



# General Assembly

Distr.: General  
11 April 2022

Original: English

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## Human Rights Council

### Fiftieth session

13 June–8 July 2022

Agenda item 3

**Promotion and protection of all human rights, civil, political, economic, social and cultural rights, including the right to development**

## Visit to Lebanon

### Report of the Special Rapporteur on extreme poverty and human rights, Olivier De Schutter\*

#### *Summary*

Lebanon is immersed in one of the worst economic and financial crises in history. The destruction of the national currency, exorbitant price increases and the collapse of the banking sector have led to the generalized impoverishment of the population amid sectarian political stasis. With most of the population now hoping to leave the country, those who stay and endure the consequences have been pushed to the brink.

The Lebanese State, including its Central Bank, is responsible for human rights violations, including the unnecessary immiseration of the population, that have resulted from this man-made crisis. Pre-crisis Lebanon was already characterized by appalling levels of wealth concentration at the top; tax policies that favour evasion and benefit the wealthy; chronically neglected public education and health-care services; an inadequate social protection system; and a failed electricity sector.

Lebanon needs to change course. The misery inflicted on the population can be reversed with leadership that places social justice, transparency and accountability at the core of its actions. The international community can and should provide support, but such support will only have an impact if structural reforms are adopted to put an end to the process of impoverishment.

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\* The summary of the report is being circulated in all official languages. The report itself, which is annexed to the summary, is being circulated in the language of submission and Arabic only.



## Annex

### Report of the Special Rapporteur on extreme poverty and human rights, Olivier De Schutter, on his visit to Lebanon

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## I. Introduction<sup>1</sup>

1. The Special Rapporteur on extreme poverty and human rights, Olivier De Schutter, visited Lebanon from 1 to 12 November 2021. The purpose of the visit was to assess the consistency between the Government's anti-poverty policies and its human rights obligations and to offer recommendations to the Government and other stakeholders. He is grateful to the Government for inviting him and facilitating his visit and for engaging in constructive dialogue. The present report is submitted in accordance with Council resolution 44/13.

2. Over the course of his visit, the Special Rapporteur held consultations in Beirut (Gemmayzeh and Karantina, Burj Hammoud, Naba'a, Shatila and Madine Riyadiye), Tripoli (Mina, Hay Al Tanak, Bab al-Tabbaneh, Mankoubin and Wadi Nahle), Akkar (Bebnine, Halba and Minyara), Baalbek and the Bekaa (Bar Elias). He met with people in poverty, State and Government officials at the central and municipal levels, representatives of civil society organizations, experts, international organizations and members of the diplomatic community.<sup>2</sup> He visited areas affected by the Beirut Port explosion, the offices of non-governmental organizations (NGOs), a youth centre, a public hospital, a soup kitchen, a women's shelter, a centre for people with disabilities and several informal settlements and refugee camps. The Special Rapporteur expresses his deep gratitude to the families, communities and organizations who generously shared their time and expertise with him both during and prior to the visit.

## II. Impact of compounded crises on poverty

3. Lebanon, once a country with high human development and life expectancy levels,<sup>3</sup> has been plunged into one of the worst economic and financial crises in world history. Since 2019, over 80 per cent of its population has been pushed into poverty, the currency has lost 95 per cent of its value, and prices have increased by more than 200 per cent.<sup>4</sup> Diesel prices, up by 2,000 per cent in only one year, have made it prohibitively costly for most workers to travel to work and for children to attend school. Nine in 10 people are finding it difficult to get by on their income and more than 6 in 10 would leave the country if they could.<sup>5</sup>

4. However, the callous destruction of the Lebanese economy cannot be captured by statistics alone, especially given the dearth of official data collected by the Government regarding poverty and inequality. Lifetime savings have been wiped out by a reckless banking sector lured by a monetary policy favourable to their interests. An entire generation has been condemned to destitution, with families skipping meals, children compelled to work, women facing increased violence, Syrian and Palestinian refugees pushed into informality experiencing extreme hardship, migrant workers trapped in abusive work relationships, and people with disabilities rendered invisible and lacking support.

5. In the face of this situation, the Government has remained politically paralysed. Formed on 10 September 2021, following a 13-month hiatus, it has failed to deliver on promises of recovery and reform. With a Cabinet unable to meet for months and an inability to acknowledge and fairly distribute the losses of the financial sector, which the Government has now forced the most vulnerable to shoulder,<sup>6</sup> it has been unable to overcome the failure of previous administrations to enact reforms. This inability continues, despite calls by the international community for Lebanon to diversify its economy dating back to 2018.<sup>7</sup> While the country desperately needs an economic relief package negotiated with international

<sup>1</sup> The Special Rapporteur is grateful for the excellent research and analysis undertaken by Paula Fernandez-Wulff and staff of the Office of the United Nations High Commissioner for Human Rights.

<sup>2</sup> See <https://www.srpoverty.org/schedule-lebanon-mission/>.

<sup>3</sup> United Nations Development Programme (UNDP), *Human Development Report 2020*.

<sup>4</sup> Central Administration of Statistics, consumer price index, December 2021.

<sup>5</sup> Gallup, "Leaving Lebanon: crisis has most people looking for exit", 2 December 2021.

<sup>6</sup> Reuters, "Analysis: Lebanon's savers to bear burden under new rescue plan", 3 February 2022.

<sup>7</sup> Reuters, "Lebanon wins pledges exceeding \$11 billion in Paris", 6 April 2018.

donors, undue influence by the banking sector in the process continues to sway negotiations with the International Monetary Fund (IMF).

6. The economic crisis was entirely avoidable; indeed, it was manufactured by failed government policies. The country has a political establishment plagued with conflicts of interest with a banking sector and a Central Bank (Banque du Liban) that are largely unaccountable; appalling levels of income and wealth concentration at the top as a result of a tax system that favours evasion and benefits the wealthy; decades of misplaced social investments; a chronic neglect of public services to the benefit of private provision of education and health care; an inadequate social protection system; and an electricity sector dominated by vested interests and currently unable to provide more than a few hours of electricity a day.

7. This man-made catastrophe is compounded by three other crises. Lebanon is struggling to recover from the damage of the Beirut Port explosion in August 2020. Although official investigations are ongoing, civil society reports that the explosion resulted in 220 deaths, hundreds of thousands rendered homeless, 163 schools non-functional and 56 per cent of private businesses impacted.<sup>8</sup> The Special Rapporteur visited affected neighbourhoods and heard testimonies of victims who feel abandoned by the Government. Over a year after the explosion, responsibilities have yet to be established, affected areas remain in ruins and funds from the international community for reconstruction have barely begun to reach their intended beneficiaries.

8. Lebanon is also dealing with the impact of the coronavirus disease (COVID-19) pandemic on its population and health system, which is struggling after decades of underinvestment in the public system and the Government's disgraceful partial removal of subsidies on essential medicines, lifted without proper safeguards amid the generalized impoverishment of the population. Medicines remain in severe shortage and prices for chronic disease medication have increased at least fourfold since the recent partial lifting of the subsidy, an all but guaranteed death sentence for those most in need.

9. At the same time, the country is straining to cope with the presence of over 1 million refugees, although their real numbers remain hidden by an official government policy of non-integration. Scapegoated and discriminated against, Syrian and Palestinian refugees continue to experience forced informality, barred from working in most professions. The Special Rapporteur was encouraged by the Government's efforts to end this discrimination, but such efforts are bound to fail in the absence of permanent legislation guaranteeing their right to access employment.

10. At the core of these crises is a more profound one: a crisis of trust, with a population that feels abandoned by a Government incapable of guaranteeing their rights or addressing their basic needs. In most instances, the State has simply become irrelevant at best and responsible for its own collapse at worst.

11. At the end of the Special Rapporteur's visit, the Government stated its regret that his conclusions did not sufficiently acknowledge the various plans and strategies it had developed in response to the many crises in the country. While commitments to reform provide important signals to the international community, the Special Rapporteur's mandate entails examining the concrete policies, or lack thereof, adopted to comply with international human rights obligations in the context of poverty eradication and not promises for future action. In conversations with government officials, he was given copious details on the challenges the Government faces, but very few answers regarding effective measures undertaken to resolve the crises or a long-term, coherent plan for recovery.

