REPUBLIC OF LEBANON
MINISTRY OF FINANCE

معهد باسل فليحان المالي والاقتصادي
Institut des Finances Basil Fuleihan

Review of the Government Spending on Social Protection in Lebanon

2017-2024

Co-funded by the European Union

International Labour Organization

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ISBN: 9789220427910 (print); 9789220427927 (web PDF)
DOI: https://doi.org/10.54394/DEZV6132

Also available in Arabic: إنفاق الحكومة على الحماية الاجتماعية في لبنان (2017-2024)
ISBN: 9789220427934 (print); 9789220427941 (web PDF)

Printed in Lebanon.

Acknowledgments

This report was made possible through the collaboration of the Institut des Finances Basil Fuleihan, the International Labour Organization (ILO), and the United Nations Children's Fund (UNICEF), with the generous contribution of the European Union*.

We extend our sincere gratitude to H.E. Minister of Finance, Yassine Jaber, and H.E. Minister of Social Affairs, Haneen Sayed, for their invaluable support in advancing the national discourse on social protection and for keeping people's rights at its core.

The report was prepared under the supervision of Lamia Moubayed Bissat, President of the Institut des Finances Basil Fuleihan, and led by Sabine Hatem, Chief Economist and Director of Cooperation and Partnerships.

We are deeply indebted to both the ILO team for their guidance, technical expertise, and thorough review—especially (in alphabetical order): Federico Barroeta, Mira Bierbaum, Giulio Bordon, Raji Jabbour, and Luca Pellerano; and the UNICEF Lebanon Country Office, notably Yasmine Ibrahim and Peter Luigi Ragno, for their substantive contributions.

Data collection, transformation, and validation were overseen by Tonia Salameh, Data Specialist, with contributions from national datasets provided by:

- The Ministry of Finance - Budget, Expenditures, and Treasury Directorates: special thanks to Georges Maarawi (Director General of Finance), Carole Abi Khalil (Director of Budget and Expenditure Control), Rania Diab (Director of Expenditures), Fadi Rahal (Government Commissioner and Head of Accounting and Cashiers Department), Abir Chaaban (Head of the Administrative Department within the Expenditures Directorate) and Hussein El Hajj Hassan (Accountant in the Treasury Department).
- The National Social Security Fund: thanks to Chawki Bou Nassif (Director of Finance).
- The Cooperative of Civil Servants: thanks to Gladys Tom (Director of the Administrative Department).

We also credit the role of UNICEF and the World Bank for providing data on cash transfer programs, including AMAN and the National Disability Allowance.

We are grateful to Iskandar Boustany, Public Financial Management (PFM) Expert for his contribution to the macro-fiscal and economic analysis and to Rania Eghnatios, for her insights, guidance and contribution to the launching event.

We are thankful to Josiane Chebli and Assaad Sammour for the Arabic translation and editorial support; and to Dolly Harouny for the report's design and execution.

Finally, our thanks go to the communication teams of the Institut des Finances, ILO, and UNICEF—especially Jide Begdache (Institut des Finances Basil Fuleihan), Mirna El Khoury, Salwa Kanaana, Layal Abou Antoun (ILO), and Amira Alameddine (UNICEF)—for their dedicated collaboration and support in preparing, publishing, and disseminating this report.

* This publication was co-funded by the European Union. Its contents are the sole responsibility of the Institut des Finances Basil Fuleihan, the International Labour Organization (ILO), and UNICEF, and do not necessarily reflect the views of the European Union.

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Executive Summary

Since 2019, Lebanon has been grappling with a severe compounded financial and fiscal crisis. Economic contraction reached 40% in five years, and the national currency lost nearly 98% of its value (IMF, 2023), decimating incomes, savings, and pensions. Poverty rates tripled, hitting the most vulnerable populations hardest. Unemployment, informality, and reliance on a cash-based economy surged, while labor underutilization soared above 50%. The collapse of the national currency and of contributory social protection schemes threatened the viability of pensions and end-of-service benefits.

The crisis deepened further with the regional outbreak of war on October 8, 2023, which escalated into nationwide conflict by September 2024. The World Bank's Rapid Damage and Needs Assessment (March 2025) estimated total physical and economic losses at over USD 14 billion. More than 1.2 million people were internally displaced, with women, children, older adults, persons with disabilities, and refugees disproportionately affected. The conflict also led to the loss of approximately 166,000 jobs, resulting in an estimated USD 168 million in lost earnings.

The lack of preparedness and weak crisis management significantly exacerbated the impact of Lebanon's multi-dimensional crisis. Over the past four years, the country is estimated to have lost more than a decade of development progress (UNDP, 2024). Despite these challenges, four notable milestones marked incremental progress on the social protection front in 2023 and 2024: the launch of the National Disability Allowance, the ratification of a new pension law, the adoption of the National Social Protection Strategy, and the consolidation of the NPTP and ESSN into the unified AMAN program. However, progress has been heavily dependent on international assistance.

Structural weaknesses remain deeply entrenched. Social protection spending continues to disproportionately benefit the non-poor, particularly formal public-sector employees. Rising vulnerabilities and achieving equitable and sustainable social protection will require a shift toward evidence-based reforms, supported by robust data systems, targeted financing strategies, and a commitment to expanding coverage and improving adequacy.

This Review of the Government Spending on Social Protection provides a detailed analysis of social protection spending from the state budget between 2017 and 2024, presenting key findings and recommendations that aim to ground broader social policy reforms and the state's response to the crisis in evidence and data, and guide decisions regarding the financing and implementation of the National Social Protection Strategy.

1 A macro-fiscal analysis of social protection spending during the crisis: a significant erosion in expenditure capacity

The first section examines key patterns in overall social protection spending, both budgeted and executed. It places particular emphasis on the structural changes triggered by the crisis and explores their potential implications for public finances.

Beyond donor financing, social protection in Lebanon is primarily financed through the public budget, the treasury, and contributions from the National Social Security Fund (NSSF) and the Civil Servants Cooperative (CSC).

Starting 2020, fiscal allocations to social protection have struggled to keep pace with the country's deepening crisis. While nominal budget allocations for social protection (excluding social health protection) rose from LBP 6,921 billion in 2017 to LBP 50,149 billion in 2024, this increase was significantly undermined by currency depreciation. **In real terms, allocations dropped from approximately USD 4.6 billion in 2017 to just USD 0.6 billion in 2024. When including social health protection, the total budgeted allocation fell from USD 6.1 billion in 2017 to USD 1.3 billion in 2024, signaling a significant erosion in expenditure capacity.**

The rise in nominal social protection spending was mostly reactive and unplanned, seldom driven by a strategic prioritization process. Instead, it reflected severe fiscal constraints that delayed the timely adjustment and prioritized emergency reallocations and responses to successive crises —including COVID-19 and the Beirut Port explosion—rather than prevention or long-term policy planning.

From a budget composition perspective, the share of social protection allocations (excluding social health protection) returned to pre-crisis levels by 2022. However, when social health protection is included, the share of the total budget dedicated to social protection increased significantly—from a pre-crisis average of 28% to 40% in 2021 and 38% in 2022. This shift was primarily due to emergency expenditures, not increased fiscal space.

Execution of social protection budgets has also been problematic. **Actual spending has consistently fallen short of allocations, particularly since 2020.** In 2022 and 2023, only 67% and 74% of budgeted allocations were executed, respectively. Key drivers of underspending included:

- Severe liquidity constraints due to low revenue mobilization;
- Treasury prioritization of urgent or non-deferrable payments;
- Weak institutional capacity and prolonged reliance on provisional budget rules (e.g., the one-twelfth rule).

As such, social protection spending lost ground relative to GDP, dropping from 11% in 2017 to 1.3% in 2023.

2 Social protection spending in focus: lifecycle gaps persist while social insurance and the public sector remain the largest beneficiaries

The macroeconomic analysis is followed by a comprehensive analysis of social protection spending, categorized into four distinct streams:
1) according to the functional classification of the budget; 2) in relation to lifecycle contingencies; 3) in alignment with the pillars of the National Social Protection Strategy; and 4) by type of beneficiary.

According to the functional classification of the budget: The Ministry of Finance classifies social protection under "Function 10" of the national budget (in accordance with the IMF-GFSM 2001 classification standard). During the crisis, reported amounts have been artificially inflated due to the inclusion of public sector social allowances used as salary top-ups. This practice distorted the actual scale of social protection spending and necessitates cautious interpretation of the data. However, the real issue lies behind the fact that **around 39% of social protection spending is scattered across other budget functions—including health, education, economic affairs, and public order—while 14% of allocations under function 10 do not constitute an actual social protection expenditure.** This misalignment highlights a structural issue in the current classification system and calls for reclassification of budget lines (e.g. school allowances, medical costs for security forces, and nutrition programs) to reflect the actual size and structure of social protection spending and improve the accuracy of the data baseline usually available for first-hand analysis.

In relation to lifecycle contingencies: **Old-age and survivor benefits dominate the social protection spending landscape,** with public pensions accounting for 86.7% of this category between 2017-2023; followed by spending on Health, and primarily on hospitalization (43%) and NSSF sickness/maternity benefits (33%), while public hospitals serving the most vulnerable receive less than 0.5% of the total.

Spending on disability, maternity, and housing is negligible, with no disability benefits allocated before 2024. In education, the bulk of spending supports school allowances for military and security personnel, while only a small share reaches low-income students through subsidies and fee waivers.

In regard to the pillars of the National Social Protection Strategy: **Social insurance and Financial access to health account for most of the social protection expenditure.** Starting 2022, spending on Financial access to health increased, while Social assistance dropped from 23% in 2017 to 1% in 2024, following the phasing out of subsidies without a corresponding reallocation to direct income support programs. In 2024, domestic financing was allocated to cash transfers, notably the National Disability Allowance (LBP 150 billion), marking the first successful co-financing of cash transfer programs.

By type of beneficiary: **Despite differences in benefit levels, the public sector remains the primary beneficiary of social protection spending.** Within this group, security and armed forces receive more generous benefits than civilian public employees—particularly in areas such as maternity and access to basic education. In contrast, private sector workers primarily benefit from the contributory system managed by the NSSF, which includes end-of-service indemnities and family allowances.

Historically, spending on the poor and vulnerable has been consistently limited, with significant underspending across all groups. However, this trend began to shift in 2023, when larger budget allocations were directed toward cash transfer programs.

3 On the financing structure of social protection: more domestic resources need to be allocated to social protection

The third section sheds light on the primary financing sources and modalities of social protection spending, notably through the state budget, the NSSF, the Cooperative of Civil Servants and treasury advances, while a large share of donors' financing remained off-budget, and thus outside the report's scope.

The analysis reveals that **available domestic financing dedicated to social protection stands at 9% of its pre-crisis level, dropping from an average of USD 6.6 billion in 2017-2019 to USD 0.6 billion**

in 2020-2023. During the crisis, donors financed fully or partly emergency programs like AMAN and the National Disability Allowance (NDA), but Official Development Assistance alone remained insufficient to cover all needs. In addition, the roll-out of the National Social Protection Strategy is expected to raise financing needs, though exact cost estimates remain undefined. However, its implementation must be aligned with fiscal capacity and long-term sustainability.

When it comes to social health protection alone, the state budget and NSSF are the primary funders, with the latter reducing its role in financing social health protection from 48% in 2019 to 17% in 2023 due to outdated tariffs, widespread under-declaration of wages and chronic government failure to pay its employer contributions to the NSSF, adding pressure to already fragile social insurance finances. Given the NSSF's crucial role in financing social protection, reforms in its internal governance and financial management are needed to expand coverage, enhance efficiency, and ensure better value for money in service delivery.

In terms of financing modalities, two trends marked the crisis period and are of interest to the analysis:

- **During the crisis, the government increasingly relied on treasury advances to finance social protection**—particularly for salary and pension top-ups. In 2023, these advances totaled LBP 57,518 billion, with an estimated LBP 18,273 billion (approx. 10% of the draft budget) directed to social protection. However, much of this spending constitutes wage support, meaning only 32% of the advances effectively financed social protection. **These treasury advances created major distortions between allocations and actual disbursements, fragmented state finances and undermined budget reporting and fiscal controls.**
- **Crisis relief was largely financed by external financing.** Cash assistance programs—NPTP, ESSN, and NDA—were largely donor-financed and managed off-budget, while SDRs financed subsidies (fuel, wheat, medication), **leading to fragmented aid delivery and weak integration with budget planning and providing temporary but unsustainable support.**

As such, Lebanon's financing of social protection remains highly vulnerable to external shocks, donor shifts, and off-budget fragmentation.

Conclusion and recommendations

As inequality widens and vulnerability increases due to instability, conflict, and rising unemployment, advancing the **gradual implementation of the National Social Protection Strategy (NSPS) is critical**. This should be **guided by a prioritization framework based on cost analysis and vulnerability assessments to ensure social protection is universal, shock-responsive, and fiscally sustainable.**

Key to this progress is strengthening formal employment to reduce informality and expand contributory coverage while improving policy and operational decision-making around social protection financing.

The report's recommendations, grounded in the findings of the budget review, emphasize **relevance, coherence, efficiency, value-for-money, and sustainability as well as better structuring, allocation, and equity in social protection spending and enhancing data availability to inform resource planning.**

While not addressing the entire system, these recommendations aim to lay the groundwork for stakeholder dialogue and may require further assessment to gauge feasibility and long-term impact. They were grouped into five categories:

1. **Expanding and enhancing the quantity and quality of existing data on social protection,** including the enhancement of social protection spending classification in the budget, and the regular publication of relevant national data (Public finance data, household data, NSSF data, mutual funds data, Official Development Assistance financing social protection, etc.)
2. **Strengthening the institutional capacities of key social protection providers and financers,** including developing institutional capacities in budget planning and costing, data recording and reporting, and adopting systematic approaches for the regular conduct of budget reviews.
3. **Creating fiscal space,** including allocating a share of the domestic resources mobilization strategy to finance social protection.
4. **Speeding up the implementation of structural reforms to create synergies that would support the long-term sustainability of social protection efforts,** such as the entry into force of the pension law, reforming public pensions, costing the programs and policy initiatives under the NSPS and establishing a medium to long term financing strategy, based on the function and level of benefits that will be gradually provided, and conducting budget reform.
5. **Overcoming resistance to change** by launching a coordinated public communication campaign and engaging early on with the Ministry of Finance to assess the affordability and potential outcomes of increased social protection spending.

List of Acronyms

CAS	Central Administration of Statistics
CSC	Civil Servants Cooperative
ESSN	Emergency Social Safety Net
EU	European Union
GDP	Gross Domestic Product
ILO	International Labour Organization
IMF	International Monetary Fund
LCRP	Lebanon Crisis Response Plans
MoSA	Ministry of Social Affairs
NDA	National Disability Allowance
NPTP	National Poverty Targeting Program
NSPS	National Social Protection Strategy
NSSF	National Social Security Fund
ODA	Official Development Assistance
PCM	Presidency of the Council of Ministers
SDR	Special Drawing Rights
SP	Social Protection
WB	World Bank

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Context

Since 2020, vulnerabilities are on the rise

The financial and fiscal crisis that started unfolding in 2019 had a devastating impact on the Lebanese economy and society. The national GDP contracted by an estimated 40% while the local currency lost nearly 98% of its value (IMF, 2023), decimating the real value of incomes, savings and pensions. In its latest national households' survey, the Central Administration of Statistics showed that employment income and the purchasing power declined substantially by 10 folds, to reach a historical low in 2022, averaging at around USD 92 monthly (Central Administration of Statistics, 2022). While gradual salary adjustment began in 2023, predominantly benefiting private sector employees[1], public-sector workers received only temporary compensation without a formal salary adjustment. Consequently, income inequality continued to rise, and poverty was estimated to have more than tripled from 11% to 33% between 2012 and 2022[2]. The share of impoverished Lebanese not only increased, but the depth and severity of their poverty also worsened, indicating that the erosion of well-being was particularly severe among the most vulnerable (World Bank, 2024).

Unemployment and poverty surged, while informality and the cash economy grew significantly. According to the CAS, overall labor underutilization stood at 50.1%, while unemployment rate combined with time-related underemployment reached 43.2% and was significantly high among youth, peaking at 57.6% (Central Administration of Statistics, 2022). This dramatic drop in the number of active contributors, compounded by the rapid devaluation of contributory schemes' benefits and financing, is expected to weigh significantly on the future pensions and end-of-service settlements of an aging population. It is also a prominent factor to take into consideration in the design of any upcoming social protection intervention or scheme design.

The lack of preparedness and weak crisis management worsened the impact of this rapidly evolving multifaceted crisis. Lebanon is estimated to have lost, in the past four years, more than a decade of development gains (UNDP, 2024).

In addition, the latest conflict that started on October 8, 2023, targeting mostly the South of the country before dramatically escalating by the end of September 2024 into a wide-scale attack, came on top of the already fragile situation and exacerbated the state of vulnerability across the country. As per the Rapid Damage and Needs Assessment published by the World Bank in March 2025, the combined cost of physical damages and economic losses from the war is estimated to reach at least USD 14 billion (World Bank, 2025). Real GDP growth was projected to further shrink by 7.1% in 2024. According to the Government of Lebanon, more than 1.2 million people were internally displaced with women, children[3], older people, persons with disabilities, and refugees at the highest risk of

[1] The official minimum wage in the private sector was set at LBP 9,000,000 (approx. equivalent to USD 100) in April 2023 and raised to LBP 18 million (approx. equivalent to USD 200) in April 2024. In 2019, prior to the crisis, the minimum wage was set at LBP 675,000, i.e. USD 450 at the then-official rate of LL1,507.5.

[2] The survey conducted by the World Bank in 2023-2024 covered only 5 of the 8 governorates across Lebanon and that are the governorates of Akkar, Bekaa, Beirut, Mount Lebanon and North Lebanon. It excluded the governorates of Baalbek El-Hermel, El-Nabatieh, and South Lebanon due to the absence of corresponding data.

[3] According to the UNICEF, an estimated 400,000 children have been forced from their home (https://www.unicef.org/stories/loss-and-uncertainty-lebanons-children).

being disproportionately affected by the impact of the war. About 166,000 individuals are believed to have lost their jobs, corresponding to a loss of USD 168 million in earnings. Damages to housing amounted to USD 4.6 billion (equivalent to 67% of total losses).

While the crisis and the conflict combined increased poverty and vulnerability, social protection seems to have remained highly regressive with limited impact on poverty reduction.

As such, the risk of losing any prospect for recovery and development continues to loom, and multiple risks threaten the country's short- and medium-term outlook, as policy inertia has left the economy highly susceptible to market volatility and external shocks. The election of a President and the appointment of a Prime Minister have introduced a period of relative calm and cautious optimism, yet Lebanon remains at a critical crossroads, with a political landscape that is still highly unstable and complex.

The public sector's capacity to sustain the provision of basic services was heavily challenged by the increased reliance of the most vulnerable populations on the state and non-state actors to access basic services amid extremely limited financial resources, an unprecedented mass exodus of skilled public employees and the failure of the political leadership to secure a bail-out plan. The latter, conditional on carrying out structural economic, fiscal and financial reforms, was necessary to ease social stressors and carry out inclusive social reforms.

