hidden for the State, except for those known as "Qayd Dars" (under study) who have a specific register as foreigners of unidentified nationality.⁶ The Special Rapporteur spoke with stateless individuals all over Lebanon, including people born in Lebanon and in other countries but raised in Lebanon. While in theory stateless individuals can register their birth certificate even after a year has passed since

their birth, this requires going through judicial proceedings which the vast majority cannot afford: as a result, they remain unregistered and, without an identity, they were not able to access employment, have their disability recognized, or receive the COVID-19 vaccine.

b) Syrian and Palestinian refugees

Syrian refugees in Lebanon are increasingly perceived by the Lebanese as competing for jobs, security and scarce public resources and services. Myths, misperceptions, biases and prejudices about who Syrian refugees are and reasons of their stay in Lebanon are rife at all levels of Lebanese society, including within the Government. As the compounded crisis has deepened, the Syrian refugees have been made a scapegoat for all forms of the Government's failure to provide for essential services and goods to the population, whether it is education, decent jobs, safe drinking water or electricity supply. The Syrian refugees are widely seen as undeservingly well-off or better treated than the Lebanese households, for many of them receive cash and food assistance through UNHCR and WFP.⁷ As a result of perceived inequality, tensions between the refugee and host communities are alarmingly evident and manifested in remarks akin to hate speech, blatant discrimination, crimes and serious violence against refugees, including arson.

However, the realities faced by Syrian refugees in Lebanon are quite different. For many, chronically under-funded, piecemeal humanitarian assistance provided by the international community is the only lifeline, given multiple obstacles in accessing decent jobs and basic services. According to preliminary findings of the Vulnerability Assessment of Syrian Refugees in Lebanon (VaSyR), 88 per cent of refugees in Lebanon live under the Survival Minimum Expenditure Basket of LBP 490,028 per person per month, and almost half (49 per cent) of Syrian families in Lebanon are food insecure.⁸

The predicament in which Syrian refugees find themselves is not solely attributed to the current crisis. In fact, administrative and legal measures imposed by the Lebanese Government are the most important explanatory factor. Only 16 per cent of Syrians aged 15 and above have legal residency in the country,⁹ due to the inability to pay fees required for the renewal of their existing residency permits or the lack of registration documents issued by UNHCR, the service suspended since 2015. The lack of legal residency has serious repercussions on freedom of movement, birth registration and marriage.

The corollary of the lack of legal residency is that most Syrian refugees do not have work permits in Lebanon. Even for those with work permits, access to employment is restricted, as Syrian nationals are excluded from most professions and occupations, except in construction, agriculture and environment (cleaning) sectors, pursuant to the Ministry of Labour decision in

December 2015. As a result, most Syrian refugees work in the informal sector, often for low wages and without labour and social protection.

Without reliable sources of income that guarantee an adequate standard of living, 57% of Syrian refugees live in “dangerous, substandard or overcrowded” housing.¹⁰ The extremely harsh conditions in which many Syrian refugees live are also direct consequences of the Lebanese Government’s restrictions on materials that can be brought into camps and informal settlements. The Special Rapporteur was informed about cases in which hard elements such as concrete walls and roofs in Syrian informal settlements were demolished by the Lebanese Armed Forces and replaced with less protective materials, exposing the inhabitants to harsh weather conditions and unsanitary living conditions.

These conditions faced by Syrian refugees have a detrimental impact on their children. A particularly troubling consequence of the lack of legal residency is that the children cannot be registered, which, in turn, may lead schools to deny them access to education. While schools have opened a “second shift” in the afternoon to allow for attendance of children of Syrian refugees, many pupils have reported it to be of inferior quality and the continuation of the second shift is not guaranteed to continue due to the limited resources available. As a result, many Syrian refugee children access informal education provided by civil society organizations, which does not lead to certificates of completion and poses obstacles in seeking education beyond Grade 9. There are reportedly increased cases of school drop-outs and child labour,¹¹ as parents are unable to afford costs of transportation, school materials and others.

Syrian refugees face mounting pressure to return home, given the rising tensions between Syrian refugees and host communities. While many do, in fact, wish to return home, they are unable to do so until and unless a safe return is guaranteed and conditions in their places of origin are suitable for their return. Evidence suggests that socioeconomic conditions and access to basic services in Lebanon do not have significant influence over refugees’ decision to return home.¹² Thus, any measures to put pressure on refugees to return home are unlikely to achieve that objective,¹³ and are being implemented only at grave costs to the human rights of the Syrian refugees.

