

Rapid Socio-Economic Impact Assessment



September 2020

Abbreviations and acronyms

BoP	balance of payments
BdL	Central Bank of Lebanon
BWE	Bekaa Water Establishment
CERD	Committee on the Elimination of Racial Discrimination
CPI	Corruption Perception Index
EPI	The Expanded Programme on Immunization
FDI	foreign direct investment
FRP	Financial Recovery Plan of the Lebanese government
FTS	flight to safety
FTQ	flight to quality
GDP	gross domestic product
ICU	intensive care unit
ILO	International Labour Organization
ISF	International Security Forces
IMF	International Monetary Fund
IMF	Independent Municipal Fund
LBP	Lebanese pound
MDW	migrant domestic workers
MEHE	Ministry of Education and Higher Education
MENA	Middle East and North Africa
MoPH	Ministry of Public Health
MoSA	Ministry of Social Affairs
MSF	Médecins Sans Frontières
MSME	micro, small and medium-sized enterprise
MVA	manufacturing value added
NACI	National Anti-Corruption Institution
NACS	National Anti-Corruption Strategy
NCD	non-communicable disease
NFE	non formal education center
NGO	non-governmental organization
NLWE	North Lebanon Water Establishment
NSSF	National Social Security Fund
NPTP	National Poverty Targeting Programme
NWFP	non-wood forest products
ODA	Official Development Assistance
PHC	primary health care
PPE	personal protective equipment
SDGs	Sustainable Development Goals
SGBV	Sexual and Gender Based Violence
SME	small and medium size enterprise
SSN	social safety net
SPRP	Covid-19 Strategic Preparedness and Response Plan
SMEB	Survival Minimum Expenditure Basket
SCP	sustainable consumption and production
TMS	Tension Monitoring System
SY	school year
UN	United Nations
UNHCR	United Nations High Commissioner for Human Rights
UNIDO	United Nations Industrial Development Organization
WASH	Water, Sanitation and Hygiene Services
WB	World Bank
WFP	United Nations World Food Programme
WHO	World Health Organization
YoY	year over year

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I. Executive Summary

The COVID-19 pandemic reached Lebanon at a particularly sensitive time, with regional political pressures piling up and internal turmoil brewing. Internally, decades of negligence, as well as political stalemate, started to manifest in a crumbling infrastructure (i.e. energy, water, waste management), a waste crisis, and a rapidly deteriorating economic situation. Since 2011, the Syria Crisis spillover meant, among other things, that Lebanon would host the largest per capita number of Syrian refugees worldwide. The build-up of the Lebanese frustrations over the years, fueled by increased corruption and declining quality of services (e.g. due to lack of electricity, water shortages, lack of waste treatment, etc.), topped by a rapid devaluation of the Lebanese pound secondary to a severe fiscal crisis, culminated in nationwide protests in October 2019 which were unprecedented in scale and in their broad-based and diverse participation. Moreover, emerging developments that followed- namely the COVID-19 pandemic as well as the August 4th Beirut blast- are yet another scorching call for urgency in implementing reforms so as to lessen the pain and poverty afflicting the people, unlock much-needed international support, and a transparent and efficient state that serves as a duty-bearer towards the people on its territory.

This summary provides an overview of the socio-economic impact of the crises that struck Lebanon to inform an immediate socio-economic response. The chapters follow the

structure of the overall UN Socio-Economic Framework launched by the Secretary-General in April 2020 to deliver “emergency development” support according to the below five pillars. Further information on WASH, shelter, solid waste, protection, human rights, green economy and gender can be found in the full report.

I. Health First: Protecting Health Services and Systems during the Crisis

Pre-COVID, Lebanon faced a number of challenges in the health sector- namely a measles outbreak, rising cancer and cardiovascular disease prevalence, and significant prevalence of water-borne diarrheas and zoonotic diseases, among other diseases illustrated *in Table 1 below*. The 2019-2020 period, mired by an economic crisis, a health pandemic and a massive explosion, witnessed a drop in the continuity of essential health services, from immunization to reproductive health and nutrition services, thereby threatening to drastically lower access to medical coverage, and consequently to undo the accomplishments of the past decade. In an atmosphere of lack of affordability of medical services, local restrictions on foreign currency and globally imposed limits on exports, medical facilities started to face an acute shortage of medications and medical equipment, with grave repercussions for the sector.

Table 1: Top 10 leading causes of hospital reported deaths* by gender, 2017

Males	%	Females	%
Malignant neoplasm of bronchus or lung, unspecified	4.6	Malignant neoplasm of breast, unspecified	2.7
Acute myocardial infarction, unspecified	3.0	Malignant neoplasm of bronchus or lung, lower lobe	2.2
Pneumonia, unspecified	2.2	Acute myocardial infarction, unspecified	2.0
Exposure to unspecified factor, causing other and unspecified injury	2.1	Pneumonia, unspecified	1.7
Acute renal failure, unspecified	1.4	Acute renal failure, unspecified	1.5
Intracerebral hemorrhage, unspecified	1.2	Malignant neoplasm of colon, unspecified	0.9
Malignant neoplasm of colon, unspecified	1.2	Malignant neoplasm of pancreas, unspecified	0.8
Malignant neoplasm of pancreas, unspecified	1.1	Intracerebral hemorrhage, unspecified	0.8

Malignant neoplasm of prostate	1.1	Stroke, not specified as hemorrhage or infarction	0.7
Malignant neoplasm of bladder, unspecified	0.8	Exposure to unspecified factor, causing other and unspecified injury	0.7

Source: Hospital Mortality System (HMS), Statistics Department, MOPH (12-11-2018)

*The underlying cause of death was selected using the IRIS software a coding system based on international standard

Austerity measures meant the government would allocate only 5 million USD per month for the procurement of medical supplies for the private sector, while the required amount was 20 million per month, which will exacerbate the existing shortage in these supplies. Worse, the sustainability of private hospitals is at risk, with accumulated overdue unpaid bills by the government amounting to 2.2 trillion LBP (around 1.5 billion USD). Scarcity of foreign currency to procure supplies and equipment is an additional burden factor triggering the downsizing of the private sector. Human resources for health are desperately needed to support the current staff, who are facing a variety of challenges- including lay-offs, pay-cuts, an overwhelmingly high patient-to-nurse ratio, and an unsafe work environment. As the private sector downsizes, medical practitioners report declining incomes by 50% at least, which may lead to doctors' emigration and medical expertise drain. Ultimately, these developments will result in increased mortality and morbidity rate.

Unfortunately, the austerity plan also resulted in the discontinuation of programs and health services supported by the MoPH. The MOPH is operating with 45% of its capacity in human resources, and additional support is needed for the survival of critical programs at the MOPH; this is not possible due to the freezing of recruitment at the public sector since 2010; for the past two years, the MOPH defaulted in subsidizing the chronic and acute medications dedicated to the most vulnerable populations at PHC, hence jeopardizing further population health.

A World Bank loan of 40 million USD was repurposed to support a COVID-19 response capacity upgrade (procurement, private labs, staffing, etc.). Moreover, the private sector, which provides most healthcare services (85%), and the public sector, lack the minimum

number of required ICU beds for the expected peak. The international community contributed to upgrading the public hospitals' capacity for COVID-19, increasing total beds in the public sector by around 20%. The total required number of medical beds for COVID-19 cases is estimated at 3,900 and 700 beds for ICU cases at the peak of the outbreak. Out of 700 ICU beds needed, the private sector had committed to 260, and the international community is preparing for an additional 119, leaving a gap of 160 ICU beds.

II. Protecting People: Social Protection and Basic Services

Prior to the COVID-19 pandemic, **social protection** systems in Lebanon were weak and highly fragmented- leaving a significant portion of the population, including the most vulnerable- largely unprotected. The overall lack of coverage is accompanied by a large degree of informality, ad-hoc interventions, gender discrimination, thus creating high reliance on the private sector, civil society and faith-based organizations, especially in the health, social and education sectors.

Government spending on social protection, defined as social insurance, services and assistance, typically includes spending on education, housing and healthcare provision. However, since 2012, social policy measures in Lebanon focused mostly on increasing public sector salaries and social transfers, while

health, education and other social services received reduced funding¹.

The COVID-19 pandemic came as a massive aggravating factor, adding additional layers of vulnerability, and thus adding more pressure on vulnerable groups and poor households. Two out of every three Lebanese households suffered from a reduced income compared to the previous year, while about 10 percent across all groups reported that their households are resorting to alternative income sources to make ends meet². Women have been disproportionately affected, especially in areas like gender discrimination in pensions, social insurance, and social assistance, support for gender-based violence and sexual and reproductive rights. Additionally, the presence of large refugee populations adds to the pressure on public services and infrastructure.

Poverty is on the rise. The World Bank estimates overall poverty prevalence in 2020 at 45 to 50% (up from 37% in 2019) with extreme poverty (food poverty) to reach 22% (up from 16% in 2019). According to these estimates, as many as 356,000 Lebanese households are considered poor, including 156,000 extremely poor households, with an estimate of 841,000 affected individuals. With respect to Syrian refugees an overwhelming (and growing) majority of refugee families (78%) are experiencing difficulties buying food due to lack of money, an issue which is particularly acute in the South (91%) and for the elderly, persons with disabilities and refugees with critical medical conditions (88%)³. WFP estimates that in 2020, about 1,245,000 refugees may fall under the Survival

Minimum Expenditure Basket (SMEB)⁴, compared to 825,000 in 2019.

Given an increase of 109% in the price of items in the Survival Minimum Expenditure Basket between September 2019 and May 2020, households' ability to **access adequate food** will be severely impacted.⁵ This rising concern of food insecurity will lead to an increase in food coping strategies (e.g. reduced consumption), causing micronutrient deficiencies and could lead to widespread malnutrition in the longer term, the latter already visible in some areas among children. In addition to reducing food consumption, findings show that refugees are reducing expenses on health-related costs, sending their children out to work, and going into further debt in order to meet families' basic needs.⁶ The MEED specifically found that 92% of Syrian refugee families and 71% of non-Syrian families have incurred new debt since March 2020, forced to borrow money to pay for basic necessities since the COVID-19 crisis began.

Relative to other countries in the MENA region, Lebanon has a low public spending on **education** (2.1% of GDP and 6.3% of total government expenditure between 2013 and 2015), and the new budget decreased education allocations by 7%⁷. The immediate impact is that already weak public education infrastructure will not be able to cope with expected move in large numbers from private to public schools as poverty increases due to the economic and financial crisis and COVID-19 pandemic and the forced distance learning from the COVID-19 lockdown. Therefore, grave consequences are expected to follow,

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https://www.unescwa.org/sites/www.unescwa.org/files/page_attachments/changes-expenditure-social-protection-arab-countries.pdf (p. 21)

² <https://docs.wfp.org/api/documents/WFP-0000116784/download/>

³ UNHCR's Protection Monitoring conducted during March-June

⁴ <https://reliefweb.int/report/lebanon/minimum-expenditure-basket-syrian-refugees-lebanon-rights-based-versus-expenditure>

⁵ The right to food is recognized in the Universal Declaration of Human Rights and is enshrined in the International Covenant on Economic, Social and Cultural Rights to which Lebanon is a State party. It is a right to all nutritional elements that a person needs to live a healthy and active life, and to the means to access them (See OHCHR & FAO, The Right to Adequate Food, Fact Sheet No. 34 -

<https://www.ohchr.org/Documents/Publications/FactSheet34e.n.pdf>

⁶ UNHCR's Protection Monitoring conducted during March-June

⁷ <https://www.lcps-lebanon.org/agendaArticle.php?id=154>

including further disparity between private-public educational outcomes, increase in drop-out rates, criminal activity, and worst forms of child labor, especially among Lebanese and refugees living in poverty. Despite the lack of data, the impact will certainly be felt beyond the “lost” 2019/20 school year.

Access to other rights, such as water and hygiene, adequate shelter, and solid waste management⁸ is also deteriorating as a result of the economic crisis and forcing people to resort to harmful coping strategies, such as child labor, and leading to increased exploitation, SGBV including domestic violence. Groups in a vulnerable position, such as poor Lebanese, refugees and migrant workers, are particularly impacted..

III. Macro-Economic Response

The COVID-19 pandemic struck Lebanon amid a soaring macro-economic, monetary, financial and fiscal crisis, limiting the Government’s

ability to bring forth an adequate response to mitigate the crisis. As of the third quarter of 2019, major economic indicators started to deteriorate, and this trend accelerated following Lebanon’s first official default on its Eurobond obligations on 9th of March, 2020. In the process, Lebanon has been enduring rapid depreciation of the Lebanese currency, soaring inflation, a deteriorating fiscal balance, and huge deficits in the balance of payments. Prior to the August 4th Beirut blast, the domestic economy was expected to contract during the coming two years at -13.8% for 2020 and -4.4% for 2021, as illustrated in **Figure 1 below**. These figures confirm that the government should urgently carry out much-needed fiscal, financial, monetary and structural reform measures to address fiscal deficit and to put public debt management back on a sustainable track. The Beirut Port explosion will further deepen the economic contraction at least in the short term. The political turmoil and the public rage following the explosion pushed the short-lived Government to resign, prior to initiating any concrete economic reform plan.

Figure 1: Economic growth rate projections in pre and post COVID-19 crisis (%)



Sources: (1) pre-crisis: World Bank Lebanese Economic Monitor, fall 2019; (2) post COVID-19 crisis: The Lebanese Government Reform Program, April 2020

The economic turmoil had a huge toll on the real sector- particularly the services sector, and on other productive sectors such as agriculture and industry. As the real economy suffered, the Lebanese central bank took the pre-emptive move of increasing interest rates to shore up foreign currency reserves and

make up for the fall in external inflows of US Dollars.

External financial flows to Lebanon, presented in figure 2 below, decreased in the past decade from US\$ 12.94 billion in 2009 to US\$ 10.99 billion in 2018. Foreign direct investment was badly affected as growth performance faltered

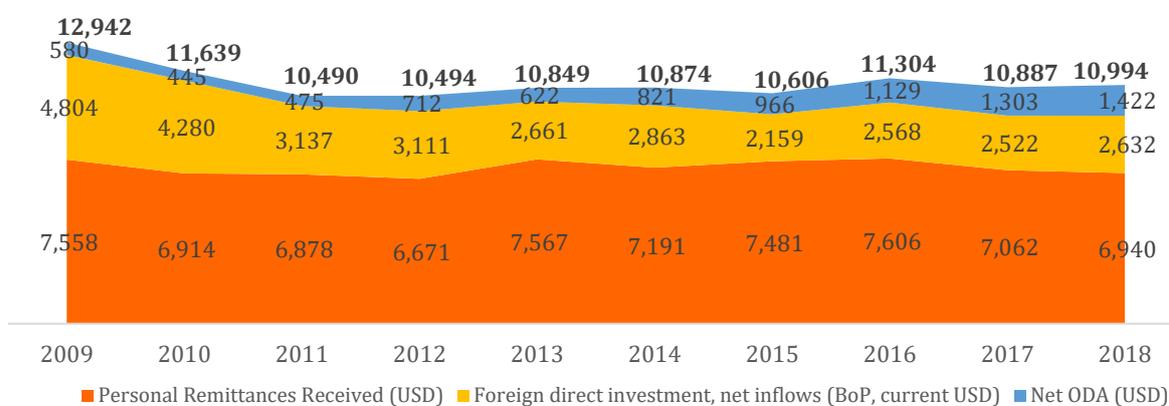
⁸ For a 2014 baseline refer to: <http://www.moe.gov.lb/getattachment/-/التوجيه-البيبي/معلومات/>

2-LEBANON-COUNTRY-REPORT-ON-SWM-2014.pdf.aspx?lang=ar-LB

after 2010 with the eruption of the Syria crisis and confidence in growth opportunities

started to erode due to the lack of structural and sectoral reforms.

Figure 2: External financial flows (in USD million)



Source: OECD data

The Lebanese pound peg to the Dollar, long hailed as an anchor of stability of the Lebanese banking sector and economy, was shaken in October 2019. The shortage of dollars in the system created fertile ground for a thriving exchange rate black market, with fear leading exchange rate movements rather than economic fundamentals. Unofficial capital controls were put in place as of November 2019, limiting the withdrawal of USD from the banking system, affecting businesses imports, people's savings and Lebanese students living abroad. At the peak of the frenzy, the black market traded the greenback at above 10,000 LBP/USD, with fluctuations mainly staying between 7,000 LBP/USD to 10,000 LBP/USD. The dollar shortage and the black-market trade primarily affect imports and prices of goods, thus contributing directly to the spiral of inflation, the subsequent rise in the price of the Lebanese basket of food and traded goods and poverty. To offset this impact and to keep local prices under control, the Central Bank pursued a foreign exchange rate subsidy policy covering three strategic vital goods, namely fuel, medicines and wheat that cannot be sustained in the longer term and thus could

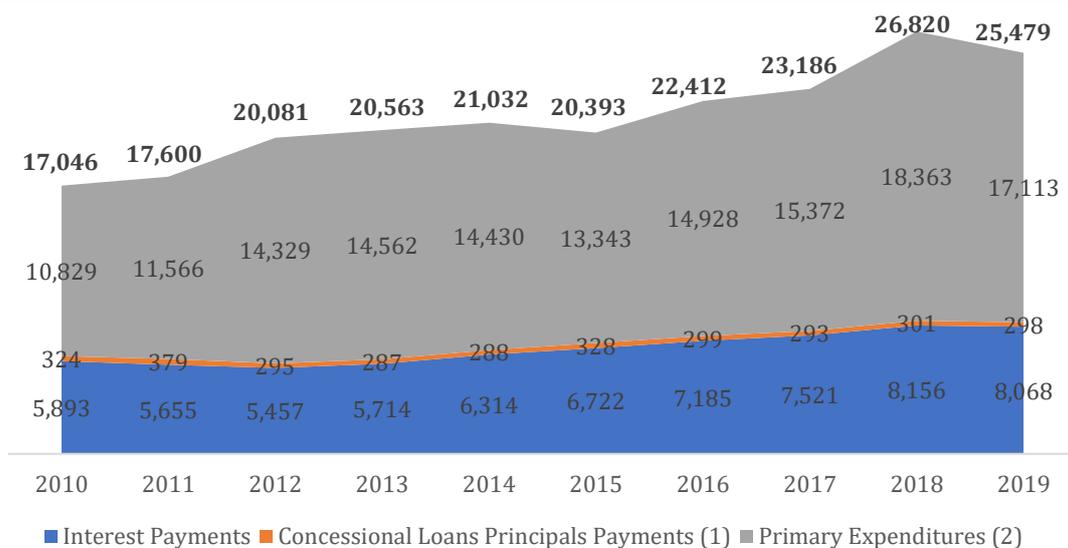
lead to devastating consequences to the lives of the population. In parallel, the real economy, including vital productive sectors, continue to disintegrate. By June 2020,

inflation had reached an annual level of 90%, and this rate is much higher when looking at specific food products and staple items.

On the fiscal front, the fiscal deficit continued to widen as well, reaching 13.7% of GDP in 2019, and it is expected to further increase to 14.1% of GDP by 2021. This large deficit is explained by high expenditures against a steep decrease in revenues. During the first four months of 2020, expenditures reached USD 4.55 billion, which is similar to previous years, thus reflecting a clear inability of the Government to curb down non-essential expenditure as planned in budget law 2020. As for the ability to raise taxes, tax revenues dropped by 12.5% during the first quarter of 2020 compared to a year earlier, with the largest decline in customs and value-added tax revenues, which fell by 51.5% and 42.3% respectively during the quarter. **Figure 3 below** presents a summary of Government expenditures over the past decade.

As for the current account deficit, it represented 20.6% of GDP in 2019, driven mainly by a significant trade deficit of USD 15.51 billion, equivalent to 29 percent of GDP. In the first quarter of 2020, the trade deficit reached USD 2.02 billion compared to USD 4.09 billion during the first quarter of 2019.

Figure 3: Expenditure summary (in LBP Billion, per year)



Source: <http://www.finance.gov.lb/en-us/Finance/Rep-Pub/DRI-MOF/PFR>

1/ Includes only principal repayments of concessional loans earmarked for project financing.

2/ Primary expenditures exclude debt-related payments (Interest payments and concessional loans principal repayment)

The economy's external position worsened, feeding into a critical monetary position. The balance of payments (BoP) continues to report a significant deficit, reaching USD 1.3 billion at the end of April 2020, compared to a higher deficit of USD 3.3 billion in the same period of 2019, and to a total deficit of USD 5.85 billion during 2019. Pressure on the Central Bank (BdL) foreign currency reserves increased resulting in a downward trend in these reserves mainly to settle the import bill for vital goods (fuel, medicine, and wheat). Otherwise, prices of these goods would have sharply increased or supply jeopardized.

While governmental efforts were in place to restructure domestic debt through an IMF programme, no deal was reached due to lack of agreement on losses and how to cover them, thereby resulting in an inability to free the needed fiscal space that could be allocated towards urgent and necessary social spending. The Government of Lebanon had approved an economic and financial recovery plan on 30 April 2020, based on nine main pillars.⁹ : Unfortunately, disagreements between the Government, Parliament, the Central Bank and

commercial banks have led to fruitless political bickering without any reforms, leading to the resignation of the government.

IV. Economic Response and Recovery

For decades, the Lebanese economy has suffered from un-competitiveness and a chronic unproductive business environment. High cost of production, low levels of investment, adverse geo-political conditions as well governance and institutional challenges have made businesses, especially small and medium sized enterprises (SMEs), less resilient to shocks, and largely unable to withstand recurring crises.

Due to capital restrictions imposed since November 2019', suppliers have been facing difficulties in purchasing raw material or final products, significantly affecting operations in the agriculture and industrial sectors. These capital restrictions, coupled with the rise in prices and fall in purchasing power due to the depreciation of the Lebanese pound and decrease in overall demand from the lockdown and economic crisis, led to a sharp reduction in revenue and affected businesses across all

⁹ 1- Revamping the currency peg, 2- Comprehensive debt restructuring, 3- Comprehensive restructuring of the financial system, 4- A strong phased fiscal adjustment, 5- Growth-enhancing reforms, 6- A social sector reform, 7- A national

anti-corruption strategy, 8- An environmental reform and a national sustainable development strategy, 9- An International financial assistance at favorable terms.

sectors. The result is more people dragged into poverty, in the form of job cuts, wage reductions, and deteriorating working conditions. Statistics Lebanon announced that 5,500 factories shut down during 2019, and the head of Lebanon's syndicate stated that 785 restaurants and cafes closed by February 2020 and 25,000 people in this sector were laid off. The situation is likely to have worsened in the last few months and following the Beirut port explosion, and businesses who are still operating are also struggling to survive. SMEs were hit hard, with surveys showing that 10% of workers were laid off and 22% temporarily laid off. The longer it takes to relaunch the economy, the less businesses will be able to survive and get back to work.

As for productive sectors, the **agricultural production** is predicted to decline by 38% in 2020 in comparison with 2018 figures (decrease of 47% for plant products and a decrease of 26% for animal products). Due to the reliance on imports of agricultural inputs (seeds, fertilizers, pesticides and animal feed), and due to liquidity and cash flow problems, yields and livestock production are likely to decrease as farmers move towards cheaper agriculture input substitutes. Low agricultural production is likely to reduce the demand in seasonal and casual labor, and therefore declining livelihood options of those laborers. The mobility restrictions also increase the inability of farmers to sell the produce they do grow. This will directly impact Syrian refugees since agriculture is one of the three sectors in which they are legally allowed to work and have been working, and will push them into deeper poverty.

The **industrial sector**, likewise, is experiencing a reversal of previous achievements, with a decline in manufacturing value added (MVA) as a share of GDP from 9.4% in 2013 to 7.2% in 2018, and the decline of MVA per capita by 44% during the same period. The trend is projected to continue well into 2020- with factors most affecting the sector being a rising cost of production (including the cost of imported inputs), slow inventory turnover, declining sales from weak domestic markets, decrease in productivity due to social

distancing measures and declining job opportunities including increased unemployment and reduced salaries. Based on UNIDO's assessment, the financial restrictions have mostly affected non-exporting companies due to lack of access to fresh USD required for the import of raw material. The impact was particularly severe on the construction sector which represents approximately 4% of GDP as well as related manufacturing sub-sectors (furniture, metal, aluminum, glass, paints).

The **services sector**, long touted as the defining feature of the Lebanese economy, was hard hit by the economic meltdown as well as the COVID-19 pandemic and the recent Beirut blast. Services represented more than 72.4% of the Lebanese GDP from 2004-2016 and are characterized by low productivity and employment of high-skilled labor. Real estate, wholesale and retail trade, public administration services, tourism and financial services are the largest service sectors in the country. The real estate sector, contrary to other sectors, witnessed a short-lived improvement for the first time in a decade, as the impossibility of transferring funds abroad and the devaluation of the Lebanese Pound lured people into buying real estate as a safe haven. Tourism, on the other hand, was affected by the closure of the airport whereby tourist arrivals in the first 5 months of 2020 were down by 72%, resulting in hotel occupancy rates averaging 14% during January-May 2020, compared to 67.9% and 58.66% during the same periods of 2019 and 2018.

As for the banking sector, which constitutes 7% of the national GDP, the banking sector balance sheet had reached \$234 billion by June 2018, over four times the country's GDP, and consisted mainly of private sector deposits. Having incurred huge losses over the past years, there still is no clear assessment of the impact of the economic crisis on the banking sector.

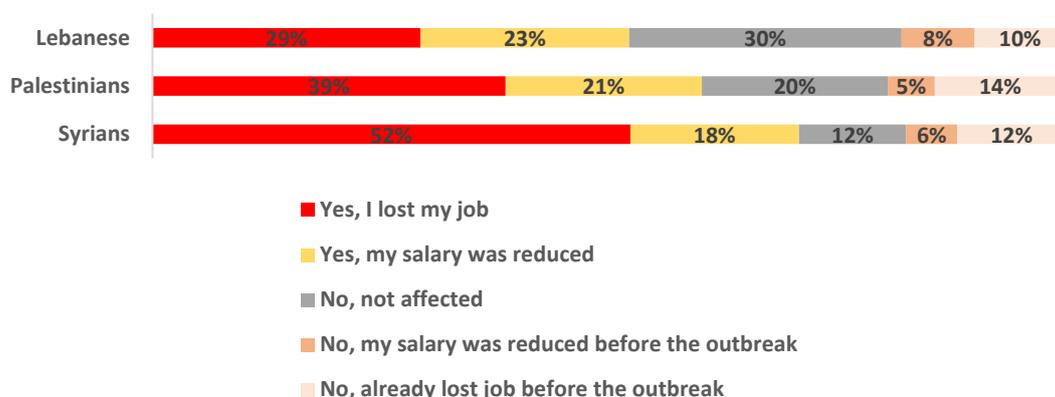
In terms of employment and job creation, the latest official figures reveal that unemployment stood at 11.4% by 2019, with female (14.3%) and youth rates (23.3%)

significantly higher than the overall average. Among the different cazas in Lebanon, highest levels were observed in two main clusters; the North-west of the country (Minieh-Danniyeh, Tripoli, Zgharta, Koura, Bcharre, Batroun and Jbeil) and in the Center-south of the country (Beirut, Baabda, Zahle, Aley, West Bekaa, Choufa and Rachaya). While no updated

official unemployment figures reflecting the impact of the financial and health crises exist, some estimates have suggested that the

overall unemployment rate in Lebanon might have already reached 40% by February 2020 and can potentially rise to 50% by the end of the year, with female, youth, informal and low-wage workers most impacted. A recent survey by WFP targeting Lebanese population as well as Syrian and Palestinian refugees found that 19% of Lebanese respondents had lost their jobs before the lockdown started, and an additional 29% became jobless since the outbreak of COVID-19. The survey results are illustrated in **Figure 4 below**.

Figure 4 Employment and Job Survey of Lebanese and Refugee Populations in Lebanon



Source: WFP, 2020, Assessing the impact of the Economic and COVID-19 crisis in Lebanon

The expectation is that more Lebanese families will be prepared to take on lower-quality jobs with worse conditions, that previously were assumed by refugees, leading to anticipated tensions between Lebanese and non-Lebanese communities as it has been the main driver of tensions in the past.