12. The Government was invited to comment on a draft of the present report in advance of its publication. It offered no challenge to the allegations presented here regarding its responsibilities in the impoverishment of the population or associated human rights violations. The Special Rapporteur urges the political leadership, including the Banque du Liban, to acknowledge their responsibilities and make themselves accountable to the

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<sup>8</sup> Human Rights Watch, *"They Killed Us from the Inside": an Investigation into the August 4 Beirut Blast* (2021).

population. The issues identified below will help the Government to take effective, accountable action towards recovery, placing the elimination of poverty at its core, in line with its international human rights obligations.

13. The “Switzerland of the Middle East”, as Lebanon was once known, built its national identity on the idea of entrepreneurship and financial cunning, an image to which the international community contributed by encouraging its status as an effective tax haven. The failed experiment led to restricted public revenues and little flexibility in times of crisis such as the present. Lebanon desperately needs change. If the deterioration in economic conditions is allowed to continue, social unrest will grow and may soon lead to security breakdowns.

14. The present report focuses on the key issues that require urgent attention in the short- and long-term. They include devising an economic recovery plan centred on social justice by acknowledging and distributing the Banque du Liban losses fairly and transparently; increasing and improving spending on social protection and public services as key investments in the country’s future; addressing wealth inequality by reforming the tax system for a better redistributive impact and less fraud and avoidance; and reforming the electricity sector to ingrain transparency and fair pricing systems.

### III. Groups particularly affected by the crises

15. Lebanon lacks comprehensive, accurate official data on poverty, particularly owing to the lack of census data since 1932. Although the Special Rapporteur was encouraged to learn that a first official multidimensional poverty index (MPI) was published in March 2022, most baseline data collection efforts are currently undertaken by NGOs and United Nations agencies. The Government’s failure to collect data hampers analysis, sound policy proposals and its own ability to alleviate poverty.

16. It is clear, however, that the compounded crises have contributed to a dramatic rise in poverty. One estimate suggests that multidimensional poverty almost doubled from 42 per cent in 2019 to 82 per cent in 2021,<sup>9</sup> while others estimate that over half the population lived below the national poverty line in 2020.<sup>10</sup> While the crises have impacted most, certain groups are particularly affected due to pre-existing systemic conditions.

#### A. Women

17. The 1925 French mandate-era nationality law denies Lebanese women married to foreign men the right to pass their nationality to their children and spouses on an equal basis with men. Their stateless children then face obstacles in accessing free primary and secondary education and will not be able to work without a permit.

18. Decree No. 4186 gives children and spouses of Lebanese women the right to “courtesy” residence permits, but these must be renewed regularly and the process can be costly and time-consuming. This discriminatory situation is compounded when women are married to Palestinians, who are themselves denied the right to acquire or transfer property in Lebanon. The result is deaf ears to the plight of people affected by such discriminatory policies, on whom the Government collects no official data, but that civil society estimates at over 77,000.<sup>11</sup>

19. Lebanon should bring its legislation into compliance with international human rights law by providing Lebanese women with the right to transfer their nationality to their families, as it has repeatedly committed to doing since at least 2012.<sup>12</sup> It should also withdraw its highly problematic reservations to articles 9 (2) and 16 (1) (c), (d), (f) and (g) of the

<sup>9</sup> Economic and Social Commission for Western Asia, (ESCWA), “Multidimensional poverty in Lebanon (2019–2021)” (2021).

<sup>10</sup> World Bank, *Lebanon Economic Monitor, Spring 2021*, p. 13.

<sup>11</sup> UNDP and National Committee for the Follow-up on Women’s Issues, “Predicament of Lebanese women married to non-Lebanese” (2009), p. 18.

<sup>12</sup> CCPR/C/LBN/Q/3/Add.1/Rev.1, para. 24, and A/HRC/WG.6/37/LBN/1, para. 147.

Convention on the Elimination of All Forms of Discrimination against Women, reservations that run contrary to the object and purpose of the Convention itself.

20. Lebanon has one of the lowest rates of women's labour market participation in the world, a testament to the structural barriers women face. The country was ranked 144th out of 156 countries reviewed in the most recent Global Gender Gap report,<sup>13</sup> with a female labour force participation rate of 29.3 per cent.<sup>14</sup> Women spend twice as much time on childcare as men<sup>15</sup> and, since their non-monetary contributions and resulting lost economic opportunities remain hidden from the contributory social insurance system, they are less likely to benefit from it.<sup>16</sup> Even where women do work, their salaries in the private sector are only 34 per cent of that of men on average.<sup>17</sup> Lebanon also ranked in the lowest third for all other indicators for women, including education attainment, health and survival and political empowerment.

21. The current economic crisis has led to a significant rise in gender-based violence, as the Special Rapporteur heard in shelters and safe places for women and girls. The percentage of Lebanese seeking such services rose from 21 per cent in 2018 to 35 per cent in 2020.<sup>18</sup> Sexual harassment at the workplace is also becoming more common since women cannot afford to complain for fear of losing their jobs.<sup>19</sup>

## B. Children

22. The economic crisis is having pernicious impacts on the nutritional status, growth and educational attainment of children across Lebanon. The result will be an entire generation sacrificed. Over 80 per cent of children, or 1.8 million, experience multidimensional poverty, double the estimates in 2019.<sup>20</sup> An alarming 77 per cent of households lack sufficient money to buy food and 60 per cent buy food on credit or by borrowing,<sup>21</sup> forcing many to reduce the quantity consumed including, despite their parents' efforts, children. Fifty-three per cent of families reported at least one child who had skipped a meal in October 2021.<sup>22</sup> United Nations agencies and NGOs provide cash and other kinds of support to families with children, but such support should be provided by the State as part of a comprehensive policy to address child poverty.

23. Poverty and other factors kept 400,000 children out of school in 2020,<sup>23</sup> with an estimated 42,000 not returning to school in 2020–2021.<sup>24</sup> Worsening household economics have forced many children to drop out of school to contribute to the family's income, a seven-fold increase.<sup>25</sup> Twelve per cent of households reported sending their children to work as of October 2021.<sup>26</sup> Children, including those as young as 6, have resorted to working in

<sup>13</sup> World Economic Forum, *Global Gender Gap Report* (2021), p. 25.

<sup>14</sup> See International Labour Organization (ILO), "Labour force and household living conditions survey 2018–2019 Lebanon".

<sup>15</sup> ILO, *Care Work and Care Jobs for the Future of Decent Work* (2018), p. 48.

<sup>16</sup> ILO, "Vulnerability and social protection gaps assessment - Lebanon" (2021), p. 12.

<sup>17</sup> World Economic Forum, *Global Gender Gap Report*, p. 251.

<sup>18</sup> Office for the Coordination of Humanitarian Affairs, "Emergency response plan Lebanon 2021–2022", p. 13.

<sup>19</sup> *Ibid.*

<sup>20</sup> See United Nations Children's Fund (UNICEF), "Violent beginnings: children growing up in Lebanon's crisis" (2021).

<sup>21</sup> UNICEF, "Lebanon: children's future on the line" (2021), pp. 3–4.

<sup>22</sup> UNICEF, "Surviving without the basics" (2021), p. 3.

<sup>23</sup> UNICEF, "Lebanon: children's future on the line", p. 7.

<sup>24</sup> See

<https://app.powerbi.com/view?r=eyJrIjoiaZTYyMzQ0MDgtZTQ2MS00MWM2LTk3M2UtNmFINWYyMjg5MzVlIiwidCI6Ijc3NDEwMTk1LTE0ZTEtNGZiOC05MDRiLWFiMTg5MjAyMzY2NyIsImMiOjhh9.>

<sup>25</sup> UNICEF, "Surviving without the basics", p. 4.

