Arab Reform Initiative

ملتقى المنطقة العربية للحماية الاجتماعية
Arab Region Hub for Social Protection

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FINANCING UNIVERSAL SOCIAL PROTECTION IN LEBANON

A Critical Policy Analysis of Fragmentation, Austerity, and the Case for Domestic Resource Mobilization

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Acknowledgments

This document presents original quantitative and qualitative research data that the Arab Reform Initiative (ARI) collected through a field survey and key informant interviews and is using to inform several research papers. Original research data can be found on the Arab Region Hub for Social Protection's Data Hub.

The material within this report may also be used by researchers and interested readers to inform their own work, provided it is cited as: "AlDaoud et al., 2026", and referenced as: "AlDaoud et al. *Financing Universal Social Protection in Lebanon: A Critical Policy Analysis of Fragmentation, Austerity, and the Case for Domestic Resource Mobilization*. Arab Reform Initiative (ARI). 2026."

This research was undertaken as part of the Finance4All project, supported by the Ford Foundation. The research benefited from the contributions of Ms. Farah Al Shami, Ms. Diala Ahwach, and Dr. Sarah Anne Rennick. The authors would also like to thank Dr. Ishac Diwan, Professor of Practice in Economics at the American University of Beirut, and Dr. Nizar Hariri, Associate Researcher at the Center for Social Sciences Research and Action (CeSSRA), for their valuable feedback and insights.

Source Files

(Annexes 1.0 and 2.0)

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1 Introduction and Background

1. Introduction and Background

Lebanon's social protection system is often described as broken by crisis: a fragile state overwhelmed by a "triple crisis" of macroeconomic collapse, fiscal restructuring, and the humanitarization of welfare provision.[1] Such framing is accurate yet incomplete in a way that matters for policy. Lebanon's social protection system was not simply overwhelmed by the compounding crises of 2019-2026; it was built, well before those crises, in fragmented and exclusionary forms structurally incapable of absorbing shocks. This fragmentation itself has served identifiable political interests. The governance crisis of the National Social Security Fund (NSSF) predates the 2019 collapse by decades, rooted in the state's own decision not to pay its legally mandated contributions and to push the Fund's reserves into treasury bonds later rendered worthless.[2] The "patchwork" of donor-funded humanitarian programs that now substitutes for a national system was designed and financed by international financial institutions (IFIs) whose poverty-targeting model has entrenched division rather than built solidarity.[3] The fiscal adjustment that followed 2019 was never announced or legislated as austerity. It was absorbed instead through the collapse of the national currency, which eroded the real value of wages, pensions, and public spending without any decision on who should bear the losses.[4]

This report builds on original quantitative and qualitative data to develop a critical analysis of the policies and financing of Lebanon's social protection model(s), aiming to examine not just the current system's adequacy, but how such a system came about, the interests served through these arrangements, and what would need to change politically, not merely technically, for an alternative to be effective and viable. The central argument is that Lebanon's social protection deficit cannot be explained by scarcity alone. The resources are genuinely scarce, since the state's budget contracted sharply after 2019, but the scale of that scarcity and the way it is distributed are themselves the product of political choices. The country's low, regressive revenue base, its captured contributory institution, the allocation of banking-sector losses, and its donor-substituted humanitarian architecture were sustained across successive governments and have benefited a narrow set of elite interests at the expense of universal[5]

[1] World Bank Lebanon Economic Monitor, Winter 2025, available at https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099525001212610449

[2] Osmat, Bashir. "Social Security in Lebanese Political Economy: A Critical View from within the National Social Security Fund." Arab Reform Initiative, 11 May 2023.

[3] Al Shami, Farah. "Financing Universal Social Protection Systems in the Arab Region: What Alternatives to Debt and Austerity?" Arab Reform Initiative, 2024, available at https://www.arab-reform.net/publication/financing-universal-social-protection-systems-in-the-arab-region-what-alternatives-to-debt-and-austerity/

[4] KII 3; KII 5; KII 6, (see Annex 3.0).

[5] Universal social protection, as used in this report, means a rights-based guarantee of a basic floor of protection for everyone residing in Lebanon, regardless of nationality, legal status, or employment status. That floor covers access to health care, income security in childhood, disability and old age, and protection against shocks. It does not imply identical benefits delivered through a single scheme, nor that every instrument must be paid to every person. It means that no one is excluded by category, that entitlements follow life-cycle risk and need, and that the system is financed collectively and progressively rather than left to donors or to individual contributions alone. The

coverage. Reversing this requires a transition toward a state-led, rights-based, universal social protection system that is designed and owned domestically and, over time, financed predominantly through domestic resource mobilization: progressive taxation, deep debt reduction that leaves room for social spending, and a rebuilt, solidarity-based contributory system. Given the scale and speed of need, Lebanon will rely on substantial external support in the short term. The argument is not against foreign funding as such, but against financing that is time-bound, donor-designed, and conditional in ways that substitute for domestic capacity and ownership instead of building them.

This argument draws on original survey and interview research for the Finance4All project, alongside published fiscal and economic data (original quantitative and qualitative data can be found in Annexes 1.0 and 2.0 respectively). The report proceeds as follows. Section 2 briefly covers this project's research design and methodology. Section 3 critically analyzes the origins of the financing model, its current design, and then draws on this project's original quantitative and qualitative data to assess who wins and who loses under it, ultimately providing the evidence base and argument for alternative financing. Section 4 offers tiered, actor-specific recommendations organized around a power map, and Section 5 concludes.

Background

Lebanon's social protection system operates across several parallel and largely disconnected tracks. The NSSF, established in the 1960s on the French social insurance model, remains the primary institution for private-sector workers, providing health insurance, family allowances, and (until recently) end-of-service indemnities. Civil servants, the military, teachers, and university staff each have their own dedicated schemes.[6] This institutional multiplicity mirrors and reproduces Lebanon's confessional power-sharing system, in which control over social provision is distributed across political and sectarian actors as an instrument of patronage rather than consolidated into a universal architecture.[7] Before 2019, this meant that formal-sector, unionized and politically organized workers, often disproportionately urban and male, received the most protection, while informal[8] workers, rural communities, refugees and

report does not treat formalization as the goal: protection should not depend on employment status, which is what a rights-based universal floor means.

[6] Osmat, B. Arab Reform Initiative, 2023.

[7] Cammett, Melani. "Sectarianism and the Ambiguities of Welfare in Lebanon." Current Anthropology 56, no. S11, 2015, available at https://www.journals.uchicago.edu/doi/pdf/10.1086/682391; Loewe, Markus. "Caring for the Urban Middle Class: The Political Economy of Social Protection in Arab Countries." In Social Protection in Developing Countries. Routledge, 2013, available at https://www.researchgate.net/publication/256063609

[8] Informal employment is used here in line with the International Labour Organization's definition: Informal employment refers to working arrangements that are in practice or by law not subject to national labour legislation, income taxation, or entitlement to social protection or other employment guarantees. ("What is informal employment?", International Labour Organization, 2023, available at https://researchrepository.ilo.org/esploro/outputs/995264844802676)

migrants received the least.[9] The collapse then eroded the value of formal-sector entitlements as well, as later sections show.

Lebanon's socio-economic precarity and its inadequate social protection architecture predate the current crisis by a full economic cycle. Lebanon moved from a period of rentier stagnation between 2011 and 2019 into stagflationary contraction from 2020 onward, and poverty had already more than tripled over the preceding decade even before the 2019 collapse, reaching 44%. This national average, however, conceals geographic and gendered disparities. Poverty in the Akkar-North governorate for example had reached 62%, against 2% in Beirut, which remained the hub of dollarized wealth and international presence, and female-headed households with young children faced an 80% poverty rate.[10]

Recent years have seen four notable reforms to Lebanon's social protection schemes: the National Social Protection Strategy (NSPS), the National Disability Allowance (NDA), the merger of the National Poverty Targeting Program (NPTP) and the Emergency Social Safety Net (ESSN) into the unified AMAN program, and Pension Law 319, which aims to convert the NSSF's end-of-service indemnity into a monthly pension. Each represents genuine, if partial, progress, yet each has stalled at the point of execution. The NSPS remains unfinanced, the NSSF's administrative council still lacks the cross-sectarian agreement needed to implement Law 319, and implementation decrees for other measures are repeatedly deprioritized whenever a new political or security crisis emerges.[11]

The events of 2019 onward transformed a fragile system into a near-dysfunctional one. The post-2019 collapse wiped out savings, pensions, and insurance coverage, and the lira's loss of over 90% of its value left lira-denominated NSSF benefits worth a fraction of their former value.[12] The COVID-19 pandemic arrived simultaneously, compounding damage across health, education, and livelihoods. The August 2020 Beirut port explosion then displaced hundreds of thousands of residents at the moment state capacity had already been depleted. Subsequent Israeli military operations in the south added further displacement. By 2026, Lebanon had entered what is best described as "fragile stabilization": real GDP has fallen by more than 40% from its pre-crisis level, poverty stands at 44% in monetary terms and multidimensional poverty above 78%, and the renewed 2026 regional Iran-US war has erased any modest recovery signs

[9] Cammett, M. Sectarianism and the Ambiguities of Welfare in Lebanon, 2015; Loewe, M. "Caring for the Urban Middle Class," 2013.

[10] World Bank Lebanon Poverty and Equity Assessment, 2024, available at https://www.worldbank.org/en/news/press-release/2024/05/23/lebanon-poverty-more-than-triples-over-the-last-decade-reaching-44-under-a-protracted-crisis; UN-ESCWA, Multidimensional poverty in Lebanon, 2021, available at https://www.unescwa.org/sites/default/files/pubs/pdf/multidimensional-poverty-lebanon-english.pdf

[11] This pattern of legislation existing without implementation recurs so consistently across Lebanon's social protection domain that it constitutes, in itself, a finding about how the system is governed, examined and elaborated upon in Section 3.

[12] World Bank Lebanon Economic Monitor, Winter 2025.

visible in the second half of 2025.[13] Against this backdrop, the typical policy response of a relief-focused model reliant on IFI loans and scattered humanitarian programming is, as this report argues, structurally insufficient social protection for people living in Lebanon.

[13] World Bank, "Fragile Stabilization Fuels Growth in Lebanon," press release, 19 June 2025; World Bank, Lebanon Economic Monitor, Summer 2026: A Conflict-Torn Economy, August 2026; World Bank, Lebanon Poverty and Equity Assessment, 2024; UN-ESCWA, Multidimensional Poverty in Lebanon (2019–2021), 2021; Al Jazeera, "Mapping Israeli attacks and the displacement of one million in Lebanon," 17 March 2026.

2 Research Design and Methodology

2. Research Design and Methodology

This report is organized around a critical policy analysis approach which asks not merely whether Lebanon's social protection financing model is effective, but how the problem itself has been defined, by whom, and in whose interest. Rather than treating Lebanon's social protection deficit as a technical shortfall to simply be corrected with better-designed programs, we seek to treat it as the outcome of political choices that have been, and continue to be, contestable.

The analysis draws on two original data sources. The first is a targeted household survey of 401 working-age respondents (18–64), conducted across ten primary sampling units in Beirut, North Lebanon, Bekaa and South Lebanon from September 2025 to January 2026.[14] Respondents were recruited through street-intercept sampling with pre-defined quotas, supplemented by targeted snowballing so that persons with disabilities, informal workers and refugees appeared in numbers large enough to be examined. Quotas and snowballing raise the presence of these groups but do not make the sample representative of them or of the national population, so the results are not prevalence estimates and cannot be generalized statistically. The survey is used here to show how exclusion, indebtedness, and exposure to austerity are patterned, and which mechanisms connect them, rather than how widespread they are. All percentages in this report describe the sample. Full methodological documentation is available in Annex 1.0.