Lebanon also hosts Palestine refugees, estimated at about 181,000 by UNRWA (which provides services to about 257,000 persons in total). Most have lived in the country since 1948. Yet, these refugees continue to have ambivalent legal status and live at the margins of society. They face multiple barriers to access education, decent employment and social protection, leaving them almost entirely dependent on UNRWA’s assistance and services, which, in turn, are precarious due to limited resources and fluctuations in donor funding. By virtue of series of laws, ministerial decrees and decisions, Palestinian refugees are excluded from practising 39 syndicated professions, such as law, medicine and engineering, and the principle of national preference, coupled with a

requirement for a work permit, makes it practically impossible for Palestinian refugees to obtain a decent job in the formal labour market. Employment prospects for Palestinian refugees are often reduced to low-paying, low-skill work in the informal sector, without any form of social protection. While a marginal minority of Palestinian refugees working in the formal sector are required to contribute to the National Social Security Fund at 23.5 percent of the value of salary, they are considered as foreigners of a country with which Lebanon has no reciprocity agreement, and they therefore do not receive any social security benefits, except the end of service indemnity, which is only worth approximately 8.5 per cent of the paid value.

Deprived of the right to own any real estate, almost a half of Palestinian refugees (45 per cent) live in one of the 12 official Palestine refugee camps, and the rest reside in the so-called "gatherings" near the camps or informal housing. In all of these settings, Palestinian refugees are often subjected to overcrowded, unsanitary and unsafe conditions, with minimal access to infrastructure and basic services. The Special Rapporteur visited the Shatila refugee camp in Beirut: it was a vivid display of misery that is perpetuated by the policies and restrictions in place. The camp, whose surface area has not expanded since 1950, has had to adapt to the population increase in a haphazard manner, without access to proper construction materials. Buildings are vertically developed with serious risks of collapse, poorly ventilated, and randomly connected to electric wires amidst water pipes, which creates risks of electrocution.

Over 28,000 Palestinian refugees from Syria are in particularly vulnerable situations, as a considerable number of them are unable to regularize their status in Lebanon and hence the vast majority of them – 92 per cent – heavily rely on cash assistance provided by UNRWA as the main source of income.¹⁴ As for many other humanitarian assistance programs, however, this cash assistance program of \$100 per family per month is donor-dependent and due to be withdrawn at the end of 2021, leaving the beneficiary families with very little alternative sources of income.

c) Migrant workers

Lebanon is home to over 200,000 migrant workers. Many of them, particularly migrant domestic workers, lost employment as their employers became unable to afford to pay their salaries; some were abandoned in front of their embassies by their employers, without any money or assistance to return to their home countries. Those who remain often live in very precarious conditions: over 50 per cent of migrant workers recently surveyed were unable to meet food needs, while 53 per cent lived in substandard shelter conditions.¹⁵

Even prior to the crisis, migrant domestic workers were particularly vulnerable to poverty, abuse and exploitation, as domestic work is outside protection under

the labour law and migrant domestic workers' status in the country is governed by the kafala system, which ties their legal residency to their employer. The kafala system creates an enormous power imbalance between employers and employees, leading to forced labour and exploitative practices, such as non-payment of wages, unfair dismissals, overwork, restricted movements, violence and assaults. Under the kafala system, once domestic workers leave their employer, they lose their residency right and are considered to "illegal" migrants in the country, subject to risks of arrest and detention. Furthermore, there are serious consequences for children born to irregular migrant domestic workers, as they face difficulties in acquiring legal identity and hence accessing basic services.

The Special Rapporteur was encouraged to hear from the Minister of Labour that he will scrutinize criteria for granting permits to recruitment agencies to prevent cases of human trafficking, and seek approval of the Shura Council to integrate in the criteria the revised Standard Unified Contract, which stipulates provisions on paid leave, prohibitions against withholding wages and confiscating passports and other personal documents, among others. This should be further strengthened to enable employees to terminate contracts and the Ministry provides for a mechanism to monitor the implementation of the provisions vis-à-vis employers.

d) Women

Women, as always, bear the consequences of the State's failure to provide adequate public services and social protection. But Lebanon is a particularly worrisome case, since it has one of the lowest rates of women's labour market participation in the world - in terms of labor force participation rate, Lebanon was ranked 144 out of 156 countries reviewed in the last Global Gender Gap report, with a rate of 25.6%.¹⁶ It is also ranked in the lowest third among these countries for all other indicators for women, including education attainment, health and survival, political empowerment. Only 4.7% of parliamentarians are women.¹⁷ Women's salaries are 34% that of men.¹⁸ Discrimination remains inscribed in legislation itself: Lebanon maintains a reservation to article 9(2) of the International Convention on the Elimination of All Forms of Discrimination against Women, in order to maintain the difference in treatment between women and men as regards the right to confer nationality on children.

