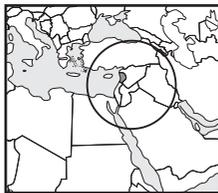


LEBANON

Gaps and efforts in social protection



Lebanon lacks a coherent and comprehensive system for social protection. Over half the population is not covered by any form of health insurance, and retirement schemes exclude the most vulnerable and poor. NGOs play a major role in providing social assistance to those cut off from formal protection systems. Meanwhile, Palestine refugees, who comprise 10% of the population, face severe discrimination in the right to social security, to work, and to own property, resulting in high rates of abject poverty.

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Social protection is defined as the set of policies and mechanisms in a given country to protect its citizens (or residents) from any risks they might face. In a country like Lebanon, faced with continuing political instability and its adverse impact on the country's economic performance and the people's living conditions, social protection becomes even more essential. However, is social protection given the priority it deserves? Are vulnerable groups and the poor adequately covered against the high possibility of shocks? What shape do the social protection mechanisms take? And what actions is the government planning to undertake to ensure proper protection for its citizens?

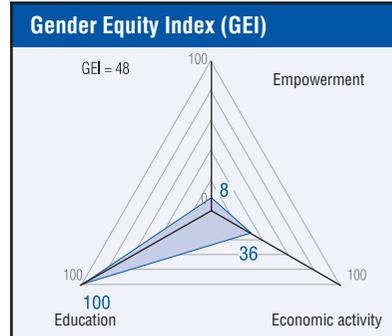
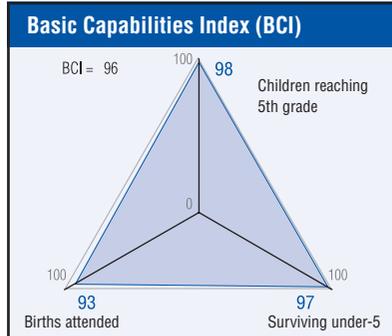
No health insurance for over half the population

Although Lebanon is considered a middle-income country, poverty rates are still relatively high. Around one quarter of its population is considered poor (deprived of basic needs), with 5% living in extreme poverty.

A major characteristic of social security mechanisms is that those most in need are the least covered. This is the case, for example, with regard to health insurance. More than half of the population (53.3%) is not covered by any form of health insurance. In terms of the type of health insurance, 23.4% of all residents are covered by the National Social Security Fund, 9% by health services provided by the Army and the Internal Security Forces, and 4.3% by the Public Servants' Cooperative. An additional 2.6% of residents are insured at their own expense, 2.2% receive private insurance through an institution or a syndicate, 1.7% are enrolled in a private insurance scheme at the expense of their employer, and 1.7% are covered by some other type of health insurance.

While there is no significant gender disparity in coverage – 43.6% of males and 46.3% of females are beneficiaries of some form of health insurance – coverage varies significantly based on age. The population aged 65 and above accounts for only 8.2% of the total number of beneficiaries (MoSA, 2006).

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Regional disparity is a characteristic of poverty and inequality in the country, and disparity in health insurance follows the same pattern as disparity in other socioeconomic indicators. The peripheral regions like the Beka'a, South Lebanon, North Lebanon and Nabatieh have lower numbers of beneficiaries of insurance schemes – accounting for 10.9%, 8%, 15.4% and 4.1% of total beneficiaries, respectively – compared to central regions like the capital city Beirut (13.7%) and Mount Lebanon (home to 47.9% of all health insurance beneficiaries) (MoSA, 2006).

The absence of health insurance is highly correlated with unemployment. The unemployed and those who are unable to work represent 1.6% and 2.3% of the total beneficiaries of at least one type of health insurance, respectively. The correlation between poverty and the absence of health insurance is illustrated by the fact that the percentage of deprived households is 14% where the head of the household is covered by health insurance, while it increases to 34% where the head of the household is not covered by health insurance (MoSA, 2006).

Employment is the entry point for receiving health and social insurance. Once unemployed, beneficiaries and their families (as indirect beneficiaries) lose social insurance coverage. The current system, especially the public insurers, excludes the unemployed, agriculture workers, the self-employed, and those working in the informal sector (unskilled labourers, seasonal workers), who earn lower incomes and are more vulnerable to shocks and risks. Moreover, health and social insurance coverage of the elderly and the retired is largely limited to state employees and the staff of big corporations.

Poorest and most vulnerable cut off from retirement schemes

Retirement schemes are not much different from health insurance; similarly, they are largely linked to the labour market and generally non-universal. Only state employees (civil servants and military personnel), who account for around 10% of the labour force, have the opportunity to choose between receiving a monthly retirement income or a lump sum amount as end-of-service compensation after retirement. Those employed in the private sector, public utilities and municipalities – representing 25% of the labour force – do not enjoy the option of a continued retirement income. When they retire, they are entitled to an end-of-service lump sum payment only.

The better-off group includes those who are employers, self-employed or members of a liberal profession (lawyers, engineers, doctors) and therefore enjoy a middle to high income. Although they do not benefit from formal social insurance schemes, their income level makes it possible for them to invest in private pension schemes and/or accumulate substantial savings for the future. Much lower down on the ladder of protection are the wage earners employed in agriculture, construction, small business and domestic services. Workers in this group do not benefit from a retirement scheme unless they enter into one on their own initiative. The unemployed are definitely the most vulnerable, as they are theoretically and practically outside any protection mechanism. Lebanon does not have an unemployment compensation system to protect them while they are out of work, and when they reach retirement age, if they have not been employed, they will not be provided with the benefits of any retirement scheme.