<sup>26</sup> *Ibid.*

environments ripe for exploitation, violence and abuse, such as the streets, construction sites, agricultural fields and garages.<sup>27</sup>

24. Obstacles to birth registration are a specific source of concern regularly raised by the United Nations human rights system. A lack of legal identity negatively affects a wide range of rights, including the rights to education and health care, and leads to lifelong deprivation. In the field of education, children without an identity document or a civil status extract may be denied access to school. The Government has continued to deny the existence of this problem, both during and after the mission, and collects no data on it, but a study found that 76 per cent of stateless individuals were denied proper education in the Akkar region.<sup>28</sup> Removing practical obstacles to birth registration so as to guarantee the right to education should be a joint priority of the Ministry of Interior and Municipalities and the Ministry of Education and Higher Education.

25. Although an annual circular put out by the Ministry of Education and Higher Education theoretically allows children without identity documents to enrol in public schools, this remains a purely ad hoc administrative measure, providing no legal guarantee that it will be renewed. In fact, the Special Rapporteur met with stateless children who were not admitted to schools or were unable to obtain valid certificates to continue their education, as they only attended non-formal educational establishments run by registered NGOs. Similarly, stateless individuals, including children, may not be admitted to public hospitals if they lack legal identification, and an exceptional authorization must be granted by the Ministry of Public Health.<sup>29</sup> The Ministries of Education and Higher Education and of Public Health should sponsor legislation guaranteeing equal treatment of children in public schools and of individuals in public hospitals.

26. Syrian refugee children face greater challenges in accessing and completing education. Although they can attend afternoon-shift classes in public schools, as part of the Ministry of Education and Higher Education plan entitled “Reaching All Children with Education”, structural barriers prevent them from accessing quality education. Alarming, only 53 per cent of Syrian children between 6 and 14 attend school, while 30 per cent have never attended school,<sup>30</sup> due to obstacles including the costs of transportation and school materials; demand by schools that documents be submitted that many Syrian refugees cannot produce, such as birth registration, legal residency or prior education records; or the need to work and contribute to household income.<sup>31</sup> Furthermore, “Reaching All Children with Education” depends heavily on international donor support, which is not guaranteed to continue in the future and is no substitute for State investment in public education.

### C. Syrian and Palestinian refugees

27. Lebanon hosts the largest number of refugees per capita in the world. As of October 2021, there were 882,532 refugees and asylum seekers registered with the Office of the United Nations High Commissioner for Refugees (UNHCR), including 851,717 Syrian refugees. While the official number given by the Government is 1.5 million, the actual number of Syrians in Lebanon is unknown, as new registrations were unilaterally suspended by the Government in 2015.

#### Syrian refugees

28. Syrian refugees, given their proportion of the Lebanese population, are mistakenly perceived as a source of competition for jobs, public support and services. Misconceptions about and prejudices against Syrian refugees are rife at all levels of Lebanese society,

<sup>27</sup> UNICEF, “Lebanon: children’s future on the line” p. 1.

<sup>28</sup> UNHCR and Siren Associates, *Mapping and Understanding Statelessness in Akkar* (2021).

<sup>29</sup> Joint submission by Coalition for Stateless Persons Access to Socio Economic Rights to the universal periodic review (2020), para. 30.

<sup>30</sup> UNHCR, UNICEF and World Food Programme (WFP), *Vulnerability Assessment of Syrian Refugees in Lebanon* (2021).

<sup>31</sup> Ibid. See also Norwegian Refugee Council, “The obstacle course: barriers to education for Syrian refugee children in Lebanon” (2020).

including within the Government itself. Syrian refugees are routinely blamed for the Government's failure to provide essential services and goods to the population, whether education, decent jobs, safe drinking water or electricity.

29. Contrary to the widespread perception, however, the realities faced by Syrian refugees in Lebanon are sombre. Chronically underfunded, piecemeal humanitarian assistance by the international community is the only lifeline for many, given practically insurmountable obstacles in accessing decent jobs and basic services. Of refugees in Lebanon, 88 per cent live under the survival minimum expenditure basket and almost half of Syrian families are food insecure.<sup>32</sup>

30. Tensions between refugee and host communities are also alarmingly evident and manifested in discrimination, harassment, violence and remarks akin to hate speech. Syrian refugees have been denied access to shops selling subsidized items, must pay for basic consumer items at inflated prices,<sup>33</sup> are subject to forced evictions, violence and assaults, and have had their homes burnt down.<sup>34</sup> Some municipalities have gone so far as to introduce discriminatory curfews and wage limitations for Syrians.<sup>35</sup>

31. The most important explanatory factor in the predicament of Syrian refugees is not the crisis but the administrative and legal measures imposed by the State, which maintains a non-integration policy towards them. Obstacles to legal residency are particularly problematic. More than 80 per cent of Syrian refugees aged over 15 lack legal residency in Lebanon, often due to the inability to pay fees to renew residency permits or to obtain a Lebanese sponsor.<sup>36</sup> While renewal fees were waived in 2017, the waiver only applies to Syrian refugees registered with UNHCR before it suspended new registrations in 2015.<sup>37</sup> This de facto denial of legal residency has serious repercussions for the rights to freedom of movement, liberty and security, birth and marriage registrations, and a decent standard of living.

32. Without residency permits, most Syrian refugees face obstacles in obtaining work permits and decent jobs. Even for those with work permits, formal employment is restricted, as Syrian nationals are only allowed employment in construction, agriculture and waste collection – a difference of treatment in the right to access employment that amounts to a discrimination prohibited under international law, since it has not been shown to pursue a legitimate aim and to be proportionate to the aim pursued.<sup>38</sup> As a result of this discrimination, most Syrian refugees are pushed into the informal sector, characterized by low wages and a lack of labour and social protections.

33. Fifty-seven per cent of Syrian refugees live in dangerous, substandard or overcrowded housing.<sup>39</sup> The harsh conditions are a direct consequence of government restrictions on materials that can be brought into camps and informal settlements. The Special Rapporteur was informed of cases where hard elements, such as concrete walls and roofs, in Syrian informal settlements were demolished by the Lebanese armed forces and replaced with less protective materials, exposing inhabitants to harsh weather conditions and unsanitary living conditions.

34. Syrian refugees face mounting pressure to return home, given rising tensions between them and the host communities. While many wish to return home, they are unable to do so until and unless a safe return is guaranteed and conditions in their places of origin are suitable. Evidence suggests that socioeconomic conditions and access to basic services in Lebanon do

<sup>32</sup> UNHCR, UNICEF and WFP, *Vulnerability Assessment of Syrian Refugees in Lebanon*.

<sup>33</sup> Office for the Coordination of Humanitarian Affairs, "Emergency response plan Lebanon, 2021–2022", p. 6.

<sup>34</sup> See communications LBN 5/2021 and LBN 6/2021.

<sup>35</sup> See Human Rights Watch, "Lebanon: refugees at risk in Covid-19 response", 2 April 2020 and L'Orient Today, "Ras Baalbeck municipality sets curfew and daily wage cap for Syrian workers", 11 November 2021.

<sup>36</sup> See UNHCR, UNICEF and WFP, *Vulnerability Assessment of Syrian Refugees in Lebanon*.

<sup>37</sup> Ibid.

<sup>38</sup> Committee on Economic, Social and Cultural Rights, general comment No. 18 (2005), para. 31.

<sup>39</sup> See UNHCR, UNICEF and WFP, *Vulnerability Assessment of Syrian Refugees in Lebanon*.



not have significant influence over refugees' decision to return home.<sup>40</sup> Thus, any measures to pressure refugees to return are unlikely to achieve that objective and are implemented only at grave costs to their human rights.

### **Palestinian refugees**

35. Lebanon also hosts Palestine refugees, estimated at about 181,000 by the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the Government. Most have lived in the country for generations, since 1948, yet they still have an ambivalent legal status and live at the margins of society. They face barriers to education, decent employment and social protection, making them almost entirely dependent on UNRWA assistance and services, which, in turn, are precarious owing to limited resources and fluctuations in donor funding.