V. Social Cohesion and Community Resilience

The COVID-19 crisis, coming amid a fragile country setting and a soaring economic and fiscal crisis, exerts additional strains on social cohesion, particularly in terms of weakening institutions, exacerbating governance challenges, hampering the rule of law, imposing serious threats to basic human rights, and largely threatening community resilience. The Hassan Diab Government's ministerial

statement presented an ambitious reform agenda and expressed an explicit commitment to reform the judicial system, fight corruption, improve financial and monetary stance, strengthen social safety nets, reform the power sector, and to stimulate economic growth.¹⁰ However, the aforementioned reforms were not carried out, and the Government resigned shortly following the Beirut blast.

In terms of governance, the pandemic exacerbated pre-existing structural and sectoral challenges. COVID-19 containment measures have affected the performance of already weak public institutions due to the absence of business continuity plans and intermittent access to electricity at homes, let alone previous delays in Parliament and Cabinet to undertake reforms. The existing

¹⁰ The ministerial statement presented to parliament by the current Government to gain the vote of confidence, February 11, 2020

institutional and legal context for fighting corruption acts as a barrier for efficient and effective response to COVID-19 and for addressing implications of the economic crises. Three draft laws are currently discussed in Parliament and await approval, namely the illicit enrichment, recovery of stolen assets and banking secrecy. In the absence of transparency and accountability, Lebanon will find it hard to attract donor and aid money to address structural problems.

On another front, the pandemic presented a multitude of challenges to the rule of law. The Government resorted to prudent far-reaching measures, restricting the movement of residents, some more than others, and shutting down businesses in different economic sectors and has declared a state of emergency (General mobilization). Although data on the impact of the judiciary is still weak, COVID-19 impacts detention facilities and the judicial procedures. Such procedures have been postponed or undertaken online, causing delays.

Human rights have also deteriorated as a result of COVID-19 and the economic crisis. In particular, large segments of the population are increasingly unable to realize their human rights to adequate food, health, water and sanitation, education, decent work and housing. Poor areas and disadvantaged communities were disproportionately hit, along with vulnerable groups that include female-headed households, youth, children, elderly, people with disabilities, refugees and migrant workers¹¹.

On the local governance and community resilience front, the economic crisis is expected to exacerbate frustration, mistrust, and a sense of injustice among residents- including Lebanese and non-Lebanese- as poverty increases, particularly over access to services, jobs and livelihoods, which have become

scarce due to the economic/financial crisis and the lockdown period. Municipalities, in this regard, play a pivotal role in responding to the immediate needs of local communities and have been attributed larger responsibilities, however, the economic crisis is affecting municipal funding, largely hampering municipal capacity to carry a variety of essential tasks to fight the pandemic.

Conclusion

The socio-economic status-quo that prevailed for the past 30 years in Lebanon, has imploded with mass protests demanding economic opportunity, transparency, accountability, and good governance, among others. The concurrent COVID-19 pandemic further exposed the fragility of the Lebanese economy, systems and policies. In brief, the emerging developments confirm that Lebanon cannot continue to do business as usual. However, a return to a 'new normal' in Lebanon seems a long way away given its history and the current political, social, economic and environmental crises which require concerted political efforts. External resources, both financial and technical are critical to Lebanon's recovery and reconstruction. Policymakers are urged to re-evaluate the Lebanese economic model and implement quick but also deep and lengthy reforms so as to regain local and international confidence and trust, unlock vital aid, and provide a proper quality of life for all its residents, including refugees and migrant workers, to not leave anyone behind.

While in some countries the Socio-Economic Response may present an opportunity to rethink, repurpose and address existing and exacerbated socio-economic challenges imposed by COVID-19, for Lebanon - it must also include recovery and reconstruction priorities following the Beirut port explosion - to build better.

¹¹ Advocacy statement/key messages on evictions due for release by the Protection Sector on 16 July 2020, as well as a

joint UN advocacy statement on forced evictions currently being drafted by UN-Habitat in conjunction with OHCHR.

II. Introduction: context

The COVID-19 pandemic reached Lebanon in February 2020 at a time when the country was already suffering from multiple and complex development, and humanitarian challenges. In addition to domestic issues, exposure to regional conflicts meant that Lebanon not only hosted the largest number of Syrian refugees per capita since 2011, but that its rickety infrastructure (i.e. energy, water, waste management) and markets (e.g. labor) struggled to cope with the additional needs.

Accumulating over many years, Lebanese frustrations (e.g. due to lack of electricity, water shortages, lack of waste treatment, etc.) erupted in nationwide protests in October 2019. These were unprecedented in scale, and in their broad-based and diverse participation, and eventually resulted in the resignation of Saad Hariri's government, with the subsequent establishment of a 'new' government under Hassan Diab as Prime Minister. The protests voiced the despair of the Lebanese population vis-à-vis a failing governance structure that caused a climax of social, macro-economic, fiscal, environmental and security challenges. Despite the formation of a new government, the protests continued deep into 2020, blaming the sectarian patronage-based political system for overall poor governance, debilitating economic mismanagement, squandering employment prospects and entrenching corruption at all levels of the country.

Key demands of the protests include the formation of an apolitical technocratic government, an independent judiciary, good governance reforms, accountability for and elimination of corruption, the recovery of stolen public funds, and early, transparent parliamentary elections. Despite the Government's adoption of a comprehensive Financial Recovery Plan (FRP) that opened

doors to discussions with the International Monetary Funds (IMF), disagreements amongst and between the political and financial institutions, over the magnitude of the financial losses and who should bear the brunt of these losses, continue to paralyze the whole country and its people.

Complex crises are not a new phenomenon in Lebanon. It is a country mired in multiple long-term challenges, including geopolitical powerplays capable of translating into security threats, political upheavals, flare-ups of internal conflicts, institutional fragility, infrastructure deficiencies and deterioration, social disparities, economic uncertainties and weak capacities for decent job creation. The COVID-19 pandemic was a magnifying lens that further exacerbated and deepened Lebanon's pre-existing structural development challenges and inequalities.

Prior to the outbreak of the COVID-19 pandemic in the country, the World Bank (WB) estimated that - as a direct result of local currency depreciation and the resulting spike in inflation - the economic and financial crisis would lead to a surge in poverty levels among the Lebanese people by up to 50% by the end of 2020 with already vulnerable and marginalized populations disproportionately affected. Those already vulnerable and discriminated against, including women, LGBTIQ+ persons, children, the elderly, low-wage earners, persons with disabilities, migrant workers and refugees are particularly affected. As an example: the current (pre-explosion) economic contraction means that women's overall employment in Lebanon is estimated to reduce by 14-19%,¹² a significant

¹² Estimates based on contraction up to the first quarter of 2020. Forthcoming report. Salti, N and Mezher, N. June 2020.

"Women on the verge of an economic breakdown". UN Women.

concern given women's participation in the economy stands at only 29%.¹³

The COVID-19 pandemic and its accompanying measures of containment and mitigation (e.g. the three month lock-down) likely broadens and accelerates the surge in multi-dimensional poverty, i) horizontally, as more people are falling into the poverty trap; and ii) vertically, as the magnitude and severity of poverty will be much bigger and impact all social sectors and strata of the population.

Despite the urgency and necessity for deep structural and institutional reforms - not only to stabilize the accelerating economic crisis but also in response to the legitimate demands of the Lebanese people expressed through the protests - there has been very limited progress.

1. [Health First: Protecting Health Services and Systems during the Crisis](#)
2. [Protecting People: Social Protection and Basic Services](#)
3. [Economic Response and Recovery: Protecting Jobs, Small and Medium-Sized Enterprises, and Informal Sector Workers](#)
4. [Macroeconomic Response and Multilateral Collaboration](#)
5. [Social Cohesion and Community Resilience.](#)

The anchor for the analysis is the 2030 Agenda for Sustainable Development with the principle of "leaving no one behind" as a guiding reference. The compounding effect of COVID-19, the financial and economic crisis, and pre-existing conditions necessitate particular attention to ensure the immediate development response reaches all those in need.

On 4 August 2020, the explosion at the Beirut Port area killed more than 160 people, injured more than five thousand, and destroyed more than 300,000 homes in several neighborhoods of east Beirut. The large-scale destruction not only flattened vital infrastructure such as hospitals, schools and homes, but also severed the country's major lifeline crucial for trade, including food and medicines. While a thorough and full assessment of the damage, as well as an investigation into the cause of the

Even though yet another government has collapsed within less than a year, the appointments processes remain subject to sectarian quota sharing, meaningful measures have not been taken or been even proposed to reform the electricity sector, nor have fair capital controls been passed to address the banking crisis or attempts been made to unify the multiple exchange rates.

Against the complex crisis context in Lebanon, the following chapters provide an overview of the impact of the different crises and pandemic for an immediate socio-economic response. The chapters follow the logic of the overall UN Framework proposed by the Secretary-General in April 2020 to deliver socio-economic support under emergency conditions according to five analytical pillars:

explosion are ongoing, the ruins of the main grain silo in the port clearly visualize the socio-economic hardships ahead for a population that was already under severe strain.

The Beirut port explosion re-erupted mass-scale protests voicing concerns over accumulated negligence, mismanagement and incompetence, and dissatisfaction with the current sectarian power-sharing formula. The impact of the port explosion and the entrenched economic/financial crisis, coupled with the COVID-19 pandemic, are expected to exacerbate existing tensions and insecurities, and result in new social and economic vulnerabilities. The UN and partners are currently working towards assessing the damages and identifying the needs following the blast, which will be used to update this socio-economic impact assessment of the country.

¹³ Lebanon Labour Force and Households' Living Conditions Survey 2018-2019.

III. Impact analysis in the five workstreams

Pillar 1: Health First- Protecting health services and systems during the crisis



1.1 Epidemiology and population health status

Sustainable Development Goals (SDGs): 3.1, 3.4, 3.8, 5.2

Lebanon faced numerous challenges in the health sector prior to the COVID-19 pandemic. In late 2018 and throughout 2019, Lebanon was facing a measles outbreak as a result of suboptimal vaccination coverage in several areas of the country which necessitated the implementation of a national measles/polio campaign. Lebanon is also in epidemiologic transition, where mortality in the population

shifts from a high mortality among infants and children to one of degenerative and human-made diseases affecting principally the elderly. Communicable diseases, especially water borne diarrheas and zoonotic diseases, are quite prevalent, and non-communicable diseases, namely cancer and cardiovascular diseases, are on the rise. **Table 1** details the top ten leading causes of hospital-reported deaths.

Table 1: Top ten leading causes of hospital reported deaths* by gender, 2017

Males	%	Females	%
Malignant neoplasm of bronchus or lung, unspecified	4.6	Malignant neoplasm of breast, unspecified	2.7
Acute myocardial infarction, unspecified	3.0	Malignant neoplasm of bronchus or lung, lower lobe	2.2

Pneumonia, unspecified	2.2	Acute myocardial infarction, unspecified	2.0
Exposure to unspecified factor, causing other and unspecified injury	2.1	Pneumonia, unspecified	1.7
Acute renal failure, unspecified	1.4	Acute renal failure, unspecified	1.5
Intracerebral hemorrhage, unspecified	1.2	Malignant neoplasm of colon, unspecified	0.9
Malignant neoplasm of colon, unspecified	1.2	Malignant neoplasm of pancreas, unspecified	0.8
Malignant neoplasm of pancreas, unspecified	1.1	Intracerebral hemorrhage, unspecified	0.8
Malignant neoplasm of prostate	1.1	Stroke, not specified as hemorrhage or infarction	0.7
Malignant neoplasm of bladder, unspecified	0.8	Exposure to unspecified factor, causing other and unspecified injury	0.7

Source: Hospital Mortality System (HMS), Statistics Department, MOPH (12-11-2018)

*The underlying cause of death was selected using the IRIS software a coding system based on international standard

Although neonatal and child mortality as well as maternal mortality remain stable, as per Annex 1, the risk of observing a sharp increase in the respective groups mortality and morbidity is increasing. This is in addition to a major drop from 2019 to 2020 in the continuity of essential health services, from immunization to reproductive health and nutrition services. This drop is also expected to decrease further as the purchasing power of the Lebanese and the refugees is rapidly decreasing due to the devaluation of the Lebanese pound and an increase in job losses, and subsequently medical coverage through different insurance funds and schemes. Furthermore, the COVID-19 lockdown measures may be re-established any time, and

people are afraid of seeking medical care unless it is urgent because of risk of COVID-19 infection.

Increased complications due to non-communicable diseases are also expected, as people have a decreased access to non-communicable disease (NCD) care and medications including in primary health care (PHC) centers. Such decrease in access is a result of the affordability previously mentioned, local restrictions on foreign currency trade and globally imposed limits on exports, resulting in a shortage by around 40% in chronic non-communicable diseases and acute diseases medications.

Box 1: COVID-19 update in Lebanon (as of 13 August 2020)

Lebanon counted a total of 7,711 positive cases. Older adults, aged between 50 and 69 years constitute 19.6% of all cases reported; while only 6.5% are more than 70 years of age, 59.2% are between 20 and 49 years of age as the most affected group, and 14.7% are less than 20 years of age. The infection rates of COVID-19 have been consistently higher amongst men of the total positive cases across the county, 40% have been women, compared to 60% of men.¹ Non-Lebanese, including refugees and migrant workers constitute around 13% of total cases; medical staff constitute 4.56% (majority female) of all cases. A sharp increase in number of infected health care workers, particularly nurses has been observed since mid-June, reflecting a high exposure and suboptimal safety in hospitals. The crude fatality rate remains relatively low at 1.2%; (majority male); among the cases reported, 2.9% only developed severe symptoms necessitating an Intensive Care Unit (ICU) or oxygen treatment while 44.9% were totally asymptomatic, and 52.2 % had mild or moderate symptoms. There is no difference in terms of socio – economic conditions or education level and infection rates. However, with deteriorating economic conditions, the poorest population groups are at higher risk of delays in seeking testing and medical care, and using protective measures due to the relatively high cost of face masks and hygiene products.

1.2 Health system capacity and access to services

SDGs: 3.7, 3.8, 3.c, 5.6

Lebanon has a highly fragmented health care system, with the Government and public sector playing a bigger role as a regulator, and the private sector providing most of the services. Provision of health care in the public sector is mainly channeled through PHC centers and dispensaries; this is in addition to non-individual preventive and promotive care which is channeled through health education and screening campaigns.

Before the advent of COVID-19 and the financial crisis, 85% of hospital care was provided by the **private sector**. In fact, the rapid devaluation of the Lebanese pound, restrictions on US dollars imports and an unpaid government debt over the past five years, greatly limited the availability of the cash flow and capacity of private hospitals to

procure medical supplies and equipment, forcing the rationing of services and human resources.

At the start of the COVID-19 crisis, the total hospital bed capacity in the private sector was around 13,000 operational beds, with an occupancy rate close to 65% yearly average, with some services such as maternal and neonatal wards, and adult ICU presenting an occupancy rate of 85-95%¹⁴.

COVID-19 impacted more severely on private hospitals than on public ones. Since the start of the outbreak, subsidized hospital care in May 2020 has dropped by 33% for Lebanese (covered by MOPH) and by 28% for refugees (covered by the United Nations High Commissioner for Refugees (UNHCR))¹⁵. Most of the private hospitals have downsized their total bed capacity, some by around half, decreasing the total operational bed capacity in the country by around 35%.

Box 2: Government response to COVID-19

The Government rapidly established an inter-ministerial COVID-19 committee (18% women, and 82% men) advised by a national multidisciplinary COVID-19 task force. The Government leads the national COVID-19 Strategic Preparedness and Response Plan (SPRP), in coordination with humanitarian partners. Based on the public-private partnership and participatory approach adopted by the Ministry of Public Health (MoPH) over the past decade, a series of policies regarding public health intervention related to COVID-19 were issued. The policies are in line with the “Test, Trace and Treat” strategy of the World Health Organization (WHO) which translated into: 1) free access to COVID-19 care for the vulnerable and uninsured, 2) centralizing advanced medical referral to University hospitals (Rafik Hariri University Hospital (RHUH), and four private hospitals); 3) elaborating a testing strategy that includes contact tracing, 4) community and targeted testing; 5) rapid expansion based on capacity assessment of medical labs across the country; 6) rapid upgrade of the public hospitals capacity through procurement of ICU and lab equipment and supplies, and support in human resources; and 7) rapid needs assessment and operational guidelines for isolation/quarantine sites identified.

Several decrees were also issued in terms of unifying the price of COVID-19 testing in the private unsubsidized labs, progressive implementation and lifting of lockdown measures, travel restrictions and points of entry screening measures. The international community has covered the costs of PCR testing for refugees to ensure free access.

¹⁴ Syndicate of Hospital reports. 2017-2018.

¹⁵ Based on monthly monitoring of hospital admissions initiated in October 2019. The database is from the MoPH, covering all

private and hospital admissions, and triangulated with data obtained monthly from UNHCR on number of hospitalized refugees.

The human resources capacity in the **public hospitals** remains very limited, which could further affect their ability to provide the required advanced care. As of May 2020, the actual ICU bed capacity operational in the public sector is 57 beds only¹⁶, with an additional 104 ICU beds under preparation by the MOPH. In fact, most of the public hospitals, except the largest three (Nabatiyeh, Tripoli and RHUH) cannot provide advanced ICU care, mainly because of reduced number of specialized medical staff (e.g. medical specialists, ICU nurses). The international community contributed to upgrading the public hospitals' capacity for COVID-19, increasing total beds in the public sector by around 20%. The total required number of medical beds for COVID-19 cases is estimated at 3,900 and 700 beds for ICU cases at the peak of the outbreak. Out of 700 ICU beds needed¹⁷, the private sector had committed to 260, and the international community is preparing for an additional 119, leaving a gap of 160 ICU beds.

The reduction in operational bed capacity in the private sector had severe repercussions on human resources for health, including more than 1,000 registered nurses losing their jobs as a result of hospitals being unable to pay salaries. This will have a severe impact on the capacity of hospitals to deliver care for COVID-19 and non-COVID-19 cases, as nurses are the main care providers in hospital settings.

In view of the downsizing of the private sector, more detailed assessments are required in terms of actual hospital bed capacity, and perception of risk by the population; this will enable public health policies and communications to be tailored accordingly.

With hospital admissions decreasing, and reduced mobility of people, many medical private practitioners also saw their income reduced by at least half, which accelerated

medical doctors' emigration and medical expertise drain.

The pandemic exerted significant pressure on Lebanon's medical laboratories especially on the national reference lab established at RHUH. As per health care services, the capacities of the labs in the private sector filled an important gap in tests capacities especially in University hospitals.

Conversely, the MoPH redirected some of the available funds, mainly a repurposed World Bank loan of 40 million USD, to support testing capacity upgrade (procurement of equipment and kits, and outsourcing private labs) procurement of Personal Protective Equipment (PPE), medical equipment (ventilators, etc..) and staffing for selected public hospitals.

In parallel, access to ambulatory care, which proactively manages chronic conditions, prevents serious illness and improves overall population health, was reduced due to COVID-19 lockdown and fear of infection. Coupled with the economic crisis, this has resulted in a severe and sharp drop of around 50% in PHC utilization, including vaccination and mother and child health services. There was a 45% decrease in the number of women accessing reproductive health services at MoPH PHC between March and May 2020, compared to the same period in 2019.¹⁸ However, while access to other health care services in PHC has begun to increase again since May 2020, women's access to reproductive health services continues to decline.

1.3 Health financing

SDGs: 3.8, 3.d

In 2019, 3.18% of the estimated yearly national budget expenditures went to health¹⁹. The COVID-19 outbreak in Lebanon occurred amidst a severe financial crisis, with a rigid national austerity plan

¹⁶ MoPH database. May 2020.

¹⁷ WHO estimation model. April 2020.

¹⁸ MoPH Lebanon Data. June 2020.

¹⁹ Expenditures excluding treasury advances to EDL

whereby government arrangements allowed mobilization of only 5 million USD per month for medical supplies to the private health sector, while the need is for at least 20 million USD per month. Considering the large amount of unpaid bills (estimated at about 1.5 billion USD, equivalent to 2.2 trillion LBP, at exchange rate of 1,500 LBP/ USD) overdue by the Government to the private hospitals, and the limited access to foreign currency to procure needed supplies and equipment, as well as the effect of downsizing and decreasing occupancy of hospitals in general, financial viability of the private hospital system is threatened. This could also jeopardize the safety, timeliness and quality of advanced medical care, and impede the procurement of respirators, PPE and other equipment related to the adequate COVID-19 preparedness and response as well as non-COVID-19 healthcare.

Similarly, the Government's contribution to the critical health services did not materialize in the public/non-governmental organization (NGO)-supported health services system that targets essentially the poor and vulnerable populations. As explained earlier, this means a drop in access to health services, both in terms of ambulatory care as well as secondary /diagnostics and hospital care will further decrease, with expected increased mortality and morbidity, in particular among children, older people, and people with debilitating and chronic diseases.

1.5 Programme implementation and support

SDGs: 3.4, 3.8, 3.c

The Government has already adopted an austerity plan which resulted in severe cuts to the MoPH budget. Many programs and health services supported by the MOPH (e.g. HIV, Tuberculosis, mother and child, primary health care (PHC)/The Expanded Programme on Immunization (EPI) and chronic diseases) will not be sustained, affecting adequate access to healthcare for the most vulnerable. The risk of

delays in funding, or no funding at all, is high, and there is no clear plan to address these financial sustainability issues for health services subsidized by the Government and MOPH.

Important gaps in terms of human resources for health are notable. The MoPH operates with less than 50% of its capacity, as public sector recruitment has been frozen for years. Additional human resources are needed for field surveillance and the district health units need to be reinforced with public health staff. Most public hospitals do not have specialized ICU teams. A significant number of PHC centers are unable to sustain their paramedical staff and nurses, 80% of whom are women.²⁰ Alongside other medical staff, nurses are confronting major challenges in and outside of the COVID-19 response, including massive lay-offs, sharp wage reductions against already undervalued remuneration, withheld wages, and skyrocketing patient to nurse ratios, as high as 1 to 18, over double of Lebanon's recommended ratio. Moreover, MoPH cannot afford the sufficient procurement of PPE to maintain the continuation of services in a safe working environment. All these factors will contribute to reduced health service utilization, and hence increased mortality and morbidity.

1.6 Access of vulnerable groups to health services

SDGs: 3.4, 3.7, 3.8, 5.6

While the COVID-19 crisis has affected vulnerable groups' ability to access primary, secondary, and tertiary care, the growing economic crisis in the country will continue to have a devastating impact on vulnerable men and women's nutrition situation, mental and physical health.

Survivors of sexual and gender-based violence (SGBV), particularly women and girls, but also men and boys, have faced challenges

²⁰ Lebanon Order of Nurses Statistics. 2019.

continuing to access SGBV services, ranging from immediate and long-term health services, along with legal, shelter, and protection services. Up to 54% of the respondents have observed an increase of harassment, violence or abuse against other women and girls in their household or their communities during the onset of COVID-19²¹, which aligns with startling global trends of escalating SGBV. In the same assessment, 71% of women and girls reported being able to access GBV case management support and services.

Refugees are experiencing increased difficulties procuring medicines and paying for health care. Families' self-reported ability to access needed health care decreased dramatically between May 2019 and May 2020. For primary health care, the proportion of families that reported being able to access the needed care dropped to 48% in May 2020, compared to 90% in 2019. For hospital (secondary health) care these figures were 55% in May 2020 compared to 81% in 2019.²²

By the beginning of August 2020, 28% of refugee families were not able to procure essential medicine, and that 68% of elderly refugees, refugees with disabilities and those with critical medical conditions could not afford health care-related costs.²³

Among NCDs, mental health requires particular attention as more than 20% of all calls recorded at the national Embrace lifeline (a specialized hotline for maternal health

support) were for emotional distress related to COVID-19²⁴; men and women calling equally and most callers being young adults. From March to June 2020, 94% of migrants who sought mental health support from Médecins Sans Frontières (MSF) were female: 61% of them were under the age of 30, 42% of these women seeking mental healthcare were survivors of physical and/ or sexual violence, although the real numbers are likely to be much higher.²⁵ For the majority, the abuse was perpetrated by their employer under the abusive Kafala system; others experienced abuse by an intimate partner or acquaintance.

Increase in mental health cases and issues was also the basis of the mental health campaign launched by the MOPH in June 2020, and available data from the ministry and the "Embrace" hotline shows an alarming increase among the youth population.

Children with disabilities were not prioritized in the Lebanese government's response, in addition to the usual limited availability of inclusive services and access to this extremely vulnerable group. Consequently, children with disabilities faced additional barriers to access health care during COVID-19, and had limited accessible information on the pandemic, even given the international community and partners have developed awareness and educational materials tailored to persons with disabilities, such as translating them to sign language.

²¹ UNHCR, COVID-19 Impact on SGBV Assessment led by the SGBV Task Force. May 2020.

²² UNHCR MEEDS

²³ UNHCR protection monitoring

²⁴ Embrace Lifeline report. June 2020.

²⁵ MSF Data. June 2020.



2.1 Social protection systems and programmes in Lebanon

SDGs: 1.2.2, 1.3.1

Prior to the COVID-19 pandemic, social protection systems in Lebanon were already weak and highly fragmented (i.e. limited integration or no-cross sector coordination mechanism) leaving a significant size of the population and particularly vulnerable persons unprotected. Further information on recent Government and UN efforts can be found in Annex 2. The overall lack of coverage is accompanied by a large degree of informality, ad-hoc interventions, gender discrimination, thus creates high reliance on providers from the private sector, civil society and faith-based organizations especially in the health, social and education sectors.

Government spending on social protection, defined as social insurance, services and

assistance, typically includes spending on education, housing and healthcare provision. Programmes, policies and institutions that intend to provide social protection in Lebanon include:

- 1) The National Poverty Targeting Programme (NPTP) providing social services - including education and health fees waivers - to around 43,000 households of which 15,000 also receive food vouchers;
- 2) The National Social Security Fund (NSSF) being the largest contributory and independent public social insurance institution, excludes a large portion of the population including many categories of vulnerable workers as well as unemployed;
- 3) The Ministry of Education and Higher Education (MEHE) providing enrolment fee waivers to public schools in basic education;
- 4) The Ministry of Public Health (MoPH) acts as the insurer of the last resort, even

though a large segment of the population has no formal health coverage, and out-of-pocket healthcare expenditure in Lebanon remains among the highest in the world; and

- 5) The Ministry of Social Affairs (MoSA) providing several social welfare services supporting different vulnerable groups, including refugees, people with a disability (only 2.4% of the population are disability card holders who receive inadequate and irregular benefits), elderly, children in institutional care programmes, child victims of violence or at risk of violence, etc.

Since 2012, social policy measures in Lebanon focused mostly on increasing public sector salaries and social transfers, while health, education and other social services received reduced funding²⁶. According to the IMF, Lebanon's current social safety net (SSN) is limited, and to cushion the impact of the already needed fiscal adjustment pre-crisis, the authorities should allow for an additional 0.5 percentage points of GDP in SSN spending which goes beyond the current focus on electricity subsidies.²⁷ Some of the existing programmes and schemes do not appropriately cover vulnerable populations (i.e. children, particularly those placed into institutional care, persons with disabilities, female-headed households, chronically ill people, unemployed population). For example, most of MoSA's budget is currently spent on the institutionalization of children while the lack of investment in community-based services is pushing many children, including those with disabilities into residential care (including children with specific mental health needs) as, due to poverty, families search for education opportunities for their children. As a consequence of this one-sided approach, separation from families has devastating impacts on children's growth, development

and well-being. Quality of residential care in Lebanon, like in many other country settings, is of low quality (e.g. reports of poor practices or even abuse) or of uneven quality due to lack of funding, and the absence of a proper regulatory framework governing care decisions made on entry into care (making access to care inequitable). The rapidly deteriorating socio-economic situation aggravated by the COVID-19 crisis, raises strong concern that - as a coping mechanism for families - the demand for residential care will likely increase.

The COVID-19 pandemic was a massive aggravating factor, adding additional layers of vulnerabilities, and thus adding more pressure on vulnerable groups and poor households. Two out of every three Lebanese households suffered from a reduced income compared to the previous year, while about 10% across all groups reported that their households are resorting to alternative income sources to make ends meet²⁸. With women's already low participation in the labor market and the added responsibilities for the mostly female caregivers (e.g. home schooling), women have been disproportionately affected. Addressing the needs of women has never been a priority or consideration for the State and its institutions charged with managing the relevant programs. Areas of concern include gender discrimination in pensions, social insurance, and social assistance, such as excluding Lebanese women married to foreigners (whose children cannot obtain Lebanese citizenship due to gender-discrimination in the law), disregarding the economic contribution of care work, limited support for gender-based violence and sexual and reproductive rights. The large presence of refugee and displaced populations, which represents a significant additional burden on education, health, housing, and basic services

²⁶ Economic and Social Commission for Western Asia (ESCWA). *Changes in Public Expenditure on Social Protection in Arab Countries*. 2017. (p.21)

²⁷ IMF. *Lebanon: Staff Concluding Statement of the 2019 Article IV Mission*. July 2019.