However, four milestones on the road to expanding Lebanon's social protection system towards a more equitable and rights-based model were reached in 2023 and 2024:

- A National Disability Allowance was launched in April 2023 by the Ministry of Social Affairs (MoSA), with the technical support of UNICEF and International Labour Organization (ILO), and funding from the European Union (EU). The monthly allowance is a social grant that provides direct income support to persons with disabilities living in Lebanon. Coverage today includes individuals with disabilities aged 15-30 (approximately 25,000 beneficiaries). The program was also partially financed by the Government of Lebanon through a budget allocation to the Ministry of Social Affairs.
- A new pension law was ratified by Parliament in December 2023, finally establishing a comprehensive pension system for private sector workers (International Labour Organization, 2023).
- The National Social Protection Strategy was officially adopted by the Government of Lebanon in November 2023 and launched in February 2024. The strategy outlines a vision for rights-based system aimed at improving coverage and governance, while gradually addressing the existing shortcomings and moving towards universality, shock responsiveness and financial sustainability.
- Existing social assistance programs were rapidly scaled up and their management mainstreamed, notably the National Poverty Targeting Program (NPTP) and the Emergency Social Safety Net (ESSN). As of November 2024, the NPTP was merged into the ESSN, resulting in a single poverty-targeted program known as AMAN.

While these initiatives marked welcome progress, they were primarily supported or financed by the international community through Official Development Assistance (ODA). However, in the absence of meaningful reforms and change, coupled with the overwhelming demands placed on donors due to the impact of conflicts in neighboring countries, donor fatigue is beginning to take hold. While the international community demonstrated a strong commitment by swiftly responding to the Flash Appeal launched by the Lebanese government in October 2024 following the war and pledging USD 800 million at the Paris Conference in Support to Lebanon, the majority of the aid has been directed toward communities directly affected by the conflict. The focus has primarily been on life-saving assistance and protection such as basic assistance, food security, shelter, and health, and to a more peripheral levels on education and nutrition (Government of Lebanon; United Nations Office for the Coordination of Humanitarian Affairs, 2024). Meanwhile, individuals and families already impoverished by the economic crisis continued to struggle, overshadowed by more vulnerable populations, as they wait for the state to fulfill its role in protecting them from ongoing hardships.

This adds up to structural shortcomings from the pre-crisis period when spending on social protection was primarily skewed towards the non-poor, and mainly targeted at social insurance, compared to much lower allocations for social assistance, and benefiting the most to formal workers in the public sector.

Shall the government consider expanding social protection coverage, enhancing the adequacy of the benefits provided under the current system or reforming the system to ensure long-term sustainability and intergenerational equity in social protection, it is fundamental for such reflection to be grounded in evidence and data particularly regarding current financing sources, mechanisms, and any existing financing gaps.

Scope and Methodology

This Review of the Government Spending on Social Protection provides a detailed analysis of social protection spending from 2017 to 2024, presenting key findings that aim to inform the broader social policy reforms, in addition to the State's response to the ongoing crisis and conflict, as well as guide decisions regarding the financing and implementation of the National Social Protection Strategy. It comes as an update and follow-up to the previous budget review exercise conducted in 2021 by the Institut des Finances Basil Fuleihan, at the request of UNICEF and ILO[4].

The review aims to:

- Highlight major changes to the financing of social protection programs over the past seven years.
- Identify trends in social protection spending and provide evidence to inform recommendations at the policy, program, and operational levels.
- Establish a baseline for fiscal space analysis and assess the available financing through the government budget for social protection programs and the implementation of the NSPS.
- Support research and policymaking on social protection in Lebanon.

What is a Spending Review?

The Budget Spending Review is a systematic scrutiny of baseline expenditures on a specific function, sector or institution within the government. It aims to help:

1. Understand how and on what the budget is being spent.
2. Detect efficiency savings and opportunities for fiscal consolidation, for cutting ineffective expenditures and achieving value-for-money.
3. Streamline the reallocation of public expenditure with policy priorities or even the creation of fiscal space.

It is an instrument of structural and selective expenditure-based consolidation and does not intend to assess the entire social protection system.

Reallocating public expenditures allows to replace high-cost, low-impact investments with ones that may result in more substantial socioeconomic impacts and eliminate spending inefficiencies. For example, Ghana and Indonesia have reduced or eliminated fuel subsidies to expand social protection programs while Thailand has reallocated military expenditures to fund universal health coverage (Durán Valverde, Pacheco-Jiménez, Muzaffar, & Elizondo-Barboza, 2019).

The current budget review covers:

- Social protection related to budgeted allocations and spending data spread between 2017 and 2024[5].
- All allocations made under the state budget to finance social protection services and programs as outlined in the National Social Protection Strategy, including spending made by the NSSF and the Civil Servants Cooperative.
- Direct financing from international organizations to support national cash transfer programs, such as the National Poverty Targeting Program (NPTP) and the Emergency Social Safety Net (ESSN), and the National Disability Allowance, excluding funding from NGOs and other external sources.

[4] Due to data availability and reclassification, figures and estimates are not strictly comparable between the two budget reviews.
[5] Data on effective spending is not available for 2024.

Methodological Approach

The Social Protection Budget Review identified and reclassified social protection expenditures within the Lebanese national budget to provide a clear picture of how social protection programs are structured, allocated and funded by the Government of Lebanon.

The following methodology outlines the steps undertaken to define data sources and parameters, collect and reclassify data based on pre-set criteria and standards, apply assumptions, and address data limitations to allow for an accurate and transparent analysis.

Phase 1 | Data sources and collection

The collection protocol covered data from multiple sources, capturing a comprehensive range of social protection-related expenditures:

- Planned/budgeted allocations on social protection, social health protection and education were extracted from the state budget laws of 2017, 2018, 2019, 2020, 2022 and 2024, in addition to the draft budgets of 2021 and 2023 as these were never approved.
- Effectively disbursed spending was sourced from the unaudited spending data provided by the Expenditures Directorate at the Ministry of Finance for the period 2017 until 2023. This alternative data source allowed to mitigate the absence of publicly available data on spending, as the latter is still pending the audit and approval of the Court of Accounts and Parliament.
- The Ministry of Finance also provided data on treasury advances, approved, and effectively disbursed for the years 2022 and 2023.
- The National Social Security Fund provided its actual spending data for the period 2017 to 2023, excluding administrative costs.
- The Cooperative of Civil Servants provided its budgeted and actual spending data for the period 2020 to 2023, excluding administrative costs. For the period 2017 to 2019, data figures were extrapolated based on available historical data and high-level aggregates provided in the respective budget laws.
- Data on social protection programs for welfare, persons with disability and juvenile protection were supplied by the Ministry of Social Affairs for the period from 2017 until 2023.
- Data on the National Disability Allowance was contributed by the UNICEF Lebanon country office.
- Data on the Emergency Social Safety Net cash assistance program was obtained from the World Bank.
- Data on the National Poverty Targeting Program was extracted from the WPF annual reports and documents published on their website.
- Data on Lebanon's Special Drawing Rights was compiled from information published on the Website of the Presidency of the Council of Ministers and in Lebanese newspapers. The data compiled may not be exhaustive.
- Economic Data (GDP, etc.) was extracted from the IMF World Economic Outlook Database of October 2024.

All data collected was treated and compiled into coherent and integrated databases.

Phase 2 | Definitions and classification criteria

Lebanon's state budget is a line-item budget that follows three types of classification based on the IMF's Government Finance Statistics Manual 2001 (GFSM-2021) (International Monetary Fund, 2001): administrative, functional and economic.

The functional classification was the most relevant to the current budget review. However, this classification did not offer a comprehensive and accurate overview of the overall size of social protection financed from the budget. To overcome this limitation and mainstream the analysis, the collected data was reclassified following five different analytical streams:

1| **Functional reclassification:** Usually, social protection spending is classified by the Ministry of Finance under "Function 10-Social Protection"[6]. However, a more in-depth analysis of collected data, guided by ILO standards, the pillars of Lebanon's National Social Protection Strategy, and an in-depth review of the COFOG detailed guidelines (Ministry of Finance, 1996) (Ministry of Finance, 2012), allowed to identify many budget allocations dedicated to social protection, but classified under functions other than function 10. As well, other budget allocations traditionally classified under function 10 but intended for purposes other than social protection, were excluded from the said function. As such, the functional data was reclassified into four categories: 1) Data currently classified under function 10 as social protection; 2) Data currently classified under function 10 but that should be moved to other functions; 3) Data classified out of function 10 and should be reclassified under function 10; 4) Data classified out of function 10 (and that should remain in their respective functions) but were included in the dataset for this assessment only (such as hospitalization expenses for security forces) to allow for the estimation of spending on social health protection. This functional reclassification allowed for comprehensiveness and to estimate more accurately the real size of spending on social protection from the budget.

2| **Classification as per the National Social Protection Strategy:** Budget allocations were classified according to the pillars of the strategy: 1) Social assistance; 2) Social insurance; 3a.) Financial access to health and 3b.) Financial access to education; 4) Economic inclusion and labor market activation; and 5) Social welfare.

3| **Classification reflecting social protection spending excluding social health protection:** In line with ILO standards and recommendations, a clear distinction was made between social protection and social health protection, with the latter referring to allocations or spending in the budget which purpose is social health, i.e. the provision or access to basic healthcare services. Existing classifications were adjusted based on a detailed review of expenditures under function 10 (Social protection), and the reclassification of specific health-related expenditures under function 7 (Health). For instance, medical care, initially accounted for under function 10, was reclassified, for the sake of the analysis, as a health expenditure (function 7) while sickness-related benefits were maintained as social protection spending under function 10, since they come in the form of additional income support.

4| **Classification per contingency:** To allow for social protection expenditures to be analyzed through a lifecycle approach, budget lines were classified into nine categories, in line with the

[6] The Ministry of Finance of Lebanon adopts the IMF's Government Finance Statistics Manual (GFSM 2001) that provides a standard framework for budget classification adopted in most countries around the world. Through its functional classification, it organizes government activities according to their broad objectives or purposes. (e.g., education, social security, housing, etc.). It identifies 10 main functions of government spending among which social protection (referred to as function 10).

ILO approach adapted from the World Social Protection Report[7] to fit the national context. These categories are: 1) Old age and survivors; 2) Maternity; 3) Family and children; 4) Unemployment; 5) Employment injury; 6) Disability and invalidity benefits; 7) Other income support and assistance; 8) Housing; and 9) Basic education.

5| **Classification per beneficiary group:** Line expenditures were classified according to six different beneficiary groups: 1) Poor and/or vulnerable; 2) Public sector-civil servants and security and armed forces; 3) Public sector-civil servants; 4) Public sector- security and armed forces; 5) Private sector workers; and 6) Universal benefits.

- The "Poor and/or vulnerable" category includes beneficiaries who lack sufficient resources, support, or protection to meet their basic needs, recipients of poverty targeted programs, and individuals who are at higher risk due to factors like disability, health issues, or social exclusion.
- Beneficiaries from the public sector were sub-divided into three groups: The category "Public sector-civil servants" includes social protection spending benefiting only civilian personnel in the public sector such as staff within ministries, administrators, public school teachers, judges, etc. The category "Public sector- security and armed forces" includes social protection spending dedicated to officers and staff in the Lebanese Armed Forces, General Security, Internal Security, State Security and Customs. The third category "Public sector-civil servants and security and armed forces" refers to social protection spending on pensions, end-of-service indemnities and social allowances benefiting the previous two categories combined and that could not be disaggregated between civilian, military or security staff.
- Universal benefits refer to spending that benefits all residents on the Lebanese territory.

It is important to note that due to the various reclassifications, methodology enhancements and data availability, estimates are not strictly comparable to the previous Social Protection Budget review published in 2021: *"Social Protection Spending in Lebanon: A deep dive into State Financing of Social Protection"* (Methodological differences are summarized in appendix 1).

It is also important to highlight that social protection spending total estimates may slightly differ in accordance with the different approaches adopted for classification (COFOG, NSPS, Lifecycle contingencies, Beneficiaries, etc.).

Phase 3 | Assumptions

A set of assumptions were made to facilitate the review and the analysis:

- **Assumption 1:** The period covered by the budget review witnessed a substantive depreciation of the national currency and fluctuations in exchange rate. To address this issue, the total estimates in LBP were converted to USD based on yearly average of daily exchange rates sourced on the real market (the table of average yearly rates used is available in appendix 2).
- **Assumption 2:** Since only executed data was available for the NSSF, it was assumed that NSSF revenues were equal to its expenditures, thus allowing to include at least partly NSSF allocations under the budgeted resources.
- **Assumption 3:** As of September 2022, the Government of Lebanon implemented several decrees approving temporary compensations for public sector employees. These were top-ups not factored

[7] The classification was based on the World Social Protection Report classification with some adjustments made to better fit Lebanon's context. The nine categories of WSPR are: Health protection, pensions, maternity, sickness benefits, employment injury benefits, unemployment benefits, child and family benefits, social assistance, disability benefits.

in the base salary and therefore not considered as salary adjustment. They included civil servants, military personnel and retirees, to compensate for the loss of value of their salaries with the depreciation. These packages involved substantial increases in monthly wages, along with additional allowances for transportation and productivity. A significant portion of the compensation was classified by the government as "social protection" and funded through treasury advances, as the increased spending was unanticipated and not accounted for in the annual budgets of ministries and public institutions. **For the purpose of this review, those salary top-ups were classified as wages rather than social assistance and were therefore excluded from the analysis. Only the share of treasury advances that financed pensions in 2022 and 2023 was included in the database as social protection spending.**

- **Assumption 4:** Government contributions to the NSSF and the CSC were accounted as "contributions from the state as an employer", therefore as a source of financing and not a social protection expenditure. They were excluded from this analysis to avoid double counting.
- **Assumption 5**: In addition, all other mutual funds identified in the state budget were entirely accounted for as social protection expenditure. Only allocations transferred by the government to the said mutual funds were captured, without having the possibility to investigate their respective detailed budgets. As such, the actual spending of these funds on social protection is expected to be higher.
- **Assumption 6:** Only fiscal subsidies were accounted for and analyzed in the scope of the budget review. Monetary subsidies, managed by the Central Bank of Lebanon and financed from foreign reserves, were excluded from the review.
- **Assumption 7:** Where reclassification occurred (e.g., moving specific social health protection -related expenditures from function 10 to function 7), adjustments were applied retrospectively to previous years covered in the previous budget review. However, total estimates remain incomparable for the reasons stated above.

Phase 4 | Data limitation and gaps

Limitations and gaps in the data collection process are listed below:

- The Lebanese Budget follows a line-item structure and therefore does not provide information on programmatic or sectoral spending nor lays out clear annual or multiannual policy goals to be achieved.
- The budget is not comprehensive and does not provide holistic access to all social protection spending data. Reporting on spending of several public institutions such as the NSSF and CSC does not follow the regular budget process and only net accounts are included in the state budget. The data provided by the NSSF and the CSC partially mitigated this limitation.
- The budget classification is not systematic and many social protection expenditures are captured under hybrid line-items such as "transfers".
- Some detailed data referring to specific social protection programs do not appear under the traditional functional or economic classification adopted by the ministries, therefore limiting in some cases the possible disaggregation of data to a more granular level to further refine the analysis.
- The internal budgets of specific spending entities such as mutual funds and the security forces were not investigated.


PROVIEW
إسمي ملك عمري ست سنوات

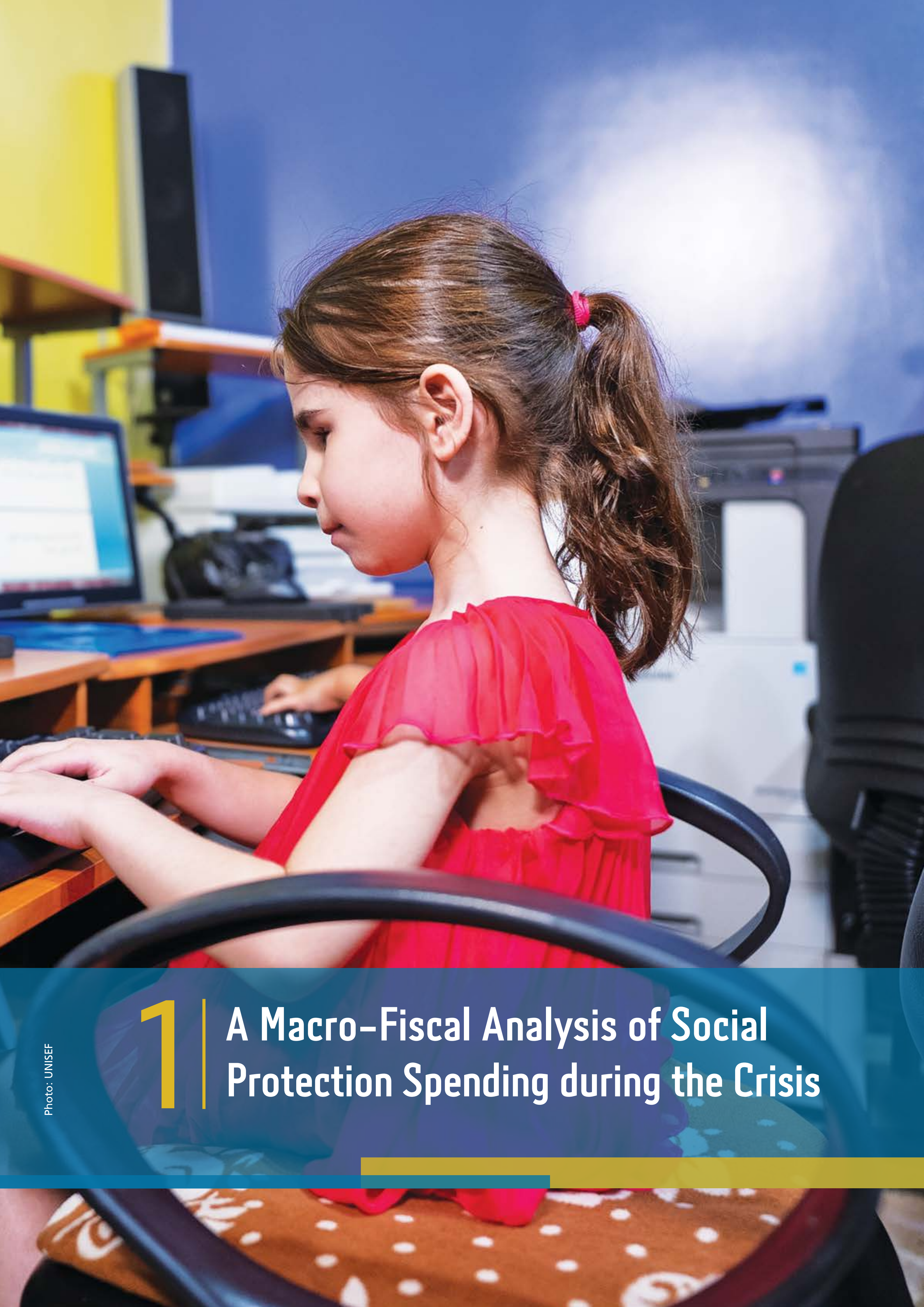


Photo: UNISEF

1 A Macro-Fiscal Analysis of Social Protection Spending during the Crisis

This first section examines the key patterns in overall social protection spending, both budgeted and executed, since 2017. It places particular emphasis on the structural changes triggered by the crisis and explores their potential implications for the government´s public finances, as well as the latter's ability to sustain social protection services moving forward.

It concludes that observed increases in budget allocations for social protection in nominal terms mainly resulted from currency depreciation and did not translate into effective increases in real[8] terms, while disruptions to the budget process and fiscal constraints delayed the much-awaited adjustments, weighing on spending for both social protection and social health protection.

A | Allocations for social protection grew in nominal value but not in real terms

The preliminary macro-analysis reveals two critical patterns (figure 1):

- **A delayed adjustment in the budget to address the impact of the crisis:** It was only until 2023, the fourth year into the crisis, that the government significantly increased the size of its budget in nominal terms, including allocations to social protection. This outlines the sizable delay in reflecting the crisis's impact and currency depreciation in the budget. In the meantime, nominal SP allocations had decreased slightly between 2019 (LBP 10,633 billion) and 2021 (LBP 9,501 billion)[9], before surging by nearly fivefold in 2023, and by elevenfold in 2024, compared to pre-crisis levels.
- **Disproportionate adjustments:** Despite the increase in nominal value in LBP that began to take shape in 2023, when converted to USD and measured in real-market value, the increase in allocations made to social protection (including NSSF and CSC) appears to be of much less amplitude. These allocations were equivalent to USD 0.6 billion and USD 1.3 billion, in 2023 and 2024 respectively. While these figures represent a slight increase in real value compared to 2022 (USD 0.5 billion), they remain historically low, equivalent to only 7.6% of the pre-crisis level of 2019 (USD 6.5 billion).