The second source is a qualitative synthesis (presented in full in Annex 2.0) of eight key informant interviews, held between October and November 2025 with academic researchers in social protection and political economy, practitioners with institutional experience of the NSSF, legal experts, global social protection experts, economists specializing in fiscal policy, taxation and debt, and civil society advocates (see Annex 3.0 for an anonymized list of interviewees). The qualitative synthesis also builds on a focus group discussion (FGD) held in January 2026 with participants working directly with marginalized communities. This qualitative data does not claim representativeness; rather, its value lies in the convergence of independent experts on a shared diagnosis. Fiscal and macroeconomic context throughout this report draws on published data from the World Bank, the IMF, UN-ESCWA, and Lebanese fiscal and economic research institutions, cited at each point of use.

More broadly, this report's principal limitation is one shared by much of the underlying evidence base: Lebanon lacks a consolidated, multi-year, disaggregated public accounting of social expenditure by category (health, education, pensions, subsidies, cash transfers, debt service) expressed as a share of GDP, which would allow firmer international comparison and trend

[14] Al Shami, Farah. Forward-Looking Universal Social Protection in the Lebanon: The Future of Work and Alternative Financing Mechanisms. Arab Reform Initiative, 2026, available at https://socialprotection.arabregionhub.net/forward-looking-universal-social-protection-in-lebanon-the-future-of-work-and-alternative-financing-mechanisms/

analysis. Where this report makes claims about fiscal adequacy or trend, it does so cautiously and points to this gap as itself a policy problem: the absence of transparent, disaggregated fiscal accounting is not simply a neutral data limitation but a feature of the low-accountability financing environment this report describes.

3

Financing, Power, and Exclusion

3. Financing, Power, and Exclusion

This section follows the financing model in three steps: who benefits from fragmentation, how the resulting scarcity is made to look natural, and how the system is now financed through debt.

3.1: Origins – How the Financing Model Came to Be, and Whose Interests It Serves

Lebanon's fragmented social protection architecture is frequently described, including by international financial institutions, as an inefficiency to be rationalized. The evidence gathered for this study supports a different reading: fragmentation is politically functional and serves two overlapping logics. The first is clientelist. Control over social provision is distributed across separate institutions (the NSSF for private-sector workers, a separate cooperative for civil servants, dedicated funds for the military, teachers and university staff, and, historically, bodies such as the Council of the South and the Fund for the Displaced, which scholars have described as the fiefdoms of particular militia leaders), which lets access to protection, and to jobs within these institutions, double as an instrument of patronage and constituency maintenance.[15] The NSSF illustrates this: its board of directors has gone years without proper constitution, blocked by confessional appointment-quota disputes, and a former adviser to the Fund describes recruitment through sectarian and clientelistic quotas.[16]

The second logic is financial and runs across confessional lines: the state's decision not to pay its own contributions and to place the NSSF's reserves in treasury bonds served the government as debtor, and banks and large depositors were later shielded from the losses that ordinary contributors absorbed. The two are related but distinct: the first concerns who controls institutions, the second who bears losses. Reform proposals that treat fragmentation as a mere administrative problem, correctable by merging registries or streamlining eligibility criteria, misdiagnose both: those who control access to fragmented benefits, and those who benefit from how they were financed, have a material interest in the arrangement persisting.

The NSSF's structural weaknesses are not solely a byproduct of the 2019 collapse. The government has consistently failed to pay its own legally mandated contributions, and successive administrations pressured the NSSF to invest its accumulated reserves in Lebanese treasury bonds, an arrangement that held until 2019, when those bonds became effectively worthless, wiping out worker and employer contributions built up over decades.[17] As one senior policy expert interviewed for this study relates, the government's non-payment of its own NSSF contributions has functioned as a mechanism for concealing the true scale of Lebanon's public debt.[18] Reforming the NSSF is therefore a precondition for any credible domestic financing agenda, because a system whose primary social insurance institution has had its reserves

[15] KII 3; KII 7, Finance4All Lebanon research, 2026; Baumann, Hannes. "Social Protest and the Political Economy of Sectarianism in Lebanon." Global Discourse 6, no. 4 (2016); Cammett, M. Sectarianism and the Ambiguities of Welfare in Lebanon. 2015.
[16] Osmat, B. Arab Reform Initiative, 2023.
[17] KII 6; KII 8, (see Annex 3.0).
18 KII 6, (see Annex 3.0).

confiscated by the state that governs it cannot be expected to mobilize domestic resources effectively regardless of which financing instruments are nominally available.

> "The real crime committed is the government hiding its real size of public debt by not paying its contribution to the National Social Security Fund."
>
> — KII-6

External financing has compounded rather than corrected this dynamic. The World Bank effectively designed and financed Lebanon's primary social assistance program, the ESSN (now AMAN). This is part of the Bank's wider regional and global promotion of poverty-targeted, proxy-means-tested safety nets over universal provision, which has produced systems with limited government ownership and no sustainable domestic financing plan.[19] The program has been financed overwhelmingly through loans, roughly USD 750 million across three IBRD rounds since 2021 against a USD 4 million grant,[20] while the 2026 budget allocates around USD 55 million in direct state credits to AMAN.[21]

The consequences of these donor-financed, poverty-targeted programs emerge from their being inherently time-bound, reflecting donor rather than nationally determined priorities, and, most consequentially, reducing the Lebanese state's own fiscal and political incentive to build domestic financing mechanisms. While social assistance is being paid for by the World Bank, tax reform, contributory expansion, and budget reallocation all become less urgent, even as their necessity is simultaneously invoked to justify continued donor dependency.[22]

> "If you look at the poverty targeted programs, they are all donor funded, heavily influenced by the World Bank. And the concern is that this also shapes design and outcomes. Taking national ownership is important because political groups have to really buy into the programs, care about them — and also to [be able to] address the inequality, because if you collect revenue progressively, the inequality-reducing impact is much larger."
>
> — KII-1

This is what Ferdinand Eibl has termed "cheap social policy": reform that appears inclusive while being designed to minimize redistribution and avoid challenging existing structures of

[19] Al Shami, Farah, Arab Reform Initiative, 2024.
[20] World Bank. "Lebanon Emergency Assistance Project: Frequently Asked Questions," 2026, available at https://www.worldbank.org/en/news/factsheet/2026/02/17/lebanon-emergency-assistance-project-frequently-asked-questions
[21] The Badil, 2026, available at https://thebadil.com/commentary/the-illusion-of-balance-lebanons-2026-budget-is-nothing-more-than-deadline-theatre/
[22] Al Shami, Farah, Arab Reform Initiative, 2024.

power.[23] The World Bank's 2022 Public Finance Review went so far as to ask whether Lebanon's fiscal management amounted to "Ponzi finance."[24] The narrative effects of this dynamic extend beyond any single program. The framing in which limited resources must be targeted at the most vulnerable, in which universality is by definition unaffordable, and in which poverty registries represent a technical improvement rather than a political choice, has been internalized by Lebanese technocrats so thoroughly that it now functions as common sense and not as one ideological position among several, a reading shared by multiple interviewees.

A further risk is the privatization of the NSSF. One interviewee warned that it is a real and present danger, currently obscured behind various reform agendas. Framing formalization of labor-market reform as technical modernization has, according to this account, functioned as cover for a private-sector lobby, operating through chambers of commerce and industrialists unions, that has worked for years toward the Fund's dismantling.[25] This is a single informant's account; the documented pressure is narrower, namely lobbying to lower employer contributions, wage under-declaration, and business proposals for optional enrollment with private cover.[26]

If this privatization pressure succeeded, it would eliminate the only mechanism through which most Lebanese workers currently hold any formal social insurance claim at all, which means defending the NSSF's continued existence is no longer solely a technical question of contribution rates and benefit design, but rather a strategic precondition for any domestically financed universal system to be conceivable. The point is not that IFI engagement in Lebanon has been monolithically harmful. Interviewees for this study noted that IMF conditionality has, on questions of banking-sector accountability, at times pushed in a more progressive direction than the Lebanese government's own positions, but that on the specific question of social protection design and financing, its influence has been predominantly regressive, entrenching targeting and donor substitution in place of universal, domestically owned provision.[27]

Perhaps the most consequential mechanism of power in this account is the least visible: how the post-2019 adjustment was delivered. The currency collapse was, in its effects, a form of austerity, cutting the real value of wages, pensions, and public spending as surely as an announced package would have. What distinguishes it is its form. No adjustment was announced or legislated, no decision was taken on how losses would be shared, and the burden fell by default on those holding lira incomes and savings.[28] Several interviewees read this as

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[23] Eibl, Ferdinand. "Squaring the Circle: 'Cheap Social Policies' in the Middle East," POMEPS Studies 31, 2018.
[24] World Bank. "Lebanon Public Finance Review: Ponzi Finance?" Washington, DC, 2022, available at http://hdl.handle.net/10986/37824
[25] KII 7, (see Annex 3.0).
[26] CeSSRA, *A Decrepit Social Security Pillar: Salvaging the National Social Security Fund in Lebanon amidst the Crisis, available at* https://www.socialsciences-centre.org/english/research/reports/a-decrepit-social-security-pillar-salvaging-the-national-social-security-fund-in-lebanon-amidst-the-crisis; ILO, "Privatizing Coverage: Emerging Threats to Universal Healthcare in Lebanon," 30 January 2024.
[27] KII 7; KII 2, (see Annex 3.0).
[28] World Bank. "Lebanon Economic Monitor, Fall 2021: The Great Denial." Washington, DC, 24 January 2022, available at https://www.worldbank.org/en/country/lebanon/publication/lebanon-economic-monitor-fall-2021-the-great-denial

deliberate, arguing that an unannounced adjustment spared the authorities the accountability an announced one would have required.[29] The World Bank has likewise characterized the depression as "imposed onto the general population by the elite that has long ruled the country and captured the state,"[30] although it does not identify the currency as the channel. While the evidence gathered cannot settle intent, it does show the effects. When adjustment arrives through prices and exchange rates rather than spending decisions, affected communities find it harder to trace their deprivation to specific policies and organize claims around them, as FGD participants described.[31] A social protection system whose central adjustment mechanism obscures causality not only fails to protect but actively forecloses the political conditions under which protection could be demanded.

> "Since these things were made according to an unfair plan, in a destructive and unannounced way, the world saw it as a result of the collapse. It didn't see it as a deliberate policy that is being imposed."
>
> **— KII-6**

Any discussion of political choices has to start from a state that has genuinely shrunk. Social protection accounts for roughly 27% of the 2026 budget, yet that budget is a fraction of its pre-crisis size, and public-sector wages have fallen to the equivalent of USD 40 to 50 a month.[32] The question this report asks is therefore not whether Lebanon is poor, but how a state came to be this small, who bore the cost of its shrinking, and why social protection was left financed from what remained.