²⁸ WFP. *Assessing the Impact of the Economic and Covid Crises in Lebanon*. June 2020.

systems is noteworthy for the analysis of social protection

2.2 Potential impact of the crisis on poverty and access to food and nutrition

SDGs: 2.2.1, 2.2.2, 2.2.3

Following negative GDP per capita growth projections for 2020 and most likely also 2021, the World Bank estimates overall poverty prevalence in 2020 at 45 to 50% (up from 37% in 2019) with extreme poverty (food poverty) to reach 22% (up from 16% in 2019).²⁹ More recently, estimates place the headcount poverty rate at 55% in May 2020, with extreme poverty at 23 per cent. According to these estimates, the total number of poor Lebanese would reach 1.1 million and 2.7 million for the lower and upper poverty line, respectively.³⁰

With respect to Syrian refugees and considering the effect of inflation as well as the significant loss of income, the United Nations World Food Programme (WFP) estimates that in 2020 about 1,245,000 refugees may fall under the Survival Minimum Expenditure Basket (SMEB)³¹, compared to 825,000 in 2019.

Similarly, poverty has exponentially risen among the Syrian refugees over the past year. In April and May 2019, 55% and 73% of Syrian refugees were living below the extreme poverty line and the poverty line, respectively.³² It is estimated that today, at least three out of four Syrian refugees live below the extreme poverty line.

²⁹ Poverty statistics in Lebanon, especially for Lebanese, represent a large data gap, with the last Household Budget Survey conducted in 2011-2012.

³⁰ ESCWA policy brief on Poverty in Lebanon

³¹ WFP. *Minimum Expenditure Basket for Syrian Refugees in Lebanon: Rights-based versus expenditure-based approaches*. [March 2020](#). [reliefweb](#)

³² Data collected in April and May 2019 for the 2019 Vulnerability Assessment of Syrian Refugees (VASyR)

³³ The right to food is recognized in the Universal Declaration of Human Rights and is enshrined in the International Covenant on Economic, Social and Cultural Rights to which Lebanon is a

The inflation of prices of items in the SMEB stood at an 109% increase between September 2019 and May 2020, consequently severely impacting households' ability to realize their human right to adequate food.³³ A recent survey assessing the impact of the economic and COVID-19 crisis in Lebanon conducted from April to May 2020 shows:

- 56 percent of Lebanese respondents reported not having stockpiled food, of which 41% (42% for male-headed households and 37% for female-headed households) cited their inability to afford the costs and another 15% (15% for male-headed households and 17% for female-headed households) blamed continuously changing prices.
- 44 percent of Palestinian respondents (44% for male-headed households and 42% for female-household households) and 64% of Syrian respondents (64% of male-headed households and 66% for female-headed households) report inability to maintain emergency stocks due to unaffordability³⁴.
- 50 percent of Lebanese, 63% of Palestinians and 75% of Syrians felt worried they would not have enough food to eat over the past month.
- Lebanese residents in Akkar have reported to be more worried than those living in other governorates.³⁵

With food prices soaring in Lebanon, **food security and nutrition (i.e. the protection of the human right to adequate food) are major concerns³⁶** for a large proportion of respondents across all three groups. Those

State party. It is a right to all nutritional elements that a person needs to live a healthy and active life, and to the means to access them (See OHCHR & FAO, *The Right to Adequate Food*, Fact Sheet No. 34 - <https://www.ohchr.org/Documents/Publications/FactSheet34en.pdf>

³⁴WFP. *Assessing the impact of the Economic and COVID-19 Crises in Lebanon*. [June 2020](#).

³⁵ *ibid*

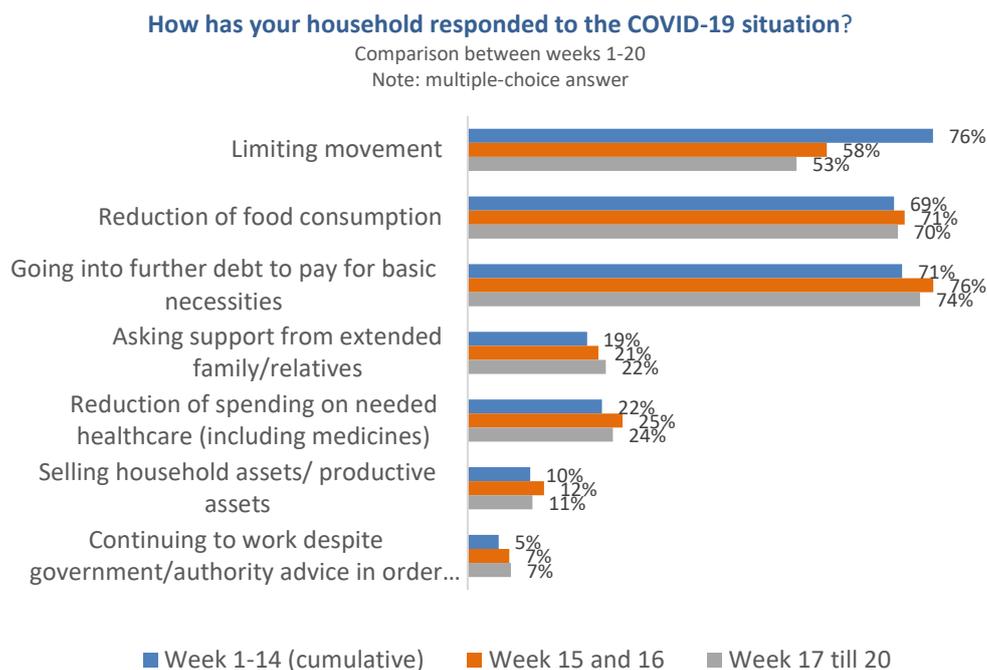
³⁶WFP. *Strategic Review of Food and Nutrition Security in Lebanon*. [July 2017](#).

who have lost their jobs – either since or prior to the outbreak – are more distressed than others. The main reason for inflation causing these vulnerabilities is the rapid devaluation of the local currency and Lebanon’s high reliance on food imports to cover its domestic needs. Given the expected continuing increase of food prices, people will not be able to ensure adequate diet and suffer direct impact on their nutrition, particularly affecting children under five and other physiologically vulnerable groups. Rising concerns of food insecurity means an increase in food coping strategies (e.g. reduced consumption), causing micronutrient deficiencies and leading to widespread malnutrition in the longer term. Data collected through field observations³⁷ and from primary health care centers³⁸ underlines an increase in malnutrition cases

among children with some geographical areas more affected than others. The deteriorating socio-economic situation requires continuous monitoring of the nutrition situation with focus on pregnant and lactating women and children under five to detect any malnutrition amongst the populations, especially given the lack of pre-crisis data³⁹ (e.g. no national-level micronutrient status data, particularly on iron, is available).

In response to the dire situation, refugee families have had to resort to negative coping strategies, including reduction of food consumptions, increased debt, reduction on spending of healthcare and other as highlight in Figure 1. UNHCR’s Protection Monitoring with 19,135 refugee households has found the following:

Figure 1. Coping Strategies of Syrian refugees to respond to COVID-19



Source: UNHCR, 20 March- 9 August 2020, Protection Monitoring: Impact of COVID-19

³⁷ IOCC rapid assessment on nutrition situation.
³⁸ MOPH, PHC Data distribution list of services.

³⁹ The most recent MICS survey is from 2009.

2.3 Potential impact on water, hygiene, sanitation services

SDGs: 6.1.1, 6.2.1

Water Establishments (WE) are semi-independent organizations in Lebanon that rely on collection of fees to fund the operation and maintenance of water and wastewater facilities. They are highly vulnerable to bankruptcy and shut down of services if the fees collected from customers drop (e.g. civil unrest and poverty affect fee payments directly, either due to unwillingness or inability to pay). Notwithstanding the additional hygiene requirements from the COVID-19 pandemic, consequences for children would be disastrous, as they are first being affected by public health hazards from poor access to water and hygiene. Moreover, families will also need to compensate for the lack of public services by buying water in the private sector, which is far more expensive and which in turn will increase the level of poverty and the adoption of negative coping mechanisms, again affecting children disproportionately.

Even prior to the economic crisis, WEs were not able to provide sufficient quality services while staying financially stable: drinking water coverage in Lebanon is officially reported as 100% but taking into consideration “safely managed” parameters of services (accessible on premises, available when needed and free from contamination) the coverage falls to 48%. The COVID-19 pandemic exposed a pre-existing vicious circle: 1) The poor quality of

public water services (i.e. the water establishments) lead to customers’ lack of willingness to pay for water, 2) the unstable and declining fee payments; the latter due to the instability which began mid-October 2019 and now further exacerbated with the outbreak of COVID-19, prevent maintenance, let alone improvements in public water services.

In the absence of specific water tariff regulations under Lebanese law, WEs resort to charging an annual flat tariff (i.e. no specific tariff for economic sectors, no control for private wells, no blocs tariff, no tariff or any collection for wastewater)⁴⁰ and the average tariff per year was around 145 USD (in 2012)⁴¹. The Bekaa Water Establishment (BWE) collection was higher (additional 15%) during the first quarter of 2018 in comparison to the first quarter of 2017; however, there was a significant drop of 71% between the first quarter of 2019 and the first quarter of 2020. Similarly, the North Lebanon Water Establishment (NLWE) collection increased by 17% between the first quarter of 2019 and the first quarter of 2018 but decreased by 83% in the first quarter of 2020⁴².

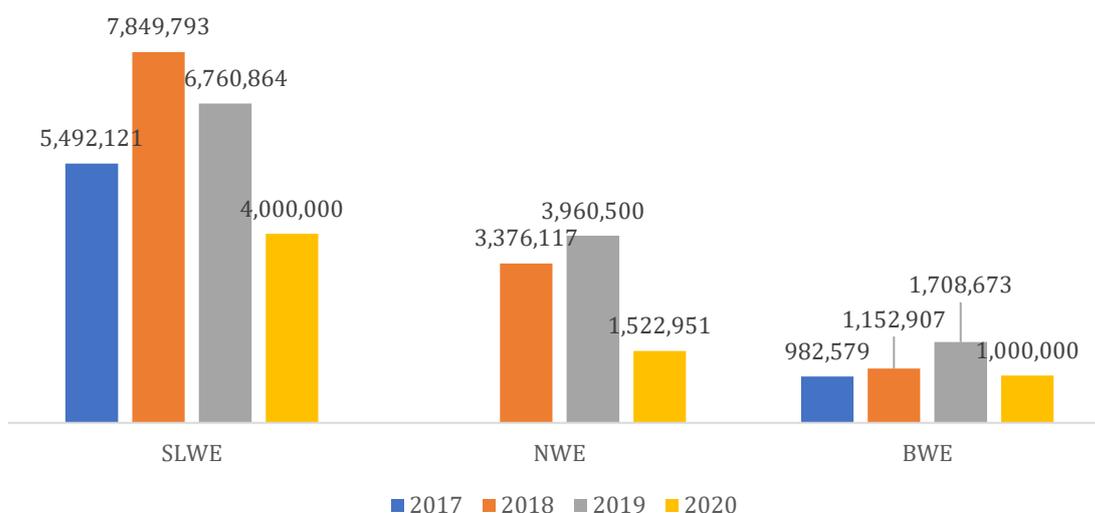
The three WEs, Beirut, North Lebanon and South Lebanon, were unable to collect fees in April 2020 due to the confinement measures in the country, which underscores the direct and significant impact of the socio-economic and COVID-19 crises. To date, WEs are still providing services similar to pre-crisis level.

⁴⁰ Melki, R., [Tariff Strategy in the Water Sector in Lebanon](#). May 2014. Databank, Lebanon.

⁴¹ ESCWA. *Water in Lebanon; Strategic Management Data National Asset Matrix*, March 2012

⁴² Reports from Water Establishments, May 2020. No data available for BMLWE.

Figure 2: Total water fees collection between January and March during the last four years (in thousands LBP)



Source: UNICEF Lebanon

Impact on most vulnerable populations

Poorer and denser residential settings, including urban settings but also rural, informal tented settlements, are at the highest risk of COVID-19 outbreak because safety guidelines are almost impossible to implement in these areas. This is due to overcrowding, shelter design and lack of access to water, sanitation and waste management facilities that make any form of physical/social distancing and simple interventions, such as regular washing of hands, extremely difficult. The lack of adequate information related to the availability of water and wastewater networks or sound solid waste management services within poor/informal urban settings makes the planning and response to COVID-19 interventions challenging. The problem of not connecting the water and sewage systems in the informal tented settlements to the communal networks remains. The on-going rise in period poverty throughout the country has been particularly concerning for women and girls. A recent multi-sectoral needs assessment by Plan International surveying

over 1,100 respondents found that 53% of female care-givers, and 66% of adolescent Lebanese and Syrian refugee girls do⁴³. These gaps in women and girls' menstrual hygiene management are not only a human rights issue, but public health risks in overcrowded settings with poor sanitation services.

2.4 Solid waste

SDGs: 11.6, 12.4, 12.5

Solid waste management⁴⁴ remains a critical challenge in Lebanon given the absence of a well-defined strategy, unclear institutional mandates and insufficient financing of the sector. Solid waste plays a key role in maintaining social stability as a change in contractual arrangements and frustration over surpassed capacity of landfills (e.g. Naameh) in 2015. This caused a major crisis as trash collection was suspended during the summer months leading to political repercussions (e.g. demonstrations) and severe public health and environmental consequences (e.g. illicit burning of trash, risks to aviation due to proximity of overused landfills to airport).

⁴³ Plan International Lebanon. [Covid-19 Needs Assessment](#). April 2020.

⁴⁴ For a 2014 baseline refer to: <http://www.moe.gov.lb/getattachment/-/التوجيه-البيئي/معلومات/>

LEBANON-ونصايح-بيئية/قطاع-النفايات-المتزلية-الصلبة-في-لبنان/2/COUNTRY-REPORT-ON-SWM-2014.pdf.aspx?lang=ar-LB

While municipal waste is collected to varying degrees by municipalities, a large portion is not treated and an estimated 30% of total waste ends up in open unsanitary dumpsites that pose high risk to human health and environment. Despite that the region with the highest rates of solid waste generation given high population density is Beirut - Mount Lebanon, the waste treatment and disposal sites for this area are temporary and the current landfills are expected to reach their capacity before the end of 2020. The risk of a repeated and more long-term solid waste crisis is very high, and in light of the COVID-19 pandemic, it is crucial to ensure viable solutions are available.

Separately, about 60% of health care waste management – especially crucial given the increased infectious waste during the pandemic – is treated, though quality and methods of treatment are unknown. Sorting, separating and isolating waste needs to happen at point of origin (e.g. health care facilities should manage their waste properly inside their facilities) to reduce risks of contamination.

2.5 Access to learning (Education)

SDGs: 4.2.2, 4.3.1, 4.5.1

Relative to other countries in the Middle East and North Africa region (MENA), Lebanon has a low public spending on education. Total government expenditure on education between 2013 and 2015 averaged around US\$1.2 billion (2.1% of GDP and 6.3% of total government expenditure). The latest budget (2020) released by the Government decreased education allocations by 7%⁴⁵. While the Lebanese public education system was in significant decline from previous decades of chronic underinvestment, allocative inefficiencies, predominantly towards human resources, skewed funds away from child-centric investments or systems upgrades. This

has weakened the Ministry of Education and Higher Education's (MEHE) ability to effectively run public education infrastructure and maintain a highly qualified and well-trained teaching and administrative corps. Considering the demands on schools arising from the COVID-19 pandemic (e.g. tele-schooling, online courses, distance learning), the Lebanese public school system has little room to maneuver to ensure education continuation at a minimum quality as with accumulated underinvestment over two decades, the quality of instruction has already deteriorated commensurately. Latest data⁴⁶ indicates that students from public schools recording significantly lower learning outcomes in comparison to their peers in private schools. In fact, data published by the Committee on the Elimination of Racial Discrimination (CERD) for Grade 9 official exams (School Year (SY) 2018/2019) indicates a 62% average success rate for public schools and an 81% for private⁴⁷. According to the World Bank Public Expenditure Review of 2017, public schools exhibit lower academic outcomes in both international and national assessments⁴⁸, which in turn shifted demand further towards private schools. Those families who stick with the public-school system do so mostly because the highly subsidized fee structure is the only affordable option available for vulnerable Lebanese families. However, in the multiple crisis context and considering the worsening economic situation, less families will be able to pay private school tuition, and public schools, already lacking hard- and software, will have to receive more students in the upcoming scholastic year.

Due to the economic crisis, the inability of students to pay their registration and tuition fees will likely result in increased drop-outs, an increase in the number of children who become involved in criminal activity, child labor including worst forms of child labor, and more girls at risk of child marriage. In addition to this, there will likely be increased demand

⁴⁵ The Lebanese Center for Policy Studies (LCPS) *The Government Monitor No.13 The 2020 Budget: Slashing Investment and Social Services*, March 2020.

⁴⁶ WB report, TIMSS results, CERD data.

⁴⁷ Source: CERD Statistical Bulletin 2018/2019 (<http://www.crdp.org/stat-details?id=26009&la=ar>)

⁴⁸ Source: WB. [Education Public Expenditure Review, Lebanon](#)". 2017

Box 3: MEHE's response to the refugee crisis

The already-weakened public education system had also to bear the refugee education response. Couched in two consecutive strategic plans (RACE I and RACE II) – the MEHE's key interventions were structured over three Pillars:

1. Enhancing access to, and demand from, children, youth, and their caregivers, for equitable formal or regulated non-formal education.
2. Enhancing quality of education services and learning environments to ensure grade-appropriate learning outcomes for children and youth.
3. Enhancing governance and managerial capacities of RACE II implementing institutions to plan, budget, deliver, monitor, and evaluate education services.

Despite efforts from MEHE and its partners to date, 55%⁴⁹ of refugee children and 7%⁵⁰ of Lebanese children (aged 03-18 years) still do not have access to formal education. Among these children (aged 03-18), 45% are without any form of learning. According to several reports⁵¹ and field verifications, several barriers to the education of Syrian refugees persist. These factors include:

- lack of local compliance in implementing the enrolment policy (e.g. directors requiring registration papers when MEHE does not require them);
- limiting school ratios and minimums (MEHE has set a quota on the percentage of non-Lebanese students allowed in the first shift);
- insufficient support for refugee children adapting to the curriculum and new language;
- family poverty pushing children to work instead of attending school;
- transportation costs;
- violence, bullying, and harassment, within the school environment;
- lack of access to sanitation facilities; and
- insufficient psychosocial support
- internal family displacement,
- work obligations (especially for boys).

for short to medium term skills-building employability training programs – especially those that support young people to access the digital landscape, start their own businesses and/or access the labor market with work-based learning opportunities. It is not clear if there are distinct education to work transition datasets; much less if this is disaggregated by nationality/refugee status.

The nation-wide protests in October 2019, the COVID-19 outbreak in March 2020 and the overall rapid devaluation of the Lebanese pound has compounded negative effects on children (Lebanese and refugee) concerning their access to private and public education (both formal and non-formal). The insecurity caused by roadblocks, protests, and curfews increased parents' and school administrations' decisions to temporarily and sporadically close schools and non-formal education centers

(NFE) - the latter catering mainly to refugee children - for much of the last quarter of 2019⁵². The COVID-19 outbreak forced the total closure of facilities for the remainder of the school year, with NFEs still non-operational. In addition, due to the closure of non-formal educational facilities, children with disabilities' rehabilitation and educational services turned mostly online, but caregivers faced difficulties to join them due to limited internet access and ongoing financial crisis.

The national distance education initiative was not consistently implemented across the country and there was no discernible coherence or direction from the MEHE either towards public or private schools, or on issues of equity. While the government did set up a '**distance education**' intervention in public schools (with private schools providing far better quality) access was uneven with a

⁴⁹ As per MEHE's preliminary enrolment data of 2019/2020 and UNHCR population data December 2019.

⁵⁰ UNICEF. Baseline Survey. 2016.

⁵¹ Human Rights Watch. 2016. *Growing Up Without an Education" Barriers to Education for Syrian Refugee Children in Lebanon* and Brussels Conference. 2018. *We made a Promise. Ensuring Learning Pathways and Protection for Syrian Children and Youth.*

⁵² Norwegian Refugee Council, Lebanon. *Non-formal education programming in Lebanon*. 2017.

tendency to diminish at the lower grade levels and at the Technical, Vocational Education and Training level (primarily due to lack of access to digital learning platforms/ facilities). Distance learning highlighted inequalities in education, as it is easier for children with better access to digital means to follow distance learning; this is particularly relevant for refugee children and other disadvantaged children. In addition, while there was no official e-learning policy of the MEHE - the MEHE did focus on delivering curricular content for the exam grades (Grades 9 and 12) and on providing learning engagement activities for the remaining grades in formal education only.

To date, the exact numbers of children affected by this learning loss is unknown as the MEHE has not been able to provide definitive data on how many children (disaggregated by nationality) were enrolled in the 19/20 scholastic year (both public and private) and consistently accessed distance learning. This follows a similar trend from previous scholastic years since the MEHE provides mostly Grade 9 and 12 passing rates as the only metric of learning. Also, there is no clear national data trend/analysis yet available on the learning that resulted from distance education measures. Without any baseline it is difficult to assess changes in this current scholastic year.

In effect this meant that the 2019/20 scholastic year is considered “lost” in terms of learning achievements for many children enrolled in formal education as well as for children that benefitted from non-formal education programming which facilitated future enrolment and retention in the formal education system. The MEHE’s blanket decision to pass all children to the next grade based on limited criteria versus actual attendance and completion of the curriculum will have negative consequences on children in the long-term, particularly those in the earlier grades, who may not be able to catch up on more advanced coursework, having lost a full

year of required foundational work for new learning.

The situation is amplified for children with disabilities and poorer children who could not access digital learning platforms. Indeed, children with disabilities were extremely affected by COVID-19 closures of public educational facilities and specialized non-governmental organizations providing educational and rehabilitation services to them. Local service providers struggled to provide remote learning and rehabilitation services to children with disabilities due to the parental response and attitude towards online learning/services especially in the lack of access to internet, data and devices. User-friendly online platforms were created, and WhatsApp calls and chat groups were used for educational and rehabilitation services. However, services provided are group-based instead of individual ones that are needed for children with disabilities especially for rehabilitation services.

With the gradual decrease in COVID-19 restrictions, specialized services for children with disabilities have resumed, though at reduced capacities (i.e. centres are not open daily and have limited the number of individual sessions per day). Learning sessions have continued to be provided online.

As mentioned above and given the ongoing economic crisis, the MEHE has yet to project a nominal figure on the number of children expected to move from private to public schools for the next scholastic year. The transition is likely to be significant carrying a large burden on infrastructure and human resources requirements. The MEHE has stated that such migration from private to public schools has been a consideration of their 2020/21 back-to-school planning, but the plan has not yet been publicly shared and the MEHE has not indicated whether it is likely to automatically accept new entrants without adequate information about budget ceilings from the Lebanese Government.

The MEHE also oversees the work of the **private sector schools** through a national governance committee. Since the nation-wide protests, no clear information has been made available by the MEHE on the potential discussions with the private sector (teacher payments, tuitions from students, USD/LBP payments). Non-governmental organizations (NGOs)⁵³ have on their part also supported **non-formal/informal learning** through various combinations of online and blended approaches. However, there is a similar dearth of data and analysis of the real learning

outcomes of children enrolled in these programmes. Access to early education for children between the ages 0-3 years is expected to be impacted by Lebanon's current situation, which not only impacts the child's education in the long-term but also impacts the parents' ability to work. This is particularly relevant, as most early education centers and pre-schools are managed by the private sector and were already unaffordable to most prior to the economic/financial crisis and the COVID-19 pandemic.

Box 4: Gendered impact of closed education institutions

Women have been at the forefront of homeschooling, overseeing assignments, attending online courses, coordinating with teachers, and beyond. Lebanon's national school closures under COVID-19 have amplified unpaid care work for women and at times, adolescent girls. This work is on top of women being primary caretakers for the sick and the disabled, and domestic and cleaning work in the household. One study of almost 2,000 economically vulnerable households in Lebanon found 81% of Lebanese women and 64% Lebanese men reported an increase in household care duties during the COVID-19 lockdown, with rates of 73% Syrian women and 64% Syrian men surveyed.⁵⁴ Not only has this had a major impact on women's physical and mental health and relationships with their children, but a significant economic impact on women, making it ever more difficult for them to maintain and look for jobs.

2.6 Access to protection

SDGs: 5.2.1, 5.2.2, 5.3.1, 16.2.1, 16.2.3, 16.3.1

Domestic violence and SGBV

In comparison to previous month/s, reported increases at mainly at level of GBV, child victims and witnesses of violence, child labor, street and working children and substance abuse appear consistent with worldwide reports since the start of the COVID-19. The financial hardship exacerbated by the restriction of movement, confinement under heightened levels of stress and fear is likely to produce stressful environments that facilitate violence.⁵⁵ Similar to the records of national SGBV service providers, the national domestic violence hotline reported an increase in calls throughout the first half of 2020 when compared to the similar timeframe in 2019.

The International Security Forces (ISF) also reported that sexual harassment, cyberbullying and blackmailing crimes increased by 184% during Covid-19 lockdown, and crimes of theft have increased by 32% over the past six months. In April 2020, the UN Inter-agency SGBV Task Force assessment (surveying 562 women and girls across the country) indicated a 54% of reporting increase of harassment towards women and children in their communities. Also 57% of women feel less safe since the beginning of COVID-19 in their communities and 44% in their homes. This encompasses a range of SGBV, including physical, psychological, emotional, economic violence, and cyber violence, often, but not always occurring in the domestic sphere.

Cases of intimate partner violence reportedly increased by 4% during the first quarter of

⁵³ For example: <https://www.basmeh-zeitoneh.org/our-programs/non-formal-education>

⁵⁴ ILO, UN Women, UNDP, IRC, MC, SC, DRC and OXFAM. *Rapid Assessment on the Impact of COVID-19 on Vulnerable Groups in Lebanese Labour Market*. June 2020.

⁵⁵ UNICEF/Child Protection Working Group report. June 2020.

2020 due to confinement, as well as additional stress linked to a lack of food and income. This is disproportionately impacting refugee women, children and adolescent girls, as well as members of the LGBTI community who are home-bound with abusive and homophobic families. An increase in violence against children has also been noted, based on field referrals. The risk of underage marriage is also increasing, in line with the deterioration of the socio-economic environment.⁵⁶

COVID-19 underlines common factors and risks of GBV vulnerabilities, including child protection issues that are amplified by the economic crisis⁵⁷:

- increased poverty and food insecurity due to the loss of jobs and incomes;
- the inability of children to access education either in person or online;
- victims being locked inside with their perpetrators;
- an increase in children's digital activity and a decrease in caregiver monitoring, which exposes them to greater digital risks;
- an absence of nutritious meals previously provided by schools and care programmes;
- the disruption of peer and social support networks for children/caregivers;
- the disruption of community and social support services for children/caregivers;
- a breakdown in routines for children/caregivers;
- increased alcohol and/or substance use by adolescents/caregivers; and
- ad hoc child-care arrangements.

Child protection

The ongoing economic crisis coupled with the country's gradual lift of the lockdown and ongoing school closure is registering a strong comeback of Lebanese and refugee children engaged in child labor, and signs suggest that an even more considerable increase in the

near future is likely. In alignment with worldwide projections, not only will the numbers increase, but the conditions of children are likely to worsen (e.g. forced to engage in work that provides lower pay rates, requires longer working hours, and under worse conditions). Increased numbers of children might be pushed into hazardous work and worse forms of child labor, thus facing not only increased exploitation, but also increased exposure to COVID-19.