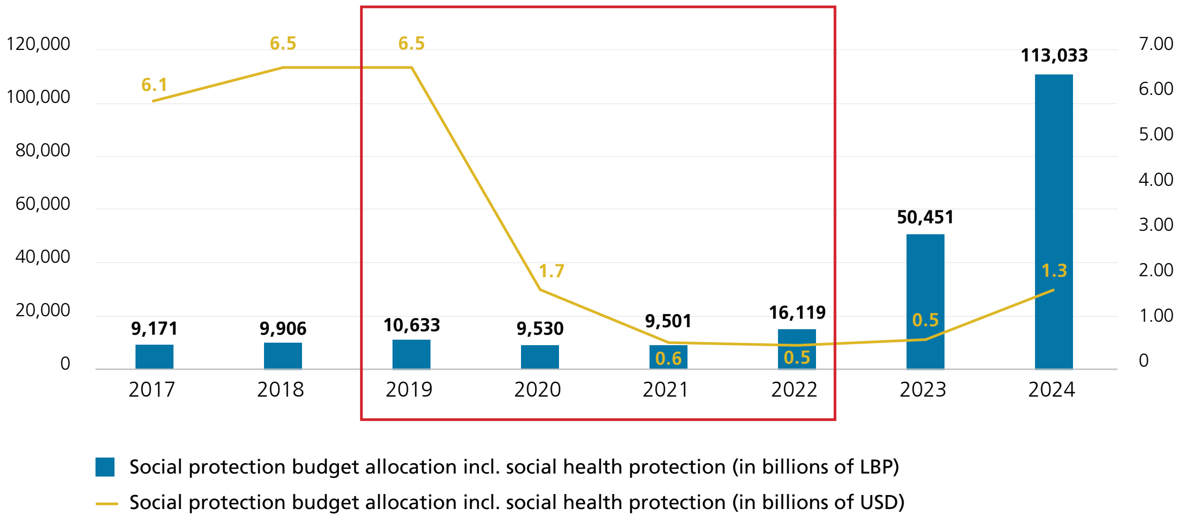
It is also important to note that in 2023, the Central Bank of Lebanon has tightened its monetary policy, prohibiting Central Bank financing to the government. It has retained a large amount of the government's liquidity in the treasury account, in an effort to stabilize the exchange rate on the market. This intervention has limited the government's financial capacity to maneuver budget allocations and its ability to increase spending on service delivery, among which social protection services.

[8] The use of "real terms" refers to the conversion of spending in LBP to USD to make spending pre- and post-crisis comparable, given the sharp depreciation of the national currency.

[9] These figures include all spending classified as Social Protection spending under this Budget Review and do not necessarily match the amounts classified by the Ministry of Finance under "Function 10-Social Protection" in the draft budget 2023 and the 2024 budget law.

Figure 1

Allocations to social protection between 2017 and 2024 (in billions of USD and billions of LBP)



Remarks:
- SP allocations were converted to USD based on the yearly average of daily exchange rates registered on the real market.
- The total amount of SP allocations in this graph includes spending from the budget, the NSSF and the CSC, except for the year 2024 that excludes NSSF and CSC due to lack of available data.

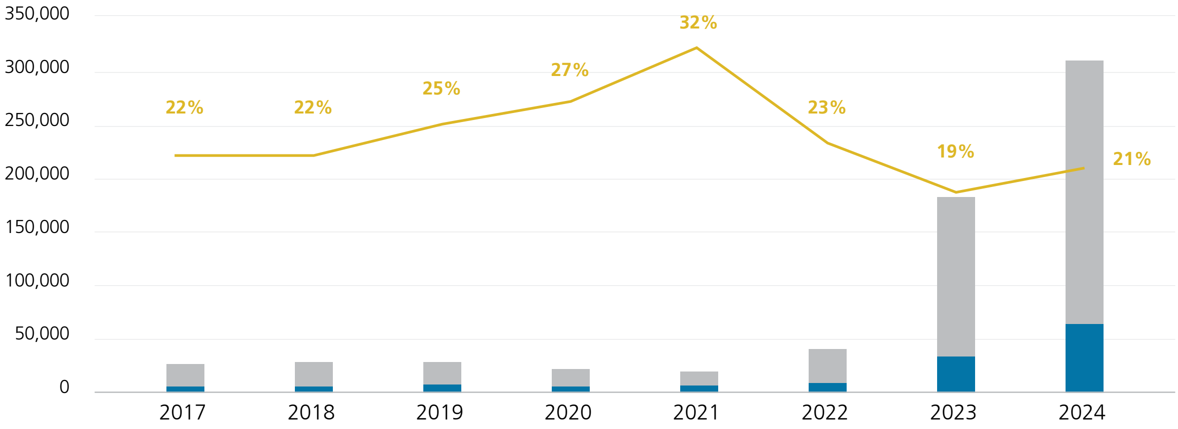
B | Fiscal constraints hindered the timely adjustment of spending on social protection

The delayed adjustment was not the outcome of a clear policy prioritization process. However, and excluding salaries and wages, spending on social protection appears to have been increasing at a higher pace compared to other spending categories within the budget (such as operational expenses or capital spending for instance). Comparative ratios show that the share of budgeted SP allocations (excluding social health protection) in the overall budget returned to its pre-crisis level in 2022 and 2024 (figure 2). However, when including social health protection, this share increases from a 28% average in pre-crisis years to 34% in 2020, 40% in 2021 and 38% in 2022 (figure 3). This increase can be attributed to two key factors between 2020 and 2022:

- The government's delay in implementing tax adjustments and revaluation constrained domestic revenue mobilization and resulted in the freeze of major spending lines. Consequently, the relative increase in the share allocated to SP out of the total budget in 2021 can be primarily attributed to the drop in other spending lines (such as debt interests) and to an increase in the disbursement of End-of-Year Indemnities. It does not necessarily translate into an effective increase in budget allocations to SP.
- Rising social tensions, exacerbated by external shocks such as the COVID-19 and the Beirut Port Blast that created pressure on the government to put in place ad-hoc emergency response actions resulting in reallocation of resources towards social health protection.

Figure 2

Size of social protection allocations (excluding social health protection) as share of the budget between 2017 and 2024



Social protection budget allocations excl. social health protection (in billions of LBP)

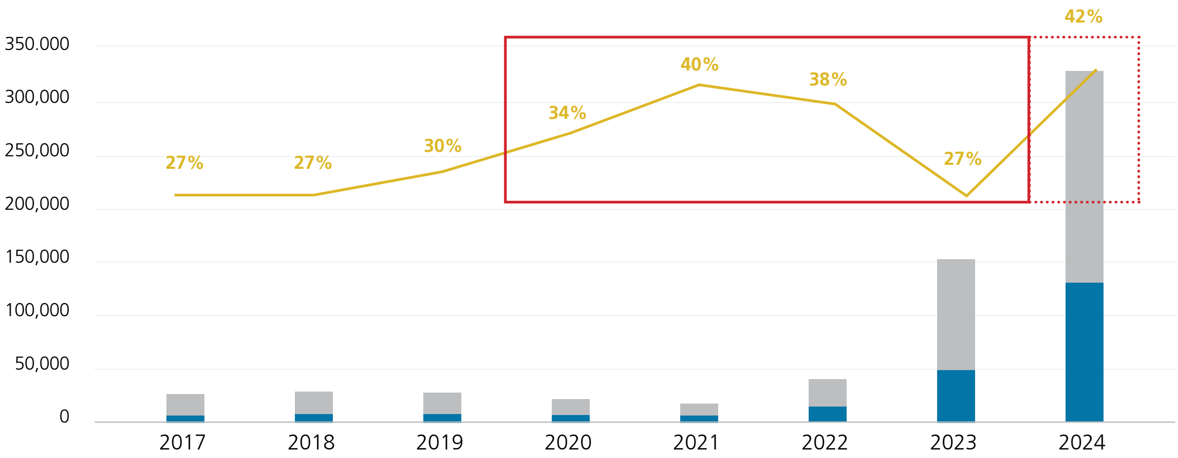
Other budget allocations (in billions of LBP)

Share of SP budget allocations from total budget (in %)

Remark: The total amount of SP allocations in this graph includes only the allocations made in the state budget.

Figure 3

Size of social protection allocations (including social health protection) as share of the budget between 2017 and 2024



Social protection budget allocations incl. social health protection (in billions of LBP)

Other budget allocations (in billions of LBP)

Share of social protection budget allocations from total budget (in %)

Remark: The total amount of SP allocations in this graph includes only the allocations made in the state budget.

C | The adjustment was constrained by weak capacity and recurrent delays in the budget process

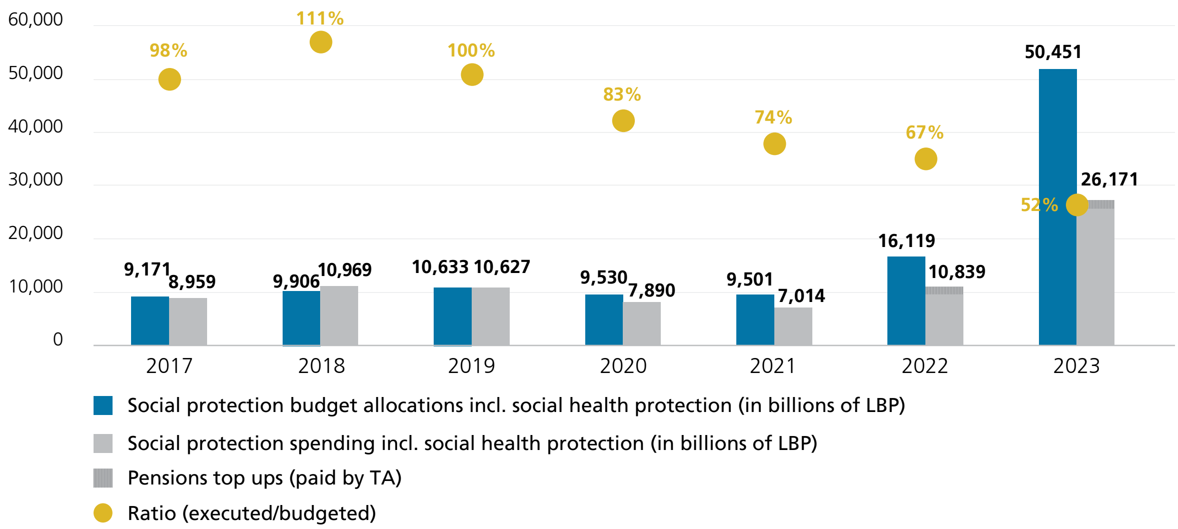
The intended level of SP allocations did not always translate into actual spending. Figure 4 illustrates an important negative spending outturn (i.e. spreads between budgeted and executed amounts for a given year) in nominal terms, notably in 2022 and 2023.

In 2018 and 2019, the variation in spending outcomes between allocations budgeted and effectively spent was relatively contained, not exceeding 11% (Figure 4). Overspending in 2018 was driven by the settlement of end-of-service indemnities for public sector employees over their budgeted amount, with the entry into effect of a new public sector salary scale. The high spending outturn over this period did not necessarily reflect efficient or accurate planning practices but rather came as the result of delayed budget approvals, which helped reduce forecasting errors.

In 2020, the gap started to widen with only 83% of the budgeted allocations being effectively spent, resulting from the suspension of transfers to EDL (though an allocation of LBP 150 billion was initially budgeted) and the absence of spending on a number of lines budgeted at the Ministry of Social Affairs, such as the medication to MoSA, the model center for the disabled or the program for preventing delinquency and special care. In 2021, the absence of budget ratification also rendered a negative outturn as ministries had to spend based on the provisional twelfth rule[10]. Only 74% of budgeted amounts were spent. Finally, in 2022, the negative outturn widened with an execution ratio of 67% only. Underspending was likely driven by three factors: (i) a severe liquidity shortage due to delays in tax revaluation and weak collection, (ii) treasury management prioritizing urgent disbursements, non-deferrable payments, and undelayable commitments and (iii) the absence of spending on fuel subsidies that were initially included in the budget.

Figure 4

Social protection spending outturns between 2017 and 2023



Remark: The total amount of SP spending in this graph includes spending from the budget, the NSSF and the CSC.

[10] The provisional twelfth rule (article 12 of the public accounting law) stipulates that, in the absence of an approved state budget, the Lebanese government is allowed to continue spending based on a system that is governed by a "temporary" budget, where the amount allocated for each ministry or public institution for spending is based on a percentage of the previous year's budget. This rule is often applied in situations where there has been a delay in passing the national budget, ensuring that the government can still function and manage essential services, while waiting for the formal approval of a new budget.

In 2023, another significant challenge emerged: in the absence of an approved budget[11], the government was constrained by the spending ceilings imposed under the provisional one-twelfth rule based on the figures from the 2022 budget law. This limited the government's capacity to expand disbursements on social protection programs, resulting in a substantial spending gap and a negative budget outturn of 52%. However, in nominal terms, spending appears to be more than double the amount spent in 2022. This apparent improvement, despite the constraints of the one twelfth rule, was mainly driven by increases (compared to 2022) in several areas: hospitalization expenses covered by the Ministry of Public Health as well as the security and armed forces, school allowances and sickness and maternity benefits provided to the security forces, the settlement of End-of-Service Indemnities (EoSI) to public sector employees (by the Ministry of Finance), government contributions to mutual funds, particularly the Lebanese University teachers mutual fund; and the resumption of transfers to the Social Development Centers (SDCs) managed by the MoSA.

For instance, despite larger amounts were foreseen for social spending in the 2023 draft budget, ministries and public institutions had to limit their effective spending to the ceilings allowed in the 2022 budget law such as for the school allowances, sickness and maternity pay, hospital expenses and other medical expenses to security forces, and medication for Internal Security Forces and General Security Forces.

D | Underspending also undermined social health protection spending

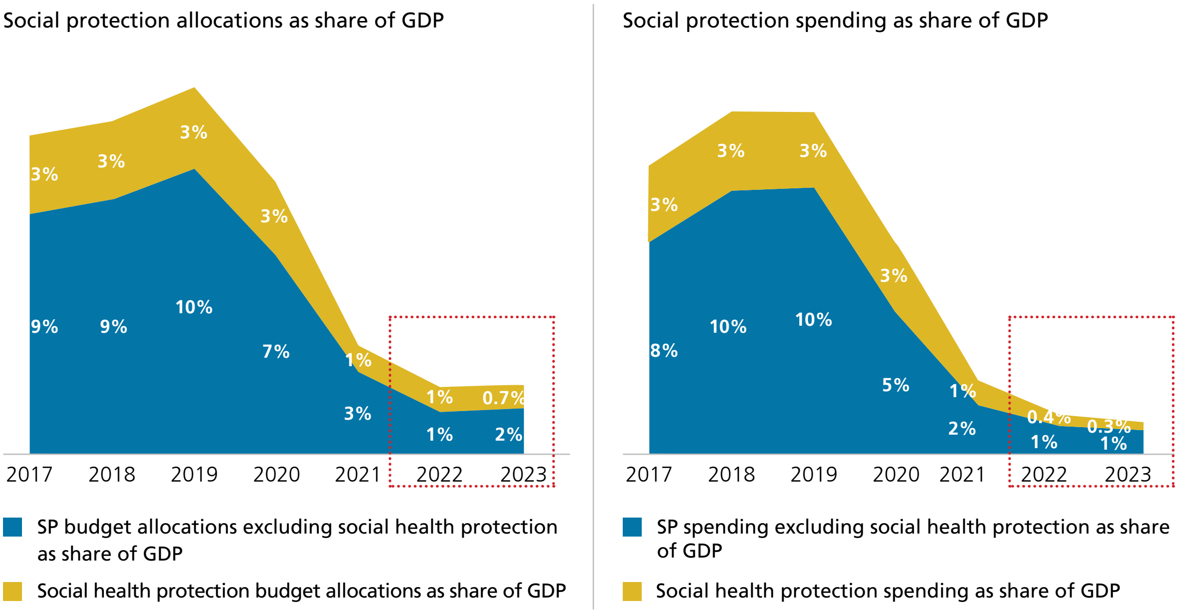
The ILO identifies two main (functional) dimensions for the social protection system, namely "income security" and "availability of medical care" (ILO, 2010). Therefore, and to focus on core benefits like pensions and income support, the analysis excludes healthcare spending, making it easier to analyze resource allocation for social protection separately from health expenditures.

Figure 5 illustrates social protection spending, both including and excluding social health protection. It shows that the increase in overall allocations made for social protection between 2022 and 2023 (left-side graph) was primarily focused on core social protection programs, which witnessed a sharp decrease in 2021 before starting to gradually readjust, increasing by 1 p.p. from 1% to 2% of GDP between 2022 and 2023, while allocations dedicated to social health protection declined from 1% to 0.7% of GDP. On the execution side (right-side graph), however, the picture is less positive: real spending on social protection as a share of GDP stayed the same at 1% of GDP in both 2022 and 2023, whereas spending on social health protection slightly decreased by 0.1 p.p. Underspending on social health protection is confirmed by the negative spending ratios in figure 6, showing outturns of only 38% and 39% respectively in 2022 and 2023.

[11] In the absence of an approved budget, the 2023 draft budget proposal was used as a proxy for 2023 planned spending.

Figure 5

Budgeted and executed social protection spending (including and excluding social health protection) as share of GDP between 2017 and 2023

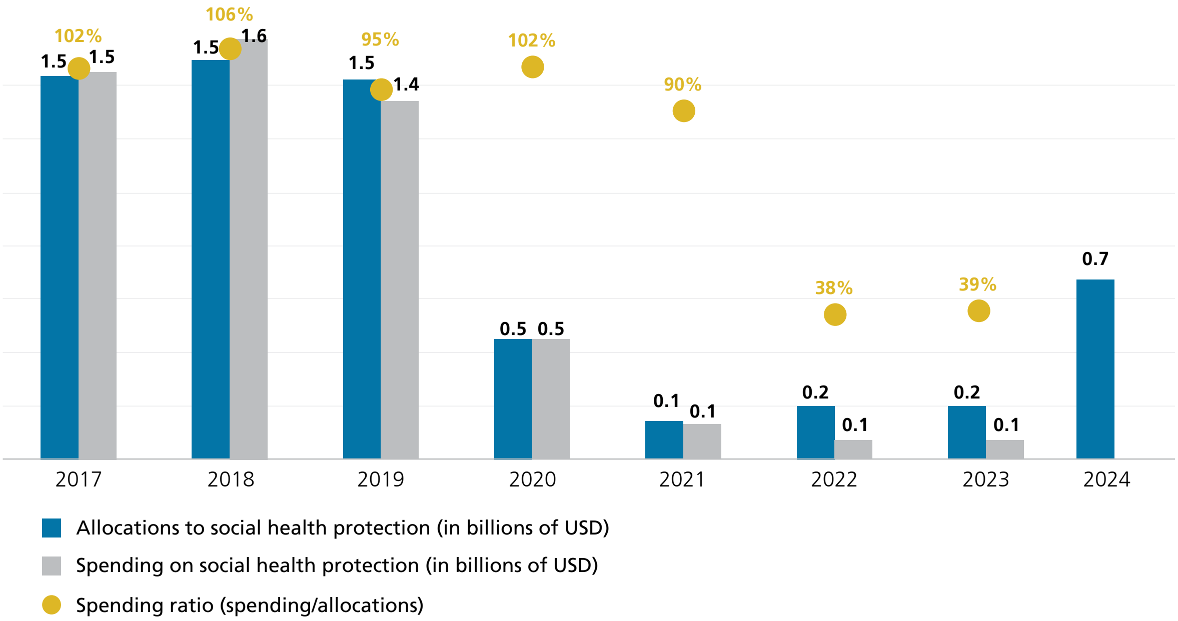


Remarks:
- The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC.
- SP spending was converted to USD based on the yearly average of daily exchange rates registered on the real market.