Lebanon's 2026 budget illustrates the practical consequence of these realities and the state's post-collapse decisions. Some 88% of total public expenditure is directed to current expenses, chiefly public-sector salaries and benefits, while only 12% is allocated to capital investment, a pattern sometimes termed the "88/12 trap."[33] Social protection takes up 27% of this consumption-skewed budget, roughly USD 1.6 billion,[34] a majority of which has historically flowed to public-sector pensions.[35] Whether this pension allocation is regressive in its distributional incidence, and whether 27% represents an adequate share by international comparison, are both empirical questions this report treats as open pending more rigorous

[29] KII 3; KII 5; KII 6, (see Annex 3.0).
[30] World Bank. "Lebanon Economic Monitor, Fall 2021," 2022.
[31] FGD Participants, (see Annex 3.0).
[32] Mrad, Helmi. "Lebanon's 2026 Budget: Bigger Budget but Insufficient Investment." BLOMINVEST Bank, 25 February 2026, available at https://blog.blominvestbank.com/wp-content/uploads/2026/02/Lebanons-2026-Budget-Bigger-Budget-but-Insufficient-Investment.pdf
[33] Ibid.
[34] Mrad, H. "Lebanon's 2026 Budget: Bigger Budget but Insufficient Investment," BLOMINVEST, 2026.
[35] Institut des Finances Basil Fuleihan, Review of the Government Spending on Social Protection in Lebanon 2017-2024, 2024, available at https://www.institutdesfinances.gov.lb/sites/default/files/2025-07/PPT-Budget%20Brief%20on%20Social%20Protection%20Results%20Summary%20%281%29.pdf

disaggregated analysis. What the figures do show is that most of the social budget reaches a structurally prioritized group, while the private-sector majority depends on an NSSF that has collapsed in practice.

The revenue side compounds the problem. Lebanon's tax structure is among the most regressive in the region: taxes provide roughly 82% of total government revenue, but this composition is dominated by the value-added tax (47.5% of revenue), while personal and corporate income taxes contribute only around 11%, constrained by narrow, outdated brackets.[36] Lebanon's overall tax-to-GDP ratio, at approximately 15–16%, sits among the lowest in the region.[37]

The subsidy history makes the point from the other direction. Universal price subsidies are a weak vehicle for universality: fuel and electricity subsidies accrue disproportionately to higher-consuming households and encourage overuse, so the case against them is one of both incidence and efficiency. The harm of the 2021 removal lay not in ending a regressive instrument but in how it was done: abruptly, amid hyperinflation, and with no replacement, which interviewees described as a moment of abandonment for the middle class.[38] The lesson is not to restore blanket subsidies but to replace them with universal entitlements that pool risk and reach everyone, such as health coverage, child and disability benefits, and a pension floor, financed progressively.

Public debt, at approximately 155% of GDP, remains unsustainable, with Lebanon shut out of international capital markets since its 2020 sovereign default; no meaningful restructuring has occurred or is currently scheduled.[39] Social safety nets have themselves become a significant channel of debt-financed intervention: World Bank financing rounds for the ESSN/AMAN program between 2021 and 2026 total several hundred million dollars, overwhelmingly structured as loans rather than grants, embedding donor-designed poverty targeting directly into Lebanon's debt stock.

Pension Law 319, passed in December 2023, shows both the promise and the limits of reform. It replaces the NSSF's lump-sum end-of-service indemnity with a monthly pension, a real improvement in principle. The scheme is a notional defined-contribution system: each worker holds a notional account credited with contributions and converted into a pension at retirement, with minimum guarantees that add a solidarity element.[40] Its weaknesses lie not in

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[36] Credit Libanais Economic Research, 2026, available at https://economics.creditlibanais.com/Article/213139#en

[37] KII 3, (see Annex 3.0); World Bank Lebanon Economic Monitor, Winter 2025.

[38] Mrad, H. "Lebanon's 2026 Budget: Bigger Budget but Insufficient Investment," BLOMINVEST, 2026.

[39] World Bank Macro Poverty Outlook, 2026, available at https://thedocs.worldbank.org/en/doc/65cf93926fdb3ea23b72f277fc249a72-0500042021/related/mpo-lbn.pdf

[40] Haneen Sayed, David Robalino and Ibrahim Muhanna. "Pension Reform in Lebanon: Good Intentions, Uncertain Outcomes." Carnegie Middle East Center, 15 May 2024, available at https://carnegieendowment.org/middle-east/research/2024/05/pension-reform-in-lebanon-good-intentions-uncertain-outcomes; Farah Al Shami,

the principle of pooling but elsewhere. Benefits track individual contribution histories, so workers with short or interrupted careers depend largely on the minimum guarantees. The law does not extend to informal workers, the cost of the guarantees and their actuarial basis have not been published, and it provides no mechanism for sharing losses in a financial shock.[41] Implementation also still depends on decrees and a functioning NSSF board.[42] The reform illustrates a pattern that recurs across Lebanon's social protection: progress on paper, stalled at the point of execution. Even the funds currently allocated are not structured to reach the population whose need is greatest, the distributive question the next section takes up.

3.2: Outcomes – Who Is Protected, and Who Is Not

When studying vulnerabilities and exclusions from these financing models, it is as important to ask who benefits from these models as it is to ask who is excluded, in an attempt to gain analytical clarity on the reasons behind the persistence of an evidently dysfunctional system. Lebanon's current architecture has clear, if rarely named, winners. The confessional political class retains control over patronage-distributing institutions precisely because fragmentation is preserved rather than resolved.[43] Large depositors and the banking sector, which held a substantial share of pre-2020 sovereign debt and NSSF reserves, have to date been shielded from the write-downs a restructuring would impose, while ordinary NSSF contributors absorbed the loss when reserves were forced into now-worthless treasury bonds.[44]

Formally employed public-sector workers, protected by union representation and electoral salience, have retained a structurally prioritized claim on the social budget, even though their real wages have collapsed, and even as the NSSF serving the private-sector majority collapsed in practice. This disparity in institutional protection is distinct from any claim about the progressivity of pension incidence, which this report continues to treat as unresolved. The donor-implementation ecosystem built around poverty-targeted programming via a configuration of international agencies, contractors, and registries has an institutional interest in the continuation of a targeting-based model that channels financing, visibility, and relevance to itself, independent of whether that model is what Lebanese households actually need.[45]

The state's own fiscal behavior shows how a shrinking pool of resources was prioritized. After the disorderly compression of 2020 to 2022, when revenues fell to around 6% of GDP and real

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"Recent Social Security Reforms and New Pension System in Lebanon: Interview with ILO's Rania Eghnatios and Luca Pellerano." Arab Reform Initiative, 12 April 2024, available at https://www.arab-reform.net/publication/recent-social-security-reforms-and-new-pension-system-in-lebanon-interview-with-ilos-rania-eghnatios-and-luca-pellerano

[41] Ibid.

[42] Ibid.

[43] KII 3; KII 7, (see Annex 3.0).

[44] World Bank, "Lebanon Public Finance Review: Ponzi Finance?", 2022; KII 5, (see Annex 3.0).

[45] Al Shami, Farah. Arab Reform Initiative, 2024.

public wages dropped sharply,[46] the government began running primary surpluses: about 1.4% of GDP in 2023 and 1.5% in 2024, and considerably larger in nominal terms in 2025.[47] These surpluses had a purpose. The central bank used them to buy dollars and hold the exchange rate steady,[48] and defenders can argue that they also built a cushion for the day debt service resumes. Critics argue that the same revenue, spent on wages and services, would have raised demand and reduced inequality at the price of some inflation.[49] Several interviewees saw the surpluses as austerity chosen to demonstrate fiscal discipline to the IMF, and one called it "borderline criminal."[50] Stability has real value, and this report does not claim otherwise. Its claim is narrower: the way the cost of that stability was distributed was a choice, not a constraint.

> "In Lebanon, since the collapse of 2019, even in the last two or three years, you had a budgetary surplus. The government was making a budgetary surplus at a time when you were in a very big financial and social crisis. It's borderline criminal."
>
> **— KII-3**

This matters analytically because it forecloses the government's own standard defense of its social protection record: the claim that Lebanon cannot afford to finance social protection differently is not a neutral fiscal assessment but a political claim serving specific interests, and this report treats it as such throughout.

The losers are more numerous than the winners, and their exclusion has more than one source. The first is structural informality. According to the national labor force survey, 62.4% of employed people were in informal employment in 2022, up from 54.9% in 2018–19,[51] and a contributory architecture tied to registered work leaves them outside coverage by design. The

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[46] International Monetary Fund. "Lebanon: 2023 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Lebanon." IMF Country Report No. 23/237. Washington, DC: IMF, June 2023, available at https://www.imf.org/en/publications/cr/issues/2023/06/28/lebanon-2023-article-iv-consultation-press-release-staff-report-and-statement-by-the-535372

[47] World Bank. "Lebanon Economic Monitor, Fall 2024: Mounting Burdens on a Crisis-Ridden Country." Washington, DC: World Bank, December 2024, available at https://www.worldbank.org/en/country/lebanon/publication/lebanon-economic-monitor-fall-2024-mounting-burdens-on-a-crisis-ridden-country; Stephanie Bechara. "Lebanon Records, Yet Again, a Fiscal Surplus for 2024." *L'Orient Today*, 5 March 2025, available at https://today.lorientlejour.com/article/1450460/lebanon-records-yet-again-a-fiscal-surplus-for-2024.html; BLOMINVEST Bank. "Lebanon's Fiscal Performance in 2025: Economic Recovery Drives a Strong Fiscal Surplus," available at https://blog.blominvestbank.com/lebanons-fiscal-performance-in-2025-economic-recovery-drives-a-strong-fiscal-surplus/

[48] Ishac Diwan and Ibrahim Jamali. "Priority Policies for an Economic Recovery in Lebanon." Middle East Institute, 20 October 2025, available at https://mei.edu/publication/priority-policies-economic-recovery-lebanon/

[49] Diwan and Jamali. "Priority Policies," 2025.

[50] KII 3; KII 5; KII 6, (see Annex 3.0).

[51] International Labour Organization and Central Administration of Statistics. "Lebanon Follow-up Labour Force Survey, January 2022: Fact Sheet." Beirut: ILO, 2022, p. 9, available at https://www.ilo.org/media/374016/download

project's survey points the same way: 48.2% of informal workers report complete exclusion from any social protection, against 42.9% across the sample.[52] But exclusion is not confined to informal work. Formal employment offered no reliable shelter from the crisis, as the income data below show, and public-sector wages and end-of-service savings collapsed alongside everything else. The line dividing winners from losers therefore runs less between formal and informal employment than between those whose protection depended on lira-denominated wages and entitlements and those with dollar income, assets, or private insurance.