36. Palestinian refugees are excluded from practicing 39 syndicated professions, such as law, medicine and engineering, a difference of treatment that may be seen as *prima facie* discriminatory. The principle of national preference, coupled with a requirement for a work permit, makes it practically impossible for Palestinian refugees to obtain a decent formal job, confining them to low-paid, low-skilled work in the informal sector without labour or social protections. Even for the minority of Palestinian refugees employed in the formal sector, social protection is almost non-existent: although they are required to contribute 23.5 per cent of their salary to the National Social Security Fund, they do not receive any social security benefits except for end-of-service indemnity, which is only equivalent to approximately 8.5 per cent of their contribution.

37. Deprived of the right to own any real estate, 45 per cent of Palestinian refugees live in one of the 12 official Palestine refugee camps, with the rest residing in "gatherings" adjacent to the camps or in informal housing. They are often subject to overcrowded, unsanitary and unsafe conditions, with minimal infrastructure and basic services. The Special Rapporteur visited the Shatila refugee camp in Beirut, where he witnessed a vivid display of misery perpetuated by government policies and restrictions. The camp, whose surface area has not expanded since 1950, has had to adapt to the population increase in a haphazard manner without proper construction materials. Buildings have been developed vertically with serious risks of collapse, are poorly ventilated and randomly connected to electric wires amid water pipes, creating risks of electrocution.

38. Over 28,000 Palestinian refugees from the Syrian Arab Republic and 3,000–5,000 "non-ID" Palestinians who arrived in Lebanon without identity documents after the 1960s, have a precarious legal status in Lebanon. Without legal status, non-ID Palestinians face restrictions on movement and difficulties in completing civil registration procedures and accessing public services, formal employment and the justice system. Palestinian refugees from the Syrian Arab Republic face similarly insurmountable obstacles, given the inconsistent application of policies and practices regarding the renewal of their residency status by the General Security Office. Owing to their irregular status and restrictions on formal employment, 92 per cent of Palestinian refugees from the Syrian Arab Republic rely heavily on UNRWA assistance as their main source of income.<sup>41</sup> However, that meagre cash assistance is donor-dependent and may soon end, given the agency's dire financial situation.<sup>42</sup>

## **D. Migrant workers**

39. Lebanon is home to over 200,000 migrant workers. Many of them, particularly migrant domestic workers, lost their jobs because of the crises. Some were abandoned by their employers in front of their embassies without money or assistance to return to their home countries. Those who remain often live in very precarious conditions: over 50 per cent

<sup>40</sup> Ala' Alrababa'h and others, "Returning home? Conditions in Syria, not Lebanon, drive the return intentions of Syrian refugees" (September 2020).

<sup>41</sup> Government of Lebanon and United Nations, *Lebanon Crisis Response Plan 2017–2021 (2021 Update)*, p. 16.

<sup>42</sup> See UNRWA, "Palestine refugees in Lebanon: struggling to survive", 19 January 2022.

of migrant workers are unable to meet their food needs, while 53 per cent live in substandard shelter conditions.<sup>43</sup>

40. Even prior to the crises, migrant domestic workers were particularly at risk of poverty, abuse and exploitation. Domestic workers are not protected under labour laws and their status is governed by the *kafala* system, which ties their legal residency to their employer. The *kafala* system enshrines the power imbalance between employers and employees, leading to forced labour and exploitative practices, such as wage theft, unfair dismissals, overwork, restricted movements and violence. Under this system, once domestic workers leave their employer, they lose their residency and are considered “illegal” migrants, risking arrest and detention. Furthermore, there are serious consequences for children born to irregular migrant domestic workers, as they face difficulties in acquiring legal identity and hence accessing basic services.

41. By maintaining the *kafala* system and excluding migrant domestic workers from the Labour Code, Lebanon is in violation of its international human rights obligations.<sup>44</sup> The *kafala* system should be abolished without delay. Lebanon should also ratify International Labour Organization (ILO) Domestic Workers Convention, 2011 (No. 189), on which it voted favourably in 2011, and Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87).

42. The Special Rapporteur was informed that the Government will scrutinize criteria for granting permits to recruitment agencies and seek approval from the Shura Council to integrate the revised “standard unified contract” in the criteria, which contains provisions on paid leave and prohibitions against withholding wages and confiscating passports and other personal documents. Those commitments should be reinforced by establishing an independent and credible mechanism to monitor the implementation and enforcement of the revised standard unified contract.

## E. Persons with disabilities

43. People with disabilities in Lebanon face structural barriers that make them more likely to live in poverty, but the Government collects little data on their real numbers or their socioeconomic condition.<sup>45</sup> Despite the quota system established by Law No. 220/2000, people with disabilities are largely excluded from the labour market, between 71 per cent and 80 per cent are not or have never been employed, resulting in poverty and marginalization.<sup>46</sup> Most public schools remain unfit to accommodate children with disabilities,<sup>47</sup> many dropping out owing to the lack of assistance.<sup>48</sup> Those who are employed often do not find opportunities that ensure a decent standard of living and stable career prospects.

44. This systematic exclusion and marginalization reflect the Government’s lack of political will to pass or enforce protections for people with disabilities. Lebanon is one of 15 countries that have not ratified the Convention on the Rights of Persons with Disabilities. It has not implemented even its own legislation: many provisions set out in Law No. 220/2000 concerning the rights of persons with disabilities still await by-laws to be put into effect.

45. The poverty experienced by people with disabilities in Lebanon is exacerbated by the lack of comprehensive social protection programmes and inadequate health care. A large portion of the population with disabilities do not have effective access to family allowances

<sup>43</sup> See International Organization for Migration, “Migrant presence monitoring, baseline assessment round 1, Lebanon” (2021).

<sup>44</sup> See [E/C.12/2017/1](#).

<sup>45</sup> Although there are about 103,200 known holders of a disability card, the actual numbers are probably much higher.

<sup>46</sup> Emilie Combaz, *Situation of Persons with Disabilities in Lebanon*, K4D (2018), p. 19, and Social Promotion Foundation, Ministry of Social Affairs and International Medical Corps, *Disability and Health Situational Analysis Report, Lebanon Report 2019–2020*, p. 107.

<sup>47</sup> United Nations Educational, Social and Cultural Organization, *Assessment of the Level of Inclusiveness of Public Policies in Lebanon* (2013), p. 29.

<sup>48</sup> Human Rights Watch, “*I Would Like to Go to School*”: *Barriers to Education for Children with Disabilities in Lebanon* (2018).

and assistance.<sup>49</sup> However, households with a member with disabilities spend on average an additional 16.5 per cent to reach the same standard of living as other households and this percentage is doubled for the lowest 20 per cent of income earners.<sup>50</sup> While the disability card provides some assistive products, tax exemptions and health care, public hospitals often do not accept the card due to lack of government funding.<sup>51</sup>

## **IV. Poverty in Lebanon: a man-made phenomenon**

### **A. An altogether avoidable economic crisis with deep political roots**

46. The collapse of the Lebanese economy was avoidable. While the pandemic and the massive influx of refugees were events outside the Government's control, economists and financial experts had warned about the impending crisis at least since 2015. Such warnings were willfully ignored by the political leadership. The Government and the broader political establishment, the Banque du Liban and the banking sector are jointly and severally responsible for the human rights violations that have resulted from the manufactured crisis Lebanon is experiencing today.

#### **1. Impact of the policies of the Banque du Liban on human rights**

47. Central banks, through the safeguarding of monetary and economic stability, control of the soundness of the banking sector and regulation of money transfer operations, among other tasks, have a direct impact on the full enjoyment of human rights for people in poverty and, as such, their actions and policies fall under the scrutiny of the Special Rapporteur's mandate.<sup>52</sup> The Banque du Liban (BDL) is an independent institution but, as an organ of the State, it is bound by its international human rights obligations. Its actions have brought the Lebanese State into clear contravention of its international obligations, including the obligation to guarantee an adequate standard of living to its population.

48. Three decisions by BDL can be highlighted as key contributors to the devaluation of the Lebanese currency and the resulting impoverishment of the population.