Field reports show that refugee children are increasingly at risk of being sent to work by their parents, especially children who have dropped out of school or who are not able to continue remote learning, organized after schools closed due to COVID-19 – children are working at supermarkets, vegetable shops, home appliance shops, as street vendors and are begging or selling products in the street. Other refugee children continue to be engaged in agricultural work, despite COVID-19 related restrictions.

Pre-existing conditions are aggravated by the economic crisis and COVID-19 lockdowns/school closures; additional reports indicate⁵⁸:

- Child labor is becoming more frequent and is more prevalent during school holidays (time-off) than during school days.
- Work is prioritized over education due to the children's ability to, and pride in, helping their families.
- The main reason Syrian refugee children were not attending school was due to their family's inability to afford school expenses such as the cost of transportation.

In sum, the expected child labor increase (in itself a form of exploitation, i.e. a child protection violation) is closely linked to overall deteriorating employment conditions, rising informality, declining remittances and

⁵⁶ Lebanon Inter-Agency SGBV Taskforce Impact Assessment, May 2020

⁵⁷ WHO. *COVID -19: Protecting children from violence, abuse and neglect in the home.* [2020](#)

⁵⁸ Assessment by Plan and Himaya on Child Labour which included Syrian Refugees. December 2019.

migration, a deep financial crisis, a contraction of trade and foreign direct investment, the shutting down of schools, compounding shocks to health, as well as pressure on public budgets.⁵⁹

As a result of the economic crisis and the strict austerity measures adopted by the Lebanese Government, there is growing concern regarding the potential interruption in critical, life-saving services that are government funded, and put in place to respond to child protection violations. This may have been an opportunity for the Government to rethink the way it provides its services and potentially pave the way for a wider reform of the social welfare sector.

In relation to justice for children, it is important to highlight that even during COVID-19, measures were adopted to limit the spread of COVID-19 and still allow formal processes to move forward as much as possible in a timely manner. These measures included the early release of detainees, as well as the use of platforms such as Skype by public prosecutors to conduct investigations which proved to be successful in helping to avoid delays in the administration of justice, and to overcome logistical challenges related to the appearance of children in person for investigation.⁶⁰

There is an expectation that child marriage will continue to rise as the lockdown is lifted and the severity of the economic crisis increases, similar to previous reports, even though it is the least observed form of violence as reported by women and girls (4%) in April 2020⁶¹.

⁵⁹ UNICEF, ILO. *Covid-19 and Child Labour: a time of crisis, a time to act*. [June 2020](#)

⁶⁰ The Government issued several decrees to enforce this: Circular number 65/2020 issued on 19 March to allow the early release of some detainees, including children, from places of detention in an attempt to limit the spread of Covid-19, Circular number 68/2020 was issued on April 2020 to improve prosecution procedures for cases of domestic violence under lockdown. Under these procedures, judicial police were requested to open immediate records of all cases of domestic

In addition to Covid-19, there are implications for children associated with the protests that have been taking place in the country since October 2019, and which have meant a greater participation of children in such events and in instances of violence; often leading to their arrest and detention by security and law enforcement forces.

Domestic and migrant workers

Status of domestic workers have worsened amid this crisis mainly in terms of deteriorating income, loss of job and shelter, violence, etc. Migrant domestic workers, the majority of whom are women⁶², face, under the abusive Kafala system, high rates of sexual exploitation and abuse, and have been subject to further exploitative and abusive work conditions and forced labor during confinement. This requires increased efforts to protect them against violence and unfair treatment which only worsened during the COVID-19 crisis. Migrant domestic workers have been facing termination of contracts without prior notice as a result of the COVID-19 crisis and the preceding economic crisis, and the inability of their employers to pay their salaries or cover their living expenses. With the depreciation of the LBP, many employers have either enforced or negotiated a lower pay, if they paid their employees at all.⁶³

In this regard, the Human Rights Committee underlined that Lebanon as a State party to the International Covenant on Civil and Political Rights “should expand labor law protection to domestic workers; provide access to effective legal remedies for protection of domestic migrant workers’ rights without fear of reprisal or deportation; abolish the sponsorship

violence, even those without witnesses and testimony was accepted online. Circular number 77/2020 issued by the President of the Supreme Judicial Council on 21 April 2020 formalized an online mechanism used to accept and rule on urgent complaints presented to judges by email.

⁶¹ COVID-19 Impact on SGBV Assessment led by the SGBV Task Force. May 2020.

⁶² 92.7 percent of workers in household activities are women according to the ILO/CAS 2018-19 LFHCLS.

⁶³ ILO. *Rapid Diagnostic Assessment of Employment Impacts under COVID-19 in Lebanon*. 2020. *Forthcoming*

(Kafala) system and reform recruitment practices with a view to ensuring respect for the rights of domestic workers and protection against exploitation and abuse; and step up measures aimed at raising awareness about domestic migrant workers' rights and existing avenues for their protection" (CCPR/C/LBN/CO/3)

There is an urgent need to map out the gaps that will be created in the continuum of care provision, especially as the need for such services will increase, and to ensure continued access to quality services to children and women victims/survivors of violence.

Another consequence of people's reduced purchasing power is that refugees will find it increasingly difficult to prioritize documentation, including legal residency and civil documents which are obtained at varying costs. Without such documentation, refugees have limited freedom of movement without fearing arrest at checkpoints and difficulties accessing services.

2.7 Access to adequate shelter

There is a long-standing shortage of adequate and affordable housing for lower-income groups of all nationalities across Lebanon.⁶⁴ The lack of adequate policies and a functioning institutional framework in place to redress this, has resulted in the deterioration of shelter conditions over recent years.⁶⁵ Alongside food and healthcare, rent was identified as a main concern for Lebanese and non-Lebanese residents in a recent study.⁶⁶ As socioeconomic conditions deteriorate, tenants' ability to pay rent and conversely landlords' ability to collect their dues are declining. Coupled with weak tenure security and inability to seek recourse

to justice, there is potential for an increase in evictions and homelessness.⁶⁷ For small landlords, the inability to collect rent might constitute the loss of an integral source of livelihood and lead to forms of violence, abuse, and exploitation, such as sex for rent.

There are data gaps, notably regarding individual evictions and evictions involving Lebanese generally. While shelter and living conditions are well-documented within informal tented settlements, there is little representative data related to vulnerable groups living in urban settings, noting that Lebanon is around 89% urban by resident population (2018).⁶⁸

For refugees, around 77% of the refugees have difficulties paying their rent, and that 3 out of 4 are going into further debt to pay for basic necessities, including rent. This should be seen against the backdrop of already very high indebtedness among the refugees.⁶⁹ Loss of income and accumulated debt have led to a notable increase in the number of refugee families living under threat of eviction. While the number of calls received by UNHCR from refugees at risk of eviction has significantly increased during the last months of movement restrictions, most families were not evicted during that period. This is due to a recognition by the authorities that homelessness can exacerbate the risk of COVID-19 transmission, and to some landlords being understanding of the exceptional circumstances.

A range of studies indicate high levels of overcrowded shelters not only in informal tented settlements which are mostly in rural areas and accommodate mainly Syrian refugees,⁷⁰ but also in disadvantaged pockets

⁶⁴ The UN-Habitat Lebanon Unions of Municipalities' COVID-19 Rapid Assessment (May 2020) identified the lack of adequate and affordable housing and shelter options as one of the challenges in the response.

⁶⁵ LCRP, VASyR. Incidents of building collapse – most recently in January 2020 – are indicative of the precarious shelter conditions occupied by many vulnerable households.

⁶⁶ WFP. *Assessing the Impact of the Economic and Covid-19 Crises in Lebanon*. June 2020. [\[PDF\]](#)

⁶⁷ The Protection Sector advocacy statement/key messages on evictions is due for release on 16 July 2020. In addition, UN-

Habitat in conjunction with OHCHR is drafting a joint UN advocacy statement on forced evictions related to the COVID-19 and socio-economic crises. See "Human rights: leaving no one behind" section below for how the crises have affected migrant workers' access to shelter.

⁶⁸ UN, Department of Economic and Social Affairs, Population Division. 2019. *World Urbanization Prospects: The 2018 Revision*. New York: United Nations, as cited by World Bank: <https://data.worldbank.org/indicator/SP.URB.TOTL.in.zs>.

⁶⁹ Source: UNHCR, 20 March- 9 August 2020, Protection Monitoring: Impact of COVID-19

⁷⁰ VASyR

of the main cities across the country, where Lebanese and non-Lebanese live together.⁷¹ These vulnerable urban areas are also characterized by inadequate water and sanitation facilities at the individual shelter level.⁷² The inadequate sealing and insulation of many shelters in these disadvantaged areas can compromise respiratory health and increase vulnerability to infectious diseases. In such settings, physical distancing and other preventive measures related to COVID-19 are difficult to practice.⁷³

In May 2020 the Government presented its three-year development priorities⁷⁴ and commitment to follow up on the loan agreement with the Arab Fund for Economic

and Social Development for the financing of housing loan, as well as to pursue discussions with the Public Corporation for Housing around a new housing loan for low and middle-income people.

National authorities put on hold the COVID-19 lockdown measures planned to be in force until 11 August 2020. However, as the numbers of infection are on the rise, mitigation measures such as self-isolation under the current shelter context will be near impossible to implement and with only 47% of surveyed healthcare facilities able to provide full routine health services, a rise of COVID-19 related deaths, especially among vulnerable population group, could be expected.

⁷¹ UN-Habitat–UNICEF neighbourhood profiles (<https://lebanonportal.unhabitat.org/>). Of the 80% of displaced Syrians in Lebanon who live outside informal tented settlements, the majority live in vulnerable urban settings across Lebanon. (<https://reliefweb.int/sites/reliefweb.int/files/resources/73118.pdf>). Over 470,000 Palestine refugees are registered with UNRWA in Lebanon, with 180,000 estimated for planning purposes to be residing in the country. About 45% of them live

in the country's 12 refugee camps, whereas the majority of the remaining population reside in vulnerable urban settings, including "gatherings" (<https://www.unrwa.org/where-we-work/lebanon>).

⁷² *ibid*

⁷³ Global *UN Framework for the Immediate Socio-economic Response to COVID-19*, p. 15.

⁷⁴ May 2020 PowerPoint presentation by Government of Lebanon Grand Serail.



Pillar 3: Macro-Economic Response and Multi-lateral Collaboration



SDGs: 8.1, 8.10, 17.1, 17.4, 17.11, 17.13⁷⁵

The COVID-19 pandemic reached Lebanon amid a soaring macro-economic, monetary, financial and fiscal crisis limiting the Government's ability for proper response and mitigation to its implications.

3.1 Macroeconomic indicators

The pre-pandemic economic scenario in Lebanon was already dire. Not only is the country heavily import-dependent (imports of major food groups account for 81% of total production, indicating the degree of import dependency⁷⁶), but as of the third quarter of 2019, major economic indicators deteriorated fast. This process further accelerated following Lebanon's first official default on its

Eurobond obligations on 9 March 2020. Lebanon underwent a steep economic contraction with – despite the Central Bank maintaining an unrealistic currency peg of 1 USD to 1,507 LBP – a rapid and uncontrollable depreciation of the Lebanese currency, soaring inflation, a deteriorated fiscal balance, and huge deficits in the balance of payments. The direct implications of the COVID-19 pandemic resulting from the lockdown containment measures between March to May 2020, further accelerated the decline of the Lebanese economy. Between 2018 and 2019 the economy sharply contracted (annual GDP growth from 0.9 (2017) to -1.9 (2018) and -5.6 (2019)⁷⁷) after an already long period of sluggish growth that averaged around 1.7% over the period between 2011 and 2017⁷⁸.

⁷⁵ Given the manifold linkages among the SDGs, the ones mentioned highlight only the main entry points and macro-economic policy choices will have impact on all the SDGs.

⁷⁶ ESCWA. *Strategic Review of Food and Nutrition Security in Lebanon*. May 2016. The report indicates that there are food items for which Lebanon is completely dependent on imports

(100%). These include sugar, sweeteners, coffee, sesame seeds, cocoa beans and related products (such as chocolate), tea, spices as well as rice, vegetable oil, and sunflower oil.

⁷⁷ <https://databank.worldbank.org/source/world-development-indicators>

⁷⁸ World Economic Outlook

Figure 3: Economic growth rate projections in pre and post COVID-19 crisis (%)

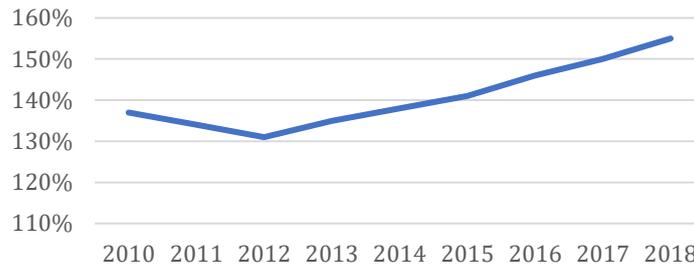


Sources: (1) pre-crisis: World Bank Lebanese Economic Monitor, fall 2019; (2) post COVID-19 crisis: The Lebanese Government Reform Program, April 2020

The domestic economy is expected to further contract within the next two years with estimates at -13.8% in 2020 and -4.4% in 2021. The calculations assume the implementation of a broad range of pending fiscal, financial, monetary and structural reform measures⁷⁹

(which among other concerns address high Government debt to GDP rate). An assumption that becomes increasingly improbable with the current political developments unfolding (i.e. collapse of Hassan Diab’s government).

Figure 4: Lebanon’s Public Gross debt as a percentage of GDP



Source: <http://finance.gov.lb/en-us/Finance/PublicDebt/PDTS/Documents/General%20Debt%20Overview%20Updated%20as%20of%20February%202020.pdf>

Impact of the emergency on the various economic sectors is negative across the board, and especially devastating given the country’s heavy reliance on the services sector. In parallel to real sectors degradation, BdL consistently increased interest rates to shore dollar reserves as external injections of USD dried up⁸⁰.

and 10,000 LBP to the dollar. Foreign currency shortages have prompted BdL to set capital controls as well as different pricing formulas and limits on different types of exchange transactions to try and control black market rates and ease the devaluation of the local currency. However, as Lebanon is an import dependent country, the high demand for US dollars beyond their availability through official channels keeps driving the unofficial exchange rate, while the capital controls crippled businesses that relied on importing raw materials. Besides black market rates and

While BdL officially maintains the currency peg of the LBP to the USD⁸¹, in reality, the country’s currency devaluated severely against the dollar. Over the past few months, the black-market exchange rate stands between 7,000

⁷⁹ Lebanese Government Reform Program

⁸⁰ For more details on the BdL financial engineering refer to: <http://www.thinktriangle.net/wp->

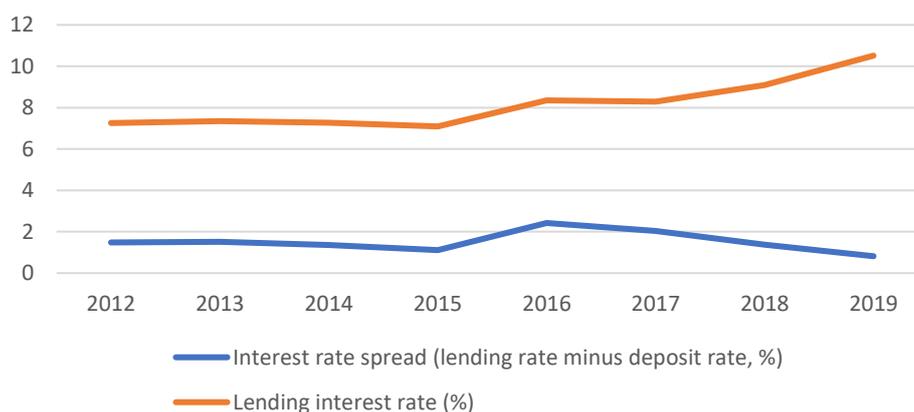
content/uploads/2019/11/Extend_Pretend_Lebanons_Financia_House_of_Cards_2019.pdf

⁸¹ <https://www.bdl.gov.lb/statistics/table.php?name=t5282usd>

an official rate, BdL imposed a tiered exchange rate system: the first is used by the banking sector to forcibly convert existing USD-denominated deposits to LBP and adjusted on a monthly basis; the second is applied to money transfer offices receiving foreign

currencies from overseas; and the third rate is set by the BdL application (Sayrafa) for use by official exchange houses. In terms of impact, Lebanese citizens see their USD savings evaporate due to unfavorable exchange rates.

Figure 5: Interest rates



Source: World Bank – World Development Indicators (<https://databank.worldbank.org/source/world-development-indicators#>)⁸²

The impact of Lebanon’s ongoing dollar scarcity and exchange rate uncertainties is significant, primarily affecting import and prices of goods. To offset this impact and to keep local prices under control, BdL pursued a foreign exchange rate subsidy policy covering three strategic vital goods, namely fuel, medicines and wheat. However, the Government Financial Recovery Plan envisages revising the official exchange rate from LBP 1,515 to LBP 3,500, thus directly impacting consumer prices.⁸³

As a direct result of the LBP depreciation, inflation started to soar reaching an annual

level of 90% in June 2020⁸⁴. The rate varies across the consumption items making up the household budget with significant price increases on food items and non-alcoholic beverages (reaching more than 247% in June 2020), which will jeopardize the core obligation of the Government to ensure essential levels of the right to food, especially for the most vulnerable groups. Inflation rate is expected to further increase, as the consumption patterns and behavior of Lebanese households will be adjusted. The lockdown measures may have contributed to a delay of an inflation surge, as demand was generally low, mainly for non-basic items.

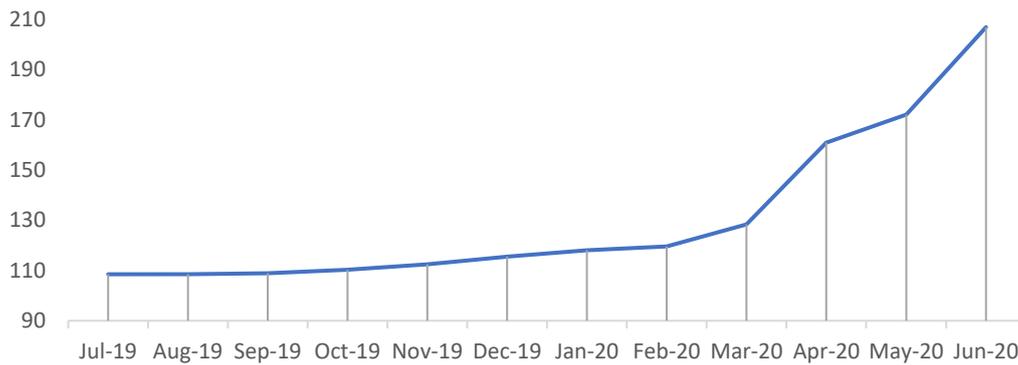
Figure 6: Consumer Price Index

⁸² Definition: (1) Interest rate spread is the interest rate charged by banks on loans to private sector customers minus the interest rate paid by commercial or similar banks for demand, time, or savings deposits. The interest rate spread - the margin between the cost of mobilizing liabilities and the earnings on assets - measures financial sector efficiency in intermediation. A narrow-spread means low transaction costs, which reduces the cost of funds for investment, crucial to economic growth; (2) Lending rate is the bank rate that usually

meets the short- and medium-term financing needs of the private sector. This rate is normally differentiated according to creditworthiness of borrowers and objectives of financing.

⁸³ The price increase of strategic vital goods negatively affects the right to food and health of the most vulnerable groups. This is a further risk on prices when the Government will enforce this decision on the official exchange rate.

⁸⁴ The Central Administration of Statistics (CAS), the monthly consumer price index. May 2020



Source: <http://www.cas.gov.lb/index.php/economic-statistics-en?layout=edit&id=185#cpireresults>

As a mitigation measure, the Ministry of Economy and Trade introduced in early July 2020 consumer subsidies for an expanded basket of around 300 basic goods with a fixed exchange rate of 3,900 LBP/USD available to importers. The costly subsidy schemes strain the already rapidly dwindling BdL FX reserves and lead may potentially lead to shortages of vital items such as food and medical supplies and devastating consequences to the lives of the population as the subsidy cannot be sustained in the longer term. The lack of foreign reserves also largely affects much needed medical supplies for effective COVID-19 response, as well as treatment (i.e. large-scale political protests facilitate the spread of COVID-19).

The fiscal deficit continued to widen reaching 13.7% of GDP in 2019, and it is expected to further increase to 14.1% of GDP by 2021⁸⁵. The large deficit is explained by high expenditures against a steep decrease in revenues. During the first four months of 2020, expenditures reached USD 4.55 billion, similar to previous years, and thus reflecting a clear inability of the Government to curb non-essential expenditure as planned in budget law 2020. For example, in the first four months of 2020, compensation of public-sector personnel totaled USD 2.2 billion, comprising

of 70% of public revenues and a 0.8% increase from the same period in 2019.⁸⁶ In addition, revenues witnessed a sharp decline over the same period, reporting USD 2.58 billion in Jan-Apr 2020, compared to USD 3.31 billion and USD 3.47 billion in the same periods of 2019 and 2018, respectively.

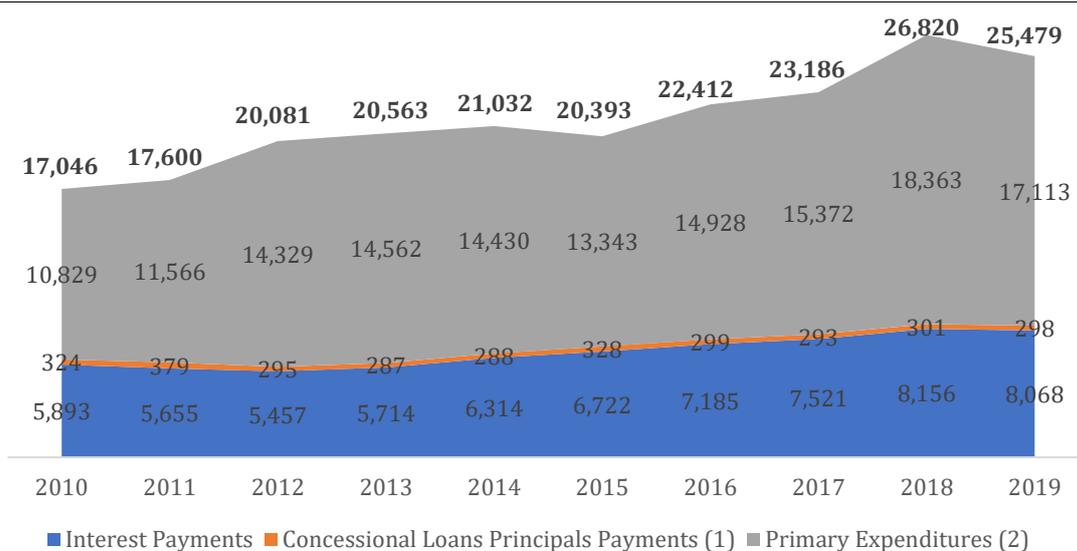
Subsequently, tax revenues dropped 12.5% during the first quarter of 2020 compared to a year earlier, the largest decline in customs and value-added tax revenues, which fell by 51.5% and 42.3% respectively during the quarter⁸⁷. The decline in revenues may have been driven by three concurrent factors: i) the economic contraction that reduced the tax base, and 2) the decline in tax filing in response to “civil disobedience” called for by protestors, and iii) the tax deferral policies adopted by the Ministry of Finance in response to COVID-19 and its lockdown implications on the economic sectors. The current fiscal stance indicates that the Government has little fiscal space to cater for additional expenditures associated with the COVID-19 impact and the pre-crisis socio-economic challenges. Yet, it appears to prefer printing money rather than re-thinking expenditures. Any potential space created under potentially extreme austerity and reform measures would have to be channeled to fund the fiscal deficit, which is an explicit

Figure 7: Expenditure summary (in LBP billion, per year)

⁸⁵ IMF

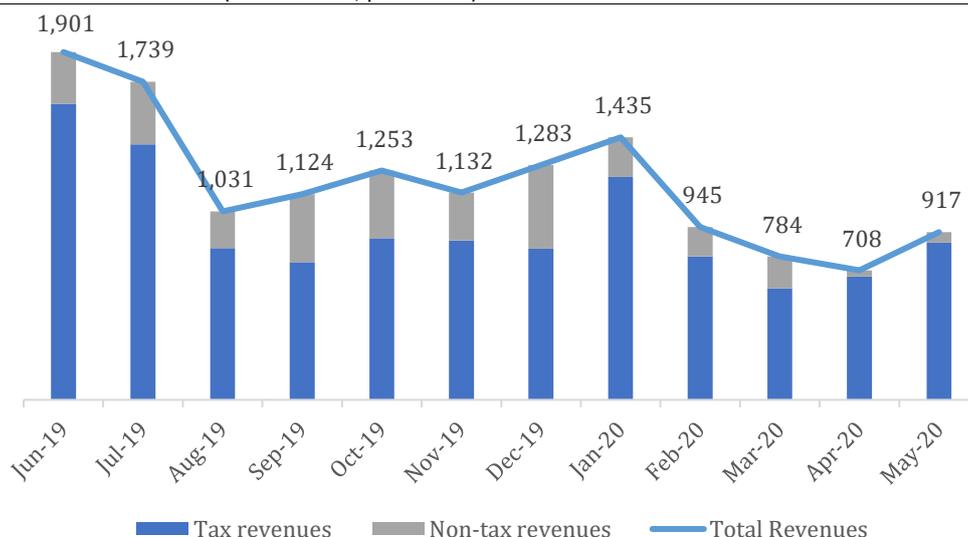
⁸⁶ <https://www.byblosbank.com/ContentFiles/9490PDF.pdf>

⁸⁷ Ministry of Finance.



Source: <http://www.finance.gov.lb/en-us/Finance/Rep-Pub/DRI-MOF/PFR>
 1/ Includes only principal repayments of concessional loans earmarked for project financing.
 2/ Primary expenditures exclude debt-related payments (Interest payments and concessional loans principal repayment).

Figure 8: Government revenues (in LBP billion, per month)



Source: <http://www.finance.gov.lb/en-us/Finance/EDS/FP>

priority of the Government. Given the very high level of inequality in Lebanon, a wealth tax, as outlined in the Government's financial recovery plan, could both create more fiscal space and reduce inequality in the country.⁸⁸

So far, the delay in implementing a well-monitored reform programme discourages bilateral and multilateral donors from getting engaged in any financing operation, awaiting a clear commitment from the Government to implement a sensible reform agenda. However, the political climate reveals

⁸⁸ This point is part of the ongoing negotiation between the Government and the banking sector on the fair distribution of the cost of restructuring process.

the danger associated with the unlocking of international funds, if they were to be channeled through the local government that lacks the trust of their people. A sound public financial management system would be a prerequisite to monitor efficiency and effectiveness of public expenditure and revenue, and would also ensure value-for-money in service delivery, however the institutional mechanisms in place will not work.

The current account deficit represented 20.6% of GDP in 2019, driven mainly by a significant trade deficit of USD 15.51 billion⁸⁹, equivalent to 29% of GDP⁹⁰. In the first quarter of 2020, the trade deficit reached USD 2.02 billion compared to USD 4.09 billion during the first quarter of 2019. Though exports increased slightly by 7% year over year (YoY), the deficit actually decreased due to the significant decrease in imports (by 41%). This trend in imports came as a response to the economic crisis and mounting inflation that suppressed demand and consumption of both households and businesses. Also, it was largely driven by the monetary crisis that dried up the market of foreign currencies, particularly the USD.

In addition, the economy's external position has worsened, feeding into a critical monetary position. The balance of payments (BoP) continues to report significant deficit reaching USD 1.3 billion at the end of April 2020, compared to a higher deficit of USD 3.3 billion in the same period of 2019, and to a total deficit of USD 5.85 billion during 2019⁹¹. Traditionally, the BoP used to be heavily financed by inflows, comprising of mostly remittances from Lebanese living abroad. As the inflows have dropped steeply, pressure on the BdL foreign reserves increased. By the end of June 2020, BdL reserves attained a level of USD 32.97 billion compared to USD 38.53 billion in September 2019, and USD 39.67 billion end-2018⁹². The trend shows the drain

on foreign currency reserves mainly to settle the import bill for vital goods (fuel, medicine, and wheat). Otherwise, prices of these goods would have sharply increased.