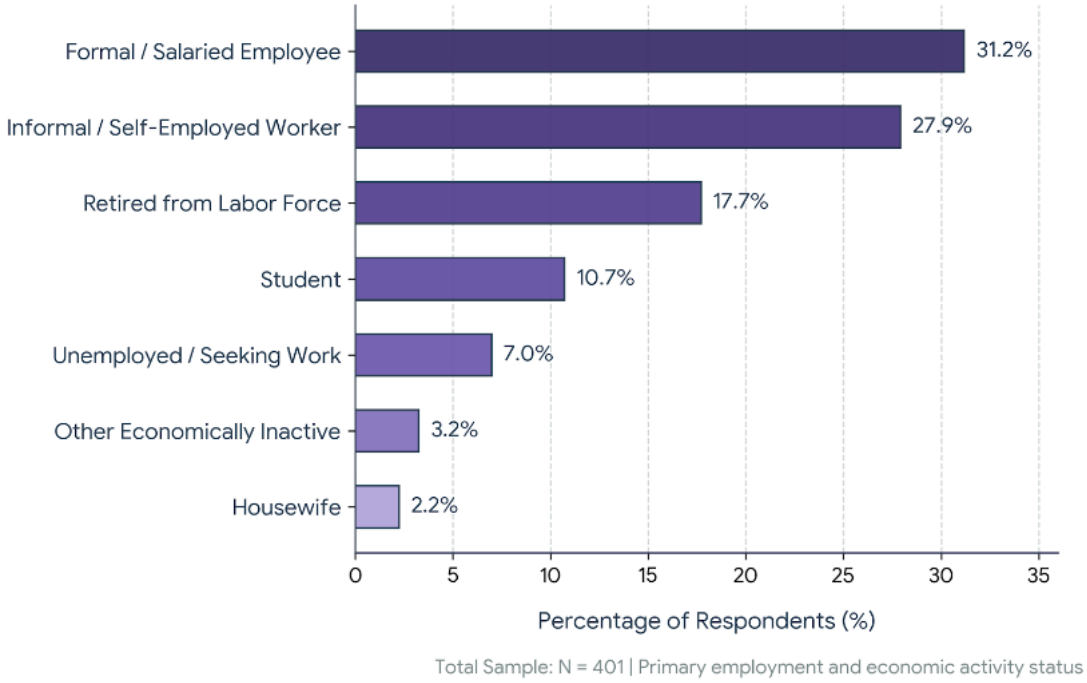


Figure 1: Distribution by Primary Work and Activity Status

This figure sits alongside, rather than in tension with, the qualitative estimate that roughly 60% of Lebanon's surveyed workers operate outside the formal economy entirely; the two sources use different definitions and sampling frames, but their convergence on a structural majority excluded from contributory coverage is itself a finding, independent of which precise figure is used.[53]

This exclusion is compounded by a "working poor" dynamic among those who are formally employed: unaffordable contributions, low trust in a system many have watched fail, and a minimum wage that has not kept pace with the cost of living combine to produce self-exclusion even among workers formally eligible to enroll.[54] The income data confirm that formal status is no longer a reliable marker of security in any case: over two-thirds of earners in both formal and informal sectors report their income as "not really sufficient" or "not sufficient at all" to meet

[52] Al Shami, Farah, Arab Reform Initiative, 2026.

[53] KII 8; KII 7, Finance4All Lebanon research, 2026; Al Shami, Arab Reform Initiative, 2026.
[54] KII 1, (see Annex 3.0).

basic household needs, rising to 81.2% among the unemployed and inactive, evidence that work alone, formal or otherwise, no longer protects Lebanese households from deprivation.[55]

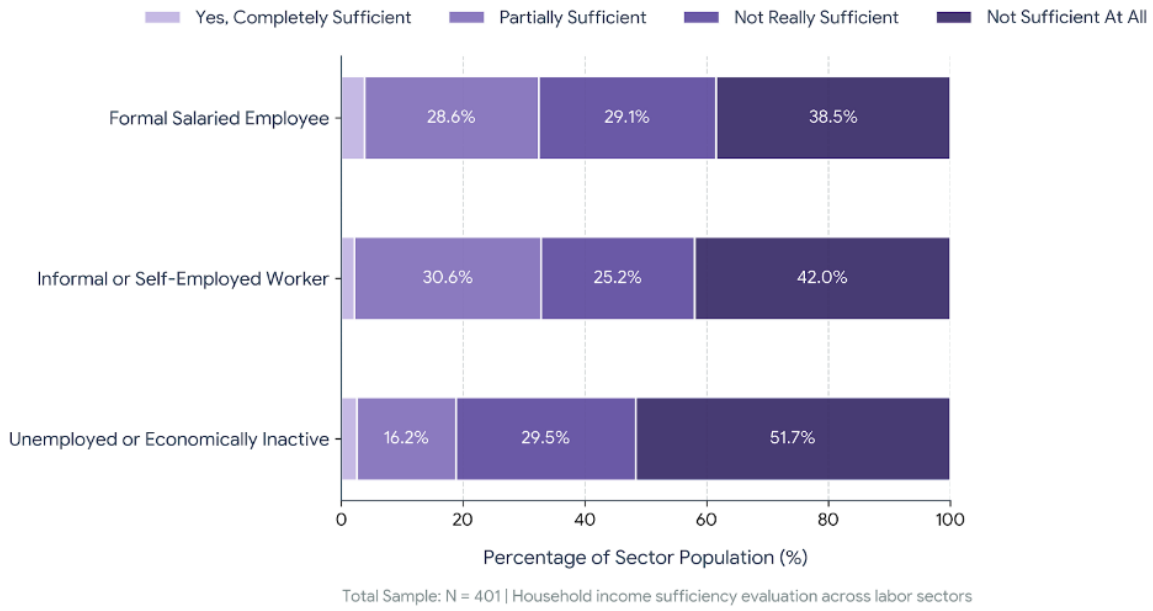


Figure 2: Income Sufficiency by Work Status

The survey shows only a modest gender gap (44.7% of women report complete exclusion, against 42.9% across the sample), so the gendered exclusion lies in how entitlements are designed.[56] The mechanism, identified independently by an academic interviewee and community-level FGD participants, is household-based targeting. Programs like AMAN and the NPTP register and pay at the household level, so the entitlement belongs to the household and not to the individual, and interviewees reported that in practice the registered head is usually the adult male.[57] This does not shut women-headed households out: they are an explicit vulnerability criterion in the programs' targeting design, and around 43% of ESSN beneficiary households are female-headed.[58] The gap lies elsewhere: the design gives women in qualifying households no individual claim, says nothing about who receives or controls the transfer, and leaves out women whose households fall outside the poverty score. Family allowances are financed by employer contributions and paid out by the NSSF, so they reach a worker's children only if the employer declares the worker and pays in. One interviewee described such non-compliance as routine, with women and children bearing its cost and the courts offering no

[55] Al Shami, Arab Reform Initiative, 2026, Figure 17.
[56] Al Shami, Arab Reform Initiative, 2026, Figures 15 and 20.
[57] World Bank. "Lebanon Emergency Crisis and COVID-19 Response Social Safety Net Project, Second Additional Financing (P180077)." Project Paper, Report No. PAD5355, 13 May 2023, pp. 14, 17, available at https://documents1.worldbank.org/curated/en/099051623112526473/pdf/BOSIB0257a5143071081a40b954bbb721f1.pdf; World Bank. "Targeting Poor Households in Lebanon: National Poverty Targeting Program." Factsheet, 21 April 2020, available at https://www.worldbank.org/en/news/factsheet/2020/04/21/targeting-poor-households-in-lebanon
[58] Ibid.

effective recourse.[59] Even where the allowance is paid, its value is set in lira and adjusted only by decree: it was raised to LL 660,000 per child in July 2025 and LL 1,155,000 in May 2026.[60] Rural women face a further compounding disadvantage, since program outreach has historically run through municipal and political networks from which they are structurally absent, and registration carries a stronger stigma in close-knit rural communities.[61]

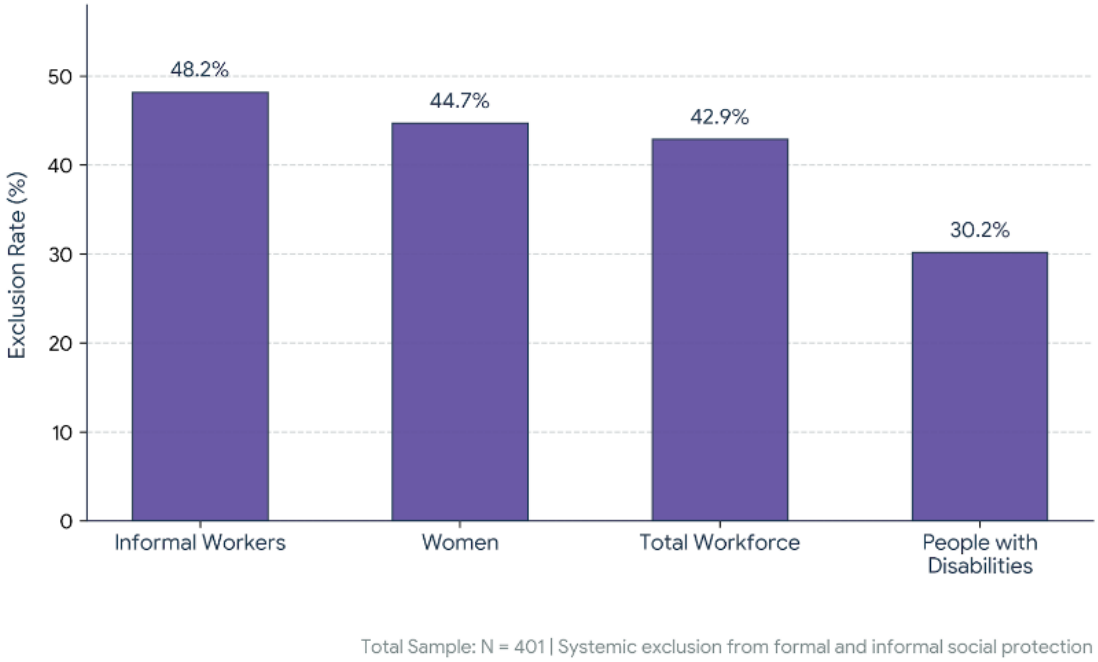


Figure 3: Rate of Complete Social Protection Exclusion, by Social Category

Persons with disabilities, 21.4% of the survey sample, are concentrated at the labor market's margins, with disability representation lowest in formal salaried work and highest among the unemployed and inactive.[62] Syrian and Palestinian refugees are largely excluded in practice from the NSSF and from the national poverty-targeted and disability programs. Foreign workers are covered by the NSSF only on the basis of reciprocity, a principle that has never been applied to Palestinians, who contribute to some branches without being able to claim their benefits.[63] This leaves most dependent on a contracting humanitarian system, without a legal right to organize, and with almost no institutional advocacy voice.[64]

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[59] KII 8, (see Annex 3.0).
[60] Lebanon, Decree No. 422 of 10 June 2025, raising NSSF family allowances and the contribution ceiling (Official Gazette No. 27, 19 June 2025; NSSF Notification No. 793, in force 1 July 2025); Decree No. 2923 (Official Gazette No. 19, in force 1 May 2026).
[61] KII 8, (see Annex 3.0).
[62] Al Shami, Arab Reform Initiative, 2026, Figure 16.
[63] Emily Lewis, "The National Social Security Fund, explained," L'Orient Today, 27 October 2020, available at https://today.lorientlejour.com/article/1238349/the-national-social-security-fund-explained.html; Cairo Institute for Human Rights Studies and Palestinian Human Rights Organization, "Conditions of civil, social and economic rights of Palestinian refugees in Lebanon," NGO written statement to the UN Human Rights Council, 16th session, A/HRC/16/NGO/109, 14 February 2011, available at https://www.un.org/unispal/document/auto-insert-187291
[64] KII 3; FGD Participant, (see Annex 3.0).