49. First, the lack of transparency of BDL is an obstacle to State accountability. It does not clearly report losses in its fortnightly balance sheets, with auditors of the Bank finding in 2018 that its accounting policies "differ from international financial reporting standards".<sup>53</sup> Already in December 2015, for example, IMF confidential documents showed undisclosed negative net reserves of up to \$4.7bn.<sup>54</sup> Most notably, BDL has not published profit and loss statements since 2002 and it counts on future revenues in foreign currency far exceeding the size of gross domestic product (GDP), a practice long censured by the IMF.<sup>55</sup> Its opaque reporting practices and lack of acknowledgement of losses, assessed at over \$50 billion today, prevent the public from scrutinizing its use of national wealth.

50. The accounting sleight of hand regarding its losses also means that BDL has covertly created a massive public debt outside a transparent budgetary appropriations process, which will condemn the Lebanese for generations. Worryingly, while parliamentary committees and hearings typically scrutinize the work of independent central banks, the Finance and Budget Committee of the Lebanese parliament has never questioned the leadership of BDL about its peculiar reporting practices. The first step towards recovery must therefore involve

<sup>49</sup> Ibid., p. 19.

<sup>50</sup> ILO and UNICEF, "Towards a social protection floor for Lebanon" (2021), p. 12.

<sup>51</sup> ESCWA, *Strengthening Social Protection for Persons with Disabilities in Arab Countries* (2017), p. 39.

<sup>52</sup> Human Rights Council resolution 8/11, para. 2 (b).

<sup>53</sup> L'Orient Today, "Behind the balance sheets: the financial state of Lebanon's central bank", 7 June 2021.

<sup>54</sup> Reuters, "Before Lebanon's current financial crisis, central bank faced a \$4.7 billion hole in reserves - IMF memo", 28 October 2021.

<sup>55</sup> See, for example, IMF working paper, "Central bank losses and experiences in selected countries" (2005).

an acknowledgement of the losses and an audit of the BDL accounts. The Government should put an end to the harmful banking secrecy law that prevents real accountability in the financial sector.

51. Second, to attract United States dollars and thus maintain its fixed exchange rate, BDL has offered disproportionately high interest rates to commercial banks<sup>56</sup> and wealthy depositors. Those interest rates were already deemed above market by the IMF in 2016<sup>57</sup> and represented windfall profits to the recipients to an equivalent of 10 per cent of GDP.<sup>58</sup> While this operation arguably strengthened the capital buffers of banks,<sup>59</sup> it weakened the financial stability of the banking sector by generating significant losses on the BDL balance sheet, ultimately leading to the currency collapse and depositor wealth destruction. Once the losses are acknowledged, the Government must guarantee that they are shouldered by shareholders and wealthy depositors who benefited from the high interest rates, and not by the 1.2 million accounts of small depositors under the equivalent of \$75,000,<sup>60</sup> nor by the general public through inflation, as is currently the case.

52. Third, maintaining multiple exchange rates currently represents an obstacle to negotiations with the IMF and is known to lead to corruption.<sup>61</sup> When BDL sells United States dollars, a finite public asset in Lebanon, at a rate below the parallel market rate, money exchangers can make clean profits by buying and selling currency while the foreign reserves of BDL dwindle.<sup>62</sup> Multiple exchange rates also benefit importers who can sell subsidized goods at unsubsidized prices.<sup>63</sup> BDL uses public funds to directly benefit these actors at the expense of the rest of the population.

53. Such policies have contributed to a downward spiral of the currency, the devastation of the economy, the wiping out of people's lifetime savings and, ultimately, to plunging the population into poverty. As the crisis unfolded, well-connected individuals knowledgeable about the impending disaster rushed to move their capital out of Lebanon, facilitated by the capital control legal vacuum. The deposits held abroad by residents of Lebanon have doubled since 2017, valued at \$15.4 billion as of March 2021.<sup>64</sup> According to the former chief of the Ministry of Finance, \$6 billion were funnelled out only between 2019 and 2020.<sup>65</sup> Where other countries took days to pass capital controls, in Lebanon they are yet to be established over two years after the crisis started.

54. Despite the obvious pilfering of national wealth, no assessment was ever made of the impact on different groups in society of BDL decisions regarding interest and exchange rates, a key precondition for ensuring the compliance of monetary policy with international human rights. While respecting the independence of BDL, the Government must ensure in the definition of the BDL mandate that monetary policy does not lead to contravention of its human rights obligations.

## 2. A venal political system plagued with conflicts of interest

55. Concentration of economic power and the capture of the State by economic actors seeking to strengthen their rentier positions have made the economic situation of Lebanon worse. Of total spending by the Council for Development and Reconstruction between 2008 and 2018, 60 per cent or \$1.9 billion was granted to only 10 companies, widely known to be

<sup>56</sup> Despite multiple attempts to meet with the Association of Banks of Lebanon, the Special Rapporteur was unable to speak with representatives of commercial banks during his visit.

<sup>57</sup> IMF and World Bank, "Financial sector assessment: Lebanon, December 2016", para. 55.

<sup>58</sup> Toufic Gaspard, "Financial crisis in Lebanon" (2017), pp. 11–12.

<sup>59</sup> IMF, *2016 Article IV Consultation* (2017), p. 11.

<sup>60</sup> Official pegged rate, 31 March 2021.

<sup>61</sup> IMF, "Why worry about corruption?" (1997), p. 5.

<sup>62</sup> According to its own figures, since October 2019, the net foreign assets of the Central Bank have decreased by over \$20bn.

<sup>63</sup> Forbes, "Exclusive: how a backdoor deal between Banque du Liban and Economy Ministry further sunk the lira", 1 November 2021.

<sup>64</sup> Bank for International Settlements, *Locational banking statistics*, Lebanon.

<sup>65</sup> Financial Times, "Bankers 'smuggled' \$6bn out of Lebanon, says ex-finance chief", 13 July 2020.

politically connected.<sup>66</sup> In 22 of the 26 Lebanese districts, two firms secured at least 50 per cent of the total value of the projects and, in 11 of those districts, the share of the top two firms exceeded 60 per cent.<sup>67</sup> Fully implementing Public Procurement Law No. 244/2021 to guarantee transparency and competitiveness should be a priority for the Government to restore trust in the system.

56. Connections between politicians and the private sector reach the highest levels of political power in Lebanon, contributing to inequality and harming redistribution efforts. Despite its copious laws related to corruption, Lebanon ranked 154th out of 180 economies in the Transparency International Corruption Perceptions Index for 2021. The Special Rapporteur was encouraged to learn that the members of the National Anti-Corruption Commission have now been appointed, but the election process remains prone to political interference and should be made independent and transparent. The Council of Ministers has a say in the appointment of four of the Commission's six members. Such conflicts should be avoided.

57. Links between politicians and the banking sector are a particular source of concern. In 2014, it was estimated that individuals closely linked to political elites controlled 43 per cent of the assets in the commercial banking sector, 18 out of 20 banks had major shareholders linked to political elites and eight families controlled 29 per cent of the sector's total assets, owning together more than \$7.3 billion in equity.<sup>68</sup> At least 30 politicians or their close family members are currently shareholders or members of the Boards of Directors of commercial banks, including the largest banks in Lebanon such as Audi, Bank of Beirut, or Fransabank. It is known that politically connected banks tend to hold more government bonds, thus increasing sovereign exposure, provide more loans through political favoritism and rent distribution and experience higher default rates on their loans.<sup>69</sup> There is no hope for accountability in Lebanon until the banking sector is reformed and such conflicts of interests prohibited.

58. The Central Inspection plays a critical role in ensuring oversight and accountability of the public administrations. It is however dramatically underfunded, with 98 per cent of its LL10 billion budget devoted to the salaries of under 100 inspectors, who oversee more than 130,000 civil servants. The Central Inspection must also submit its budget for approval each year, creating a problematic obstacle to stable and predictable funding. Moreover, some institutions, most notably the Council of Construction and Development and the National Social Security Fund, escape the scrutiny of the Central Inspection, reducing transparency and accountability.