The various forms of discrimination women face, particularly in access to employment, explain why the disproportion between the unpaid care work performed by women and the contribution of men remains so significant: it is estimated that women put in more than 5 hours in performing care work per day.¹⁹ Neither these non-monetary contributions, nor the lost economic opportunities for women who contributed to their husband's career, are recognized at the time of separation, reinforcing the economic marginalization of women and leading them, in some cases, to remain trapped within abusive

marital relationships. ²⁰ The discrimination women face in access employment also are a major explanation for the fact that male-headed households are far more likely to benefit from social insurance programs, except for old-age pensions, than female-headed households.²¹ The current economic crisis has moreover led to a significant rise in gender-based violence, as the Special Rapporteur could hear in meetings organized in shelters and safe places for women and girls: indeed, data show the percentage of Lebanese seeking GBV services rose from 21 per cent in 2018 to 26 per cent in 2019 and to 35 per cent in 2020; the vast majority, as one could expect, are women.²² Sexual harassment at the workplace is also becoming more common since, as a result of the crisis, women cannot afford to lose their jobs. ²³

e) Children

Children have been the hardest hit by the economic crisis, with implications in terms of nutrition, education, and exposure to labor. 80% of children are worse off than they were at the beginning of 2020: while UNICEF is providing an “Integrated Child Grant” to support 70,000 children, this support is both widely insufficient and not sustainable in the long term.²⁴ The Special Rapporteur spoke with children in Halba and Minyara, in the Akkar region, who knew about dollar rates, the economic crisis, and the increase in food and medication prices, topics they should not be thinking about until much later in life. Many expressed their desire to leave the country and live elsewhere, even those of a very young age.

With 77% of households reporting that they did not have enough food or enough money to buy food, and 60% buying food on credit or borrowing money,²⁵ many households have been forced to reduce the quantity of the food they consume.²⁶ Despite parents’ efforts to prioritize children, this has affected their children as well.²⁷ Notably, over 30% of families reported at least one child who skipped a meal in March 2021.²⁸ Such dietary restrictions have particularly concerning consequences for the nutritional status and growth of children.²⁹

Worsening household economics have forced many children to drop out in order to contribute to the family’s income.³⁰ Since October 2019, Lebanon has seen increasing rates of child labor.³¹ In Beka’a, nearly 70% of working household members are children between the ages of four and eighteen.³² Overall, 9% of households reported sending their children to work as of April 2021.³³ Children including those as young as six resort to working in environments that are ripe for exploitation, violence, and abuse, including in the streets, in agricultural fields and garages, or on construction sites.³⁴ Many families have seen their children drop out to help support the household financially; others have switched to from the private to the public schools, although the lack of public transportation may make these schools inaccessible in practice:³⁵ poverty and related factors kept 400,000 children out of school in 2020.³⁶ Child marriage rates increased, as more families have resorted to marrying off their young

daughters in order to alleviate some of the economic burden.³⁷ Plan International researchers have written that “the curtailment of development or aid programs” as well as economic pressure are factors that contribute to increased child marriage.³⁸

Obstacles to child registration are a specific source of concern, regularly raised within the UN human rights system. Without an ID or a Civil Status Extract, public schools can deny entrance to non-Lebanese students. Although an annual circular of the Ministry of Education may allow them to register stateless children or children without proper ID, the Special Rapporteur met with stateless children and families who were either not admitted or, if they attended non-formal educational establishments run by registered NGOs, were not able to obtain valid certificates to continue their education in public schools. In the case of public hospitals too, stateless individuals may not be admitted on the grounds that they lack legal identification, and an exceptional authorization must be granted by the MoPH to this end.³⁹ The 1951 Personal Status Law should be amended without further delay to facilitate registration, even beyond the first year following birth.

f) Persons with disabilities

People with disabilities in Lebanon are particularly vulnerable to poverty. They are largely excluded from the labor market – between 71-80% are not or never have been employed – resulting in extreme poverty and social marginalization.⁴⁰ Those who are employed often do not find opportunities that provide them with a decent standard of living and stable career prospects.⁴¹