During the first five months of the year, deposit outflows in commercial banks reached USD 11.45 billion, adding to an additional USD 11.35 billion outflow during the last three months of 2019, i.e. reaching around USD 23 billion in total. In this situation, BdL and the banking sector were in a critical position, with BdL enacting firefighting efforts, as they are unable to attract foreign currencies. In response, an informal form of capital control has been exercised by the banking sector since November 2019, to limit cash withdrawals and overseas' transfers of dollars. Withdrawals of foreign currency have been essentially halted, except for currency 'freshly transferred' from abroad and deposited in specially designated accounts or at a steep price by withdrawing in the local currency at the exchange rate enforced by the BdL which is worth about half the black market rate. BdL also lowered interest rates on deposits which by end-2019 fell by 1.95 and 1.77 basis points (bps) on dollar and LBP deposits, respectively.

As of 30 July 2020, money supply M1 expanded by 163% YoY, while the broad money (M3 plus non-resident deposits) contracted by 7.57%, reflecting capital outflows. A marked increase in M1, the more narrow money supply, reflects "(i) the evolution of a cash economy in LBP; a flight to safety (FTS) as dollar depositors who can only withdraw in LBP at the official exchange rate accept to take a loss by reconvert back to dollars at parallel market rates; and (iii) and flight to quality (FTQ) as LBP depositors also convert to dollars at the official exchange rate."⁹³

As a result, depositors have lost confidence in the banking system and concerns about the possibility of a bail-in mentioned in the

⁸⁹ Lebanese Customs – Trade Statistics

⁹⁰ GDP for 2019 is calculated at USD53.4 billion based on World Development Indicators.

⁹¹ BdL monthly monetary report.

⁹² *ibid*

⁹³ WB. [Macro Poverty Outlook \(MPO\) for Lebanon](#). April 2020.

Government's Financial Recovery Plan amid growing uncertainties regarding future accessibility to their deposits. People relying on remittances, interest, and savings as a major source of income were highly affected by the banking sector measures that limited withdrawal in USD and created disincentives for money transfers from abroad. Also, students living abroad start facing mounting challenges, as transfers to cover university fees and living costs are subject to great uncertainties, having been lately regulated by the Government and BdL.

The Lebanese foresee the situation deteriorating, with the Byblos Bank / AUB Consumer Confidence Index dropping to its lowest level since its inception in July 2007 in the second quarter of 2020.⁹⁴ The index averaged 19 points in Q2 of 2020, a decline of 51% from the first quarter of 2020 and of 73% from the second quarter in 2019.⁹⁵

3.2 Crisis response proposals

Lebanon was the first country in the world to default on its foreign debt in order to free fiscal space in March 2020. Debt structuring⁹⁶ is the first pillar of the Government Financial Recovery Plan (FRP) that includes a debt restructuring on international markets loans, but more importantly, on domestic debt as well. Bilateral and multilateral lenders are not subjected to a debt restructuring process. Although Lebanon's default on its Eurobond

- i) revamping the currency peg,
- ii) comprehensive debt restructuring,

created an important fiscal space, with a 70.9% drop on interest payment on foreign debt by April 2020 on a year-to-year basis, most of interest debt service is due to local creditors, i.e. commercial banks. Most of the fiscal space that the FRP expects to free is based on the domestic debt restructuring which involves ongoing negotiation with the powerful banking sector (including BdL) with a risk that the cost of this restructuring will be on the middle and poor classes (through comprehensive privatization of public assets). An agreement on a domestic debt restructuring could free the needed fiscal space that could be allocated to urgent social spending needs (see section 1 on the health sector financial needs). It will also make it possible to reach a comprehensive agreement between the Government and the banking sector in order to unify their position in the negotiations with the IMF, which are currently stalled as a result of these disagreements. By loosening this domestic debt restructuring bottleneck, the Government will be able to maximize available resources in order to fulfil its minimum core obligations to protect in the context of COVID-19 and the protracted economic crisis.

To address the constraining macro-economic and fiscal context, the Government approved an economic and financial recovery plan on 30 April 2020⁹⁷, resting on nine essential pillars:

- iii) comprehensive restructuring of the financial system,
- iv) a strong phased fiscal adjustment,

⁹⁴ The Byblos Bank/ AUB Consumer Confidence Index is a measure of the sentiment and expectations of Lebanese consumers toward the economy and their own financial situation. It is a composite index composed of the Byblos Bank / AUB Present Situation Index, covering current economic and financial conditions of Lebanese consumers, and the Byblos Bank / AUB Expectations Index, covering the outlooks over the next half year.

⁹⁵ <https://www.byblosbank.com/ContentFiles/9490PDF.pdf>

⁹⁶ [Government Budget 2019:](#)

⁹⁷ FRP represented a welcome first step, additional human rights-based and gender responsive considerations need to be considered to strengthen the Government's socio-economic recovery plan to ensure both men and women's needs are better

met. These include, but are not limited to investment in social protection to correct gender gaps, ring-fence spending on education and health to protect social gains and to stem the outflow of women from the economy, revising the labor and social security laws to address gender discrimination, fast-tracking pension reform, and promoting progressive taxation. While there is a tendency for the pursuit of gender equality to fall by the wayside during times of crises and to be considered as a goal of secondary importance that can be placed back on the agenda once economic growth has recovered, the reality is that taking steps towards gender equality is part of the solution and supporting women to enter the formal economy in significant numbers will widen Lebanon's tax base and support the fiscal sustainability of Lebanon's social security programmes.

- v) growth-enhancing reforms,
- vi) a social sector reform,
- vii) a national anti-corruption strategy,

- viii) an environmental reform and a national sustainable development strategy, and lastly
- ix) an international financial assistance at favorable terms.

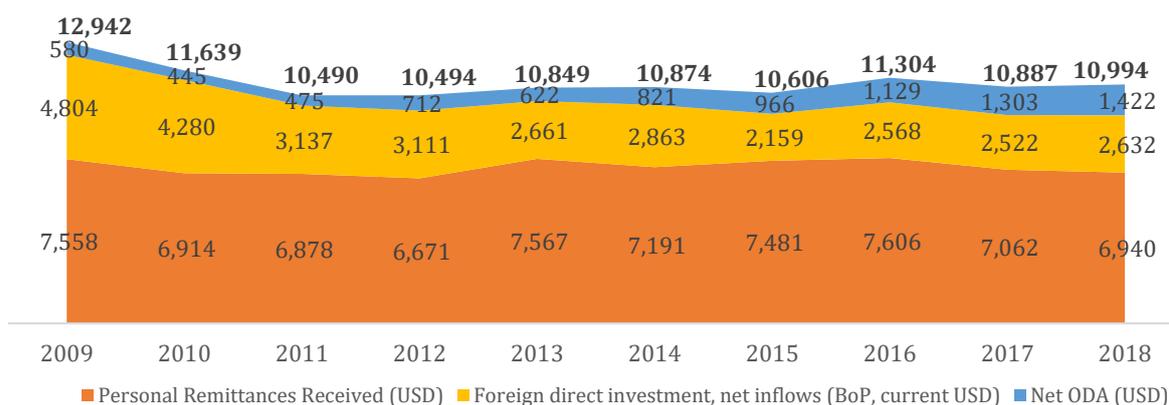
The formulation of this comprehensive recovery plan offered a promising start towards long overdue and necessary reforms and helped open a dialogue with the IMF to discuss a potential lending programme. However, the failure of the Government to proceed with reforms due to disagreements between the Government, Parliament, BdL and commercial banks mired the FRP in controversy, and any credible political ownership evaporated. The main source of disagreement is how to approach dealing with the massive losses in the financial system, at what pace to recover them, and how to distribute them. Until the Beirut port explosion neither the Government nor Parliament have been able to pass critical legislation and implement the necessary fiscal, financial and political-institutional reforms (i.e. independence of judiciary, women’s empowerment and gender equality, meaningful anti-corruption) to demonstrate the political establishment’s readiness, willingness and ability to deliver.

3.3 Overview of financial trends 2009-2020⁹⁸

SDGs: 8.a, 17.3, 17.5

Total **external financial flows**, comprising **official development assistance (ODA)**, **foreign direct investments (FDI)**, and personal remittances, decreased in the past decade from US\$ 12.94 billion in 2009 to US\$ 10.99 billion in 2018 (Figure 9). Whereas **personal remittances** provided a continuous flow over the years (around US\$ 7 billion on average, more than 15% of GDP at the end of the period), **FDI** was badly affected as growth performance faltered after 2010 with the eruption of the Syria crisis and confidence in growth opportunities started to erode. The impact of the Syria crisis, lack of structural and sectoral reforms and other development challenges to the local economy as of 2013 kept investments at a low US\$ 2.5 billion on average in the latter part of the decade.

Figure 9: External financial flows (in USD million)



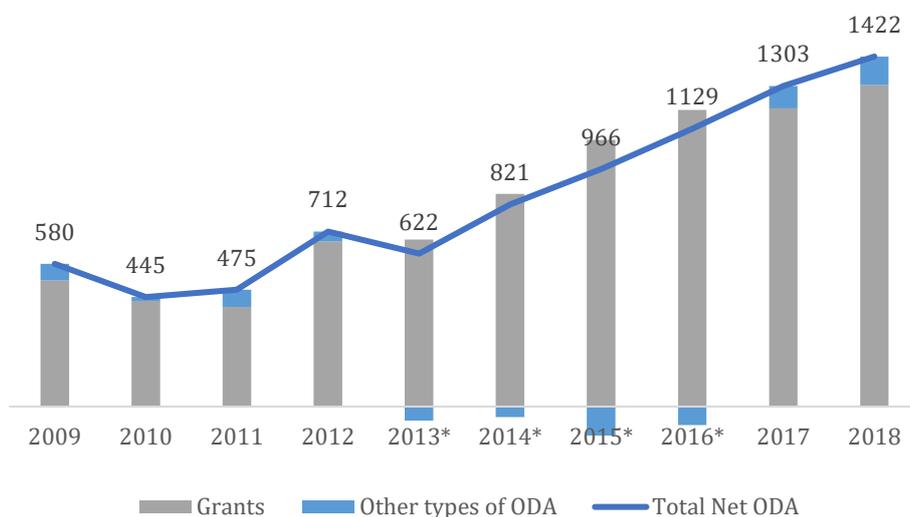
Source: OECD data

⁹⁸ OECD Data, unless specified otherwise.

In the past decade, the international community has responded generously to the needs of Lebanon through **ODA** (figure 10). Between 2009 and 2011, donor support to Lebanon was relatively high and can be explained by the tail-end of the humanitarian and recovery assistance following the war with Israel in 2006 and the grant assistance following Paris 3 in 2007. Total net ODA per capita increased by 72% over the past decade, to reach US\$ 207.3 in 2018 (population of 6.849 million) compared to US\$ 120 in 2009 (population of 4.813 million)⁹⁹. This compares to Syria US\$ 591, Jordan US\$ 254, Iraq US\$ 60, Tunisia US\$ 70 in 2018¹⁰⁰.

There is an increasing trend of donor response to Lebanon to support the humanitarian needs of displaced Syrians as of 2012, and particularly since 2014 when most of the displaced Syrians had arrived. In the past five years, donor support has also increased to address the humanitarian needs of Lebanese host communities and the public sector institutions to manage the impact of the Syria crisis. Based on data collected from donors locally¹⁰¹, the 2019 (US\$ 1.52 billion disbursed) figures and 2020 outlooks show the same order of magnitude of support, possibly indicating a further small increase.

Figure 10: ODA to Lebanon (in USD million)



Source: OECD data

*Grants larger than total net ODA due to net loans being negative.

The near totality of donor assistance to Lebanon consisted of grants; before as well as after the start of the Syria crisis impact on Lebanon. This takes into consideration the

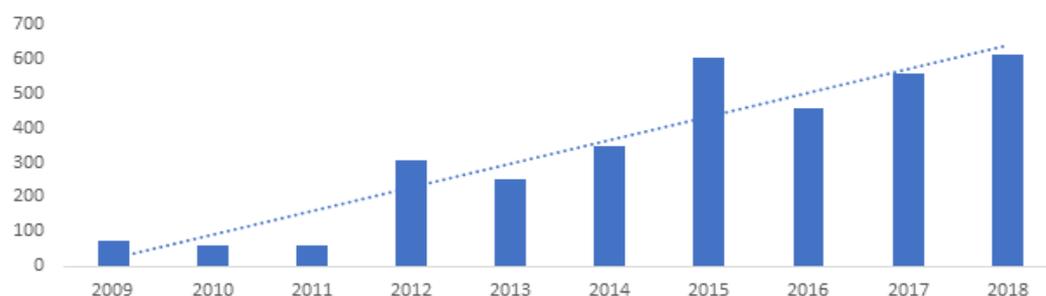
increased humanitarian aid flows on the one hand, and the faltering performance of the Government to implement and take advantage of development finance through loans, on the other (Table 2).

⁹⁹ WB Open Data

¹⁰⁰ *ibid*

¹⁰¹ Based on quarterly aid tracking reports developed by the Office of the UN Resident Coordinator and Inter Agency.

Figure 11: Humanitarian aid to Lebanon (in USD million)



Source: OECD data

In parallel, net loans¹⁰² represented a smaller contribution to ODA in the past decade (less than 10%), and in 2013-16 years the ODA loan repayments even exceeded the ODA gross loans. Gross loans were around US\$100-200 million annually, a very poor performance considering the accumulated backlog of loan agreements not implemented or with long implementation delays. Even the improved performance in 2018 (US\$ 274 million) was still much below potential and may yet only be an outlier.

The increased international support to Lebanon through ODA is not alone sufficient to help offset the effects of recurring crises on the Lebanese economy, which has been exacerbated by the COVID-19 pandemic. For a sustainable and resilient economy going forward, special attention is critical to both mobilization of FDI and remittances and their utilization.

Table 2: ODA loans to Lebanon (in USD million)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
ODA Gross Loans	148	104	187	204	116	102	83	111	239	274
ODA Loan Repayments	-81	-87	-117	-163	-169	-144	-199	-186	-145	-155
ODA Loans: Total Net	67	17	71	42	-54	-42	-116	-75	94	119

Source: OECD data

¹⁰² Net loans include deductions for repayments of principal (but not payment of interest).



Pillar 4: Economic Response and Recovery- Protecting jobs, SMEs, and informal sector workers



4.1 Overview of challenges in various economic sectors

SDGs: 1, 2, 3, 5, 8, 9, 13, 17

The temporary lockdown imposed by the Lebanese Government due to the COVID-19 pandemic, and the extended slowdown in overall economic activity have exacerbated the long-term structural challenges as well as the already ongoing financial and economic pressures facing the various sectors in Lebanon, increasingly since October 2019. For decades, a number of adverse conditions including high cost of production, low levels of investment, adverse geo-political conditions as well as governance and institutional challenges have made businesses, especially SMEs, less resilient to shocks and stresses and unable to withstand recurring crises.

More recently and since November 2019, due to capital restrictions imposed by banks,

businesses no longer had full access to their US dollar accounts, and new imports needed to be funded with “fresh money” (i.e. US dollars obtained after November 2019), while requiring advance payments to foreign suppliers due to the low credit rating of Lebanon. The shortage of foreign currency led to a sharp devaluation of the national currency, which skyrocketed the costs of imported goods and led to high levels of inflation. This made it very difficult for suppliers to purchase raw material or final products, and significantly affected operations in the agriculture and industrial sectors in the country. These capital restrictions, coupled with the rise in prices and fall in purchasing power and overall demand led to a sharp reduction in revenue and affected businesses

across all sectors.¹⁰³ Even those who have available dollars to hand have been unable to use them due to unofficial capital control measures.

The temporary lockdown and further reductions in consumer demand as a result of COVID-19 have deprived businesses from much needed income and further exacerbated adverse financial conditions. Business closures and employees' layoffs are being reported across all economic sectors, with reductions in salaries being a common coping mechanism among businesses, with some data showing women being disproportionately affected,¹⁰⁴ exacerbating pre-existing employment and labor market challenges in the country. These adverse conditions are likely to have a high impact on Lebanon's potential to attain targets identified in the 2030 Agenda for Sustainable Development, particularly on SDG 2 (Zero Hunger) with the impact on agricultural production, SDG 8 (Decent Work and Economic Growth) with the rising unemployment levels and deteriorating

working conditions, and SDG 9 (Industry, Innovation and Infrastructure) considering the high impact on the industrial sector. This will also lead to secondary effects on a number of SDGs including rising levels of poverty (SDG 1) and gender inequality (SDG 5) as well as secondary impact on overall health and wellbeing (SDG 3) and climate action (SDG 13).

The impact of the economic crisis has been, and will continue to be, particularly devastating for women, as there are more women among the most food insecure, the elderly, the unemployed, among public school students and among survivors of GBV. Lebanon, despite being a high middle-income country, ranks 139 among 153 countries on economic participation and opportunity based on the World Economic Forum's Global Gender Gap Index (2020). In addition, the International Labour Organization (ILO) estimates that GDP would grow by 9% in Lebanon if the gap in labor market participation rates between men and women were reduced by 25%¹⁰⁵.

Box 4: Impact on businesses in Lebanon

While no official estimation on the impact of the multiple crises on businesses exists, various surveys indicate that a significant number of businesses closed by the first quarter of 2020, and the levels of unemployment and underemployment are continuously rising. For example:

- Statistics Lebanon announced that 5,500 factories shut down during 2019, and the head of Lebanon's syndicate stated that 785 restaurants and cafes closed by February 2020 and 25,000 people in this sector were laid off.¹⁰⁶ The situation is likely to have worsened in the last few months, and businesses who are still operating are also struggling to survive.
- Particularly affected are both male and female-led micro, small and medium sized enterprises (MSMEs), which represent 94% of businesses¹⁰⁷ and are particularly vulnerable to financial shocks. For example, a recent survey targeting 363 MSMEs in various sectors (75% owned by women) found that due to the lockdown, 10% of workers were permanently laid off and 22.2% temporarily laid off, with very few providing access to any compensation.

If the current financial conditions, compounded by the COVID-19 crisis, last for more than three months, only 39% of respondents will still be in operation and only 19% would keep paying their employees. Most important cited challenges include the lack of access to cash, increased

¹⁰³ FAO, Agricultural Sector Review, April 2020 and UNIDO, April 2020. *Rapid assessment of the impact of the economic and financial crisis on the industrial sector in Lebanon.*

¹⁰⁴ ILO. [Facing Multiple Crises: rapid assessment of the impact of Covid-19 on vulnerable workers and small-scale enterprises in Lebanon. May 2020.](#)

¹⁰⁵ ILO. [How much would the economy grow by closing the gender gap?](#)

¹⁰⁶ AL Arabiya. 20 May 2020. *Lebanon's restaurants on the brink: Coronavirus intensifies economic crisis.*

¹⁰⁷ Lebanon Voluntary National Review of SDGs. 2018.

production costs and problems with importing raw material.¹⁰⁸ The lockdown and the subsequent slow-down of the economy are also expected to reduce the ability of industrial companies to meet national environmental compliance requirements, mainly due the lack of financial means to do so as well as the shifting of priorities towards sustaining operations.

Agriculture

In the agriculture sector, estimations of the 2020 agricultural season indicate that total Lebanese agricultural value in 2020 will be 38% lower than in 2018 (e.g. a decrease of 47% for plant products and a decrease of 26% for animal products). The Syria crisis, economic and financial crisis, and the global COVID-19 pandemic area having an impact on agricultural production, livestock production (including feed production) and animal health. Due to the reliance on import of agricultural inputs (seeds, fertilizers, pesticides), and due to liquidity and cash flow problems, yields are likely to decrease as farmers are moving towards a low input agriculture and choosing substitution for cheaper alternatives or decreasing quantities of inputs used; effectively, moving from at times highly intense to low input agriculture. Farmers are cultivating smaller areas as they are aware that they might not be able to afford the usual amount of inputs. Based on the supply and demand interaction on the market, as agricultural production is likely to decline and the demand for basic food commodities tends to be inelastic, it is expected that farm gates prices will increase compared to previous years. If higher crop and livestock product prices materialize, the areas planted in the next season may increase. However, production costs are likely to continue increasing in Lebanese pounds resulting in a downward pressure on farmers' income.

The pandemic crisis is also having an additional burden on farmers as most organizations suspended their support programmes for

almost three months during the general lockdown and farmers were then not able to sell their produce due to mobility restrictions. The impact is likely to be highest in the poorest regions of the country such as in Akkar, Danniyeh, the Northern Beqaa and the South, where agriculture-related activities account for up to 80% of the local GDP. While women make-up an overwhelmingly large number of agricultural workers in dismal conditions with low and sometimes, withhold wages, only about 9% of farm operators are women, involved mainly in the production of dairy products, food preserves and subsistence farming.¹⁰⁹ Syrian refugees are also particularly impacted, as agriculture is one of only three sectors where they are allowed to work.

Industry

The industrial sector has also been suffering from adverse conditions for a number of years, which was reflected by the reduction of the manufacturing value added (MVA) as a share of GDP from 9.4% in 2013 to 7.2% in 2018 and the reduction of MVA per capita by 44% during the same period, undermining Lebanon's progress on SDG9.¹¹⁰ The current conditions, resulting in business closures and reduction in output in most sectors are likely to reduce MVA per capita further in 2019 and 2020. A recent assessment by UNIDO found that the most important impact on the industrial sector included rising cost of production (including the cost of imported inputs), slow inventory turnover, declining sales from weak domestic markets and declining job opportunities, including increasing unemployment and reduction in salaries. The impact was

¹⁰⁸ ILO, FAO. *Facing Multiple Crisis, Rapid assessment of the impact of COVID19 on vulnerable workers and small-scale enterprises in Lebanon*. [May 2020](#).

¹⁰⁹ FAO, *Agricultural Sector Review*. April 2020.

¹¹⁰ UNIDO Statistics

particularly severe on the construction sector which represents approximately 4% of GDP¹¹¹ as well as related manufacturing sub-sectors (e.g. furniture, metal, aluminum, glass, paints etc.) which were already weakened prior to the crisis by the suspension of subsidized housing loans. The lockdown imposed by COVID-19 has exacerbated adverse conditions for all sub sectors, with relatively lesser impact on the manufacturing of food products, pharmaceuticals, and PPE which remained operational and in high demand.¹¹²

Notably, due to the high reliance on imported raw material for local production, financial constraints have severely impacted operations. Based on the United Nations Industrial Development Organization's (UNIDO) assessment, the financial restrictions have mostly affected non-exporting companies that are unable to access the fresh USD required for import of raw material. Exporting companies, while relatively better off, were also affected, as being linked in the value chain to non-exporting suppliers affected operations. In select instances, companies exporting products benefited from devalued LBP; as products had improved price competitiveness in global markets and the cost of local inputs, including labor, fell sharply.

Another important impact is the severe decline in sales due to weakened local demand for products especially those not considered as priority in the times of crises (e.g. consumer durables, luxury goods). Based on recent consultations,¹¹³ many industrialists have not increased their prices and are selling at a loss or at zero profit only to maintain their position in the market. At the same time, most are also looking for opportunities for export as they can no longer sustain operations while relying on local markets only.

Moreover, in addition to the rising cost of raw material, other factors contributing to the high cost of operations is the rising maintenance cost since spare parts are becoming more expensive and harder to find. Industrialists also incurred extra expenses to procure PPE and sanitizers for the workforce especially in the food sector since workers were supposed to change PPE every few hours and continuously apply sanitizers. In the early days of the pandemic, these items represented considerable expenses due to their surging costs and extensive use. Several COVID-19 related factors also affected business productivity. For example, social distancing measures on the factory floors resulted in lesser workers on the production lines, fear of contamination affected communication between workers, and absenteeism and instructions to workers to stay at home in case of any suspected symptoms somewhat disrupted the work.

Disruptions of regional production has also impacted the quality of imported goods, with some issues reported include lower quality products, shortages of material, tools and equipment, and increase in original pricing beyond the impact of the changes in exchange rates. The disruption of the delivery of non-essential material such as clothing and cosmetics is also expected to continue in the medium term, due to the reduction in both demand and supply.¹¹⁴

Before the COVID-19 pandemic, the construction sector was also one of the sectors hit hard by the economic and financial crisis and saw in 2019 the number of construction permits decreasing by around 14 percent from the previous year¹¹⁵. This has notably affected the Syrian refugees, traditionally working in this sector. According to the chairman of the Syndicate of Contractors of Public Works and

¹¹¹ Central Administration of Statistics, National Accounts. 2018.

¹¹² UNIDO. *Rapid assessment of the impact of the economic and financial crisis on the industrial sector in Lebanon*. April 2020.

¹¹³ Stakeholder consultations undertaken by UNIDO in July 2020.

¹¹⁴ Near East Foundation. *Adapting Enterprise to COVID-19, Rapid assessment of COVID-19 impacts on small entrepreneurs*. May 2020.

¹¹⁵ BLOMINVEST BANK, Economic Digest, February 2020

Buildings, the economic collapse will directly affect 700 contracting companies, 300 consulting firms, and 15,000 engineers working in companies or as freelancers in the public and private sectors in Lebanon. This includes 3,000 engineering offices and subcontractors and more than 150,000 administrators, technicians, and workers, in addition to workers in all other construction-related jobs.

Services

The services sector represented more than 72.4% of the Lebanese GDP from 2004-2016 and is distinguished by low productivity and employability for high-skilled labor.¹¹⁶ Real estate, wholesale and retail trade, public administration services, tourism¹¹⁷ and financial services are the largest service sectors in the country.¹¹⁸

The real estate sector witnessed a short-lived improvement for the first time in a decade, as the impossibility of transferring funds abroad and the devaluation of the LBP lured people into buying real estate as a safe haven (the number of real estate transactions increased by 20.4% during the first half of 2020, compared to the same period of 2019¹).

Tourism was affected by the closure of the airport whereby tourists' arrivals in the first five months of 2020 were down by 72%¹¹⁹, resulting in hotel occupancy rate averaging 14% during January-May 2020, compared to 67.9% and 58.66% during the same periods of 2019 and 2018.¹²⁰ While local restrictions have eased, businesses are finding it challenging to attract customers due to the COVID-19 health restrictions and limited consumer demand, while at the same time experiencing rising

costs of production/operations. In May 2020, the syndicate of restaurants, cafes and patisserie owners has issued a grave warning stating that the sector can no longer survive the current conditions.¹²¹

Within the services sector, health and education (largely feminized) sectors have also been hard hit. There has been a growing exodus of students from private to public schools (and the over-representation of girls in public school) and austerity in public education. As outlined early in this report, the health sector has been continually cash-strapped and in debt, largely affecting women's work. According to the Institute of Health Management and Social Protection, 2012, women make up 50% of registered healthcare professionals and are far more highly concentrated among frontline health workers as they constitute 58% of pharmacists and 80% of nurses.¹²²

In transport, the fees of taxi and bus services were officially increased by 50% by the Ministry of Public Transport, the first time in nearly a decade. The main driver behind this rise is the demonstrations and concerns expressed by public transport workers against the soaring inflation in the country compounding their loss of economic activity after the COVID-19 restrictions. The fee for shared taxis — known as "service" in Beirut — went up from 2,000 to 3,000 LBP, significantly less than US\$1 value in the market.

The banking sector constitutes about 7% of Lebanon's GDP¹²³, having played an important role for the economy as tourism and FDIs have decreased over the past decade in Lebanon and employing over 25,000 individuals¹²⁴. By

¹¹⁶ WB. *Lebanon Economic Monitor: De-risking Lebanon*. Fall 2018.

¹¹⁷ Blominvest Bank. *The Tourism Sector in Lebanon*. 2018 in Review. March 2019. The Research Blog. [\[PDF\]](#)

¹¹⁸ WB. *Lebanon Economic Monitor: De-risking Lebanon*. Fall 2018.

¹¹⁹ Byblos Bank, Lebanon in the News, June 22-27, based on figures compiled by CAS.

¹²⁰ Ernst & Young, *Middle East Hotel Benchmark Survey Report 2020*. May 2020.

¹²¹ AL Arabiya, 20 May 2020. *Lebanon's restaurants on the brink: Coronavirus intensifies economic crisis*.

¹²² Lebanon Labour Force and Households' Living Conditions Survey 2018-2019.

¹²³ WB. *Lebanon Economic Monitor: De-risking Lebanon*. Fall 2018.

¹²⁴ Shellen, T. *Banking Economists on the Lebanese Sector*. June 2020. Executive.