Clearly the retirement system does not provide adequate coverage and excludes the most vulnerable and poor. Despite this poor performance, the retirement scheme covering civil servants, military personnel and private sector employees consumes 3.5% of GDP (2004), one of the highest levels of spending in the region.

NGOs play a major role in providing social services

Social protection mechanisms take two major forms. The first is that of institutional and formal mechanisms funded by contributions from the beneficiaries or their employers. Coverage by these institutions and mechanisms is based on the fulfilment of certain criteria, usually employment, as mentioned above. The second form is basically comprised by ad hoc interventions and programmes such as social assistance, relief efforts and credits that are financed by external or local funds and are usually managed by the government, civil society institutions, international organizations or the private sector.

Different government players are involved in mitigating the adverse effects of poverty, political instability and economic fluctuations. The Ministry of Social Affairs (MoSA) and the Ministry of Public Health (MoPH) act as a safety net to a substantive share of the population.

MoSA provides a wide number of social services (primarily health care and education) through a network of social development centres scattered all over Lebanon. In addition to social services, it provides in-house care to around 30,000 beneficiaries including children (especially orphans), the elderly and the disabled; this accounts for 60% to 70% of its budget.

MoPH, for its part, acts as a health safety net for those who are not covered by any health insurance scheme, by covering the costs of hospitalization in public or private hospitals. It should be noted that MoPH beneficiaries are treated on a case-by-case basis and have to negotiate before receiving service. The coverage does not include primary care, medical exams or consultations.

The role of NGOs in Lebanon is substantial. NGOs have played a major role in providing social assistance to the poor and vulnerable population in the past decades, especially during the years of civil war and the Israeli attacks. They have greatly contributed to the relief work and acted as a true safety net to a significant share of the population. Around 53% of the NGOs active in the country are primarily devoted to assisting the poor and the needy. The social assistance and support provided by NGOs gives priority to two major areas, the provision of health care and educational services, including literacy programmes.

In general, Lebanon lacks a coherent and comprehensive system for social protection. Spending on social protection is not proportionate with the outcomes reflected in the performance of the education and health sectors, where the vast majority of expenditure is allocated. The biggest share of the budget of the MoSA, public insurers and the civil

sector is spent on education and health services, while the National Social Security Fund spends 32% of its budget on health, the Army spends 53% of its social budget on education and 40% on health, and the Public Servants' Cooperative disburses 55% on health and 40% on scholarships. The end result is that the provision of these services is mostly duplicated, largely improvised, and not always of sufficiently high quality.

Palestinian refugees: a neglected population

The official number of Palestinian refugees is currently about 409,000, which is roughly 10% of the population. Most of them live in 12 camps scattered throughout the country and are registered with the United Nations Relief and Work Agency for Palestine Refugees in the Near East (UNRWA),² which provides them with social assistance, particularly in relation to health care and education.

According to the UNRWA, all 12 of the refugee camps "suffer from serious problems – no proper infrastructure, overcrowding, poverty and unemployment." Lebanon is also home to "the highest percentage of Palestinian refugees who are living in abject poverty."

The deplorable living conditions are the cause and effect of the inadequacy or total absence of social services and protection mechanisms and deprivation of the right to work. The refugees are not allowed to practice a number of professions, including pharmacy, law, medicine and journalism, in addition to a list of dozens of other trades and professions, as they do not have Lebanese citizenship. Palestinians face similar discrimination with respect to the right to social security. With the exception of those working at the UNRWA, who enjoy the benefits of a secure job, Palestinians face severe discrimination in the right to work, to social security, and to own property, and this is reflected in increased poverty and worsening living conditions.

Plans for future action

After the Israeli attacks waged on Lebanon in July 2006, the international community gathered in January 2007 at the Paris III Donor's Conference to support Lebanon. The Lebanese government submitted a Social Action Plan to the conference, outlining the basic starting points for enhancing the living conditions of the poor and vulnerable groups, as well as improving the shortcomings in the social sector. The plan aims at 1) reducing poverty and improving education and health indicators; 2) improving the efficiency of social spending; and 3) minimizing regional disparities and achieving better dissemination of allocations in the national budget for social intervention. The objectives of the plan are to be achieved through strengthening social safety nets in the short term and introducing social sector policy reform in the medium to long term (GoL, 2007a).

In addition to the Social Action Plan, the "Recovery, Reconstruction and Reform" paper submit-

ted by the government to the Paris III conference called for a reform of the pension system in Lebanon as a top priority (GoL, 2007b). The reform will work on merging the different systems into one modern scheme, reducing administrative costs, and extending coverage to the self-employed and casual workers with limited savings capacity. Implementation plans for these reforms are currently in preparation and efforts are underway to secure the needed funding.

In general, the Lebanese still rely on family and community networks for protection, especially when they are old or unemployed. More than half of the population, including the very poor and vulnerable, is not protected by any formal systems. The government appears to be committed to reforming and improving social protection mechanisms, as reflected in the documents submitted to the Paris III Donors' Conference, including the Social Action Plan. However, the government needs to translate this commitment to reform and cost-effective protection mechanisms into long-term and sustainable changes that prioritize the needs of the poorest and most vulnerable segments of the population. Reform plans must be linked to the adoption and implementation of comprehensive and integrated social policy. There is also a need to revisit the role of the state in relation to other partners to lead to a systematic and efficient division of labour between the state, NGOs and the private sector on the basis of a lengthy process of social dialogue involving the different stakeholders and partners. ■

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