This systematic exclusion and marginalization reflect the government’s lack of political will. Lebanon is one of sixteen countries that have not ratified the Convention on the Rights of Persons with Disabilities. It has not implemented even its own legislation: many provisions on labor issues set out in Law 220/2000 for persons with disabilities still await bylaws to be put into effect.⁴² Information for people with disabilities, including about rights, is not always accessible.⁴³ Despite new communication technologies which are improving the access of some individuals, those who have particular impairments or are unable to pay for these technologies are left out, thereby worsening their position.⁴⁴ Additionally, many buildings remain inaccessible for people with disabilities, which serves to restrict their education and employment opportunities. 50.4% of people with disabilities are illiterate, reflecting the extent to which this population is restricted from education.⁴⁵

The poverty experienced by people with disabilities in Lebanon is exacerbated by the lack of comprehensive social protection programs and inadequate access to medical care. Family allowances and assistance, while real on paper, are not made available to a large portion of the population with disabilities.⁴⁶ Yet, households with a member with a disability spend on average an additional 16.5

per cent to reach the same standard of living as other households, and this percentage is doubled within the lowest 20% income-earners.⁴⁷

3. Restoring trust

a) Preserving the integrity of the political system

Lebanon's political system is ill-suited to address the crises the country is facing. We are two years into an economic crisis of massive proportions that has ruined lives, yet political leadership has so far failed to deliver. In his conversations with government officials in most ministries, the Special Rapporteur received copious amounts of details on the challenges the government faces, but very few answers regarding a long-term, coherent plan for recovery. Lebanon's political system based on consensus is preventing action at a time when the population cannot wait.

In addition, Lebanon has suffered historically from a lack of political will to introduce social policies, which has led to low investments in public infrastructure and in turn has left the State with a limited capacity to deliver and respond to crises.⁴⁸ In fact, key investments undertaken during the 1990's and 2000's followed a clear sectarian pattern. While some of the development institutions created during these years were aimed at rebuilding the capacity of regions, this happened at the expense of redistribution among income groups. Distribution of public funds during these years did not follow socio-economic priorities, but have been rather found to correlate neatly with sectarian affiliation.⁴⁹

Concentration of economic power and the capture of the State by economic actors seeking to strengthen their rentiers' position have made things worse. 60 percent of total spending between 2008 and 2018 by Lebanon's Council for Development and Reconstruction, or \$1.9 billion, was granted only to 10 companies, widely known to be politically connected.⁵⁰ At the district level, this research showed that in 22 of the 26 Lebanese districts, two firms secured at least 50% of the projects' total value between 2008 and 2018, and that in 11 of these the top two firms' share exceeded 60%.⁵¹

The links of politicians to the banking sector are particularly troubling. For the year 2014, individuals closely linked to political elites controlled 43% of assets in Lebanon's commercial banking sector, 18 out of 20 banks had major shareholders linked to political elites, and an estimated 8 families controlled 29% of the sector's total assets, owning together more than 7.3 billion US\$ in equity.⁵² Politically connected banks tend to be larger than other banks, hold more government bonds thus increasing sovereign exposure, provide more loans through political favoritism and rent distribution, and experience higher default rates on their loans.⁵³

Connections between politicians and the private sector reach the highest levels of political power in Lebanon, contributing to inequality and harming redistribution efforts. Opportunities for corruption are plentiful in such a context: Lebanon ranks 149th out of 180 economies in Transparency International's Corruption Perceptions Index.⁵⁴

Given the severity of the crises and its impacts on the population, public officials, and a fortiori those in top leadership positions, should publicly disclose their income, shares, and other financial interests to combat illicit wealth and conflicts of interest.⁵⁵ Doing so would not only ensure better alignment with the UN Convention against Corruption, which Lebanon has ratified, but it would serve to dispel accusations of wrongdoing at a time when the Lebanese can't access their own deposits.

The Central Inspection plays a critical role in ensuring oversight over and accountability of public administrations. Yet it is dramatically underfunded, with 98% of its 10bn LBP budget devoted to the salaries of its less than 100 inspectors to oversee over 130,000 civil servants. The Central Inspection also has to submit its budget for approval each year, which represents a problematic obstacle to foreseeable funding. Moreover, some institutions, most notably the Council of Construction and Development (CDR) and the National Social Security Fund, escape the scrutiny of the Central Inspection, reducing transparency and accountability.

b) Moving from cash transfer schemes to social protection floors

The social protection system in Lebanon has considerable gaps, and is far from providing basic income security to the population. About 36,000 households are currently covered by the main cash transfer system, the National Poverty Targeting Program (NPTP), providing 126USD per month to beneficiary households.⁵⁶ It has been announced that the program will be scaled up in the next few months to cover a total of 75,000 households. Even so, this would remain largely insufficient: it would cover at most one tenth of the population, at a time when the impoverishment process has concerned almost all the population in Lebanon, impacted both by the fall of their purchasing power and by the breakdown of public services in health, education and transport. The take-up of the education and health components of the NPTP is considered low, with large drops between 2016 and 2017 in particular.⁵⁷