June 2018, the balance sheet of the banking sector reached US\$ 234 billion, equivalent to over four times the country's GDP, of which around 75% came from private sector deposits.¹²⁵ The economic and financial crisis, preceded by the October 2019 protest when the banking system closed for an unprecedented two weeks, has essentially paralyzed the banking sector. Although there is no agreement on the exact impact on the banking sector, it is clear the sector faces large losses that will need to be addressed. Currently, BdL allows banks access to its dollar reserves at a high 20% interest rate and with the condition that they cannot transfer these resources out of the country. Banks have instead accessed their foreign assets abroad in international banks; banks' claims on non-resident financial institutions decreased by around \$5.2 billion over in 2019.¹²⁶

4.2 Impact on employment and vulnerable groups

SDGs: 1, 2, 5, 8.3.1, 8.4, 8.8

The latest official figures state that unemployment stood at 11.4% by 2019, with female (14.3%) and youth rates (23.3%) significantly higher than the overall average.¹²⁷ Among the different districts (cazas) in Lebanon, highest levels were observed in two main clusters; the North-west of the country (Minieh-Danniyeh, Tripoli, Zgharta, Koura, Bcharre, Batroun and Jbeil) and in the Center-south of the country (Beirut, Baabda, Zahle, Aley, West Bekaa, Chouf and Rashaya). While no updated official unemployment figures reflecting the impact of the financial and health crises exist, some estimates have suggested that the overall unemployment rate in Lebanon might have already reached 40% by

February 2020 and can potentially rise to 50% by the end of the year.¹²⁸ Irrespective of the exact numbers, the crisis has undoubtedly increased job losses and worsened employment conditions, driving a larger share of the population into poverty and extreme poverty.

On the sectoral level, it is estimated that almost half of the Lebanese workforce and 60% of non-Lebanese workers are employed in sectors that are considered most affected by the COVID-19 crisis, namely accommodation and food services, manufacturing, construction, wholesale and retail trade, real estate and business activities, and arts and entertainment. These workers are at higher risks of job loss or reduction of wages and/ or hours of work, and will add to the pool of labor underutilization that existed even prior to the crisis.¹²⁹ In fact, according to the 2018-19 LFHLCs conducted in Lebanon, the composite measure of labor underutilization (LU4) stood at 16.2%, with particularly high rates of 21.3% and 29.5% among women and youth respectively.¹³⁰

The ILO forthcoming study also shows that low wage workers are prevalent in these sectors which means that any change in income will translate into increased vulnerability and heightened levels of poverty and extreme poverty. The study also highlights main challenges facing youth, including young girls and women more generally, informal workers, other groups of vulnerable workers as well as refugees and migrant domestic workers.

If prolonged, the crisis is likely to further exacerbate the current employment and labor market situation and hamper Lebanon's commitment to achieving full and productive

¹²⁵ WB. [Lebanon Economic Monitor: De-risking Lebanon. Fall 2018.](#)

¹²⁶ WB. Lebanon's Economic Update. April 2020.

¹²⁷ ILO and CAS, 2019, Labour Force and Households Living Conditions Survey. 2018-2019.

¹²⁸ Naharnet newsdesk, 19 February 2020. *Unemployment Hits 40% in Crisis-Hit Lebanon*, and BlomInvest, May 2020, "Information International" *Sal Released Estimates of Sectoral Lebanese Unemployment in 2020*.

¹²⁹ ILO. Rapid Diagnostic Assessment of Employment Impacts under COVID-19 in Lebanon. 2020. *Forthcoming*

¹³⁰ Central Administration of Statistics (CAS) & ILO. 2019. Labour Force and Household Living Conditions Survey (LFHLCs) in Lebanon 2018-2019. Retrieved from https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_732567.pdf

employment by 2030 (SDG target 8.4). High levels of informality, the absence of unemployment benefits in Lebanon and the weak employment and social protection frameworks, reduce opportunities to access secure working environments for all workers (SDG target 8.8), exacerbate poverty (SDG1) and make gender inequalities even more acute (SDG5).

In the current economic situation, it is likely that previous low-wage jobs that were taken by refugee families will be now considered by poorer Lebanese as well. This is likely to depress the wage rates, as it has become an employer's market. This has a longer-term negative impact on children's and women's health and well-being, and protection. This competition for limited opportunities may also increase tension between Lebanese and non-Lebanese communities, in an environment where competition over jobs was already the primary driver of tensions.

The impact on refugees' livelihoods has also been significant, with as many as 64% reporting that they have lost their livelihood/source of income, a proportion that is increasing even after lockdown was lifted¹³¹. Syrian refugees are legally allowed to work in agriculture, construction and cleaning services (environment), where construction has been

particularly impacted by the economic crisis and COVID-19 measures. Even during the COVID-19 lockdown and closure of borders, thousands of Syrians returned to Syria, citing inability to survive in Lebanon.

Women are also likely to be disproportionately impacted, due to pre-existing gendered pay gaps, women's relative marginalization both in the formal and informal labor markets and the double burden of longer hours at work and additional care work at home.¹³² According to the ILO, women in Lebanon represent 61% of the workforce in the human health and social work activities, and are put at the frontline in the fight against COVID-19 pandemic with increased health and economic risks.¹³³

Looking at women's employment more generally, a recent UN Women study estimates that the effect of the current economic contraction on women's overall employment in Lebanon will result in a 14-19% reduction in women's employment.¹³⁴ This should be of significant concern given women's participation in the economy already stands at only 29%¹³⁵ and that Lebanon ranks 139 among 153 countries on economic participation and opportunity. Given the already significant discrepancies between the rates of women and men in the labor market, these numbers are of significant concern and could result in a prolonged dip in women's engagement in the paid economy.

¹³¹ UNHCR, Protection Monitoring conducted at the beginning of August 2020

¹³² UN Women. *Women's needs and gender equality in Lebanon's COVID-19 response*. March 2020.

¹³³ ILO. *Rapid Diagnostic Assessment of Employment Impacts under COVID-19 in Lebanon*. June 2020. *Forthcoming*

¹³⁴ UN Women. *Gender Responsive Recovery in Lebanon: Recommendations for fiscal, social and labour policy reform*. [2020](#).

¹³⁵ Estimates based on contraction up to the first quarter of 2020. *Forthcoming report*. Salti, N and Mezher, N, 2020, *Women on the verge of an economic breakdown*, UN Women.

Box 5: Findings on employment in Lebanon from recent surveys

Assessing the impact of the Economic and COVID-19 crisis in Lebanon, WFP: A recent survey by WFP of 3,470 respondents targeting the Lebanese population as well as Syrian and Palestinian refugees found that 19% of Lebanese respondents had lost their jobs before the lockdown started, and an additional 29% became jobless since the outbreak of COVID-19 and related containment measures. Another 23% of Lebanese witnessed a reduction in their salaries since March 2020 (24% women vs. 21% men). As the figure shows, 39% of Palestinians and more than half of Syrians reported losing their jobs since end of March (61% of women and 46% of men amongst the Syrian refugees). The survey also found that Akkar is the most affected area in terms of job loss and salary reductions, and women and young adults aged 25 to 34 have been particularly affected with reduced salaries. Furthermore, more than 60% of households witnessed a reduced income since last year, with those depending on daily casual work being particularly impacted (15% and 18% of those living in North and South governorates respectively). At the sector level, and taking into account Lebanese only, this same survey shows that the services sector has been hardest hit, followed by construction, arts and entertainment and tourism. Deterioration in employment and income conditions will likely increase not only poverty but also hunger (SDG2) with 50% of Lebanese, 63% of Palestinians and 75% of Syrians reported being worried about access to food.

Rapid assessment highlights impact of COVID-19 pandemic on vulnerable workers and small-scale businesses in Lebanon, ILO and Fafo: Another survey published by the ILO and Fafo in May 2020, covering a sample 1,987 individuals, found that the majority of the workers interviewed were working informally and 50% had seasonal, temporary or otherwise irregular employment. The survey further found that 39% of Lebanese workers in the sample were permanently laid off while 38% of them were temporarily laid off as a result of the COVID-19 crisis. The corresponding figures for Syrian refugees were 60% and 31% respectively. Furthermore 94% of employed respondents from both nationalities reported large wage reductions. In terms of health and safety measures introduced in workplaces, the survey also found that such measures are found in workplaces where written contracts were common, suggesting higher vulnerability of informal workers who are more exposed to health risks in the workplace. Few measures seem to be also taken in the manufacturing sector.

Monitoring of the Effects of the Economic Deterioration on Refugee Households, UNHCR: UNHCR's MEED survey found a significant increase in families with no working member from Wave I (conducted in February 2020) to Wave II (conducted in April-May 2020), from 32% to 65% for non-Syrian families, and from 44% to 70% for Syrian families.

Protection Monitoring: Impact of COVID-19, UNHCR: The monitoring conducted between 20 March and 9 August 2020 through interviews with a total of 19,135 households has found that an average of 56% of the refugees had lost their jobs during March-May, while as many as 64% reported having lost their jobs at the end of July. The monitoring also finds that for refugees who can find work, given the very high competition for jobs, many have reported increased exploitation by employers, including ever lower wages or not being paid for work completed.

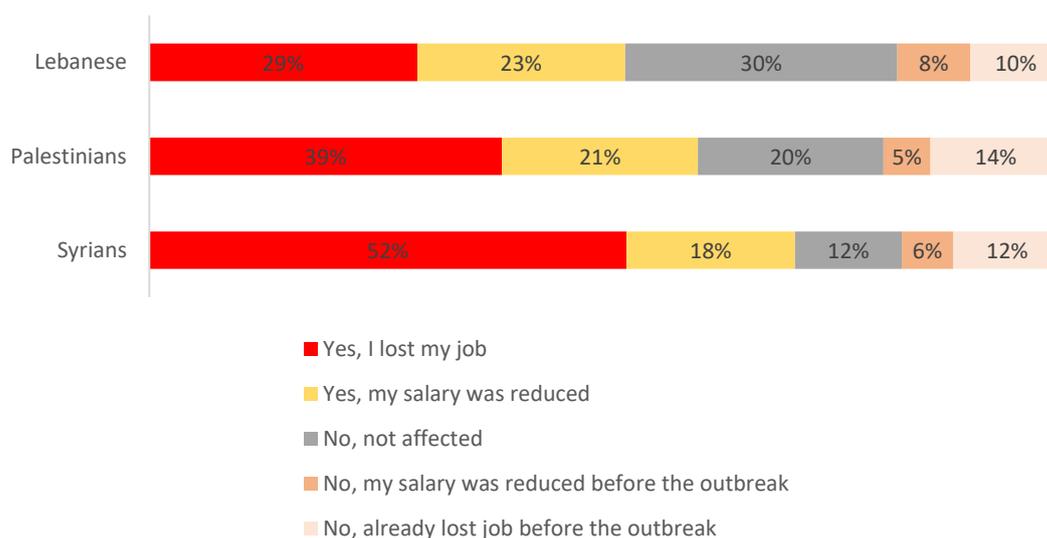
Several sample surveys mentioned in the consequent paragraphs targeting different groups of population show that workers in the **informal sector** were among the most

affected. These, according to the 2018-19 Labour Force and Households Living Conditions survey conducted in Lebanon, constituted 54.9% of the total employed

population in 2019 and 53.7% in non-agricultural sector, including 53.3% for males and 53.8% for female (SDG Indicator 8.3.1). Highest levels of informality are recorded in activities of households, agriculture, forestry and fishing, construction, administrative, arts and entertainment, accommodation, food and other services, transportation and stage, manufacturing, wholesale and retail trade, and water supply activities, all of which had an informality level of more than 56%.¹³⁶ These workers often lack rights at work and access to

social security and health insurance, and are at a disadvantage in regard to salary cuts, layoff and access to PPE and other COVID-19 related measures. Particularly affected groups are those who already suffered from high level of vulnerability including daily casual workers, women (and women owned businesses), youth, and refugees. A recent survey also found that the Akkar area was particularly impacted, likely due to the pre-existing vulnerabilities.

Figure 12: Employment situation per resident status – change since COVID-19



Source: WFP, 2020, Assessing the impact of the Economic and COVID-19 crisis in Lebanon

4.3 Adaption and Mitigation measures

The Lebanese Government has implemented several measures aiming to help ease these adverse conditions on MSMEs, farmers and workers. To support businesses, the Ministry of Finance has announced in May the extension of all deadlines for the payments of taxes and fees for businesses, and the BdL, announced in April 2020 a zero-interest loan scheme to help businesses settle maturing debts or pay salaries and operational bills. The Ministry of Industry has also worked with the BdL on freeing USD100 million of the

manufacturer’s own foreign currency funds to finance imports of raw material, and agreed with the Association of Banks on rescheduling industrialists’ existing loans for 3 to 5 years to ease the debt burden. In the second quarter of 2020, the Government also decided, in cooperation with BdL, to subsidize a basket of staple food, basic household implements and raw material for the food and medical drugs industries. Currently the basket includes more than 200 items. Moreover, the Lebanese Parliament has created an additional credit line of LBP1.2 trillion in the 2020 budget to address emerging challenges emanating from

¹³⁶ ILO and CAS, 2019, Labour Force and Households Living Conditions Survey, 2018-2019.

COVID-19 pandemic and its measures in the economic, health, agriculture, industrial and social sectors. LBP 600 billion is dedicated to support recovery and stimulate growth in the private sector, targeting specifically industrial and agricultural enterprises and craftsmen in the form of loans and grants. The other 600 billion is distributed in the form of direct cash assistance for the most vulnerable groups.

Targeting MSMEs in a responsive manner can help retain workers, alleviate some of the challenges caused by the financial and the COVID-19 crises and enable early recovery. Additionally, supporting local production in industries relying on import of basic and raw material should be prioritized to create employment opportunities in MSMEs and address the cost inflation. Moreover, to promote health and safety, the UN supported the Lebanese ministries of Industry and Agriculture to publish safety guidelines for industrialists and farmers and is also undertaking training for MSMEs to help spread awareness. This will limit contamination risk and help ensure easiness continuity in the likely scenario that a second COVID-19 wave will reach Lebanon in the future.

Due to the challenging monetary and fiscal conditions, the Government's capacity to support MSMEs, farmers and workers adapt and survive the deteriorating conditions remains limited. This is further impacted by the lack of official and comprehensive data to better understand the impact on the different sectors, groups and regions as well as more specific sectoral data to help understand needs and be better able to link local value chains in light of regional and global disruptions. Access to finance and efforts to facilitate the import of raw material also need to be scaled up. Better communication is also integral to ensure that businesses are aware of the support provided.

For example, a recent survey found that only 18% of 363 surveyed MSMEs were aware of support measures offered by the Government or other actors and 5% received such support.¹³⁷ Moreover, communication channels between the Ministries of Industry and Agriculture and businesses, cooperatives and farmers can be strengthened with regard to COVID-19-related information, and capacity challenges to ensure compliance with safety measures in the workplace also prevail.¹³⁸

Enterprises in the private sector, including MSMEs, have recognized the need to change their business models and are testing and implementing different adaptation measures. In addition to integrating health and safety measures in their operations, many businesses have moved to e-commerce by offering free delivery services to their customers. The use of platforms such as WhatsApp, Facebook and Instagram to advertise and sell products and communicate with customers has increased, and some new mobile applications have emerged as a result. Additional adaptation measures include changing the type of products they produce and/or sell to focus on high demand needs such as sanitization items and equipment and food products.¹³⁹ For example, some industries have shifted their production lines to essential products, including PPE and sanitizers, and as a result, Lebanon is now self-sufficient in these products and is even starting to export to international markets.¹⁴⁰ One important example is the joint effort of academia, the private and public sector to building a low-cost ventilator to meet local, and potentially international needs. Despite efforts, many MSMEs, including farmers and cooperatives, remain vulnerable to the changing circumstances and face challenges in adapting to the new realities, mainly because of the lack of knowledge, capacities or financial resources

¹³⁷ ILO, FAFO, *Facing Multiple Crisis, Rapid assessment of the impact of COVID-19 on vulnerable workers and small-scale enterprises in Lebanon*. [May 2020](#).

¹³⁸ UN Position Paper on Economic Recovery and Productive Sectors. May 2020.

¹³⁹ Near East Foundation. *Adapting Enterprise to COVID-19, Rapid assessment of COVID-19 impacts on small entrepreneurs*. May 2020.

¹⁴⁰ Information provided by the Ministry of Industry.

to do so. Without required support, the slowdown in economic activity is likely to increase the levels of unemployment even further, particularly amongst youth including girls and women more generally, and high vulnerable groups such as refugees, daily or casual workers, workers in the informal sector, amongst others. Additional scaled up and coordinated effort is therefore needed to support businesses retain workers, survive the current crisis, recover better and initiate a path toward sustainability and resilience. Challenges persist on many levels, including access to finance for MSMEs (especially women-headed MSMEs) and workers in the most vulnerable sectors and areas, as well as the added burden of taxes and debt repayment. Institutionalizing safety measures in operations, adapting new business models, finding new markets, searching for innovative access to finance solutions such as “FinTech”, as well as strengthening value chains linkages to overcome the shortage of raw material and regional/global disruptions are all areas of required support.

Overall, the need to strengthen employment and social protection in Lebanon remains of utmost importance and is key to addressing the country’s various challenges. Also integral is to address gaps in coverage and comprehensiveness of both the contributory (social insurance) and non-contributory (social assistance) systems. A comprehensive employment policy framework developed through coordinated efforts of relevant tripartite stakeholders is needed to ensure quick and sustainable recovery and decent job creation for all, including for the most vulnerable groups. This is in addition to the need for a review of the macroeconomic framework in the country, and for serious diversification efforts to move away from the rentier economy towards more productive

sectors capable of creating decent and quality jobs for all.¹⁴¹

4.4 Opportunities in the Green Economy

SDGs: 12

Lebanon’s deteriorating natural environment has become a national risk that has dire implications on the economy, public health, and social well-being of citizens. In 2018, the cost of environmental degradation in Lebanon was estimated to be between 3.1% and 5.5% of national GDP¹⁴². That is equivalent to an average of US\$ 2.35 billion in 2018, up significantly from the average estimated cost of \$US 0.56 billion in 2000.¹⁴³ In response to the financial crisis and the secondary impacts of the COVID-19 pandemic, there is an opportunity to set out resilient and sustainable investment initiatives that would benefit people and the planet, and help businesses to weather the crisis and recover better. Action is also needed to ensure that the measures taken now to stimulate growth do not have negative long-term consequences.

To offset the high costs of importing raw material, supporting businesses in investing in sustainable consumption and production (SCP) (SDG12) measures, reducing resource consumption, including water, energy and raw materials, and increasing local recycling, reusing and recovering will help build new economic sectors and reduce manufacturing costs. Supporting and enforcing pollution control measures for all industries and manufacturing facilities will also ensure protection of local communities and the environment. Sustainable consumption and production actions need to be supported by appropriate policy measures like the provision of incentives for environment friendly investments or the introduction of fiscal reforms to penalize polluting activities.

Climate friendly investments opportunities coupled with the national economic reform plan can support businesses and help create

¹⁴¹ ILO. Rapid Diagnostic Assessment of Employment Impacts under COVID-19 in Lebanon. 2020. *Forthcoming*.

¹⁴² Cost of Environmental Degradation, MoE/UNDP.2019.

¹⁴³ UN Position Paper on Environmental Governance and Climate Change. May 2020

much needed job opportunities. These include renewable energy investments in the manufacturing sector which, together with energy efficiency actions, pave the way for a more sustainable recovery. Climate friendly investments also comprise the introduction of climate smart agriculture to ensure food security and develop agro-food economy in a changing climate. Investments in renewable energies need to be coupled with appropriate policy measures to de-risk the renewable energy sector through the revision of the electricity sector's Law 462 and hastening the implementation of the Government's sustainable energy and energy efficiency agenda.

On another note, investments need to be made in order to restore and invest in Lebanon's natural capital. Apart from increasing the resilience of the Lebanese population to disease outbreaks, preserving and restoring natural ecosystems fosters the economy by investing in nature's diverse services. Examples of economic activities relying on Lebanon's nature capital include the provision of natural heritage agro-food products of high added value, sustainable use of non-wood forest products (NWFP), sustainable rural and forest-based tourism, sustainable fishery, aquaculture and marine life protection, and traditional and innovative forest-related jobs.



The COVID-19 crisis, arriving amid a fragile country setting and a soaring economic and fiscal crisis, exerts additional strains on social cohesion, particularly in terms of weakening institutions, increasing governance challenges, hampering the rule of law, imposing serious threats to basic human rights, and largely threatening community resilience.

5.1 Governance transparency, accountability, anti-corruption, and rule of law

SDGs: 16.3, 16.5, 16.6¹⁴⁴

Lebanon has faced challenges in governance, transparency, accountability and corruption throughout decades which fed into the broad, inclusive and trans-confessional protests which erupted in October 2019 and are further

exacerbated by the economic/financial crisis and COVID-19 pandemic.

Numerous demands by protestors relate to governance such as: form an apolitical technocrat cabinet; hold early parliamentary elections; develop a new civil modern and non-sectarian electoral law; recover stolen assets; improve accountability and anti-corruption measures'; ensure judiciary's independence, integrity and impartiality; in addition to a long list of demands to enhance transparency, accountability and rule of law.¹⁴⁵

Under the pressure of the protests, the old cabinet resigned, and a new government was formed having a strict mandate to develop and implement an emergency economic recovery plan and to respond to the protestors'

¹⁴⁴ Given the manifold linkages among the SDGs, the ones mentioned highlight only the main entry points and governance choices will have impact on all the SDGs.

¹⁴⁵ American University of Beirut- Issam Fares Institute for Public Policy and International Affairs. December 2019.

demands. The Government's ministerial statement presented an ambitious reform agenda, and expressed an explicit commitment to reform the judicial system, fight corruption, improve financial and monetary stance, strengthen social safety nets, reform the power sector, and to stimulate economic growth.¹⁴⁶

Governance

Lebanon's political confessional system results in the inability of political actors to achieve consensus on national priorities, notably long-term priorities and a weak capacity of public institutions. This is largely due to its confessional-driven staffing, socio-economic relations dominated by confessional structures, and a weak electoral accountability.¹⁴⁷ These factors, along with the system's structural deficiencies, lead to a weak public sector and institutional performance prone to sectarianism, institutional instability, clientelism and state frailty.¹⁴⁸ As public sector employment is used as a patronage tool¹⁴⁹, the public sector itself, apart from dealing with an already weak institutional capacity, is large, inefficient and costly, with personnel costs consuming more than a third of total expenditures in 2019¹⁵⁰. Reforming the country's public administration is one the main challenges that greatly impacts Lebanon's achievement on the 2030 Sustainable Development Agenda as well as its ability to cover humanitarian needs.

As with the Syria crisis, the COVID-19 pandemic exacerbates pre-existing structural and sectoral challenges, for which the Lebanese state has demonstrated its inability to undertake necessary reforms and key

legislation. For example, for the Paris III conference, the Government enacted only 14% of all high-requirement and about half of the low-requirement reform measures.¹⁵¹ A national budget law was not approved for 12 years from 2005 to 2017. Even when legislation is passed in Parliament, which is often a bottleneck¹⁵², appropriate implementation and compliance is often weak or inexistent^{153, 154, 155}. Some key legislation has been stuck in Parliament for a number of years, including the illicit enrichment law since 2009, the public procurement law which was originally submitted in 2012, then withdrawn in 2018 and a new version re-submitted in 2019, and a competition law since 2009, among others.

COVID-19 containment measures, such as the lockdown which initially included public institutions, have also affected the performance of public institutions, largely due to the absence of business continuity plans and intermittent access to electricity at homes.

Corruption

Notably, corruption has been a serious challenge for Lebanon over the past decade and consistently hinders the country's economic and social recovery and sustainable development. Overtime, corruption seems to be increasingly deep-rooted in Lebanese society and intensified by variety of societal factors such as confessionalism, political divide, weak oversight authorities, and a defective economic model. This is illustrated by the low ranking of Lebanon in the Corruption Perception Index (CPI): in 2019, Lebanon was ranked as the 137th least corrupt nation out of 180 countries¹⁵⁶. This high

¹⁴⁶ The ministerial statement presented to parliament by the current Government to gain the vote of confidence, February 11, 2020.

¹⁴⁷ WB. Systematic Country Diagnostic, *Lebanon: Promoting Poverty Reduction and Shared Prosperity*. 2016.

¹⁴⁸ *The Frailties of Lebanese Democracy: Outcomes and Limits of the Confessional Framework*, Contexto Internacional, September 3 2018.

¹⁴⁹ Salloukh. 2019. *Taif and the Lebanese State: The Political Economy of a Very Sectarian Public Sector*.

¹⁵⁰ Citizen's Budget 2019. Ministry of Finance. 2019.

¹⁵¹ Allatah, S, Mahmalat, M, Zoughaib, S. 2018. LCPS. *CEDRE reform programme: Learning from Paris III*. [h\[00\]](#)

¹⁵² *ibid*

¹⁵³ ALEF. *The Situation of Human Rights in Lebanon*. 2017.

¹⁵⁴ Human Rights Watch. *Lebanon Access Information Law Stalled*. [\[00\]](#)

¹⁵⁵ Schiacchitano, F. 2019. *Assessment of Media Legislation in Lebanon*. [MedMedia](#). [\[00\]](#)

¹⁵⁶ Transparency International, the 2019 Corruption Perceptions Index. 2019.

corruption index is driven by the lack of accountability and transparency mechanisms and an inactive institutional and legal framework to fight corruption.

Over the past period and under rising public pressures, several laws were approved by the Lebanese Parliament to create the proper legal and institutional framework for fighting corruption. These include the Whistleblower Protection Law¹⁵⁷ and the Right to Access to Information Law¹⁵⁸.

More recently, further steps were taken to operationalize the anti-corruption framework in Lebanon. Towards this end, the Government approved the National Anti-Corruption Strategy (NACS) in May 2020, which is considered as a roadmap to guide the Government's anti-corruption measures over the period 2020-2025¹⁵⁹. However, the execution of this strategy is not yet on track, and is still awaiting the assignment of clear institutional responsibility. In a related move, Parliament approved the establishment of the National Anti-Corruption Institution (NACI), which is the custodian body for ensuring the proper implementation of the anti-corruption legal framework. Other legislations are yet to be passed by Parliament to have a more comprehensive legal framework to fight corruption, including the public procurement law. In this context, three draft laws are currently being discussed in Parliament and await approval. These are: the illicit enrichment, recovery of stolen assets and

banking secrecy laws. The bank secrecy law was passed by the Lebanese Parliament during the session held on 28 May 2020 but was revoked by the President of the Republic. The Illicit Enrichment draft law was discussed in the joint parliamentary committees' meeting and will undergo further amendments. The Recovery of Stolen Assets draft law is still being discussed within the designated sub-committee and will be able to create new fiscal space to meet core minimum obligations to protect economic, social and cultural rights in the context of the COVID-19 and socioeconomic crises.¹⁶⁰

The existing institutional and legal context for fighting corruption may be considered as a barrier for efficient and effective response to COVID-19 and for addressing implications of the economic crises. Dealing with the pandemic requires high level of transparency and accountability, which is currently hard to ensure given the institutional and legal limitations. For instance, the relief and stimulus packages designed to mitigate the impact of the compounded crisis require having the proper institutional apparatus to identify beneficiaries, design benefit packages, deliver packages, monitor the impact and redress any upcoming grievances. However, such apparatus is still underdeveloped in Lebanon and its creation requires significant efforts. Subsequently, the level of citizens' confidence in government institutions may be shaken, and the Government's ability to

¹⁵⁷ The Whistle Blower Protection Law (law #83) was approved on 10 October 2018 and was published in the Official Gazette on October 18 2018. The law aims to encourage to motivate people to whistle blow and disclose corruption acts and to protect whistle against any potential risks of retaliation or harms that may encounter as a result of whistleblowing. The law was not put into implementation as the custodian of this law- which is the National Anti-Corruption Agency was not formed until very recently.

¹⁵⁸ The Right to Access to Information Law (law # 28) was approved by the parliament 10 February 2017 and published in the Official Gazette on 16 February 2017. The law mandates government bodies and institutions that performs public functions, to publish key legal, organizational, and financial documents. It gives citizens the right to seek information,

including decisions, statistics, and contracts, from public administrations and to receive a response within 15 days. The law has not yet been put into effect and accordingly public administrations are not acting in accordance with this law as reported by Human Right Watch on 27 September 2019.