## **B. Pre-crisis inequality and poor public spending**

59. Lebanon is one of the most unequal countries in the world, with a Gini coefficient of 81.9<sup>70</sup> and very limited social mobility.<sup>71</sup> Between 2005 and 2014, income remained extremely concentrated: on average, the richest 10 per cent and 1 per cent of the population accounted for 56 per cent and 23 per cent of total national income respectively.<sup>72</sup> For the same period, the poorest 50 per cent of the population received only about half of what accrued to the richest 1 per cent.<sup>73</sup> In the private sector alone, the top 2 per cent of taxpayers

<sup>66</sup> Sami Atallah and others, "Public resource allocation in Lebanon: how uncompetitive is CDR's procurement process?" (July 2020), p. 2.

<sup>67</sup> *Ibid.*, pp. 2–3.

<sup>68</sup> Jad Chaaban, "I've got the power: mapping connections between Lebanon's banking sector and the ruling class" (2016), p. 3.

<sup>69</sup> *Ibid.*, p. 4.

<sup>70</sup> ESCWA, "Wealth distribution and poverty impact of COVID-19 in Lebanon" (July 2020), p. 13.

<sup>71</sup> Lydia Assouad, "Lebanon's political economy: from predatory to self-devouring", Carnegie Middle East Center (2021).

<sup>72</sup> Lydia Assouad, "Rethinking the Lebanese economic miracle: the extreme concentration of income and wealth in Lebanon, 2005–2014" (2021), p. 12.

<sup>73</sup> *Ibid.*

captured a share of income almost as high as that of the bottom 60 per cent in 2014.<sup>74</sup> While there are 1.3 million accounts holding less than \$100,000 at Banque du Liban, 50 accounts hold funds of more than \$50 million.<sup>75</sup> Wealth is also concentrated at the top: the wealthiest 10 per cent of the population hold almost 70 per cent of total personal wealth.<sup>76</sup>

60. Historically, Lebanon has suffered from a lack of political will to introduce social welfare policies that would balance such high levels of income and wealth concentration at the top. Low investment in public infrastructure has left the State with limited capacity to deliver and respond to crises: key investments undertaken during the 1990s and 2000s followed clear sectarian patterns and not socioeconomic priorities.<sup>77</sup> Between 1993 and 2019, 92 per cent of government debt went to finance current rather than capital expenditures.<sup>78</sup> The funds that the Government has received in exchange for IMF special drawing rights (SDRs) provide an opportunity and a responsibility to reverse this historical trend and ensure that they are invested transparently and effectively in the country's future.

61. The minimum wage is set at a meagre LL675,000 per month, or \$30 at the January 2022 parallel market rate. The Price Index Committee, which should publish the cost-of-living index serving as the basis to adjust salaries, has not met in years and its composition, methods and results are opaque. Once the currency and economy are stabilized, tripartite negotiations through this Committee should be reactivated. Automatically indexing the minimum wage to consumer prices is a generalized practice in other countries<sup>79</sup> that could be adopted by Lebanon in the future, consistent with its obligations under the International Covenant on Economic, Social and Cultural Rights.<sup>80</sup>

### C. A regressive, leaky tax system

62. The taxation system has been highly regressive since significant cuts were made to corporate taxes (to between 3 and 10 per cent) and personal income taxes (from 42 per cent down to between 2 and 10 per cent) in 1993, while customs, excise and VAT rates were increased.<sup>81</sup> As a result, Lebanon currently ranks 117th out of 158 on progressive taxation<sup>82</sup> and much of its public revenue stems from indirect taxation, showcasing how skewed the system is against people on low incomes, who suffer most from regressive taxes. For this reason, raising VAT rates across the board is ill-advised, as it will hit hardest those at the bottom of the economy and will further contract demand.

63. A serious tax reform towards progressivity should be undertaken as part of the economic recovery plan. Currently, only 11 per cent of tax revenues is collected through progressive schemes and even this is based on an archaic system that taxes income sources separately. The system should tax income in its entirety, including that from interest revenues, dividends, real estate and capital gains together and at progressive rates, so richer taxpayers contribute fairly to the system. The country does not tax wealth either, yet an estimated \$12.8 billion would have been raised by 2020 had wealth been taxed at 2 per cent in 2010.<sup>83</sup> The Government can regain part of the population's lost trust by designing a progressive tax system where those with more means contribute more.

<sup>74</sup> Edwin Saliba, Walid Sayegh and Talal F. Salman, "Assessing labor income inequality in Lebanon's private sector", UNDP and the Ministry of Finance (2017), p. 6.

<sup>75</sup> Official pegged rate, 31 March 2021.

<sup>76</sup> Lydia Assouad, "Rethinking the Lebanese economic miracle: the extreme concentration of income and wealth in Lebanon, 2005–2014", pp. 14–15.

<sup>77</sup> See Nisreen Salti and Jad Chabaan, "The role of sectarianism in the allocation of public expenditure in postwar Lebanon", *International Journal of Middle East Studies*, vol. 42, No. 4 (November 2010).

<sup>78</sup> Toufic Gaspard, "Lebanon's financial collapse: a post-mortem" (2020), p. 3.

<sup>79</sup> ILO, *Minimum Wage Policy Guide*, p. 45.

<sup>80</sup> Committee on Economic, Social and Cultural Rights, general comment No. 23, paras. 20–21.

<sup>81</sup> Hannes Baumann, *Citizen Hariri and neoliberal politics in post-war Lebanon*, PhD thesis (2012), pp. 158–159.

<sup>82</sup> Dana Abed and others, "Inequality in Lebanon: questioning labor, social spending, and taxation", p. 3.

<sup>83</sup> Oxfam, "For a decade of hope not austerity in the Middle East and North Africa" (2020), p. 14.

64. Tax evasion in Lebanon was estimated at over 30 per cent in 2018<sup>84</sup> and the collection of income, inheritance and capital gains tax remains low due the banking secrecy law, which hampers access to information about assets abroad and real incomes domestically.<sup>85</sup> Abolishing bank secrecy would not only be fair for those on low incomes, since secrecy protects the assets of richer taxpayers, it would also be a sign that Lebanon is serious about transparency and accountability in the banking system, a precondition for its much-needed restructuring.

#### **D. A limited, skewed social protection system**

65. Lebanon lacks a social protection system based on lifecycle guarantees and anchored in the human right to social security. It lacks unemployment insurance, child benefits, old-age or disability pensions and sickness and parenthood benefits. As it currently stands, the system has a limited impact on poverty reduction, a minimal impact on inequality and is largely skewed towards protecting those on high incomes.

66. The system neglects those who most need it: social insurance affiliation is extremely low among those on low incomes, at less than 20 per cent, compared to 65 per cent in the top deciles.<sup>86</sup> Government spending on social protection largely goes to public sector employees and formal private sector employees, since workers in informal employment (who account for 55 per cent of total employment in Lebanon) and agricultural and non-Lebanese workers are excluded from social protection. Among the poorest 10 per cent of the Lebanese population, over 63 per cent are not covered by any social protection, compared to just 6.5 per cent of individuals in the richest decile.<sup>87</sup> Whatever modicum of social protection does exist only has weak redistributive impacts, with very poor households benefiting the least.<sup>88</sup>

67. Urgent reforms are therefore needed. The adoption of a national social protection strategy should be a top priority for the recovery of the country and involve all relevant ministries. Domestic resources should be mobilized to establish social protection floors and extend coverage over time. An estimated LL3,630 billion would be required to launch a modest child allowance, disability allowance and old-age pension, which would be feasible by reallocating one third to one quarter of the resources spent on subsidies.<sup>89</sup> Draft laws reforming the one-time unemployment allowance and private sector pension have sat in parliamentary committees for years and should be prioritized now to protect the most vulnerable from the economic crisis.

##### **National Social Security Fund**

68. The National Social Security Fund is heavily indebted towards hospitals and is in turn owed arrears by the Government and private employers, yet only its net accounts are public. The Fund should be opened to scrutiny by the Central Inspection for increased transparency regarding its balance sheet and financing needs. When the financial sector is restructured, Fund assets, which belong to the public, should be given special consideration in the restructuring process as a guarantee for social security for the population.