> "Social protection is supposed to be like an umbrella that covers everyone. Unfortunately, if you don't have Lebanese nationality, you don't have an umbrella. So you get rained on, you get wet, you get stormed, and unfortunately, no one talks to you."
>
> **— FGD Participant**

Children, lacking a vote or organized political constituency, receive comparatively little dedicated attention relative to pensions, which benefit from union representation and electoral salience.[65] A newly significant category has emerged directly from the collapse: formerly middle-class, formally employed households devastated by currency collapse and inflation, who do not qualify for poverty-targeted programs under existing criteria and who, as one interviewee described it, often face a psychological barrier to seeking humanitarian assistance because years of relative stability, rendering dependence on charity feel incompatible with a sense of dignity.[66]

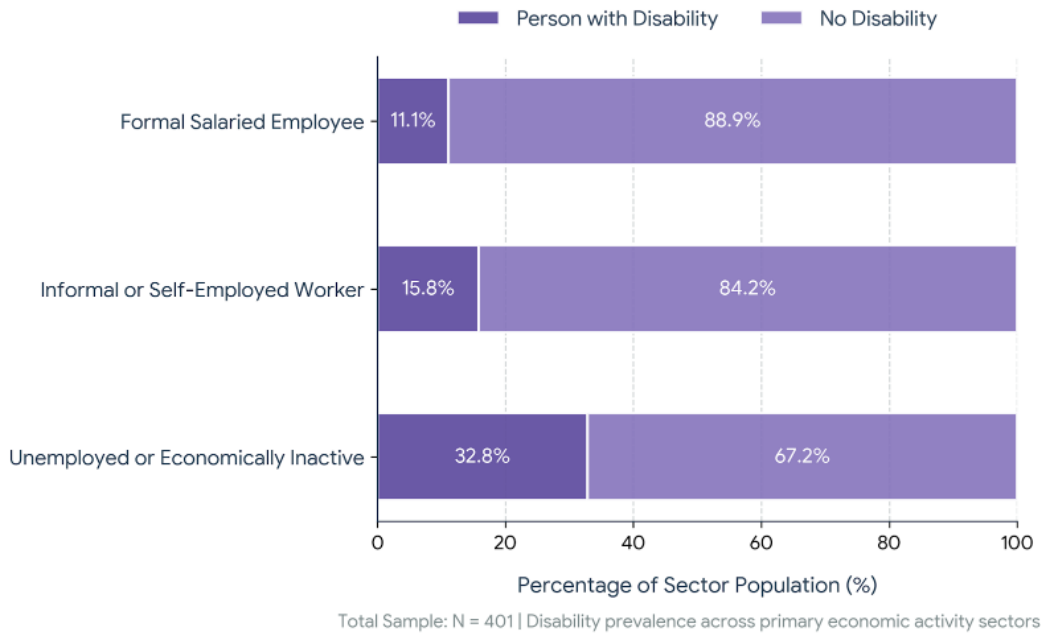


Figure 4: Disability Prevalence Across Primary Economic Activity Sectors

Health access makes the structure of this system starkly visible. The state allocates roughly USD 478 million to healthcare, yet 80% of the population has no or only partial insurance coverage. Out-of-pocket spending now accounts for an estimated 85% of total health expenditure, among the highest shares in the world, and post-collapse dollarization has produced a de facto two-tier system in which dollar-income or privately insured households can access hospitals and medication that lira-dependent NSSF beneficiaries largely cannot:

[65] KII 7, (see Annex 3.0).
[66] KII 5, (see Annex 3.0).

approximately 90% of hospitals had, by the time of fieldwork, stopped accepting NSSF patients, and roughly 80% of medicines were no longer available at NSSF-referenced prices.[67]

Austerity functions as a structural shock in its own right, and survey evidence shows it is the most widespread one Lebanese workers face. Among surveyed workers who reported being affected by austerity, 25% described losing their job, about one-fifth (19.7%) moved into informal or independent work, a further 19.7% reported career demotion, and 15.8% a shift from full-time to part-time work. Asked what lay behind the downgrade, close to 40% pointed to their employers' own informalization decisions, 31.6% to public wage reductions and sector budget cuts, and 19.7% to new or higher taxes and fees.[68] These are respondents' own accounts of cause, and the survey cannot test them. Read against the wider evidence on the fiscal adjustment, they suggest that the burden of adjustment passed from the state to individual workers and their employers.

Fiscal contraction and neoliberal policy drove direct layoffs for a quarter of affected workers, pushed a further one-fifth into informal work, and demoted another one-fifth from full-time to part-time status. Close to 40% of those affected trace the downgrade directly to employers' own informalization decisions, and roughly one-fifth point directly to public-wage cuts or new tax burdens.[69] The transmission channels of the 2019 crisis specifically were similarly broad: nearly half of respondents report having lost access to public healthcare (46.9%), 42.9% were left completely excluded from social protection, and close to a third fell into severe household debt.[70]

[67] KII 5; KII 8; KII 6, (see Annex 3.0).
[68] Al Shami, Arab Reform Initiative, 2026.
[69] Ibid.
[70] Ibid.

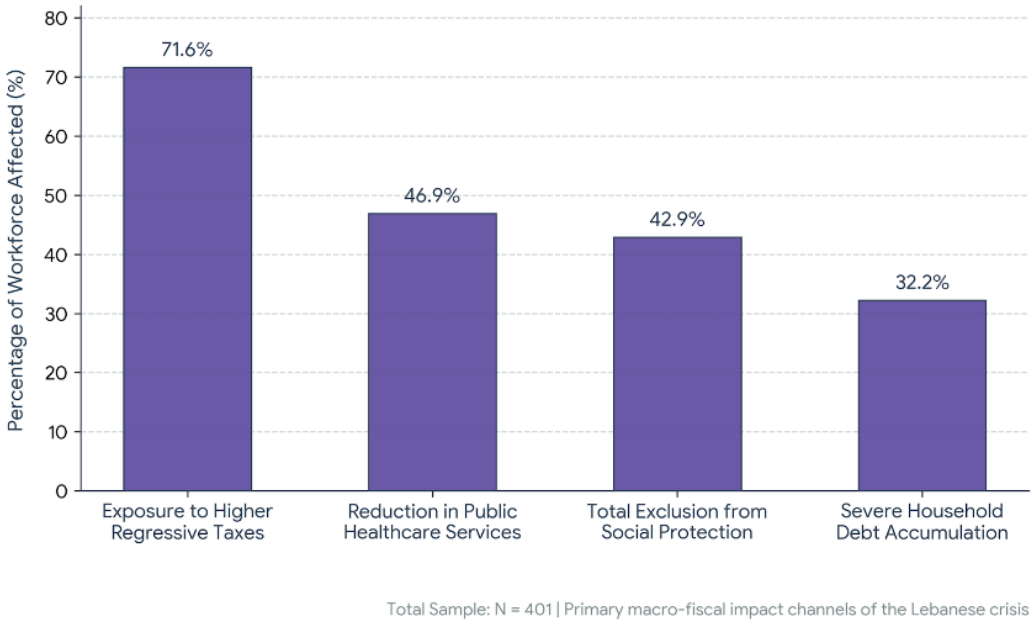


Figure 5: Impact Channels of the 2019 Economic Crisis in Lebanon

Reported exposure to austerity is high in every geographic and confessional subgroup in the sample, from 71.0% of respondents in Beirut to 78.4% in Akkar.[71] Because the sample was built through quotas and snowballing, these subgroup figures should not be read as estimates for each governorate or community. What they show is that no region or group in the sample escaped, which is consistent with a shared fiscal collapse reaching most households and not with a set of separate local shocks.[72]

[71] Ibid.

[72] The survey also asked about exposure to digital and green-economy transitions. Exposure to these varied more across locations than exposure to austerity, and is analyzed in the Arab Reform Initiative's project FORWARD outputs (available at https://www.arab-reform.net/project/assessing-the-future-of-work-for-forward-looking-universal-social-protection/). They are referred to here only where they compound the fiscal shocks that are this report's focus.

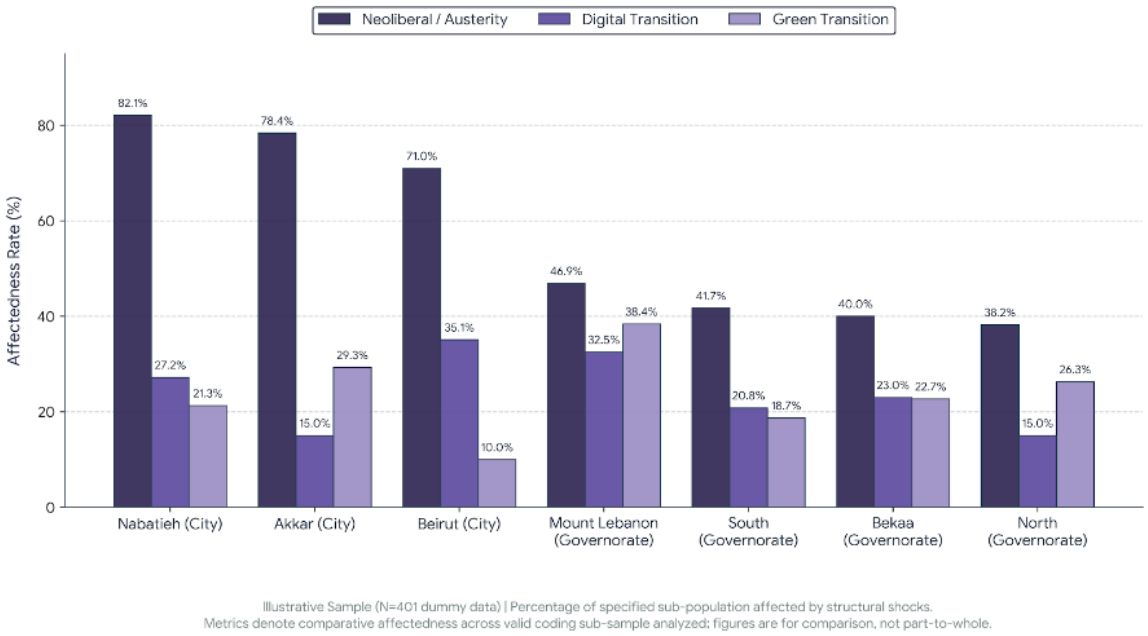


Figure 6: Intersectionality of Geography and Job Displacement: Proportion of Workforce Affected by Structural Shocks across Cities and Governorates

Cross-tabulating the shocks respondents reported points the same way. The strongest association in the survey is between reporting the loss of a public contract or public employment and reporting the loss of social protection coverage, followed by the association between public-service and health-sector cuts and the same coverage loss.[73] The two items may partly overlap, since coverage is attached to employment, so these figures show where coverage loss clusters and cannot show what caused it. Read alongside the interviews, they are consistent with fiscal retrenchment being a main route by which households lose coverage. The share of respondents completely excluded from social protection also rises with the number of structural shocks they report, from 38.1% among those reporting one to 77.1% among those reporting three, and severe income insufficiency rises from 35% to 68.6%.[74] The three-shock group is small (8.8% of the sample), and these are descriptive patterns in a non-probability sample, not estimates of the effect of each additional shock.

[73] Al Shami, Arab Reform Initiative, 2026, Figure 42 (correlation matrix between austerity-related shocks and precarity indicators).

[74] Al Shami, Arab Reform Initiative, 2026, Figures 43 and 54. "Structural shocks" counts three types reported by respondents: fiscal austerity, digitalization-related displacement and decarbonization-related displacement. 14.2% of respondents reported none, 48.6% one, 28.4% two and 8.8% three. Percentages are shares of the 401-respondent non-probability sample.