Moreover, the targeting is problematic. A network of Social Development Centres across the country is tasked with assessing whether households claiming the NPTP benefits are in need. However, as noted by social workers from the SDCs the Special Rapporteur spoke to, the criteria relied upon are not suited to the nature of the current crisis. The NPTP relies on a ten-year-old formula and poverty line no longer appropriate to the current scale of the problem of poverty in the country. Households who own certain appliances or

whose dwellings present certain characteristics might be excluded, although they may have lost their sources of income or although whatever income they have may have lost much of its value following the devaluation of the Lebanese lira.

Finally, many low-income households either have not been informed about the NPTP, or have lost trust in the public administration and consider that they will be denied the benefits in the absence of connections to certain political parties or influential individuals. In al Mankoubin, Tripoli, the Special Rapporteur met with many families who could not explain why they had not received any support through this program despite being worse-off than neighbors who did benefit from it. In Madina Riyadiye, Beirut, families told him they had chosen not to apply to this program because they thought they wouldn't receive the help because of their lack of political affiliation.

Because the Government is aware of the insufficient level of protection provided by the NPTP, it has announced the launch of two additional programs. First, the Emergency Social Safety Net (ESSN) should provide assistance to about 160,000 households, to be funded by the World Bank through a \$246-million loan initially approved in January 2021. Under the ESSN, each household should receive a maximum of 126 USD per month, based on the size of the family. The entry into force of the program has been delayed for months, due in part to changes to the loan agreement that the previous government sought to impose unilaterally on the World Bank. After final discussions between the Bank and the Government, the programme appears now close to being launched, but it appears that it will suffer from the same targeting limitations as the NPTP.

Second, a ration card program is intended to provide about 500,000 vulnerable households with monthly cash transfers of an average of USD93 per family, for a total budget of USD 556 million. Although the Government shared its optimism that donors could support this program, it still has no confirmed source of funding, although one solution that is considered is to reduce the scope of the Bus Rapid Transit project, currently supported by a 295 million USD grant, to dedicate a portion of this sum to the ration card program. The roll-out of the ration card is in any case suspended until the amendments to Law 219 (Lebanon Emergency Crisis And COVID-19 Response Social Safety Net Project) are passed by parliament and an agreement is found with the World Bank on the modalities of the use of the loan provided in support of the ESSN.

Two major challenges should be addressed. First, registration for both the ESSN and the ration card is to be done through the Impact platform, which was also used for registration in the government's COVID-19 vaccine program. This is certainly an improvement on the NPTP, as the platform allows for online registration, with home visits to be performed by the World Food Programme. However, many families living in poverty will be left out, unless other, non-digital channels allow for registration to the programmes: it is entirely

unrealistic to expect these families to use online tools when they barely enjoy more than a couple of hours of electricity per day and generally have no access to a computer.

Secondly, by definition, cash transfer programmes financed by donors' money are not sustainable. They are not a substitute for establishing social protection floors financed by mobilizing domestic resources.

The adoption of a National Social Protection Strategy should therefore be a top priority for the recovery of the country. Lebanon lacks a welfare system. It lacks unemployment insurance, child benefits, old-age or disability pensions, and sickness and maternity or paternity benefits. It is the only country in the MENA region which has not yet established a pension scheme for workers in the private sector, and it is one of only 16 countries worldwide that does not provide a disability pension. ⁵⁸In 2018, 34.3% of the population in Lebanon was not protected by any kind of social protection measure. 40.5% was not affiliated to social insurance, and 62.6% lacked coverage by either contributory, non-contributory, or humanitarian schemes.⁵⁹

In fact, the main social assistance programs have been dominated by funding from international organizations, who often hold conflicting visions for what and who these programs should prioritize. Moreover, whatever modicum of social protection exists has only weak redistributive impacts: according to the ILO, “the proportion of individuals below the income vulnerability line was [only] 8.5 percentage points lower than it would be without social protection”, and this impact was lower even for very poor households.⁶⁰ Among the poorest 10 per cent of the Lebanese population, over 63 per cent were not covered by any form of social protection, compared to just 6.5 per cent of individuals in the richest decile.⁶¹ This is entirely unacceptable, especially since the poorest households are also those that benefit the least from remittances sent by relatives residing abroad.