##### **National Poverty Targeting Programme and Emergency Social Safety Net**

69. The main social assistance programmes have been largely funded by international organizations, who often hold conflicting visions as to what and whom these programmes should prioritize. The oldest among them, the National Poverty Targeting Programme cash transfer, is funded through donor grants. It covers a meagre 36,000 households – a fraction

<sup>84</sup> Marie Dahdah Kareh, *The Reform of the Tax System in Lebanon: an Impossible Equation?* PhD thesis (2020), pp. 62–66.

<sup>85</sup> Alain Bifani and others, “Which tax policies for Lebanon? Lessons from the past for a challenging future” (2021), p. 5.

<sup>86</sup> ILO, “Vulnerability and social protection gaps assessment - Lebanon”, p. 6.

<sup>87</sup> *Ibid.*, p. 10.

<sup>88</sup> *Ibid.*, p. 12.

<sup>89</sup> ILO and UNICEF, “Towards a social protection floor for Lebanon”, pp. 27 and 30.

of the over 600,000 applicants<sup>90</sup> – and provides up to a paltry \$145 per month. While announcements that the programme will be scaled up have been made, including through the recent launch of the Emergency Social Safety Net, coverage remains exceedingly low, considering that practically the entire population in Lebanon has been impoverished. The take-up of the education and health components of the National Poverty Targeting Programme is also low, with large drops between 2016 and 2017 in particular.<sup>91</sup>

70. Schemes targeted at poverty are ineffective at reaching the poorest, with errors and exclusions plaguing most schemes;<sup>92</sup> the National Poverty Targeting Programme is no exception. There are 241 social development centres tasked with assessing whether households claiming benefits from the programme are truly in need, relying on an utterly inadequate 10-year-old formula and poverty line. Given highly volatile incomes resulting from failed monetary and economy policies, there is no fixed population group called “the poor” whose means could be tested in Lebanon. The proxy means test methodology, still used for the programme, is static and therefore weak at predicting household levels of poverty, leading to design errors and arbitrary selection of recipients. The Special Rapporteur was encouraged to learn that affluence testing will replace means testing for benefit allocation in the ration card and that the Government is open to revising this methodology should international organizations agree on a path forward.

71. The Special Rapporteur met with low-income families around the country who had not been informed about the National Poverty Targeting Programme, could not explain why they had been rejected, despite being worse off than neighbours who had benefited from it, or had chosen not to apply, having lost trust in public administrations and considering that they would be denied benefits if they lacked connections to political parties or influential individuals. Instead of denying this reality, the Government and international organizations providing cash transfers should make establishing transparent allocation criteria a priority.

72. Funding for the Emergency Social Safety Net, aimed at providing 150,000 households with cash transfers, has been recently confirmed by the World Bank through a \$246 million loan. Although it was initially approved in January 2021, the launch of the programme was delayed due to changes to the agreement that the Government sought to impose unilaterally on the World Bank. The programme has now been launched, with 1.6 million individuals registering in only the first few weeks, but it will suffer from the same targeting and methodological limitations as the National Poverty Targeting Programme. Moreover, a third-party monitoring agent is foreseen to verify beneficiary eligibility and audit project implementation, but the budget allocated is insufficient and should be reinforced to improve the transparency and accountability of the programme, including safeguards against corruption and privacy-invasive eligibility controls on the poor.

### **Ration cards**

73. A one-year ration card programme will provide about 300,000 households with monthly transfers of \$93 per family on average, with a total budget of \$556 million. Although the Government was optimistic that donors would support the programme, it still has no confirmed source of funding, whether domestic or international, other than reallocating \$295 million of World Bank funding granted to a now-abandoned public transportation programme.

74. Registration for these programmes is done online through the impact platform, a database overseen by the Central Inspection. While it is a clear improvement, there are risks that families in poverty will be excluded from the programmes unless other, non-digital channels allow for registration as well. It is entirely unrealistic to expect such families to use online tools when they barely enjoy a few hours of electricity per day and lack computers.

<sup>90</sup> World Bank, “Lebanon - emergency national poverty targeting project” (2021), p. 43.

<sup>91</sup> Federica Bastagli and others, *Social Protection in Lebanon: a Review of Social Assistance* (2019), p. 63.

<sup>92</sup> See Stephen Kidd and Diloá Athias, *Hit and Miss: an Assessment of Targeting Effectiveness in Social Protection*, Development Pathways (2019).



The Government should also devise an exit strategy for when donor funding ends by mobilizing domestic resources to establish social protection floors.

## E. Electricity as a human rights issue

75. Electricity has implications for human rights including housing, education, health, water, work and food. Although this does not mean electricity must be free, it does mean that it must be provided through equitable pricing systems that guarantee universal access, while maintaining an efficient, sustainable energy supply to urban and rural areas alike. Both public and private entities can own the generation and distribution utilities, but independent oversight, transparency and accountability are key for compliance with human rights law.

76. *Électricité du Liban* is responsible for the generation, transmission and distribution of electricity in Lebanon. Even before the crisis, it covered only 63 per cent of electricity demand, when fuel was available (still a problem today), and it incurs high technical and non-technical losses amounting to a third of total generation.<sup>93</sup> Law No. 462/2002, already 20 years old, was meant to implement the necessary reforms for the sector, but continued legislative and administrative delays have meant that reforms remain overdue.

### Private sector participation in electricity

77. The unbundling of *Électricité du Liban* will divide the sector and open it to private participation, ultimately allowing for its complete privatization. While some mixed forms of ownership, including public-private partnerships, hold potential for improving transparency and breaking down monopolies, their goal of maximizing profits, as opposed to delivering basic services, often results in higher commercial tariffs than when the distribution utility is publicly-owned.<sup>94</sup> Public-private partnerships can also obscure public borrowing by placing government spending outside public budgets, classifying them as private investments and not as public debt. While the Government assumes that the private sector will finance new infrastructure, such an assumption is unrealistic, given that 80 per cent of total investments in energy infrastructure worldwide comes from public sources.<sup>95</sup> A more realistic plan is needed.

78. Unless proper regulation is adopted, opening the electricity sector up to private participation may have detrimental impacts on low-income groups. As noted by the Committee on Economic, Social and Cultural Rights, private providers should be subject to public service obligations to ensure that the enjoyment of rights set out in the International Covenant on Economic, Social and Cultural Rights are not made conditional on the ability to pay.<sup>96</sup>

### Electricity tariffs

79. The Government is committed to increasing electricity tariffs.<sup>97</sup> However, when tariffs are increased in “blocks”, charging heavy users with higher fees, the poor can be disproportionately affected as meters are often shared in low-income communities.<sup>98</sup> The Special Rapporteur was told by the Government that tariff increases would not affect low-income families, since the new tariffs would be lower than the high cost of private generators, but that response is inadequate. Although generators have certainly proliferated in recent years, people who experience deep poverty do not have access to generators, rendering the

<sup>93</sup> Ali Ahmad and others, “From dysfunctional to functional corruption: the politics of reform in Lebanon’s electricity sector” (2020), p. 4.

<sup>94</sup> See Ahmad F. Alkhuzam and others, “Private versus public electricity distribution utilities: are outcomes different for end-users?”, World Bank Blogs, 3 May 2018.

<sup>95</sup> See World Bank, “Who sponsors infrastructure projects? Disentangling public and private contributions” (2017).

<sup>96</sup> Committee on Economic, Social and Cultural Rights, general comment No. 4 (1991), para. 8 (b) and (f). See also [A/73/396](#).

<sup>97</sup> Ministry of Energy and Water, “Updated policy paper for the electricity sector” (2019).

<sup>98</sup> World Bank, “Key issues in PPPs for the poor” (22 October 2020).

comparison meaningless. A clear strategy to protect low-income earners from cost increases is paramount, whether in the form of social tariffs or otherwise.