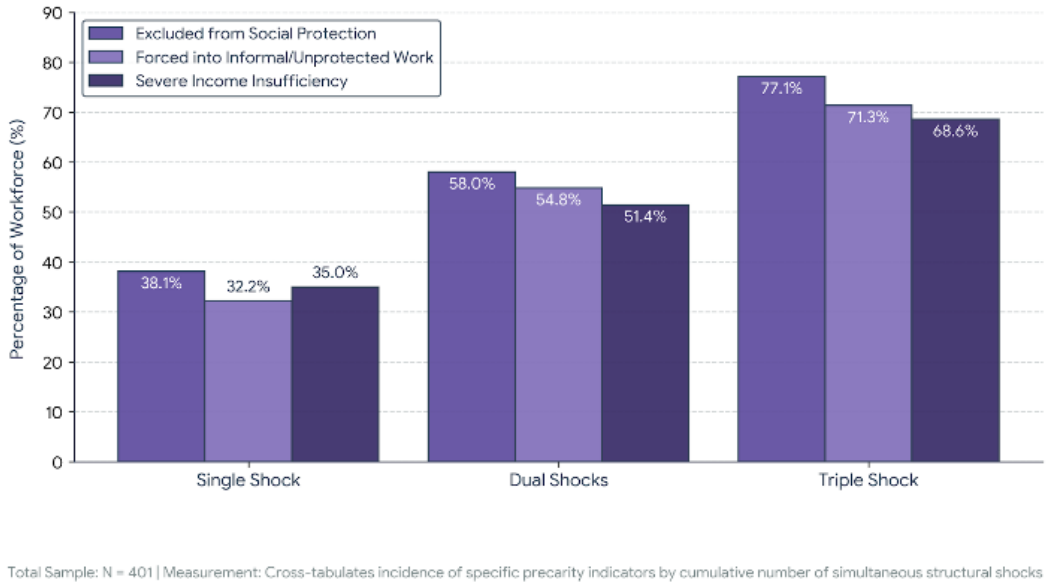


Figure 7: Vulnerability Escalation: Multiplication of Severe Precarity Indicators by Number of Compounding Structural Shocks

More than seven in ten surveyed workers report direct financial harm from new or increased indirect taxes and fees, and six in ten report being affected by subsidy cuts, household-level evidence of the regressive revenue structure.

State austerity measures reach further still: six in ten workers report increased taxes and fees on essential goods, half report reduced or eliminated food and fuel subsidies, and close to half report reduced access to public healthcare, with roughly a quarter each reporting cuts to public education and to pensions, leaving only 17.2% of the surveyed workers untouched by any austerity measure at all.[75]

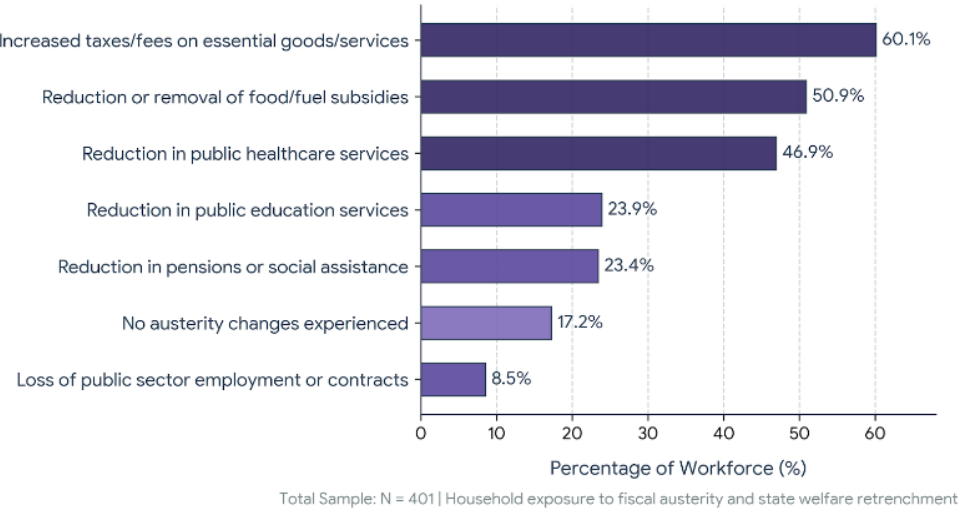


Figure 8: Exposure to State Austerity Measures

[75] Ibid.

In the absence of adequate support, nearly a third of the surveyed workers take on debt simply to cover monthly needs, concentrated most heavily among the same informal workers who face the highest exclusion rates.[76]

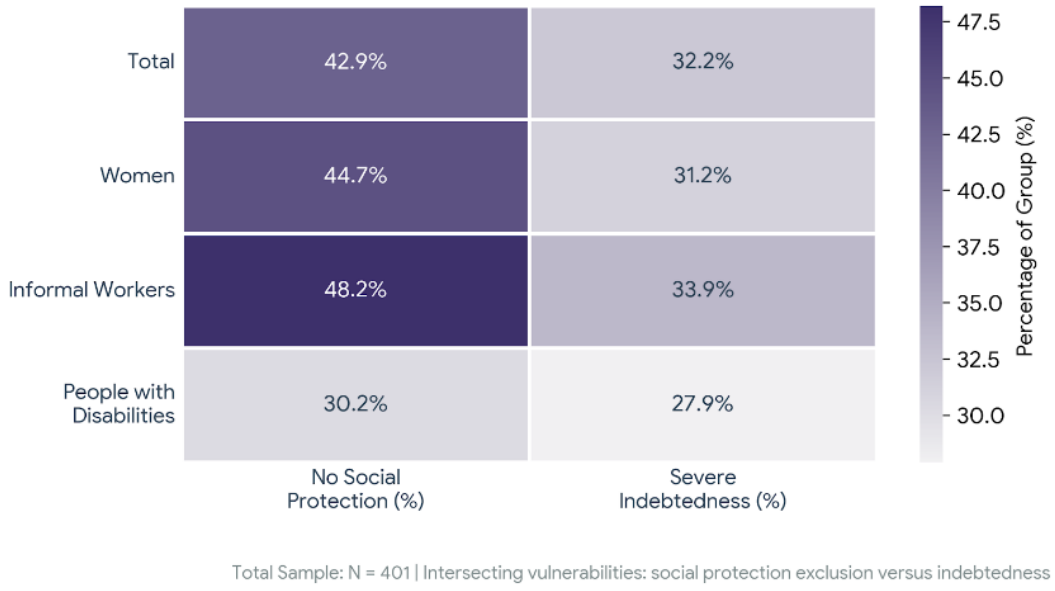


Figure 9: Vulnerability Matrix – Rate of Complete Exclusion from Social Protection and Indebtedness, by Social Category

What emerges from the survey and the interviews is a pattern: eligibility rules, whether tied to formal employment, to the household or to citizenship, leave out the groups with the least organized political voice. Public budget data point the same way. In the years before the crisis, public-sector beneficiaries received about 46% of state social protection spending and private-sector workers about 23%, with military personnel alone taking nearly a third, and the public sector remained the largest beneficiary in the 2024 allocations.[77] This fits the wider finding that Arab social protection systems have favored formal-sector workers and the urban middle class because of their political organization and electoral salience,[78] and work on Lebanon showing how sectarian political actors shape access to welfare.[79] We read the exclusion of informal workers, refugees and migrants as the other side of this pattern, though the political mechanism itself remains an interpretation, drawn from the interviews and the literature, which the survey cannot test. This is precisely why the grassroots demand captured in the survey is not for better-targeted programs but for their opposite: 58.6% of respondents demand universal social

[76] Ibid.

[77] Institut des Finances Basil Fuleihan. "Social Protection Spending in Lebanon: A Deep Dive into State Financing of Social Protection." Budget Review Policy Brief, 2021, pp. 49, 54, 92, available at https://www.unicef.org/lebanon/media/7296/file/Budget%20review%20policy%20Brief%20EN.pdf; Institut des Finances Basil Fuleihan. "Review of the Government Spending on Social Protection in Lebanon 2017–2024," slide 11, available at https://www.institutdesfinances.gov.lb/sites/default/files/2025-07/PPT-Budget%20Brief%20on%20Social%20Protection%20Results%20Summary%20(1).pdf

[78] Loewe, M. "Caring for the Urban Middle Class: The Political Economy of Social Protection in Arab Countries." 2013.

[79] Al Shami, Arab Reform Initiative, 2026, Figures 55 and 56; Cammett, M. "Sectarianism and the Ambiguities of Welfare in Lebanon." 2015.

protection coverage irrespective of employment or social status, and nearly 60% demand universal health insurance specifically.[80]

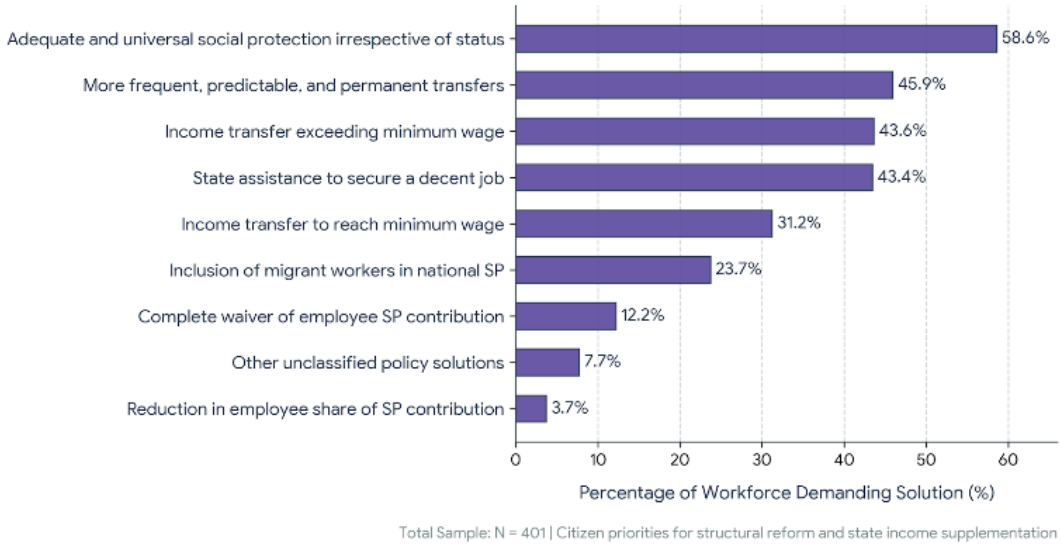


Figure 10: Grassroots Priorities - Citizen Social Protection Demands for Structural Reform and Income Supplementation

Lebanese citizens experiencing this system from below are, in effect, independently arriving at the same diagnosis this report develops from above.

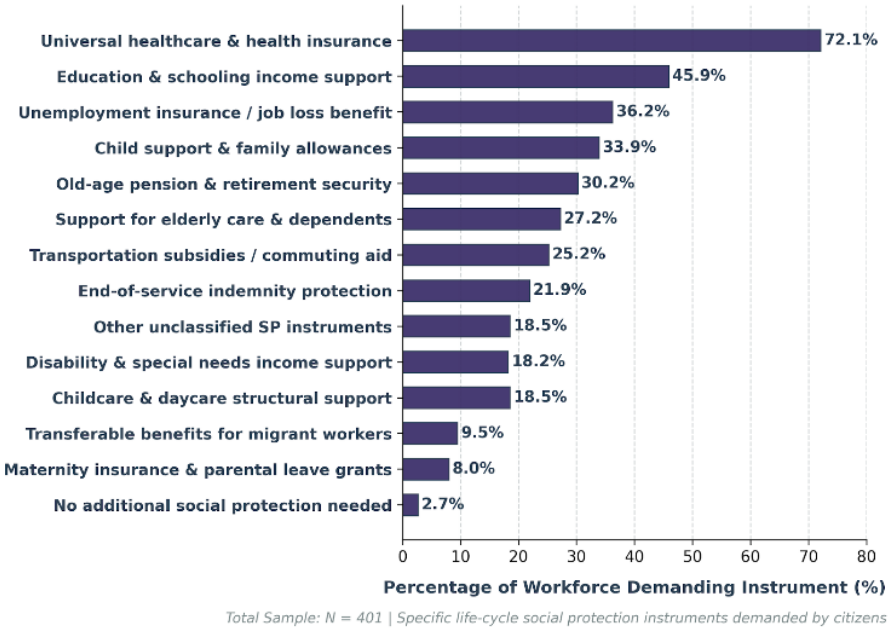


Figure 11: Explicitly Demanded Social Protection Instruments

[80] Ibid.