Additional sources: Lira Rate website; IMF, World Economic Outlook.

Figure 6

Social health protection spending outturn between 2017 and 2023



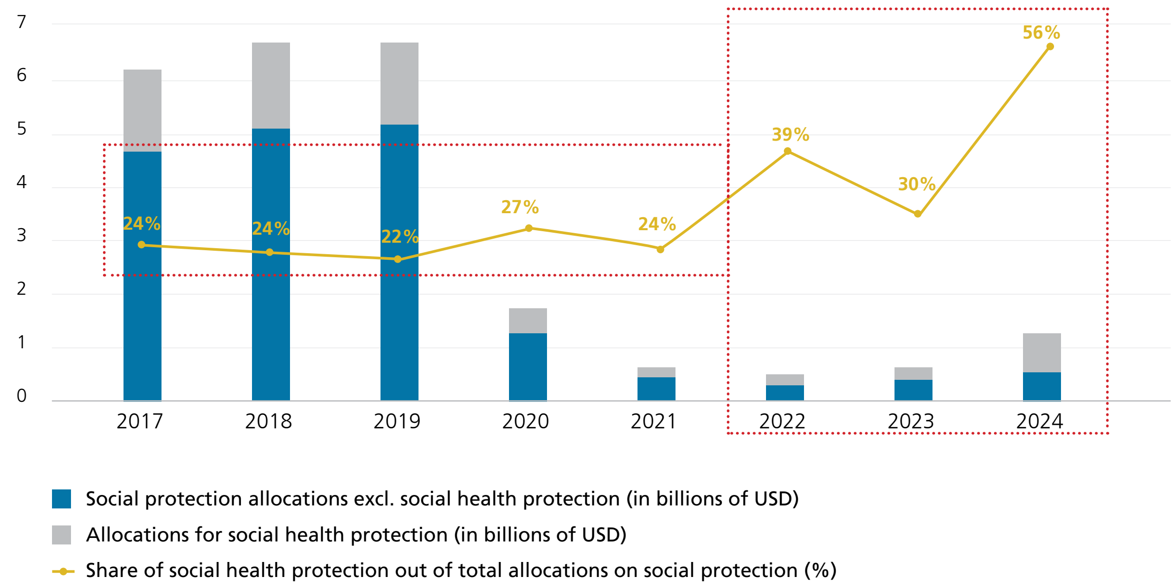
Remarks:
- The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC, except for the year 2024 that excludes NSSF and CSC due to lack of available data.
- Amounts were converted to USD based on the yearly average of daily exchange rates registered on the real market.

Additional source: Lira Rate website.

Figure 7 reveals substantial fluctuations in the share of allocated budget to social health protection out of the total allocations made for social protection, ranging between 24% and 56% over the period 2021 to 2024. These variations can be explained by the absence of a voted budget in 2023, which forced ministries and public institutions to operate under the provisional twelfth rule, and/or to solicit large donor financing for healthcare, which fell outside the formal budget. Between 2017 and 2020, social health protection spending as a share of the total social protection budget ranged between 24% and 27%, likely driven by increased healthcare needs due to the COVID-19 pandemic and the Beirut Port explosion. The surge recorded in the 2024 budgeted allocations reflects the priority given by the government to the Ministry of Public Health that was allocated the equivalent of 13.12% of the total budget v/s a share of 7.1% in 2022[12].

Figure 7

Share of social health protection programs in overall social protection between 2017 and 2024



Remark: The total amount of SP allocations in this graph includes allocations from the budget, the NSSF and the CSC, except for the year 2024 that excludes NSSF and CSC due to lack of available data.

Additional source: Lira Rate website

[12] Data extracted from the Lebanon Citizen Budget Dashboard: https://www.institutdesfinances.gov.lb/

2 Social Protection Spending in Focus

Photo: Imad Alassiry - unsplash

This second section provides a comprehensive analysis of social protection spending, categorized into four distinct streams:

A | according to the functional classification of the budget;

B | in relation to lifecycle contingencies;

C | in alignment with the pillars of the national social protection strategy; and

D | by type of beneficiary.

A | Analysis of social protection spending as per the functional classification of the budget: The reclassification of some budget lines is necessary to better reflect the real size of the budget dedicated to social protection

The Ministry of Finance classifies its budgeted social protection, according to international standards, under "Function 10 - Social Protection"[13]. Looking at the numbers under this function used to provide, prior to 2019, a quick estimation of the size of the government spending on social protection. However, with the crisis, and in particular given the size of the social allowances given to the public sector in compensation for their salary loss[14] (and classified by the government as social protection under Function 10), allocated spending under function 10 significantly increased without reflecting accurately the real size of spending on social protection and should therefore be analyzed with caution.

According to the Ministry of Finance's classification, the government's budget allocated for social protection has increased in nominal terms, from LBP 4,297 billion in 2017 (equivalent to USD 2.8 billion) to LBP 82,623 billion in 2024 (equivalent to USD 0.9 billion), effectively decreasing by 67% in real terms, despite the top-ups granted to the public sector and classified as social protection.

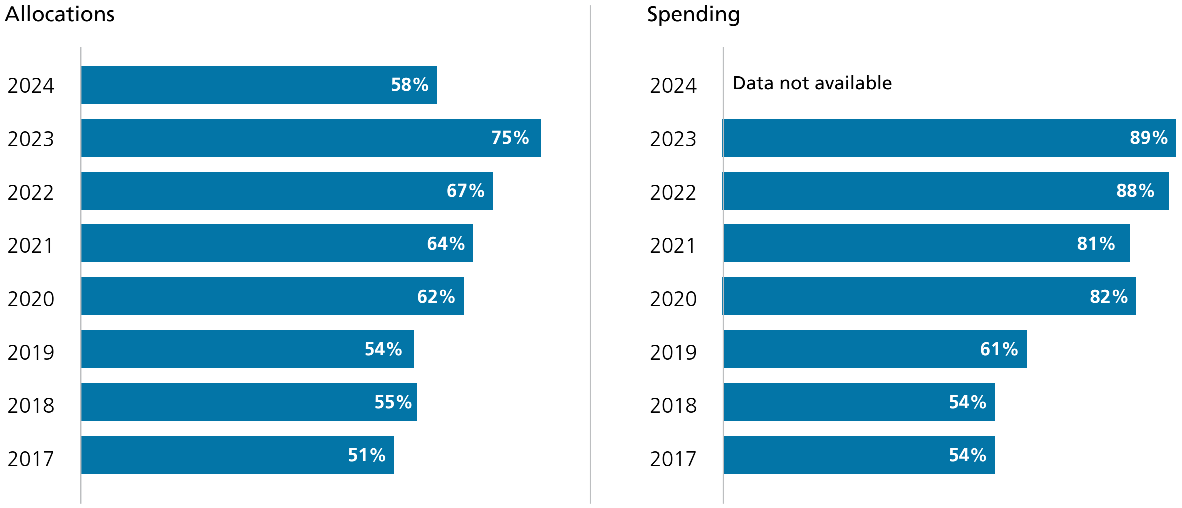
Looking at spending figures, the surge in executed spending that started in 2020 (figure 8) is related to overspending in the following budget lines: Allowances for social expenditures (in 2022), Government contributions to the judges mutual funds (in 2021 and 2022), Government contributions to the MPs mutual funds (in 2023), Government contributions to the Parliament employees mutual funds (in 2022 and 2023), Pensions (in 2023), Transfers to Social Development Centers (in 2023) and the National Program for combatting begging (in 2023).

[13] The Ministry of Finance of Lebanon adopts the IMF's Government Finance Statistics Manual (GFSM 2001) that provides a standard framework for budget classification adopted in most countries around the world. Through its functional classification, it organizes government activities according to their broad objectives or purposes. (e.g., education, social security, housing, etc.). It identifies 10 main functions of government spending among which social protection (referred to as function 10).

[14] The social allowances given as salary top-ups for public sector employees are classified by the Ministry of Finance as spending on SP while they were reclassified as salaries and wages for this budget review (refer to assumption 3 in the methodology).

Figure 8

Social protection budget allocations classified under function 10 in % of total SP spending between 2017 and 2024



Remark: The total amount of SP allocations in this graph includes allocations from the budget.

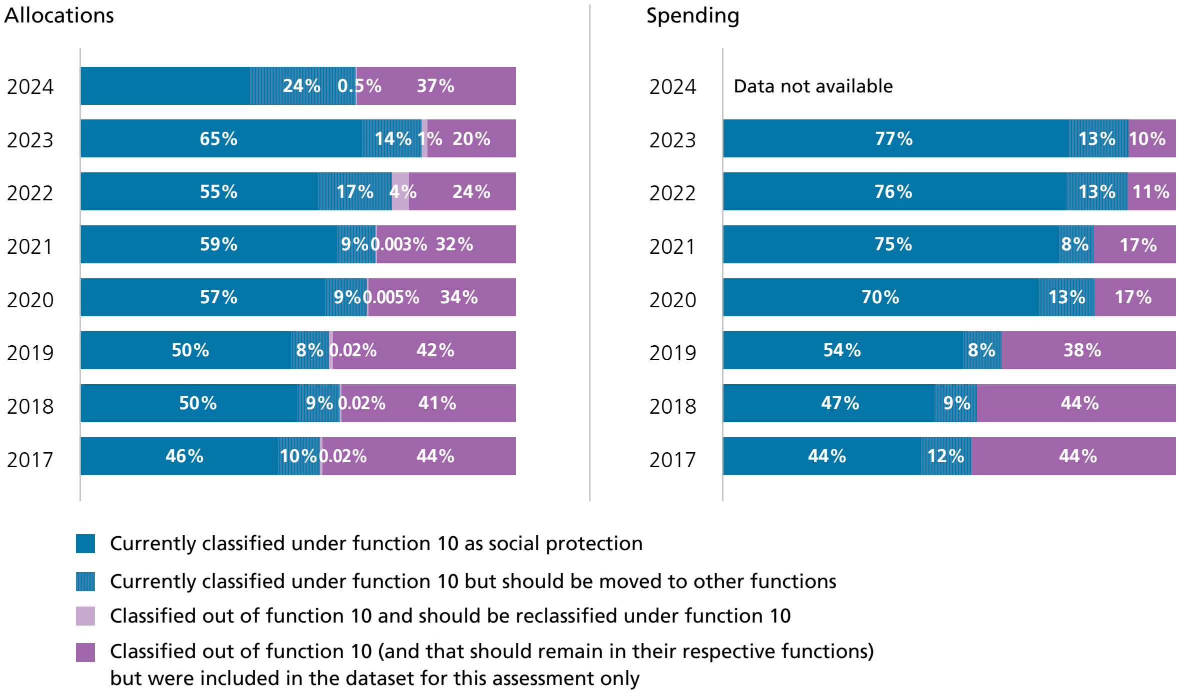
A more detailed analysis of the collected data, guided by ILO standards, the pillars of Lebanon's National Social Protection Strategy, and an in-depth review of the COFOG classification (Ministry of Finance, 1996) (Ministry of Finance, 2012), revealed that additional budget allocations dedicated to social protection exist in the budget but are scattered and classified under functions other than function 10. These allocations account for approximately 39% of total social protection budgeted, depending on the years. They are usually found under functions such as health (function 7), economic affairs (function 4), education (function 9), recreation, culture, and religion (function 8) and public order and safety (function 3).

On the other hand, several budget items currently classified under function 10, but intended for purposes other than social protection, were also identified. These represent about 14% of social protection expenditures.

To gain a more accurate picture of social protection spending based on the functional classification of the budget, it is recommended to exclude these misclassified allocations from function 10 and reclassify them under more appropriate categories, notably Health and Education (figure 9). We cite for example the hospitalization expenses, medical expenses, sickness and maternity pay and school allowances for security forces, the medication covered by the Ministry of Social Affairs or the nutrition project. Similarly, allocations classified out of function 10 and intended for social protection need to be reclassified accordingly. These correspond to allocations to subsidies, to specific NGOs or specific sectoral mutual funds.

Figure 9

Functional classification of social protection inside and outside function 10 between 2017 and 2024[15]



Remark: The total amount of SP allocations in this graph includes allocations from the budget.

B Analysis as per the ILO lifecycle contingencies: Old age and survivors crowds out spending on other lifecycle contingencies

In its World Social Protection Report, the ILO defines nine branches for social protection, spanning across the lifecycle: 1) Old age and survivors; 2) Maternity; 3) Family and children; 4) Unemployment; 5) Employment injury; 6) Disability and invalidity benefits; 7) Other income support and assistance; 8) Housing; and 9) Basic education. Health was added to reflect spending on essential healthcare.

According to this classification, the largest shares of spending were allocated and disbursed on Old age and survivors, followed by Health, and Other income support and assistance, amounting jointly to around 90% of overall spending on SP. There were no allocations to Disability and invalidity benefit prior to 2024[16], and the spending on Maternity and Housing was minimal.

Old age and survivors received the largest share of spending. Spending on Health came in second place, crowding out allocations for Other income support and assistance (that was reduced to 2% in 2020 and 2021), and Basic education (figure 10).

[15] Some data classified out of function 10 (and that should remain in their respective functions) was included in the dataset for this assessment only (such as hospitalization expenses for security forces) to allow for a more accurate estimate of the real size of spending on social protection from the budget, notably including social health protection.

[16] A national disability allowance was introduced in 2023 with funding from aid development. In the Budget 2024, the Ministry of Social Affairs allocated a line item of LBP 150 billion to partially finance the NDA.

Old age and survivors' benefits are primarily composed of public pensions, which accounted for an average of 86.7% of the total budget spent for this category between 2017 and 2023. End-of-service indemnities to private sector workers made up the remaining 13.3% on average during the same period. Minor allocations were made in the budget for government contributions / mayors, but no effective spending was recorded on this item.

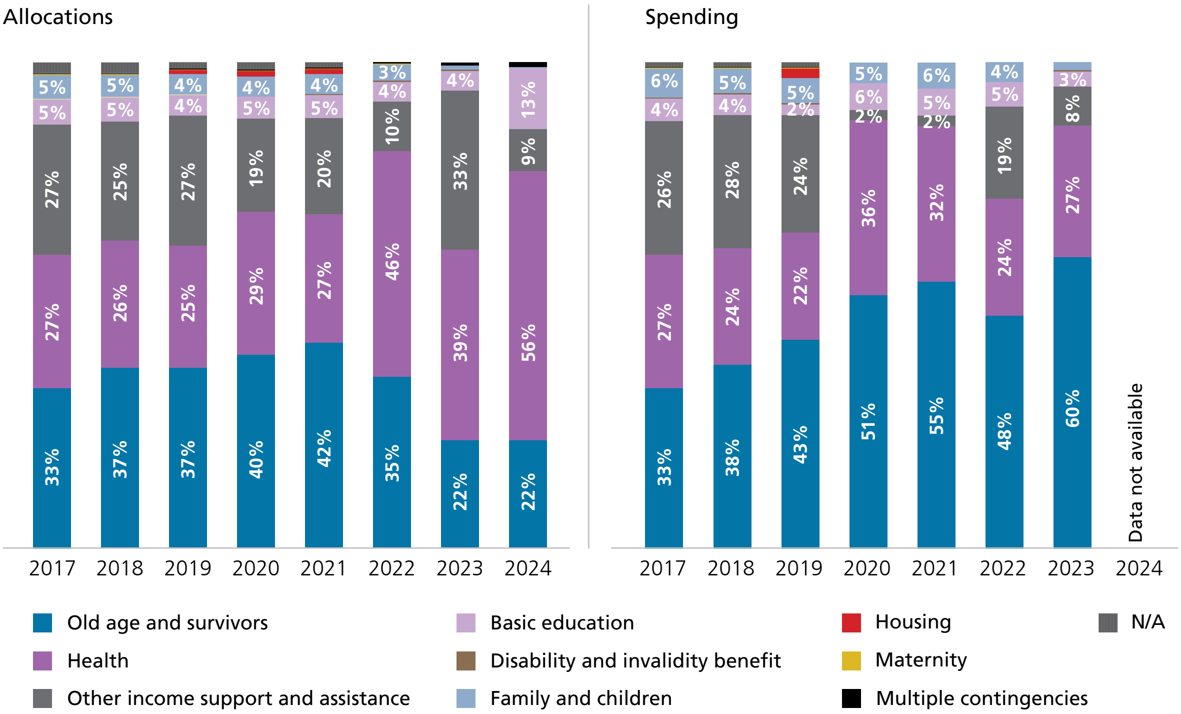
Under **Health,** 43% of spending finances hospitalization expenses while the allocations on sickness and maternity paid by the NSSF to private sector workers composed about 33% of overall spending for this category. Allocations for medication took up to 12% of total spending on health and sickness allocations 8.4%. Less than 0.5% was spent on contributions to public hospitals that usually offer their services to the most poor and vulnerable populations.

More than half of spending on **Other income support** goes to transfers to EDL (about 56%), followed by pensions top-ups that reached 22.7% of spending for the years 2022 and 2023 only. Government contribution to the various mutual funds (such as the judges' mutual fund, the Lebanese University teachers mutual fund, the MPs mutual fund, etc.) amounted to 6%. Spending on social welfare programs barely reached 4%.

Finally, under **Basic education,** around 60% of the spent budget finances school allowances for security forces; 23% education allowances paid by the CSC to civil servants and 9% contributions to private-free schools and primary education made by the Ministry of Education and Higher Education. Only 7% finance enrollment fee waivers and schoolbooks subsidies.

Figure 10

Distribution of social protection spending as per the nine ILO branches for social protection between 2017 and 2023



Remark: The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC, except for the year 2024 that excludes NSSF and CSC due to lack of available data.

C | Analysis of social protection spending as per the pillars of the National Social Protection Strategy: Largest budgets are allocated to social insurance and financial access to health

In February 2024, the Government of Lebanon launched the National Social Protection Strategy, which presents an integrated, cross-sectoral approach to the country's social reforms. The strategy aims to expand coverage to achieve greater universality, strengthen the institutional framework and governance, and ensure financial sustainability.

The strategy is structured around five key pillars:
1) Social assistance;
2) Social insurance;
3a) Financial access to health;
3b) Financial access to education;
4) Economic inclusion and labor market activation; and
5) Social welfare.

An analysis of social protection spending across these pillars reveals that Social insurance, Financial access to health, and Social assistance (in partcular subsidies pre-crisis) represent the largest areas of expenditure (figure 11).

Under Social assistance: more than 95% of spending is comprised of transfers to EDL, 2.75% of subsidies for housing, in addition to only 1.65% spent to cover the operational expenses for NPTP, the Rights and Access program and the Schools' Meals program combined.

Under Social insurance: around 76.8% of spending finances pensions for the public sector, followed by 10.9% on end-of-service indemnities paid by the NSSF to private sector workers. Social allowances (including family, marriage, death and education allowances) take up to 9.7% of the spending on Social insurance.

Under Financial access to health: hospitalization expenses reach 43.8% of the budget spent on Financial access to health, of which 20.8% finances hospitalization expenses for security forces, 18.3% is incurred by the Ministry of Public Health, and 4.7% by the CSC. 42.1% of spending on Financial access to health covers sickness and maternity pay, of which 4.45% goes to security forces. In addition, 7.1% covers medication to armed and security forces.