¹⁵⁹ The strategy articulated seven outcomes to be achieved by the Government over a five-year span. The outcomes cover the development of the necessary legislations, improving integrity of officials, modernizing the public procurement system, enhancing the judicial system, strengthening oversight institutions, empowering communities, and implementing sector-level prevention measures.

¹⁶⁰ This is another entry point to create additional fiscal space, at least on the middle term.

attract donors' financing to support in the crisis mitigation may be limited.

Rule of law/judiciary

On another front, during the different phases of the pandemic, multifarious challenges to the rule of law emerged. At the onset of the outbreak, Lebanon resorted to prudent far-reaching measures, restricting the movement of residents and shutting down businesses in the different economic sectors including public administration. Refugees were more severely targeted in some areas, with stricter curfews and movement restrictions imposed. The Government declared a state of emergency (General Mobilization) which is still running at the time of writing¹⁶¹; however, it is being gradually phased out.

The lack of the independence of the judicial system also proves challenging even though it is one of the essential Government's branches for undertaking the much-needed reforms. The judiciary branch is comprised of ordinary, administrative, religious and special courts, including military courts. While the Ta'if agreement outlines a formula for judiciary independence, the formula is not implemented.¹⁶² Main violations of the judiciary's independence include "the principle of the natural judge, the guarantees of institutional and individual, independence, the impartiality of the Courts, as well as its corollary: the accountability of judges."¹⁶³ Lebanese authorities have not guaranteed the judiciary's institutional, administrative and financial independence, and influence the judiciary's management of judges, including their selection, appointment, promotion and discipline.¹⁶⁴ Significantly, authorities select judges that are more likely to be manipulated,

and also salient is that judges are not guaranteed security of tenure due to insufficient safeguards nor avenues of appeal, and have been penalized when it did not serve the authorities' interests¹⁶⁵.

Although data on the impact of the judiciary is still weak, COVID-19 affects detention facilities and the judicial procedures. For detention facilities, which tend to be overcrowded without appropriate hygienic access, authorities adopted preventive measures, such as suspending all service providers activities and reducing family visits to the prisons. Judicial procedures have been postponed or undertaken online, causing delays in these procedures.

5.2 Human rights: leaving no one behind

SDGs: 5.1, 5.2, 8.8, 10.3

The impacts of the COVID-19 and economic crises are adversely affecting the enjoyment of a range of economic, social and cultural rights, leading the High Commissioner for Human Rights to sound the alarm (statement of 10 July 2020) that vulnerable groups are increasingly unable to meet their basic needs. Notably, large segments of Lebanese and non-Lebanese populations are increasingly unable to realize their human rights to adequate food, health, water and sanitation, education, decent work and housing. In terms of the human right to adequate housing, fundamental elements include affordability, availability of services, security of tenure, habitability, and accessibility, among others.¹⁶⁶ Several of these elements have been affected, especially in poor areas or among communities that were already disadvantaged before the crises (See section 2.7 "Access to Adequate Shelter"

¹⁶¹ The General Mobilization state was extended till 2 August 2020, while keeping preventive measures in place.

¹⁶² Arab Center for the Rule of Law and Integrity (ACRLI) [Promoting the rule of Law and Integrity in the Arab world. Report on the state of the Judiciary in Lebanon.](#)

¹⁶³ Source: [Submission on the Independence of Judiciary and the Right to Due Process in Lebanon.](#)

¹⁶⁴ International Commission of Jurists. [The Career of Judges in Lebanon in Light of International Standards. 2017.](#)

¹⁶⁵ Harb.N N. [The Lack of Independence in the Judiciary of Lebanon; vulnerability of the system and political readiness to interfere.](#) 2019.

¹⁶⁶ UNHCR. [UN Habitat. The Right to Adequate Housing.](#)

above). These vulnerable groups include female-headed households, youth, children, elderly people, people with disabilities, refugees and migrant workers.¹⁶⁷

Refugees

Lebanon remains host to the largest refugee population per capita in the world. As at 30 June 2020, 901,490 refugees and asylum seekers were registered with UNHCR in Lebanon, including 884,266 Syrian refugees and 17,224 refugees and asylum seekers of other nationalities. With new registrations of Syrian refugees suspended by the Government since 2015, the estimated number of Syrian refugees (“displaced”) in Lebanon remains 1.5 million in the Lebanon Crisis Response Plan. The impact of the economic crisis and COVID-19 measures has been profound on the refugees. Extreme poverty among the Syrian refugees has increased from 55% in 2019 to at least 75% in 2020, impacting their access to shelter, healthcare, documentation and consequently safety, security and dignity as risks of evictions, exploitation, SGBV and other harms increase.

Migrant Workers

The COVID-19 and economic crises in Lebanon has exacerbated pre-existing vulnerabilities of migrant workers to socio-economic marginalization, abuse, exploitation and trafficking. Migrant workers are considered among the severely affected groups, mainly the domestic migrant workers. Lebanon hosts a massive number of migrant domestic workers (MDWs), with close to 250,000 workers currently working in Lebanon who originated from various African and Asian countries¹⁶⁸. Prior to the crisis, this category of labor, according to Amnesty International, was subject to exploitative working conditions

including long working hours, low pay, official paper confiscation, inadequate accommodation, and other indecent conditions. These exploitive conditions are rooted in the Kafala system which associates the legal residency of the domestic worker to the contractual arrangements with the employer, which automatically excludes the worker from enjoying the local labor law provisions that guarantee minimum rights and decent working conditions.

A qualitative impact assessment carried out by the ILO demonstrated the growing vulnerability among this category of workers¹⁶⁹. The pandemic is judged to have severe health, economic, social and mobility implications. For instance, one of the most important economic implications, migrant workers have limited capacity and opportunity to transfer money abroad as the exchange rate deterioration is further aggravating their income situation.

Many also live or work in crowded or unsanitary conditions, without access to adequate hygiene and sanitation. They also often lack access to other basic services, such as food, drinking water, social services, education and social protection. Their access to health may be compromised, particularly when they are undocumented. The mental health of migrants has been raised as a serious concern among actors. Migrants suffering from mental health issues are among the most hard-hit populations as these cases require specialized care, accommodation, case management, and even admission to psychiatric hospitals.

As noted earlier, the economic and COVID-19 crises, forced many migrant workers into unemployment and poverty; mainly those from Sri Lanka, Ethiopia, the Philippines, Nepal, Nigeria, Sierra Leone, Ghana and

¹⁶⁷ Advocacy statement/key messages on evictions due for release by the Protection Sector on 16 July 2020, as well as a joint UN advocacy statement on forced evictions currently being drafted by UN-Habitat in conjunction with OHCHR.

¹⁶⁸ Amnesty International. *Their House is My Prison: Exploitation of Migrant Domestic Workers in Lebanon*. 2019.

¹⁶⁹ ILO. *Impact of COVID-19 on migrant workers in Lebanon and what employers can do about it*. 2020.

Bangladesh.¹⁷⁰ Moreover, a significant number of MDWs have been evicted by their employers due to many Lebanese households being unable to afford their salaries in USD. No provision of alternative accommodation was given to these domestic workers, with a number seeking refuge at their respective embassies in Lebanon. Under international human rights law, evictions should never render persons homeless, irrespective of whether private or public actors are responsible for them.

A rapid assessment carried out by IOM in June illustrated that with the sudden unemployment 87% of migrants reported having spent their savings; 70% of migrants reported reducing essential non-food expenditure, and 15% of migrants reported having accepted socially degrading/exploitative jobs as a consequence of COVID-19.¹⁷¹ In addition to the difficulties in buying food and loss of livelihood, migrants felt reduced or limited freedom of movement and also extremely isolated, physiologically distressed and anxious.

Domestic violence

Increased cases of domestic violence were reported as a result of home confinement since the outbreak of the COVID-19. Local trackers estimate that around 10% of men and women observed an increase in harassment, violence, and abuse against women and girls since the outbreak of COVID-19 in Lebanon, with increased feeling of insecurity among women.¹⁷² Judicial procedures were put in place by the court system in Lebanon to improve access of violence victims (mainly women and their children) to the judiciary system, by virtue of a decision made by the Court of Cassation during April 2020¹⁷³. In the

¹⁷⁰ IOM presentation at the HCT in Lebanon, 4 June 2020.

¹⁷¹ *ibid*

¹⁷² According to the COVID-19 MENA, consumer sentiment tracker by IPSOS.

¹⁷³ Circular number 67ص/April 2020 detailing the procedures to be followed up by public prosecutors to tackle the domestic violence.

case of refugee women, who in certain cases lack legal residency, difficulties are faced to access court and the judicial system.

People in detention facilities

People in detention facilities such as jails are considered particularly at risk, as it is impossible to implement distancing measures, which increase the vulnerability of the detainees and expose them to the risk of infection. The jails in Lebanon are known to be overcrowded, with the occupancy rate across prisons at 130% in 2018, mainly due to the lengthy periods of pre-trial detention¹⁷⁴. Estimates indicate a significant number can be released as they already served their sentences, or they are in their pre-trial detention.¹⁷⁵ During the recent crisis, and under the pressure of human right and UN organizations, the Government started to release part of these detainees. However, it is assumed that there are thousands of existing detainees who meet the conditions of being released, including following advocacy interventions by UNHCR for refugees, but they are still unnecessarily detained.

Evictions

Regarding the human right to adequate housing and protection against forced evictions, it is notable that in recent months there has been a surge in actual and threats of evictions affecting collective shelters and individual housing; this is mainly due to tenants' inability to pay rent. While evictions may be justifiable in certain circumstances if carried out in a lawful, reasonable and proportional manner, in the context of COVID-

¹⁷⁴ Amnesty International. *Lebanon: Government must urgently release more prisoners to prevent the spread of Covid-19*. [April 2020](#).

¹⁷⁵ In this regard the UN Human Rights Committee has earlier called upon the State "to take effective measures to eliminate overcrowding in places of detention, including by increasing the use of non-custodial alternative measures to detention" (CCPR/C/LBN/CO/3)

19 there are compelling reasons to temporarily prohibit all evictions.¹⁷⁶

LGBTIQ

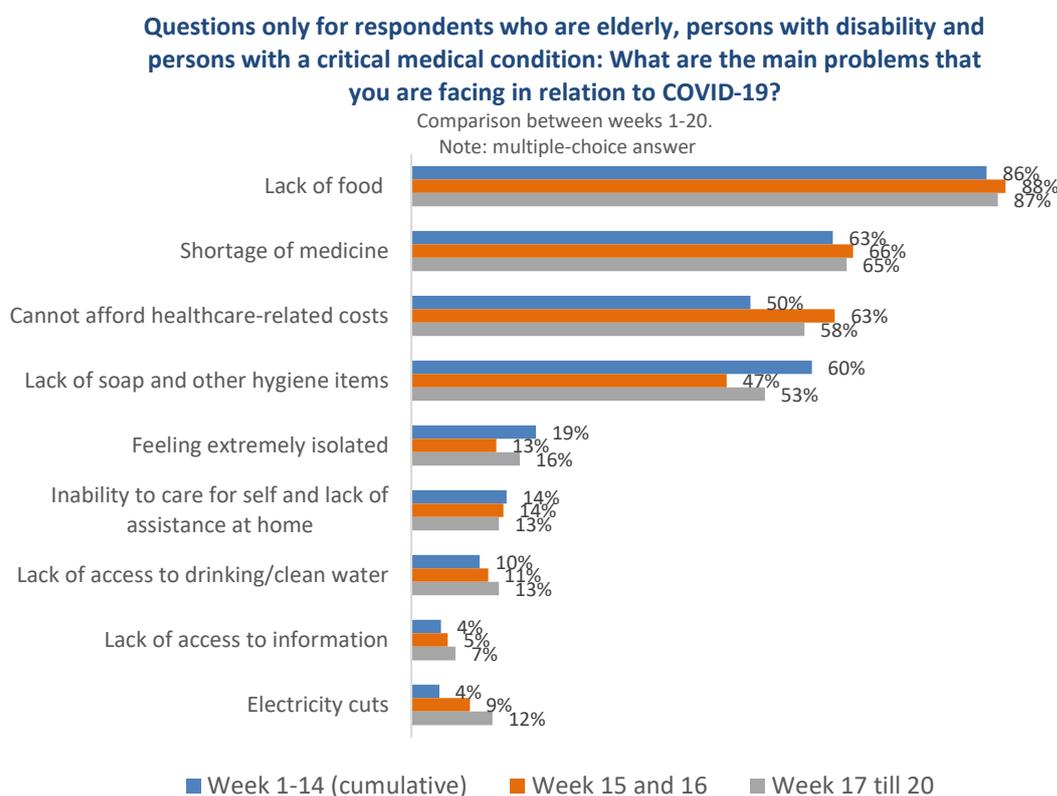
Lebanese civil society organizations reported that the COVID-19 and economic crises have led to increasing discrimination of LGBT people, in particular, their socio-economic rights including labor rights, and there is a need to collect further information about this.

Elderly

Limited data is available regarding the impact of the crisis on the elderly, who are most likely to be harshly affected by the pandemic and the

economic and financial crisis. However, available information reveals that these groups are highly vulnerable given the current social insurance and social protection system. Income security for the elderly is challenged as the country lacks a decent pension system that provides income security at old age¹⁷⁷. The health coverage in Lebanon is very limited. Recent statistics show that around 44.4% of households are not covered by health insurance schemes¹⁷⁸, of these 12.5% are above the age of 60.¹⁷⁹ With regard to refugees, the elderly have faced several challenges that affect their food security and health status, as shown in Figure 13.

Figure 13. Impact on the elderly, persons with disabilities and refugees with critical medical conditions: main problems



Source: UNHCR, 20 March- 9 August 2020, Protection Monitoring: Impact of COVID-19

¹⁷⁶ UN Special Rapporteur on the right to adequate housing.

[April 2020](#). COVID-19 Guidance Note: Prohibition of evictions -

¹⁷⁷ Most of the Lebanese Labour force is not covered by any pension scheme; Only public sector employees covered by pension, meanwhile, private sector employees are covered by an End-of-Service indemnity scheme which entitles its members to a lump sum amount paid as one-off payment upon retirement.

¹⁷⁸ These are mostly covered by MoPH as an insurer of last resorts. The Ministry covers only hospitalization cost of Lebanese residents not being covered by any other insurance schemes.

¹⁷⁹ The Central Administration of Statistics and ILO, Labour Force and Household Living Conditions Survey in 2018-2019 Lebanon. 2020.

People with disabilities, youth and stateless

Lebanon lacks an inclusive social protection system that protects against poverty and vulnerability. The Ministry of Social Affairs is the key Ministry responsible for supporting people with disabilities through its programmes, policies and institutions. However, recent assessment highlighted the limited capacity of existing disability programmes and service providers which are undermined by severe budget delays which hinder effective response¹⁸⁰. The assessment concluded that the pressure on the healthcare sector may create additional risks to the quality and extent of support extended to persons with disabilities of all ages, both in the family or within an institutional environment. There is also a need to collect more data on the situation and challenges faced by persons with disabilities.

Youth are affected through lack of education, learning, employment, unemployment, mental health issues, lack of proper and positive engagement (politically and socially) and access to opportunities.

Stateless people in Lebanon are deprived of all rights including right to identity and to registration. Without active Government support, the current situation may lead to an increase in the stateless population due to the high likelihood among the most vulnerable to abandon the registration of their children after birth because of lack of financial means. As stateless individuals are already amongst the most financially insecure, these multiple crises are pushing many deeper into poverty and exacerbating protection risks such as exploitation, child labour and homelessness.

5.3 Local governance and community resilience

SDGs: 16.1, 16.6, 17.1

¹⁸⁰ Lebanese Union for People with Physical Disabilities (LUPD) and other NGOs, COVID-19 Response: Considerations for Persons with Disabilities in Lebanon. 2020.

The economic crisis is expected to exacerbate frustration, mistrust, and a sense of injustice among residents- including Lebanese and non-Lebanese- as poverty increases, particularly over access to services, jobs and livelihoods, which have become scarce due to the economic/financial crisis and the long period of lockdown. This can also majorly affect women and young people who have led the national protests and could also potentially undermine peace and social cohesion. Thus, there is a need to tackle underlying fragility factors while addressing immediate needs arising from the pandemic and from the economic crisis, while prioritizing the role and needs of youth, women, people with disabilities and other vulnerable groups in the process.

Based on the most recent survey carried out under the Tension Monitoring System (TMS), increased tension is reported due to an evident deterioration in the quality of public services, particularly solid waste management. The tensions were notably reported in the Governorates of Akkar and North Lebanon.¹⁸¹ Preliminary findings of the survey reveal that relationships between the refugees and host communities have been deteriorating. With the deterioration of the economic situation, increased tensions are perceived mainly in the areas such as access to jobs, electricity and most recently cash assistance. The latest is most likely linked to the growing poverty among the Lebanese population, decline in income and loss of jobs. While it is estimated that at least 75-83% of the Syrian refugees are now living below the extreme poverty line, only 30% are currently receiving monthly multi-purpose cash assistance. The gap between needs and assistance provided is thus significant, and resulting in evictions, increased indebtedness, reduced food consumption and harmful coping strategies like child labor. At

¹⁸¹ ARK Group DMCC, Regular Perception Surveys on Social Tensions throughout Lebanon* Wave VII, Unpublished report. The survey was carried out in February 2020, i.e., when both the economic and COVID19 crises started to escalate.

the same time, Lebanese households who are becoming poorer- as a result of the financial and economic crisis. They have even less access to an adequate social safety net, which is triggering tensions between communities as Lebanese perceive the refugees as better assisted than the nationals in the country. Tensions among different Lebanese groups have also grown, mainly as a result of political, sectarian and economic factors.

According to the survey, there is a general, overall increase in dissatisfaction with various public institutions, including municipalities and public services are perceived to be poorly performing, including education, electricity, health services, recreational services, sewage, social services, waste, and water. Negative perceptions of the GoL have increased sharply, with perceptions of BdL being overwhelmingly negative. Perceptions are universally negative across age, gender, geography, and religious background. The exchange rate and available liquidity are becoming the major areas of concern amongst residents as of the beginning of 2020.

The dissatisfaction with the role of municipalities may be attributed to an accumulation of factors that overburdened municipalities over the past period. In addition to dealing with the protracted Syrian crisis, municipalities faced two major constraints: 1) municipalities become overstretched with additional responsibilities to respond to the COVID-19 and economic crisis 2) resources allocated to municipalities are extremely limited and are drying up as a result of the economic contraction.

Municipalities play a pivotal role in responding to the immediate need of the local communities, and they are usually the fastest

to react whenever they are equipped with the proper means and resources. In Lebanon, municipalities were very active during the outbreak of the pandemic, mainly in the general mobilization to limit its spread, through proper monitoring of the lockdown measures. Additional roles and responsibilities are assigned to municipalities to mitigate the implications of the economic and COVID-19 crisis¹⁸². These include, in addition to the usual municipal business continuity such as waste management and maintenance of infrastructure: i) Distribute food, health and other supplies to poorest households; ii) carry out rapid surveys to assess the needs of the poorest households and those financially affected by the continued closure of business activities; iii) strengthen the sense of solidarity urging better-off households to support poorest households and ensuring equity; and iv) and implement awareness raising campaigns. These added responsibilities are expected to burden municipalities which are already low in capacity and face shortage in financial resources.

However, financial allocations to municipalities do not seem commensurate with the added responsibilities. Municipalities rely financially on the transfers received from the Government, channeled into the Independent Municipal Fund(IMF). These transfers represent the share of municipalities in the various taxes and levies collected by the Lebanese treasury on their behalf. The decline in tax collection resulting from the severe economic contraction will sharply affect the revenues of municipalities¹⁸³. At the same time, the Government have overdue arrears that were supposed to be transferred to municipalities as their share for the years 2018 and 2019.

¹⁸² As per the Disasters and Risks Management (DRM) Unit and Ministry of Interior and Municipalities (MoIM) plan and circulars.

¹⁸³ The revenues of municipalities represent a percentage of selected tax revenues collected by the Government. The latter

witnessed a sharp decline over the past period. A similar decline in the revenues of municipalities over the same period is expected.

IV. Conclusion

Building back and hopefully better in the five pillars.

An inclusive and comprehensive recovery path for Lebanon must recognize the vital roles played by society, economy, environment and politics towards achieving sustainable development and the SDGs. This, in conjunction with peace, good governance, gender equality and empowerment, and the protection and promotion of human rights for all, is beyond critical for each of the five pillars, as illustrated below.



Pillar 1: Health First- protecting health services and systems during the crisis

Key Challenges

- Decrease of affordability, local restrictions on foreign currency trade and globally imposed limits on exports resulted in a 40% shortage in chronic non-communicable diseases and acute diseases medications.
- Capacity and operability of private healthcare jeopardized due to unpaid LBP 2 billion government debt over the past 5 years.
- Decreased total operational hospital bed capacity in the country by around 35%, mainly in private sector.
- Limited healthcare human resources capacity, already weak in the public hospitals and downsizing in the private hospitals.
- Reduced access to ambulatory care by around 50% in PHC utilization, including vaccination and mother and child health services, particularly to reproductive health services for women.
- 75% deficit in public financing required for healthcare medical supply to the private health sector.
- Increasing challenges to access GBV services for an increasing number of survivors of gender-based violence, particularly for women and girls.
- Mental health needs increasing, especially for migrant workers.
- Increased barriers to access healthcare for children with disabilities.

Data gaps

- In view of the downsizing of the private sector, more detailed assessments are needed in terms of actual hospital bed capacity and the perception of risk by the population to tailor public health policies and communication accordingly.



Pillar 2: Protecting People- Social Protection and Basic Services

Key Challenges

Social protection

- Lack of coverage with a large degree of informality, ad-hoc interventions, and gender discrimination, especially for children placed in institutional care, persons with disabilities, female-headed households, chronically ill people, unemployed population.
- Lack of a unified system that allows rapid determination of the poorest and the most vulnerable, which is capable to adjust and scale up social assistance in times of crisis and shocks such as the COVID-19.

- High reliance on providers from the private sector, civil society and faith-based organizations.
- Reduced social protection spending for health, education and other social services.
- Expected increase in demand for residential care for children.
- High gender discrimination in pensions, social insurance, and social assistance.

Poverty, food and nutrition

- Increase in poverty and extreme poverty rates for all populations.
- Consumer price inflation.
- Expected rise in food insecurity and malnutrition (particularly for children under five and pregnant and lactating women) due to inflation of food prices, rapid devaluation of local currency, loss of income and high reliance on food imports.

Water and Sanitation services

- Weak capacity of WEs to provide sufficient quality services, while households expected to compensate by buying from private sector.
- Inability of WEs to maintain financial stability, especially due to the absence of specific water tariff regulations, civil unrest, increasing poverty and unwillingness to pay.
- Lack of proper Water, Sanitation and Hygiene Services (WASH) in poorer and denser residential settings.
- Rise in period poverty due to increasing poverty.

Solid waste

- Lack of a well-defined strategy, unclear institutional mandates and insufficient public financing.
- Increase in untreated waste posing high risk to human health and environment.
- High risk for waste treatment and disposal sites and temporary landfills to reach capacity before end of 2020 for Beirut Mount-Lebanon area.
- 40 percent of health care waste management untreated.

Learning (Education)

- Chronic underinvestment and allocative inefficiencies, weakening public education infrastructure and quality human resource capacity.
- Decrease in access to all levels of education and migration from private to public, due to increase in poverty.
- Expected increase in dropouts, number of children who become involved in criminal activity, child labor, risk of child marriage.
- Uneven access to distance education in schools, particularly for public schools, highlighting inequalities, especially for children with disabilities.
- Lack of comprehensive metric of learning beyond passing rates for Grade 9 and 12.

Protection

- Increase in SGBV due to increased financial hardship, confinement and stress.
- Expected increase in child labor and worsening conditions, with growing concerns of potential interruption in government-funded life-saving services.
- High rates of sexual exploitation and abuse and forced labor for migrant domestic workers and refugees.

Adequate shelter

- Chronic shortage of adequate and affordable housing for lower-income groups of all nationalities across Lebanon.
- Lack of adequate policies and a functioning institutional framework for housing.

- Increased inability for tenants to pay rent due to increasing poverty, risking higher rates of eviction and homelessness.
- Increased loss of livelihoods for small landlords due to inability to collect rent.
- High levels of overcrowded shelters characterized by inadequate water and sanitation facilities

Data gaps

- Lack of recent Household Budgetary Survey which brings evidence base for determining poverty and extreme poverty rate among the Lebanese population
- Lack of recent data on malnutrition in Lebanon
- Inadequate information relating to the availability of water and wastewater networks or sound solid waste management services.
- Unknown quality and methods of health care waste treatment.
- Lack of datasets on education-to-work transition.
- Unknown number of children affected by learning loss with absent metric of learning.
- Unclear national data trend/analysis on measures of distance learning.
- Unavailable figure on number of children expected to move from private to public schools for the next scholastic year.
- Absence of mapping of gaps in the continuum of care provision.
- Existing data gaps regarding individual evictions particularly for Lebanese.
- Weak representative data on vulnerable groups living in urban settings.



Pillar 3: Macro-Economic Response and Multi-lateral Collaboration

Key Challenges

- High reliance on imports.
- Ongoing and expected steep economic contraction, preceded by sluggish growth in the last decade.
- Rapid and uncontrollable depreciation of the Lebanese currency with multiple official and unofficial exchange rates, affecting consumer prices.
- Soaring inflation.
- Deterioration of fiscal balance, reducing fiscal space for social spending, and huge deficits in the balance of payments.
- Unofficial capital controls imposed by banks on USD accounts, impacting businesses, people's savings and Lebanese students living abroad.
- Decreasing government foreign currency reserves to afford costly subsidy schemes, risking shortages of vital items.
- Lack of policy and structural reforms, further reducing external financial flows.
- Significant trade deficit of USD 15.51 billion, equivalent to 29% of GDP.
- High risk of cost of debt restructuring on the middle and poor classes.
- Poor performance on ODA loan management, spending and repayment.



Pillar 4: Economic Response and Recovery- Protecting jobs, SMEs, and informal sector workers

Key Challenges

Economic sectors

- Chronic, unproductive business environment characterized by high cost of production, low levels of investment and access to financing, adverse geo-political conditions as well governance and institutional challenges.
- Sharp reduction in purchasing power, business activity and revenue due to the informal capital restrictions, depreciation of LBP.
- Halt of business activity during lockdown, leading to business closures and negative coping mechanisms including employees' layoffs or reductions in salaries.
- Limited access to and increasing cost of imports, including agricultural inputs and industrial inputs and spare parts, expected to result in rise in cost of production, declining sales, low agricultural value and industrial production.
- Inability of farmers to sell produce due to mobility restrictions.
- Increased operational costs of businesses to comply with COVID-19 safety and health measures.
- Decrease in productivity due to social distancing measures on the factory floors resulting in lesser workers on the production lines, affected communication between workers, and absenteeism.
- Lack of ability of MSMEs to adapt to new realities and challenges due to lack of knowledge, capacities or financial resources to do so.
- Lack of a national employment policy framework, review of the macroeconomic framework, and national economic and sectoral plans and strategies.
- Lack of access to finance for MSMEs (especially women headed MSMEs) and workers in the most vulnerable sectors and areas, as well as the added burden of taxes and debt repayment.

Employment and vulnerable groups

- Increased unemployment and labor underutilization, due to reduced business activity, especially for female, youth, informal and low-wage workers.
- Increasing competition over limited opportunities for low-waged jobs.
- Increasing gendered pay gaps, and marginalization of women in informal and formal labor markets.

Data gaps

- Lack of agreement on the loss of the banking sector.
- Lack of official data on impact of multiple crises on businesses.
- Lack of updated official unemployment figures reflecting the impact of the financial and health crises.
- Lack of comprehensive analysis on different sectors, groups, regions and local value chains in light of regional and global disruptions.



Pillar 5: Social Cohesion and Community Resilience

Key Challenges

Governance

- Weak capacity of public institutions which are at the same time large, inefficient and costly.
- Significant delays in passing necessary and overdue legislation in the Lebanese Parliament.
- Weak or no implementation and/or compliance of ratified, laws, decrees and policies.

Corruption

- Widespread corruption consistently hindering the country's economic and social recovery and sustainable development.
- Delayed execution of the endorsed anti-corruption strategy and in ratification of key anti-corruption legislations.
- Government inability to attract external funding and financing due to lack of transparency.