3.3: Alternative Financing – Evidence, Feasibility, and Barriers

If the scale and distribution of Lebanon's fiscal scarcity are political in origin, the evidence gathered for this study also suggests that the obstacles to alternative financing are primarily political rather than technical, and that identifiable, feasible pathways exist across four categories, each assessed here against concrete evidence of scale and against the specific barriers that would need to be overcome.

Progressive taxation and enforcement. Domestic resource mobilization through taxation is the pathway with the greatest combined urgency, impact, and feasibility, for three reasons: Lebanon collects too little revenue, collects it regressively, and most importantly, enforces incompletely what it does collect (Section 3.1). Enforcement, rather than new rates, is the most immediately addressable failure. The Ministry of Finance could cross-reference its records against NSSF wage declarations to identify employers reporting different wages to each institution, paired with real penalties for non-declaration, a fix one expert described as "almost embarrassingly simple."[81]

New port and border security measures introduced in 2024 incidentally raised customs revenue by roughly 80%, suggesting that enforcement capacity, not statutory rates, is Lebanon's binding constraint.[82] The scale of what is at stake is significant: Oxfam's regional analysis finds that a 5% wealth tax on individuals holding fortunes above USD 5 million could generate a combined USD 10 billion across Lebanon, Egypt, Jordan, and Morocco, with Lebanon's share alone estimated to be sufficient to increase combined health and education spending roughly sevenfold.[83] More immediately implementable instruments include a tax on exceptional profits made through the Sayrafa currency platform, estimated to secure approximately USD 500 million at a 17% rate; repealing exemptions on an estimated 380,000 vacant luxury properties through a progressive vacancy tax; sin taxes on tobacco and alcohol; and taxing gig-economy platforms that currently classify workers as independent contractors specifically to avoid both income tax withholding and social security contributions.[84]

Positioning Lebanon within the ongoing UN negotiations on a Framework Convention on International Tax Cooperation offers useful external leverage, making the current system of exemptions and evasion harder to defend once Lebanon has endorsed international norms against it.[85] Mongolia's experience financing a universal child benefit through a modest, visible corporate export tax offers a proof of concept: creative, sector-specific taxation can finance universal programs even in resource-constrained settings, provided the benefit is visible and

[81] KII 6; KII 8, (see Annex 3.0).
[82] Mrad, H. "Lebanon's 2026 Budget: Bigger Budget but Insufficient Investment," BLOMINVEST, 2026.
[83] Oxfam International, "The Middle East and North Africa Gap: Prosperity for the Rich, Austerity for the Rest," 2023.
[84] Institut des Finances Basil Fuleihan, 2026; LCPS, "Property Tax: No More Vacancy Exemptions," 2021.
[85] KII 1, Finance4All Lebanon research, 2026; UN-ESCWA, "Arab Policy Choices and Financing Opportunities in a New World Tax Order," 2022.

publicly linked to the tax that funds it, a model Lebanon's renewable energy, maritime, and telecommunications sectors could plausibly replicate.[86]

Debt restructuring. Lebanon's unresolved 2020 default is a primary obstacle to stabilization, and deep debt reduction is a precondition for the fiscal space that reconstruction, the resolution of the banking crisis, and social spending all require. It should not be presented as a source of quick savings, however. The 2026 budget allocates only about USD 290 million, around 5% of current expenditure, to debt service, a level consistent with the defaulted Eurobonds going unserviced.[87] Any restructuring restarts payments, and on terms that raise them over time: an AUB analysis of the draft Financial Gap Law, for example, assumes restructured Eurobonds paying 5% from 2030 and 8% from 2035, and still finds public debt peaking at 76.7% of GDP in 2029.[88] Near-term fiscal space may therefore shrink before it grows, and the gains arrive gradually and only if the reduction is deep enough to leave debt sustainable without further promises. This is why the depth of the restructuring, and who bears the losses, matter more than any earmark attached to it. An explicit social-spending floor written into the settlement may be harder to roll back than a discretionary budget line,[89] but it complements deep reduction and does not replace it.

Debt-for-social-protection swaps, which one interviewee proposed, can play a supporting role for specific bilateral claims.[90] However, they are tools for liquidity problems, and Lebanon's is a problem of solvency: it needs comprehensive debt reduction, not new commitments presented as relief. The same applies to claims held at home. The claims of the NSSF, whose reserves were pushed into government instruments that lost their value, and of private pension funds, which risk being treated as large bank accounts when they are better understood as the sum of many small individual accounts, deserve favorable treatment in any restructuring.[91] The principal obstacle is political: the banking lobby, holding a substantial share of domestic debt, has consistently resisted arrangements requiring shareholders to absorb losses, retaining significant influence over both parliament and the executive.[92]

Contributory system reform. A rebuilt, solidarity-based NSSF, combined with a broadened contribution base, is the third pathway. A "monotax" model, bundling tax and social security obligations into a single simplified payment, is a promising instrument for extending coverage

[86] KII 4, Finance4All Lebanon research, 2026; Stephen Kidd et al., "Affordable and Feasible Pathway to Universal Social Security," Development Pathways, 2023.
[87] Mrad, H. "Lebanon's 2026 Budget: Bigger Budget but Insufficient Investment," BLOMINVEST, 2026.
[88] Diwan, Ishac, Mathilde Barras, Maïa Debs, and Clemens Graf von Luckner. "A Financial Analysis of the Draft Gap Law." Issam Fares Institute for Public Policy and International Affairs, American University of Beirut, February 2026, available at https://www.aub.edu.lb/ifi/Documents/A-Financial-Analysis-of-the-Draft-Gap-Law.pdf
[89] Isabel Ortiz et al., "Fiscal Space for Social Protection: A Handbook for Assessing Financing Options," UN Women and ILO, 2019.
[90] KII 4, (see Annex 3.0).
[91] KII 6; KII 8, (see Annex 3.0).
[92] KII 3; KII 7, (see Annex 3.0).

into the informal economy, as one interviewee argued, where administrative complexity is itself a barrier to enrollment.[93]

Restoring employer contributions, reduced over time under business-association pressure even as the government's own contribution went unpaid, would strengthen the NSSF's position without new taxes or external financing.[94] None of this is administratively possible, however, without first resolving the NSSF's governance crisis. The National Disability Allowance offers a useful, under-cited proof of institutional feasibility here: developed largely outside World Bank involvement, primarily with ILO and EU support, its COVID-era scale-up briefly extended a one-off payment to all registered disability cardholders on a simple, universal eligibility criterion, providing concrete evidence that the Lebanese state is capable of moving toward universality when external pressure toward targeting is absent, and a template contributory reform could draw on directly.[95]

> "What is often not stressed enough is the role of companies and the private sector in paying into social insurance. Them not doing that is a form of not contributing to the social contract, basically evading certain responsibilities. It doesn't only fall on the taxpayer; a lot of the corporations making profit should be contributing."
>
> **— KII-1**

Climate finance. Climate finance is the least developed of the four pathways and is best treated as supplementary and conditional. Lebanon, which has contributed negligibly to historical emissions while bearing disproportionate impacts, has a legitimate claim to adaptation and loss-and-damage finance,[96] and there are entry points: research on the Green Climate Fund finds that social protection can be built into adaptation and loss-and-damage projects.[97] But most climate finance reaching developing countries arrives as loans rather than grants, which would reproduce the debt dependency this report criticizes, and some interviewees doubted that it would translate into actionable social protection.[98] It is therefore a pathway to pursue where it is grant-based and routed through national systems, and not one to rely on.

Cross-cutting barriers. Each pathway confronts four cross-cutting barriers. First, power is concentrated among actors who benefit materially from the current model – the banking lobby,

[93] KII 4, (see Annex 3.0).
[94] KII 6; KII 8, (see Annex 3.0).
[95] KII 1; KII 5, (see Annex 3.0).
[96] Arab NGO Network for Development, "Cancel the Debt Now to Deliver Climate Justice," ANND, 2023.
[97] Aleksandrova, Mariya, Laura Kuhl, and Daniele Malerba. "Unlocking Climate Finance for Social Protection: An Analysis of the Green Climate Fund." *Climate Policy* 24, no. 7 (2024): 878–893, available at https://doi.org/10.1080/14693062.2024.2338817
[98] KII 1; KII 4, Finance4All Lebanon research, 2026; Arab NGO Network for Development, 2023.

crony-capitalist networks and the confessional political class – who act as reform's active architects of resistance rather than passive obstacles.[99]

Second, an absence of governance infrastructure capable of credibly administering new mechanisms: digitized, cross-referenced wage-declaration systems between the Ministry of Finance and the NSSF do not yet exist in a form enforcement staff can act on. Likewise, trained tax inspection capacity remains thin relative to the scale of evasion described above, and there is still no functioning NSSF board.

Third, a trust deficit rooted in the lived experience of a state that confiscated pension savings and tolerated employer non-compliance. This is the same dynamic behind the working-poor self-exclusion, meaning fiscal mobilization is unlikely to succeed unless preceded or accompanied by visible delivery on existing commitments.[100] The sequence matters: the government must first demonstrate that it can deliver visible, adequate, and consistently available social protection before it can reasonably ask citizens to contribute more to the system that delivers it. Several interviewees made this argument, adding that Lebanon does not need more laws or decrees but the political will to implement what already exists.[101] When social protection programs are financed through World Bank loans or bilateral grants, moreover, the Lebanese state does not function as a social protection provider but as an implementing partner for external actors' priorities, a distinction that matters because it means donor financing has, to date, substituted for rather than built domestic institutional capacity and political ownership.[102]

Fourth, the fragmentation and political capture of the constituencies that would normally drive reform: unions widely co-opted by political parties, and civil society organizations largely donor-dependent and project-focused, translate to a lack of a sustained membership base that pressure from below requires.[103]

[99] KII 3; KII 7, (see Annex 3.0).
[100] KII 5; KII 8, (see Annex 3.0).
[101] KII 1; KII 8, (see Annex 3.0).
[102] KII 6, (see Annex 3.0).
[103] KII 7; KII 3, (see Annex 3.0).

4 Recommendations and Power Mapping

4. Recommendations and Power Mapping

The recommendations below are organized in three tiers (immediate, medium-term and structural) and specify, for each, the actor responsible, the lever available to it, and the main obstacle. They are deliberately not presented as a single reform package to be adopted all at once, particularly given the trust deficit identified above.

> "I don't see social protection as a technocratic policy reform. I see it as a political project. It's not different than most things [in Lebanon], you need the backing, you need to build popular support. The issue of political feasibility, [civil society] creates it. It doesn't exist. No one wants to do anything. Their goal is to rebuild the old system."
>
> **— KII-3**

Immediate (0–12 Months)

The Ministry of Finance and the NSSF should begin cross-referencing wage-declaration data between their two systems to identify and penalize employer under-declaration, what we can refer to as the enforcement fix. This may not require new legislation but will need interoperable employer and worker identifiers and data-protection safeguards to directly target the enforcement gap rather than the rate structure.