Figure 11

Social protection spending as per the pillars of the National Social Protection strategy between 2017 and 2024 (in billions of LBP)

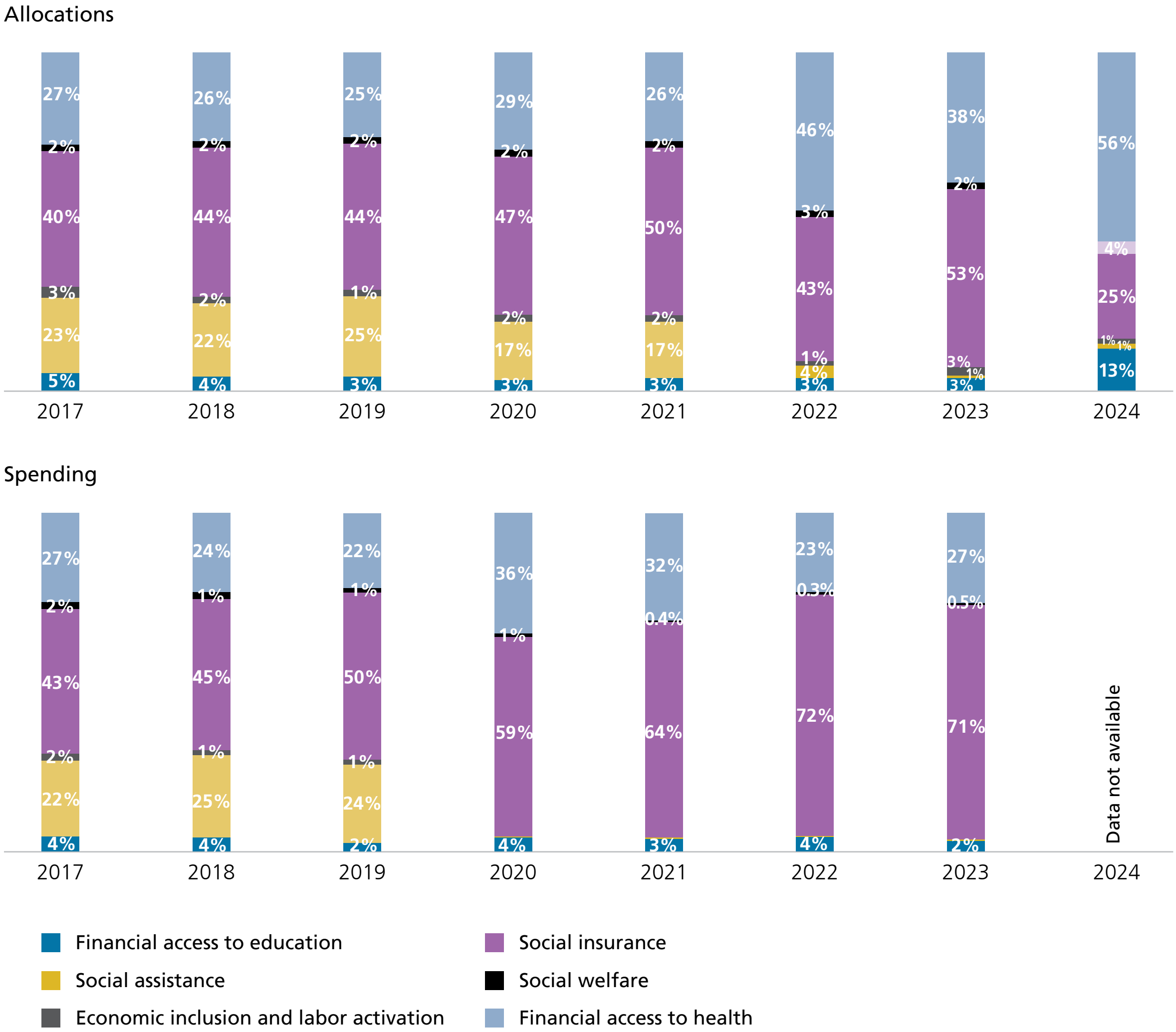
Remark: The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC, except for the year 2024 that excludes NSSF and CSC due to lack of available data.

When we examine actual spending for the period under review, Social insurance and Financial access to health remain the dominant areas of expenditure, eating up to around 95% of total expenditure on social protection. Starting 2020, spending on Social assistance doesn't exceed 1% of total spending (figures 11 and 12). This drop is mostly linked to the removal of subsidies and suspension of transfers to EDL, in addition to the discontinuation of the contribution to private entities (displaced) and subsidies for housing loans.

As subsidies phased out, in-kind services and cash transfers became the primary tools of intervention (figure 13).

Figure 12

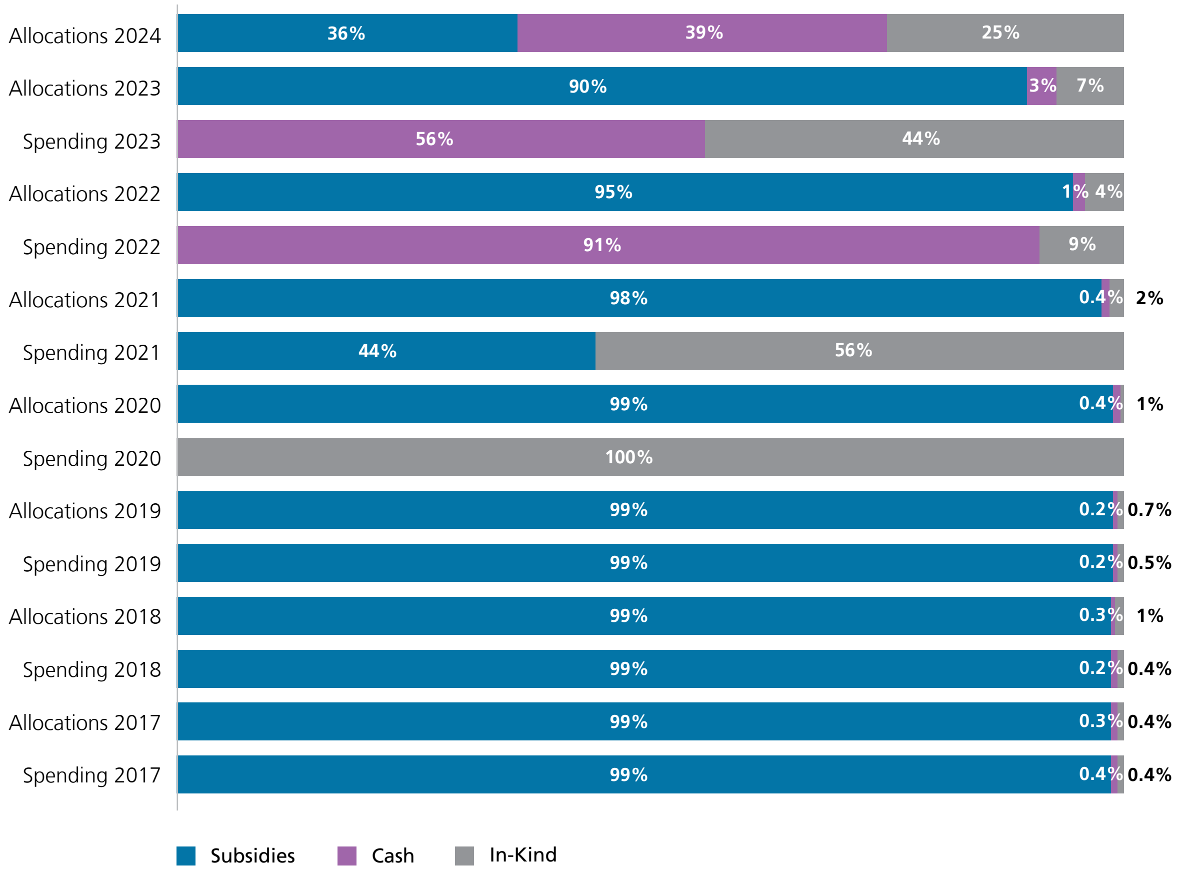
Social protection spending as per the pillars of the National Social Protection Strategy between 2017 and 2024 (in % of total SP spending)



Remark: The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC, except for the year 2024 that excludes NSSF and CSC due to lack of available data.

Figure 13

Distribution of social assistance programs per type of services between 2017 and 2024



Remark: The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC, except for the year 2024 that excludes NSSF and CSC due to lack of available data.

D | Analysis of social protection spending as per beneficiary groups: Despite varying benefits, the public sector has been the largest beneficiary of spending on social protection

Lebanese citizens benefiting from social protection were categorized into six distinct beneficiary groups for the analysis:

1) Poor and/or vulnerable;

2) Public sector - including both civil servants, and security and armed forces;

3) Civil servants;

4) Security and armed forces;

5) Private sector workers; and

6) Universal benefits.

Historically, the public sector has been the largest beneficiary of social protection spending in Lebanon, with the security and armed forces receiving more substantial allocations than civil servants, as reflected in both budgeted and executed expenditures.

Table 1

The public pension scheme in need of reform

While the public pension scheme in Lebanon is generous by design, it currently faces an adequacy challenge as a result of the recent economic and financial crisis. Pension benefits' value was severely eroded by the crisis, and despite gradual ad-hoc adjustments (still considered outside the basic pension payment), in 2024, benefits constituted less than 25% of their pre-crisis real value.

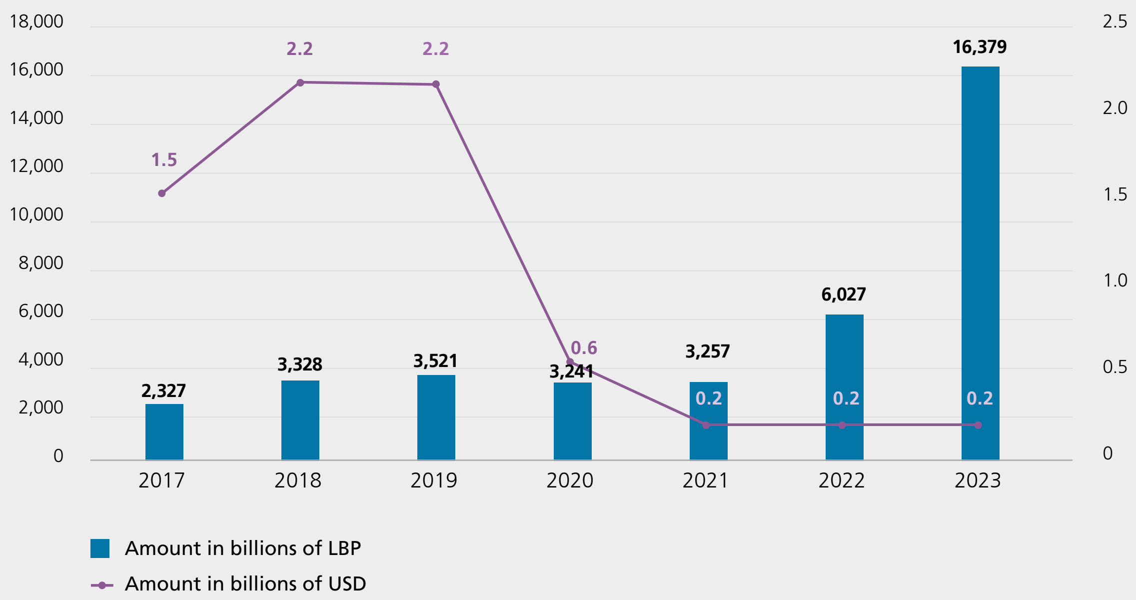
The scheme, funded entirely by the general budget, has also consistently been unaffordable and places significant strain on public spending. In addition, it covers only permanent civil servants, among which administrative staff, teachers, judges, army and security forces. Other employees in the public sector, such as the employees in public institutions and state-owned enterprises, are covered by the NSSF (which, until the implementation of the new pension law no. 319, only provides an end-of-service benefit), and contractuals and temporary or hourly paid staff are left out of the scheme. Beneficiaries are estimated at 131,000 individuals – around 2% of the total population.

Although its coverage is limited, the scheme is costly and financially unsustainable: Public pensions are the second largest spending item on the budget, after salaries and wages. In 2024, it absorbed around 13% of the total budget. Finally, the scheme is also inequitable as substantial disparities in benefits are identified across beneficiary groups, notably between civil and military staff.

Such deficiencies need to be addressed through a parametric reform driven by principles of adequacy, sustainability, equity, predictability and transparency, to gradually restore the value of the benefits within the existing fiscal constraints and in ways that would ensure its financial sustainability for years to come.

Source: World Bank reports and presentations.

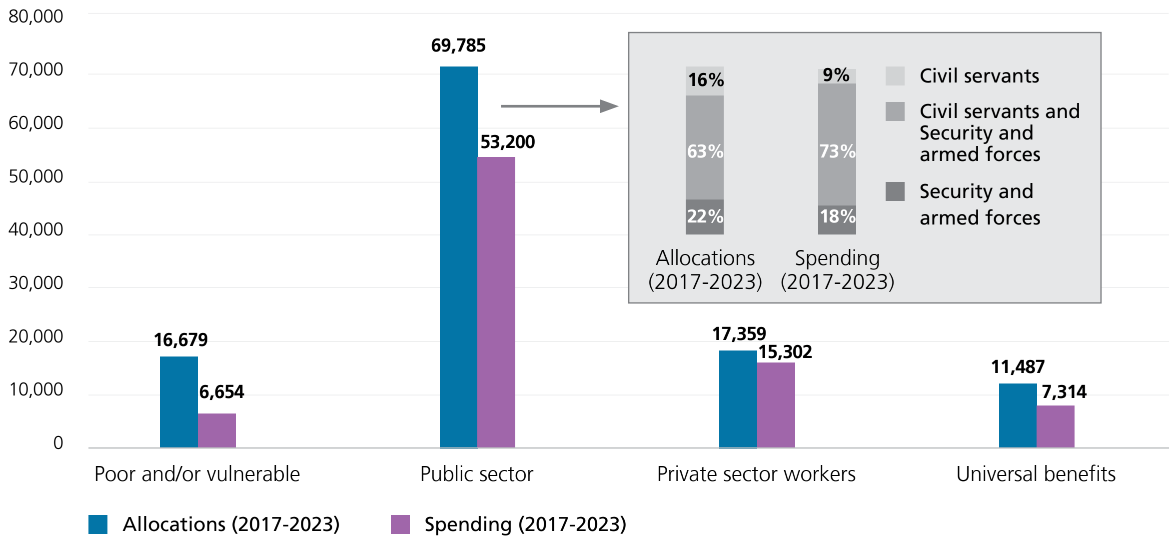
Comparative spending on pensions between 2017 and 2023 in LBP and USD



Moreover, there has been a consistent pattern of underspending across all categories, notably for the poor and/or vulnerable (see figure 14). However, starting 2024, a notable shift was recorded in social protection allocations, with a larger portion of the budget allocated to the poor and/or vulnerable as the government committed to co-finance domestically the National Disability Allowance, with an allocation of to LBP 150 billion budgeted in 2024. Despite this, budget allocations and actual spending remain predominantly directed toward the public sector (figure 15).

Figure 14

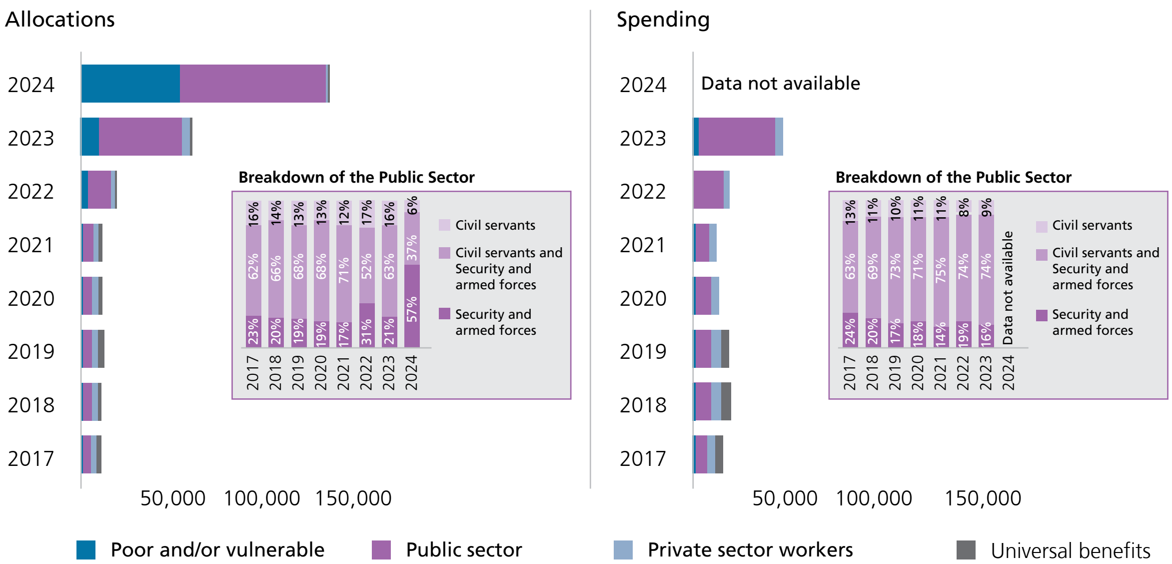
Distribution of social protection spending per category of beneficiaries between 2017 and 2023 (in billions of LBP)



Remark: The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC.

Figure 15

Distribution of social protection spending per category of beneficiaries per year between 2017 and 2023 (In billions of LBP)



Remark: The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC.

Putting healthcare aside, all types of beneficiaries received primarily income support and assistance[17]. The security and armed forces were the main beneficiaries of maternity benefits and access to basic education. As for private sector workers, they mainly benefited from the contributory system that provides end-of-service indemnities and family and children support, both offered through the NSSF. While all persons with disability are eligible for the disability benefit, it is primarily received by those who are poor and/or vulnerable (table 2).

Table 2

Distribution of social protection allocations across lifecycle contingencies by type of beneficiary (in % of total spending)

	Poor and/or vulnerable	Public sector-Civil servants	Public sector-Security and armed forces	Public sector-Civil servants and security and armed forces	Private sector workers	Universal benefits
Basic education	6%	5%	89%			
Disability benefit	100%					
Family and children		34%	3%		63%	
Health	51%	7%	34%		7%	0.3%
Housing						100%
Maternity		9%	91%			
Multiple contingencies		100%				
Old age, invalidity and survivors				91%	9%	
Other income support and assistance	19%	9%	0.3%	35%	7%	29%

[17] Income support usually refers to the financial assistance provided to individuals or families to ensure they can meet their basic needs, particularly when their income is insufficient or disrupted. It can take the form of cash transfers.

Photo: Gonzalo Pedroviejo Gomez - unsplash

3 On the Financing Structure of Social Protection

The following section sheds light on the primary financing sources for social protection programs implemented over the past few years. It examines financing modalities, notably through the state budget, the NSSF, the CSC but also treasury advances, donors and international financial institutions.