To establish social protection floors and gradually extend coverage, domestic resources should be mobilized. Providing basic social protection is affordable. 3,630 bn LBP would be required to launch a modest child allowance, disability allowance, and old-age pension. This amounts to 4.38% of 2018 GDP,⁶² or to 69% of the current subsidies.⁶³

c) Addressing inequality and regaining fiscal space

At the time of the visit, Lebanon had started discussions at the technical level with the International Monetary Fund, with a view to obtaining a Letter of Intent and to start formal negotiations for a bailout of the country. In March 2020, under the caretaking Diab government, a Financial Recovery Plan had been prepared, but it failed to gain approval of the Parliament, and there was no agreement as to the estimated losses from the banking sector since the foreign

exchange crisis started to affect the country in 2011-2012. The Special Rapporteur was encouraged to hear from two ministers and from the Governor of the Central Bank that there was an emerging consensus on the losses to be shouldered not by the small depositors, those with accounts under the equivalent of US\$50-70,000, but by the shareholders of commercial banks and the largest depositors. This is the only equitable solution, and it is the only one that is likely to attract support within the population.

Yet, relying on donors' money to provide minimal social protection in the form of cash transfers, as done currently, is not sufficient to meet social needs; nor is it sustainable. The introduction of progressive taxation is needed. Lebanon is one of the most unequal countries in the world, with a Gini coefficient of 81.9,⁶⁴ and with very limited social mobility.⁶⁵ The probability of staying in the richest 1% income category for the following year between 2005 and 2016 was, on average, 75%.⁶⁶ Between 2005 and 2014, income remained extremely concentrated: on average, the richest 10% accounted for 56% of the total national income and the richest 1% accounted for 23%.⁶⁷ For the same period, the bottom 50% of the population received about half of what accrued to the top 1%, and the middle 40% acquired one third of the national income.⁶⁸ Wealth inequality is equally high: the top 10% of Lebanese holds almost 70% of total personal wealth while the top 1% holds nearly 45%.⁶⁹

Yet, the taxation system remains highly regressive. Lebanon was ranked 117th of 158 governments worldwide on the progressive taxation pillars.⁷⁰ This is largely because much of the public revenue (about 40%) stems from indirect taxes (VAT or consumption taxes), whereas personal income taxes and corporate taxes play a less important role than in other countries. The country has no inheritance tax, nor does it have a wealth tax. Only 11% of the tax revenue is collected through progressive schemes, and even this is based on an archaic system that taxes every income source separately, limiting progressivity.

d) Updating the minimum wage

The minimum wage is currently set at a pitiful 675,000 LBP/month. It was last updated in 2017. It should be increased as soon as possible. The Committee on Economic, Social and Cultural Rights notes that the minimum wage "should be fixed with reference to the requirements of a decent living, and applied consistently"⁷¹, and the Minimum Wage Fixing Recommendation No. 135 states that it "should be adjusted from time to time to take account of changes in the cost of living and other economic conditions. To this end a review might be carried out of minimum wage rates in relation to the cost of living and other economic conditions either at regular intervals or whenever such a review is considered appropriate in the light of variations in a cost-of-living index."⁷² 40% of mean wages is recommended by the ILO as a useful reference to take into

account.⁷³ Automatically indexing the minimum wage to consumer prices is also a generalized practice in other countries.⁷⁴

The Special Rapporteur welcomes the pledge by the Minister of Labour to address this issue, within the framework of the tripartite Index Committee.

e) Guaranteeing access to electricity

Access to electricity is the fifth major and immediate challenge. With the devaluation of the Lebanese pound, Electricité du Liban (EdL) has been facing increasing costs and falling revenue; as a result, it has become unable to continue to pay the private service contractors for the maintenance of power plants or for temporary power generation. EdL also covers only 63% of the demand for electricity, to its high technical and non-technical losses (amounting to a third of total generation)⁷⁵. Law 462/2002, already twenty years old, was meant to implement the necessary reforms for the sector, but continued legislative and administrative delays have meant that reforms of the sector remain overdue.

Two aspects of this reform are particularly relevant to poverty. The first concerns the unbundling of EdL. The process, established already in 2002, divided the sector and opened it to private participation, ultimately allowing for its complete privatization. Unless proper regulation is adopted, such privatization may have detrimental impacts on low-income groups in particular: as noted by the Committee on Economic, Social and Cultural Rights, private providers should be subject to strict regulations that impose on them so-called public service obligations, to ensure that the enjoyment of rights set out in the International Covenant on Economic, Social and Cultural Rights -- including the right to an adequate housing⁷⁶ -- are not made conditional on the ability to pay.