The Council of Ministers as the NSSF's appointing authority, under sustained public and ILO pressure, should constitute a functioning board, a test of whether the quota disputes that have blocked it can be overcome, without which no downstream contributory reform is administratively possible.

Civil society organizations working with excluded populations (e.g. informal workers, refugees, migrant workers under the kafala system, rural women) should receive multi-year donor core funding to document and publicize exclusion patterns of the kind captured in Annexes 1.0 and 2.0, building the public legibility of these dynamics that FGD participants identified as currently absent.

Medium-Term (1–3 Years)

The government should pursue income and corporate tax reform (broadening brackets, indexing them to inflation, closing exemptions) alongside vacancy and maritime-property taxation and gig-economy platform taxation, sequenced to demonstrate enforcement credibility before requesting expanded contributions from citizens, consistent with the trust-first sequencing multiple interviewees emphasized.

The NSSF, once governed by a functioning board, should pilot a monotax mechanism for informal-sector enrollment, paired with a visibly improved benefit package, to extend contributory coverage to informal workers and address the low-trust, low-incentive cycle that

currently discourages enrollment. The monotax serves the contributory layer; the universal floor is financed through general revenue and does not depend on employment status.

The Ministry of Finance and the government's negotiating team should pursue debt restructuring that aims at deep reduction, protects the claims of the NSSF and of private pension funds, and ties any savings that arise over time to specific, named social protection expansions (pensions, disability support, child grants) rather than to general budget relief, both to build public support and to resist future clawback.

The Ministry of Social Affairs, in coordination with AMAN and NPTP administrators, should recognize women's individual entitlement within household transfers, for example by registering each adult household member individually and paying each their own share directly rather than routing the full transfer through a single head of household, addressing the gendered mechanism identified above. Because transfers are currently calculated per household, the administrative cost of this redesign should be assessed before it is committed.

Donors and international financial institutions, with the Ministry of Social Affairs and the NSSF as national counterparts, should align new financing with a nationally owned and costed National Social Protection Strategy, provide it as grants or highly concessional loans without targeting-design conditionality, channel it through national systems instead of parallel ones, and agree a phased path to domestic co-financing.

Structural (3+ Years)

The government should complete the implementation of Law 319 through decrees that safeguard the NSSF's governance and investment independence, publish the actuarial studies behind the law, and pair it with a tax-financed social pension for all residents, so that the solidarity element does not depend on contribution histories.

The government should position itself within ongoing global tax-cooperation negotiations as a means of building external pressure against domestic elite resistance to reform, and consider debt-for-social-protection swaps only as a supplement to, not a substitute for, comprehensive debt reduction.

Longer-term, a universal child grant, which several interviewees judged both feasible and high-impact, and which is currently stalled by children's lack of political constituency, represents a concrete, popularly legible entry point for building public demand for universality more broadly, following the logic of the Mongolia case cited in this project's qualitative annex, where a universal benefit financed by a modest, visible tax built public support for the tax itself.[104]

Sequencing Rationale

[104] KII 4, Finance4All Lebanon research, 2026; Kidd et al., 2023.

The immediate tier is designed to build the credibility that previous sections identify as crucial preconditions for everything that follows. Enforcement action costs little politically and directly demonstrates state capability. Board formation, on the other hand, is harder, since it depends on the quota bargaining that has blocked it, but it is the visible test of whether the settlement can move. The medium-term tier aims to push that credibility into fiscal space through taxation and debt-restructuring instruments (the Sayrafa exceptional-profits tax, the vacancy tax, and a social-spending commitment within debt restructuring) while piloting contributory reform through the monotax and recognizing women's individual entitlement within AMAN/NPTP transfers, directly addressing the gendered mechanism previously identified. This last change is positioned as medium-term rather than structural because it requires mainly administrative redesign and political will, with costs to be assessed, and not the new fiscal space on which the structural tier depends. The structural tier thus arrives sequentially, considering it requires the institutional and fiscal foundations the first two tiers are designed to promote.

> "Any tool needs a mechanism to administer it, binding and realistic, not just theory in the books."
>
> — KII-5

Power Mapping

Not all actors in this landscape are equally movable. The banking lobby and the confessional political class, identified across interviews as the primary architects of the status quo, are the least likely to move voluntarily and are best engaged indirectly through external pressure (international tax-cooperation norms, donor-government interest in demonstrable social outcomes from debt relief) rather than direct domestic advocacy.

Civil society and labor organizations, while currently fragmented and donor-dependent, represent the coalition with the greatest potential to shift if resourced specifically for constituency-building rather than project delivery. The FGD testimony cited throughout this report suggests real appetite for this at the community level, and the 58.6% grassroots demand for universal coverage documented in this project's original survey data is an organizing asset awaiting a vehicle.

International donors and IFIs occupy an ambivalent position: capable of reinforcing the status quo through continued poverty-targeted lending, but also, as the IMF's position on bank-shareholder losses illustrates, capable of being allies on specific reforms when their institutional interests align with domestic reform constituencies rather than with Lebanon's banking sector.

The public sector workforce and its unions, structurally advantaged relative to the private-sector majority under the current budget allocation but themselves squeezed by real-wage collapse to the equivalent of USD 40 to 50 a month, are a potential swing constituency. Their

material interest in a better-funded, better-governed system may outweigh their interest in defending the specific configuration that currently, if inadequately, protects them.[105]

An effective advocacy strategy should identify and leverage these specific points of alignment rather than treating any actor as a monolithic obstacle. The immediate tier follows this logic: enforcement needs no veto-holder's consent, and board formation tests whether the quota disputes can be overcome, while the UN tax convention gives the Ministry of Finance and civil society a shared norm to invoke against domestic resistance.

> "There is money that we are getting but we are not spending it. The starting point is to spend what we are looking at, because there is funding. Let it be half of the existing expenses, because this is something you can do now."
>
> **— KII-6**

[105] Central Administration of Statistics (CAS), 2025.

5 Conclusion

5. Conclusion

This report has argued that Lebanon's social protection deficit is not simply inherited from scarcity but compounded by specific, traceable choices about how that scarcity was produced and shared, with identifiable winners as well as losers. Fragmentation persists because it distributes patronage; the NSSF's governance crisis persists because an unconstituted board and unpaid state contributions have never been politically costly to maintain; IFI-shaped poverty targeting persists because it serves donor, implementer, and state interests simultaneously even as it entrenches division; and the sharpest fiscal adjustment in Lebanon's modern history was delivered through currency collapse, a channel that required no vote, no legislation, and no accountability. Each of these mechanisms has persisted because it has worked for some party involved, the analytic claim a purely descriptive account of "crisis" cannot make and that this report has tried to make throughout.

The evidence gathered here illustrates how exclusion operates; it does not measure what the system costs the country. Among surveyed respondents, 42.9% report complete exclusion from any social protection, nearly a third report taking on debt to cover basic monthly needs, and 58.6% name universal coverage, irrespective of employment or social status, among their priorities.[106] Expert and community testimony points to the same diagnosis from a different angle: a contributory institution whose reserves were tied up in treasury bonds that lost their value; a government that, according to World Bank and Ministry of Finance data, has run primary surpluses since 2023 while pointing to insufficient funds; and, as interviewees describe it, a public that has lost faith in the state's account of its own constraints. Read together, the survey, the interviews, and the published data show the mechanisms through which fragmentation, a captured central institution and covertly delivered austerity have left women, informal workers, refugees and migrants, persons with disabilities and a newly precarious formerly middle class without protection, while serving a narrow set of political and financial interests. These are patterns and mechanisms, not an estimate of national cost, which would require representative household data and a costed fiscal analysis that this project did not set out to produce.

Reversing this is possible, and the recommendations drawn from these findings have attempted to maintain specificity rather than a generic approach. The evidence base for progressive taxation, debt restructuring, contributory reform, and climate finance is real, and in several cases quantified here at a scale sufficient to matter: a wealth tax capable of multiplying Lebanon's combined health and education spending several times over, an exceptional-profits tax on a single currency platform capable of raising hundreds of millions of dollars without new legislation, and an existing domestic program, built without IFI involvement, that already proves the state can design for universality when the pressure to target is absent.

[106] Al Shami, Arab Reform Initiative, 2026, Figures 37, 55 and 56.

The primary obstacles to each of these pathways are political, hence the deliberate sequencing of recommendations put forth, front-loading the enforcement and governance steps that cost little politically but build the credibility everything after them depends on, rather than asking for public trust the current system has not yet earned.

This project's limitations open up the paths for future and further explorations of the topic at hand. While this project's survey instrument is appropriate for its stated purpose of illuminating mechanisms among the most vulnerable, being a targeted rather than nationally representative sample, its findings nevertheless should be read as characterizing the lived reality of Lebanon's most economically vulnerable strata rather than the population as a whole, spotlighting the vulnerable and marginalized amidst the multiple crises. Similarly, while the qualitative material does not capture the full range of expert and community opinion in Lebanon, the degree of independent convergence across those interviews is itself informative.

For civil society and advocacy coalitions in Lebanon, this report intends to make visible the specific mechanisms (household-based entitlement, pension design that ties benefits to individual contribution records, covert currency-based austerity, that a purely descriptive account of "crisis" tends to obscure) to offer a concrete, tiered, actor-specific agenda which provides alternatives to organize around rather than a general call for more spending. As for reform-minded actors and decision-makers, it is intended to demonstrate that a trust-building sequencing focused on could offer a more politically viable path than confrontation over rates alone, and that the evidence to justify that sequencing to skeptics already exists.

Beyond Lebanon, this report and its original data are offered as a contribution to the wider regional debate on financing universal social protection in the Arab region. Lebanon's crisis has made unusually visible, in compressed and extreme form, a dynamic that plays out more slowly elsewhere: inadequate social protection is authored through specific, traceable choices about how scarcity is produced and distributed, rather than simply inherited from it. What follows from that diagnosis is an agenda toward universal, rights-based social protection within our social contracts, making sure those most vulnerable and marginalized are accounted for, a goal this report has tried to make concrete and actionable.

Annexes

Annex 1.0: Quantitative Data Set and Research Synthesis Report

To view the data set and full quantitative research synthesis, click here to access the URL: https://socialprotection.arabregionhub.net/forward-looking-universal-social-protection-in-lebanon-the-future-of-work-and-alternative-financing-mechanisms/

Annex 2.0: Qualitative Research Synthesis Report

To view the qualitative research synthesis, click here to access the URL: https://socialprotection.arabregionhub.net/alternative-financing-for-universal-social-protection-in-lebanon-a-qualitative-research-synthesis/

Annex 3.0: Anonymized List of Interviewees (KIIs + FGD)

KII 1: Academic researcher, development economist and public policy expert. Online interview, 30 October 2025.

KII 2: Economic expert, policymaker and civil society advocate. Online interview, 3 November 2025.

KII 3: Researcher and expert on fiscal, social, and economic policy. Online interview, 3 November 2025.

KII 4: Legal researcher and expert, institutional practitioner with the NSSF. Online interview, 4 November 2025.

KII 5: Researcher and expert on economic justice, labor rights, and social protection. Online interview, 11 November 2025.

KII 6: Expert in financial affairs and practitioner with the NSSF. Online interview, 20 November 2025.

KII 7: Researcher and expert on socioeconomic policy and global finance. Online interview, 21 November 2025.

KII 8: Global economic and social protection expert. Online interview, 25 November 2025.

FGD: Four participants working directly with marginalized communities. Online focus group discussion, 14 January 2026.