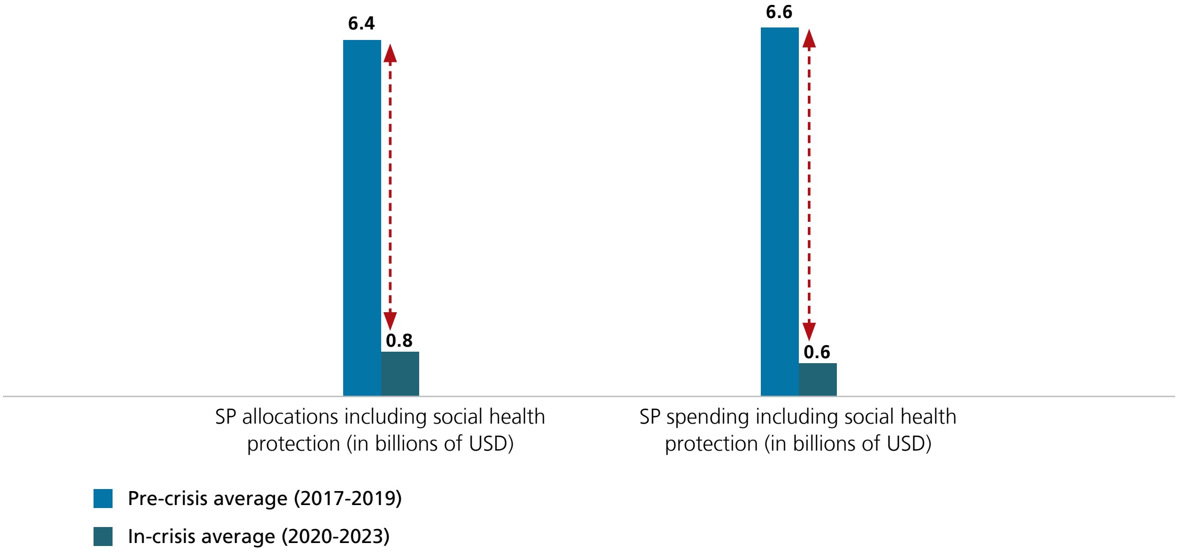
A | The determinants of social protection financing needs

Three factors significantly influence the size of social protection financing needs:

- **Pre-crisis spending levels[18]:** In addition to donor financing, the scale of government spending on social protection programs during the pre-crisis period serves as a benchmark for the level of domestic resources that were available for social protection (figure 16). While its relevance, effectiveness, and efficiency is not discussed here, pre-crisis spending amounted on average to USD 6.6 billion annually, including social health protection, over the period 2017-2019. It dropped to around USD 0.6 billion on average between 2020 and 2023. Mobilizing further financing than currently available from the state budget is essential to restore SP spending to at least the pre-crisis level and begin addressing the erosion in coverage and adequacy by ensuring a better allocation of spending across benefits and schemes. At the same time, efforts should also focus on increasing the government's share in financing non-contributory schemes and reallocating resources towards programs that directly benefit the poor and vulnerable category. Achieving a more equitable and impactful system will depend on the government's ability to mobilize domestic resources and improve tax collection (the main source of funding) as well as on the pace and health of the economic recovery.

Figure 16

Estimation of the crisis-generated financing gap



Remarks: The total amount of SP allocations and spending in this graph includes allocations and spending from the budget, the NSSF and the CSC.

Additional source: Lira Rate website

[18] Social protection spending pre-crisis was mainly skewed towards the contributory system, and a large share of social assistance was financed through donors (which is outside the budget).

- **Increased social needs resulting from the economic crisis and the war:** The multi-dimensional economic crisis and the ensuing war have drastically increased social needs, as outlined earlier in the report. Despite emergency interventions such AMAN and the expansion of the National Disability Allowance, primarily financed and supported by donor organizations, it is unlikely that official development assistance alone will suffice to reverse the extensive deterioration in social and living conditions compounded by the unprecedented contraction of the economy, the surge in unemployment, increased vulnerabilities, and the loss of value of savings and financial assets. For context, the UN, in the Lebanon response plan 2024, appealed for USD 2.72 billion to address the impact of the crises in Lebanon in 2024, for providing immediate and medium-term support to 3,500,000 people in need across all vulnerable population groups, including Lebanese, refugees and migrants (United Nations, 2024).
- **The pace of implementation of the National Social Protection Strategy:** The NSPS, which aims to *"gradually expand the coverage and benefits of social protection programs for the Lebanese, in an effort to achieve comprehensive and adequate coverage for all"* (Government of Lebanon, 2023) is a fundamental factor that will determine the size of financing envelop needed annually for social protection. While no specific cost estimate has been provided yet, any implementation plan will need to account for the government's fiscal capacity and sustainability requirements.

With several governments announcing aid cuts and the U.S. administration issuing an executive order freezing all foreign aid, the implications for Lebanon are significant. In this complex and volatile context of official development assistance, **"affordability and sustainability"** shall remain the two main drivers of any policy aimed at securing financing for social protection programs. This underscores the urgent need for the Lebanese government to increase its efforts to fill the financing gap and prioritize the allocation of domestic resources for social protection. A more sustainable and resilient response to the crisis must be rooted in greater national commitment to financing social protection programs, especially in light of diminishing external support.

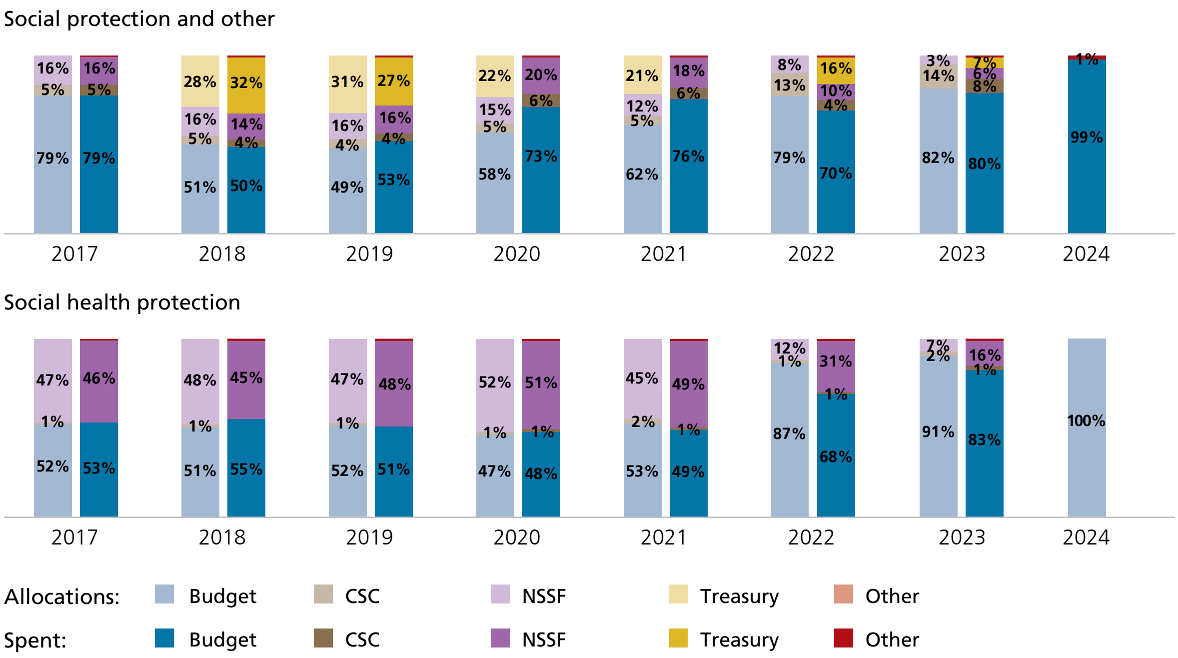
B | How does the state finances social protection in Lebanon?

Social protection is primarily financed from the public budget, the treasury, from the contributions collected by the NSSF and the CSC. Donor financing is not addressed here as much of ODA financing social protection is not transiting through the budget, implying much higher financing needs than the ones included in the budget.

A closer look at the financing of social health protection reveals that healthcare services are mainly financed from the public budget and the NSSF, with the latter seeing its share of spending reduced from 48% in 2019 to 17% in 2023 (figure 17). This drop can be attributed to both the lack of adjustment of coverage tariffs as well as the under-declaration of wages by employers. The NSSF's role as a central contributor of social protection is critical, underscoring the need for reform in both its internal and financial governance and its external ecosystem, notably its arrangements with the private sector. Such reforms are essential to ensure broader coverage, improved efficiency, and better value for money in the delivery of social protection services.

Figure 17

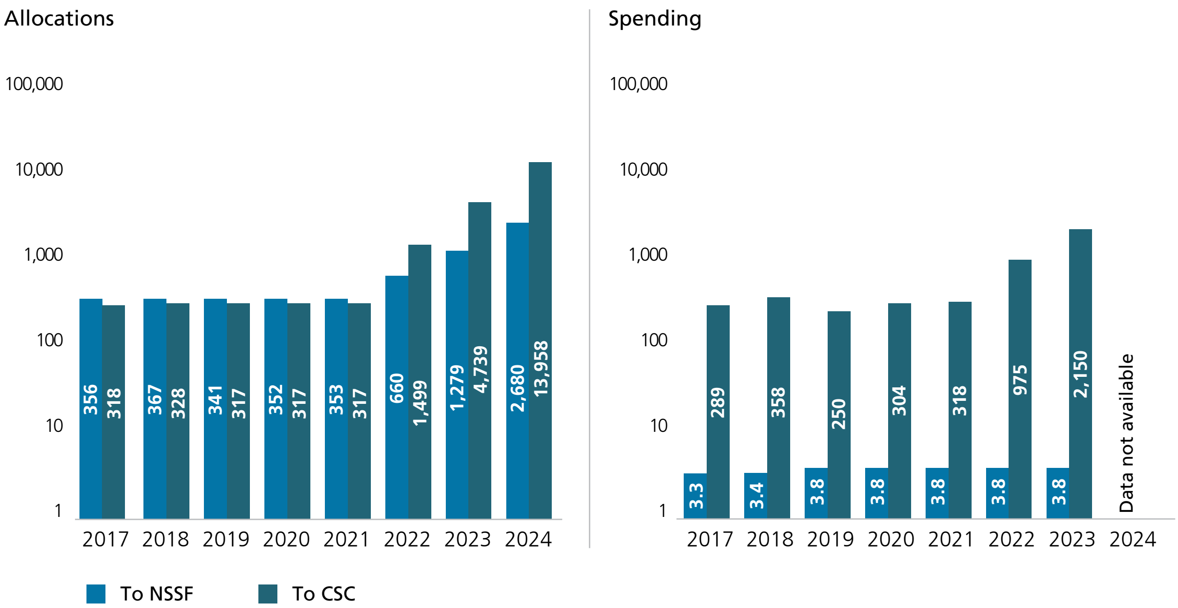
Domestic financing sources of social protection programs



Another factor undermining the financing of social protection through existing social insurance funds is the gap created by the government's failure to fulfill its contributions to the NSSF as an employer and to settle the sickness and maternity benefits branch as per article 73 of the social security law. As shown in figure 18, prior to the crisis, the government rarely paid its dues on time. This has further strained the already fragile financial situation of the NSSF. In contrast, dues to the CSC are partially settled, which also contributes to widening the financing gap.

Figure 18

Government contribution as an employer to NSSF and CSC from the budget (logarithmic scale - in billions of LBP)



C | Resorting to treasury advances to finance social protection during the crisis

The impact of the fiscal crisis has extended well beyond the country's capacity to fund social protection programs. Delayed fiscal adjustments, particularly regarding policy prioritization and spending recalibration, have led to the emergence of two parallel domestic financing tracks:

1. The **budget track:** Part of social protection spending was financed through the official state budget, and highly dependent on the Ministry of Finance's available financial resources.
2. The **off-budget track:** To finance part of its spending on social protection, and in particular the pension top-ups analyzed in this study, the government resorted to the use of treasury advances (table 3). These compensations measures were often adopted by the government after the budget's ratification, and therefore financed through treasury advances when available.

Resorting to treasury advances has created distortions between the advances approved and those effectively disbursed. This practice has proven to be detrimental, leading to the further fragmentation of state finances and complicating on-going efforts to accurately assess the full scope of social protection financing needs.

Beyond the immediate scope of this assessment, the establishment of dual budgeting tracks has also caused significant financial distortions in the budget preparation process. It has undermined the accuracy of financial reporting, compromised the effectiveness of fiscal controls, and made it extremely difficult to analyze and assess institutional or sectoral spending.

For the purpose of this review, data on SP treasury advances for 2022 and 2023 was requested from the Ministry of Finance. This data was not integrated in the central database for two reasons: (i) to avoid double counting, as in the budget, some allocations may be assigned to repay previously approved and disbursed treasury advances, and (ii) to prevent overlaps between fiscal years, where allocations could be attributed to cover treasury advances disbursed in a previous year or scheduled to be disbursed within the same year.

Table 3

Treasury advances according to the public accounting law

According to the Lebanese public accounting law, treasury advances are temporary financial allocations provided by the treasury (the government) to ministries and public institutions to cover expenses before they are officially recorded in the budget or to respond to urgent financial needs.

These advances can either be:

- Permanent advances, granted to public administrations to ensure the continuity of their operations throughout the fiscal year. They are typically used for operational expenditures.
- Urgent advances, provided in exceptional situations where immediate financial resources are required to handle unforeseen or urgent expenditures. They are granted for one-time or emergency expenditures that are not expected to recur.

Treasury advances are issued throughout the year on an exceptional basis to allocate additional resources for unexpected expenditure. While this practice is highly not recommended, the government was commonly resorting to it during the period 2006-2016 to manage additional spending and the needs of public administrations, when the country was functioning without approved budgets. The use of treasury advances was reduced markedly following the approval of the 2017 budget law, but the government has been frequently relying on this practice again since the onset of the crisis. This is mainly due to the rapidly changing situation, delays in preparing and approving budgets, the rapid depreciation of the national currency etc. As such, in some years, budget allocations might be significantly underestimated, especially since 2022 when the government started providing the temporary compensation scheme to public sector employees outside of the regular budget process.

Table 4 below offers a snapshot of the treasury advances approved in 2023 by the Lebanese government, amounting to LBP 57,518 billion, of which LBP 18,273 billion financed spending on social protection (according to the assumptions adopted for this review), equivalent to 10% of the draft total budget for that year. Nearly LBP 36,048 billion (62.6% of the approved treasury advances) were earmarked for top-ups to public sector salaries and wages (including for pensions) and categorized by the state as cash assistance in the absence of an official salary scale readjustment[19].

From an international accounting perspective, these salary top-ups (except for the shares financing retirees' pensions), while not included in the salary base, should be classified as wages and salaries (tables 4 and 5). As such, they were excluded from the SP treasury advances aggregates financing SP, therefore reducing the portion of the 2023 treasury advances classified as SP (which includes social health protection and education), to 32% of the total approved treasury advances.

Even after this adjustment, the amount of SP spending financed through treasury advances remains substantial and must be accounted for to accurately reflect Lebanon›s real social protection spending by the government and financial commitments or when considering expenditure reallocation.

A further analysis of the treasury advances outturn patterns (table 4) highlights an underestimation of the government's capacity to effectively utilize allocated funds. Underspending ratios for all treasury advances financing SP is estimated at 51%, underscoring a recurring gap between the governmen´s planned commitments, and its actual capacity to disburse. The reasons behind this gap in spending were not investigated in this report.

[19] In the context of this budget review, salary top-ups were not classified as social protection spending.

Table 4

Spending financed through treasury advances, 2023 (in billions of LBP)

	Public administrations		Public institutions		Independent agencies		Total	
Purpose of the advance	**Advance value**	**Effectively disbursed**	**Advance value**	**Effectively disbursed**	**Advance value**	**Effectively disbursed**	**Advance value**	**Effectively disbursed**
Salaries/wages and related benefits	10,483	4,545	3,468	3,468	16	16	**13,967**	**8,029**
Payment of temporary social assistance for public sector workers	25,200	1,198	48	48	-	-	**25,248**	**1,246**
Settlement of financial obligations	27	27	-	-	-	-	**27**	**27**
Coverage of health and social expenses	2,650	2,650	3,750	3,750	-	-	**6,400**	**6,400**
Coverage of school expenses	22	22	-	-	-	-	**22**	**22**
Support for teachers, instructors, and contractual staff at the Ministry of Education	1,050	1,050	-	-	-	-	**1,050**	**1,050**
Pensions top-ups financed from treasury advances	10,800	1,433					**10,800**	**1,433**
Total treasury advances	**50,232**	**10,928**	**7,267**	**7,267**	**16**	**16**	**57,518**	**18,212**
Total treasury advances financing SP spending	**14,523**	**5,156**	**3,750**	**3,750**	**-**	**-**	**18,273**	**8,906**
Share of treasury advances financing SP spending from total treasury advances	**29%**	**47%**	**52%**	**52%**	**-**	**-**	**32%**	**49%**

Remark: Data in blue was tagged as social protection spending according to the assumptions set for this budget review.

Source: Treasury advances data for 2023, Ministry of Finance, Directorate of Treasury.

Table 5

A look at the public sector's salaries top-ups

With the lingering financial crisis, the public sector employees' remunerations became a fraction of less than 5% of their earnings prior to the crisis. To mitigate for this loss, the government initiated in 2021 some ad-hoc measures, promulgating a series of decrees and decisions that were meant to increase the income of public sector employees on an exceptional basis.

These decrees and decisions came in subsequent modes and were not related to a strategy for salaries adjustment, that would remedy, even if progressively, the deterioration of the public sector's wages and salaries. They came in alternated mode with retroactive effects, making it hard to calculate and harder to exercise post-audit.

It is also important to note that the said decrees and decisions did not take into account any provision of budget allocations in the salaries and wages budget lines. This resulted in sizable amounts of unplanned and unaccounted for transfers from the state budget to line ministries from the budget reserve and to public institutions that translated into a multitude of requests for treasury advances that most institutions are unable to return in the near future.

Below is the list of decrees/decisions that addressed the remuneration increases meant for the public sector personnel including retirees:

- **Decree no. 8737 dated 28/01/2022,**provided monthly social assistance equivalent to half the salary or pension, with a minimum of LBP 1,500,000 and a maximum of LBP 3,000,000 per month.
- **Decree no. 8838 dated 22/02/2022,** extending earlier short-term social assistance arrangements pending the ratification of the 2022 budget.
- **Decree no. 9718 dated 20/07/2022,** increasing the amounts of social assistance provided.
- **Decree no. 9754 dated 28/07/2022,** introducing a productivity allowance to public sector workers depending on their job category, and on condition they attend their office at least three days per week.
- **Decree no. 11225 dated 18/04/2023,** amending the daily temporary transportation allowance and salaries for public sector workers, and amending the lump sum monthly transportation compensation given to general inspectors and assistant inspectors at the Central Inspection Board.
- **Decree no. 11227 dated 18/04/2023,** giving temporary compensation to all public sector workers and retirees who benefit from pensions.
- **Decree no. 12030 dated 9/11/2023,** fixed the minimum monthly pension at LBP 7 million and tripled retirement benefits.
- **Decree no. 13020 dated 28/02/2024,** giving temporary compensation to all public sector workers and retirees who benefit from pensions.
- **Decree no. 13125 dated 20/03/2024,** amending decree no. 13020 to include a one-time payment of at least LBP 800,000 a month for retirees (excluding military personnel), equal to three months of pensions.
- **Prime Minister decision 6/2024 dated 21/03/2024** to all public administrations determining the conditions, criteria and principles of granting perseverance compensation.
- **Decree no. 13225 dated 05/04/2024,** providing temporary education grants to employees and workers subject to the labor law.
- **Prime minister decision 13/2024 dated 23/04/2024** to all public administrative institutions determining the conditions, criteria and principles of granting perseverance compensation.
- **Decree no. 14033 dated 30/09/2024,** granting temporary compensation and financial assistance to all public sector workers and retirees who benefit pensions.

Calculating a month's wage and salary is the sum of all above decrees/decisions, which provisions vary according to the civil servant's employment category, the transportation allowances also calculated on the basis of a number of fuel liters defined again as per the employment category, in addition to the productivity allowance which is a lump sum per month set per category.