Because EdL currently provides electricity at very low (and highly subsidized) prices, higher electricity tariffs have been announced by the Ministry. This will undoubtedly have negative distribution effects on lower income households, since utility prices are the same for all income groups. The Special Rapporteur enquired about the Ministry's plan to cushion the impact of tariff increases on low-income families, once tariffs have been increased. This was answered by a view that the new tariffs would be lower than the exorbitantly high cost of private generators today and, therefore, specific provisions for low income households would not be needed. This response is inadequate for the level of extreme hardship that the population is facing. Although generators have certainly proliferated in recent years, people who experience deep poverty do not have access to a generator, rendering the comparison meaningless in their lives. A clear strategy for how measures will be introduced to protect low-income earners is paramount, whether in the form of social tariffs or otherwise.

A second relevant issue is the establishment of the Electricity Regulatory Authority (ERA). The Minister of Energy and Water confirmed that the ERA would be preserved in the amended Law 462, but according to the information provided the ERA would only be established once the private sector is involved, in one year's time. However, one of the purposes of an independent ERA should be precisely to oversee contracts and concessions to the private sector. ERA members must be independent (free from conflicts of interest, independent from political authorities including the Ministry itself, and with a foreseeable budget), accountable, and transparent.⁷⁷ The Ministry must ensure that the ERA is established as a matter of priority.

4. Conclusion and recommendations

The Special Rapporteur reiterates his gratitude towards the Government of Lebanon for facilitating his visit to the country. He puts forward the following preliminary recommendations:

Protection of vulnerable groups

1. Stateless persons in Lebanon should be allowed to register and to have their children registered, in order to ensure access to education and to formal employment. The 1951 Personal Status Law should be amended to facilitate registration, even beyond the first year following birth.
2. Access to employment opportunities for both Syrian and Palestinian refugees should be facilitated, in order to reduce the dependency of refugees on humanitarian assistance; to limit the risk of refugees entering informal work (thus competing on unfair grounds with Lebanese workers); to staff sectors, especially the medical profession, which are affected by the emigration of Lebanese nationals; and to facilitate the acquisition of skills and thus the return of refugees, once the conditions will allow for such return.
3. The kafala system should be abolished for migrant domestic workers, and the revised Standard Unified Contract should be adopted without further delay in order to protect these workers from abuse.
4. Women's access to employment should be improved, and the gender wage gap should be addressed.
5. In preparation of the accession of Lebanon to the Convention on the Rights of Persons with Disabilities, the country's legislation and policies should be assessed to ensure compatibility with the Convention, and to move from a medical model of disability, on which Law 220/2000 remains largely based, to a social model of disability, including a strong anti-discrimination framework.

Restoring trust

6. The Central Inspection should be strengthened, including foreseeable multi-year funding and unrestricted access to all public administrations, and the National Anti-Corruption Strategy 2020-2025 effectively implemented.

7. In order to ensure Lebanon obtains essential support from the International Monetary Fund, it should present a credible Financial Recovery Plan, based on the 'bail-in' of the losses incurred by the banking system, so that these losses are shouldered by the banks' shareholders and by the largest depositors.

8. In the expansion of the National Poverty Targeting Programme (NPTP), the Emergency Social Safety Net (ESSN) and the ration card, non-take-up by low-income households should be specifically addressed, by establishing safeguards to ensure targeting does not result in exclusion and is not manipulated for political clientelist purposes, and by ensuring that the expansion of online application processes do not lead to the de facto exclusion of people with no internet access or who lack digital literacy.

9. A National Social Protection Strategy should be adopted, to gradually establish social protection floors financed, as regards the social assistance component, by a progressive taxation system, including a wealth tax.

10. The statutory minimum wage should be increased to levels that correspond to a living wage, taking into account the significant fall in the purchasing power of the Lebanese pound since 2017.

11. In the reform of the electricity sector, social tariffication schemes should be considered, in order to ensure that the increase in tariffs and the privatization process will not disproportionately impact low-income earners.

Notes:

1. OCHA, Emergency Response Plan - Lebanon, August 2021, p. 6.

2. World Bank, Lebanon Economic Monitor. Lebanon Sinking (To the Top 3), Spring 2021, p. xi.

3. Id., p. 13.

4. On 4 November 2021, the cost of 20 liters of 95-octane and 98-octane gasoline was set at LBP304,000 and LBP313,400, respectively. The official monthly minimum wage is LBP675,000.

5. *Lebanon: Children's future on the line*, UNICEF, June 2021, p. 7

6. https://files.institutesi.org/UPR37_Lebanon.pdf, para 14

7. Under its multi-purpose cash assistance program (MCAP), UNHCR provides approximately 170,000 vulnerable families with 800,000 LBP in cash support (up from 400,000 LBP to cushion the impacts of the devaluation of the lira). In addition, vulnerable Syrian refugee families receive food assistance equivalent to the sum of 300,000 LBP per person per month from the World Food Programme, which they can redeem at shops around the country through the common card.