### Independent oversight

80. An electricity regulatory authority is contemplated in the amended Law No. 462/2002 and the Ministry of Energy and Water has confirmed that it will be preserved. However, according to the information provided by the Ministry, the authority would only be established once the private sector is involved. One of the purposes of an independent regulatory authority should, however, be precisely to oversee contracts with and concessions to the private sector. The authority must be established before any private sector involvement. It must be accountable, transparent and adequately, predictably funded, and its members should be independent from political authorities, including the Ministry itself, and free from conflicts of interest.

## F. Lack of functioning public services

### Education

81. The education system suffers from government promotion of private schools at the expense of public education. Lebanon heavily subsidizes the private education sector, a policy already criticized by the World Bank. Twenty-eight per cent of all public education expenditures go to the private sector – a subsidization that exacerbates inequality, does not lead to better education and leads to higher dropouts among children from poor households than from the wealthiest.<sup>99</sup> There is little oversight over the private school sector, leading to variable quality standards, overall lower quality and little accountability.<sup>100</sup>

82. Even before the crisis and the COVID-19 pandemic, children in Lebanon had lower than average literacy and numeracy rates, with performance in reading 58 points below the average in the Middle East.<sup>101</sup> Despite this, government expenditure on education as a percentage of total expenditure has continued to decrease over the years. Savings in the new 2022 budget should allow the Government to increase expenditure on education.

### Health care

83. Lebanon is an outlier among middle-income countries in terms of health care. Half the population lacks effective health coverage and it is an extremely fragmented system with four public insurance systems and many private schemes.<sup>102</sup> Annual out-of-pocket payments are exceedingly high, at 32.7 per cent of health expenses, compared to similar countries, such as Turkey or Jordan, and they put people at risk of poverty from catastrophic payments, especially when buying medicines or seeking hospital admission.<sup>103</sup> Temporary, seasonal and informal workers are excluded from the National Social Security Fund health scheme, coverage of part-time workers is limited at best and the scheme for self-employed workers is so poorly designed that most choose not to contribute.<sup>104</sup>

84. The private sector provides 82 per cent of health-care services<sup>105</sup> and the majority of the Government's health-care budget subsidizes inpatient care at private facilities.<sup>106</sup> At the same time, only 17.7 per cent of low-income Lebanese have health insurance, compared to

<sup>99</sup> Husein Abdul-Hamid and Mohamed Yassine, *Political Economy of Education in Lebanon* (Washington D.C., World Bank, 2020), pp. 93–95.

<sup>100</sup> World Bank, "Foundations for building forward better: an education reform path for Lebanon" (2021), p. 22.

<sup>101</sup> World Bank, "Lebanon PISA, 2018".

<sup>102</sup> ILO, *Extending Social Health Protection in Lebanon* (2021), pp. 47–50.

<sup>103</sup> *Ibid.*, p. 12.

<sup>104</sup> *Ibid.*, p. 50.

<sup>105</sup> Institute of Health Management and Social Protection, *National Health Statistics Report in Lebanon* (2012), p. 91.

<sup>106</sup> Ministry of Public Health, Health Indicators, 2017 (latest available), available from <https://moph.gov.lb/en/Pages/8/138/health-indicators>.

88 per cent of the wealthiest 10 per cent.<sup>107</sup> Effectively, therefore, the State subsidizes health care for the wealthiest in Lebanon.

85. The National Social Security Fund has sector-specific regimes that lead to a high degree of fragmentation, confusion among employers and workers, complexity of management and its own increased costs. The Fund should move towards universal coverage by integrating uncovered groups based on employment types, not sectors, and it should include those in the informal sector via flat contributions and mandatory progressive registration, a model that has proven successful even in countries with high informality levels.<sup>108</sup>

## G. The role of the international community

86. The international community is deeply committed to helping Lebanon. However, political stasis, coupled with corruption and past mismanagement of funds, have meant international donors often prefer to work outside government structures. At the same time, the rapidly unfolding humanitarian needs of Lebanon in the last two years have led international donors to scramble aid, adopt opaque benefit distribution methods and become inefficient through overlapping programmes.

87. The international community has a responsibility to ensure that the political establishment in Lebanon, which has resisted reforms thus far, is transparent and accountable to its population. Although the IMF is silent on SDR exchange processes, it is known that one European country gave *carte blanche* to the Government by exchanging the allocated SDRs without demands for transparency or accountability in how they were used. Such *largesse* does a disservice to the Lebanese people.

88. Due diligence and transparency ought to be exercised in how funds are disbursed and how private sector initiatives and non-governmental organizations make use of such funds. Despite the relative transparency of United Nations incoming funds, aid in the aftermath of the Beirut blast remains fuzzily reported in terms of disbursement and investments.<sup>109</sup> The lack of a common negotiating position among donors regarding the multiple exchange rates of the Banque du Liban also led to the loss of at least \$250 million in United Nations aid (50 per cent of contributions).<sup>110</sup> International actors should refrain from prioritizing smooth relationships with the Government and their own goals if it means failing to protect the rights of the population.

## V. Priority recommendations

89. **The Special Rapporteur urges the Government and other relevant stakeholders to prioritize the following issues.**

### A. Protection of groups particularly affected by the crises

90. **The 1925 Nationality Law should be amended to allow Lebanese women to pass their nationality to their children and spouses. The 1951 Personal Status Law should be amended to facilitate birth registration for all children, including children born to stateless parents, and to simplify procedures for children over 1 year of age.**

91. **Education should be guaranteed as a right for all children, regardless of legal status and documentation. It should be prescribed in law that documentation regarding birth, legal residency or nationality is not a requirement for school enrolment, attendance and completion.**

<sup>107</sup> ILO, "Vulnerability and social protection gaps assessment", p. 8.

<sup>108</sup> ILO, *Extending Social Health Protection in Lebanon*, pp. 41–45.

<sup>109</sup> L'Orient Today, "What happened to the international aid promised to Lebanon after the Beirut port blast?", 17 December 2021.

<sup>110</sup> Reuters, "Lebanese banks swallow at least \$250m in U.N. aid", 17 June 2021.

92. The right to work of both Syrian and Palestinian refugees should be guaranteed by legally opening all professions and allowing them to benefit from their National Social Security Fund contributions.

93. The *kafala* system should be abolished and the revised standard unified contract adopted.

94. Women's access to employment should be improved and the gender wage gap addressed.

95. In preparation for accession by Lebanon to the Convention on the Rights of Persons with Disabilities, domestic legislation should be made compatible with the Convention. Lebanon should move away from a medical model of disability, on which Law No. 220/2000 remains largely based, to a social model of disability, including by developing a strong anti-discrimination framework.

## **B. Reversing the effects of the compounded crises**

96. Lebanon should present a credible economic and financial recovery plan where the losses of the Banque du Liban are acknowledged and shouldered by shareholders and wealthy depositors.

97. The Central Inspection should be strengthened, including through stable and predictable multi-year funding and unrestricted oversight over all public administrative bodies.

98. The National Anti-Corruption Strategy (2020–2025) should be effectively implemented, including a transparent appointment process of members of the National Anti-Corruption Commission, free from political interference. Public officials, and a fortiori those in top leadership positions, should publicly disclose their finances to ensure better alignment with the United Nations Convention against Corruption, which Lebanon has ratified.

99. In the expansion of cash transfer programmes, the non-take-up of benefits by low-income households should be addressed by establishing safeguards to prevent targeting from resulting in exclusion. Non-digital registration processes should be developed to ensure that those without Internet access or digital literacy are not excluded from the programmes.

100. A national social protection strategy should be adopted to gradually establish social protection floors. Social protection should be financed by a progressive taxation system that taxes wealth and by tackling tax evasion. If necessary, banking secrecy should be lifted to ensure compliance.

101. As regards electricity sector reform, social tariffication should be considered to ensure any tariff increases and the process of unbundling Électricité du Liban do not disproportionately impact low-income earners. An independent regulatory authority should be established without delay to ensure oversight.

102. Public investment in education and health care should be prioritized in upcoming government budgets.

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