The table below summarizes the temporary measures introduced by these decrees and decisions per rank and employment category:

Legislation reference	Description	Public sector workers	General inspectors and Assitant inspectors at the Central Inspection	Military corps	Retirees from the public sector	Technical service providers	Contractuals in the education sectors	Exemptions	Conditions
Decree no. 8737 dated 28/01/2022	Provided monthly social assistance equivalent to half the salary or pension	Half a salary for the months of Nov and Dec. 2021, with a min. of LBP 1,500,000 and a max. of LBP 3,000,000 per month							Applicable to all public administrations
Decree no. 8838 dated 22/02/2022	Giving temporary social assistance to all public sector employees—regardless of their job titles—and to retirees receiving a pension	Equivalent to half a salary, calculated based on the base salary/wage/pension only. Payment range between 1,500,000 and 3,000,000 LBP per installment						- Diplomatic corps employees appointed to Lebanese missions abroad - Anyone who receives compensation in a currency other than the LBP by virtue of his job	Assistance amount for daily workers, contractual staff, and technical service providers to be set by the Minister of Finance

Legislation reference	Description	Public sector workers	General inspectors and Assitant inspectors at the Central Inspection	Military corps	Retirees from the public sector	Technical service providers	Contractuals in the education sectors	Exemptions	Conditions
Decree no. 9718 dated 20/07/2022	Increasing the amounts of social assistance provided	Equal to 100% of the base salary, wage, or pension (excluding any bonuses or allowances). Min. monthly assistance: 2,000,000 LBP for active employees 1,700,000 LBP for retirees. Max. monthly assistance: 6,000,000 LBP for active employees 5,100,000 LBP for retirees						- Diplomatic corps employees appointed to Lebanese missions abroad - Anyone who receives compensation in a currency other than the LBP by virtue of his job	Applicable to all public administrations
Decree no. 9754 dated 28/07/2022	Introducing a productivity allowance to public sector workers	- LBP 150,000 for the personnel of category 5 and technical service providers - LBP 200,000 LBP for the personnel of category 4 - LBP 250,000 LBP for for the personnel of category 3 - LBP 300,000 for the personnel of category 2 - LBP 350,000 for the personnel of category 1 The allowance mentioned in article one above is due for the months of Aug. and Sep. 2022							Conditionned to the employee's presence at the office at least three days per week, from Monday to Thursday. If the employee also attends work on Friday, the productivity allowance for that day is calculated as a fifth working day of the week.
2022 budget law article 111 dated 15/11/2022	Giving temporary monthly compensation to all public sector workers and retirees receiving a pension	Basic salary for the year 2019 x 2						- Diplomatic corps employees appointed to Lebanese missions abroad - Anyone who receives compensation in a currency other than the LBP by virtue of his job	Compensation including his basic salary, should no less than LBP 5,000,000 acapped at LBP 12,000,000, regardless of the amount of the salary base
Decree no. 11225 dated 18/04/2023	Giving temporary monthly transportation compensation to all public sector workers and retirees receiving a pension	Daily transportation lump sum allowance LBP 450,000	Amending the lump sum monthly transportation compensation LBP 3,000,000						
Decree no. 11227 dated 18/04/2023	Giving temporary monthly compensation to all public sector workers and retirees receiving a pension	Basic salary for the year 2020 x 4 with a minimum compensation of LBP 8,000,000		Basic salary for the year 2020 x 3 with a minimum compensation of LBP 7,000,000	Basic salary for the year 2020 x 3	Hourly rate x 2 or monthly lump sum pay x 2	Increment of 50% of the hourly rate	- Diplomatic corps employees appointed to Lebanese missions abroad - Anyone who receives compensation in a currency other than the LBP by virtue of his job	- Overall compensation capped at LBP 50,000,000 - Not subject to end of service indemnities nor pensions or any other allowance - Conditionned to 14 working days in presence
Decree no. 12030 dated 9/11/2023	Fixed the minimum monthly pension at LBP 7,000,000 and tripled retirement benefits.	Amendment of paragraph 3 of article one of decree no. 11227: Amount: Three times the monthly retirement pension. **For military retirees**: Calculated based on the pension plus all applicable supplements. Min. value: 7,000,000 LBP per month		Calculated based on the pension plus all applicable supplements					
Decree no. 13020 dated 28/02/2024	Giving temporary monthly compensation to all public sector workers and retirees receiving a pension	Basic salary for the year 2024 x 2						- Diplomatic corps employees appointed to Lebanese missions abroad - Anyone who receives compensation in a currency other than the LBP by virtue of his job	- Overall compensation capped at LBP 30,000,000

Legislation reference	Description	Public sector workers	General inspectors and Assitant inspectors at the Central Inspection	Military corps	Retirees from the public sector	Technical service providers	Contractuals in the education sectors	Exemptions	Conditions
Decree no. 13020 dated 28/02/2024	Giving temporary monthly transportation compensation to all public sector workers and retirees who benefit from a retirement pension	- 8 fuel cans for the personnel of category 5 and technical service providers - 10 fuel cans for the personnel of category 4 - 12 fuel cans for the personnel of category 3 - 14 fuel cans for the personnel of category 2 - 16 fuel cans for the personnel of category 1							Equivalent of fuel cans of 20 liters each with a base of LBP 1,500,000/ fuel can
Decree no. 13125 dated 20/03/2024	Correction of paragraphs "3" and "4" of section one of article six of decree no. 13020 dated February 28, 2024 (Granting a temporary allowance to all public sector employees and retirees receiving a pension).	One-time compensation for retirees (excluding military & military sectors) **For civilian retirees:** One- time payment covering 3 months. Amount: 3× monthly pension per month. Min. total: 8,000,000 LBP **Military retirees:** One- time payment covering 3 months. Amount: 3× basic salary + supplements (per month), as per the MoF decision no. 4/1 - 10/01/2023. Min. total: 8,000,000 LBP							
Prime Minister decision 6/2024 dated 21/03/2024	Granting monthly perseverance allocation	- LBP 15,000,000 for the personnel of category 5 and technical service providers - LBP 17,000,000 for the personnel of category 4 - LBP 19,000,000 for the personnel of category 3 - LBP 22,000,000 for the personnel of category 2 - LBP 25,000,000 for the personnel of category 1							Applicable to all public administrations
Decree no. 13225 dated 18/04/2024	Providing temporary education grants to employees and workers subject to the labor law (Academic year 2023-2024)	- LBP 4,000,000 for public school, or free schools, or institutions for the disabled, or the Lebanese University with a maximum compensation of LBP 12,000,000 - LBP 12,000,000 for private schools and universities with a max. compensation of LBP 36,000,000							- Eligibility criteria applicable - Not subject to end of service indemnities nor pensions, and exempted of any tax deductions
Prime Minister decision 13/2024 dated 23/04/2024	Granting a perseverance allowance	- LBP 15,000,000 for the personnel of category 5 and technical service providers - LBP 17,000,000 for the personnel of category 4 - LBP 19,000,000 for the personnel of category 3 - LBP 22,000,000 for the personnel of category 2 - LBP 25,000,000 for the personnel of category 1							Applicable to all public institutions
Decree no. 14033 dated 30/09/2024	Giving temporary compensation and financial assistance to all public sector workers and retirees receiving a pension	- Oct. 24: Basic salary for the year 2024 x 2 + financial aid of LBP 10,000,000 - Nov. 24: Basic salary for the year 2024 x 3 - Dec. 24: Basic salary for the year 2024 x 4 + financial aid of LBP 10,000,000				- Oct. 24: Hourly rate x 2 or monthly lump sum pay x 2 - Nov. 24: Hourly rate x 3 or monthly lump sum pay x 3 -Dec. 24: Hourly rate x 4 or monthly lump sum pay x 4	- Oct. 24: Hourly rate x 2 or monthly lump sum pay x 2 - Nov. 24: Hourly rate x 3 or monthly lump sum pay x 3 - Dec. 24: Hourly rate x 4 or monthly lump sum pay x 4		- Oct. 24: compensation capped at LBP 30,000,000 - Nov. 24: compensation capped at LBP 40,000,000 - Dec. 24: compensation capped at LBP 50,000,000

D | A snapshot of cash assistance programs financed by Official Development Assistance

Major cash assistance programs funded and supported by donor organizations are also part of the overall social protection financing envelope, and need to be investigated, particularly if external financial support was to be discontinued. This type of aid has been managed off-budget, either directly disbursed by the donors or through a third-party.

This practice, put in place to circumvent administrative and financial hurdles resulting from the crisis, weakens strategic planning and the sound and comprehensive management of public finances, leads to a fragmented aid architecture and delivery and creates a risk of duplication and challenges in moving towards integrated approaches for donor coordination.

Three main social protection programs were identified, all of which involve direct participation from state institutions as implementers:

- **The National Poverty Targeting Program (NPTP),** established in 2011 as Lebanon›s first-ever social safety net program, integrated into the ESSN as of November 2024.
- **The Emergency Social Safety Net (ESSN)** introduced 10 years later as a response to the crisis, to scale up the NPTP and expand beneficiary coverage from 1.5% to 20% of the Lebanese population (World Bank Group, 2021), reaching in 2024 about 375,000 individuals (or the equivalent of 93,676 households).
- **The National Disability Allowance (NDA),** a social grant designed to provide direct income support to persons with disabilities living in Lebanon. In the 2024 budget law, the Ministry of Social Affairs allocated LBP 150 billion to partially finance the NDA (table 6).

Table 6
The National Disability Allowance

The National Disability Allowance (NDA) was launched in April 2023 by the Ministry of Social Affairs (MoSA), in partnership with the UNICEF and International Labour Organization (ILO), with funding from the European Union (EU). This social grant took the form of a monthly allocation amounting USD 40, and provided direct income support to youth with disabilities aged 18-28 (estimated to 12,500 Lebanese individuals) and that were prioritized during the first roll-out of the program. The NDA was expanded in October 2023 to cover the 15-30 age bracket (estimated 12,797 Lebanese individuals).

In its 2024 budget, the government allocated three budget line items for social grants with LBP 150 billion for each of the National Disability Allowance, child grant, and social pension, for a total of LBP 450 billion (USD 5 million). In the 2025 budget law, the government doubled the allocations for social grants to LBP 900 billion (around USD 10 million).

In December 2024, these allocations were used to provide a one-time USD 100 cash assistance supporting approximately 45,000 families with at least one member with a disability, under the emergency family disability benefit. This initiative, fully funded by the government of Lebanon for a total amount of LBP 4.5 billion, and implemented with UNICEF and ILO support, utilized the NDA and Rights and Access Centers to ensure comprehensive outreach.

Starting January 2025, the NDA expanded to include all Lebanese children with disability (with a valid disability card). This expansion will benefit approximately 5,500 children, who will receive the regular monthly benefit of USD 40 over the first eight months of 2025. The government has allocated resources from the 2024 national budget to fund this expansion for January and February 2025. While the expansion is currently "temporary", UNICEF, ILO and MoSA are actively working to ensure its continuation beyond the initial eight months.

Other assistance programs, such as the wheat subsidy program, financed partially through a WB loan mechanism, were among the key interventions aimed at supporting the most vulnerable. However, the program was discontinued in mid-2024 due to its regressive nature. The cost of the wheat subsidy was not estimated for lack of data and not included in this assessment.

Table 7 provides a summary of the annual financial commitments, criteria and coverage of beneficiaries under the three cash assistance programs. The NPTP and NDA were financed through grants while the ESSN was funded by loans provided by the World Bank to Lebanon. The first package of USD 246 million was originally approved in January 2021, followed by the first additional financing of USD 4 million in May 2022 and a second additional financing of USD 300 million in May 2023.

Table 7
Overview of cash assistance programs financing and coverage

Program	Criteria	Household/ individual	Timeframe start date end date	Imple-menter(s)	Funding sources	Funding type	Opera-tional modalities	Total disbursed (2021) (in millions of USD)	Total disbursed (2022) (in millions of USD)	Total disbursed (2023) (in millions of USD)	Total disbursed (2024) (in millions of USD)
NPTP	Poverty	House-hold of 5	2011-2024	WFP	EU, Germa-ny, and other donors	Grant		35.8	84.6	97.4	N/A
ESSN	Poverty and vul-nerability	House-hold of 4	May 2021 (ESSN Law ratified)/ December 2026 (closing of the project)	WFP, PCM, MoSA	WB	Loan	- Funding goes through the Treasury - WFP is contracted by the Govern-ment of Lebanon - National program for Lebanese only	0.615	146.62	78.75	- Till August 2024: 14.24 - From addi-tional financ-ing: 173 + 0.75 (front end fee)

Program	Criteria	Household/ individual	Timeframe start dateend date	Imple- menter(s)	Funding sources	Funding type	Opera- tional modalities	Total disbursed (2021) (in millions of USD)	Total disbursed (2022) (in millions of USD)	Total disbursed (2023) (in millions of USD)	Total disbursed (2024) (in millions of USD)
NDA	Catego- rical and age	Individual with disability aged 0 to 30	April 2023	UNICEF, ILO, MoSA	UNICEF	Grant and dom- estic re- sources	- Funding from donors is managed by UNICEF - Program includes non- Lebanese - Numbers captured in this table are only for Lebanese	0	0	3.19	6.69 + LBP 4.5 billion

E | Supplementary financing: Have the SDR financed social protection programs?

In 2021, the Government of Lebanon became eligible to almost USD 1.135 billion worth of IMF's special drawing rights (SDR), after the IMF board of governors approved a general allocation that was made available to all 190 member countries according to their quota share. The initial aim of this allocation was to help replenish the country›s depleted foreign reserves, to support needed macroeconomic adjustment and reforms, and to respond to many of the urgent needs of the Lebanese population.

The management of the SDRs and their spending have been criticized as counterproductive. The critical injection of foreign currency was expected to serve two main objectives: first, to alleviate the hardship induced by the crisis, and second, to support the initiation of economic and financial reforms, including the removal of regressive and distortionary subsidies (Life, 2021). But how were the SDRs really spent?

Given the lack of official documentation, a quick mapping exercise was conducted, drawing on available online sources. Table 8 below reconstructs what is believed to be the main recipients of SDR financing between late 2021 and early 2022. A preliminary analysis of the available information reveals that nearly 15% of the SDRs were allocated to operational expenses, 18% to loan servicing and SDR charges, and almost 60% to subsidies (for medication, wheat, and fuel), instead of being invested in more efficient and equitable social protection interventions, as well as to boost productive sectors for long-term benefits.

As this report is being drafted, all subsidies for fuel, wheat, and medication partially or fully financed by the SDR have been lifted.

Table 8

Breakdown of spending financed by the SDRs

#	Spending purpose	Direct beneficiary	Amount (in millions)	Currency
1	Loan servicing	AFD	13.2	EUR
2	Loan servicing	Various donor organizations	163	USD
3	Medication subsidy	Ministry of Public Health	478	USD
4	Wheat subsidy	Ministry of Economy and Trade	134	USD
5	Fuel subsidy	EDL	70	USD
6	Invoicing and collection services	EDL service providers	62	USD
7	Printing of passports	General Security	13	USD
8	Legal fees	Ministry of Justice	0.684	USD
9	Purchase of Insecticides	Ministry of Agriculture	0.05	USD
10	SDR charges	IMF	35	USD
11	Public Works	International Civil Aviation	7	USD
12	Unidentified	Unidentified	62	USD
Total SDRs granted			**1,139**	**USD**

Sources: Presidency of the Council of Ministers and Limslb.

Photo: Hhunt Han - unsplash

Conclusions and Recommendations

As living conditions continue to deteriorate, inequality widens, and vulnerability increases due to instability, conflict, and rising unemployment, it has become critical to move forward with the gradual implementation of the national social protection strategy. This process should be guided by a comprehensive, evidence-based prioritization framework, incorporating cost analysis and vulnerability assessments. For instance, one of the main findings of this review is that currently, allocations made to social protection are skewed towards social insurance (i.e. contributory schemes that may benefit the less vulnerable), crowding out spending on social assistance that usually provides a safety net to the most vulnerable. Progress toward more universal, shock-responsive, and affordable social protection systems will help ensure that the most vulnerable populations are better protected and more resilient in the face of adversity. Increasing the share of formal employment is also a critical step in addressing informality and expanding the base of contributory schemes.

In this context, the following recommendations target both policy and operational levels, aiming to guide decisions on social protection financing. The first set of recommendations, derived from the findings of this budget review, are rooted in the principles of relevance, coherence, efficiency, value-for-money, and sustainability. While they do not aim to address the entire social protection system, they focus on **ensuring that social protection spending is more effectively structured, allocated, and equitably disbursed and that data is available to inform resources allocation.** Serving as a foundation for discussions and consultations with relevant stakeholders, these recommendations may require further assessments to evaluate their feasibility and long-term impact.

A | Expanding and enhancing the quantity and quality of existing data on social protection

Existing data needs to be enhanced and made more accessible to steer informed policymaking. Among the recommended enhancements:

- **Review and enhance social protection spending classification:** Collaborate with the Ministry of Finance to review the current functional classification of social protection spending. Provide guidelines and recommendations to address the gaps identified in the budget review and improve the granularity of data related to social protection spending, ensuring the classification is more accurate and relevant. Once finalized, these guidelines can be published as a technical note for the Ministry, once approved, circulated and explained to concerned ministries and public institutions.
- **Resume the publication of the Public Finance Monitor halted since end 2021:** Provide support to the Ministry of Finance to resume the regular publication of the Public Finance Monitor, to enhance transparency, accountability, and evidence-based decision-making. Regular reporting would allow stakeholders to track budget allocations, expenditures, and gaps, ensuring that resources for social protection are used effectively and align with policy priorities. The availability of detailed fiscal data can also feed in the publication of thematic reports on social spending.
- **Ensure the regular publication of household data:** Ensure a more comprehensive and regular publication of household data to track the evolving nature of households' well-being and inform the design of social protection interventions. The latest Labour Force and Housing Living Conditions Survey (LFHLCS) was carried out by CAS between 2018 and 2019.

- **Consolidate and improve NSSF data transparency:** Improve the quality and accessibility of NSSF data[20]. Resume the online publication of key figures and aggregates to foster transparency and support complementary analytical work.
- **Devise a methodology to "tag" social protection expenditures in the budget:** Although the line-item structure of the state budget renders tagging a difficult exercise, technical assistance could be sought (from the IMF or other) to design a methodology that would allow to tag social protection expenditures within the budget, therefore improving tracking and analysis of social protection spending and identifying inefficiencies and duplications.
- **Set-up an integrated financial information management system linking agencies providing social protection and the Ministry of Finance:** The information system could be a stand-alone system or come as an additional module to the new Financial Information System being developed by the Ministry of Finance. It would allow to track social spending, reduce misallocations and misuse, define a set of indicators for each agency to report on, therefore linking social protection expenditure to outturns and paving the way for data-driven decision making at the level of the government, the ministries and donors.
- **Conduct an in-depth analysis of the budgets of mutual funds:** A large number of mutual funds (such as the ones for judges, Lebanese university teachers, MPs, parliament employees, shariah court judges, etc.) remained out of the scope of this study since no or very limited data was available for analysis. Better understanding how these funds function, how they are financed and what social protection services they offer is a first step towards improving coverage and efficiency and fostering equity in the benefits provided, in addition to understanding the feasibility and limitations of their potential merger for reducing management costs and increasing efficiency.
- **Conduct institutional budget reviews for key social protection providers,** looking into the budget allocations and spending by implementing agency (e.g., MoSA, MoPH, etc.) to assess their performance and identify the areas of focus of each agency according to the lifecycle contingency. However, this would require direct access to the data of the agency subject to the review.
- **Resume the integration of Official Development Assistance within the budget** or at least devise a mechanism that facilitates the pooling, tracking and coordination of ODA financing social protection programs. This is essential to avoid creating parallel systems that may not be sustainable as well as to improve strategic planning, budgeting and reporting and allow oversight institutions (Parliament, Court of Audit, etc.) to scrutinize how these resources are spent. Channeling aid through the budget, or at least recording aid streams in a unified system, would also help improve both donor coordination and resource allocation, providing a partial solution to the current fragmentation.
- **Advocate for the publication of the Closure Accounts currently being audited by the Court of Accounts.** This would provide access to audited and therefore more accurate data on effective spending, contributing to enhance the comprehensiveness and quality of the analysis provided on the spending on social protection.