8. UNHCR, UNICEF and WFP, Preliminary Results of the Vulnerability Assessment of Syrian Refugees, September 2021, available at: <https://data2.unhcr.org/en/documents/details/88960>

9. UNHCR, UNICEF and WFP, Preliminary Results of the Vulnerability Assessment of Syrian Refugees, September 2021, available at: <https://data2.unhcr.org/en/documents/details/88960>

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11. At least 27,825 Syrian refugee children currently engaged in various forms of child labour, according to the VaSyR data.

12. Ala' Alrababa'h et al, Returning Home? Conditions in Syria, Not Lebanon, Drive the Return Intentions of Syrian Refugees, September 2020.

13. Ibid.

14. Ministry of Social Affairs and the United Nations. Lebanon Crisis Response Plan 2017-2021 (LCRP), at 16.

15. International Organization for Migration, Migrant Presence Monitoring, Baseline Assessment – Round 1, August 2021.

16. World Economic Forum, Global Gender Gap Report, 2021, p.25.

17. Id., p.26.

18. Id., p.251.

19. Dana Abed et al., *Inequality in Lebanon: questioning labor, social spending, and taxation*, p.2.

20. Human Rights Watch, Unequal and Unprotected, p.6.

21. ILO Vulnerability and Social Protection Gaps Assessment – Lebanon, p.12.

22. OCHA, Lebanon Emergency Response Plan 2021 – 2022, p.13
23. Id.
24. *Lebanon: Children’s future on the line*, UNICEF, June 2021, pp. 2 and 9,
25. Id., p. 2.
26. Oxfam, *Poverty, Inequality and Social Protection in Lebanon*, Jan. 2016, p. 14.
27. Id.
28. *Lebanon: Children’s future on the line*, UNICEF, June 2021, p. 3.
29. Oxfam, *Poverty, Inequality and Social Protection in Lebanon*, Jan. 2016, p. 14.
30. Id.
31. Marian Abouzeid et al., *A Generation at Risk: The Impacts of Lebanon’s Escalating Humanitarian Crisis on Children*, Front. Public Health, Aug. 16, 2021.
32. Id.
33. UNICEF, *Lebanon: Children’s future on the line*, June 2021, p. 2, <https://www.unicef.org/lebanon/media/6541/file>
34. Id., p. 1.
35. Oxfam, *Poverty, Inequality and Social Protection in Lebanon*, Jan. 2016, p. 14.
36. UNICEF, *Lebanon: Children’s future on the line*, June 2021, p. 7.
37. Id., p. 4; Cathrin Schaer, *Underage marriages increase in Lebanon during pandemic*, DW, May 15, 2021,
38. Cathrin Schaer, *Underage marriages increase in Lebanon during pandemic*, DW, May 15, 2021
39. 2020 UPR Submission_Socio Economic_July 2020_F.pdf para 30
40. Emilie Combaz, *Situation of persons with disabilities in Lebanon*, K4D, July 15, 2018, p. 19;
<https://promocionsocial.org/wp-content/uploads/2020/06/FPS-Disability->

Health-Situational-Analysis-Report.pdf
p.107.

41. Id.,

42. Id., p. 18.

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44. Id.

45. Id., p. 15.

46. Id., p. 19.

47. ILO, Towards a Social Protection Floor for Lebanon, 2021, p.12.

48. UN in Lebanon, Social Protection in Lebanon, Nov. 2020, p. 5.

49. Nisreen Salti and Jad Chabaan, The Role of Sectarianism in the Allocation of Public Expenditure, International Journal of Middle East Studies, Nov. 2010.

50. Sami Atallah et al., Public Resource Allocation in Lebanon: How Uncompetitive is CDR's Procurement Process?, p.2.

51. Id., p.3.

52. Jad Chaaban, Mapping connections between Lebanon's banking sector and the ruling class, 2016, p.3.

53. Jad Chaaban, Mapping connections between Lebanon's banking sector and the ruling class, 2016, p.4.

54. Transparency International, Corruption Perceptions Index.

55. World Bank, Getting the Full Picture on Public Officials: A How-To Guide for Effective Financial Disclosure, 2017.

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58. Social protection for older populations (Dec 2020), p.3

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61. Id, p.10
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73. ILO, Social justice and growth: The role of the minimum wage, 2012, p. 121.
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