Rule of law

- Lack of independence of the judicial system, with numerous violations of the judiciary's independence.
- Delays in judicial procedures.

Human Rights

- Widespread exploitative working conditions, limited capacity and opportunity to transfer money abroad, living and/or working in crowded or unsanitary conditions, lacking access to other basic services, and migrant workers facing evictions.
- High unemployment, poverty, evictions and reduction in income of migrant workers due to inability of Lebanese to pay in foreign currency.

Local governance and community resilience

- Increased tensions, frustration, mistrust, and a sense of injustice among and between Lebanese and non-Lebanese over competition of resources and basic services.
- Overstretched local capacities to respond to new needs and vulnerabilities, with limited resources.

Data gaps

- Limited data on the impact of the crisis on the elderly.
- Limited data on the impact of the judiciary and rule of law.

Where do we go from here?

A return to a 'new normal' in Lebanon seems unlikely in the near future, given its complex history and current political, social, economic and environmental crises. As stated in the opening of this report, towards the end of 2019 nation-wide non-sectoral protests erupted against: the economic and social situation, the political, sectarian settlement of the last decades, and the Lebanese Government's poor track-record of implementing reforms. Fighting hyperinflation, poverty and hunger requires concerted political efforts.

The COVID-19 pandemic reached a Lebanon already in dire straits and in need of deep and lengthy reforms at all levels. The Government's financial recovery plan presented in May 2020 could provide entry points to address the overlapping crises, but lack of agreement by relevant political actors rendered the discussions fruitless, risking the country's chances for an effective and needed

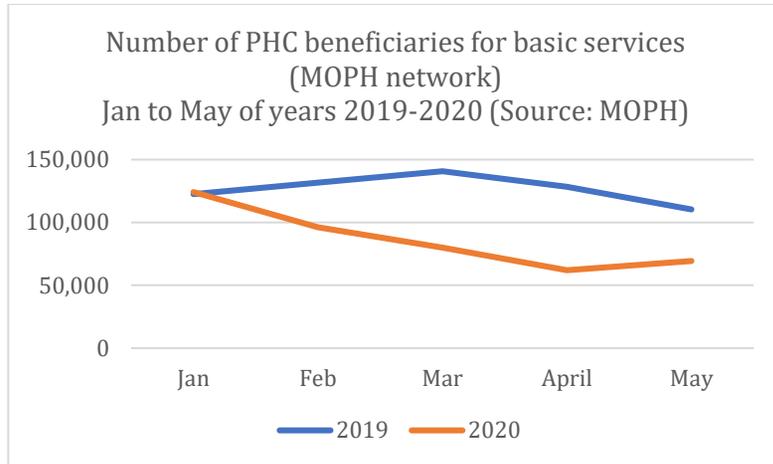
government crisis response process. Adding to Lebanon's and the Lebanese struggles, the Beirut Port explosion cost the people not only their loved ones, savings, and homes, but also any remaining patience for the current political powers. External resources, both financial and technical will be critical to Lebanon's recovery and reconstruction, but the main issues will be assurances and guarantees to (1) the Lebanese people that the processes and their decision-makers are subject to rigorous measures to ensure transparency, accountability, inclusivity and a strong foundation in the principles of good governance, and (2) donors on the allocation of aid to where it is actually needed.

While in some countries the Socio-Economic Response to COVID-19 may present an opportunity to rethink, repurpose and address existing and exacerbated socio-economic challenges; for Lebanon, it must also include recovery and reconstruction priorities following the Beirut port explosion, in order to build better with equity.

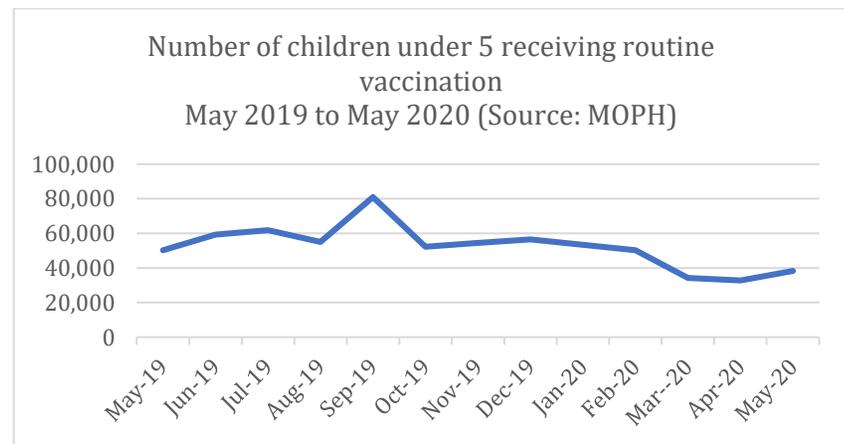
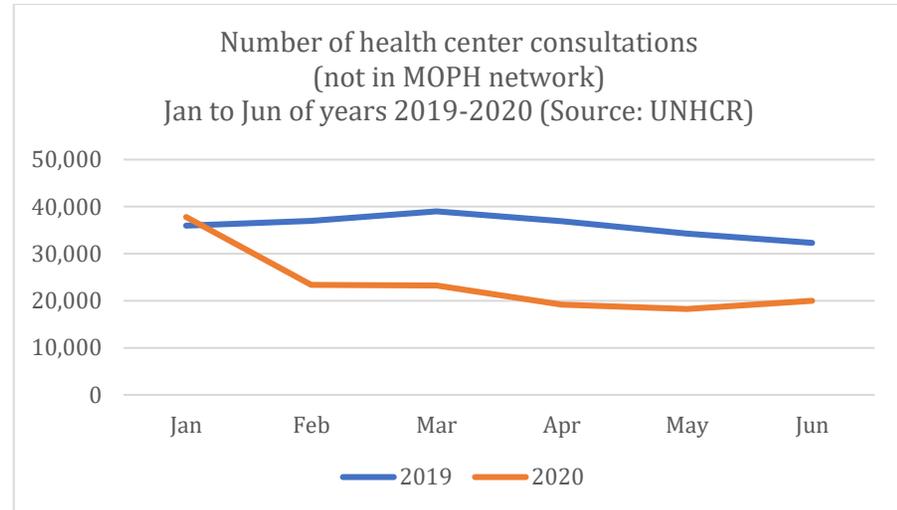
Annex 1. Health Data

Health data – July 17 2020

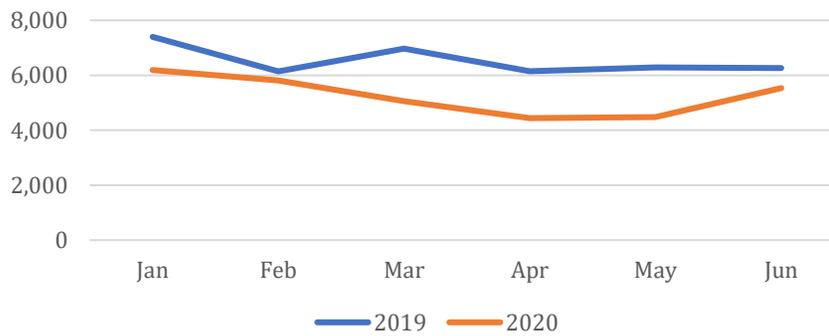
Primary Healthcare



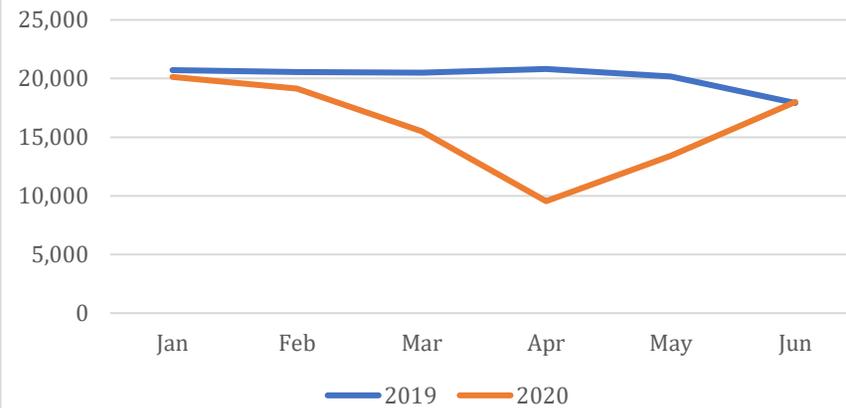
*Main services are consultations provided by general practitioner, family physician, pediatrician, gynecologist/midwife, endocrinologist, cardiologist, mental health and dentist



Number of persons receiving financial support for improved access to hospital care among Syrian Refugees
Jan to Jun of years 2019 - 2020 (source: UNHCR)



Number of hospital admissions of MOPH patients
Jan to Jun of years 2019 - 2020 (Source: MOPH)



Top 10 leading causes of hospital reported deaths* according to ICD-10 codes by gender, 2017

Description	ICD-10	%	Description	ICD-10	%
Malignant neoplasm of bronchus or lung, unspecified	C34.9	4.6	Malignant neoplasm of breast, unspecified	C50.9	2.7
Acute myocardial infarction, unspecified	I21.9	3.0	Malignant neoplasm of bronchus or lung, lower lobe	C34.3	2.2
Pneumonia, unspecified	J18.9	2.2	Acute myocardial infarction, unspecified	I21.9	2.0
Exposure to unspecified factor, causing other and unspecified injury	X59.9	2.1	Pneumonia, unspecified	J18.9	1.7
Acute renal failure, unspecified	N17.9	1.4	Acute renal failure, unspecified	N17.9	1.5
Intracerebral haemorrhage, unspecified	I61.9	1.2	Malignant neoplasm of colon, unspecified	C18.9	0.9
Malignant neoplasm of colon, unspecified	C18.9	1.2	Malignant neoplasm of pancreas, unspecified	C25.9	0.8
Malignant neoplasm of pancreas, unspecified	C25.9	1.1	Intracerebral haemorrhage, unspecified	I61.9	0.8
Malignant neoplasm of prostate	C61	1.1	Stroke, not specified as haemorrhage or infarction	I64	0.7
Malignant neoplasm of bladder, unspecified	C67.9	0.8	Exposure to unspecified factor, causing other and unspecified injury	X59.9	0.7

Source: Hospital Mortality System (HMS), Statistics Department, MOPH (12-11-2018)

*The underlying cause of death was selected using the IRIS software a coding system based on international standard

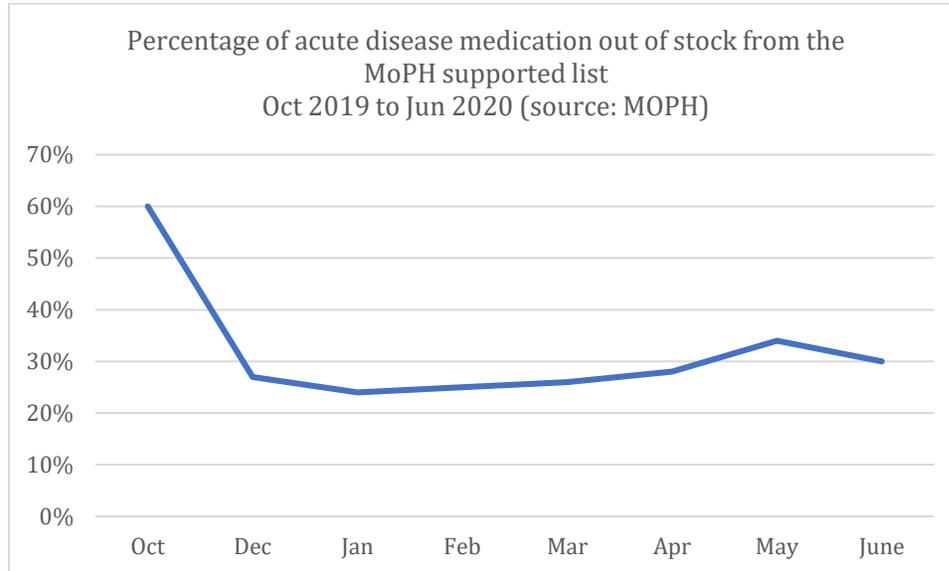
b/Maternal and neonatal deaths

	2019		
	Lebanese	Non-Lebanese	Total
Maternal mortality ratio per 100,000 live birth	6.1	23.7	13.8
Neonatal mortality rate per 1,000 live birth	4.4	6.3	5.2

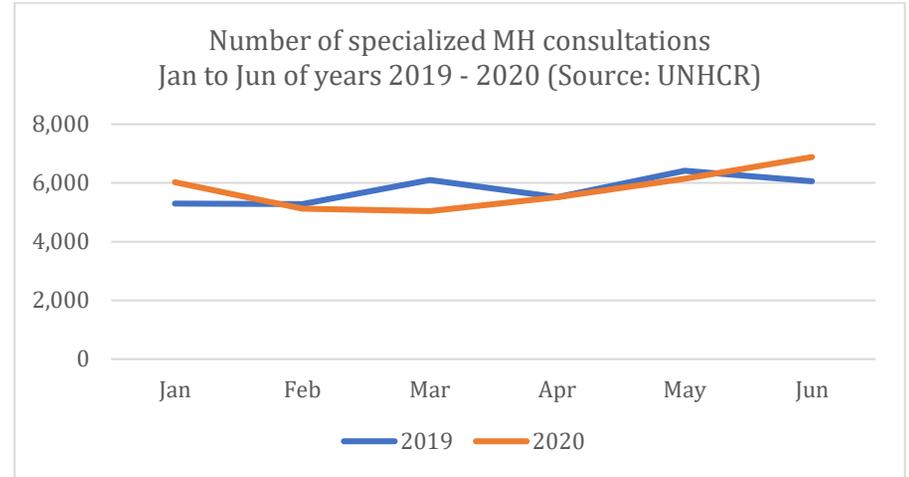
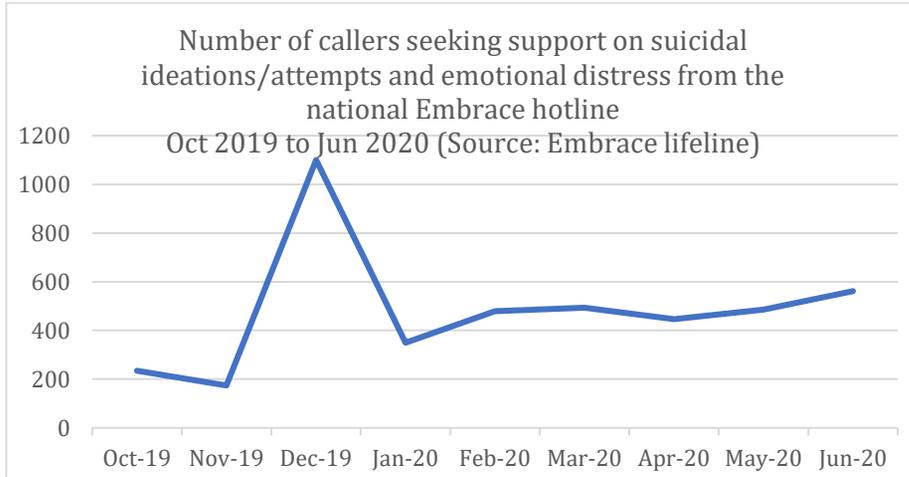
Source: Vital Data Observatory (VDO), MoPH as at 24-3-2020

Medications

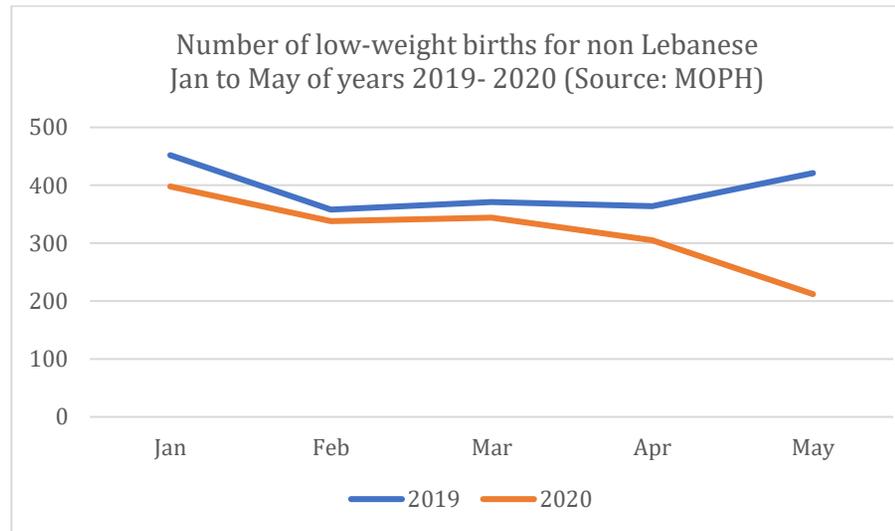
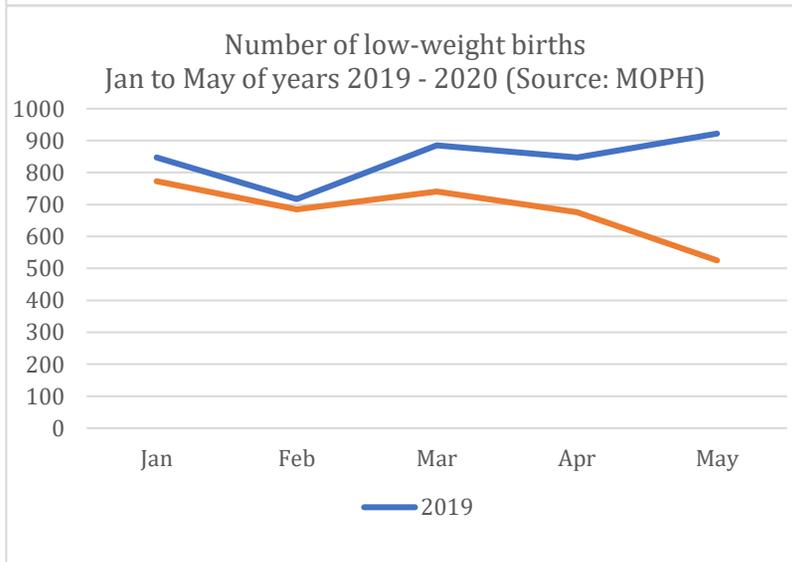
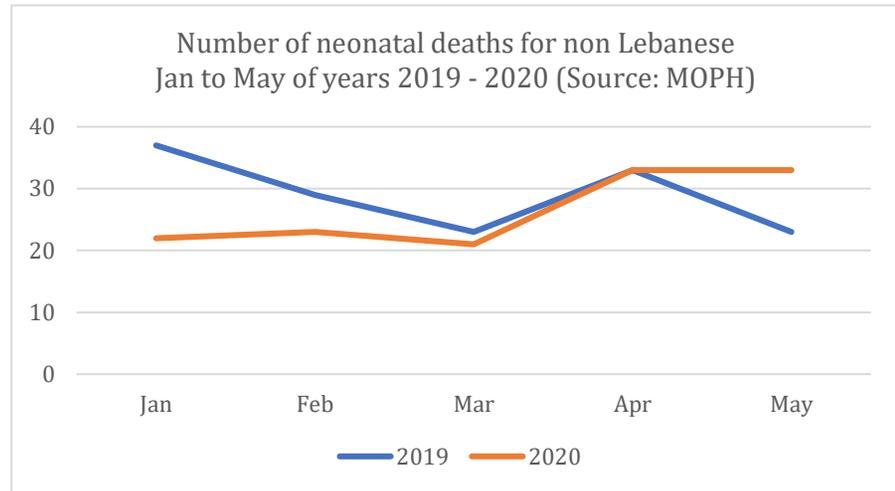
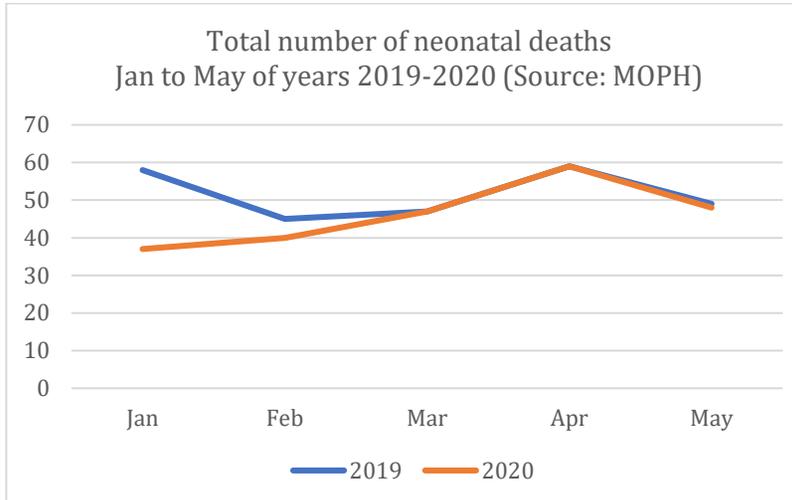
Percentage of chronic disease medication out of stock from the MoPH supported list in June 2020 (source: WHO – YMCA)	12%
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Mental Health



Neonatal health



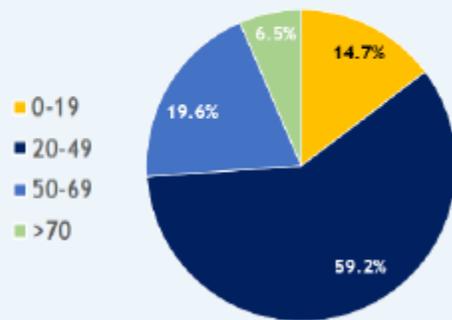


Figure 1: Cases by age group

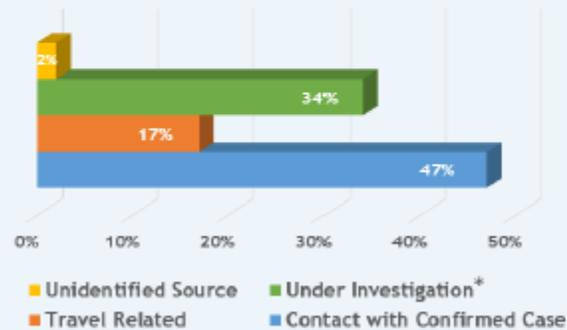


Figure 2: Cases by source of exposure

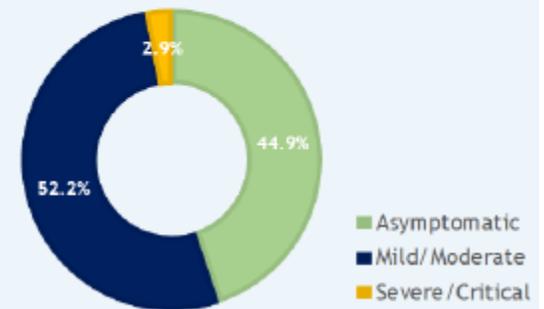


Figure 3: Cases by clinical presentation

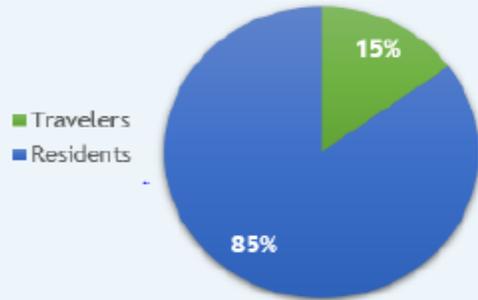


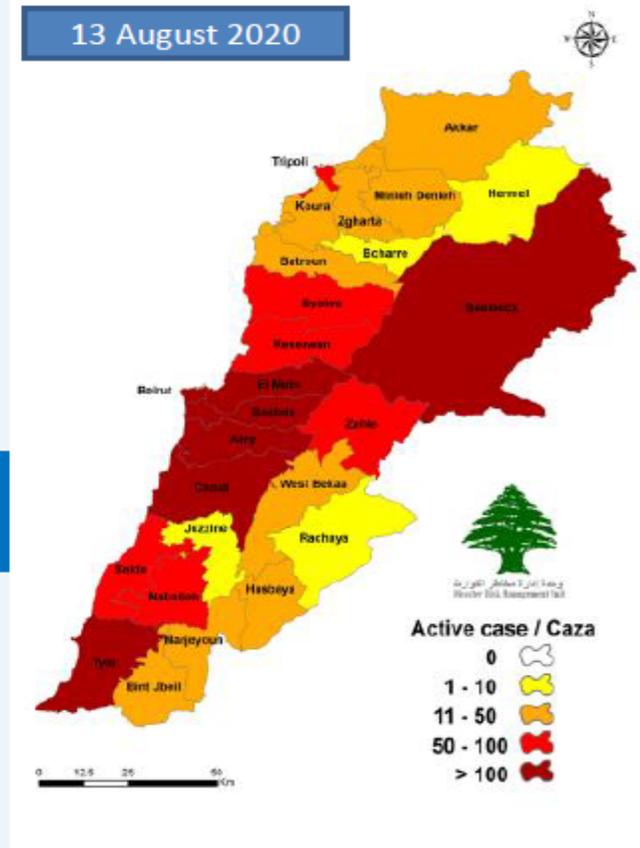
Figure 4: Cases by exposure modality

Age (years)	Deaths (n)	CFR
<10y	1	0.2%
10-19y	0	0.0%
20-29y	2	0.1%
30-39y	2	0.1%
40-49y	5	0.5%
50-59y	15	1.6%
60-69y	14	2.4%
70-79y	23	7.2%
80+y	30	16.6%
Total	92	1.2%

Table 1: Distribution of fatalities by age group

Call Center

23045 Cumulative Calls Received
963 Referred to RHUH



Map 1 : Cases by district of residence

Annex 2. Recent Government and UN efforts on Social Protection in Lebanon

In mid-March 2020, the Lebanese Government pledged around LBP 75 billion from its own budget to support families most in need in the form of food parcels and hygiene baskets. On April 1st, the Lebanese Government announced that the assistance will rather be in the form of cash and LBP 400,000 were distributed by the Army to vulnerable families, who were affected by the economic and financial crisis and the COVID-19 outbreak. UN agencies (UNICEF, ILO and WFP) provided technical assistance to rapidly guide the Government to identify vulnerable and reach excluded groups (people with disability, elderly, people with chronic disease etc.), and distribution mechanisms. However, the Government relied on lists of beneficiaries from the Ministries of Social Affairs, Public Health, Education and Labor in the first wave of cash distribution, and these included mine victims, taxi drivers, parents of children in public schools, and non-food beneficiaries in the NPTP, reaching a total of 140,000 Lebanese households.

The Government is in the process of providing a second round of social assistance under the National Social Solidarity Project (NSSP) whereby new beneficiaries will be added to those who benefited in wave 1, to reach a total of 200,000 households. The NSSP database will include beneficiaries from wave 1, in addition to beneficiaries from the IMPACT social registry, currently under the coordination of the Ministry of Interior and Municipalities. The cash social assistance of LBP 400,000 per household is planned to be distributed on a monthly basis until December 2020, ahead of the new upcoming World Bank programme, i.e. the Emergency Social Safety Net (ESSN).

More specifically on the ESSN, the Government called UN Agencies (UNICEF, WFP, ILO, and UNHCR) to meet with senior Government officials and the World Bank, to discuss the design of the new programme (potentially US\$ 200-210 million loan). Advocacy was raised for the introduction of cash transfers in place of food vouchers, and the use of categorical targeting to vulnerable groups, among several other points. Following extensive discussions, agreement was reached to adopt a "hybrid approach" that combines the current objective approach of proxy-means tested targeting with categorical targeting in the design of the upcoming social assistance programme and cover households with disabilities and the elderly.

The Government is also in the process of scaling up food e-card component of the National Poverty Targeting Programme (NPTP), with the support of WFP, aiming to reach 50,000 households in total by the end of 2020 after conducting verification exercises to update the information of households to be newly enrolled.

On the policy side, the development of the National Social Protection Response Strategy, which was initiated in early 2019, has been adapted to take into consideration the repercussions of the economic crisis, compounded by the Covid-19 pandemic. Accordingly, the social protection strategy, with pointed gender considerations, is being developed with linkages to the emergency response and will include immediate and urgent short-term priorities to be undertaken, along with the longer-term policy framework. The work has advanced in terms of consultations, discussions, and engagement with different government stakeholders as well as non-state actors. The process was recently endorsed and is now being led by the Inter-Ministerial Committee on Social Policy, overseen by the Deputy Prime Minister and the Minister of Social Affairs.