[20] The International Labour Organization published in October 2023 the executive summary of the financial assessment report for the National Social Security Fund in Lebanon, providing an assessment of the financial position and challenges of the NSSF in Lebanon and including recommendations on how to improve its financial reporting.

B Strengthening the institutional capacities of key social protection providers and financers

- **Design a systematic approach or mechanism that would allow to replicate this budget review** and regularly update data and information on the government financing of social protection.
- **Develop capacities in budget planning and costing,** to provide a range of strategic and operational benefits to spending agencies including the ability to better estimate the cost of social protection programs, to prepare more realistic budget proposals and to mainstream budget execution. Gaps in planning and the underutilization of available financial resources was a recurrent finding of the budget review.
- **Build capacity on data recording and reporting,** to support spending agencies enhancing their reporting on in-year and spending and improve the know-how through which institutions capture social protection information and report on it in the national budget.
- **Design a solution to the settlement of unpaid government's contributions to the social security insurance funds,** namely NSSF and CSC, and reschedule the repayment of arrears and of government debt to NSSF. A significant number of public institutions are failing to fulfill their employer obligations to the NSSF, primarily due to insufficient financial resources. Initiating dialogue with these institutions and developing tailored solutions could help the NSSF partially strengthen its financial position.
- **Sensitize the Ministry of Finance and train its staff on social protection,** involving them further into the momentum towards strengthening social protection mechanisms and social spending and helping them understand the issues at stake.

C Creating fiscal space

The ILO has recently estimated Lebanon's social protection financing gap to 9.4 p.p of GDP or 30.5% of government expenditure, including healthcare[21] (Cattaneo, Schwarzer, Razavi & Visentin, 2024). This means that Lebanon would need to raise its current spending on social protection by 9.4 p.p of GDP (or by 30.5% government expenditure) to have every person covered by at least one of the 5 social protection cash benefits (Children, Disability, Maternity, Old-age and Unemployment). With the war, this ratio is expected to have increased. As a result, creating fiscal space for social protection has become critical. One of the starting points could be the design and implementation of a comprehensive, yet balanced and realistic, **Domestic Resource Mobilization Strategy.** Lebanon's tax revenue as a share of GDP, which stood at 15.3% in 2019 (IMF, 2023), is relatively low compared to other countries, indicating potential for increasing tax revenues. A portion of these additional resources could be allocated to finance selected non-contributory schemes, helping to bridge the financing gap and expand social protection coverage. It is key to try reaching an agreement, with the Ministry of Finance, on the share of revenue increase that could be allocated to social spending.

The domestic resource mobilization strategy could rely on:

- Introducing an **earmarked tax,** on vacant properties for instance, or a **wealth, sin or excise tax**. For example, according to the IMF, phasing-in an excise tax on diesel, increasing from USD 0.10 to USD 0.25 per liter, could raise approximately 1.5% to 3% of GDP in revenue (IMF, 2023).
- Introducing a **mono-tax:** Mono-tax is a simplified tax collection and payment system designed for small contributors, allowing them to access the same social security benefits as salaried workers. It has proven to be an effective tool for formalizing micro and small enterprises, as well as extending

[21] The ratio drops to 3.25% of GDP if we exclude social health protection.

social protection coverage to independent workers and liberal professions. In countries like Uruguay, Argentina, Brazil, and Ecuador, it has provided a solution for integrating the informal economy and reducing social protection exclusion (ILO, 2014).

- Removing **tax exemptions and preferential treatments** – especially on excessively favorable capital income tax-or standardizing their criteria to restore a minimum level of fairness and horizontal equity. Lebanon's tax system is undermined by numerous preferential treatments, including deductions and exemptions that disproportionately benefit affluent and politically connected taxpayers, sectors, and industries. For the four main tax categories (income, inheritance, built property, and VAT), exemptions are granted for at least 135 categories of individuals and industries, and special deductions to 27 categories of individuals (Financially Wise, 2023). In addition to increasing tax revenues, such adjustments measures would send a positive signal to the market and help restore some equity in the tax system.
- Improving **tax collection** through the issuance of forms and standards when needed, the digitization and automation of tax declaration forms, the capacity reinforcement of the tax administration, the enforcement of current laws or the design of a structured installment payment program to recover tax arrears.
- Eliminating **illicit financial flows,** at least the commercial ones resulting from legal activities, such as trade under-invoicing. In addition to raising revenue, it would send a positive signal to the formal private sector to improve tax compliance.
- Fighting **tax evasion** by using tools at hand: For example, fully implementing the Automatic Exchange of Information (AEOI) standards - of which Lebanon is a signatory since 2016.
- Seeking a more **balanced and sustainable financing mix** by extending social security financed on contributory revenues.

This strategy would need to be complemented by:

- An **expenditure reallocation within the budget,** to cut on unnecessary expenses and reduce inefficiencies or duplication in spending, and
- **Limiting the recurrent use of treasury advances** for unforeseen expenditures, as this practice undermines public financial management, hampers accurate reporting, and reduces the allocative efficiency of treasury resources. This measure was announced by the Minister of Finance for the execution of the 2025 budget.

An additional set of recommendations was introduced, focusing on **strengthening the ecosystem and reform the framework for financing social protection** by the government. These include:

D Speeding up the implementation of structural reforms to create synergies that would support the long-term sustainability of social protection efforts

- **Accelerate the preparatory work for the entry into force of pension law no. 319 and initiate a dialogue with the private sector** to expand the beneficiary base of contributory schemes. It would be essential to find solutions that would encourage the private sector to declare effective wages (moving away from the practice of under-declaration adopted for years), expand legal coverage to include for instance business owners, liberal professions and informal workers - that are unprotected today - and design a set of benefits that would be attractive to them, therefore contributing to increase revenue from social contributions and coverage.

- **Reform public sector pensions,** starting with the introduction of parametric changes in the short term, and a structural reform in the long-term, especially that the current system, in addition to the loss in benefits' value, only covers a small share of the population (around 2%) but represents a large and growing burden on public resources. Parametric reform measures could include the indexation of pensions to inflation with automatic safeguards in case of economic stagnation or contraction, a reduction in the accrual rate to sustainable levels while curtailing lump-sum benefits, expanding the averaging period of the reference salary towards the adoption of a revalorized full-career average wage, the reduction of benefit rates for survivors, etc.
- **Conduct a costing study of programs and policy initiatives under the NSPS** and establish a medium to long term financing strategy, based on the function and level of benefits that will be gradually provided.
- **Establish an efficient and transparent governance framework for the operationalization of the National Social Protection Strategy,** including speeding up the work of the Interministerial Committee and various sub-committees established till date.
- **Consider setting budgetary goals dedicated to social protection within the current budget framework** such as reducing fragmentation by merging a specific number of mutual funds by a specific year, or ensure that a specific share of social protection transfers is digitally disbursed and tracked by a given year, or increase the share of budget allocation to social protection to reach a pre-identified percentage of GDP by a given year, etc.
- **Advocate, starting with the Ministry of Finance and potentially Parliament, for budget reform and the transition to program-based budgeting** that can better capture the scope, impact and cost of social protection programs and help monitor their cost-efficiency.
- **Consider the feasibility of choosing one ministry or public institution at the core of social protection and run a pilot shadow program-based budget over two to three years** to showcase the potential for cost-efficiency and impact analysis resulting from a structural change in the budget.

E | Dismantling resistance to change

- **Launch a coordinated public communication campaign** to explain to citizens the strategy, laws and measures related to social protection, to ensure they are informed, engaged, and have a clear understanding of their objectives, benefits, and implications in practical terms on their lives and well-being. Such a campaign would help increase awareness around these initiatives and build the public's understanding. It could also encourage compliance by addressing concerns or misconceptions, countering misinformation, clarifying roles and responsibilities, reducing resistance and fostering legitimacy.
- The current social protection system privileges specific groups. To gain support for universal social protection, it would be essential to **present it as a public good** that benefits all citizens and emphasize its role in achieving broader policy goals, such as reducing inequality, enhancing national resilience, supporting economic restructuring, and strengthening social cohesion.
- **Engage early on with the Ministry of Finance and demonstrate the affordability and potential outcomes of increased social protection spending.** This would include backing policy options by data and impact assessments and showing how incremental increases would impact other sectors, particularly in a context of competing priorities.

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Appendixes

Photo: UNISEF

Appendix 1

Summary of methodological differences between the two budget reviews

	Budget review published in 2021	Budget review published in 2025
Objective	Both consisted of an evidence-based exercise aimed to inform policymaking by providing insights on the financing of social spending by the Government of Lebanon and recommendations at the policy, program and operational levels. The 2025 budget review also highlighted major changes to the financing of social protection programs over the past seven years.	
Definitions and classification criteria	Based on four types of classification: 1. Functional classification of budget 2. According to the pillars of the National Social Protection Strategy 3. By lifecycle contingencies 4. By types of beneficiaries.	Based on five types of classification: 1. Functional classification of budget 2. According to the pillars of the National Social Protection Strategy 3. By lifecycle contingencies 4. By types of beneficiaries 5. Social protection spending excluding social health protection.
Data sources		Data sources were expanded to provide for a more comprehensive range of social protection-related expenditures.
Assumptions		Assumptions were added in comparison to the previous exercise to better reflect the real picture and address a number of misconceptions.
Limitations	Limitations were similar in nature but further mitigated measures were applied for the 2025 budget review.	
Timeframe	The analysis covered the period 2017-2020.	The analysis covered the period 2017-2024.
Figures	Due to the various reclassifications, methodology enhancements and data availability, estimates and figures are not strictly comparable between the two reviews.	

Appendix 2

Yearly average of daily market exchange rates LBP/USD

	For 1 USD
2017	1,515 LBP
2018	1,515 LBP
2019	1,628 LBP
2020	5,591 LBP
2021	16,160 LBP
2022	31,099 LBP
2023	87,238 LBP
2024	89,700 LBP

Appendix 3

Glossary of terms related to social protection[22]

Basic health care Routine treatment provided to patients in health facilities at the first level of the health pyramid. It includes preventive care and health promotion, simple curative treatment and nutritional rehabilitation.

Cash transfer/benefit A non-contributory scheme or program providing cash benefits to individuals or households, usually financed through taxation, other government revenue or external grants or loans. Cash transfer may or may not include a means test. Programs that provide cash to families subject to the condition that they fulfil specific behavioral requirements are referred to as conditional cash transfer programs. For example, beneficiaries may be required to ensure that their children attend school regularly, or to use basic preventive nutrition and healthcare services.

Contributory benefit Entitlement to a benefit based on contributions from insured persons and/or their employer.

Coverage The financial compensation provided by the health micro-insurance scheme to insured persons for contingencies (or risks) defined in the insurance contract or the internal rules up to a prescribed limit. Compensation may be made through the reimbursement of members or through the application of a third-party payment mechanism.

Earmarked taxes Levies and specially designated taxes raised to finance specific social security benefits.

Economic Inclusion and Labor activation The aim of the Labor market activation pillar in the National Social Protection Strategy is to reduce labor market imbalances and introduce supply side measures that can sustainably address unemployment and underemployment and ensure worker retention in the labor market amongst most vulnerable segments of the population. It intends to increase access to decent work, protection of people at working age, and inclusion of the most vulnerable in the labor market.

Eligibility conditions/ criteria The set of legally defined conditions which stipulate if and when a person has the right to claim a benefit.

Financial access to education In the National Social Protection Strategy, the Financial access to education pillar aims to ensure that households have financial access to education for all children. This implies that for households with school-age children, support provided under the other pillars such as social assistance or social insurance is not simply 'cancelled out' by high economic barriers to attending school or other learning opportunities.

Financial access to health In the National Social Protection Strategy, the aim of the social health protection component is to have a unified system characterized by reduced fragmentation and adequate coverage to the entire population with the fundamental premise of health as a human right. The objectives are to introduce a universal health coverage law that integrates healthcare services with unified tariffs, reduce out-of-pocket expenditure, enable further solidarity, allow for the proper allocation of resources, drive synergies between public and private healthcare provision, and support a transparent regulation of the healthcare sector.

[22] Extracted from (1) the ILO Social Protection website glossary, (2) the ILO World Social Protection Report 2024-26: Universal social protection for climate action and a just transition and (3) the National Social Protection Strategy for Lebanon: Towards a rights-based, shock-responsive and sustainable system.

Fiscal space The availability of budgetary room that allows a government to provide resources for a desired purpose without any prejudice to the sustainability of a government's financial position.

Formal sector Economic sector where inhabitants' socio-economic activities are regulated and protected by formal societal institutions. In its functioning, the formal sector is often closely interlinked with the informal sector. The vast majority of the world's population is excluded from the formal sector.

General government contribution Contributions by the government in order to finance the cost of goods and services provided by the government to protected persons in the form of means-tested benefits, as well as payments to social security institutions to cover deficits and to support expenditure related to guaranteeing minimum benefit levels.

Governance The sum of all consultative and decision-making processes, institutional arrangements and managerial and administrative action by which social protection policies are designed, agreed upon, implemented and supervised. The definition encompasses the first blueprints for a social protection system in government or other institutions, the national consultation process, the legal enactment and finally the managerial and administrative implementation, as well as the national and lower-level supervision of the performance of individual social protection schemes.

Gross Domestic Product (GDP) An aggregate measure of the production of goods and services within the boundaries of a country. Broadly, the amount of gross income available for distribution to the production factors labor and capital, which, after taxation, constitutes the basis for redistributive state interventions.

Health care benefit A health service delivered by the staff of a health facility. Such services may be dispensed in the context of basic health care, specialist treatment, home care, outpatient care, in-patient care, the provision of medicines, etc.

Informal sector Economic sector where inhabitants' socio-economic activities are not regulated and protected by formal societal institutions. In its functioning the informal sector is often closely interlinked with the formal sector. The majority of the world's population is part of the informal sector.

Insurance A mechanism intended to provide coverage against the financial consequences of prescribed uncertain events, by spreading the anticipated costs resulting from the occurrence of those events — also known as risks — among several persons. Insurance is based on (1) the prior payment of premiums, i.e. before the occurrence of the risks; (2) risk sharing; and (3) the notion of guarantee. The premiums paid by insured persons are pooled together and used to cover the expenses of exclusively those persons affected by the occurrence of a certain number of clearly defined risks. In exchange for the payment of premiums, insured persons obtain the insurer's guarantee to provide this financial compensation. They give up ownership of the premiums paid, and consequently, any claim to them.

Intergenerational equity Notion non-specifically requiring a "fair" distribution of "burdens" between generations. One example is the requirement that members of successive generations pay the same share of their disposable income during their active life to earn equal benefit entitlements (in terms of replacement rates). Usually regarded as an element of fairness in the (legal) design of pension schemes and long-term care schemes.

Non-contributory benefit Entitlement to a benefit is not based on the previous payment of contributions but on other criteria. Non-contributory benefits are usually financed out of general taxation.

Pension	A periodic benefit that replaces earned income. In many cases, this term is used to refer to long-term periodic benefits.
Public pension scheme	Pension scheme administered by a public entity.
Public sector employee	Employee in national government, local government, government-owned or controlled corporation or government monetary institution.
Salary scale	Table of factors showing the evolution of the salary by age of an individual over his/her career.
Social assistance	A scheme that provides benefits to vulnerable groups of the population, especially households living in poverty. In the National Social Protection Strategy, the Social assistance pillar aims to have a system which consists of streamlined and well-coordinated programs that provide direct income support to households to tackle rising vulnerability and income/food insecurity, promote socio-economic inclusion and life in dignity, as well as preserve human capital/ productivity. The system will rely on a combination of core lifecycle income-support benefits to address vulnerabilities/contingencies in childhood, working age, and old age (social protection floor), and a program providing cash benefits for households that remain in a state of extreme poverty (social safety nets).
Social expenditure	Cash and in-kind transfers paid by state or public organizations or agreed upon through collective bargaining on "social" grounds. Transfers include cash benefits such as pensions, employment injury benefits, short-term cash benefits (sickness and maternity benefits, unemployment benefits) as well as benefits in kind such as health services and basic social assistance. Tax exemptions for social reasons are usually considered part of social expenditure; however, estimating the amount of tax forgone is difficult.
Social insurance	A contributory social protection scheme that guarantees protection through an insurance mechanism, based on: (a) the payment of contributions before the occurrence of the insured contingency; (b) the sharing or "pooling" of risk; and (c) the notion of a guarantee. The contributions paid by (or for) insured people are pooled together, and the resulting fund is used to cover the expenses incurred exclusively by those individuals affected by the occurrence of the relevant (and clearly defined) contingency or contingencies. In contrast to commercial insurance, risk-pooling in social insurance is based on the principle of solidarity, with contributions typically related to a person's capacity to pay (for example, proportional to earnings) as opposed to premiums that reflect individual risks. Many contributory social security schemes are presented and described as "insurance" schemes (usually "social insurance schemes"), despite comprising mixed characteristics, with some non-contributory elements in terms of entitlement to benefits. This allows for a more equitable distribution of benefits, particularly for people with low incomes and short or broken careers, among others. These non-contributory elements take various forms, and are financed either by other contributors (redistribution within the scheme) or by the State. The proposed system in the National Social Protection Strategy should include the following components: a reformed contributory pension; adequate child/family benefits; and expanded access to other social insurance benefits including sickness, unemployment, employment injury, maternity, invalidity, and survivors.
Social protection	Social protection, or social security, is a human right and is defined as the set of policies and programs designed to reduce and prevent poverty, vulnerability and social exclusion throughout the life cycle. Social protection includes nine main areas: child and family benefits; maternity protection; unemployment support; employment injury benefits;

sickness benefits; health protection (medical care); old-age benefits; invalidity and disability benefits; and survivors' benefits. Social protection systems address all these policy areas through a mix of contributory schemes (social insurance) and non-contributory tax-financed benefits (including social assistance). As a human right, social protection (or social security) is enshrined as such in the Universal Declaration of Human Rights (1948), the International Covenant on Economic, Social and Cultural Rights (1966), and other major United Nations human rights instruments. States have a legal obligation to protect and promote human rights, including the right to social protection, (or social security) and to ensure that people can realize their rights without discrimination. The overall responsibility of the State includes ensuring the due provision of benefits according to clear and transparent eligibility criteria and entitlements, and the proper administration of the institutions and services.

Social Protection Floor The "Social Protection Floor" (SPF) is a basic set of social rights, services and facilities that every person should enjoy.

Social security The notion of social security covers all measures providing benefits, whether in cash or in kind, to secure protection, inter alia, from:

- Lack of work-related income (or insufficient income) caused by sickness, disability, maternity, employment injury, unemployment, old age, or death of a family member;
- Lack of access or unaffordable access to health care;
- Insufficient family support, particularly for children and adult dependents;
- General poverty and social exclusion.

Social security schemes can be of a contributory (social insurance) or non-contributory nature.

Social welfare In the National Social Protection Strategy, the Social welfare pillar aims to have an integrated system which ensures quality care services at the community level that foster family unity and preservation with a high degree of oversight and regulation from government. Gradually, the model that the social protection framework aspires for is a shift towards public service provision ensuring basic welfare services to priority vulnerable groups through MoSA SDCs, complemented by public-private partnerships and engagement with civil society for specialized services.

This publication was co-funded by the European Union. Its contents are the sole responsibility of ILO, UNICEF and IOF and do not necessarily reflect the views of the European Union.

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